

Agency: DHFS (Child and Family Services and Supportive Living)

Staff Recommendations:

Paper No. 466: Part A -- Alternative 2 *Ouvada 1*

Comments: Feds are cutting community aids funding. This would hold the counties harmless. Milwaukee County wants Alt. 2. (See paragraph 4 for support.) Milwaukee County also wants Alt. 5C, but we think this is ridiculous. (See paragraph 8 for explanation.)

Part B -- Alternative 2

Comments: This would create a new appropriation for community aids prevention activities. FB makes a good case for this in paragraph 10. Milwaukee County has no position here.

Paper No. 467: Alternative 2 (See Table on page 13) Choose (II, f) within the table.

Comments: This provides funding for COP programs. The option would expand COP slots by 20% in each of the next two years. Shibilski hopes to have the opportunity to offer this motion. If it fails, he will offer a separate motion for a 5 cents per pack increase on cigarettes to provide essentially the same level of funding. Elderly advocates would argue that you shouldn't settle for anything less than a major increase in COP slots here.

Burke motion: If COP increases end up with less than a 20% increase (i.e., if Shibilski's motions fail), then you may want to offer your motion which would restore Act 469--an automatic funding mechanism for COP. Bob has talking points if you need them.

Paper No. 468 Alternative 5 *Ouvada 3*

Comments: This is the pilot program for long term care re-design. It is the single biggest initiative the department has. However, they failed to budget for it other than to attempt to use COP carryover money. Funding this through COP would set a bad precedent. It really should be funded separately through GPR. While it is the Department's intent to use COP carryover, the bill as drafted would permit the use of the general COP appropriation. (See paragraph 6 for support.) Alt. 4 would also accomplish close to the same goal and is an okay second choice. (see paragraph 13)

Paper No. 469 Approve Modification to the Bill

Paper No. 470: Alternative 3 *Ouvada 2 and Gard motion*

Comments: Milwaukee County wants Alt. 3 also. Counties don't currently have an incentive for increasing their Title 4E claims. The excess is deposited into the general fund rather than going back to the counties. Alt. 3 requires that the funds be distributed to counties through the community aids BCA.

Paper No. 471: Alternative 1

Comments: This option provides training for foster parents of children with special needs. It gives a 75%/25% federal-state match. (see paragraphs 4 and 6 for support.)

Paper No. 472: Alternative 1

Comments: Alt. 1 allows for home studies for potential adoptive parents living outside Mke County for children that reside in Mke county. This is a relatively modest proposal and sounds good to us.

Paper No. 473: Alternative 2/3

Comments: This alternative would ensure that the focus of the program remains on delinquency related intervention. It transfers the responsibility from DOC to DHFS. Although Mke County wants Alt. 3, Alt. 2 serves the same population of kids, and we think they will be okay with this option. Sen. Moen's Committee likes Alt. 2. (See paragraphs 9 and 11 for support.) Also, Alt. 1 is also not that bad, but we think Mke County probably won't like it.

Paper No. 474: Part A -- Alternative 3

Comments: Alt. 3 gives DHFS greater flexibility to adjust their funding levels based on the amount of federal funding available. (See paragraph 5 for support.) Alt. 1 is also okay. Mke County has no opinion on this paper.

Part B -- Alternative 2

Comments: This is the Southside Organizing Committee WADE request. This allows community drug prevention projects to continue their current activities without requiring them to take on additional tasks seemingly unrelated to drug use and violence prevention. (See paragraph 9 for support)

Paper 475: Part A -- Alternative 1 (No action necessary)

Comments: This provides an additional \$50,000 for 2 local drug alliances and would fully fund the requests made last year.

Burke Motion: If A1 is approved, your motion would specify that no more than 25% of these funds be retained by DHFS for administrative and technical support costs. (See paragraph 4.)

Part B -- Alternative 1 (No action necessary)

Comments: This is the governor's recommendation. It just moves funding for a position from GPR to PR.

Part C -- Alternative 1 (C 2 Overhead)

Comments: Alt. 1 puts \$250,000 additional PR into community aids. Alt. 2 doesn't give community aids anything more, it just moves the funding from GPR to PR. (See paragraph 7.)

Part D -- Alternative 1

Comments: This deletes vacant FED positions and funding. It's fine; plus it's the only option here.

Part E -- Alternative 1

Comments: More legislative oversight seems to make sense here. (See paragraph 9.)

Paper No. 476: Part A -- Alternative 3

Comments: Milwaukee County wants Alt. 3. This alternative decreases supplemental funding, and increases PR funding for community aids by a corresponding amount. (See paragraph 4 for support.) This is based on the Committee's previous action on this issue. Note: if someone moves Alt. 5, you probably don't want to support it because it will undo the OWI surcharge that you passed under DOT to raise it from \$300 to \$340. (You voted to increase the surcharge).

Part B -- Alternative 2

Comments: FB makes a good case in paragraph 2 for deleting this funding. It is only used to support unforeseen deficits of poor, rural counties. (In the last two biennia, only \$8,200 of this has been expended).

Paper No. 477: Part A -- Alternative 3 (Parts b and d)

Comments: See the chart within the option. This option provides enough funding to support a local domestic violence program in each of the 30 counties and 9 tribes that currently don't have programs. (You may recall, several people testified about the importance of providing these services in all counties at the Wausau public hearing.). The governor didn't provide nearly enough funding here, so you may as well try and get as much as you can for these programs. (Check with FB; but the numbers in Alt. 3 don't seem to jive with the numbers in paragraph 5).

Part B -- Alternative 1

Comments: This is the only option. It is just a technical adjustment.

For items for which no papers have been prepared, no action is necessary as you are working off the governor's bill.

Agency: DHFS (Child and Family Services and Supportive Living)

Staff Recommendations:

Paper No. 466: Part A -- Alternative 2

Comments: Feds are cutting community aids funding. This would hold the counties harmless. Milwaukee County wants Alt. 2. (See paragraph 4 for support.) Milwaukee County also wants Alt. 5C, but we think this is ridiculous. (See paragraph 8 for explanation.)

Part B -- Alternative 2 - *Decker 3*

Comments: This would create a new appropriation for community aids prevention activities. FB makes a good case for this in paragraph 10. Milwaukee County has no position here.

Paper No. 467: Alternative 2 (See Table on page 13) Choose (II, f) within the table.

Comments: This provides funding for COP programs. The option would expand COP slots by 20% in each of the next two years. Shibilski hopes to have the opportunity to offer this motion. If it fails, he will offer a separate motion for a 5 cents per pack increase on cigarettes to provide essentially the same level of funding. Elderly advocates would argue that you shouldn't settle for anything less than a major increase in COP slots here.

Burke motion: If COP increases end up with less than a 20% increase (i.e., if Shibilski's motions fail), then you may want to offer your motion which would restore Act 469--an automatic funding mechanism for COP. Bob has talking points if you need them.

Paper No. 468

Alternative 5 *Wineke*

Decker - 3 - ok w/ S w fall back

Comments: This is the pilot program for long term care re-design. It is the single biggest initiative the department has. However, they failed to budget for it other than to attempt to use COP carryover money. Funding this through COP would set a bad precedent. It really should be funded separately through GPR. While it is the Department's intent to use COP carryover, the bill as drafted would permit the use of the general COP appropriation. (See paragraph 6 for support.) Alt. 4 would also accomplish close to the same goal and is an okay second choice. (see paragraph 13)

Paper No. 469 Approve Modification to the Bill

Paper No. 470:

Alternative 3

all ok

Comments: Milwaukee County wants Alt. 3 also. Counties don't currently have an incentive for increasing their Title 4E claims. The excess is deposited into the general fund rather than going back to the counties. Alt. 3 requires that the funds be distributed to counties through the community aids BCA.

Paper No. 471: Alternative 1 *all*

Comments: This option provides training for foster parents of children with special needs. It gives a 75%/25% federal-state match. (see paragraphs 4 and 6 for support.)

Paper No. 472: Alternative 1 *all*

Comments: Alt. 1 allows for home studies for potential adoptive parents living outside Mke County for children that reside in Mke county. This is a relatively modest proposal and sounds good to us.

Paper No. 473: Alternative 2 *all winter may go w/ 3 - done to want to*

Comments: This alternative would ensure that the focus of the program remains on delinquency related intervention. It transfers the responsibility from DOC to DHFS. Although Mke County wants Alt. 3, Alt. 2 serves the same population of kids, and we think they will be okay with this option. Sen. Moen's Committee likes Alt. 2. (See paragraphs 9 and 11 for support.) Also, Alt. 1 is also not that bad, but we think Mke County probably won't like it.

Paper No. 474: Part A -- Alternative *2* *> specific on amounts to be spent*

Comments: Alt. 3 gives DHFS greater flexibility to adjust their funding levels based on the amount of federal funding available. (See paragraph 5 for support.) Alt. 1 is also okay. Mke County has no opinion on this paper.

Part B -- Alternative 2 *all ok*

Comments: This is the Southside Organizing Committee WADE request. This allows community drug prevention projects to continue their current activities without requiring them to take on additional tasks seemingly unrelated to drug use and violence prevention. (See paragraph 9 for support)

Paper 475: Part A -- Alternative 1 (No action necessary) *all ok*

Comments: This provides an additional \$50,000 for 2 local drug alliances and would fully fund the requests made last year.

Burke Motion: If A1 is approved, your motion would specify that no more than 25% of these funds be retained by DHFS for administrative and technical support costs. (See paragraph 4.)

Part B -- Alternative 1 (No action necessary) *all ok*

Comments: This is the governor's recommendation. It just moves funding for a position from GPR to PR.

Part C -- Alternative 1 *all OK*

Comments: Alt. 1 puts \$250,000 additional PR into community aids. Alt. 2 doesn't give community aids anything more, it just moves the funding from GPR to PR. (See paragraph 7.)

Part D -- Alternative 1 *all OK*

Comments: This deletes vacant FED positions and funding. It's fine; plus it's the only option here.

Part E -- Alternative 1 *all OK*

Comments: More legislative oversight seems to make sense here. (See paragraph 9.)

Paper No. 476: Part A -- Alternative 3 *all OK*

Comments: Milwaukee County wants Alt. 3. This alternative decreases supplemental funding, and increases PR funding for community aids by a corresponding amount. (See paragraph 4 for support.) This is based on the Committee's previous action on this issue. Note: if someone moves Alt. 5, you probably don't want to support it because it will undo the OWI surcharge that you passed under DOT to raise it from \$300 to \$340. (You voted to increase the surcharge).

