



# Family Care Funding Needs to Change!

Since the Legislative Audit Bureau's report on Family Care was published in April 2011, continued problems with the program have affected the quality of services to people with intellectual and developmental disabilities (I/DD). Payments made by the Department of Health Services (DHS) to managed care organizations (MCOs) have actually decreased 17.6% since 2008, despite an increased cost of services. This has weakened the network of service providers and led to fewer service options for consumers.

While some areas of the state appear to be doing better than others, Brent Bauman, a former administrator for Community Health Partnership, the state's first MCO to go out of business, gave testimony to the Joint Legislative Audit Commit-

tee on October 17, 2012, from the perspective of an "insider" about problems with the management of the program that included these points:

- MCOs are not being paid enough for needed services, leaving them with no choice but to cut provider payments and reduce services.
- Service quality has taken a backseat as MCOs made reductions in provider payments.
- Lower payments have led to direct care wages stagnating, making it difficult for providers to attract and retain a qualified workforce.
- The funding method used by DHS does not adequately consider regional variations in wages or the types of people being served (for instance, areas that serve a large number of people who came out of state DD institutions).

## Recommendations

- **Improve Funding for MCOs.** Reopen the Family Care audit to examine the funding model for the MCOs, as requested by Senator Leibham, and to seek input on changes that should be made in the way funding for people with the most significant needs is determined.
- **Improve Funding for Providers.** Require MCOs to use a transparent method of setting provider rates for services for people with I/DD based on the cost of services and their individual service needs, as identified by a comprehensive assessment.
- **Get Provider Input on Payment Rates.** Convene a work group of providers to work with a rate expert in setting residential and vocational provider payment levels for I/DD services on a statewide or regional basis.
- **Abandon the Benchmarking Process.** Allow MCOs to operate under different financial parameters than the five pilot counties, which were serving a different population mix of people with disabilities and the frail elderly.
- **Encourage MCO Mergers and Acquisitions.** Improve consumer service choices by increasing competition among stronger MCOs. If the number of MCOs was reduced to 4 or 5, they could reduce overhead, be able to add more members, and compete with other MCOs in larger geographic areas.
- **Use Providers as a Resource in Effective Care Management.** Restore the status of providers as members of interdisciplinary care management teams for people with I/DD, as is done in every other state in the USA.

**Please support a Family Care reform bill.**