County of Milwaukee
INTEROFFICE COMMUNICATION

DATE: March 5, 2015

TO: Sup. Peggy Romo West, Chair, Committee on Health and Human Needs

FROM: Stephanie Sue Stein, Director, Department on Aging

RE: Informational report regarding potential impact of the 2015-2017 State Budget on Milwaukee County Department on Aging and aging programs

I respectfully request that the attached informational report be scheduled for review by the Committee on Health and Human Needs at its meeting on March 18, 2015.

The proposed 2015-2017 biennial state budget submitted by Governor Scott Walker, if adopted, would have a significant, mostly negative, impact on aging programs. Included below is a summary of the proposed changes:

Aging and Disability Resource Centers (ADRCs)

- Eliminates the current structure that gives counties first right of refusal to operate the ADRC and opens the door for the state to contract with other entities to operate the ADRC (county, non-profit, for-profit, etc.)
- Allows the state to contract with single or multiple entities to operate ADRCs in regions or statewide.
- Eliminates long-term care districts as eligible ADRC operators (currently ADRC of the Northwoods is the only ADRC in the state organized as a LTC district).
- Eliminates ADRC governing boards and regional advisory committees.
- Allows the state Department of Health Services (DHS) to contract with a resource center or a private entity for some or all of the services—anticipates bidding out the administration of the Family Care functional screen via a statewide contract.
- Funding remains the same (no increase or decrease).

Aging and Disability Resource Centers (ADRCs), a key Family Care component, began in Wisconsin and have now been replicated in every state in the country. ADRC's are "one-stop shops" where seniors, people with disabilities and caregivers are all able to access information and assistance regardless of income level. Currently, Milwaukee County operates an Aging Resource Center under Department on Aging and a Disability Resource Center under Department of Health and Human Services.

Family Care

- Expands Family Care statewide by January 1, 2017.
- Allows DHS the ability to choose whether managed care organizations (MCOs) include both acute and primary care along with the current long-term care. This integrated model of acute and chronic care combined with long-term care (similar

to the Partnership model) could result in a "medical" model of care and loss of individuals' choice of health care providers.

- Eliminates the IRIS ("Include, Respect, I Self-Direct") program as an alternative to the Family Care program for those who wish to fully self-direct their long-term services and supports, but provides all enrollees a "self-directed services option" in Family Care within guidelines established by the department.
- Eliminates long-term care districts as eligible MCO entities (currently 4 MCOs are LTC districts).
- Moves some of the administrative functions and oversight of Family Care and MCOs from DHS to the Office of the Commissioner of Insurance (OCI). Regulates CMOs as insurance entities under OCI.
- The state is not required to solicit proposals for CMO contracts under a competitive sealed proposal process.

It is critical that advocates for long-term care remind members of the Wisconsin State Legislature that:

Family Care is already a model program
In 2014 a report on all state long-term care programs by AARP, The Commonwealth Fund, and the SCAN Foundation said that Wisconsin had "clearly established a level of performance at a higher tier than other states." The 2011 Legislative Audit Bureau report on Family Care stated, "Our findings indicate that the program has improved access to long-term care, ensured thorough care planning, and provided choices tailored to participants' individual needs." IRIS (Include, Respect, I Self-Direct), is an innovative and popular program that allows people to self-direct their own supports and services.

Family Care has proven to be cost-effective. From 2002 to 2011, the percentage of the total Medicaid budget for long-term care decreased from 53% to 43%. A major reason for this was that the number of nursing home days paid for by Medicaid decreased from 8.8 million a year to 5.7 million, an incredible 35% decrease, over the same period. This would equal well over $300 million in savings on the most expensive form of long-term care. The number of older people in nursing homes has been reduced by over 9,000 persons, and the portion of Medicaid spent on nursing homes dropped from 62% to 31% over the same period. The biggest efficiency is gained by reducing costs of institutional care and providing more home and community-based care; something Family Care has done and will continue to do with expansion. Family Care administrative costs are only 4.2% compared to BadgerCare HMOs that range from 10-15%.

Integrated care sounds good but has pitfalls. The vast majority of older people are very happy with their doctor and health care providers, and should not be forced to change their doctor in order to access long-term care services. For example, in Milwaukee County, the only county to have Partnership and PACE even before Family Care, when

given the choice between long-term care and Partnership (integrated care), only 13% chose Partnership. Family Care, IRIS, and Partnership have been all about choice and should continue that way.