Part B -- Alternative 2 *all OK*

Comments: FB makes a good case in paragraph 2 for deleting this funding. It is only used to support unforeseen deficits of poor, rural counties. (In the last two biennia, only \$8,200 of this has been expended).

Paper No. 477: Part A -- Alternative 3 (Parts b and d) *OK*

Comments: See the chart within the option. This option provides enough funding to support a local domestic violence program in each of the 30 counties and 9 tribes that currently don't have programs. (You may recall, several people testified about the importance of providing these services in all counties at the Wausau public hearing.). The governor didn't provide nearly enough funding here, so you may as well try and get as much as you can for these programs. (Check with FB; but the numbers in Alt. 3 don't seem to jive with the numbers in paragraph 5).

coops motion - to fund 8 ppm sites @ 95,000 outlined by Coalition of Domestic Violence

Part B -- Alternative 1

Comments: This is the only option. It is just a technical adjustment.

For items for which no papers have been prepared, no action is necessary as you are working off the governor's bill.

Kevin and to increase foster care reimbursement rates by 5% board to 2nd

Wineke 2 motions

Wineke to pull out items 18 and 35

To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

Community Aids Funding and Statutory Changes (DHFS -- Children and Family Services and Supportive Living)

[LFB Summary: Page 298 #1, 299 #2 (part), and 316, #14 (part)]

CURRENT LAW

Under the community aids program, the Department of Health and Family Services (DHFS) distributes funds to counties for the provision of social services for low-income persons and children in need of protection and services and services for persons with needs relating to mental illness, substance abuse and developmental disabilities. In the 1995-97 biennium, approximately \$634.2 million (all funds) is budgeted for the program. Of this amount, approximately 66% is supported with GPR; the remainder is supported with a variety of federal funds. Allocations are distributed to counties on a calendar year basis. Counties are required to submit their proposed budget expenditures for community aids by December 1 of each year on a form developed by DHFS and approved by the Department of Administration. Approximately 93% of community aids is distributed as a basic county allocation (BCA); the remainder is earmarked for specific purposes.

Basic County Allocation. The BCA can be used for any of the eligible community aids services, such as supportive home care services, specialized transportation and escort services, community living and support services, residential services such as foster care and adult family home care, inpatient and institutional care, work-related and day services, community treatment programs and prevention and outreach activities. Federal funding provided to counties through the BCA, includes the social services block grant (SSBG), child welfare services under Title IV-B of the Social Security Act, and reimbursement under Title IV-E of the Social Security Act for costs of providing foster care to children from homes eligible for the aid to families with dependent children (AFDC) program.

Substance Abuse Prevention and Treatment (SAPT) Block Grant. Funding is earmarked in order to ensure it is spent according to federal guidelines, which require that at least: (a) 20% is spent for education and prevention; (b) 35% is spent for prevention and treatment for alcohol abuse; (c) 35% is spent for prevention and treatment of drug abuse; and (d) 5% is spent for treatment programs for pregnant women and mothers.

Family Support Program. Funding is provided to enable children with severe disabilities to remain at home with their parents. Eligible families can receive up to \$3,000 annually in services and goods that include training for parents, respite care, home modification and attendant care.

Community Mental Health (CMH) Block Grant. Funding is earmarked to ensure that it is spent according to federal guidelines. Federal law requires that funds be spent to provide comprehensive community mental health services to adult with serious mental illness and to children with serious emotional disturbances and to evaluate programs and services, conduct planning, administration and educational activities related to mental illness.

Alzheimer's Family and Caregiver Support Program. Funding is enable persons with Alzheimer's disease to remain at home. Typical services include respite care and adult day care.

Counties are required to provide a 9.89% match to community aids allocations, except for funding provided for child welfare services under Title IV-B of the federal Social Security Act and the SAPT and CMH block grants. The estimated required match per county for 1997 allocations totals \$30.8 million. County matching funds may be provided from county tax levies, state revenue sharing funds or private donations. In addition, many counties provide additional funds, or overmatch their required match to community aids. In 1995, the most recent year for which information is available, counties provided \$165.9 million in addition to required match funds.

GOVERNOR

Community Aids Funding Level. Reduce funding for community aids by \$7,701,600 (all funds) in 1997-98 and \$8,610,900 (all funds) to reflect: (a) reductions in available federal funds; (b) the transfer of \$31.8 million annually from the temporary assistance for needy families (TANF) block grant from the Department of Workforce Development (DWD) and a corresponding decrease in GPR funds; and (c) the transfer of funds for tribal child care. The following table summarizes all changes to community aids funding recommended by the Governor in each year of the 1997-99 biennium.

Community Aids Funding Governor's Recommendations

	1997-98				1998-99			
	GPR	FED	PR	Total	GPR	FED	PR	Total
Base Funding	\$206,685,600	\$105,091,800	\$0	\$311,777,400	\$206,685,600	\$105,091,800	\$0	\$311,777,400
Changes to Community Aids								
Transfer of TANF Funds from DWD	-\$31,800,000	\$0	\$31,800,000	\$0	-\$31,800,000	\$0	\$31,800,000	\$0
Federal Funding Reductions								
Substance abuse block grant	0	-791,300	0	-791,300	0	-1,061,100	0	-1,061,100
Social services block grant	0	-6,381,700	0	-6,381,700	0	-6,951,200	0	-6,951,200
Title IV-B - child welfare	0	-115,800	0	-115,800	0	-185,800	0	-185,800
Transfer Tribal Child Care from DHFS to DWD	-412,800	0	0	-412,800	-412,800	0	0	-412,800
Subtotal	-\$32,212,800	-\$7,288,800	\$31,800,000	-\$7,701,600	-\$32,212,800	-\$8,198,100	\$31,800,000	-\$8,610,900
Total Community Aids Funding	\$174,472,800	\$97,803,000	\$31,800,000	\$304,075,800	\$174,472,800	\$96,893,700	\$31,800,000	\$303,166,500

Transfer of Funding Within DHFS. Transfer \$2,710,100 FED annually from the Division of Supportive Living (DSL) to the Division of Children and Family Services (DCFS) to reflect the portion of the federal SAPT block grant distributed to counties that must be expended for prevention activities to comply with federal law.

DISCUSSION POINTS

Use of the TANF Block Grant

1. States may use up to 10% of their TANF block grant for purposes consistent with the purposes of the social services block grant (SSBG), if states also use 20% of their TANF block grant to fund child care. Wisconsin's annual TANF block grant allocation is \$318.2 million, of which up to \$31.8 million can be used for the same purposes as the SSBG. In 1997-98, approximately 87% of the SSBG would be distributed to counties through community aids. The remainder is used to support DHFS state operations and the displaced homemakers program.

2. The primary arguments that support the administration's proposal to substitute TANF funds for GPR base funding for community aids are that: (a) available TANF funds exceed the administration's projections of funding necessary to implement the W-2 program; (b) these excess funds can be used to support services for low-income families, such as child welfare services, that are currently supported under community aids; and (c) reducing GPR support for community aids and reallocating these funds to other GPR-supported programs reduces the need to increase GPR revenues or reduce GPR spending for lower-priority programs as a means of maintaining

high priority GPR-supported commitments, including increasing state funding for public education. Further, the administration argues that the budget provides significant increases in GPR funding for providing child welfare services in Milwaukee County and funding for the earned income tax credit.

3. Opposition to the proposal is based on concerns that: (a) these TANF funds could be used to provide increased benefits under the W-2 employment program or reduce copayments for W-2 child care; (b) if the actual costs of implementing W-2 exceeds the amounts budgeted for the program in SB 77, no TANF funding would be available to support unanticipated costs; and (c) TANF funds could have been used to increase funding for community aids, rather than to substitute GPR base funding. Some county officials have expressed concern that implementation of the Wisconsin Works employment program will increase demand for county social services.

However, the GPR cost of deleting the proposed substitution of TANF funds for GPR funds to support community aids is \$31.8 million GPR annually and a corresponding savings of TANF funds.

4. The Governor's bill would reduce funding for community aids from the SSBG by \$6,381,700 FED in 1997-98 and \$6,951,200 FED in 1998-99 to reflect reestimates of federal funds available from that source. Since the federal legislation authorizes states to use TANF block grant funds for the same purposes as the social services block grant, the Committee could hold counties harmless from federal reductions in the SSBG by increasing GPR support for community aids by the amounts of the SSBG that would be reduced under the bill, beginning with calendar year 1998 allocations. Alternatively, the Committee could increase GPR funding as a substitute for funding from the TANF block grant that would be budgeted for community aids. Under this option, these TANF funds would be available to support other costs relating to W-2 not budgeted in SB 77.

5. The amount of GPR funding for community aids in SB 77 is sufficient to meet federal requirements for state funding of foster care and certain medical assistance (MA) services. Because these are federal match programs, the state must provide approximately 40% of the costs for eligible recipients. The state requirement for these programs totals \$38.3 million annually. To the extent that state funding provided in community aids is not sufficient to meet federal match requirements, county matching funds could be used to meet the match requirements.

Program Funding Level

6. SB 77 reduces funding for community aids to reflect federal funding reductions in the SSBG and SAPT block grant, and child welfare funding received under Title IV-B of the Social Security Act. These adjustments reflect reductions to base funding for community aids, which was established during the 1995-97 biennial budget deliberations, prior to the enactment of the federal reductions. However, actual 1996 and 1997 community aids allocations have been

adjusted by DHFS to reflect the federal funding reductions. In other words, the funding reductions provided in SB 77 reflect reductions that have already been implemented in calendar year 1996 and 1997 allocations.

7. The calendar year 1998 and 1999 community aids allocations will be adjusted slightly under the Governor's budget recommendations from actual allocations for calendar 1997. The following table shows the community aids allocations for calendar year 1997, 1998 and 1999 based on the Governor's recommendations.

