

1995-96 SESSION  
COMMITTEE HEARING  
RECORDS

Committee Name:

Joint Committee on  
Finance (JC-Fi)

Sample:

Record of Comm. Proceedings ... RCP

- 05hrAC-EdR\_RCP\_pt01a
- 05hrAC-EdR\_RCP\_pt01b
- 05hrAC-EdR\_RCP\_pt02

- Appointments ... Appt
- \*\*
  
- Clearinghouse Rules ... CRule
- \*\*
  
- Committee Hearings ... CH
- \*\*
  
- Committee Reports ... CR
- \*\*
  
- Executive Sessions ... ES
- \*\*
  
- Hearing Records ... HR
- \*\*
  
- Miscellaneous ... Misc
- 95hrJC-Fi\_Misc\_pt67
  
- Record of Comm. Proceedings ... RCP
- \*\*

VII. Department of Transportation -- Jim McDonnell, Budget Director

As required by 1995 Act 113, the Department of Transportation requests that \$13,349,000 SEG in fiscal year 1995-96 and \$13,349,000 SEG in fiscal year 1996-97 be transferred from a reserve account in the Transportation Fund to supplement s. 20.395(3)(cq), to fund highway rehabilitation and bridge work on the East-West Freeway between Milwaukee and Waukesha counties.

Governor's Recommendation

Approve the request.

## CORRESPONDENCE MEMORANDUM

STATE OF WISCONSIN  
Department of Administration

**Date:** April 10, 1996

**To:** Members, Joint Committee on Finance

**From:** James R. Klauser, Secretary  
Department of Administration

**Subject:** Section 13.10 Request from DOT for Authority to Utilize Reserve Funding for East-West Freeway Rehabilitation.

**Request**

The Department of Transportation (DOT) requests that the \$13,349,000 in both fiscal years 1995-96 and 1996-97 be made available by the Joint Committee on Finance for highway rehabilitation and bridge work on the East-West Freeway. Rehabilitation will begin in fiscal year 1996-97 and end in fiscal year 1997-98.

**Background**

Sections 57m (2)(a), (3)(a) and (b) of 1995 Wisconsin Act 113 (1995-97 transportation budget) establish in the Transportation Fund a reserve account consisting of \$13,349,000 in fiscal year 1995-96 and \$13,349,000 in fiscal year 1996-97 for funding highway resurfacing and bridge repair on the East-West Freeway from downtown Milwaukee to Waukesha.

The I-94 East-West Freeway extends 16 miles from Waukesha to downtown Milwaukee. Construction of this freeway began in 1963 and the freeway was last resurfaced in 1976. The proposed resurfacing of the East-West Freeway is anticipated to be the final resurfacing prior to reconstruction.

The cost of rehabilitation work on the East-West Freeway was estimated at \$77.3 million at the time the 1995-97 biennial budget was developed. However, after performing additional engineering analysis of the project, DOT has been able to develop an alternative approach that has reduced the total cost to \$46.8 million.

The revised cost estimate is based on two cost saving measures:

1. Resurfacing rather than replacing bridge decks which reduces the anticipated life of the structures from 30 to 15 years; and
2. Using fast setting asphalt rather than concrete for patches which will minimize traffic disruptions and reduce traffic handling costs.

The original rehabilitation approach would have provided a 30 year life cycle for bridges and a 10 year life cycle for pavement. The revised approach will provide a 15 year lifecycle for both bridges and pavement. However, the major consequence of the revised approach is that there will be virtually no service life after 15 years. At that point,

problems with bridge and pavement serviceability will begin immediately unless reconstruction is underway.

Even with East-West Freeway rehabilitation, reconstruction of the Marquette Interchange must begin in 2000 because of structural deficiencies, with the reconstruction of the Stadium and Zoo Interchanges following. The projected increase in pavement life, and the one year delay in the rehabilitation project due to the relatively late enactment of the 1995-97 transportation budget, will require that all reconstruction after the Marquette Interchange be completed by 2013.

**Analysis**

As stated earlier, DOT estimates that rehabilitation of the East-West Freeway will cost \$46.8 million. Of this amount, \$20.9 million will be expended in fiscal year 1996-97 and \$20.1 million in fiscal year 1997-98. In addition, DOT had committed a minimum of \$5.8 million in fiscal year 1995-96 on the project (\$5.4 million in construction contracts and an unspecified amount for engineering costs) before the Legislature prohibited DOT from committing any funds for the project except amounts placed in reserve for release by the Joint Committee on Finance. The chart below summarizes DOT funding for the East-West Freeway rehabilitation project.

