Legislative Fiscal Bureau
One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: http://legis.wisconsin.gov/lfb

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Expand Northern Wisconsin Center's Intensive Treatment Program (Health Services -- Care and Treatment Facilities)

[LFB 2023-25 Budget Summary: Page 293, #6]

CURRENT LAW

The Department of Health Services (DHS) operates three facilities that provide residential care for individuals with developmental disabilities: (a) Northern Wisconsin Center (NWC) in Chippewa County; (b) Southern Wisconsin Center (SWC) in Racine County; and (c) Central Wisconsin Center (CWC) in Dane County. The State Centers are licensed and regulated as intermediate care facilities for individuals with intellectual disabilities (ICFs-IID) by the U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services (CMS). The ICF-IID certification makes the centers eligible for federal cost sharing under the state's medical assistance (MA) program.

SWC and CWC provide long-term services and intensive treatment program (ITP) services. NWC does not offer long-term services. NWC currently provides ITP services to people ages 14 and older with an intellectual disability and co-occurring mental health or behavioral disorder. ITP services include behavioral and psychiatric evaluation and treatment, medical services, and vocational programing. Patients in NWC's program reside at NWC while they participate in the ITP. The treatment plans are tailored to the individual's needs and are intended to provide the skills necessary to live as independently as possible within the community. Currently, NWC has 25 licensed beds.

DISCUSSION POINTS

ITP Expansion

1. While NWC has 25 licensed beds, the average daily population (ADP) has typically

been much lower. The following table shows the average ITP population over the past five years at each of the State Centers.

Average Monthly Number of Clients by ITP Location

	2018-19	2019-20	2020-21	2021-22	2022-23*
CWC	5	3	2	3	3
NWC	15	13	12	11	10
SWC	10	14	12	12	10

*Through February

2. Currently, the units providing ITP services to individuals at CWC and SWC have a maximum capacity of 16 beds and 26 beds, respectively.

3. The Department indicates that the number of individuals that can be served at any one time in ITP units is much lower than the physical capacity of these units, due to a number of factors, including patient care and safety (individual treatment needs, existing patient mix, and gender and age of the individuals), facility staffing levels, and use of units for COVID isolation or surge units to support closure of other units for campus construction and renovation projects. Vacancy rates and difficulty in recruitment and retention of direct care staff are also factors in determining how many ITP beds are operational.

4. In order to be admitted for ITP services, an individual must have an intellectual disability and co-occurring mental health or behavioral health disorder and need help learning essential skills for daily living. Unless ordered by a court, eligible individuals require the approval of the local community board or appropriate managed care organization, the Director of the State Center, and the individual's parent or guardian.

5. DHS notes that over the last five years, a monthly average of 50 individuals have been on the waiting list for ITP services. DHS admits individuals into an ITP after reviewing their acuity and unique behavioral needs. Individuals are selected for placement in an ITP based both on the patient's need and on how they will likely interact and respond to others who are already receiving services at the facility. Eligible individuals are not necessarily admitted to the program in chronological order from the waitlist. Staff from the State Centers meet frequently to evaluate the needs of the individuals on the waiting list and to determine in which facility the individual could best be served, based on the factors listed previously.

6. Services provided to residents at the State Centers are funded almost entirely with Medicaid funding. MA reimbursement for the ITP program at NWC is derived from several Medicaid sources, including payments from the Family Care managed care organizations for ITP services provided to their enrollees, and fee-for-service Medicaid (reimbursement for Medicaid state plan services paid directly by the program). For calendar year 2023, the daily ITP rate is $1,857 for Family Care enrollees, of which the managed care organization is responsible for $1,449 per day and fee-for-service Medicaid is responsible for the remaining $408 per day. However, these rates are subject to

two types of surcharges. The first is an extended stay surcharge, which DHS may apply if the individual stays at the State Center beyond the planned discharge date. The fees may increase every six months that the individual stays at the State Center. The second is a non-typical services surcharge, which a provider can apply for services such as interpretive services, one-on-one staffing, or unusual living arrangements or medical services.

7. Assembly Bill 43/Senate Bill 70 would provide $6,751,000 PR in 2023-24 and $8,757,600 PR in 2024-25 to fund 92.0 positions, beginning in 2023-24, to expand the ITP at NWC. Under the bill, DHS would not increase the number of licensed beds from the 25 currently at NWC, rather, the bill would provide staff to expand services for up to 12 additional residents.

