

Wisconsin Nursing Homes Overview

November 2009



Nursing Home Industry Profile

(December 2008)

<u>Ownership Type</u>	<u>Facilities</u>	<u>% of Total</u>	<u>Beds</u>	<u>% of Total</u>
Investor Owned	204	51.1%	18,169	48.4%
Tax Exempt	133	33.3%	12,255	32.7%
County	47	11.8%	5,658	15.1%
State/Tribal	6	1.5%	889	2.4%
Other Government	9	2.3%	543	1.4%
Subtotal Government	62	15.5%	7,090	18.9%
Total	399		37,514	

Note: Excludes ICF-MRs



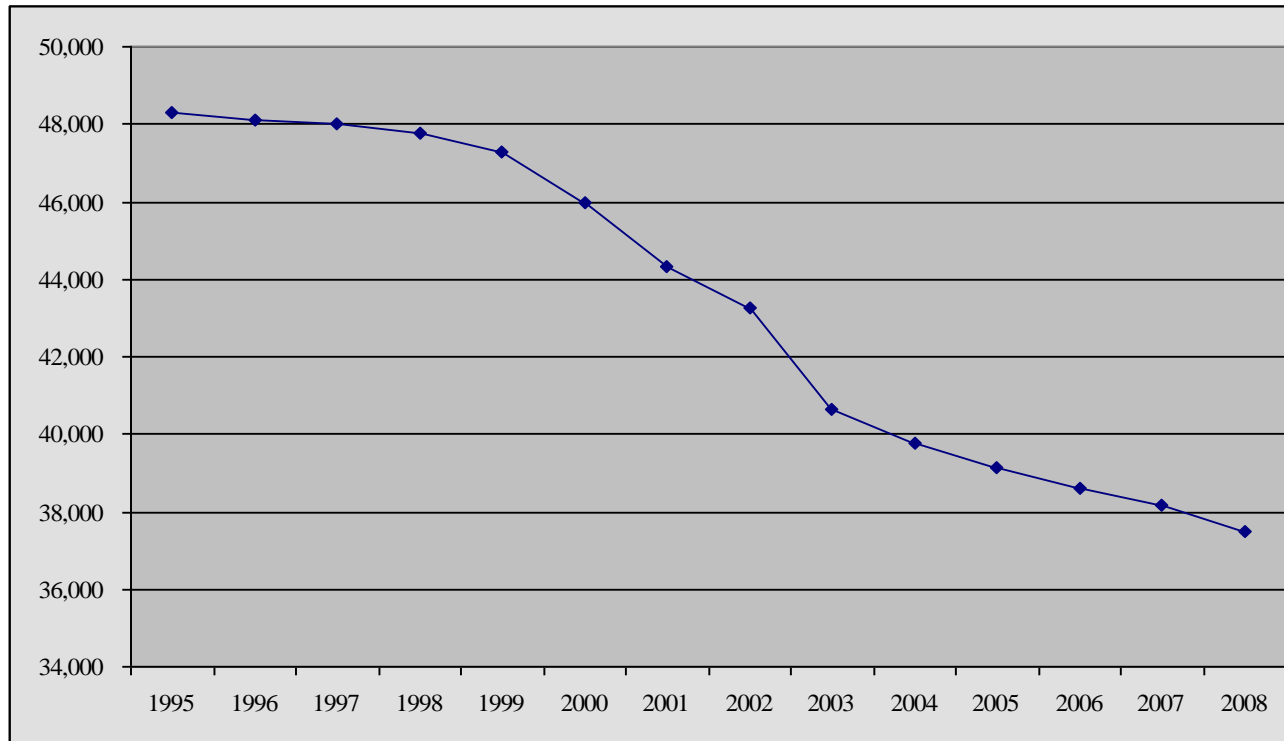
Intermediate Care Facilities for the Mentally-Retarded (ICF-MRs)

(August 2009)

Ownership Type	Facilities	% of Total	Beds	% of Total
For Profit	2	13%	47	4%
Tax Exempt	3	19%	154	15%
County	8	50%	272	26%
State	3	19%	580	55%
Total	<u>16</u>	<u>100%</u>	<u>1,053</u>	<u>100%</u>