**East-West Freeway Rehabilitation Funding**  
*(reimburse FY96 costs)*

	<u>Funding Needed</u>	<u>Funding Available</u>	<u>Difference</u>
FY96	\$5,800,000	\$13,349,000	\$7,549,000
<u>FY97</u>	<u>\$20,900,000</u>	<u>\$13,349,000</u>	<u>(\$7,551,000)</u>
<b>Total</b>	<b>\$26,700,000</b>	<b>\$26,698,000</b>	<b>(\$2,000)</b>
<hr/>			
FY98*	\$20,100,000	\$13,349,000	(\$6,751,000)

\*Assumes that \$13,349,000 in base funding will be available in FY98.

As the chart indicates, DOT will have sufficient funding in the 1995-97 biennium for the East-West Freeway rehabilitation project. However, DOT projects a shortfall of approximately \$6.8 million in fiscal year 1997-98.

One alternative to fund a significant portion of the \$6.8 million shortfall would be to not reimburse DOT for the \$5.8 million in expenditures that have already been incurred for the project. By doing this, approximately \$5.8 million would remain in reserve for use on the East-West project in the next biennium. As the chart below indicates, this would

reduce the projected shortfall from \$6.8 million to \$1.0 million. However, this alternative would reduce funding for anticipated highway rehabilitation projects (approximately 10.5 miles of state highways and bridges) in other parts of the state. Funding for rehabilitation increased 3.0% biennially in the 1995-97 transportation budget.

**Alternative East-West Freeway Rehabilitation Funding**  
*(non-reimbursement of FY96 costs)*

	<u>Funding Needed</u>	<u>Funding Available</u>	<u>Difference</u>
FY96	\$0	\$13,349,000	\$13,349,000
FY97	<u>\$20,900,000</u>	<u>\$13,349,000</u>	<u>(\$7,551,000)</u>
<b>Total</b>	<b>\$20,900,000</b>	<b>\$26,698,000</b>	<b>\$5,798,000</b>
FY98*	\$20,100,000	\$19,147,000	(\$953,000)

\*Assumes that \$13,349,000 in base funding will be available in FY98.

**Recommendation**

Approve the request.

Prepared by: Doug Percy  
266-1039



## Wisconsin Department of Transportation

Tommy G. Thompson  
Governor

Charles H. Thompson  
Secretary

OFFICE OF THE SECRETARY  
P. O. Box 7910  
Madison, WI 53707-7910

March 18, 1996

Senator Timothy Weeden  
Joint Committee on Finance  
119 Martin Luther King Jr. Blvd  
Suite LL1, PO Box 7882  
Madison, WI 53707-7882

Representative Ben Brancel  
Joint Committee on Finance  
119 Martin Luther King Jr. Blvd.  
Suite LL2, P.O. Box 8952  
Madison WI 53707-8952

Dear Senator Weeden and Representative Brancel:

### *Summary of Request*

Section 57 m (2)(a),(3)(a) and (b) of **1995 Wisconsin Act 113** establishes in the Transportation Fund a reserve account consisting of \$13,349,000 in FY 1995-96 and \$13,349,000 in FY 1996-97 for funding construction activities relating to highway resurfacing and bridge repair on the East-West Freeway from downtown Milwaukee to Waukesha. **Wisconsin Act 113** further specifies that the Joint Committee on Finance may supplement, from this reserve account, the appropriation under s. 20.395(3)(cq), for rehabilitation and bridge work on the East-West Freeway. The Department of Transportation was not to encumber any funds for work performed on rehabilitating the East-West Freeway except as provided for under **Wisconsin Act 113**.

*The Department of Transportation requests that the \$13,349,000 for FY 96 and the \$13,349,000 for FY 97 from the reserve accounts in the Transportation Fund be made available as soon as possible to supplement s. 20.395(3)(cq), to fund highway rehabilitation and bridge work on the East-West Freeway. Rehabilitation work will begin in fiscal year 1997 and end in fiscal year 1998.*

### *Background*

The I-94 East-West Freeway extends 16 miles from Waukesha to the Marquette Interchange in downtown Milwaukee. The Freeway, built over 30 years ago, is rapidly deteriorating and is close to the end of its useful life. Construction of the E-W freeway began in 1963. The freeway was last resurfaced in 1976. The upcoming resurfacing of the East-West Freeway is anticipated to be the final resurfacing prior to reconstruction and modernization, which would occur about 15 years after completion of the project.

