



Rate Reform v2.0

Long-Term Care, Home Health, and Personal Care
Stakeholder Meeting

3/8/2010

Agenda

- Follow-up to Family Care Questions at Jan. 26 Meeting
- Rate Reform Overview
- Status of Rate Reform Version 1
 - Highlights of Rate Reform Version 1: Long-Term care
- Trends
- Overview of Rate Reform Version 2
- Ideas/Recommendations Collected To-Date
- Timeline for Rate Reform Version 2
- Discussion of Additional Ideas/Recommendations
- Questions?





FAMILY CARE

Options for Long-Term Care



Rate Reform Overview

- The Medicaid program was required to find \$625 million (all funds) in savings (2009 Act 28) as a result of the 2009-11 State Budget Deficit.
- Rather than achieving these savings by doing across-the-board cuts, DHS decided to take the opportunity to find real reform opportunities in the Medicaid program.

Wisconsin's Rate Reform Project is Now Our Process for Continuous Quality Improvement and Program Reform.

- Constraints in how these savings can be achieved include:
 - The American Reinvestment & Recovery Act (ARRA), which prohibits the imposition of stricter eligibility standards
 - Wisconsin risks losing \$1.2 billion in federal funding if we impose stricter eligibility standards
 - ARRA funding is up for a 6-month continuation; however this funding comes with no guarantees – and eventually this enhanced funding will end
- DHS's Rate Reform approach includes:
 - A comprehensive examination of how MA purchases specific health care services
 - Identification of areas where true reform can be achieved in Medicaid and the program can achieve savings



Status of Rate Reform Version 1

- Rate Reform Version 1 has been a success
 - On-track to save \$633 million (all funds) as required by the 2009-11 state budget
 - Over 25 ideas have been implemented to date
 - Savings of \$141.3 million (all funds) to date



Status of Rate Reform Version 1

Date Implemented	Description	Projected SFY 10 Savings (\$ millions)*	Projected SFY 11 Savings (\$ millions)*	Projected Biennial Savings (\$ millions)*
8/1/2009	Reduce Reimbursement for Bed Hold Days	0.7	0.8	1.5
8/1/2009	Eliminate Enhanced Nursing Home Property Reimbursement	2.1	2.3	4.4
8/1/2009	Revise Downward Inflation Adjustment for Property Costs	0.4	0.4	0.8
8/1/2009	Raise Eligibility Threshold for Enhanced Intensity Payment	0.6	0.7	1.3
8/1/2009	Eliminate Reimbursement for Veterans at King's Veteran's Home who are 100% VA-funded	2.0	1.0	3.0
11/1/2009	Update Acuity (RUGS) Status for Residents on a Quarterly Basis	1.0	12.5	13.5
12/1/2009	Discontinue Payments for Care Coordination	0.0	0.3	0.3
12/1/2009	Contract for FFS DME/DMS Purchasing with State of Michigan (Incontinence)	0.7	1.5	2.2
2/1/2010	Create an Incentive for Nursing Homes to Avoid Preventable Adverse Health Conditions or alternative	1.0	1.5	2.5
2/1/2010	Divestment Options	0.0	0.0	0.0

