



## ISSUE PAPER

### Imposition of “Inspection Fees” on LTC Facilities

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**The Governor’s Budget Proposal:** Assembly Bill 75, the Governor’s proposed 2009-11 state budget, grants the Department of Health Services (DHS) authority to impose a \$200 “inspection fee” on nursing homes, ICFs/MR, hospitals, home health agencies, hospices, Community Based Residential Facilities (CBRF), adult family Homes, adult day care, Residential Care Apartment Complexes (RCAC), and hospices. The new fee may be imposed when DHS conducts an on-site inspection of a health care facility to verify the facility’s correction of an alleged violation of state or federal regulatory requirements.

DHS contends the fee “is intended to cover the cost of the verification visit and promote better regulatory compliance.” The department projects nursing facilities and Intermediate Care Facilities for the Mentally Retarded (ICFs/MR) will annually pay \$60,200 in inspection fees and that \$109,000 in fees will be paid by Assisted Living Facilities.

**WHCA/WiCAL Position:** Oppose. The proposed inspection fee represents inherently poor public and fiscal policy. WHCA and WiCAL oppose the proposal on both grounds of principle and principal.

It is frustrating that DHS would consider – much less propose – that nursing home, assisted living, and other regulated facilities should divert scarce and undeniably inadequate resources away from patient care to fund the costs of the department’s administrative efforts. If DHS lacks necessary resources to conduct appropriate oversight then it should work with the legislature to appropriate proper funding rather than recommend inadequate resident care funding be redirected under the pretext of “promoting regulatory compliance.”

The timing of the proposed inspection fee in the budget is even more appalling given the fact that AB75 will increase the financial losses long term care providers already incur (\$280 million annually in serving Wisconsin Medicaid residents). Expansion of those losses will further compromise providers’ ability to provide quality care, maintain compliance with state and federal regulatory expectations, and meet the needs of those who receive and provide long term care services. Accordingly, the department’s advancement of a \$200 inspection fee as a means to promote regulatory compliance is as laughable as it is outrageous.

Asserting that an inspection fee will serve to “promote better regulatory compliance” is also an insult to the professionalism of long term care providers. To intimate that efforts toward compliance will be motivated by the ability to avoid a \$200 fee is an affront to the tens of thousands of employees who strive daily to provide the highest level of care and service to facility residents. Suggesting that compliance efforts are affected by regulatory dictates or punishment avoidance is a disservice to the provider community and their staff, and goes against all quality advancement studies, survey results, and programs conducted within long term care today.

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Furthermore, the proposed inspection fee will further strain existing relationships between the regulators and the regulated entities. The survey process is inherently tense and adversarial. WHCA/WiCAL applauds efforts by the Division of Quality Assurance's (DQA) in identifying opportunities to defuse some of this tension; however, the imposition of the inspection fee runs contrary to these efforts. Provider frustrations over allegations of non-compliance will only be increased by having to pay for the surveyors to revisit on an issue that they viewed as – and may well be – unwarranted in the first place.

The inspection fee is neither appropriate fiscal or social policy, and for the above stated reasons, WHCA/WiCAL urges the removal of this fee from AB75.

**WHCA**

Wisconsin Health Care Association

**WiCAL**

Wisconsin Center for Assisted Living

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