

Leadership Institute

August 10-12, 2022



LeadingAge™
Michigan

Grand Traverse Resort and Spa
100 Grand Traverse Village Blvd
Acme, MI 49610

Family Care:

The Wisconsin LTC Managed Care Experience

August 11, 2022

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Thank you John. Any questions regarding John's presentation on the actuarial tables?"



"OK, I'm now going to read out loud every single slide to you, word for word, until you all wish you'd just die."

Briefing Overview:

- **Creation of the Family Care Program, Coverage and Funding**
- **Successes and Stressors of the Program**
- **Provider Lessons Learned/Observations**
- **Agenda for Change and Policy Considerations**
- **What Does All this Mean for Michigan Providers?**

Moving to Managed Care

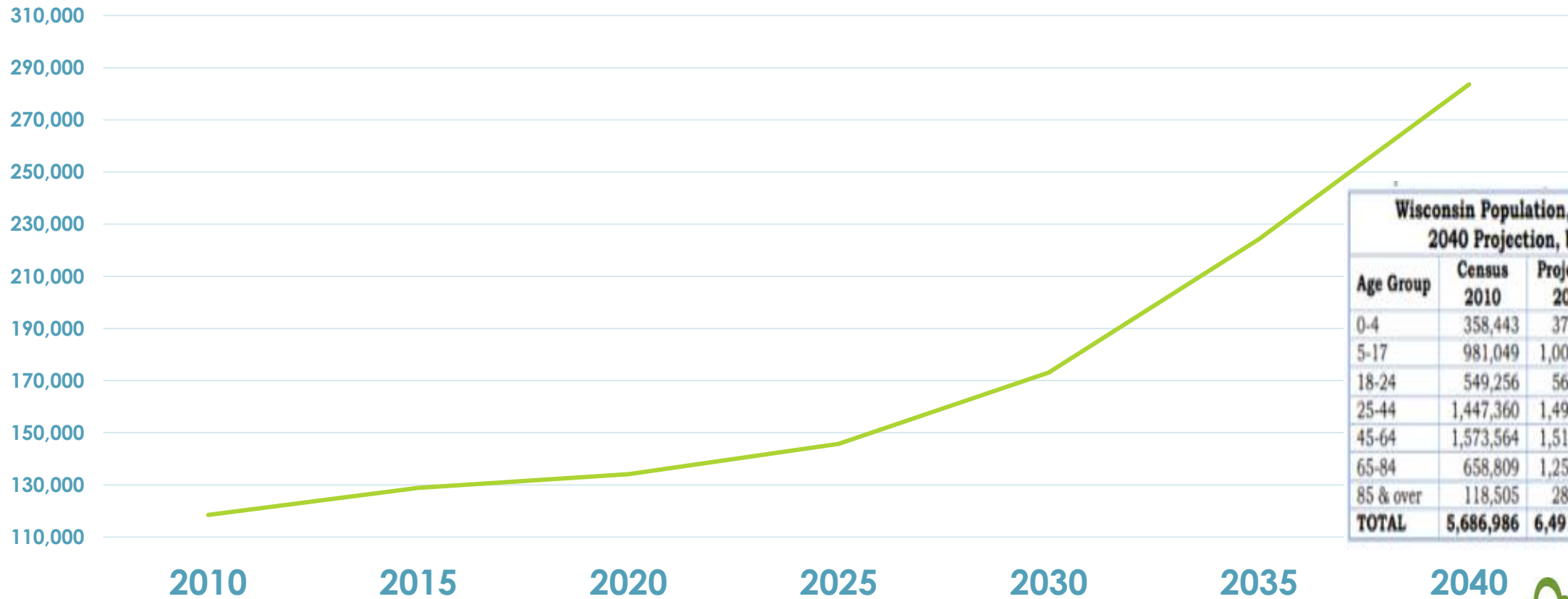
❑ Pre-Family Care: Community-Options Programs (Medicaid Waivers)