The cost of rehabilitation work on the East-West Freeway was estimated at \$77,300,000 at the time the 1995-97 biennial budget was developed. The Governor's budget requested increased funding of \$24,751,000 in 1995-96 and \$25,851,000 in 1996-97 for the freeway project which - along with base funding of \$13,349,000 each year - would have covered the project cost.

In response to Legislative concerns over cost and timing, the Department completely reexamined the costs of rehabilitating the entire East-West Freeway during the period of extended Legislative consideration of the 1995-97 transportation budget. After performing additional engineering analysis of the project, the Department has been able to develop an alternative approach to the project that has reduced the total cost to \$46.7 million.

The revised cost estimate is the result of adopting three new approaches:

- 1) Resurfacing rather than replacing bridge decks on a number of structures, which was the result of reducing the anticipated life of the structures from 30 to 15 years after improvement.
- 2) Using fast setting asphalt rather than concrete for patches, which minimizes traffic disruptions; and
- 3) Reduced traffic handling costs resulting from shorter disruptions tied to the use of asphalt patches.

The original rehabilitation approach would have provided a 30 year life cycle for bridges and a 10 year life cycle on pavement. The revised approach will provide an approximate 15 life cycle for both bridges and pavement. But the major consequence of the revised approach is that there will be virtually no service life after 15 years. At that point, we can expect that problems with bridge and pavement serviceability will begin almost immediately unless reconstruction is underway.

The biennial budget, which passed in late 1995, contained a provision prohibiting the Department from committing any funds on the East-West freeway project except funds which were released from the reserve by the Joint Committee on Finance. Prior to the effective date of this provision, the Department had committed about \$5.8 million to the E-W project in FY 96.

It is anticipated that about \$20.8 million will be needed to fund planned work in FY 97 and about \$20.3 million will be needed to fund planned work in FY 98.

The \$26,698,000 being requested for release from reserve will almost exactly cover the commitments already made in FY 96 and the cost of work planned for FY 97. Assuming that the \$13,349,000 will remain in the base for the 1997-99 biennium, it will be available to fund a significant portion of the \$20.3 million cost anticipated for FY 98. At this time, it appears that an additional \$7 million will be needed to fully fund the project in FY 98. Additional funds could be requested in the 1997-99 biennial budget to fully fund the project or funds could be reallocated within the Interstate subprogram or within the larger STH Rehabilitation program. Either way, funding will be made available to complete the project as planned in 1998.

#### *How the Request Meets Statutory Criteria*

Section 57 m (2)(a) and (3)(a) and (b) of **1995 Wisconsin Act 113** establishes in the Transportation Fund supplemental reserves consisting of \$13,349,000 in FY 1996 and \$13,349,000 in FY 1997 to be used for rehabilitation work on the East-West Freeway from downtown Milwaukee to Waukesha.

Senator Weeden and Representative Brancel  
March 18, 1996  
Page 3

Release of these funds cannot occur without Joint Committee on Finance action. The reserve funds are crucial if repair work on the East-West Freeway is to begin.

The East-West Freeway is the Department's highest STH priority. Failure to fund this request for additional funding to rehabilitate the East-West Freeway could result in some weight restrictions having to be imposed because of severe deterioration in the Stadium Interchange.

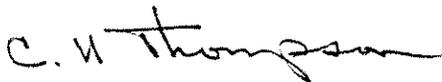
Additionally, the pavement base will continue to deteriorate if the resurfacing is not done, which will increase maintenance costs and the resultant traffic delays and may limit the usable life of the resurfaced pavement. Also, further delaying this component of the overall Milwaukee freeway project would increase the chances that work would not be done on other structures before physical deterioration causes additional problems. Lastly, Southeastern Wisconsin is mandated to improve air quality to meet federal standards. Increased fuel consumption, due to longer routes, and more traffic and congestion on city streets would exacerbate air quality.

*Planned Activities*

After approval of the request, the Department will commence activities relating to rehabilitation of the East-West Freeway beginning after July 1, 1996.

