



State of Wisconsin
Department of Health Services

Scott Walker, Governor
Kitty Rhoades, Secretary

Joint Committee on Finance

Testimony of Secretary Kitty Rhoades

Department of Health Services

March 3, 2015

Thank you Co-Chairs Darling and Nygren and members of the Joint Committee on Finance for the opportunity to discuss Governor Walker's 2015-2017 biennial budget for the Department of Health Services.

The Wisconsin Department of Health Services has nearly 6,200 positions and a two-year budget of more than \$22 billion. We operate seven direct care facilities across the state which provide services for some of the state's most vulnerable residents. Roughly 80 percent of the Department's budget is dedicated to the Medicaid program and 50 percent of our budget is federally funded.

As Governor Walker said in his budget address, this budget is based on economic growth and opportunity for the citizens of Wisconsin. The budget provides common sense reforms to create a government that is limited in scope and is more effective, efficient and accountable to the public. The proposed budget reforms will ensure a state where people are safe and sound in their homes and throughout their communities.

In the last 2013-15 biennial budget, Governor Walker made a bold change to re-focus Medicaid on the population that it was created for – people in poverty, and the Legislature enacted his entitlement reform plan. Unique among states, Governor Walker's plan provides all Wisconsin residents with access to affordable health coverage, without counting on unreliable funding promises from the federal government. The Governor's reforms were based on what will provide the best outcome for our citizens, not on obtaining short-term financial assistance for the State. For the first time in Wisconsin, all individuals living in poverty are eligible for Medicaid.

We have accomplished all of this while living within our budget for the Medicaid program. As we did in the last biennium, the Medicaid budget is again projected to end the fiscal year in balance.

Continue the Governor's entitlement reforms.

The Governor's 2015-2017 biennial budget builds upon these principles which will continue to preserve health care safety net programs including Medicaid and mental health and implement reforms to promote independence and slow expenditure growth.

Preventing waste, fraud and abuse of taxpayer dollars is a top priority of Governor Walker. The Department of Health Services Office of the Inspector General (OIG) was created by Governor Walker with the help of the Legislature in October 2011 to support Medicaid fraud prevention and program integrity activities. Through the Department's OIG, we have vigorously pursued efforts to proactively identify and eliminate fraud and abuse in the Medicaid and FoodShare programs through ongoing program integrity efforts.

The Governor remains committed to ensuring Wisconsin's Medicaid programs effectively utilize Wisconsin's very valuable taxpayer dollars, and he is taking necessary additional steps to slow expenditures. The 2015-2017 biennial budget continues to fund existing work of the Department's OIG, and it gives us new tools in that fight. For example, it funds an independent assessment for personal care services to accurately assess the amount of services each person needs. This tool will help us ensure we use taxpayer dollars to meet an individual's essential needs, while preventing unscrupulous providers from exploiting the system.

This budget also strengthens estate recovery and divestment provisions so that individuals rely on their own resources as much as possible before seeking help from public assistance programs.

Expand the Family Care program statewide.

Reliance on local organizations and a county-by-county system limits Wisconsin's ability to make a statewide impact, drive innovation and ensure consistent quality across the state for all beneficiaries. To address these issues, under this budget, the Family Care program will expand from the current 57 counties to all 72. We will also transition the program to an outcome-based model that serves the whole person.

Currently, Family Care provides coordinated long-term care services for members who are elderly and disabled. In addition, Wisconsin offers individuals the opportunity to choose their own providers through the state's self-directed care program, IRIS. While these programs offer members access to long-term care services, the manner by which the state provides overall health care to these members is highly fragmented.

Currently, members receive long-term care services in either Family Care or IRIS and access primary care, behavioral health care and other non-long-term care services in the fee-for-service setting. This delivery model means there is no coordination of primary care with behavioral care, and there is virtually no coordination of care between a primary care provider and those who provide long term care services. Because the Department does not have the ability to coordinate all aspects of a member's health and long-term care needs to ensure that the proper care is being delivered in the proper setting, the Department is unable to determine the overall cost of an individual's care.

