

## Wisconsin Medicaid Innovations are Solutions for all States

- **Direct Medicaid spending to keep people with disabilities in their homes rather than more expensive institutional settings.**
  - Current federal law forces states to pay for more expensive institutional settings<sup>1</sup>. Housing people in institutions is 30-40% more expensive supporting people in the community with Medicaid Home and Community Based (HCBS) services.
  - Wisconsin's prevention and reduction of institutional placements using HCBS long term care waiver programs (Family Care and IRIS) has been a driver of big Medicaid cost savings in Wisconsin. Other states have not made similar investments in HCBS services and their Medicaid spending is significantly higher because of it.
- **Make Community Supported Living the first and preferred option for Medicaid reimbursable HCBS residential supports** to achieve additional savings. <sup>2</sup>.
- **Direct Medicaid dollars to support people with disabilities in real jobs in the community.** Community integrated employment supports are more cost effective<sup>3</sup>.
- **Require every student with a developmental disability to exit high school with a community integrated job.** Dane county has this policy and has the highest community employment rate for people with developmental disabilities (75%) in the country<sup>4</sup>.
- **Establish a pay for performance system** that rewards community employment outcomes and fading or elimination of public employment supports<sup>5</sup>.
- Support public transit, shared-ride systems, and other **transportation options** as acceptable Medicaid payees **to enable Medicaid enrollees to be able to commute to work**
- **Negotiate savings for prescription drug costs.** By lowering the costs that Medicaid and Medicare pay for prescription drugs, Congress could generate substantial savings to help fund other services.
- **Control administrative costs**<sup>6</sup>. Wisconsin's Medicaid managed care HCBS waiver program (Family Care) limits administrative costs of MCOs to 5% and profits at 2%. This has been an effective mechanism to drive efficiency and ensure Medicaid dollars are spent on supports and services.
- **Incentivize preventative care and address social determinants** that act as barriers to good health including housing, transportation, education, employment and access to healthy foods. States with focused initiatives addressing social determinants have reduced health care costs.

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<sup>1</sup> It costs Medicaid \$185,235 annually per person living in ICF/IIDs, compared to \$33,504 for those served in home and community based waivers (Family Care, IRIS)

<sup>2</sup> Community Supported Living can cost Medicaid 35% less than a group home placement. In Dane County, families have established community supported living residences that save Medicaid 70% compared to the cost of an adult family home placement.

<sup>3</sup> Wisconsin DHS' 2013 Long-Term Care report cites the cost of integrated employment support at \$8.01 per hour worked, compared with a cost of \$10.45 per hour worked in facility-based employment. Costs for integrated employment supports for individuals decrease over time, as individuals learn real world skills and gain support from co-workers, the need for paid service staff diminishes and may fade away entirely.

<sup>4</sup> Nearly every high school graduate with developmental disabilities in the last 5 years is in paid employment. Nearly 900 local employers have hired people with developmental disabilities. The employment provider network has expanded and focused almost exclusively on integrated jobs. People with disabilities working in community jobs pump more than \$3.6 million in earnings back into local economy. Wages earned now nearly offset local costs of providing employment supports.

<sup>5</sup> One Wisconsin managed care organization pays for hours an individual works, rather than hours of service provided, incentivizing Medicaid funded employment service providers to obtain more hours of employment for a Family Care/IRIS participant, find a good job match that minimizes the need for support, and rewards fading of job coaching over time.

<sup>6</sup> A study by the Commonwealth Fund found that administrative costs account for 25 percent of total U.S. hospital spending, and far exceed administrative costs in the 8 other countries in the study.

- **Re-direct money from supplemental pools** (such as Medicaid disproportionate share hospital [DSH] payments and uncompensated care pools) into the base rate physicians, hospitals, and home and community based workforce are paid for serving Medicaid beneficiaries.

## Medicaid in Wisconsin

- 50% of people with disabilities in Wisconsin rely on Medicaid.
- 70% of Wisconsin's long-term care enrollees live in the community.
- Wisconsin is poised to become one of the only states in the nation to have no waiting lists for kids and adults needing home and community based supports.
- Medicaid funds health and long term care services provided under the Forward Health Card and 20 Wisconsin Medicaid programs.
- People with disabilities are in all of Wisconsin's Medicaid programs

## Medicaid Per Capita Caps threaten Wisconsin's Medicaid investments

Wisconsin spends its Medicaid money more efficiently than other states because:

- 67% of our Medicaid population is in Managed Care (a strategy to streamline costs)
- 65% of our long-term care spending is on home and community-based services as opposed to costly institutional settings. (The national average is 55%).

According to analysis by Avalere Health<sup>7</sup> presented to the National Governor's Association, Wisconsin would lose \$1.4 billion in federal Medicaid funds by 2026, but the deeper cuts in later years would amount to a loss of \$18.1 billion by 2036.

This analysis is clear that federal Medicaid cuts will force state into a cycle of annual budget adjustment to make up for declining federal contributions; they will either need to reduce eligibility, cut benefits, reduce provider rates, or find other state funding to make up the difference.

Wisconsin ranks 17th in the nation in per capita Medicaid spending – meaning we spend less per person in Medicaid than 33 other states. Under a per capita cap, these 33 states would receive more money in the future just because they spend more today.

**Wisconsin should be REWARDED, NOT PENALIZED for being efficient with Medicaid funding.**

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<sup>7</sup> <http://www.politico.com/f/?id=0000015d-46ff-deb6-aff-5eff750a0001>