

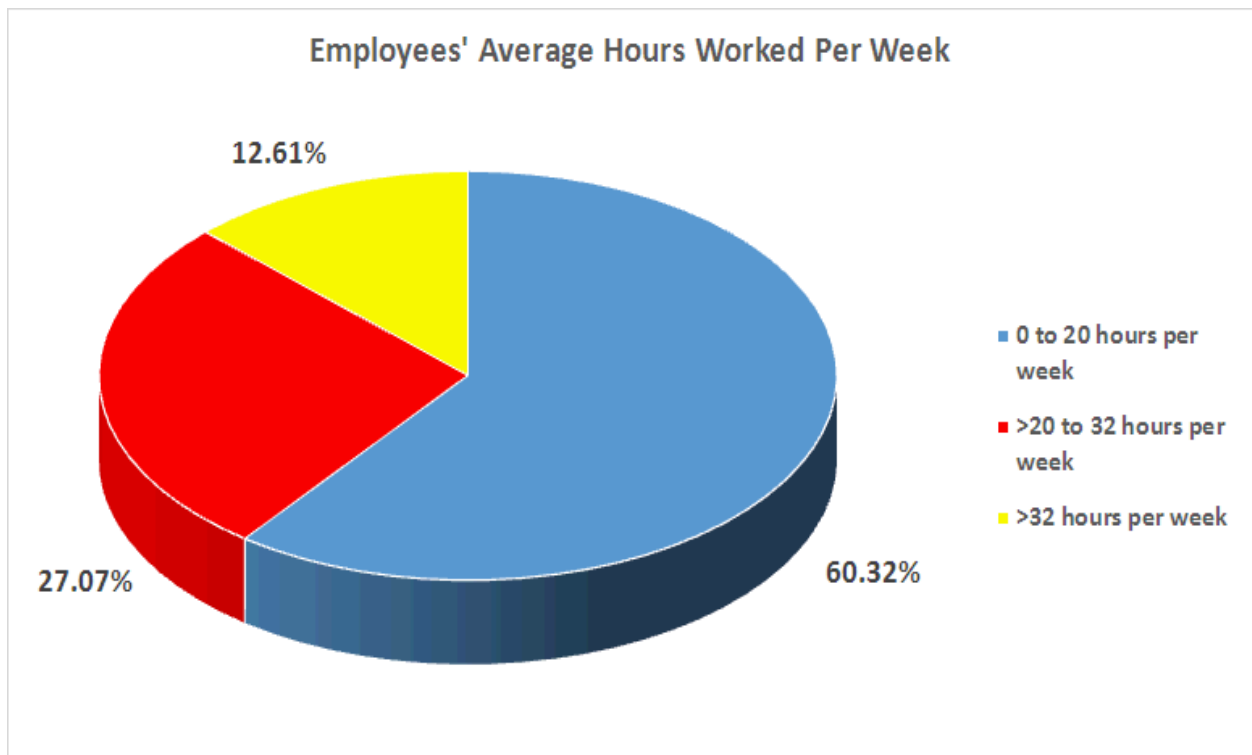
Thursday January 30, 2014

Chairman Cullen and Johnson and Members of the Board:

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

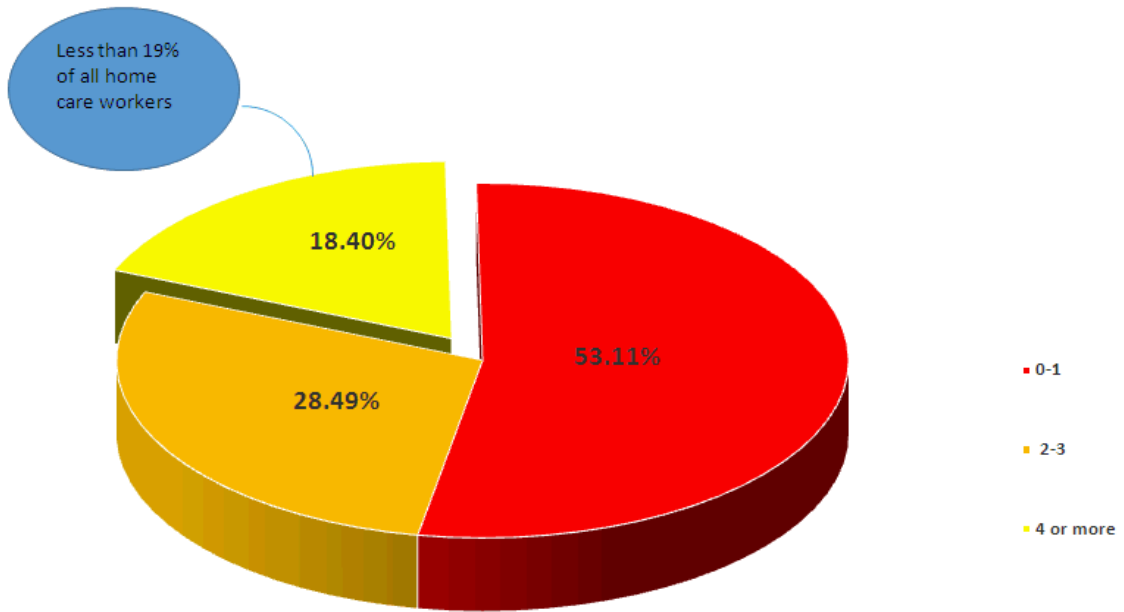
Since the last meeting of Finance, Personnel and Audit, the Department of Family Care has identified additional factors which we believe should be considered when discussing the Living Wage Ordinance.