	<u>1997</u>	<u>1998</u>	<u>1999</u>
Basic County Allocation	\$283,512,000	\$284,532,000	\$284,212,200
SAPT Block Grant	11,143,200	10,359,000	10,224,100
Family Support Program	4,339,800	4,339,800	4,339,800
Mental Health Block Grant	2,513,400	2,513,400	2,513,400
Alzheimer's Support Program	<u>1,877,000</u>	<u>1,877,000</u>	<u>1,877,000</u>
Total	\$303,385,400	\$303,621,200	\$303,166,500

Since reductions in the SSBG for federal fiscal year 1995-96 were not enacted until late in federal fiscal year 1995-96, the calendar year 1997 allocations were adjusted to reflect SSBG reductions for both federal fiscal years 1995-96 and 1996-97. The result is a slight increase in the calendar year 1998 BCA from the 1997 BCA. In addition, the administration assumes a 15% decrease in base funding for the SSBG in federal fiscal years 1997-98 and 1998-99, based on funding provided in the President's proposed 1997-98 budget. This level of funding is consistent with federal fiscal year 1995-96 funding.

8. As an alternative to the Governor's recommendations, the Committee could increase funding for community aids by a specified percentage (1% or 2% annually, for example). However, SB 77 does not provide inflationary increases for the state's other two aids programs to counties, youth aids and shared revenue. SB 77 reduces funding for youths aids by \$1.5 million annually and maintains funding for shared revenue payments at current levels. On May 6, 1997, the Committee voted to adopt the Governor's recommended funding for the shared revenue program.

Transfer of Substance Abuse Prevention and Treatment Block Grant Funds

9. SB 77 transfers \$2,710,100 FED of SAPT block grant funds budgeted for community aids from the Division of Supportive Living (DSL) to the Division of Children and Family Services (DCFS). The Governor recommended this transfer as a means of reallocating all DHFS base funding associated with prevention programs to DCFS.

10. This funding would continue to be provided through community aids, but would be earmarked for prevention activities as required by federal law. However, these funds would be budgeted in a DCFS federal program appropriation for local assistance and would not be clearly

identified as community aids funding in the appropriation schedule. These funds should be budgeted in a separate appropriation so they are clearly identified as community aids funding. If the Committee agrees that funding for prevention activities should be budgeted within one division in DHFS, it could create an appropriation in DCFS for community aids-supported prevention activities so that these funds would clearly be identified as community aids funds.

ALTERNATIVES TO BILL

A. Funding for Community Aids

1. Adopt Governor's recommended funding levels for community aids.
2. Modify the Governor's recommendations by increasing funding by \$3,190,900 GPR in 1997-98 and \$6,951,200 GPR in 1998-99 to eliminate the effect of reduced federal funding available under the social services block grant.

<u>Alternative A2</u>	<u>GPR</u>
1997-99 FUNDING (Change to Bill)	\$10,142,100

3. Modify the Governor's recommendations by increasing funding by \$3,190,900 GPR in 1997-98 and \$6,951,200 GPR in 1998-99 and reduce PR funding by corresponding amounts to adopt the Governor's funding level for community aids.

<u>Alternative A3</u>	<u>GPR</u>	<u>PR</u>	<u>TOTAL</u>
1997-99 FUNDING (Change to Bill)	\$10,142,100	-\$10,142,100	\$0

4. Delete the transfer of \$31.8 million annually from the TANF block grant to support the community aids program and increase GPR funding for community aids by \$31.8 million annually.

<u>Alternative A4</u>	<u>GPR</u>	<u>PR</u>	<u>TOTAL</u>
1997-99 FUNDING (Change to Bill)	\$63,600,000	-\$63,600,000	\$0

5. Provide GPR funding by any of the following amounts to reflect annual increases in the community aids BCA, effective with state-county contracts beginning January, 1998 and January, 1999:

HEALTH AND FAMILY SERVICES

Children and Family Services and Supportive Living

Community Aids -- Reallocate Funding Based on Formula

Motion:

Move to require DHFS to allocate funding for the community aids basic county allocation based on the statutory formula, beginning with 1998 calendar year allocations.

Note:

The community aids formula was created by Chapter 34, Laws of 1979, as a means of determining need among counties for state aids for social services, services for persons with developmental disabilities and substance abuse and mental health services. The formula has never been used as the basis for redistributing the basic county allocation received by counties. Rather, it was used in state-county contracts, beginning in 1980 and again in 1991, to determine counties under-funded relative to the formula and provide equity adjustments to those counties.

The community aids formula is not specified in statute. However, the formula the Department has used in the past to distribute incremental increases in the basic county allocation is based on three factors, each weighted equally.

1. *Each county's share of the state's medical assistance population.* This factor is intended as a measure of the potential demand for human services within each county.

2. *The urban-rural nature of each county.* This factor provides proportionately larger allocations to counties with the most urban and most rural populations and is intended as a measure of both the degree of social and economic problems within each county and the relative cost of providing services.

"Urban counties" are defined as those counties in which 70% or more of their population are living in communities of \$2,500 or more. These counties would receive 40% of the allocation, based on this factor. Rural counties are defined as those counties in which less than 9% of the population are living in communities of 2,500 or more persons. These counties would

receive 40% of the allocation available for this factor. The remaining 20% would be allocated to those counties with between 9% and 70% of their populations living in communities of 2,500 or more.

3. *The per-capita market value of the taxable property in each county.* This factor is intended as a measure of each county's ability to provide human services beyond the level of state and federal funding and the required county match.

This motion would redistribute the basic county allocation among counties based on the formula, beginning in calendar year 1998.

MO# 1677

BURKE	Y	<input checked="" type="radio"/> N	A
DECKER	Y	<input checked="" type="radio"/> N	A
GEORGE	Y	<input checked="" type="radio"/> N	A
JAUCH	Y	<input checked="" type="radio"/> N	A
WINEKE	Y	<input checked="" type="radio"/> N	A
SHIBILSKI	Y	<input checked="" type="radio"/> N	A
COWLES	<input checked="" type="radio"/> Y	N	A
PANZER	<input checked="" type="radio"/> Y	N	A
JENSEN	<input checked="" type="radio"/> Y	N	A
OURADA	<input checked="" type="radio"/> Y	<input checked="" type="radio"/> N	A
HARSDORF	<input checked="" type="radio"/> Y	N	A
ALBERS	Y	<input checked="" type="radio"/> N	A
GARD	Y	<input checked="" type="radio"/> N	A
KAUFERT	<input checked="" type="radio"/> Y	N	A
LINTON	Y	<input checked="" type="radio"/> N	A
COGGS	Y	<input checked="" type="radio"/> N	A

AYE 5 NO 11 ABS 0

HEALTH AND FAMILY SERVICES
Children and Family Services and Supportive Living

Community Aids -- Funding for Treatment of Eating Disorders

Motion:

Move to expand the scope of services that can be supported by community aids to include treatment for individuals with eating disorders. Further, create a committee to study the need for community funding and support for the treatment of eating disorders (primarily anorexia nervosa and bulimia). Specify that the committee would be comprised of DHFS staff from appropriate DHFS divisions and bureaus, representatives of at least two different Wisconsin counties, and any other public members DHFS determines necessary. Specify that at least one public member must have had an eating disorder, or a family member that has had an eating disorder. Direct the Committee to report its findings to the Legislature by June 1, 1998.

Note:

Currently, community aids are provided to counties to fund social services for low-income individuals, mental health and substance abuse services, and services for persons with developmental disabilities. This motion would also authorize, but not require, counties to expend community aids funds to provide treatment services to persons with eating disorders. In addition, the motion would create a committee to study the need for community funding for the treatment of eating disorders, and to submit its findings to the

MO# 3074

BURKE	<input checked="" type="radio"/> Y	<input type="radio"/> N	<input type="radio"/> A
DECKER	<input checked="" type="radio"/> Y	<input type="radio"/> N	<input type="radio"/> A
GEORGE	<input checked="" type="radio"/> Y	<input type="radio"/> N	<input type="radio"/> A
JAUCH	<input checked="" type="radio"/> Y	<input checked="" type="radio"/> N	<input type="radio"/> A
WINEKE	<input checked="" type="radio"/> Y	<input checked="" type="radio"/> N	<input type="radio"/> A
SHIBILSKI	<input checked="" type="radio"/> Y	<input type="radio"/> N	<input type="radio"/> A
COWLES	<input checked="" type="radio"/> Y	<input checked="" type="radio"/> N	<input type="radio"/> A
PANZER	<input checked="" type="radio"/> Y	<input type="radio"/> N	<input type="radio"/> A
JENSEN	<input type="radio"/> Y	<input checked="" type="radio"/> N	<input type="radio"/> A
OURADA	<input type="radio"/> Y	<input checked="" type="radio"/> N	<input type="radio"/> A
HARSDORF	<input type="radio"/> Y	<input checked="" type="radio"/> N	<input type="radio"/> A
ALBERS	<input type="radio"/> Y	<input checked="" type="radio"/> N	<input type="radio"/> A
GARD	<input type="radio"/> Y	<input checked="" type="radio"/> N	<input type="radio"/> A
KAUFERT	<input checked="" type="radio"/> Y	<input type="radio"/> N	<input type="radio"/> A
LINTON	<input checked="" type="radio"/> Y	<input type="radio"/> N	<input type="radio"/> A
COGGS	<input checked="" type="radio"/> Y	<input type="radio"/> N	<input type="radio"/> A

Motion #3074

AYE 8 NO 8 ABS

	1997-98		1998-99	
	% Increase	Amount	% Increase	Amount
a.	1.0%	\$592,900	1.0%	\$4,602,000
b.	2.0%	2,015,600	2.0%	8,912,700
c.	3.0%	3,438,300	3.0%	13,251,800

B. Transfer of SAPT Block Grant Funds to DCFS

1. Adopt the Governor's recommendation to transfer \$2,710,100 FED from the Division of Supportive Living to DCFS to reflect the portion of the SAPT block grant earmarked for prevention activities and budget these funds in a local assistance appropriation.

2. Modify the Governor's recommendation by budgeting these funds in a new appropriation in DCFS for community aids-supported prevention activities.

3. Delete provision.

MO# B-2

BURKE	Y	N	A
DECKER	Y	N	A
GEORGE	Y	N	A
JAUCH	Y	N	A
WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
JENSEN	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A

AYE 15 NO 1 ABS 0

MO# A-2

BURKE	Y	N	A
DECKER	Y	N	A
GEORGE	Y	N	A
JAUCH	Y	N	A
WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
JENSEN	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A

AYE 7 NO 8 ABS 1

MO# A-5a

BURKE	Y	N	A
DECKER	Y	N	A
GEORGE	Y	N	A
JAUCH	Y	N	A
WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
JENSEN	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A

AYE 7 NO 8 ABS 1

HEALTH AND FAMILY SERVICES

Tribal Child Care

Motion:

Move to delete the SB 77 provision that would transfer \$412,800 GPR annually of funding for tribal child care, which is currently part of the tribal consolidated family services program under community aids, to the Department of Workforce Development for W-2 child care. In addition, specify that any allocation from these funds be used only for low-income child care or crisis and respite child care in accordance with the requirements of the federal child care and development block grant (CCDBG).

