



WEDNESDAY, MARCH 21, 2001

TESTIMONY OF

LUTHER MANOR HEALTH CARE CENTER

REV. DAVID J. KELLER, NHA
PRESIDENT/CEO

and

MS. NANCY PINTER
VICE PRESIDENT/CFO

before the

State of Wisconsin
Senate Health, Utilities, Veterans and Military Affairs Committee

Hearing on

Nursing Home Reimbursement and Staffing Issues

4545 North 92nd Street
Milwaukee, WI 53225
414-464-3880

A Ministry Of
United Lutheran Program For The Aging, Inc.

I am David J. Keller, President and CEO of Luther Manor, and with me today is Nancy Pinter, Luther Manor's Vice President of Finance and CFO. We are here today to share the story of the Medicaid reimbursement and staffing crisis that threatens the Luther Manor Health Care Center. We appreciate the committee's interest in the fate of our State's frailest elderly residents, and we thank you for the opportunity to provide our testimony.

The Luther Manor Health Care Center is a 245 bed skilled nursing facility that has a long standing reputation for quality care focused on enhancing the lives of our residents. The Health Care Center is part of a full continuum of housing and health care services provided by Luther Manor to fulfill our Mission ... "to show God's love for older adults by providing a comprehensive and compassionate program of excellent housing, care and services contributing to the wholeness of body, mind and spirit". Luther Manor has since 1961, sought to better and more completely fulfill its mission... but we are threatened today more than ever by several external forces.

The Health Care Center is licensed by DHFS and is certified for participation in both the Federal Medicare (Title XVIII) program and the Federal/State Medicaid (Title XIX) program. Our annual occupancy historically exceeds 96% (1998: 98.0%, 1999: 96.9%, 2000: 97.3%) and during the last two years, we have had 375 new admissions. But the last two years stand out to us, even more dramatically, by the external environment's onslaught of 1.) inadequate Medicaid funding, 2.) severe shortage of qualified available staff, 3.) the growing number of Medicaid residents, and 4.) the recent explosion in utility costs.

As a not-for-profit charitable organization, we are committed to serving our residents and their families... and we are committed to doing so for the long haul. Our mission compels us to continue to improve and excel. We try hard to weather economic storms... but earlier this month we received notification of our new Medicaid rates to be effective (retro actively) to July 1, 2000. As with other providers, we expected an increase in rates to correspond to the increase in our costs. Instead the payment rate for all levels of care were reduced. Over 85% of our Medicaid days in 2000 were in skilled level of care (SNF)... and our SNF reimbursement rate went from \$110.63 (7/1/99) to \$109.82 (7/1/2000). Almost a \$1.00 per day reduction in the rate... at the same time our costs increased over \$12.00 per day. This reduction in the Medicaid payment only serves to negatively affect our ability to serve the frailest of our residents.

And for us the impact of the rate reduction is compounded by the growing number of Medicaid residents we serve (1999: 42,180 Medicaid resident days ... 2000: 46,326 Medicaid resident days) an increase of more than 9% in one year. On average, 126 of our 245 beds were occupied by Medicaid residents.

- **Inadequate Medicaid Reimbursement** – The erosion in Direct Care payment ceilings (from 113.00% of the median in 1990 to 100.33% this year) during the last decade has dramatically lowered our Medicaid reimbursement, and increased the amount of financial support we must ask our private pay residents and friends to subsidize the Medicaid Program. For the Luther Manor Health Care Center, this has meant an ever increasing differential between our costs and our Medicaid payments.

Luther Manor Health Care Center

	<u>Aver. Per Diem Costs</u>	<u>Aver. Per Diem Medicaid Pymt</u>	<u>Daily Differential</u>	<u>Annual Medicaid Shortfall</u>
1999	\$143.64	\$107.26	\$36.38	\$1,534,508
2000	\$155.43	\$107.77	\$47.66	\$2,207,897

The difference between our actual costs and the Medicaid payments was \$1,534,508 in 1999 and \$2,207,897 in 2000. While we expect to subsidize some of this Medicaid difference... we cannot absorb these extreme losses any longer. Restoration of Direct Care Ceilings to 113% of the Median is critical for us... and for the residents we serve.

- **Staffing Availability** – We are not exempt or immune from the severe staff shortages experienced by all providers. But we are trying to do something about it. And we are grateful that you and your Senate/Assembly colleagues did something about it too.

The wage “pass thru” legislation appeared to provide some welcomed relief... but unfortunately, your legislative intent has not been realized. In October 1999, we increased our Certified Nursing Assistant (CNA) wages by \$0.40 an hour, (an average of 4.2%), thinking surely we would be eligible for the wage “pass thru” payments you authorized. In January 2000, we again increased our CNA wages (an average of 3.5%)...resulting in an average 7.9% accumulative increase from October 1999-January 2000. In our attempts to be more competitive, we also increased the wages of our licensed nurses. And we incurred higher recruitment costs (e.g. Advertising) in attempting to locate and attract qualified applicants.

From October 1999 to June 2000 we paid nearly \$102,000 in new wages to our CNA's, despite the fact that we knew the maximum wage "pass thru" payment we would be eligible for was \$42,400. We received approximately \$30,000 as our initial "advance" pass thru payments. In the Department's denial, they have asked to recoup all of those payments. And for this year, it appears unlikely the Department will provide us any "pass thru" payments we believe we are eligible for.

In 2000, we had to rely on outside agency staff for our shortage of CNA's and licensed nurses. We chose not to decrease our service hours. We chose not to leave beds vacant, (but rather to continue to serve residents seeking our care), we chose not to "shut down" beds (as some providers have done),... in short, we chose not to abandon those needing our care. But to date, we have been denied the wage "pass thru" payments you intended for us and our CNA's.

(January 24, 2001 appeal documents are appended with our testimony.)

Because of the methodology used by the Department, we have (in essence) been punished for having to use temporary agency staff in order to help fulfill our mission.

But the real victims are Luther Manor's residents and the CNA's. With a wage "pass thru" payment, we would be better enabled to continue wage increases for our valuable CNA's toward a more adequate living wage.

- Escalating Utility Costs – The escalating utility costs for our retirement community campus are not incremental... they are staggering. The chart below depicts our organization's recent history with natural gas costs:

	<u>November 1999</u>	<u>November 2000</u>	<u>Difference</u>
Natural Gas	\$16,510	\$22,496	\$5,986 (+36%)
	<u>December 1999</u>	<u>December 2000</u>	<u>Difference</u>
Natural Gas	\$47,593	\$78,595	\$31,002 (+65%)
	<u>January 2000</u>	<u>January 2001</u>	<u>Difference</u>
Natural Gas	\$37,753	\$89,123	\$51,370 (+136%)

For the 3-month period November 2000 – January 2001, we experienced a 86.7% increase in our natural gas costs compared to the prior year. We were hit with \$88,358 in new additional costs to be balanced on the backs of frail elderly... and \$23,150 of this new quarterly expense is attributable to our Health Care Center. We need your help in finding a way to reimburse the portion applicable to our Medicaid resident days.

Our story and experience is not unique. In fact, it is representative of many providers throughout the State of Wisconsin. We try to be good stewards of the resources we have... our residents, our staff, our Board members, our Volunteers, and our friends. But its going to take more. And its going to take a lot more to do the job. We all know what the Governor's Budget proposes for Medicaid nursing facility care... and that it relies on a heavier Federal financial portion going forward. If the Federal government increases its portion that will surely help. But we will still not be on a "safe and secure" journey. We need relief now and we hope you can find a way to help.

We hope you can legislate the needed new formula changes for Direct Care (to 113% of median), for Indirect Care (to 110% of median) and restoration of the 1991 Property ceiling (to 9.5%). And we hope you can find a way for some "pass thru" reimbursement of our escalating utility costs. We can't wait for these costs to be averaged and factored into future reimbursement formulas... we need the relief soon or our ability to serve our residents will be threatened ever more.

Thank you again for your concern about these issues... and your concern for the frail older adults we serve. And thank you for the opportunity to share our story.

APPENDIX TO MARCH 21, 2001 TESTIMONY

January 24, 2001

LUTHER MANOR

David Lund
State of Wisconsin,
Department of Health Care Services
1 West Wilson Street
P.O. Box 309
Madison, WI 53701-0309

COPY

RE: Wage Pass Through Appeal

Dear Mr. Lund:

I hereby appeal the initial findings relating to the use of Wage Pass-Through funds received by this facility. The funds received were in fact applied for purposes intended and allowed under the statutes consistent with the intent of the law.

We at Luther Manor, increased all C.N.A. wages, \$.40 per hour in October 1999. In addition on January 2, 2000, all C.N.A.s received an additional increase of 3.5%. For the average C.N.A. this amounted to an increase of approximately 9% in aggregate. These wage adjustments should have more than met the wage pass through requirements. A detailed wage history of a dozen C.N.As is attached for your reference. Total Costs incurred in connection with Wage Pass Through for the period October, 1999 to June 2000 were, \$101,811.00, \$63,127 related to the \$.40 increase in October, and \$38,683 related to the 3.5% in January. On an annual basis the total equates to \$173,914 for the initial 12 month period January 1, 2000 to December 31, 2000. The impact of these increases will continue to increase costs into the future on a cumulative basis.

Staffing shortages have reached critical levels. In order to staff at appropriate levels we needed to rely on contracted or Pool labor more heavily in 2000 than in 1999. During the test period C.N.A. Hours per patient day were held at an average of 2.81 hours per day. During the Wage Pass Through Test period, the cost of contracted C.N.A. labor increased 284% from 1999 to 2000. Total C.N.A. Direct Labor, including pool, during the test period increased 9.98%.

To totally disregard the impact of contract labor in the Wage Pass Through calculation fails to appropriately acknowledge the cost impact of providing direct care to our residents.

During 1999 our Direct Cost of care per our Cost Report was \$85.51 per day. The State will only reimburse a maximum of \$61.22, or a shortfall of \$24.29 per day. Based on our 46,952 Medicaid Days during 1999, we are facing losses of \$1,140,000, in Direct Care alone without including the impact of the increased costs during 2000.

The denial of any Wage Pass Through Benefits, intended to provide some funding for the escalating cost of labor seems to violate the intent of the statute.

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January 24, 2001
David Lund
Department of Health Care Services
Wage Pass Through Appeal
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The following is a brief summary of Luther Manor's escalating cost of providing C.N.A. services for your review.

Nursing Assistant Increases implemented:

October 1999	Additional \$.40 per hour
January 2000	Increase 3.5%, all Cans
October 2000	Increase PM & Night \$.40 & .30 to \$1.00
January 2001	Increase 3.5%.

Example:

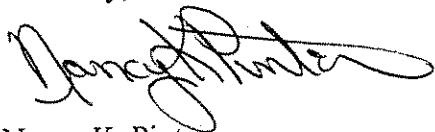
A \$9.00 Certified Nursing Assistant on 6-1-99 on second shift would have a wage of \$10.67 1-1-2001
Percentage increase equals 19% over 15 months.

Please note the C.N.A. increase of \$.40 per hour was effective October 24, 1999. The Wage Calculation Sheet received from the state incorrectly referred to November 16, 1999 as the Wage Effective Date. Patient Days were also incorrectly determined based on this erroneous date.

I believe the purpose of the Wage Pass Through was to help offset some of the increases implemented by facilities. Luther Manor has certainly complied with the statute increasing wages well above the 5%, required.

I thank you in advance for your consideration of this appeal.

Sincerely,



Nancy K. Pinter
Director of Finance

Enclosure

The following schedule is a specific history taken directly from the payroll records, of 12 consecutive Certified Nursing Assistants. During the period July 1, 1999 to January 1, 2001, C.N.A. wages reflect an increase ranging from 10.88% to 28.14%, depending on the starting base and shift worked.

Specific History of Certified Nursing Assistant Wage Increases

(1) Employee	7/1/99	10/24/00	Wage Rate		Wage with Differential	18 Month Percentage Increase
			1/2/00	1/2/01		
A	9.16	9.56	9.90	10.25	11.25	22.82%
B	10.3	10.7	11.08	11.47		11.36%
C	9.81	10.21	10.57	10.94	11.94	21.71%
D	9.62	10.02	10.38	10.74	11.74	22.04%
E	11.31	11.71	12.12	12.54		10.88%
F	10.76	11.16	11.56	11.97	12.97	20.54%
G	9.62	10.02	10.38	10.74	11.74	22.04%
H	8.35	9.05	9.05	9.70	10.70	28.14%
I	9.62	10.02	10.38	10.74		11.64%
J	9.58	9.98	10.33	10.69		11.59%
K	8.87	9.27	9.60	9.94	10.94	23.34%
L	8.46	8.86	9.18	9.50	10.50	24.11%

(1) Employee Name has been eliminated for confidentiality purposes

The following schedule is a detailed analysis of the "Wage Pass Through" Test Period. The schedule reflects an Average Wage Rate increase of 6.84% for the test period. Total Average Hourly Cost for C.N.A. Staffing during the test period reflects an increase of 16.45%

**LUTHER MANOR HEALTH CENTER
ANALYSIS CNA HOURS & DOLLARS**

	2000		1999		
	HOURS	DOLLARS	HOURS	DOLLARS	
P/R ENDED 5-6	8,320.25	86,688.66	9,303.75	91,206.56	
	72.00	1,940.00	31.00	317.16	
P/R ENDED 5-20	8,211.25	85,720.44	9,262.50	91,330.20	
	125.00	1,365.50	24.00	264.69	
P/R ENDED 6-3	8,422.50	90,899.53	9,581.50	96,958.25	
		905.00	7.00	67.06	
P/R ENDED 6-17	8,449.75	88,476.48	9,482.50	93,624.29	
	6.50	72.15	68.00	1,747.56	
	33,600.75	355,995.61	37,692.25	373,768.21	-4.75%
POOL MAY	1,065.75	37,645.61	269.25	5,215.64	
POOL JUNE	1,938.00	39,471.77	798.5	14,839.12	
	36,604.50	433,112.99	38,760.00	393,822.97	9.98%
Average Cost Per C.N.A. Hour		\$11.83		\$10.16	16.45%

March 21, 2001

To: Senate Health, Utilities, Veterans and Military Affairs Committee

Re: Nursing Home Reimbursement Rates and Staffing Issues

I am speaking as the Administrator representing Meriter Health Center. The Health Center is a 120 bed not for profit skilled nursing facility and part of the Meriter Retirement Services continuing care retirement community located in downtown Madison. We are part of the Meriter Health Services, Inc. Following are my concerns for this committee:

- Meriter Health Center MA reimbursement compared to cost: Our cost per day exceeds the Medical Assistance rate by \$35/day per resident. On an annual basis this amounts to a Medicaid deficit in excess of \$400,000.
- Lack of available staff: There is a shortage of workers in long term care. During 2000, 15% percent of our nursing positions were vacant. We have taken several steps to recruit and retain qualified staff and we have made some progress in this area. However, it is an unending battle.
The current market requires that employers' complete salary surveys every 3-6 months in order to keep up with the rapid pace of changes. In 2000, the approximate annual increases for Certified Nursing Assistants was 11.5% and 8.5% for RNs. MHC has instituted flexible scheduling including a week-ender program. We work with MATC's nursing program as a clinical site and have students placed through the Dane County Apprenticeship Program. The most significant barrier we have to meeting our staffing goals is the lack of financial resources to provide the incentive to draw new workers into the field. MA reimbursement falls well below what is required.
- Resident acuity continues to increase and this drives our need for more staff to provide quality care. The upward trend in resident acuity in skilled nursing facilities has been fueled by the assisted living options now available for those needing only personal assistance and minimal medical care. We see this within our own retirement community which offers assisted living services. Over the 10-year period from 1990 to 1999, the percent of residents in SNFs who were at the highest care levels increased from 69% to 87%. At the Health Center, 96% of residents are at this level of need. The corresponding increase in staffing needs results in higher costs that are not reimbursed.

