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Statewide Expansion of Family Care and IRIS (Health Services -- Medical Assistance -- Long-Term Care Services)

[LFB 2015-17 Budget Summary: Page 69, #2, Page 211, #1 Page 231, #6]

CURRENT LAW

Program Description. The Family Care and IRIS (Include, Respect, I Self-Direct) programs provide long-term care services to qualifying low-income individuals who are elderly, physically disabled, or developmentally disabled and who are eligible for medical assistance (MA). Family Care is a managed care program, under which the Department of Health Services (DHS) pays each participating managed care organization (MCO) a monthly capitated, risk-based payment for each of the MCO's enrollees. MCOs may either contract with providers or provide the services directly to Family Care members. In the IRIS program, members receive a budget allocation based on their assessed level of functional need. After an initial service plan is developed with the IRIS consultant agency (ICA), IRIS members determine who will provide their services and the amount they will pay to their service providers.

To be eligible for Family Care and IRIS, individuals must meet the MA program's income and asset eligibility requirements for elderly, blind, and disabled (EBD) long-term care services, as well as functional eligibility requirements. The functional eligibility criteria require that an individual must meet either a nursing home level-of-care standard or a non-nursing home level-of-care standard, based on the results of a long-term care functional screen that is administered to all Family Care and IRIS applicants.

Family Care and IRIS are currently available in 57 counties. In November, 2014, the Joint Committee on Finance (JFC) voted to expand the programs to the seven northeastern counties, which will occur during calendar year 2015. The eight remaining counties that will not have Family Care and IRIS at the end of 2015 are Adams, Dane, Florence, Forest, Oneida, Rock, Taylor, and Vilas counties.

Qualifying individuals in the 15 counties in which Family Care and IRIS are not currently offered may receive MA-funded long-term care services through the legacy home and community-based waiver programs administered by these counties. The legacy waiver programs are the long-term care programs that Family Care and IRIS replaced in other counties. They include the GPR-funded (non-waiver) community options program, the MA-funded community options waiver program (COP-W), and the community integration programs (CIP-IA, CIP-IB, and CIP-II). The legacy waiver programs are supported from a combination of GPR-funded contracts between DHS and the counties and county funding, both of which are eligible for federal MA matching funds.

The MA waiver agreements for the legacy waiver programs permit counties to maintain waiting lists for these services. Unlike the legacy waiver programs, the Family Care and IRIS programs become an entitlement for all eligible individuals 36 months after Family Care and IRIS services first become available in the county or region.

Process for Program Expansion. 2007 Wisconsin Act 20 authorized DHS to expand the Family Care program statewide in all counties that choose to participate in the program, but required DHS to notify the Joint Committee on Finance (JFC) under a 14-day passive review process if DHS proposes to contract with entities to administer the Family Care benefit in "geographic areas in which resides, in the aggregate, more than 29 percent of the state population that is eligible for the Family Care benefit." 2011 Wisconsin Act 127 repealed the Committee's authority to approve future expansions through the passive review process. Consequently, JFC must vote to approve all expansions.

DHS is required to provide the Committee certain information in conjunction with a notification of proposed program expansion, including: (a) the contract proposal; (b) a fiscal estimate of the proposed addition that illustrates that the expansion will be cost-neutral, including start-up, transitional, and ongoing operational costs; (c) the amount and conditions of any proposed county contribution; (d) documentation that the county consents to the administration of the Family Care benefit in the county; and (e) a proposal by the county for using any savings in county expenditures on long-term care that may result from the administration of the Family Care benefit in the county. The Department may enter into the proposed contract only if JFC approves the proposed contract.

Under current practice, when the program is expanded to additional counties, current nursing home residents are placed in their preferred program as soon as possible after Family Care and IRIS are available in the county. Participants who wish to move from an institutional setting to a community-based setting can also immediately enroll in Family Care. Individuals who currently receive long-term care services as part of a home and community-based waiver program are phased-in to their preferred program during the first month that Family Care and IRIS are offered. Individuals on the waitlist for waiver services are enrolled in Family Care or IRIS during the 36-month period after the benefit first becomes available in each county. Under current law, after 36 months, Family Care becomes an entitlement and any eligible individual is able to enroll in Family Care or IRIS.

Funding reallocations within the MA program to reflect future Family Care expansions

have been enacted as part of previous state budget acts. For example, both 2007 Wisconsin Act 20 (the 2007-09 biennial budget act) and 2009 Wisconsin Act 28 (the 2009-11 biennial budget act) included funding adjustments to the MA benefits and Family Care benefits appropriations to reflect anticipated program expansions that were later approved under the JFC approval process described above.

