

97-15 Milwaukee County General Assistance-Medical Program

Summary

Milwaukee County created the General Assistance—Medical Program in 1996, in response to state legislation that replaced the General Relief Program, which had long provided cash assistance and medical care to needy individuals who did not qualify for other types of public assistance. With the exception of mental health services, this new program, known as the Relief Block Grant program, provides state financial assistance for the provision of similar types of medical care, although it does not permit Milwaukee County to offer cash assistance. The creation of the Relief Block Grant program was intended to support Milwaukee County efforts already underway to change the county's role in providing health care to the indigent. By closing its county hospital in December 1995, the county ceased to be the principal provider of health care services to the indigent in the county and instead assumed responsibility for becoming a purchaser of these services. As such, Milwaukee County sought to accomplish a number of specific goals, including:

- using community-based clinics to provide health care services to the indigent; and
- providing more primary care services.

In support of these goals, state legislation directed Milwaukee County to develop a plan for addressing a long-standing concern that nearly all program services required participants to travel to Froedtert Memorial Lutheran Hospital in Wauwatosa, even though community-based clinics are located in the City of Milwaukee, closer to the neighborhoods in which the majority of participants live.

Historically, almost all health care services to Milwaukee County's indigent were provided by the former county hospital and Froedtert, both of which were located on county-owned land in the City of Wauwatosa. When the county closed its hospital, it sold the assets to Froedtert, a private, nonprofit provider with which the county hospital had a close working relationship. Under terms of the sale, Froedtert agreed to serve as the primary provider of care for participants in the General Assistance—Medical Program through December 1997, while the county developed and implemented a new system for the provision of health care services. The county also contracted with other local hospitals for the provision of emergency services; with ambulance companies for emergency transportation services; with pharmacies for prescription drugs; and with community-based clinics for the provision of primary care services, which typically include general physician services and minor surgical procedures provided by a doctor of internal medicine, family practitioner, or pediatrician. Providing primary care through community-based clinics was intended to increase participants' access to health care services.

Beginning in March 1996, 5 community-based clinics began to provide services in 11 separate locations in the City of Milwaukee. However, by the end of 1996, the clinics had served only 1,350, or 7.1 percent, of program participants and accounted for \$97,235, or 0.3 percent, of total program expenditures. In contrast, Froedtert provided \$30.5 million in health care services, representing 89.5 percent of overall program costs. Froedtert was also responsible for the majority of primary care expenditures, accounting for 89.9 percent of the \$965,114 spent on primary care services in 1996.

Primary care expenditures represent a fairly small proportion of overall program costs for two reasons. First, relatively few participants sought primary care services through the clinics because the clinics did not begin to provide services under the program until March 1996. In addition, until recently, few efforts were made to inform participants of the availability of care provided through community-based clinics.

Second, primary care tends to be substantially less costly than other types of care. For example, in 1996, the average cost of care provided to participants by Froedtert was:

- \$108 per primary care visit;

- \$287 per emergency room visit;
- \$338 per specialty care visit; and
- \$7,714 per inpatient stay.

It should be noted, however, that the average cost of inpatient stays can be skewed to some extent by several high-cost cases. The median cost of an inpatient visit (that is, the middle value when all costs are arranged from highest to lowest) was \$4,400. Nevertheless, the cost of inpatient care is still substantially greater than other types of health care services. Therefore, even if Milwaukee County is successful in accomplishing its goals to increase access through community-based primary care clinics, the majority of expenditures are still likely to be incurred by Froedtert and other hospitals for inpatient and specialty care, because these types of care are much more costly than primary care services.

Although participant access to community-based primary care services was extremely limited in 1996, the number of program participants receiving primary care services from one of the five community-based clinics rose from 1,350 in December 1996 to 2,300 by June 1997. In addition, beginning in June 1997, the county initiated efforts to compel program participants to select one of the clinics for the provision of primary care services or be assigned to a clinic. Through July 1997, 4,304 individuals, or approximately 23 percent of current participants, had made a clinic selection.

Beginning in 1998, the county plans to initiate a fundamental change in the provision of health care services. A plan approved by the Milwaukee County Board of Supervisors will expand community-based clinic functions beyond primary care to include:

- determining when patients are in need of specialty care;
- providing, or contracting for the provision of, specialty care services;
- developing and implementing plans for providing urgent care; and
- arranging for inpatient care at hospitals of the clinics' choosing.

As a result, clinics will be required to serve a much larger number of patients in 1998. If most individuals enrolled in the program begin to access primary care services on a regular basis, it is unlikely the clinics will be able to serve them effectively without hiring additional medical staff and expanding their facilities.

Milwaukee County officials will therefore have to be increasingly sensitive to reimbursement issues. Currently, the General Assistance—Medical Program reimburses community-based clinics at rates substantially below those paid by other public assistance programs. For example, under the Medical Assistance program, rates paid on a fee-for-service basis are 23.6 percent higher than the reimbursement community-based clinics receive for identical care to General Assistance participants.

In addition, although General Assistance participants may represent more than 20 percent of all clinic patients in 1998, the program provides no reimbursement for costs associated with clinic expansion, such as capital costs and costs associated with renting space or hiring additional physicians. However, Milwaukee County and the State would not necessarily incur greater costs if the county chose to increase reimbursement to community-based clinics, because Froedtert, which is reimbursed based on a percentage of its customary charges rather than on a specific fee schedule like the clinics, was paid at least 35 percent more for primary care services than community-based clinics. Had all primary care in 1996 been provided through community-based clinics, we estimate that expenditures would have been reduced by at least 35 percent, or \$337,790.