- COP Widely Supported, Nationally Recognized
- Institutional Bias (65%-35%)
- Consumer Preferences & Demands
- Set Funding Amounts Not Tied to Demand
- Inequitable Coverage Across the State
- Cost Per Client Varied
- Taxpayers Interested in Controlling Costs



Population Trend

Wisconsin Age 85+ Population Projections Through 2040



Age Group	Census 2010	Projected 2040	Num. Change	Pct. Change
0-4	358,443	373,940	15,497	4.3%
5-17	981,049	1,007,370	26,321	2.7%
18-24	549,256	563,995	14,739	2.7%
25-44	1,447,360	1,493,595	46,235	3.2%
45-64	1,573,564	1,517,370	-56,194	-3.6%
65-84	658,809	1,251,765	592,956	90.0%
85 & over	118,505	283,600	165,095	139.3%
TOTAL	5,686,986	6,491,635	804,649	14.1%

Source: Wisconsin Department of Administration

Promising Practices in Long Term Care Systems Reform: Wisconsin Family Care

CMS-Funded Study, Medstat Research and Policy Division, March 3, 2003:

- ✓ **Costs-- In 1997, following *fifteen years of concerted efforts* to achieve a more cost-effective system, two-thirds of total long term care expenditures for all populations was being spent on institutional care.**
- ✓ **Also seen as contributing to *high overall systems costs* was the lack of coordination between the management of waiver services and related Medicaid state plan services. *Making the entire long term care system more cost effective was seen as a way to free up resources to eliminate wait lists and provide an entitlement to community supports for all who qualify.***

Family Care Summary:

- ❖ **Family Care– 52,000 Enrolled; \$2.2 billion**
- ❖ **Family Care covers long-term care services, including HCBS and Assisted Living**
- ❖ **Family Care does not cover hospitalizations, primary health care services like ambulance rides, emergency care, and doctor visits.**
- ❖ **Managed Care Organizations (MCOs) receive capitated payments from WI DHS and are responsible for managing the care and cost of enrollees (members)**

History of WI's LTC Managed Care Initiatives

○ WI DHS Defined Program History:

- **1999**—The Family Care program starts.
- **2000**—Family Care begins in five counties. They include Fond du Lac, La Crosse, Milwaukee, Portage, and Richland.
- **2007**—Family Care expands to more counties.
- **2010**—Family Care serves more than 30,000 members in 56 counties.
- **2013**—DHS research shows that using Family Care across the state saves \$34.7 million. It also gets more services to people who are older or have a disability.
- **2015**—Governor Walker and the state expand Family Care to the entire state. Family Care costs less than other programs but still gives quality care.
- **2018**—The last county in the state gets Family Care. **The wait list ends.**
- **Today**—Family Care serves more than **55,000 members across the state.**

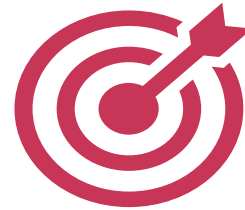
Family Care Goals:



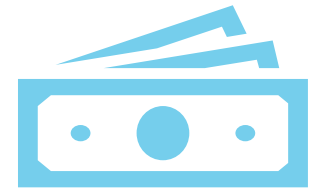
Give people better choices about where they live and what kinds of services and supports they get to meet their needs;



Improve access to services;



Improve quality through a focus on health and social outcomes; and



Create a cost-effective system for the future.

Building Family Care

- **Widespread Bipartisan Support**
- **“Don’t Over-Medicalize Our LTC System”**
- **“Don’t Open Up the System to the Big Insurance Companies or Allow Profit-Taking (maintain county-based influence)”**
- **ADRCs are Universally Supported (then and now)**

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Wisconsin's Other LTC Initiatives

Partnership– 3,700 Enrolled; \$165 million-- and PACE- 550 Enrollees, \$30 million

- ❑ Partnership and PACE cover LTC and primary health care services. This includes care for acute and chronic conditions.