Number of Nursing Home Licensed Beds 1995-2008

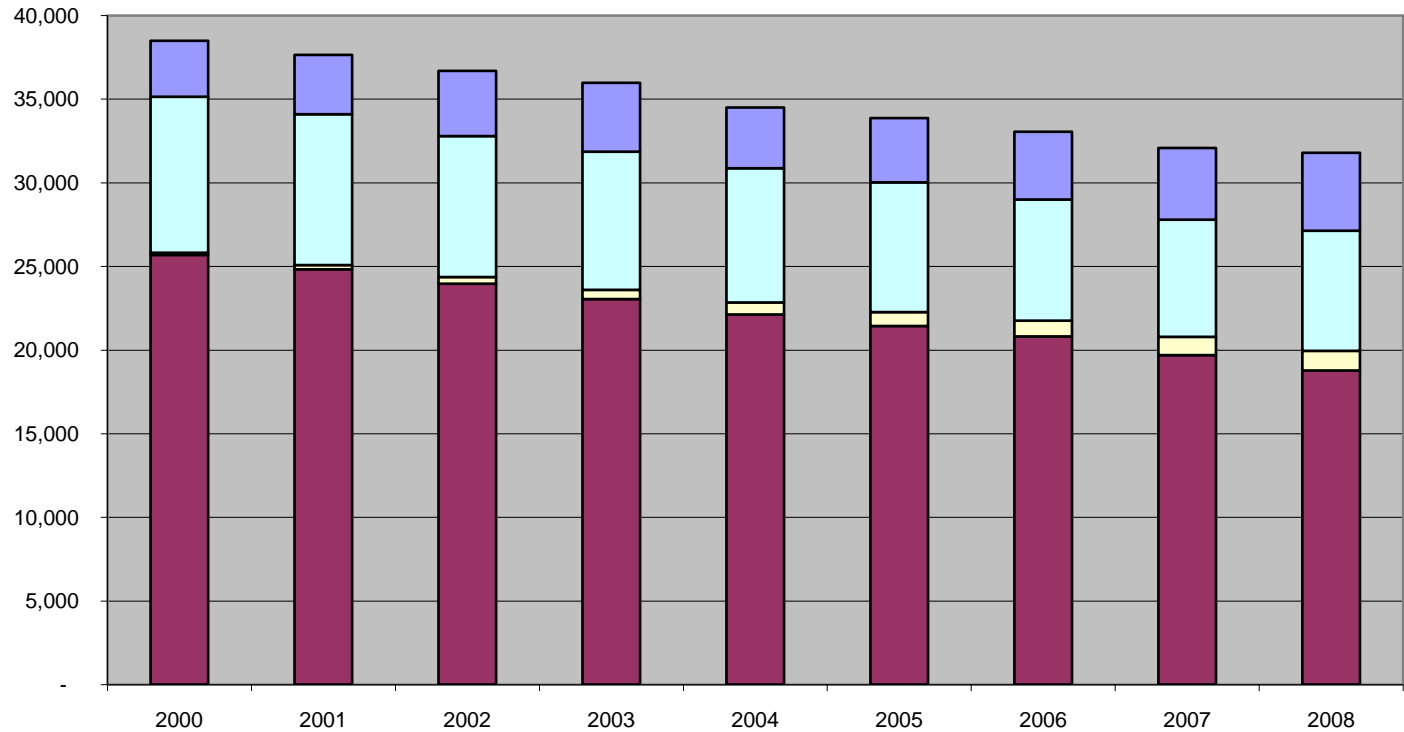


- The number of licensed nursing home beds in Wisconsin has decreased by 22.4% from 1995 to 2008.



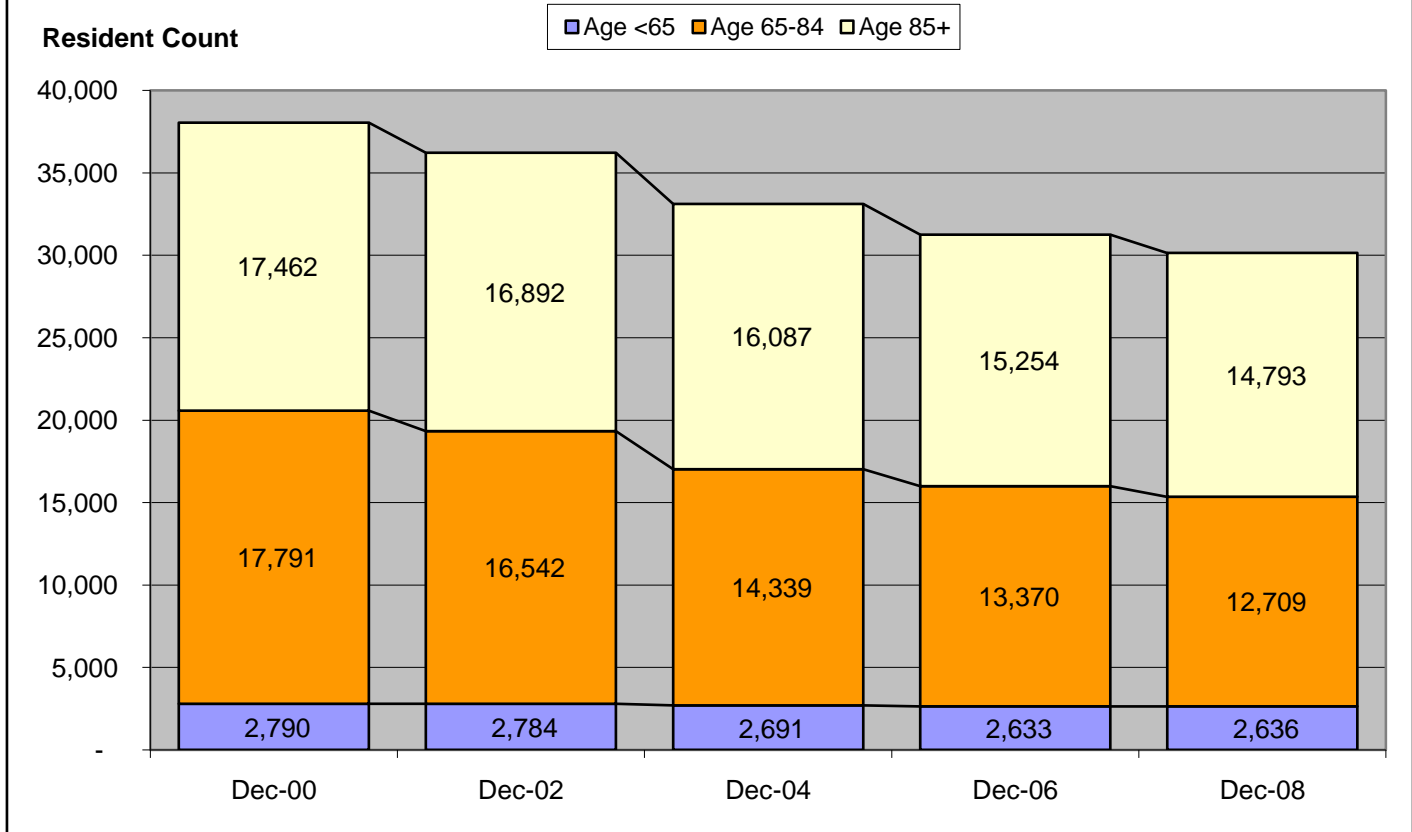
Trends in Nursing Home Residents

Nursing Home Residents by Primary Pay Source, 2000-2008



	Sep-00	Sep-01	Sep-02	Sep-03	Sep-04	Sep-05	Sep-06	Sep-07	Sep-08
Total	38,487	37,644	36,687	35,974	34,498	33,866	33,048	32,078	31,792
■ Medicare	3,346	3,547	3,898	4,119	3,631	3,842	4,052	4,287	4,660
■ Private Pay	9,325	9,019	8,427	8,259	8,024	7,758	7,243	7,003	7,181
■ Medicaid Managed Care	131	255	399	551	719	832	942	1,094	1,177
■ Medicaid FFS	25,685	24,823	23,963	23,045	22,124	21,434	20,811	19,694	18,774

