

A PIG IN A POKE

By Tom Frazier, March 15, 2016

In the fall of 2015 the Department of Health Services (DHS) held public hearings regarding the redesign of Medicaid long-term care programs, Family Care and IRIS (self-directed care). At the Milwaukee hearing on October 6, 2015 Tom Lutzow, CEO of ICare testified that he had received an email regarding an upcoming meeting of national insurance executives in Madison, WI and one of the items on their agenda was a discussion of plans to “blow up Family Care.” He went on to say that he was told that an attorney with one major national insurance company spent time in December 2015 and January 2016 in the Governor’s office working on what would become the redesign of Family Care/IRIS in the Governor’s budget. The Governor dropped the “bomb” to “blow up Family Care” in his 2015-17 budget proposal.

The Legislature, through the Joint Committee on Finance, passed the budget which included the long-term care piece that, with the Governor’s vetoes, was almost entirely his original proposal. The plan called for DHS to develop a “Concept Paper” to be submitted to the Finance Committee in April, 2016 and, upon approval by the Committee, DHS would proceed to develop a waiver for federal approval by the Centers for Medicare and Medicaid (CMS). The Concept Paper was released on March 2, 2016 and two public hearings were held in Eau Claire and Madison on March 7th. DHS staff has promised to make some revisions in the paper before submitting it to the Finance Committee in early April.

I have major concerns with some of the things in the paper, not including all of the issues that are not specifically addressed in the 14 page paper. Major concerns include:

- DHS recommends three regions with three Integrated Health Agencies (IHAs) in each region. I believe that this will make it difficult, if not impossible, for our existing eight Managed Care Organizations (MCOs) to meet insurance reserve (financial) requirements to qualify as IHAs. This could mean that all of the 55,000 + Family Care/IRIS enrollees will be forced to change who manages their care, likely a large, for-profit insurance company. Of course, large regions with large populations benefit these same insurance companies at the expense of consumers who are already in managed care.
- DHS states that persons who are eligible for both Medicare and Medicaid may choose to continue their Medicare coverage through fee-for-service or Medicare Advantage plans. However, whether these consumers will be automatically enrolled in a Medicare plan or allowed to “opt-in” to a plan is not addressed. If people are auto-enrolled then they would have to take positive action to “opt-out”

in order to keep their existing Medicare insurance. Auto-enrollment in other states has created mass chaos and confusion for consumers. Of course, auto-enrollment would be in the best interests of insurance companies that want as much Medicare money as possible. It is estimated that 80% or more of Family Care/ IRIS enrollees are eligible for both Medicare and Medicaid and will be impacted by this decision.

- While the Legislature promised that self-directed care will continue “to look just like it does now”, the Concept Paper proposes a very different budget process for those people who wish to direct their own care, including budgeting and employing their own care-givers. Again, consumers could be forced to make changes in the way they self-direct their care, while insurance companies would be better able to control the money.
- The Concept Paper indicates that Aging and Disability Resource Centers “will continue to have an integral role in the long-term care system” but several existing functions, such as information and assistance, advocacy, benefits counseling, and short-term service coordination, as well as the important **local** aspect of ADRCs, are omitted in the paper.

I have two huge issues with all of this: First, public input at the Joint Finance Committee public hearings, the public hearings by DHS last fall, and the two recent public hearings on the Concept Paper have been greatly discounted if not ignored. My summary of the hearings I attended is that people are scared because they don't understand what is happening and why it is happening since they are happy with what they already have. Second, given the covert role of insurance companies in "blowing up" Family Care, I find it impossible to believe that they will not continue their role behind closed doors developing the federal waiver to be what they want it to be. And that will be in the best interests of insurance companies, not consumers.

We, meaning consumers, advocates, and legislators, are being asked to buy a “pig in a poke” and, given what I have seen so far, we will not like the looks of this pig when it finally emerges in the form of a federal waiver proposal.