

# Heifetz says Walker administration plans changes to long-term care programs

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The state's new Medicaid director says the Walker administration is considering significant changes to its long-term care programs, even if they're not the controversial overhaul it had pursued in the 2015-17 budget.

Michael Heifetz, who started two months ago and was previously the state budget director, didn't rule out a major overhaul of the program. But he said in a WisPolitics.com interview that officials are looking at several ways of bending the cost curve in FamilyCare and IRIS, the state's long-term care programs for frail elders and adults with disabilities.

The Department of Health Services had sought to restructure FamilyCare, move IRIS toward managed care instead of fee-for-service and increase coordination of members' health services, among other things.

The effort, dubbed FamilyCare 2.0, was a major point of controversy in the last budget cycle as some participants in IRIS — which stands for Include, Respect, I Self-Direct — gave emotional testimony warning against straying from the current structure and saying the state could find savings in other ways.

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Heifetz, who spent 11 years as a lobbyist with Dean Health System before getting hired as Walker's budget director, said DHS officials have had "preliminary conversations" with stakeholders about what's next so they "know where we stand and why we're approaching things the way we are." But the agency has "nothing comprehensive at this point," he said.

“We have such a big program that anything we do can be significant, but I don’t know that there’s a 2.0 or 3.0 or whatever phraseology somebody might use, but the reality is those programs will need reform,” he said. “The trend line just doesn’t work budgetarily.”

DHS, for example, said when seeking the changes that while only 7 percent of Medicaid enrollees were part of long-term care programs in FY14, they made up 40 percent of Medicaid’s costs.

Janet Zander, the advocacy & public policy coordinator at the Greater Wisconsin Agency on Aging Resources, has been part of those meetings with DHS and said she hasn’t heard from the agency on any major overhauls. Instead, she said, DHS officials have talked about ways to collect data better and disseminate that information to members, among other things.

One other major question, though, is whether President-elect Donald Trump’s administration will lead to more flexibility for states to handle their Medicaid programs.

“It’s anybody’s guess as to what that might mean,” Zander said.

Gov. Scott Walker sent a letter to Trump this week with several requests for flexibility, including turning Medicaid funding into a block grant so the state has more decision-making power on how to manage its program.

Heifetz said “it’s a bit early” to know some of the changes Wisconsin would seek with such flexibilities, though he said they’ll likely include things like passing drug screenings to be eligible for the program.

The current budget called for DHS to file a waiver request with the feds that includes the drug screening requirement. DHS spokeswoman Elizabeth Goodsitt said the agency is still working on crafting the waiver and expects to submit it to the feds early 2017.

The waiver request, Heifetz said, probably “would not have been taken very seriously by a different administration.” But Heifetz said a Trump administration gives DHS a “great opportunity” to get some of those changes through, adding Wisconsin and other states want to be able to “craft a program that works for their state that isn’t riddled with mandates from the federal government.”

“There are a lot of folks who prefer the status quo because change is hard and uncertain, but this governor has not shied away from that, and I think it’s a great opportunity for the state to once again lead,” Heifetz said.

Trump’s victory — along with the GOP majorities in Congress — also has Republicans working on a replacement to the Affordable Care Act.

Walker was among the GOP governors who declined the Medicaid expansion under the ACA, instead moving the childless adults above 100 percent of the poverty level to private insurance while eliminating the waitlists for those who were below that level. Heifetz said Walker “deserves significant credit” for the move.

“The law might go away, which really means that the governor was ahead of his time in not accepting the money,” Heifetz said.

For the next biennial budget, DHS is seeking \$425 million more in general purpose revenue for the Medicaid program, though that’s below the state’s GPR increases for Medicaid in the three previous biennial budgets of \$650 million, \$685 million and \$1.6 billion.

The agency is also projecting a \$268.1 million surplus in the Medicaid fund at the close of the biennium, an amount that would lapse back to the general fund. DHS attributes the trends to fewer enrollees as the economy improves, slower growth in costs per enrollee and a better federal matching rate, among other things.

Heifetz said he expects the positive trends will continue in the “very near term,” though anything beyond that is unclear.

“It is also subject to the whims of the national economy, so if things change, what is a large surplus today can quickly become a deficit,” Heifetz said. “So while it’s great that we have that and we’re still delivering those same high levels of benefits to our members, it’s always at some risk that we don’t control.”

Heifetz also said DHS has a “role to play” in addressing the state’s workforce shortages in health care, though the state doesn’t “entirely drive the issue.”

Among the possible fixes to the issue are improving the rates that the state’s Medicaid program pays health care providers. But Heifetz notes those requests from provider advocacy groups amount to “big GPR numbers” and that “money alone won’t solve” the issue.

The state, though, is currently undertaking a pilot program where it's boosting reimbursement rates for dental providers in Brown, Polk, Racine and Marathon counties. The pilot program, which was approved in the 2015-17 budget, is still in its early stages and should provide data on whether the state's struggles with dental care access is a "purely financial problem," Heifetz said.

"We are 50th out of 50," Heifetz said. "That's not a proud place to be in our access to dental care, and that needs to be addressed. That's just not an acceptable ranking, and it's not an acceptable care level for our state."

Heifetz is also overseeing a major structural change within DHS: the launch of the Division of Medicaid Services. The new division, created in the state budget, consolidates the Division of Health Care Access and Accountability with the Division of Long Term Care.

Heifetz will be the administrator of the new division, which will formally launch in January.

DHS, he said, has "already seen progress" from both divisions working closer together as they improve how they measure the quality of care and implement best practices from each side.

"I'm excited about it," Heifetz said. "I think our stakeholders will see the fruit that it can bear pretty soon."

[Listen to the interview](#)