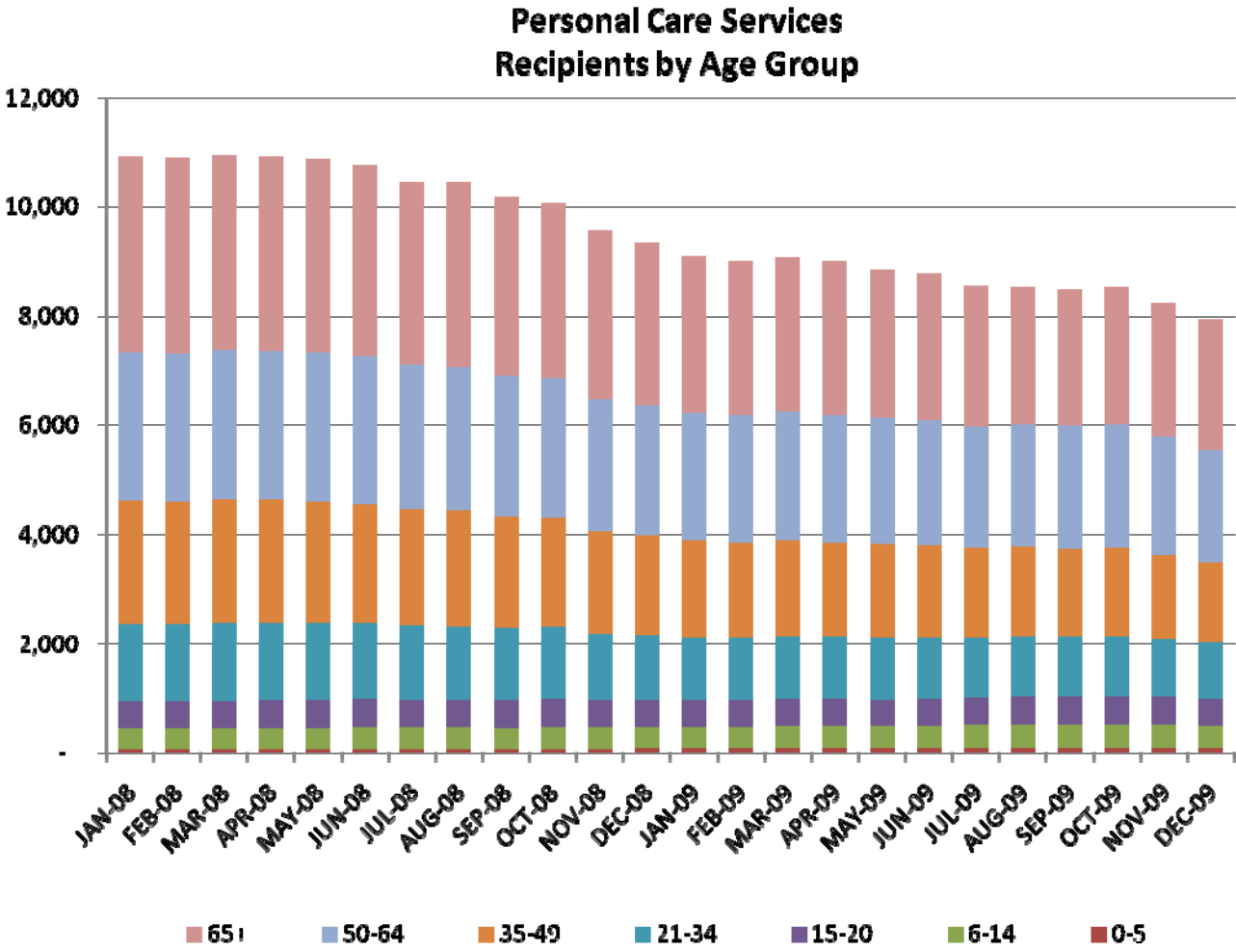


Highlights of Rate Reform Version 1 - LTC

- Moved to quarterly, rather than annual, acuity adjustments for nursing home payments to ensure Medicaid nursing home reimbursement reflects acuity on a more timely and accurate basis
 - Strong collaboration from nursing homes and associations facilitated a smooth transition to the new quarterly reporting system
- Collaboration with the Department of Veterans Affairs (DVA) enabled state to capture additional federal veterans funding for certain residents in DVA-administered nursing homes
 - The new federal veterans funding replaces Medicaid funding that would have been needed to support these residents
- Based on recent experience, increased projected number of individuals relocating from nursing homes to community-based settings
 - Individuals who relocate are able to live in their preferred setting at a lower cost to the Medicaid program; on average, the Medicaid costs to support an individual in the community after relocation is 32% lower than the individual's Medicaid cost in the nursing home.



