The Wisconsin Long-Term Care Coalition
Keep Our Care at Home

5/25/15
To: Members, Joint Finance Committee
From: Wisconsin Long Term Care Coalition
Subject: Recommended Alternatives in Legislative Fiscal Bureau Papers #356, #357, #358

On behalf of the 55,000+ people receiving long term care (LTC) services in Wisconsin and their families, we thank you for your commitment to include stakeholders in any future discussions of LTC. The Wisconsin LTC Coalition is asking the JFC to adopt the following alternatives in the LFB papers on LTC dated May 27, which would retain Wisconsin's current LTC system for the 2015-2017 biennium:

Alternative 5 in Paper #356
Alternatives A4, B4, and C3 in Paper #357
Alternative 3 in Paper # 358 (but approve the additional 3.0 positions at BOALTC)

Paper #356, "Long-Term Care Changes (DHS - Medical Assistance – Long-Term Care)", contains the most thorough analysis of the major changes in LTC proposed in the governor's budget. This paper corroborates many of the concerns expressed by the Wisconsin LTC Coalition in previous correspondence with JFC:

> **The current LTC system is not broken; it is clearly saving taxpayer dollars and reducing nursing home admissions; and there are no good reasons to replace it with new, untested models.**
>
> **There are many risks and unknowns associated with the governor's proposal; there is no evidence to back up the claims that it will reduce costs or increase administrative efficiencies; and there is no contingency plan if it fails.**

Key Conclusions from the LFB Discussion Points in Paper #356 (and one Point from Paper #357)

1. **The current system is cost-effective, and Family Care has reduced the cost of primary and acute health care. (Points 66, 32)** DHS (12/13 report) acknowledged that the current LTC models "provide the capacity to manage the growth of long-term care costs while ensuring…quality" and avoiding nursing home admissions. "The impact of Family Care's services and funding models reach beyond (LTC)…the average cost of…acute and primary care services have also declined over the last three years".

2. Family Care MCOs have lower administrative costs than other WI Medicaid HMOs. (Point 65) "the administrative allowance is 12-14%…for HMOs providing BadgerCare Plus…and 10% for HMOS providing SSI managed care…The current Family Care MCOs (have) an administrative allowance of approximately 4%."

3. IRIS participants have accepted personal responsibility to keep costs down – they consistently underspend their individual budgets. (Table 4, pg. 16) "Average monthly Budget = $2443. Average Monthly Spending = $2029. Spending as a Percentage of Budget = 83%" (i.e. IRIS participants on average give back 17 cents of every Medicaid dollar budgeted for their services).

4. Most of the predicted savings in the governor's proposal are in Medicare, not Medicaid - - the Medicare savings won't affect the state budget. (Point 62) "80% of individuals enrolled in Family Care are dual eligible…most of the primary care services they receive are funded from Medicare, rather than MA."

5. The profit demands of the new for-profit HMOs proposed by the governor amount to a hidden cost that may reduce projected savings. (Point 64) “The current MCOs are non-profit entities…annual surpluses for these entities are generally limited to approximately 2% to 3%...for-profit HMOs typically have greater profit margins than the current MCOs (and) would require higher capitation rates for providing services”.

6. As we predicted, the governor’s proposal will ELIMINATE Wisconsin’s current LTC system, which has been painstakingly built over the last 15 years. (Points 21, 72) “MCOs operated by long-term care districts could not transition to the new model. Further, the current MCOs would likely be unable to meet the risk reserve requirements of the new integrated care organizations.” “Further, if the proposed changes would be adopted, the current long-term care system, including the regional MCOs, would be eliminated.”

7. Contracting out ADRC functions currently performed locally to out-of-county vendors will undermine the fundamental “1 Stop” model of Wisconsin ADRCs which has won national recognition. (Points 14, 15, 16 in Paper #357) “providing ADRC services on a statewide basis runs counter to a central feature of ADRCs, which is to provide reliable information on locally-available long-term care services. Further, claims of inconsistency in the results of functional screens or directing individuals to specific programs or providers appear to be unsubstantiated or anecdotal.”

8. Offering current IRIS participants an opportunity for self direction in Family Care overlooks the fact that full self direction in IRIS is very different than partial self direction in Family Care. (Points 47, 48, 49) “individuals in IRIS have both budget authority, which refers to decision-making over one’s budget amount, and employer authority, which refers to controlling the portion of Medicaid dollars used for hiring direct support workers. Under the Family Care self-directed option, individuals only have employer authority and partial budget authority…under the IRIS program, individuals are permitted to self-direct all services, while (in) Family Care…individuals are only permitted partial self-direction.”

9. Eliminating the “any willing provider” requirement may be convenient for insurance companies but it will reduce choice and flexibility for consumers. (Points 37, 38, 39) “elimination of this requirement removes a degree of choice and flexibility that improves the provision of services to this population.”

10. If the governor’s plan fails, there is no contingency plan in the budget to assure continued health and safety for people currently in WI’s LTC system (Point 72) “it is unclear whether the Department has a contingency plan if the proposed changes were unsuccessful and the current system had already been eliminated… in October, 2012, United Health Care terminated its BadgerCare Plus contract due to insufficient rates…(while serving) 174,000 individuals at that time…If a similar situation were to occur following implementation of the proposed long-term care changes, it is not known whether another entity could maintain services to these individuals.”

CONCLUSION

The recent LFB papers on LTC confirm the Wisconsin LTC Coalition’s response to the governor’s LTC proposal: there is no basis for the wholesale elimination of the current regional Family Care MCOs, the locally-operated ADRCs, the separate IRIS program which offers full self-direction, or the Partnership model of LTC/health care integration. No credible evidence has been presented to show that the governor’s plan would save more money, improve quality or consumer satisfaction, increase administrative efficiencies, or further reduce nursing home admissions. There is no justification for disrupting the lives of 55,000+ people. We call on JFC to adopt the Alternatives in the LTC papers recommended at the start of this memo and retain the current LTC system for the coming biennium.

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cc: Members, Wisconsin Senate and Assembly