

**1999 DRAFTING REQUEST**

**Bill**

Received: **01/13/99**

Received By: **kenneda**

Wanted: **As time permits**

Identical to LRB:

For: **Administration-Budget 7-7980**

By/Representing: **Geisler**

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

Drafter: **kenneda**

May Contact:

Alt. Drafters:

Subject: **Public Assistance - med. assist.**

Extra Copies: **TAY**

**Topic:**

DOA:.....Geisler - Nursing home medical assistance payment

**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>
/1	kenneda 01/14/99	wjackson 01/15/99	ismith 01/15/99	_____	lrb_docadmin 01/15/99		S&L
/2	kenneda 02/2/99	ygeller 02/2/99	jfrantze 02/3/99	_____	lrb_docadmin 02/3/99		S&L

FE Sent For:

<END>

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*1/2 2/2 jlg* *2/3* *2/3*  
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/?	kenneda	1 wlj 1/14	IS 1/5/99	ES/LP 1/5/99			
		1 jlg 1/14					

FE Sent For:

<END>

**Kennedy, Debora**

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**From:** Geisler, Jeffrey [jeffrey.geisler@doa.state.wi.us]  
**Sent:** Wednesday, January 13, 1999 11:07 AM  
**To:** Miller, Steve  
**Cc:** Kennedy, Debora  
**Subject:** Geisler 1999-01 Statutory Language Drafting Request #10

Steve,  
Please draft language that repeals

49.45 (6m) (ag) 3m  
and  
49.45 (6m) (ag) 8.

Also, in the remaining sections of 49.45 (6m), delete the phrases "are not less than the median for" or "are not less than the median of" and substitute the phrase "take into account."

The intent of these changes is to ensure that DHFS does not violate any 49.45 (6m) provision if nursing facilities are not granted any increase in medical assistance payments in FY00 and FY01.

thanks  
Jeffrey A. Geisler  
267-7980  
DOA State Budget Office

From J.G. : 49.45 (6m) (ar) 1.a. } delete "are not  
2.a } less than the  
3.a } median for" +  
5.a } substitute "take  
into acct"  
4. delete "those costs  
that range from" +  
add "subject"  
6. delete "except" clause



SOON In edit 1/13  
State of Wisconsin  
1999 - 2000 LEGISLATURE

LRB-1756/1  
DAK.../.....  
WJ  
JLg

DOA:.....Geisler - Nursing home medical assistance payment

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

DO NOT  
GEN CAT

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

*Analysis by the Legislative Reference Bureau*

**HEALTH AND HUMAN SERVICES ✓**

**MEDICAL ASSISTANCE ✓**

Under current law, payments to nursing homes for care provided to recipients of medical assistance (MA) are determined under a prospective payment system that considers specific allowable costs, under standards prescribed by the department of health and family services (DHFS). The standards for payment of allowable direct care costs, support service costs, heating fuel and utility costs and administrative and general costs of a nursing home may not be less than the median for such costs for a sample of all nursing homes. Payment for net property taxes or municipal services are required to be made on a range from actual costs to a maximum limit determined by DHFS. Payment for capital costs of a nursing home must be based on the home's replacement value, subject to DHFS limitations, except that DHFS may not reduce final capital payment by more than \$3.50 per patient day and except that the DHFS limitations do not apply to certain nursing homes that have specific high capital costs. DHFS must calculate a payment rate for a nursing home by applying specified standards and the consideration of specified cost centers and allowable costs to information from cost reports for the nursing home's previous fiscal year. In fiscal year 1997-98, nursing homes were required to be paid the lesser of a 5% increase over the amount paid for services provided in fiscal year 1996-97 or \$45,908,500, and in fiscal year 1998-99, nursing homes must be paid the lesser of

a 3.5% increase over the amount paid for services provided in fiscal year 1997–98 or \$30,145,200.

This bill eliminates the provisions <sup>that</sup> ~~which~~ require DHFS to increase payment to nursing homes for services provided to MA recipients and to base payment rates for a fiscal year on information from cost reports from the nursing home's previous fiscal year. The bill also eliminates the requirement that the standards for payment by DHFS of allowable costs for direct care, support services, heating fuel and utilities, administration and general services be not less than the median for such costs for a sample of all nursing homes and requires, instead, that the standards take nursing home sampling into account. The bill eliminates the limitation on the amount by which DHFS may reduce final capital costs payment of a nursing home. The bill revises the standard for payment for net property taxes or municipal services to limit the payment to actual previous costs, subject to a maximum determined by DHFS.

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) (ag) 3m<sup>✓</sup> of the statutes is repealed.