Note:

SB 77 would transfer \$412,800 GPR annually from tribal child care funds budgeted in community aids to the DWD W-2 child care appropriation. These funds are part of the consolidated family services program, and are distributed to eleven Wisconsin Indian tribes. The consolidated family services program combines 11 categorical programs into a single family-based program. The \$412,800 represents the amount of funding that was previously earmarked for child care, prior to the consolidation. Part of this funding is used for crisis and respite child care as well as low-income child care. Child care assistance under W-2 is not available for crisis and respite child care.

In order for the state to receive all of the federal funds available under the federal CCDBG, the state must spend \$26.8 million in 1997-98 and \$28.0 million in 1998-99 for child care assistance. Under SB 77, the state would meet this matching requirement by appropriating these amounts under the W-2 child care program. If the W-2 child care appropriation is reduced by \$412,800 GPR annually, the state must increase its GPR spending for child care in other areas in order to meet the federal matching requirements.

This motion would restore the \$412,800 to the community aids distribution to Indian Tribes and delete a corresponding amount of funding in DWD for W-2 child care. However, the motion would add restrictions to the use of these funds so that this funding, while budgeted in DHFS

under community aids, could be counted as part of the state matching requirement for the CCDBG. Indian tribes would be required to use these funds only for low-income child care (child care for work activities) or crisis or respite child care in a manner that would be compatible with the federal requirements for use of CCDBG funds.

MO# _____

BURKE	<input checked="" type="radio"/>	N	A
DECKER	<input checked="" type="radio"/>	N	A
GEORGE	<input checked="" type="radio"/>	N	A
JAUCH	<input checked="" type="radio"/>	N	A
WINEKE	<input checked="" type="radio"/>	N	A
SHIBILSKI	<input checked="" type="radio"/>	N	A
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KAUFERT	<input checked="" type="radio"/>	N	A
LINTON	<input checked="" type="radio"/>	N	A
COGGS	<input checked="" type="radio"/>	N	A

AYE 16 NO 0 ABS 0

To: Joint Committee on Finance
From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

Funding for the Community Options Program (DHFS -- Children and Family Services and Supportive Living)

[LFB Summary: Page 300, #3]

CURRENT LAW

Purpose and Administration. The community options program (COP), including regular COP (COP-R) and the community options medical assistance (MA) waiver program (COP-W), screens persons who are at risk of entering a nursing home, State Center for the Developmentally Disabled or other institution to determine whether they can be served by community-based, noninstitutional services. The programs provide assessments of persons to determine if community-based services are appropriate and individual case planning and funding for eligible, low-income persons to obtain those services necessary to remain at home or in the community.

Counties are allocated funds on a calendar year basis, with separate allocations for assessments, case plans and COP and COP-W services. In 1997, approximately 3% of the allocated funds will be used to provide assessments and case plans; the remaining 97% will be used to provide for services.

Although a given funding level is often associated with a number of placements, counties are not obligated to serve a minimum number of individuals. If the cost of services for COP and COP-W are higher than the cost assumption used to project the number of placements, a lower number will be served than anticipated.

Comparison of COP-R and COP-W. Client groups eligible for COP-R and COP-W programs overlap. However, there are four significant differences between the programs.

(a) The target populations for COP-W are more limited than for COP-R. COP-W is generally intended to serve only elderly and physically disabled persons, whereas COP-R serves individuals in these two target groups, as well as persons with developmental disabilities, chronic mental illness and Alzheimer's disease.

(b) To be eligible for COP-W services, a person must qualify for care reimbursable by medical assistance (generally, care provided in a skilled nursing facility or an intermediate care facility levels 1 or 2). COP-R provides exceptions to this requirement for persons with Alzheimer's disease and chronic mental illness.

(c) COP-W provides funding for a specified array of services, whereas regular COP funds may be used for any service or program which is needed to enable the individual to remain at home in place of institutional care.

(d) COP-W recipients must meet financial and non-financial eligibility criteria for the MA program while the COP-R program is slightly broader in its eligibility standards.

Although COP-W does not serve persons with developmental disabilities, there are several MA waiver programs, including the community integration program (CIP IA and IB), that provide community-based services to this group.

Persons with chronic mental illness and individuals in the early stages of Alzheimer's disease are only eligible for COP and cannot access the MA waiver programs. Also, those individuals are not eligible for MA-funded nursing home care.

COP is often used to fill gaps in the MA waiver programs. COP is used for services not supported under the MA waivers. Also, if the state's per diem payments are insufficient to pay for all the costs of care, counties use COP to fund excess costs. COP is also used to fund services while a applicant is waiting for approval under one of the waiver programs.

Of the \$57.8 million GPR expended for COP-R services in 1995, \$13.7 million, was used to provide services for individuals who were not eligible for MA. In addition, \$4.6 million was used to fund the required 40% match for locally-supported slots under CIP IB and \$3.2 million was used to fund 40% of the costs in excess of the state maximum reimbursement rate for MA waiver programs. Further, in 1995, approximately \$14 million of COP-R funds were used for persons living in CBRFs, many of which exceeded the size requirement for coverage under the MA waiver program.

Program Funding. In 1996-97, \$116,919,600 (\$82,997,500 GPR and \$33,922,100 FED) is budgeted for COP services. Although this level of funding significantly exceeds the amounts budgeted for COP in 1994-95 (\$105 million), almost all of the additional funding provided for COP in the 1995-97 biennium was provided to fully fund the costs of slots that were created in 1994-95, but only funded for part of that year.

The only legislation enacted in the 1995 legislative session that increased the number of budgeted slots was provided by 1995 Act 464, which provided an additional \$420,800 GPR for COP-R and \$886,400 GPR and \$1,330,000 FED for COP-W in 1996-97.

The additional funding under Act 464 is estimated to support 290 new slots (50 COP-R and 240 COP-W slots). DHFS estimates that there are a total of 16,426 budgeted slots in 1996-97, including 9,760 COP-R and 6,666 COP-W slots.

GOVERNOR

Provide \$1,015,600 GPR and delete \$117,000 FED in 1997-98 and provide \$3,075,300 GPR and \$1,174,400 FED in 1998-99 to fund: (a) 120 additional placements that would be supported entirely with GPR (COP-R slots) and 280 COP-W slots program, beginning January 1, 1998; and (b) an additional 120 COP-R and 280 COP-W slots, beginning January 1, 1999. Thus, in total, 800 additional slots would be provided by the end of the 1997-99 biennium. Based on actual 1995 average costs of COP slots, the funding provided in SB 77 would support 346 slots in 1997-98 and 346 slots in 1998-99, or a total of 692 slots by the end of the 1997-99 biennium.

DISCUSSION POINTS

Cost and Use of COP and Nursing Home Care

1. Table 1 provides a comparison of the average cost of participants in the COP-W and CIP II programs with the average cost of care in nursing homes. The comparison includes related non-MA costs, such as SSI costs of a COP-W participant, and thus, attempts to provide a comprehensive view of the net costs to the state of the two alternative types of long-term care.

TABLE 1**Comparison of the Average Cost of Nursing Home Residents
and COP-W/CIP II Participants**

Calendar Years 1993 to 1995

	<u>1993</u>	<u>1994</u>		<u>1995</u>	
	<u>Amount</u>	<u>Amount</u>	<u>Percent Change</u>	<u>Amount</u>	<u>Percent Change</u>
Total Costs					
Nursing Homes	\$67.80	\$70.56	4.1%	\$73.64	4.4%
COP-W/CIP II	53.64	55.73	3.9	56.76	1.9
Difference	\$14.16	\$14.83	4.7%	\$16.88	13.8
State/County Costs					
Nursing Home	\$26.78	\$28.15	5.1%	\$29.91	6.3
COP-W/CIP II	22.26	22.76	2.3	23.49	3.2
Difference	\$4.52	\$5.39	19.3	\$6.42	19.1%

Table 1 shows that, from 1993 to 1995, the average cost of care for COP-W and CIP II participants was less than the average cost of nursing home care. The difference in state costs between community and nursing home care increased from \$4.52 per day in 1993 to \$6.42 per day in 1995. In 1995, the average state cost of COP-W/CIP II was 21% less than the average cost of nursing home care.

2. Table 1 also indicates the trend in costs of both community and nursing home care.
 - For community care, the average state cost increased by 2.3% in 1994 and by 3.2% in 1995.
 - In contrast, the overall average state cost of nursing home residents increased by 5.1% in 1994 and 6.3% in 1995.

3. Although individuals served by the MA community-based waiver programs must require a level of care that would make them eligible for care in a nursing home, this minimum standard does not indicate that individuals participating in the waiver programs have, on average, the same level of disability as those residing in nursing homes. It is possible that part or all of

the lower average cost for waiver participants is due to a lower level of care required by persons receiving community-based services.

Although both nursing home residents and MA waiver participants in the community are categorized into different care levels, these care levels include a broad range of care needs and any adjustment to costs based on the proportion of residents in each care level may not capture all the differences in the care needs of the groups.

4. In addition, although it may be less expensive to care for a given individual in the community rather than in a nursing home, expansion of funding for COP may not reduce costs. The expansion of community-based care may add to the demand for long-term care, because some individuals who would be unwilling to enter a nursing home may be willing to participate in COP. Thus, there is not a one-to-one correlation between the number of additional COP slots and reductions in the demand for nursing home beds.

5. However, during the years COP and other MA waiver programs expanded, the state's nursing home utilization declined, even as nursing home use increased nationally. Although this experience is suggestive, it is difficult to draw conclusive correlations between the expansion of the COP program and reductions in nursing home utilization, since other factors may influence the demand for nursing home services.

6. In addition to the expansions in the COP program and other MA waiver programs, the decline in nursing home utilization in Wisconsin may also be due to other factors, such as statutory limits on the number of nursing home beds, higher utilization of other noninstitutional long-term care services, such as MA-funded home health and personal care services, a healthier elderly population and more successful medical interventions.