Meriter Retirement
Services, Inc.
110 S. Henry Street
Madison, WI 53703-3172
608 283-2000

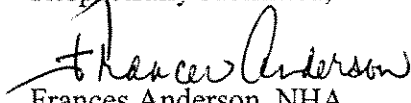
Meriter
Retirement Center
110 S. Henry Street
Madison, WI 53703-3172
608 283-2000

Meriter
Health Center
334 W. Doty Street
Madison, WI 53703-3190
608 283-2100

Meriter Terraces
345 W. Main
Madison, WI 53703
608 283-2083

Meriter Commons...
a downtown wellness and
retirement community.

Respectfully submitted,



Frances Anderson, NHA
Director of Clinical Services/Administrator



STATE OF WISCONSIN
BOARD ON AGING AND LONG TERM CARE
214 North Hamilton Street
Madison, WI 53703-2118
(608) 266-8944
Ombudsman Program 1-(800) 815-0015
Medigap Helpline 1-(800) 242-1060
Fax (608) 261-6570

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TESTIMONY

Senator Moen's Committee
Wednesday, March 21, 2001

My name is Claudia Stine, Director of Long Term Care Ombudsman Services at the Board on Aging and Long Term Care. I would like to thank the Committee for the opportunity to talk with you about issues concerning nursing homes. Specifically, I want to discuss the needs of the Long Term Care Ombudsman Program and its volunteer component. I imagine you have heard a lot of concerns from the folks in the nursing home industry about the need to increase Medicaid payments to nursing homes and while we at the Board wholeheartedly support those requests, I am here today to share with you another perspective on those issues.

During this past calendar year, 27 citations of immediate jeopardy at 22 facilities were determined as regulators found situations in which one or several residents were in immediate harm or danger. Several of these situations resulted in death of a resident. While this is not a new event in nursing home regulation, the alarming increase in these incidents compelled us to immediately offer services to residents, families and staff involved in these situations. We arrange meetings to talk with families about how the regulatory process works and what the citations meant. We encourage them to talk with and support the staff as the facility tackles its problems and in concert with the facility, educate residents and families about what steps the facility is taking to come into compliance again. Ombudsmen also provide continual consultation to these nursing homes and training to staff as necessary. In situations of this nature, Ombudsmen will continue to frequently visit the facility, talk with families and work with staff until the facility passes its survey to regain compliance.

A family member came up to me at the family meeting we held in Racine last summer and said, "Who would have thought the nursing home would close? Nursing homes don't close!" But they do close now.

During the past year, 8 nursing homes closed their doors in Wisconsin and a 9th facility, The Shores, is now relocating residents in anticipation of a closing date of June 30. Ombudsmen have proven to be key players on the team of county and state personnel assisting close to 800 residents and their families to find a new placement. We provide education and assistance to residents so they may make an informed choice about a new place. If any resident wants, we attend the facility's discharge planning conference with her and the family to talk about the resident's wants and needs and the available options for a suitable placement. As always, Ombudsmen monitor care and treatment in a closing facility. Problems often arise as the facility temporarily moves residents to consolidate wings for efficiency and lays off staff as residents leave. Finally, Ombudsmen follow residents to their new living arrangement, checking to make sure they have settled in and that the new provider has done what is necessary to minimize transfer problems. Providing relocation assistance is intensive, consisting of mostly one-to-one meetings with the facility, family, and the resident who is in the difficult position of quickly taking leave of friends, choosing a new place and adjusting to that place, all within a very short period of time.

I think we would all agree that the life of a nursing home resident these days might not be as safe and stable as we have always thought.

To add to this picture, the Ombudsman Program continues to experience increases in demands for our services. The number of complaints has increased 21% from last year, cases are up 14% and the number of people we served last year - close to 15,000, increased by 26%! None of this should surprise anyone, considering the difficulties we all know exist in long-term care settings. What *is* surprising to us is that the proposed budget requires the board to absorb a 5% cut. For our small program, it will mean a loss of an ombudsman position. This will mean a lay-off of one of the Ombudsmen since we do not often incur vacancies. This will happen at the very time residents, families and facilities alike are making requests for Ombudsmen assistance and presence in facilities as never before.

You know, last fall when we were planning for the new biennium, we thought long and hard about what we could do to meet the demands for our assistance and provide more access to our services. Our Volunteer Ombudsman Program has participating volunteers visiting nursing homes in 4 counties. Given the scarcity of state dollars, expanding this program appeared to be the best course. But this will not be possible under the governor's budget proposal. Consider these several examples of their work:

A Resident went 3 months without a wheelchair. The Volunteer talked to the resident about this, then talked with the social worker. The next day, this resident had a wheelchair and was able to rejoin other residents for daily activities.

Or this situation:

The Volunteer talked with a resident who, because of his advanced

emphysema, needed oxygen 24 hours a day. He told the Volunteer his oxygen tank leaked and there was no back up. He had not complained too much for fear of retaliation. The Volunteer recognized the potential danger this resident was in and called the regional Ombudsman who worked with the facility. The Ombudsman visited the facility, talked with the resident and the social worker. The oxygen the resident was getting *was* insufficient to meet this resident's needs so the facility gave him a new tank and a back up. In addition, during the Ombudsman's talk with the resident, he told her he got pretty upset because his call light did not always work either. The Ombudsman and the social worker discovered that no one's call light worked on this wing when staff used the microwave! The facility corrected this problem. Without this volunteer, this man was in dire straights.

The Volunteer Ombudsman Program was developed 6 years ago with the input and support of the nursing home industry and they remain involved today as members of the Program's Advisory Committee. In fact, we've had several nursing homes around the state call to ask for a volunteer to visit their facility! You probably already know what has happened to our budget request! We planned for positions and resources to expand the Program to cover facilities in the southeastern corridor, including all Milwaukee County, facilities in the Fox Valley and in the north central counties. None of this will occur under the proposed budget.

I know that the picture I've quickly outlined here is not a very pleasant one. None of us can foresee what long term care will really look like in the next several years. But I *do* know that elders in nursing homes, elders in community-based residential facilities and other assisted living and other consumers in the long term care system will continue to look to the Ombudsman Program and its volunteers for help.

I hope these folks are not disappointed when they need us most.

Thanks you again for this opportunity to speak with you.

PARK MANOR, LTD.

250 LAWRENCE AVENUE • PARK FALLS • WI 54552
PHONE: 715-762-2449 • FAX: 715-762-3321

PARK MANOR FACILITY PROFILE

Park Manor, Ltd. is a private Medicare/Medicaid Certified skilled nursing and rehabilitation facility licensed for 166 bed and located in Park Falls, Wisconsin. We consider our area of service to be within approximately a fifty to one hundred mile radius of Park Falls. We care for a variety of residents, including relatively short-term (eight to twelve weeks) rehabilitation, to complicated long-term residents who are medically compromised, to residents with a variety of dementia diagnoses and associated behaviors.

FACTS ABOUT PARK MANOR:

- Park Manor served 238 residents in 2000. Current census is 128 to 135 residents.
- Payer source includes 84% Medical Assistance, 7.6% Medicare, and 8.4% Private Pay.
- Park Manor employs 192 full and part time employees. Current vacancies include 3 full time and 3 part time Certified Nursing Assistants and 1 part time professional nurse..
- Annual 1999 wages were \$2.9 million. Additional benefits were \$700,000.
- In 2000 238 residents were served at Park Manor..
- Labor costs are equal to 60% of Total Facility Care Costs.
- 2000 property taxes were \$59,936.00

RESIDENT/STAFF COMPARATIVE STATISTICS:

	<u>1999</u>	<u>2000</u>	<u>CHANGE</u>	<u>%CHANGE</u>
*Resident Census	161.9	133.0	(28.9)	(17.9%)
*Residents by Level of Care				
- ISN	.5%	1.5%	+1%	+300%
-SNF	72.2%	94.0%	+21.8%	+13%
-ICF	27.3%	4.5%	(22.8%)	(83.5%)
*Employee Hours Per Patient Day				
- Nurses	.66	.83	+.17	+25.8%
-C.N.A.'s	2.13	2.40	+.27	+12.7%

NOTE: In other words, in order to take care of almost 18% fewer residents with greater skilled care needs, it has been necessary to add almost 40% more caregivers.

2000-2001 Nursing Home Medicaid State Plan
Funds Available

	<u>In Millions</u>
Budgeted Amount for Rate Increases	2.00%
Funds from Increased Patient Liability	<u>\$17.20</u>
Total Funds Available	<u>\$5.00</u> \$22.20

Cost to Continue; Current Ceilings From 1998 Cost Reports	\$31.60
Adjustment to use 1999 Cost Reports	<u>\$12.80</u>
Total Cost to Continue Existing Formula Ceilings	\$44.40

Medicaid Underfunding for July 2000 Rates	2.58%	\$22.20
		(\$22.2 / \$17.2) x 2%

<u>Reductions in Ceilings:</u>	<u>% of Medians</u>
Direct Care	2.3% to 0.3%
Support Services	2.0% to -5%
Administration and General	2.0% to -8.8%
Utilities	2.0% to 0.0%

2000-2001 Nursing Home State Plan Funds Available

All amounts in millions

I.	Budgeted Amount for Rate Increases (GPR/FFP) @ 2.0%	\$17.2
II.	Increased Patient Liability	\$5.0
		<u>\$22.2</u>

Total Funds Available for Rate Increases

- | | | |
|-----|--|----------|
| 1. | Cost to Continue @ SFY00 parameters with 98 cost Reports | \$31.6 |
| 2. | Adjustment for Incorporating 99 Cost Reports | \$12.8 |
| 3. | Adjust Occupancy for 99CR Patient days and Licensed Beds & Banked Beds | (\$4.7) |
| 4. | Adjust Occupancy Banked Beds added <700 | \$8.5 |
| 5. | Add T18 Patient Days to EMUA Calculation | \$1.4 |
| 6. | Add single Occupancy Room Incentive @ \$1.00 without Govt Facilities | \$0.2 |
| 7. | Add Govt Facilities to Single Occupancy Incentive | \$0.2 |
| 8. | Increase Labor Factor Transition to 67% | \$1.2 |
| 9. | Eliminate Direct Care Labor Region Hold Harmless II | (\$2.0) |
| 10. | Restore DC Hold Harmless II and Reduce Fuel & Utilities to 100% Median | \$1.8 |
| 11. | Reduce A&G Max to 100% for 40 or Less and 97.9% for >40 beds | (\$8.7) |
| 12. | Reduce SS Max to 95% | (\$10.0) |
| 13. | Reduce Direct Care Max to 100.33% | (\$6.5) |
| 14. | Reduce Increment in DC to \$1.74, SS to \$.60 and AG to \$.32 | (\$3.9) |

\$22.1

Total Uses of Funds

\$0.1

Remaining Funds Available

Note: Totals may not add due to rounding.



Rate Change % Ranges: July 1, 2000 Medicaid Nursing Facility Rates

Level	% Change	Percent				
		Total	Tax Exempt	For Profit	County	Other Govt
1	< -10%	1.0%	1.4%	1.0%	0.0%	0.0%
2	10% to -9	0.0%	1.4%	0.0%	0.0%	0.0%
3	-9% to -8	0.0%	1.4%	0.0%	0.0%	0.0%
4	-8% to -7	0.8%	2.8%	0.5%	0.0%	0.0%
5	-7% to -6	0.3%	2.8%	0.0%	2.2%	0.0%
6	-6% to -5	0.0%	2.8%	0.0%	0.0%	0.0%
7	-5% to -4	0.8%	3.5%	0.5%	0.0%	10.0%
8	-4% to -3	0.8%	4.3%	0.5%	2.2%	10.0%
9	-3% to -2	1.0%	5.0%	1.0%	2.2%	10.0%
10	-2% to -1	4.6%	9.2%	2.6%	15.2%	10.0%
11	-1% to 0%	11.2%	26.2%	3.1%	26.1%	30.0%
12	0% to 1%	16.8%	51.8%	9.7%	23.9%	30.0%
13	1% to 2%	14.5%	72.3%	9.7%	19.6%	30.0%
14	2% to 3%	8.1%	80.1%	9.2%	2.2%	50.0%
15	3% to 4%	7.1%	83.0%	11.2%	2.2%	60.0%
16	4% to 5%	8.7%	88.7%	12.2%	4.3%	60.0%
17	5% to 6%	6.9%	92.9%	10.2%	0.0%	70.0%
18	6% to 7%	2.8%	94.3%	4.6%	0.0%	70.0%
19	7% to 8%	4.6%	96.5%	7.1%	0.0%	80.0%
20	8% to 9%	2.3%	97.9%	3.1%	0.0%	90.0%
21	9% to 10%	1.5%	98.6%	2.6%	0.0%	90.0%
22	> 10%	6.4%	100.0%	11.2%	0.0%	100.0%
		100.0%	100.0%	100.0%	100.0%	100.0%

Source: DHCF Medicaid Audit Staff
 WAHSA
 9/22/00

(3)

**Medicaid Nursing Home Payment Formula
Parameter Comparison
1999-2000 vs. 2000-2001**

Cost Center	1999-2000		2000-2001	
<u>Direct Care</u>				
Median	\$56.13		\$57.23	
Maximum	\$57.42		\$57.42	
Percent Above Median	2.3%		0.33%	
Increment	\$2.39		\$1.74	
Percent Inflation	4.2%		3.0%	
<u>Support Care</u>				
Median	\$20.10		\$21.58	
Maximum	\$20.50		\$20.50	
Percent Above Median	2.0%		<5%>	
Increment	\$.75		\$.60	
Target Before Cost Share	\$21.25		\$21.19	
Percent Inflation	3.7%		3.4%	
*<u>Administration</u>				
	<u>Over 40 Beds</u>	<u>40 or Less Beds</u>	<u>Over 40 Beds</u>	<u>40 or Less Beds</u>
Median	\$10.60	\$12.15	\$11.85	\$12.07
Maximum	\$10.81	\$12.39	\$10.81	\$12.07
Level Above Median	1.02%		91.2%	100%
Increment	\$.39		\$.32	
Percent Inflation	3.7%	3.1%	3.0%	2.7%
<u>Utilities</u>				
Maximums				
I	\$2.06		\$2.31	
II	\$2.04		\$2.30	
III	\$1.98		\$2.24	
IV	\$1.95		\$2.20	
V	\$1.88		\$2.11	
VI	\$1.86		\$2.09	
Level Above Median	102%		00%	
Percent Inflation to Payment Yr	1.0%		4.0%	
Property Tax				
	\$.13		\$.13	
OTC Drugs				
	2.6%		2.6%	
Property-Equalized Value				
	\$48,850/bed		\$50,10/bed	
Other:				
EMU Base Allowance	Up to \$.78		\$.78	
Private Room Incentive (Based on Medicaid/Medicare Census)	None		\$1.00	

**A PROPOSED LEGISLATIVE SOLUTION TO THE
UNDERFUNDING OF NURSING HOMES
BY THE WISCONSIN MEDICAID PROGRAM**

The Issue: The Wisconsin Medicaid Program fails to fund/reimburse 83% of the nursing facilities in this State for the costs they incur to serve their Medicaid residents. Stated differently, the deficit between the costs nursing facilities incur to care for Medicaid residents and the reimbursement government provides to pay for the costs to care for those Medicaid residents is \$100 million. These findings came from a September 2000 study of the financial condition of Wisconsin nursing facilities conducted by BDO Seidman, LLP, an accounting and consulting firm which concluded the Wisconsin nursing facility payment system "ranks near the bottom in adequately reimbursing the Medicaid costs of nursing homes" compared to payment systems in other States.

