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HMO's forte is high maintenance *GUY BOULTON Staff Milwaukee Journal Sentinel*

M. Sue Daase and Gene Gruber aren't the typical employees of a **health** maintenance organization.

They will schedule doctor appointments and sometimes go with people to the appointment. They will go to people's homes. Sometimes, they even have to find them, knocking on neighbors' doors and checking shelters.

Daase, an intervention specialist, and Gruber, a **care** manager, are part of the "high impact team" — a group that includes nurses, therapists, psychologists, social workers and pharmacists — at **Independent Care Health Plan Inc.**

The company, known as iCare, is an HMO designed for people who are disabled or elderly and who depend on the Medicaid program — or a combination of the Medicaid and Medicare programs — for **health care**.

They include some of the most vulnerable people in our society. Roughly half of the people in the **health plan** have mental illness, and 30% have a history of drug and alcohol abuse. Many of them have been disabled for most or all of their lives.

"We have to count our victories one at a time, because it's two steps forward and one step back," said Daase, a licensed professional counselor. "All we want them to do is have a better life."

The state contracts with iCare, based in Milwaukee, to oversee the **health care** for about 8,500 people in the Medicaid program. As with other HMOs, iCare is paid a set rate to cover the cost of that **care**.

For about a dozen years, iCare was one of the few managed-**care** companies of its kind in the country.

The company estimates that it has saved the state \$22 million since 1998, based on the difference between what the state pays the HMO and what it would have spent otherwise.

"We've done all the things we said we were going to do," said Patricia Jerominski, iCare's president and chief executive.

The company's success in providing better **care** at a lower cost contributed to the state's decision to expand the model to other counties in 2005. iCare began offering the **health plan** in seven counties this year, focusing on Milwaukee County.

The goal is to closely manage and monitor the **care** of people who account for roughly one-third of the \$4.5 billion that the state and the federal government will spend on the Medicaid program this fiscal year.

"There really is an opportunity to make a big difference in a short period of time, in terms of saving money and improving **care**," said Jim Verdier, a senior fellow in the Washington, D.C., office of Mathematica Policy Research.

Care for elderly, disabled Medicaid and its affiliated programs, including BadgerCare, are best known for providing **health care** to poor families with children. They account for 501,000, or nearly 75%, of the 672,000 people in the **health** programs in June.

But the real cost is providing **health care** for the elderly and the disabled.

In Wisconsin, the elderly and the disabled account for roughly 75% of Medicaid's annual cost.

Among the disabled are adults who have spinal cord injuries, who are cognitively impaired or who have severe mental illness.

They are people who will depend on Medicaid for the rest of their lives, said Jason Helgeson, the state's Medicaid director.

The state's target is to pay managed-**care** companies like iCare 5% less than it would spend were it to pay the medical bills on its own. That could translate into tens of millions of dollars in savings in the coming years.

As of June, 21,000 disabled people in 17 Wisconsin counties were enrolled in managed-**care health plans**. The state hopes to have Medicaid HMOs for the disabled available in 32 counties by the end of the year.

But the state's move to expand its use of managed **care** for people who are disabled has drawn other companies to the market. They include UnitedHealthcare, Managed **Health Services** and Abri **Health Plan Inc.**

The largest HMO for the disabled is iCare.

Key to Doyle's proposal Wisconsin was one of the pioneers in using HMOs for people insured through Medicaid. And expanding the program's use of managed **care** is a key component of Gov. Jim Doyle's proposal to expand **health** coverage in Wisconsin.

Almost 60% of the people in the Medicaid and BadgerCare programs are insured through private Medicaid HMOs that contract with the state. Nearly all of them are for families and children.

People with severe disabilities have far more complicated and costly **health** problems. They also can be much more difficult to manage.

iCare is owned by Humana Inc. and the Milwaukee Center for Independence, a non-profit agency for the disabled.

The company is relatively small, though growing, as the state expands the use of managed **care** for people who are disabled. Revenue increased to \$76.2 million last year, up from \$56.2 million in 2004.

It began as a demonstration project — basically an experiment — in Milwaukee County. And the company in some ways had to learn what works on its own.

One of the first lessons was that many people who are disabled had **health** problems that had never been treated. The **health plan** also discovered that more people than expected had behavioral **health** problems.

"We learned we would never be successful on any medical **health** problem until we addressed the behavioral **health** problem first," Jerominski said.

Determining adequate rates also was a challenge.

"It required a lot of trust in the negotiations," Jerominski said.

In its early years, iCare consistently lost money. The **health care** costs of the people in its **health plan** can vary wildly. And the methodology for determining what iCare and now other companies should be paid is still being refined.

The company has managed to remain profitable in recent years, though Jerominski said its profit margin averages about 1%.

It reported net income of \$805,670 last year, down from \$1.6 million in 2005 and \$4 million in 2004.

Humana and the Milwaukee Center for Independence have never taken dividends from iCare beyond recouping their initial investment in the company.

"You have to be invested in doing the right thing," Jerominski said. "This is not a market you are going to make money in."

Part social worker iCare also has won high marks for customer satisfaction and quality.

"I would never give up iCare," said Catherine Dahse, 50, who has been disabled since her late 30s.

Dahse, who has diabetes, arthritis and other medical problems, has been with iCare since it started.

"They worked wonders for me," she said.

Some people in the **health plan** are far more challenging. And iCare, in some ways, is part HMO and part social service agency.

Gruber, the **care** manager, said the hardest people to help are those with schizophrenia and a history of substance abuse.

The **health plan** first focuses on getting them into rehabilitation and then stabilizing them by getting them on the right medications.

Gruber acknowledges the work can be frustrating.

"It helps to have the right frame of mind," he said.

When people enroll in iCare, the **health plan** does an initial assessment on their needs. The company then closely monitors their **care** — for example, tracking whether they are following up on referrals to specialists or frequently visiting hospital emergency departments.

The company's **care** managers sometimes must go to a patient's home because he or she doesn't have a working phone.

Daase, the intervention specialist, refused to leave until one person in the **health plan** came to the door. The woman had been smoking crack cocaine that day. Daase was able to persuade the woman to get treatment, and she stayed sober for 10 months before a relapse.

"I don't like to give up on people," Daase said. "There's always another time when you can catch them."

iCare Company: **Independent Care Health Plan Inc.**

Headquarters: Milwaukee

Revenue: \$76.2 million

Net income: \$805,670

Business: **Health** maintenance organization for people who are disabled and insured through Medicaid, and for people who are disabled and elderly and insured through a combination of Medicaid and Medicare.

Owners: Humana Inc. and Milwaukee Center for Independence

Source: **Independent Care Health Plan Inc.**

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