

**Southwest Family Care Alliance (SFCA) Board
Minutes for Meeting on January 18, 2010**

Members present: Betty Broadbent, Carla Cady, Joan Fordham, David Hammer, Dwayne Hiltbrand, Jeanetta Kirkpatrick, Ron Leys, Harvey Mandel, Karen Thomas, Larry Wolf, Dave Wytenbach

Members absent: Betty Irwin, Beverly Larson, Philomena Poole, Ray Schmitz

Others present: Neal Blackburn (Unified Services/Grant/Iowa), Teri Buros (SFCA), Tammy Garrelts (SFCA), Joan Hansen (SFCA), Barb Hernesman (Crawford), Stacy Hach (SFCA), Sue Hebel (SFCA), Greg Holcomb (Green Co), Randy Jacquet (Richland), Patty Kemerling (SFCA), Tom MacDonald (Lafayette), Terry Metzger (SFCA), Bill Orth (Sauk), Linda Overbeek (SFCA), Steve Ruff (Juneau), Sherrie Sime (SFCA).

Various SFCA-contracted providers also were present.

Roll Call Attendance: Vice-Chair Larry Wolf called the meeting to order at 3:30 p.m., and Linda Overbeek took roll call attendance. A quorum was present.

Review and Approve Agenda and Posting: Motion by Joan Fordham, seconded by Harvey Mandel to approve the agenda and posting. The motion carried.

Approve Minutes of the December 21, 2009 Board Meeting (Mail Out #1) Motion by Betty Broadbent, seconded by David Hammer, to approve the minutes of the December 21, 2009 meeting. The motion carried.

Citizen Comments: Mr. Wolf welcomed all visitors to today's meeting. He asked that anyone wishing to comment give their name and the name of their organization when recognized by the Vice Chair. Each person wishing to comment will be allotted five minutes.

Rick Starr asked why there's still a wait list and providers rates are being cut and where all the CIP and COP funding went. He expressed concern that services to members would be cut and stated that his calls to SFCA are not being returned in a timely manner.

Colleen Uhlenhake explained that her comment at last month's Board meeting about making across the board cuts were intended to apply to everyone involved in the Family Care program, including SFCA staff. She would like to know what system SFCA has in place for transitioning clients and would like to see a provider representative on SFCA's Board. She feels providers are no longer being paid for respite care, though SFCA has indicated otherwise. Ed Uhlenhake expressed concern that SFCA won't pay for needed services; he also feels that SFCA has not been responsive to his calls.

Audrey Johnston stated that she received a reduction in her rate without any advance warning and stated that SFCA should be offering training to its contracted providers. She said that currently information is "trickling down" to providers.

Executive Report to the Board: Teri Buros reported to the Board.

- The Family Care program will expand into Iowa and Grant Counties on April 1, 2010. The provider rate setting process is underway, as is the process of reviewing care plans of those

members who will be transitioning from the waivers program into Family Care. The Aging and Disability Resource Center is approximately 25% through the process of pre-enrolling members transitioning from waivers to Family Care.

- The Legislative Audit Bureau is considering calling for a statewide audit of Wisconsin's Medicare/Medicaid funding, including the Family Care program. No decision on that has been made as yet, but it's expected they'll probably approve an audit of the Medicaid funded programs.
- On January 28 – 29, 2010 SFCA offices will be relocating to their new office space at 28526 US Hwy 14, Lone Rock. The new location previously housed Jones New World Sports and is about five miles east of SFCA's current Richland Center location. SFCA came in 30% under budget of what it had projected to spend on relocating; all the expense of relocating was covered by start-up funding provided by the State.

Approve Appointments to Grievance and Appeal Committee; Take Action on Same, if any:
There were none to consider.

Receive 2009 December Financials and Enrollment Report; Take Action on Same, if any: Mr. Metzger distributed and reviewed SFCA's financials as of December 31, 2009 (Income Statement, Balance Sheet, and Statement of Cash Flows) as well as a report on Monthly Enrollment Activity by Target Group.

- Plans are for SFCA's 2009 audit to be completed by the end of April 2010.
- SFCA's cash position was pretty stable in the month of December; revenue was up slightly.
- Other income for December was up due to risk share revenue received. A risk share revenue arrangement with the State is no longer an available option as of January 1, 2010, a factor that contributed to SFCA's need to take an aggressive approach in order to reach solvency.
- Direct service costs continue to increase.
- SFCA wages and benefits were higher in December due the addition of the Director of Care Management position combined with December being a 31 day month.
- SFCA's year-to-date losses put the organization in a negative net asset position. While SFCA has taken many steps to reduce expenses in 2010, there is a critical need for additional efforts in order to eliminate future losses. SFCA must not only stem future losses, but it also is imperative that SFCA demonstrate progress toward achieving State-mandated levels of solvency protection over the next three years. The Department of Health Services remains supportive of SFCA's plans to achieve that goal.
- Looking at every facet of the operation, measures that SFCA initiated in 2009 to reduce costs began with implementing measures to reduce internal administrative costs, then working with the Care Management Units to effect changes, and realigning provider rates effective January 1, 2010. There'll be more information about this during the agenda item, "Update on Issues Raised at the December 2009 Board meeting".
- Other items of note are listed in the "Notes to the Financial Statement" attached to the financial reports that were handed out.

