

Legislative Issues: Medicaid

Increase in Medicaid rates to address the disparity between Wisconsin and Minnesota rates for nursing home and substance abuse treatment. Medicaid reimbursement rates for personal care workers is also impacting the ability to recruit and retain skilled workers.

The Citizens of Northwest Wisconsin Request

An increase in Medicaid reimbursement rates for behavioral health services, substance abuse treatment, services for nursing home care and for personal care workers to ensure these services continue to allow for the continuation of services and increased access for citizens of Northwest Wisconsin.

Northwest Wisconsin -Aging Faster than Wisconsin and Lower Incomes

The Department of Workforce Development (DWD) Labor Market Outlook identifies Northwest (NW) Wisconsin as a region whose population trends differ from the rest of the state. Some areas of Northwest Wisconsin are losing population, while others are increasing at a lower rate than other regions of the state.

The DWD Outlook also shows a shrinking population in the 18-24 age group and an exploding percentage of the population 65 and over. Further, wages in NW Wisconsin are currently lower than the rest of the state. In 2016 the average annual wage in the NW region was \$34,960 compared to an average wage of \$46,031 in the rest of the state. The wage disparity is largely driven by a flat job market and higher proportion of seasonal and service jobs throughout much of the region.

Opioid and other Drug Abuse: An Epidemic in the North

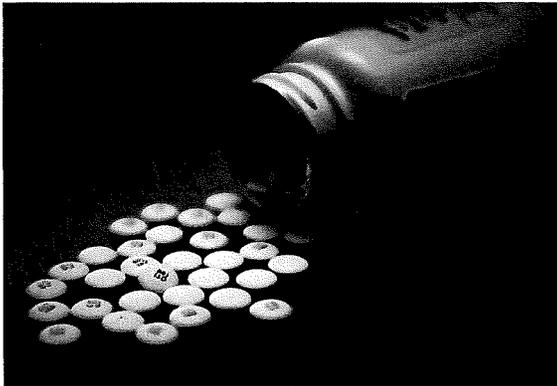


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For years, Douglas County has been among the top five counties for arrests and crime lab submissions for both opiate and methamphetamine abuse and the only county to make the top five in both lists. While the opiate crisis afflicts communities across Wisconsin and the United States, a combination of factors in contribute to the severity of the crisis in Northwestern Wisconsin. These likely include greater access to markets in nearby large cities combined with higher price points for illegal drugs, higher

rates of poverty (which are historically linked to drug abuse), and the lack of sufficient treatment for substance abuse disorders. While the drug crisis afflicts the entire Twin Ports communities of Duluth and Superior and their surrounding rural areas, the citizens of Minnesota have more access to services and rehabilitation. Higher reimbursement rates to Minnesota providers for effective treatments incentivize most services to locate in the City of Duluth. Those facilities cannot adequately care for Wisconsin residents.

Medicaid does not currently reimburse for vital treatment services in the State of Wisconsin including Residential Inpatient Treatment in either medical or residential settings nor does it

8 cover halfway houses for people recovering from serious addiction, while Minnesota covers these

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services. Even though they exist within a few miles of Wisconsin citizens, they are inaccessible. Furthermore, services that Wisconsin Medicaid covers are nearly always reimbursed at a much higher level in Minnesota, causing facilities and providers to locate in that State. This can provide some accessibility for nearby citizens in Superior but far less for citizens living further east than the Superior area who would be forced to travel significant distances from their homes and support systems.

We request that the legislature increase rates for covered services to increase viability and sustainability of substance abuse providers in Northwest Wisconsin and to expand Medicaid reimbursement to inpatient services, including residential and medical treatment to allow citizens of Northwest Wisconsin to access these services in Minnesota.

Behavioral Health Services Background

The rates of diagnosable mental illness are up overall both nationally and locally. One in four adults in the U.S. suffers from a diagnosable mental disorder in a given year. People who experience mental health distress often miss work, perform poorly while at work, are at risk for unemployment, becoming disabled, experiencing homelessness, substance use, and suicide. Unfortunately, no one is immune to the possible tragic effects of mental illness. According to a brief published by the University of Wisconsin Population Health Institute Wisconsin, adults with severe psychological distress are approximately five times as likely to be disabled and six times as likely to be unable to work as those without significant psychological distress. In a study from 2001, Wisconsin United for Mental Health noted that mental health and substance abuse treatment costs totaled \$104 billion and represented 7.6% of total healthcare spending in the United States.

The Centers for Disease Control and Prevention (CDC) reports that in a given year, 18.8 million American adults (9.5% of the adult population) will suffer from a depressive illness. Approximately 80% of persons with depression reported some level of functional impairment because of depression, and 27% reported serious difficulties in work and home life. In a 3-month period, those with depression miss an average of 4.8 workdays and suffer 11.5 days of reduced productivity. Depression is estimated to cause 200 million lost workdays each year at a cost to employers of approximately \$44 billion.

