

2001 DRAFTING REQUEST

Bill

Received: **09/20/2000**

Received By: **kenneda**

Wanted: **As time permits**

Identical to LRB:

For: **Administration-Budget (608) 267-7980**

By/Representing: **Mullikin**

This file may be shown to any legislator: **NO**

Drafter: **kenneda**

May Contact:

Alt. Drafters:

Subject: **Public Assistance - med. assist.
Health - long-term care**

Extra Copies: **ISR**

Pre Topic:

DOA:.....Mullikin -

Topic:

Eliminate labor region variations in nursing home reimbursement

Instructions:

See Attached

Drafting History:

| <u>Vers.</u> | <u>Drafted</u> | <u>Reviewed</u> | <u>Typed</u> | <u>Proofed</u> | <u>Submitted</u> | <u>Jacketed</u> | <u>Required</u> |
|--------------|-----------------------|--------------------|------------------------|----------------|----------------------------|-----------------|-----------------|
| /? | kenneda 10/05/2000 | jdye 10/06/2000 | | _____ | | | S&L |
| /1 | | | pgreensl 10/06/2000 | _____ | lrb_docadmin 10/06/2000 | | |

FE Sent For:

<END>

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|--------------|----------------|-----------------|--------------|---------------------------|------------------|-----------------|-----------------|
| 1/? | kenneda | 1 10/6 jld | 10/6 P.G. | 10/6 <u>P.G.</u> Km | | | |

FE Sent For:

<END>

DHFS

Department of Health and Family Services
2001-2003 Statutory Language Request
August 18, 2000

Eliminate Labor Region Variations in Nursing Home Reimbursement

Current Language

s. 49.45(6m)(ar)1.a.

Proposed Change

Eliminate statutory language which states that reimbursement for nursing home facilities (excluding Centers for the Developmentally Disabled) be adjusted for regional labor cost variations.

Effect of the Change

This deletion will recognize that nursing homes compete on a state-wide basis for employees and that variations in reimbursement based on regional labor costs is not an appropriate methodology for nursing homes.

Rationale for the Change

Since 1984, nursing home reimbursement has included variations based on regional labor costs. The Department has worked with the nursing home industry and produced numerous studies on ways to differentiate regional labor costs. However, the Department has not been able to develop consensus with the nursing home industry as to a methodology to determine regional labor costs. In 1999, the Department chose to use federal Medicare regional labor costs; however, this methodology also lacked a consensus.

Nursing homes that have been determined to be in low labor cost regions have strongly objected to their determinations. As a result, the Department has adopted "hold-harmless" provisions. This means that those nursing homes in a higher cost region receive a higher rate, while those nursing homes in a lower cost region do not receive a lower rate (due to the hold-harmless provisions).

With low unemployment levels and a mobile workforce, it is likely that there is a state-wide labor market for nursing homes. Comments from nursing home industry leaders also suggest that nursing homes routinely compete for labor on a state-wide basis. By eliminating variations in reimbursement based on regional labor costs, the Department is responding to the changing nursing home market.

See attached statutory language draft.

| | |
|--------------------------------|---------------------------------|
| Desired Effective Date: | Upon Passage of the Budget Bill |
| Agency: | DHFS |
| Agency Contact: | Anne Miller |
| Phone: | 266-5422 |

UNOFFICIAL TEXT

Chapter 49

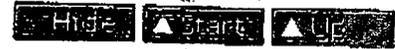
49.45

49.45(6m)

49.45(6m)(ar)

49.45(6m)(ar)1.

49.45(6m)(ar)1.a.



☒ 49.45 (6m)(ar) I.a .

a. The department shall establish standards for payment of allowable direct care costs, for facilities that do not primarily serve the developmentally disabled, that take into account direct care costs for a sample of all of those facilities in this state and separate standards for payment of allowable direct care costs, for facilities that primarily serve the developmentally disabled, that take into account direct care costs for a sample of all of those facilities in this state. ~~The standards shall be adjusted by the department for regional labor cost variations.~~

Unofficial text from Wis Stats. database. See printed Statutes and Wis. Acts for official text under s. 35.18(2) stats. Report errors to the Revisor of Statutes at (608) 266-2011, FAX 264-6978, email bruce.munson@legis.state.wi.us





JLd

DOA:.....Mullikin - Eliminate labor region variations in nursing home reimbursement

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

do not gen

1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

HEALTH AND HUMAN SERVICES

MEDICAL ASSISTANCE

Currently, payments to nursing homes for care provided to recipients of medical assistance (MA) are determined under a payment system that considers specific allowable costs, under standards prescribed by DHFS. The standards for payment of allowable direct care costs must take into account direct care costs for a sample of all nursing homes in the state and must be adjusted by DHFS for regional labor cost variations.

This bill eliminates the requirement that DHFS adjust, for regional labor cost variations, standards for payment of allowable direct care costs under the MA nursing home payment system.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 49.45 (6m) (ar) 1. a. of the statutes is amended to read:

2 49.45 (6m) (ar) 1. a. The department shall establish standards for payment of
3 allowable direct care costs, for facilities that do not primarily serve the
4 developmentally disabled, that take into account direct care costs for a sample of all
5 of those facilities in this state and separate standards for payment of allowable direct
6 care costs, for facilities that primarily serve the developmentally disabled, that take
7 into account direct care costs for a sample of all of those facilities in this state. [✓]The
8 ~~standards shall be adjusted by the department for regional labor cost variations.~~

History: 1971 c. 40 s. 93; 1971 c. 42, 125; 1971 c. 213 s. 5; 1971 c. 215, 217, 307; 1973 c. 62, 90, 147; 1973 c. 333 ss. 106g, 106h, 106j, 201w; 1975 c. 39; 1975 c. 223 s. 28; 1975 c. 224 ss. 54h, 56 to 59m; 1975 c. 383 s. 4; 1975 c. 411; 1977 c. 29, 418; 1979 c. 34 ss. 837f to 838, 2102 (20) (a); 1979 c. 102, 177, 221, 355; 1981 c. 20 ss. 839 to 854, 2202 (20) (c); 1981 c. 93, 317; 1983 a. 27 ss. 1046 to 1062m, 2200 (42); 1983 a. 245, 447, 527; 1985 a. 29 ss. 1026m to 1031d, 3200 (23), (56), 3202 (27); 1985 a. 120, 176, 269; 1985 a. 332 ss. 91, 251 (5), 253; 1985 a. 340; 1987 a. 27 ss. 989r to 1000s, 2247, 3202 (24); 1987 a. 186, 307, 339, 399; 1987 a. 403 s. 256; 1987 a. 413; 1989 a. 6; 1989 a. 31 ss. 1402 to 1452g, 2909g, 2909i; 1989 a. 107, 173, 310, 336, 351, 359; 1991 a. 22, 39, 80, 250, 269, 315, 316; 1993 a. 16 ss. 1362g to 1403, 3883; 1993 a. 27, 107, 112, 183, 212, 246, 269, 335, 356, 437, 446, 469; 1995 a. 20; 1995 a. 27 ss. 2947 to 3002r, 7299, 9126 (19), 9130 (4), 9145 (1); 1995 a. 191, 216, 225, 289, 303, 398, 417, 457; 1997 a. 3, 13, 27, 114, 175, 191, 237, 252, 293; 1999 a. 9, 63, 103, 180, 185.

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(END)



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