The Governor's Family Care reforms end the state's fragmented delivery of health and long-term care, while establishing the focus on the overall health and well-being of our members. Under this model, care organizations will provide comprehensive, coordinated health care services to members – long-term care, primary care, behavioral health care and acute care. The budget also strengthens supports for individuals who currently self-direct their long-term care services in the

IRIS program. Individuals will continue to be able to self-direct long-term care services within Family Care and care organizations will coordinate other health services for those members.

It is important to stress the state remains strongly committed to both the philosophy and values that make up self-direction in the delivery of long-term care services. As the Department moves forward, we will ensure that self-direction remains a key service delivery method within the enhanced care coordination model outlined in the Governor's budget.

The Family Care reforms will strengthen the service delivery system and ensure that members continue to have choice and input in the delivery of their total care. Additionally, these reforms will make the program more financially secure into the future and keep members in their own home.

Promote effective service delivery models.

In the 2013-2015 budget Governor Walker allocated nearly \$30 million to strengthen mental health services. At the same time, the state Legislature passed 11 legislative bills regarding mental health. The new policies and programs have provided much needed resources to improve and expand care, as well as give support to, those living with mental illness. We are building on that in the 2015-2017 budget by streamlining funding sources for mental health and children's long-term care services to the counties, and allowing counties more flexibility to use those dollars to meet the needs of their residents.

In addition, the 2015-2017 budget takes several other steps to help individuals receive the right services in the right setting. The budget reforms will allow Medicaid members to receive substance abuse treatment in residential settings, to access the services of licensed midwives where appropriate, and to receive immunizations at their local pharmacy. We also provide additional funding to aging and disability resource centers to support people with dementia and their families. Lastly, the budget implements a pilot to improve access to dental services.

Promote independence and self-sufficiency.

In his 2013-2015 budget, Governor Walker invested significant resources to support job training through the FoodShare Employment and Training (FSET) program for able-bodied adults without children to ensure they receive the skills they need to return to the workforce. The FSET program has been active in three pilot counties in southeastern Wisconsin and is slated to go statewide on April 1, 2015. Under this program, able-bodied adults without dependents are required to meet a work requirement or receive job training in order to receive FoodShare benefits. In our pilot, we are pleased to see that not only are able-bodied adults without dependents accessing job training services but many members who are not mandated to take the training are volunteering to join this program to access these job training skills.

The 2015-2017 budget provides funding to continue statewide implementation for FSET services. Beginning this year able-bodied adults without dependent children will need to comply with work or work training requirements to stay enrolled in FoodShare. Participation in the FSET programs will give them with the education, skills, and training they need to enter the workforce and help empower them to move from government dependence to true independence through the dignity of work. In addition, Wisconsin employers need a high-quality drug-free

workforce, so we will seek federal authority to screen and test FSET participants for illegal drug use. Drug testing for FSET participants is not intended to penalize them, but to connect them with the treatment they need to attain and hold on to a job. We will also seek changes to the state's Medicaid BadgerCare Plus childless adults waiver to help promote healthy lifestyles among members. All of the Governor's reforms will assist to help residents move from government dependence to independence and help ensure that Wisconsin employers have access to a workforce that is drug-free.

Reform state government.

The 2015-2017 budget transfers food safety and recreational licensing programs to the Department of Agriculture, Trade and Consumer Protection. The budget will also consolidate construction plan reviews for community-based residential facilities and hospices at the Department of Health Services to improve customer service for providers.

In summary, the Governor's budget for the Department of Health Services improves the delivery of care with the focus on the health outcomes of the total person and provides our residents with the opportunities and tools to be independent and move into the workforce. The budget focuses on making life better for Wisconsin residents by developing our workforce and reforming government. By building upon the entitlement reforms implemented in the last budget and strengthening the efforts of the OIG, we are adding to the success of the last four years of growing our state's economy, preserving essential safety net programs and ensuring that government is more effective, efficient and accountable to the public.

I would be happy to answer any questions you may have.