



Wisconsin Taxpayers Alliance

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Wisconsin Public Nursing Homes Face Increasing Deficits WISTAX Finds Largest Deficits in Milwaukee, Dane, and Sheboygan Counties

MADISON—With a boom generation on the brink of retirement, Wisconsin's public nursing homes are facing increasing financial pressures and insufficient state and federal Medicaid reimbursements. According to the latest report from the Wisconsin Taxpayers Alliance (WISTAX), county nursing home deficits nearly doubled from 1998 to 2005. Now in its 75th year, WISTAX is a nonprofit, nonpartisan organization dedicated to government research and citizen education.

Two factors have contributed to the financial challenge nursing homes have faced the previous 15 years. First, a move to alternative care solutions, such as assisted living, has reduced demand for traditional nursing homes. Consequently, the number of licensed beds in public nursing homes fell 28.7% from 1990 to 2005. During the same period, the number of private beds decreased 17.8%.

A second factor, according to WISTAX, has been inadequate funding. Public nursing homes are funded through a complex combination of federal, state, and local aids, as well as private payers. Because Medicaid rates are generally insufficient to cover the cost of caring for nursing home residents, many homes have reported increasing the fees of private payers. As a result, residents not on Medicaid pay an average of \$173 per day, while Medicaid reimburses public homes an average of only \$122 per day. According to public nursing home advocates, this disparity risks pressuring wealthier residents toward other options, further exacerbating deficits.

The result of these changes has been a persistent and growing financial shortfall. The combined deficit reported by nursing homes in 35 counties rose 87.4% from \$33.4 million in 1998 to \$62.5 million in 2005. During this period, spending by these homes rose 25.7%, while revenues grew just 17.9%. The largest 2005 deficits were in Dane (\$6.8 million), Milwaukee (\$6.5 million), Sheboygan (\$5.8 million), and Winnebago (\$5.6 million) counties.

In addition to examining finances, the WISTAX report also provides an overview of public homes throughout the state and compares them to private homes. There were 60 public homes operating in 2005, accounting for 15.0% of the state's 400 homes. The remainder were run by investor-owned (for profit) groups (191; 47.8%) and nonprofits (149; 37.3%). The state's 400 nursing homes licensed 39,146 beds in 2005, the equivalent of 6.95 beds per 1,000 residents.

Of the 60 public homes, 49 were owned and operated by counties. The remainder were operated by cities and villages (nine), the Oneida tribe (one), and the state (one). The state nursing home—the Wisconsin Veterans Home in Waupaca County—was the largest nursing home in Wisconsin. More recently, the state

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The Wisconsin Taxpayers Alliance, founded in 1932, is the state's oldest and most respected private government-research organization. Through its research, publications, civic lectures, and school talks, WISTAX aims to improve Wisconsin government through citizen education. Non-profit, nonpartisan, and independently funded, WISTAX is not affiliated with any group—national, state, or local—and receives no government support.

opened a second, smaller home for veterans—the Union Grove Wisconsin Veterans Home in Racine County.

WISTAX researchers found similarities and differences among public and private homes in Wisconsin. Both are held to the same standards and must provide the same levels of service to maintain their licenses. Similarly, both public and private homes must pay the state \$75 per month (a “bed tax”) for each licensed bed they operate.

Public and private homes differ on various demographic and operational factors. Specific differences include average size (number of beds), patient condition, length of stay, occupancy rates, and number of employees.

Public nursing homes are generally larger and residents stay longer than in private homes. The average public home had 125 licensed beds at the end of 2005, compared to 93 beds per private home. The exception among public homes was municipally owned homes, which averaged just 62 beds per home.

The type of resident also varied between the homes. Residents needing long-term care (e.g., those suffering from degenerative diseases) are more likely to stay in public homes, while those who have shorter stays (e.g., those rehabilitating from physical injuries) are more likely to use private facilities. Nearly half (48.1%) of residents of public homes were initially diagnosed with a mental disorder, compared to less than a third (30.9%) at private homes.

As a result, short-term stays (less than a year) are less common at public homes. There, they accounted for 30.4% of residents at the end of 2005, compared to 40.9% of those at private homes. Conversely, 30.6% of patients at public homes had been there at least four years, versus just 19.7% of private home residents.

Total employment tends to be slightly higher at public homes, though both types of homes employ slightly more part-time than full-time workers. Public homes employed more registered nurses (10.89 full-time equivalent RNs per 100 licensed beds) than private homes (9.75 FTE RNs per 100 beds), and more nursing assistants (44.38 per 100 at public compared to 37.82 per 100 at private), while there were more licensed practical nurses (LPNs) at private homes (8.90 FTE per 100 beds) than at their public counterparts (7.41 per 100 beds). Additionally, employee turnover is higher in private homes.

For a free paper copy of *The Wisconsin Taxpayer*, “Wisconsin Public Nursing Homes,” write WISTAX, 401 North Lawn Ave., Madison, WI 53704-5033; e-mail wistax@wistax.org; visit www.wistax.org; or phone 608.241.9789. □

(Editor’s Note: An electronic version of this release is available at www.wistax.org.)