The Proposed Solution:

- 1) Provide for a 4% Medicaid rate increase for nursing facilities in each year of the 2001-03 biennium.
- 2) Restore the \$22 million in cuts made to the 7/1/00 – 6/30/01 Nursing Home Payment Formula.
- 3) Collapse the current seven nursing facility cost centers funded through the Nursing Home Payment Formula into three: direct care, indirect care, and capital.
- 4) Establish the Medicaid payment ceilings for services provided under those three cost centers (also known as "targets") at 115% of the statewide median of nursing facility direct care (nursing) costs, 110% of the statewide median of facility indirect care costs (laundry, housekeeping, dietary, maintenance, fuel and utilities, property taxes, and administrative/general), and capital costs at 9.5% of a facility's value.

The Cost to Fund This Solution: \$48.7 million GPR in 2001-02 and \$65.4 million GPR in 2002-03.

The Rationale:

- 1) Because the 2% Medicaid rate increase the Governor and the Legislature provided nursing homes in 2000-01 did not approach the 4.58% increase in Medicaid costs the average nursing facility was incurring, the Nursing Home Payment Formula had to be cut by \$22 million for July 1, 2000 – June 30, 2001.
- 2) In order to cut the 7/1/00 – 6/30/01 nursing home formula by \$22 million, the cost center targets had to be lowered. The direct care target, the maximum amount Medicaid will pay Wisconsin nursing facilities for the nursing costs they incur, was cut from 102.3% of the statewide median to 100.33% of the statewide median under the 7/1/00 – 6/30/01 formula. In support services (laundry, housekeeping, dietary and maintenance), the target was dropped from 102% of the statewide median to 95%.
- 3) By contrast, the BDO Seidman study found that in 25 state nursing home payment systems reviewed, 17 of those 25 states set direct care targets at least 15% above the median. The range was from 5% above the median to 35% above the median, compared to Wisconsin's 0.33%. The same was seen in indirect care, where the majority of states reviewed set targets between 10-15% above the median. In Wisconsin, the target is 5% below the median in support services, is at the median for fuel and utilities, and is 8.8% below the median for administrative costs.

- 4) The Wisconsin Department of Health and Family Services has stated Wisconsin's Medicaid rates for nursing facilities are 28th highest in the nation. We are not certain whether that is something to be proud of or ashamed of. However, according to the BDO Seidman study, "higher rates are not necessarily an indication of a better or more equitable payment system. What is relevant is whether Medicaid reimbursement adequately covers the Medicaid costs incurred by nursing homes in the state....Our experience, based upon having prepared cost coverage analyses in over 20% of the states, and having worked in the development or application of Medicaid payment systems in numerous others, is that Wisconsin ranks near the bottom in adequately reimbursing the Medicaid costs of nursing homes."
- 5) The BDO Seidman study stated there are two primary reasons why Wisconsin's Medicaid payment system for nursing homes ranks near the bottom: Because the targets now set are at the lowest level of any of the 25 states studied and because our seven cost centers are more than most states. More cost centers mean fewer facilities are being fully reimbursed for their Medicaid costs since each cost center has its own target.
- 6) In order to modify Wisconsin's payment system to make it comparable, though clearly not superior, to other states, BDO Seidman recommended the current seven cost centers be collapsed into three and that the targets be set at 115% of the statewide median for direct care, 110% for indirect care, and 9.5% of a facility's value for capital. Under this proposal, the number of facilities which would be fully reimbursed for their Medicaid costs would increase from 17% to 60%.
- 7) Even making Wisconsin's payment system comparable to nursing home payment systems in effect throughout the country will still leave 40% of the state's 442 nursing facilities not being fully paid for the Medicaid costs they've incurred.
- 8) Collapsing the number of cost centers and raising the targets of the three new cost centers will only attack the \$100 million "structural deficit" nursing facilities currently face. It merely is an approach to maintain the status quo; it does not provide additional funding to remedy current staffing shortages or enhance employee wage and benefit packages.
- 9) The 4% Medicaid rate increase proposed for nursing facilities in each year of the 2001-03 biennium is a realistic projection of facility inflationary costs. Any percentage increase lower than real inflation will exacerbate the current Medicaid deficit and will fail to address the critical staff recruitment and retention problems facing nursing facilities today. If those problems aren't adequately addressed, access to quality care may be jeopardized.



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Scott McCallum
GOVERNOR

State of Wisconsin

Department of Health and Family Services

WCA/WAHS/WHCA IGT Agreement with DOA/DHFS

- Continue current level of Intergovernmental Transfer (IGT) funds (i.e., \$40.1 million and \$78.1 million in FY 01 and \$37.1 million and \$78.1 million in FY 02 and FY 03 in nursing home base).
- Devote all new IGT funds to the Medicaid Program. The vast majority of IGT funds will be used to address nursing home funding needs.
- IGT funds received by the State will not be utilized to reduce or replace current GPR funding (as adjusted in the Medicaid base reestimate) for the nursing home payment system.
- Propose statutory language to establish an interest-bearing IGT Medicaid Trust Account that will be effective upon passage of enabling legislation. An amount equal to all IGT funds received by the State of Wisconsin during or after FY 2001 will be deposited into the trust account. The vast majority of the trust account balances will be utilized to fund current and future expenditures contemplated under this agreement.
- Counties will be identified to participate in an IGT through a wire transfer. Development and transaction costs will be paid from Trust funds (counties will be fully reimbursed for these costs).
- Increase Medicaid nursing home funding by \$115 million in 2001-02 and by an additional 4% in 2002-03. The 2001-02 funds would be split \$40 million to counties and \$75 million for the reimbursement formula. To facilitate a reasonable determination of how the \$40 million allocated to the counties will be distributed, the Wisconsin Counties Association (WCA), the Wisconsin Association of Homes and Services for the Aging (WAHSA) and the Wisconsin Health Care Association (WHCA) agrees DHFS should model the following formula parameters for distribution of the \$75 million:
 1. Direct Care targets at 104% of the median.
 2. Property/Capital T2 set at 9.5%.
 3. Support Care targets at 95% of the median.
 4. Administration targets at 95% of the median.

These percentages will be adjusted proportionally as necessary to distribute no more than \$75 million. Final formula parameters regarding how the \$75 million will be distributed under the 2001-02 nursing home reimbursement formula will be developed by DHFS and the Associations at a later date.

- The Associations' support of a 4% increase in 2002-03 is committed with the expectation that this level is sufficient to maintain the 2001-02 formula. In the event that this level is insufficient, the Associations reserve the right to seek additional funding from the Legislature.
- The Associations and DOA/DHFS have agreed to distribute the \$40 million IGT county allocation to cover certain operating deficits of certain facilities operated by counties and other local units of government, in the priority order set forth below. (The attached provides the Associations' projected 2001-02 distribution based on this methodology.) If after covering all deficits within a higher priority category remaining funds are insufficient to cover all deficits within the next lower category, remaining funds shall be divided among

facilities within the next lower category in proportion to the amount of their respective deficits.

For 2001-02:

1. Direct care operating deficits of all such facilities.
2. Total (i.e., direct care plus non-direct care) operating deficits of such facilities operated by Sheboygan, Walworth, Rock, Outagamie and Manitowoc Counties, during the period such facilities are downsizing.
3. Non-direct care operating deficits of all such facilities.

For 2002-03:

The priority order noted for 2001-02 shall be modified so that categories #2, #1 and #3 become the revised priority order for 2002-03.

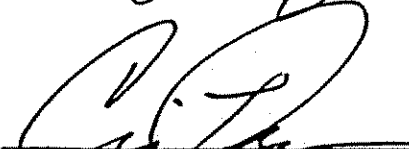
- Sheboygan, Walworth, Rock, Outagamie and Manitowoc Counties will agree to continue pursuing their downsizing plans.
- The Associations will work with DOA/DHFS to eliminate the Ourada Amendment, assuming the agreement holds and the expanded IGT program is achieved (approved by HCFA). If the parties are not successful in eliminating the Ourada Amendment, all parties agree to renegotiate the terms of this agreement.
- The Administration and Associations will work in a unified manner to secure legislative and federal approval of this agreement.


The above represents the entirety of the agreement between the Associations and DOA/DHFS and assumes that additional IGT federal payments secured by the State of Wisconsin will net approximately \$260 million for SFY 01, \$190 million for SFY 02 and \$155 million for SFY 03. Should actual net IGT federal payments result in funding increases significantly higher or lower than projected, all parties pledge to bargain in good faith to renegotiate a revised IGT funding agreement.


Dated this 2nd day of February, 2001:


Secretary, Department of Administration


Secretary, Department of Health and Family Services


Wisconsin Counties Association


Wisconsin Association of Homes and Services for the Aging


Wisconsin Health Care Association

**Estimated Non-Rate Payments to Government Homes
State Fiscal Year 2001/02
Brian Schoeneck; 12/21/00 Projections For SFY 2001/02**

FACILITY	POP ID	1-18 DR. CARE DEFICIT	OVERALL 1-18 DEFICIT	IGT -		Total IGT Payment	Remaining Deficit	Allocates Remaining Funds	Total IGT Payment	Adjusted Deficit
				Direct Care Costs	Plant/Equip. Facilities					
BROWN CO. H.C.C.	171	1,788,462	3,556,213	1,788,462		1,788,462	1,789,761	\$ 276,286	2,061,738	1,484,476
CALUMET HOMESTEAD	202	71,000	138,000	71,000		71,000	67,000	\$ 10,422	81,422	66,578
CLARK CO. H.C.C.	221	1,519,048	2,036,674	1,519,048		1,519,048	617,628	\$ 80,517	1,598,563	437,111
COLUMBIA H.C.C.	231	667,800	993,378	657,600		667,600	335,776	\$ 62,230	708,930	293,648
BADGER PRAIRIE H.C.C.	271	4,886,884	5,483,498	4,886,884		4,886,884	778,814	\$ 120,833	4,807,517	655,881
CLEARVIEW SOUTH	222	2,048,758	2,435,281	2,048,758		2,048,758	386,523	\$ 60,124	2,108,882	326,388
CLEARVIEW NORTH	276	1,790,812	2,989,523	1,790,812		1,790,812	1,178,711	\$ 183,348	1,874,160	696,363
DUNN CO. H.C.C.	280	726,033	937,616	726,033		726,033	211,483	\$ 32,896	758,929	178,687
FOND DU LAC CO. H.C.C.	345	206,083	434,518	206,083		206,083	229,438	\$ 35,689	240,772	183,747
ROLLING MEADOWS N.H.	776	780,543	1,081,731	780,543		780,543	301,188	\$ 46,850	807,393	264,338
ORCHARD MANOR	688	231,000	600,000	231,000		231,000	369,000	\$ 57,398	288,398	311,602
PLEASANT VIEW N.H.	728	1,147,467	1,579,372	1,147,467		1,147,467	431,815	\$ 67,184	1,214,641	384,731
BLOOMFIELD MANOR	186	344,267	377,489	344,267		344,267	33,242	\$ 6,171	349,428	26,071
PINE VIEW N.H.	724	506,653	708,580	506,653		506,653	202,827	\$ 31,585	537,218	171,382
COUNTRYSIDE HOME	241	2,712,607	4,319,748	2,712,607		2,712,607	1,807,242	\$ 250,006	2,862,513	1,367,238
PLEASANT ACRES	728	287,534	394,698	287,534		287,534	107,084	\$ 18,854	304,188	90,410
BROOKSIDE C.C.	170	917,558	1,635,658	917,558		917,558	718,100	\$ 111,700	1,029,258	606,400
HILLVIEW H.C.C.	422	846,887	1,087,821	846,887		846,887	160,834	\$ 23,462	870,449	127,372
LAKEVIEW H.C.	610	1,425,833	1,828,328	1,425,833		1,425,833	402,686	\$ 62,639	1,488,272	340,058
LAFAYETTE MANOR	502	562,789	726,740	562,789		562,789	182,951	\$ 26,347	588,136	137,604
PINE CREST N.H.	718	383,000	576,000	383,000		383,000	192,000	\$ 28,866	412,866	182,134
MANITOWOC H.C.C.	532	1,087,435	1,789,209	1,087,435	681,774	1,789,209	-	\$ -	1,789,209	-
NORTH CENTRAL H.C.F.	982	2,432,781	3,380,677	2,432,781		2,432,781	957,896	\$ 149,001	2,581,782	808,896
MILWAUKEE CO. REHAB.	564	4,037,453	6,819,853	4,037,453		4,037,453	2,882,400	\$ 448,357	4,485,810	2,434,043
ROLLING HILLS N.H.	776	458,400	635,013	458,400		458,400	178,613	\$ 27,472	485,872	149,141
OUTAGAMIE CO. H.C.	671	1,872,784	2,280,482	1,872,784	607,678	2,280,462	-	\$ -	2,280,462	-
LASATA C.C.	513	1,492,239	1,887,857	1,492,239		1,492,239	195,618	\$ 30,428	1,522,667	185,180
GOLDEN AGE MANOR	380	455,187	687,878	455,187		455,187	232,792	\$ 36,211	491,398	196,581
PORTAGE CO. H.C.C.	731	774,582	842,521	774,582		774,582	187,839	\$ 28,123	800,706	141,818
RIDGEWOOD C.C.	416	1,861,752	2,557,635	1,861,752		1,861,752	705,783	\$ 108,785	1,961,537	595,998
PINE VALLEY H.C. & REHAB.	722	481,071	545,225	481,071		481,071	64,154	\$ 9,979	491,050	54,175
ROCK CO. H.C.C.	772	8,890,338	10,638,980	8,890,338	1,748,622	10,638,960	-	\$ -	10,638,960	-
RUSK CO. MEM. HOSP. & N.H.	780	389,571	713,497	389,571		389,571	323,826	\$ 50,387	439,958	273,539
SAUK CO. H.C.C.	807	1,072,736	1,737,124	1,072,736		1,072,736	864,388	\$ 103,345	1,176,082	561,042
MAPLE LANE H.C.C.	636	6,000	6,000	6,000		6,000	80,000	\$ 12,444	18,444	87,558
ROCKY KNOLL H.C.F.	774	1,107,178	1,868,531	1,107,178	759,355	1,868,531	-	\$ -	1,868,531	-
SHEBOYGAN CO. COMP. H.C.	814	1,200,220	1,551,219	1,200,220	350,999	1,551,219	-	\$ -	1,551,219	-
SUNNY RIDGE	857	1,523,903	1,736,577	1,523,903	212,674	1,736,577	-	\$ -	1,736,577	-
ST. CROIX H.C.	832	917,484	1,331,200	917,484		917,484	413,736	\$ 64,357	981,821	349,379
PIGEON FALLS H.C.C.								\$ -		
TREMPEALEAU CO. H.C.C.	884	837,053	801,226	837,053		837,053	184,173	\$ 25,537	662,590	138,638
VERNON MANOR	913	287,189	517,347	287,189		287,189	230,178	\$ 35,804	322,973	184,374
LAKELAND N.H.	608	5,893,803	7,971,418	5,893,803	2,077,815	7,971,418	-	\$ -	7,971,418	-
SAMARITAN HEALTH CENTER	803	1,420,780	2,095,789	1,420,780		1,420,780	675,009	\$ 104,898	1,525,778	670,011
LAKEVIEW MANOR	508	377,077	595,787	377,077		377,077	218,720	\$ 34,022	411,089	184,888
PARKVIEW - PLEASANT ACRES	951	1,807,875	2,803,435	1,807,875		1,807,875	895,680	\$ 154,859	1,962,734	840,701
PARKVIEW - REHAB. PAVILION	952	1,732,250	2,186,575	1,732,250		1,732,250	463,325	\$ 72,070	1,804,320	391,255
EDGEWATER HAVEN N.H.	308	547,551	785,247	547,551		547,551	217,896	\$ 33,863	581,414	183,833
NORWOOD H.C.	613	847,827	1,177,785	847,827		847,827	329,838	\$ 51,306	899,233	278,532
ALGOMA MEM. L.T.C.	103	128,156	177,487	128,156		128,156	49,331	\$ 7,873	135,929	41,658
AUGUSTA AREA N.H.	118	107,588	184,448	107,588		107,588	78,850	\$ 11,954	119,552	64,888
BALDWIN C.C.	592	6,000	3,000	3,000		3,000	-	\$ -	3,000	-
FALL CREEK VALLEY N.H.	332	78,884	164,604	78,884		78,884	75,720	\$ 11,778	90,562	63,842
HERITAGE OF ELMWOOD	412	5,000	47,381	5,000		5,000	42,381	\$ 6,592	11,592	35,789
KNAPP HAVEN N.H.	483	14,000	45,000	14,000		14,000	31,000	\$ 4,822	18,822	26,178
MARINUKA MANOR	543	-	-	-		-	-	\$ -	-	-
NORSELAND N.H.	607	1,000	2,400	1,000		1,000	1,400	\$ 218	1,218	1,182
PIONEER N.H.	728	-	14,000	-		-	14,000	\$ 2,178	2,178	11,822
SPRING VALLEY H.C.C.	826	-	-	-		-	-	\$ -	-	-
TOTALS		67,459,401	94,498,034	67,456,401	6,438,917	73,895,318	20,802,716	3,204,762	77,100,070	17,397,864
Remaining IGT						3,204,652		0.1556		
Total IGT Payments						77,100,000				