Wisconsin Nursing Home Residents by Age Group

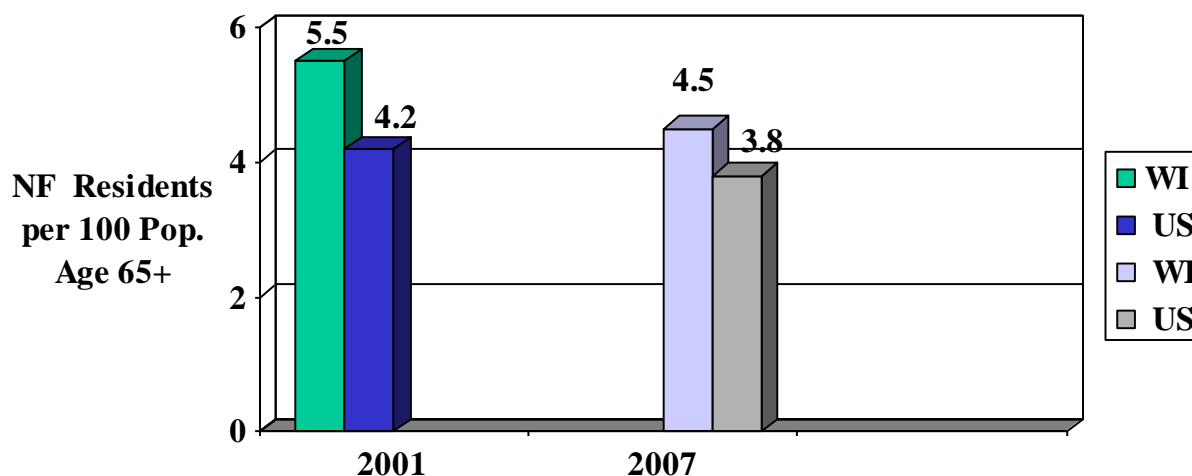


Key Nursing Home Resident Trends

- Both Medicaid and private pay residents have decreased in absolute numbers and as a proportion of all nursing home residents from 2000 to 2008. Medicaid residents still account for the largest share, 63%, of all nursing home residents.
- Medicare residents have increased in absolute numbers and are a growing proportion of all nursing home residents.
- The absolute number of residents in the 65-84 and the over 85 age cohorts have declined. The rate of decline has been greatest among residents aged 65-84. As a result, residents over age 85 and residents under 65 have become larger shares of the nursing home population.



Nursing Home Utilization: Wisconsin versus U.S.

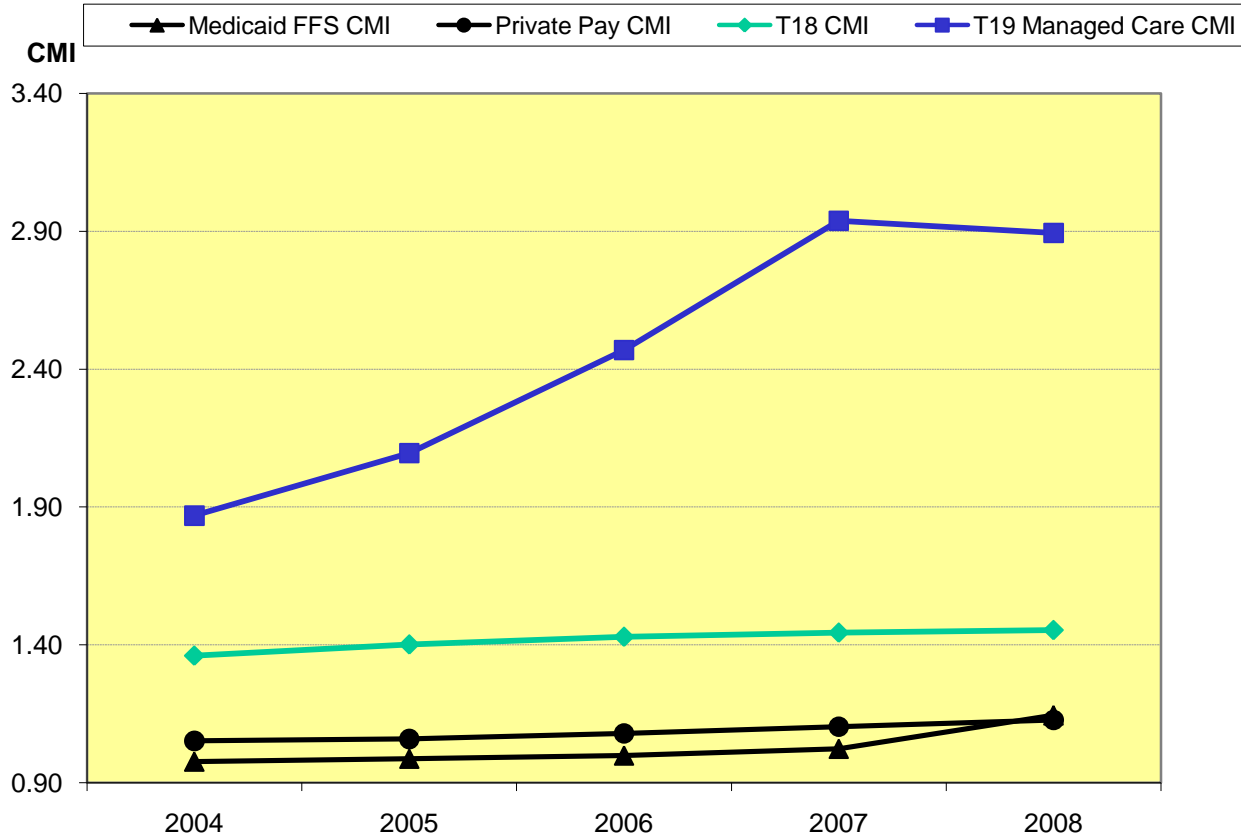


- Wisconsin has higher nursing home utilization than the national average.
- Nursing home utilization nationally and in Wisconsin has declined over the past five years.
- Wisconsin nursing home utilization has declined more rapidly than the national average. As a result, the difference between utilization in Wisconsin and the national average has narrowed.

•SOURCE: Across the States, American Association for Retired Persons



Wisconsin Nursing Home Resident Acuity (CMI)



- The acuity of all nursing home residents has increased over the last 5 years. The acuity level of Medicare residents is higher than Medicaid fee for service residents. The acuity level of Medicaid managed care residents is significantly higher than Medicaid fee for service and Medicare residents.

