

Wisconsin Provider Organization Summit Recommendations Regarding the Governor's Budget

The Wisconsin Provider Organization Summit (POS) is a coalition of providers of long-term care services for the elderly, physically disabled and mentally/developmentally disabled. POS represents nearly every long-term care provider service category in Wisconsin, including rehabilitation services, personal care, home and community-based care, assisted living and skilled nursing facilities.

POS supports the philosophy that individuals should receive the highest possible care on a regular basis consistent with professionally established standards and practices of care. It is essential that needed care be available, accessible and delivered in a timely manner. When and where possible, care should always be provided in the most appropriate, least restrictive setting that fully meets the care needs of the resident and/or patient.

POS supports and urges the Wisconsin Legislature to improve access to quality long-term care for Wisconsin's citizens. However, both access and quality care greatly depend upon providers receiving an adequate reimbursement rate for care and supervision that is at least equal to the costs associated with providing these necessary services.

Due to inadequate reimbursement for care being provided, a crisis within the long-term care system has been allowed to worsen. Reimbursement rates for COP, CIP, Community Aids, Medicaid nursing home funding and other long-term care programs have not kept pace with increases in inflation, labor costs, health insurance premiums and liability insurance premiums.

The greatest and most important cost factor to providing quality care is labor - the salaries and benefits provided to direct caregivers and staff. These men and women who provide compassionate direct care and supervision of Wisconsin's most vulnerable population, the elderly and disabled, are commonly referred to as "Saints". However, government has misinterpreted their compassion and willingness to serve as an excuse to pay them like Saints. Throughout Wisconsin, long-term care providers struggle daily with high employee turnover and recruitment shortages all directly related to inadequate reimbursement by State of Wisconsin.

The Provider Organizational Summit believes the following issues must be addressed in the 2005-07 Legislative Session and Biennial Budget to maintain quality care and improve access to care.

- **Increase Cigarette Tax by \$1 to Provide Funding Increases for Healthcare Programs**
- **CIP 1B:** Increase CIP 1B Rates from \$49.67 to \$89.20 in FY 05-06 and \$90.00 in FY 06-07.
- **MAPC:** Increase Medical Assistance Personal Care (MAPC) Program Funding.
- **MA Nursing Home Rates:** Provide Medicaid funding increase of 3.1% in each year of the biennium.
- **CIP II Relocations:**
- **Liability Insurance Reform:** Allow long-term care providers subject to the same statutory limit on non-economic damages that currently apply to hospitals, physicians and clinics.
- **Divestment Reform:** Direct the Department of Health and Family Services (DHFS) to submit a federal waiver request to promote divestment reform and close costly eligibility loopholes.
- **MA Reform:** Modify the Medicaid system to make it easier for people with disabilities to access and navigate. Reduce overall provider costs and increase staff time with direct patient care by streamlining bureaucratic paperwork and state mandated patient/resident assessments. In addition, simplify the healthcare funding relationship between the state and counties.

Increase Cigarette Tax by \$1 to Provide Funding Increases for Healthcare Programs

- The annual total state Medicaid program smoking costs is approximately \$375 million, which represents nearly 14% of all Medicaid expenses.
- Residents' state and federal tax burden from smoking caused government expenditures: \$495 per household.
- A \$1 per pack increase in state cigarette tax will increase state cigarette tax revenue by \$251.3 million each year and will likely have other benefits of reductions in smoking, reductions in youth smoking and reduced smoking related health costs as well.

Increase CIP 1B Reimbursement Rates

- Increase CIP 1B Rates (per person per day) from \$49.67 to \$89.20 in fiscal year 2005-06 and \$90.00 in fiscal year 2006-07.
- Since 1995, the CIP 1B rate has only been increased by **2.8%**, while inflation has increased by 23%.
- Provider agencies are mandated to provide professional liability insurance and workman's compensation insurance. Insurance costs have increased as much as 25-50% each year over the past 5 years.
- Due to low reimbursement rates, direct caregiver wages are expectedly low in proportion to the statewide average. This situation forces many direct caregivers to work multiple jobs, promoting worker dissatisfaction, low self esteem and high employee turnover.

Increase Medical Assistance Personal Care (MAPC) Program Funding.