7. The comparisons in Table 1 do not include COP-R (GPR-supported) client costs. Similar comprehensive data is not collected for the regular COP program. However, data is available on average monthly expenditures under the regular COP program, as shown in Table 2.

TABLE 2

**Average Monthly Cost
COP, COP-W/CIP II and Nursing Homes
(Exclusive of MA Card, SSI and Other Related Costs)**

Calendar Years 1990 to 1995

Year	COP-R		COP-W/CIP II		Nursing Home	
	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change
1990	\$527	--	\$696	--	\$1,449	--
1991	596	13.0%	723	3.9%	1,560	7.6%
1992	642	7.9	743	2.7	1,715	9.9
1993	687	6.9	761	2.4	1,826	6.5
1994	755	9.9	819	5.4	1,913	4.8
1995	769	1.8	834	1.8	2,003	4.8
Average Annual Rate Of Increase		7.9%		3.7%		6.7%

8. Table 2 compares average monthly costs for the regular COP program, the COP-W/CIP II programs (solely for program expenditures) and MA-funded nursing home care.

- In calendar year 1995, the average monthly cost for regular COP was \$769, which was lower than the \$834 average monthly cost for the COP/CIP II waiver program.
- Over the 1990 to 1995 period, the average monthly cost for the regular COP program increased at an average annual rate of 7.9%, which was double the average annual rate increase of 3.7% for the COP-W/CIP II program.
- However, the annual average rate increase of 6.7% for nursing homes was almost as high as the increase for the COP program.

The growth in COP-R average costs over 1992 to 1994 may have been to increasing utilization of CBRF care, which had higher costs than other settings. Provisions of 1995 Wisconsin Act 27 limit counties' use of COP funds for CBRF services to 25% or less of the total COP allocation.

Funding

9. Table 3 indicates the level of funding for the COP-R and COP-W programs for calendar years 1990 through 1997. The amounts identified for 1990 through 1995 represent actual expenditures, while the amounts for 1996 and 1997 reflect the amounts allocated to counties in those years (all of these funds may not have been expended).

TABLE 3

Total COP Expenditures for Calendar Years 1990 through 1997
(\$ in Millions)

<u>Year</u>	<u>COP-R</u>	<u>COP-W</u>	<u>Total</u>	
			<u>Amount</u>	<u>% Change</u>
1990	\$35.4	\$10.6	\$46.0	--
1991	37.7	17.8	55.5	20.7%
1992	41.6	21.5	63.1	13.7
1993	46.6	33.7	80.3	27.3
1994	49.8	39.2	89.0	10.8
1995	57.8	45.6	103.4	16.2
1996	57.9	55.6	113.5	9.8
1997	59.1	57.1	116.2	2.4
Annual Rate of Increase Over 1990 to 1997				14.2%

10. The increased funding that would be provided in SB 77 for COP would provide a total of \$117.8 million in 1997-98 and \$121.2 million in 1998-99, which represent annual increases of 1.4% and 2.9%, respectively, over the amount allocated to counties in 1996.

11. The COP-R and COP-W programs are budgeted in terms of assessments, case plans and COP-R and COP-W funded service months. These amounts are multiplied by standard budgeted rates per unit to determine the total funding necessary for new and existing COP-R and COP-W clients and to account for attrition in the caseload. The totals are then offset by federal funding estimated to be available for COP-W clients.

12. The funding provided in SB 77 is based on the following budgeted rates:

- \$112 per assessment
- \$184 per case plan

- For placements created prior to 1993 Wisconsin Act 16, \$459 per month for 8,062 COP-R placements and \$712 per month for 4,364 COP-W placements
- For COP placements created in 1993 Wisconsin Act 16 and later legislation, \$596 per month for COP-R 1,698 placements and \$723 per month for 2,302 COP-W placements.

The budget rates for COP services reflect the costs that existed in calendar year 1991 or earlier. These budgeted rates have not been changed since 1993-94.

13. Under the statutes, counties receive allocations of funding for the COP-R and COP-W programs, not allocation of placements. As a result, counties can cover costs above the budgeted rates by serving fewer persons.

14. In 1995, the actual costs for serving a COP placement was \$769 per month, compared to \$730 per average month for a COP-W placements. Based on a weighted average of the different rates and costs, actual costs in calendar 1995 were 30% higher than the budgeted rates.

15. Actual assessment costs are also higher than the budgeted rate of \$112 per assessment. Currently, the Department estimates that counties spend an average of \$147 per assessment.

16. If the 16,426 placements (9,760 COP-R and 6,666 COP-W) were budgeted at the 1995 average monthly rates of \$769 and \$730, rather than the budgeted rates assumed by the Governor, an additional \$32.8 million GPR in 1997-98 and \$35.1 million in 1998-99 would be required over the amounts provided in SB 77.

17. Alternatively, when the number of placements is reestimated based on 1995 average monthly costs and currently available funding, 11,855 placements, rather than 16,426, are actually funded under current law. By using total funding and actual costs, a more accurate indication of current placements can be provided, prior to estimating the need for additional funding to address waiting lists or other factors.

Expansion of Services

18. Two factors that are relevant to determining the funding level for COP are the waiting list and projected demographic changes. Both of these factors may reflect the demand for COP services above the current appropriations for COP services.

- *Waiting Lists.* Counties complete a point-in-time survey of the number of persons on their COP and COP-W waiting lists on January 1 of each year. These figures are then reported to DHFS as part of annual county COP plans. On January 1, 1997, the number of

persons on COP waiting lists was 8,270. The number of persons on COP waiting lists totaled 8,834 on January 1, 1996.

• *Demographic Changes.* The demand for COP services is also affected by the aging of the population and by greater numbers of individuals who are surviving traumatic illnesses or injuries and who need long-term care services. DHFS projects that approximately 558 new slots in 1997-98 and 1,115 new slots would be needed in 1998-99 to keep pace with the growth in the population requiring long term support.

The waiting list number and projected demographic changes should not be taken as a precise indication of the unmet demand for COP services. The actual demand for COP services may be greater or smaller than indicated by the sum of the waiting list and projected demographic changes. Some individuals who desire COP services may be discouraged by long waiting lists or cannot wait for COP services and thus, may not place their names on the waiting list, and instead, find alternative types of services. Alternatively, some persons, who may not need COP services immediately, may place their name on the waiting list, anticipating a future need for COP services.

Also, it is not clear that the demographic changes would affect the demand for COP services in the same proportion as other long-term care services. For these and other reasons, the COP waiting list number and projected demographic changes should not be taken as an exact figure for the unmet demand for COP services.

Although it is unclear what the actual unmet demand for COP services will be in 1997-99, it will be assumed for the sake of deriving a fiscal estimate of the cost to meet the demand for COP services that 8,500 additional placements will be needed in 1997-98 and an additional 250 (total of 8,750) in 1998-99.

The cost of these additional placements would depend on the timing of the placements. It may be difficult for counties to expand COP services to everyone on the waiting list in a single year. Expanding services to 8,750 persons would represent almost a doubling over current caseloads. It would be difficult for counties to accommodate this type of increase. The annual cost of serving an additional 8,750 persons for a full year is estimated to be \$53.7 million GPR and \$31.5 million FED, assuming that 70% of the placements would be COP-W and 30% COP-R. If this expansion was phased-in to add 4,250 placements on January 1, 1998 and 4,500 placements on January 1, 1999 the cost would be \$13.1 million GPR and \$8.3 million FED in 1997-98 and \$35.3 million GPR and \$23.3 million FED in 1998-99. The cost to continue in 1999-00 would be an additional \$18.4 million GPR and \$8.2 million FED since the placements added on January 1, 1999, were funded for only half a year.

Allocation of COP Funding Increases

19. If additional placements are provided for the COP program, there are several options the Committee could consider, including the division between COP-R and COP-W placements. The advantage of COP-W is that: (a) COP-W slots are significantly less expensive, since approximately 59% of the total costs are covered by federal matching dollars; and (b) the average cost of a COP-W placement has increased at a slower rate than for COP-R.

The advantage of COP-R placements is that: (a) it provides counties flexibility to fill the gaps of other long-term care programs in terms of both services and types of persons needing services. Under SB 77, 70% of the additional slots would be COP-W, and 30% COP-R.

Another factor in the allocation of COP funds between COP-R and COP-W is the availability of funding for CBRF services. Federal regulations limit the use of COP-W funds to CBRFs with eight or fewer beds or to CBRFs with independent apartments. In contrast, COP-R can be used in larger CBRFs under certain conditions. A larger allocation for COP-R slots would provide for more flexibility for funding of CBRF services. This might be beneficial in that many elderly individuals desire CBRF services. However, larger CBRFs may not be consistent with the original intention of the COP program as a home- or community-based program. Also, the net cost of CBRF care to the state under COP-R is likely to be more expensive than nursing home care. In 1993, the average daily rate in CBRFs statewide was \$51.38, while under MA the state paid \$61.61 per day for skilled nursing care and \$47.78 per day for intermediate care. Under COP-R, the state pays 100% of the cost (\$51.38 per day) while under MA-supported nursing home care, the state pays 41% of the cost (\$25.26 or \$19.59 per day). Thus, in 1993, the net cost to the state of MA nursing home care was either 40% or 50% less expensive than CBRF care under COP-R.

20. A second choice for the allocation of new COP placements is whether some of those placements should be dedicated for either the hospital link program or the nursing home relocation program. Both of these programs have as their goal a emphasis to divert individuals or relocate individuals from nursing homes.

In 1996, a total of \$1.1 million of COP funds was dedicated for the current hospital link program that attempts to avoid unnecessary nursing home placements by providing immediate funding for COP assessments and COP funded services for hospitalized elderly patients. In the 1993-95 biennium, approximately 400 placements were provided to 32 counties that submitted plans to relocate persons from nursing homes. In its 1997-99 budget request, DHFS requested an additional 82 hospital link slots in 1997-98 and an additional 166 in 1998-99. DHFS also requested 250 additional slots in 1997-98 and an additional 300 slots in 1998-99 to relocate individuals from nursing homes.

Long-Term Care Redesign and COP Funding

21. One of the stated goals of the Department's proposal for the redesign of the long-term care system is to eliminate any bias in the type of long-term care and to allow funding to follow the person according to the individual's choice, rather than be allocated to a certain type of provider. Since there are currently waiting lists for community-based long-term care programs, this suggests that, as the redesign of the long-term care system is implemented, there would be a significant shift of funding to community-based care. If this is the direction of long-term care, it could be argued that it may be prudent to expand funding for the COP program and other community-based programs in 1997-99 in order to begin the transition to this new system and to have the resources to meet the stated objective.

