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By Guy Boulton of the Journal Sentinel

March 6, 2015

Gov. Walker proposes overhaul of Wisconsin's long-term care program

Kelley Santi, who was born with cerebral palsy, gets supportive care, such as grocery shopping, housekeeping and other services from the money she receives from IRIS.

The proposal, which would affect more than $2 billion a year in spending, surprised many of the organizations currently managing care for impoverished people who are elderly or disabled.

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Tucked into Gov. Scott Walker's proposed budget is a massive overhaul of the system that provides long-term care to more than 50,000 elderly or disabled people in Wisconsin — a dramatic change that blindsided those currently managing the care.

The proposal, which would affect more than $2 billion a year in spending, would replace a system built over several decades with a new model in which the state would contract with large insurance companies to manage both long-term care and medical care.

"No one had any inkling this was happening," said Michael Blumenfeld, a spokesman for the Wisconsin Family Care Association. "We are just scratching our heads. Why would you do this?"

The governor's proposal, he said, is the most significant change in long-term care in the state in 20 years.

It stunned the organizations that now participate in Family Care and other Medicaid programs designed to enable elderly and disabled people to remain in their homes instead of nursing homes.

Under the current system, long-term care — such as home care workers who help with tasks such as bathing and meal preparation — and medical care are provided separately.

The governor's goal is for one entity to oversee both, potentially improving the coordination of care. People would be given a choice of several insurance companies and could pick the company they wanted to manage their care.

"This really is about getting better outcomes for our members, and this is what I believe is the most efficient way to do it," said Kitty Rhoades, the secretary of the Department of Health Services.

Yet even Rhoades acknowledged that she learned of the proposal only when the governor's budget was released — although she added that the department has talked about the idea for years and that it discusses and offers many proposals to the governor.

The staff of the state Division of Long Term Care apparently was not involved in drafting the proposal and also was unaware of it.

"None of them knew anything about this," said Barbara Beckert, director of the Milwaukee office of Disability Rights Wisconsin. "They are in a state of shock."

Walker's proposal deals with two complex programs — Family Care and IRIS — that draw little attention but account for a large chunk of the state Medicaid budget.

The programs are a crucial part of the safety net for many of the most vulnerable people in society: people who are impoverished and who are elderly and frail or disabled.

Some have outlived their savings. Others were born with severe disabilities. All of them can remain in their homes if given help with daily activities such as bathing, toileting and housekeeping along with other services such as adult day care and transportation.

In IRIS, a person receives a set amount of money that he or she determines how to spend. That flexibility is appealing, and more than 10,000 people get benefits through the program.

"I don't like to be controlled," said Kelley Santi, an IRIS recipient who was born with cerebral palsy. "I'm not totally independent, but I like to make my own decisions. I'm 46 years old. I don't need somebody to direct me."

Santi receives four hours a day of supportive care, such as grocery shopping and housekeeping, and other services from the money she receives from IRIS. She also receives help for three hours in the morning and three in the evening with personal care, such as bathing and dressing, under a different program.

"If I lose IRIS, it would be a really big chunk of my life," Santi said.

Under Walker's proposal, the IRIS program would be folded into the new program, although Rhoades said it would include an option similar to IRIS.

Contract for services

Family Care is administered by eight organizations that receive a set amount from the state to oversee the program.

"They set the rates; it's our responsibility to make it work," said Maria Ledger, director of the Milwaukee County Department of Family Care.

The organizations in turn contract with for-profit companies and nonprofit organizations for services.

Both programs are expensive. The Milwaukee County Department of Family Care, which provides long-term care to 8,400 people in eight counties, has a budget of $285 million.

It works out to an average of almost $34,000 a person. But the cost is less than the roughly $46,000 a year the state pays nursing homes to care for an elderly or disabled person.

Four of the managed care organizations that oversee the Family Care program would be shut down under the governor's proposal. And the Milwaukee County Department of Family Care itself in all likelihood would be unable to find a place in the new model.

At the same time, the governor's proposal would create a new and large chunk of business for health insurers that contract with the government to manage the care of people covered by Medicaid and Medicare.

