

February 7, 2000

Representative Gregg Underheim
Chairperson, Assembly Committee on Health
Room 11 North, State Capitol
Madison, WI 53701

Dear Representative Underheim:

As members of the Senate Committee on Health, Utilities, Veterans and Military Affairs, we are writing to urge you to hold a public hearing on 1999 Assembly Bill 630, relating to personal care services. Assembly Bill 630 was introduced by Representative Meyer and others; cosponsored by me and others. It was referred to the committee you chair, the Assembly Committee on Health, on December 30, 1999.

Assembly Bill 630 addresses a serious shortage of personal care services in our state. Personal care services allow many with disabilities to remain in their homes and also to work, attend school and raise their children. Without these services, many individuals would spend much of their lives in group homes or nursing homes. This would not make sense economically, nor is it desirable to have otherwise productive citizens unable to participate in family and community activities.

Unfortunately, many providers of personal care services are financially unable to continue providing these important services. In addition, many providers are experiencing difficulty hiring and retaining qualified staff due to the low wages that must be paid under current Medical Assistance reimbursement rates. This causes individuals who rely on these services to be constantly apprehensive that services they receive may become unavailable.

Representative Gregg Underheim
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Assembly Bill 630 addresses the current crisis in personal care by increasing the hourly reimbursement rate for in-home personal care workers. In addition, the bill establishes an increased reimbursement rate for personal care service providers in areas identified as personal care shortage areas. These changes to current law would go a long way in ensuring individuals with disabilities that personal care services will be available to them for as long as they need them.

Again, please schedule a public hearing on this matter soon. Thank you for your consideration of this matter.

Sincerely,

Senator Rodney C. Moen, Chairperson

Senator Roger Breske

Senator Judy Robson

Senator Jon Erpenbach

Senator Robert Welch

Senator Brian D. Rude

Senator Gary Drzewiecki

February 8, 2000

Secretary Joseph Leraan
Department of Health and Family Services
1 West Wilson Street
Madison, WI 53703

Dear Secretary Leraan:

As members of the Senate Committee on Health, Utilities, Veterans and Military Affairs, we are writing to request that you establish a blue ribbon task force on personal care services in Wisconsin.

Personal care services allow many with disabilities to remain in their homes and also to work, attend school and raise their children. Without these services, many individuals would spend much of their lives in group homes or nursing homes. This would not make sense economically, nor is it desirable to have otherwise productive citizens unable to participate in family and community activities.

Wisconsin is currently facing a shortage of personal care services. Many providers of personal care services are financially unable to continue providing these important services. Providers are also experiencing difficulty hiring or retaining qualified staff due to the low wages that must be paid under the current Medical Assistance reimbursement rates.

More recently, providers of personal care services have also been faced with the prospect of having to pay the Department of Health and Family Services for the cost of services that were insufficiently documented according to the results of recent department audits of Medical Assistance claims. At a public hearing held before this committee on February 2, 2000, some

Secretary Llean
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providers indicated that they will not be able to provide further services if they are forced to pay the recoupment costs that the department is indicating it will collect.

We ask that any task force that is formed on personal care services immediately consider options for addressing the current shortage in personal care services. In addition, we ask that the task force review the department's procedures in supervising and auditing providers of personal care services to ensure that providers have a clear understanding of the services they are expected to provide and how those services must be documented.

Thank you for your consideration of this important matter.

Sincerely,

Senator Rodney C. Moen, Chairperson

Senator Roger Breske

Senator Judy Robson

Senator Jon Erpenbach

Senator Robert Welch

Senator Brian D. Rude

Senator Gary Drzewiecki

RCM:tr

February 8, 2000

Senator Gary R. George
Room 118 South, State Capitol
Madison, WI 53702

Representative Carol Kelso
Room 16 West, State Capitol
Madison, WI 53702

Dear Senator George and Representative Kelso:

As members of the Senate Committee on Health, Utilities, Veterans and Military Affairs, we are writing to request an audit of personal care services and Medical Assistance coverage of those services in Wisconsin.

Wisconsin is currently facing a shortage of personal care services. Personal care services allow many with disabilities to remain in their homes and also to work, attend school and raise their children. Without these services, many individuals would spend much of their lives in group homes or nursing homes. This does not make sense economically, nor is it desirable to have otherwise productive citizens unable to participate in family and community activities.

At a recent hearing before our committee, concerns relating to personal care services were raised. Specifically, we heard testimony that many providers of personal care services are having financial problems and are unable to continue providing these important services. In addition, many providers are experiencing difficulty hiring and retaining qualified staff due to low wages that must be paid under current Medical Assistance reimbursement rates. These financial difficulties result in uncertainty for individuals who rely on personal care services as to whether these services will be available in the future.