Non-Managed Care Program: IRIS program (Include, Respect, I Self-Direct) – 22,000 Enrollees, \$650 million

- ❑ Fee-for-service, self-directed support waiver under the Medicaid HCBS waiver authority, through which individuals may direct their long-term care supports and services through management of a designated budget amount. Like Family Care, IRIS is available statewide. 21% of Enrollees are Older Adults.

WI's LTC Managed Care Initiatives Since 2010

Table 10.1: Family Care, IRIS, Partnership and PACE Enrollment as of October 1

	Family Care	IRIS	Partnership	PACE
2010	30,963	2,623	3,635	845
2011	33,257	4,926	3,857	883
2012	35,058	6,965	4,000	784
2013	37,276	9,344	2,781	743
2014	38,180	11,139	2,925	681
2015	41,791	12,533	2,968	651
2016	44,191	13,901	2,978	603
2017	46,451	15,292	3,098	560
2018	48,656	17,846	3,427	569
2019	49,925	19,633	3,646	544
2020	51,084	21,794	3,712	545

Family Care Program and IRIS have seen considerable growth; Partnership and PACE together serve fewer people today compared to a decade ago.



**WISCONSIN DEPARTMENT
of HEALTH SERVICES**

Division of Medicaid Services
P-02370 (06/2022)

Family Care, Family Care Partnership, and PACE Enrollment Data

Monthly snapshot as of June 1, 2022

SUMMARY

	I/DD ¹	FE ²	PD ³	Total	Age 65+
Family Care	23,772	18,875	9,579	52,226	23,110
Partnership	1,043	1,378	1,263	3,684	1,606
PACE	62	404	44	510	447
Total	24,877	20,657	10,886	56,420	25,163

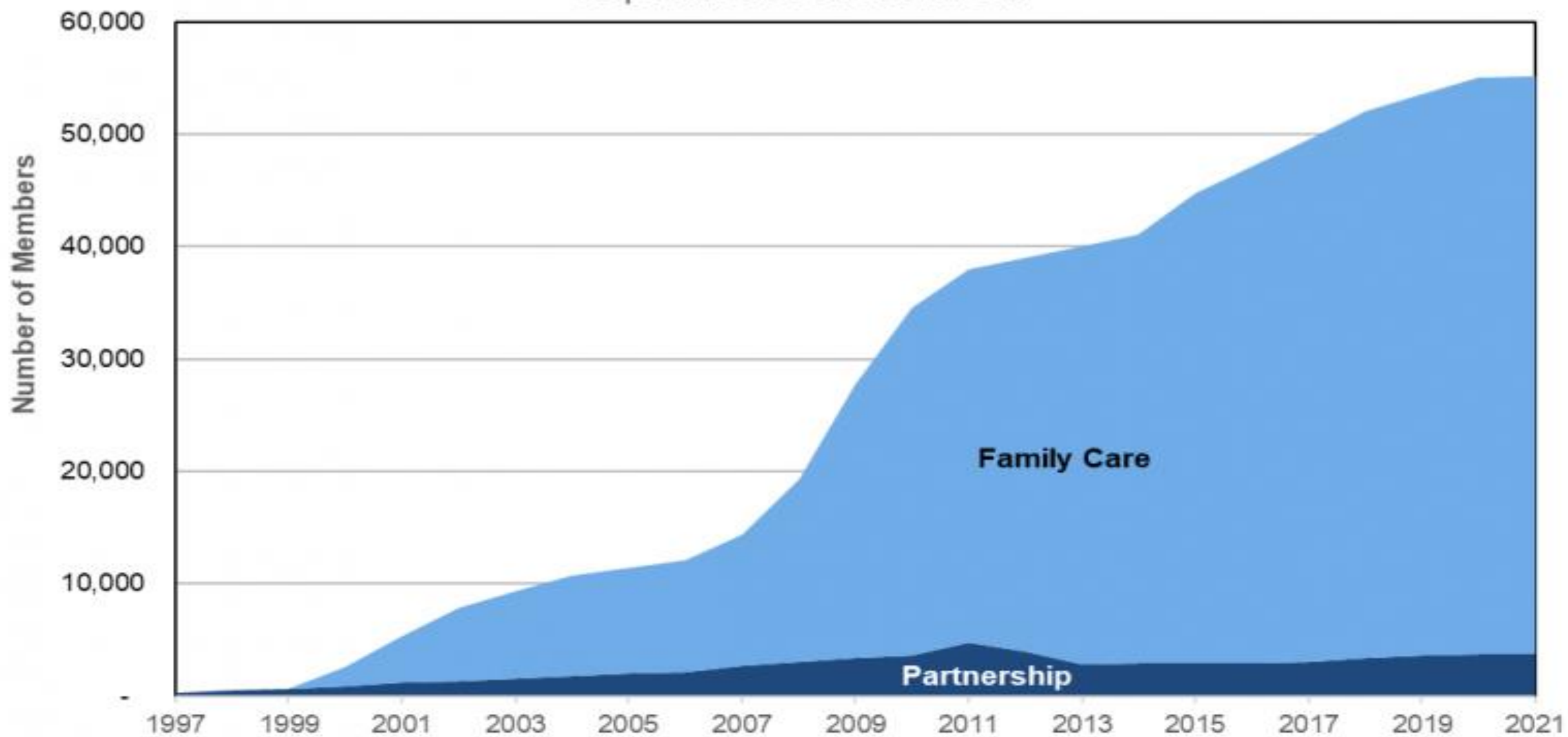
¹I/DD = Intellectual Disability or Developmental Disability

