

Fact Sheet: Medicaid Underpayment for Resident Care

A comprehensive analysis of the nation's Medicaid nursing home payment systems ranked the Wisconsin system the worst in the country. The study, "A Report on Shortfalls in Medicaid Funding for Nursing Home Care" released in November 2009 by Eljay, LLP, accountants and consultants, revealed that Medicaid deficits sustained by Wisconsin's nursing facilities are the highest in the country or twice the national average (loss per nursing home resident/day).

The national report and ranking came as no surprise to the Wisconsin nursing home community. Indeed, the Wisconsin Medicaid program's own database of facility- specific cost and reimbursement information vividly illustrates the system's inadequacies. It reveals the following:

- Medicaid recipients as of January 2010 (20,450 residents), including Family Care enrollees, comprise approximately 65% of all residents served in Wisconsin nursing facilities (31,461 total residents). Source: Bureau of Nursing Home Resident Care, Division of Quality Assurance, January 2010
- Labor costs represent approximately 73% of the total cost of providing care and treatment to nursing home residents. Nursing homes employ over 50,000 individuals; 60% of all nursing home personnel perform nursing care and services (RNs, LPNs, and certified nursing assistants).
- In the 2008-2009 payment year, the difference between the total cost of the care facilities provided their Medicaid residents and the Medicaid reimbursement they received for providing that care (i.e., the "Medicaid deficit") was \$285,592,212*.
- Direct care costs, the costs to provide hands-on care to residents, represented \$167,735,392*, or 58.7%, of the total costs Medicaid failed to reimburse in 2008-2009.
- Approximately 97% of the 369 nursing facilities in the state's database received a Medicaid payment in 2008-09 which failed to meet the cost of care they provided their Medicaid residents.
- Wisconsin nursing facilities on average lose \$40.39* per day for each Medicaid resident they serve. For the average Wisconsin nursing home, that results in an annual loss of \$795,521* to provide care to its Medicaid residents.
- As a result of the failure of the Medicaid program to pay the resident care costs for which it is responsible, private paying residents are compelled to pay rates that average nearly \$73 per day higher than a facility's Medicaid payment rate (Average 2008-2009 Medicaid payment rate: \$139.52 per day). It is these private pay residents, who currently are required to pay the \$150 per month nursing home bed tax, who are being asked to subsidize this Medicaid underfunding.

*Excludes Family Care related losses

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