



of Wisconsin Disability Organizations

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2011-2013 Legislative Budget and Policy Priorities

MEDICAID DEFICIT

Home and community supports can save money and offer greater choice for people with disabilities.

Survival Recommendations:

- Expand potential for Medicaid savings by investing in home and community based supports which on average tend to be less expensive.
- Ensure the appointment of a high caliber Medicaid Director.

Background: WI's Medicaid Program is very complex; it includes programs that could collapse if they are cut further and it also includes many opportunities for savings. Some cuts in eligibility are prohibited by federal rules. Some reimbursement rates are already below the actual cost of the service; further cuts in some rates could lead to a complete loss of Medicaid providers in that service category in a region.

As the Walker administration approaches the challenge of dealing with the Medicaid program, it is very important to continue the open dialogue with consumer advocates, providers, managed care organizations, etc. This serves two important purposes: a) it expands the array of savings ideas for the administration to choose from, and b) it provides the administration an "early warning" system to know in advance which savings ideas or cuts will result in the most strident opposition before making a final decision.

In recent years, DHS has been able to find \$600 million in Medicaid savings without having to resort to the across-the-board cuts that many other states have made, which have seriously harmed recipients. WI's success in this area has received national attention. Much of the credit for this is due to the Medicaid Rate Reform process. This process has been open and transparent and has greatly benefited from the creative ideas and feedback of a wide variety of stakeholders, e.g. hospitals, managed care organizations, physicians and advocates.

DHS has a current set of ideas (in Medicaid Rate Reform III) which could be invaluable to the Walker Administration in finding major savings without having to seriously undermine service access or quality. One of the most promising opportunities would be to expand the "provider assessment" beyond hospitals and nursing homes. Over 40 states are using provider assessments now and WI could use this approach to greatly increase our federal match revenue and avoid cutting basic services.

WI continues to maintain a higher institutional and in-patient capacity than many other states. This includes state and county-run institutions as well as private facilities.

Running the state's Medicaid program and dealing effectively with the Medicaid deficit without destroying the program requires an unusual person, who knows WI's Medicaid program intimately and is well versed in the strategies being used by other states. WI has not always had Medicaid Directors of this caliber.

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