



Area Agency on Aging of Dane County

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DATE: 4 April 2016

TO: Senator Jon Erpenbach, Senator Luther Olsen, and Representative Chris Taylor

FROM: Bill Clausius, Chair, Area Agency on Aging of Dane County

SUBJECT: Family Care/IRIS Redesign

On behalf of the Area Agency on Aging of Dane County, I am writing to express several major concerns we have with the Concept Paper developed by the Department of Health Services regarding redesign, and to urge you not to vote on the paper until much greater detail is forthcoming from DHS staff. Our concerns are as follows:

- DHS recommends three regions with three Integrated Health Agencies (IHAs) in each region. We believe that this will likely rule out the existing eight Managed Care Organizations (MCOs) from a role in future managed care because they will not be able to meet the financial reserve requirements of the Office of the Commissioner of Insurance (OCI) for such large regions. We question the wisdom of destroying some or all of the existing MCOs that have years of experience in managing Medicaid long-term care and helping to reduce the percentage of Medicaid spending on long-term care from 53% of the total Medicaid budget to 43%. This will lead to the disruption of the lives of all 55,000-60,000 frail elders and people with disabilities enrolled in Family Care/IRIS who will have to change to a different managed care company. The Joint Committee on Finance had specified at least five regions but this provision was vetoed by the Governor. It is our understanding that five regions with two IHAs in each would still be actuarially sound. We urge you to reconsider your original proposal for at least five regions.
- IRIS, the self-directed care program, as presented in the Concept Paper is very different from the way that IRIS works today, even though IRIS enrollees thought that they had a promise from the Legislature that it will continue "to look just like it does now." While Dane County is not yet in the Family Care/IRIS program, IRIS, as we know it today, was an attractive alternative to Dane County long-term care recipients that could be less attractive under the proposal in the Concept Paper. While DHS claims in the Concept Paper that their proposal is better than the existing system, it seems like a conflict of interest for the IHA to determine the budget for the person wishing to self-direct their services. We urge you to listen to IRIS enrollees regarding their preferences.

- While we are pleased to see the changes in the Concept Paper regarding Aging and Disability Resource Centers (ADRCs), we are concerned with the potential for a much heavier workload, especially related to the job of re-enrolling 55,000-60,000 Family Care/IRIS enrollees, without any additional resources. We urge you to raise this issue with DHS staff to see how they plan to handle this problem.
- In the Concept Paper, DHS claims that health care costs for individuals in long-term care managed care programs "grew 10 times faster than their overall Medicaid costs from 2010 through 2015." This contradicts a DHS report that states "The impact of Family Care's service and funding models reach beyond the services that managed care organizations manage directly: the average cost of physician, hospital, personal care, and other acute and primary care services for Family Care members have also declined over the last three years." (Source: DHS Long-Term Care Report). Please require DHS staff to produce the data and explain this contradiction.

In summary, we are still concerned that the lives of thousands of vulnerable people will be unnecessarily disrupted since, as submitted to the Joint Committee on Finance, the Concept Paper seems only to be replacing the existing, proven long-term care system for another new, unproven system. As you are aware, the success of efforts to privatize Medicaid in other states could best be described as ranging from difficult to disastrous. Do you have adequate information regarding costs and benefits to take that risk on behalf of so many individuals and families who depend on you for the quality of their lives? We ask that you defer action on the Concept Paper and address this question.

Thank you for considering our concerns.

cc: Joint Committee on Finance members
Dane County Legislators
Dane County Executive Joe Parisi
Dane County Department of Human Services Director Lynn Green