8. The Administration indicates that of the three State Centers, expanding the ITP at NWC would offer a number of benefits. First, NWC has space available for additional beds. This additional capacity was created when NWC renovated areas to temporarily relocate ITP participants during a major roof replacement project. Once this roof project is complete, the newly created space would be available to treat additional individuals participating in the ITP.

9. Second, NWC has a school on site to provide requisite education to individuals who participate in the ITP. In contrast, SWC does not have any staffing or building capacity for a school, which limits referrals to its ITP program to individuals who are no longer of school age.

10. Finally, NWC has not experienced the same challenges as SWC and CWC in recruiting and retaining staff. The Administration indicates that the ability to recruit staff is a major obstacle to ITP expansion in other locations as ITP services require resident care technician – advanced level care providers and treatment teams. In December 2022, DHS reallocated 13.0 vacant positions from CWC and SWC to support more flexible shift scheduling options at NWC. Existing staff levels at NWC had limited direct care shift scheduling, requiring staff to work up to five weekends before receiving one weekend off. The addition of the reallocated positions allows NWC to offer flexibility in shift scheduling to improve current direct care staff satisfaction and improve future recruitment and retention efforts.

11. The Administration estimates that of the $15,508,600 that would be provided over the biennium, $3,560,100 would fund resident costs (such as food, medications, medical services, laundry services, etc.) and the remaining $11,948,500 would fund staff costs (such as salary, fringe benefits, and supplies and services) for the additional 92.0 positions to serve additional ITP participants. The staffing proposed for the expansion is consistent with the existing clinical and ancillary staffing patterns used at NWC to provide patient care for a complex and high needs population.

12. In order to serve more individuals in need of ITP services in a timely fashion, the Committee could provide $6,751,000 PR in 2023-24 and $8,757,600 PR in 2024-25 to fund 92.0 positions, beginning in 2023-24, to expand the ITP at NWC for up to 12 additional residents. [Alternative A1]

13. On the other hand the Committee could choose to approve a smaller expansion of the ITP at NWC. For example, the Committee could provide $3,945,400 PR in 2023-24 and $5,105,400 PR in 2024-25 to fund 56.0 positions, beginning in 2023-24, to expand the ITP at NWC. Using the

same assumptions regarding staff and resident cost, it could be assumed that under this alternative up to six additional residents could be served by the ITP at NWC. [Alternative A2]

14. The reduction in bed capacity under Alternative A2 is not entirely proportional to the reduction in positions and costs, as some positions are needed to support any expansion of the program at NWC. As such, to support a smaller expansion, only the number of residential care technician - advanced could be reduced. The positions needed to support any expansion, such as a resident care supervisor, licensed practical nurse, psychological associate, a developmental disabilities specialist, custodian, and food production assistant, would still be needed for a smaller expansion of services at NWC. Due to these fixed costs (positions), the Department indicates that it would not make sense for NWC to open a new expansion that is less than six beds.

15. Finally, the Committee could choose to take no action. Under this alternative the Department would continue to admit individuals on the waiting list for ITP services as it is able, using current program capacity at the three State Centers. The Department indicates that currently, when individuals with intellectual or developmental disabilities experience a crisis or other behavioral health issue while on the waiting list for ITP services, those individuals may instead receive services at Winnebago Mental Health Institute (WMHI). However, WMHI is not staffed for the level of care these individuals often need to ensure the safety and security of the individual and staff in such crisis situations. Further, individuals with intellectual or developmental disabilities who do not need the hospital-level psychiatric care provided at a mental health institute, would instead be better served in a State Center experienced with serving individuals with intellectual or developmental disabilities and other behavioral health challenges. [Alternative A3]

GPR-Earned

16. Prior to the 2003-05 biennial budget act, NWC offered long-term services in addition to ITP services. Since the closure of the long-term services at NWC, there have been a number of financial challenges at the NWC campus. Due to the large size of the NWC campus but the small "footprint" of the ITP, the Department has reported an unsupported overdraft in two appropriations relating to the operations of the ITP at NWC (interagency and intra-agency programs and alternative services of institutions and centers) for many years.