Another issue facing personal care service providers is an apparent lack of clear directives from the Department of Health and Family Services (DHFS) as to requirements for Medical Assistance claims. As a result, several personal care service providers have been audited and billed large sums of money by the department to recoup the cost of services that were not properly documented by the providers. Although we recognize the importance of auditing providers to ensure that they are not charging for services fraudulently, many providers are being asked to pay back the cost of services that they appear to have provided but did not document correctly. According to several providers, they were not instructed how to document services provided correctly and were unable to get consistent directives from department staff.

We specifically ask that an audit of personal care services address the following issues:

1. Whether the information the DHFS provides to personal care service providers sets forth clear expectations for services to be provided and how those services must be documented to receive Medical Assistance reimbursement.
2. How personal care service providers are currently audited by the DHFS and whether these audits truly determine whether services paid for by the Medical Assistance program were provided or whether they simply find errors in recording information.
3. Whether changes in how the DHFS supervises and reimburses eligible personal care service providers could improve the financial stability of those providers.

Thank you for your consideration of this request.

Sincerely,

Senator George and Representative Kelso
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Senator Rodney C. Moen, Chairperson

Senator Roger Breske

Senator Judy Robson

Senator Jon Erpenbach

Senator Robert Welch

Senator Brian D. Rude

Senator Gary Drzewiecki

RCM:jr

cc: Janice Mueller, State Auditor

February 8, 2000

Senator Fred A. Risser
Room 220 South, State Capitol
Madison, WI 53702

Representative Carol Kelso
Room 16 West, State Capitol
Madison, WI 53702

Dear Senator Risser and Representative Kelso:

As members of the Senate Committee on Health, Utilities, Veterans and Military Affairs, we are writing to request that the Joint Legislative Council establish a special committee to study personal care services in Wisconsin.

Personal care services allow many with disabilities to remain in their homes and also to work, attend school and raise their children. Without these services, many individuals would spend much of their lives in group homes or nursing homes. This would not make sense economically, nor is it desirable to have otherwise productive citizens unable to participate in family and community activities.

Currently, many providers of personal care services are facing financial problems and are finding themselves unable to continue to provide these important services. Also, many providers are experiencing difficulty hiring and retaining qualified staff due to the low wages that must be paid under the current Medical Assistance reimbursement rates. Citizens who receive these services are constantly apprehensive that services upon which they rely may become unavailable.

Providers of personal care services have also raised concerns regarding how the Department of Health and Family Services supervises and audits their Medical Assistance

claims. Several providers of personal care services have been audited by the department in the past several months and the department has indicated to them that they may be required to pay large sums of money as recoupment for costs that were not properly documented. At a public hearing held before this committee on February 2, 2000, providers of personal care services testified that they have received conflicting information regarding how to document services they have provided and that they were never given a handbook so that all the requirements for Medical Assistance reimbursement could be referenced in one place.

In order to assure individuals who rely on personal care services that such services will be available in the future, we ask that a Legislative Council special committee study the following issues:

1. Options to address the shortage of personal care service providers in Wisconsin.
2. Whether other methods of reimbursing personal care service providers through the Medical Assistance program would be more effective in providing consistent and high-quality services to individuals who rely on personal care services.
3. Options for supervising and auditing personal care service providers that guard against fraud but also to provide clear expectations and procedures for personal care providers.

Senator Risser and Representative Kelso
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Thank you for your consideration of this matter.

Sincerely,

Senator Rodney C. Moen, Chairperson

Senator Roger Breske

Senator Judy Robson

Senator Jon Erpenbach

Senator Robert Welch

Senator Brian D. Rude

Senator Gary Drzewiecki

RCM:tr

FISCAL ESTIMATE FORM

1999 Session

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB # 3558/2

INTRODUCTION # AB 630

Admin. Rule #

Subject
Personal Care Reimbursement

Fiscal Effect

State: No State Fiscal Effect

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation.

Increase Costs - May be possible to Absorb Within Agency's Budget Yes No

- Increase Existing Appropriation Increase Existing Revenues
 Decrease Existing Appropriation Decrease Existing Revenues
 Create New Appropriation

Decrease Costs

Local: No local government costs

1. Increase Costs
 Permissive Mandatory
2. Decrease Costs
 Permissive Mandatory

3. Increase Revenues
 Permissive Mandatory
4. Decrease Revenues
 Permissive Mandatory

5. Types of Local Governmental Units Affected:
 Towns Villages Cities
 Counties Others _____
 School Districts WTCS Districts

Fund Sources Affected

- GPR FED PRO PRS SEG SEG-S

Affected Ch. 20 Appropriations

20.435(5)(b) and (5)(o)

Assumptions Used in Arriving at Fiscal Estimate:

This bill requires the Department to do 3 things: 1) designate by rule personal care shortage areas in the state and reimburse personal care providers in those areas at 125% of the Medicaid (MA) rate for personal care services; 2) increase the hourly MA reimbursement rate for in-home personal care from \$12.25 to \$15.50; 3) increase the reimbursement to counties and local health departments under the county services deficit reduction benefit (CSDRB) from 60% to 75%, using only GPR funds.