- 10,664 MAPC recipients of all ages were served in Wisconsin in 2004. (Wisconsin Medicaid Program Summary, January 5, 2005)
- The last MAPC rate increase was 1% in July 2002.
- MA Personal Care Services are the only available options for those on waiting lists (over 10,700 children and adults according to DHFS) or those who are not able to receive services due to the inadequate waiver rates.
- The number of people over the age of 65 is expected to increase 89% by 2030. The number of workers, ages 18-44, which *could* be available to provide care is expected to decrease by 1%. (9/02 Governor's Health Care Worker Shortage Committee Report.)

Increase Nursing Home Medicaid Reimbursement Rates

- Provide a GPR funded Medicaid funding increases of 3.1% in each year of the 2005-07 biennium.
- Medicaid patients currently comprise 67% of the citizens served by the state's nursing homes. In 2003-2004, 81.8% of the state's 403 nursing homes did not receive Medicaid payment rates that covered the cost of care they provided their Medicaid patients. The average nursing home sustained a \$427,000 annual loss under Medicaid.
- In 2003-2004 rate payment year, the disparity between the total cost of care provided to Medicaid patients and the Medicaid payments for those costs was a staggering \$167,053,225. AB 100 would further widen this gap by \$17.3 million in FY06 increasing the differential between cost and payment by over 10%.
- No State GPR dollars have been used in funding nursing home Medicaid rate increases since the 1993-95 state budget. All increases nursing homes have received since that time has been funded through federal IGT dollars or taxation of nursing home beds.

CIP II Relocations

- The 2005-07 biennial budget proposal assumes a savings of nearly \$24 for each person relocated from a nursing home into the community.
- Some providers are finding it necessary to terminate services to long-term clients because the funding that came with them decades ago, and the subsequent lack of increase has made it impossible to cover the cost of services today.
- POS questions the methodology used to calculate these savings and believes that the full nursing home reimbursement rate should follow the person into the community. Any actual savings in dollars (at the county level) should be reallocated back into the system for current maintenance of services.

- Recipients of services should be allowed to be in the least restrictive setting that is *appropriate* for their needs, not simply placed somewhere to save dollars.

CIP II Relocations (Continued)

- If an individual needs to return to a nursing home for health reasons, they may be declined due to inadequate funding.

Liability Insurance Reform

- Support introduction and passage of legislation that would allow long-term care providers subject to the same statutory limit on non-economic damages that currently apply to hospitals, physicians, clinics and other health care providers.
- The current and future accessibility, availability and affordability of long term care services for the elderly and disabled in all Wisconsin service settings is being seriously threatened by a rapidly escalating liability insurance crisis.
- Liability insurance coverage costs have been escalating at an alarming rate over the past seven years. Indeed, massive amounts of private and public funding, intended and desperately needed for supporting patient care and services is increasingly being diverted to fund skyrocketing insurance costs.
- National and regional insurance companies are all but extinct in Wisconsin. To the extent coverage is presently available it is only through a handful of insurance carriers that understand and respect the quality of service and care that distinguishes Wisconsin's long term care delivery system. But even they are becoming unwilling to underwrite additional coverage and assume greater risk loads within the current environment.
- The price/availability crisis has become so profound that it threatens the stability, quality and continued operations of dedicated long-term providers who currently serve the state's senior citizens. Moreover, if the problem is not addressed and abated it will chill, if not freeze, development of the array and distribution of long term care services and service settings this state desires and has envisioned for its elderly and disabled citizens.

Divestment Reform

- Since Divestment Reform has been advocated by the Bush Administration and by HHS Secretary Leavitt, direct the Department of Health and Family Services (DHFS) to submit a federal waiver request to promote divestment reform and close costly eligibility loopholes.
- In the last state budget, Governor Doyle proposed several measures to enhance the integrity of the state's Medicaid eligibility standards including prohibiting individuals from utilizing annuities to qualify for program benefits.
- Upon passage of this provision in the budget, the Department of Health and Family Services (DHFS) last year created a document that detailed a series of costly loopholes the DHFS desired to close through a federal divestment waiver.
- DHFS projected a "conservative estimate of the savings" that would be achieved from the proposed loophole closures - \$5,900,204 GPR and \$14,048,107 AF in the first two years of the waiver, and 22,700,210 GPR and \$54,048,123 AF over a 5-year period.
- Last fall DHFS advised long-term care providers groups it had decided not to submit the waiver request it had earlier considered filing because the political climate in Washington would likely not be receptive to such a proposal.
- Both the federal budget package proposed by the Bush Administration in February 2005 and comments make by HHS Secretary Mike Leavitt suggest that the political climate in Washington seems to have changed for the better, increasing the probability that the DHFS Divestment Reform Waiver could be approved by the federal government.