



State of Wisconsin  
2005 - 2006 LEGISLATURE

LRB-4094/2

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## 2005 SENATE BILL 547

February 2, 2006 - Introduced by Senator SCHULTZ, cosponsored by Representatives FREESE and ALBERS. Referred to Committee on Health, Children, Families, Aging and Long Term Care.

1     **AN ACT to amend** 49.45 (6m) (ar) 1. a. of the statutes; **relating to:** requiring the  
2             Department of Health and Family Services to treat 4 counties as one labor  
3             region for purposes of Medical Assistance nursing home reimbursement.

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### *Analysis by the Legislative Reference Bureau*

Under current law, the Department of Health and Family Services (DHFS) reimburses nursing homes for services provided to recipients of Medical Assistance (MA), under a formula that includes allowable direct care costs. DHFS must establish standards for payment of allowable direct care costs that are based on direct care costs for all nursing homes in Wisconsin, and adjust the standards to reflect regional labor cost variations. Currently, except for nursing homes in Douglas, Pierce, and St. Croix counties, DHFS makes this adjustment by using the labor region designations under the federal Medicare Program, weighted to MA patient day costs, based on Wisconsin nursing home-specific average wages, excluding county-owned nursing homes. For nursing homes in Douglas, Pierce, and St. Croix counties, however, DHFS must make the adjustment using the Medicare Program hospital wage index.

This bill requires DHFS to treat as one labor region, the counties of Dane, Iowa, Columbia, and Sauk, for purposes of MA nursing home reimbursement.

**SENATE BILL 547**

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

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***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 under par. (am) 1. bm., for facilities that do not primarily

4 serve the developmentally disabled, that take into account direct care costs for a

5 sample of all of those facilities in this state and separate standards for payment of

6 allowable direct care costs, for facilities that primarily serve the developmentally

7 disabled, that take into account direct care costs for a sample of all of those facilities

8 in this state. The standards shall be adjusted by the department for regional labor

9 cost variations. The department shall treat as a single labor region the counties of

10 Dane, Iowa, Columbia, and Sauk. For facilities in Douglas, Pierce, and St. Croix

11 counties, the department shall perform the adjustment by use of the wage index that

12 is used by the federal department of health and human services for hospital

13 reimbursement under 42 USC 1395 to 1395ggg.

(END)