Previous testimony stated the intent to pay individuals “a living wage” which would eliminate the need for these workers to utilize public benefits. Approximately 80% of the workers affected by the Department of Family Care’s participation in this ordinance are family members of the people for whom they work. The majority of these employees work less than 20 hours per week.



The only mechanism we have to estimate family size is to review the number of withholding allowances claimed by these workers. The majority of workers claim 0-1.

Number of Withholding Allowances Claimed By SHCE Home Care Workers



NOTE: The purpose of employee withholding allowances is to help the employer withhold the correct federal income tax based on single or married filing status and dependency/allowance exemptions. If the correct amount is withheld, then the employee should receive either a refund or owe a reasonable amount when they file their tax return.

The Department of Family Care currently pays on average:

- More than 3% over the MCDFC provider network average and
- \$1.06/hour **more** than the City of Milwaukee Living Wage Ordinance rate

According to the Department of Workforce Development, wages for Personal Care Attendants in Wisconsin are as follows:

	Entry	Average	Experienced
Milwaukee County	\$8.24	\$9.89	\$10.71
Dane County	\$9.92	\$11.90	\$12.89
Statewide	\$8.26	\$10.16	\$11.11
MCDFC MCO	\$10.27	\$10.45	\$12.45

<http://worknet.wisconsin.gov/worknet/wagecomparison.aspx?menuselection=js&occ=399021&ONETTitle=None&area=000>

As you can see, Family Care pays more for this type of service than every other municipality/area in the State, excluding Dane County. However, when considering the living wage ordinance in Dane County, it must be noted that ordinance specifically excludes contracts ***“in which compensation is provided to a family member under a Department of Human Services program”***.

As previously noted, approximately 80% of the workers affected by the Department of Family Care’s participation in this ordinance are family members of the people for whom they work.

It is also noteworthy that the MCO in Dane County is exempt from their ordinance as they are a private 501(c)3.

These two factors highlight that there is no precedent for a program such as ours to be included in such an ordinance.

While firmly committed to fairly compensating its entire provider network, Family Care is concerned about a potential increase, with annual increases, that does not take into account the following:

- a. MCDFC’s capitation rate for the coming year
 - i. MCDFCs capitation rate has decreased twice in the past three years

- ii. Based on our preliminary 2014 capitation rate decrease, the MCO estimated we would need to draw approximately \$4.9 million dollars from reserves next year this year
 - iii. While MCDFC was successful in decreasing the amount of our capitation rate decrease for 2014, we are continuing to evaluate the needs of all members of the provider network. Many of our 1100 service providers have gone without rate increases for years and we have a responsibility to make sure that they are in a position where they can continue to provide high quality services to our members.
- b. The potential impact of any State or Federal Policy Changes
- i. The Affordable Care Act
 - 1. Preliminary estimates are the Department of Family Care MCO will have to reimburse the SHCEs approximately \$3 million per year to account for the additional expense. This estimate is a potential amount that was provided by one agency and it was extrapolated based on the number of SHCE employees.
 - 2. The effect of the ACA on businesses has not yet been finalized as implementation has been delayed until 10/1/14. Even if the estimate is high for the SHCE employees, MCDFC will be faced with addressing these same costs with the other 1100 service providers within the MCDFC network. The Department of Health Services has made it publicly clear that they will not adjust MCO capitation rates for the Affordable Care Act.
 - 3. The cost of the ACA will be a reality to MCDFC and we will need to address these service costs with our providers or lose them from our network. If this occurs, we will, in all likelihood, lose the members they serve as well.
 - 4. The State Department of Health Services (DHS) has already informed the MCOs they will not adjust any MCO's capitation rate to account for this expense.
- c. Authority of the Wisconsin Department of Health Services
- i. DHS has the authority to deem Provider Rate Increases to be "Too High"

ii. MCDFC & Lakeland Care District MCO had approximately 2.5% of rate increases paid to providers removed annually from the capitation rate model from 2009 through 2012.

d. Other needs present within the MCDFC provider network

1. The MCDFC provider network is very large and as noted previously, contains providers who are due for a rate increase. The list of all the service type of providers within our network is below:

- 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

2014 and Beyond

The following is an initial list of initiatives that the Department of Family Care would like to evaluate for the benefit of our SHCE staff as well as the members they serve:

1. Development of a career ladder program for employees
 - a. Dementia care classes to be offered free of charge for SHCE staff to enable staff to become certified dementia care specialists
 - b. Scholarships for SHCE staff for CNA classes
2. Reimbursement or consideration of travel expenses