Motion by Betty Broadbent, seconded by Joan Fordham, that the Board receive SFCA's financials, as presented. The motion carried.

Terry Metzger distributed and reviewed a "MCO Financial Statement Summaries" document, which displays the revenue and expenses of Wisconsin's Managed Care Organizations, statewide, including SFCA, for the first three quarters of 2009.

- All of Wisconsin's Managed Care Organizations, except MCDA (Milwaukee County), were operating at a loss as of the end of the third quarter. All are employing strategies similar to SFCA to deal with those losses. However, the challenge that SFCA faces that is unique from the other Managed Care Organizations is that SFCA has had to address those issues in an extremely compressed time frame. Teri Buros noted that the Department of Health Services has reported that they have been contacted by providers expressing their concerns. There's been discussion among the Managed Care Organizations of taking their concerns to the State legislature.
- Asked by a provider how SFCA would explain why its income is not decreasing and costs are increasing, Ms. Buros indicated that this would be addressed at the Board's February meeting through a review of service costs.
- Managed Care Organizations actually are receiving less funding on average per person than they were under the Waivers. This is a result of the capitation rate methodology set by the Department of Health Services.
- The members being served by the Managed Care Organizations are the higher-needs individuals. By comparison, those individuals on wait lists generally have needs that are less critical and, typically, less costly. In addition, people on the wait lists are coming off the Wait List and into the Family Care program at a much slower rate than those people with higher, more costly needs.

Motion by Karen Thomas, seconded by David Hammer, to receive the MCO Financial Statement Summaries. The motion carried.

Update on Provider Issues Raised at the December 2009 Board meeting; Take Action on Same, if any:

Ms. Buros gave a presentation to the Board in which she reviewed various matters. A copy of her presentation was distributed as well as a sheet that provided information on adult family home rate changes.

- SFCA's financial status in 2009 began deteriorating with losses mounting over the summer. SFCA's financials are discussed with the Board routinely at each monthly meeting; projected insolvency was discussed at the Board's meeting in September 2009.
- SFCA's response to its worsening financial status included regular communication with the SFCA Board, SFCA staff, the Care Management Units, Department of Health Services, and providers.
- SFCA needs to reduce overall costs by over \$5 million during 2010 alone. SFCA developed its 2010 – 2012 Business Plan accordingly and incorporated the solvency requirements.
- SFCA addressed internal efficiencies that resulted in a 14% reduction in per member per month administrative costs for 2010. The Care Management Units and SFCA further identified efficiencies in the provision of care management that resulted in a savings of 10% in per member per month costs. These efforts still left a budget shortfall approaching \$3.8 million.
- SFCA next reviewed and evaluated service costs, focusing initially on the highest cost services, and developed and implemented a plan to align provider rates across the eight counties that make up SFCA. Communication strategies were identified and implemented at the onset of the rate alignment process, including a provider news bulletin, provider forums in each of the six counties in which the program was already operational, and one-on-one provider meetings.
- Costs associated with adult family homes, community-based residential facilities, and supportive home care represent 60% of SFCA's service costs.
- Of 225 individual Adult Family Home placements, 58% (or 131 members) did not experience a reduction in their rates as a result of the rate alignment process. In some cases (18 individual member rates), providers who received rate reductions subsequently provided SFCA with new

information regarding the services they were providing and, as a result, received additional rate consideration.

- Potential consequences of the rate alignment effort were identified.
- Plans to implement the Family Care program in Grant and in Iowa effective 4/1/2010 are on target. SFCA already has begun the process of reviewing provider rates in those counties and anticipates a similar rate alignment process there as was the case in the other six counties.
- The Board indicated that information presented to them today adequately addressed the provider communication concerns brought up at the Board's December meeting.

Report and Orientation on Long Term Care Functional Screen; Take Action on Same, if any

(Mail Out #2): Sue Hebel gave a PowerPoint presentation, in which she reviewed the Wisconsin Adult Long Term Care Functional Screen form and described the process, including the requirements and frequency of screening. The Functional Screen form is one of three main documents used in the Family Care program; the other two are the Comprehensive Assessment and the Member-Centered Plan. Joan Hansen described the quality assurance aspects of the process. Stacy Hach described how the Functional Screen factors into setting the capitation rate that the Managed Care Organization receives from the Department of Health Services. All members are given a copy of their Member-Centered Plan(s), and a copy of the member's Functional Screen is given to the member if s/he requests it.