Trends



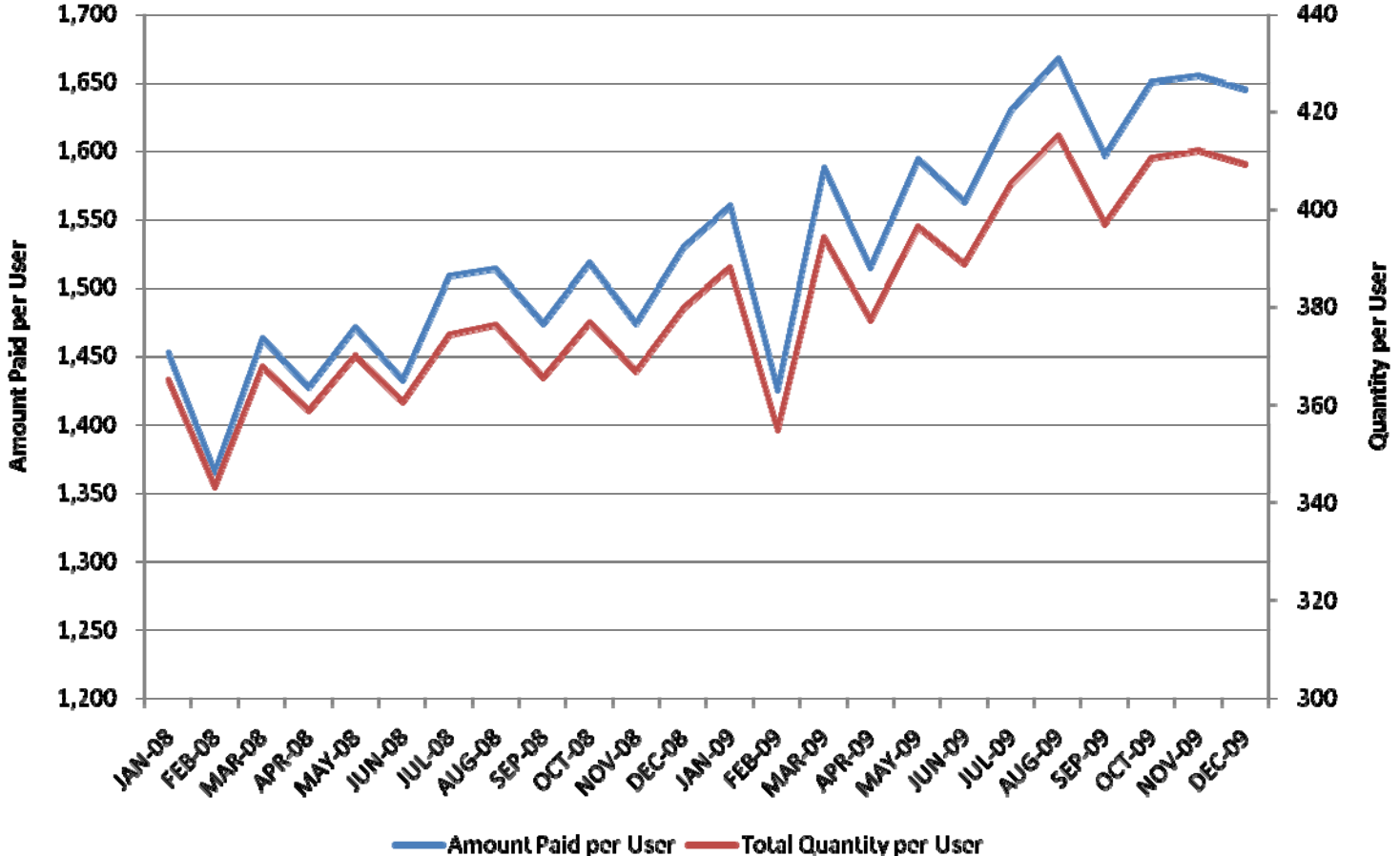
Trends

**Personal Care Services
Amount Paid and Quantity Allowed**



Trends

**Personal Care Services
Amount Paid per User and Quantity per User**



The Need For Rate Reform version 2

- Difficult Economic Times
 - Demand for Medicaid services exceeds current funding
 - Unemployment rate increased from 8.2% to 8.7% in December
- Preparation for reduced level of federal financial participation in Medicaid
- Continually looking for more efficiencies and enhancements to the program



Rate Reform is a Continuous Quality Improvement Initiative – We Will Not Stop at “Version 2”



Rate Reform v2 Guiding Principles

NEW

New Principles for Rate Reform v2

- Focus on areas where costs are growing faster than caseload (intensity)
 - Consider ideas that require statutory language changes
 - Reconsider ideas from Rate Reform v1 that weren't part of the final package
 - Identify & consider longer-term initiatives for 2011-13 biennium
- Continuation of Principles from Rate Reform v1:
 - Focus on finding efficiencies
 - Keep in mind that ARRA restrictions remain in effect
 - Maintain member benefits
 - Maintain access to care for vulnerable populations
 - Ensure that no one provider group is singled out
 - Align payments with value rather than volume
 - Build on previous MA quality improvement efforts
 - Implement care management/coordination strategies



Rate Reform Version 2 Ideas & Recommendations Collected



Ideas and Recommendations Presented are Not Ranked or Endorsed by DHS



Rate Reform Version 2 Ideas & Recommendations Collected

Ideas/Recommendations Submitted via Survey or Other Methods

Description

Long-term care life insurance promotion

Personal Care, PDN and Home Health Needs Assessment

Hard cap or acuity level limit on Personal Care, PDN and Home Health

Personal Care travel time rate reform

Functional screen coordination of PDN & Personal Care

Increase payment to PDN

Reduce PA on Personal Care, PDN and Home Health

Close Southern Wisconsin Center

No PDN reimbursement rate reduction



Rate Reform Version 2 Ideas & Recommendations Collected

Ideas/Recommendations Submitted via Survey or Other Methods

Description

Funds for MA-funded residents not needing skilled care to be supported in CBRF

Evaluate AFH and CBRF use of MA funds

Enhanced Medicare Reimbursement at State Mental Health Institutes

Eliminate unnecessary mailing of Enrollment and Benefit booklets to Nursing Home residents

Disclose and examine DQA costs

Recoup double payments to nursing homes for Medicare cross-overs

Restructure criteria for eligibility for nursing home bedhold payment

Avoid Medicaid payment for rental equipment in nursing homes that is eligible for Medicare reimbursement



