

**1999 DRAFTING REQUEST**

**Assembly Amendment (AA-AB133)**

Received: 06/4/99

Received By: **kenneda**

Wanted: **As time permits**

Identical to LRB:

For: **Legislative Fiscal Bureau 6-3912**

By/Representing: **Megna**

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: **TAY**

**Pre Topic:**

LFB:.....Mcgna -

**Topic:**

Medical assistance nursing home changes

**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 06/7/99	wjackson 06/7/99		_____			
/1	kenneda 06/9/99	ygeller 06/9/99	martykr 06/7/99	_____	lrb_docadmin 06/7/99		
/2	kenneda 06/9/99	wjackson 06/10/99	ismith 06/10/99	_____	lrb_docadmin 06/10/99		
/3	kenneda 06/13/99	ygeller 06/13/99	haugeca 06/13/99	_____	lrb_docadmin 06/13/99		

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13 9/12 jcg  
 ch 6-13  
 ch 6-13  
 jls

FE Sent For:

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/?	kenneda 06/7/99	wjackson 06/7/99		_____			
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			IS 6/10/99	ES/JF 6/10/99			

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**Instructions:**

See Attached

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1?	kenneda	1 wj 6/7	km/a	Ch b km/a			

FE Sent For:

<END>

Representative Gard  
Senator Burke  
Senator Jauch  
Representative Kaufert  
Representative Riley

## MEDICAL ASSISTANCE

### Motion:

Move to approve the Governor's recommendations contained in Fiscal Bureau Papers # 475 thru 488 with the following modifications.

*No draft* a. LFB Paper # 475, Modification. Decrease MA benefits funding by \$795,200 GPR and \$28,500,400 FED in 1999-00 and \$20,389,400 GPR and \$21,183,400 FED in 2000-01 to reflect reestimates of the amount of funding required to support MA benefits under current law.

*✓* b. LFB Paper #476, Alternative A2. Provide \$10,870,200 GPR and \$16,171,700 FED and -\$1,890,400 PR in 1999-00 and \$12,885,900 GPR, \$17,140,800 FED and -\$3,703,900 PR in 2000-01 to reflect reestimates of the costs of the funding BadgerCare in the 1999-01 biennium. In addition, make the following technical modifications to the bill: (a) reduce funding by \$38,475,800 FED annually to reflect base funding for BadgerCare benefits that were not reflected in the bill; (b) transfer GPR and FED funding for BadgerCare benefits in the bill from the MA appropriation to the BadgerCare benefits appropriation; (c) correct a title error in the Chapter 20 schedule relating to federal BadgerCare benefits; and (d) delete references to a state plan amendment as it relates to Department's authority to establish a lower income threshold for BadgerCare eligibility. Finally, specify that DHFS may not activate the enrollment trigger to lower the income threshold for BadgerCare before it receives approval from the Committee. Authorize DHFS to seek this approval under 14-day passive review.

*No draft* c. LFB Paper #477, Alternative A2. Increase funding by \$521,500 GPR and \$1,969,000 FED in 1999-00 and \$1,539,400 GPR and \$2,986,700 FED in 2000-01 to fund projected MA administration costs in the 1999-01 biennium.

d. LFB Paper #478. Amend the bills as follows:

*D-note no draft* **Funding for Regular Rate Increase.** Provide \$2,669,500 GPR and \$3,809,500 FED in 1999-00 and \$5,673,700 GPR and \$8,506,700 FED in 2000-01 to increase nursing home rates by 2.5% in 1999-00 and an additional 2% in 2000-01.

*no draft* **IGT Allocation.** Delete \$400,000 GPR in 1999-00 and \$4,900,000 GPR in 2000-01 to reduce the amount of additional funding for county-owned nursing homes to \$2,000,000 and \$4,000,000, respectively, rather than \$2,400,000 in 1999-00 and \$8,900,000 in 2000-01.

*IGT Claims.* Provide \$3,373,600 GPR in 1999-00 and \$6,875,500 GPR in 2000-01 to offset equal losses of federal matching funds in the IGT program resulting from increasing rates above the rates recommended by the Governor. *no draft*

AM, 49.45  
(6m) (ag)  
3m. ✓

*Statutory Changes.* Adopt the Governor's proposed statutory changes, but update and retain the requirement that payments be based on the most recent costs reports, so that 1999-00 payments would be based on 1998 cost reports and 2000-01 payments would be based on 1999 cost reports.

