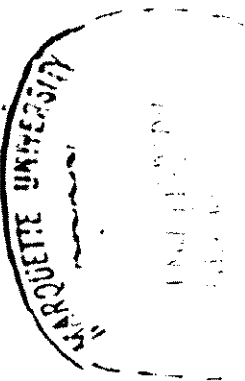


Names of Parties	Effective Date	Term of Agreement	Renewal Provisions	Modification and Termination Provisions	Provisions for Assignability
Homestead Mutual & Insurance Company Associates, Incorporated	Sept. 20, 1950	6 years	Each year contract automatically extended to run for another 6 years unless parties elect to terminate.	Same as Home Mutual except: (3) Insurance company may terminate any time management corporation has assets in hand in excess of capital stock plus indebtedness.	Yes
Integrity Mutual Insurance Company & Great Lakes Agency, Inc.	Sept. 30, 1955 (Replaces contract dated March 10, 1948, as amended)	5 years	Automatically renewed for successive 5-year periods unless either party terminates.	Termination by 180 days' written notice prior to end of term.	Yes
Madison American Guaranty Insurance Corporation & Madison American Management Corporation	June 1, 1962 (Insurance company licensed)	5 years	Automatically renewed for one 5-year period unless either party terminates.	Termination by 90 days' written notice.	None
Milwaukee Mutual Insurance Company & Merrill Agency	Jan. 1, 1961	Year to year	None	Termination by 60 days' written notice prior to end of each year.	None
Mutual Indemnity Company & George Stewart	June 1, 1950	3 years	Automatically renewed for additional 3-year periods.	Automatically terminates at end of 3-year period during which gross premiums received by insurance company during said period are less than \$50,000.	None
Mutual Indemnity Company & Mutual Agency, Inc.	Oct. 1, 1959	Indefinite	None	Either party may terminate on giving 30 days' written notice.	None



Personal Indemnity Company, Ltd. Mutual & PIC Company	Jan. 1, 1956	25 years	None	None
Wisconsin State Mutual Ins. Co. & State Mutual Managers, Inc.	Jan. 1, 1957 (Supersedes contract dated June 1, 1954)	14 years	None	Yes



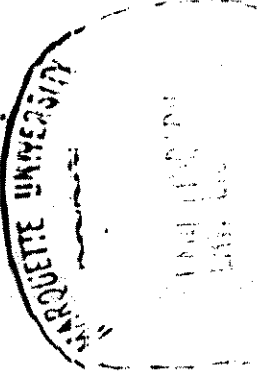
TABLE 3
 Compensation of Management Companies (1957-1961)

Names of Parties	Per Cent	Base to Which Percentage is Applied	Additional Compensation or Waiver of Compensation
Badger State Mutual Casualty Company & Badger State Underwriters, Inc.	35%	Gross premiums less return premiums before deduction for reinsurance.	For such additional services rendered and expenses incurred by reason of the specific order of the board of directors of the company, the manager shall receive further compensation as may be agreed upon.
Central Farm Mutual Insurance Company & Central Farm Mutual Management, Inc.	40%	Net premiums after reinsurance.	No provision.
Dairyland Mutual Insurance Company & Dairyland Managers, Inc.	33 1/3 %	Net premiums after reinsurance.	No provision.
Great Lakes Mutual Insurance Company & Great Lakes Management Company, Inc.	Sept. 1961 amendment 40% May 1961 amendment 40%	Gross premiums less return premiums less reinsurance other than quota share reinsurance ceded. Gross premiums less return premiums less reinsurance ceded.	Management corporation reimbursed for services and expenses specifically ordered and agreed to by insurance company.
	1957 contract 40%	Gross premiums less return premiums.	

Hallmark Insurance Company, Inc. & Federal Underwriters, Inc.	45%	Written premiums on certain specified lines of business.	No provision.
Home Mutual Insurance Company & Insurance Associates, Incorporated	1960 amendment 42% 1954 amendment 45%	Net premiums less return premiums and excluding any premiums written upon reinsurance ceded to and accepted by company.	Manager may take lesser rate of compensation.
Homestead Mutual Insurance Company & Insurance Associates, Incorporated	1961 ½ mill 42%	Direct windstorm insurance in force. Net premiums on all insurance directly written on advance premium plan.	
	15%	Net reinsurance premiums accepted after deducting reinsurance commission.	
	2%	All assessments collected.	Manager may take lesser rate of compensation; compensation may be increased by mutual agreement of parties.
	1957 ½ mill	Direct windstorm insurance in force.	
	40%	Net direct premiums written on hail insurance on growing crops.	



Names of Parties	Per Cent	Base to Which Percentage is Applied	Additional Compensation or Waiver of Compensation
	40%	Net direct premiums written on fire and extended coverage insurance.	
	15%	Net reinsurance premiums accepted after deducting reinsurance commission.	
	2%	All assessments collected.	
Integrity Mutual Insurance Company & Great Lakes Agency, Inc.	40%	Gross premiums written (exclusive of policy fees), less return premiums and before adding reinsurance assumed and deducting reinsurance ceded.	The manager may agree at any time to accept a lesser sum.
Madison American Guaranty Insurance Corporation & Madison American Management Corporation	35%	Premiums after reinsurance and return premiums have been deducted.	No provision.
Milwaukee Mutual Insurance Company & Merrill Agency	33%	Premiums or assessments received.	No provision.
Mutual Indemnity Company & George Stewart	5%	Gross premiums.	No provision.
& Mutual Agency, Inc.		Commission schedule sets forth different rates for various policies on initial and renewal premiums; on cancellation of contract between Company and Agency Company have	No provision.



Personal Indemnity Company, Ltd. Mutual & PIC Company	55%	Increase of surplus of the company for the calendar year, excluding investment income and asset gain or loss.	No provision.
Wisconsin State Mutual Insurance Co. & State Mutual Managers, Incorporated	7/10 mill	Each dollar of the gross amount of the assessment insurance in force without reduction for reinsurance.	No provision.
	7/10 mill	Each dollar of gross amount in force of new and renewal advance premium business written during the year without reduction for reinsurance.	



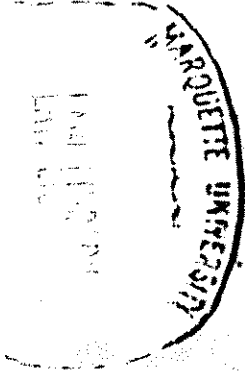


TABLE 4
Interlocking Officers, Directors and Stockholders (1961)

	Badger State Mutual Casualty Company	Central Farm Mutual Insurance Company	Dairyland Mutual Insurance Company	Great Lakes Mutual Insurance Company	Hallmark Insurance Company, Inc. (1962)	Home Mutual Insurance Company	Homestead Mutual Insurance Company	Integrity Mutual Insurance Company	Madison American Guaranty Insurance Corporation (1962)	Milwaukee Mutual Insurance Company	Mutual Indemnity Company	Personal Indemnity Company, Ltd. Mutual	Wisconsin State Mutual Insurance Co.
Total number of directors of insurance company	7	9	10	5	9	12	10	13	7	8	7	5	9
Number of directors of management company	3	3	3	6	3	5	5	13	5	7*	3	4	3
Number of directors of management company on insurance company board	3	3	3	2	2	5	5	13	3	3*	3	0	3
Number of officers and directors of management company on insurance company board	3	3	5	3	2	5	5	13	3	3*	3	1	3
Number of stockholders, officers and directors of management company on insurance company board	4	3†	5	5	2†	7	7	13	4	3†*	3†	2†	3†
Number of officers of insurance company	4	3	3	5	3	10	10	5	4	10	3	4	3
Number of officers of management company	3	3	3	4	3	4	4	3	4	7*	3	5	3

Number of officers, directors and stockholders of management company who are officers of insurance company	2	3	5	3	5	6	4	4	4*	2	1	3
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* Partners.
† Additional related directors discussed in 1965 MANAGEMENT REPORT, at 24-27.

TABLE 5
Management Fees (1957-1961)

Management Company*	1957	1958	1959	1960	1961	
Badger State Underwriters, Inc. (Badger State Mutual Cas. Co.)	Fees Earned	\$ 459,871	\$ 517,826	\$ 544,028	\$ 571,602	\$ 638,318
	Amount Paid	\$ 459,871	\$ 517,826	\$ 544,028	\$ 571,602	\$ 638,318
	Amount Waived	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
	% Waived	0	0	0	0	0
Central Farm Mutual Management, Inc. (Central Farm Mutual Ins. Co.)	Fees Earned	(Not in existence)			\$ 10,363	\$ 46,685
	Amount Paid				\$ 10,363	\$ 46,685
	Amount Waived				\$ 0	\$ 0
	% Waived				0	0
Dairyland Managers, Inc. (Dairyland Mutual Ins. Co.)	Fees Earned	\$ 616,159	\$ 956,362	\$ 1,742,232	\$ 2,416,793	\$ 2,687,453
	Amount Paid	\$ 451,577	\$ 713,666	\$ 1,428,327	\$ 2,061,283	\$ 2,565,240
	Amount Waived	\$ 164,582	\$ 242,696	\$ 313,905	\$ 355,510	\$ 122,213
	% Waived	26.6%	25.4%	18.0%	14.7%	4.5%
Great Lakes Management Company, Inc. (Great Lakes Mutual Ins. Co.)	Fees Earned	\$ 70,578	\$ 56,677	\$ 72,892	\$ 302,055	\$ 558,452
	Amount Paid	\$ 70,578	\$ 56,677	\$ 72,892	\$ 235,135	\$ 535,713
	Amount Waived	\$ 0	\$ 0	\$ 0	\$ 66,920	\$ 22,739
	% Waived	0	0	0	28.4%	4.2%
Insurance Associates, Inc. (Home Mutual Ins. Co.)	Fees Earned	\$ 2,400,878	\$ 2,951,924	\$ 3,308,231	\$ 3,373,207	\$ 3,191,283
	Amount Paid	\$ 2,032,379	\$ 2,407,724	\$ 2,671,113	\$ 2,805,984	\$ 2,717,840
	Amount Waived	\$ 368,499	\$ 544,200	\$ 637,118	\$ 567,223	\$ 473,443
	% Waived	15.3%	18.4%	19.3%	16.8%	14.8%
Insurance Associates, Inc. (Homestead Mutual Ins. Co.)	Fees Earned	\$ 187,760	\$ 211,562	\$ 210,072	\$ 220,057	\$ 306,525
	Amount Paid	\$ 187,760	\$ 211,562	\$ 210,072	\$ 220,057	\$ 304,068
	Amount Waived	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,457
	% Waived	0	0	0	0	.8%
Great Lakes Agency, Inc. (Integrity Mutual Ins. Co.)	Fees Earned	\$ 619,471	\$ 695,168	\$ 620,537	\$ 647,082	\$ 703,221
	Amount Paid	\$ 569,033	\$ 637,478	\$ 581,808	\$ 600,622	\$ 639,532
	Amount Waived	\$ 50,438	\$ 57,690	\$ 38,729	\$ 46,460	\$ 63,689
	% Waived	8.1%	8.3%	6.2%	7.2%	9.1%

Management Company*		1957	1958	1959	1960	1961
Merrill Agency (Milwaukee Mutual Ins. Co.)		Fees Earned \$2,012,208	\$2,255,820	\$2,551,220	\$2,832,486	\$2,857,936
		Amount Paid \$2,012,208	\$2,255,820	\$2,551,220	\$2,932,486	\$2,857,936
		Amount Waived \$ 0	\$ 0	\$ 0	\$ 0	\$ 0
		% Waived 0	0	0	0	0
George Stewart (Mutual Indemnity Company)		Fees Earned \$ 30,954	\$ 35,486	\$ 39,797	\$ 39,105	\$ 38,927
		Amount Paid \$ 0	\$ 0	\$ 0	\$ 0	\$ 0
		Amount Waived \$ 30,954	\$ 35,486	\$ 39,797	\$ 39,105	\$ 38,927
		% Waived 100.0%	100.0%	100.0%	100.0%	100.0%
Mutual Agency, Inc. (1) (Mutual Indemnity Company)		Fees Earned (No figures for predecessor, Casualty Underwriters)	\$ 198,632	\$ 198,632	\$ 182,955	\$ 207,414
		Amount Paid \$ 0	\$ 0	\$ 0	\$ 0	\$ 0
		Amount Waived \$ 0	\$ 0	\$ 0	\$ 0	\$ 0
		% Waived 0	0	0	0	0
PIC Company (Personal Indemnity Company, Ltd. Mutual)		Fees Earned \$ 0	\$ 0	\$ 0	\$ 0	\$ 0
		Amount Paid \$ 0	\$ 0	\$ 0	\$ 0	\$ 0
		Amount Waived \$ 0	\$ 0	\$ 0	\$ 0	\$ 0
		% Waived 0	0	0	0	0
State Mutual Managers, Inc. (2) (Wisconsin State Mut. Ins. Co.)		Fees Earned \$ 38,154	\$ 42,021	\$ 50,730	\$ 49,173	\$ 51,391
		Amount Paid \$ 37,940	\$ 41,696	\$ 50,306	\$ 48,712	\$ 50,919
		Amount Waived \$ 214	\$ 325	\$ 424	\$ 461	\$ 472
		% Waived -	-	-	-	-

* Federal Underwriters (Hallmark Ins. Co., Inc.) and Madison American Management Corporation (Madison American Guaranty Insurance Corporation) are not included herein because they were not operating during the period covered.

