

Chairmen Cullen and Johnson and Members of the Board:

I am Maria Ledger, the Director of the Milwaukee County Department of Family Care. With me is Jim Hodson, our Chief Financial Officer.

What we are sharing with you is a very brief background of the Department of Family Care Managed Care Organization (MCO) and the impact this proposed ordinance will have on the Department.

The MCO serves over 8,200 members who are either elderly and/or have intellectual, developmental or physical disabilities. We do so under a contract with the Department of Health Services and a permit issued by the Office of the Commissioner of Insurance.

Milwaukee County is only one of four Long Term Care options available to individuals in need of assistance. Community Care Inc., iCare and IRIS, the State's self-directed supports program, are also available in Milwaukee County.

As you all know, the Department receives a capitated rate for every member we serve. The State sets that rate every year and using only those dollars provided to us, we must provide all of the services that a member needs.

The list of services we can authorize is extensive and covers everything from diabetic supplies to transportation to nursing homes to in home care services and is included as Attachment A.

Speaking only in terms of in home care services, the Department currently pays over 2,400 home care workers through our Supportive Home Care Employment Services model (SHCES). The Department has always been keenly aware of how important these workers are. In recognition of this importance, we have independently provided wage and/or benefit increases to these workers each year for the past three years. Our most recent wage increase was 10.5% in 2013. While we have no way of knowing exactly what other MCOs pay their Supportive Home Care staff, based on a brief survey completed this month, we estimate we are currently paying these workers at least 3% more than the industry average.

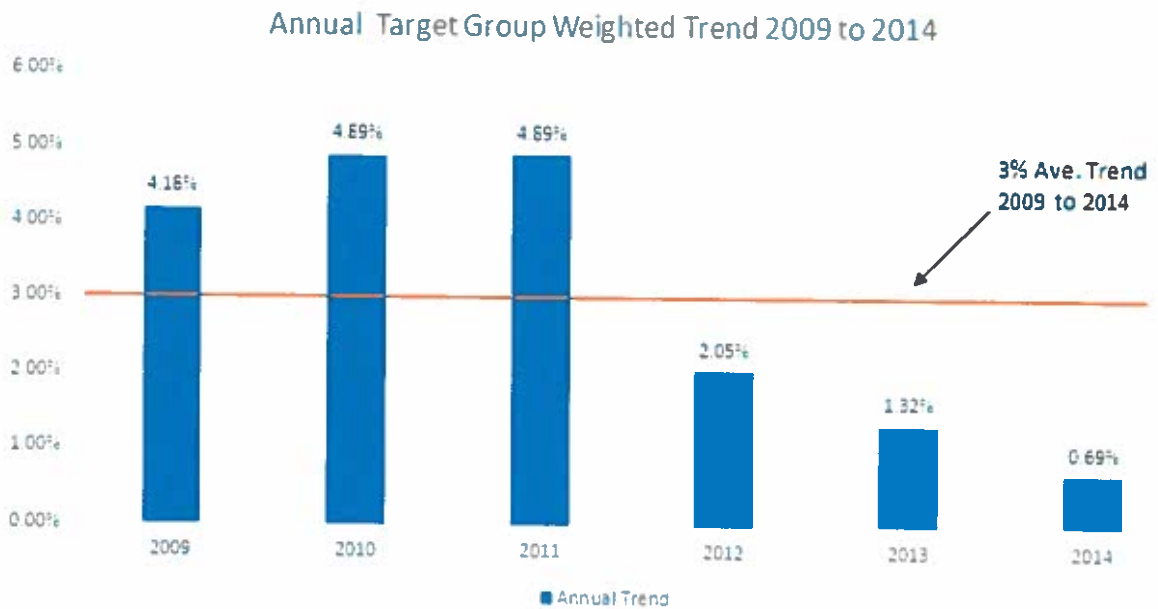
By increasing wages incrementally every year, we have helped strengthen this workforce in a way that does not risk the operational or fiscal sustainability of the MCO.

As you move forward in your discussion, I want to be sure that members of this committee are fully apprised of the following:

- Family Care's contractors are unable to absorb this increase on their own. The SHCEs provide training to the in home care staff, most of whom are friends or relatives of the Family Care enrollee, and handle all of the fiscal, HR and payroll functions for these employees. There is no administrative excess in this business model so the full amount of any wage increase must come from Family Care.
- While the Department of Family Care is currently in a fiscally strong position, the State has decreased our capitation rate twice in the past three years. As we already reported to this committee, based on our 2014 capitation rate decrease, the MCO will need to draw

approximately \$4.9 million dollars from reserves next year. We estimate the additional draw from reserves required for the first year of implementation of the ordinance will be on top of that \$4.9 million dollars.

