

2003 DRAFTING REQUEST

Bill

Received: **12/23/2002**

Received By: **dkennedy**

Wanted: **As time permits**

Identical to LRB:

For: **Administration-Budget 267-7980**

By/Representing: **Blaine**

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

Drafter: **dkennedy**

May Contact:

Addl. Drafters:

Subject: **Health - medical assistance**

Extra Copies: **RLR**

Submit via email: **YES**

Requester's email:

Carbon copy (CC:) to:

Pre Topic:

DOA:.....Blaine - BB0289

Topic:

Reduce nursing home MA supplemental payment and eliminate direct care labor region adjustment

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?				_____			S&L
/1	dkennedy 12/23/2002	kgilfoy 12/26/2002	pgreensl 12/30/2002	_____	sbasford 12/30/2002		S&L
/2	dkennedy 01/02/2003	kgilfoy 01/02/2003	pgreensl 01/03/2003	_____	sbasford 01/03/2003		S&L

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
	dkennedy 01/08/2003			_____			
/3	dkennedy 02/06/2003	kgilfoy 02/06/2003	pgreensl 02/06/2003	_____	lemery 02/06/2003		

FE Sent For:

<END>

2003 DRAFTING REQUEST

Bill

Received: 12/23/2002

Received By: dkennedy

Wanted: As time permits

Identical to LRB:

For: Administration-Budget 267-7980

By/Representing: Blaine

This file may be shown to any legislator: NO

Drafter: dkennedy

May Contact:

Addl. Drafters:

Subject: Health - medical assistance

Extra Copies: RLR

Submit via email: YES

Requester's email:

Carbon copy (CC:) to:

Pre Topic:

DOA:.....Blaine - BB0289

Topic:

Reduce nursing home MA supplemental payment and eliminate direct care labor region adjustment

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?							S&L
/1	dkennedy 12/23/2002	kgilfoy 12/26/2002	pgreensl 12/30/2002	<i>2/6</i>	sbasford 12/30/2002		S&L
/2	dkennedy 01/02/2003	kgilfoy 01/02/2003	pgreensl 01/03/2003	<i>08/15</i>	sbasford 01/03/2003		

*1/3 - 2/6
kmj*

2/6 pg

Vers. Drafted Reviewed Typed Proofed Submitted Jacketed Required

FE Sent For:

<END>

2003 DRAFTING REQUEST

Bill

Received: 12/23/2002

Received By: dkennedy

Wanted: As time permits

Identical to LRB:

For: Administration-Budget 267-7980

By/Representing: Blaine

This file may be shown to any legislator: NO

Drafter: dkennedy

May Contact:

Addl. Drafters:

Subject: Health - medical assistance

Extra Copies: RLR

Submit via email: YES

Requester's email:

Carbon copy (CC:) to:

Pre Topic:

DOA:.....Blaine - BB0289

Topic:

Reduce nursing home MA supplemental payment and eliminate direct care labor region adjustment

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?							S&L
/1	dkennedy 12/23/2002	kgilfoy 12/26/2002	pgreensl 12/30/2002	<u>1/9/03</u>	sbasford 12/30/2002		

FE Sent For:

12-1/2/03
KMG

1/3/03
PS

self

2003 DRAFTING REQUEST

Bill

Received: 12/23/2002

Received By: dkennedy

Wanted: As time permits

Identical to LRB:

For: Administration-Budget 267-7980

By/Representing: Blaine

This file may be shown to any legislator: NO

Drafter: dkennedy

May Contact:

Addl. Drafters:

Subject: Health - medical assistance

Extra Copies: RLR

Submit via email: YES

Requester's email:

Carbon copy (CC:) to:

Pre Topic:

DOA:.....Blaine - BB0289

Topic:

Reduce nursing home MA supplemental payment and eliminate direct care labor region adjustment

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
1?	dkennedy	1 - 12/26 KMG	12/30 P8	12/30 P8/Ch			

FE Sent For:

<END>

Agency: Department of Health and Family Services

SBO Analyst: Robert Blaine (7-7980)

Title: Reduce Nursing Home Supplemental Payment and Labor Region Adjustments

Purpose of Draft: The purpose of this item is to reduce the supplemental payment made to nursing homes under s. 49.45 (6u). The following two changes are requested:

- Eliminates the direct care labor region adjustment for nursing homes in St. Croix, Pierce and Douglas counties under s. 49.45 (6m)(ar)1.a.
- Reduce references to the payment level under ss. 49.45 (6u)(bm) from \$77,000,000 to \$37,000,000.
- Eliminate language tying this supplemental payment to the amount of revenues raised through the intergovernmental transfer program by modifying ss. 49.45 (6u)(am) and (bm).