GOVERNOR

Require DHS to request a federal waiver to administer the Family Care program statewide and, if a federal waiver is approved, make the Family Care program available statewide by January 1, 2017, or a date determined by the Department, whichever is later. This provision does not require all eligible individuals to be enrolled by January 1, 2017, and the Department has noted that, assuming a federal waiver is approved, it intends to enroll individuals using the same 36-month enrollment phase-in as under current practice.

Provide $235,800 ($153,300 GPR and $82,500 PR) to fund 3.00 ombudsman specialist positions (1.95 GPR positions and 1.05 PR positions), beginning in 2016-17, for the Board on Aging and Long-Term Care and $82,500 FED in DHS to reflect additional federal MA administrative funding the state would claim for ombudsman services provided by these positions.

Repeal the requirement that the Department submit proposals for Family Care expansion to JFC for approval. Allow DHS to eliminate CIP, COP, and the community opportunities and recovery program (CORP) after the Family Care program is offered to all eligible residents in a county. Modify current references in the long-term care statutes to improve consistency and reflect current practices.

Specify that, if the waiver request to expand the Family Care program statewide is not approved, the Department would continue to administer the Family Care benefit in accordance with current statutory requirements.

DISCUSSION POINTS

1. In the eight counties that do not have Family Care or IRIS, individuals currently receive home and community-based long-term care services through the legacy waiver programs, including CIP and COP. Under the legacy waiver programs, counties may establish waiting lists for individuals seeking services. Table 1 shows current enrollment in the legacy waiver programs in these eight counties, as well as the size of waiting lists in these counties. It should be noted that this data includes children on the children's long-term support waiver waitlist. However, the Department indicates that many of the children included in the totals in the table would be expected to enroll in Family Care or IRIS upon program expansion, in that many of these children are between the ages of 18 and 22 and would, therefore, be immediately eligible for these programs.

TABLE 1

Legacy Waiver Program Enrollment and Waitlists in Non-Family Care Counties (As of March 21, 2015 for Adults and April 30, 2015 for Children)

County	Waitlist	Waiver
Adams	36	132
Dane	423	2,120
Florence	36	30
Forest	36	74
Oneida	36	262
Rock	244	864
Taylor	36	180
Vilas	36	166
Total	883	3,828

2. Under the bill, the Family Care and IRIS programs would be expanded to the eight remaining counties by January 1, 2017, or a date specified by the Department, whichever is later. DHS has noted its intent to use the 36-month enrollment process to transition individuals in non-Family Care counties to Family Care under the bill. Unlike the legacy waiver programs, which have waitlists, Family Care is an entitlement, meaning that every eligible individual in a county offering the program is entitled to receive services after a 36-month transition period. Accordingly, under the bill, individuals currently receiving legacy waiver services and waiting to receive legacy waiver services would enroll in Family Care or IRIS within 36 months of program expansion.

3. In addition, under the bill, three ombudsman positions would be provided to BOALTC beginning in 2016-17. DOA indicates that these positions are intended to serve the increased number of long-term care consumers that would receive services under these programs if they are expanded statewide. The administration notes that additional ombudsman may be required in future years as the waiting lists for home and community-based services are eliminated.

4. Under the bill, DHS is permitted the authority to eliminate other home and community-based waiver programs once all eligible individuals in a county have access to the Family Care benefit. Additionally, the requirements for JFC approval of program expansion and the required information submittal would be repealed. Because the bill would expand Family Care and IRIS to the eight remaining counties, these provisions would be obsolete once the program is expanded to all counties in the state.

Family Care Expansion

5. In evaluating potential Family Care expansions to additional regions of the state, the Committee is currently required to review materials submitted by the Department, which generally relate to three areas of consideration: (a) consent of the affected counties regarding the proposed expansion; (b) county contributions; and (c) cost neutrality of the proposed expansion.

6. First, in considering potential program expansions, the Committee is required to consider the consent of the counties to program expansion. DOA indicates that it did not consult with the eight remaining counties with respect to the proposed expansion. Of the eight counties currently not offering the Family Care benefit, one county has explicitly expressed interest in offering the program in the future. In particular, the Rock County Board of Supervisors voted in 2014 in favor of transitioning to Family Care. Some counties not currently offering the Family Care benefit have also expressed resistance to program expansion. In particular, the Dane County Department of Human Services has publicly expressed concern related to expanding the Family Care program due to perceived issues of cost-effectiveness and long-term fiscal sustainability.