*Wage Pass-Through.* Provide \$3,423,500 GPR and \$4,885,500 FED in 1999-00 and \$4,520,100 GPR and \$6,558,500 FED in 2000-01 to fund a 5% wage pass-through supplement for all nursing homes, but limited to certified nurse assistants. Require nursing homes to apply for the wage pass-through supplement and specify that the wage pass-through would first be available starting October 1, 1999.

Require DHFS to examine currently required cost reports for the period in which a facility received a wage pass-through supplement to determine whether the facility's wage, salary and fringe costs per patient day have increased over the prior year by a percentage at least equal to the wage pass-through supplement. Authorize DHFS to recoup payments when it determines that the facility did not meet this requirement to increase compensation spending. Require DHFS to adjust the compensation per patient day amounts for all of the following factors: (a) regular rate increases or decreases; (b) fringe benefits; (c) purchased services; (d) acuity level of patients; (e) reporting period that is different from the payment period; and (f) any other factor determined by DHFS that is relevant and that is readily available in the Department's database.

Issue  
Paper  
P. 9 - 11  
Valid.  
mechanisms  
all

~~e. LFB Paper #479. Reduce MA benefits funding by \$743,600 GPR and \$1,061,100 FED in 1999-00 and \$1,489,400 GPR and \$2,161,100 FED in 2000-01 to reflect projected drug savings. Prohibit DHFS from reducing pharmacy reimbursement rates, including reductions to the pharmacy dispensing fee, in the 1999-01 biennium as a means of achieving these savings.~~

DAK?

~~f. LFB Paper #480. Delete all of the Governor's statutory changes relating to MA dental reimbursement. Provide \$10,100 GPR and \$14,300 FED in 1999-00 and delete \$552,900 GPR and \$726,300 FED in 2000-01 and increase reimbursement rates for MA dental services provided to adults to 65% of calendar year 1998 usual and customary charges and increase reimbursement for MA dental services provided to children to 69% of calendar year 1998 usual and customary charges. In addition, require DHFS to provide dental services for all MA HMO enrollees on a fee-for-service basis.~~

DAK?

TAY

Direct DHFS to develop a dental outreach and education plan for MA recipients and dentists that would address MA patient compliance issues. Direct DHFS to develop this plan in consultation with representatives of various stakeholders, including the Department of Public Instruction, the Department of Workforce Development, the Wisconsin Dental Association, state dental and dental hygiene schools, community health care providers, MA recipients and other health care advocates. Require DHFS to submit this plan to the Governor and the appropriate

TAY

1998, the estimated fiscal impact of the 7% wage pass-through would be an annual increase in MA costs of \$47 million (all funds). The annual GPR cost of this increase would range from \$19 million to \$29 million GPR, depending on the impact on IGT claims. A larger regular rate increase would reduce the wage pass-through's effect on IGT claims. The actual cost of the 7% wage pass-through could be less if some facilities do not apply for the full amount. If there is a compliance requirement that requires nursing homes to demonstrate an increase in labor costs, some facilities may not apply for the full amount. The number of facilities that would not apply for the full amount would depend on the strictness of the compliance test.

29. In addition to the additional MA costs, a wage pass-through would also reduce IGT funding. Although a wage pass-through requires the nursing home to increase its labor expenditures, the wage pass-through may still result in a reduction of unreimbursed expenses for county-owned nursing homes. Because of market pressures, union demands or other factors, a county may have to increase wages whether or not the county receives a wage pass-through. As a result, the wage pass-through may cause a reduction in losses for county homes, since the wage-pass-through may allow the county to fund wage increases that could not be avoided and would have been funded by the county levy. County homes have 25% of the MA patient days. If it is assumed that county homes account for 25% of total nursing labor costs, then \$12 million of the \$49 million cost of the wage-pass-through payments would be provided to county homes. If it is assumed that 40% of this \$12 million is used for labor costs that would have been incurred without the wage pass-through, then IGT claims may decrease by \$5 million in 1999-00. In 2000-01, the decrease in IGT would likely be greater, since there would be another year to meet demands for wages increases. The loss in IGT funds could increase MA costs by \$10 million GPR.

