

December 29, 2016

Governor Scott Walker
Room 115 East
Wisconsin State Capitol
Madison, WI 53702

Subject: Reinvestment of Medicaid Nursing Home Funding

Dear Governor Walker:

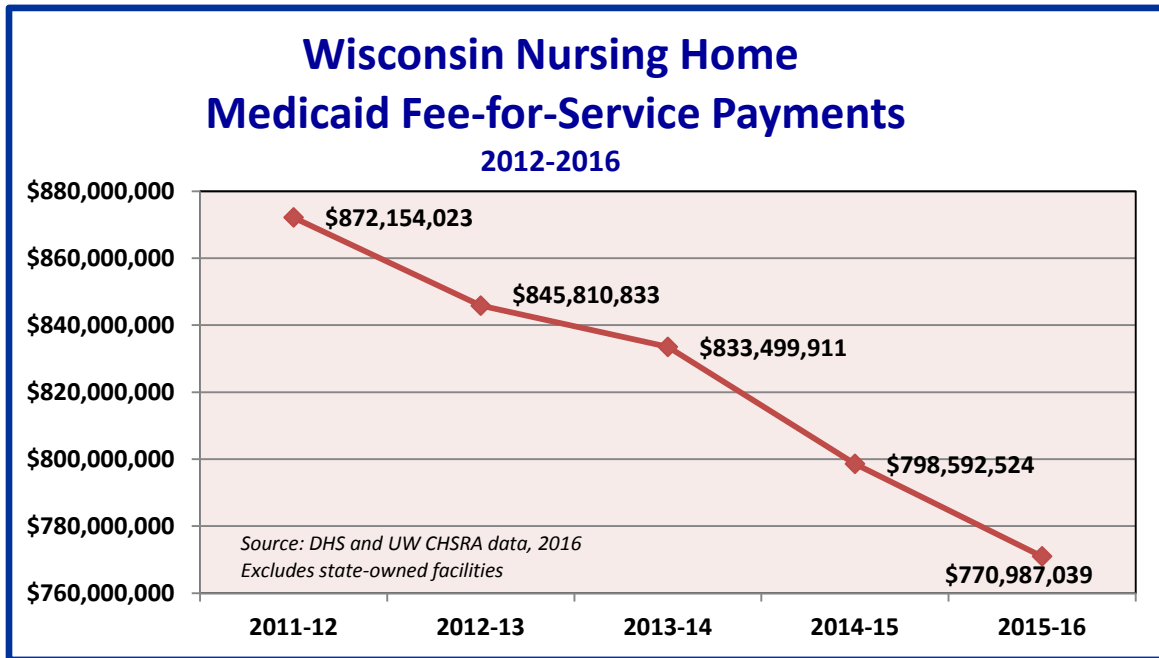
Detailed reports conducted by LeadingAge Wisconsin, the Wisconsin Health Care Association and others point to significant shortfalls in Medicaid funding for nursing home care in our state. In fact, these reports indicate that Wisconsin has the worst Medicaid reimbursement for skilled nursing facilities in the country. Today, these mounting Medicaid shortfalls make it impossible for our skilled nursing facilities to offer competitive wages to caregivers, fueling an already well-documented [long term care workforce crisis](#).

Over the past decade, the long term care provider community has partnered with the State to serve individuals in the “right place, right time, and right cost” by expanding the available continuum of care. This effort, coupled with woefully inadequate Medicaid payments, has contributed to a decline in utilization of nursing homes in Wisconsin. More recently, the decline in nursing home utilization has been significantly driven by the inability of many nursing homes to admit residents because of the lack of available caregivers (i.e., facilities are unable to offer competitive wages and benefits). This utilization trend may be inappropriately characterized as “cost-savings” in the nursing home Medicaid budget allowing the state to reallocate dollars to other programs within the Medicaid system.

The decline in nursing home utilization also means individuals who are now served by Wisconsin’s skilled care facilities present unprecedented medical and behavioral needs. Unused Medicaid funds generated by fewer nursing home resident days does not in any way dismiss the fact that some of our state’s most frail elderly and disabled people remain in need of 24-hour, skilled nursing care. Our state’s nursing home providers are to be commended for their commitment to providing high-quality skilled nursing care for the most vulnerable people in our state, while trying to fill the financial gap left by the inadequate funding provided to their residents through Medicaid.

Given the workforce, payment, and care and services challenges facing our nursing facilities, we firmly believe unspent Medicaid funding meant for skilled nursing reimbursement should be used to address the alarming deficiencies of the current nursing home payment system.

As noted below, Medicaid nursing home funding has decreased by more than \$100 million since 2012.



On behalf of the State's skilled nursing facilities, we respectfully submit that **it is time to reinvest these funds back into the reimbursement system to support an aging population in need of skilled nursing care.** Our specific 2017-19 State budget request, previously submitted to your office in September, is available [here](#). This proposal would reinvest the above noted funds to address the long-term care workforce crisis present throughout the state.

Thank you considering our Associations' request. We pledge to work with your Administration to address workforce and payment issues impacting our long-term care system.

Respectfully submitted,

John Sauer, President/CEO
LeadingAge Wisconsin

John Vander Meer, Executive Director
Wisconsin Health Care Association