(1) Amounts are for company fiscal year ending Sept. 30, 1960, Sept. 30, 1961, and Sept. 30, 1962, respectively.

(2) Amounts are for company fiscal year ending March 31, 1958, March 31, 1959, March 31, 1960, March 31, 1961, and March 31, 1962, respectively.

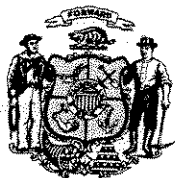
TABLE 6
Management Company Profits and Taxes (1957-1961)

Management Company*	1957	1958	1959	1960	1961
Badger State Underwriters, Inc. (Badger State Mutual Cas. Co.)	\$ 21,118 6,231	\$ 27,432 8,743	\$ 35,686 10,308	\$ 11,636 2,941	\$ 18,915 5,499
	14,887	18,689	25,380	8,695	13,416
Central Farm Mutual Management, Inc. (Central Farm Mutual Ins. Co.)		(Not in Existence)		\$ 1,302 466	\$ 11,150 3,837
				836	7,313
Dairyland Managers, Inc. (Dairyland Mutual Ins. Co.)	\$ 5,362 1,271	\$ 428 102	\$278,497 162,459	\$550,816 304,033	\$886,318 457,522
	4,091	326	116,038	246,783	428,796
Great Lakes Management Company, Inc. (Great Lakes Mutual Ins. Co.)		(No figures for predecessor, Auto Acceptance Corporation, which engaged in other enterprises)		\$ 7,380 2,391	\$ 85,102 41,466
				4,999	43,636
Insurance Associates, Inc. (Home Mutual Ins. Co. and Hornstead Mutual Ins. Co.)	\$ 29,874 8,839	\$ 31,224 10,020	\$ 29,471 10,251	\$ 36,405 13,385	\$ 22,654 7,196
	21,035	21,204	19,220	23,020	14,458
Great Lakes Agency, Inc. (Integrity Mutual Ins. Co.)	\$ 24,000 8,200	\$ 20,000 6,500	\$ 20,000 6,610	\$ 20,000 6,745	\$ 15,000 4,982
	15,800	13,500	13,390	13,255	10,018
Merrill Agency (Milwaukee Mutual Ins. Co.)	\$280,694	\$280,023	\$311,942	\$332,701	\$275,342
Mutual Agency, Inc. (Mutual Indemnity Company)	(No figures for predecessor, Cas- ualty Underwriters)	(No figures for predecessor, Cas- ualty Underwriters)	\$ 21,245 6,989	\$ 8,160 3,995	\$ 30,745 11,223
			14,256	4,165	19,522
State Mutual Managers, Inc. (Wisconsin State Mut. Ins. Co.)	\$ 7,844 2,549	\$ 6,878 2,230	\$ 10,413 3,437	\$ 8,322 2,707	\$ 8,331 2,717
	5,295	4,848	6,976	5,615	5,614

* Federal Underwriters (Hallmark Ins. Co., Inc.) and Madison American Management Corp. (Madison American Guaranty Ins. Corp.) are not included herein because they were not operating during the period covered.

PIC Company (Personal Indemnity Company, Ltd. Mutual) is not included because it did not receive any management fees during the period covered.

(1) Amounts are for company fiscal year ending Sept. 30, 1960, Sept. 30, 1961, and Sept. 30, 1962, respectively.
(2) Amounts are for company fiscal year ending March 31, 1958, March 31, 1959, March 31, 1960, March 31, 1961, and March 31, 1962, respectively.



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

January 31, 2001

TO: Senator Robert Jauch
Room 313 South, State Capitol

FROM: Yvonne Arsenault, Fiscal Analyst

SUBJECT: Birth-to-Three Program

This memorandum provides a brief description of the birth-to-three program, discusses the funding shortfall that counties are experiencing in this program and offers several proposals that would increase state funding to support program costs. The figures that appear as "third party revenues" in the attachment to this memorandum differ from those that appeared in the December 19, 2000, memorandum prepared by this office to reflect the correct revenue amounts. In addition, the figures for Waukesha County have been adjusted to accurately reflect Waukesha County's local funding and total revenue amounts for their birth-to-three program.

Background

The early intervention program for infants and toddlers up to three years of age with disabilities, commonly referred to as the birth-to-three program, is a federal program authorized under Part C of the Individuals with Disabilities Education Act (IDEA). Under the program, Wisconsin supplements federal grant funds with state funds to develop and implement a statewide, comprehensive, coordinated, multidisciplinary, interagency program of early intervention services for infants and toddlers with disabilities and their families. Counties also provide a significant amount of funding for the program.

The goals of the birth-to-three program, as expressed in the federal legislation, are to: (a) enhance the development of infants and toddlers with disabilities and to minimize their potential for developmental delay; (b) reduce the educational costs to society and schools, by minimizing the need for special education and related services; (c) minimize the likelihood of institutionalization of individuals with disabilities and maximize their potential for independent living in society; (d) enhance the capacity of families to meet the special needs of their infants and toddlers with disabilities; and (e) enhance the capacity of state and local agencies and providers to identify, evaluate and meet the needs of historically underrepresented populations, particularly minority, low-income, inner-city and rural populations.

program would reduce the amount of funding counties would otherwise incur to support the program. Additionally, increasing state funding for the program could have a positive effect on other county human service programs. Since birth-to-three is an entitlement program with increasing costs, counties may reallocate funding from other, non-entitlement programs to fund the birth-to-three program instead. This can lead to shortfalls in other human service programs.

As previously noted, birth-to-three is supported with state/federal funds, as well as county and third-party revenue. Counties receive a state and federal allocation to help support their birth-to-three program. The federal allocation for the birth-to-three program is determined by a formula based on the number of children up to age three in a state, in relation to the national population of children up to age three. Wisconsin received \$6,010,500 FED in federal fiscal year 1998-99 and \$6,102,200 FED in federal fiscal year 1999-00.

Each county must satisfy a maintenance of effort (MOE) requirement so that, in each year, the county must spend at least as much on early intervention services as the county spent in calendar year 1990. In that year, counties reported spending a total of \$5,371,460 for these services. DHFS distributes state and federal birth-to-three funds to counties under a formula that uses three factors: (a) the amount of funding the county formerly received under Chapter 1, a special education program that was a precursor to the birth-to-three program, so that counties were held harmless once the Chapter 1 federal funds were no longer available; (b) the community aids formula; and (c) 2.5% of the 1990 birth rate.

In the 1999-01 biennium, \$4,759,200 GPR and \$5,553,800 FED is budgeted annually for birth-to-three allocations to counties. The attachment provides, for each county, the maintenance of effort, birth-to-three allocation, local funds, state/federal funds, and third party fund levels for 1999. Since 1997, the level of total program costs that are supported by county funds have increased from \$7,989,900 (45%) in 1997 to \$9,337,400 (49%) in 1999.

Counties are expecting their costs to support the birth-to-three program to increase over the next few years because of changes in state and federal policy, and continued decreasing revenue from private insurance companies to support program costs as described below.

Newborn Hearing Screening Program. 1999 Act 9, the 1999-01 biennial budget act, established the newborn hearing screening program. Under this program, an infant (birth to three months of age) may be tested, using currently available medical techniques, to determine if the infant has a hearing loss. Beginning July 1, 2002, and annually thereafter, DHFS is required to collect information from hospitals for the previous calendar year on the number of deliveries in each hospital and whether the hospital has a newborn hearing screening program. DHFS is then required to use this information to determine the percentage of deliveries in the state that are performed in hospitals with newborn hearing screening programs by July 1, 2003, and annually thereafter.

If, by August 5, 2003, DHFS determines that fewer than 88% of all deliveries in the state are performed in hospitals that have a newborn hearing screening program, DHFS would notify

annually to increase funding for 27 counties so that these counties future allocations would represent 50% of the total state, federal and county calendar year 1999 costs.

These options do not take into account projected future increases in costs. Rather, these proposals would target additional funding to counties with the smallest percentage of costs that are currently reimbursed by the state.

Option 2a. The state could provide counties with funding equal to the difference between county expenditures and county MOE requirements, or, in other words, equal to the county overmatch. In 1999, the overmatch for this program was \$4,015,300. Consequently, the state could increase funding by this amount annually in order to fully fund the amount of the overmatch reported in that year.

Option 2b. Similar to the previous option, the state could increase funding so that the state would pay the difference between the current overmatch amount (\$4,015,300) and an amount that represented a 50% increase in each county's 1990 MOE amount. Under this proposal, a total of \$2,325,500 GPR would be provided annually to 36 counties. The counties that would not receive additional funding under this proposal would be those counties who did not expend at least 150% of their 1990 MOE amount in 1999.

This estimate does not include projected increases in the birth-to-three caseload over the next three years.

Option 3. Under this option, state and federal funds would support 60% of the 1997 average annual expenditures per child ($\$4,902 \times .60 = \$2,941$), multiplied by the DHFS estimate of the number of children who will be served in the future (5,101 annually). However, counties in which state and federal funds would exceed 60% of the costs of providing services to this projected caseload would not receive more or less funds under this proposal. It is estimated that approximately \$5,408,500 GPR would be needed annually to fund this proposal to an estimated 48 counties. This estimate is based on the 1997 expenditure per child, a point where DHFS staff indicate that counties had adequate funds to meet the needs of children and families.

Option 4. In addition to the options described above, you could propose to increase state funding for the program by any amount, up to \$9.4 million GPR per year (the total amount counties contributed to fund the program in calendar year 1999), to provide a corresponding reduction in the amount of program costs that counties would otherwise incur. However, if you advance such a proposal, you may wish to specify how DHFS would distribute the additional funds to reflect your objectives. Unless DHFS is provided direction as to how these funds should be allocated among counties, DHFS staff would make this determination.

If you have any additional questions, please do not hesitate to contact me.