Family Care was developed with massive public participation. Family Care was four years in the planning stage with input from consumers, advocates, providers, legislators, and DHS staff before being introduced as a five county pilot project by Governor Thompson in his 1999-2001 budget. As far as we know, none of these people was involved in the decision to dismantle the existing Family Care program and, in effect, start over with a new model. There is no evidence that this new model will be better while there is a lot of evidence, including independent evaluations, documenting that Family Care works very well.

There is no reason to dismantle Family Care. We understand that all of the savings projected in the Governor's budget come from the expansion of existing Family Care into the seven northeastern counties. In 2013, the Legislative Fiscal Bureau projected a 10 year savings of $34 million by expanding Family Care to all of the remaining 15 counties. So by keeping the goal of statewide expansion by 2017, even greater savings can be obtained and it will be easier and faster to expand the existing system rather than attempting to implement a totally new system. In addition, if expanding integrated long-term care and health care is desirable, it would be more efficient to expand the Partnership option to additional areas. In other words, the stated goals can be accomplished much faster by expanding the existing Family Care system.

The dismantling of Family Care will lead to job loss. 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 3200 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 the elimination of current provider agencies in the provider networks in the provider networks of the new MCO's.

SeniorCare

- Requires adults aged 65 and older needing prescription drug coverage to apply for, and if qualified, enroll in a Medicare Part D plan versus just automatically enrolling in SeniorCare (Wisconsin's prescription drug program). Uses SeniorCare as a wrap-around program only.
- Reduces state funding by over $15 million in the biennium.

This would increase costs to enrollees by millions of dollars, and replace over $15 million in Federal matching funds and $52.9 million in rebates from pharmaceutical companies (rebates that constitute over 60% of total program costs). It would destroy the administrative simplicity that has been so popular among enrollees. A SeniorCare

Advisory Council made up of consumers, advocates and providers was not consulted regarding these proposed changes.

Dementia Care Specialists

- Recommends providing funding to support the costs of dementia care specialists in selected aging and disability resource centers across the state. (FY 17 allocation.)

The Dementia Care Specialists (DCS) need the support of the ADRC's to function. The ADRC staff and the DCS's work together closely to identify those in need, and to provide screening and referrals. While the recommendation to fund the dementia care specialists is a positive one, it calls into question the impact the proposed changes to ADRC's will have on the ability of DCS's to work efficiently and effectively.

State Office Reorganization

- Recommends merging the Division of Health Care Access and Accountability and the Division of Long-Term Care into a new Division of Medicaid Services.

The Bureau of Aging and Disability Resources (BADR) resides in the Division of Long-Term Care. BADR administers Wisconsin county aging units. Moving aging services and ADRCs under a "Division of Medicaid Services" is contrary to Older Americans Act criteria that is based solely on age (age 60+) and ADRCs, which predominately (75%) serve individuals NOT financially eligible for Medicaid Services.

Implications for Department on Aging

- Should these changes go into effect, the Department on Aging will be directly impacted by the changes proposed to ADRC's. Should the state contract with a private entity to provide services currently provided by MCDA staff, there is potential for job loss.
- Breaking apart the "one-stop shop" model of the ADRC creates confusion for consumers and constructs roadblocks for staff to continue to provide seamless information and assistance.
- Shifting jobs out of the Aging Resource Center in favor of for-profit insurance companies' results in a loss of expertise and history of service. ARC staff have been providing high quality, comprehensive service to older adults for years. Many consumers come back to the ARC for assistance on a regular basis as new questions and concerns arise. Fragmenting or eliminating the services of the ARC will result in confusion for consumers through the loss of invaluable expertise and experience.

Advocacy

The following governing boards and oversight committees will meet on March 11, 2015 to review the impact of the proposed 2015 - 2017 Biennial State Budget and to develop action steps to advocate either for or against changes in policies, programs, and services impacting seniors and persons with disabilities:

- Combined Community Services Board
- Aging and Disability Resource Center Governing Board
- Milwaukee County Commission on Aging
- Milwaukee County Department of Family Care Governing Board
- Disability Resource Center Oversight Committee
- Aging Resource Center Oversight Committee

Action steps developed by the group could be presented as a verbal report at the Committee's March 18 meeting.

If you have any questions, please call me at 2-6876.

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cc: County Executive Chris Abele
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