There was mention of "regression modeling". Asked to explain what that is, Ms. Hach stated that regression models are used to predict one variable based on information from another variable. Regression models provide actuaries with a powerful tool, allowing predictions about past, present, or future costs based on past costs and functional needs. Regression models use past information such as Family Care cost data and functional screen data to predict costs for members with the same functional screen attributes who will be served by the Managed Care Organization in the future.

Review Rate Setting Process for Adult Family Homes (AFH); Take Action on Same, if any:

Patty Kemerling gave a presentation on the Adult Family Home Assessment utilized in setting Adult Family Home rates in the provider rate alignment process. This included the Adult Family Home Care – Rate Assessment form (Mail Out #3) and a handout of her presentation. The presentation described the AFH assessment tool and process, gave examples of areas that are examined as part of the assessment, described the implementation of rate banding for greater equity, the steps included in the rate alignment process, and the overall result of the rate alignment process.

In addition, Ms. Kemerling offered clarification on the matter of respite care. Ms. Kemerling stated that 1 -2 bed owner-occupied adult family home providers historically had been paid separately for respite but explained that's no longer the case. As a result, some providers perceived that they no longer were being paid for respite care, and the wording of a letter SFCA sent to AFH providers on the subject may have contributed to some confusion on this matter. Ms. Kemerling explained that paying providers for respite has not been eliminated; SFCA now builds that cost/reimbursement into the provider's rate.

The rate-setting sheet used by SFCA was modeled on questions used by another Managed Care Organization. The rates are set by SFCA, factoring in the results of the rate assessment and where that falls in the rate bands. A provider commented that the Functional Screen form does not adequately capture the needs of members with behavioral issues, which are very challenging for providers, and that this something the State needs to look into. Ms. Kemerling noted that Care Managers do have the opportunity to insert narrative comments to give a more complete picture of

the assistance a member needs, explaining more fully any issues that the pre-established parts of the form may not adequately address.

Of 145 providers, 70 received no reduction to their rates. A few providers did receive significant reductions, which SFCA attributed to those providers requiring a flat rate in the past. Ms. Kemerling noted that members did not receive a reduction in services as a result of any rate reductions.

In response to a provider's question, Ms. Kemerling indicated that a copy of the member-specific Rate Assessment form is not routinely shared with the adult family home provider but is available upon request. She agreed with the provider's suggestion that it'd be helpful for providers if SFCA trained them on how those assessments are scored.

No Board action was needed on this agenda item.

Discuss Communication Plan with Providers; Take Action on Same, if any: Two documents were handed out, one describing SFCA's "2010 Provider Communication Plan" and the other a sample of the information SFCA communicates to its providers via Provider Bulletins that are disseminated at various times throughout the year. Ms. Kemerling stated SFCA plans to make these bulletins more education-focused in the future. Providers would welcome that as well as other educational training sessions that SFCA could arrange to support providers in better serving their clients/residents.

No Board action was needed on this agenda item.

Discuss and Consider Work Group to Examine Issues Regarding Rate Re-alignment; Take Action on Same, if any: The Board's feeling was that, given the time constraints SFCA was and continues facing and with Iowa/Grant implementing Family Care in the near future, the current process is equitable and suggested that the idea of possibly forming such a work group be revisited later this year. In the meantime, they urged SFCA to keep the lines of communication open. Motion by Joan Fordham, seconded by Harvey Mandel: 1) that such a work group not be formed at this time but that the possibility of doing so be revisited in August 2010, and 2) that SFCA monitor the issues in the meantime, with the Board having the option to take some action sooner than August 2010, should they deem it necessary. Motion carried.

Discuss and Consider Change to SFCA Board Meeting Dates in 2010; Take Action on Same, if any (Mail Out #4): The possibility of moving the Board meeting date to the last week of each month was discussed. The current schedule, meeting on the 3rd Monday of each month, presents a challenge in terms of being able to provide the Board with a thorough analysis of SFCA's financials, especially when the meeting date falls early in the month, as it will a number of times this year. Motion by Dwayne Hiltbrand, seconded by David Hammer, to move the Board meeting to the 4th meeting of the month. Following Board discussion, however, they withdrew their motion and second, and the Board decided to leave the current Board meeting schedule in place. Motion by Betty Broadbent, seconded by Harvey Mandel, that the Board continue meeting on the 3rd Monday of each month. Motion carried.

Confirm Next Meeting Date/Location/Solicit Agenda Items: The next scheduled Board meeting will be Monday, Feb. 15th, 2010 and will be held at SFCA's new office space. [The address of the new office is 28526 US Hwy 14, Lone Rock. Other details and directions to the new space will be included when the agenda for that meeting is distributed on February 8.]

Meeting Adjourned: Motion by Ron Leys, seconded by Carla Cady, that the meeting be adjourned. Motion carried, and the meeting was adjourned at 7:00 p.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Linda Overbeek".

Linda Overbeek
Executive Assistant
Southwest Family Care Alliance