

**Committee on Comprehensive System Change**  
Council on Long Term Care Reform  
**Meeting of November 4, 2005**

**Minutes**

**Members present:** Gerry Born, Lynn Breedlove, Paul Cook, Carol Eschner, Tom Frazier, Rich Kammerud, George Potaracke, Tim Sheehan and Craig Thompson

**Members absent:** Jerry Huber and John Sauer

**Others present:** Helene Nelson, Rep. Curt Gielow, Judith Frye, Lorraine Barniskis, Chuck Wilhelm, Diane Waller, Jennifer Gillespie, Kathleen Luedtke, Dan Hayes, Nancy Anderson, Marge Pifer, Mark Stein, Sue Schroeder, Jim Vavra, Lyle Updike, Joyce Binder

Chair George Potaracke called the meeting to order at 9:05 a.m.

**Updates on Medicaid home care**

Marge Pifer briefed the committee. She said that of the total \$210 million budget for Medicaid fee-for-service home care (including personal care, home health and private duty nursing), DHFS must realize \$10 million in savings over the biennium from the projected cost to continue (not from last year's spending). DHFS is working with two advisory committees and with provider associations to explore many options. The Medicaid home care RFI was issued to solicit additional ideas. Six proposals have been received, and two more are expected. All decisions regarding RFI responses and other cost-saving mechanisms will be made in the context of where DHFS is going with LTC reform. A decision has been made to make the home care assessment more uniform by linking with the functional screen. The new process is likely to be implemented in the spring of 2006. Marge agreed to update the committee again in mid-winter.

**Interface between Medicaid LTC reform and Medicare reform**

Paul Cook updated the committee on Medicare managed care plans. There are three types of special needs plans (SNP): (1) institutional (for people who meet nursing home eligibility criteria), (2) dual eligible, and (3) severe and disabling conditions. The definition of the latter is still fairly loose. Current law would have these plans sunset in 2008. For most plans, organizations may not accept only a subset of the defined population. Plans must include prescription drugs and must meet state insurance requirements (in Wisconsin, licensure as an HMO). The application and bidding process is complex and has financial costs for applicants. DHFS and counties will have little or no say in who operates these plans, or where.

As of 8/30/05, about 123 plans have been approved nationwide. This figure does not include the Partnership programs, which are also institutional SNPs. Ninety-three of the 123 approved plans are dual eligible plans; another 30 are institutional. Big players include United Health Care and its subsidiary EverCare, with about 59 plans, Humana and Amerihealth.

The interface between CMS Medicare and Medicaid staff is not smooth. It was suggested that advocacy efforts are needed to push CMS to improve coordination. It was also suggested that DHFS and/or the CSC Committee might want to discuss these issues with the Office of the Insurance Commissioner, which does license SNPs. These new plans, especially those focused on severe and disabling conditions, do encourage people with chronic diseases to get better management, which could delay or prevent spend-down to Medicaid-funded LTC. In addition to

overlap between these new Medicare plans and Partnership (or other potential integrated LTC plans), there is also overlap between SSI Managed Care and the dual eligible SNP. Now that it is a SNP, Community Health Partnership has to operate dual accounting systems and is less able than in the past to use Medicare savings (e.g., from decreased hospitalizations) for other needs such as personal care. SNPs must share savings with Medicare. Paul was asked to think through next steps for further committee discussion.

### **Updates from DHFS**

Secretary Helene Nelson updated the committee on the response to the recently issued LTC Reform RFI/RFP. Three forums have been held to date, which have been well attended. Questions and answers from these will be posted on the RFI web site next week. Although some counties are still fearful, there is county interest in every part of the state and a majority of counties are interested in at least exploring this further. The RFP for planning grants will be reviewed using a conventional point system. Criteria will be posted on the web site. The RFI process is more open-ended. The time line is probably longer and will depend to some extent on the next biennial budget. LTC Reform will drive and overlay other efforts to manage LTC, including the home care RFI.

Chuck Wilhelm reported that the Community Relocation Initiative is on target. The ICF-MR Restructuring Initiative is also on target; 204 relocations have been accomplished, with average care plan costs very close to projections. A recent survey of ICFs-MR found that of 31 facilities, 11 are considering closing or downsizing. DHFS will negotiate phase-down plans with these facilities and counties that have residents in them over the next 3 to 6 months.

Gerry Born noted that statutory and/or process changes are needed to deal with the current requirement that facilities must file a relocation plan if five or more people relocate. Sue Schroeder is advising on the relocation process for both initiatives. She has already recommended that a full-time position be dedicated to these efforts. DHFS will implement this recommendation and will also contract for assistance with facility-specific downsizing/closing plans.

