



## Labor Region Proposal

Medicaid Labor Index  
 Impact on Direct Care Maximum  
 2017-18 Direct Care Nursing Target = **\$81.33**

Region	2017-18 Labor Factor	2017-18 Direct Care Nursing Max.	Difference From \$81.33 Target
Brown/Kewaunee/Oconto	<b>0.955</b>	\$ 77.67	\$ <b>(3.66)</b>
Rural	<b>0.957</b>	\$ 77.83	\$ <b>(3.50)</b>
Fond du Lac	<b>0.966</b>	\$ 78.56	\$ <b>(2.77)</b>
Eau Claire/Chippewa	<b>0.977</b>	\$ 79.46	\$ <b>(1.87)</b>
Appleton/Calumet	<b>0.995</b>	\$ 80.92	\$ <b>(0.41)</b>
Oshkosh (Winnebago)	1.014	\$ 82.47	\$ 1.14
La Crosse	1.019	\$ 82.88	\$ 1.55
Kenosha	1.026	\$ 83.44	\$ 2.11
Racine	1.027	\$ 83.53	\$ 2.20
Sheboygan	1.029	\$ 83.69	\$ 2.36
Wausau	1.029	\$ 84.26	\$ 2.93
Milwaukee/Ozaukee/Washington/Waukesha	1.057	\$ 85.97	\$ 4.64
Dane/Columbia/Iowa/Green/Sauk	1.071	\$ 87.10	\$ 5.77
Rock/Dodge/Richland	1.071	\$ 87.10	\$ 5.77
Superior (Douglas)	1.076	\$ 87.51	\$ 6.18
St. Croix/Pierce/Dunn	1.178	\$ 95.81	\$ 14.48

**Proposal:** There are five labor areas that have an index less than one for calculating 2017-18 Medicaid rates. Under this proposal, any area that has a labor factor less than one would use 1.00 for the labor factor. (Direct care nursing target, \$81.33) Estimated cost is \$5.5 million all funds.

Date

Secretary Linda Seemeyer  
Wisconsin Department of Health Services  
1 West Wilson Street  
Madison, WI 53703

Dear Secretary Seemeyer:

On December 5, 2017, we met with nursing home providers across the state to discuss issues related to the current Medicaid nursing home labor regions. Seventeen legislative offices were represented at the meeting during which we learned about the many challenges facing long-term care providers in Wisconsin. One of these challenges has to do with the current Medicaid labor region designations.

As you know, there are currently 16 nursing home labor regions in the state, including one large rural labor region. These region designations were created to reflect the difference in labor costs for providing services across different areas of the state, presumably allowing nursing homes in areas with higher labor costs to receive higher levels of Medicaid reimbursement for their direct care.

In recent years, we have seen modifications made in state budgets to these region designations that have changed the geographic boundaries of the original labor regions. Many of these changes resulted in moving nursing facilities from labor regions that have a low labor factor as determined by the Department's formula to regions with a higher labor factor in order to increase rates for those facilities. Since a significant portion of a nursing home's costs relate to labor, adjusting reimbursement rates based on the wage levels of the region can have a significant impact on a facility's overall Medicaid reimbursement. The various labor region adjustments made over the past decade generally have resulted in a redistribution of Medicaid funds from one region to another, putting certain facilities at a disadvantage. Many of the nursing homes that fall into the lower regions have told us their workforce challenges are at least as severe as those outside their regions and the lower Medicaid rates paid to them only exacerbates their challenges.

At our December 5<sup>th</sup> meeting, we met with providers representing the five labor areas with the lowest Medicaid labor factor designation. These providers shared their challenges with the current system and discussed options for addressing the issues prior to the next state budget. Currently, there are five labor areas that have a Medicaid labor index less than one for purposes of calculating the 2017-18 Medicaid reimbursement rates. The providers in these five labor areas have more than 50% of all nursing home Medicaid resident days. We respectfully are requesting that the Department consider raising the direct care targets for these lowest five labor regions to the statewide target, by reinvesting unexpended Medicaid funds within the nursing

home budget that are a result of a decline in nursing home utilization. No labor area would have a labor factor less than one in this proposal. This would be a reinvestment into the system of \$5.5 million all-funds that would not cause a redistribution of funding from the other regions. Assuming past Medicaid nursing home budget experiences are repeated in 2017-18 (i.e., actual Medicaid nursing home expenditures are less than budgeted), there would likely be sufficient funds available to address this labor region issue in the following fiscal year without providing new funding and without increasing overall nursing home expenditures beyond the amounts authorized by the Legislature.