YMA/sas/bh
Attachment

ATTACHMENT

Birth-to-Three Funding Calendar Year 1999

<u>County</u>	<u>1990 MOE</u>	<u>Local Funding</u>	<u>Actual State/Fed Allocation</u>	<u>Local & State/Fed Funding</u>	<u>% Local Funding</u>	<u>% State & Federal Funding</u>	<u>Third Party Revenue</u>	<u>Actual Total Revenue</u>
Adams	\$4,000	\$29,297	\$25,502	\$54,799	53%	47%	\$7,669	\$62,468
Ashland	14,297	22,283	32,255	54,538	41	59	16,549	71,087
Barron - no pines	53,336	166,238	248,208	414,446	40	60	136,109	550,555
Bayfield	10,827	39,294	26,091	65,385	60	40	654	66,039
Brown	183,971	746,434	397,352	1,143,786	65	35	74,914	1,218,700
Buffalo	5,447	24,516	23,393	47,909	51	49	-	47,909
Calumet	35,922	136,044	66,692	202,736	67	33	2,894	205,630
Chippewa	36,800	45,686	90,288	135,974	34	66	11,306	147,280
Clark	22,527	36,802	60,293	97,095	38	62	5,134	102,229
Columbia	43,029	114,781	83,461	198,242	58	42	2,968	201,210
Crawford	9,975	21,832	25,942	47,774	46	54	-	47,774
Dane	242,341	530,747	612,755	1,143,502	46	54	138,208	1,281,710
Dodge	28,844	148,178	111,502	259,680	57	43	16,308	275,988
Door	27,679	93,818	49,799	143,617	65	35	17,517	161,134
Douglas	61,594	66,865	88,875	155,740	43	57	15,696	171,436
Dunn	56,571	153,855	85,308	239,163	64	36	46,260	285,423
Eau Claire	164,405	164,405	194,538	358,943	46	54	14,332	373,275
Florence	500	500	5,195	5,695	9	91	-	5,695
Fond du Lac	152,397	211,284	165,701	376,985	56	44	9,191	386,176
Forest/Oneida/Vilas	115,777	151,916	108,212	260,128	58	42	17,277	277,405
Grant/Iowa	41,280	108,817	106,995	215,812	50	50	15,524	231,336
Green	22,338	22,338	40,354	62,692	36	64	1,117	63,809
Green lake	25,000	31,688	31,313	63,001	50	50	1,992	64,993
Iron	360	360	16,841	17,201	2	98	-	17,201
Jackson	-	12,667	34,658	47,325	27	73	2,596	49,921
Jefferson	7,815	148,415	108,581	256,996	58	42	65,900	322,896
Juneau	25,016	29,124	48,845	77,969	37	63	5,047	83,016
Kenosha	125,238	127,995	276,891	404,886	32	68	15,000	419,886
Kewaunee	16,852	35,429	40,954	76,383	46	54	12,194	88,577
Lacrosse	115,671	115,671	187,394	303,065	38	62	13,150	316,215
Lafayette	2,446	2,446	19,540	21,986	11	89	5,908	27,895
Langlade	195,007	203,339	48,684	252,023	81	19	29,122	281,145
Lincoln	19,602	70,611	45,177	115,788	61	39	3,126	118,914
Manitowoc	48,483	76,442	266,617	343,059	22	78	13,336	356,395
Marathon	136,019	381,338	207,596	588,934	65	35	93,542	682,476
Marinette	32,800	54,463	73,929	128,392	42	58	15,841	144,233
Marquette	8,360	27,018	23,047	50,065	54	46	3,665	53,730
Menominee	11,772	12,045	19,656	31,701	38	62	7,738	39,439
Milwaukee	1,401,077	2,190,392	2,376,119	4,566,511	48	52	263,149	4,829,660
Monroe	17,223	50,134	66,975	117,109	43	57	17,038	134,147

TESTIMONY

To; Senate Health Committee
Sen. Moen, Chair

From: Maureen Arcand, Representing Wisconsin Council
on Developmental Disabilities (WCDD)

Subject: Health of People with Developmental Disabilities

Date; April 4, 2001

I've worn a number of different hats in the Capitol over the years, but none with more pride than now being able to say I represent the Wisconsin Council on Developmental Disabilities thanks to my appointment by Gov. Thompson last summer. As you know the council is mandated to represent the needs of people with Developmental Disabilities. By definition these are people living with life long disabilities.

The council's 2001 Legislative Initiatives outline the unmet needs of these people around the state. Among our issues are the long waiting lists for a variety of services and inadequate funding for Birth to Three and Family Support Services. At first glance it may appear that these are not health concerns, but the health of adults and children with disabilities trends to deteriorate when they don't have the services they need. My own research on Aging and Cerebral Palsy indicates that people are living longer healthier lives living in the community. That makes the closing of the State Centers and increases in CIP and COP rates health issues too.

One issue that I'm sure you will concern yourselves with is that of coverage of prescription drugs under Medicare. We all understand the importance of this to seniors, but we want to remind you of the many younger people with disabilities are also on Medicare and limited incomes. None of the bills in the pipe line include drug coverage for these people. Our position is that we can not support any bill which does not include people with disabilities along with older citizens. We would hope that you would adopt this position.

We hope that as this budget is debated you will be able to help others relate to the countless issues which relate to the health and well being of your constituents with Developmental Disabilities. Thank you.

MENTAL HEALTH BUDGET PACKAGE

Endorsed by: Grassroots Empowerment Project, Mental Health Association in Milwaukee County, National Alliance for the Mentally Ill of Wisconsin, Wisconsin Coalition for Advocacy, Wisconsin Family Ties

Medical Assistance Funding for Community Support Programs and Comprehensive Community Services

Community Support Programs (CSP) have been a cornerstone of the adult mental health system, providing community treatment for persons with serious mental illness and reducing inpatient utilization. Currently counties pay the "state share" (about 40%) of the cost of this benefit. This has created a ceiling for the benefit with the development of waiting lists, which are illegal under federal Medicaid law. This package requests state funding for the "state share" of the Medical Assistance CSP benefit.

Cost: Current caseload: \$10.7 million annually
New caseload: \$400,000 in FY 02; \$1.9 million in FY 03

Comprehensive Community Service (CCS) is a Medical Assistance benefit that was adopted by the Legislature in the last biennium, but has not yet been implemented by the Department of Health and Family Services. It provides a flexible wraparound approach for adults and children and a level of service that is between traditional outpatient care and the more intense level of service provided by CSP. It is a recovery oriented service that furthers the goals of the Governor's Blue Ribbon Commission on Mental Health. Like CSP the counties are required to pay the "state share" of the CCS Medical Assistance benefit. This package calls for the state to pay the "state share".

Community Based Mental Health Services for Children and Youth with Serious Emotional Disturbance

Currently approximately 28 Wisconsin counties receive state and/or federal funding for integrated services projects for children with serious emotional disturbances. These programs have been extremely effective in reducing the need for inpatient care and juvenile justice placements. However, the rest of the counties do not have such programs, creating serious problems for children and their families. This package requests a significant expansion of children's community based mental health services using new federal Mental Health Block Grant (MHBG) funds and GPR. Staff within the state Bureau of Community Mental Health are also needed to ensure that programs are well implemented. We are requesting 1.5 FTE staff positions, with at least .5 FTE of these positions being a parent of a child with a severe emotional disturbance.

Cost: \$3.2 million over the biennium
Funding: \$296,000 in new MHBG in FY 02; \$496,000 in new MHBG in FY 03
Balance GPR

Consumer and Family Support Services

The Department of Health and Family Services has provided Mental Health Block Grant funds for consumer operated services and family support and advocacy programs for several years. These programs run drop-in centers, consumer education and employment services, and family information and peer support activities. However, the need for such programs far outstrips the amount of funding available. Also, the Department has .6 FTE position to assist consumers and families throughout the state. However, given increasing workload this position needs to be expanded to full time. This package requests that \$394,000 per year of new federal Mental Health Block Grant funds be earmarked for these purposes.

Cost: \$394,000 per year of new federal Mental Health Block Grant funds

Mental Health/AODA Managed Care Demonstration Projects

Demonstration Site Planning and Development Funds: The state is in the process of implementing a managed care demonstration project for mental health and substance abuse services in four sites. The counties involved in the demonstration need additional funding for information systems and other quality improvement activities. This package requests \$125,000 for each site in FY 02 and \$75,000 per site in FY 03. Existing Mental Health Block Grant funds of \$262,000/year, designated for systems change activities can be used for this purpose.

Earmarking of new MHGB funds of \$238,000 in FY 02 and \$38,000 in FY 03 is also requested.
Cost: \$500,000 in FY 02 (\$238,000 new MHGB); \$300,000 in FY 03 (\$38,000 new MHGB)

Independent Advocacy Program: Consumers who will be enrolled in these projects will need advocacy assistance so they understand their benefits and are provided services that meet their needs and their expressed choice. We are requesting that one FTE be provided per 1000 enrollees; given that the projects are projected to have 2000 enrollees by the end of the biennium, we are requesting two FTE positions. We are fully supportive of the restoration of the Family Care Independent Advocacy Program and request that Mental Health/Substance Abuse Independent Advocacy be added to this program when it is restored.

Cost: \$50,000 in FY 02; \$100,000 in FY 03

Prescription Drug Coverage for People with Disabilities

The Governor's budget contains a prescription drug benefit for low income seniors. Persons with disabilities who are on Medicare and not also receiving Medical Assistance benefits (approximately 50,000 individuals) have a similar need for prescription drug coverage. In fact, most of these individuals are very low income and face great hardships in paying for prescription drugs. This is a major issue for persons with mental illness who must take a number of very costly medications in order to maintain their mental health and their ability to function.

Mental Health/Substance Abuse Health Insurance Parity

Persons with mental illness and substance abuse problems face discrimination in health insurance coverage. They receive much lower coverage for their illnesses than persons with physical illness. We are requesting that legislation be enacted ending this form of discrimination by requiring health insurance policies to provide parity in the coverage for mental and physical illness.

Senator Moen and Members of Senate Health Committee

Thank you for the opportunity to appear before your committee today to provide comment on the Governors budget as it affects the wide variety of people we, as a long term care provider serve our facility located in Trempealeau County.

The Trempealeau County Health Care Center is in part one of three County IMD nursing homes in the State of Wisconsin (the other two are Milwaukee and Sheboygan). We serve mentally ill from 56 plus of Wisconsin's Counties. In one portion of our facility we rely on State/County Community Aids funding as mentally ill between the ages of 22 and 64 are not eligible for Medicaid. In this unit we are looked upon as a primary treatment facility for those mentally ill statewide requiring a high intensity of service. The individuals served are those who have exhausted every other treatment avenue. To this end, psychotropic medications are part of the therapeutic milieu that is required if we are to assist individuals in their recovery process and to assist them to leave the facility. The Department of Health and Family services recognized this and proposed:

- An increase from \$2.14/day to \$6.00/day for MA card carrying costs for individuals within the States three IMD's for an additional cost of \$203,000 for the State's three county IMD's. Since the IMD's were named in 1988, there has been no adjustment in the card carrying cost, which in addition to medications includes an IMD clients vision care, laboratory, dental and the like.

Our total card carrying costs in 1988 were \$5.15/day, while today our medication costs alone are \$25.00/day.

- The Governor did not include the department's request in his budget. I respectfully request that the Senate Health Committee find a way for the medications to be included in the budget.

In the Medicaid covered portion of our specialty long term care facility, our Medicaid covered IMD and our facility for the developmentally disabled, our Medicaid rates have actually decreased. These two units serve the individuals not served by the traditional nursing home or facilities for the developmentally disabled. We expect more and more from our staff while simultaneously looking to reduce staffing ratios and /or freeze staff salaries resultant in a multitude of negative implications.

The same holds true at our Pigeon Falls geriatric services facility where our rates at the skilled nursing level of care have gone down each year over the past two years. These rate declines have nearly depleted our cash reserves. This is the worst fiscal situation that I have seen our operations or for that matter, in talking with my peers, the worst situation I have seen the nursing homes in in years. Fortunately, there is the element of hope as the Wisconsin Counties in partnership with the State/Dept. of Administration via the Governors budget have included Intergovernmental Transfer funds as a means to assist the nursing homes. It is imperative that the Governors recommendation and this funding mechanism receive your support, and I conclude my comments beseeching your support of the IGT program as put forth.

Thank you for the opportunity to comment.

Phillip J. Borreson, Ex. Dir.
Trempealeau Co. Health Care Ctr.
Whitehall, Wisconsin 54773
(715) 538-4312 Ext. 210

Grand View Care Center Blair Wi**Adding Life to Years****Generations Caring for Generations**

July 1,- June 30,Audit Data

09/15/00

<u>Fiscal Years</u>	<u>1999-2000</u>	<u>1998-1999</u>	<u>99-00 less 98-99</u>
Total Wages & Benefits Paid	<u>\$2,697,989</u>	<u>\$2,411,846</u>	
Increase in Wages & Benefits			<u>\$286,143</u>
Labor Costs As % of Tot Costs	<u>71%</u>	<u>69%</u>	
Care Days basically the same	<u>34,306</u>	<u>34,259</u>	<u>47</u>
<u>Financial Information</u>			
In \$ per day of care			
Total Revenue	\$105.66	\$102.56	\$3.10
Total Expenses	\$110.23	\$101.42	\$8.81
Net Loss	(\$4.56)	\$1.14	(\$5.71)
Av Medicaid Revenue	\$93.34	\$93.34	\$0.00
Av Medicaid Exp	\$104.94	\$96.75	\$8.19
Net Medicaid loss	(\$11.60)	(\$3.41)	(\$8.19)
Susidization by other Payors	\$7.03	\$4.55	\$2.48
<u>Total Wages & Benefits Paid</u>			
Nursing Care	<u>\$43.57</u>	<u>\$39.32</u>	<u>\$4.26</u>
Fringe benefits	<u>\$12.14</u>	<u>\$10.70</u>	<u>\$1.45</u>
Dietary Services	<u>\$6.34</u>	<u>\$5.38</u>	<u>\$0.96</u>
Administration	<u>\$5.89</u>	<u>\$5.57</u>	<u>\$0.32</u>



OVERVIEW

2001-2003 Budget Proposal for Disability Services from the Survival Coalition of Wisconsin

For more information contact: Lynn Breedlove at 608-267-0214; lynn@w-c-a.org or Michael Blumenfeld at 608-257-1888; blumk@aol.com

The following are Wisconsin budget recommendations developed by the Wisconsin Survival Coalition, a statewide group of individuals and organizations who are concerned about the community inclusion and availability of quality services for people with disabilities.