#### **Validation Mechanism of Wage Pass-Through**

30. One concern over the wage pass-through proposal is whether DHFS could ensure that nursing homes use this funding only to support labor costs. One could argue that it is not necessary to establish a reporting mechanism because market forces will compel nursing homes to use most of any funding increase for staff compensation and hours. If nursing homes currently find it difficult to retain staff, then they have a strong incentive to use any funding increase to increase compensation and staff hours. If nursing homes use the wage pass-through funds to increase staff hours, it will reduce the relative work burden for current staff, create a more attractive work environment for retaining staff and improve facilities' ability to meet care standards. If nursing homes use the wage pass-through funds to increase wages and fringe benefits, this would also help nursing homes to retain staff. If most of the nursing homes use the funding for increased compensation and staff hours, other homes may find it more difficult to recruit and retain staff if they did not also use the wage pass-through funds for this purpose.

31. Although one could expect market forces to ensure that nursing homes use a large part of any funding increase to increase wages and staff hours, it is uncertain that all or most of any additional funding would be used for this purpose. If the additional funding under a wage pass-through proposal is provided in addition to other MA nursing home rate increases, nursing homes may use part of the additional funding to increase profits and nonstaff expenditures. Although

nursing homes would benefit by reducing staff turnover and increasing staffing, they also have other objectives, including increasing profits (or reducing losses) and meeting other nonstaff resource needs. Once they meet minimum staffing requirements, nursing homes could choose to use funding for purposes other than staff wages and fringe benefits. The larger the overall MA funding increase, the more likely that a portion of the funding would be used for profits and non-staff expenditures.

32. If one concludes that an enforcement mechanism would be needed to ensure that all of the additional funding is used for staff compensation and hours, there are a number of factors that would influence labor costs for which adjustments might be made to impose a more appropriate compliance test. A number of adjustments could be made without adding too much complexity. However, it would be very difficult to account for all factors within a simple administrative mechanism. In addition, over time it would become increasingly difficult to determine the use of the wage pass-through supplement, because the effects of other factors will multiply.

33. *Regular Rate Increase (Decrease)*. One factor that affects labor expenditures in the current year is the regular nursing home rate increase. The bill would provide additional funding of 1.8% in the first year and 1.0% in the second year. For purposes of discussion, assume that nursing homes receive an average rate increase of 2% in the first year. Without the wage pass-through, the nursing home would likely use a large part of this rate increase for compensation. Thus, in order for the 7% wage pass-through to be used only for compensation, and not to divert the regular rate increase from staff compensation, nursing homes would have to increase staff compensation by 9%, in general. Since the regular rate increase is for all costs, including items such as utilities, it is possible that labor costs increased at a rate different than the total of all costs. For simplicity, this potential variation could be ignored, or alternatively, the Department could be required to determine the percentage increase for labor costs in the regular rate increase. It is interesting to note that the proposal would account for the regular rate change when there is a rate decrease, but not if the home would receive a regular rate increase.

34. *Fringe Benefits*. The wage pass-through proposal would provide additional funding equal to 7% of total wages and salaries. However, the compliance test would be applied to both wages, salaries and fringe benefits, since this funding can be used to increase fringe benefits. If nursing homes are required to increase labor costs (including fringes) per patient day by 7% but only receive funding equal to 7% of wages and salaries, the nursing homes will have insufficient funding to meet the requirement. If fringe benefits are 20% of a nursing homes wages and salaries, the required percentage increase in labor costs per patient day should be 5.8% ( $.07/1.2$ ) rather than 7%.

35. *Purchased Services*. A second factor that affects a nursing home's labor costs is changes in contracted labor services. A nursing home could increase its expenditures for in-house staff by reducing the amount of contracted services. If the compliance test only considered expenditures for in-house staff, a nursing home could switch from contracted services to in-house staff to meet the compliance test without increasing staffing per resident or compensation per worker.