CMI: Case Mix Index



Average Payment Rates by Payor

(per diem rates)

<u>Level of Care</u>	Medicare (Jan. 09)	Medicaid (Jan. 09)	Private Pay (Jan. 08)
Traumatic Brain Injury	N/A	\$637	N/A
Ventilator-Dependent	N/A	\$475	N/A
All Levels (Skilled and Intermediate)	\$425	\$139	\$198

N/A: Not Applicable

- A recent national study of all states found that Wisconsin has the lowest Medicaid nursing home reimbursement rate and consequently, the highest level of unreimbursed costs for Medicaid nursing home services.

Note: excludes ICF-MRs



Medicaid Nursing Home Rate Increases

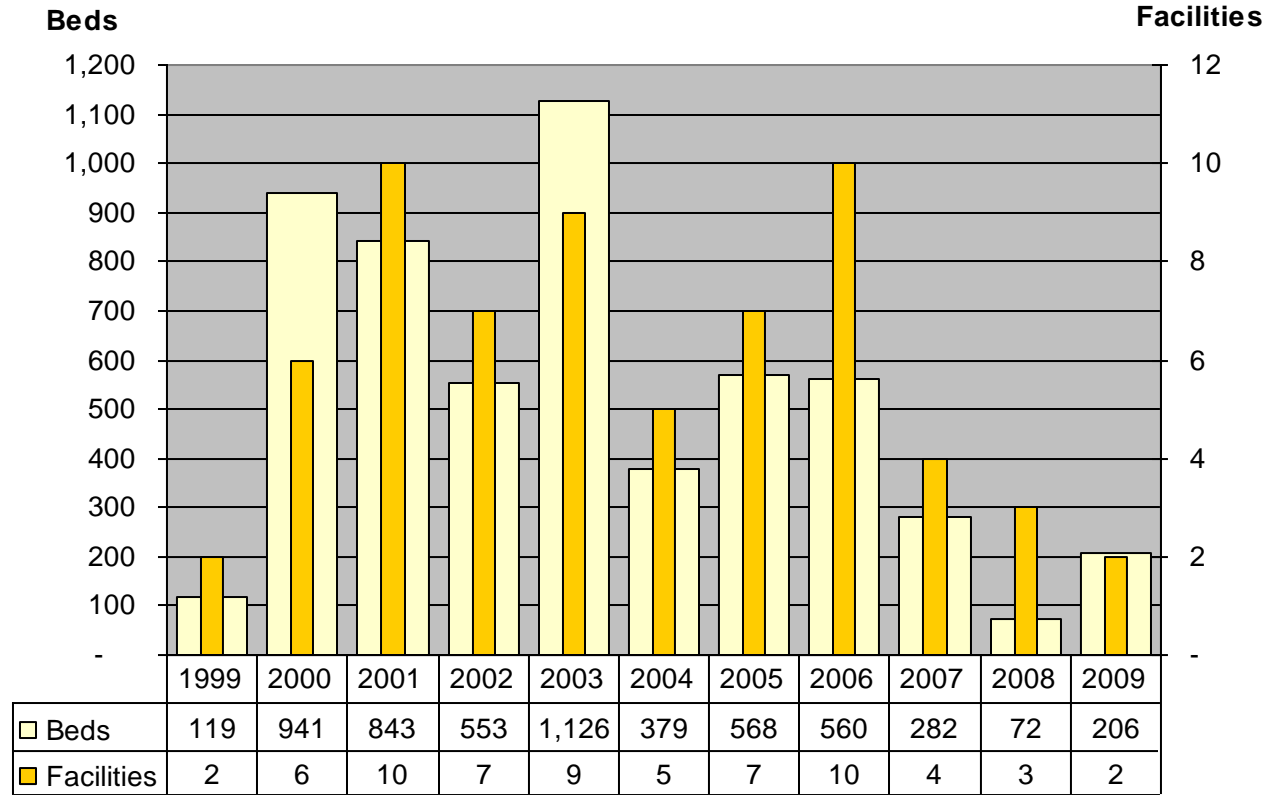
SFY	Medicaid Rate Increase	SNF Inflation Index
SFY00	2.5%	4.1%
SFY01	2.0%	3.3%
SFY02	7.0%	3.3%
SFY03	4.7%	3.1%
SFY04	2.6%	3.3%
SFY05	2.6%	3.1%
SFY06	0.0%	3.5%
SFY07	2.8%	3.2%
SFY08	0.0%	3.5%
SFY09	5.0%	3.2%
SFY10	2.0%	1.9%
Cumulative Change	33.1%	39.2%

- Nursing home rate increases have not kept pace with inflation.

Note: Excludes ICF-MRs



Wisconsin Nursing Facility Closures



Nursing Home Closures

- Almost all nursing home closures from 2000-2009 have been motivated by a business decision by the nursing home board and/or director that the home is no longer financially viable.
- Typically, a portion of the residents in nursing homes that are closing relocate to community-based settings; the remainder relocate to other nursing homes.
- Wisconsin has a structured process under Ch 50, that involves and is respected by all parties (nursing homes, state, county, ADRCs/MCOs, advocates) that addresses nursing home closures in an orderly and effective manner that protects residents' rights. Ch 50 resident relocation language is poised for revision; all stakeholders will participate, DQA leads this effort.
- Nursing home closures, especially in 2003-2009, account for only a portion of the decline in the number of nursing home residents.