22. On the other hand, one of the themes of the proposed system redesign is that care management organizations (CMOs) would manage the care of eligible persons under a capitated rate. These CMOs would be distinct from the single entry points (resource centers) that would assess the individual and instruct the person on long-term care alternatives. It appears that counties would likely be the single entry points (resource centers) while a private non-profit organization would serve as the CMO. Since the CMOs may be subject to different rules than the COP program and since counties may not be the first choice as the CMO, expansion of the COP program may not be fully consistent with the direction of the long-term care redesign.

23. DHFS currently operates two small programs, the program for all-inclusive care for the elderly (PACE) and the Wisconsin partnership program, that could be considered as programs designed to support community-based long-term care and programs that mirror DHFS' plan for long-term care. Currently, under the PACE program, DHFS contracts with two private organizations that provide comprehensive services, including both community-based and nursing home services, to elderly persons who meet nursing home eligibility standards in Milwaukee and Dane Counties. The goal of the program is to provide a full range of care, which is coordinated, monitored and provided by a multi-disciplinary team of health care professionals, to enable clients to remain in their homes as long as feasible. In addition, the partnership program will soon include a model to serve persons with physical disabilities as well as the elderly.

DHFS pays the following MA capitation rates under the PACE and partnership programs: (a) Community Care for the Elderly in Milwaukee, \$2,131 per month; (b) Elder Care Options in Dane County, \$2,283 per month; and (c) Access for Independence in Dane County, 2,770 per month. These MA capitation rates are supplemented by an additional capitation rate under medicare. The MA capitation rate reflects a 2.5% discount from the estimated fee for services cost.

As of April, 1997, there were approximately 521 persons enrolled in the PACE and partnership programs. DHFS plans to expand this membership to 900 by June, 1998 and to 1,200 by June, 1999.

ALTERNATIVES TO BILL

1. Approve the Governor's recommendations.
2. Modify the Governor's recommendation to increase funding for COP to reflect all or a portion of the projected cost of addressing current waiting lists and/or demographic growth in the 1997-99 biennium, as shown in the table on the attachment to this memorandum. (The cost of additional slots is based on 1995 actual costs, rather than budgeted rates.)
3. In addition to Alternative 2, specify that part of the additional placements be allocated for one or more of the following programs:
 - (a) For the hospital link program, an additional 40 slots in 1997-98 and an additional 80 slots in 1998-99.
 - (b) For the hospital link program, an additional 80 slots in 1997-99 and an additional 160 slots in 1998-99.
 - (c) For nursing home relocations, an additional 100 slots in 1997-99 and an additional 200 slots in 1998-99.
 - (d) For nursing home relocations, an additional 250 slots in 1997-98 and an additional 300 slots in 1998-99.

MO#

2 (II, f)

Prepared by: Richard Megna

BURKE	<input checked="" type="radio"/>	N	A
DECKER	<input checked="" type="radio"/>	N	A
GEORGE	<input checked="" type="radio"/>	N	A
JAUCH	<input checked="" type="radio"/>	N	A
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KAUFERT	<input checked="" type="radio"/>	<input checked="" type="radio"/>	A
LINTON	<input checked="" type="radio"/>	N	A
COGGS	<input checked="" type="radio"/>	N	A

AYE 8 NO 8 ABS 0

HEALTH AND FAMILY SERVICES

Increase COP Funding and Cigarette Tax

Motion:

Move to provide \$9,527,200 GPR and \$6,235,500 FED in 1997-98 and \$25,040,700 GPR and \$16,846,900 FED in 1998-99 to fund an additional 3,189 COP placements, beginning January 1, 1998 and an additional 3,189 placements, beginning January 1, 1999. Specify that 70% of the additional placements would be made under the COP medical assistance waiver (COP-W) program while the remaining 30% would be made under the state-only COP program (COP-R) which is 100% funded by state GPR dollars.

Move to increase the cigarette tax by 5 cents per pack, from the 49 cents recommended in SB 77, to 54 cents, effective September 1, 1997.

Note:

This motion would increase the cigarette tax by 5 cents a pack to fund additional placements under the COP program. This increase in the cigarette tax would increase tax revenues by an estimated \$18.0 million in 1997-98 and \$18.7 million in 1998-99 and would increase refunds for cigarettes sold by Native Americans by \$900,000 in 1997-98 and by \$1.2 million in 1998-99. These numbers would change if other cigarette tax increases are adopted. COP funding would be increased by \$9,527,200 GPR and \$6,235,500 FED in 1997-98 and \$25,040,700 GPR and \$16,846,900 FED in 1998-99 to support an additional 3,189 placements, beginning on January 1, 1998, and an additional 3,189 placements, beginning on January 1, 1999. In total, 6,377 additional placements (1,910 COP-R and 4,468 COP-W) would be provided by the end of the 1997-99 biennium.

[Change to Bill: \$36,667,900 GPR, \$23,082,400 FED, and \$36,700,000 GPR-REV]

MO# 3097

BURKE	<input checked="" type="radio"/>	N	A
DECKER	<input checked="" type="radio"/>	N	A
GEORGE	<input checked="" type="radio"/>	<input checked="" type="radio"/> N	A
JAUCH	<input checked="" type="radio"/>	N	A
WINEKE	<input checked="" type="radio"/>	N	A
SHIBILSKI	<input checked="" type="radio"/>	N	A
COWLES	<input checked="" type="radio"/>	<input checked="" type="radio"/> N	A
PANZER	<input checked="" type="radio"/>	<input checked="" type="radio"/> N	A
JENSEN	<input checked="" type="radio"/>	<input checked="" type="radio"/> N	A
OURADA	<input checked="" type="radio"/>	<input checked="" type="radio"/> N	A
HARSDORF	<input checked="" type="radio"/>	<input checked="" type="radio"/> N	A
ALBERS	<input checked="" type="radio"/>	<input checked="" type="radio"/> N	A
GARD	<input checked="" type="radio"/>	<input checked="" type="radio"/> N	A
KAUFERT	<input checked="" type="radio"/>	<input checked="" type="radio"/> N	A
LINTON	<input checked="" type="radio"/>	N	A
COGGS	<input checked="" type="radio"/>	N	A

AYE 7 NO 9 ABS 0

HEALTH AND FAMILY SERVICES

25% Limit on Use of COP for CBRF Services

Motion:

Move to eliminate the current restriction that prohibits counties from using more than 25% of funds allocated under the community options program (COP) and the community integration program (CIP II) for services in community-based residential facilities (CBRFs). Define COP and CIP II as primarily home care programs, and limit use of COP and CIP II funds to services to people who live in their own homes or apartments, except in certain circumstances where in-home care is not feasible and alternative care is appropriate.

Specify that a county may elect to spend COP and CIP II funds for alternate residential care settings in the following situations:

- a. Placement in independent apartment CBRFs, assisted living facilities, and adult family homes;
- b. Placement of a person with Alzheimer's or related dementia in a CBRF with a dementia care program; and
- c. Placement in a CBRF when the county determines that all of the following conditions have been met:
 1. COP assessment and care plan have been completed prior to admission for any person entering a CBRF after January 1, 1998. This would apply to both public and private pay individuals. For private pay individuals, the county could charge for and subcontract the assessment.
 2. County documents that the in-home care option has been discussed with the individual, thoroughly evaluated, and found to be infeasible, as defined by rule.
 3. The CBRF is the applicant's preferred place of residence or is the setting preferred by the applicant's guardian.
 4. The CBRF provides a quality environment and quality care services.
 5. CBRF placement is cost effective compared to other options, including home care and nursing home care.

HEALTH AND FAMILY SERVICES

Transfer of MA Funds to COP

Motion:

Move to provide for a potential transfer of funding from the MA appropriation to the community options program (COP), conditional on a decline in the utilization of nursing home beds by MA recipients for the prior fiscal year. Require DHFS, by December 1st of each year, to submit to the Joint Committee on Finance a report on the utilization of beds by MA recipients in facilities for the immediate prior two consecutive fiscal years. Define "facility" as a nursing home or community-based residential facility that is MA-certified, including the State Centers for the Developmentally Disabled.

Specify that if the report indicates that utilization of beds has declined in the most recent completed fiscal year from the previous year, DHFS would be required to multiply, for each level of care, the difference between the number of days of care by the average daily cost of that level of care. This amount would then be reduced by the cost of additional placements under the community integration programs CIP IA, CIP IB, and CIP II. The average daily costs of care would be derived by dividing total MA expenditures for that type of care by the total number of days of that type of care provided in facilities in that fiscal year.

Specify that, if there is a decline in the utilization of nursing home beds, the DHFS report would include a proposal to transfer funding and that the funding be transferred with the approval of the Joint Committee on Finance under a 14-day passive review process. Specify that the Committee may modify the proposed transfer.

Note:

Under 1993 Wisconsin Act 469, the Department was required to submit a report to the Joint Committee on Finance by September 1 of each fiscal year that provided information on the utilization of nursing home beds by MA recipients. If there was a decline in utilization, the Department was required to calculate and propose a transfer from the MA appropriation to the COP appropriation equal to the product of the average daily cost of nursing home care and the decrease in the number of nursing home days. The proposed transfer would be made unless the Committee scheduled a meeting to review the transfer. The Committee could approve or modify

the proposed transfer. In 1994-95, the Committee approved a transfer of \$4,847,400 GPR to the 1994-95 COP program from the MA appropriation. Under 1995 Wisconsin Act 27, these provisions were repealed.

This motion would restore the Act 469 provisions with two modifications. First, the transfer based on the decline in nursing home utilization would be reduced by the amount of additional payments under the three community integration programs -- CIP IA, CIP IB and CIP II. Second, the required date for the report from the Department would be moved from September 1 to December 1 of each year.

It is projected that utilization of nursing home beds will decline in 1996-97, compared to 1995-96 nursing home utilization so that restoration of the COP-MA transfer would likely result in a transfer of funding in 1997-98. Based on the assumptions used in the reestimate for MA expenditures, there would be a COP transfer of approximately \$2.1 million in 1997-98 under the modified formula recommended in this motion. Because these utilization declines were assumed in reestimating the MA base for the 1997-99 biennium, a transfer of \$2.1 million in 1997-98 would result in projected MA expenditures exceeding MA funding by \$2.1 million GPR in 1997-98.

