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April 19, 2010

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Assembly Substitute Amendment 1 to 2009 Assembly Bill 899: Medical Assistance Reimbursement for Care Coordination and Other Services Provided by AIDS Service Organizations

Assembly Substitute Amendment 1 to 2009 Assembly Bill 899 (ASA 1) requires the Department of Health Services (DHS) to develop a proposal to increase medical assistance (MA) reimbursement for care coordination and other services provided by AIDS service organizations (ASOs). If approved by the U.S. Department of Health and Human Services (HHS), DHS could implement the proposal beginning January 1, 2011. The state's share of the additional MA payments an ASO would receive would be funded from GPR funding currently budgeted for the state's HIV/AIDS public health program.

Assembly Bill 899 was introduced on March 26, 2010, and referred to the Assembly Committee on Health and Healthcare Reform. On April 15, 2010, that Committee recommended passage of ASA 1 on a vote of 13-0.

As originally introduced, Assembly Bill 899 and Senate Bill 647 were identical. Senate Bill 647 was introduced on March 26, 2010 and referred to the Senate Committee on Public Health, Senior Issues, Long-Term Care, and Job Creation, which recommended passage, as amended by Senate Amendment 1, by a vote of 5-0. Senate Bill 647, as amended, was referred to the Joint Committee on Finance on April 8, 2010.

CURRENT LAW

DHS administers several programs that provide assistance to individuals with an HIV/AIDS infection, including the following: (1) the AIDS drug assistance program; (2) the health insurance premium subsidy program; (3) the Mike Johnson life care and early intervention service grants; and (4) prevention activities targeted to individuals who are at risk of HIV infection.

In state fiscal year 2009-10, $5,475,100 GPR is budgeted to support these programs.

Regarding the Mike Johnson grants, DHS currently awards grant money (wholly funded by GPR) to two ASOs -- the AIDS Resource Center of Wisconsin (ARCW) and the AIDS Network -- to fund case management, support services, and core medical services to individuals with an HIV/AIDS infection. Current law limits the total amount of funding DHS can distribute in the form of Mike Johnson grants to $3,569,900 annually. In fiscal year 2009-10, ARCW received a Mike Johnson grant of $2,849,800, and the AIDS Network received a grant of $677,200. (These programs were affected by across-the-board funding reductions enacted as part of the 2009-11 biennial budget act.)

DHS also administers the state's MA program, which provides health care coverage to low-income individuals. Typically, state funds provide the non-federal share of the reimbursement paid to the providers who furnish covered services to MA recipients, and the federal government, through the state's federal medical assistance percentage (FMAP), provides the balance. Among the services eligible for reimbursement under the MA program are case management services, through which certified case management agencies provide a range of medical, social, education, vocational, and other coordination services to eligible individuals. Under current law, a private nonprofit agency that is a certified case management provider can elect to provide case management services to MA recipients who have HIV/AIDS infection. Currently, both ARCW and the AIDS Network are certified to provide case management services to their clients who are MA recipients. The ASOs provide the non-federal share of the MA reimbursement for these case management services through a portion of their Mike Johnson grants, and the ASOs receive from DHS any corresponding federal MA matching dollars related to those services.

An ASO can also provide direct medical services to their MA-eligible clients, such as physician and dental services. To the extent that these medical services are eligible for reimbursement under the MA program, the state share of the reimbursement paid to the ASO is paid from the state's MA program, rather than from the HIV/AIDS public health program.

SUMMARY OF ASA 1

The substitute amendment would require DHS to develop a proposal to increase MA reimbursement to each provider that receives a Mike Johnson grant and to which at least one of the following applies:

1. the provider is recognized by the National Committee on Quality Assurance as a Patient-Centered Medical Home; or

2. the DHS Secretary determines that the provider performs well with respect to all of the following aspects of care: (a) adoption of written standards for patient access and patient communication; (b) use of data to show that standards for patient access and patient communication are satisfied; (c) use of paper or electronic charting tools to organize clinical information; (d) use of data to identify diagnoses and conditions among the provider's patients that

have a lasting detrimental effect on health; (e) adoption and implementation of guidelines that are based on evidence for treatment and management of HIV-related conditions; (f) active support of patient self-management; (g) systematic tracking of patient test results and systematic identification of abnormal patient test results; (h) systematic tracking of referrals using a paper or electronic system; (i) measuring the quality of the performance of the provider and of individuals who perform services on behalf of the provider, including with respect to provision of clinical services, patient outcomes, and patient safety; and (j) reporting to employees and contractors of the provider and to other persons on the quality of the performance of the provider and of individuals who perform services on behalf of the provider.

