

May 13, 2015

To: LeadingAge Wisconsin Members

From: John Sauer, President/CEO  
Tom Ramsey, Vice President of Public Policy and Advocacy

## Indiana Developer Seeks Budget Amendment to Build 26 Nursing Homes

An Indiana real estate development company is advocating for a proposal that would afford it a special exemption from the Wisconsin Chapter 150 nursing home bed cap to build 26 new nursing homes. This proposal is currently being shopped around to members of the Joint Finance Committee as an 11<sup>th</sup> hour policy addition to the budget. There is no clinical, demographic, economic, market, or social need for what is being proposed.

[Mainstreet Investments](#) of Carmel, Ind. has hired Wisconsin contract lobbyists to advocate for a change in the Wisconsin Statutes to create an additional category of care. Defined as "transitional care," the facilities are designed to care for **Medicare and private-pay residents only and for 28 days or less**. To become law, this special exemption, crafted especially for Mainstreet, would have to first be approved by the Joint Finance Committee, then subsequently passed by the Senate and Assembly and finally signed into law by Governor Scott Walker.

### **IMMEDIATE ACTION OF ALL MEMBERS IS REQUESTED:**

1. Click [HERE](#) for the contact information for both your State Senator and Representative.
2. [Download this form letter to use as a guide for voicing your opposition to this proposal via email](#)
3. Email a copy of your communication to LeadingAge Wisconsin Vice President of Public Policy and Advocacy, Tom Ramsey, after sending the letter.

### **The following points are emphasized in the above referenced letter:**

- **SNF vs "TRANSITIONAL CARE":** What is defined and described in this proposal as a "transitional care" facility is not the new health care product touted by its proponents but simply a skilled nursing facility by another name. "Transitional care" is a marketing term, not a health care product.
- **AVAILABLE CAPACITY:** Nearly 20% of Wisconsin nursing home beds – over 6,670 - are currently unoccupied. That's about 76 buildings worth of available capacity. There is no need for this proposal.
- **MARKET DYNAMICS:** Nursing homes do not operate in a free market. The government (both federal and state) sets the rates, determines who uses the facilities, and mandates how to operate facilities via regulations. Bed allocation also is controlled under Chapter 150, Wis. Stats., which this proposal would appear to allow Mainstreet to circumvent.
- **ECONOMIC IMPACT:** While advocates may point to flashy numbers of economic generation – this proposal would redirect the existing economic impact that Wisconsin's skilled nursing facilities already generate. An [analysis](#) conducted by the NorthStar Economics, Inc. found that Wisconsin nursing homes account for: \$5.5 billion in economic activity in the state; spend almost \$2.9 billion on payroll and goods and services in Wisconsin; and generate over \$250 million in state income, sales, and property taxes.

- **QUALITY:** This proposal will place existing facilities in financial jeopardy by taking away a resident population that allows facilities to maintain balanced case mix, and negatively affect the exceptional quality of care that Wisconsin's skilled nursing facilities are currently able to provide.
- **JOBS:** While advocates may point to flashy numbers of job creation – this proposal would not create any more long term care jobs, rather it would redirect existing positions from Wisconsin's existing skilled nursing facilities. Wisconsin's skilled nursing facilities employ over 37,000 FTE workers and create another 27,316 jobs.

Click [HERE](#) to review the 2-page handout that has been distributed to Finance Committee members and shared with DHS Secretary Kitty Rhoades describing their amendment. **LeadingAge Wisconsin's position is not about competition, just fair and equal treatment under the law for all facilities.**

**All LeadingAge Wisconsin members are strongly encouraged to contact both their State Assembly Representatives and Senators ASAP to oppose the creation of a "transitional care" category of care.**