A copy of the proposal as prepared by our provider members of LeadingAge Wisconsin is attached for your review.

We thank you for your consideration.

## LeadingAge Wisconsin

### Labor Region Analysis: Estimated Cost of Increasing the Five Lowest Labor Regions to the Statewide Labor Factor Under the Medicaid Nursing Home Reimbursement Formula (Based on Final 2015-16 Medicaid Cost Reports)

Facility-- Rural	City	County	Licensed Beds	Direct Care Loss	Rural Increase \$3.50/day
Villa Pines Living Center	Friendship	Adams	85	\$ -	
Ashland Health and Rehabilitation Center	Ashland	Ashland	117	\$ -	
Golden LivingCenter - Court Manor	Ashland	Ashland	105	\$ 18,078	\$ 18,078
Mellen Manor	Mellen	Ashland	36	\$ 13,175	\$ 13,175
Mayo Clinic Health System - Northland	Barron	Barron	23	\$ 383,495	\$ 14,683
Barron Care & Rehab	Barron	Barron	50	\$ 30,104	\$ 30,104
Cumberland Memorial Hospital & ECU, Inc.	Cumberland	Barron	50	\$ 469,293	\$ 40,422
Dallas Care and Rehab	Dallas	Barron	50	\$ 24,614	\$ 24,614
Knapp Haven Nursing Home	Chetek	Barron	97	\$ 387,491	\$ 76,258
Heritage Manor	Rice Lake	Barron	92	\$ 148,617	\$ 60,421
Pioneer Nursing Home	Prairie Farm	Barron	42	\$ 95,154	\$ 20,227
Rice Lake Convalescent Center	Rice Lake	Barron	85	\$ 34,596	\$ 34,596
Northern Lights Health Care Center	Washburn	Bayfield	65	\$ -	
American Lutheran Homes - Mondovi	Mondovi	Buffalo	50	\$ -	
Burnett Medical Center, Inc.	Grantsburg	Burnett	50	\$ 192,319	\$ 41,027
Clark County Rehabilitation & Living Center	Owen	Clark	172	\$ 1,746,488	\$ 99,050
Colonial Center	Colby	Clark	95	\$ 87,832	\$ 50,887
Neillsville Care & Rehab	Neillsville	Clark	60	\$ 5,004	\$ 5,004
Oakbrook Manor of Thorp	Thorp	Clark	58	\$ -	
Clark County Health Care Center	Owen	Clark	24	\$ 287,399	\$ 16,300
Sannes Skogdalen Nursing Facility LLC	Soliders Grove	Crawford	50	\$ 158,432	\$ 38,035
Prairie Nursing Facility LLC	Prairie Du Chien	Crawford	64	\$ 134,345	\$ 34,164
Door County Memorial Hospital Nursing Home	Sturgeon Bay	Door	30	\$ 159,331	\$ 17,497
Golden LivingCenter - Dorchester	Sturgeon Bay	Door	120	\$ 167,556	\$ 56,347
Good Samaritan Society - Scandia Village	Sister Bay	Door	60	\$ 218,153	\$ 28,889
Golden LivingCenter - Florence	Florence	Florence	73	\$ 44,141	\$ 44,141
The Crandon Nursing Home	Crandon	Forest	50	\$ -	
Nu Roc Community Health Care, Inc	Laona	Forest	50	\$ -	
Good Samaritan Society - Fennimore	Fennimore	Grant	62	\$ 101,374	\$ 43,337
Gray's Nursing Home	Platteville	Grant	20	\$ -	
Lancaster Care Center	Lancaster	Grant	50	\$ -	
Boscobel Care & Rehab	Boscobel	Grant	50	\$ -	
Orchard Manor	Lancaster	Grant	121	\$ 500,551	\$ 65,569
ManorCare Health Services - Platteville	Platteville	Grant	99	\$ -	
Golden LivingCenter - Riverdale	Muscoda	Grant	58	\$ -	
St Dominic Villa	Hazel Green	Grant	62	\$ -	
Southwest Health Center	Cuba City	Grant	84	\$ 410,377	\$ 39,848
Orchard Manor	Lancaster	Grant	29	\$ 231,653	\$ 30,345
Juliette Manor	Berlin	Green Lake	45	\$ 131,224	\$ 22,197
Markesan Resident Home	Markesan	Green Lake	50	\$ -	
Sky View Nursing Center LLC	Hurey	Iron	33	\$ 59,668	\$ 24,703
Villa Maria Health and Rehabilitation Center LLC	Hurley	Iron	70	\$ 378,431	\$ 60,242
Family Heritage Nursing & Rehab	Black River Falls	Jackson	50	\$ -	
Pine View Nursing Home	Black River Falls	Jackson	95	\$ -	
Alden Estates of Countryside, Inc.	Jefferson	Jefferson	120	\$ 396,122	\$ 81,197
Golden LivingCenter - Fort Atkinson	Fort Atkinson	Jefferson	87	\$ 155,773	\$ 58,538
Willowbrook Nursing Center	Lake Mills	Jefferson	57	\$ 99,778	\$ 36,516
Edgewood Care Center, DBA Heritage Manor	Elroy	Juneau	76	\$ 34,025	\$ 34,025
Fairview Nursing Home	Mauston	Juneau	60	\$ 593,702	\$ 44,538
Crestview Nursing Home	New Lisbon	Juneau	60	\$ 383,836	\$ 43,505
Lafayette Manor	Darlington	Lafayette	64	\$ 654,549	\$ 41,559
Eastview Medical and Rehab Center	Antigo	Langlade	166	\$ 569,028	\$ 73,791
Golden LivingCenter - Golden Age	Tomahawk	Lincoln	83	\$ 518,752	\$ 44,205