Douglas County feels these statistics acutely given the lack of services available in the area. Douglas County is recognized as Mental Health - Health Professional Shortage area. This is federal designation that indicates a significant shortage of psychiatrists, the ratio is higher than 30.000 to 1.0 FTE of service provider. Douglas County needs the equivalent of 4.0 FTE in service providers to come within the minimum recommendation of service levels. All surrounding counties are on the same list, but their needed FTE is significantly less, averaging less than 2.0. This contributes to Douglas County being ranked 57 out of 72 Wisconsin counties for Overall Health Factors since Clinical care and social factors average into the ranking.

The Wisconsin Medicaid reimbursement rates have not been adjusted adequately to address resident's needs. Northern counties have lost access to behavioral health services (services have closed or been forced to reduce access) because of the inability to withstand the rising cost of business with relatively flat reimbursement rates. With the current reimbursement rate, employing a clinician at a median rate of pay, a clinic will lose approximately \$12,000 per year, per clinician. Many agencies pay less than the median in order to make ends meet, resulting in longstanding open positions and hiring untrained clinicians who leave for a higher paying position when they reach full licensure. The cost involved in training a new clinician is significant.



Photo: WITC Gerontology Program

Without access to private insurance, many residents rely on Medicaid to pay for care. Many Duluth agencies are hesitant to provide services in Wisconsin as a result of the decreased reimbursement that would be received from Wisconsin Medicaid. The current reimbursement for an individual therapy session in WI is 56% lower than the MN rate.

Nursing Home Background

Wisconsin's Medicaid reimbursement rates to nursing homes remain the lowest in the country. Statewide losses for nursing homes in Wisconsin for 2016-17 were \$352 million dollars. Northern Wisconsin nursing homes suffered significant losses: Bayfield County lost \$915,889, Douglas County lost \$2,314,503, Ashland County lost \$1,604,531 and Iron County lost \$677,106. The average loss per bed per day is \$63.04. And Medicaid failed to reimburse 49% of direct care total costs.

This problem will get worse because of projected demographic trends. According to DWD statistics, the over 65-year-old population will increase significantly from 2015 to 2025 while the 18 to 64-year-old population will be declining. This means there will be increased need and demand for quality nursing home care with a decreasing workforce to provide that care. This is particularly applicable to northern Wisconsin.

Currently, labor costs represent 70% of the total cost of providing care and treatment to nursing home residents. Medicaid underfunding severely restricts the ability of nursing facilities to recruit and retain caring competent and professional staff. Current staff vacancy rates are rising. 2018 vacancy rates are 16.2% for LPNs, 17.3% for RN's and 19.2% for CNA's.

Over 30 nursing homes have closed in Wisconsin in the last 10 years. Fewer nursing homes means longer travel distances for patients and their families. These trends are causing increasing hardships to Wisconsin citizens and to skilled nursing home providers.

We are requesting significant increases in Medicaid reimbursements to nursing homes. We suggest an increase to 5% above the median cost per day or approximately \$210 per day. We must support our nursing homes with the means to provide sustainable, reliable care to our residents now and into the future. They cared for us, now we must care for them!

Personal Care Services, A Healthcare Labor Crisis

Personal care services are insufficiently resourced due to the inability to recruit and retain the workforce needed to meet the growing demand for such services in northwest Wisconsin. For more than a decade, we have been aware of the coming crisis, and with each passing year, we realize a larger deficit between the number of care givers and those needing care. One of many driving factors is the ability to provide compensation packages that attract and retain staff. To assure Providers can compete with other sectors, the Medicaid reimbursement for these services needs to align with inflationary factors such as medical inflation.

Current Wisconsin Department of Administration data, (2015) show that multiple counties throughout northwest Wisconsin are home to residents already disproportionately older than those in counties across most of Wisconsin. DOA demographic projections out to 2040 predict an alarmingly marked and further disproportional increase in the percentage of elderly residents living in northwest Wisconsin. Moreover, the DOA is now predicting by 2020 there will be a better than 25% increase in demand for personal, in-home care services. As evidenced by the findings generated through both anecdotal testimony as well as structured academic research conducted through the University of Wisconsin Stout, associated with the Caregiver Challenge (a grassroots community organization formed to examine the problem across a region including Bayfield, Ashland and Washburn counties), there is an acute shortage of personal care workers throughout northwest Wisconsin as the result of low Medicaid reimbursement and the subsequent low wages that compensate the work.

A Call to Action

It is critical that all Wisconsin individuals & families be able to access resources in their own community to address a continuum of care at all stages of their life, including: behavioral health concerns at all ages, in-home care, and nursing home care as citizens age. Again, this is not just a quality of life issue; this is also a quality of workforce issue. As Northwest Wisconsin looks to attract new businesses, those said businesses want to ensure there are adequate social services in the area to address workforce needs. Having Medicaid reimbursement rates at a level that keeps Behavioral Healthcare and long-term care organizations sustainable is a benefit to all and helping to provide sustainable jobs for our lowest paid caregivers. Further, this issue is complicated by a workforce shortage. A Medicaid reimbursement increase may help service providers to be able to pay market wages to help with recruitment and retention of workforce. Assure that current Medicaid reimbursement rates align with inflationary factors such as medical inflation which increases the ability to be competitive in the recruitment and retention of personal care workers which would allow workers to receive a living wage.