



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #520

Family Care Funding and Ombudsman Services (DHFS -- Family Care and Other Community-Based Long-Term Care Programs and Board on Aging and Long-Term Care)

[LFB 2001-03 Budget Summary: Page 148, #3 and Page 408, #1]

CURRENT LAW

Currently, eight Family Care resource centers operate in Fond du Lac, La Crosse, Portage, Milwaukee, Kenosha, Marathon, Trempealeau, and Jackson Counties. Five care management organizations (CMOs) operate in Fond du Lac, La Crosse, Portage, Milwaukee, and Richland Counties. The resource centers have been operating since January, 1998, while the CMOs began operating in the first half of calendar year 2000.

In 2000-01, \$6,066,100 (\$5,756,300 GPR and \$309,800 FED) is budgeted to support Family Care resource centers, while \$58,289,700 (\$25,071,800 GPR and \$33,217,900 FED) is budgeted to fund capitation payments for CMOs. Most of these funds are budgeted as transfers from other programs, such as the community options program (COP) and community aids. In addition, \$4,635,400 (\$2,131,500 GPR and \$2,503,900 FED) is budgeted for state administration. In total, base funding for Family Care, net of transfers, is \$7,283,500 GPR and \$14,777,100 FED.

GOVERNOR

Health and Family Services. Delete \$4,508,500 (\$2,179,200 GPR, \$1,432,000 FED and -\$8,119,700 PR) in 2001-02 and delete \$6,032,500 (\$2,291,700 GPR, -\$272,600 FED and -\$8,051,600 PR) in 2002-03 to reflect the net fiscal effect of funding: (a) service costs for Family Care participants that are not eligible for medical assistance (MA); (b) costs to operate resource centers at all sites; and (c) costs of state oversight, including information technology.

Board on Aging and Long-Term Care. Delete \$450,300 PR annually and 1.0 PR position, beginning in 2001-02, to eliminate ombudsman services the Board currently provides for persons who apply for, and enroll in, Family Care.

DISCUSSION POINTS

Reestimate

1. This item does not include funding for the cost of providing services to MA clients in the current CMO pilot sites. The Governor's MA base reestimate included \$1,898,900 GPR and \$10,686,300 FED in 2001-02 and \$4,472,100 GPR and \$13,210,100 FED in 2002-03 to fund projected MA caseload increases for the existing CMO sites. Based on a reestimate of projected caseload, the MA base reestimate, as presented in Paper #465, would provide \$1,696,400 GPR and \$1,712,700 FED in 2001-02 and \$6,292,800 GPR and \$8,871,400 FED in 2002-03 to reflect projected increases in these costs.

2. Attachment 1 identifies the Governor's recommended funding amounts for each component of Family Care, excluding the MA service costs for MA-eligible participants. The GPR increases identified in Attachment 1 are greater than the GPR increases identified in this item, since some funding increases would be supported by transfers from community aids and COP.

3. Attachment 1 indicates that, under the Governor's recommendation, the largest factor accounting for the increase in GPR costs is the projected CMO service costs for non MA-eligible Family Care enrollees. This item accounts for \$3,141,700 of the \$3,451,800 GPR increase in 2001-02 and \$5,734,900 of the \$6,486,100 increase in 2002-03. The second largest item accounting for the increase in GPR costs is information technology (IT) costs, for which an additional \$426,900 GPR in 2001-02 and \$401,000 GPR in 2002-03 would be provided. Funding reductions recommended by the Governor include: (a) eliminating the Family Care ombudsman program (external advocacy); and (b) deleting base funding for the state's Long-Term Care Council, which is scheduled to sunset on July 1, 2001, under current law. These two items would reduce GPR costs by \$271,500 GPR annually.

4. The funding budgeted for Family Care should be modified to reflect more recent information on the costs of operating resource centers and revised CMO enrollment estimates. Attachment 2 identifies these reestimates. Attachment 2 shows that funding in the bill should be reduced by \$1,428,100 GPR and \$47,400 FED in 2001-02 and reduced by \$1,519,500 GPR and increased by \$2,056,200 FED to reflect the reestimates.