"We have, over the years, heard from organizations who were very interested in adding this line of business to their existing lines of business," Rhoades said.

The governor's proposal would require insurance companies or other organizations participating in the revamped program to operate statewide, and probably only large insurance companies would have the size and financial resources needed for a statewide program.

United Healthcare, Molina Healthcare, Anthem and Centene, the parent of MHS Health Wisconsin, have been cited as companies that could be interested in the new program.

Molina openly supports the proposal.

"We have seen the value that a program like this brings not only to members but also to the state," Scott Johnson, president of Molina Healthcare of Wisconsin, said in statement.

Anthem, the parent company of Anthem Blue Cross and Blue Shield in Wisconsin, participates in similar programs in other states and is looking at the details of the governor's proposal, said Scott Larrivee, a company spokesman. The company at this point is not actively lobbying for the proposal.

United Healthcare would not comment on whether it supports the proposal.

Huge potential

The potential market is huge.

Nationally, Medicaid paid for 61% — or $134.1 billion — of the spending on long-term care, including nursing homes, in 2012, according to a brief by the National Health Policy Forum at George Washington University.

More of that money is being spent on home and community-based services instead of nursing homes. Medicaid spending on the services grew from $19.4 billion in 2000 to $50 billion in 2009, according to the Kaiser Family Foundation. And that trend has continued.

Wisconsin was among the first states to introduce programs that enabled people to remain in their homes and to contract with organizations to manage their long-term care. But in recent years, other states have begun experimenting with new approaches to integrate long-term care and medical care.

Only Kansas and Delaware, though, have adopted that kind of model statewide. Instead, other states have done what Wisconsin did with Family Care, gradually testing and expanding their programs.

Integrating long-term care and medical care is not a bad idea, said Mark Hilliker, chief executive officer of Community Care Connections of Wisconsin, a managed care organization in Stevens Point that operates in 16 counties and oversees the long-term care of 5,700 people.

But under the governor's proposal, Hilliker said, the local expertise and experience of organizations such as Community Care Connections would be lost.

"And there hasn't been any conversation about it," Hilliker said.

Kit Kerschensteiner, managing attorney for Disability Rights Wisconsin, and the other two co-chairs for the Survival Coalition, which includes more than 30 disability and aging groups, met with the Department of Health Services after the governor's budget was released.

"The most striking piece about it was the lack of answers," Kerschensteiner said.

Federal input

Rhoades said the details will be worked out during negotiations with the federal Centers for Medicare and Medicaid Services. The federal government pays 58% of the cost of Wisconsin's Medicaid program.

"Right now, we are talking a policy in the state budget and the details to be determined as we fill out the waiver," Rhoades said. "Many of these concerns will be answered then."

The Department of Health Services apparently plans to lay low for now: It canceled meetings scheduled for next Tuesday and May 12 of the Wisconsin Long Term Care Advisory Council, which includes more than two dozen representatives of organizations and advocacy groups involved in long-term care.

Walker is proposing taking the program statewide as early as 2017, provided the state can get the necessary approvals from the federal government.

The proposal also states that the date can be pushed back and calls for a 36-month transition period.

No insurance company has a statewide presence and any companies interested in contracting with the state to oversee the revamped program will need to negotiate hundreds of contracts with health systems and independent physicians.

They also will need to contract with the nonprofit organizations and for-profit companies that provide an array of long-term care services.

Rhoades said insurance companies will be able to quickly build networks and can contract with the same organizations and companies that now provide care to people in the programs.

"We've had a lot of conversations with organizations that are very confident they can do it," Rhoades said.

Advocates aren't convinced.

"We don't think the budget process is the right place to make such sweeping and radical change," Beckert said.

They note that the state failed miserably in trying to implement a statewide program to provide transportation services to people covered by Medicaid. Implementing this would be much more complicated.

They also wonder what happens if the business doesn't turn out to be profitable for the insurance companies and they pull out of the program in future years.

"That's the issue: What will the safety net look like in the event this doesn't work?" said Tom Lutzow, president and chief executive officer of iCare in Milwaukee, which participates in the Family Care program.

Rhoades, though, is confident the governor's proposal will improve the program and result in better care.

"I am confident that this will work," she said.