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## **Wisconsin Skilled Nursing Facilities Medicaid Reimbursement System Worst in the Nation**

MADISON – Wisconsin has the worst Medicaid reimbursement system for skilled nursing facilities in the nation, according to a national report comparing state-by-state costs incurred by facilities for care of frail elderly residents and the Medicaid reimbursement those facilities receive. This represents a disturbing trend for Wisconsin, which had the second worst Medicaid nursing home reimbursement system last year, and the third worst the year prior.

The *Report on Shortfalls in Medicaid Funding for Nursing Center Care* is an annual analysis, which includes Wisconsin-specific data analyzed and contributed by the Wisconsin Health Care Association (WHCA), completed by the national accounting/consulting firms of Eljay LLP and Hansen Hunter & Company PC for the American Health Care Association, the national affiliate of WHCA.

The national report confirms similar analyses of Wisconsin's Medicaid reimbursement system for skilled nursing facilities conducted by LeadingAge Wisconsin which found that Wisconsin skilled nursing facilities experienced a \$331.8 million "Medicaid deficit" in 2014-15. The Medicaid deficit is the difference between the costs facilities incurred caring for their Medicaid residents and the state/federal Medicaid reimbursement they received for providing that care.

This means that Wisconsin skilled nursing facilities, which provide round-the-clock, year-round care for our state's most frail elderly and disabled citizens, lost \$55.89 each day for each of the estimated 16,490 Medicaid residents served in 2014-15, a 7.25% increase from the previous year. On an annual basis, that translates into an average facility loss of more than \$1.1 million, a 2.52% increase.

"Numerous studies have shown that Wisconsin skilled nursing facilities provide great care, but without adequate funding for staff, how long will our state's hard-working providers be able to maintain that quality?" said John Vander Meer, WHCA's Executive Director. "The provider community is in a workforce crisis, which is being made even worse by the state not providing adequate reimbursement."

A recent survey of Wisconsin long-term care facilities bore out this staffing dilemma, with responding facilities reporting average staffing vacancy rates of 12.6% for registered nurses (RN), 12.1% for licensed practical nurses (LPN), and 14.5% for certified nurse aides (CNA), the primary caregivers in nursing homes.

"The larger the Medicaid deficit, the more difficult it becomes for nursing homes to recruit and retain caring and competent staff," said John Sauer, President/CEO of LeadingAge Wisconsin. "Staffing equates to quality and our concern is if we can't recruit and retain sufficient staff, quality will suffer."

Nursing home providers are competing with Starbucks, WalMart, Kwik-Trip, and other organizations which do not rely on Medicaid funding for approximately 65% of their revenues as skilled nursing facilities do.