Waiting List Initiative

- Eliminate waiting lists for persons with developmental disabilities and persons with brain injuries - \$6 million General Purpose Revenue (GPR) in Yr. 1 and \$32 million GPR in Yr. 2 for Community Integration Program (CIP) IB and Brain Injury Waiver
- Eliminate waiting lists for persons with physical disabilities - \$2 million GPR in Yr. 1 and \$6 million GPR in Yr. 2 for COP-Waiver
- Eliminate waiting lists for the Family Support Program - \$2.5 million GPR in Yr. 1 & \$5 million GPR in Yr. 2
- Increase funding for the Birth to 3 program - \$2 million GPR in Yr. 1 and \$2 million GPR in Yr. 2
- Eliminate waiting lists for Medicaid Community Support Programs for adults with mental illness - \$450,000 GPR in Yr. 1 and \$1.5 million GPR in Yr. 2

Community Services Crisis

- Provide \$30 million GPR in Year 1 and \$60 million in Year 2 to increase wages for community service workers by 30%

"Families are Worth It" Children and Families Package

- Begin piloting Children's Long Term Support (LTC) Redesign (serve 20% of the state's eligible children) - \$1.3 million GPR in Year 1 and \$3.3 million GPR in Year 2
- Increase funding for the Family Support Program and the Birth to 3 Program *
- Add 7 more projects to the Lifespan Respite Initiative - \$225,000 each year
- Increase funding for Special Education

State Institutions

- Increase the Community Integration Program (CIP) IA rate to \$300/day to support State Center residents to return to their communities, and \$160/day for people who previously moved to the community
- Close two State Centers within five years

Family Care

- Funding for the Alternative Model
- Funding for the Family Care Independent Advocacy System

Mental Health Package

- Increase funding for Mental Health/Substance Abuse demonstration project counties, and fund independent advocacy component, evaluation and planning
- Medicaid Community Support Program (CSP) funding to end waiting lists*
- Funding for Medicaid Comprehensive Community Service benefit
- Increase funding for wraparound services for children with severe emotional disabilities
- Comprehensive Mental Health/Substance Abuse Parity legislation
- Increase funding for consumer and family support

Cross Disability Programs

- Division of Vocational Rehabilitation (DVR) funding and reforms
- Specialized transportation funding
- Assistive Technology Initiative
- Prescription drug benefit for people with disabilities

* Also part of the Waiting List Initiative

The Survival Coalition

The Survival Coalition is the statewide coalition of disability organizations. Survival monitors the progress of state agency and legislative proposals that affect people with disabilities and educates legislators about the needs of people with disabilities.

Survival also sponsors the biennial Disability Awareness Day rally at the State Capitol. The "People Can't Wait" rally on April 25, 2001 will focus on the waiting lists for community services for both people with disabilities and the elderly.

Leadership

Michael Blumenfeld, Co-Chair
16 N. Carroll Street, Suite 800
Madison, WI 53703-2726
(608) 257-1888
blumk@aol.com

Lynn Breedlove, Co-Chair
Wisconsin Coalition for Advocacy
16 N. Carroll Street, Suite 400
Madison, WI 53703
(608) 267-0214
lyymb@w-c-a.org

For further information visit
www.wcdd.org and click on
"DAWN", the Disability Advocates
Wisconsin Network website.

Survival Coalition Participants

- Access to Independence
- ARC Milwaukee
- The Arc-Wisconsin Disability Association
- The Arc-Dane County
- Autism Society of Wisconsin
- Autism Society of SE WI
- Board on Aging and Long Term Care
- Brain Injury Association of WI
- Brotoloc Health Care
- Citizen Advocacy
- Coalition of Wisconsin Aging Groups
- Community Alliance of Providers of Wisconsin, Inc. (CAPOW)
- Community Living Alliance
- Council for the Deaf and Hard of Hearing
- Council on Blindness
- Easter Seals of Wisconsin
- EBTIDE
- Epilepsy Foundation of South Central Wisconsin
- Family Assistance Center for Education, Training and Support (FACETS)
- Great Rivers Independent Living Services
- Independence First
- KindCare, Inc
- Kuality Kare
- Learning Disabilities Association of Wisconsin-Dane County
- Lutheran Social Services
- Mental Health Association in Milwaukee County/Office of Public Policy
- National Alliance for the Mentally Ill - Wisconsin (NAMI)
- Options for Independent Living
- Parent Education Project (PEP) of Wisconsin
- Prader-Willi Association
- Rehabilitation For Wisconsin, Inc. (RFW)
- Society's Assets
- Spinal Cord Injury Association Madison Area Chapter
- State Independent Living Council
- United Cerebral Palsy (UCP) of WI
- UCP of Southeastern WI
- Wisconsin ADAPT
- Wisconsin Alcohol, Drugs & Disability Association (WADDA)
- Wisconsin Association of the Deaf
- Wisconsin Association of Family & Children's Agencies
- Wisconsin Association of Residential Facilities (WARF)
- Wisconsin Client Assistance Program
- Wisconsin Coalition for Advocacy
- Wisconsin Coalition of Independent Living Centers (WCILC)
- Wisconsin Council on Children and Families (WCCF)
- Wisconsin Council on Developmental Disabilities (WCDD)
- Wisconsin Council for People with Physical Disabilities
- Wisconsin Family Ties
- Wisconsin Occupational Therapy Association (WOTA)
- Wisconsin Personal Services Alternatives (WPSA)



GOVERNOR'S BUDGET

2001-2003 Survival Coalition Proposal for Disability Services vs. Governor's Budget Recommendations

Budget information prepared by Gerry Born, ARC-Wisconsin Disability Association, (608) 251-9272; arcwger@itis.com

The Waiting List Initiative

Proposal: Eliminate waiting lists for persons with developmental disabilities and persons with brain injuries - \$6 million GPR in Yr. 1 and \$32 million GPR in Yr. 2 for CIP IB and Brain Injury Waiver

Budget: \$0 for Waiting List and All Community Care

Proposal: Eliminate waiting lists for persons with physical disabilities - \$2 million GPR in Yr. 1 and \$6 million GPR in Yr. 2. for COP-Waiver

Proposal: Eliminate waiting lists for the Family Support Program - \$2.5 million GPR in Year 1 & \$5 million GPR in Year 2

Budget: \$0 for Family Support

Proposal: Increase funding for the Birth to 3 program - \$2 million GPR in Yr. 1 and \$2 million GPR in Yr. 2

Budget: \$0 for Birth to Three

Proposal: Eliminate waiting lists for Medicaid Community Support Programs for adults with mental illness - \$450,000 GPR in Yr. 1 and \$1.5 million GPR in Yr. 2

Budget: \$928,000 Federal funds each year for Prevention, Early Intervention and Recovery Services

Crisis in Community Services

Proposal: Provide \$30 million GPR in Year 1 and \$60 million in Year 2 to increase wages for community service workers by 30%.

Budget: \$0 Rate Increases

"Families are Worth It" Children and Families Package

Proposal: Begin piloting Children's LTC Redesign (serve 20% of the state's eligible children) - \$1.3 million GPR in Year 1 and \$3.3 million GPR in Year 2.

Budget: Language to apply for authorizing waivers, but no funds

Proposal: Increase funding for the Family Support Program and the Birth to Three Program*

Budget: \$0

Proposal: Add 7 more projects to the Lifespan Respite Initiative (@\$225,000 each year)

Proposal: Increase funding for Special Education

Budget: Additional \$10 million yr. 1 and additional \$15 million yr. 2 GPR, which still represents a decline in the state special education reimbursement rate from 35.7% to 33.2%.

<p><i>State Institutions</i></p> <p>Proposal: Increase the CIP IA rate to \$300/day for new placements, and \$160/day for people who previously moved to the community. Close two State Centers within five years.</p>	<p>New CIP 1A placement rate increase to \$200 first year and \$225 in year 2. Thirty placements per year are expected to be made.</p>
<p><i>Family Care</i></p> <p>Proposal: Funding for the Alternative Model</p>	<p>Budget: No additional pilots; reduce non-MA enrollments by 50%; reduce resource center inflation by \$577,251; eliminate LTC Council, external advocacy and start up funding for new sites totalling a reduction of \$699,765. Total changes from DHFS request equal a reduction of 22,697,078. Total increase for the biennium is \$10,841,811</p>
<p><i>Mental Health Package</i></p> <p>Proposal: Increase funding for Mental Health/Substance Abuse demonstration project counties, and fund independent advocacy component, evaluation and planning</p> <p>Proposal: Medicaid CSP funding to end waiting lists (which violate Medicaid law)*</p> <p>Proposal: Funding for Comprehensive Community Service benefit</p> <p>Proposal: Increase funding for wraparound services for children with severe emotional disabilities</p> <p>Proposal: Comprehensive Mental Health/Substance Abuse Parity Insurance</p> <p>Proposal: Increase funding for consumer and family support</p>	<p>Budget: \$160,000 FED for Pilots year 1, \$928,000 FED for other services each year</p>
<p><i>Cross Disability Programs</i></p> <p>Proposal: DVR funding and reforms</p>	<p>Budget: \$1 million per year</p>
<p>Proposal: Specialized transportation funding</p>	<p>Budget: 3% increase year 1 and 3.4 increase year 2. \$225,800 year 1 and \$483,500 year 2.</p>
<p>Proposal: Assistive Technology Initiative:</p>	<p>Budget: \$0</p>

Additional Items in Governor's Budget

- \$115,000,000 for nursing home increases in Year 1 and \$157,160,800 in Year 2 through the Intergovernmental Transfer Program
- 5% increase each year for noninstitutional providers through IGT including home health, personal care, durable medical equipment, mental health, and therapies.
- 60 CIP1B slots for Year 1 and 686 CIP1I slots for Year 1 in Nursing Home Bed Closing Relocations

* Also part of the Waiting List Initiative



WAITING LIST INITIATIVE

2001-2003 Budget Priorities from the Coalition for Ending the Waiting List in Wisconsin

For more information contact: The Arc-Wisconsin at: 1-877-272-8400 or 608-251-9272 or www.wcdd.org/dawn/waiting_list.cfm

Across Wisconsin thousands of people with disabilities and family members are struggling because they receive inadequate or no services to assist them to live and work in the community. At times this has forced people into an institution or to struggle to live in the community. Others rely on family members and may be at home without supports or daytime services. Groups are forming across the state to address the waiting list and work force crises and bring them to the attention of policy makers and legislators.

Problems:

5000 adults with developmental disabilities are waiting for critical services.

- 2300 people need a place to live;
- 2700 people are waiting for support to get a job or participate in their community during the day;
- Average waiting period is 4 years.

2200 people with physical disabilities are waiting for support to live in the community through COP.

2400 families are waiting for Family Support services.

- An additional 550 families are underserved within Family Support;
- Another 3000 families are estimated to be eligible but have not applied for services.

Birth to 3 services are guaranteed in Wisconsin but underfunded.

- Last two state biennial budgets increased funding by 0%;

- Counties have been forced to provide fewer services or have had to increase county funding that was no longer available to fund people on waiting lists.

Chronic underfunding of Personal Care, CIP and COP has created a crisis in the current support system for people with disabilities.

- Lack of staff to provide supports as a result of inadequate wages and benefits;
- 106 Personal Care agencies stopped providing MA funded personal care over the past 3 years;
- Many individuals are currently receiving inadequate services, which at times puts them in serious jeopardy.

Solutions:

Preliminary analysis suggests an increase in \$55 Million on an annual basis eliminates the known disability waiting list and begins to address workforce and labor market issues.

- **\$40 Million** in state funds for DD Waivers will generate a total of \$100 Million with matching Federal funds to eliminate the adult Developmental Disabilities waiting list and increase wages and benefits to support workers;

- **\$8 Million** in state funds for COP will generate a total of \$20 Million with Federal match to address the physical disabilities waiting list and increase wages to support workers;

- **\$5 Million** in state funds are needed to eliminate the Family Support Program waiting list;

- **\$2 Million** in state funds are needed for the Birth to 3 Program for increased costs.

Other states' initiatives have created additional funding for developmental disability services ►

End the waiting list game and build a future for people with disabilities!