Suggested language:

s. 49.45 (6u)(am)

(am) ~~Notwithstanding sub. (6m), in state fiscal years in which less than \$1 in federal financial participation relating to facilities is received under 42 CFR 433.51,~~ from the appropriations under s. 20.435 (4) (o), (w), and (wm), for reduction of operating deficits, as defined under the methodology used by the department in December, 2000, incurred by a facility that is established under s. 49.70 (1) or that is owned and operated by a city, village, or town, the department may not distribute to these facilities more than \$37,100,000 in each fiscal year, as determined by the department.

s. 49.45 (6u) (bm)

~~In state fiscal years in which \$1 or more in federal financial participation relating to facilities is received under 42 CFR 433.51,~~ from the appropriations under s. 20.435 (4) (o) and (w), for reduction of operating deficits, as defined under criteria developed by the department, incurred by a facility that is established under s. 49.70 (1) or that is owned and operated by a city, village, or town, the department may not distribute to these facilities and to care management organizations more than \$737,100,000 in each fiscal year, as determined by the department under a methodology as specified in the state plan for services under 42 USC 1396.

Priority: High

12/23/02: From Robert, in response to DAK question:
Because proposed draft wd. create 2 distributions,
repeal 49.45 (6u)(bm) + add caremanagement orgs.
to 49.45 (6u)(am).

BB0289



DAK: King

D-NOTE

DOA:.....Blaine – BB0289 Reduce nursing home MA supplemental payment and eliminate direct care labor region adjustment

FOR 2003-05 BUDGET — NOT READY FOR INTRODUCTION

1 AN ACT ^{Don't GEN. CAT.} relating to: reducing supplemental Medical Assistance payments to
 2 publicly owned nursing homes and eliminating the direct care labor region
 3 adjustment in the nursing home Medical Assistance payment formula.

Analysis by the Legislative Reference Bureau
HEALTH AND HUMAN SERVICES
MEDICAL ASSISTANCE

Under current law, the Medical Assistance program (MA) is funded from state general purpose revenues and federal matching moneys under the federal MA program (commonly known as "Medicaid"). However, in addition, counties may make intergovernmental transfers of moneys to the state as the nonfederal share of public moneys that serves as the basis for claims for federal Medicaid matching moneys. These federal matching moneys are expended for, among other things, reductions in the operating deficits of county, city, village, or town nursing homes. Currently, if federal matching moneys that are related to intergovernmental transfers are *not* received in a fiscal year, DHFS may distribute up to \$37,100,000 to these facilities or a lesser amount if other federal Medicaid matching moneys are reduced. If federal matching moneys that are related to intergovernmental transfers *are* received in a fiscal year, DHFS may distribute up to \$77,100,000 to these facilities and to care management organizations that contract with the facilities for services.

This bill eliminates the distinction between receipt and nonreceipt of federal matching moneys that are related to intergovernmental transfers with respect to distributing moneys to reduce the operating deficits of county, city, village, or town nursing homes and, instead, authorizes DHFS to distribute up to a total of \$37,100,000 to these facilities and to care management organizations, regardless of whether federal matching moneys that are related to intergovernmental transfers are received or not.

Under current law, payments to nursing homes for services to recipients under MA are made under a formula that considers certain costs of individual nursing homes. In calculating direct care costs per patient day, DHFS uses standards that sample nursing homes in the state, as adjusted for regional labor cost variations. For nursing homes in Douglas, Pierce, and St. Croix counties, however, DHFS uses a federal Medicare program hospital wage index.

This bill eliminates the use of a federal Medicare program hospital wage index in calculating MA direct care costs for nursing homes in Douglas, Pierce, and St. Croix counties and requires, instead, that direct care costs for nursing homes in those counties be calculated as are direct care costs for nursing homes in other counties.

