
Wisconsin Department of Health and Family Services

2007-2009 Biennial Budget Proposal for Aging and Disability Resource Center (ADRC) and Family Care Expansion



Why Expand ADRCs and Family Care ?

- Give people **choices** about where they live and the care they receive
- Streamline the system – simplify access and funding structure
- Prepare for the aging of the “baby boom”
- Promote wellness – prevent need for expensive care
- Promote individual planning and responsibility for future needs
- Control and better manage public costs



Program Results – Family Care

Costs in comparison to fee-for-service counterparts:

- Lower overall long-term care costs
\$722 PMPM* lower outside Milwaukee
\$565 PMPM lower for frail elders in Milwaukee
- Lower total Medicaid spending
\$452 lower PMPM outside Milwaukee
\$55 lower PMPM for frail elders in Milwaukee

*PMPM = Per Member Per Month



Implementing Statewide Reform

- Aging and Disability Resource Centers will serve every geographic area that develops managed long-term care options
- Service delivery and costs will be managed through a flexible, integrated, individualized managed care benefit system
- Models include, but not limited to, Family Care and Partnership



Implementing Statewide Reform

- Financing will include capitated risk financing models with potential for innovative pay-for-performance models
- State will contract with a reasonable, but limited, number of care management organizations (CMOs)
- Multiple care management organizations may serve a single geographic area
- CMOs must meet criteria for sufficiency of provider networks, financial management, reserve capabilities, etc.



Implementing Statewide Reform

- CMO service areas will be multi-county, serving sufficient numbers of consumers to allow for cost-effective management of services and risks
- CMOs will be either private organizations, public-private partnerships, or multi-county consortia
- Reimbursement will be based on capitated, actuarially-sound rates



Family Care Expansion 07-09 Biennial Budget Proposal

- Key Cost Components
 - Aging and Disability Resource Centers (ADRCs)
 - Care Management Organizations (CMOs)
 - Other Enrollment-related Costs



ADRCs: Investment that produces long-term savings

ADRCs provide critical functions:

- prevention services,
- information and assistance to seniors and people with disabilities
- serve as entry point to Family Care system



ADRC Activities: Investment that produces long-term savings

- Prevention and wellness efforts keep people healthy, safe and independent by addressing risks such as falls, obesity, uncontrolled blood pressure and poor nutrition, which results in lower health care costs and improved well-being
- Assessment identifies health and long-term care needs and less obvious conditions that jeopardize independence, such as untreated depression, early dementia and social isolation
- Information and assistance directs individuals to appropriate community resources, which are cost-effective and avoid use of publicly-funded assistance



ADRC Activities: Investment that produces long-term savings

- Objective LTC options counseling helps individuals who have their own resources use them more wisely, delaying or eliminating need for publicly-funded assistance and promoting individual responsibility
- Benefits counseling assists individuals in fully accessing federally-funded benefits (e.g., Medicare, Social Security), reducing dependence on state or private funding
- Rapid response and referral to crisis care and protective services addresses urgent needs



ADRC Expansion

- Roll-out in next biennium is linked to CMO roll-out
- ADRC assumed to come on-line two months before a new CMO rollout linked to CMO rollout



Assumptions regarding expansion of Aging and Disability Resource Centers (ADRCs)

	% of State Population Covered by ADRCs
Current: August 2006	40%
FY07-FY08: Additional Population	18%
FY09: Additional Population	17%
Cumulative Total: End of FY09	75%



Projected CMO Costs: Cost per Person

- LTC Costs
 - Based on current Family Care capitation rate-setting methodology
 - Uses functional screen information to reflect acuity level (i.e., "case mix") of each client group
- Primary and Acute Costs
 - Based on primary and acute costs for current Family Care members
- As in current Family Care program, capitation rate includes adjustments for regional differences in health care costs



Phase-In Assumptions for new CMOs

- Based on experience of Family Care pilots
- Current Waiver Clients: enrolled within 6 months of CMO start date
- Waitlist Clients: enrolled within 24 months of CMO start date
- Other Community MA Recipients, Nursing Home Relocations and New to MA: within 5 years of CMO start date



CMO Enrollment Assumptions

	Current Five Pilot Sites	New Sites	Total
Current: August 2006	9,700		9,700
June 2008 (End FY08)	11,700	8,000	19,700
June 2009 (End FY09)	12,700	14,500	27,200



