

SENIORS FIRST



The Changing Face of Long Term Care

2009 – Issue 2

The Need to Update 2004 Costs to 2006 Levels

- ✓ Over the past three years, the Illinois legislature has been faithful in continuing its commitment to the five-year phase-in of the resident-centered MDS reimbursement system. We thank Illinois legislators for their ongoing dedication to quality care for Illinois seniors.
- ✓ We need to continue the fourth, phased-in installment of the groundbreaking, resident-centered MDS Medicaid reimbursement system at a cost of \$90 million (\$36 million GRF).
- ✓ The MDS reimbursement system has been extremely successful in enhancing resident health, independence and well being. We have made great advances in providing cutting edge health services to Illinois' elderly citizens. Illinois needs to build upon its track record of success.

LONG TERM CARE FACILITY COST PROFILE—SUPPORT COSTS

Average Per Diem Costs Statewide

2004 & 2006 Illinois Department of Healthcare and Family Services Cost Report Data

Cost Report Line	Description	2004 Statewide Average	2006 Statewide Average	2004-2006 Statewide % Change
1	Dietary	\$ 7.21	\$ 7.79	8.04%
2	Food Purchase	4.99	5.23	4.81%
3	Housekeeping	4.43	4.80	8.35%
4	Laundry	2.11	2.22	5.21%
5	Heat & Other Utilities	3.52	4.05	15.06%
6	Maintenance	3.87	4.38	13.18%
8	TOTAL GENERAL SERVICES	28.77	31.39	9.11%
17	Administrative	4.14	4.69	13.29%
19	Professional Services	1.51	1.74	15.23%
21	Clerical & General Office	6.05	6.76	11.74%
22	Employee Benefits and Payroll Taxes*	3.50	3.99	14.00%
24	Travel & Seminar	0.15	0.17	13.33%
28	TOTAL GENERAL ADMINISTRATION	17.33	19.33	11.54%
	TOTAL SUPPORT COST	46.10	50.72	10.02%

All means are weighted by annualized total patient days as reported in the cost report.

All costs are inflated to January 1 of the year following the year they were submitted per IDPA procedure. The 2004 costs were inflated to 1/1/06 and the 2006 costs were inflated to 1/1/08.

**The payroll taxes and fringe benefits have been prorated to exclude costs associated with nursing costs. These costs have then been prorated between General Services and General Administration for the purposes of inflating each portion of the costs by the appropriate inflator. The inflated costs then have been added back together and used to replace the original tax and benefit number listed in the cost report for the purposes of this analysis.*

Last year the Illinois legislature completed a two-year process of updating of nursing home support costs from 1999 cost levels to 2004. However, not surprisingly, support costs continue to escalate. For instance, between just between 2004 and 2006:

- ✓ Salaries for healthcare workers rose 15.23%
- ✓ Benefits and payroll taxes rose 14%
- ✓ The cost of feeding residents rose by 8.04%

- ✓ Utilities costs for electricity and to keep residents warm rose 15.06%
- ✓ Maintenance and repairs increased by 13.18%

The state budget last year finally updated inflationary costs of the support rate between 1999 and 2004. It will take an additional \$75 million (\$30 million GRF) to complete the support update to the 2006 cost levels. Please provide the necessary support our seniors need and our caregivers deserve.