Facility-- Rural	City	County	Licensed Beds	Direct Care Loss	Rural Increase \$3.50/day
Pine Crest Nursing Home	Merrill	Lincoln	180	\$ 1,761,681	\$ 155,995
Golden LivingCenter - Riverview	Tomahawk	Lincoln	61	\$ 12,733	\$ 12,733
North Ridge Medical and Rehab Center	Manitowoc	Manitowoc	119	\$ 6,534	\$ 6,534
Hamilton Memorial Home	Two Rivers	Manitowoc	80	\$ 101,485	\$ 51,671
Manitowoc Health Care Center, LLC	Manitowoc	Manitowoc	150	\$ 332,626	\$ 123,897
River's Bend Health & Rehabilitation	Manitowoc	Manitowoc	124	\$ 312,419	\$ 54,513
Shady Lane Inc.	Manitowoc	Manitowoc	130	\$ 567,339	\$ 80,651
St. Mary's Home for the Aged	Manitowoc	Manitowoc	84	\$ 192,313	\$ 43,299
NewCare, Inc.	Crivitz	Marinette	64	\$ -	
Luther Home	Marinette	Marinette	120	\$ 167,084	\$ 94,906
Maryhill Manor, Inc.	Niagara	Marinette	75	\$ 259,659	\$ 54,628
Rennes Health & Rehab Center - East	Peshtigo	Marinette	129	\$ -	
Rennes Health & Rehab Center - West	Peshtigo	Marinette	99	\$ -	
Montello Care Center	Montello	Marquette	50	\$ -	
Morrow Memorial Home	Sparta	Monroe	99	\$ 314,672	\$ 56,970
Rolling Hills	Sparta	Monroe	98	\$ 555,998	\$ 60,095
Tomah Care Center	Tomah	Monroe	74	\$ -	
Avanti Health and Rehabilitation Center, LLC	Minocqua	Oneida	72	\$ 58,287	\$ 49,147
Friendly Village	Rhineland	Oneida	120	\$ 87,179	\$ 87,179
Rennes Health & Rehab Center - Rhineland	Rhineland	Oneida	72	\$ -	
Pepin Manor	Pepin	Pepin	50	\$ -	
Willow Ridge Healthcare	Amery	Polk	83	\$ -	\$ 37,156
Christian Community Homes	Osceola	Polk	40	\$ 33,804	\$ 24,941
Frederic Care Center	Frederic	Polk	60	\$ -	
Golden Age Manor	Amery	Polk	114	\$ 1,114,285	\$ 101,682
Good Samaritan Society - St Croix Valley	St. Croix Falls	Polk	60	\$ 371,502	\$ 43,950
United Pioneer Home, Inc.	Luck	Polk	50	\$ -	
Portage County HCC	Stevens Point	Portage	100	\$ 752,013	\$ 41,241
Stevens Point Care Center LLC	Stevens Point	Portage	60	\$ 151,053	\$ 14,308
Park Manor Ltd	Park Falls	Price	117	\$ 233,257	\$ 69,426
Pleasant View Care Corporation	Philips	Price	50	\$ -	
Ladysmith Nursing Home	Ladysmith	Rusk	32	\$ 75,119	\$ 17,255
Ladysmith Living Center	Ladysmith	Rusk	30	\$ 77,510	\$ 28,410
Ladysmith Care & Rehab	Ladysmith	Rusk	50	\$ -	
Hayward Area Memorial Nursing Home	Hayward	Sawyer	50	\$ 491,049	\$ 41,657
Golden LivingCenter - Valley of Hayward	Hayward	Sawyer	59	\$ -	
Birch Hill Care Center, LLC	Shawano	Shawano	55	\$ 7,346	\$ 7,346
Evergreen Care Center, LLC	Shawano	Shawano	50	\$ -	
Homme Home for the Aging Inc.	Wittenberg	Shawano	81	\$ 449,766	\$ 53,683
Maple Lane Health & Rehab Center, LLC	Shawano	Shawano	66	\$ -	
Manor Care Health Services - Shawano	Shawano	Shawano	100	\$ -	
Golden LivingCenter - Rib Lake	Rib Lake	Taylor	60	\$ 63,822	\$ 31,339
Aspirus Medford Hospital & Clinics	Medford	Taylor	99	\$ 479,144	\$ 80,441
Pigeon Falls Health Care Center	Pigeon Falls	Trempealeau	37	\$ 94,077	\$ 24,203
Grand View Care Center	Blair	Trempealeau	98	\$ 481,019	\$ 90,913
Marinuka Manor	Galesville	Trempealeau	59	\$ 164,078	\$ 35,893
Mayo Clinic Health System - Oakridge, Inc.	Osseo	Trempealeau	21	\$ 382,075	\$ 17,819
Trempealeau County Health Care Center	Whitehall	Trempealeau	145	\$ 407,257	\$ 36,719
Gundersen Tri-County Care Center	Whitehall	Trempealeau	35	\$ 137,892	\$ 25,610
Bethel Home	Viroqua	Vernon	85	\$ 121,074	\$ 38,924
Norseland Nursing Home	Westby	Vernon	59	\$ 247,926	\$ 36,022
Vernon Manor	Viroqua	Vernon	90	\$ 558,933	\$ 56,826
Fairhaven	Whitewater	Walworth	84	\$ 278,509	\$ 43,061
East Troy Manor	East Troy	Walworth	50	\$ -	
Holton Manor	Elkhorn	Walworth	60	\$ -	
Geneva Lake Manor	Lake Geneva	Walworth	60	\$ 96,336	\$ 37,062
Lakeland Health Care Center	Elkhorn	Walworth	120	\$ 2,136,309	\$ 85,971
Williams Bay Care Center, LLC	Williams Bay	Walworth	62	\$ 30,995	\$ 30,995

