



## WISCONSIN 2009-2011 BIENNIAL BUDGET PRIORITY ITEMS & REQUESTED MODIFICATIONS



The Joint Finance Committee will be holding public hearings on Assembly Bill 75, the 2009-2011 Biennial Budget. WALA members are urged to testify at these public hearings; and communicate to your state senator and assembly representative by writing letters, calling their offices and inviting them to tour your facility.

WALA members are urged to use the following talking points in the effort to modify the 2009-2011 Biennial Budget.

- Request:** Increase all LTC Rates to Assure “Living Wages” for Direct Caregivers
- Request:** Require Increases in Family Care MCO Capitation Rates be Passed on to Providers
  
- Remove:** DHS: 1% Across-the-Board Cuts that Impact LTC Programs
- Remove:** DHS: Fee Increases on CBRFs, AFHs, RCACs and ADC
- Remove:** DHS: New Fees on 1-2 Bed Adult Family Homes
- Remove:** DHS: New \$200 Re-Inspection \ Revisit Fee on Certain Health Care Facilities

### **REQUEST: An Increase in LTC Funding to Ensure a “Living Wage” for Direct Caregivers**



WALA joins the Wisconsin Long-Term Care Workforce Alliance in requesting that the Legislature provide an annual 5% reimbursement rate increase in existing long-term care programs sufficient to allow direct-care workers to earn a “living wage”.

The greatest threat to quality care is the continued underfunding of Wisconsin’s long-term care system. The level of funding the Governor and Legislature make available heavily influences long-term care programs such as CIP, COP, Community Aids, Family Care and Medicaid. Unfortunately, the level of reimbursement provided does not meet that actual cost of providing quality care. When the Governor and Legislature fail to provide an adequate reimbursement rate long-term care providers are placed in the precarious position of finding ways to decrease variable costs, and since employee wages-and-benefits represent approximately 3/4 of the costs associated with providing quality long-term care: it is the direct caregiver that suffers when the Governor and Legislature fail to act properly.

The Governor and Legislature need to keep in mind that the most vital component in providing quality care is the investment in direct caregivers. The Governor and Legislature must at the very least implement funding increases that at the minimum allows the payment of a “living wage” for Wisconsin’s direct caregivers. Providing a “living wage” will

assure a sufficient workforce and a quality workforce to successfully implement Family Care statewide.

According to the “Wisconsin Long-Term Care Workforce Alliance” and the “Economic Policy Institute”, a living wage is \$13.25 per hour, or \$27,560 annually. Compare that to the following average wage rates of Wisconsin LTC workers:

Wisconsin Average Wages (2008)		
Personal & Home Care Aides	\$9.72/hr.	= \$20,684/annually
Home Health Aides	\$10.16/hr.	= \$21,134/annually
Nursing Aides	\$12.11/hr.	= \$25,188/hr. annually

*\*From the Wisconsin Long-Term Care Workforce Alliance 2009 Position Paper: Critical Issues*

**Request: Require Increases in Family Care MCO Capitation Rates be Passed on to Providers**

**Family Care – Costs Other Than Capitation Payments [Page 362, Item #3]**



Governor Doyle’s proposed budget provides an approximate 1% increase in 2010-11 to fund projected increases in Family Care costs, other than capitation payments, for current Family Care counties – [\$1,190,400 (\$1,147,500 GPR and \$42,900 FED) in 2009-10 and \$1,339,500 (\$1,222,000 GPR and \$117,500 FED)].

Since the vast majority of cost increases incurred by Family Care MCOs should be the costs associated with providing direct care, WALA requests that statutory language be included in the budget to require Family Care Management Organizations (CMOs) to pass the 1% rate increase through to providers so that worker wages and benefits can be improved.

**REMOVE: 1% Across-the-Board Cuts on LTC Programs [Page 332, Item #1]**

The Governor proposes to institute 1% across-the-board reductions to many Department of Health Service programs, which includes essential long-term care programs. Though the Governor has identified many program cuts his budget fails to identify where all these cuts will be made.