It is estimated that the shortage area criteria and supplemental reimbursement could not be effective until July 1, 2001, based on experience with the physician shortage area implementation. The Department would need to establish standards for which no model currently exists for personal care. The Department would not likely be able to utilize the "number of personal care workers per area population" as required in the bill. There is no personal care worker registry and this population changes rapidly due to the minimal training requirements. The Department will require a 1.0 FTE program and planning analyst 5 to establish and maintain the shortage area program. This position will cost \$48,700 annually (\$16.535/hr x 2080 hours x 35.4% fringe + \$2,100 support), funded 50% GPR/50% FED. There will also be system changes required for the MA fiscal agent, but these costs cannot be estimated at this time. In addition, it is not possible to determine the fiscal effect of the benefit increase of this provision until the shortage area criteria are developed.

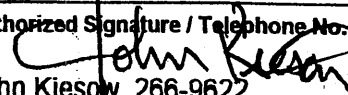
The Department cannot increase the hourly reimbursement for personal care under MA retroactively. The federal government, prior to the date of the rate increase, requires a public notice. Therefore, the rate increase provision could not be approved under MA and implemented prior to 60 days after signing of the bill. In FY 01, MA is budgeted to spend \$88.7 million on personal care (before any effects of Family Care). The rate increase under the bill is 26.5%. Thus, the estimated annual fiscal effect of the rate increase is \$23.5 million (\$9.6 mn. GPR, \$13.9 mn. FED). If the rate increase were to be effective Jan. 1, 2000 as stated in the bill, the cost of the increase would have to be paid at 100% GPR between Jan. 1, 2000 and the date of federal approval. Using budgeted personal care levels of \$78.3 million for FY 00, this would result in a one-time cost of \$10.4 million GPR.

Based upon CY 1998 data, CSDRB payments for personal care were \$1,703,000. This bill increases the benefit by 25% (60% to 75%). Therefore, the estimated cost for this provision is \$425,800 GPR.

Long-Range Fiscal Implications:

The large rate increase provided in the bill may serve to reduce claims for losses by counties under the CSDRB, thus reducing the future cost of the impact of the increase in CSDRB percentage, even if additional counties participate. The increase may also reduce the number of personal care shortage areas if more providers enter the program.

Prepared By: / Phone # / Agency Name
 Mike Bormett/266-9359
 DHFS/OSF

Authorized Signature / Telephone No.

 John Kiesow, 266-9622

Date
 2-3-2000

FISCAL ESTIMATE WORKSHEET

Detailed Estimate of Annual Fiscal Effect

1999

Session

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB # 3558/2

Admin. Rule #

INTRODUCTION #AB 630

Subject

Personal Care Reimbursement

I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):
 \$10.4 million GPR for rate increase between 1/1/00 and 6/30/00

II. Annualized Costs:	Annualized Fiscal impact on State funds from:	
	Increased Costs	Decreased Costs
A. State Costs by Category		
State Operations - Salaries and Fringes	\$ 46,600	\$ -
(FTE Position Changes)	(.5 FTE)	(- FTE)
State Operations - Other Costs	2,100	-
Local Assistance		-
Aids to Individuals or Organizations	23,925,800	-
TOTAL State Costs by Category	\$ 23,974,500	\$ -
B. State Costs by Source of Funds		
GPR	\$ 10,050,200	\$ -
FED	13,924,300	-
PRO/PRS		-
SEG/SEG-S		-
State Revenues Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)	Increased Rev.	Decreased Rev.
GPR Taxes	\$	\$ -
GPR Earned		-
FED		-
PRO/PRS		-
SEG/SEG-S		-
TOTAL State Revenues	\$ 0	\$ -

NET ANNUALIZED FISCAL IMPACT
 STATE LOCAL

NET CHANGE IN COSTS \$23,974,500 \$0
 NET CHANGE IN REVENUES \$0 \$425,800

Prepared By: / Phone # / Agency Name DHFS/OSF Mike Bormett/266-9359	Authorized Signature/Telephone No. John Kiesow, 266-9622 <i>(Signature)</i>	Date 2-3-2000
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