- The planned annual increase to the minimum wage occurs whether our capitation rate increases or not which will put further structural stress on the Department's operations. The trend over a three year period is less than 2%. In fact it is less than one percent (.69%) for 2014. See table below:



- If the Department exhausts their reserves, it is unlikely that Milwaukee County will even have the option to offset the losses with tax levy. It is more likely that State will terminate Milwaukee County's contract for Family Care. I say this because two other MCOs have had their contracts terminated in as many years due to lack of solvency.
 - Termination of our contract to operate an MCO will have an immediate impact on the 80+ Department of Family Care employees and the nearly 500 care managers and nurses who comprise our care management teams. As most of you know, we have care management contracts with 19 community agencies who can serve members who speak only Spanish, Laotian, Hmong or Russian, members who communicate through American Sign Language, members with severe behavior challenges and so on. We are the only MCO that contracts with community agencies for care management so if this MCO dissolves and our members are transferred to another MCO, it is unlikely that any other organization will contract with our community care management partners.

- Further, if our contract is terminated and our members enroll with another MCO, that new organization will be under no obligation to pay in home care workers any more than the Federal minimum wage.

In closing, I want to emphasize that Family Care's commitment to all of our providers is strong and will remain so. We must however balance this commitment with our responsibility to maintain the program itself so that it can continue to serve our members.

Attachment A

Items Covered in the Family Care Benefit Package

- Adaptive Aids (general and vehicle)
- Adult Day Care
- Alcohol and Other Drug Abuse Day Treatment Services (in all settings except hospital-based)
- Alcohol and Other Drug Abuse Services (except those provided by a physician or on an inpatient basis)
- Care/Case Management (including assessment and care planning)
- Communication Aids/Interpreter Services
- Community Support Program
- Consumer-Directed Supports/Self-Directed Supports
- Consumer Education and Training
- Counseling and Therapeutic Resources
- Daily Living Skills Training
- Day Services/Treatment
- Durable Medical Equipment (except for hearing aids and prosthetics)
- Financial Management Services
- Home Health
- Home Modifications
- Housing Counseling
- Meals: home delivered
- Medical Supplies
- Mental Health Day Treatment Services (in all settings)
- Mental Health Services (except those provided by a physician or on an inpatient basis)
- Non-Emergency Medical Transportation (except ambulance)
- Nursing Facility (all stays) including Intermediate Care Facility for Individuals with Intellectual Disabilities (ICF/IID) and for people under age 21 or 65 and older in an Institution for Mental Disease (IMD)
- Nursing Services (including respiratory care, intermittent and private duty nursing)
- Occupational Therapy (in all settings except for inpatient hospital)
- Personal Care
- Personal Emergency Response System Services
- Physical Therapy (in all settings except for inpatient hospital)
- Prevocational Services
- Relocation Services
- Residential Services:
 - Adult Family Home (AFH)
 - Certified Residential Care Apartment Complex (RCAC)
 - Community-Based Residential Facility (CBRF)
- Respite Care (for care givers and members in non-institutional and institutional settings)
- Specialized Medical Equipment and Supplies
- Speech and Language Pathology Services (in all settings except for inpatient hospital)
- Specialized Transportation
- Supported Employment
- Supportive Home Care
- Vocational Futures Planning

Attachment B

MCDFC Care Management Partners

ANEW Home Health Service

7400 Harwood Avenue
Wauwatosa, WI 53213

ANS Home Service Inc.

1551 South 108th Street
Milwaukee, WI 53214

Aurora Health Care

3200 W. Highland Avenue
Milwaukee, WI 53208

Barry Healthcare Services

312 E. Wisconsin Ave. Suite 414
Milwaukee, WI 53202

Carefinders, Inc.

601 E. Henry Clay
Whitefish Bay, WI 53217

Curative

1000 N. 92nd Street
Milwaukee, WI 53226

Easter Seals, Inc.

2222 S. 114th Street,
West Allis, WI 53227

Goodwill

6055 N 91st St
Milwaukee, WI 53225

Horizon

11400 W. Lake Park Drive
Milwaukee, WI 53224-3035

Interfaith

600 W. Virginia
Milwaukee, WI 53204

Jewish Family Services

1300 N. Jackson
Milwaukee, WI 53202

Life Navigators (formerly ARC)
7203 W Center St
Milwaukee, WI 53210-1126

MCFI
2020 West Wells Street
Milwaukee, WI 53233

Metro Home Health Services, Inc.
6014 W. Congress
Milwaukee, WI 53218

Milwaukee Christian Center
807 S. 14th St.
Milwaukee, WI 53204

Project Access
823 S. 60 Street
Milwaukee, WI 53214

S.E.T. Ministry
2977 N. 50th Street
Milwaukee, WI 53210

Temps Plus
1410 E. Capitol Dr.
Milwaukee, WI 53211

United Community Center
1028 South 9th Street
Milwaukee, WI 53204

Annual Target Group Weighted Trend 2009 to 2014