FE - S/L

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

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

49.45 (6m) (ar) 1. a. The department shall establish standards for payment of allowable direct care costs, for facilities that do not primarily serve the developmentally disabled, that take into account direct care costs for a sample of all of those facilities in this state and separate standards for payment of allowable direct care costs, for facilities that primarily serve the developmentally disabled, that take into account direct care costs for a sample of all of those facilities in this state. The standards shall be adjusted by the department for regional labor cost variations. ~~For facilities in Douglas, Pierce, and St. Croix counties, the department shall perform the adjustment by use of the wage index that is used by the federal department of health and human services for hospital reimbursement under 42 USC 1395 to 1395ggg.~~

History: 1971 c. 40 s. 93; 1971 c. 42, 125; 1971 c. 213 s. 5; 1971 c. 215, 217, 307; 1973 c. 62, 90, 147; 1973 c. 333 ss. 106g, 106h, 106j, 201w; 1975 c. 39; 1975 c. 223 s. 28; 1975 c. 224 ss. 54h, 56 to 59m; 1975 c. 383 s. 4; 1975 c. 411; 1977 c. 29, 418; 1979 c. 34 ss. 837f to 838, 2102 (20) (a); 1979 c. 102, 177, 221, 355; 1981 c. 20 ss. 839 to 854, 2202 (20) (r); 1981 c. 93, 317; 1983 a. 27 ss. 1046 to 1062m, 2200 (42); 1983 a. 245, 447, 527; 1985 a. 29 ss. 1026m to 1031d, 3200 (23), (56), 3202 (27); 1985 a. 120, 176, 269; 1985 a. 332 ss. 91, 251 (5), 253; 1985 a. 340; 1987 a. 27 ss. 989r to 1000s, 2247, 3202 (24); 1987 a. 186, 307, 339, 399; 1987 a. 403 s. 256; 1987 a. 413; 1989 a. 6; 1989 a. 31 ss. 1402 to 1452g, 2909g, 2909i; 1989 a. 107, 173, 310, 336, 351, 359; 1991 a. 22, 39, 80, 250, 269, 315, 316; 1993 a. 16 ss. 1362g to 1403, 3883; 1993 a. 27, 107, 112, 183, 212, 246, 269, 335, 356, 437, 446, 469; 1995 a. 20; 1995 a. 27 ss. 2947 to 3002r, 7299, 9126 (19), 9130 (4), 9145 (1); 1995 a. 191, 216, 225, 289, 303, 398, 417, 457; 1997 a. 3, 13, 27, 114, 175, 191, 237, 252, 293; 1999 a. 9, 63, 103, 180, 185; 2001 a. 13, 16, 35, 38, 57, 67, 104, 109.

1 SECTION 2. 49.45 (6u) (am) (intro.) of the statutes is amended to read:

2 49.45 (6u) (am) (intro.) Notwithstanding sub. (6m), ~~in state fiscal years in~~
3 ~~which less than \$1 in federal financial participation relating to facilities is received~~
4 ~~under 42 CFR 433.51, from the appropriations under s. 20.435 (4) (o), (w), and (wm),~~
5 for reduction of operating deficits, as defined under the methodology used by the
6 department in December, 2000, incurred by a facility that is established under s.
7 49.70 (1) or that is owned and operated by a city, village, or town, and as payment
8 to care management organizations, the department may not distribute to these
9 facilities and to care management organizations more than \$37,100,000 in each
10 fiscal year, as determined by the department. The total amount that a county
11 certifies under this subsection may not exceed 100% of otherwise-unreimbursed
12 care. In distributing funds under this subsection, the department shall perform all
13 of the following:

