

WISCONSIN HOSPITAL ASSOCIATION, INC.



February 8, 2006

TO: Members of the Senate Committee on Health, Children,
Aging & Long Term Care

FROM: Eric Borgerding, Senior Vice President
Jodi Bloch, Vice President, Government Affairs

SUBJECT: SB 532 Regarding Increasing the Medical Assistance Reimbursement
for Nursing Homes

More than half of Wisconsin hospitals own or are affiliated with a nursing home. Many years of inadequate government reimbursement have taken their toll on Wisconsin's nursing homes. As a result of underpayments, many are being forced to limit the number of Medicaid residents they accept or reduce the current number of Medicaid residents they have in residence. Those not fortunate enough to be able to expand their resident private payor base, are being forced to close. Nursing homes have no choice but to subsidize the cost of care for those dependent upon Medicaid far beyond their ability to afford it.

Many of the Wisconsin hospitals that own or are affiliated with nursing homes offset the tremendous losses they incur in their nursing home with hospital revenue. Without this cross subsidization, the nursing homes would be forced to close. Hospitals recognize that these facilities provide essential care and much-needed housing in their communities. Many of these hospitals tell us that because of their financial relationship with these nursing homes, these facilities have been able to stay open and would have otherwise closed without the support of the community hospital. In many locales throughout Wisconsin if the nursing home closes, there are no other local options for residents and their families who need highly supported living arrangements and skilled care.

This past session, WHA has strongly advocated for increased funding for Medicaid to increase payments to not only hospitals, but also nursing homes. Those increases were ultimately vetoed in the last budget, and since that time some nursing homes have closed their doors and others are desperately trying to stay open.

The time has come for the Wisconsin to start paying its bills by fully funding the Medicaid program it has created. Providing this minimal increase to nursing homes will send a signal to Wisconsin's health care providers that the state is starting to get serious about reforming the Medicaid program that first must begin with addressing the issue of adequate provider reimbursement that results in a "hidden health care tax" on private health insurance, which ultimately subsidizes the government's underfunding of these programs.

For these reasons, WHA strongly urges committee members to support SB 532 to begin chipping away at the "hidden health care tax". WHA also looks forward to working with committee members in the remaining days of this session and the next legislative session to address other underfunded areas of Medicaid that impact not only the cost, but also the delivery of patient care in the outpatient setting and through the disproportionate share hospital program (DSH).

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