

Fact Sheet: The Underfunding of Nursing Facility Resident Care and the Impact on Caregivers

2015 Wisconsin Act 55, the 2015-17 state budget, not only failed to provide nursing homes with a Medicaid rate increase for July 1, 2015—June 30, 2016; unlike the previous two budgets, Act 55 also failed to provide nursing homes with an acuity adjustment in 2015-16 (\$3.2 million GPR/\$7.6 million AF was appropriated in 2016-17 to fund a 1% nursing home acuity adjustment). As a result, Wisconsin's nursing homes on average received a \$1.26/resident day cut in their July 1, 2015-June 30, 2016 Medicaid rates.

Consider the following:

- Wisconsin's Medicaid nursing home payment system ranks as the worst in the country (*Report on Shortfalls in Medicaid Funding for Nursing Center Care*, April 2016, Eljay, LLP and Hansen Hunter & Company PC)
- In the 2014-2015, 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., their "Medicaid deficit") was \$331,828,761. Wisconsin nursing facilities, on average, lose \$55.89 per day for each Medicaid resident they serve. The average Wisconsin nursing home incurs an annual Medicaid loss of \$1,101,500.
- 98.7% of Wisconsin's nursing facilities received a 2014-15 Medicaid payment that failed to meet the cost of care they provided their Medicaid residents. The care of nearly two-thirds of all nursing facility residents is paid by Medicaid.
- Private pay nursing home residents are subsidizing Medicaid underfunding by paying rates that average nearly \$100 per day higher than a facility's Medicaid payment rate for virtually the same care a Medicaid resident receives.
- Labor costs represent approximately 70% of the total cost of providing care and treatment to nursing home residents. Nursing homes employ over 52,300 individuals; 58% of all nursing home personnel perform nursing care and services (RNs, LPNs, and certified nurse aides, or CNAs).
- Medicaid underfunding inhibits the ability of nursing facilities to recruit and retain caring and competent staff. *Nursing facilities are experiencing staff vacancy rates of: 12.6% for RNs, 12.1% for LPNs, and 14% for CNAs, who provide most hands-on care in nursing homes.*
- No one ever has accused a Wisconsin nursing home of being overstaffed or its caregivers being overpaid. The following comparison is most troubling: WalMart last year upped its average wage for full-time workers in WI to \$12.94/hour, just below the \$13.32 hourly wage the average WI CNA earns for caring for some of the most vulnerable members of our society. *How can we continue to provide quality care to our frail elderly and persons with a disability when we can barely provide a living wage to those who provide that care?*