2           **SECTION 2.** 49.45 (6m) (ag) 8<sup>✓</sup> of the statutes is repealed.

3           **SECTION 3.** 49.45 (6m) (ar) 1. a<sup>✓</sup> of the statutes is amended to read:

4           49.45 (6m) (ar) 1. a. The department shall establish standards for payment of  
5 allowable direct care costs, for facilities that do not primarily serve the  
6 developmentally disabled, that ~~are not less than the median for~~ take into account  
7 direct care costs for a sample of all of those facilities in this state and separate  
8 standards for payment of allowable direct care costs, for facilities that primarily  
9 serve the developmentally disabled, that ~~are not less than the median for~~ take into  
10 account <sup>✓</sup> direct care costs for a sample of all of those facilities in this state. The  
11 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) (r); 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.

12           **SECTION 4.** 49.45 (6m) (ar) 1. cm. of the statutes is amended to read:

1           49.45 (6m) (ar) 1. cm. ~~Notwithstanding the limitations under par. (ag) 8.,~~  
2           funding Funding distributed to facilities for the provision of active treatment to  
3           residents with a diagnosis of developmental disability shall be distributed in  
4           accordance with a method developed by the department which is consistent with a  
5           prudent buyer approach to payment for services.

**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) (r); 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.

6           **SECTION 5.** 49.45 (6m) (ar) 2. a. <sup>✓</sup>of the statutes is amended to read:

7           49.45 (6m) (ar) 2. a. The department shall establish one or more standards for  
8           the payment of support service costs that ~~are not less than the median of take into~~  
9           account support service costs for a sample of all facilities within the state.

**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) (r); 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.

10          **SECTION 6.** 49.45 (6m) (ar) 3. a. <sup>✓</sup>of the statutes is amended to read:

11          49.45 (6m) (ar) 3. a. The department shall establish standards, adjusted for  
12          heating degree day variations in the state, for payment of fuel and utility costs that  
13          ~~are not less than the median of take into account~~ <sup>✓</sup>heating fuel and utility costs for a  
14          sample of all facilities within the state.

**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) (r); 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.

15          **SECTION 7.** 49.45 (6m) (ar) 4. <sup>✓</sup>of the statutes is amended to read:

16          49.45 (6m) (ar) 4. For net property taxes or municipal services, payment shall  
17          be made for ~~those costs that range from~~ the amount of the previous calendar year's

1 tax or the amount of municipal service costs for a period specified by the department,  
2 subject to a maximum limit as determined by the department.

**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) (r); 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.

3 **SECTION 8.** 49.45 (6m) (ar) 5. a. of the statutes is amended to read:

4 49.45 (6m) (ar) 5. a. The department shall establish one or more standards for  
5 the payment of administrative and general costs that ~~are not less than the median~~  
6 of take into account administrative and general costs for a sample of all facilities  
7 within the state.

**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) (r); 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.

8 **SECTION 9.** 49.45 (6m) (ar) 6. of the statutes is amended to read:

9 49.45 (6m) (ar) 6. Capital payment shall be based on a replacement value for  
10 a facility. The replacement value shall be determined by a commercial estimator  
11 contracted for by the department and paid for by the facility. The replacement value  
12 shall be subject to limitations determined by the department, ~~except that the~~  
13 ~~department may not reduce final capital payment of a facility by more than \$3.50 per~~  
14 patient day

**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) (r); 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.

15 **SECTION 10.** 49.45 (6m) (av) 1. of the statutes is amended to read:

16 49.45 (6m) (av) 1. The department shall calculate a payment rate for a facility  
17 by applying the criteria set forth under pars. (ag) 1. to 5., and 7. ~~and 8.~~, (am) 1. to 5.  
18 and (ar) 1. to 5. to information from cost reports submitted by the facility.

**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) (r); 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.

1 **SECTION 11.** 49.45 (6m) (av) 5m. of the statutes is amended to read:

2 49.45 (6m) (av) 5m. Notwithstanding the limitations under par. (ag) 8., the The  
3 rate under subd. 1., 4. or 5. may be adjusted by the department to reflect payments  
4 for the provision of active treatment to facility residents with a diagnosis of  
5 developmental disability.