17. The Department has tried to address the unsupported overdraft in the two appropriations by reducing the amount of GPR-earned credited to the state general fund. In its 2023-25 agency budget request, submitted on September 15, 2022, DHS sought authority to retain Medicaid reimbursements received by the State Centers for depreciation and interest costs ($5.9 million in 2023-24 and $6.0 million in 2024-25). Without this authority, those funds would otherwise be credited to the general fund as GPR-earned (except for the $1.0 million retained annually as authorized in 2017 Wisconsin Act 59). The Department generated $5.6 million in GPR-earned revenue from the State Centers in 2021-22. In its plan, DHS indicates that retained GPR-earned would be used to reduce the accumulated deficit and to fund future unreimbursed campus costs.

18. Subsequently, AB 43/SB 70, introduced on February 15, 2023, would authorize DHS to retain Medicaid reimbursements received by the State Centers for depreciation and interest costs ($5.9 million in 2023-24 and $6.0 million in 2024-25) by assuming there would be reduced revenues credited to the general fund.

19. On April 18, 2023, the Joint Committee on Finance denied the Department's plan to address the unsupported overdrafts for 2021-22, thereby deferring action on this portion of the unsupported overdraft plan for consideration as part of the 2023-25 budget.

20. The general fund condition statement under AB 43/SB 70 reflects the Administration's assumption that DHS will retain $5.9 million in 2023-24 and $6.0 million in 2024-25, rather than categorize them as GPR-earned. In an effort to address the unsupported overdraft, the Committee could take no action on this proposal, thereby adopting the Administration's assumptions regarding GPR-earned credited to the general fund. Further, adoption of this alternative would be more consistent with the treatment of depreciation costs at other state operated facilities, namely the Department of Veterans Affairs (DVA) nursing homes, for which no amount is currently credited to the state general fund. Rather, DVA retains and uses these funds to operate its facilities. [Alternative B1]

21. Together, the unsupported overdrafts in the interagency and intra-agency programs and alternative services of institutions and centers appropriations totaled approximately $18.0 million at the end of 2021-22. Assuming some ongoing unreimbursed costs in each of the appropriations, it is possible that the unsupported overdrafts would be retired within the next five years under this alternative.

22. On the other hand, the Committee could authorize DHS to retain a smaller amount of the funds that would otherwise be credited to the general fund. For example, the Committee could authorize DHS to retain a total of $3.0 million in 2023-24 and $3.0 million in 2024-25 (of which $1.0 million annually was already approved in 2017 Act 59). Under this Alternative the general fund balance would be improved by $2.9 million in 2023-24 and $3.0 million in 2024-25. [Alternative B2]

23. While still assuming some ongoing unreimbursed costs in each of the appropriations, it is possible that the unsupported overdrafts would be retired within the next ten years under this alternative.

24. Finally, the Committee could reject the Administration's assumptions regarding GPR-earned and the general fund, fund condition. Under this alternative, the general fund balance would be improved by $4.9 million in 2023-24 and $5.0 million in 2024-25. However, in the event that the Committee continues to credit this revenue to the general fund, the overdraft will not be resolved and will continue to persist. [Alternative B3]

ALTERNATIVES

A. Intensive Treatment Program Expansion

1. Provide $6,751,000 PR in 2023-24 and $8,757,600 PR in 2024-25 to fund 92.0 PR positions, beginning in 2023-24, to expand the ITP at NWC for up to 12 additional residents.

ALT A1	Change to Base	
	Funding	Positions
PR	$15,508,600	92.00

2. Provide $3,945,400 PR in 2023-24 and $5,105,400 PR in 2024-25 to fund 56.0 PR positions, beginning in 2023-24, to expand the ITP at NWC for up to six additional residents.

ALT A2	Change to Base	
	Funding	Positions
PR	$9,050,800	56.00

3. Take no action.

B. GPR-Earned

1. Authorize DHS to retain $5.9 million in 2023-24 and $6.0 million in 2024-25 (of which $1.0 million annually was already approved in 2017 Act 59).

2. Authorize DHS to retain a total of $3.0 million in 2023-24 and $3.0 million in 2024-25 (of which $1.0 million annually was already approved in 2017 Act 59). Increase estimated general fund revenues by $2.9 million in 2023-24 and $3.0 million in 2024-25.

ALT B2	Change to Base
GPR-Earned	$5,900,000

3. Do not authorize DHS to retain additional funding, beyond the funds authorized in 2017 Act 59. Increase estimated general fund revenues by $4.9 million in 2023-24 and $5.0 million in 2024-25.

ALT B3	Change to Base
GPR-Earned	$9,900,000

Prepared by: Alexandra Bentzen