



Date: July 1, 2015

DHCAA Operations Memo 15-23:

To: Income Maintenance Supervisors  
Income Maintenance Lead Workers  
Income Maintenance Staff

|                             |  |                               |
|-----------------------------|--|-------------------------------|
| <input type="checkbox"/> FS | <input checked="" type="checkbox"/> MA | <input type="checkbox"/> BC+  |
| <input type="checkbox"/> SC | <input type="checkbox"/> CTS           | <input type="checkbox"/> FSET |

From: Shawn Tessmann, Bureau Director  
Bureau of Enrollment Policy and Systems  
Division of Health Care Access and Accountability

### Private Pay Nursing Home Rate

**CROSS REFERENCE**     [MEH 17.5](#)

**EFFECTIVE DATE**     **JULY 1, 2015**

### PURPOSE

This memo provides the update to the Nursing Home Private Pay daily rate used to determine a divestment penalty period.

### BACKGROUND

When Medicaid applicants or members are found to have transferred assets for less than fair market value, they must serve a “divestment penalty period” during which they are ineligible to receive Medicaid-funded long-term-care services. The calculation of this penalty period is based on the average monthly cost to a private patient of nursing facility services in the State (or, at the option of the State, in the community in which the individual is institutionalized) at the time of application.”<sup>1</sup>

### POLICY

The Federal Deficit Reduction Act of 2005 (DRA) requires that for all divestments that occur on or after January 1, 2009, the penalty periods are to be calculated in days. The daily rate is determined by multiplying the average monthly rate by 12 and dividing by 365.

<sup>1</sup> 42 USC §1396p(c)(1)(E) See also Wis. Stat. §49.453(3)(b)2

## Methodology

The average nursing home private rate is calculated based on nursing home rate information from the 2015 Genworth Cost of Care Survey, conducted during January through March 2015.

Nursing homes in the following regions (some comprised of multiple counties) were polled: Appleton, Eau Claire, Fond du Lac, Green Bay, Janesville, La Crosse, Madison, Milwaukee, Oshkosh, Racine, Sheboygan, Wausau, and the balance of the state.

## Calculation

The weighted calculation takes into account the median regional private pay daily rate for a semi-private room and the number of Institutional Medicaid members in the counties that comprise each region as of the end of April 2015.

| Region                        | Counties                                 | Median cost | Institutional MA pop. |
|-------------------------------|--|-------------|-----------------------|
| Appleton                      | Calumet, Outagamie                       | \$246       | 498                   |
| Eau Claire                    | Chippewa, Eau Claire                     | \$218       | 475                   |
| Fond du Lac                   | Fond du Lac                              | \$235       | 303                   |
| Green Bay                     | Brown, Kewaunee, Oconto                  | \$222       | 771                   |
| Janesville-Beloit             | Rock                                     | \$270       | 473                   |
| La Crosse-Onalaska            | La Crosse                                | \$230       | 1,204                 |
| Madison                       | Columbia, Dane, Iowa                     | \$238       | 1,033                 |
| Milwaukee-Waukesha-West Allis | Milwaukee, Ozaukee, Washington, Waukesha | \$304       | 3,518                 |
| Oshkosh-Neenah                | Winnebago                                | \$270       | 431                   |
| Racine                        | Racine                                   | \$289       | 497                   |
| Sheboygan                     | Sheboygan                                | \$259       | 339                   |
| Wausau                        | Marathon                                 | \$260       | 343                   |
| (Balance)                     | (Remaining Counties)                     | \$235       | 6,963                 |

Beginning July 1, 2015, the average nursing home private pay rate to calculate penalties for divestments occurring on or after January 1, 2009 is **\$252.95 per day**. A revision to the Medicaid Eligibility Handbook will be made in a future release.

## CARES

A change to CARES reference table TASP will be made to use the new amount for divestment penalty calculations beginning July 1, 2015.

## CONTACTS

BEPS CARES Information and Problem Resolution Center

\*Program Categories – FS – FoodShare, MA – Medicaid, BC+ – BadgerCare Plus, SC – SeniorCare, CTS – Caretaker Supplement, FSET – FoodShare Employment and Training.