Kathleen Luedtke noted that the LTC Reform RFI/RFP web site - <http://dhfs.wisconsin.gov/LTCare/rfi/> - will be used for considerable information about the process. Information will include Judith Frye's presentation at the forums, archived web casts of the forums, question/answer documents, RFP evaluation criteria, and lists of forum attendees. The federal CMS review of the CSC grant was submitted by DHFS on November 1<sup>st</sup>; no feedback has been received yet.

Craig Thompson reported that the WI Counties Association has passed a statement indicating that if the State does not change course of funding for courts and human services, counties will withdraw from providing these services and ask the State to take over. Many counties are considering this option in light of the downward state funding trends over recent decades and the recent enactment of levy freeze laws.

### **Committee business**

- On a motion by Craig Thompson, seconded by Tim Sheehan, the minutes of the October 7, 2005 meeting were approved unanimously.
- Meetings for 2006 were scheduled as follows:

CSC Committee: February 10, April 14, June 9, August 11, October 13 and December 8. If additional meetings are needed, we will try to schedule them the Thursday before Council meetings in the alternate months.

The full LTC Reform Council will meet: January 13, March 10, May 12, July 14, September 8 and November 10.

### **Comments from the public**

Nancy Anderson thanked the committee for beginning discussion on Medicare and Medicaid managed care interface issues and re-iterated WPSA's concerns about coordination and administrative issues that service providers may face.

### **Plans and activities of the Assembly Medicaid Reform Committee**

Rep. Curt Gielow said that he and his committee appreciate the complexity of Medicaid and are cautious about precipitous action that could harm consumers. Having traveled to other states, he also appreciates how far ahead of many other states Wisconsin is. At the same time, we need major reforms, since Medicaid costs are unsustainable on their current trend line. He requested help from the CSC committee in developing models for reform in the LTC area. It was noted that many stakeholders around the state are working together to develop good local models in response to the RFI/RFP recently issued by DHFS. It was suggested that the Medicaid Reform Committee be kept informed of developments related to the RFI/RFP and that there be better liaison between that committee and the CSC Committee and the LTC Reform Council. It was also suggested that consideration be given to insurance regulation issues, perhaps developing a special OCI licensure category for LTC-only managed care plans.

Rep. Gielow also brought to the committee's attention the concept paper he and others have floated for universal health care coverage for people under age 65. A group of key stakeholders has been meeting to try to resolve differences. Rep. Gielow has also proposed creation of a new LTC Liability fund to deal with the issue of liability insurance costs for LTC providers.

### **Discussion on future role and size of the nursing home industry**

Judith Frye informed the committee that Secretary Nelson has directed staff to work on a variety of nursing home issues. Fredi Bove, Mark Moody and Jason Helgerson have overall lead for these efforts. The work has been divided into several areas:

- Acuity based rates (DHCF lead)
- Quality based rates (DDES lead; hope to work with MetaStar advisory groups)
- Access issues (DDES lead, with CSC Committee and LTC Reform Council as advisors)

Sue Schroeder has begun work on the quality and access areas and is developing a work plan. Access issues include development of policies for thoughtful downsizing of the overall nursing facility industry. We need to work toward consensus on what role we want for nursing facilities in the future (what care, for whom?). She noted that Family Care CMOs are working on protocols for determining when a nursing home is the best option for a given member.

Judith distributed information developed earlier for the Residential Options Task Force and invited suggestions for what updated information would be useful to guide committee discussions. Suggestions included:

- Nursing facility beds (especially MA beds) by geographic area along with the number of MA eligible people
- Information about the number of beds per 1000 people age 65+ and age 85+ by county/region compared to the national averages

DHFS will bring a variety of updated information to the next committee meeting.

**Future agenda items**

- Next meeting scheduled for December 2, 2005. Suggested items for future agendas (cumulative list):
  - Additional discussion on how Medicaid LTC reform will interface with Medicare managed care, including how to avoid Medicaid investments in reform resulting only in savings to Medicare. Related interface issues from provider perspectives (address concerns expressed by WPSA).
  - Discussion on future role and structure of nursing facility industry. Get a picture of the current industry, recent trends. Possible issues to include changes in the nursing home formula, downsizing transition payments. More information about new models of nursing facilities being developed.
  - Update on ADA plan implementation
  - Briefing on consumer-directed supports project (Jennifer Gillespie and/or TMG)
  - Update in January/February from Secretary Nelson on responses to RFI/RFP and discussion on next steps
  - Update in mid-winter on MA home care cost controls
  - Updates from Rep. Curt Gielow on plans and activities of Assembly Medicaid Reform Committee (CSC and/or Council)
  - Overviews of various risk-based payment systems and trends toward individually based rates
  - Update on ICF-MR Restructuring Initiative
  - Update on the CSC project.
  - Update on the Community Relocation Initiative and other budget implementation issues
  - County panel on nursing home relocation experience (or include on agenda of full Council instead)
  - Consider asking EverCare to present their model.

**Meeting adjourned** at approximately 2:00 PM.