[Change to Bill: See Text]

MO#				
1	BURKE	Y	N	A
	DECKER	Y	N	A
2	GEORGE	Y	N	A
	JAUCH	Y	N	A
	WINEKE	Y	N	A
	SHIBILSKI	Y	N	A
	COWLES	Y	N	A
	PANZER	Y	N	A
	JENSEN	Y	N	A
	OURADA	Y	N	A
	HARSDORF	Y	N	A
	ALBERS	Y	N	A
	GARD	Y	N	A
	KAUFERT	Y	N	A
	LINTON	Y	N	A
	COGGS	Y	N	A

AYE 8 NO 8 ABS 0

ATTACHMENT

Additional Funding for COP and COP-W Programs (\$ in Millions)

			<u>1996-97</u>	<u>Additional</u> <u>Number of Placements</u>		<u>Additional Funding Needed</u> <u>Over Governor's Recommendation</u>			
				<u>1997-98</u>	<u>1998-99</u>	<u>1997-98</u>	<u>1998-99</u>	<u>Total</u>	
I. REESTIMATE OF PROGRAM COSTS									
<u>Current Program (1995 Costs)</u>									
a.	Fully Fund Placements	COP	9,760			\$32.8	\$35.1	\$67.9	GPR
		COP-W	<u>6,666</u>			<u>0.4</u>	<u>1.6</u>	<u>2.0</u>	FED
		Total	16,426			\$33.2	\$36.7	69.9	
b.	Reestimate Placements	COP	7,044			0	0	0	GPR
		COP-W	<u>4,811</u>			<u>-9.6</u>	<u>-9.7</u>	<u>-19.3</u>	FED
		Total	11,855			-9.6	-9.7	-19.3	
II. EXPANSION OF SERVICES (1995 Costs)									
a.	5% Expansion Each Year	COP		180	180	\$0.9	\$2.2	\$3.1	GPR
	70% COP-W	COP-W		<u>420</u>	<u>420</u>	<u>1.3</u>	<u>2.3</u>	<u>3.6</u>	FED
		Total		600	600	\$2.2	\$4.5	\$6.7	
b.	5% Expansion Each Year	COP		120	120	0.8	1.7	2.5	GPR
	80% COP-W	COP-W		<u>480</u>	<u>480</u>	<u>1.4</u>	<u>2.6</u>	<u>4.0</u>	FED
		Total		600	600	2.2	4.3	6.5	
c.	10% Expansion Each Year	COP		360	360	2.9	7.5	10.4	GPR
	70% COP-W	COP-W		<u>840</u>	<u>840</u>	<u>2.4</u>	<u>5.6</u>	<u>8.0</u>	FED
		Total		1,200	1,200	5.3	13.1	18.4	
d.	10% Expansion Each Year	COP		240	240	\$2.6	\$6.5	\$9.1	GPR
	80% COP-W	COP-W		<u>960</u>	<u>960</u>	<u>2.7</u>	<u>6.5</u>	<u>9.2</u>	FED
		Total		1,200	1,200	\$5.3	\$13.0	\$18.3	
e.	20% Expansion Each Year	COP		720	720	6.9	18.1	25.0	GPR
	70% COP-W	COP-W		<u>1,680</u>	<u>1,680</u>	<u>4.7</u>	<u>12.4</u>	<u>17.1</u>	FED
		Total		2,400	2,400	11.6	30.5	42.1	
f.	20% Expansion Each Year	COP		480	480	6.3	16.2	22.5	GPR
	80% COP-W	COP-W		<u>1,920</u>	<u>1,920</u>	<u>5.3</u>	<u>14.2</u>	<u>19.5</u>	FED
		Total		2,400	2,400	11.6	30.4	42.0	
g.	10% Expansion 1st Year	COP		240	480	2.6	10.2	12.8	GPR
	20% Expansion 2nd Year	COP-W		<u>960</u>	<u>1,920</u>	<u>2.7</u>	<u>9.1</u>	<u>11.8</u>	FED
	80% COP-W	Total		1,200	2,400	5.3	19.3	24.6	
h.	Eliminate Waiting List	COP		1,275	1,350	13.1	35.3	48.4	GPR
	70% COP-W	COP-W		<u>2,975</u>	<u>3,150</u>	<u>8.3</u>	<u>8.3</u>	<u>31.6</u>	FED
		Total		4,250	4,500	21.4	21.4	80.0	

To: Joint Committee on Finance
From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

Long-Term Care Single-Entry Point Pilot Program (DHFS -- Children and Family Services and Supportive Living)

[LFB Summary: Page 302, #5]

CURRENT LAW

In 1995, the Department of Health and Family Services (DHFS) began a major initiative to redesign the provision of long-term health care services in Wisconsin. The process has involved a number of steering committees in order to solicit comments and views from a broad range of groups. DHFS recently released a preliminary proposal that is intended to generate public comment, after which, DHFS expects to revise the proposal and request drafting of the legislation. DHFS expects that this legislation will be introduced in the Fall of 1997.

GOVERNOR

Authorize DHFS to establish, in geographic areas determined by DHFS, a pilot project under which the Department could contract with a private or public entity to: (a) serve as a clearinghouse of information for individuals who are interested in home or community-based long-term support services or institutional long-term care services; (b) perform assessments, similar to those required under the community options program (COP), using an assessment method established by DHFS, to determine an individual's functional abilities, disabilities, personal preferences and need for community-based or institutional long-term services; and (c) collect information specified by DHFS on the individuals served by the entity and provide that information to DHFS.

Specify that in areas where a pilot project is established, the county COP agency would not be required to perform a COP assessment. In these areas, require the COP county planning committee, in its COP plan, to describe how the activities of the pilot project relate to, and are coordinated with, the county's COP program.

Specify that the general COP appropriation would be used to fund contract payments, and allow COP funds in 1997-98 that are not expended, encumbered or carried forward under current limits, to be carried forward to 1998-99 by DHFS for contract payments under the pilot project. In addition, specify that reimbursements to these entities can be made, when eligible, as an administrative cost under the medical assistance (MA) program.

Require, in areas where a pilot program is established, that an individual who resides in the area receive an assessment from the entity contracted with by DHFS before that individual can enter a nursing home or community-based residential facility (CBRF) or participate in COP. Further, in areas where a pilot program is established, prohibit CBRFs from admitting an individual until the individual is assessed or is exempt from or waives assessment under the current exemption/waiver standards for a COP assessment. This requirement currently applies to nursing homes with respect to the COP assessment.

Finally, authorize DHFS to require, for residents of the pilot program area, that the results of a client's assessment be submitted at the time a provider submits a request for prior authorization for MA services for that client.

DISCUSSION POINTS

Preliminary Long-Term Care Redesign Proposal

1. A summary of the major themes of the Department's preliminary proposal is presented for the Committee's review.

Local Resource Centers. Local agencies ("aging resource centers" and "disability resource centers") would provide one-stop shopping for information, counseling and access to many services and supports, including long-term care (LTC). The resource centers would be responsible for determining functional eligibility and cost-sharing for LTC services. Individuals requiring LTC would be counselled about LTC choices and instructed on how to access these services. No fees would be assessed for these informational and referral services, regardless of whether the person's care services would be privately funded or publicly funded.

The resource centers would enroll persons requiring LTC services in a care management organization of the individual's choice for the provision of services. Counties and tribal agencies would be given preference for the operation of these resource centers, but if counties or tribal

agencies are unwilling or unable to meet contract criteria, private, not-for-profit organizations would be used.

Consolidation of Programs. If federal waivers could be obtained, all of the various state and federal long-term care programs would be consolidated into one, flexible and comprehensive program. The intention would be to include acute care and the federal medicare program. The services provided to each individual would be tailored to that person's needs.

Covered Populations and Benefits. The new program would cover the elderly and younger adults with chronic illness, physical or developmental disabilities. Children with long-term care needs would be included, while persons with mental illness would be served through a separate, but linked, system. Two long-term care benefit levels, comprehensive support and intermediate support, would be established based on the individual's functional capacity. A flexible range of home and community-based long-term care services and acute health care services would be included in both benefit levels, while institutional long-term care services would only be available at the comprehensive level.

MA and non-MA recipients who meet functional and financial criteria would be eligible for a public subsidy for long-term care benefits. By using resources more efficiently, it is the administration's intent that there would be no waiting lists for services. However, if funding is insufficient, non-MA eligible persons at the intermediate support level would be served under a priority system that first served persons with more urgent needs.

Cost-Sharing. Individuals would be required to contribute to the cost of their care based on ability to pay. There would be no "cliff" for financial eligibility, and current disincentives to employment would be substantially reduced. Private-pay clients would be able to receive services at costs comparable to those paid by the state.

Care Management. Care management organizations (CMOs) would provide LTC services. CMOs would be separate and distinct from the resource centers. If a county served as a resource center, it could not be a CMO. CMOs would be required to offer high levels of consumer choice and self-determination. The CMO could be a public or a private organization. The CMO would be reimbursed under a capitation system with the capitation rate based on the target group and the individual's level of functional disability. Initially, the state would share in the financial risk, but over time, the CMO would assume a greater share of the risk.

2. In addition to the recommendation to establish a pilot program for the single entry point, SB 77 provides funding for DHFS to contract for an actuarial study of the costs of providing service to target groups of long-term care recipients. This study would serve as the basis for establishing capitation rates for the CMOs. The amount of funding budgeted for the actuarial study is \$312,500 GPR and \$312,500 FED in 1997-98 and 1998-99.

3. DHFS currently operates two small programs, the program for all-inclusive care for the elderly (PACE) and the Wisconsin partnership program, that could be considered as pilot programs for contracting with a private organization for the comprehensive care of persons requiring long-term care.

Under the PACE program, DHFS currently contracts with two private organizations that provide comprehensive services, including both community-based and nursing home services, to elderly persons who meet nursing home eligibility standards in Milwaukee and Dane Counties. The goal of the program is to provide a full range of care, which is coordinated, monitored and provided by a multi-disciplinary team of health care professionals, to enable clients to remain in their homes as long as feasible. The Wisconsin partnership program will soon include a model to serve persons with physical disabilities, as well as the elderly.

