WISCONSIN LEGISLATIVE AUDIT BUREAU
AUDIT SUMMARY

Report 97-15

October 1997

MILWAUKEE COUNTY GENERAL ASSISTANCE—MEDICAL PROGRAM

The Milwaukee County General Assistance—Medical Program provides a range of health care services to indigent persons who do not qualify for Medical Assistance benefits. In 1996, the program provided services to 18,916 individuals and spent $34.1 million in local, state, and federal funds. The State will reimburse up to $17.6 million of the county's total program expenditures, which in 1996 accounted for 92.2 percent of statewide General Assistance expenditures.

Traditionally, Milwaukee County provided health care to indigent persons through the county hospital, which was located in Wauwatosa and was purchased by Froedtert Memorial Lutheran Hospital in 1995. Froedtert has continued to provide services under the program. However, to make program services more accessible to central city residents and to provide more primary care services, the county also contracted with five community-based clinics.

Progress in Providing Care Through Community-based Clinics Has Been Slow

To date, the decentralization of primary care services from Froedtert to the community-based clinics, which provide services closer to the neighborhoods in which most participants reside, has been slow. In 1996, community-based clinics served 7.1 percent of program participants and accounted for only 0.3 percent of total program costs. In addition, the clinics accounted for only 10.1 percent of primary care health care expenditures. In contrast, Froedtert accounted for 89.5 percent of all expenditures.

Progress in decentralizing the provision of health care services was slowed because the county did not establish contracts with community-based clinics until March 1996 and, until recently, county officials made few attempts to ensure that participants were informed of the availability of care provided through the clinics. It should be noted, however, that because primary care tends to be substantially less costly than inpatient or specialty care provided by Froedtert, the majority of expenditures will continue to be incurred by Froedtert and other hospitals, even after clinics assume greater responsibility in providing care.

Clinics May Require Assistance in Addressing Their Expanded Responsibilities

Beginning in 1998, community-based clinics will begin to take on greater responsibilities related to program administration and the provision of participant care. Specifically, they will be responsible for not only providing primary care services, but also for serving as the entry point for participant application and enrollment and for coordinating the provision of all types of care for each program participant.

Currently, clinics are reimbursed at lower rates for the care they provide to General Assistance—Medical Program participants than they are for serving Medicare and Medical Assistance recipients, for whom their responsibilities are more limited. Therefore, county officials will need to demonstrate diligence in monitoring how the clinics have addressed their expanded responsibilities and in determining whether increases in clinic reimbursement rates may be needed. If increases are needed, the savings resulting from primary care being provided in a clinic rather than a hospital setting may be sufficient to prevent a net increase in program costs.

Steps Should be Taken to Avoid Jeopardizing the State's Ability to Obtain Federal Funds

Should community-based clinics be allowed to arrange for inpatient and specialty care at any hospital of their choosing, a substantial amount of care could be diverted from Froedtert to other local hospitals. However, if the State is to

continue receiving federal funds to support its share of program costs, care must be provided by hospitals that serve a substantial number of indigent patients. Therefore, program managers need to work with state officials in developing decentralization plans that ensure the majority of expenditures continue to be made by eligible hospitals. Additional efforts may also be needed to ensure that the diversion of patients from Froedtert to other hospitals does not negatively affect the Medical College of Wisconsin, which currently relies on its agreement with Froedtert to provide many of the patients needed for its training programs.

Improvements in Program Management Are Needed

If county officials are to be successful in accomplishing the goals established for the program, administrative deficiencies will have to be addressed and management will have to be improved. First, county officials need to ensure that those who are eligible for another health care program are not enrolled in the General Assistance—Medical Program. This will benefit both Milwaukee County, which is currently incurring unnecessary costs by providing General Assistance—Medical Program services to individuals who are eligible to receive Medical Assistance, and to the individuals themselves, who would receive additional benefits. Second, outdated policies and procedures must be updated to reflect significant changes affecting program operations, and county officials must improve their limited efforts to provide guidance to community-based clinics, which have been critical of program management to date. Third, efforts must be made to collect and analyze data that allow program managers to evaluate program operations and ensure that the care provided is both appropriate and cost-effective.

Finally, because Milwaukee County's contract with Froedtert, which currently provides the bulk of health care services, expires at the end of 1997, several issues will need to be addressed within the next three months. These issues relate to how the county will: 1) proceed in contracting for the provision of health care services; 2) assist community-based clinics in addressing their expanded responsibilities; 3) work with the Medical College and other providers to avert potentially negative effects on educational programs; and 4) work with state officials to prevent detrimental effects of program changes on the State's ability to access federal funding.

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