



STATE OF WISCONSIN

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Janice Mueller
State Auditor

DATE: July 7, 2010

TO: Senator Kathleen Vinehout and
Representative Peter Barca, Co-chairpersons
Joint Legislative Audit Committee

FROM: Janice Mueller *Janice Mueller*
State Auditor

SUBJECT: Proposed Audit of the Family Care Program—Background Information

At your request, we have gathered some background information the Joint Legislative Audit Committee may find useful in considering an audit of the Family Care program, which is overseen by the Department of Health Services. At the January 13, 2010, hearing on a proposed audit of the Medical Assistance program, the Committee heard testimony from many individuals about the operation, finances, and sustainability of the Family Care program. In addition, requests to comprehensively audit the program have been received from several legislators.

Family Care was created by 1999 Wisconsin Act 9 to eliminate a perceived bias toward institutional care and to streamline a fragmented funding system for long-term care services. The program is funded with a mix of federal funds, general purpose revenue (GPR), and program revenue. For fiscal year (FY) 2009-10, the budget for Family Care totals approximately \$993.6 million, including \$277.9 million in GPR.

Services covered under the Family Care program include residential care, personal care, home health care, physical therapy, adult day care, and supported employment services. Hospital care, physician care, prescription drugs, and several other services are not provided as part of the Family Care benefit but are provided on a fee-for-service basis under the Medical Assistance program.

The Family Care program provides long-term care services to the elderly and to individuals with physical and developmental disabilities through two types of community organizations:

- Managed Care Organizations (MCOs), which help to arrange and manage services for those determined eligible under the program; and
- Aging and Disability Resource Centers (ADRCs), which provide elderly residents and physically and developmentally disabled residents with “one-stop shopping” for information and assistance.

In fiscal year (FY) 2009-10, \$954.6 million is budgeted for capitated payments to MCOs and \$38.9 million is budgeted to support ADRCs. As of December 2009, ADRCs operated in 56 counties and MCOs operated in 48 counties.

An audit of the Family Care program could include:

- a review of program participation, by county;
- a review of program expenditures, by funding source;
- a review of administrative costs;
- an analysis to determine the program's short- and long-term financial solvency;
- an analysis of provider payments, including the process for setting capitation rates for Managed Care Organizations;
- an analysis of the timeliness of provider payments;
- a review of the role of and funding for Managed Care Organizations and Aging and Disability Resource Centers in Family Care;
- a review of program coordination and management, including a review of potential duplication of services;
- a comparison of actual Family Care program costs with budgeted amounts and the costs of providing similar services on a fee-for-service basis; and
- a review of quality of care indicators, including a survey of the degree of satisfaction recipients and their family members have had with the availability of program services.

I hope you find this information helpful. If you have any additional questions regarding this request, please contact me.

JM/PS/kc

cc: Senator Robert Jauch
Senator Mark Miller
Senator Robert Cowles
Senator Mary Lazich

Representative Andy Jorgensen
Representative Mark Pocan
Representative Bill Kramer
Representative Samantha Kerkman

Karen Timberlake, Secretary
Department of Health Services