5. The funding change is primarily due to three factors. First, additional funding is required to reflect the actual time it takes for the resource centers to complete various required tasks, and to reflect increases in caseload. Incorporating those changes would suggest that funding in the bill for the resource centers should be increased by \$1,411,300 GPR in 2001-02 and \$1,413,100 GPR in 2002-03. Second, funding should be reduced by \$1,717,300 GPR in 2001-02 and \$1,915,200 GPR in 2002-03 to reflect lower projected enrollment of non-MA eligibles in the CMO

counties. Finally, there are additional GPR funds available to support program costs due to transfers from community aids and COP as a result of updated community aids amounts for calendar year 2001 and due to a larger shift of COP funds from supporting CMO MA costs.

6. The reestimate in Attachment 2 projects a lower number of non-MA enrollees than was projected under the Governor's bill. If the amount of funding provided for this purpose is insufficient to fund actual costs of providing services to this group, CMOs could establish waiting lists for this group. The Governor's budget includes a statutory change that would delay until January 1, 2004, the date by which persons who are not eligible for MA and who meet specified functional criteria are entitled to the Family Care benefit.

Expansion in 2001-03 and Beyond

7. The Governor's budget would provide funding to continue the current CMO and resource center sites, but would not provide any funding for any new sites or any developmental funding to add new sites in the 2003-05 biennium.

8. Under the 1999 Wisconsin Act 9, it was anticipated that Kenosha County, as well as three other counties, would establish CMOs by the end of the 1999-01 biennium, in addition to the five current CMO counties. However, after lengthy negotiations on capitation rates and concerns about the sufficiency of funding, only five counties established CMOs in the biennium.

9. Kenosha County has invested time and resources preparing for implementation of a CMO site, and could establish a CMO site, beginning on July 1, 2002, if state funding were provided. State funds have been provided to Kenosha County to prepare for establishing a CMO. The estimated cost of establishing a CMO in Kenosha County, beginning on July 1, 2002, would be \$3,032,100 GPR in 2002-03. This amount is somewhat less than the amount estimated by the Department in its 2001-03 biennial budget request.

10. If the Committee wished to expand the Family Care program to Kenosha County in the 2001-03 biennium, it could increase funding in the bill for this purpose. It could also provide a lesser amount by delaying the start date for the expansion.

11. The Committee could also consider increasing funding in the bill to partially support planning costs counties would incur if they wished to participate in Family Care in the 2003-05 biennium. Past experience indicates that there is a substantial amount of planning required by counties before they establish CMOs. For the current CMOs, the state has supported two-thirds of the planning costs (half of which are federally funded), while counties have funded one-third of these costs. DHFS estimates that the planning funds required for each site would be \$848,000 (all funds), of which \$688,800 would be needed for CMO planning and \$160,000 for resource center planning. Under these assumptions, the GPR cost in 2002-03 to provide developmental funding for one county, beginning in January 2003, would be approximately \$141,300 GPR. The cost to provide funding for five counties to conduct these activities would be \$706,700 GPR.

12. The rationale for not providing additional funding for expansion of Family Care is that Family Care is a pilot program, and before expanding it, its success in improving long-term

care services in a cost-effective manner should be evaluated. At this point, the CMO pilots have operated for only one year and there is not sufficient experience and data to assess the program.

13. Proponents of expanding Family Care argue that many aspects of Family Care, such as managed care, are fundamental to achieving efficiencies in long-term care, and that to address growing demand for long-term care services, it is important to move forward with the program at this time. It is argued that if no funding is provided at this time, the program may not expand to additional counties in the 2003-05 biennium.

External Advocacy Services

14. The Governor's budget would eliminate base funding that was provided in 1999 Act 9 for external advocacy for Family Care. Some groups view the external advocacy component as an important feature of Family Care because it ensures that the CMO is responsive to the needs of the recipient in a managed care delivery system.

15. The Governor's budget would delete \$450,300 (\$225,200 GPR and \$225,100 FED) annually in DHFS for external advocacy services and reduce funding for the Board on Aging by a corresponding amount. This funding currently supports 1.0 position for the Board of Aging and Long-Term Care to oversee and manage a contract for ombudsman services. The Board has contracted with the Wisconsin Coalition for Advocacy (WCA) for these services. WCA employs a project director, one staff attorney (0.80 FTE), and 6.0 ombudsmen in the five CMO counties.