36. *Acuity Level of Patients.* If a nursing home's patient acuity level changes, the appropriate level of staffing per patient day would also change. For facilities that have increasing acuity levels, the compliance test could require an increase in labor costs per patient day that is higher than the wage pass-through. If a nursing home has more patients in a higher care category, it would be paid a higher rate under MA for those patients. This adjustment could also go in the opposite direction if there are fewer high-care patients.

37. *Reporting Period.* Most nursing homes operate on a fiscal year that is different from the state fiscal year. Therefore, the cost reports that are currently filed by nursing homes are for a period of time that is different than the state fiscal year. State reimbursement rates under MA typically correspond with the state fiscal year. Consequently, a wage pass-through received by a nursing home may only cover part of its cost reporting period. As a result, any compliance test may have to adjust the required increase in labor costs per patient day to reflect the proportion of the year that the higher rate was in effect. Thus, if a 7% wage pass-through is provided in the middle of the facility cost reporting period, it should only be required to increase labor costs per patient day by 3.5%, before other adjustments.

38. The above adjustments could be implemented using the current cost reports filed by nursing homes. Since the data is available in those cost reports, DHFS program administration would be manageable. However, the adjustments described above may not be sufficient to account for all important factors, and may not guarantee that all of the wage pass-through will be used as intended. For example, a nursing home could undertake a capital project that is intended to provide a more efficient layout that will require lower staffing. However, this would be very difficult to quantify, based on the facility's cost report. This example and other situations may not occur frequently, but for the homes for which they occur, they could cause the required increase in labor costs per patient day to be inappropriate. In order to avoid hardship in individual cases, it may be useful to allow the Department some discretion in applying the test if there are significant factors present.

#### **Facilities with Above-Average Wages and Staffing Levels**

39. It may not be appropriate to extend the wage pass-through option to all facilities for several reasons. First, nursing home wages vary considerably. In 1996, compensation (including fringe benefits) of nurse aides ranged from \$5.94 per hour to \$19.24 per hour. For facilities that are paying at the maximum rate or near that rate and have higher-than-average staffing levels, there may not be a need, or at least less of a need, to increase compensation or staffing levels.

Second, many nursing homes may be above the current maximum limits for costs and are not fully reimbursed for all of their staff costs. It is somewhat inconsistent to deny full reimbursement under the regular nursing home formula because a facility's costs are too high and, at the same time, require that the same facility spend more in order to receive the supplemental funding. Also, an equity issue could be raised if a nursing home that had high wages prior to the wage pass-through receives less reimbursement than another nursing home with the same wage level that used the wage pass-through to get to that level.



SOON - In edit 6/7

State of Wisconsin  
1999 - 2000 LEGISLATURE

D-NOTE

LRBb0511/3/1  
DAK.../.....  
WJ

LFB:.....Megna – Medical assistance nursing home changes

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

LFB AMENDMENT

TO 1999 ASSEMBLY BILL 133 AND 1999 SENATE BILL 45

1 At the locations indicated, amend the bill as follows:

2 ✓ 1. Page 427, line 22: after “(10)” insert “, to provide the facility payment under  
3 1999 Wisconsin Act .... (this act), section 9123 <sup>8m</sup> ~~(xx)~~”.

4 ✓ 2. Page 724, line 14: delete that line and substitute:

5 “SECTION 1390b. 49.45 (6m) (ag) 3m. of the statutes is amended to read:

6 49.45 (6m) (ag) 3m. For state fiscal year ~~1997-98~~ 1999-2000, rates that shall  
7 be set by the department based on information from cost reports for the ~~1996~~ 1998  
8 fiscal year of the facility and for state fiscal year ~~1998-99~~ 2000-01, rates that shall  
9 be set by the department based on information from cost reports for the ~~1997~~ 1999  
10 fiscal year of 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, 106i, 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 3. Page 1408, line 15: after that line insert:

2 SECTION 9123. Nonstatutory provisions; health and family services.

3 Non  
STATS

(~~8m~~) FACILITY PAYMENT; WAGE OR SALARY AND FRINGE BENEFITS SUPPLEMENT.