ICF-MR Closures Currently in Process

- Racine Residential ICF-MR, Racine County
 - Licensed beds: 51
 - Closure Date: 12/31/09
- St. Coletta ICF-MR, Jefferson County
 - Licensed beds: 50
 - Closure Date: 9/30/10

ICF-MR Downsizing Currently in Process

- Bethesda: 40 Beds by August 31, 2010
- SWC: 70 Beds by June 30, 2011

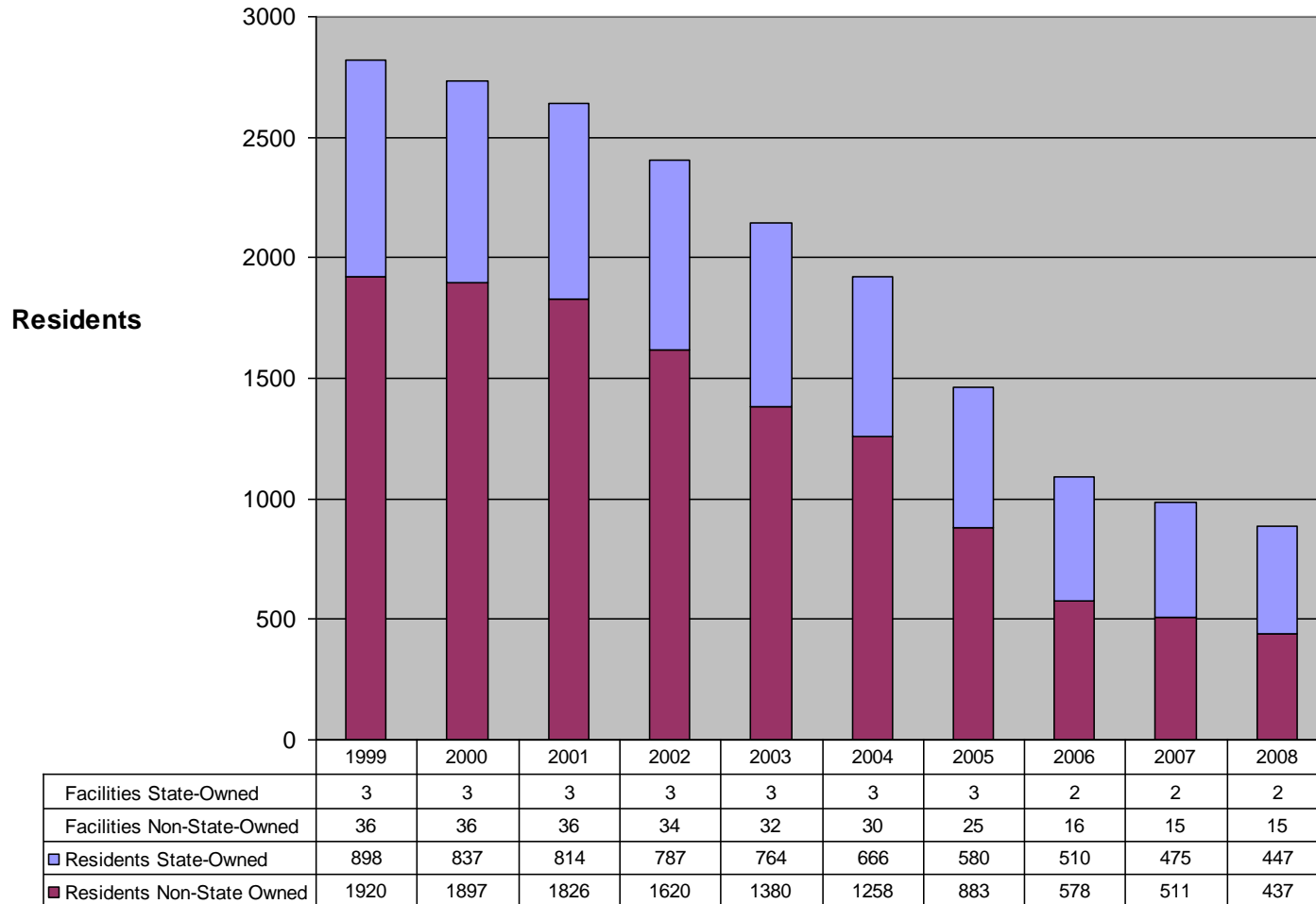


Nursing Homes with a Net Loss

	<u># of Facilities with Net Loss</u>				<u>% of All Facilities by Type with Net Loss</u>			
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
County/Other Gov't	43	48	41	39	78%	86%	77%	76%
Investor Owned	39	54	50	50	21%	29%	26%	27%
Tax Exempt	57	61	63	60	41%	45%	47%	47%
Total	139	163	154	149	37%	43%	41%	41%