Composition of Family Care Clients in Expansion Sites

Total Enrollees: June 2009	14,500
• Waiver Rollovers	10,500
• Community Residents with LTC needs, including waitlist individuals	2,400
• Nursing Home relocations and diversions	1,300
• New to MA because of Family Care	300



CMO Capitation Rate Assumptions

- Full managed care savings are achieved over three years
- 3% capitation rate increase/year



CMO Benefit Package

- Assumed to be the Family Care long-term managed care benefit package
 - All the Medicaid waiver home and community based services
 - Supportive home care, daily living skills training, vocational supports, home modifications, case management
 - Medicaid long-term care card services
 - Nursing home, home health, personal care, PT/OT/Speech therapy, medical equipment and supplies, non-physician mental health and AODA treatment, case management
 - Does not include acute and primary health care
 - Physician, inpatient hospital, pharmacy, lab/xray



CMO Projected Revenue Offsets

- Waiver/COP funding for populations served by FC, as individuals transfer to FC
- MA Funding used for non-waiver MA services for enrollees on MA prior to enrolling in FC
- Community Aids and county spending on long-term support clients, based on CY 2005 HSRS (Human Services Reporting System) and MA Targeted Case Management data, as clients transition to FC. The county contribution remains fixed over time. Each county has the discretion to determine the funding source(s) for its contribution.



Benefit Costs: Total Costs and Revenue Sources (\$ millions)

	FY08	FY09	Biennium
Total Benefits: All Funds (AF) (CMO Cap Rates & MA FFS)	178.5	422.9	601.4
Total Benefits: Non-FED portion	76.0	180.6	256.6
Revenue Offsets			
•MA FFS Funding	37.4	92.0	129.4
•MA Waiver Funding	17.5	38.6	56.1
•Community Options Program (COP)	6.5	14.7	21.2
•Community Aids/County LTC Funding	11.6	29.5	41.1
New GPR Funding	2.9	5.9	8.8

Totals may not sum to items due to rounding.



CMO Costs: Constant Versus Current Dollars

- CMO cost of the FC expansion is budget neutral in constant CY05 dollars: Cost of program is more than offset by revenue offsets
- When annual cost trends are factored in (3%/year), there is a shortfall between total cost and revenue offsets, resulting in need for new GPR in the 07-09 biennium.



CMO Costs in Constant CY05 Dollars (\$ Millions)

	FY08	FY09	Biennium
Total Costs: AF	165.5	378.3	543.8
Total Revenue: AF	164.0	383.6	547.6
Net Cost/Savings: AF	1.5	(5.3)	(3.7)

CMO Costs Incorporating Annual 3% Cost Trend (\$ Millions)

	FY08	FY09	Biennium
Total Costs: AF	178.5	422.9	601.4
Total Revenue: AF	171.6	409.2	580.8
Net Cost: AF	6.9	13.7	20.6
Net Cost: GPR	2.9	5.9	8.8



Income Maintenance (IM)

- Projected IM costs related to enrollment increases in the Family Care Expansion are \$1.4 million AF in FY07-09
- Counties will realize savings when the BadgerCarePlus Initiative substantially simplifies eligibility determination
- Family Care Expansion assumes that the county IM savings due to BadgerCarePlus will offset the workload costs related to Family Care Expansion



Quality Oversight

- Federal government requires use of an External Quality Review Organization (EQRO)
- Projected costs based on EQRO contract costs for current Family Care sites, and projected number of CMOs and enrollees
- Revenue offset: current contractual funding used for quality assurance for waiver programs is reallocated to Family Care EQRO as waivers phase down in new Family Care sites



Summary: 07-09 Budget Request (\$ millions)

	FY08		FY09		Biennium	
	GPR	AF	GPR	AF	GPR	AF
CMO Expansion	2.9	6.9	5.9	13.7	8.8	20.6
ADRC Expansion	1.6	5.1	11.4	16.7	13.0	21.8
External Quality Review	.1	.5	.04	.4	.1	1.0
Total Costs	4.7	12.6	17.3	30.8	21.9	43.4

Items do not sum to totals due to rounding.



Family Care Expansion: Goals Achieved

- Choice: People have better choices about the services and supports available to meet their long-term care needs
- Access: Improved access to services; waitlists are eliminated
- Quality: Improves quality by focusing on achieving individuals' health and social outcomes
- Cost-Effective: Establishes cost-effective long-term care system for the future