Facility-- Rural	City	County	Licensed Beds	Direct Care Loss	Rural Increase \$3.50/day
Willowfield Nursing & Rehabilitation Center	Delevan	Walworth	61	\$ -	
Benedictine Living Center of Spooner	Spooner	Washburn	75	\$ 40,813	\$ 40,813
Terraceview Living Center	Shell Lake	Washburn	50	\$ 116,064	\$ 46,998
Bethany Home, Inc.	Waupaca	Waupaca	104	\$ 349,719	\$ 79,044
Greentree Health & Rehab Center	Clintonville	Waupaca	60	\$ -	
Manawa Community Nursing Center, Inc.	Manawa	Waupaca	15	\$ 79,848	\$ 8,316
Iola Living Assistance, Inc.	Iola	Waupaca	50	\$ 23,615	\$ 23,615
Lakeview Manor Nursing Home	Weyauwega	Waupaca	50	\$ 258,756	\$ 28,753
Pine Manor Health Care Center	Clintonville	Waupaca	95	\$ 8,520	\$ 8,520
Crossroads of Crystal River	Waupaca	Waupaca	74	\$ 69,270	\$ 29,313
St. Joseph Residence	New London	Waupaca	97	\$ 223,105	\$ 59,763
Crossroads Care Center of Weyauwega	Weyauwega	Waupaca	60	\$ 208,289	\$ 29,964
Wild Rose Manor	Wild Rose	Waushara	50	\$ -	
Bethel Home, Inc	Oshkosh	Winnebago	135	\$ 621,053	\$ 101,220
Bethel Center	Arpin	Wood	111	\$ 78,450	\$ 45,857
Edgewater Haven Nursing Home	Port Edwards	Wood	90	\$ 984,804	\$ 53,676
Strawberry Lane Medical & Rehab Center	Wisconsin Rapids	Wood	120	\$ 54,227	\$ 53,200
Golden LivingCenter - Three Oaks	Marshfield	Wood	110	\$ 135,748	\$ 59,707
Marshfield Care Center, LLC	Marshfield	Wood	120	\$ 375,979	\$ 79,615
Norwood Health Center (Crossroads)	Marshfield	Wood	16	\$ 385,873	\$ 20,475
Wisconsin Rapids Care Center, LLC	Wisconsin Rapids	Wood	114	\$ 250,342	\$ 46,767
<b>Rural Total</b>			<b>9,892</b>	<b>\$ 28,455,094</b>	<b>\$ 4,408,702</b>