**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) (r); 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.

6 **SECTION 12.** 49.45 (6m) (bp) (intro.) of the statutes is amended to read:

7 49.45 (6m) (bp) (intro.) Notwithstanding pars. (ag) 3m., (am) 6. and (ar) 6., the  
8 department may establish payment methods based on actual costs for capital  
9 payment for a facility to which, after December 31, 1982, any of the following applies:

**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) (r); 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.

10 **SECTION 13.** 49.45 (6u) (intro.) of the statutes is amended to read:

11 49.45 (6u) SUPPLEMENTAL PAYMENTS TO CERTAIN FACILITIES. (intro.)  
12 Notwithstanding sub. (6m), from the appropriation under s. 20.435 (5) (o), for  
13 reduction of operating deficits, as defined under criteria developed by the  
14 department, incurred by a facility, as defined under sub. (6m) (a) 3., that is  
15 established under s. 49.70 (1) or that is owned and operated by a city, village or town,  
16 the department may not distribute to these facilities more than \$38,600,000 in each  
17 fiscal year, as determined by the department, except that the department shall also  
18 distribute for this same purpose from the appropriation under s. 20.435 (5) (o) any  
19 additional federal medical assistance moneys that were not anticipated before  
20 enactment of the biennial budget act or other legislation affecting s. 20.435 (5) (o) and



(SOON - In edit 2/2)

1999 - 2000 LEGISLATURE

LRB-1756/B 2

DAK:wlj&jlg

D-NOTE

DOA:.....Geisler - Nursing home medical assistance payment

FOR 1999-01 BUDGET - NOT READY FOR INTRODUCTION

do not gen

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

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*Analysis by the Legislative Reference Bureau*

**HEALTH AND HUMAN SERVICES**

**MEDICAL ASSISTANCE**

Under current law, payments to nursing homes for care provided to recipients of medical assistance (MA) are determined under a prospective payment system that considers specific allowable costs, under standards prescribed by the department of health and family services (DHFS). The standards for payment of allowable direct care costs, support service costs, heating fuel and utility costs and administrative and general costs of a nursing home may not be less than the median for such costs for a sample of all nursing homes. Payment for net property taxes or municipal services are required to be made on a range from actual costs to a maximum limit determined by DHFS. Payment for capital costs of a nursing home must be based on the home's replacement value, subject to DHFS limitations, except that DHFS may not reduce final capital payment by more than \$3.50 per patient day and except that DHFS limitations do not apply to certain nursing homes that have specific high capital costs. DHFS must calculate a payment rate for a nursing home by applying specified standards and the consideration of specified cost centers and allowable costs to information from cost reports for the nursing home's previous fiscal year. In fiscal year 1997-98, nursing homes were required to be paid the lesser of a 5% increase over the amount paid for services provided in fiscal year 1996-97 or \$45,908,500, and in fiscal year 1998-99, nursing homes must be paid the lesser of

a 3.5% increase over the amount paid for services provided in fiscal year 1997–98 or \$30,145,200.

This bill eliminates the provisions that require DHFS to increase payment to nursing homes for services provided to MA recipients and to base payment rates for a fiscal year on information from cost reports from the nursing home's previous fiscal year. The bill also eliminates the requirement that the standards for payment by DHFS of allowable costs for direct care, support services, heating fuel and utilities, administration and general services be not less than the median for such costs for a sample of all nursing homes and requires, instead, that the standards take nursing home sampling into account. The bill eliminates the limitation on the amount by which DHFS may reduce final capital costs payment of a nursing home. The bill revises the standard for payment for net property taxes or municipal services to limit the payment to actual previous costs, subject to a maximum determined by DHFS.

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) (ag) 3m. of the statutes is repealed.

2           **SECTION 2.** 49.45 (6m) (ag) 8. of the statutes is repealed.

3           **SECTION 3.** 49.45 (6m) (ar) 1. a. of the statutes is amended to read:

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

12           **SECTION 4.** 49.45 (6m) (ar) 1. cm. of the statutes is amended to read:

13           49.45 (6m) (ar) 1. cm. ~~Notwithstanding the limitations under par. (ag) 8.,~~  
14 ~~funding~~ Funding distributed to facilities for the provision of active treatment to

1 residents with a diagnosis of developmental disability shall be distributed in  
2 accordance with a method developed by the department which is consistent with a  
3 prudent buyer approach to payment for services.

4 **SECTION 5.** 49.45 (6m) (ar) 2. a. of the statutes is amended to read:

5 49.45 (6m) (ar) 2. a. The department shall establish one or more standards for  
6 the payment of support service costs that ~~are not less than the median of take into~~  
7 account support service costs for a sample of all facilities within the state.

8 **SECTION 6.** 49.45 (6m) (ar) 3. a. of the statutes is amended to read:

9 49.45 (6m) (ar) 3. a. The department shall establish standards, adjusted for  
10 heating degree day variations in the state, for payment of fuel and utility costs that  
11 ~~are not less than the median of take into account~~ heating fuel and utility costs for a  
12 sample of all facilities within the state.

