



State of Wisconsin  
Department of Health Services

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Tony Evers, Governor  
Andrea Palm, Secretary

Joint Committee on Finance  
Testimony of Secretary Andrea Palm  
Department of Health Services  
April 3, 2019

Thank you Senator Darling and Representative Nygren and members of the Joint Committee on Finance for the opportunity to discuss Governor Evers' 2019-21 Biennial Budget for the Department of Health Services.

I am Andrea Palm, Secretary Designee for the Department of Health Services. I am proud of the work our staff and the Governor did together, to develop a budget that reflects the public's input, serves the citizens of Wisconsin, and makes critical investments in health care.

The Department of Health Services reaches nearly everyone in our state by protecting and promoting the health and safety of the people of Wisconsin. Our team of experts manage public health, health care coverage, and food security and safety programs, oversee 24/7 facilities and programs, ensure quality and safety at DHS licensed facilities, and provide long term care supports for our aging population as well as our citizens with disabilities.

We are committed to finding the best practices for behavioral health and recovery, preventing and addressing communicable diseases, caring for our most vulnerable citizens, and improving health care delivery systems. Our investments in this budget reflect our mission and those commitments.

Governor Evers' budget proposal is anchored in expansion of the Medicaid program to cover an additional 82,000 individuals with affordable health insurance. Medicaid is an integral component of our health care system in the United States, covering more than 75 million Americans. Here in Wisconsin over 1.1 million residents rely on Medicaid for access to high quality health insurance.

By expanding Medicaid to the federal threshold, the state will be able to claim the 90% match rate for currently enrolled, childless adults, *as well as*, newly eligible childless adults between 100% and 138% of the federal poverty level. This will produce \$324.5 million in savings for the state and draw down \$1 billion in federal funding. Governor Evers' budget then reinvests these savings back in the health care system. These investments draw down \$573 million in additional federal funds, resulting in a total of \$1.6 billion in NEW federal funds to the state of Wisconsin to make historic investments in the health and well-being of every Wisconsinite.

Through these critical investments in our health care system this budget recognizes that health care is a cornerstone of economic development in communities all across the state. Together, these investments will stimulate local economies, create jobs, and boost personal incomes across the state of Wisconsin. States that have expanded Medicaid have seen significant job growth and positive economic impact. Additionally, the budget improves health care quality and access by addressing provider reimbursement, tackling workforce shortages, and expanding coverage for additional services and benefits.

By investing in our health care infrastructure and providers, the budget recognizes that having coverage isn't enough if you don't have access to care. So we make substantial increases in reimbursement rates to foster economic growth and reduce workforce shortages. For hospitals – we invest an additional \$367 million. For dental services—we invest an additional \$48 million. For physicians and behavioral health providers, including psychiatrists—we invest an additional \$69 million.

Our budget will reduce overall health care costs for everyone, by covering more people, reducing uncompensated care by \$50 million for hospitals, expanding access to preventive services, and tackling rising prescription drug costs. The budget proposal also extends Medicaid coverage for pregnant women from 60 days, to one year after birth—to ensure uninterrupted health coverage, at a critical time for both mother and baby. It recognizes the additional investments this committee made in the last budget, and builds on them, by making sure all kids who are eligible for the Children's Long Term Support Program can enroll. It also helps those kids, and their families navigate the system, by developing a “no wrong door” policy, to ensure families can easily access and navigate the various programs that support children who need long term care.

In addition to the children's long-term care support program, our budget proposal makes other important investments in the long-term care system that serves those who are aging, and adults and children with disabilities. We increase investments in the full continuum of care, by increasing funding for providers in long-term care programs and services, including Family Care and IRIS, nursing homes, and personal care, so we can pay workers a competitive wage. This will help grow the workforce, improve access to care, and allow more seniors, and adults and children with disabilities to stay in their homes.

The budget also addresses behavioral health care needs, making historic investments in the integration of behavioral health into the health care system. We know that behavioral health is essential to overall wellness and that we need to improve access, and the way we deliver essential mental health, and substance use disorder services. To ensure the right supports are available at the right time for all Wisconsin residents, we need to integrate behavioral health in the health care system to provide prevention, intervention, and treatment services to individuals across their life span, and in their communities.

The budget proposes to invest \$37 million in new funding in our partnership with counties to help reduce inappropriate hospitalizations and ease the strain on the mental health crisis system, which counties and local law enforcement are on the front lines of. Also as part of this effort, the budget provides operating funding to support community-based, regional crisis stabilization centers for adults, to keep people closer to home, where they have easy access to their natural supports.

Additionally, it proposes a pilot to create a Hub-and-Spoke Medicaid Health Home for people with opioid or other substance use disorders. The health homes will be equipped to treat a full range of health and behavioral health needs. That's what I would like to see – a fully integrated system, treating the whole person.

Our budget proposal also makes investments in important public health priorities such as: lead paint removal, dementia care specialists and curtailing youth tobacco use.

The Budget makes investments in our health and residential care facilities to ensure that they have the resources they need to provide high quality services to those who need them.

From our 24/7 facilities, to public health, behavioral health, long term care and providers-- our budget makes critical investments in our whole health care system that will benefit all Wisconsinites.

Our Medicaid initiative is the lever that Wisconsin can pull to infuse 1.6 billion in new federal money in the rest of our health care system—to improve the health and well-being of all Wisconsinites, not just those enrolled in Medicaid. With this budget we have a fresh opportunity, a chance to have a new conversation about how we can work together, to ensure affordable health care coverage for Wisconsinites and address the critical access issues we all agree are a priority.

Thirty-seven other states have now expanded Medicaid coverage and receive the significant investment that federal law offers. We can cover more people, invest \$1.6 billion in our healthcare system and begin to address the critical access challenges that effect communities around the state. But we can all agree, it is about more than that.

When your child has a cavity but the nearest dentist is 2 hours away, we all want kids to have easy access to dental care. Dental services that are nearby, high-quality and affordable.

When a family is looking at care for their aging parents, we all want to make sure they have options. Options that are safe, affordable, and right for their individual family.

When a family has someone struggling with anxiety or opioid use disorder, we all want there to be providers available, to get them the help they need. We all want our communities to have access to the right care at the right time.

This budget helps us to do that. These investments are what people from across the state are telling us they need. It is time to invest in the system to make sure Wisconsinites get the health care they deserve.

I look forward to working with you on this budget to make investments that will improve the health and well-being of all of our citizens.

I am joined by our Medicaid Director Jim Jones. Jim has spent more than 35 years working on health coverage and public assistance programs, working in state government and consulting.

Also next to me is Andy Forsaith the Departments' Budget Director since 2005. Andy has worked for DHS for 23 years.

And Holly Audley, our Assistant Administrator in the Division of Care and Treatment Services. Holly has held senior leadership roles within Wisconsin state government for the last 24 years.

We are happy to answer your questions.