Facility-- Brown	City	County	Licensed Beds	Direct Care Loss	Brown Increase \$3.66/day
ManorCare Health Services - Green Bay East	Green Bay	Brown	79	\$ 183,161	\$ 38,840
ManorCare Health Services - Green Bay West	Green Bay	Brown	105	\$ 73,135	\$ 66,769
Bornemann Nursing Home, Inc.	Green Bay	Brown	127	\$ 231,627	\$ 61,400
Brown Cty-CTC-Bay Shore Village	Green Bay	Brown	63	\$ 2,489,514	\$ 76,029
Golden LivingCenter - Village Gardens	Green Bay	Brown	125	\$ -	\$ -
Grancare Nursing Center	Green Bay	Brown	75	\$ 80,368	\$ 58,282
Odd Fellow Home	Green Bay	Brown	74	\$ 254,766	\$ 39,491
Parkview Manor Health & Rehabilitation Center	Green Bay	Brown	136	\$ -	\$ -
Ledge View Nursing Center	DePere	Brown	32	\$ -	\$ -
Rennes Health & Rehab Center - De Pere	De Pere	Brown	122	\$ 71,672	\$ 59,563
Maple Ridge Rehab and Care Center	Green Bay	Brown	133	\$ 307,567	\$ 87,716
Santa Maria Nursing Home	Green Bay	Brown	50	\$ 23,344	\$ 23,344
Woodside Lutheran Home	Green Bay	Brown	130	\$ 680,065	\$ 83,924
Algoma Medical Center	Algoma	Kewaunee	60	\$ 597,739	\$ 53,769
Kewaunee Care Center, LLC	Kewaunee	Kewaunee	50	\$ -	\$ -
Sharpe Care Nursing & Rehabilitation	Oconto Falls	Oconto	99	\$ -	\$ -
Woodlands of Gillett, Inc.	Gillett	Oconto	35	\$ -	\$ -
The Woodlands of Oconto, Inc.	Oconto	Oconto	45	\$ -	\$ -
Woodland Village, Inc	Suring	Oconto	50	\$ -	\$ -
<b>Brown, Kewaunee, Oconto Total</b>			<b>1,590</b>	<b>\$ 4,992,958</b>	<b>\$ 649,128</b>

Facility-- Eau Claire	City	County	Licensed Beds	Direct Care Loss	Eau Claire Increase \$1.87/day
Mayo Clinic Health System - Chippewa Valley	Bloomer	Chippewa	35	\$ 288,302	\$ 14,874
Wissota Health & Regional Vent Center	Chippewa Falls	Chippewa	135	\$ 360,681	\$ 43,468
Chippewa Manor Nursing Home	Chippewa Falls	Chippewa	90	\$ 100,812	\$ 9,771
Cornell Area Care Center	Cornell	Chippewa	50	\$ -	
Hetzl Care Nursing & Rehab	Bloomer	Chippewa	31	\$ -	

