

LIFT THE CAP ON COMMUNITY LONG-TERM CARE

Date: May 20, 2011

To: Members, Wisconsin Senate and Assembly

From: AARP-Wisconsin
WI Counties Association
Coalition of WI Aging Groups
WI Aging Network Leadership
People First WI
WI Personal Services Association
WI Family Care Association

Disability Rights WI
WI Board for People with Developmental Disabilities
WI Coalition of Independent Living Centers, Inc.
WI Board on Aging and Long-term Care
Aging & Disability Professionals Association of WI
WI Association of Area Agencies on Aging

**Subject: Proposal to Lift the Cap on Community Long-Term Care in Wisconsin
Requested Action: Adopt Alternative #6 – Legislative Fiscal Bureau Paper # 342**

During the last 20 years, a strong consensus has developed among aging and disability organizations, counties, and legislators of both parties to reform Wisconsin's long-term care (LTC) system by moving in the direction of home and community-based care. Seniors, people with disabilities and families all agree—it is better to live in your own home or in your community with the individualized supports you need than to live in an institution. It is also much more cost-effective (e.g., average Family Care cost of \$2800/month vs. average nursing home cost of \$4000/month; costs in other institutional settings range from \$16,500 to \$40,920 a month).

The 2011-2013 biennial budget proposes a “hard cap” on all community long-term care, to go into effect next month. The result of the Cap will be that the only LTC option people will have access to in the next two years is the option that most people want to avoid and the most expensive option: a bed in a nursing home or other institution. New options to avoid the Cap are now available. This proposal defines a realistic way to avoid a Cap and continue progress toward long-term care reform.

We are asking for your support for this proposal and for the adoption of Alternative #6 in Legislative Fiscal Bureau Paper #342 - Family Care Enrollment Cap (DHS -- Medical Assistance – Services).

The Fiscal Backdrop Has Changed

The fiscal backdrop for the proposed Cap on long-term care recently changed in three important ways, which provide the legislature a realistic opportunity to fund community long-term care. First, the Legislative Fiscal Bureau announced on May 11 that there will be an additional \$636 million in overall tax revenues between now and June, 2013. Second, LFB has also confirmed that the federal government would allow Wisconsin to establish new provider assessments* which would generate a substantial increase in federal funding for long-term care. Third, we recently discovered that Wisconsin has access to over \$50 million in federal “Money Follows the Person” funding which can be obtained in a 20% GPR – 80% FED ratio to relocate institution residents to the community in the Family Care or IRIS Program.

* The federal government allows states to create a “provider assessment” on certain categories of providers, to generate new in-state funds and obtain new federal Medicaid matching funds. 45 states are using this option. There are currently four provider assessments in Wisconsin: a) nursing homes, b) hospitals, c) critical access hospitals, and d) ambulatory surgical centers. There are several provider assessment categories we are not currently utilizing.

Now it is no longer accurate to say that:

- “there is no money to help people on long-term care (LTC) waiting lists”,
- “we have no choice except to force people into nursing homes and increase spending on institutions in the next biennium”, and
- “after eliminating waiting lists in 28% of the state, we are forced to start new waiting lists in all of these ‘No Wait’ counties”.

Public Concern about the Cap and the Need to Preserve Community Services

In Joint Finance Committee hearings and Department of Health Services Town Hall Meetings, large numbers of people testified in opposition to the LTC Cap and spoke of the benefits of community long-term care. This testimony described several negative impacts of the Cap:

- no prospect of any services in the next two years for the 11,000 + adults & children currently on LTC waiting lists (LFB Paper # 342, p. 7, #10) ;
- approximately 10,000 people who would have enrolled in long-term care from July, 2011 to June, 2013 will now wait or continue to wait (LFB Paper #342, p.6, #5);
- a return to Wisconsin’s “institutional bias” of the 1980’s and 1990’s, resulting in a substantial number of people forced into nursing homes and other institutions in the next two years -- a clear misuse of taxpayer dollars;
- according to DHS, an assumption that 5% of prospective Family Care enrollees, without access to community long-term care, will now go to nursing homes– equating to an estimated 484 additional individuals forced into nursing homes over the biennium (LFB Paper # 342, p. 6, #4; p. 7, #12). Milwaukee County projects a much higher number - 25 individuals a month or 300 a year in that county alone forced into nursing homes.
- slamming the door in the faces of all students with disabilities graduating in 2011, 2012, and 2013, who will receive no in-home services or help to secure employment;
- setting a trap for hundreds of elderly people who sold their homes and moved into assisted living or Residential Care Apartment Complexes as private pay residents, expecting to enter Family Care after they deplete their savings (now they will be evicted and discover their only publicly funded option is a nursing home bed) (LFB Paper # 342, p. 6, #8, #11) ;
- a missed opportunity to create thousands of direct care worker jobs to serve people on waiting lists; and
- a broken promise to counties who now see freezing enrollment as counter to the state’s original agreement (LFB Paper # 342, p. 11, #25).

