Wisconsin Association of Homes and Services for the Aging, Inc.

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June 29, 2009

To: WAHSA Members

From: John Sauer, Executive Director

Subject: Governor Doyle Signs Budget Bill Into Law

Governor Jim Doyle signed the 2009-11 budget bill into law in a morning signing ceremony at the Executive Mansion. Prior to affixing his signature to what now becomes 2009 Wisconsin Act 28, the Governor made 81 partial vetoes to the budget. Of particular interest to WAHSA members were the following:

- **The Governor <u>DID NOT</u> veto the "benevolent" standard for retirement homes for the aged, which WAHSA had requested.** The Governor's staff, however, did offer to coordinate a meeting with Department of Revenue officials to seek what hopefully will be mutually acceptable interpretations of "benevolent association" and other provisions in the *Columbus Park* "fix." As noted in *E-News-09-21,* dated June 26, 2009, the budget bill contains significant changes to the property tax exemption law for not-for-profit long-term care facilities. Act 28 would: 1) Eliminate the "rent use" limitations for all residential housing, including not-for-profit nursing homes, CBRFs, RCACs, and benevolent retirement homes for the aged; 2) Provide a specific property tax exemption for not-for-profit nursing homes, CBRFs and RCACs, as long as they are licensed, certified or registered under Chapter 50. However, there is an inconsistency in the treatment of nursing homes, which also must be "benevolent." We don't anticipate this will be a problem but we will continue to monitor it; 3) Provide a specific property tax exemption for benevolent retirement homes for the aged, defined as property "owned by a nonprofit entity that is a benevolent association;" 4) Individual apartments in a benevolent retirement home for the aged would remain exempt from property taxation if the fair market value of those apartments does not exceed **130%** of the average equalized value of residential parcels in the county where the retirement home is located. For purposes of determining fair market value, **common area is excluded**; and 6) Where 50% or more of the dwelling units in a retirement home are taxable, the common areas in those facilities would be fully taxed.

- **The Governor vetoed $1 million GPR annually in MA supplemental payments to county and municipal nursing homes in 2009-11.** This resulted in an increase in those supplemental payments to county and municipal homes from the current $37.1 million level to $38.1 million over the next biennium. In addition, **the Governor left in tact the $10.2 million increase in supplemental payments in 2008-09.**

- **The Governor vetoed the requirement that the Department of Health Services (DHS) submit a plan to achieve $545 million in unspecified MA cuts to the Joint Committee on Finance by August 1, 2009.** The Governor said the report is unnecessary "since the department has established an open and collaborative process and is working with providers to determine the changes that will be made to Medicaid reimbursement."

- **The Governor partially vetoed a provision requiring the DHS to appoint a committee to study the need for and preservation of remaining intermediate care facilities for the mentally retarded (ICF-MR).** Rather, the Governor is directing the DHS to conduct a comprehensive assessment of the future needs of people with developmental disabilities for long-term care system services and submit a report on their findings to the Joint Committee on Finance by December 1, 2009.

The other major issues of interest to WAHSA members contained in Act 28 include: 1) A doubling of the nursing home bed tax, from $75/bed/month to $150/bed/month in 2009-10 and $170/bed/month in 2010-11, to fund a 2% MA rate increase for nursing homes in each year of the biennium; 2) Ombudsman services will be available to RCAC tenants; 3) The Nursing Home Appeals Board was eliminated and with it went its $2.7 million budget; 4) The ICF-MR bed tax was increased from $638/bed/month to $678/bed/month in 2009-10 and to $691/bed/month in 2010-11 to provide ICFs-MR with a 2% MA rate increase in each year of the biennium; 5) Biennial certification fees for CBRFs will increase from the current $306 plus $39.60/resident to $389 plus $50.25/per resident. The biennial licensing fee for adult family homes will increase from $135 to $171 and the biennial licensing fee for adult day care centers will rise from $100 to $127; 6) A survey re-inspection fee of $200 will be charged to nursing homes, CBRFS, RCACs, ICF-MRs, adult family homes and adult day care centers for survey revisits. This provision, and the fee increases, are intended to provide additional funding for Division of Quality Assurance (DQA) activities; and 7) Criminal history search fees for not-for-profit organizations will increase from $2 per name to $7 per name; for governmental agencies, the fee search will increase from $5 per name to $7 per name. The increase for not –for-profits will sunset effective June 30, 2011.