



of Wisconsin Disability Organizations

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To: Members, Joint Legislative Audit Committee

From: Survival Coalition of Wisconsin Disability Organizations

Subject: Audit Report 11-5 Family Care, Department of Health Services.

As you know, the Survival Coalition of Wisconsin Disability Organizations is comprised of over 40 statewide groups representing people with all disabilities and all ages, their family members, advocates and providers of disability services. There is no other group with a greater interest in the sustainability and quality of long-term supports in Wisconsin than the people who utilize these essential services to maintain their independence and ability to live in the community, employment, community connections, daily routines and health and safety. These are the people that we are advocating for here today.

Since an audit of the Family Care program was first requested by this committee in 2010, we have followed the process closely – posing our own pointed questions to the Department of Health Services and offering evidence of successes as well as challenges and suggestions for improvement.

We support LRB 3761/1-LRB 3698/3 which will lift the caps on long-term care including Family Care and IRIS, in part, because **we believe the Department has done their due diligence to address the recommendations of the audit committee and to ensure a cost-effective and sustainable program. We urge members of the committee to join us in supporting this proposal.**

That is not to say Family Care and IRIS are flawless programs. We are aware of the ongoing challenges and are working with the Department to address them. However, these are critical programs in the lives of many people. Because both our waiting list (now at 8,237 people) and our long-term care population (expected to double over the next few decades) are growing, **it is time to move forward with a thoughtful plan to sustain the program, maintain quality, and lift the caps.**

When the Audit Bureau released its report back in April, it recommended that the Department of Health Services address issues related to capitated payment rates, oversight of service delivery, and financial oversight. The Department did so in September and has developed a set of efficiency proposals to improve the program further. We would like to comment on a few of these items:

1. The Audit Bureau recommended that DHS consider proposed changes to the capitation rate and potential impacts.

- The Family Care Financial Summary released earlier this month confirms averaging a nominal increase in capitation rates – showing the impact of a series of Department actions taken to limit rate growth. In addition, overall member service costs were flat – indicating that MCOs are successfully implementing their closely monitored business plans.
2. The Audit also reflected concerns about administrative and other care management costs.
 - We applaud the progress the program has made in achieving an administrative savings with almost 95% of funding now used to support member services. Recent DHS data shows that for the first nine months of 2011, the costs associated with MCO administration of Family Care decreased by 21.5% relative to the same period in 2010, accelerating the trend observed in prior quarters. Managed Care Organizations are keeping their administrative costs below six percent of the dollars they receive—lower than those in legacy waiver programs.
 3. The Audit Bureau recommended increased financial oversight, including a report on the solvency of participating MCOs.
 - We stated back in April that we shared the Audit Bureau’s concern regarding the significant financial challenges facing three Managed Care Organizations (MCOs). We were glad to see that the January Family Care Financial Summary contains very good news. Seven of the MCOs reported a surplus during this period. This is a significant improvement and a trend which is expected to continue. The Department declares, and we agree, that leveraging evidence based practices that are solidly in place in certain MCOs is a key strategy. Evidence based practice is an integral component of the Department’s Long-Term Care Sustainability Plan which is expected to find \$80 million in efficiencies in the program in order to fund the lifting of the cap. As we have indicated to the legislature previously, we have been and will continue to work alongside the Department to ensure this plan is implemented in a way that does not compromise quality for individuals with disabilities. We applaud the Department for their steps to increase monitoring of MCO financial status and provide intensive technical assistance to MCOs. This must continue.

The bottom line here is that this is a necessary, popular and cost-effective program: A recent DHS cost effectiveness study showed that the Family Care per member per month average cost is \$2,900 compared to \$3,315 for legacy waiver services. When fee for service Medicaid costs are added, the Family Care monthly per member cost is nearly \$600 less per month than legacy waiver services. Compare this to the average monthly cost of serving someone in a nursing home at over \$5000 a month or other institutional settings in this state which cost more than \$1,364 a day. Institutional settings and nursing homes are where people end up when they do not receive proper supports in the community. **Clearly it is more cost-effective to support people in their homes in Family Care. In addition, a resounding 94 percent of participants report that they are happy with their services.**

If you have not met someone who requires Family Care or IRIS services, I urge you to reach out and listen to your constituents. You will see people who may need a little help getting out of bed in the mornings and evenings, getting to their job that pays them a competitive wage so they in turn require less public supports, folks who need assistance with their medications or other types of assistance that allows them to stay safe in their home.

Keeping people in their homes, where they want to be, with necessary supports, is the key to a sustainable, cost-effective long-term care system.

It is time to move forward with full expansion of Family Care, PACE, Partnership, and IRIS in Wisconsin.

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