7. In addition to considering the consent of counties, the Committee is required to consider the estimated county contributions from program expansion. When Family Care is expanded to additional counties, counties are required to make a contribution to the state for the Family Care benefits it provides to their residents. The formula DHS uses to calculate the county contribution was established in 2007 Wisconsin Act 20. In the first year that Family Care is offered in the county, the county must contribute the same amount it spent in 2006 on long-term care services for clients that would have been eligible for Family Care at that time. If this first year amount is less than 22% of the county's basic community aids allocation (BCA), the county will continue to contribute this amount as long as it participates in Family Care. If the first year amount is more than 22% of the county's BCA, the county will lower its contribution by 25% of the difference each year for four years, until its yearly contribution is 22% of its BCA. Table 2 shows the estimated county contribution levels for the eight counties currently not administering or implementing the Family Care benefit for the first five years of the program.

TABLE 2

Family Care County Contributions for Eight Remaining Counties

	Year 1	Year 2	Year 3	Year 4	Year 5
Adams	$ 64,135	$64,135	$64,135	$64,135	$64,135
Dane	17,558,420	14,142,096	10,725,773	7,309,449	3,893,126
Florence	57	57	57	57	57
Forest	75,024	75,024	75,024	75,024	75,024
Oneida	408,381	388,801	369,220	349,639	330,059
Rock	3,559,579	3,176,381	2,793,183	2,409,985	2,026,787
Taylor	160,621	160,621	160,621	160,621	160,621
Vilas	195,240	194,822	194,403	193,984	193,565
	$22,021,457	$18,201,936	$14,382,415	$10,562,894	$6,743,373

8. While Table 2 shows the first five years of county contributions for the eight remaining counties, counties are only required to contribute a prorated amount of the required contribution, which reflects the proportion of waiver participants enrolled in Family Care or IRIS. Accordingly, if the Governor's recommendation to expand the Family Care program statewide beginning January 1, 2017 is adopted, it is estimated that 50% of county contributions would be realized in the first six months of program expansion, based on historical phase-in timelines. Accordingly, the Department would receive approximately $5.7 million in program revenue, which would offset GPR-funded MA benefits costs by that same amount in 2016-17. This fiscal effect has been incorporated into alternatives that include program expansion (Alternative 1 and Alternative 2).

9. In addition to considering county contribution levels, the Committee is also required under current law to consider whether the proposed expansion is cost-neutral. The Department has conducted several analyses that indicate that the Family Care and IRIS programs are cost-effective long-term care programs, as compared with providing long-term care services on a fee-for-service basis. The Department indicated in its 2013 Long-Term Care Expansion report to the Committee that Family Care expansion to a county may be associated with increased costs upfront, but that the cost trends in managed long-term care are lower than those under fee-for-service. In particular, the Department estimated that the state would have saved approximately $34.7 million over the period from 2013 through 2022, had Family Care and IRIS been expanded statewide beginning in 2013.

10. Additionally, the Department conducted an analysis of the risk-adjusted cost of providing long-term care services under the Family Care, IRIS, and legacy waiver programs in December, 2013, utilizing calendar year 2012 data. Under the Department's methodology, the data was risk-adjusted to account for the different acuity levels, or care needs, of the populations served in each program. Table 3 shows the estimated, risk-adjusted average per member cost of serving individuals under the Family Care, IRIS, and legacy waiver fee-for-service programs by target group, based on this analysis.

TABLE 3

Risk-Adjusted Average Cost of Serving Family Care, IRIS, and Waiver/Fee-for-Service Participants, Calendar Year 2012

	Developmentally Disabled	Physically Disabled	Frail Elderly
Family Care	$3,690	$2,873	$2,502
IRIS	3,951	2,891	2,521
Legacy Waiver	4,878	3,379	2,465

11. Individuals enrolled in Family Care, IRIS, and the legacy waiver programs receive a similar set of home and community-based services. The most notable exceptions are home health care and institutional care (care provided by nursing homes and intermediate care facilities for individuals with intellectual disabilities). Family Care members receive these services through the Family Care benefit, but IRIS members receive their home health care services as standard MA

"card" services. Further, IRIS members are disenrolled from the program once they are admitted to an institution. These differences should be considered when reviewing the average cost figures in the table, as these figures are not adjusted to reflect differences in services available under the various programs.