History: 1971 c. 40 s. 93; 1971 c. 42, 125; 1971 c. 213 s. 5; 1971 c. 215, 217, 307; 1973 c. 62, 90, 147; 1973 c. 333 ss. 106g, 106h, 106j, 201w; 1975 c. 39; 1975 c. 223 s. 28; 1975 c. 224 ss. 54h, 56 to 59m; 1975 c. 383 s. 4; 1975 c. 411; 1977 c. 29, 418; 1979 c. 34 ss. 837f to 838, 2102 (20) (a); 1979 c. 102, 177, 221, 355; 1981 c. 20 ss. 839 to 854, 2202 (20) (r); 1981 c. 93, 317; 1983 a. 27 ss. 1046 to 1062m, 2200 (42); 1983 a. 245, 447, 527; 1985 a. 29 ss. 1026m to 1031d, 3200 (23), (56), 3202 (27); 1985 a. 120, 176, 269; 1985 a. 332 ss. 91, 251 (5), 253; 1985 a. 340; 1987 a. 27 ss. 989r to 1000s, 2247, 3202 (24); 1987 a. 186, 307, 339, 399; 1987 a. 403 s. 256; 1987 a. 413; 1989 a. 6; 1989 a. 31 ss. 1402 to 1452g, 2909g, 2909i; 1989 a. 107, 173, 310, 336, 351, 359; 1991 a. 22, 39, 80, 250, 269, 315, 316; 1993 a. 16 ss. 1362g to 1403, 3883; 1993 a. 27, 107, 112, 183, 212, 246, 269, 335, 356, 437, 446, 469; 1995 a. 20; 1995 a. 27 ss. 2947 to 3002r, 7299, 9126 (19), 9130 (4), 9145 (1); 1995 a. 191, 216, 225, 289, 303, 398, 417, 457; 1997 a. 3, 13, 27, 114, 175, 191, 237, 252, 293; 1999 a. 9, 63, 103, 180, 185; 2001 a. 13, 16, 35, 38, 57, 67, 104, 109.

14 SECTION 3. 49.45 (6u) (bm) of the statutes is repealed.

15 (END)

D-NOTE

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

LRB-1252/1dn

DAK:.....
img

To Robert Blaine:

1. Is it correct to refer to "payment" to care management organizations in s. 49.45 (6m) (am), stats., or is this money instead a "supplement?" ✓ (u)
2. Please note that the treatment of s. 49.45 (6m) (ar) 1. a., stats., conflicts with treatment of this subdivision in LRB 0210.

Debora A. Kennedy
Managing Attorney
Phone: (608) 266-0137
E-mail: debora.kennedy@legis.state.wi.us

3. Would you want this ~~report~~ bill to be effective on July 1?

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

LRB-1252/1dn
DAK:kmg:pg

December 30, 2002

To Robert Blaine:

1. Is it correct to refer to "payment" to care management organizations in s. 49.45 (6u) (am), stats., or is this money instead a "supplement"?
2. Please note that the treatment of s. 49.45 (6m) (ar) 1. a., stats., conflicts with treatment of this subdivision in LRB-0210.
3. Would you want this bill to be effective on July 1?

Debora A. Kennedy
Managing Attorney
Phone: (608) 266-0137
E-mail: debora.kennedy@legis.state.wi.us

Kennedy, Debora

From: Blaine, Robert
Sent: Tuesday, December 31, 2002 10:00 AM
To: Kennedy, Debora
Subject: RE: LRB Draft: 03-1252/1 Reduce nursing home MA supplemental payment and eliminate direct care labor region adjustment

Hi Debora --

regarding your notes:

1. is the \$\$ to a CMO a "payment" or a "supplement." The section (6u) is titled "Supplemental Payments" -- thus, I think it is fine to call this a "payment", since per the section, one would argue such a payment is a "supplement." in other words, I don't think there are any specific advantages or reasons to label this in the language as a supplement.
2. Yes, I am aware that this draft is in conflict with our nursing home rate draft.
3. Yes, I would like this effective July 1, 2003.

Thanks!

-----Original Message-----

From: Greenslet, Patty
Sent: Monday, December 30, 2002 9:49 AM
To: Blaine, Robert
Cc: Johnston, James; Schaeffer, Carole; Hanaman, Cathlene; Haugen, Caroline
Subject: LRB Draft: 03-1252/1 Reduce nursing home MA supplemental payment and eliminate direct care labor region adjustment

Following is the PDF version of draft 03-1252/1.

<< File: 03-1252/1 >> << File: 03-1252/1dn >>



(soon - In edit 1/2)

State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-1252/2

DAK:kmg:pg

DOA:.....Blaine – BB0289 Reduce nursing home MA supplemental payment
and eliminate direct care labor region adjustment

FOR 2003-05 BUDGET — NOT READY FOR INTRODUCTION

- 1 AN ACT ^{Don't} ^{GEN. CAT.} relating to: reducing supplemental Medical Assistance payments to
2 publicly owned nursing homes and eliminating the direct care labor region
3 adjustment in the nursing home Medical Assistance payment formula.