4 (a) In addition to any facility payment rate increases for state fiscal years

5 1999–2000 and 2000–01, in order to permit a facility, as defined in section 49.45 (6m)

6 (a) <sup>3</sup> of the statutes, to increase wages or salaries and fringe benefits for or increase

7 staff hours of nurses' assistants, as determined by the department of health and

8 family services, from the appropriations under section 20.435 (4) (b) and (o) the

9 department shall, beginning October 1, 1999, supplement facility payment rates

10 under section 49.45 (7m) (av) of the statutes by an amount not to exceed \$8,309,000

11 in state fiscal year 1999–2000 and \$11,078,600 in state fiscal year 2000–01, or by 5%

12 of the total amount of wages reported in the 1998 cost reports of facilities, whichever

13 is less. The department shall calculate each facility's maximum payment under this

14 subsection by multiplying by 5% the amount obtained by dividing the total of nurse's

15 assistants' wages or salaries of the facility by the total number of medical assistance

16 patient days of the facility, as indicated by the facility's 1998 cost reports. Each

17 facility may apply to the department for up to the total maximum amount calculated

18 for the facility.

19 (b) In order to ensure that a supplement provided to a facility under paragraph

20 (a) was expended in accordance with the purpose specified in paragraph (a), the

21 department of health and family services shall examine facility cost reports covering

22 the period during state fiscal year 1999–2000, as compared with reports covering the

23 period during state fiscal year 1998–99, and facility cost reports covering the period

24 during state fiscal year 2000–01, as compared with reports covering the period

1 during state fiscal year 1999–2000, to determine whether the facility's wage or salary  
2 costs per patient day have increased over the prior year by a percentage that is at  
3 least equal to the percentage of increase under the supplement under paragraph (a).<sup>✓</sup>  
4 The department shall adjust the information to account for all of the following:

5 1. Any payment rate increase or decrease applicable to the facility that is in  
6 effect beginning July 1, 1999, and is other than the supplement under paragraph (a).<sup>✓</sup>

7 2. Payment of increased fringe benefits for nurse's assistants.

8 3. Any decrease or increase in the facility's expenditures for contracted labor  
9 services.

10 4. Any change in the facility's patient acuity levels.

11 5. Whether or not the facility's reporting period corresponds to the supplement  
12 payment period.

13 6. Any other factor that the department determines is relevant and that is  
14 readily available in the database of the department.

15 (c) If the department of health and family services determines that a  
16 supplement under paragraph (a)<sup>✓</sup> provided to a facility was not expended as required  
17 under paragraph (b)<sup>✓</sup>, the department may recoup some or all of the supplement.<sup>✓</sup>

18

(END)

D-NOTE

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

LRBb0511/dn  
DAK.....

WJ

To Richard Megna:

On considering the matter further, I decided that the title of the nonstatutory provision and the purpose of the provision should appropriately include fringe benefits, because that evidently is the intent of the committee, whereas the *calculation* includes only wages or salaries; I apologize for the confusion.

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

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

LRBb0511/1dn  
DAK:wlj:km

June 7, 1999

To Richard Megna:

On considering the matter further, I decided that the title of the nonstatutory provision and the purpose of the provision should appropriately include fringe benefits, because that evidently is the intent of the committee, whereas the *calculation* includes only wages or salaries; I apologize for the confusion.

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

*Comments from Richard Medina 6/9/99:*

1           **"SECTION 9123. Nonstatutory provisions; health and family services.**

2           **(8m) FACILITY PAYMENT; WAGE OR SALARY AND FRINGE BENEFITS SUPPLEMENT.**

3           (a) In addition to any facility payment rate increases for state fiscal years  
4           1999-2000 and 2000-01, in order to permit a facility, as defined in section 49.45 (6m)  
5           (a) 3. of the statutes, to increase wages or salaries and fringe benefits for or increase  
6           staff hours of nurse's assistants, as determined by the department of health and  
7           family services, from the appropriations under section 20.435 (4) (b) and (o) the  
8           department shall, beginning October 1, 1999, supplement facility payment rates  
9           under section 49.45 (7m) (av) of the statutes by an amount not to exceed \$8,309,000  
10          in state fiscal year 1999-2000 and \$11,078,600 in state fiscal year 2000-01, or by 5%  
11          of the total amount of wages reported in the 1998 cost reports of facilities, whichever  
12          is less. The department shall calculate each facility's maximum payment <sup>per patient day</sup> under this  
13          subsection by multiplying by 5% the amount obtained by dividing the total of nurse's  
14          assistants' wages or salaries of the facility by the total number of ~~medical assistance~~  
15          patient days of the facility, as indicated by the facility's 1998 cost reports. Each  
16          facility may apply to the department for up to the total maximum amount calculated  
17          for the facility. *+ receive that supplemental amt for each wa day of service provided per pt day*