Rate Reform Version 2 Ideas & Recommendations Collected

Ideas/Recommendations Submitted via Survey or Other Methods

Description

Restructure ICF-MR reimbursement to be more acuity-based

Claim Medicare reimbursement for a portion of case management cost in Partnership program

Establish uniform residential rate-setting methodology in Family Care

Maximize capture of Medicare, third party reimbursement and casualty claims in Family Care

Review pharmacy utilization in Family Care for DD clients

Eliminate prior authorization on fee for service services used by children and adults with long-term care needs

Promote the 'Own Your Future' campaign and apply more strict asset requirements to community based long term care



Rate Reform Version 2

Estate Recovery Ideas & Recommendations

Ideas/Recommendations Submitted via Survey or Other Methods

Description

Divestment

Recovery for PACE

Notice of transfer or encumbrance on property

Void unrecorded transfer for a MA receipt

Recover all services for a person on MA after age 55

Restructure definition of “estate”



Rate Reform Version 2

Estate Recovery Ideas & Recommendations

Ideas/Recommendations Submitted via Survey or Other Methods

Description

Limit the amount retained by “pooled” supplemental needs trusts

Lower in-state reimbursement rates for diabetic supplies rather than contract out-of-state

Lower in-state reimbursement rates for DME/DMS supplies rather than contract out-of-state

Recovery of brokerage accounts

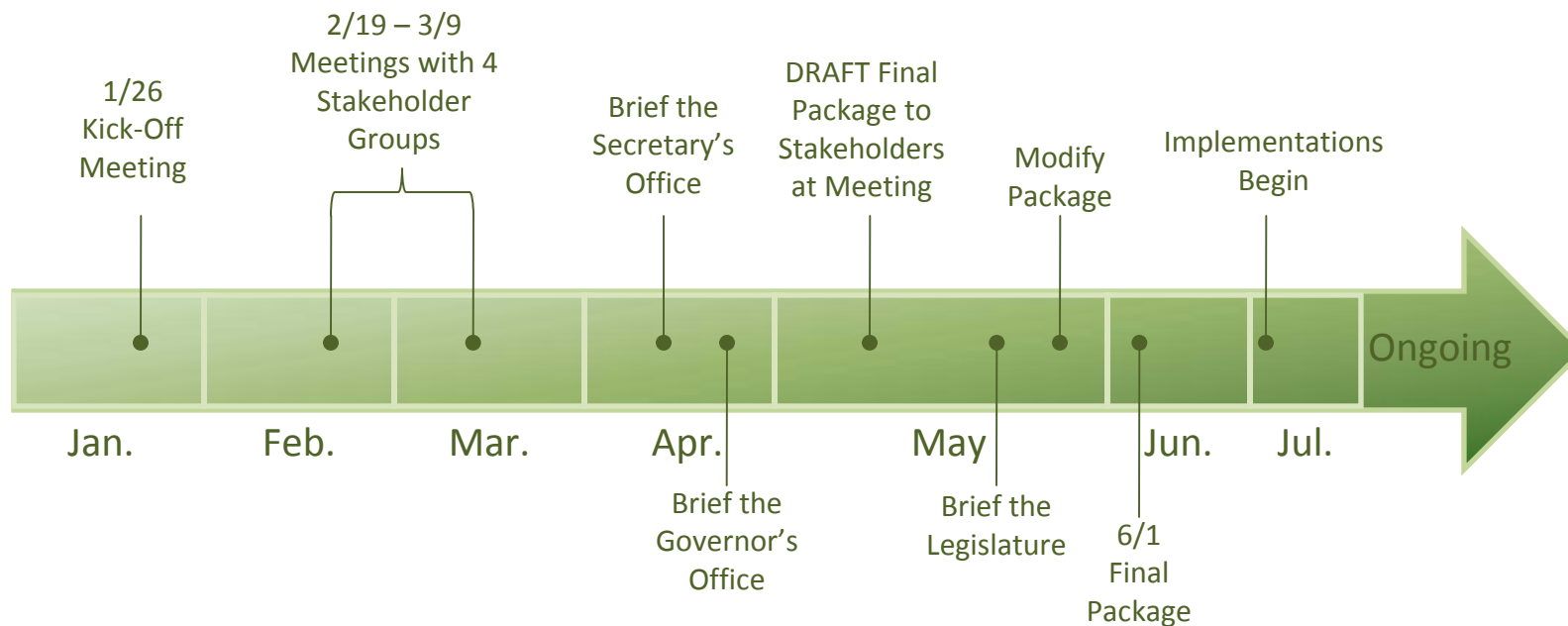
Recovery of trust assets

Recovery of special/supplemental needs trusts

Recovery of certain non-probate transfers



Rate Reform Version 2 Timeline





DISCUSSION OF NEW IDEAS & RECOMMENDATIONS





QUESTIONS?