The following funding has been recently allocated for waiting lists in other states:

Arkansas	\$ 4,000,000	California	210,000,000
Connecticut	23,000,000	Florida	336,000,000
Georgia	2,000,000	Hawaii	12,000,000
Indiana	9,500,000	Louisiana	27,000,000
Maryland	36,400,000	Mass.	23,600,000
Minnesota	9,880,000	Nevada	10,450,000
New Hampshire	6,000,000	New Jersey	127,200,000
New York	230,000,000	No. Carolina	42,000,000
Ohio	4,000,000	Pennsylvania	400,000,000
Virginia	44,000,000	Utah	6,500,000

Where is Wisconsin? Why isn't it on this list?

Department of Health and Family Services, the Governor, and Legislators need to help eliminate the waiting list and service problems.

Will you help to solve these problems?

Fix it in the 2001-03 Budget!



COMMUNITY SERVICE CRISIS

2001-2003 Budget Proposal from Wisconsin Service Providers

For more information contact: Bob Stuva (RFW, Inc.) at 608-244-5310; bstuva@rfw.org or Chris Sarbacker (CAPOW) at 608-259-1345; sarbcls@execpc.com

Approximately \$120,000,000 in new state and federal funding is needed to assure a safe and adequate community-based, person-centered long-term care support system for citizens with developmental and/or physical disabilities. Service providers face significant worker shortages due to low wages and struggle to survive under pressure of rising insurance premiums, energy costs and other program expenses. Many organizations are reducing services to persons already served, when waiting lists for community-based services are growing.

The long term care system for Wisconsin citizens with disabilities is evolving into a person-centered delivery system and places more responsibility for determining the supports needed to live and work in communities of their choice, directly on the person requesting service. It is essential that consumers have adequate public funding to secure the services they need.

Some History:

Over the last half-century, the public goals for services for persons with disabilities has gradually changed from institutionalization to integration in local communities of choice. In the late 1950's and into the 1960's, service delivery goals began to change from institutional maintenance and removal from the community to large group homes, special education, and sheltered employment. By the late 70's a more integrated form of service delivery included individual living arrangements, job training, and assistance with daily living. By the early 1990's the concept of consumerism began to evolve and persons with disabilities sought more control over

the decisions impacting their lives. The 1990's might best be defined as a period of time in which the old paradigm of service delivery was cast away and a new person-centered, community-based service delivery system was put into place. For the first time individuals with disabilities had some control over their own destiny.

As these changes occurred, so did the service provider network. Services evolved from group training and education and limited employment opportunities into a network of individualized support services. Services include residential support to live in small group homes with one or two other persons, independent living, supported living, vocational training, job placement and supported employment. Social business enterprises provide employment opportunities and an array of other needed services to assist an individual to live and work in his/her local community.

Despite significant changes and associated increases in the cost of providing more individualized services, governmental funding has remained stagnant. While the

late 1980's and the 1990's saw a great increase in the cost for services, the State of Wisconsin limited increases in state/federal funding for these services to under two percent per year and shifted funding from state to federal dollars. In many communities that meant no increase for private nonprofit service providers after state and local government addressed their administrative costs.

After almost a decade of neglect, the system of community-based services is facing a financial crisis.

No matter who provides services or how they are provided, a system of fair and appropriate public funding must be available for any community-based service delivery model to be successful.

Recent surveys completed by a network of Wisconsin community-based service providers assisting persons with disabilities began to detail the present service delivery crisis facing the State of Wisconsin. A job market survey reveals that wages paid by community-based service providers are not competitive.

Compared to the general labor mar-

ket, entry level community-based service workers' wages ranged from 7% to 17% less than other business' entry level wages drawing workers from the same labor pool. When compared to entry-level wages paid by state and county government for jobs identical in nature to those performed by employees of community-based service providers, wages received by community-based service workers ranged from 24% to 55% lower than similar public employment opportunities. The survey clearly indicates that entry level wages paid to persons supporting individuals with disabilities can not even compete with the fast food industry. Society appears to better reward food-service workers than those caring for person with disabilities. This inequity is the result of many years of neglect by state government.

Rehabilitation For Wisconsin, Inc., a statewide association of community-based rehabilitation programs collectively serving over 6,000 individuals with disabilities, completed a survey to determine the adequacy of rate payments from counties where they provide servic-

es. Thirty-four organizations from across Wisconsin responded to the three questions below.

1. What is the total dollar amount of all county contracts for any and all services that a county/counties purchase from your organization for the year 2000?

RESPONSE: \$41,861,183.00

(Actual Contract Amount)

2. What is your estimate of the actual costs of those services for the year 2000?

RESPONSE: \$48,250,539.00

(15% above Actual Contracted Amount)

3. Because of concerns about being competitive due to skyrocketing wages, health insurance costs, and other expenses, how many dollars would your organization need to be competitive for the year 2001 providing the same type and volume of service?

RESPONSE: \$54,346,392.00

(30% above Actual Contract Amount)

Data from the responding organizations shows that public funding must increase by 30% to assure a safe and effective community-based service delivery system for person with disabilities. That increase provides for competitive wages and benefits and help with the increased cost of energy, insurance and other overhead expenses.

When the 30% is applied to all state/county funding for all services for persons with developmental and/or physical disabilities, the enormous size of the problem is obvious. An additional \$120,000,000 is needed annually to maintain a strong community-based service delivery network for persons with developmental and physical disabilities. It should be noted that approximately 50% of the \$120,000,000 could be obtained from matching federal sources, leaving approximately \$60,000,000 needed from increased state support. **To adequately provide for a community-based service delivery system the increase outlined on the chart at the bottom of this page would be necessary on an annual basis.**

	Wisconsin GPR	Matching Federal Funds	Total
Annual Increase Needed To Sustain Services To Persons With Developmental Disabilities	\$54,000,000	\$51,000,000	\$105,000,000
Annual Increase Needed To Sustain Services To Persons With Physical Disabilities	\$ 6,000,000	\$ 9,000,000	\$ 15,000,000
Annual Funding Increase Needed To Sustain Quality Service To Persons with Disabilities	\$60,000,000	\$60,000,000	\$120,000,000
<u>To provide for a phase in of the increased funding, the 2002-2003 Biennial Budget Request should include:</u>			
First Year of Biennium	\$30,000,000	\$30,000,000	\$ 60,000,000
Second Year of Biennium	\$60,000,000	\$60,000,000	\$120,000,000
Total for 2002-2003 Biennium	\$90,000,000	\$90,000,000	\$180,000,000



SPECIAL EDUCATION

2001-2003 Budget Proposals from the Quality Education Coalition

For more information contact:
 Jeff Spitzer-Resnick at 608-267-0214; spitznick@w-c-a.org

The Quality Education Coalition (QEC), is Wisconsin's only statewide coalition of parents and advocates which promotes quality special education services throughout Wisconsin. QEC is acutely aware of the dire situation which children with disabilities face in their struggle to receive a free appropriate public education (FAPE) in Wisconsin schools as guaranteed them under both Wisconsin and federal law. QEC proposes the following five point plan in order to begin to stem the tide of eroding quality of special education for thousands of Wisconsin children.

General Special Education Aid

In the 1999-2001 biennium, faced with the worst crisis in Wisconsin's history of special education funding, the legislature and governor passed a budget with the first increase in special education categorical aids in 6 years. While that increase was a big accomplishment, it essentially only continued state funding of local special education costs at a 35% reimbursement rate. Thus, the crisis remains.

Although the Governor's budget includes increases, the state's commitment to special education would decline to 33%. This is unacceptable.

QEC supports sufficient state funding of special education categorical aids to reimburse local special education costs at a rate of 50%.

"High Cost Children"

The State of Wisconsin has never reimbursed local school districts at a higher rate when they have children whose special education costs are extraordinary.

QEC supports state funding of children in special education whose costs exceed three times the

state average per pupil expenditure at a rate of 90% of the excess costs over three times the state average in both years of the biennium. In addition, QEC supports a one time revenue cap exemption for the unreimbursed school district expenses for these children.

Alternative Education Programs

Alternative education programs, while not limited to children with disabilities, often serve as additional valuable resources to these children.

QEC supports a \$5 million increase in alternative education program funding in the first year of the biennium, and a \$10 million increase in alternative education program funding in the second year of the biennium.

Integrated Services Programs

The Department of Health and Family Services (DHFS) currently funds 28 county pilot Integrated Services Programs (ISPs), also known as wraparound programs, which are intended to provide coordinated multi-agency programming to children with severe emotional

disabilities. It is well documented that these programs have helped children stay in school and out of institutions.

QEC supports creating pilot programs in all counties at an additional cost of \$3.2 million plus \$800,000 for state staff to administer the program.

Medical Assistance School Based Services (MA-SBS)

In 1997, Wisconsin's Medical Assistance (MA) program was modified to allow school districts to bill the MA program for certain special education costs.

Unfortunately, school districts do not receive the entire federal cost sharing reimbursement (slightly less than 60% of the total cost). Instead, the State of Wisconsin applies the federal share to general revenues and not school services, despite the fact that the local school districts must pay the entire state matching portion.

QEC supports modifying the MA-SBS reimbursement formula such that local school districts receive 100% of the federal cost sharing reimbursement.



MENTAL HEALTH

2001-2003 Proposal for the Mental Health Budget Package

For more information contact:
Shel Gross at 608-250-4368; shelgross@tds.net

The mental health budget package was developed collaboratively by representatives from consumer, family and advocacy groups with input from county human services personnel. The Governor's Council on Mental Health endorsed this proposal and forwarded it to the Governor for inclusion in his biennial budget. Several of the items are derived from the recommendations of the Governor's Blue Ribbon Commission on Mental Health (BRC).

Consumer and Family Support

Using Mental Health Block Grant (MHBG) funds the Department of Health and Family Services (DHFS) supports a variety of activities that increase the availability of consumer-operated services throughout the state and provide information, education, advocacy and support to families of persons with mental illness. This package requests that these funds be more than doubled by adding \$250,000 in FY02 and \$500,000 in FY03 so that DHFS can use them to contract for additional consumer and family support activities that meet the goals and outcomes established by the BRC.

The package also requests \$24,000 each year to increase the Bureau of Community Mental Health (BCMh) consumer relations coordinator position to full time. This position has been responsible for providing a crucial mental health consumer perspective within DHFS, helping to involve other consumers in planning efforts and providing technical assistance and support to consumers throughout the state. However, the need in this area well exceeds the resources of a part-time (.6 FTE) position.

Wraparound/Integrated Services for Children and Adolescents with Serious Emotional Disturbance (SED)

Up to this point, the DHFS has provided funds from the MHBG in seed money to over 20 counties to develop these systems of care. These projects have been successful in reducing inpatient hospital stays (resulting in savings to the Medicaid program) and in juvenile justice placements. This package requests using new Mental Health Block Grant funds and additional GPR to significantly expand services for children with SED. The package also requests 1.5 FTE staff persons in the BCMh to implement and monitor these projects beginning in Jan. 2002. At least .5 FTE would be a parent of a child with a serious emotional disturbance who would assist in giving families voice, access, and ownership at the policy and planning level in keeping with the philosophy of wrap-around systems of care.

Medical Assistance Program

Community Support Program (CSP) Funding: CSPs have been a cornerstone of the adult mental health system and have demonstrably reduced inpatient hospital utilization. Currently counties pay the state share (about 40%) of the cost of this benefit. This package requests that the State pay the state share of Medicaid CSP. This is necessary because a significant number of individuals are on formal or informal waiting lists for this service in violation of Medicaid regulations.

Funding for Comprehensive Community Service:

Comprehensive Community Service (CCS) is a Medical Assistance benefit that was adopted by the Legislature in the last Biennium. It provides a flexible wraparound approach for adults and children and a level of service that is between traditional outpatient care and the more intense level of service provided by CSP. It is a recovery oriented service that furthers the goal of the Governor's Blue Ribbon Commission on Mental Health. It also requires the

counties to pay the "state share" of the Medical Assistance Benefit. This package calls for the state to pay the "state share".

Mental Health/AODA Managed Care Demonstration Projects

The managed care demonstrations embody the most comprehensive attempt to implement the recommendations of the BRC. As such, they hold great promise for consumers throughout the state in creating a more consumer and family directed and recovery-oriented system of care. However, the DHFS has not allocated the basic level of funding that has been found, through the Family Care initiative, to be necessary to develop these new managed care systems. This budget package seeks to address this in a variety of ways.

Demonstration Site Planning and Development Funds: The package requests \$125,000 per site in each year of the biennium to achieve funding comparable to the Family Care CMOs. This money will be utilized to develop information system capabilities that will ensure that the State gets the type of comprehensive and accurate information required to evaluate and further develop this initiative. Sites will also use these funds to support network development, formulate quality improvement processes, make internal organizational changes to support taking on the additional requirements of a managed care contract, and involve consumers and family members in their planning process.