Facility-- Eau Claire	City	County	Licensed Beds	Direct Care Loss	Eau Claire Increase \$1.87/day
Augusta Area Nursing Home	Augusta	Eau Claire	50	\$ -	
Dove Healthcare-West	Eau Claire	Eau Claire	160	\$ 268,844	\$ 36,263
The Clairemont	Eau Claire	Eau Claire	161	\$ 216,689	\$ 37,652
Syverson Lutheran Home	Eau Claire	Eau Claire	102	\$ 79,751	\$ 28,854
Oakwood Villa	Altoona	Eau Claire	92	\$ 60,174	\$ 22,397
<b>Chippewa, Eau Claire Total</b>			<b>906</b>	<b>\$ 1,375,254</b>	<b>\$ 193,279</b>

Facility-- Fond du Lac	City	County	Licensed Beds	Direct Care Loss	Fond du Lac Increase \$2.77/day
All About Life Rehabilitation Center	Fond du Lac	Fond du Lac	125	\$ 166,046	\$ 38,417
Fond du Lac Lutheran Home, Inc.	Fond du Lac	Fond du Lac	94	\$ 142,638	\$ 34,378
Grancare, Inc.	Fond du Lac	Fond du Lac	75	\$ -	\$ -
ManorCare Health Services - Fond du Lac	Fond du Lac	Fond du Lac	108	\$ 115,634	\$ 28,805
Fountain View Care Center	Ripon	Fond du Lac	85	\$ 8,173	\$ 8,173
Harbor Haven Health & Rehabilitation	Fond du Lac	Fond du Lac	117	\$ 772,697	\$ 54,741
St. Francis Home	Fond du Lac	Fond du Lac	107	\$ 457,432	\$ 39,533
Villa Loretto Nursing Home	Mt. Calvary	Fond du Lac	50	\$ 261,422	\$ 22,886
<b>Fond du Lac Total</b>			<b>761</b>	<b>\$ 1,924,043</b>	<b>\$ 226,934</b>

Facility-- Appleton	City	County	Licensed Beds	Direct Care Loss	Appleton Increase \$0.41/day
Homestead Care Center, LLC	New Holstein	Calumet	60	\$ 47,763	\$ 4,099
Chilton Care Center, LLC	Chilton	Calumet	60	\$ -	
Willowdale Nursing & Rehabilitation Center	New Holstein	Calumet	49	\$ -	
ManorCare Health Services - Appleton	Appleton	Outagamie	104	\$ -	
The Bridges of Appleton	Appleton	Outagamie	150	\$ 299,458	\$ 10,021
Fox River Nursing & Rehab Center	Appleton	Outagamie	82	\$ 43,684	\$ 4,419
Good Shepherd Serives, Ltd	Seymour	Outagamie	50	\$ -	
Brewster Village	Appleton	Outagamie	204	\$ 2,480,370	\$ 16,818
Parkside Care Center, LLC	Little Chute	Outagamie	65	\$ -	
Rennes Health & Rehab Center - Appleton	Appleton	Outagamie	88	\$ -	
St. Paul Elder Services	Kaukauna	Outagamie	117	\$ 257,550	\$ 8,382
<b>Calumet, Outagamie Total</b>			<b>1,029</b>	<b>\$ 3,128,824</b>	<b>\$ 43,739</b>
<b>Grand Total</b>			<b>14,178</b>	<b>\$ 39,876,173</b>	<b>\$ 5,521,782</b>

**Brian Schoeneck, Vice President of Financial and Regulatory Services**

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LeadingAge Wisconsin

Dec-17



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LeadingAge Wisconsin  
Nursing Home Medicaid Reimbursement Formula Model  
Estimated Actual Medicaid Payments Vs. DHS Model

