

For Immediate Release
December 10, 2009

Contact: Erin Ceello
608.257.0125

New National Medicaid Study: Wisconsin Seniors' Care Underfunded by \$201.4 Million Annually

Wisconsin Ranks 1st Nationally in Terms of Largest Patient per Day Funding Disparity

MADISON – A new Eljay, LLC analysis of the nation's Medicaid program released by the American Health Care Association (AHCA) projects that Medicaid underfunds the actual cost of providing quality long term care in 2009 by \$201.4 million annually in Wisconsin, and that Wisconsin seniors rank 1st nationally in terms of largest patient per day funding and rank 10th nationally in terms of cumulative underfunding of key seniors' care program.

“The gap between the cost of providing the quality care Wisconsin seniors deserve and what Medicaid actually pays – combined with the growing pressure on our state budget – represents a dangerous threat to our most vulnerable seniors' care needs,” Tom Moore, Executive Director of the Wisconsin Health Care Association, said. “To our federal legislators working on national health care reform in Washington, DC, this report is a stark and timely reminder that a strong Medicare funding component in a final federal bill is a lifeline to protecting their most vulnerable elderly constituents.”

Medicare cross-subsidization of Medicaid – Medicare being forced to prop-up the deteriorating Medicaid program in the wake of historically challenging state fiscal conditions – “continues to play an important role in sustaining nursing home care,” the report warns. “The Medicaid reimbursement outlook for 2010 and 2011 is bleak – and is worse than any other year in the last seven in which this annual Report has been compiled due to unprecedented state budget deficits and expiration of federal stimulus funds at the end of 2010,” continues the Medicaid study analysis.

The largest payer for long term care in the nation, Medicaid pays for more than two-thirds of skilled nursing facility patient-days annually. Each state sets a daily care reimbursement rate ostensibly tied to the “allowable costs” of providing care in that state – costs such as 24-hour nursing care; three meals per day with important dietary supplements; other essential care services for grooming, personal care, bathing, and eating; medical, supplies such as beds and wheelchairs; social activities, and more in a number of states.

- MORE -

According to the new Medicaid analysis, Wisconsin seniors rank 1st nationally in terms of largest patient per day funding and rank 10th nationally in terms of cumulative underfunding of key seniors' care program.

States with largest Medicaid PPD underfunding:

1. Wisconsin
2. New Jersey
3. Massachusetts
4. New York
5. Wyoming
6. Illinois
7. Minnesota
8. Missouri
9. Nebraska
10. Rhode Island

States with largest aggregate Medicaid underfunding:

1. New York
2. Illinois
3. Ohio
4. Texas
5. New Jersey
6. Pennsylvania
7. Massachusetts
8. Florida
9. California
10. Wisconsin

In releasing the new 2009 state Medicaid under funding data, Moore explained that ensuring a strong Medicare component in a final health reform bill is made still more urgent due to the fact cuts of up to \$16 billion just went into effect on October 1, 2009 as a result of regulatory changes made by the Obama Administration. These new cuts to Medicare are already starting to squeeze the fragile funding stream facilities all across Wisconsin depend upon to sustain basic operations.

“Deep Medicare cuts in any final bill would ignore the fragile economic situation in which Wisconsin nursing homes operate,” Moore said. “A full seventy percent of facility costs are labor-related, and major disruption to facilities’ economic stability caused by deep cuts will create a negative domino effect of significant caregiver job losses and disruptions to our intra-facility quality improvement initiatives. Ultimately, seniors’ care in facilities across the entire state will be placed in jeopardy.”

###