Independent Advocacy: We strongly support the restoration of Family Care Independent Advocacy and request that it be expanded and include persons in the demonstration projects. This would require one

full time position beginning Jan. 2002 with an additional position added in FY03 to meet the expected need (one FTE per 1000 enrollees).

DHFS Planning and Development: This package requests one staff person to provide technical assistance and monitoring for the demonstration sites beginning in Jan. 2002. This project is staffed considerably below the level of Family Care.

Evaluation: We are requesting \$100,000 in FY02 and \$200,000 in FY03 to contract with an independent entity to conduct consumer outcome surveys and other activities to support project evaluation. We anticipate the Legislature will require a comprehensive evaluation prior to approving expansion of managed care to other counties.

Comprehensive Mental Health/Substance Abuse Parity

We are requesting the Legislature pass legislation that would require insurers to provide coverage for mental health and alcohol/drug abuse treatment that is no more restrictive than coverage for other disorders. This would apply to annual and lifetime dollar limits, visit limits, co-payments and deductibles. The fiscal estimate for state employee health insurance accompanying last year's bill was a premium increase of one-tenth of one percent. This bill would cover treatment for all mental health and substance abuse diagnoses.



FAMILIES ARE WORTH IT

2001-2003 Proposal for the Children with Disabilities and their Families Budget Package

For more information contact:
Liz Hecht at 608-263-7148; hecht@waisman.wisc.edu

Waiting lists for services for children with disabilities and their families have grown dramatically in recent years. The children's system is also too complex and hard to navigate, with too many rules and too little flexibility. Certain services are available in some counties but not others, and service coordination is available for only a fraction of the families who need it. Medicaid prior authorization decisions are too far removed from the person, involve too much red tape, and are often unfair. Parents do not have enough say in the planning process for their families.

Family Support Program & Birth to Three Services

To serve all families on current Family Support Program waiting lists:

- Provide \$2.5 million in new GPR funds in Year 1 of the biennium -- to begin phasing in families on waiting lists
- Provide \$5 million in new GPR funds in Year 2 of the biennium -- to complete the phase-in (2500 families at \$2,000/year = \$5 million per year)

Increase funding for the Birth to Three program:

- Provide \$2 million GPR in Year 1 and \$2 million GPR in Year 2 -- to reduce delays in receiving Birth to Three services

Lifespan Respite Initiatives

- Provide an increase of \$225,000 in each year to add 7 respite projects to the existing 5 projects

Increase Funding for Special Education

- Increase Special Education Categorical Aids to reimburse 50% of local special education costs
- Implement DPI's proposal for high cost children in Year 1 of the biennium (rather than Year 2 as DPI proposes): for students whose costs exceed three times the state average expenditure/student, the state will cover 90% of the excess costs (above the three times the average level)
- Expand on DPI's proposal for alternative education program funding: provide \$5 million in Year 1 and \$10 million in Year 2
- Expand Integrated Services Programs (also known as wrap-around programs) for children with severe emotional disabilities to all counties: \$3.2 million for services and \$800,000 for state staff to administer the program in each year
- Modify the Medicaid school based services formula so school districts receive 100% of the federal cost-sharing reimbursement

Changing the System - Getting Children's Long Term Care Redesign Started

What Needs to be Fixed - It's Not Just Funding:

- the system is too complex and hard to navigate,
- some services are available in one county but not in another county,
- too many rules and little flexibility in the way services are provided,
- service coordination is only available for a fraction of the families who need it,
- Medicaid prior authorization decisions are too far removed from the person, involve too much red tape, and are often unfair,
- it's hard to get clear and accurate information about services,
- parents don't have enough say in the planning process for their families,
- some families need a higher level of services than can be attained through any of the programs, and
- adult services are a higher priority than children's services in Family Care counties.

Changing the System means changing State Law:

- to authorize new flexible 1915C Medicaid Waiver (to access more federal funds for children's services)
- to authorize 4-8 pilot counties in 2001-02 serving 20% of the eligible children in Wisconsin
- to establish a right to service for children with significant long term care needs
- to provide an assurance of continuity of service (i.e. families currently receiving services will not lose them)
- to allow children and families to convert from CIP 1A, CIP 1B, COP-W to the new waiver in the pilot counties (if they want to)

We also need "a new way of doing business" in the Children's Long Term Care System

- families will be partners with the system (including in Medicaid prior authorization decisions)
- service coordination for all children/families who need it
- outcome based services
- information and assistance readily available

Funding in 2001-2003 for Children's Long Term Care Redesign:

- Additional GPR (state general purpose revenue) funds above and beyond a fully-funded Family Support Program (see above) to implement Children's Long Term Care Redesign in 4-8 pilot counties.

Year 1: \$900,000 GPR for services
\$390,000 for state and county planning/administration

Year 2: \$2.7 million GPR for services
\$620,000 for state and county planning/administration



STATE INSTITUTIONS

2001-2003 Proposal for the State Centers for the Developmentally Disabled

Moving Toward a Single, Community-Based System for All

For more information contact:

Lisa Mills at 414-483-2546; lmills@peoplefirstwi.org

Just 844 people with developmental disabilities now live in the three State Centers for People with Developmental Disabilities. This population continues to decrease every year, as the community service system that Wisconsin has developed repeatedly demonstrates the capacity to support these individuals to live in ordinary communities, close to other citizens and with opportunities for a multitude of life experiences that were otherwise denied as the result of living in the State Centers.

Over 35,000 people with developmental disabilities now receive supports through this community-based system. Yet Wisconsin continues to maintain the State Centers as a separate institutional system that now costs \$30 million more than what it would cost to provide comparable support in the community for the 844 Center residents. The only way to reduce this significant waste of precious tax dollars is to close the State Centers.

The state's Department of Health and Family Services has acknowledged that Center resident's support needs could be met in the community, and that only a handful of residents would require a rate equal to or higher than the \$400 average daily rate currently being paid to the Centers for residents'

care. When funds are available to adequately support a person in the community, Wisconsin law and the *Olmstead* Supreme Court decision require people to be placed in the community. Ten other states, including Minnesota, have closed their State Centers and strengthened their community systems.

For financial, legal, programmatic and humanitarian reasons, the time has come for the state of Wisconsin to move from a dual service system, with a costly institutional bias, to a single, community-based system. The state should invest the savings achieved from this transition to strengthen the community system for all persons with developmental disabilities.

Legislative Initiatives:

- Close Northern Wisconsin Center and Southern Wisconsin Center within five years.
- Provide sufficient funding for quality support in the community by increasing the CIP 1A rate beginning July 1, 2001, to \$300 per day. Continue to increase the rate over the next budget periods as needed to ensure the efficient transfer of Center residents to supported community settings.
- Retain the savings achieved from Center closings to strengthen the community-based developmental disabilities service system.
- As each Center is closed, residents should move to the community settings that meet their support needs and not simply be transferred to a remaining State Center or other institutional setting.
- Increase the CIP 1-A rate for people currently living in the community to \$160 / day.



ASSISTIVE TECHNOLOGY

2001 - 2003 Budget Proposal for Independent Living Assistive Technology

For more information contact:
Maureen Ryan at 608-251-9151; mryan@gdinet.com

Through the WisTech Program, Wisconsin has built a successful infrastructure for the provision of providing quality cost effective assistive technology services. Without new resources, this important infrastructure will wither on the vine. Funds are needed to retain AT staff that are crucial to the successful provision of technology by DVR, Department of Workforce Development (DWD) One-Stop Shops, the Pathways Initiative, the Work Incentives Act (WIAA) initiatives, and the Family Care initiative.

Purpose

The purpose of the Independent Living Assistive Technology Proposal is to provide resources and technical assistance regarding assistive technology to persons of all disabilities and all ages in the state of Wisconsin.

History

In 1990, the National Technology Act provided funding to all 50 states to develop a central resource in each state for the dissemination of assistive technology/adaptive equipment information. In 1992, Wisconsin obtained a \$640,000 annual grant extended to 10 years, to create the WisTech Program located at the Division of Vocational Rehabilitation (DVR). The idea of WisTech was that subcontracting to each of the eight Independent Living Centers (ILCs), Wisconsin Coalition for Advocacy (WCA), and Agrability provides Wisconsin with regional "technology" experts.

The WisTech program met the need of DVR, schools and local businesses to have a centralized resource for assistive technology/adaptive equipment information. The project was,

and is, a perfect fit for Independent Living Centers, as technology/adaptive equipment is available and needed by persons of all disabilities and of all ages. Not only did WisTech fund ILC staff, but also, over the past 9 years it has helped each of the ILC's build an inventory of approximately \$35,000 of assistive technology/adaptive equipment. Since 1994, WisTech has also funded WCA's Assistive Technology Advocacy Program, and WCA has worked with the ILCs and other AT partners to identify and remove funding barriers.

Benefits

- Technology/adaptive equipment specialists save money for DVR, Medicaid, insurance, etc. By getting good information and test trials, scarce resources are maximized as individuals obtain appropriate equipment that works for them, rather than unsuitable equipment that doesn't get used.
- Technology/Adaptive Equipment allows individuals to be employed and less dependent upon paid help or institutional care.
- New state initiatives, such as

Pathways and Family Care, are dependent on technology to help individuals to be independent and minimize care and support of others.

- The Agrability resource allows for the specialized expertise needed to assist farmers with disabilities to continue their chosen career.
- The systemic efforts of WCA create a long term cost effective solution related to technology in schools, human services, and the business community.

Cost Effectiveness

When looking at cost-effectiveness of assistive technology for Activities of Daily Living (ADLs), you are really asking the question, "How does this item reduce the need for human assistance?" The equation, in dollars and cents, becomes people time vs. the price of the technology. Human assistance, be it a van driver or personal care assistant, is an ongoing expense for the duration of the person's disability. Equipment is a one-time purchase (with replacement as things wear out). But the equation goes far beyond this. As a person with a disability develops the awareness that their environment is

handicapped, or has barriers, not themselves as a person, they start to realize how other barriers can be overcome. This may lead to increased independence, not just for daily living, but in other areas, like employment. Once a person, business, and community can see that environments can be modified to fit individuals needs that allow them to be productive citizens - the sky's the limit!

Grab bars, lift systems, and motorized wheelchairs are examples of assistive technology which can help reduce the need for personal care assistance. An average grab bar costs about \$20 and can be reused time and time again. Personal Care Assistance (PCA) care costs about \$15.50/hour and has to be continually used for assistance in transferring.

A lift system can vary in price, but starts around \$5000 for a basic system. It is a high tech item used in assisting people to transfer independently or semi-independently. The price of a track lift system equates to about the same cost as 277 hours of personal care assistance. Say a person uses the track lift system for 10 years. The cost of the track system over 10 years would be cost effective if it reduced the need for PCA care by a little more than 30 minutes a week. Usually the savings in time will be much greater than this, allowing family members or the individual with a disability to transfer themselves. It also helps prevent back injuries among PCA workers and can help prevent potential injuries to the consumer during a transfer. Apply the same math to having someone being pushed in a manual wheelchair vs. using an electric wheelchair. The savings can be immense.

The proposal we are suggesting is

General Purpose Revenue (GPR) funding of: \$800,000

- 1. Independent Living Centers: (ILCs) for the eight Wisconsin ILC's (\$60,000 ea.) \$480,000
- 2. Wisconsin Coalition for Advocacy (WCA) \$120,000
- 3. Office for Persons with Physical Disabilities (OPPD) \$60,000
- 4. Agrability \$60,000
- 5. Wheelchair Recycling Program \$80,000

ILC's

The \$60,000 to each ILC would be used to maintain a full time Assistive Technology/Adaptive Equipment Specialist and funds for the ILC's to maintain the Assistive Device/Equipment Loan Closet. The Assistive Technology Specialist would provide information, resources and assessments for person's assistive technology needs. This would be based on the existing and latest information and products available. The Assistive Technology Specialist would maintain the equipment loan closet for test trials.

WCA

The \$120,000 would allow WCA to maintain two positions to provide statewide systemic advocacy on assistive technology issues. The position would focus on assessing systemic barriers to the provision of technology in school systems, human service programs, businesses, and public and private insurance programs. WCA staff will develop education, training, technical assistance, and advocacy services to overcome the barriers.