The Department's proposal must specify increases in reimbursement rates for providers that satisfy the conditions listed above, and the proposal must provide for payment of a monthly per-patient care coordination fee to those providers. DHS would be required to set the increases in reimbursement rates and the monthly per-patient care coordination fee so that, together, they provide sufficient incentive for providers to satisfy the conditions listed above. The substitute amendment would require DHS to specify in its proposal effective dates for the increases in reimbursement rates and monthly per-patient care coordination fees that are no sooner than January 1, 2011. The substitute amendment specifies that the reimbursements and monthly per-patient care coordination fees that are not provided by the federal government shall be paid from the GPR appropriation for the HIV/AIDS public health program.

DHS would be required to implement the proposal beginning January 1, 2011, subject to approval by the HHS, of any required waiver of federal law and any required amendment to the state plan for MA.

The substitute amendment would create a new category of MA-eligible services -- "HIV care coordination" -- which would be defined to include coordination of outpatient medical care, specialty care, inpatient care, dental care and mental health care and medical case management. The substitute amendment would prohibit a provider from seeking MA reimbursement for "HIV care coordination" services under this newly-created category of MA-eligible services and MA reimbursement for case management services (as currently defined in statute) for the same services.

Finally, the substitute amendment would modify current statutory provisions relating to the Mike Johnson grants to specify that subject to approval by HHS, the state share of payment to providers for HIV-related care coordination services to recipients of MA shall be paid from the GPR appropriation for the HIV/AIDS public health program.

CLARIFYING AMENDMENT

The provisions in the substitute amendment relating to funding the state's share of any monthly per-patient care coordination fee or increases in MA service rates the ASOs would receive could be clarified to ensure that the state's share of these payments would be made from the state's HIV/AIDS public health program. At the request of this office, an Assembly Amendment (LRB

draft 2235/2) has been prepared to ensure that the intent of this provision is met.

FISCAL EFFECT

Under the substitute amendment, the state's share of any increase in MA reimbursements paid to providers who satisfy the conditions identified in the bill, as well as the state share of the MA reimbursement paid to providers for any HIV-related care coordination, would be paid from the current GPR appropriation for the HIV/AIDS public health program. Because the substitute amendment does not provide any additional funding for that appropriation, the enactment of the substitute amendment would not affect the state's general fund, or increase MA costs funded from the MA benefits appropriation.

However, the substitute amendment may result in the state receiving additional federal MA matching funds, which would be available to ASOs that receive monthly per-patient care coordination fees or increases in MA rates for medical services they provide to MA recipients. These additional funds could be claimed if DHS received DHHS's approval to make these payments.

The table in the attachment shows how the state could claim additional federal MA matching funds by paying an ASO a monthly per patient coordination fee. The figures in this example, which are based on information provided to this office by ARCW, are used for illustrative purposes only, since it is not known what the monthly per-patient care coordination fee would be, nor how many MA recipients would receive these services.

ARCW indicates that it currently provides services to approximately 600 MA recipients, and that it claimed case management services totaling approximately $150,000 last year. The state's share of these MA-funded case management services (approximately $60,000) were funded from ARCW's Mike Johnson grant.

The example shows that if DHS paid ARCW a monthly per patient coordination fee of $200 on behalf of 600 MA recipients that ARCW currently serves, these payments would total approximately $1,440,000 annually, which would be paid with base funding ARCW currently receives under the Mike Johnson grant ($576,000) and federal matching funds ($864,000). Although ARCW would no longer make claims for case management services, it would receive a greater total reimbursement, including a net increase of approximately $774,000 in federal MA matching funds.

Prepared by: Eric Peck and Charles Morgan
Attachment

ATTACHMENT

Example of Potential Increase in Federal MA Matching Funds Due to Payment of Monthly Per-Patient Care Coordination Fee

Current MA Claiming by ARCW

Estimated Number of MA Recipients Receiving Case Management Services	600	
Annual MA Reimbursement for Case Management Services	$150,000	All Funds
ARCW Share (40%)	$60,000	GPR (Mike Johnson Grant)
Federal MA Matching Funds (60%)	90,000	FED
Total Current Annual MA Claims for Case Management Services	$150,000	All Funds

Example of MA Claiming by ARCW under the Substitute Amendment

Estimated Number of MA Recipients	600	
Monthly Care Coordination Fee	$200	
Total Annual Fee Payment ($200/patient per month x 600 patients x 12 months)	$1,440,000	All Funds
ARCW Share (Based on 40%/60% Cost Share)	$576,000	GPR (Mike Johnson Grant)
Federal MA Matching Funds	864,000	FED
Total	$1,440,000	All Funds
Difference (Change in Federal MA Matching Funds Available to ARCW due to Receipt of Monthly Care Coordination Fee)	$774,000	FED