WAHSA: Brian Schoeneck; 12/21/00

Table 21: Major MA Expenditure Categories -- Fiscal Years 1995-96 through 1999-00

Service	Expenditures				Percent Change Over Previous Year			Ave. Annual Percentage Change	
	1995-96	1996-97	1997-98	1998-99	1999-00	1996-97	1997-98		1998-99
Long-Term Care									
Institutional									
Nursing Home	\$875,136,957	\$870,764,500	\$870,693,860	\$887,000,286	\$903,545,311	-0.5%	0.0%	1.8%	1.9%
State Centers	116,060,945	116,689,898	111,929,875	115,656,332	114,135,586	0.6	-4.1	3.3	-1.3
Total Institutional	\$991,199,902	\$987,454,398	\$982,623,735	\$1,002,656,618	\$1,017,680,897	-0.4%	-0.5%	2.0%	1.5%
Community-Based									
Waiver Programs	\$159,958,158	\$191,465,340	\$243,427,989	\$262,790,277	\$325,929,862	19.7%	27.1%	8.0%	24.0%
Special Managed Care	8,751,276	11,876,600	18,335,800	26,611,000	42,802,300	35.7	54.4	45.1	60.8
Family Care CMOs	0	0	0	0	6,973,563	0.0	0.0	0.0	0.0
Home Hlth/ Personal Care	91,165,211	101,415,656	117,605,544	127,161,980	137,244,176	11.2	16.0	8.1	7.9
Total Community-Based	\$259,874,645	\$304,757,596	\$379,369,333	\$416,563,257	\$512,949,901	17.3%	24.5%	9.8%	23.1%
Total Long-Term Care	\$1,251,074,547	\$1,292,221,994	\$1,362,193,168	\$1,419,219,875	\$1,530,630,798	3.3%	5.4%	4.2%	7.9%
Acute Care									
Acute Managed Care	\$218,726,970	\$273,377,312	\$305,214,577	\$312,406,822	\$344,896,038	25.0%	11.6%	2.4%	10.4%
Fee-For-Service									
Institutional									
Inpatient Hospital	\$299,382,360	\$290,931,529	\$253,100,377	\$245,395,128	\$257,100,806	-2.8%	-13.0%	-3.0%	4.8%
Outpatient Hospital	65,558,940	60,325,280	49,375,336	48,399,572	54,637,657	-8.0	-18.2	-2.0	12.9
Total Hospital	\$364,941,300	\$351,256,809	\$302,475,713	\$293,794,700	\$311,738,463	-3.7%	-13.9%	-2.9%	6.1%
Non-Institutional									
Net Drug (Payments-Rebates)	\$151,050,250	\$165,139,772	\$183,761,501	\$210,079,213	\$274,276,452	9.3%	11.3%	14.3%	30.6%
Physicians	84,255,694	74,555,174	57,429,785	53,318,644	62,444,768	-11.5	-23.0	-7.2	17.1
Dental	16,078,533	15,517,444	14,719,247	14,877,518	19,491,744	-3.5	-5.1	1.1	31.0
Other Non-Institutional	192,627,229	196,330,689	193,800,538	205,980,733	247,416,675	1.9	-1.3	6.3	20.1
Total Non-Inst. Fee-For-Service	\$444,011,706	\$451,543,079	\$449,711,071	\$484,256,108	\$603,629,639	1.7%	-0.4%	7.7%	24.7%
Total Fee-For-Service Acute Care	\$808,953,006	\$802,799,888	\$752,186,784	\$778,050,808	\$915,368,102	-0.8%	-6.3%	3.4%	17.6%
Total Acute Care	\$1,027,679,976	\$1,076,177,200	\$1,057,401,361	\$1,090,457,630	\$1,260,284,140	4.7%	-1.7%	3.1%	15.6%
Other Items									
Medicare Premium, Copays, Deduc	\$130,181,545	\$132,048,715	\$131,426,207	\$127,814,009	\$130,395,142	1.4%	-0.5%	-2.7%	2.0%
Other Payments	11,445,612	5,090,898	8,573,132	10,945,167	8,953,179	-55.5	68.4	27.7	-18.2
Estate Recoveries	-9,711,562	-12,407,317	-13,224,471	-13,375,781	-15,289,189	27.8	6.6	1.1	14.2
Other Recoveries	-37,349,157	-38,174,065	-27,521,702	-30,008,821	-38,806,230	2.2	-27.9	9.0	29.3
Total Other Items	\$94,566,438	\$86,558,231	\$99,253,166	\$95,374,574	\$85,278,902	-8.5%	14.7%	-3.9%	-10.6%
TOTAL NET EXPENDITURES	\$2,373,320,961	\$2,454,957,425	\$2,518,847,695	\$2,605,052,079	\$2,876,173,840	3.4%	2.6%	3.4%	10.4%

WAHSA
Mean Wage Rate Calculations

	1995 CR		1996 CR		1998 CR		1999 CR		STATE		AVERAGE		
	CYC	3% Increase	SWC	3% Increase	NWC	3% Increase	W/Vet/NF	AVERAGE WAGE	FRINGE	FRINGE	FRINGE	N.F. WAGE & FRINGE	AVERAGE N.F. WAGE & FRINGE
Registered Nurse	\$ 19.03	\$ 19.60	\$ 22.48	\$ 23.15	\$ 20.76	\$ 21.38	\$ 21.99	\$ 21.53	\$ 30.47	\$ 22.42	\$ 8.06	\$ 18.81	\$ 22.42
Licensed Prac. Nurse	\$ 13.29	\$ 13.69	\$ 13.64	\$ 14.05	\$ 14.00	\$ 14.42	\$ 13.67	\$ 13.86	\$ 19.75	\$ 16.67	\$ 3.08	\$ 13.99	\$ 16.67
Nursing Assistant	\$ 11.77	\$ 12.12	\$ 12.04	\$ 12.40	\$ 12.31	\$ 12.68	\$ 11.65	\$ 12.21	\$ 17.29	\$ 11.09	\$ 6.18	\$ 9.31	\$ 11.09
Ward Clerk	\$ 13.53	\$ 13.94	\$ 10.94	\$ 11.27	\$ 11.13	\$ 11.46	\$ 12.20	\$ 12.22	\$ 17.29	\$ 11.87	\$ 6.42	\$ 9.98	\$ 11.87
Social Services	\$ 17.87	\$ 18.20	\$ 15.20	\$ 15.66	\$ 18.30	\$ 18.85	\$ 16.09	\$ 17.20	\$ 24.34	\$ 18.48	\$ 7.88	\$ 13.81	\$ 18.48
Activity Director/Staff	\$ 18.25	\$ 18.80	\$ 16.80	\$ 17.30	\$ 16.42	\$ 16.91	\$ 15.93	\$ 17.24	\$ 24.39	\$ 11.98	\$ 12.43	\$ 10.04	\$ 11.98
Dietary	\$ 11.06	\$ 11.39	\$ 9.84	\$ 10.14	\$ 11.59	\$ 11.94	\$ 10.85	\$ 11.08	\$ 15.68	\$ 10.46	\$ 5.22	\$ 8.78	\$ 10.46
Maintenance	\$ 15.48	\$ 15.92	\$ 16.59	\$ 17.09	\$ 16.05	\$ 16.53	\$ 15.29	\$ 16.21	\$ 22.84	\$ 14.43	\$ 8.61	\$ 12.11	\$ 14.43
Housekeeping	\$ 10.80	\$ 11.23	\$ 9.85	\$ 10.15	\$ 10.53	\$ 10.85	\$ 11.14	\$ 10.84	\$ 15.34	\$ 9.76	\$ 5.68	\$ 8.19	\$ 9.76
Laundry	\$ 10.28	\$ 10.59	\$ 10.87	\$ 11.20	\$ 10.31	\$ 10.62	\$ 9.40	\$ 10.45	\$ 14.78	\$ 9.69	\$ 5.10	\$ 8.13	\$ 9.69
Fringe Ratio	0.4116	0.4071	0.4439	0.3985	0.4153	0.3985	0.4153	0.3985	0.4153	0.1917			

	FTE's Per 100 Residents(2)		FTE's 42,800 Residents		Annual Hours	Wage/ Fringe Differential	Total Cost Wage and Fringe	Wage Differential	Total Cost Wage Only
	11.6	7.7	4941.8	3280.2					
Registered Nurses	11.6	7.7	4941.8	3280.2	10,278,528	\$ 8.06	\$ 82,844,938	\$ 2.72	\$ 27,978,410
Licensed Prac. Nurses	7.7	39.8	3280.2	16954.8	6,822,818	\$ 3.08	\$ 21,014,273	\$ (0.03)	\$ (225,323)
Nursing Assistants	39.8	1.2	16954.8	511.2	35,265,984	\$ 6.19	\$ 218,296,441	\$ 2.90	\$ 102,391,258
Ward Clerk	1.2	2.0	511.2	852.0	1,083,296	\$ 5.42	\$ 5,763,064	\$ 2.26	\$ 2,399,859
Social Services	2.0	3.5	852.0	1491.0	1,772,160	\$ 7.88	\$ 13,964,621	\$ 3.39	\$ 6,005,452
Activity Director/Staff	3.5	11.8	1491.0	5026.8	3,101,280	\$ 12.43	\$ 38,548,910	\$ 7.20	\$ 22,316,888
Dietary	11.8	3.0	5026.8	1278.0	10,455,744	\$ 5.22	\$ 54,578,984	\$ 2.30	\$ 24,034,357
Maintenance	3.0	7.6	1278.0	3237.6	2,659,240	\$ 8.51	\$ 22,821,622	\$ 4.10	\$ 10,894,132
Housekeeping	7.6	4.5	3237.6	1817.0	6,734,208	\$ 5.56	\$ 37,576,891	\$ 2.65	\$ 17,842,958
Laundry	4.5	92.7	1817.0	39,490.2	3,897,360	\$ 5.10	\$ 20,335,538	\$ 2.32	\$ 9,254,483
Medicaid Percentage					82,139,616		\$ 515,545,288		\$ 222,892,454
Medicaid Costs							\$ 69,50%		\$ 69,50%
							\$ 368,303,961		\$ 164,910,268

(1) From Median Comparison for 405 1999 Medicaid Cost Reports

(2) Source: DHFS Report; Wisconsin Nursing Homes and Residents-1998

Prepared By: WAHSA
Brian R. Schoeneck; 8/13/00

WAHSA/WHCA Occupancy, Staffing and Admissions Survey Results

(as of 12/22/00)

THERE WERE **257** FACILITIES WHO COMPLETED THE SURVEY.

1. The average percentage occupancy level at facilities is:	91.5%
2. The average percentage of Medicaid recipient is:	68.6%
3. 34 out of 257 facilities are currently suspending or restricting admissions.	13.2%
3a. 48 out of 223 facilities have suspended or restricted admissions in the last 6 months.	21.5%
In the last 6 months 82 out of 257 facilities have or are now suspending or restricting admissions.	31.9%
3b. 110 out of 257 facilities have a waiting list for admissions.	42.8%
3c. 80 out of 257 facilities have denied or delayed admissions that have been denied or delayed due to staffing limitations in the last 6 months.	31.1%
The total number of denied or delayed admissions:	1,434

TOTALS OF 257 FACILITIES:

Note: WAHSA and WHCA are reviewing the survey results to determine the number of vacant positions that are filled by pool agency staff.