Analysis by the Legislative Reference Bureau

HEALTH AND HUMAN SERVICES

MEDICAL ASSISTANCE

Under current law, the Medical Assistance (MA) Program is funded from state general purpose revenues and federal matching moneys under the federal MA Program (commonly known as "Medicaid"). However, in addition, counties may make intergovernmental transfers of moneys to the state as the nonfederal share of public moneys that serves as the basis for claims for federal Medicaid matching moneys. These federal matching moneys are expended for, among other things, reductions in the operating deficits of county, city, village, or town nursing homes. Currently, if federal matching moneys that are related to intergovernmental transfers are *not* received in a fiscal year, DHFS may distribute up to \$37,100,000 to these facilities or a lesser amount if other federal Medicaid matching moneys are reduced. If federal matching moneys that are related to intergovernmental transfers *are* received in a fiscal year, DHFS may distribute up to \$77,100,000 to these facilities and to care management organizations that contract with the facilities for services.

This bill eliminates the distinction between receipt and nonreceipt of federal matching moneys that are related to intergovernmental transfers with respect to distributing moneys to reduce the operating deficits of county, city, village, or town nursing homes and, instead, authorizes DHFS to distribute up to a total of \$37,100,000 to these facilities and to care management organizations, regardless of whether federal matching moneys that are related to intergovernmental transfers are received or not.

Under current law, payments to nursing homes for services to recipients under MA are made under a formula that considers certain costs of individual nursing homes. In calculating direct care costs per patient day, DHFS uses standards that sample nursing homes in the state, as adjusted for regional labor cost variations. For nursing homes in Douglas, Pierce, and St. Croix counties, however, DHFS uses a federal Medicare Program hospital wage index.

This bill eliminates the use of a federal Medicare Program hospital wage index in calculating MA direct care costs for nursing homes in Douglas, Pierce, and St. Croix counties and requires, instead, that direct care costs for nursing homes in those counties be calculated as are direct care costs for nursing homes in other counties.

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

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

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

2 49.45 **(6m)** (ar) 1. a. The department shall establish standards for payment of
3 allowable direct care costs, for facilities that do not primarily serve the
4 developmentally disabled, that take into account direct care costs for a sample of all
5 of those facilities in this state and separate standards for payment of allowable direct
6 care costs, for facilities that primarily serve the developmentally disabled, that take
7 into account direct care costs for a sample of all of those facilities in this state. The
8 standards shall be adjusted by the department for regional labor cost variations. ~~For~~
9 ~~facilities in Douglas, Pierce, and St. Croix counties, the department shall perform the~~
10 ~~adjustment by use of the wage index that is used by the federal department of health~~
11 ~~and human services for hospital reimbursement under 42 USC 1395 to 1395ggg.~~

12 **SECTION 2.** 49.45 (6u) (am) (intro.) of the statutes is amended to read:

1 49.45 (6u) (am) (intro.) Notwithstanding sub. (6m), ~~in state fiscal years in~~
2 ~~which less than \$1 in federal financial participation relating to facilities is received~~
3 ~~under 42 CFR 433.51, from the appropriations under s. 20.435 (4) (o), (w), and (wm),~~
4 for reduction of operating deficits, as defined under the methodology used by the
5 department in December, 2000, incurred by a facility that is established under s.
6 49.70 (1) or that is owned and operated by a city, village, or town, and as payment
7 to care management organizations, the department may not distribute to these
8 facilities and to care management organizations more than \$37,100,000 in each
9 fiscal year, as determined by the department. The total amount that a county
10 certifies under this subsection may not exceed 100% of otherwise-unreimbursed
11 care. In distributing funds under this subsection, the department shall perform all
12 of the following:

13 **SECTION 3.** 49.45 (6u) (bm) of the statutes is repealed.

14

(END)

INSERT 3-13

2003-2004 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1252/2ins
DAK:kmg:pg

INSERT 3-13 ✓

1 SECTION 9424. Effective dates; health and family services.

2 (1) NURSING HOME MEDICAL ASSISTANCE PAYMENTS. The treatment of section
3 49.45 (6m) (ar) 1. a. ✓ and ~~(6r)~~ (am) (intro.) ✓ and (bm) ✓ of the statutes takes effect
4 retroactively to July 1, 2003.