We will be happy to provide any additional information the committee may require. Jim McDonnell, Budget Director for the Department of Transportation, will represent the Department at the April meeting.

Sincerely,



Charles H. Thompson  
Secretary

CHT:jb



## Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

April 16, 1996

TO: Members  
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Health and Social Services--Section 13.10 Request for Enhanced COP Data Collection--Agenda Item VIII

The Department of Health and Social Services (H&SS) requests that the release of \$50,000 GPR and final identification of funding sources for the remaining costs to design an expanded COP data collection system be postponed until a later meeting of the Committee under s. 13.10. The Department has suggested that there may be sufficient funds which will lapse from the COP appropriation at the end of this fiscal year that, in combination with the \$50,000 in unallotted reserve and federal matching funds, could fund the design costs of the expanded COP data collection system. However, the amount of the lapse is not known at this time.

### BACKGROUND

The 1995-97 biennial budget act provided \$50,000 GPR in 1995-96 in the Joint Committee on Finance program supplements appropriation to be released by the Committee for COP data collection to enhance efforts to coordinate the delivery and to control the costs of COP services. In addition, Act 27 required H&SS to study the need for enhanced data collection and to submit, for the December, 1995, s. 13.10 meeting, recommendations to expend the \$50,000 to expand data collection for the COP program.

At the Committee's December, 1995, s. 13.10 meeting, H&SS recommended two alternative enhanced data collection systems: (a) a base system that would cost an estimated \$182,500; and (b) the same base system but with the additional feature of an automated functional assessment form that would increase the cost to a minimum of \$300,000. At the December meeting, H&SS requested the release of the \$50,000 in the Committee's program supplements appropriation to begin design of the enhanced system, but H&SS did not include a

plan for how the complete system would be financed. The Committee denied the Department's request for \$50,000 GPR in 1995-96 to design an expanded COP data collection system at that time, and instead, directed the Department to identify additional potential funding sources for the entire project and resubmit its recommendations to the Committee at its first quarterly meeting in 1996 under s. 13.10.

**Funding Options.** The Department has submitted a report to the Committee that explores two options for funding of the design of an enhanced COP data collection system, but has not submitted any definitive recommendations or specific requests at this time. Since the amount of funding that would be available from the Department's recommended source of funding is unclear at this time, the Department wishes to delay Committee action on funding of the design of an enhanced COP data system.

The two potential funding sources examined by the Department are: (a) federal cost sharing; and (b) COP funds that might otherwise lapse to the general fund. The Department's report concludes that the amount of federal cost sharing that would be readily available is \$50,000. There is a possibility that higher amounts of federal funding could be obtained, but the outcome is uncertain and there would be time delays because an advance planning document that describes and justifies the proposed project would have to be submitted to the federal Department of Health and Human Services, Health Care Financing Administration.

In its report, the Department indicates that the following amounts lapsed from the COP appropriation for the five past fiscal years:

<u>State Fiscal Year</u>	<u>Amount Lapsed</u>
1990-91	\$394,902
1991-92	114,983
1992-93	345,798
1993-94	162,884
1994-95	193,498

As this data from the last five years indicates, there is some uncertainty as to the amount of the lapse each year. It is possible that the sum of the amount set aside in the Committee's appropriation (\$50,000), the amount of federal cost sharing (\$50,000) and the COP lapse at the end of 1995-96 may be less than the \$300,000 cost of the base system with the automated functional assessment. The Department suggests that if there is a shortfall after the 1995-96 lapse, then part of the system design (the automated functional assessment) could be delayed and funded in the following year from the COP lapse at the end of 1996-97.

**Current Data Collection.** Excluding special surveys, H&SS currently collects information on the COP program through three different sources. First, information by individual participants is collected under the Human Services Reporting System (HSRS), which is a state-maintained computer system utilizing a mainframe computer in Madison that receives data from counties via

an on-line computer reporting network or, if the county prefers, via computer tape or diskette. The amount of data collected is different for regular COP (state program funded only by state GPR) compared to COP-waiver (a medical assistance (MA) program eligible for federal cost sharing).

For regular-COP, the major types of information include:

- Ethnicity
- Client characteristics
- Level of care (basically three levels: skilled nursing facility (SNF), intermediate care facility (ICF 1 or ICF 2), and personal or residential care (ICF 3 or ICF 4)
- Living arrangement
- Total annual cost for all COP services
- Days of care if the COP participant is receiving community residential services such as adult family home, community-based residential facility (CBRF) or group home.