OPPD

The \$60,000 to OPPD would provide the office a staff to administer the state funding, develop statewide reporting mechanisms, contract performance evaluation, training and additional resource development. Specifically, in the area of resource development, the staff would work with assistive technology/adaptive equipment vendors to obtain equipment to maintain and update the trial equipment.

AGRABILITY

Provide Easter Seals Society of Wisconsin with \$60,000 to staff their unique program of providing persons with disabilities in the agricultural industry, living in the state of Wisconsin, with specialized assistance regarding adaptations/modifications to continue their chosen profession.

WHEELCHAIR RECYCLING PROGRAM

The \$80,000 will fund a staff person to provide recycled medical equipment directly to consumers and programs in need and for equipment parts, maintenance and distribution costs.



TRANSPORTATION

2001 - 2003 Budget Proposal to Support Accessible Transportation for People with Disabilities

For more information contact:
Michael Blumenfeld at 608-257-1888; blumk@aol.com

Accessible transportation is essential if people with disabilities, particularly people with severe disabilities, are to live independently in the community. This transportation access includes the removal of physical, structural, communication and environmental barriers. While the accessibility of public transportation has increased considerably in the last decade, numerous barriers remain. People with disabilities are far from being able to assume that the transportation they need will be accessible and usable by them.

If Wisconsin is to become serious about removing barriers to employment for people with disabilities, creativity in transportation patterns and funding will need to be encouraged. It is important to remember that not all employment occurs during the hours of 8:00 a.m. and 5:00 p.m., and alternative programs need to be implemented.

The Elderly and Disabled Transportation Program (85.21), created in 1978, assists counties with the delivery of services to improve and promote transportation for older adults and people with disabilities. At its inception, 85.21 funds were intended to meet a variety of travel needs including medical, nutrition, grocery, employment, social and personal trips. In practice, 85.21 has come to be used primarily for medical and nutrition trips. Even though the program states that a variety of trip purposes should be provided, the funds available each year cannot keep pace with the demand experienced in Wisconsin's counties.

The proposed increase in funding for the Elderly and Disabled

Transportation Program is \$225,800 in 2001-02 and \$483,500 in 2002-03 - only a fraction of what is needed.

To make up the difference, counties are forced to use other funding sources, such as the Community Options Program (COP) and Medical Assistance (MA). If sufficient 85.21 funding were provided, COP and MA could be better utilized to provide the support services for which those funds are intended and very much needed.

Due to a lack of funding, a number of necessary transportation services are not being provided. Despite the fact that many counties have volunteer driver programs that enhance services and diligently stretch transportation dollars, the majority of counties are unable to provide services in the evening and on weekends. Many of the counties are unable to provide eligible persons with transportation to work, for personal needs or for general service, nor are they able to replace vehicles when necessary.

In addition, persons with disabilities and the elderly in many coun-

ties are experiencing long waits for transportation services and caps on the number of trips that they can take each month. Transportation programs do little outreach or advertising because they cannot serve the existing need, and eligible participants do not request services because they know that they will be denied.

We support:

- Increasing funding of the 85.21 program by at least \$7.5 million each calendar year (\$11.25 million over the 2001-2003 biennium) to allow people with disabilities access to transportation for employment and medical reasons, in addition to social and personal trips.

March 1, 2001

To the Members of the Joint Committee on Finance:

I am writing to urge your strong support of the health care financing and policy items included in Governor Scott McCallum's 2001-03 state biennial budget proposal.

As I am sure you are aware, Wisconsin's not-for-profit community hospitals are facing critical and ongoing financial challenges that threaten our ability to continue providing the comprehensive health care services needed throughout our state. These financial challenges are the result of not only the federal Balanced Budget Act, but also state and federal reimbursements that continue to lag behind the costs of providing care.

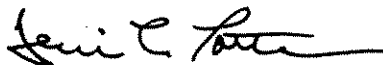
Governor McCallum's budget proposal would help this financial situation by taking a step in the right direction. Specifically, I ask you to maintain the proposed \$201 million increase in Medical Assistance funding that is targeted to enhancing Medicaid outpatient reimbursement levels. This proposal is responsible and affordable, since it would be funded with federal dollars obtained through the use of the Intergovernmental Transfer Program. As it has become much more cost-effective and technologically feasible to treat many patients in an outpatient setting, hospitals must have realistic and adequate reimbursement for these services.

I also encourage you to support Governor McCallum's proposed funding increases for BadgerCare and the Women's Health cancer screening and treatment programs. Such initiatives are critical to ensuring that the most vulnerable and underserved members of Wisconsin's population have access to the health care they need.

I fully recognize the fiscal constraints faced by the Legislature. However, investments in the health of our citizens are clearly some of the most important and far-reaching that the Legislature can make. Governor McCallum has proposed responsible and urgently needed funding increases for health care, and in my opinion, this is a budget plan that Wisconsin, and its community hospitals, cannot afford to live without.

Thank you very much for your consideration and support of these initiatives.

Sincerely,



Terri L. Potter
President and CEO

cc: Governor Scott McCallum
Assembly Speaker Scott Jensen
Senate Majority Leader Chuck Chvala

March 14, 2001

The Honorable John G. Gard
Co-Chair, Joint Committee on Joint Finance
State Capitol
315 North
Madison, WI 53708

The Honorable Brian B. Burke
Co-Chair, Joint Committee on Joint Finance
State Capitol
316 South
Madison, WI 53708

Dear Representative Gard and Senator Burke:

We would like to bring to your attention several items in the Governor's proposed budget that are significant policy issues that we believe should be considered only outside of the budget process. The fiscal effect for these provisions is nominal (\$62,000).

We ask that all items in the budget that originated as LRB draft # 0193/3, which the Department of Health and Family Services calls the "fraud and abuse" provisions, be removed from the budget. DHFS's terminology is a misnomer; the provisions will affect health care providers when DHFS has not found or even alleged fraud and abuse. DHFS has tried in the past to implement some of these measures without rules and through emergency rules. When legislators on the Joint Committee for the Review of Administrative Rules heard the facts and circumstances, they rejected DHFS's efforts. JCRAR agreed that the result of these measures would result in driving needed and underpaid providers out of the Medicaid program and denying services to particularly vulnerable populations with few advocates.

The DHFS proposals include the following:

- Eliminating the right to a fair hearing before DHFS recovers money that DHFS claims is erroneously or improperly paid. Health care providers would have only the opportunity to "present information and argument to department staff" before DHFS would recoup the money in controversy.
- Authorizing DHFS to suspend a provider's participation in the program before the provider has the opportunity for a hearing.

- Authorizing DHFS to limit the number of Medicaid providers, meaning DHFS may refuse to allow a provider to participate in the Medicaid program for no reason other than that there is already some undefined number of providers.
- Authorizing DHFS to limit the staff and resources a provider can utilize if DHFS determines that the *potential* for fraud and abuse exists if additional staff or resources are used.
- Requiring surety bonds from a provider if DHFS determines that *other* providers of those services have violated Medicaid requirements in the past.
- Authorizing DHFS, in addition to recoveries and other sanctions that may be available, to charge a fee if DHFS determines that a provider has failed to follow similar billing procedures or program requirements. The fee would be at least \$1,000 and up to two times the amount of the violation.
- Permitting DHFS to have access to health care providers' personnel and other records and recipients' health care records upon demand.
- Expanding liability for repayment of erroneous or overpayments to entities that may have no responsibility for provider's past or future conduct or practices.

We believe that fraud and abuse in the Medicaid program should be pursued by DHFS and DOJ. It is wrong, however, for DHFS to eliminate or limit due process rights for providers, interfere in the business decisions of providers and others, and expand liability for acts to entities that have no responsibility for the act. The elimination of these provisions is crucial to ensure fair dealing on the part of DHFS. At a minimum, these provisions should be subject to a full and open debate outside of the budget process. When the Governor proposed these and similar provisions in the budget last session, JFC removed them as policy.

We would appreciate the Joint Finance Committee deleting these provisions and all provisions from LRB draft 0193/3 from the budget for debate at another time. Thank you for your consideration.

Sincerely,

The ARC – Wisconsin Disability Association
Wisconsin Personal Services Alternatives
Wisconsin Academy of Family Physicians
Wisconsin Health and Hospital Association
State Medical Society of Wisconsin
Aurora Health Care, Inc.
Wisconsin Health Care Association

Peshtigo Pharmacy



Telephone (715) 582-4237 After Hours Emergency 582-4265

R. Wm. Clement, R.Ph.
220 French Street Peshtigo, WI 54157

4/2/01

Thank you for letting me discuss this important issue with you today. My name is Mike Clement and I am the Vice President of Northeast Pharmacies, Inc.

I understand that Governor McCallum recommends a reduction in the MA reimbursement rate from AWP minus 10% to AWP minus 15%. Currently many pharmacies are accepting insurance company contracts that pay AWP-15. I am sure that this is why Governor McCallum is proposing AWP-15. However, many pharmacies are beginning to just say no to these outrageous contracts.

If the state switches to AWP-15, many pharmacies may have to just say no to the state's MA plan. This will cause MA recipients to travel longer and longer distances to fill their prescriptions. Many elderly will have to turn to mail order to get their medications. They will not have the proper counseling necessary for drug compliance. This will lead to many MA recipients ending up in the ER room at the hospital. This will be very expensive for the state.

There will be independent pharmacies that will not be able to say no to the state. They may have too large of a MA population in their town to morally turn away so many sick people. Since they will not be paid properly, they will be short staffed and the quality of care will suffer. Little counseling will take place. Eventually a drug error will occur that could again put a MA recipient into the ER room. On such a low margin, even these independents will soon go out of business.

If enough independents go out of business, eventually only chain drug stores will be left. Once the chains feel strong enough, they will begin to dictate to the state what they will accept. If the state chooses not to concede to their dictates, the MA recipients will be left without local

Peshtigo Pharmacy



Telephone (715) 582-4237 After Hours Emergency 582-4265

R. Wm. Clement, R.Ph.
220 French Street Peshtigo, WI 54157

pharmacy service. This is because chains focus on profit and filling MA prescriptions will not be profitable.

Walgreens and Wal-Mart already feel that they are strong enough to buck the state. They have both recently stopped accepting Wisconsin's HIRSP program at all their locations.

In Illinois, Walgreens has stopped building stores in the Chicago area because of the high number of MA recipients there. They did this in response to Illinois dropping their reimbursement rate. They dropped their rate to twenty-cents below Wisconsin's current rate. I feel confident that they will take drastic action if Governor McCallum's new rate is passed. It is two dollars and eighty-cents below Illinois's current rate.

With chains not accepting MA and no independents, MA recipients will have to travel farther and farther to fill their prescriptions. Their quality of care will drop and they will become sicker. Eventually, they will cost the state a lot in hospital bills and increased care.

In closing, I believe that Wisconsin residents will be better served by removing the MA cut from the Wisconsin State Budget and maintaining the current reimbursement rate. Please, endorse the Shibilski Motion to do just that. Help us save Wisconsin's independents.

Sincerely,

A handwritten signature in cursive script, appearing to read "Michael Clement".

Michael Clement
Vice President
Northeast Pharmacies, Inc.

Peshtigo Pharmacy

Health Care Services

Phone: 715-582-4140
Emergency: 715-582-4265
121 French Street, Peshtigo, WI 54157
Fax: 715-582-4196
Toll Free: 1-800-486-4140
R. Wm. Clement R. Ph.

My name is Ken Caebe, I am a registered Pharmacist employed in Peshtigo Wisconsin.

As a cost containment measure, Governor McCallum has recommended a reduction in the MA reimbursement rate from AWP - 10% to AWP - 15%. I believe this would have a devastating effect on pharmacy services in Wisconsin. I believe many pharmacies will be forced to go out of business, and MA recipients will be hurt the most by this.

Community pharmacists are the most accessible of all health care professionals. Most people can see or talk to a pharmacist any time the store is open. No appointment is needed, nor are people charged for advice they receive. Many people receive MA benefits because of the large amounts of medications that they take, and are unable to pay for. By forcing pharmacies out of business they would lose access to much needed health services.

Many of these people are elderly and do not drive. And by forcing Pharmacies to close especially in small towns and rural areas, would cause a great inconvenience to these people. We have several elderly people who are on MA that we fill medication boxes for. This is a great service to these people and it allows many of them to stay in their own homes. We do not charge for this service.

Pharmacists are not responsible for rising drug prices, the Wisconsin MA fee has not been increased in over 12 years, in fact it has been decreased. Yet prescription drug prices have continued to rise, in fact drug prices are expected to rise 22% this year.