TITLES	AVG. % VACANT PER FACILITY
CNA	15.9
L.P.N.	15.0
R.N.	14.5

4. 138 out of 251 facilities have been advised by a pool agency in the last 6 months that it has no staff.	53.7%
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◆◆◆◆◆ WISCONSIN ANNUAL SURVEY OF NURSING HOMES ◆◆◆◆◆

This publication presents summary information from the 1999 Wisconsin Annual Survey of Nursing Homes. This year, nursing homes are analyzed separately from facilities for the developmentally disabled (see Notes). Wisconsin had 424 licensed nursing homes and 47,296 nursing home beds in 1999. On December 31, 1999, there were 39,719 residents in Wisconsin nursing homes.

NURSING HOME CHARACTERISTICS, 1999

License type	No. of Homes	No. of Beds	Percent Occupancy
Skilled Nursing (SNF)	416	46,823	84.6%
Intermediate Care (ICF)	4	134	79.1
Mental Disease (IMD)	4	267	82.8
All Nursing Homes	424	47,296	84.6%

NURSING HOME EMPLOYEES, 1999

Type of employee	Number	% Part-Time	FTEs Per 100 Residents
Nursing Staff			
RNs	5,913	50	11
LPNs	3,936	53	8
Nurse Aides	20,090	52	39
All Employees	52,330	53	98

AVERAGE PER DIEM RATES, 1999

Level of care	Medicare Assistance	Medical Assistance	Private Pay
Intense skilled	\$231	\$118	\$131
Skilled	\$232	99	135
Intermediate	---	84	124
All levels	\$232	\$98	\$134

ESTIMATED ANNUAL COST OF CARE*

Cost of nursing home care (in billions)	1999	1995	1990
	\$1.73	\$1.65	\$1.10

*Based on average per diem rate on December 31 by level of care, reimbursement source, and inpatient days. Excludes charges for drugs and physician, dental, and therapy services.

◆◆◆◆◆ ADMISSIONS DURING THE YEAR ◆◆◆◆◆

	1999	1995	1990
• Number of admissions	51,186	39,203	27,392
• Percent by pay source			
Medicaid	14%	16%	25%
Medicare	66	62	38
Private Pay	15	21	35
Managed Care	4	---	---
Other	1	1	2
• Percent by level of care			
Intense skilled	6%	2%	2%
Skilled	91	94	86
Intermediate	2	4	12
• Percent by place from which admitted			
Private residence	11%	15%	17%
General hospital	79	69	68
Other nursing home	5	6	7
Other	5	10	8
• Percent by age			
Age 65 and over	91%	92%	---
Age 85 and over	36	36	---
Age 95 and over	4	4	---
• Number discharged or died	51,984	39,757	29,687

DISCHARGES DURING THE YEAR

	1999	1995	1990
• Percent by place to which discharged			
Private residence	40%	36%	26%
General hospital	16	13	17
Nursing home	5	6	7
Other	8	7	5
Deaths	31	38	45

◆◆◆◆◆ RESIDENTS ON DECEMBER 31 ◆◆◆◆◆

	1999	1995	1990
• Number of residents	39,719	43,767	44,783
• Percent female	71%	71%	70%
• Percent by age			
Age 65 and older	93%	93%	93%
Age 85 and older	50	47	47
Age 95 and older	9	7	8
• Percent by pay source			
Medicaid	67%	64%	63%
Medicare	8	10	4
Private Pay	24	25	32
Other	1	1	1
• Percent by level of care			
Intense skilled	3%	2%	2%
Skilled	84	80	67
Intermediate	11	16	26
• Percent with selected diagnoses*			
Alzheimer's Disease	12%	12%	8%
Other Organic/Psychotic	15	6	9
Cardiovascular	15	23	20
Cerebrovascular	11	15	---
• Condition listed as the "primary disabling diagnosis"			
• Percent with...			
Court-appointed guardian	20%	21%	15%
Protective placement	17%	18	9
• Percent with....			
Activated power of attorney for health care	31%	19%	---
Advance directives for health care	79%	76%	---

Bethel Homes

**PRESS RELEASE
FOR IMMEDIATE RELEASE**

**Contact: Tom Moore, Executive Director
WHCA Phone: 608-257-0125
John Sauer, Executive Director**

Sept. 18, 2000

WAHSA Phone: 608-255-7060

Medicaid funding threatens Wisconsin nursing home care

Wisconsin's Medicaid program paid the state's nursing homes \$100 million less than the cost of caring for the state's most elderly and frail long-term care consumers, according to a report released today by a national accounting and business consulting firm.

The study found that 83 percent of the state's Medicaid-certified facilities do not receive a payment rate that meets the daily cost of providing care to their Medicaid recipients. The state's Medicaid program is responsible for paying the long-term care bills for 70 percent of the residents in Wisconsin's nursing homes.

"I believe Wisconsin has among the worst payment systems of any in this country," said Joseph Lubarsky, a CPA and partner in the BDO Seidman firm which conducted the study. "Without question, the inadequacies of the Wisconsin Medicaid payment system have had the greatest impact in the financial and operational condition of Wisconsin's nursing facilities," said Lubarsky, who authored the report.

"We are outraged by the level of Medicaid funding that has been committed to serving the needs of the state's poorest and sickest residents," said Tom Moore, executive director of the Wisconsin Health Care Association. "We are expected to provide a home-like environment and the highest quality of care to individuals with complex needs. Yet the average Medicaid payment is \$4 per hour - an hourly rate lower than most teenage baby sitters receive."

"The state's Medicaid program has been on a decade-long journey of being ratcheted down," added John Sauer, executive director of the Wisconsin Association of Homes and Services for the Aging. "Policy makers are prudent to try to contain health care costs, but not if it produces a system that dictates the erosion of quality, limits access, and provides inadequate wages to the 57,000 caregivers employed by nursing homes."

"Nursing facilities are a valuable and indispensable part of our long term care system," Sauer and Moore said. "A major infusion of funding is required if facilities are to maintain the quality of care for the state's most elderly and disabled citizens."

#

FACT SHEET

The Financial Crisis In Wisconsin's Nursing Facilities

Confronting a fiscal crisis unparalleled in the history of their membership, the state's two largest nursing home associations* jointly engaged the national accounting firm of BDO Seidman, LLP, to conduct an in-depth analysis of the condition of Wisconsin's nursing home facilities. The study found that Wisconsin's nursing facilities are in fact in serious financial condition.

It identified several factors contributing to their distressed status, but concluded "the inadequacies of the Wisconsin Medicaid payment system have, without question, had the greatest impact in the deterioration of the financial and operational conditions of the Wisconsin nursing facilities."

The BDO Seidman** study examined nursing home cost and payment information collected by the Wisconsin Department of Health and Family Services (DHFS) for its Medicaid rate setting database. The data base consists of state-audited facility-specific resident care cost data the state uses in setting 328 nursing home rates for the 1999-2000 payment year, which commenced July 1, 1999. (While there are 417 nursing homes participating in the state's Medicaid program, DHFS had established 1999-2000 Medicaid rates for 328 when the BDO study commenced on May 15, 2000.)

The following are some of the major findings contained in the BDO study:

- Wisconsin's Medicaid program is the source of payment for nearly 70% of the 43,000 individuals living in Wisconsin's nursing facilities.
- State Medicaid payment to nursing facilities are woefully inadequate; In 1999-2000, Medicaid paid facilities \$100 million less than the cost of providing resident care.
- In 1999-2000, 83% of the state's Medicaid certified facilities did not receive Medicaid payments sufficient to meet the cost of providing resident care.

- In 1999-2000, facilities' Medicaid losses average nearly \$11 per day for each Medicaid resident. For an average 100-bed facility with 70% Medicaid census, this translates into an annual loss of \$250,000.
- Wisconsin's nursing facilities operate in the red. Taking into account all payment sources (Medicare, Medicaid, private payment and insurance) the average operating margin for all Wisconsin nursing facilities in 1999-2000 was a negative 4.79%.
- BDO Seidman's analysis documents that, without question, inadequate Medicaid payments had the single greatest impact on the deterioration of the financial and operational conditions of Wisconsin's nursing facilities.
- During 2000-2001, the projected financial and operational conditions of Wisconsin's nursing facilities is even more bleak. The state Medicaid program has announced the Medicaid's 2000-2001 cost recognition ceilings used to determine facility payments will be further reduced and these cuts will be applied retroactively beginning July 1, 2000.
- Wisconsin's 2000-2001 Medicaid payment ceilings, measured as a percentage of nursing facility costs paid, are the lowest in the United States. In 2000-2001, the average facility Medicaid loss for a 100-bed facility with 70% Medicaid census is expected to reach \$300,000.
- To improve Wisconsin's Medicaid nursing facility payment system to a level where only 40% of the state's facilities experience Medicaid deficits, compared to 83% currently, will require additional Medicaid funding of more than \$80 million.

**The Wisconsin Health Care Association represents 250 for-profit, not-for-profit, and government-operated nursing facilities. The Wisconsin Association of Homes and Services for the Aging represents 198 not-for-profit and government-operated facilities. (Some facilities belong to both organizations.)*

***BDO Seidman is a national accounting and business consulting firm with 40 offices around the United States. The author, Joseph Lubarsky, is a CPA and partner in the firm. He specializes in the redesign and development of state Medicaid payment systems.*

I started Evansville Manor Skilled Nursing & Rehabilitation Center in 1971 (an Evansville area community project in a town of about 3000 people).

Funding for this project was virtually entirely mortgaged, consisting of 6 bank loans, a SBA loan, and bonds/debentures that were sold to multitudes living in the area. A "not wanting to be a burden to the community or any governmental body philosophy" prompted incorporation as a tax paying entity rather than a 501c3 non-profit, tax exempt facility.

Evansville Manor employs about 150 people with a payroll of just under \$3 million. Additionally it expends about another million into the economy, including income and sales taxes, property taxes, utilities, food and supplies, insurance, and, of course, a myriad of other taxes/benefits such as workers' compensation insurance, state and federal unemployment taxes, FICA & Medicare, employee retirement, etc. The recognized standard economic multiplier effect of 2.1 of net employee payroll would indicate that we, "as a business" add \$4.2 million to the economy.

Our facility, last year, continued to be profitable. That's the good news! Many facilities were not and are in various stages of bankruptcy or financial reorganization. Or, the probably more difficult position of trying to maintain viability, but "losing the battle".

However, like most facilities losing money on Medicaid patients (I will call them patients rather than residents as they are such, and are in need of skilled care on a daily basis), our loss exceeded \$30 per patient each day. This had to be made up by our private pay patients as we have no other source of income, e.g., "church contributions" in the case of those religiously affiliated facilities, and taxes, in the case of governmentally operated facilities.

This financial loss was recognized by a Medicaid rate increase of 29 cents per patient day retroactive to July 1, 2000. So we are now losing all of 29 cents per patient day less than we did last year. However, necessary wage rate increases far exceeded this amount.

Due to our proximity to Madison, and even other employers, including the State of Wisconsin, we must try to compete, especially in the health care professions. Of course, we have lost employees, especially to the State, with whom we can not be competitive in either salaries or benefits.

In order to continue operating, as much as possible, we have to continue to monitor the percentage of Medicaid patients that we admit, as private pay patient "subsidization" is limited. As this is only treating a symptom and not the disease, something must be done to dramatically increase Medicaid reimbursement to nursing homes. A temporary infusion of funds will only provide a "stop-gap" measure. And then the best we will be able to say is "the operation was a success but the patient died".

Clifford D. Woolever
Administrator,
Evansville Manor
470 Garfield Ave.
Evansville, WI 53536
(608) 882-5700

Good afternoon and thank you for this opportunity.

My name is Terry McGinnity and I'm the administrator at the Good Samaritan Center in Lodi.

I will try to keep my comments brief and then hand the mike over to my far more eloquent friend and colleague, Kathy White.

1st and foremost—as you already know—I hope—we have a staffing crisis in our Wisconsin nursing homes. Facilities are screaming for adequate numbers of nurses, nursing assistants, cooks and others—the greatest need is, indeed, in nursing.

We especially feel the labor crunch here in the Greater Madison area with the extremely low unemployment rate. Lodi is a bedroom community to Madison and most Lodians commute daily—we are only 25 minutes from either the east or west side of Madison.

Hence, our facility competes with Madison for potential workers living in and around Lodi—we must offer competitive wages and benefits in an attractive work environment if we hope to survive.

Right now, we seem to be holding our own—we only have 4 openings for CNAs and 1 for a nurse—please don't get me wrong, however—we would dearly love to dramatically increase the nursing staff to resident ratio in our facility—if we could afford to do it and find the people.

Our relative stability is due in part to the driving up of wages in recent years—^{do} they still are not to where I'd like to see them—^{recent} especially for CNAs—but they have been improved. I thank you for the wage pass through legislation—it did help some but not quite enough.

Unfortunately, however, Medicaid increases have not kept pace with what we've done in the labor market. For instance, we just gave a 4.5 % wage increase on January 1st and our most recent Medicaid increase was 6/10 of 1%.

In our facility, we provide around the clock professional nursing care, social services, activities, three meals a day, housekeeping, laundry service,

maintenance and administrative services—we do it all in a comfortable, pleasant and safe environment.

We are doing it for the oldest, sickest and most frail adults in the Lodi area.

And we are doing all of this for a cost of about \$126 per person per day—please compare this with the lodging industry or any other entity in the hospitality industry.

Unfortunately, there is a \$20 per person per day gap in our facility between our cost and our Medicaid reimbursement—the Title 19 program pays us about \$106 per person per day for our Medicaid-eligible folks—about 60% of our population.

We have lived with the Medicaid gap for a long time—it's our reality—In my 10-plus years in Wisconsin, however, it's never been quite this wide a gap. In 1990 in Lodi the gap was about \$5/resident-day—ten years later it has quadrupled.

Anything you can do to close that gap would be greatly appreciated. It's just not right that our costs are so far from being covered for our Medicaid population.

One final note—it's our impression that divestment activity is as alive and well in Lodi as it's ever been—clever attorneys continue to widen the loopholes for their well-heeled clients. Plenty of folks of means are either shielding or shedding assets and becoming Medicaid-eligible. It might be time once again to look at tightening if not closing those loopholes.

Thank you for listening to me—please listen now to Kathy White, our Activities Coordinator in Lodi—please know that Kathy is just the kind of compassionate and committed individual that all of us want our loved ones to be cared for by in Wisconsin's skilled nursing facilities.

**A PROPOSED LEGISLATIVE SOLUTION TO THE
UNDERFUNDING OF NURSING HOMES
BY THE WISCONSIN MEDICAID PROGRAM**

The Issue: The Wisconsin Medicaid Program fails to fund/reimburse 83% of the nursing facilities in this State for the costs they incur to serve their Medicaid residents. Stated differently, the deficit between the costs nursing facilities incur to care for Medicaid residents and the reimbursement government provides to pay for the costs to care for those Medicaid residents is \$100 million. These findings came from a September 2000 study of the financial condition of Wisconsin nursing facilities conducted by BDO Seidman, LLP, an accounting and consulting firm which concluded the Wisconsin nursing facility payment system "ranks near the bottom in adequately reimbursing the Medicaid costs of nursing homes" compared to payment systems in other States.

