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Study Shows Wisconsin Nursing Homes Contribute \$5.2 Billion Annually to State Economy

Proposed State Budget Would Affect Revenue, Jobs in Long Term Care Sector

MADISON – A study done by NorthStar Economics, a Wisconsin-based economic and research firm, concluded that Wisconsin's nursing homes contribute more than \$5 billion annually to the state's economy through job creation, tax revenue, and payment for various goods and services.

The study, which was conducted earlier this year, analyzed data from 2007 Wisconsin Medicaid nursing home cost reports. That analysis determined Wisconsin nursing homes generated over \$342 million in state income, sales, and property taxes in 2007. In addition, the report found that nursing homes directly employ more than 50,000 workers throughout the state, approximately the same number employed by Wisconsin's paper, plastics, real estate, and accommodation industries. In total, the number of direct and indirect nursing home related jobs in the State of Wisconsin exceeds 88,000.

"This analysis underscores that Wisconsin's nursing homes not only play an essential role in serving our most frail and elderly citizens, but also have a profound impact on the state and local economies," said John Sauer, Executive Director of the Wisconsin Association of Homes and Services for the Aging (WAHSA). "There is a true correlation between the economic health of the local nursing home and that of the local community."

The concern, according to Tom Moore, Executive Director of the Wisconsin Health Care Association (WHCA), is the Department of Health Services itself has admitted the economic health of Wisconsin's nursing homes is deteriorating: "In its internal review of nursing homes last year, the Department concluded that 'a significant and growing proportion of nursing homes are financially fragile' and that Medicaid rates are insufficient to cover costs," Moore said.

An October 2008 analysis of the nation's Medicaid nursing home payment systems ranked Wisconsin's system as the worst in the nation, with a difference of more than \$280 million between the costs incurred in caring for Medicaid nursing home residents and the Medicaid reimbursement received. The average Wisconsin nursing home loses \$37.65 daily for each Medicaid resident it serves, and more than 96 percent of the state's 373 nursing facilities receive a Medicaid payment that fails to meet the cost of care they provide to Medicaid residents.

Moore and Sauer indicated only a meaningful increase in Medicaid payments will address the problems facing Wisconsin's nursing homes: "The two percent increase proposed in the 2009-11 budget bill doesn't do the trick. Our facilities, at the very least, need a three percent increase just to meet inflation – and that doesn't even address the \$280 million Medicaid deficit Wisconsin's nursing homes currently face," Moore and Sauer said. "The NorthStar study confirms that failing to meet the financial needs of nursing homes not only jeopardizes resident care but also the economic vitality of our local communities at a time when neither can afford such deficits."

The NorthStar Economics report can be accessed here: <http://www.wahsa.org/northstar.pdf>

A breakdown of Wisconsin nursing homes' economic impact by Senate district can be accessed here: www.whca.com/mediaroom/docs/032509wnB.xls.

The Wisconsin Association of Homes and Services for the Aging (WAHSA) is a statewide membership association of 200 not-for-profit long-term care organizations. WAHSA member corporations own, operate and/or sponsor 183 not-for-profit nursing homes, of which 41 are county-owned and operated, 9 facilities for the developmentally disabled (FDD), 76 community-based residential facilities (CBRF), 60 residential care apartment complexes (RCAC), and 113 senior apartment complexes, as well as community service programs ranging from homecare, hospice, Alzheimer's support and child and adult daycare to Meals on Wheels. Our members employ over 38,000 dedicated staff who provide care and services to over 48,000 residents, tenants and clients.

WHCA is a non-profit organization dedicated to representing, protecting and advancing the interests of more than 190 Wisconsin nursing facilities, their 28,000 employees, and the 27,000 residents they serve.