



**WISCONSIN DEPARTMENT**  
*of* **HEALTH SERVICES**

# **Baker Tilly Long-Term Care Market Study**

March 2024

Presented to the Long-Term Care Advisory Council

# Plan for Today

- Scope of Work
- Key Findings and Recommendations
- Limitations and Concerns
- Questions

# Scope of Work

## **Study of Long-Term Care (LTC) Industry:**

- Skilled nursing facilities (SNF)
- Assisted living facilities (ALF)
- Other home and community-based services (HCBS)

## **Address concerns from providers:**

- Workforce issues
- Care transition issues (moving to post-acute care)
- Complex patient concerns (memory care, bariatric)

# Methodology

- Reviewed data from WI Health Systems and DHS
- Reviewed national literature and other states' programs
- Interviewed WI providers and partners:
  - Holly House AFH, Luther Manor, Oakwood Village, other facilities
  - Bellin Health, Froedtert Hospital, St. Croix Health Center, other hospital systems
  - LeadingAge, WHCA, WALA, WPSA, WHA, other associations
  - Disability Service Provider Network
  - IRIS/TMG

# Limitations and Concerns

## **BT did not address some of our questions and concerns:**

- Projected HCBS supply and analysis of personal/ supportive home care.
- Effect of recent DHS initiatives (such as historic rate increases).
- Strategies to prioritize person-centered care and address complex patient needs.
- DHS workforce concerns (such as caregiver quality budget proposal).
- Health equity considerations (other than a geographic analysis).
- Focus on long-term care for older adults (not IDD population).
- Public health considerations (to reduce demand for LTC and keep people healthy).

# **Key Findings and Recommendations**

# Long Term Care System Challenges through 2030

## BT Findings

- Increase in client volume (aging of population)
- Increase in complexity (dementia, obesity, behavioral health)
- Workforce constraints for all provider types/settings

# Hospital Care Transitions

## BT Findings

- Lack of appropriate post-acute care settings for complex patients
- 5%-7% of hospital days are “excess” due to discharge delays
- Medicaid eligibility + guardianship challenges



# Skilled Nursing Facility Capacity

## BT Findings

- Considered scenarios for demand + supply
- Most likely: continued statewide bed surplus with some regional or specialty shortages

# Assisted Living Capacity

## BT Findings

- Demand will rise 27% above current supply by 2027
- 12K beds needed above current 45K supply

## DHS Perspective

- Historically, industry has expanded to meet demand
- Concerned about ALF costs + overuse
- Concerned about rising resident acuity in ALFs
- Concerned about DHS regulatory staff capacity

# Home + Community-Based Services: BT Findings

**BT Finding:** Wisconsin will need more providers

	2025 Utilization	2030 Utilization
Personal/ Supportive Home Care	Not provided	256,400
Home Health Care	69,200	78,300
Hospice Care	30,100	34,000

# Private Sector Recommendations

- **Invest in workforce:**
  - Develop incentives to retain/ upgrade talent
  - Extend practice of “staff pooling”
  - Expand tele-health and remote patient monitoring
  - Adopt labor-saving technologies
- **Explore federal funding supports (HRSA/CMP)**
- **Plan for complex patient populations**
- **Collect and share data**

# Public Sector Recommendations

- Expand Medicaid
- Streamline guardianship process
- Revise nursing home bed limit/ transfers
- Review MCO discharge authorization process
- Review Medicaid application process
- Review funding models to support workforce
- Support private sector innovations

# Complex Patient Pilot

- The Governor's 2023-25 budget proposed \$15 million GPR for a Complex Patient Pilot program.
- The final 2023 Act 19 budget reserved \$5 million GPR in the Joint Committee on Finance (JFC) appropriation to create this pilot program.
- The goal is to address difficulties and delays in discharging medically challenging individuals by supporting hospital/ post-acute care partnerships.

# Complex Patient Pilot

- DHS convened stakeholders to design the pilot.
- DHS submitted the request to JFC on 11/30/23.
- The Committee needs to vote on the request. If approved, DHS will use a competitive grant selection process to select and fund hospital/post-acute care partnerships.
- DHS will evaluate the pilot to ensure promising practices can be replicated across the state.

# Funding Models

- **2021-23 Budget:** Governor Evers approved **\$438 million** in increases for long-term care:
  - \$252 million: Nursing home reimbursements
  - \$104 million: Direct care workforce funding
  - \$78 million: Personal care reimbursements
  - \$4 million: Home health care reimbursements



# Funding Models

- **2023-25 Budget:** Governor Evers approved **\$499 million** in increases for long-term care:
  - \$226 million: 5% increase for HCBS rates
  - \$146 million: Nursing home support services
  - \$31 million: Nursing home incentives
  - \$12 million: Other nursing home increases
  - \$38 million: Family Care reimbursements
  - \$38 million: Personal care reimbursements
  - \$8 million: Aging and Disability Resource Centers

# Funding Models

- DHS Medicaid in the process of developing a minimum fee schedule for HCBS.
  - We hope to invest **\$269 million** ARPA in 2024.
  - Proposed minimum wage for direct care workers: \$15.75 per hour + health insurance.
  - We now need approval from JFC.

# Funding Models

- **2021-23 Budget:** Governor Evers approved **\$133 million** in increases for hospital systems:
  - \$104 million: Disproportionate share hospital payments
  - \$17 million: Ambulance services reimbursement
  - \$12 million: Emergency physician services reimbursement

*Gov. Evers proposals deleted by the Legislature included \$203 million for acute care and critical access hospital payment increases.*

# Hospital Reimbursements

- Last year, DHS paid **\$1.4 billion** to support hospitals.

	FY 22 Actual	FY 23 Actual	FY 24 Budgeted	FY 25 Budgeted	4 Year Total
Fee-for-Service Hospital Expenditures*	\$855,246,990	\$887,508,619	\$974,454,656	\$953,119,277	<b>\$3,670,329,543</b>
HMO Access Payments	\$553,962,752	\$529,199,460	\$480,929,680	\$480,633,196	<b>\$2,044,725,088</b>
Total	\$1,409,209,742	\$1,416,708,080	\$1,455,384,336	\$1,433,752,473	<b>\$5,715,054,631</b>

# Funding Models

- **2023-25 Budget:** Governor Evers approved **\$237 million** in increases for hospital systems:
  - \$124 million: Disproportionate share hospital payments
  - \$68 million: Base rate increase for hospitals
  - \$31 million: Hospital behavioral health reimbursements
  - \$12 million: Rural critical care hospital supplements
  - \$2 million: Graduate medical education grants

# Questions?