

The Portage County Health Care Center has been providing skilled nursing and long term care for over 100 years. It has, without a doubt, navigated a lot of ups and downs over that timeframe. Despite this resilience, it now finds itself caught between a variety of forces, many of which are outside of its control, that could keep it from operating past next year.

The Health Care Center is a place that serves our community very well. Those who work there know it's an excellent place to work, and the facility's leadership and the services provided are top-notch. Despite having to work with more and more regulations each year, they have maintained a 5-star rating and are a first-choice provider. So why are we going to referendum? The short answer is that, according to industry experts, public sector Health Care Centers in Wisconsin average a 20% net loss per year. On top of that, we are hamstrung by the fiscal mandate (i.e. levy cap) from the state that prevents us from generating enough revenue to cover basic things like the increasing costs of running the County. This is why you'll find a referendum on the November ballot asking voters to authorize the County to exceed the tax levy by up to \$1.4 million over the next four years.

The outside forces that are working against the Health Care Center can be summed up in three words: Health Care Policy. The County can do nothing about the fact that Medicaid reimbursement in the State of Wisconsin is close to the lowest in the U.S. If the State increased that amount, it would go a long way toward providing financial stability for facilities like ours.

There's also the fact that the County used to support the Health Care Center with around \$1.5 million in levy funding. In some years, that amount more than covered the operational deficit, and the Health Care Center placed the excess funds into their reserves. Over the last eight years, direct levy support has been reduced down to \$100,000. That plus their reserves is what's currently keeping the Center afloat.

There are a lot of theories as to where that direct levy support went, but the shifts were mostly driven by trying to maintain County programs and services with the levy cap in place. Given that the County is not mandated to provide the services at the Health Care Center (i.e. it's discretionary) and the Center had built up reserves, it's not surprising that funding would be taken from there and moved elsewhere. The center is also an enterprise fund, which means it's a county program that has a private sector equivalent. For that reason, it's allowed to operate similar to a business and with the ultimate goal—ideally—of needing zero funding support from County taxpayers. This is also true of the Solid Waste Department and the Highway Department.

Unfortunately there is a lot of hearsay when it comes to this topic and mischaracterizations of reality are leaving people with a lot of questions. First, it should be made clear that every facility operating in this arena—public or private—has to follow the same regulations. Any facility accepting federal funding (i.e. Medicaid, Medicare) also has to be open to patients who rely on those programs. The driving factors for which patients a given facility can take are staffing, the services they can provide, and the availability of resources to fulfill their mission.

There's also a belief out there that the Health Care Center is only there for Portage County residents. That is not true. Anyone who qualifies for Medicaid in Wisconsin—who could come from anywhere in the country—is a potential patient. Similarly, there is a belief that the County needs to own and operate the Health Care Center because it's there for the poorest and most vulnerable among us. That is also not true. Medicaid is what's there for the poorest and most vulnerable among us. To be clear, the people using our facility represent a broad socio-economic spectrum of people in the County. It's true that we

have Medicaid patients, but so does every other facility in this business—public or private. Interestingly, we currently have a lower percentage of Medicaid patients than most other facilities in the state and we have the highest percentage of Medicare patients. It doesn't get much better than that as payer source goes, yet the deficits persist.

Which brings us to another misunderstanding. People seem to think that this is still the kind of facility where people go almost exclusively for more traditional long term care. That may have been the case years ago, but the reality is that the industry is trending away from long term care. People want to "age in place" and stay in their homes as long as possible. Long term care as a service will most likely phase out over time, and the facility of the future will be smaller and more clinical in nature. We do have residents who are there for long term care, but the strong point of our facility is its rehabilitative services. We see that reflected in what kinds of patients are being referred to, admitted at, and discharged from the center.

As you contemplate all of this information, know that authorizing the County to exceed the levy by up to \$1.4 million is exactly that. If the operational deficit is less than it has been in previous years, the County can exceed the levy by less than \$1.4 million. In other words, we can exceed the levy by only the amount we need. After almost a year of looking at this issue I'm confident in saying that we have plenty of information at our fingertips to make logical, fiscally responsible decisions. We should be able to articulate to tax payers what every dollar above and beyond the levy limit is being spent on and how that spending is supporting the operations of the Center.

We've been discussing the future of the Health Care Center since at least 2001. After the election, Portage County will have an answer to one of several big questions the Health Care Center is facing. If it passes, the County will have a temporary safety net in place that gives us time to find a long-term solution. If it doesn't pass, no decision has been made as to what will happen. There are a number of options that would be on the table, and I'd hope we would explore most of them.

I should conclude by also making it clear that there are still much larger questions to answer about the future of the Health Care Center regardless of the referendum result. For instance, the current facility is in need of \$6-7 million dollars in renovations based on our best estimates. If the County built a new facility, that would cost much more. As an enterprise fund, the Center would be expected to pay the County back for any borrowed funds for a new building over time. However, that expectation is misplaced. Given the annual deficits that the Center generates, any debts would have to be accounted for some other way. So stay tuned. We've got a lot of work ahead of us.