13 **SECTION 7.** 49.45 (6m) (ar) 4. of the statutes is amended to read:

14 49.45 (6m) (ar) 4. For net property taxes or municipal services, payment shall  
15 be made for ~~those costs that range from~~ the amount of the previous calendar year's  
16 tax or the amount of municipal service costs for a period specified by the department,  
17 subject to a maximum limit as determined by the department.

18 **SECTION 8.** 49.45 (6m) (ar) 5. a. of the statutes is amended to read:

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20 the payment of administrative and general costs that ~~are not less than the median~~  
21 of take into account administrative and general costs for a sample of all facilities  
22 within the state.

23 **SECTION 9.** 49.45 (6m) (ar) 6. of the statutes is amended to read:

24 49.45 (6m) (ar) 6. Capital payment shall be based on a replacement value for  
25 a facility. The replacement value shall be determined by a commercial estimator

1 contracted for by the department and paid for by the facility. The replacement value  
2 shall be subject to limitations determined by the department, ~~except that the~~  
3 ~~department may not reduce final capital payment of a facility by more than \$3.50 per~~  
4 ~~patient day.~~

5 **SECTION 10.** 49.45 (6m) (av) 1. of the statutes is amended to read:

6 49.45 (6m) (av) 1. The department shall calculate a payment rate for a facility  
7 by applying the criteria set forth under pars. (ag) 1. to 5., and 7. ~~and 8.~~, (am) 1. to 5.  
8 and (ar) 1. to 5. to information from cost reports submitted by the facility.

9 **SECTION 11.** 49.45 (6m) (av) 5m. of the statutes is amended to read:

10 49.45 (6m) (av) 5m. ~~Notwithstanding the limitations under par. (ag) 8., the~~ The  
11 rate under subd. 1., 4. or 5. may be adjusted by the department to reflect payments  
12 for the provision of active treatment to facility residents with a diagnosis of  
13 developmental disability.

14 **SECTION 12.** 49.45 (6m) (bp) (intro.) of the statutes is amended to read:

15 49.45 (6m) (bp) (intro.) Notwithstanding pars. ~~(ag) 3m.,~~ (am) 6. and (ar) 6., the  
16 department may establish payment methods based on actual costs for capital  
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19 49.45 (6u) SUPPLEMENTAL PAYMENTS TO CERTAIN FACILITIES. (intro.)

20 (20) Notwithstanding sub. (6m), from the appropriation under s. 20.435 ~~(5)~~ (o), for (4)  
21 reduction of operating deficits, as defined under criteria developed by the  
22 department, incurred by a facility, as defined under sub. (6m) (a) 3., that is  
23 established under s. 49.70 (1) or that is owned and operated by a city, village or town,  
24 the department may not distribute to these facilities more than \$38,600,000 in each  
25 fiscal year, as determined by the department, except that the department shall also

✓  
(4)

① distribute for this same purpose from the appropriation under s. 20.435 ~~(5)~~ (o) any  
 2 additional federal medical assistance moneys that were not anticipated before  
 ③ enactment of the biennial budget act or other legislation affecting s. 20.435 ~~(5)~~ (o) and  
 4 ~~that were not used to fund nursing home rate increases under sub. (6m) (ag) 8.~~ The  
 5 total amount that a county certifies under this subsection may not exceed 100% of  
 6 otherwise-unreimbursed care. In distributing funds under this subsection, the  
 7 department shall perform all of the following:

8

(END)

→ *\*\*\*\* NOTE: This is reconciled s. 49.45 (6u) (intro.).  
 This section has been affected by drafts with the  
 following LRB #'s: LRB-0028/6 and LRB-1756/1.*

D-NOTE

D-NOTE

To Jeff Geisler:

This draft reconciles LRB-0028/6 and  
LRB-1756/1. Both LRB-0028 and LRB-1756  
should continue to appear in the compiled  
bill.

DAK



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**DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-1756/2dn  
DAK:wlj&jlg:jf

February 3, 1999

To Jeff Geisler:

This draft reconciles LRB-0028/6 and LRB-1756/1. Both LRB-0028 and LRB-1756 should continue to appear in the compiled bill.

Debora A. Kennedy  
Managing Attorney  
Phone: (608) 266-0137



State of Wisconsin  
1999 - 2000 LEGISLATURE

LRB-1756/2  
DAK:wlj&jlg:jf

DOA:.....Geisler – Nursing home medical assistance payment

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

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

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**HEALTH AND HUMAN SERVICES**

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(END)