The Proposed Solution:

- 1) Provide for a 4% Medicaid rate increase for nursing facilities in each year of the 2001-03 biennium.
- 2) Restore the \$22 million in cuts made to the 7/1/00 – 6/30/01 Nursing Home Payment Formula.
- 3) Collapse the current seven nursing facility cost centers funded through the Nursing Home Payment Formula into three: direct care, indirect care, and capital.
- 4) Establish the Medicaid payment ceilings for services provided under those three cost centers (also known as "targets") at 115% of the statewide median of nursing facility direct care (nursing) costs, 110% of the statewide median of facility indirect care costs (laundry, housekeeping, dietary, maintenance, fuel and utilities, property taxes, and administrative/general), and capital costs at 9.5% of a facility's value.

The Cost to Fund This Solution: \$48.7 million GPR in 2001-02 and \$65.4 million GPR in 2002-03.

The Rationale:

- 1) Because the 2% Medicaid rate increase the Governor and the Legislature provided nursing homes in 2000-01 did not approach the 4.58% increase in Medicaid costs the average nursing facility was incurring, the Nursing Home Payment Formula had to be cut by \$22 million for July 1, 2000 – June 30, 2001.
- 2) In order to cut the 7/1/00 – 6/30/01 nursing home formula by \$22 million, the cost center targets had to be lowered. The direct care target, the maximum amount Medicaid will pay Wisconsin nursing facilities for the nursing costs they incur, was cut from 102.3% of the statewide median to 100.33% of the statewide median under the 7/1/00 – 6/30/01 formula. In support services (laundry, housekeeping, dietary and maintenance), the target was dropped from 102% of the statewide median to 95%.
- 3) By contrast, the BDO Seidman study found that in 25 state nursing home payment systems reviewed, 17 of those 25 states set direct care targets at least 15% above the median. The range was from 5% above the median to 35% above the median, compared to Wisconsin's 0.33%. The same was seen in indirect care, where the majority of states reviewed set targets between 10-15% above the median. In Wisconsin, the target is 5% below the median in support services, is at the median for fuel and utilities, and is 8.8% below the median for administrative costs.

Centers for the Developmentally Disabled

- **Northern Wisconsin Center**

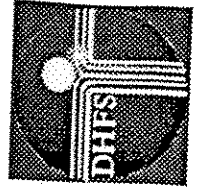
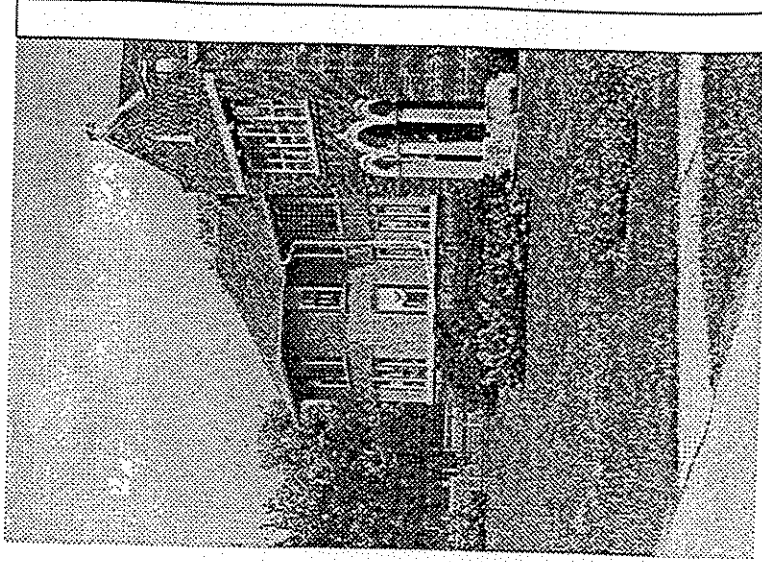
- Location: Chippewa Falls
- Budget (FY 01): \$28.9 million & 604 FTE
- Rate: \$431/day; Current Population: 200 / 89

- **Central Wisconsin Center**

- Location: Madison
- Budget (FY 01): \$50.2 million & 970 FTE
- Rate: \$368/day; Current Population: 394- 377

- **Southern Wisconsin Center**

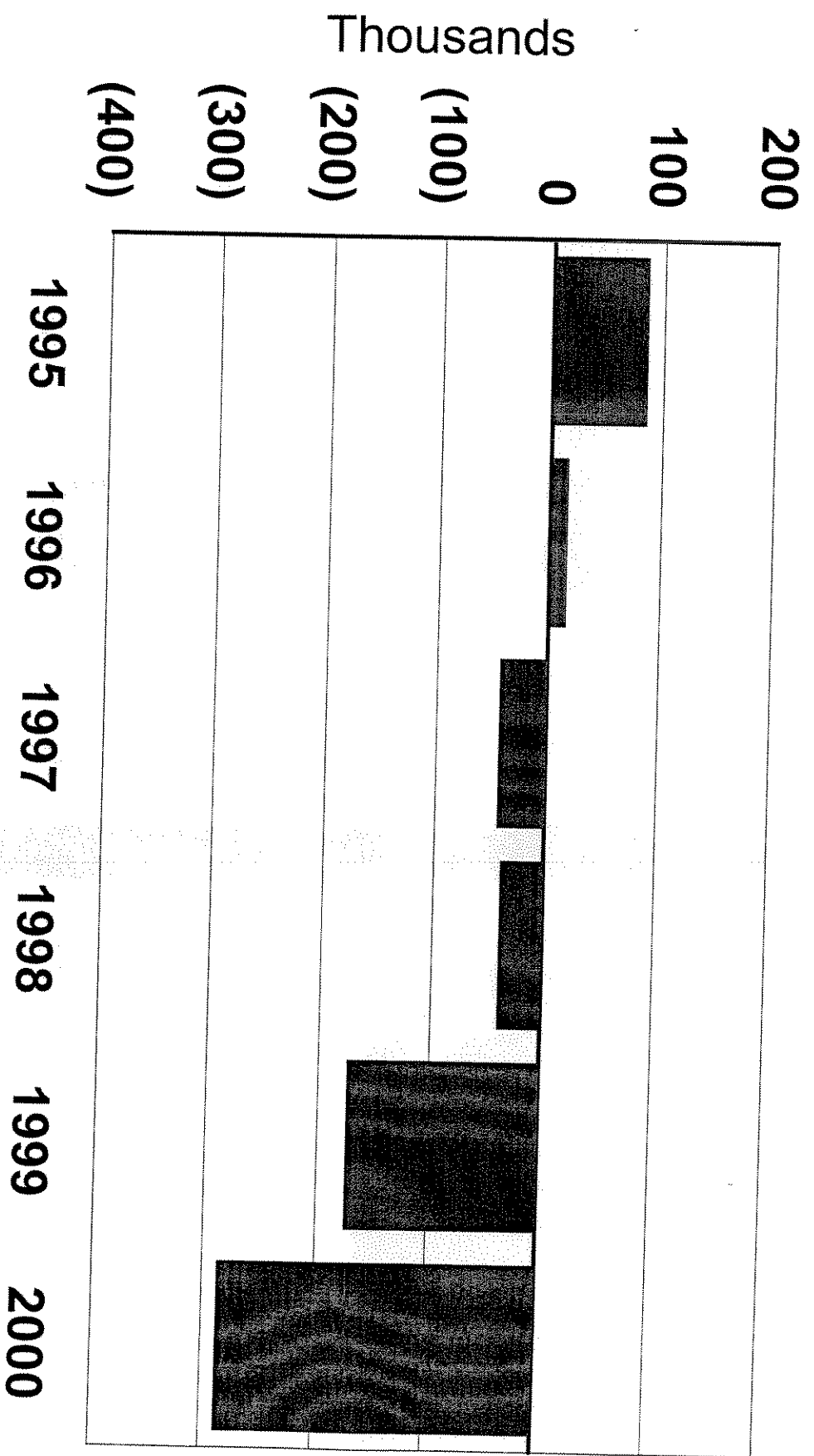
- Location: Union Grove
- Budget (FY01): \$35.4 million & 683 FTE
- Rate: \$371/day; Current Population: 279 273



\$59,856
 HR
 7,482,500
 123 months
 210 employees

\$114.5 million - no prop. costs
 839 residents
 136,472
 2,257 employees

Burnett Medical Center Nursing Home Profit (Loss)



Data per Audit Reports

NURSING HOMES' CONTRIBUTION TO WISCONSIN'S ECONOMY

Introduction

Wisconsin's nursing homes make a highly valued contribution to not only the clientele served and their families, but also to the state and the individual communities in which they reside. In some communities, the local nursing home may be the largest employer in the area, supplying jobs, incomes and sustainability to other local area businesses. Therefore, nursing homes' economic health and value to their communities and the state cannot be overlooked.

In the Winter of 2001, the Wisconsin Health Care Association (WHCA) asked Relevant Economic Analysis Limited (REAL Econ) to undertake a brief analysis of the economic contribution nursing homes make to Wisconsin's economy. REAL Econ used data drawn from the State of Wisconsin 1999 Medicaid Cost Report as input into an economic impact model to determine the size of the economic contribution nursing homes make to state's economy.

Wisconsin's nursing homes:

- account for almost \$3.2 billion in economy activity within the state
- pay out \$1.3 billion in wages, salaries and benefits
- employ 58,500 workers and support another 31,000 workers in supply industries
- maintain facilities to accommodate some 45,000 residents
- are responsible for nearly \$3.7 million in state income and property taxes.

The total economic contribution nursing homes make to Wisconsin's economy is large indeed. As a business resource, Wisconsin's nursing homes should remain a viable segment of the state's economic landscape. Furthermore, Wisconsin's nursing homes will become more valuable as the state's elderly population increases with the aging of the Baby Boomers. By the year 2010, Wisconsin's population over 65 years of age will be growing 3% per year. This compares to a growth rate for the state's total population of 0.5% per year. This growing elderly segment of the state's population will require an ever-increasing level of services provided by Wisconsin's nursing homes and other long-term care providers.

Direct Economic Impact

Wisconsin nursing home output in 1999 totaled over \$2.0 billion. This is roughly equivalent to the size of the Primary Metals, Chemicals and Rubber & Plastics industries in the state.

Nursing homes paid out over \$1.3 billion in total payroll in 1999, some 64% of total operating costs. Another three-quarters of a billion dollars were spent in the purchase of goods and services

from other supply chain businesses (B2B). Nursing home facilities paid out nearly \$2.7 million dollars in real estate, property and municipal taxes and fees. Nursing home employees paid out almost \$1.0 million dollars in state personal income taxes.

Direct Economic Inputs

Items	Amount
Payroll net Taxes & Benefits	\$998,518,236
B2B Purchases	758,821,161
Wisconsin Personal Income Tax	977,266
RE, PP, Municipal Taxes & Fees	2,696,900
Total	\$1,761,013,563

To fairly represent the impact nursing home employee spending makes to the state, we use only discretionary disposable income. We arrive at that figure by subtracting personal income taxes and benefits from the total payroll numbers. Federal and state income taxes were calculated using the standard Federal and State personal income tax tables. We assumed standard deductions for a married couple filing jointly with two children. We also assumed no other income, earned or otherwise. This yields a conservative estimate of personal income taxes paid as Wisconsin has a large number of two income families and no account was given for income from savings deposits, bond or equity investments or rents.

Federal income taxes paid by Wisconsin's nursing home employees in 1999 were estimated at \$84.2 million. State income taxes amounted to \$1.0 million. Employee benefit costs totaled almost \$250 million in 1999, according to reported data. The flow of benefits payments within the state economy is unclear so the impact was not included in this analysis. Real estate, property and municipal taxes and fees totaled \$2.7 million. These costs were subtracted out of the B2B expenditure totals.

Wisconsin nursing homes employed 58,459 employees in 1999. This is larger than the state's Printing & Publishing and Paper & Allied Products industries.¹ Interestingly, over half of all nursing home jobs were part-time positions, 30,590, with 27,869 full-time positions, equating to 41,122 full-time equivalent (FTE) positions.

Total Economic Contribution

The flow of dollars spent by nursing facilities within the state's economy expands as the money passes through the hands of supply chain firms. Nursing home employees spend their income on other goods and services in the local economy and the nursing homes themselves purchase goods and services from supply chain businesses. The firms along the supply chain in turn pay wages and salaries and purchase goods and services from businesses further along the chain. As a result, the total money spent by a nursing home on payroll and goods and services expands to a larger monetary impact in a regional economy. This is referred to as the multiplier effect. Some of the dollars

are lost to other regions by out-of-state purchases of goods and services by employees and supply chain businesses and is termed leakage.

Methodology

Using coefficients from input/output models of economic activity developed by Dr. William A. Strang of the University of Wisconsin—Madison, and the U.S. Department of Commerce RIMS II model as guides, the fiscal flows of payroll, taxes and business purchases are multiplied to estimate the total economic contribution that Wisconsin's nursing homes make to the state's economy.² The data was drawn from the State of Wisconsin 1999 Medicaid Cost Reports.

Due to the limited detail of the data used, precise quantification of the total economic contribution is not possible. Therefore, the analysis was undertaken with the intention of erring on low side and the reported results should be viewed as conservative estimates of the total economic contribution that Wisconsin's nursing homes make to the state's economy. For example, no consideration was given to the flow of federal money back to Wisconsin in terms of non-health care aids of the \$84 million Wisconsin's nursing homes' employees paid in federal income taxes. In-state flows of employee benefit payments were unclear and also excluded from the analysis and total economic contribution figure.

Multiplier

One of the critical pieces of quantifying the total economic impact of dollars spent in a regional economy is the economic multiplier that is applied. A multiplier of 2.1 is applied in this analysis for the total impact of nursing home employee payroll net of income taxes. This is a conservative figure. Work done by Dr. Strang shows sales multipliers as high as 2.8 for some service sectors. Other studies using the Strang model have shown a weighted average sales multiplier across all sectors of 2.4. However, due to the limited richness of the data set and consequent limited rigor of this analysis, a conservative value for the multiplier was chosen to assure erring on the low end of expected results.

A smaller multiplier is used for the economic expansion of business-to-business spending, those nursing home expenditures for goods and services to supply chain businesses. The B2B multiplier is less than the one used for expanding the total economic impact of employee income, 1.4 versus 2.1, due to the fact that B2B purchases are generally registered at the wholesale level. This eliminates one cycle of monetary flows through the economy and reflects lower margins at the wholesale versus retail level of purchases. Also, more wholesale purchases occur to supply firms outside the state, leaking dollars out of the state's economy.

Taxes

Federal income tax payments represent leakages out of the regional economy. No assumption was made about the amount of non-Medicaid federal tax revenue that flows back to Wisconsin in this

analysis. Essentially all of the personal income tax paid to the state is spent back in the state's economy. Therefore, state income taxes are included in the total economic contribution that the firms and their employees make to state, as are real estate, property and municipal taxes and fees.

