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

6/14/16

To: Members, Wisconsin Legislature
From: Lynn Breedlove and Tom Frazier, Co-Chairs, Wisconsin Long-Term Care Coalition
Subject: Wisconsin Long-Term Care Coalition Reaction to DHS' Announcement to Withdraw Family Care/IRIS 2.0 Concept Plan

We support the recent decision of the Wisconsin Department of Health Services (DHS) to withdraw the Family Care/IRIS 2.0 Concept Plan. Since the Plan was released on March 31, it has been thoroughly scrutinized by long-term care (LTC) stakeholders and legislators. Many questions have been directed to DHS since March 31 and additional information has been provided by the Department and the Legislative Fiscal Bureau (LFB) released a thorough analysis of the Plan. There appears to be a consensus among stakeholders and many legislators that the merits of the plan are outweighed by its significant risks, and that the plan has not met the high burden of proof necessary to justify major disruption to the lives and LTC services of 60,000+ current enrollees and their families.

During the 2015-17 budget session, the Joint Finance Committee (JFC) had the foresight to require legislative review of DHS' Concept Plan. We appreciate the thoughtful and deliberative approach used by JFC members to evaluate the Plan. From our meetings with JFC members and public correspondence between JFC members and DHS, it appears that we share several common concerns with the committee:

-There are no projected LTC savings from Family Care/IRIS 2.0 and the health care savings are smaller than expected.

-The proposed future model for self-direction is significantly different from IRIS (particularly in regard to the new individual planning and budgeting models proposed).

-The combination of the large proposed regions and other features of Family Care/IRIS 2.0 do not offer a viable pathway to the future for the current Family Care managed care organizations (MCOs). The LFB paper says the current MCOs may not be able to meet the risk reserve requirements and concludes that "it is possible that none (of the MCOs) would successfully compete for the contracts" (to become integrated health agencies in the new model).

- The possible sunset of the "any willing provider" requirement in Family Care at the end of 3 years puts the future of current LTC provider agencies in doubt (unlike commercial health plans in Wisconsin, the new IHAs will have tremendous leeway to arbitrarily eliminate hundreds of provider agencies from their provider networks).

Medicaid Long-Term Care Costs are NOT "Out of Control"

It appears there is still some misunderstanding of Wisconsin's Medicaid budget. During last year's budget debate and since then, we have often heard the phrase, "Wisconsin's Medicaid costs are out-of-control". In reality, evidence suggests that Wisconsin's Medicaid long-term care system is already cost-effective. Analysis done by both the non-partisan Legislative Fiscal Bureau and Department of Health Services

confirms that long-term care is not the primary cost-driver in the state's Medicaid budget. Here are the facts specific to Wisconsin's Medicaid LTC costs:

1. Wisconsin's current LTC programs have been very successful in saving taxpayer dollars: DHS reported that the portion of the state's Medicaid budget spent on LTC services has dropped from 53% to 43% since Family Care and IRIS have been operational. Average LTC costs per person in the Family Care and IRIS counties are significantly lower than the counties that have not started Family Care and IRIS yet. Additional savings will result from expanding the current Family Care and IRIS models statewide.

2. According to LFB, the overall Medicaid costs of LTC enrollees increased an average of 0.3% per person per year from 2010 to 2015 (compared to the national average of 3%/year inflation in health costs over the last 5 years).

3. In recently acknowledging that Family Care/IRIS 2.0 would not achieve any further savings in LTC, DHS is essentially confirming the cost effectiveness of the current LTC programs.

4. DHS is only predicting a 1.7% savings per year in health care costs as a result of Family Care/IRIS 2.0, and that savings would be generated by only 20% of enrollees. Multiple strategies have been proposed by stakeholders to achieve this savings without eliminating our current LTC programs.

5. Over 80% of the new funding added to the state's Medicaid budget in the 2015-17 biennial budget went to programs other than long-term care.

6. The current Family Care programs have low administrative costs (4.4%) and average annual surpluses (profits) of only 1.48%. The proposed IHAs would have no cap on profits. If profits rise by only 1% with Family Care/IRIS 2.0 that would cost taxpayers $200 million over the next 6 years (i.e. 2/3 of DHS' projected savings).

7. In projecting savings, DHS left out any transition costs associated with the enrollment of 60,000+ people in the new programs, having current MCOs and the new IHAs simultaneously operating in a region during the transition, etc. If these costs are taken into account, moving to Family Care/IRIS 2.0 could actually cost the state more than current spending during the transition period.

Looking Ahead to the 2017-19 Biennial Budget

We want to reiterate our commitment to work with DHS and the legislature to ensure that Wisconsin's LTC system continues to be sustainable. In our view, sustainability is not only about containing costs. It also includes sustaining programs that work, i.e. the existing MCOs, ADRCs, and the freestanding IRIS program; sustaining continuity of services for enrollees with their current providers; and minimizing disruption to enrollees and families.

We agree with DHS that Family Care, IRIS and Partnership can be improved. We also believe that health care coordination can improve health outcomes and produce health care cost savings. We should start by looking at existing Wisconsin Medicaid managed health care programs for ways to do that. We also think the Partnership model should be available to people beyond the current 14 Partnership counties.

As we said in the *Stakeholder's Blueprint for LTC Redesign*, we also support:

-a targeted analysis of the cost drivers in the non-LTC parts of Medicaid (i.e. where the real cost increases are),

-an in-depth analysis of the small number of high cost LTC enrollees to identify cost savings ideas targeted toward this population,

-stronger prevention strategies which could delay and reduce the use of costly institutional care,

- more effective strategies to increase provider capacity statewide,

-creating fiscal incentives for quality, e.g. “pay for performance”, outcome-based payments, etc.,

-developing cost effective strategies to improve health and employment outcomes for people, and

-improving coordination between Family Care/IRIS and county-based mental health systems to improve behavioral health outcomes for LTC enrollees.

We look forward to working with you and DHS on all these fronts. Building on lessons learned from the 2015-17 budget process, we would like to be part of the dialogue before the budget session starts.

Thank you for your commitment to thoroughly reviewing this issue, which impacts so many Wisconsin citizens.

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