(6u)



State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-1252/3 3

DAK:kmg:pe

D-NOTE

DOA:.....Blaine – BB0289 Reduce nursing home MA supplemental payment and eliminate direct care labor region adjustment

FOR 2003-05 BUDGET — NOT READY FOR INTRODUCTION

1 AN ACT ^{Don't} _{mean} relating to: reducing supplemental Medical Assistance payments to
 2 publicly owned nursing homes and eliminating the direct care labor region
 3 adjustment in the nursing home Medical Assistance payment formula.

Analysis by the Legislative Reference Bureau

HEALTH AND HUMAN SERVICES

MEDICAL ASSISTANCE

Under current law, the Medical Assistance (MA) Program is funded from state general purpose revenues and federal matching moneys under the federal MA Program (commonly known as "Medicaid"). However, in addition, counties may make intergovernmental transfers of moneys to the state as the nonfederal share of public moneys that serves as the basis for claims for federal Medicaid matching moneys. These federal matching moneys are expended for, among other things, reductions in the operating deficits of county, city, village, or town nursing homes. Currently, if federal matching moneys that are related to intergovernmental transfers are *not* received in a fiscal year, DHFS may distribute up to \$37,100,000 to these facilities or a lesser amount if other federal Medicaid matching moneys are reduced. If federal matching moneys that are related to intergovernmental transfers *are* received in a fiscal year, DHFS may distribute up to \$77,100,000 to these facilities and to care management organizations that contract with the facilities for services.

This bill eliminates the distinction between receipt and nonreceipt of federal matching moneys that are related to intergovernmental transfers with respect to distributing moneys to reduce the operating deficits of county, city, village, or town nursing homes and, instead, authorizes DHFS to distribute up to a total of \$37,100,000 to these facilities and to care management organizations, regardless of whether federal matching moneys that are related to intergovernmental transfers are received or not.

Under current law, payments to nursing homes for services to recipients under MA are made under a formula that considers certain costs of individual nursing homes. In calculating direct care costs per patient day, DHFS uses standards that sample nursing homes in the state, as adjusted for regional labor cost variations. For nursing homes in Douglas, Pierce, and St. Croix counties, however, DHFS uses a federal Medicare Program hospital wage index.

This bill eliminates the use of a federal Medicare Program hospital wage index in calculating MA direct care costs for nursing homes in Douglas, Pierce, and St. Croix counties and requires, instead, that direct care costs for nursing homes in those counties be calculated as are direct care costs for nursing homes in other counties.

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

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

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

2 49.45 (6m) (ar) 1. a. The department shall establish standards for payment of
3 allowable direct care costs, for facilities that do not primarily serve the
4 developmentally disabled, that take into account direct care costs for a sample of all
5 of those facilities in this state and separate standards for payment of allowable direct
6 care costs, for facilities that primarily serve the developmentally disabled, that take
7 into account direct care costs for a sample of all of those facilities in this state. The
8 standards shall be adjusted by the department for regional labor cost variations. ~~For~~
9 ~~facilities in Douglas, Pierce, and St. Croix counties, the department shall perform the~~
10 ~~adjustment by use of the wage index that is used by the federal department of health~~
11 ~~and human services for hospital reimbursement under 42 USC 1395 to 1395ggg.~~

12 SECTION 2. 49.45 (6u) (am) (intro.) of the statutes is amended to read:

D-NOTE

: Krug:

To Robert Blaine:

This draft reconciles LRB-0210/3
and LRB-1252/2, by attaching the 7/1/03
effective date to this bill's treatment of
s. 49.45 (6m)(a) i.a. (which is also
treated in LRB-0210/3, with an effective
date of 7/1/04). Both LRB-0210 and LRB-1252
should continue to appear in the compiled
bill.

DAK

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

LRB-1252/3dn
DAK:kmg:pg

February 6, 2003

To Robert Blaine:

This draft reconciles LRB-0210/3 and LRB-1252/2, by attaching the 7/1/03 effective date to this bill's treatment of s. 49.45 (6m) (ar) 1. a. (which is also treated in LRB-0210/3, with an effective date of 7/1/04). Both LRB-0210 and LRB-1252 should continue to appear in the compiled bill.

Debora A. Kennedy
Managing Attorney
Phone: (608) 266-0137
E-mail: debora.kennedy@legis.state.wi.us



State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-1252/3

DAK:kmg:pg

DOA:.....Blaine – BB0289 Reduce nursing home MA supplemental payment
and eliminate direct care labor region adjustment

FOR 2003-05 BUDGET — NOT READY FOR INTRODUCTION

- 1 AN ACT ...; **relating to:** reducing supplemental Medical Assistance payments to
2 publicly owned nursing homes and eliminating the direct care labor region
3 adjustment in the nursing home Medical Assistance payment formula.

