State of Wisconsin
Department of Health Services

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Written Testimony for the Senate Special Committee on Aging
The Future of Long-Term Care
Presented by Wisconsin Secretary of Health Service Karen Timberlake
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Mr. Chairman and Senator Martinez, thank you for your invitation to talk about the future of long-term care. As Senator Kohl knows, people in Wisconsin prize their independence and expect to be responsible for their own welfare, especially our older residents -- who experienced the Depression, World War II and the economic boom that followed. These are values that need to inform our public policy. Now in their eighties, one in three of our oldest citizens need long-term care. Every year, another 30,000 people in Wisconsin reach the age of 65; more adults with disabilities are surviving into old age, and the Baby Boom is heading for retirement. At least fifty percent of our Medicaid budget is used for long-term care.

Since the creation of Medicaid and Medicare, states have led the way in the delivery of long-term care. As President Obama and the Congress tackle the huge issues of entitlements and of health care reform, the infrastructure for addressing the needs of an aging population exists within states. In Wisconsin, we are ready for change that improves choice, access, quality and cost-effectiveness.

Our internationally recognized Community Options waiver program showed that people who qualified for Medicaid nursing home care could be supported in their homes and community settings at a lower average cost. Building on this program, previous legislatures and governors invested in a demonstration project called Family Care. I am proud to be introducing Governor Doyle's **21st century model for long-term care**, a statewide entitlement to managed long-term care still known as Family Care, and the companion initiative --Aging and Disability Resource Centers.

Wisconsin has broken down the silos of individual Medicaid services and multiple home and community waivers. Family Care combines funding and benefits for social services and health care. That includes home and community supports for elders and people with disabilities as well as nursing home and related Medicaid benefits in one flexible and comprehensive package.

Putting all of the resources into one "purse" does something pretty amazing: it gives consumers the **choice** of institutional or home care, without delay, when an older person needs help. Previously, an elderly woman who took a bad

fall would have the so-called “choice” of a Medicaid nursing home bed immediately, or the promise of home and community care after a long wait. Family Care is a Medicaid managed care entitlement that provides **access** to home care or nursing home care without delay.

Along with Family Care, we also offer Family Care Partnership, a component that combines Medicare and Medicaid funding and benefits for both acute health care and long-term care services. Partnership is particularly valuable for individuals with complex health care needs and disabilities. Both Family Care programs serve elders and people with disabilities with a need for a nursing home level of care. Both programs are built around the expertise of a care team that consists of a nurse, social worker, the consumer and even a family member, seeking cost-effective solutions. Vocational rehabilitation professionals and other experts help those seeking employment.

This approach results in lower monthly costs per member, and lower Medicaid costs – saving an average of $500 per month per person. Managed care organizations (MCOs) receive a monthly capitation payment for each member. MCOs set rates and contract with a network of providers to deliver individual services and supports.

An effective long-term care strategy requires getting good information to the public so people can plan ahead and understand their options. Wisconsin currently has 33 Aging and Disability Resource Centers (ADRCs) organized through county government and the aging network.

ADRCs are the visible one-stop customer service centers for people who are trying to solve problems when they do not know how to obtain critical help. The ADRCs are objective, so people receive unbiased information about assisted living, home care and especially managed care. The ADRCs give free information and assistance, warm and welcoming offices and home visitors who explain options and determine eligibility.

Older people often resist getting help. Independence is primary, as it is for younger people with disabilities. Their goal is to avoid or to exit the nursing home and return home or live in an apartment or assisted living facility that remains connected to community and faith organizations.

For an elderly widow fearful of poverty, the outcome she seeks is security. Her care team will manage all of her services and expenses and take care of her needs, protecting her dignity. The future of long-term care is not about the nursing home of the future. It’s about the community of the future, where people who are very old or very disabled can live as much as possible like other people, with the best possible health and mobility.

Family Care Partnership helped Alyce and Earl stay in the farmhouse where they have lived for 60 years in western Wisconsin. Alyce has diabetes, and Earl has increasing memory loss. They both have a lot of medications and they are both hard-of hearing. With the right amount of home help, medical monitoring and an emergency response system, they can look out for each other in the place they know best.

We know a person-centered approach can work within a managed care framework. Brining it to scale for 55,000 people in Wisconsin is a challenge. We are serving more people without increasing our Medicaid costs (in 2005 dollars.) And that requires putting in place business systems, data collection and quality oversight sufficient for a $2.5 billion program serving our most vulnerable citizens. It means actuarially sound capitation rates, and regulatory partnerships with the between the department of Health Services and the Insurance Commissioner. We offer these citizens **cost-effective** solutions to their problems, and maintain quality. We are saving money in order to expand services and end wait lists, and that requires sound fiscal management at the state and local levels. Our managed care organizations are either regional public entities created by county governments, or non-profits with over a decade of managing care in the state. Their credibility overcomes the common mistrust of managed care, especially among older people.

Long-term care must be a central issue of health care reform and entitlement reform. We can offer the best care to vulnerable people within a cost-control framework. I urge you to look at Family Care and Aging and Disability Resource Centers as the model for a national reform.