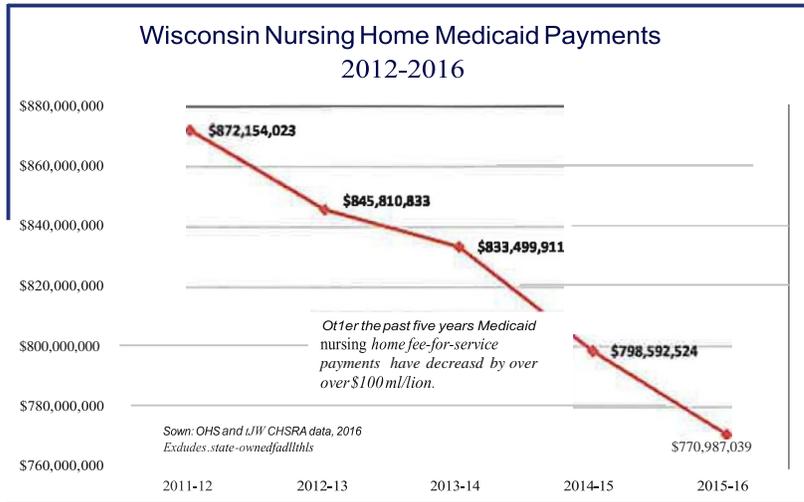
	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
<b>OHS Model</b>						
Funds Available	\$ 814,275,600	\$ 816,128,700	\$ 858,017,700	\$ 867,902,900	\$ 914,189,400	\$ 912,415,700
Estimated Medicaid FFS Days	4,903,869	4,957,935	5,235,441	5,396,550	5,882,410	6,013,846
Estimated Rate Per Day	\$ 166.05	\$ 164.61	\$ 163.89	\$ 160.83	\$ 155.41	\$ 151.72
<b>Estimated Actual Expenditure</b>						
Estimated Annual T-19 FFS Days	\$ 4,683,702	4,683,702	4,872,841	5,182,635	5,442,424	5,748,476
Estimated Rate Per Day	\$ 166.05	\$ 164.61	\$ 163.89	\$ 160.83	\$ 155.41	\$ 151.72
Medicaid Cost for Fiscal Year	\$ 777,717,402	\$ 770,987,039	\$ 798,592,524	\$ 833,499,911	\$ 845,810,833	\$ 872,154,023
Medicaid Funds Not Spent on NFs	\$ 36,558,198	\$ 45,441,661	\$ 59,425,176	\$ 34,402,989	\$ 68,378,567	\$ 40,261,677
Total MA Funds Not Spent on NFs (2012-2016)	\$ 284,168,269					
<b>T-19 FFS Census Per Day</b>						
3rd Quarter		12,797	13,828	14,409	15,389	15,900
4th Quarter			13,554	14,339	15,164	15,881
1st Quarter			13,172	14,107	14,649	15,719
2nd Quarter			12,847	13,941	14,441	15,497
Average T-19 Census Per Day		12,797	13,350	14,199	14,911	15,749
Estimated Annual T-19 FFS Days		4,683,702	4,872,841	5,182,635	5,442,424	5,748,476

SOURCE: The table above was compiled by Brian Schoeneck, LeadingAge Wisconsin Vice President of Financial and Regulatory Services, using various data/reports from 2011-2016 made available by the Department of Health Services, Division of Long Term Care and the UW Center for Health Systems Research and Analysis (CHSRA). The sources include nursing home formula modeling projections and resident utilization data and since 2011-12.

Brian Schoeneck, December 4, 2017

	Actual-OHS
2011-12	\$ 872,154,023
2012-13	\$ 845,810,833
2013-14	\$ 833,499,911
2014-15	\$ 798,592,524
2015-16	\$ 770,987,039
2016-17	\$ 777,717,402

\$ 101,166,984



## **Legislative Fiscal Bureau, May 25, 2015**

### **Paper #362 MA Reimbursement for Nursing Homes**

[https://docs.legis.wisconsin.gov/misc/lfb/budget/2015\\_17\\_biennial\\_budget/102\\_budget\\_papers/362\\_health\\_services\\_ma\\_reimbursement\\_for\\_nursing\\_homes.pdf](https://docs.legis.wisconsin.gov/misc/lfb/budget/2015_17_biennial_budget/102_budget_papers/362_health_services_ma_reimbursement_for_nursing_homes.pdf)

#### **Labor Regions**

19. Under 2001 Wisconsin Act 16, the Legislature required the Department to work with representatives of the nursing home industry and organized labor to develop a comprehensive plan that identified varying regions of the state with respect to labor costs for nursing home staff for the purpose of determining variations in MA reimbursement for nursing homes' allowable direct care costs. The final plan, approved under a Joint Committee on Finance passive review process, required the Department to use a labor region adjustment based on the Medicare labor region designations, weighted to MA patient day costs, based on Wisconsin facility-specific average wages, excluding county-owned nursing homes, but including nursing homes under phase-down agreements.

