MEMORANDUM

TO: Honorable Members of the Joint Committee on Finance

FROM: Kyle Christianson, Director of Government Affairs
Sarah Diedrick-Kasdorf, Deputy Director of Government Affairs

DATE: May 23, 2017

SUBJECT: 2017-2019 State Biennial Budget – Department of Health Services

In regard to items scheduled for consideration by the Joint Committee on Finance on May 25, 2017, please consider the following recommendations of the Wisconsin Counties Association:

<table>
<thead>
<tr>
<th>LFB PAPER #</th>
<th>RECOMMENDATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>322</td>
<td>Support Alternatives 1C, 2A, 3C.</td>
</tr>
<tr>
<td>Bed Tax</td>
<td>Support a stand-alone motion to exempt IMDs and state-only licensed facilities from the bed tax (see attached).</td>
</tr>
<tr>
<td>324, 347</td>
<td>Support a separate motion to: (1) Place all funding in the JCF supplemental appropriation to be released once an implementation plan has been formulated; (2) Require DHS to submit to the JCF, as part of its plan, an outline of all costs to IM consortia of waiver implementation and include a proposal on how the IM consortia will be funded for the additional workload; (3) Prohibit DHS from requiring IM consortia/counties to pay for drug screening and testing as part of its administrative rule process.</td>
</tr>
<tr>
<td>348</td>
<td>Support modification contained in Alternative 1.</td>
</tr>
<tr>
<td>368</td>
<td>Support Alternatives 1A and 2A.</td>
</tr>
</tbody>
</table>

Attached please find rationale for the items listed above. Additional information can be obtained by contacting the WCA office at 608.663.7188.
LFB PAPER #322 NURSING HOME AND ICF-IID REIMBURSEMENT

RECOMMENDATION: Support Alternatives 1C, 2A, and 3C.

Rationale:

- Wisconsin’s nursing homes are facing a significant worker shortage, forcing facilities to use overtime and limit admissions.
- Inadequate Medicaid payment rates have made it extremely difficult for long-term care providers to attract and retain qualified caregivers.
- Medicaid deficits sustained by Wisconsin’s nursing facilities are mounting. Wisconsin nursing facilities experienced a $345.5 million Medicaid deficit in FY16.
- The average Wisconsin nursing facility in FY16 lost $58.46 per day for each Medicaid resident served. For county nursing facilities, that typically serve residents with higher acuity and behavioral needs, the loss is $73.38 per day.
- Private pay nursing home residents subsidize Medicaid underfunding by paying rates that are, on average, $100 per day higher than the Medicaid reimbursement rate.
- As the trend toward community services continues, individuals served by skilled nursing facilities have higher acuity levels and/or significant behavioral challenges.

LFB PAPER #324, 347 CHILDLESS ADULT EMPLOYMENT AND TRAINING WAIVER; FSET PILOT FOR ABLE-BODIED ADULTS WITH DEPENDENTS

RECOMMENDATION: Support a separate motion to: (1) Place all funding in the JCF supplemental appropriation to be released once an implementation plan has been formulated; (2) Require DHS to submit to the JCF, as part of its plan, an outline of all costs to IM consortia of waiver implementation and include a proposal on how the IM consortia will be funded for the additional workload; (3) Prohibit DHS from requiring IM consortia/counties to pay for drug screening and testing as part of its administrative rule process.
Rationale:

- The Department of Health Services (DHS) is currently in the process of drafting administrative rules related to drug screening, testing, and treatment. According to the Legislative Fiscal Bureau, “Under the draft rules, the IM agencies (including MilES in Milwaukee County) would be responsible for administering the drug screening and would be responsible for the cost of drug testing. The Department anticipates that the IM agencies would also administer the childless adult drug screening and testing program.” The draft rules are being promulgated without input from counties.

- While the budget does provide some funding to the IM consortia, according to the Legislative Fiscal Bureau, “The administration’s implementation cost estimates do not explicitly take into consideration any elements of the waiver amendment other than the employment and training and 48-month time limit components. The Department indicates that since the operational processes for the other elements of the amendment have not been established, no funding for these changes was included in the budget.”

- In addition, the Legislative Fiscal Bureau points out that, “…the administration did not base its IM payment on the full additional cost to IM agencies associated with the new waiver amendment requirements. Rather, the proposed increase was designed to be approximately equal to the amount paid to IM agencies, on a per-referral basis, for administering FSET requirements.”

- Because DHS has not worked out many of the implementation details associated with the waiver, the actual impact on IM agencies is unknown. Therefore, it only makes sense to require DHS to provide additional detail, including actual costs to the IM consortia, before proceeding with waiver implementation.

---

**LFB Paper #348**

**FoodShare Eligibility – Asset Limit**

**Recommendation:** Support modification contained in Alternative 1.

**Rationale:**

- As written, the budget would require IM consortia to review the assets of all households participating in the FoodShare program prior to July 1, 2018. This would require significant IM staff time, which is not funded in the bill.

- To solve this issue, the policy change should be effective at the time of initial application or redetermination for benefits that occur after July 1, 2018.
RECOMMENDATION: Support Alternatives 1A and 2A.

Rationale:

- Currently in Wisconsin, approximately 115,000 individuals age 65 and older are living with dementia. That number is expected to grow over time.
- Dementia care specialists help individuals with dementia live successfully in the community, avoiding costly institutional care.
- Dementia care specialists located in ADRCs provide valuable services, including crisis planning and prevention, that improve outcomes for individuals with dementia.