



of Wisconsin Disability Organizations

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April 14, 2011

To: Legislative Audit Bureau
From: Survival Coalition Co-Chairs
Re: Medical Assistance Program Audit

The Survival Coalition of Wisconsin Disability Organizations is made up of more than 40 disability organizations across Wisconsin. The Coalition is committed to creating a society in which people with disabilities of all ages receive the services and supports needed to be full participants in community life.

We are concerned about both the Medicaid deficit and the need to reform some aspects of the program to improve outcomes for individuals with disabilities. We would like to be a resource for you as you address some of the questions in the Medical Assistance program audit scope. In addition to the following suggestions for specific questions we hope the audit will answer, we also include cost containment ideas which we believe can simultaneously improve outcomes.

Specifically, we are asking the Legislative Audit Bureau to conduct a study of the Medical Assistance program that:

- 1) Involves the full range of Medical Assistance recipients and other key stakeholders;
- 2) Addresses the role of the Medical Assistance program in the broader context of health care (e.g. what are the consequences if current recipients experience reductions in services/access);
- 3) Examines the impact of the growth in Medical Assistance on other state costs; and
- 4) Addresses the impacts on various populations, services, and other areas of government (e.g. counties) in the absence of the availability of Medical Assistance. For example, will health concerns exacerbate into emergency situations or result in more nursing home admissions in the face of reduced or eliminated coverage?

The Legislature has indicated a strong interest in the exploration of cost-containment strategies. We urge you to closely examine the following strategies in the scope of the audit:

PRIOR AUTHORIZATION: We believe there are various elements within the prior authorization process which should be reviewed for potential cost-savings and improved outcomes. The audit should review whether DHS is meeting the timelines for processing prior authorizations (PA) in accordance with administrative rule (DHS 107.02(3)(a)) The current PA process can impede the timely correction of minor situations – e.g. wheel chair repairs or wheel replacements – that should not involve extensive waits. PA also is applied to private insurance co-pays for services

that have been approved by private insurers. This can be for small sums, but hold up the provision of service until MA approves or denies. The audit should review whether current PA guidelines are cost effective; should examine elimination of PA for services that have been approved through PA by a private insurer and have met the medical necessity standard; and should assess the potential administrative cost savings if PA restrictions were lessened for certain services (i.e. increasing the number of therapy sessions that are not subject to prior authorization).

A previous legislative audit found PA was used disproportionately with children and is characterized by frequent review, short approval times, and frequent requests for additional information leading to long delays, interruption in services and unwillingness of providers to participate in Medicaid. That audit also showed that 97% of requests that needed prior authorization were eventually approved. We believe the current audit should analyze potential savings associated with a change to the process which would eliminate repeated reviews for the same service and involve only an annual review of PA once medical necessity for a requested service has been met and a PA approved.

DIRECT PURCHASE OF DURABLE MEDICAL SUPPLIES AND EQUIPMENT: Many times, purchasing DME/DMS through Medicaid is characterized by excessive administrative overhead, delays in obtaining equipment or supplies, and is costly. Examples include over the counter medication, mobility equipment, and incontinent supplies. We believe the current audit should analyze potential savings associated with allowing Medicaid recipients to purchase some DME and DMS supplies from local providers or through the internet when these items can be purchased less expensively than through a certified Medicaid provider.

COST SHIFTING FROM PRIVATE EMPLOYERS: We believe there is a potential for savings by enhancing the number of Medicaid recipients who access dependent coverage in employer health plans. In keeping with the provision that Medicaid is the payer of last resort, the audit should assess how many Wisconsin Medicaid recipients could ultimately access private insurance resources and report whether subsidizing premiums or penalizing employers who have disproportionate numbers of employees using Medicaid would reduce costs.

Survival Co-chairs would be happy to meet with the Legislative Audit Bureau to offer additional information.

Thank you for your consideration of our requests.

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