Because of federal requirements, the COP-Waiver module of the HSRS system collects more data and includes monthly data on COP-W expenditures by type of service. In contrast, for regular-COP, data is only typically collected annually and only reflects the aggregate expenditures for COP services for the year.

Additional data on the COP program is also available from annual contract reconciliation reports submitted by county COP agencies and from annual updates to county community options plans. These written reports provide additional information on a county-wide basis, such as administrative costs of the COP program, COP expenditures on high-cost COP participants, revenue received to offset program expenses, the status of COP waiting lists and county surveys of client satisfaction. These reports do not currently include the amount of COP expenditures in a county that fund services in a community-based residential facility (CBRF).

**Act 27 Requirements.** The 1995-97 biennial budget act provided \$50,000 GPR in 1995-96 in the Joint Committee on Finance program supplements appropriation, to be released by the Committee for COP data collection to enhance efforts to coordinate the delivery and to control the costs of COP services. In addition, Act 27 required H&SS to: (1) examine the benefits and costs of collecting six new data elements; (2) survey counties with respect to their needs and priorities for additional COP data; and (3) based on the study and survey, submit, for the December, 1995, s. 13.10 meeting, recommendations to expend the additional funding to expand data collection for the COP program. The six data elements that H&SS is required to examine are:

- Expenditure data by type of service;
- Cost sharing paid by participants;
- Income and asset levels of participants;
- MA card costs by type of service for COP participants;
- The amount and impact of informal support services by family and friends; and

- A more detailed assessment of the participant's level of care needs than is provided by the SNF (skilled nursing care) and ICF (intermediate care) distinction.

**County Survey.** As directed by Act 27, the Department surveyed counties on their needs and interests for additional COP data. Responses were received from thirty-nine counties. In general, responses indicated that counties were not interested in the state collecting additional data since counties tend to have their own local customized informational systems and do not tend to use HSRS for their informational needs.

However, there is wide variation in county informational systems and some counties do rely on HSRS for information. Also, a significant number of counties did report an interest in two types of data. First, 50% of counties responding to the survey expressed an interest in service costs and utilization by type of service, on a monthly basis, which, among other purposes, would allow counties to compare service utilization with service plans and track actual expenditures compared to budgeted expenditures.

Second, about 40% of responding counties indicated an interest in being able to monitor service delivery patterns such as COP service costs by disability group, service costs by provider, and the characteristics of persons placed on waiting lists. This second interest could be accomplished by collecting service costs by type of service and some additional data on client characteristics.

**Department Recommendation For COP Data Collection.** Of the six data elements required for review by Act 27, the Department recommends that the following data be collected: (a) COP expenditures by type of service; (b) functional status and care needs; (c) informal supports; and (d) cost share payments. The justification provided by the Department for collecting this data is as follows:

- Collection of COP expenditures by type of service and cost share payments is important for administration of three new statutory requirements. Beginning January 1, 1996, the Department must implement these changes.
  - a. Estate recovery is extended to the COP program. Administrators of the estate recovery program believe that a record of COP expenditures by type of service and amount of cost share is necessary to pursue estate claims.
  - b. A COP cap will limit COP service expenditures for an individual to the average cost of nursing home care. However, some costs, such as one-time home modification costs, may be excluded in applying the limit. Thus, information on expenditures by type of service is necessary.

- c. A 25% limit for CBRF services is established for county expenditures under the COP program. In order to enforce this limit, information on expenditures by type of service is necessary.
- Collection of COP expenditures by type of service will assist some counties with tracking and managing participant costs and program funds. A significant number of counties did express an interest in this data.
  - Collection of functional status and care needs and informal supports will provide critical information for research into the cost-effectiveness of the COP program compared to nursing home care. Knowledge of functional status would permit comparisons of COP participants and nursing home residents, while collection of information on informal support would facilitate research into the importance of this factor in the cost-effectiveness of the COP program.

The Department did not recommend collecting data on income and asset levels and MA card costs. The Department states that: (a) data on income and asset levels is not necessary for state administrative responsibilities; (b) the use of such data for research would be of limited value; and (c) a special survey could be performed if a policy issue arose that depended on this data.