12. While Table 3 shows that the average, risk-adjusted cost of serving Family Care and IRIS enrollees is lower than under the legacy waiver programs and the Department has indicated that substantial savings could be realized by expanding the Family Care and IRIS programs statewide, Table 4 shows the Department's fiscal estimate submitted to the Committee in November, 2014, associated with the Family Care expansion to the northeast counties. The table shows savings in 2014-15 and 2015-16, but increased costs in 2016-17. These increased costs likely result from the fact that, when the Family Care and IRIS programs are expanded to different regions of the state, individuals who were previously on the waiting list for long-term care services are entitled to receive those services, resulting in overall enrollment increases.

TABLE 4

Estimated Fiscal Effect of Family Care Expansion to Northeast Counties

	2014-15	2015-16	2016-17
New Program Costs			
Family Care Enrollment	$2,268,700	$30,393,500	$34,756,100
IRIS Enrollment	893,800	12,177,900	14,992,500
Total Service Costs	$3,162,500	$42,571,400	$49,748,600
Offsetting Savings			
Waiver Programs	-$2,391,000	-$19,135,300	-$19,686,500
Community Options Program (Regular and Waiver)	-763,000	-6,090,300	-6,257,000
County Contributions	-1,103,200	-7,495,900	-6,548,300
MA Card Savings	-856,200	-9,223,100	-10,512,600
Nursing Home Savings	-95,000	-1,230,800	-2,308,100
	-$5,208,400	-$43,175,400	-$45,312,500
Net Fiscal Effect	**-$2,045,900**	**-$604,000**	**$4,436,100**

13. Further, in its April, 2011, audit of the Family Care program, the Legislative Audit Bureau concluded that the cost-effectiveness of the Family Care program is difficult to assess due to issues related to availability of data, as well as the unclear impact that the availability of the program has on enrollment in MA long-term care. In other words, it is difficult to determine whether the availability of the Family Care program encourages individuals to enroll in the program who would otherwise only receive MA card services.

14. Accordingly, while the Department has noted the lower costs of providing services for individuals under the Family Care and IRIS programs as compared with the legacy waiver programs, it is difficult to assess whether expansion of the Family Care and IRIS programs is cost neutral, as well as whether any potential savings may be realized from program expansion.

Additional Ombudsman Positions

15. The Board on Aging and Long-Term Care (BOALTC) ombudsman program provides advocacy services to individuals ages 60 and older who are residents of nursing homes, community-based residential facilities, residential care apartment complexes, and individuals receiving services under COP and the Family Care and Partnership programs. Responsibilities of ombudsmen include: (a) conducting investigations of complaints related to the treatment of individuals residing in long-term care facilities or recipients of services under waiver programs; (b) providing professional representation of clients at hearings and appeals of long-term care services before the Office of Hearings and Appeals and other appropriate bodies; (c) providing education, information, outreach, and technical assistance to elders, their families, and providers; (d) identifying deficiencies in the long-term care system from complaint investigations and by monitoring state and local agencies that license, inspect, or manage long-term care service providers; and (e) communicating this information as a contribution to the development of state long-term care policy.

16. The Board is currently authorized 16.5 ombudsman specialist positions that provide advocacy services to approximately 117,535 long-term care consumers throughout the state. Under previous action by the Committee, an additional 0.5 ombudsman specialist was approved to serve the residents of the state's veterans homes, beginning July 1, 2015.

17. Under the bill, BOALTC would be provided 3.0 additional ombudsman positions, including 1.0 ombudsman supervisor and 2.0 ombudsman specialist positions. DOA indicates that the additional ombudsmen positions were added to assist in serving the additional long-term care consumers that would receive services under the statewide Family Care and IRIS programs.

18. DOA indicates that the current ratio of ombudsman to long-term care consumers is approximately one ombudsman to 7,000 long-term care consumers, while the recommended ratio of advocates to consumers by the National Institute of Medicine is approximately one ombudsman to 2,000 consumers. Additionally, the administration indicates that there is currently one supervisor who is responsible for overseeing all ombudsman specialists. Accordingly, the addition of these positions was intended to reduce this ratio and to provide a more manageable workload for the ombudsman supervisors.

19. Not only does DOA argue that these positions are necessary to improve the ratio of ombudsman specialists to consumers and supervisors to ombudsman specialists, but the administration indicates that the number of cases and complexity of issues has been increasing over time. The administration argues that these positions would assist in managing the growing responsibilities of the ombudsman specialists.

20. No projections are currently available regarding the additional number of long-term care consumers that would receive ombudsman services under the Family Care expansion. Accordingly, it is unclear whether three additional ombudsman specialists is the appropriate number to add if the proposed Family Care expansion is adopted.

