

# Wisconsin Long-Term Care Works

A Case for Maintaining and Expanding the Current System in Response to the 2015-2017 Budget

Governor Walker's 2015-17 budget proposal would dismantle Wisconsin's nationally admired long-term care (LTC) system that provides critical supports to people with disabilities and older adults enabling them to stay in their own homes and avoid costly institutional care. Family Care and IRIS currently serve nearly 55,000 older adults and people with developmental or physical disabilities — all of whom qualify for a nursing home level of care. These programs, unlike acute and primary health care, provide daily personal supports (such as help with bathing, dressing, and meal preparation), and transportation and support for work and community activities.

The proposed budget would: 1) eliminate IRIS — the largest self-determination Medicaid waiver program in the country; 2) radically change the Family Care system and replace all of the 8 existing regional, homegrown Wisconsin LTC managed care organizations (MCOs) with 2-3 out-of-state, for-profit health insurance companies providing both health care and LTC services (using no-bid contracts); 3) give the Department of Health Services (DHS) sweeping authority to change the package of LTC services at any time; and 4) give DHS the authority to undermine county-run Aging & Disability Resource Centers (ADRCs) with the option of removing and contracting out many of the ADRCs' major functions.

This massive upheaval of the current popular and successful system was initiated with no input from people receiving LTC services or their families, aging or disability advocates, local officials, MCOs, ADRCs, provider agencies, or legislators. No one affected by these changes asked for this. DHS data is clear that the current system has significantly reduced costs per person and maintained high satisfaction rates by participants.

**History.** The current LTC system was the outgrowth of four years of intensive reform planning in the late 1990s ("Keep the Community Promise" campaign) involving consumers and families, aging and disability advocates, counties, and state officials. This process led to the proposed creation of Family Care in five pilot counties (with

## Our Recommendation

**Remove the proposed changes from the budget and proceed with statewide expansion using the existing Family Care, IRIS, and ADRC models.**

Doing this will continue: 1) taxpayer-savings (as detailed), 2) high levels of participant satisfaction, and 3) consumer choice of managed care or self-direction outside of managed care. If the state wants to expand availability of an "integrated" model combining LTC and health care, we would support expansion of the Partnership program to additional counties. Advocates, MCOs, and ADRCs will continue to work with DHS to look for future refinements and opportunities to increase cost effectiveness.

locally governed MCOs) by Gov. Tommy Thompson in the 1999-2001 budget, which was adopted by the legislature with resounding bipartisan support. The idea of "integrated care" (combining health care and long-term care) was strongly rejected at that time. Older persons on Medicare should not be forced to change their doctors in order to access long-term care services.

The reforms were designed to eliminate waiting lists, reduce admissions/utilization of nursing homes and other institutions, "bend the curve" on Medicaid spending increases while maintaining quality, reduce the portion of the state's Medicaid budget spent on LTC, and create locally-based, one-stop ADRCs to provide objective information and other valuable functions for all Wisconsin citizens independent of the MCOs. The reforms have worked — Wisconsin has made huge progress on all of these fronts. Implementing the reforms was complex, so they were phased in gradually between 2000 and 2015. In 2008, Wisconsin added IRIS — a non-managed care model — for people who want to self-direct their LTC services. Letting people choose how they receive their services is a key component of Wisconsin's successful LTC system. The choice of Family Care or IRIS will soon be available in 64 counties.

**Where Projected Savings Really Come From.** As a result of the current LTC system, the governor projects a savings in LTC of \$14 million in state and federal funds in the 2015-2017 biennium. **The Legislative Fiscal Bureau has clarified that this savings is NOT the result of the governor's proposed changes.** It reflects savings that resulted from the most recent expansion of the current models of Family Care and IRIS into seven counties in Northeast Wisconsin which the legislature has already approved. There is no evidence that the proposed changes in LTC will produce any additional savings over the impressive savings trend that has been in place in Wisconsin for several years.

**Self-Direction.** Many people want help managing their care as provided by Family Care. But a significant number of people (over 11,500 in IRIS at present) don't feel the need for a care manager or a multi-disciplinary team. IRIS enables people to self-direct their own LTC budget and all of their LTC services through individual budget and employer authority. It allows them to use their individual LTC budget on the supports that make sense to them. IRIS participants are accountable for managing their budget and care within the rules set by DHS. The program's flexibility allows participants to authorize the purchase of services directly without incurring third-party agency overhead costs, resulting in more funding used for direct services. IRIS is an essential option in the LTC system and should be retained.

**Aging & Disability Resource Centers (ADRCs).** ADRCs were first piloted in Wisconsin beginning in 1998. Since then, this nationally recognized model has been used to meet the needs and reduce the expenses of a growing LTC population. ADRCs are the first place to go for unbiased information on all aspects of life related to aging or living with a disability. These "one-stop shops" have made an impact in reaching seniors, adults with disabilities, and their caregivers sooner — helping them conserve their personal resources, remain in their homes, and delay or prevent the need for expensive institutional care. ADRCs are governed by the people they serve and attribute much of their success to community partnerships and local volunteers. Customers of Wisconsin's ADRCs have been very satisfied with the services they

## The Current System is Cost-Effective and Has Generated Substantial Savings



Percentage of state's Medicaid budget spent on LTC dropped from **53%** in 2002 to **43%** in 2011.



Annual Medicaid nursing home days dropped from **8.8 million** in 2002 to **5.7 million** in 2012 — a 35% reduction saving taxpayers over \$300 million/year.



Number of older adults in nursing homes decreased by 9,000 since reforms were put in place; portion of Medicaid spent on nursing homes dropped from **62%** to **31%** over the same period.



Portion of Family Care spending used for administrative costs is **4.2%** compared to Badger Care HMOs, which range from 10% to 15%.



Legislative Fiscal Bureau projected in 2013 that expanding Family Care and IRIS statewide (using the current models) over the next ten years would save Wisconsin taxpayers approximately **\$34 million**.

Currently a 2% cap on "profits" (annual surpluses) for MCOs. Over the last 6 years, MCO surpluses have averaged **1.3%**. There is no cap on surpluses or profits in the governor's budget for insurance companies that will take over Family Care.

have received. This budget proposal has a negative impact on the accountability, transparency, local identity, cost-effectiveness, and comprehensiveness of ADRCs — the very elements that have led to their proven success.

**Other Implications:** If all of the current eight Wisconsin MCOs are eliminated as a result of the budget, the projected job loss of MCO employees would exceed 3,200 jobs. The projected job loss for the IRIS independent consultant agency would exceed 550 jobs. These projections do not include the job loss that would result from eliminating current provider agencies in the provider networks of the new MCOs.

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**Sponsored by** a coalition made up of aging and disability advocates, managed care organizations, Aging & Disability Resource Centers, and county government agencies.