Monetary Flows

Due to the multiplier effect, the total monetary impact is larger than the nursing homes' direct expenditures of \$2.1 billion suggests, even with deductions for federal taxes and benefits paid. Nursing home employee purchases of food, clothing, shelter, entertainment and other goods and services in turn pay for, among other things, the wages and salaries of the employees at the patronized business establishments and so forth. Some of the earnings are saved and some of the money leaks out of the region through out-of-state purchases, mostly by businesses' purchases of goods manufactured outside the state. B2B purchases act in the same manner, only with greater leakages through out-of-state purchases.

Total Economic Impact of Wisconsin's Nursing Homes

Category	Direct Impact	Economic Multiplier	Economic Contribution
Payroll net Taxes & Benefits	\$998,518,236	2.1	\$2,096,888,296
WI Personal Income Taxes	977,266	2.1	2,052,258
Corporate Taxes (RE,PP,Muni)	2,696,900	2.1	5,663,490
B2B Purchases	758,821,161	1.4	1,062,349,625
TOTAL	\$1,761,013,563		\$3,166,953,669

The total economic contribution to the state attributable to Wisconsin nursing homes was nearly \$3.2 billion in 1999. This is a conservative figure as data limitations forced a cautious approach to the quantitative analytics. Nevertheless, it is readily apparent that Wisconsin nursing homes' activities are overwhelmingly beneficial to the state's overall economy – the private sector, workers, the government and Wisconsin's citizenry at large.

Jobs

Wisconsin nursing homes directly employ almost 58,500 workers, amounting to over 41,000 FTE positions. However, the total job impact the state's nursing homes make is far greater than their immediate employment requirements. The goods and services nursing homes demand for daily operations require a supply chain of manufacturing, processing and distribution that is manned by other businesses. As a result, the operational needs of the nursing homes indirectly employ another roughly 31,000 workers in the state.

The indirect employee figure can be derived through two different methods. One method (jobs-to-jobs) is to multiply the number of nursing home employees by a factor that relates to jobs through

Economic & Employment Impact

Care-Age of Brookfield

Wisconsin's nursing facilities are generally recognized only for the vital role they play in the delivery of quality health care services to the frail and elderly members of their community. What is often overlooked is their benefit to their community as a major employer and contributor to its economic vitality.

In order to better understand the scope to that contribution, WHCA earlier this year engaged the economic consulting firm of Relevant Economic Analysis Ltd. to analyze the individual and collective impact of Wisconsin's nursing homes on the state's economy. The firm's just released study found that Wisconsin's nursing facilities account for almost \$3.2 billion in economic activity in this state. In total they employ over 58,000 workers and pay out over \$1.3 billion in wages, salaries, and benefits. Their operations and economic presence is responsible for indirectly creating another 31,000 jobs in communities across Wisconsin.

The report not only identified the total impact of the nursing home profession on the state's economy but also provides WHCA with the ability to estimate the economic contribution its individual member facilities have on their state and community. Using the data and methodology set forth in the study we have projected what the above named facility contributes to the economic health of the community it serves. We have portrayed the facility's economic impact in terms of total expenditures, total economic contribution and jobs created.

Total Expenditures	\$	6,249,356
Total Economic Contribution to the Community	\$	9,524,019
Total Full Time Jobs Created		214

The Total Economic Contribution figure is an estimate of the flow of dollars spent by the nursing facility within the community's economy, based on multiplier coefficients from input/output models of economic activity developed by William A. Strang of the University of Wisconsin and the U. S. Department of Commerce.

The goods and services necessary for the daily operations of a nursing facility require a supply chain of manufacturing, processing and distribution which is manned by other businesses. The Jobs Created figure represents an estimate of the total full time equivalents attributable to those businesses as well as the jobs at the nursing facility. It, too, is based on the use of multiplier coefficients similar to those used in determining the total economic contribution.

1999-2000 Medicaid Cost-Rate Comparison

Senate District #33

SENATE DISTRICT #33											
Name of Facility*	City	State Senator	State Rep.	MA Cost		MA Rate		Gain (Loss)		Annual	
				Per Day	Per Day	Per Day	Per Day	Per Day	Per Day	Gain (Loss)	Gain (Loss)
Care-Age of Brookfield	Brookfield	Farrow	Urban	144.34	110.51	(33.83)					\$ (482,939)
Franciscan Woods	Brookfield	Farrow	Urban	143.06	110.12	(16.63)					\$ (331,807)
Heartland Health Care-Pewaukee	Waukesha	Farrow	Urban								
LindenGrove -- New Berlin	New Berlin	Farrow	Duff	124.18	110.46	(13.72)					\$ (341,574)
Maplewood Center	West Allis	Farrow	Duff	132.26	104.46	(27.80)					\$ (548,927)
Mt. Carmel Health & Rehabilitation Center	Milwaukee	Farrow	Krusick	121.23	107.84	(13.39)					\$ (2,302,734)
River Hills West Health Care Ctr.	Pewaukee	Farrow	Urban	105.05	90.06	(14.99)					\$ (902,878)
Trepho Terrace	Milwaukee	Farrow	Duff	88.34	87.05	(1.28)					\$ (9,069)
Woodland Healthcare Center	Brookfield	Farrow	Urban	109.84	99.97	(9.87)					\$ (498,739)
TOTAL FOR SENATE DISTRICT #33											

The severity of the above Gain (Loss) figures escalated in the 2000-2001 payment year. The Medicaid payment formula was further cut by some \$22 million. The cuts caused rate increases for over 50% of the homes in the state to be less than 2%. Some 20% of the homes were projected to actually receive rate decreases for the 2000-2001 rate year.

*Data included for facilities with Medicaid rates established as of 9/06/00. Facilities with missing data had not received final rates from the Wisconsin Division of Health Care Financing as of that date.

Economic Impact Analysis Senate District #33

Name of Facility	County	Beds	Total		State Senator	State Rep.	Impact on Community*	
			Expenses	Jobs			Economy	Jobs
Care-Age of Brookfield	Waukesha	110	6,249,356		Farrow	Urban	9,524,019	214
Franciscan Woods	Waukesha	120	7,134,433		Farrow	Urban	10,872,876	245
Lindengrove - New Berlin	Waukesha	135	7,177,151		Farrow	Duff	10,937,978	246
Maplewood Center	Milwaukee	160	11,401,425		Farrow	Duff	17,375,772	391
Mt. Carmel Health & Rehab Center	Milwaukee	457	31,794,020		Farrow	Krusick	48,454,086	1,091
River Hills West Healthcare Center	Waukesha	237	9,548,161		Farrow	Urban	14,551,397	328
Trepho Terrace	Milwaukee	28	1,164,104		Farrow	Duff	1,774,094	40
Woodland Health Center	Waukesha	226	14,828,188		Farrow	Urban	22,598,159	509
Total for Senate District #33			\$ 89,296,838				\$ 136,088,381	3,063

Earlier this year WHCA engaged the Madison consulting firm of Relevant Economic Analysis Limited to analyze and report on the economic impact of nursing homes on Wisconsin's economy. The consulting firm's recently released report revealed that Wisconsin nursing facilities collectively contribute almost \$3.2 billion to the state's economic activity. Based on the firm's report, WHCA has in the above chart, projected the economic and employment impact of nursing facilities located in the above identified Wisconsin State Senate District.

*Based on multiplier coefficients from input/output models of economic activity developed by William A. Strang of the University of Wisconsin and the U.S. Department of Commerce.

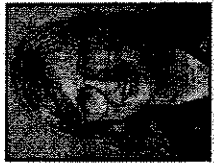
Let's commit to a balanced long-term care system

BY LAVERNE JAROS

Four hundred seventy five older people and persons with disabilities in Kenosha County are on a waiting list for home and community-based long-term care. Over 11,000 people statewide are waiting for services under the Community Options Program (COP) or Medicaid (MA) Waiver Programs. COP and MA Waivers are state and federally-financed programs that allow eligible people to receive long-term care in their own homes.

Anne 75, is trying desperately to fulfill a promise made with her husband Bill that they would support each other at home. Bill has Alzheimer's disease and emphysema. He suffers from memory loss and requires help with bathing and dressing. These tasks become more difficult as Anne's own health declines. Anne often postpones her appointments for fear of leaving Bill alone. Family members periodically help out but work full time. Anne and Bill have been on the COP waiting list since last July for assistance with Bill's personal care, a little housekeeping and respite services so that Anne

Guest Columnist



Laverne Jaros is director of the Kenosha County Division of Aging Services.

can leave the house for medical appointments, grocery shopping and church. The longer they go without help the more difficult it is for Anne to keep her promise.

About 1200 people in Kenosha County, 71,000 statewide, receive publicly funded care to maintain their health and provide for their daily needs. Two-thirds of all persons receiving long term care are in nursing homes and other medical facilities; one-third receive care in their own homes or group homes. Care in a nursing home

ALTHOUGH STATE

funds for community long-term care have increased in every biennium, they have not kept pace with demand or with funding increases for institutional care.

is a Medicaid entitlement for eligible persons. Long-term community care is not. Prior to the 1980s Wisconsin had the highest growth of nursing home expenditures in the nation and still has a high rate of nursing home beds per capita. Wisconsin caught the country's attention in 1981 when it created the Community Options Program. COP supplements the care provided by families. It helps individuals with personal care, adult day care and other supports needed to remain at home. The idea took hold nationally and a number of Medicaid Waiver Programs were created that would allow federal funds to match state funding for in-home or community-based care.

The growth in the aging population

Dollars were requested by the

Department of Health and Family Services to allow Kenosha County to pilot the program in 2002, however they were cut by Gov. McCallum to reduce costs. Unless Family Care or COP funds are added to the governor's budget, there is little hope that Anne will be able to keep her promise or that many other people on the waiting list will be able to hang on to their homes.

Wisconsin's current course will not meet the needs of elderly citizens and people with physical or developmental disabilities as we move further into the 21st century. The present system has to be retooled. Wisconsin must reaffirm and demonstrate its commitment to a more balanced long-term care system that is responsive to public needs and makes the most efficient use of public funds.

The Joint Finance Committee will hold a hearing about the state budget at 10 a.m. on April 10 at the University of Wisconsin-Parkside Union Building. I encourage anyone who is concerned about wait lists for community care to make themselves heard.

4-7-01
Kenosha News

Laverne Jaros
guest columnist
on the "Wisconsin course and needs" and development as well as 21st century system

Summer



ROBERT L. COWLES

Wisconsin State Senator • 2nd Senate District

**Senate Committee on Health, Utilities
And Veterans and Military Affairs
Budget Recommendation Motion
Senator Robert Cowles**

General Provision

Senator Cowles: Non-fiscal policy items should not be included in the 2001-03 Budget.

Motion: Remove all non-fiscal policy items from the 2001-03 Budget.

Aye

No

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March 26, 2001

TO: Senator Brian Burke, Senate Chair
Representative John Gard, Assembly Chair
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Non-Fiscal Policy Items Contained Within the Governor's 2001-03 Budget Bill

At your request, this office has prepared the attached list of items which are contained within SB 55/AB 144 (the Governor's 2001-03 budget recommendations). The list is comprised of items which are primarily of a non-fiscal policy nature and not closely related to the state's fiscal programs for the next biennium. Included are the page and item number showing where the provisions are described in the Legislative Fiscal Bureau's summary of the Governor's budget.

You will note in reviewing the list that a few of the items have some fiscal effect associated with them. However, in our judgment, the policy impact of these items outweighs any potential fiscal effect of the provision. Examples of these items include the provision to create an agricultural producer security program (Page 104, Item #17). Although this item would have some program and segregated revenue impact, the bill contains over 150 pages of statutory language to implement the provision. Another item (Page 540, Item #12) addresses expanded flexibility for school districts. Although \$2.1 million GPR is included in this item for grants to school districts, the policy implications, in our opinion, outweigh the provision's fiscal effect.

It is important to note that some of the items are policy initiatives that must be dealt with in order to address federal legislation. In some cases, the federal government may impose sanctions if the provisions are not enacted by the state. These items have been included on the list because they do not have an immediate impact upon the state's budget and have policy implications which might warrant scrutiny by legislative standing committees.

Some of the items on the list are marked with an asterisk (*). Those items are of a technical nature and do not raise any policy issues. However, because these matters are typically addressed by the Law Revision Committee, they are included on the list.

Putting such a list together always requires some subjective judgment on which items should be identified. Arguments could be made to expand the list beyond what is presented here or to delete some items from it.

There is one item, which is not on the list, that merits attention. The provision, entitled "Restructure Public Broadcasting," is found on Page 242, Item #9, of the Fiscal Bureau's summary of the budget. A similar provision was included in the Governor's 1999-01 budget bill. Because it addresses the organization of a state government entity, it was not included on our non-fiscal policy list in 1999 and is not on the list which is attached. However, this is a significant policy issue which may merit review and deliberation by legislative committees and the full Legislature outside of the budget process.

If there are questions regarding these items, please contact me.