Long-Term Care Services			
GPR	Community Aids	163,621,400	-1,636,200*
GPR	Community Program Grants	377,000	-3,800*
GPR	Long-term Care Programs	94,321,200	-943,200
GPR	Alzheimer’s Training Grants	132,700	-1,300
GPR	Purchased Services	94,800	-900
GPR	Birth-to-Three	6,878,700	-68,800
GPR	Independent Living Centers	983,500	-9,800

GPR	Services for Hearing Impaired	\$180,000	-\$1,800
GPR	Senior Citizen Programs	11,909,800	-119,100*
PR	County Contributions -- Long-term Care	29,480,100	-294,800*
PR	Health Facilities Review Fees	21,600	-200
PR	Interpreter Services for Hearing Impaired	40,100	-400*
PR	Gifts and Grants	15,100	-200
PR	COP/Family Care Cost Recovery	375,000	-3,800*
PR	Independent Living Center Grants	600,000	-6,000
PR	Delivered Meals	500,000	-5,000
PR	Interagency and Intra-agency Programs	1,503,600	-15,400*
PR	Interagency and Intra-agency Local Assistance	100,000	-1,000

\*Due to other budget items, the final funding level for this appropriation does not represent a 1% reduction

Whereas the services provided in long-term care represent a necessary component in people's daily living; whereas long-term care reimbursement is already inadequate in covering the actual cost of care; whereas the population served represents our most vulnerable population; and, whereas any cuts will likely have a direct impact on quality care; therefore WALA requests that Wisconsin's long-term system be exempt from any budget cuts.

The greatest threat to quality care is the continued underfunding of Wisconsin's long-term care system. The level of funding the Governor and Legislature make available heavily influences long-term care programs such as CIP, COP, Community Aids, Family Care and Medicaid. Unfortunately, the level of reimbursement provided does not meet that actual cost of providing quality care. When the Governor and Legislature fail to provide an adequate reimbursement rate long-term care providers are placed in the precarious position of finding ways to decrease variable costs, and since employee wages-and-benefits represent approximately 3/4 of the costs associated with providing quality long-term care: it is the direct caregiver that suffers when the Governor and Legislature fail to act properly.

#### DHS: Quality Assurance, Disabilities, and Substance Abuse

**REMOVE:** Assisted Living Facilities Certification & 27% Fee Increases [Page 390, Item #2]

**REMOVE:** Creation of New Fees on 1-2 Bed Adult Family Homes [Page391, Item #3]

**SUPPORT INCREASE:** \$200 Re-Inspection "Revisit Fee" on Certain Healthcare Facilities [Page 391, Item #4] The WALA board is sending a letter to DHS opposing the 27% license fee increase and suggest that the "revisit fee" be increased to off set that. The concept is that those that are not compliant should pay for those increased costs.

Please note: The Joint Finance Committee voted 16-0 in 2007 to remove the provision to authorize DHS to increase fees by administrative rule.

The Governor's budget increases fees on assisted living providers by an average of 27% and includes a provision that would make it easier for the Department of Health Services to

increase fees in the future by allowing the department to establish these fees by administrative rule instead of the current process of passing a legislative bill. In addition, the Governor proposes create a new \$200 “revisit fee” on certain healthcare facilities.

### Proposed Fee Increases

<b><u>Provider Type</u></b>	<b><u>Current Fee</u></b>	<b><u>Proposed Fees (27% Increase)</u></b>
CBRFs	\$306.00	\$389.00
CBRF beds	\$39.60	\$50.25
AFHs	\$135.00	\$171.00
RCACs	\$350.00	\$445.00
RCAC apt.	\$6.00	\$7.60
ADC	\$100.00	\$127.00

Again, The greatest threat to quality care is the continued underfunding of Wisconsin's long-term care system. The level of funding the Governor and Legislature make available heavily influences long-term care programs such as CIP, COP, Community Aids, Family Care and Medicaid. Unfortunately, the level of reimbursement provided does not meet that actual cost of providing quality care. When the Governor and Legislature fail to provide an adequate reimbursement rate long-term care providers are placed in the precarious position of finding ways to decrease variable costs.

Expanding fees, increasing existing fees and creating new "revisit fees" represents poor public and fiscal policy and especially when the Governor and the Legislature already under fund Wisconsin's long-term care system.

At a time when Wisconsin's long-term care system is already strained the Governor and Legislature should not be instituting new and more creative schemes that seek to skim additional scarce dollars away from the purposes it was intended - maintaining quality care.