

December 15, 2009

Secretary Karen Timberlake
Department of Health Services
1 West Wilson Street
Madison, WI 53703



Dear Secretary Timberlake:

FamilyCare provides services and care for some of Wisconsin's most vulnerable citizens, and it is important that this program meets the needs of both recipients of care as well as the Wisconsin taxpayer. I was pleased that the department took the time to update the members of the Assembly Committee on Aging and Long-Term Care on the program's status.

Although the informational hearing provided some insight into the current state of FamilyCare, there are additional questions that I would like the Department to address and I have listed them below.

- Currently, the legislature has a limited role in overseeing the role-out of FamilyCare into new counties and has no active oversight of the program once it is operational. Would the Department be willing to support legislation giving the legislature more oversight of the FamilyCare program in its entirety?
- Managed Care Organizations (MCOs) in FamilyCare are required to maintain cash reserves. However, many MCOs are being forced to use these reserves for operational expenses due to low rates from the state. What is the department's position in working with an MCO that is out of compliance due to insufficient cash reserves, and what is the department doing to ensure that state reimbursement is sufficient to meet an MCO's operational costs.
- The Office of the Commissioner of Insurance has recently issued an emergency rule to regulate the financial status of an MCO. It is my understanding that these new rules will cover MCOs providing care within FamilyCare. Why are these new rules needed? Why are they being promulgated using the emergency rule process? What problem is this rule designed to solve?
- Past rhetoric in support of FamilyCare's expansion has focused heavily on the program's ability to be "budget neutral." It was said that FamilyCare would achieve budget neutrality due to decreases in the number of nursing home placements. Have reductions in nursing home placements been enough to offset the expansion of FamilyCare? If so, does the department have budget data to back-up the claim that the program is in fact "budget neutral?"
- What methodology does the Department use when establishing reimbursement rates? Capitation rates in other Medical Assistance programs are required to be actuarially sound, as determined by an independent audit. Is the department's methodology for determining capitation payments to MCOs actuarially sound and have these numbers been reviewed by an independent firm?
- What is the process if a Managed Care Organization fails?

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- Can an MCO that operates in both FamilyCare and IRIS choose to opt-out of FamilyCare and only serve clients using the self-directed care model of IRIS? Can an MCO redirect FamilyCare clients to IRIS?
- The department has stated that the “rapid expansion of FamilyCare has created significant financial issues” for the state. Given the serious fiscal situation of the state and the specifically the Medical Assistance program, how can the department justify the continued roll-out of FamilyCare to new counties when it is having difficulty supporting counties and MCOs already in the program?
- Is the department willing to make “midcourse adjustments” to the existing FamilyCare program before it is expanded into new counties?

With thousands of lives currently enrolled in the program, it is very important that we not only give people access to care today, but that we are able to keep our promise to them tomorrow. As I mentioned earlier, the state’s finances continue to be in a state of disarray, and based on economic estimates, will continue to place pressure on the state budget for years to come. It is because of this uncertain future that I ask for your help in answering these questions.

Thank you in advance for your time and attention to this very important issue. I look forward to your response.

Sincerely,



Kitty Rhoades
State Representative
30th Assembly District

CC: Rep. Peggy Krusick, Chair – Assembly Committee on Aging and Long-Term Care
Assembly Committee on Aging and Long-Term Care Members
Assembly Speaker Mike Sheridan
Rep. Mark Pocan, Co-Chair – Joint Committee on Finance