

**Budget Request for Wisconsin’s Nursing Facilities**

Preserve access to services in Wisconsin nursing facilities by:

1. Creating a flat payment standard for support services (dietary, housekeeping, facility maintenance, transportation, and utilities) to match that established for direct – care nursing at the median facility cost plus 25%.

**Governor’s proposal includes:**

* Direct Care – Nursing at the Median plus 25% 
* S
1. Preserving the payment methodology already in place for direct care – nursing in statute.

**Background**

In response to funding provided in the 2021-23 biennium, a direct care – nursing payment standard at the median facility cost plus 25% was established. The cost-to-continue budget would maintain this payment standard but provide **no specific payment standard** for other crucial costs of nursing home operations: maintenance and modernization of aging physical plants; rising wages for housekeeping and dietary staff; purchasing new technology for EMRs or call light systems; and other needs.

**Why are Nursing Home Payment Standards Needed?**

* While providers are grateful for rate increases in recent years, these **investments have been eroded** by pandemic-era inflation and costs of increased regulation.
* It has become increasingly difficult to obtain placement in quality facilities with sufficient staff to accept admissions. A biennial workforce survey showed vacancy rates growing from 13.0% in 2016 to 27.7% in 2022.[[1]](#footnote-1)
* While nursing facilities have experienced a workforce crisis for years, growing workforce concerns in other healthcare professions have resulted in nursing facilities losing staff despite significantly increasing wages. While healthcare employment in other settings has rebounded, **long-term care residential settings are still employing only 92% of their pre-pandemic FTE count.[[2]](#footnote-2)**
* Wisconsin nursing facilities continue to **reduce their operating capacity and even close their doors** as a result of Medicaid funding that **does not cover their costs of care** and challenges they have recruiting and retaining staff.
* Since the pandemic, over 2,800 nursing facility beds have been delicensed and 23 facilities have closed,[[3]](#footnote-3) requiring residents to relocate and families to travel further to visit loved ones.
* Nursing home cost inflation has skyrocketed from 3% in 2019 to 17% into 2020 and 9% further into 2021.[[4]](#footnote-4) 2022 data is not yet available but could see **the highest cost inflation yet**.

**9%**

**17%**

**3%**

* Wisconsin providers already operate economically – with average per patient day costs that rank 29th nationally.[[5]](#footnote-5) Setting payment standards will **incentivize continued efficiency and fix this constant reimbursement struggle.**
* Implementation of payment standards is not complete until the methodology distributes timely, predictable funding for all necessary costs of facility operations. Even with significant funding allocated in SFY23, eleven facilities received a daily rate cut and many others saw increases lower than inflation. Establishing and preserving payment standards in statute will help facilities have the **stability and predictability they need to confidently sustain future operations.**

For more information, please contact:

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1. [**The Long-Term Care Workforce Crisis: A 2022 Report**](https://www.leadingagewi.org/media/113792/2022-workforce-report-7-13a.pdf) [↑](#footnote-ref-1)
2. BLS OES Data, March 2023 [↑](#footnote-ref-2)
3. DHS DQA Data, March 2023 [↑](#footnote-ref-3)
4. [CLA Study of Medicare Cost Reports](https://www.claconnect.com/en/media/2022/cla-releases-37th-annual-snf-cost-comparison-and-industry-trends-report) [↑](#footnote-ref-4)
5. [Marcum 3 year Nursing Home Statistical Analysis](https://info.marcumllp.com/hubfs/pdf/marcum-three-year-nursing-home-statistical-analysis-2019-2021.pdf?utm_campaign=Healthcare&utm_medium=email&_hsmi=249155479&_hsenc=p2ANqtz-9smks8cNREQm2u6EeCvMw0PcqbFWT5cAU4FHhBderr4IKriIIcP-B4ZpRBghG5rbo-DVHe__D-_MZJGrqLuQOCG9Gk4w&utm_content=249155479&utm_source=hs_email) [↑](#footnote-ref-5)