18          (b) In order to ensure that a supplement provided to a facility under paragraph  
19          (a) was expended in accordance with the purpose specified in paragraph (a), the  
20          department of health and family services shall examine facility cost reports covering  
21          the period during state fiscal year 1999-2000, as compared with reports covering the  
22          period during state fiscal year 1998-99, and facility cost reports covering the period  
23          during state fiscal year 2000-01, as compared with reports covering the period  
24          during state fiscal year <sup>1998-1999</sup> ~~1999-2000~~, to determine whether the facility's wage or salary  
25          costs per patient day have increased over the ~~prior~~ year by a percentage that is at

*fringe benefit*

*base*

*nurse's assistants*

*reg'd percentage  
increase  
to acct.*

1 least equal to the percentage of increase under the supplement under paragraph (a).  
 2 The department shall adjust the information to account for all of the following:  
 3 1. Any payment rate increase or decrease applicable to the facility that is in  
 4 effect beginning July 1, 1999, and is other than the supplement under paragraph (a).  
 5 2. ~~Payment of increased fringe benefits for nurse's assistants.~~ *The fact that wage supp  
is a percent  
increase*  
 6 3. Any decrease or increase in the facility's expenditures for contracted labor  
 7 services.  
 8 4. Any change in the facility's patient acuity levels.  
 9 5. Whether or not the facility's reporting period corresponds to the supplement  
 10 payment period.  
 11 6. Any other factor that the department determines is relevant and that is  
 12 readily available in the data base of the department.  
 13 (c) If the department of health and family services determines that a  
 14 supplement under paragraph (a) provided to a facility was not expended as required  
 15 under paragraph (b), the department may recoup some or all of the supplement."

(END)

*is based only  
on wages + salary  
while the  
cost comparison  
includes  
fringe benefits*





(SOON - In edit 6/9)

State of Wisconsin  
1999 - 2000 LEGISLATURE

LRBb0511/2  
DAK:wlj:km

LFB:.....Megna - Medical assistance nursing home changes

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

LFB AMENDMENT

TO 1999 ASSEMBLY BILL 133 AND 1999 SENATE BILL 45

1 At the locations indicated, amend the bill as follows:

2 **1.** Page 427, line 22: after "(10)" insert ", to provide the facility payment under  
3 1999 Wisconsin Act .... (this act), section 9123 (8m)".

4 **2.** Page 724, line 14: delete that line and substitute:

5 "SECTION 1390b. 49.45 (6m) (ag) 3m. of the statutes is amended to read:

6 49.45 (6m) (ag) 3m. For state fiscal year ~~1997-98~~ 1999-2000, rates that shall  
7 be set by the department based on information from cost reports for the ~~1996~~ 1998  
8 fiscal year of the facility and for state fiscal year ~~1998-99~~ 2000-01, rates that shall  
9 be set by the department based on information from cost reports for the ~~1997~~ 1999  
10 fiscal year of the facility."

11 **3.** Page 1408, line 15: after that line insert:

1           **“SECTION 9123. Nonstatutory provisions; health and family services.**

2           (8m) FACILITY PAYMENT, WAGE OR SALARY AND FRINGE BENEFITS SUPPLEMENT.

3           (a) In addition to any facility payment rate increases for state fiscal years  
4 1999–2000 and 2000–01, in order to permit a facility, as defined in section 49.45 (6m)

5 (a) 3. of the statutes, to increase wages or salaries and fringe benefits for or increase  
6 staff hours of nurse’s assistants, as determined by the department of health and  
7 family services, from the appropriations under section 20.435 (4) (b) and (o) the  
8 department shall, beginning October 1, 1999, supplement facility payment rates

9 under section 49.45 (7m) (av) of the statutes by an amount not to exceed \$8,309,000  
10 in state fiscal year 1999–2000 and \$11,078,600 in state fiscal year 2000–01, or by 5%

11 of the total amount of wages reported in the 1998 cost reports of facilities, whichever  
12 is less. The department shall calculate each facility’s maximum payment under this

13 subsection by multiplying by 5% the amount obtained by dividing the total of nurse’s  
14 assistants’ wages or salaries of the facility by the total number of ~~medical assistance~~

15 patient days of the facility, as indicated by the facility’s 1998 cost reports. Each  
16 facility may apply to the department for up to the total maximum amount calculated

17 for the facility.

