



December 2, 2022

The Honorable Tony Evers
Governor
115 East, State Capitol
Madison, WI 53702

Dear Governor Evers:

I am the President and CEO of the Wisconsin Assisted Living Association (WALA). We represent over 1,500 assisted living facilities that employ tens of thousands of caregivers and staff, who care for approximately 20,000+ elderly individuals and those with disabilities.

Our members are greatly appreciative of everything you have done and are doing for the state of Wisconsin and for the assisted living profession these past four years. Thank you for providing roughly \$30 million in CARES Act relief funding that was directly geared towards assisted living facilities in 2020 along with a continuation and increased funding within the Medicaid Family Care Direct Care Workforce Funding Initiative. In addition, thank you for directing a portion of the American Rescue Plan Act (ARPA) Home and Community Based Services (HCBS) funding toward a 5% provider rate increase.

Unfortunately, assisted living facilities continue to struggle with a worsening staffing crisis and increased expenses due to inflation. Therefore, we are respectfully requesting you consider including in your proposed 2023-2025 biennial budget:

- **Funding the Family Care Rate-Bands (Fee-Schedule).** Request adequate funding to implement Family Care Provider Rate-Bands (Fee Schedule).
- **Family Care 5% Rate Increase for Providers.** Continue and fully fund the Family Care 5% rate increase initially funded by ARPA.
- **Direct Care Workforce Funding Initiative - 10% Increase.** Request continuation and at least a 10 percent annual increase of the Direct Care Workforce Funding Initiative.
- **Long-Term Care Staffing Sustainability: Managing the Benefit Cliff.** Manage the benefit cliff for health care workers who surpass Medicaid (BadgerCare) income eligibility criteria.

Family Care Provider Fee Schedule \ Rate Bands

I appreciated the opportunity to serve on your Task Force on Caregiving of which one of the recommendations included the Department of Health Services (DHS) to implement “rate bands on a comprehensive and transparent rate evaluation that results in transparent, equitable and sustainable rates for home and community-based long-term care supports.” DHS has already begun work on this endeavor and is in the process of determining the costs to implement and maintain a fee schedule (otherwise known Rate Bands). We understand ARPA funds will be utilized to offset some of these initial costs.

Therefore, WALA respectfully requests that adequate funding which reflects the actual cost of care and services beginning January 1, 2024, be included in your 2023-2025 biennial budget. Based on the data DHS is collecting, this could represent at least a 25 percent increase in funding. We are also requesting that Managed Care Organizations (MCOs) be prohibited from reducing an assisted

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living facility's rate for a currently enrolled Family Care member (i.e., maintenance of reimbursement effort for existing enrollees).

In addition, since the Family Care Provider Fee Schedule will not be implemented until January 1, 2024, WALA requests that bridge funding be provided for assisted living facilities as directed rate increases for the period of July 1, 2023, to December 31, 2023, again to reflect the actual cost of care and services that will ultimately be included in the Family Care Provider Fee Schedule.

Family Care 5% Rate Increase for Providers

As mentioned above, we are appreciative of the Family Care 5% Rate Increase that was effective January 1, 2022. That increase is funded in full by ARPA funds through 2022. We are hopeful you will utilize the DHS budget request that continues to fully-fund this provider rate increase.

Continuation of the Direct Care Workforce Funding Initiative and 10% Funding Increase

You have been extremely supportive of the Direct Care Workforce Funding Initiative over your term as Governor. This funding initiative has been a lifeline for assisted living facilities to help alleviate the caregiver crisis challenges to some degree. During the 2021 – 2023 biennial budget, you signed into law an annual \$20 million (GPR) increase. DHS has included in its budget proposal a continuation, but we are asking you to consider also including at least a ten (10) percent annual increase (\$11 million GPR \ \$26.8 million all funds for the biennium) to help offset immediate rising labor costs and help providers maintain and recruit staff.

Long-Term Care Staffing Sustainability: Managing the Benefit Cliff

Since 2017, Wisconsin policymakers have implemented much needed but often temporary approaches to address acute direct care worker shortages. Wisconsin, like many other states, escalated these strategies to deal with the impacts associated with the COVID-19 pandemic. While short-term solutions are helping to address the immediate crisis, some strategies are not sustainable long-term. Implementing the requests above are one piece of the long-term sustainability solution; however, WALA believes additional strategies need be engaged to assist the assisted living profession with efforts of maintaining and recruiting staff.

According to research conducted by the University of Wisconsin-Madison Robert M. La Follette School of Public Affairs report entitled ["Over the Edge: An Analysis of the Implications of Benefit Cliffs Within Wisconsin Public Benefit Programs."](#) "A benefit cliff occurs when a public support program is designed in such a way that, at a certain level of income, a small increase in earnings can result in a significant loss in eligibility for benefits" (p. 4). Further, "Through this examination of seven public benefit programs [such as BadgerCare]...we specifically found that concurrent participation in multiple programs can lead to compounded cliff effects, exacerbated financial struggles, and disincentives to increase incomes" (p. 80).

The issue is that sometimes, caregivers are unable to accept a wage increase, work overtime, or additional shifts for fear of losing their state benefits. For example, "every \$3 increase in income over 200 percent of the FPL will result in a co-pay increase of \$1" (p. 23). This situation is further exacerbated for providers that serve a higher Medicaid census or those smaller facilities serving persons with disabilities due to policies around the U.S. Supreme Court's 1999 Olmstead decision.



Therefore, we are requesting that you consider including in your 2023-2025 biennial budget a proposal that would address the income eligibility benefit cliff in Medicaid programs such as BadgerCare that focuses on the specific population of health care workers – to provide another strategy to deal with the caregiver crisis facing health care today.

Thank you for your consideration and please let me know if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael S. Pochowski".

Michael S. Pochowski
President & CEO