http://newiprogressive.com/images/stories/S5/disability-old-s5.jpg 

Spending on Wisconsin's Medicaid Program, which provides health care for low-income families, is going up. Where is the money going? Is health care really costing that much more?

MADISON - Medicaid is the joint federal-state program that pays hospitals, doctors, nursing homes and other health professionals to provide care for low-income families, including frail elderly persons and individuals with disabilities. It has been the fastest growing part of the state budget.

What's going on with Medicaid spending? Where is the money going? Is health care really costing that much more?

We pondered these questions at a recent gathering of regional health administrators in La Crosse. I shared budget numbers from the nonpartisan Legislative Fiscal Bureau.

The state budget is growing – it's $7.5 billion more than a half-dozen years ago – with health accounting for about $3 billion of the increase.

But the number of people served by the state's programs grew by only 20,000. Did each new person really cost the state $12,500 a month?

Why are costs increasing so fast at a time when the number served by the state has slowed?

After the presentation, a local health administrator said to me, "I wonder what happened to all the money. The hospitals haven't seen a raise in a long time. I don't think the doctors have

either." I can add from many conversations with local administrators, nursing homes haven't seen much of a raise either.

Just where did the money go?

In 2011, an audit by the nonpartisan Legislative Audit Bureau (LAB) shed some light on the Medicaid program. Auditors found the Department of Health Services (DHS) spent 40% of administration on contracts with private companies to manage the state's programs. In four years, those contract dollars increased 73%. Almost 1,100 full-time private company employees are working under just one of those contracts.

Auditors reported contract amendments to private companies running Medicaid were made without legislative authorization and without budgeted appropriations. The contracts were no bid and were not reported to DHS' own purchasers, accountants or procurement managers.

Contract dollars have also increased over the years. For example, in fiscal years 2016-17, private companies getting paid to administer Medicaid reaped a 30% increase or $120 million more than the prior budget.

Most astounding, auditors found DHS could not answer basic questions about how much each "subprogram" (i.e., BadgerCare, SeniorCare, Family Care) cost taxpayers.

"If my CFO [chief financial officer] couldn't tell me how much we were spending, he would be fired on the spot," one hospital administrator told our group.

Others had similar reactions. "What you are asking from DHS is what we do every day," one told me. "We are constantly doing the math to see how to deliver better service at a lower cost."

Getting health programs running properly benefits all of us. Money going directly to well-run health service means people stay healthy and are more productive. Money spent on no bid

health contracts to companies who can't help the state answer basic management questions – like what are we spending the money on – is money that can't buy roads, teachers or nurses.

Wise management means looking at all options for funding. Using federal money to cover health costs frees up state dollars for other investments.

For example, expanding Medicaid under the Affordable Care Act would cover an additional 83,000 people and save almost $400 million state dollars in the next budget.

This is money that could be spent on roads, teachers, or nurses.

Lawmakers need to ask detailed questions about health care – just like every other program. The department needs to start providing detailed answers. Let's begin with "Where did the money go?"