²FE = Frail Elderly

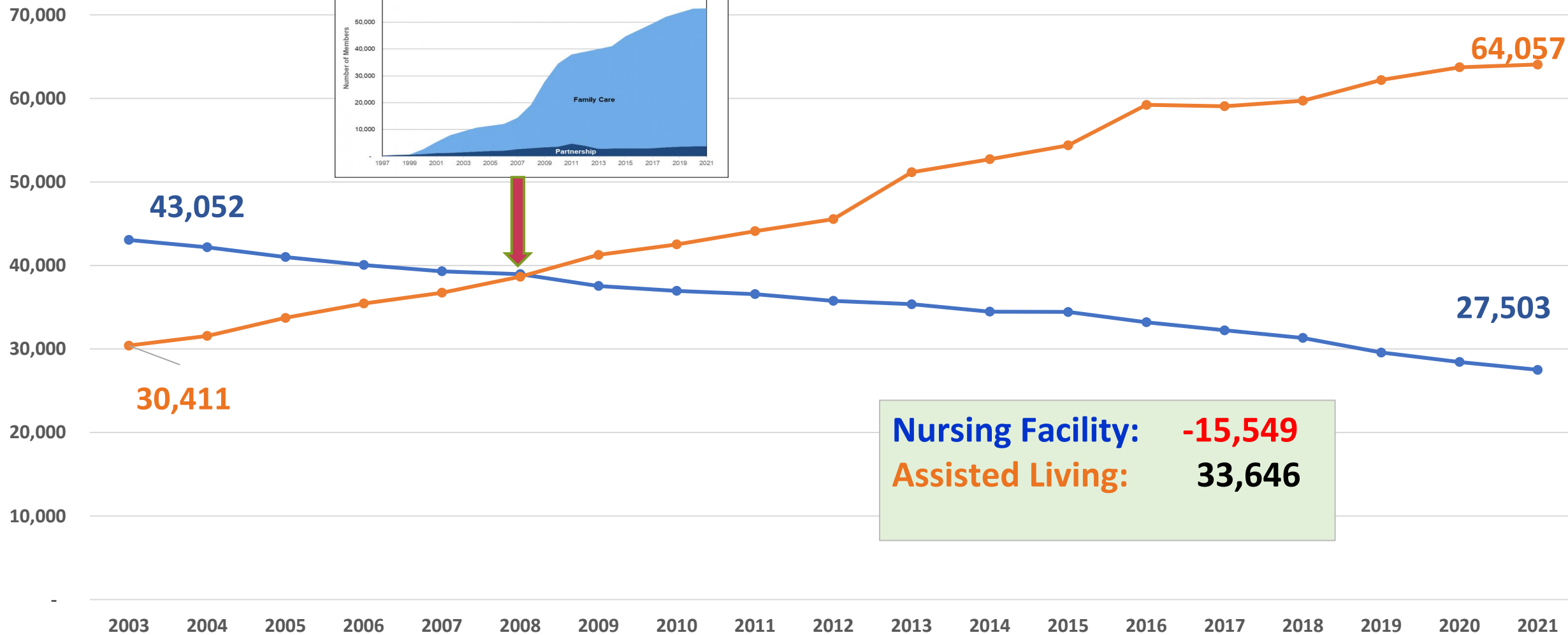
³PD = Physical Disability

Wisconsin Family Care and Partnership Program

Number of Members Enrolled as of
September 30 of Each Year



Wisconsin Nursing Facility vs Assisted Living Capacity 2003 - 2021



Medicaid Has Been Rebalanced:

Table 1.3: MA Benefits Expenditures by Major Category, Fiscal Year 2019-20 (\$ in Millions)

Long-Term Care	
Family Care and Similar Programs	\$2,194.6
Nursing Homes and Other Institutions	791.2
IRIS and Other Waiver Programs	800.1
Personal Care/Home Health	<u>258.3</u>
Subtotal	\$4,044.2

In FY 2020, Medicaid Nursing Home Fee-for-Services Expenditures Represented Less Than 20% of Wisconsin's Medicaid Long-Term Care Budget

https://docs.legis.wisconsin.gov/misc/lfb/informational_papers/january_2021/0043_medical_assistance_and_related_programs_badgercare_plus_ebd_medicaid_family_care_and_senior_care_informational_paper_43.pdf

Right Place, Right Time, Right Cost

*In CY 2019, Assisted Living and Nursing Home Family Care Expenditures Represented Over **57%** of the Overall Family Care Budget*

https://docs.legis.wisconsin.gov/misc/lfb/informational_papers/january_2021/0043_medical_assistance_and_related_programs_badgercare_plus_ebd_medicaid_family_care_and_senior_care_informational_paper_43.pdf

**Table 10.2: Family Care Service Expenditures
(\$ in Millions)**

	2018	2019
Residential Care	\$805.4	\$865.3
Home Care	302.4	311.0