16. There are several options to provide the external advocacy services at a lower cost. First, the advocate to client ratio could be reduced from one advocate per 1,000 clients to one advocate per 2,000 clients. The one-to-2,000 ratio would mirror the recommended ratio used by the Board of Aging and Long-Term Care for its ombudsman program for nursing home residents. Given the projected enrollment for the Family Care CMOs, this would suggest a need for three or four ombudsman positions, and could reduce costs by between \$100,000 to \$150,000 annually.

17. A second option would be to direct the Board on Aging and Long-Term Care to directly provide advocacy services, rather than requiring the Board to contract for these services. This would eliminate the costs of the project director and staff attorney that is supported under the current contract. The Board already has a full-time attorney and could provide necessary legal services for the ombudsman program. In addition, the current position at the Board that monitors the contracting could instead supervise the Family Care ombudsman positions and provide direction for that program. This could reduce costs by \$70,000 to \$90,000 annually.

ALTERNATIVES TO BASE

A. Family Care Reestimate

Modify funding in the bill to delete \$1,428,100 GPR and \$47,400 FED in 2001-02 and delete \$1,519,500 GPR and provide \$2,056,200 FED in 2002-03 to reflect a reestimate of the costs of Family Care in the 2001-03 biennium.

Modification	GPR	FED	PR	TOTAL
2001-03 FUNDING (Change to Base)	\$1,523,300	\$3,168,300	-\$16,171,300	-\$11,479,800
<i>[Change to Bill]</i>	<i>-\$2,947,600</i>	<i>\$2,008,800</i>	<i>\$0</i>	<i>-\$938,800]</i>

B. Kenosha County CMO

1. Provide \$3,032,100 GPR and \$8,202,000 FED in 2002-03 to establish a new CMO site in Kenosha County, beginning on July 1, 2002.

Alternative B1	GPR	FED	TOTAL
2001-03 FUNDING (Change to Base)	\$3,032,100	\$8,202,000	\$11,234,100
<i>[Change to Bill]</i>	<i>\$3,032,100</i>	<i>\$8,202,000</i>	<i>\$11,234,100]</i>

2. Provide \$1,758,900 GPR and \$3,776,800 FED in 2002-03 to establish a new CMO site in Kenosha County, beginning on January 1, 2003.

Alternative B2	GPR	FED	TOTAL
2001-03 FUNDING (Change to Base)	\$1,758,900	\$3,776,800	\$5,535,700
<i>[Change to Bill]</i>	<i>\$1,758,900</i>	<i>\$3,776,800</i>	<i>\$5,535,700]</i>

3. Maintain current law.

C. External Advocacy Services

1. Adopt the Governor's recommendations to delete \$225,200 GPR and \$225,100 FED annually in DHFS and \$450,300 PR annually and 1.0 PR position, beginning in 2001-02, in the Board on Aging and Long-Term Care to eliminate funding and positions for external advocacy services.

Alternative C1	GPR	FED	PR	TOTAL
2001-03 FUNDING (Change to Base)	-\$450,400	-\$450,200	-\$900,600	\$1,801,200
<i>[Change to Bill]</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0]</i>
2002-03 POSITIONS (Change to Base)	0.00	0.00	- 1.00	- 1.00
<i>[Change to Bill]</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00]</i>

2. Increase funding in the bill for DHFS by \$98,000 FED annually and increase funding in the Board on Aging and Long-Term Care by \$98,000 GPR and \$98,000 PR annually and provide the Board 4.0 positions (2.0 GPR positions and 2.0 PR positions), beginning in 2001-02, to establish a Family Care ombudsman program in the Board on Aging and Long-Term Care. Three of the positions would be ombudsman positions and one position would serve as a supervisor and director for the Family Care advocacy program.