Although MA card costs are a significant part of the costs of home and community-based care and would be important for research into the cost-effectiveness of the COP program, the Department believes that access to this data is currently readily available. The Department has developed software to access the computer data system containing MA card costs, retrieve MA card costs for COP participants and integrate retrieved MA card costs with HSRS data by participant.

The Department's report notes that enhanced data collection will impose a burden on counties since the counties will have to input the additional information and may have to modify their computer programs to accommodate this requirement.

The Department's recommendation to collect additional COP data is to eliminate the separate COP module and, instead, incorporate COP data collection into the COP-waiver module. This would result in one community-based, long-term support module that would include data for the regular COP program as well as for all the MA-waiver programs (COP-waiver, CIP II, CIP IA and CIP IB). Since the COP-waiver module already collects costs by type of service, programming efforts and instructions to county personnel would be minimized. In addition, centralization of all community-based, long-term care programs into one module would facilitate monitoring and reporting procedures for clients that participant in more than one program. A number of MA-waiver participants also receive some funding under the COP program. Respondents in the county survey preferred this approach in place of maintaining and upgrading a separate COP module.

The Department provided two estimates which allocate the costs of collecting the recommended data into two parts. For the first estimate, which is termed the base system estimate, the Department projected the cost of incorporating COP data collection into the COP-waiver module and collecting the additional data on cost by type of service, cost share payments, and data on informal supports. This base system would collect the data that is necessary for administrative reasons, such as estate recovery, the COP cap, the CBRF limit and county tracking. This base system would not include data on functional status and care needs of COP participants, which serve a research purpose. The projected cost of design and implementation for this base system is \$182,500.

The additional cost of collecting data on functional status and care needs of participants is estimated to be \$117,500. The Department's report suggests that there might be additional costs which cannot be anticipated at this time since this enhancement would collect entirely new data. Thus, in total, the base system with the automated functional assessment form would have a total cost of at least \$300,000.

## ANALYSIS

### Funding Options

Under the Department's recommended funding option, Committee action on the release of funds for the design of the new system would be delayed until the amount of the COP lapse is known. One consequence of this approach is that the development of this system would be delayed. It is unlikely that programming staff would be devoted to this project until a definitive financial commitment has been made to this project. If a new system is initiated, it would be desirable to have its development completed by the beginning of calendar year 1997 so that data for 1997 could be entered under the new system. Delays in beginning the design will make it more difficult to finish the system in time for the 1997 calendar year.

Initial estimates are that it would take nine months to design and construct the base system with an automated functional assessment screen while the base system alone would take six months. However, there is always uncertainty as to the amount of time that is needed to design and program a new system. The uncertainty involves not only programming time but also the time to decide on exactly what data is desired, how the screens will be formatted and other items.

If it is decided that an enhanced data system should be undertaken, other funding options could be considered. Assuming that the \$50,000 reserved in the Committee's appropriation and \$50,000 of federal matching funds would be used for the new system, additional funding of \$200,000 would be needed to design and construct the base system with the automated functional screen while an additional \$83,000 would be needed if only the base system is pursued. One source of this funding is the Committee's program supplements appropriation. The Committee has an unreserved balance in its appropriation of \$285,300 GPR in 1995-96 and \$342,200 GPR in 1996-97. In addition, \$62,700 GPR of funding that had been reserved for implementation of

the 1995 Wisconsin Act 12 AFDC self-sufficiency first and pay-after-performance waivers remains available in the Committee's appropriation. At its December, 1995, s.13.10 meeting, the Committee released \$5,260,900 GPR of funding to H&SS to fully fund implementation of those waivers, leaving \$62,700 GPR still in reserve.

Another possible source of funding is the disease aids program. In the 1995-97 biennium, Act 27 provided \$5,697,200 GPR in 1995-96 and \$6,681,500 GPR in 1996-97 for the disease aids program.

Based on actual expenditures to date, costs of the disease aids program are lower than anticipated in Act 27. As part of the revised estimate of the state's general fund balance at the close of the 1995-97 biennium which was prepared by the office in January, 1996, a lapse of \$1.0 million was assumed from the biennial disease aids appropriation at the close of the 1995-97 biennium.

As of February, 1996, the projected lapse at the close of the first year of the biennium is projected to be \$1.3 million based on expenditures to date; additional funds will also lapse in 1996-97. In general, the lapse of funds from the disease aids program is attributable to: (a) changes to eligibility and poverty-related guidelines for the program; and (b) cost containment initiatives to specify allowable costs for reimbursement.