DHFS pays the following MA capitation rates under the PACE and partnership programs: (a) Community Care for the Elderly in Milwaukee, \$2,131 per month; (b) Elder Care Options in Dane County, \$2,283 per month; and (c) Access for Independence in Dane County, \$2,770 per month. These MA capitation rates are supplemented by an additional capitation rate under medicare. The MA capitation rate reflects a 2.5% discount from the estimated fee-for-service cost. As of April, 1997, there were approximately 521 persons enrolled in the PACE and partnership programs. DHFS plans to expand this membership to 900 by June, 1998 and to 1,200 by June, 1999.

4. As with any major initiative, a pilot program can be a valuable and essential tool to test ideas and learn of unforeseen problems. Before incurring the costs of establishing a system statewide, a pilot program can indicate important changes that may be needed to the new system, thereby avoiding the costs and disruptions of changing a statewide system.

Funding

5. In its 1997-99 biennial budget request, DHFS indicated that the pilot program would involve six test sites that would serve approximately 15% of the targeted population, and that the pilot program would be implemented beginning January 1, 1998. The Department requested a total of \$475,100 GPR and \$175,000 FED in 1997-98 and \$884,900 GPR and \$282,400 FED in 1998-99 for this item. This funding would be used to: (a) reimburse the contracting entity for assessments (\$405,300 GPR and \$105,200 FED in 1997-98 and \$811,700 GPR and \$209,200 FED in 1998-99); (b) support information technology costs (\$50,000 GPR and \$50,000 FED annually); and (c) support 1.0 planning position (\$19,800 GPR and \$19,800 FED in 1997-98 and \$23,200 GPR and \$23,200 FED in 1998-99).

6. SB 77 does not earmark a specific amount of funding to support the pilot project, nor would the bill provide additional positions to DHFS for this purpose. Instead, DHFS would be authorized to fund contract payments from the community options GPR appropriation that are not expended, encumbered or carried forward from 1997-98. It is the administration's intention

that only carryover funds would be used for the pilot project. However, SB 77, as drafted, would permit the use of the general COP appropriation for contract payments.

7. SB 77 would allow unexpended 1997-98 COP funds to be carried forward to 1998-99 for funding of the pilot program. SB 77 does not include any provision for the carryover of 1996-97 COP funds, and thus, there would not be any funding available for the pilot program in 1997-98. DHFS staff have indicated that the Department may make a request under s. 13.10 of the statutes in June, 1997, to use the COP funds that would lapse in 1996-97 so that the pilot project could be started in 1997-98.

8. Historically, the amount of lapses from the COP appropriation to the general fund has varied significantly from year to year. The lapses for fiscal years 1990-91 to 1995-96 are as follows:

<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
1995-96	1,712,180

9. The projected COP lapse for 1996-97 would be able to fund the project costs in 1997-98; for Milwaukee County alone, it appears that the lapse will be approximately \$725,000. However, given the history of the amount of the COP lapses, it is not clear that there would be adequate funding for 1998-99.

10. Some counties may be interested in serving in the pilot program as a way to improve the delivery of long-term care services to their residents. As a result, some counties may be willing to participate in the pilot program even if full reimbursement for costs is not available.

11. Although the costs of the pilot project are of a size that might allow financing through a combination of internal reallocations, COP lapses and cost sharing by counties, some additional provisions for funding might assure a better, more-timely and thorough pilot project. If the goal of a single-entry point for long-term care and redesign of the long-term care system is a high priority, it may be appropriate to provide a more certain and adequate funding mechanism for the pilot program.

12. One option for funding the pilot program could be to increase the COP appropriation by \$475,100 GPR in 1997-98 and \$884,900 GPR in 1998-99 to support the projected costs of a single-entry pilot program. In addition, in order to guarantee that this

provision would not result in new GPR costs, the expenditure of this funding could be made contingent on COP lapses (before expenditures on the pilot program) in 1996-97 and 1997-98 that at least summed to these two amounts. This option would avoid the need for DHFS to request 1997-98 funding for the pilot project as a 13.10 request in June, 1997.

13. Alternatively, the same funding could be added to the COP appropriation and reserved for the pilot program without any requirement that there be a certain level of COP carryover funds.

Waiver Language

14. As part of the pilot program, an individual would be required to receive an assessment prior to entering a CBRF, as well as a nursing home or participating in the COP program. Also, CBRFs would be prohibited from admitting a person unless an assessment was done or the person is exempt or waives assessment under one of the current exemption/waiver standards for a COP assessment. The exemption/waiver standards are:

(a) Emergency admissions to a nursing home for long-term care as determined by a physician, except that an assessment must be conducted within 10 days of the admission;

(b) Private pay patients who waive the assessment, unless they would be eligible for MA within six months of being assessed;

(c) Any person who is readmitted to a nursing home from a hospital within six months of being assessed;

(d) Current residents of a nursing home who are eligible for, but choose not to receive an assessment;

(e) Any person who enters a nursing home for recuperative care (defined as a stay of 90 days or less);

(f) Any person who enters a nursing home for respite care (defined as care provided in a nursing home for a period of 28 days or less for the purpose of temporarily relieving the caregiver from daily caregiving duties);

(g) Any person who seeks admission to, or is about to be admitted to the Wisconsin Veterans Home at King who requests that the assessment be waived; and

(h) A person who is admitted to a nursing home from another nursing home, unless the person requests an assessment and funds are available to conduct the assessment.

15. A technical correction to SB 77 is needed, since many of the COP exemption/waiver standards refer only to nursing homes, and as a result, are not meaningful in regard to obtaining a waiver or exemption when seeking admission to a CBRF.

ALTERNATIVES TO BILL

1. Approve the Governor's recommendation to establish a pilot program for the single entry point with funding limited to COP carryover funds from 1997-98, and include the following two technical corrections: (a) specify that only COP carryover funds could be used for the pilot program, and that regular COP funds could not be used for the pilot project; and (b) modify the COP exemption/waiver provisions to include references to CBRFs.

2. Modify the Governor's recommendations by deleting provisions relating to COP lapses and, instead, authorize DHFS to expend up to \$405,300 GPR and \$105,200 FED in 1997-98 and \$811,700 GPR and \$209,200 FED of funding budgeted for COP services to support payments to single-entry point contractors. In addition, modify the COP exemption/waiver provisions to include references to CBRFs.

3. Modify the Governor's recommendation for a pilot program by increasing the COP appropriation by \$405,300 GPR and \$105,200 FED in 1997-98 and \$811,700 GPR and \$209,200 FED in 1998-99 to support payments to single-entry point contractors.

Specify that: (a) the amount spent in 1997-98 must be less than or equal to the COP lapse to the general fund at the end of the 1996-97 fiscal year; and (b) the amount spent in 1998-99 must be less than the sum of the COP lapse to the general fund in 1996-97 plus the lapse in 1997-98, less the amount expended for the pilot project in 1997-98. In addition, modify the COP exemption/waiver provisions to include references to CBRFs.

(Although this alternative may increase expenditures in 1997-99, the general fund balance would be unaffected because additional expenditures could not exceed lapses to the general fund of an equal amount.)

<u>Alternative 3</u>	<u>GPR</u>	<u>FED</u>	<u>TOTAL</u>
1997-99 FUNDING (Change to Bill)	\$1,217,000	\$314,400	\$1,531,400
1997-99 LAPSE	\$1,217,000		

4. Modify the Governor's recommendation by deleting provisions relating to COP lapses and, instead, increase the COP appropriation by \$405,300 GPR and \$105,200 FED in 1997-98 and \$811,700 GPR and \$209,200 FED in 1998-99 to support payments to single-entry point contractors. In addition, modify the COP exception/waiver provisions to include references to CBRFs.

Alternative 4	GPR	FED	TOTAL
1997-99 FUNDING (Change to Bill)	\$1,217,000	\$314,400	\$1,531,400

5. Maintain current law.

Prepared by: [unclear] 1a

MO# Alt 5

BURKE	Y	N	A
DECKER	Y	N	A
GEORGE	Y	N	A
JAUCH	Y	N	A
WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
JENSEN	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A

AYE 7 NO 9 ABS 0

MO# Alt 3

BURKE	Y	N	A
DECKER	Y	N	A
GEORGE	Y	N	A
JAUCH	Y	N	A
WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
JENSEN	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A

AYE 8 NO 8 ABS 0

MO# Alt 4

BURKE	Y	N	A
DECKER	Y	N	A
GEORGE	Y	N	A
JAUCH	Y	N	A
WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
JENSEN	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A

AYE 8 NO 8 ABS 0

MO# Alt 1

BURKE	Y	N	A
DECKER	Y	N	A
GEORGE	Y	N	A
JAUCH	Y	N	A
WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
JENSEN	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A

AYE 10 NO 6 ABS 0

HEALTH AND FAMILY SERVICES

Long-Term Care Single-Entry Point Pilot Program

Motion:

Move to modify the Governor's recommendation relating to the long-term care single-entry point pilot program by requiring that DHFS only contract with a public entity to serve as the single-entry point contractor.

Note:

Under in SB 77, DHFS could contract with either a public entity or a private entity to serve as the single-entry point under the pilot project. This motion would require DHFS to contract only with a public entity.

Under current federal rules for medical assistance, activities involving the use of discretion that could result in potential applicants being screened out must be performed by public employees. If the single-entry point is involved in eligibility determinations for medical assistance, this federal regulation would require that the single-entry point be a public agency unless the state can obtain a waiver from this federal requirement.

MO# 3125

BURKE	<input checked="" type="radio"/>	N	A
DECKER	<input checked="" type="radio"/>	N	A
GEORGE	<input checked="" type="radio"/>	N	A
JAUCH	<input checked="" type="radio"/>	N	A
WINEKE	<input checked="" type="radio"/>	N	A
SHIBILSKI	<input checked="" type="radio"/>	N	A
COWLES	Y	<input checked="" type="radio"/>	A
PANZER	Y	<input checked="" type="radio"/>	A
JENSEN	Y	<input checked="" type="radio"/>	A
OURADA	Y	<input checked="" type="radio"/>	A
HARSDORF	Y	<input checked="" type="radio"/>	A
ALBERS	Y	<input checked="" type="radio"/>	A
GARD	Y	<input checked="" type="radio"/>	A
KAUFERT	Y	<input checked="" type="radio"/>	A
LINTON	<input checked="" type="radio"/>	N	A
COGGS	<input checked="" type="radio"/>	N	A

Motion #3125

AYE 8 NO 8 ABS 0