Analysis by the Legislative Reference Bureau

HEALTH AND HUMAN SERVICES

MEDICAL ASSISTANCE

Under current law, the Medical Assistance (MA) Program is funded from state general purpose revenues and federal matching moneys under the federal MA Program (commonly known as "Medicaid"). However, in addition, counties may make intergovernmental transfers of moneys to the state as the nonfederal share of public moneys that serves as the basis for claims for federal Medicaid matching moneys. These federal matching moneys are expended for, among other things, reductions in the operating deficits of county, city, village, or town nursing homes. Currently, if federal matching moneys that are related to intergovernmental transfers are *not* received in a fiscal year, DHFS may distribute up to \$37,100,000 to these facilities or a lesser amount if other federal Medicaid matching moneys are reduced. If federal matching moneys that are related to intergovernmental transfers *are* received in a fiscal year, DHFS may distribute up to \$77,100,000 to these facilities and to care management organizations that contract with the facilities for services.

This bill eliminates the distinction between receipt and nonreceipt of federal matching moneys that are related to intergovernmental transfers with respect to distributing moneys to reduce the operating deficits of county, city, village, or town nursing homes and, instead, authorizes DHFS to distribute up to a total of \$37,100,000 to these facilities and to care management organizations, regardless of whether federal matching moneys that are related to intergovernmental transfers are received or not.

Under current law, payments to nursing homes for services to recipients under MA are made under a formula that considers certain costs of individual nursing homes. In calculating direct care costs per patient day, DHFS uses standards that sample nursing homes in the state, as adjusted for regional labor cost variations. For nursing homes in Douglas, Pierce, and St. Croix counties, however, DHFS uses a federal Medicare Program hospital wage index.

This bill eliminates the use of a federal Medicare Program hospital wage index in calculating MA direct care costs for nursing homes in Douglas, Pierce, and St. Croix counties and requires, instead, that direct care costs for nursing homes in those counties be calculated as are direct care costs for nursing homes in other counties.

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

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

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

2 49.45 **(6m)** (ar) 1. a. The department shall establish standards for payment of
3 allowable direct care costs, for facilities that do not primarily serve the
4 developmentally disabled, that take into account direct care costs for a sample of all
5 of those facilities in this state and separate standards for payment of allowable direct
6 care costs, for facilities that primarily serve the developmentally disabled, that take
7 into account direct care costs for a sample of all of those facilities in this state. The
8 standards shall be adjusted by the department for regional labor cost variations. ~~For~~
9 ~~facilities in Douglas, Pierce, and St. Croix counties, the department shall perform the~~
10 ~~adjustment by use of the wage index that is used by the federal department of health~~
11 ~~and human services for hospital reimbursement under 42 USC 1395 to 1395ggg.~~

12 **SECTION 2.** 49.45 (6u) (am) (intro.) of the statutes is amended to read:

1 49.45 (6u) (am) (intro.) Notwithstanding sub. (6m), ~~in state fiscal years in~~
2 ~~which less than \$1 in federal financial participation relating to facilities is received~~
3 ~~under 42 CFR 433.51~~, from the appropriations under s. 20.435 (4) (o), (w), and (wm),
4 for reduction of operating deficits, as defined under the methodology used by the
5 department in December, 2000, incurred by a facility that is established under s.
6 49.70 (1) or that is owned and operated by a city, village, or town, and as payment
7 to care management organizations, the department may not distribute to these
8 facilities and to care management organizations more than \$37,100,000 in each
9 fiscal year, as determined by the department. The total amount that a county
10 certifies under this subsection may not exceed 100% of otherwise-unreimbursed
11 care. In distributing funds under this subsection, the department shall perform all
12 of the following:

13 **SECTION 3.** 49.45 (6u) (bm) of the statutes is repealed.

14 **SECTION 9424. Effective dates; health and family services.**

15 (1) NURSING HOME MEDICAL ASSISTANCE PAYMENTS. The treatment of section
16 49.45 (6m) (ar) 1. a. (by SECTION 1) and (6u) (am) (intro.) and (bm) of the statutes takes
17 effect retroactively to July 1, 2003.

18 (END)