In a separate s. 13.10 request, the Department has requested a transfer of \$231,600 GPR in 1996-97 from the disease aids appropriation. In our analysis of this request, an alternative is provided to transfer \$433,300 GPR from the disease aids appropriation to add an additional two drugs to the formulary. Even if this higher cost alternative is adopted, there is likely to be sufficient remaining funds to also support the costs of the enhanced COP data system.

### **Data Collection System**

One of the major justifications used in the Department's recommendation to expand COP data collection is that it is necessary for implementation of estate recovery, the COP cap and the CBRF limit. However, the new statutory requirements became effective on January 1, 1996 and, as an interim solution, the Department will use the current system with one change. Effective January 1, 1996, counties will be required to report aggregate COP service expenditures for an individual on a monthly basis, rather than annually.

With respect to data collection for the new statutory requirements, the modified system has several shortcomings:

- *Estate Recovery.* This system will not provide COP expenditures by type of service, and so, when an estate recovery is pursued, the Department will have to rely on county records for this information.

- *Cop Cap.* Monthly aggregate COP expenditures will allow some ability to monitor the application of the COP cap on a timely basis. However, if certain expenditures are excluded from the cap, such as home modifications, there will be some uncertainty whether an individual is above the cap. This may require an inquiry with the county to definitively determine whether an individual is above the cap.

Currently, the COP cap is not being enforced as a result of a court injunction. The court concluded that the state did not follow the proper administrative rules process to implement the cap. Until a higher court rules differently or the state completes the formal rule making process, the COP cap will not be enforced.

- *CBRF Limit.* Since the current system includes a field for the participant's living arrangement, monthly aggregate COP expenditures for all COP recipients who live in a CBRF can be totaled under the current modified system. Thus, the 25% CBRF limit can be enforced under the current system as long as the limit is based on all COP expenditures for a participant living in a CBRF. However, the current system cannot exclude certain types of services not directly related to a CBRF, such as physical therapy for an individual.

The disadvantages of minimal modifications to the existing system compared to an integrated and expanded COP module under HSRs are that: (a) the administrative burden to counties may be greater; (b) the state's ability to audit and independently apply these standards are limited since the state must rely on county data in a number of cases; (c) the state would not have the benefit of cost information by type of service for all COP recipients and the other data that is recommended to be collected (cost share payments, informal supports and functional status); and (d) this approach would retain two separate modules for the state's community-based long-term care programs.

In terms of long-term efficiency, it may be desirable to integrate the regular COP module into the MA-waiver module to establish a single module for community-based long-term care. Also, it may be important to collect additional data, especially on functional status, to enhance the state's ability to analyze the cost-effectiveness of the COP program compared to nursing home care.

## ALTERNATIVES

① Approve the Department's request to delay any action by the Committee until the amount of the COP lapse for 1995-96 is known. Require the Department to submit a specific request for funding the design and construction of an enhanced COP data collection system at the next quarterly meeting of the Committee under s. 13.10 after the COP lapse from 1995-96 is determined.

*is dept. using this as a stall tactic?*

2. Provide \$183,000 GPR to the s. 20.435(6)(a) appropriation under H&SS in 1996-97 for the design of the base system for enhanced COP data collection from the following transfers:

- a. \$50,000 from the Committee's appropriation held in reserve for COP data collection;
- b. \$50,000 from federal matching funds;
- c. \$62,700 from the Committee's appropriation held in reserve for remaining Act 12 waiver implementation funding;
- d. \$20,300 from either:
  - (1) the unreserved balance of the Committee's appropriation; or
  - (2) the disease aids appropriation under s. 20.435(1)(e).

16-0  
Significance? 3. Provide \$300,000 GPR to the s. 20.435(6)(a) appropriation under H&SS in 1996-97 for the design of an enhanced COP data collection system, including data on functional status and care needs of COP participants from the following transfers:

- a. \$50,000 from the Committee's appropriation held in reserve for COP data collection;
- b. \$50,000 from federal matching funds;
- c. \$62,700 from the Committee's appropriation held in reserve for remaining Act 12 waiver implementation funding;
- d. \$137,300 from either:
  - (1) the unreserved balance of the Committee's appropriation; or
  - (2) the disease aids appropriation under s. 20.435(1)(e).

Prepared by: Richard Megna