Institutional Care (NH/ICF-IID)	194.6	204.8
Case Management	202.9	219.0
Habilitation/Health	83.9	83.9
Transportation	53.2	57.1
Vocational	45.0	41.0
Adaptive Equipment, DME, and DMS	35.6	34.9
Home Health Care	17.1	17.3
Adult Day Activities	13.1	13.3
Financial Management	12.9	13.6
Respite Care	7.5	8.4
Other LTC Services	<u>1.0</u>	<u>1.2</u>
Total	\$1,774.6	\$1,870.8

Family Care – Observations

- *Provided Much Needed HCBS to Medicaid Eligible Persons*
- **ADRCs an Important Community Resource**
- **Cost-Effective Compared to Nursing Home Costs (Per Diem Basis)**
- **Majority of Enrollees are Under Age 65**
- **Woodwork Effect Debate**

Family Care – Observations

- **Efforts to Integrate Family Care with Acute/Primary Care Have Failed (thus far)**
- **MCOs Have Failed, Merged and Been Acquired (Pending sale to a for-profit managed care company)**
- **Ombudsman Program Now Spends More Time Assisting Enrollees with MCO Issues**

MCO Operations Snapshot:

Family Care
MCO Financial Statement Summaries
YTD for Period Ending December 31, 2020, Audited

	Inclusa	LCI	MCW	CCI	Total
Net Income/ (Loss)	22,757,657	8,272,029	25,139,921	35,185,769	91,355,376

Member Months by FC Target Group

Developmentally Disabled (DD)	49.6%	48.6%	39.9%	45.4%	45.4%
Physically Disabled (PD)	16.5%	15.2%	17.3%	20.5%	17.5%
Frail Elder (FE)	33.9%	36.2%	42.8%	34.1%	37.1%
Total Member Months	183,295	89,881	194,166	140,733	608,075

