



ISSUE PAPER

Increases in Assisted Living Licensure Fees

The Governor's Budget Proposal: Assembly Bill 75 increases the fees for assisted living providers and grants the Department of Health Services (DHS) authority to make future increases by rule. Currently, licensure fees for Community Based Residential Facilities (CBRFs) and adult family homes (AFHs), as well as the certification fee for adult day care centers (ADCCs), are established by statute, though DHS may increase the certification fee for ADCCs by rule. This bill increases the licensure fees for CBRFs and AFHs and the certification fee for ADCCs. In addition, the bill authorizes DHS to increase the licensure fees for CBRFs and AFHs by rule.

WHCA/WiCAL Position: Oppose. The current budget proposal calls for dramatic increases in the licensing fees for Community Based Residential Facilities (CBRFs), Adult Family Homes (AFH), and Adult Day Care Centers (ADCC). In addition, the bill expands DHS authority to increase fees for CBRFs and AFHs by rule. These fees, paid annually to DHS, are intended to be program revenue to support the department's regulatory oversight of the provider community.

The budget would increase biennial license and certification fees by 27% for CBRFs, Adult Day Care, and Adult Family Homes. The biennial fees for CBRFs will increase from \$306 to \$389, plus an increase in the per-bed fee from \$39.60 to \$50.25. Similarly, AFH fees would increase from \$135 to \$171, and Adult Day Care fees would go from \$100 to \$127. These increases are claimed to be necessary to support DQA licensing and certification activities. The department has also requested statutory authority to raise fees for CBRFs and AFHs in future years by administrative rule, so as to avoid needing statutory approval for future increases.

WHCA/WiCAL opposes the proposed licensure and certification increases because they will be onerous to providers and clients served. While the above figures are modest in comparison to the massive budget numbers that are being discussed at the state and national levels, it is these very same budgetary constraints and economic conditions that ensure that even a fee increase will be deeply felt by providers.

More importantly, these increases will eventually be passed along to the consumers, just as increases in utilities and food must be – at precisely the time that those residents have seen devastating declines in their retirement savings. Private pay remains the dominant payor source for assisted living, and as such, these fee increases will be passed along to consumers comes at a time when they can least afford increases in their rates.

The increases will also directly affect providers serving Medicaid waiver participants. These providers will see no increase in the already below market rate payments that come from waiver programs, and will be forced to absorb and pass along these increases to the growing segment of consumers they serve.

Absorption of costs does not mean that the provider will simply “eat” the increase; rather, it will be included in their budget along with other increased costs, which will have to be offset by expenses elsewhere. With staffing and food service representing two of the greatest costs areas for assisted living providers, the concern that increased fees will also increase pressure to scale back in these vital areas is very real.

While DHS asserts that it needs these increases in revenue to continue its oversight mission, the provider community and its residents should not shoulder this burden. As an essential function of government, oversight should instead be funded by GPR. In addition, and just as importantly, granting DHS the authority to increase these fees without statutory oversight in the future will only open the door for continued escalation of these fees.

WHCA

Wisconsin Health Care Association

WiCAL

Wisconsin Center for Assisted Living