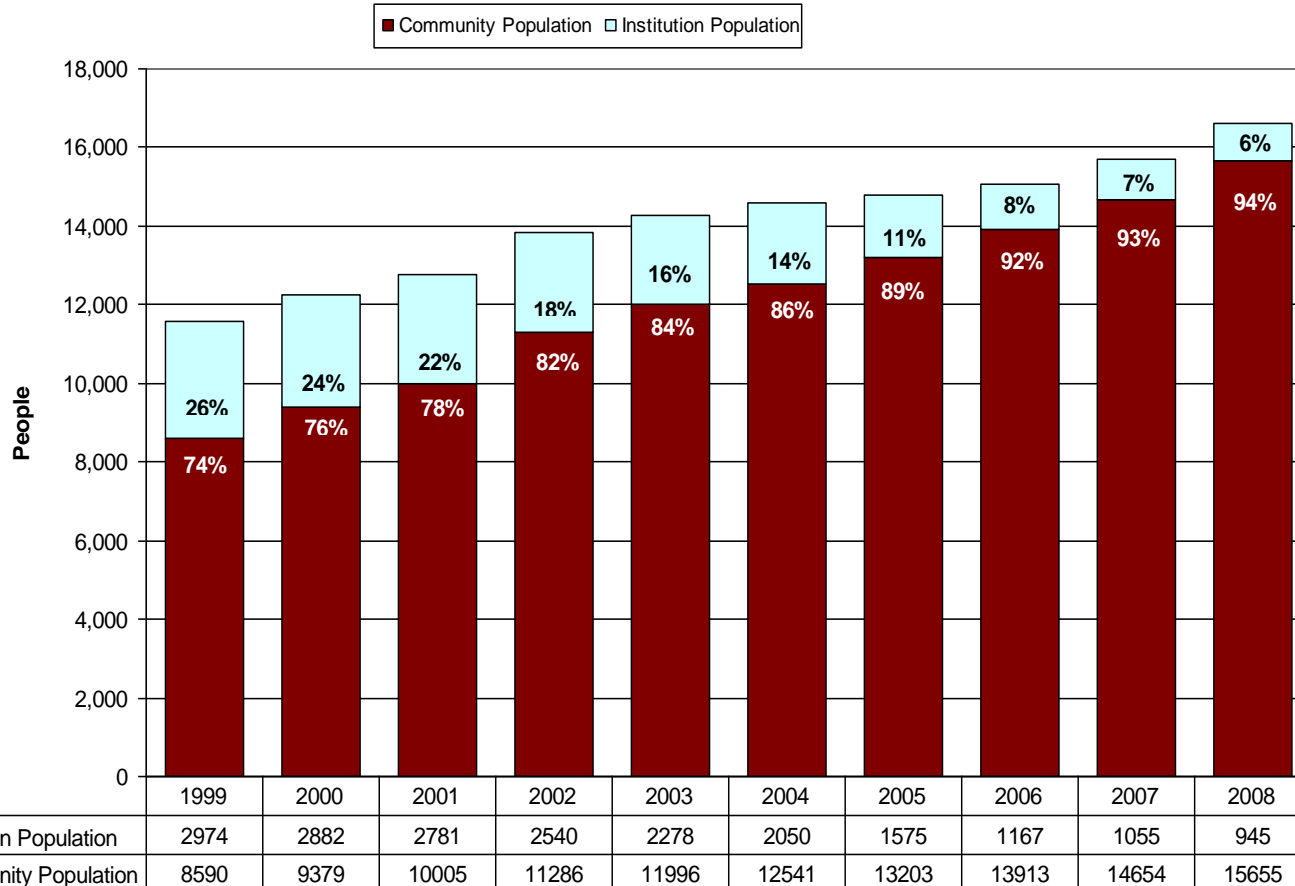


Trends in ICF-MR Residents



Key ICF-MR Resident Trends

People with Developmental Disabilities in Publicly-Funded Long-Term Care Programs
(end of year totals)

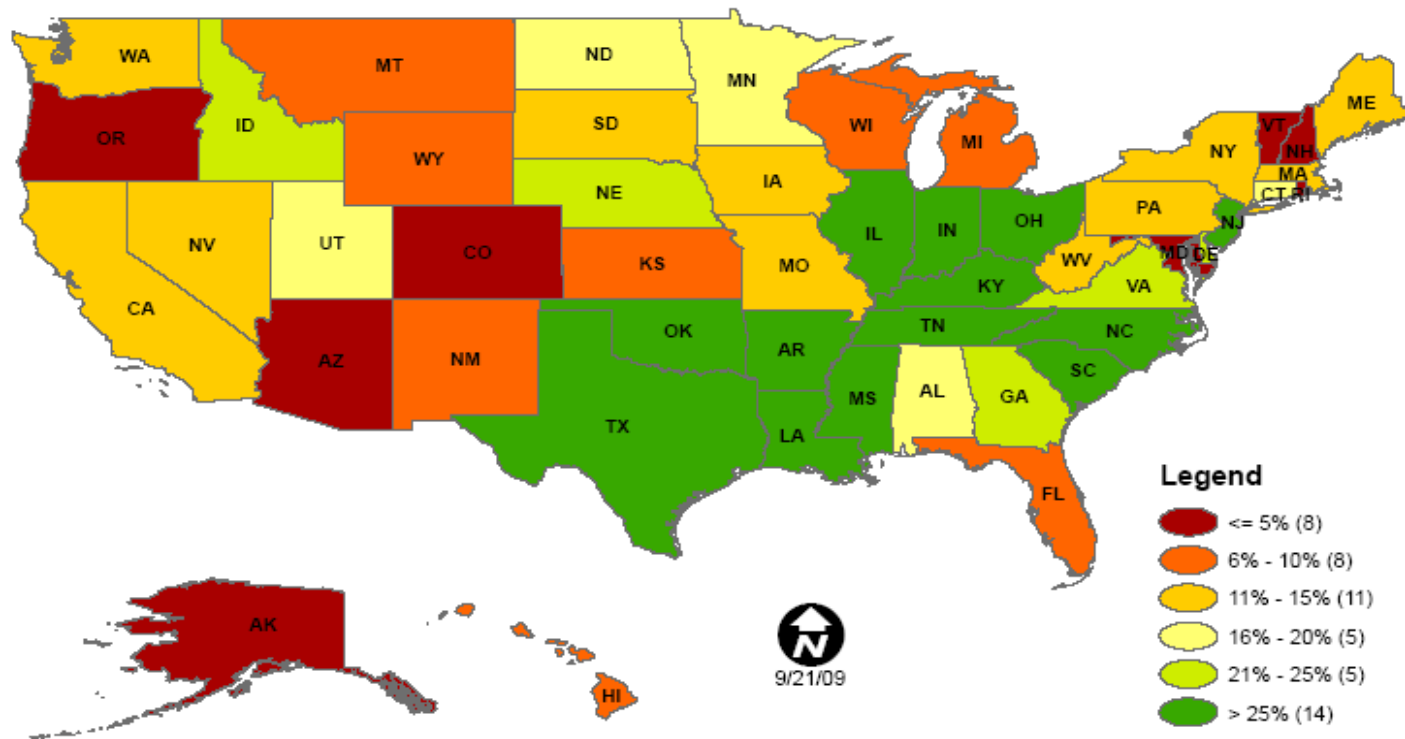


* Community population includes participants in waiver programs, Family Care, and PACE/Partnership

* Institution population includes residents in ICFs-MR, State Centers for the Developmentally Disabled, and individuals with developmental disabilities in



Percentage of Persons with Developmental Disabilities Residing in an Institution (June 30, 2007)



9/21/09

Data Source:
Residential Services for Persons with Developmental Disabilities: Status and Trends Through 2007;
 College of Educations and Human Development, University of Minnesota; August 2008

