DHFS 2007-2009 Biennial Budget Proposal Related to Family Care Expansion

In February 2006, Governor Doyle announced an initiative to expand Family Care statewide in five years. The longstanding goals of Family Care- choice, access, quality and cost-effectiveness continue to be endorsed by consumers, advocates, providers and government officials, alike. In taking this step toward streamlining the long-term care system through simplifying consumer access to cost-effective long-term care, the state will be preparing for the aging of the "baby boom" population, promoting wellness and individual planning and responsibility, and controlling public costs.

Since February, DHFS has been working with 10 planning consortia across Wisconsin to develop strategies for expanding Family Care and Aging and Disability Resource Centers. These consortia include county governments and their private long-term care and health care partners. Consortia have embraced this challenging planning with a commitment to crafting systems that will achieve the positive consumer outcomes and cost-effectiveness for which Family Care is known. Several consortia are making rapid progress toward readiness to move to program implementation. This local planning and extensive cost modeling by DHFS have culminated in a budget request that reflects the Family Care and Aging and Disability Resource Center expansion that is expected in the next two years.

Reflecting the Governor's overall goals to bring more long-term care under management through Family Care and eliminate the waiting lists for community-based services, this budget proposal addresses the need for state and federal funds to expand the availability of Aging and Disability Resource Centers and Family Care care management organizations. Specific points of interest in the proposal include:

- The population served by ADRCs will increase from 40 percent to 75 percent.
- The portion of the state population served by Family Care care management organizations (CMOs) will increase from the current 17 percent to 62 percent by June 2009.

Aging and Disability Resource Centers

- Expansion will include new Aging and Disability Resource Centers (ADRCs), an investment that produces long-term savings for Wisconsin by promoting prevention and wellness and providing information and assistance to individuals regarding cost-effective community services. Benefits counseling by ADRC staff assists individuals to fully access federally-funded benefits, reducing dependence on state funding.
- The request includes funding for new ADRCs to begin operating at least two months prior to the month a CMO begins Family Care enrollment in any area.
- ADRC expense assumptions were based on the experience of current ADRCs and a six-month ramp-up to full operations during which new ADRCs will be funded at 85 percent of full implementation funding.
- The cost to expand ADRCs will be offset by $2 million in federal "Income Augmentation" funds earned by DHFS, $4.6 million per year that is available after a caseload re-estimate of non-Medicaid participants in Family Care, and $1.9 million in applicable Older Americans Act funding allotted by county aging units. An additional

$13 million (GPR) will be needed to make ADRC services available to 75 percent of the state population by June 2009.

Care Management Organizations

- By June 2009, 14,500 enrollees will be served in new Family Care sites, including: current Medicaid waiver program participants; those now waiting for services; and other community and nursing home residents with long-term care needs. Currently 9,700 individuals are enrolled in the existing Family Care sites.
- Based on the experience of the five Family Care pilots, current waiver participants will be enrolled during the first six months new CMOs are in operation, waitlist individuals will be enrolled over the course of 24 months after the CMO is operational.
- Capitation rates paid to care management organizations will be based on current Family Care capitation rate-setting methodology, which uses information about the acuity level of each enrollee and current experience with primary and acute health care costs. Rates are adjusted for regional differences in health care costs. The request assumes a capitation rate increase of 3 percent each year.
- Full managed care savings will be achieved over a three-year period for each new CMO.
- CMOs will provide the full Family Care benefit, which includes all Medicaid home and community-based waiver services and long-term care-related Medicaid card services.
- Most people expected to enroll in Family Care are already enrolled in the Medicaid program so funds currently supporting them will offset the majority of Family Care expansion costs. Current revenues to be used include Medicaid waiver and Community Options Program funding, Medicaid funding for long-term care-related card services, and county spending on long-term care consumers. Funds currently supporting children and persons with mental illness and AODA will continue to be available to counties.
- County contribution to long-term care will never exceed the 2005 level.
- Total currently available revenue versus total anticipated CMO costs results in a need for $8.8 million in new general purpose revenue in the biennium.

Other Costs

- The cost to expand county Income Maintenance activities related to Family Care expansion ($1.4 million AF) will be offset by workload savings that counties realize due to the simplification of eligibility determination under the Administration's BadgerCarePlus initiative.
- Quality oversight measures that have proven successful in Family Care will be expanded to new CMOs. Part of these new costs will be offset by funding currently used for quality activities in home and community-based waiver programs, thereby limiting the need for new state funding to $100,000.

Additional information is available at http://www.dhfs.state.wi.us/aboutDHFS