20. Under this policy, reimbursement provided to nursing homes under the direct care cost center is adjusted based on the relative cost of wages in the region in which the facility is located. This region is known as a labor region. There are currently 17 labor regions, including one rural labor region that contains 42 counties. The attachment provides a listing of the labor regions, as well as the labor factor for each labor region.

21. The labor region adjustment is intended to allow facilities in labor regions with higher labor costs to receive higher levels of reimbursement for direct care costs to reflect the difference in labor costs of providing services across different regions. In determining the level of reimbursement that a facility will receive, the Department first establishes a nursing services target, which is a statewide dollar amount that serves as the basis for the maximum direct care MA reimbursement a facility may receive. The Department multiplies this target by a "labor factor" that signifies the relative labor costs for each labor region. If a labor factor is relatively large for a labor region, a greater amount of nursing home direct care costs may be eligible for MA reimbursement. Similarly, if a labor factor is relatively small for a labor region, a smaller amount of nursing home direct care costs may be eligible for MA reimbursement.

The Department then compares the facility's reported direct care costs with the statewide nursing services target that has been adjusted based on several factors, including the labor adjustment described previously. Facilities whose costs exceed the adjusted nursing services target minus two dollars are reimbursed for direct care costs at the amount of the adjusted statewide target. Facilities whose costs are less than this adjusted rate minus two dollars receive their costs for direct care. Accordingly, facilities in labor regions with higher labor factors may potentially be reimbursed at a higher rate, depending on the facility's costs. The Department indicates that the higher reimbursement provided to some facilities in certain labor regions is intended to ensure that MA reimbursement can provide comparable levels of service across the state.

22. A significant component of nursing home costs relate to labor. In particular, in 2013, the percentage of median allowable nursing home costs for all facilities related to labor was approximately 64%. Accordingly, adjusting facility reimbursement based on the wage levels of the region in which the facility is located can have a significant impact on the facility's overall MA reimbursement.

23. In recent budgets, the Legislature has included provisions that modify the geographic boundaries of the labor regions. These provisions have had the effect of moving facilities from labor regions with lower labor factors (in many cases, the rural labor region) to labor regions with higher labor factors, with the intent of providing for increased rates for the facilities in these regions. Because these facilities receive reimbursement out of a total sum budgeted for nursing homes, this type of change has redistributive effects, generally resulting in a decrease in funding for facilities in all other labor regions by the amount of the funding increase for the facilities in the county whose labor region is changed. Table 4 lists counties whose nursing home labor regions have been changed from the initial Medicare labor region designations.

**TABLE 4**  
**Nursing Home Labor Region Changes**

County	Moved to
Sauk	Madison
Rock	Madison
Dodge	Madison
Dunn	Minneapolis
Richland	Madison
Green*	Madison

\*Green County moved 50% to the Madison labor region on July 1, 2014, and will move 100% to the Madison labor region on July 1, 2015. This move reflects a decision by the Centers for Medicare and Medicaid Services to move Green County to this region, rather than action by the Legislature.

24. Some may argue that the initial labor regions that were established resulted in boundaries that disadvantaged facilities located on the border of a labor region, which may have to compete for employees with facilities receiving higher reimbursement that may use this higher reimbursement to pay higher wages. Proponents of these adjustments would argue that modifications to the initial labor regions were necessary to allow facilities that were previously in labor regions with lower labor factors to pay higher wages and attract qualified workers. An analysis of data from the Nursing Homes Consumer Information Report for 2013 published by the DHS Division of Quality Assurance was inconclusive with respect to whether rural facilities experienced higher staff turnover, as compared with urban and metro facilities, which generally have higher wage rates.

25. On the other hand, a consequence of modifying the initial labor regions that were based on the Medicare labor region designations is that, as increasing numbers of facilities are being moved from the rural labor region to urban labor regions with higher labor factors, other facilities may receive lower reimbursement. This effect may be of particular consequence for facilities in the rural labor region. Additionally, because these adjustments are being made on a case-by-case basis, it may be argued that the current labor regions no longer reflect the true variation in labor costs throughout the state.