Family Care Audit

The recent legislative audit of Family Care confirmed that Family Care has improved access to community-based long-term care services for adults with disabilities and frail elders, and prevented people from being forced into expensive institutional care. The audit shows that program expansion is proceeding as planned and consumer satisfaction is high. While this was not a financial audit, the LAB report did indicate that Family Care saves money when compared to the standard Medical Assistance program and that administrative costs are lower than those in legacy waiver programs.

Program expenditures rose significantly between fiscal year 2006 and 2010, but this is clearly due to rapid expansion undertaken after an independent evaluation showed substantial savings in the five counties where Family Care was piloted. During this period, the number of counties with Family Care increased from 5 to 53. In June 2007, the program served 11,344 participants, and by June 2010 this number rose to 28,885. Given the number of people being transferred from the previous waiver system to Family Care, it is no wonder why program expenditures have increased as legacy waiver program costs were eliminated. In some areas, e.g. cost effectiveness and the adequacy of funding levels, the report was inconclusive. However, recently DHS long-term care data was analyzed by actuaries from Cirdan Health Systems and

Consulting. This new data has enabled Family Care Managed Care Organizations to conclude that the program is saving Wisconsin taxpayers over \$89 million. Of course, Family Care can and should be improved, which could also be said of all the other current and past LTC programs in Wisconsin. **But we can improve the program without shutting it down for two years.**

The New Fiscal Situation

There are new fiscal options which can support lifting the Caps on community long-term care.

PROPOSED NEW SPENDING	2011-12	2012-13
1. Cost of continued expansion of Family Care and IRIS in 7 “No Wait” counties & the 50 other counties where the programs have started (and Partnership & PACE in the counties where it is available)	\$26.7 million GPR \$40.7 million FED	\$ 89.2 million GPR \$134.2 million FED
2. Savings resulting from starting Family Care and IRIS in the remaining 15 counties.	(\$6.4 million GPR) (\$0.1 million FED) \$3.7 million county contribution	(\$12.5 million GPR) \$13.5 million FED (new federal match funds obtained) \$27.7 million county contribution
Combined Totals	\$20.3 million GPR \$40.6 million FED \$3.7 million county contribution	\$ 76.7 million GPR \$147.7 million FED \$27.7 million county contribution
REVENUES AVAILABLE		
1. Revenues from new provider assessments*, e.g.: <ul style="list-style-type: none"> - Home health agencies (based on LFB projections of a 5.5% assessment on annual revenues of \$694.8 million) - Therapists (based on LFB projections of a 5.5% assessment on annual revenues of \$378.2 million) - Other provider categories 	Up to \$20.0 million GPR Up to \$30.0 million FED Up to \$10.9 million GPR Up to \$27.3 million FED Unknown	Up to \$20.0 million GPR Up to \$30.0 million FED Up to \$10.9 million GPR Up to \$27.3 million FED Unknown
2. Federal “Money Follows the Person” funding to be used to relocate institution residents into Family Care, Partnership or IRIS.	Up to \$5 million GPR savings	Up to \$5 million GPR savings
3. County Contribution	\$3.7 million	\$27.7 million
4. Remaining revenue to be allocated from new estimate of tax revenues in 2011-2013 biennium	Depends on level of provider assessments (it could be zero GPR) \$40.6 million FED matching	Depends on level of provider assessments--the minimum would be approximately: \$ 46 million GPR \$145.5 million FED matching

* These are examples of possible provider assessments. If these or other assessments were to be considered, there would first have to be in-depth analysis, dialogue and agreement with providers regarding the impact on providers within the category before moving forward.

Conclusion

The proposed Cap on Community Long-Term Care will clearly end Wisconsin's progress in reforming the LTC system and eliminating waiting lists.

We have enclosed a Resolution calling for an end to the Cap from the Wisconsin Council on Long-Term Care, with a list of the **70 organizations** which have endorsed the Resolution so far. In light of the growing public concern and recent fiscal developments, we urge you to honor this Resolution by adopting Alternative #6 (Legislative Fiscal Bureau Paper # 342) which deletes the Cap on Community Long-Term Care, and support our proposal to resume progress toward the longstanding goals of Long-term Care Reform in Wisconsin. This will:

- **maintain Wisconsin's bipartisan commitment to serving older adults and people with disabilities in the community and limit the use of costly institutional care;**
 - **help your constituents on waiting lists;**
 - **prevent inappropriate costly admissions to institutions and the unnecessary misuse of taxpayer dollars;**
 - **provide services to students with disabilities graduating in 2011, 2012 and 2013 to enable them to be contributing members of the community;**
 - **leverage an additional \$186 million in federal funding to help our state dollars serve more people; and**
 - **create thousands of new jobs in the long-term care system**
-

Attachments

Wisconsin Council on Long Term Care Resolution to Lift the Caps

Statewide Support to Lift the Caps – List of More than 70 Organizations

For a Guide to Wisconsin's Long-term Care Programs see report - *Keeping the Community Promise: Lifting the Cap on Long-Term Care in Wisconsin*, May 2011.