Why are drug prices considerably less expensive in Canada, Mexico, and other Countries? Recently a pharmacist bought a Servent Inhaler in Italy while she was visiting her sister. It cost her \$4. The same drug in this country costs the pharmacy \$60.22 (net cost). This is without any profit. Who is responsible for rising drug prices? Certainly not the pharmacist, who hasn't had a fee increase in 12 years!

I too am a taxpayer and realize that something must be done to contain costs. However, I do not feel cutting the MA Reimbursement to Pharmacies who have served the people in this state so well, is the solution to this problem. Perhaps cutting the drug acquisition cost to the pharmacy is. In my practice experience we have always tried to decrease costs for people, by suggesting less expensive alternatives to their physicians, or by splitting larger dose tablets in half.

I urge you to do what's right for the poor and elderly residents of Wisconsin and support Senator Shibilski's proposal to remove the Governor's MA reduction from the budget

Thank You

Peshigo Pharmacy Health Care Services

FACILITIES
USE SERVICE

Facility	Address	Phone	Administrator	D.O.N.	Fax #	Beds
Rennes Health Center West	501 N. Lake St Peshigo, WI 54157	582-3906	Stefanie Taylor	Patty Wagner	582-3141	155
Rennes Health Center East	701 Willow Peshigo, WI 54157	582-3962	Barb Walters	Bonnie Edlebeck	582-9115	155
Whispering Oaks Care Center	620 Harper Ave Peshigo, WI 54157	582-4148	Sue Roberly Mike Daffin	Patti Nelson 614-890-0274	582-4756	66
Sharpe Care	PO Box 985 Oconto Falls, WI 54154	920-846-3272	Amy Kurzynske	Kim Schroeder	920-846-2516	110
Woodland Village Nursing Home	PO Box 251 Suring, WI 54174	920-842-2191	Debbie Wieting	Sharon Sokol	920-842-4223	55
NuRoc Community Healthcare	3576A Nu-Roc Lane Laona, WI 54541-9291	715-674-2451	Craig Newton Nurses Station	Yvonne Breeden	715-674-4016	60
New Care Convalescent	PO Box 460 Crivitz, WI 54114	715-854-2717	Tom Morrison	Stacy Nelson	715-854-3301	75
Roubal Nursing Home	N306 Maple St Stephenson, MI 49887	906-753-4981	Bill Rasner	Sue Stenzel	906-753-4697	85
Maryhill Manor	501 Madison Ave Niagara, WI 54151	715-251-3172	Jana Clement	Office Jessy Drum	906-753-4680 715-251-1200	75
Landmark	310 Oconto Ave Peshigo, WI 54157	582-3725	Jackie		582-0385	20
Newbury's Main Street Residence	548 Main Oconto, WI 54153	920-834-3376	Helen Newbury			25
BayShore Pines	875 University Drive Marinette, WI 54143	735-7485	Ben Prince	Cris Prince	735-2252	25
Bay Shore Pines South	PO Box 460 Crivitz, WI 54114	715-854-7474	Cris Prince	Glenda		25
New Care Residence	717 Gale Street Oconto, WI 54153	920-834-3760	Cheryl Scanlan			30
Royal Manor	425 Pecor St Oconto, WI 54153	920-834-0302			920-834-0310	
Bay Shore Pines Oconto	1105 Northland Terrace L Marinette, WI 54143	735-6222	Marilyn Lawson		735-6221	
Northland Luthern Home Health	3900 Hall Avenue Marinette, WI 54143	735-6490	Marsha Wisniewski			
Caregivers Home Health						

Peshigo Pharmacy Health Care Services

Schlauds Adult Foster Care	W8681 Cty Rd 356 Stephenson, WI 49887	906-753-4092	Holly				9
Bay Shore Home Nursing	1320 1st Menominee, WI 49858	906-863-1211					
Luther Home	831 Pine Beach Road Marinette, WI 54143	732-0155	Ann Heider & Frances Havelka & Rev. Kenneth Michaelis				
Rennes Group	261 French Street Peshigo	582-2200	Karen Brechlin			582-2222	
Unity Hospice							
The Renaissance	2909 Shore Drive Marinette, WI 54143	735-2100	Connie Stauss				18
Marinette County Sheriffs Jail Dept.	1925 Ella Court Marinette, WI 54143	732-7630	Ken Gable			732-7632	
Riverside Nursing Center	101 First St Oconto, WI 54153	920-834-4575	Dian Younger				4
Crandon Nursing Home	PO Box 400 Crandon, WI 54520	715-478-3324	Pamela Rau			715-478-5085	82
Harmony House			Shirley Mulroy				5
Rivers Edge							
Open Arms Adult Family Home	1831 Wisconsin Street	732-9763	Joyce Debaere				
Country House	160 Vandyrke Street Oconto, WI 54153	920-834-4122	Amy Eyer				20
The Woodlands of Gillett			Mary Dufek				39
The Meadowlands	Oconto Falls	920-848-3458	Janet R. Turensky				
Stairline Boarding Home	1833 Wisconsin Street Marinette	735-7272	Kim Schnurer				

Peshtigo Pharmacy

Health Care Services

Phone: 715-582-4140
Emergency: 715-582-4265
121 French Street, Peshtigo, WI 54157
Fax: 715-582-4196
Toll Free: 1-800-486-4140
R. Wm. Clement R. Ph.

I am Claudia Gaveske, General Manager of Northeast Pharmacies Inc. I work in the Health Care Division and my main responsibility is to manage approximately 30 employees and over 30 different clients. These are either Long Term Care (Nursing Homes), CBRF's (Community Based Residential Facility), or Assisted Living facilities, with approximately 935 residents.

Servicing these facilities with medication is very different than having a prescription filled in the local pharmacy. The systems we use are not only required they also provide accountability for the medications. The tablets and capsules for each resident are packaged into a specific system to meet the requirements of the facility, the state surveyors, and the federal government. There are many different systems available, which include, punch card, unit dose, and bubble pack. All of these systems are extremely labor intensive and of course have material costs. They all involve taking the medication from the manufacturer bottle and repackaging it into the required system and relabeling it. Some of the systems are daily systems, weekly systems or monthly systems, which means they hold enough medication for one resident for a day, a week, or a month. Many of these facilities are located in rural Wisconsin as far as 85 miles away. At a minimum we are in all of these facilities at least 3 days per week, often times 7 days a week, sometimes 2-3 times a day with new orders and emergency items. This does not include our after hour calls which gives them 24 hours a day 7 days a week service. Servicing these facilities is just that - Service - when someone is in pain or needs an antibiotic they need it as soon as possible. If it was your mother or father or yourself waiting - would it not be important to get it today instead of tomorrow or on the next scheduled delivery. After all, the facility is out of compliance and will be sighted if a medication is not given in a timely fashion. Are these laws going to be changed, and further more should they be changed? I say no. State and Federal laws are important, however, meeting the requirements often creates an additional expense that is not reimbursed.

You may think with better management corners can be cut in business to provide the service at a lower price. Save the money somewhere else. I disagree. We have chosen reusable 7-day and 31-day systems made of hard plastic to reduce expense. We also try to encourage a 31-day system so we only make a monthly exchange of medications instead of a weekly. Of course, we still make the daily deliveries with new orders. We don't make a delivery unless it is necessary.

I see everything except reimbursement change. Wages increase, cost of goods increase, laws and restrictions increase, paperwork and requirements increase, the need for more education for staff increases with every new medication that is approved, simple overhead, repairs and maintenance costs increase. And yet not only does the reimbursement not change it is proposed to go lower.. How many pharmacies are even doing long term care services? Not many! How many of these are located in our area? Not many! Who will service these facilities when in many of the locations there is not even a pharmacy, more less one that will do long term care? I see independent Nursing Facilities going out of business every day and Independent Pharmacy right behind. I see resident care and service cut every day and wholesalers, drug manufacturers, and insurance companies making the same or increased profits. Things cannot continue as they are and this proposal would only make matters considerably worse.

I am proud to work for a company that has always put service and people ahead of profits, however, I have grave concerns that this will not continue to be possible. We cannot continue to give 24hour a day, 7 day a week service without substantial reimbursement. I ask that you Support Kevin Shibilski's motion and resolve the budget issues as soon as possible.

Claudia Gavette

Peshtigo Pharmacy

Health Care Services

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121 French Street, Peshtigo, WI 54157
Fax: 715-582-4196
Toll Free: 1-800-486-4140
R. Wm. Clement R. Ph.

Thank you for being here today. My name is Bill Clement. I am a pharmacist and own 3 pharmacies. Two retail pharmacies - one in Oconto and one in Peshtigo. The third is a Long-Term Care Pharmacy serving over 30 facilities - Nursing homes, Community Based Residential Facilities, and Assisted Living Facilities.

We employ 90 people and 14% of our retail prescriptions are Wisconsin Medical Assistance. 97% of our Long-Term Care prescriptions are Wisconsin Medical Assistance.

I know there is a proposal to decrease our reimbursement from average wholesale price -10% Plus \$4.38 to Average Wholesale Price -15% Plus \$4.38. This would be very devastating to our pharmacies because we are now struggling to break even in our Long-Term Care Pharmacy as well as both our retail stores.

The rate that Wisconsin Medical Assistance pays us has not been increased for 12 years - in fact it has decreased. During this time pharmacist wages and ALL labor has increased. Labor costs are killing us as pharmacist's wages have moved up to the \$35-40 per hour mark and with benefits approach \$50.00 per hour. If you can find one to hire! With further cuts in reimbursement we would be forced to put people with six years of education on a high stress assembly line to make ends meet. This invites error!

This is a very dangerous business. Life and death are in our hands for each and every prescription that we fill. We must be 100% correct. We must pay a fair wage for quality. A \$4.38 fee on a prescription is ridiculous. All cost of dispensing surveys I have seen put the fee at \$7.00-8.00 range.

The Governor's new budget would pay Wisconsin Pharmacies the lowest rate of reimbursement in the nation. When you get your prescription filled or you children's or grand children's I do not think you want your pharmacy to be reimbursed at the lowest rate in the nation. Why? Because with the lower reimbursement staff will be pressured to work even faster. This will be hard to do because we are at max now. This means corners have to be cut and it is bad pharmacy. We are dealing with peoples lives here! The wrong medication can kill people!

Our pharmacies are filled with serious chances of error. Unless the proper time is allowed to fill a prescription the wrong drug could be given out or the wrong dosage. The patient needs to be counseled to be sure it is ordered for the proper purpose. They have to understand how to take it, when to take it, and how long to take it. There are countless drug interactions - drug allergies to be aware of. Medication errors are in the news all the

time and it is a growing National problem. Decreased reimbursement means less money to go around - means less help - staff stress - and Errors.

We service homes 70-90 miles from Peshtigo. It is very costly to service homes that far away, but they need service. There is no pharmacy in some of these towns, such as Niagara, Suring, Gillette, Blackwell. More and more stores are getting out of the Long-Term care business. Some chains are struggling. It is a high level service business, 24 hours per day, 7 days per week. It is so labor intensive. To eliminate error and eliminate waste we package medications in specially designed containers that not only help reduce these problems but also gives excellent accountability for controlled substances.

- So we have people checking in medication
- Packagers preparing medication in containers
- Technicians filling prescriptions
- Pharmacists checking prescriptions
- Bookkeepers
- Drivers - We log 1000's of miles per year.

When a home calls with a new patient, a new medication, a forgotten order, whatever, we put a person and a car on the road and at times drive 180 miles round trip for one prescription. This happens Daily. An extra unpaid service. Part of the unseen services that are very important to keep and it costs money.

The Governor is talking about bulk prescriptions and mail order. If you fall and break an arm and need medication immediately what value is a mail order pharmacy? Now the local pharmacist is good enough. But your local pharmacy cannot survive on Emergency Prescriptions alone. They need the maintenance prescriptions too. Ask people, they do not want mail order. These mail order companies do nothing for our communities. They do not pay Local taxes or State taxes, they do not serve on our school board, our church board, or support Local activities. You Do not see the name of a mail-order company on the back of a Little League shirt. We need the profit, too. To support our staff and our communities.

This reimbursement rate will force many long-term care pharmacies as well as retail pharmacies out of business. It will cause hardships for many staff families and Medical Assistant patients.

All anyone wants is to be paid what is the fair average reimbursement in the nation. Fair. Not the highest and certainly not the lowest. Our people deserve more than that.

I reach out to you and ask your support in seeing that the pharmacists of Wisconsin are reimbursed fairly for their services. *AND PLEASE SUPPORT THE KEVIN SHIBILSKI MOTION*

Thank You very much!

Bill Clement RPh