Milwaukee County officials will also have to recognize how programmatic changes could affect the Medical College of Wisconsin, a private teaching and research institution that had a long-term affiliation agreement with the former county hospital and has an affiliation agreement with Froedtert. Should community-based clinics choose to arrange for a significant amount of inpatient and specialty care with providers other than Medical College physicians located at

Froedtert, the Medical College could lose access to some portion of the patient base it needs to conduct its medical education programs. In addition, if a substantial amount of indigent patient care is diverted to other providers, the State may lose the ability to claim federal funding for 60 percent of the State's share of General Assistance—Medical Program funding, because Froedtert is eligible to receive these funds by serving a substantial proportion of indigent patients when compared to its entire patient base.

In addition to county-initiated changes that will affect the program, two recent changes in state public assistance programs may also affect the General Assistance—Medical Program. In 1996, the link between receipt of Aid to Families with Dependent Children (AFDC) and receipt of Medical Assistance was dissolved. In addition, over a six-month period beginning September 1, the Wisconsin Works program, which will entirely replace AFDC, will be implemented. Under current Medical Assistance eligibility criteria, adults in minimum or low-wage jobs without health care benefits who are required to participate in a Wisconsin Works employment program could lose their Medical Assistance coverage and, therefore, qualify for General Assistance benefits. However, some legislative proposals, as well as the Governor's proposal, known as BadgerCare, would allow families with wage earners in low-income jobs to retain their Medical Assistance benefits.

Several administrative deficiencies can be overcome with increased attention from Milwaukee County officials. First, county staff have not made sufficient efforts to determine whether applicants for the General Assistance—Medical Program are instead eligible for Medical Assistance benefits. As a result, in violation of both state statutes and county eligibility rules, some individuals eligible to receive benefits through other public assistance programs are being served unnecessarily under the General Assistance program, increasing the county's costs for providing medical services.

Second, program administrators operate under outdated policies and procedures that do not reflect several significant changes affecting program operations, and administrators have at times provided conflicting instructions to community-based clinics regarding appropriate procedures to follow when providing health care services. As a result, clinic administrators remain uncertain about which procedures they should follow in either providing specialty care services directly or in making referrals so that services are eligible for program reimbursement.

Finally, program administrators do not maintain adequate management information regarding participant enrollment and use of health care services, which would allow them to evaluate program operations, measure the effect of programmatic changes, and assess the appropriateness of medical care provided to program participants. We include recommendations for county administrators to address these concerns.

Although Milwaukee County has indicated it is willing to provide funding for the General Assistance—Medical Program for the next two years, it is committed to finding alternative sources of funding so that property taxes do not remain the only major source for the county's share of program costs beyond 1999. One option the county is pursuing is encouraging health care providers to share more equally the burden of providing uncompensated care. Data reported by Wisconsin hospitals to the state Office of Health Care Information indicate that of the \$86.7 million in uncompensated care provided by Milwaukee County hospitals in 1996, Froedtert provided \$34.4 million, or 39.7 percent, representing 7.2 percent of its total gross patient revenues. In contrast, the average amount of uncompensated care provided by other local hospitals was \$4.0 million, representing on average 2.1 percent of their total gross patient revenues.

Regardless of whether the county is successful in accomplishing its goal of encouraging providers to share the burden of providing uncompensated care, several other questions will need to be addressed within the next three months, when the county's contract with Froedtert for the provision of health care services expires and the community-based clinics assume additional responsibilities. With increased attention and appropriate planning and oversight, there is no reason to believe that all issues confronting the program's future cannot be successfully addressed to the satisfaction of all interested parties, including the State, Milwaukee County, the Medical College, community-based clinics, Froedtert, and other local health care providers.

First, procedures for awarding contracts to provide health care services need to be established. This will require Milwaukee County to determine:

- whether it will contract exclusively with community-based clinics for the provision of non-emergency services

and allow the clinics to contract for all other types of health care services, including inpatient services;

- whether limits will be placed on the flexibility clinics have to negotiate with providers other than Froedtert, in order to avoid the potential loss of federal matching funds for the State's share of program costs that are tied to care provided by hospitals; and
- the extent to which community-based clinics will be given discretion in setting reimbursement rates for the providers with which they contract.

Second, the county must decide how it will assist the community-based clinics in addressing the shift of the majority of patients from Froedtert to the clinics and the additional administrative responsibilities the clinics are likely to encounter. This will require county officials to determine:

- how the community-based clinics' performance in serving program participants will be assessed;
- whether they will facilitate the expansion of community-based clinics if the clinics' current resources prove to be inadequate; and
- whether higher reimbursement rates will be provided to assist community-based clinics in serving a substantially larger proportion of the General Assistance population than they have in the past.

Third, the county will need to address questions related to the potential effects of program changes on other health care providers. Specifically, Milwaukee County officials will need to:

- determine to what extent they will involve themselves in addressing the potentially negative effects of proposed changes in the provision of medical services on the Medical College of Wisconsin; and
- determine whether they will be willing to make modifications to contracts with providers if the Medical College is adversely affected by the proposed changes.

Finally, Milwaukee County must improve program management by determining:

- how it can provide adequate guidance to health care providers;
- how it will ensure individuals eligible for Medical Assistance are enrolled in that program rather than in the General Assistance—Medical Program; and
- how adequate management information related to participant demographics and service utilization will be obtained and analyzed.

Only if these questions are answered can the county accomplish its goals for the program and will the State be assured that its financial interest in the continuation of the program is protected. A draft plan that begins to address several of these issues was prepared on September 22, 1997, and has been scheduled for review and action by the Health Care Policy Task Force at its next meeting.