BL/sas
Attachment

NON-FISCAL POLICY ITEMS

GENERAL FUND TAXES

Excise Taxes and Regulation of Alcohol and Tobacco

- Regulation of Alcoholic Beverages (Page 45, Item #2)
- Regulation of Cigarette Sales (Page 48, Item #3)

ADMINISTRATION

General Agency Provisions

- State and Local Government Policy Coordination (Page 55, Item #10)
- Functions of the Federal-State Relations Office (Page 56, Item #12)
- Study of State Agency Plan Reviews of Nursing Homes, Hospitals and Related Facilities (Page 57, Item #14), (Page 408, Item #11)

Agency Services

- State Procurement Law Modifications (Page 70, Item #11)

Attached Programs

- Elimination of the Council on Health Care Fraud and Abuse (Page 78, Item #8)*

AGRICULTURE, TRADE AND CONSUMER PROTECTION

Departmentwide and Resource Management

- Drainage District Permitting (Page 94, Item #9)
- Commercial Feed Violations Penalties (Page 95, Item #12)
- Expand DATCP Pest Abatement Authority (Page 96, Item #17)
- Delete Reporting Requirements (Page 98, Item #25)
- Eliminate the World Dairy Center Authority (Page 99, Item #26)*

Trade and Consumer Protection

- Product Safety and Hazardous Substance Violations Penalties (Page 102, Item #11)
- Telemarketing Identification Requirements (Page 102, Item #12)
- Pawnbroker Licensing Forms (Page 103, Item #13)
- Eliminate County and District Fair Report Requirement (Page 103, Item #15)
- Create an Agricultural Producer Security Program (Page 104, Item #17)

CIRCUIT COURTS

- Qualifications, Certification and Expanded Use of Court Interpreters (Page 161, Item #4)

COMMERCE

Departmentwide and Economic Development

- Consolidate Business Development Assistance Center and Entrepreneurial Assistance Networks Reports (Page 183, Item #20)
- Regulatory Flexibility Committee (Page 188, Item #23)

Building and Environmental Regulation

- Eliminate PECFA Council (Page 192, Item #6)*
- Fire Safety and Fire Dues Grant Program (Page 194, Item #9)
- Inspection of Manufactured Dwellings (Page 198, Item #13)
- Inspection of One- and Two-Family Dwellings (Page 198, Item #14)
- Uniform Dwelling Code Council (Page 199, Item #15)

CORRECTIONS

Adult Correctional Facilities

- Conditional Medical Parole and Extended Supervision (Page 216, Item #18)
- Change Obsolete Terminology (Page 220, Item #29)*

Juvenile Corrections

- Serious Juvenile Offender Confinement Limits (Page 231, Item #13)
- Placement of Juveniles in Prison (Page 233, Item #14)
- Criteria for Holding a Juvenile in Custody (Page 234, Item #16)

EDUCATIONAL COMMUNICATIONS BOARD

- Fund-Raising Corporation (Page 242, Item #8)

ELECTIONS BOARD

- Election Law Changes (Page 249, Item #5)

EMPLOYMENT RELATIONS

- Merit Recruitment and Selection Pilot Programs (Page 281, Item #4)
- Repeal Residency Requirement for LTE and Project Appointments (Page 281, Item #5)
- Delegation of Authority to State Agencies (Page 281, Item #6)
- Implementation of Affirmative Action Plans (Page 282, Item #7)
- Modify Various Reporting Requirements (Page 282, Item #8)
- Leaves of Absence for Adjutant Generals (Page 283, Item #9)

EMPLOYMENT RELATIONS COMMISSION

- Arbitration Awards Affecting City of Milwaukee Police Officers (Page 285, Item #4)
- Selection by School Districts of Group Health Insurance Providers Made a Permissive Subject of Bargaining under Certain Circumstances (Page 285, Item #5)
- Reassignments Due to Charter School Operations (Page 287, Item #6 -- see Department of Public Instruction for remaining provisions of Item #6 and all of Item #7 on Page 288)

FINANCIAL INSTITUTIONS

- Administrative Dissolution of Limited Liability Companies (Page 296, Item #4)
- Interest on Money Being Held for Investment (Page 299, Item #6)
- Investment Advisor Registration and Fees (Page 300, Item #8)
- Regulation of Credit Unions (Page 300, Item #9)
- Universal Banking (Page 305, Item #10)

GENERAL PROVISIONS

- Prohibition on Dual Employment by State Agencies (Page 323, Item #1)
- State-Local Fringe Benefits Study Committees (Page 323, Item #2)
- Uniform Electronic Transactions Act (Page 324, Item #3)
- Requirements Pertaining to the Sale of Municipal Utility Property (Page 327, Item #4)
- Register of Deeds Fees for Certifying Copies (Page 328, Item #5)
- Bifurcated Sentencing Structure Modifications (Page 328, Item #6)
- Statute of Limitation in Sexual Assault Cases (Page 332, Item #7)
- Club Drug Penalties (Page 332, Item #8)
- Crimes Related to Computers, Obscenity, Nudity and Pornography (Page 334, Item #9)
- Theft of a Rented or Leased Motor Vehicle (Page 336, Item #10)
- Prisoner Litigation Definition of Correctional Institution (Page 337, Item #11)

HEALTH AND FAMILY SERVICES

Departmentwide and Management and Technology

- Required Reports and Plans (Page 345, Item #13)

Health

- Release of Health Care Information (Page 378, Item #14)
- Vital Records -- Miscellaneous Statutory Changes (Page 379, Item #18)

Children and Families

- Guardianship (Page 393, Item #14)
- Petitions for the Transfer of Custody and Guardianship (Page 394, Item #15)
- Permanency Plans for Court-Ordered Placements with a Relative (Page 395, Item #16)
- Court-Ordered Placements -- Agency Recommendations (Page 396, Item #17)
- Searches for Birth Parents (Page 397, Item #20)

Community Aids and Supportive Living

- Health Facility Licensing and Enforcement (Page 403, Item #10)
- Delete Obsolete References (Page 408, Item #12)*

Family Care and Other Community-Based Long-Term Care Programs

- Children's Home and Community-Based Waiver (Page 411, Item #5)
- Family Care -- Referrals to Resource Centers (Page 413, Item #7)
- Family Care -- Services of Resource Centers and Miscellaneous Changes (Page 413, Item #8)
- Family Care -- Exempt CMO Contractors from Home Health Agency Licensure Requirement (Page 414, Item #9)
- Family Care -- Family Care Districts (Page 415, Item #11)
- Family Care -- Hearing Rights (Page 416, Item #13)
- Preadmission Requirement for CBRFs and RCACs in Non-Family Care Counties (Page 416, Item #14)

HIGHER EDUCATIONAL AIDS BOARD

- Rename the Academic Excellence Scholarship Program (Page 419, Item #4)
- Minority Undergraduate Retention Grant Report (Page 420, Item #10)

HISTORICAL SOCIETY

- Repeal Historical Society Endowment Fund Council (Page 423, Item #8)*

INSURANCE

- Management Contracts (Page 428, Item #16)

INVESTMENT BOARD

- Revised Depository Selection Board Membership (Page 430, Item #2), (Page 591, Item #14)

LEGISLATURE

- JCLO Review of Kettl Commission Report (Page 443, Item #7)

MILITARY AFFAIRS

Agencywide

- Report on the Effectiveness of the Badger Challenge and the Youth Challenge Programs (Page 450, Item #6)
- Creation of a Wisconsin Naval Militia (Page 450, Item #8)

Emergency Management

- Level A Hazardous Materials Response Team Training and Reporting Requirements (Page 453, Item #2)

NATURAL RESOURCES

Departmentwide

- Rename Division of Land (Page 467, Item #16)*
- Wild Rice License Exemption (Page 468, Item #19)*

Fish, Wildlife, and Recreation

- Elk Hunting (Page 470, Item #6)
- Master Hunter Education Program (Page 472, Item #7)
- Requirements for Permit Issuance (Page 474, Item #13)

Forestry and Parks

- Statewide Trail System (Page 484, Item #20)
- Lease of Land in the Wisconsin Dells Natural Area (Page 485, Item #21)

Water Quality

- Fish Farm Water Usage Exemptions (Page 493, Item #19)
- Water Pollution Discharge Permit Variance to Water Quality Standards (Page 494, Item #20)

Air, Waste and Contaminated Land

- Recycling -- Report to Propose Local Grant Formula Change (Page 497, Item #4)
- Air Management -- General Construction Permits (Page 498, Item #8)
- Brownfields -- Local Government Negotiation and Cost Recovery Process (Page 502, Item #16)
- Local Government Liability Exemption (Page 505, Item #17)
- Brownfields -- Eliminate Interim Liability Exemption for Voluntary Parties (Page 506, Item #18)
- Brownfields -- Natural Attenuation at Voluntary Party Sites (Page 506, Item #19)
- Brownfields -- Voluntary Party Liability Exemption for Former Owners (Page 507, Item #20)
- Brownfields -- Liability Exemption for Sediment (Page 507, Item #21)
- Voluntary Party Liability Exemption for Properties Impacted by Off-Site Contamination (Page 507, Item #22)
- Liability Exemption for Use of Special Waste Under Public Works Contracts (Page 507, Item #23)
- List of Contaminated Sites (Page 509, Item #25)
- Green Tier Program (Page 510, Item #27), (Page 193, Item #8)

PUBLIC INSTRUCTION

Categorical Aids

- Special Education Requirements (Page 536, Item #2)
- Special Education Rules (Page 537, Item #3)
- Bilingual-Bicultural Educational Program Requirements (Page 539, Item #9)
- Expanded Flexibility for School Districts (Page 540, Item #12), (Page 288, Item #7 in part)
- Performance Improvement Awards for Schools (Page 543, Item #18)

Choice, Charter and Open Enrollment

- Milwaukee Parental Choice Program Administrative Dates and Notifications (Page 545, Item #4)
- Expand Chartering Authority (Page 546, Item #6)

Assessments and Licensing

- Milwaukee Parental Choice Program Pupil Assessment (Page 551, Item #5)
- 4th and 8th Grade Pupil Assessment Modifications (Page 552, Item #7)
- Access to Statewide Examinations (Page 552, Item #8)
- Exceptions to Teacher Licensing Education Requirements (Page 553, Item #9)
- Establish Different Levels of Teacher Licensure (Page 553, Item #10)
- Recognize Out-of-State Teacher Licenses (Page 554, Item #11)
- Teacher Background Checks and License Suspension (Page 554, Item #12)
- Waiver of Teacher Licenses Allowed (Page 555, Item #13)

School District Operations

- Expand Current MPS School Closing Authority Statewide (Page 555, Item #1), (Page 287, Item #6 in part)
- Expand Current MPS School Contracting Authority Statewide (Page 556, Item #2), (Page 287, Item #6 in part)
- School District Referenda Scheduling (Page 557, Item #3)
- School Start Date (Page 559, Item #4), (Page 288, Item #7 in part)
- Layoff or Reassignment of Employees in Consolidated School Districts (Page 559, Item #5), (Page 288, Item #7 in part)
- Low Performance Schools (Page 560, Item #6)
- Prohibit Waivers for School Performance Reports (Page 560, Item #7)

Administrative and Other Funding

- Committee to Review DPI's Rules (Page 565, Item #17)
- Vocational Education Consultants (Page 566, Item #19)
- Distance Education Rule Making (Page 567, Item #21)
- Minority Group Pupil Precollege Scholarships (Page 567, Item #22)
- Division for Libraries and Community Learning (Page 567, Item #23)
- Delete Charter School Audit (Page 568, Item #25)*

PUBLIC SERVICE COMMISSION

Agencywide

- Public Utilities Exemption from Liability for Stray Voltage Damage (Page 572, Item #6)
- Energy Assessments of Proposed Administrative Rules (Page 574, Item #8)
- Revised Commission Enforcement Authority Over Various Entities Providing Telecommunications Services (Page 575, Item #9)

REGULATION AND LICENSING

- Licensure of Private Security Agencies and Issuances of Private Security Permits (Page 581, Item #6)
- Elimination of Certificates of Good Standing Requirement for Restoration of Funeral Director's Licenses (Page 585, Item #10)

REVENUE

Tax Administration

- Reciprocal State Tax Refund Offset Agreements (Page 591, Item #13)
- Study on Promoting Economic Growth (Page 592, Item #15)
- Biennial Land Information Integration Plan (Page 592, Item #16)

Lottery Administration

- Require a Court Order for Multiple Payees of a Lottery Prize (Page 595, Item #4)

SHARED REVENUE AND PROPERTY TAX RELIEF

Direct Aid Payments

- Use of County Shared Revenue (Page 605, Item #3)

Property Tax Credits

- Farmland Preservation Liens and Conversion Fees (Page 606, Item #3), (Page 93, Item #7)

Property Taxation

- Taxation of Property of Public Utility Holding Companies (Page 609, Item #1)
- Property Tax Exemption for Treatment Plant and Pollution Abatement Equipment (Page 609, Item #2), (Page 39, Item #19)
- Property Tax Exemption for Regional Planning Commissions (Page 610, Item #3)
- Payment of Refunds on Manufacturing Property (Page 610, Item #4)
- Objections to Manufacturing Assessments (Page 611, Item #5)
- Classification of Manufacturing Property (Page 612, Item #6)
- Manufacturing Report Forms (Page 612, Item #7)
- Correcting Assessment Roll Errors (Page 612, Item #8)
- Special Charges for Municipal Services That Are Available (Page 613, Item #9)
- Assignment of Tax Deeds on Brownfield Property (Page 613, Item #10)
- Sale of Tax Delinquent Brownfield Properties (Page 614, Item #11)
- Environmental Remediation Tax Incremental Financing Districts (Page 614, Item #12)

Local Revenue Options

- Municipal Industrial Revenue Bonds (Page 617, Item #2)

STATE TREASURER

- College Savings Program -- Statutory Changes (Page 623, Item #7)
- College Tuition and Expenses Program -- Statutory Changes (Page 624, Item #8)
- Statutory Changes to Escheats Statute (Page 625, Item #12)

TEACH BOARD

- Public Library Boards Telecommunications Access Shared Service Agreements (Page 633, Item #15)
- TEACH Block Grant Reporting Requirement (Page 633, Item #16)

TRANSPORTATION

Local Transportation Aid

- Mass Transit Operating Assistance -- Basis for Aid (Page 655, Item #4) [This provision is included in 2001 Assembly Bill 37, which has been adopted by both houses of the Legislature.]

Local Transportation Projects

- Transportation Economic Assistance Program -- Rename Program (Page 657, Item #2)
- Civil Immunity for Owners of Property Containing a Rails-With-Trails Trail (Page 661, Item #12)

State Highway Program

- Intelligent Transportation Systems (Page 668, Item #13)
- Confidentiality of Certain Information Collected for the Disadvantaged Business Enterprise Program (Page 668, Item #14)

Motor Vehicles

- Occupational License Restrictions for Repeat OWI Offenders (Page 672, Item #10)
- Vehicle Sanctions for Repeat OWI Offenders (Page 673, Item #11)
- Suspension of a Juvenile's Driver's License for Failure to Pay a Nondriving Forfeiture (Page 674, Item #12)

UNIVERSITY OF WISCONSIN

- Modify Membership of WSLH Board (Page 690, Item #31)
- Course Offerings During Evenings, Weekends or by Electronic Means (Page 691, Item #32)
- Tuition Remissions for State Science Fair Champion (Page 691, Item #33)
- Auxiliary Reserve Fund Report Filing Date (Page 692, Item #35)
- UW-Madison Medical School Statutory Language Modifications (Page 692, Item #36)*
- Repeal Medical Education Review Committee (Page 692, Item #37)*

VETERANS AFFAIRS

Trust Fund Programs and Veterans Benefits

- Veterans Personal Loan Program Administrative Rules (Page 706, Item #10)

WISCONSIN HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

- Definition of an Educational Facility (Page 709, Item #1)
- Authority to Use Out-of-State Trust Companies and Banks (Page 709, Item #2)

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

- Delete Obsolete Drought Assistance Loan Guarantee Program (Page 711, Item #4)*

WISCONSIN TECHNICAL COLLEGE SYSTEM

- WTCS Board Course Approval and Elimination (Page 714, Item #7)
- Modification of Incentive Grant Program (Page 714, Item #8)
- Applied Technology Center Capital Expenditures (Page 714, Item #9)
- Emergency Extrication Training Program (Page 715, Item #10)
- Alternative Certification for Instructors (Page 715, Item #11)

WORKFORCE DEVELOPMENT

Departmentwide

- Eliminate the Division of Workforce Excellence (Page 720, Item #9)

Economic Support and Child Care

- W-2 Community Steering Committees (Page 737, Item #9)
- Study of Transferring Food Stamp Program to DHFS (Page 752, Item #46)
- Delete Obsolete AFDC Provisions (Page 754, Item #50)*

Child Support

- Study of Operating the CR&D System with State Staff (Page 756, Item #3)