Key Ratios (as % of Revenue)

Member Service Expense, Net	79.0%	82.8%	82.1%	80.2%	80.8%
Care Management Service Expense	13.2%	11.4%	10.6%	10.0%	11.4%
Total Member Service Expense	92.2%	94.2%	92.7%	90.2%	92.2%
Administrative Expense	4.1%	3.5%	3.6%	2.1%	3.4%
Total Operating Expense	96.3%	97.7%	96.3%	92.3%	95.6%
Income (Loss) from Operations, CY	3.7%	2.3%	3.7%	7.7%	4.4%
Net Income/(Loss)	3.8%	2.7%	4.10%	7.6%	4.6%

MCOs in CY 2020:

- **Medical Loss Ratio (MLR) was 81/19**
- **Profit Margin: 4.6%**
- **Older Enrollees: 37.1%**

<https://www.dhs.wisconsin.gov/publications/p00599-4q-20.pdf>



*Starting Down
the Managed
Care Path...*

Family Care – Provider Perspectives

State's Goal to Eliminate Waiting Lists and Achieve Statewide Expansion Came at a Price:

- **WI Ignored the SNF Financial Needs While Focusing on Rebalancing Medicaid**
- **Acknowledgment by WI DHS that Statewide Expansion also was Partially Funded by HCBS Provider Rate Suppression**
- **Widespread Agreement that Provider Rates Paid by MCOs are Inadequate and have Exacerbated the Workforce Crisis**
- **Actuarially Sound Rates Reflect Rates Paid, Not Cost Incurred**

Family Care – Provider Perspectives

- **HCBS Expansion Has Significantly Improved Access to Care and Services Options for Persons with a Disability.**
- **Providers Have Little Ability to Negotiate Rates with MCOs; Providers Forced to Issue Discharge Notices as Last Resort in Rate Negotiations**
- **Family Care Serves as Helpful “Stop-Loss Insurance” for Current Residents**
- **Conflict-Free Case Management Creates Conflict Between Providers and MCOs (Assisted Living)**

Family Care – Improve Provider Payments

Proven Strategies to Circumvent the “Actuarially Sound” Capitation Rates:

- 1. Created the Direct Care Workforce Fund– Increased from \$30 million to over \$125 million annually. Direct Payments to Providers bypassing the MCOs**
- 2. Used Medicaid Surplus Funds and ARPA Funds for two separate rate Increases (4.24% and 5%) that MCOs were directed to pass-on to providers**

Family Care – Improve Provider Payments

Moving Away from MCO-Provider Rate Negotiations:

- **Governor's Task Force on Caregiving Proposed Creation of a Family Care Rate Bands/Fee Schedule**
- **WI DHS now Supports this Initiative and its Consultants are Engaging Providers on the Project**
- **Goal: Establish Fair and Equitable Rates (not minimum)**

On Your Journey:

- **Full Integration or LTC-Only Focus?**
- **Statutorily Require “Actuarially Sound” Capitation Rates to Reflect the Actual Cost of Care and be Annually Indexed (workforce pressures)**
- **Consider MLR and Monitor MCO Direct Care Spending**
- **Pay Attention to the Enrollee Assessment System that Drives MCO Capitation Rates and Assigns Enrollees to Rate Bands/Fee Schedule**
- **Pay Attention to “Any Willing Provider” and Network Adequacy**
- **How Will “Spenddown” Residents be Treated (avoid relocations)**

On Your Journey:

- **Consider Provider Rate Appeal Mechanism**
- **Incorporate Meaningful Quality Incentives (paid to providers)**
- **A Single Capitation Rate for all Client Groups Could Lead to Cross-Subsidization by the MCO**
- **Avoid Having Medicaid Managed Care do to Assisted Living Providers what Medicaid Fee-for-Services did to Nursing Homes (underpaid and overregulated)**

Concluding Comments and Q & A

Thank You for the Opportunity
to Join You Today

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