Map Created By:
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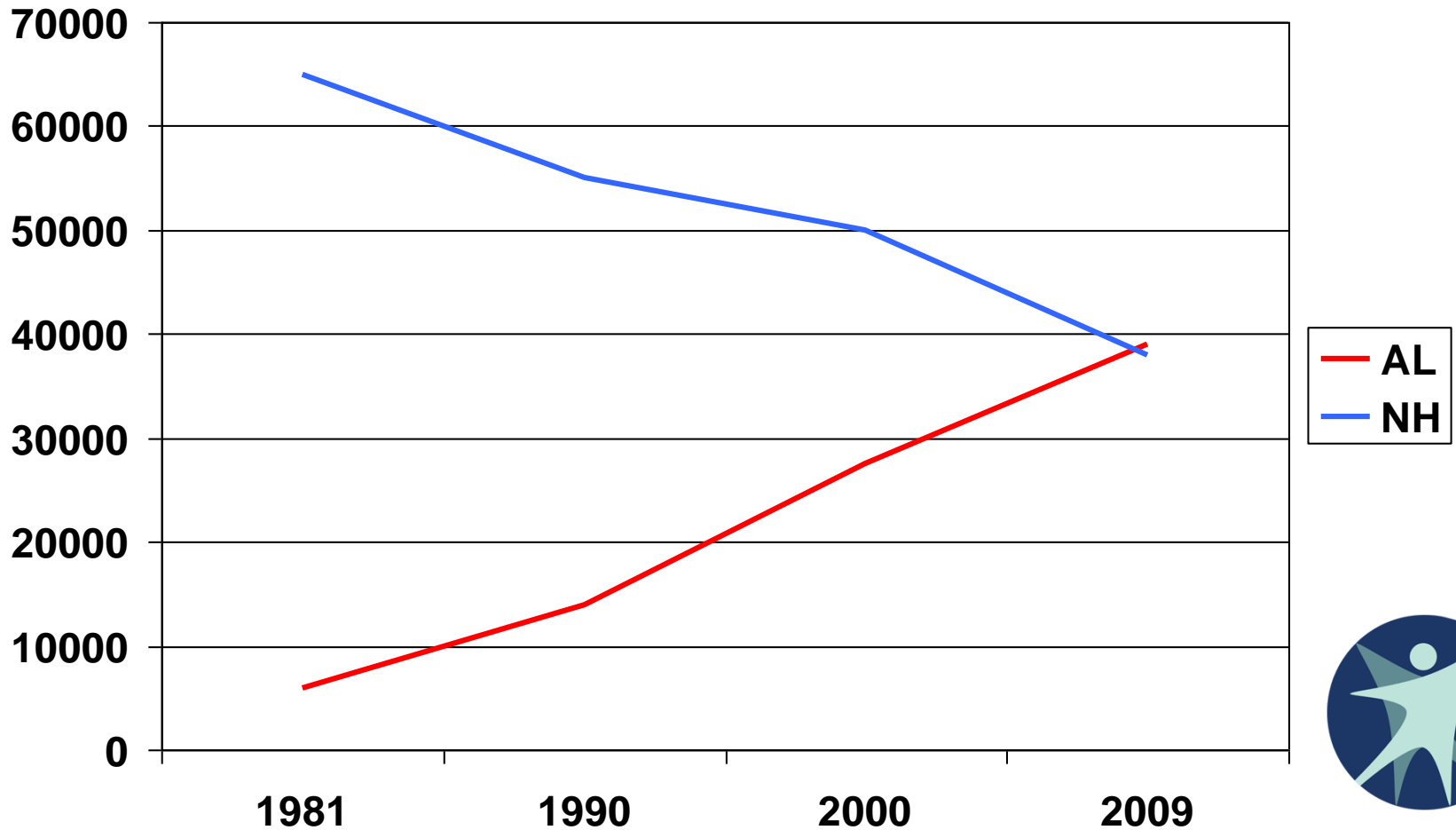
Key ICF-MR Resident Trends

- Dramatic decrease in use of ICF-MRs by individuals with developmental disabilities: number of ICF-MR residents dropped 70% from 2000-2008.
- Major driving factor is ICF-MR Restructuring initiative begun in Jan. 2005
 - Provided opportunity for current residents of ICF-MRs to relocate and be fully funded in community settings, using “money follows the person” concept
 - Provided incentive (\$12,000/person) to ICF-MRs for significant downsizings or closings
 - Made statutory criteria for entry into ICF-MRs for long-term care more stringent
- Long-term care system in Wisconsin for individuals with developmental disabilities has been re-balanced: only 6% of individuals with developmental disabilities using publicly-funded long-term care are served in institutions.
- Wisconsin is the ninth lowest state in ICF-MR utilization for people with developmental disabilities.