Alternative C2	GPR	FED	PR	TOTAL
2001-03 FUNDING (Change to Base)	- \$254,400	- \$254,200	- \$704,600	- \$1,213,200
<i>[Change to Bill]</i>	<i>\$196,000</i>	<i>\$196,000</i>	<i>\$196,000</i>	<i>\$588,000</i>
2002-03 POSITIONS (Change to Base)	2.00	0.00	1.00	3.00
<i>[Change to Bill]</i>	<i>2.00</i>	<i>0.00</i>	<i>2.00</i>	<i>4.00</i>

3. Increase funding in the bill for DHFS by \$147,000 FED annually and increase funding in the bill for the Board by \$147,000 GPR and \$147,000 PR annually and provide the Board 1.0 positions (0.5 GPR positions and 0.5 PR positions), beginning in 2001-02, to contract for Family Care advocacy services. The positions at the Board would monitor the contract for advocacy services. Funding would support an estimated three ombudsman for Family Care.

Alternative C3	GPR	FED	PR	TOTAL
2001-03 FUNDING (Change to Base)	- \$156,400	- \$156,200	- \$606,600	- \$919,200
<i>[Change to Bill]</i>	<i>\$294,000</i>	<i>\$294,000</i>	<i>\$294,000</i>	<i>\$882,000</i>
2002-03 POSITIONS (Change to Base)	0.50	0.00	- 0.50	0.00
<i>[Change to Bill]</i>	<i>0.50</i>	<i>0.00</i>	<i>0.50</i>	<i>1.00</i>

4. Maintain current law. Under this alternative, base funding would be retained in DHFS (\$225,200 GPR, \$225,100 FED annually) and the Board on Aging and Long-Term Care (\$450,300 PR annually and 1.0 PR position) to fund external advocacy services. Funding would support an estimated six ombudsmen for Family Care.

Alternative C4	GPR	FED	PR	TOTAL
2001-03 FUNDING (Change to Base)	\$0	\$0	\$0	\$0
<i>[Change to Bill]</i>	<i>\$450,300</i>	<i>\$450,300</i>	<i>\$900,600</i>	<i>\$1,772,000</i>
2002-03 POSITIONS (Change to Base)	0.00	0.00	0.00	0.00
<i>[Change to Bill]</i>	<i>0.00</i>	<i>0.00</i>	<i>1.00</i>	<i>1.00</i>

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ATTACHMENT 1

Governor's Family Care Funding (Excludes CMO costs for MA-Eligibles)

Component	Base		2001-02				2002-03			
	2000-01		Amount		Change		Amount		Change	
	GPR	All Funds	GPR	All Funds	GPR	All Funds	GPR	All Funds	GPR	All Funds
Resource Center Costs	\$5,756,300	\$ 6,066,100	\$6,018,700	\$7,438,000	\$262,400	\$1,371,900	\$6,347,400	\$7,958,800	\$591,100	\$1,892,700
CMO Non-MA										
Client Service Net Cost	\$1,748,600	\$1,748,600	\$4,890,300	\$4,890,300	\$3,141,700	\$3,141,700	\$7,483,500	\$7,483,500	\$5,734,900	\$5,734,900
State Administration										
IT Costs	\$996,600	\$2,502,700	\$1,423,500	\$3,252,200	\$426,900	\$749,500	\$1,397,600	\$3,214,800	\$401,000	\$712,100
Quality Assurance	705,100	1,273,100	447,300	859,500	-257,800	-413,600	529,600	1,011,700	-175,500	-261,400
Training for Resource Ctrs., CMOs	50,000	100,000	43,600	87,200	-6,400	-14,800	43,000	86,000	-7,000	-14,000
External Advocacy	221,500	443,100	0	0	-221,500	-443,100	0	0	-221,500	-443,100
LTC Council/Support for Consumer Involvement	50,000	100,000	0	0	-50,000	-100,000	0	0	-50,000	-100,000
Evaluation	47,500	95,000	100,000	200,000	52,500	105,000	35,400	70,900	-12,100	-24,100
Contract/Program Administration	0	0	11,200	22,500	11,200	22,500	11,600	23,100	11,600	23,100
Development Funds	0	0	0	0	0	0	0	0	0	0
Income Maintenance Costs	<u>60,800</u>	<u>121,600</u>	<u>153,600</u>	<u>307,300</u>	<u>92,800</u>	<u>185,700</u>	<u>274,400</u>	<u>548,900</u>	<u>213,600</u>	<u>427,300</u>
Subtotal	\$2,131,500	\$4,635,500	\$2,135,600	\$4,641,500	\$4,100	\$6,000	\$2,291,600	\$4,955,400	\$160,100	\$319,900
TOTAL	\$9,636,400	\$12,450,200	\$13,088,300	\$17,051,000	\$3,451,800	\$4,606,800	\$16,122,500	\$20,397,700	\$6,486,100	\$7,947,500

