



September 30, 2020

Governor Tony Evers
State Capitol, Room 115 East
Madison, WI 53703

Dear Governor Evers,

The Long-Term Care safety net for Wisconsin has persisted through the COVID-19 epidemic. We are grateful for the support you and your Administration have provided to our members during this current public health emergency. As we continue to provide access to services for our most vulnerable, we are looking ahead to the opportunities to improve Long Term Care in Wisconsin through your next biennial budget. Many of our priorities are shared with your Task Force on Caregiving; creating a sustainable workforce for existing and future needs, and developing a new, transparent and collaborative reimbursement structure for long term care providers to ensure they can keep their doors open. To accomplish these shared goals, we respectfully ask you to include the following directive language in your 2021-23 Biennial Budget proposal and request a meeting with you and your staff to discuss these ideas.

Rate Band Support*

For sustainability and continuity of the long-term care provider network, we respectfully request that the Wisconsin Department of Health Services (DHS) develop and implement by January 1, 2024, a statewide minimum rate band (fee schedule) to be adopted by the Family Care, IRIS and other Home and Community-Based System (HCBS) long-term care programs. In addition, require the rate band system to reflect the actual cost of care and services, indexed annually, and the methodology by which participants are assigned to each respective rate band be made available and fully transparent to providers. To achieve transparency, a workgroup that includes the LTC provider associations should be established within DHS to inform any reimbursement changes.

Direct Care Workforce Funding (DCWF)*

Until such time that Family Care rate bands are implemented (January 1, 2024), Family Care funding increases for caregivers should primarily occur via the Direct Care Workforce Funding Initiative. Building on the previous commitment from you and the Legislature, we request that annual increases be provided to the existing Direct Care Workforce Funding program to ensure dollars are allocated directly to the long-term care providers for caregiver wages and benefits. Further, DHS should intensify efforts to secure Centers for Medicare and Medicaid Services (CMS) approval allowing total Direct Care Workforce Funding to be allocated via annual payments. The annual payment structure will allow providers more certainty and the ability to have a more permanent impact on their employee reimbursement structure.

Medical Loss Ratio (MLR)*

DHS should pursue additional MCO accounting and oversight controls to ensure proper maximization of dollars are available to fund the direct care and services portion required of Family Care participants. The Department of Health Services (DHS) should establish an MLR for Family Care Managed Care Organizations (MCO) to ensure that at least 85% of the MCO capitation rate is utilized to fund direct care and services for Family Care members. Specify that the 85% expenditure floor does not include expenditures for case management, administration, or profits.

Actuarial Calculations

The encounter data currently used to set capitation rates reflects only the costs incurred by MCOs; it does not reflect the actual cost increases incurred by providers. Family Care providers have not received rate increases from the MCOs for several years, the cost projections are underreported and do not reflect the cost of care. We request a statutory requirement that the actuarially sound MCO capitation rates reflect past and projected provider costs, including prospective increases based on increases based on generally accepted cost indices.

DHS-MCO Contract

Because the annual DHS-MCO contract significantly impacts participants and providers, we request that DHS annually publish and distribute the DHS-MCO draft contract to Family Care stakeholders for public comment and require DHS to consider these comments in establishing the final contract.

We look forward to continuing our work with you, your Administration, and the Legislature to maintain access to long-term care services for our most vulnerable citizens.

**Items Adopted by the Governor's Task Force on Caregiving*

Thank you for your consideration.

Sincerely,



Lisa M. Davidson
CEO, DSPN



John Sauer
President/CEO, LeadingAge Wisconsin



Mike Pochowski
CEO, WALA



Jim Stoa
Director of Government Relations & Regulatory Affairs
WHCA/WiCAL

CC:

Lisa Olson, Assistant Deputy Secretary