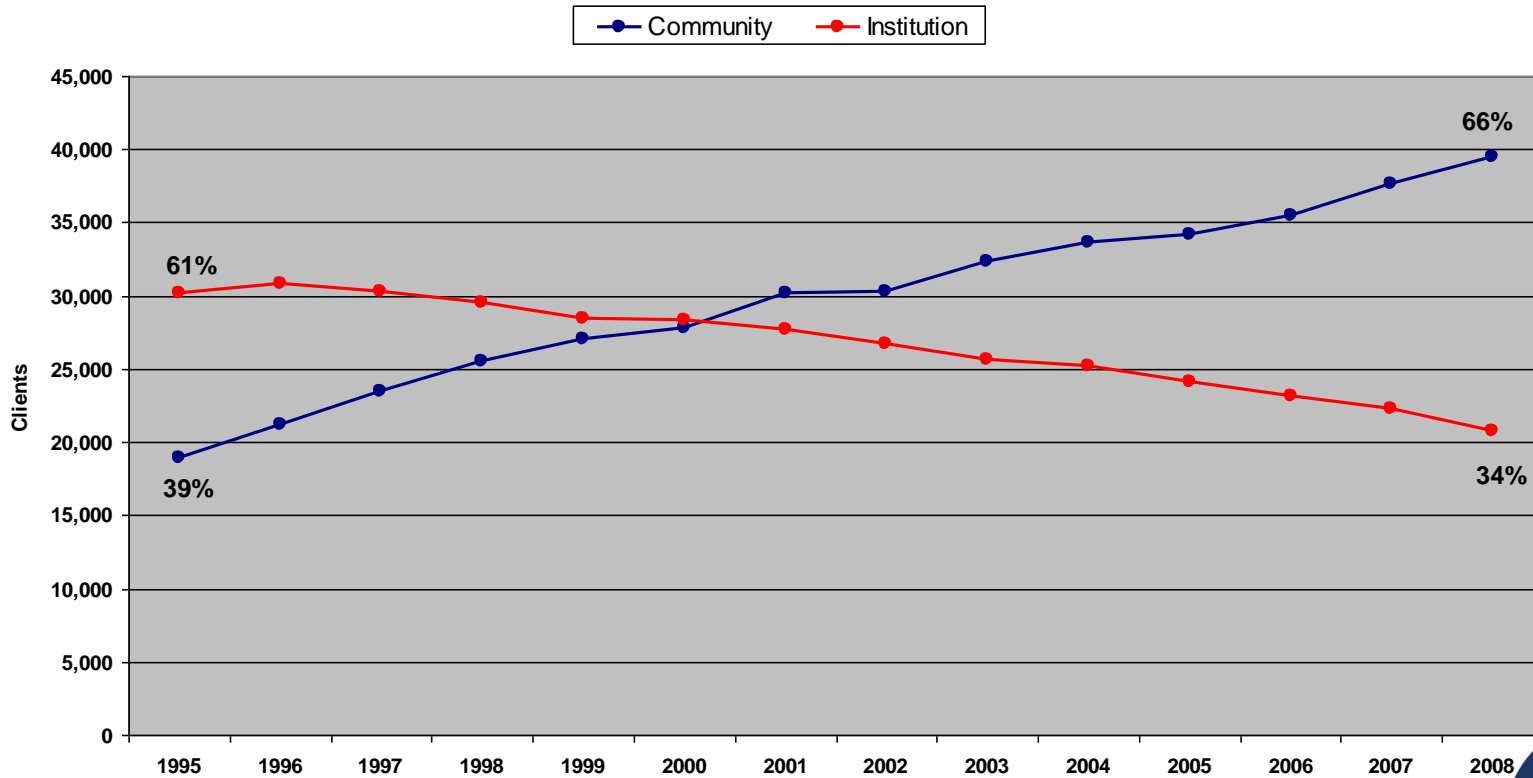
Growth in Assisted Living (AL) Capacity

38,775 AL beds as of Nov. 2008



Wisconsin's Long Term Care System has Undergone a Dramatic Rebalancing

Location of Services for Publicly-Funded Clients



Wisconsin's Long Term Care System has Undergone a Dramatic Rebalancing

- In 1995, the majority of people receiving publicly-funded long-term care, 61%, were served in institutional settings, and the minority, 39%, were served in community settings
- By 2008, those ratios had reversed: the majority of people, 66%, are now served in community settings and the minority, 34%, are in institutional settings
- In addition, over this time period the number of people served through the public long-term care system increased from 49,000 to 60,000



Strategic Direction for Nursing Home Sector

- Fewer Nursing Home Beds
- High Quality Clinical Care
- High Quality of Life for Resident
 - Private Rooms
 - Resident-centered care/Culture change
 - Household and neighborhood models
- Core Business Functions: Short Stay Rehabilitation and Stabilization of Chronic Conditions
 - End of life care
 - End stage dementia and Alzheimer's
 - Complex behaviors coupled with medical needs
 - Complex medical conditions (e.g., ventilator dependent)
- Stable, Skilled, and Resident-centered Staff
 - Low staff turnover
 - Stable leadership
 - Universal worker caregiver model
- Modern Facilities and Business Systems
 - Long Term Care campus continuums
 - Green House and other resident-centered designs
 - Electronic medical records
 - Quality management systems



DHS Nursing Home Strategy

- Align reimbursement with acuity
- Promote quality of care and quality of life
- Preserve access to nursing home services



Align reimbursement with acuity

- Implemented full acuity-based RUGS reimbursement for nursing facilities in July 2008
- As part of MA Rate Reform project, implemented acuity updates on a quarterly basis so reimbursement reflects acuity changes on a more timely basis. Transition to quarterly acuity updates has been smoothly and successfully completed
- Aligned fee for service and managed care reimbursement approaches: effective CY09, Family Care MCOs are required to reimburse nursing homes based on acuity of Family Care client, using same acuity-based reimbursement methodology as for nursing home fee for service
- Acuity-based reimbursement will be further refined through Federal initiative to update the Minimum Data Set (MDS) system in fall 2010



Promote Quality of Care and Quality of Life

- Implemented Capital Incentive Program to stimulate replacement and renovation of old, out-dated nursing homes with innovative, cost-efficient, person-centered design elements. Currently capped at \$1 million of new awards/year
 - First year of program concluded successfully: 13 submissions and 6 projects approved
 - Funding included in 09-11 biennial budget to continue program at an additional \$1 million/year
 - 8 additional projects approved and 1 project pending in the recently completed FY10 round
 - Well-received by nursing home industry



Promote Quality of Care and Quality of Life

- Pay for Performance (P4P) initiative
 - Wisconsin one of three states in federal Medicare nursing home value-based purchasing (P4P) pilot
 - 62 nursing homes participating
 - Nursing homes are eligible for bonus payments based on high performance and/or significant improvement on key indicators
 - Extends from 2009-2012
 - If determined to be sound, methodology can be adopted in state Medicaid program as well
- Federal Nursing Home Compare/5-star ratings
 - 5-Star ratings launched in December 2008
 - Intended to aid consumers in making more informed decisions
- Longer Term: Implement Quality of Life Measure in Nursing Homes
 - Apply innovative, person-centered PEONIES survey tool under development for Family Care in nursing home settings as well



Promote Quality of Care and Quality of Life

- As part of MA Rate Reform, initiative to reduce “never events” (i.e., pressure sores, falls, etc.) in nursing homes is under development
- Collaborated with DQA last year to support training for nursing home staff in prevention of pressure sores
- Currently collaborating with DQA and DPH to develop falls prevention strategies within nursing homes
- Participate on DQA-led committee to award funding to innovative proposals to improve quality of nursing homes



Preserve Access to Nursing Homes

- 09-11 biennial budget provides for a 2% increase in FY10 and an additional 2% increase in FY11
- Nursing homes generally keep DHS staff informed if closure or downsizing is under consideration
- Dept supported innovative model of establishing a multi-county consortium to administer specialized nursing home to preserve access to individuals from numerous counties. Attorney General's recent opinion is currently under review by OLC.



Summary

- Nursing home utilization is shrinking in response to strong consumer preference for community-based settings
- Nursing home industry faces financial stress; county nursing homes experience highest levels of deficits
- Nursing home building stock is old, and designed in ways that are not cost-effective and do not reflect consumer demand
- Dept nursing home policies have effectively aligned reimbursement with acuity
- Several state and federal initiatives are underway to strengthen quality of care and quality of life in nursing homes