18           (b) In order to ensure that a supplement provided to a facility under paragraph

19 (a) was expended in accordance with the purpose specified in paragraph (a), the  
20 department of health and family services shall examine facility cost reports covering

21 the period during state fiscal year 1999–2000, as compared with reports covering the  
22 period during state fiscal year 1998–99, and facility cost reports covering the period

23 during state fiscal year 2000–01, as compared with reports covering the period  
24 during state fiscal year ~~1999–2000~~, to determine whether the facility’s wage or salary

25 costs per patient day have increased over the ~~1999~~ year by a percentage that is at

per patient day

and receive that supplemental amount for each medical assistance day of service provided

per patient day

and fringe benefits

1998-99

base

nurse's assistants'

1 least equal to the percentage of increase under the supplement under paragraph (a).  
2 The department shall adjust the ~~information~~ to account for all of the following:

3 1. Any payment rate increase or decrease applicable to the facility that is in  
4 effect beginning July 1, 1999, and is other than the supplement under paragraph (a).

5 2. ~~Payment of increased fringe benefits for nurse's assistants~~

6 3. Any decrease or increase in the facility's expenditures for contracted labor  
7 services.

8 4. Any change in the facility's patient acuity levels.

9 5. Whether or not the facility's reporting period corresponds to the supplement  
10 payment period.

11 6. Any other factor that the department determines is relevant and that is  
12 readily available in the data base of the department.

13 (c) If the department of health and family services determines that a  
14 supplement under paragraph (a) provided to a facility was not expended as required  
15 under paragraph (b), the department may recoup some or all of the supplement.”.

16 (END)

required percentage  
increase

The fact that the wage supplement percentage  
increase is based only on wages and salaries,  
while the cost comparison also includes  
fringe benefits

SOON - In edit 4/13

1999 - 2000 LEGISLATURE

LRBb0511/3

DAK:wlj

D-NOTE

+jlg

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- 11 **3.** Page 1408, line 15: after that line insert:

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~~SECTION 9123. Nonstatutory provisions; health and family services.~~

2

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3

(a) In addition to any facility payment rate increases for state fiscal years 1999–2000 and 2000–01, in order to permit a facility, as defined in section 49.45 (6m)

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12

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13

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14

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15

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16

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17

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during state fiscal year 1998–99, to determine whether the facility’s nurse’s

1 assistants' wage or salary and fringe benefits costs per patient day have increased  
2 over the base year by a percentage that is at least equal to the percentage of increase  
3 under the supplement under paragraph (a). The department shall adjust the  
4 required percentage increase to account for all of the following:

5 1. Any payment rate increase or decrease applicable to the facility that is in  
6 effect beginning July 1, 1999, and is other than the supplement under paragraph (a).

7 2. The fact that the wage supplement percentage increase is based only on  
8 wages and salaries, while the cost comparison also includes fringe benefits.

9 3. Any decrease or increase in the facility's expenditures for contracted labor  
10 services.

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19

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that part

D-NOTE

✓ that was not expended as required

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

LRBb0511/3dn  
DAK:wlj:ijs

✓ + jz

To Richard Megna:

This redraft changes "some or all of the supplement" in SECTION 9123 (8m) (c) to "that part of the supplement that was not expended as required", for the sake of clarity. The redraft also adds "of the statutes" to SECTION 9123 (8m) (a).

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

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

LRBb0511/3dn  
DAK:wlj&jlg:ch

June 13, 1999

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State of Wisconsin  
1999 - 2000 LEGISLATURE

LRBb0511/3  
DAK:wlj&jlg:ch

LFB:.....Megna - Medical assistance nursing home changes

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