ATTACHMENT 2

Family Care Funding Reestimates of Governor's Recommendation

	2001-02						2002-03					
	Governor		Reestimate		Change in		Governor		Reestimate		Change	
	GPR	All Funds	GPR	All Funds	GPR	All Funds	GPR	All Funds	GPR	All Funds	GPR	All Funds
Resource Center Costs	\$6,018,700	\$7,438,000	\$7,430,000	\$8,771,800	\$1,411,300	\$1,333,800	\$6,347,400	\$7,958,800	\$7,760,500	\$9,350,700	\$1,413,100	\$1,391,900
CMO Non-MA Client Service Net Cost	\$4,890,300	\$4,890,300	\$3,173,000	\$3,173,000	-\$1,717,300	-\$1,717,300	\$7,483,500	\$7,483,500	\$5,568,300	\$5,568,300	-\$1,915,200	-\$1,915,200
State Administration												
IT Costs	\$1,423,500	\$3,252,200	\$1,423,500	\$3,252,200	\$0	\$0	\$1,397,600	\$3,214,800	\$1,397,600	\$3,214,800	\$0	\$0
Quality Assurance	447,300	859,500	437,400	851,200	-9,900	-8,300	529,600	1,011,700	509,800	986,500	-19,800	-25,200
Training for Resource Ctrs., CMOs	43,600	87,200	43,600	87,200	0	0	43,000	86,000	43,000	86,000	0	0
External Advocacy	0	0	0	0	0	0	0	0	0	0	0	0
LTC Council/Support for Consumer Involvement	0	0	0	0	0	0	0	0	0	0	0	0
Evaluation	100,000	200,100	100,000	200,100	0	0	35,400	70,900	35,400	70,900	0	0
Contract/Program Administration	11,200	22,500	11,200	22,500	0	0	11,600	23,100	11,600	23,100	0	0
Development Funds	0	0	0	0	0	0	0	0	0	0	0	0
Income Maintenance Costs	<u>153,600</u>	<u>307,300</u>	<u>182,200</u>	<u>364,500</u>	<u>28,600</u>	<u>57,200</u>	<u>274,400</u>	<u>548,900</u>	<u>346,300</u>	<u>692,600</u>	<u>71,900</u>	<u>143,700</u>
Subtotal	\$2,179,200	\$4,728,800	\$2,197,900	\$4,777,700	\$18,700	\$48,900	\$2,291,600	\$4,955,400	\$2,343,700	\$5,073,900	\$52,100	\$118,500
Total (excludes CMO costs for MA eligibles)	\$13,088,200	\$17,057,100	\$12,800,900	\$16,722,500	-\$287,300	-\$334,600	\$16,122,500	\$20,397,700	\$15,672,500	\$19,992,900	-\$450,000	-\$404,800
GPR Revenues												
Community Aids / COP transfers	\$8,744,800		\$9,885,600		\$1,140,800		\$11,666,500		\$12,736,000		\$1,069,500	
Offset in COP-W Quality Assurance Funds	32,800		32,800		0		32,800		32,800		0	
Base Funds	<u>2,131,500</u>		<u>2,131,500</u>		<u>0</u>		<u>2,131,500</u>		<u>2,131,500</u>		<u>0</u>	
Subtotal	\$10,909,100		\$12,049,900		\$11,140,800		\$13,830,800		\$14,900,300		\$1,069,500	
Funding Change	\$2,179,100		\$751,000		-\$1,428,100		\$2,291,700		\$772,200		-\$1,519,500	