

**Resolution No. 7-1110**

**COUNTY NURSING HOMES AND THE 2011 – 2013 STATE BIENNIAL BUDGET**

**WHEREAS**, county homes play a unique role in Wisconsin's continuum of care for citizens in need of long-term care services; and

**WHEREAS**, the majority of county homes care for residents with high acuity levels and intense behavioral needs; and

**WHEREAS**, Wisconsin county homes have a long history of partnering with the state to maximize federal resources available to the state; and

**WHEREAS**, under the Supplemental Payment Program, formerly known as the intergovernmental transfer program, federal matching funds are generated based on actual operating losses incurred by governmental nursing homes; and

**WHEREAS**, all revenue generated from county nursing home losses is deposited in the state of Wisconsin's Medical Assistance Trust Fund; and

**WHEREAS**, through the combined efforts of the state and counties, billions of dollars have been brought in over the past decade, most of which was utilized to offset deficits in the Medical Assistance Trust Fund; and

**WHEREAS**, under current state law, the state may not distribute to counties more than \$39,100,000 in each fiscal year; and

**WHEREAS**, all revenue received under the supplemental payment program is derived from certified county nursing home losses; and

**WHEREAS**, counties depend on revenue received from the supplemental payment program to maintain high-quality services to vulnerable residents; and

**WHEREAS**, counties utilize revenue from the Supplemental Payment and Certified Public Expenditure Programs to offset property tax dollars utilized to fund the operation of county homes; and

**WHEREAS**, the 2009-2011 state biennial budget allocates only \$38.1 million annually in payments to counties, although the Department of Health Services estimates receiving \$96.2 million in federal matching funds based on county nursing home losses; and

**WHEREAS**, the nursing home bed assessment (tax) was created as part of 1991 Wisconsin Act 269 as a methodology to fund the Medical Assistance nursing home rate increases that took effect in FY 92; and

**WHEREAS**, since that time, the bed tax has increased from \$32 per month per bed to \$170 per licensed bed; and

**WHEREAS**, in the 2009-2011 state biennial budget, a majority of the funds raised through the increased bed tax was utilized to offset the state's Medicaid deficit, in addition to funding the two percent rate increase in each year of the biennium; and

**WHEREAS**, in FY 10, 68% of the federal revenue derived from the bed tax was utilized to offset general fund expenditures; 51% of the federal revenue will be utilized for non-nursing home expenditures in FY 11; and

**WHEREAS**, a bed tax increase of \$14 in FY 10 and an additional increase of \$33 in FY 11 is all that was needed to fund the two percent rate increase; instead, over \$66 million of revenue derived from the bed tax was utilized over the biennium to replace GPR base funding for MA benefits; and

**WHEREAS**, there is no public policy argument to justify increasing taxes paid by nursing homes and their residents to benefit the general fund; and

**WHEREAS**, returning the revenue generated from the bed tax will fund a rate increase of approximately 3.25 percent in FY 12 without the need for additional GPR or bed tax dollars; and

**WHEREAS**, Institutes for Mental Disease (IMDs) with state-only licenses are required to pay the bed tax, even though they do not qualify for Medicaid payments.

**NOW, THEREFORE, BE IT RESOLVED** that the Iowa County Board of Supervisors requests that the following action be taken by the Governor and State Legislature during 2011-2013 state biennial budget deliberations:

1. Support a statutory change to Sec. 49.45 (6u)(am) Wis. Stats. such that it reads ...*the department shall distribute to these facilities and to care management organizations at least \$39,100,000 in each fiscal year* ...
2. Support a statutory change requiring the state to share equally the federal match dollars received as a result of county nursing home losses.
3. Nursing home bed assessment funds and the federal matching funds generated should be used for nursing home rate increases, not as supplementation to the MA Trust Fund.
4. County government-owned IMDs and state-only licensed facilities should be exempt from the provider bed assessment (bed tax).

**BE IT FURTHER RESOLVED** that copies of this resolution be sent to Department of Health Services Secretary Karen Timberlake, Department of Administration Secretary Dan Schooff, all area legislators and the Wisconsin Counties Association.