21. Some may argue that the expansion would not contribute to significant increases in the number of individuals who could access ombudsman services, in that most of the individuals who

would use such services are already in a living arrangement or receiving services from a home or community-based program that allows them to use the Board's services.

22. Conversely, others may argue that, regardless of the number of additional long-term care consumers that would be served under the proposed expansion of Family Care and IRIS, the current ratio of ombudsman specialists to long-term care consumers is too high, and should be reduced to improve access to advocacy services by long-term care consumers.

Discussion of Alternatives

23. The current waiver agreement indicates that the Family Care program will ultimately be available statewide, although the agreement does not specify a date by which this expansion must occur. Therefore, it may be argued that statewide expansion was the initial intent of the Family Care program, and that this provision is keeping with that intent.

24. Further, it has been argued that expanding the Family Care program to the remaining counties is a matter of fairness to taxpayers and consumers in the non-Family Care counties. First, taxpayers in these counties are paying for publicly-funded services their residents cannot access. Family Care cost increases are funded as part of the MA "cost-to-continue" item, which will continue to increase as additional counties reach entitlement status. At the same time, counties that continue to administer the legacy long-term care waiver programs have not been provided additional funding to address rising costs or to reduce waiting lists for services. Second, the Department argued in its December, 2013, report to the Finance Committee that expansion is a matter of fairness to long-term care consumers in the non-Family Care counties, some of whom may continue to wait for the community-based long-term care services or receive care provided by nursing homes. Based on these arguments, the Committee could adopt the Governor's recommendations, including funding to support additional positions for BOALTC (Alternative 1)

25. If the Committee wishes to adopt the Governor's recommendation related to Family Care expansion, but believes that there would not be a sufficient increase in the number of long-term care consumers under this proposal to warrant three additional ombudsman positions, it could choose to approve the statewide expansion of Family Care, but delete funding for the three additional ombudsman positions (Alternative 2).

26. Others would argue that providing an entitlement to community-based long-term care services through the Family Care and IRIS programs increases demand for long-term care services, and that the current programs have insufficient means of controlling program costs. Moreover, previous efforts to assess the cost-effectiveness of the program may be viewed as inconclusive. For instance, in the December, 2013, report to JFC regarding long-term care expansion, DHS concluded that, had Family Care been available in the remaining counties of the state beginning in 2013, it would have saved the state approximately $34.7 million over the next 10 years. However, the findings in this report are highly dependent on the assumptions used in modeling these savings.

27. Further, it may be argued that the Department intended counties to have the choice to opt into the program, and that the Governor's budget runs counter to that intent by forcing the remaining eight counties into the program, some of which have publicly acknowledged their lack of

support for program expansion. Accordingly, the Committee could delete the Governor's recommendation to expand the Family Care program statewide, and delete funding that would be provided to BOALTC for three additional ombudsman positions (Alternative 3).

ALTERNATIVES

1. Adopt the Governor's recommendation to expand the Family Care program statewide and to provide positions for BOALTC. Reduce funding for MA benefits by $5,730,800 GPR, and increase funding from county contributions by $5,730,800 PR in 2016-17.

ALT 1	Change to Bill
GPR	- $5,730,800
PR	5,730,800
Total	$0

2. Adopt the Governor's recommendation to expand the Family Care program statewide. Reduce funding for MA benefits by $5,730,800 GPR, and increase funding from county contributions by $5,730,800 PR in 2016-17.

In addition, reduce funding for BOALTC by $235,800 (-$153,300 GPR, and -$82,500 PR) in 2016-17, and delete 3.00 positions (-1.95 GPR positions and -1.05 PR positions) in 2016-17 to reflect elimination of the additional ombudsman position provided to BOALTC under the bill. Reduce funding in DHS by $82,500 FED to delete MA administration funding provided in the bill to support these BOALTC positions.

ALT 2	Change to Bill	
	Funding	Positions
DHS		
GPR	- $8,596,100	0.00
PR	8,596,100	0.00
FED	- 82,500	0.00
Total	- $82,500	0.00
BOALTC		
GPR	- $153,300	- 1.95
PR	- 82,500	- 1.05
Total	- $235,800	- 3.00

3. Delete provision. Reduce funding by $318,300 (-$153,300 GPR, -$82,500 FED, -$82,500 PR) in 2016-17, and delete 3.00 positions (-1.95 GPR positions and -1.05 PR positions) in 2016-17.

ALT 3	Change to Bill	
	Funding	Positions
DHS		
FED	- $82,500	0.00
BOALTC		
GPR	- $153,300	- 1.95
PR	- 82,500	- 1.05
Total	- $235,800	- 3.00

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