

DHS Announces Historic Funding Increase for WI Nursing Homes

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The Wisconsin Department of Health Services (DHS) announced that for fiscal year 2023, it will cover an average of about 90% of nursing homes’ costs providing care for residents enrolled in the Medicaid program. According to DHS in a [statement](#), the cost coverage is increasing from 77% in FY 2022 to 91% in FY 2023. DHS Secretary Karen Timberlake said, “Our new rate-setting model allows us to prioritize funding for direct care nursing and support increased wages for health care workers to ensure continuing high-quality care.”

Calling the funding increase historic, nursing home advocates noted that in addition to the increase for direct services, there is a large funding increase for support services, which includes a broad array of costs such as those related to administrative services and other operational expenses. The nursing home representatives said those increases consider the diverse needs of providers across the state.

During the DHS rate setting process, the modeling assumed a 13% reduction in patient days paid for by Medicaid. In FY 2022, nursing homes received a 12% increase in funding as one of the strategies to preserve nursing home capacity for people enrolled in Medicaid. Even with the increased funding, in FY 2022, the number of Medicaid enrollees accepted by nursing homes has decreased from about 10,700 to 9,800. DHS has invested more than \$500 million in nursing homes since FY 2020 to help build nursing home staffing and protect nursing home capacity, including sizeable Medicaid rate increases (the SFY 2021-2023 state budget included \$252 million for nursing home rate increases), and funding for staffing and training. Because the additional dedicated dollars have not resulted in increased nursing home capacity or even slowed the loss of beds, some have suggested additional strategies to accompany the increased funding, including regulatory reforms, greater utilization of other types of post-discharge bed capacity and new payment structures to encourage fresh approaches to providing specialized as well as more routine services.

WHA President and CEO Eric Borgerding noted, “On any given day, from 10 to 20% of the staffed inpatient beds in many hospitals are occupied by patients who are ready for discharge but waiting for a nursing home placement. Those are staffed hospital beds that are not available for patients with acute, hospital-level care needs.” Borgerding emphasized, “Communities, hospital patients, and their families need access to quality skilled nursing facility care so we, of course, support efforts that help ensure that access, including this additional funding. But more than 2,000 nursing home beds have closed since the beginning of the pandemic even with previous funding and support increases. We believe that one of the measurable purposes for this second historic state funding increase in less than two years must be that expected capacity is there when patients, including those covered by Medicaid and Medicare, need it most.”

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