

# Natural Resources

## Stewardship

NATURAL RESOURCES -- STEWARDSHIP

Open Space Protection Program

Motion:

Move to create a component of the Warren Knowles-Gaylord Nelson stewardship program called the Open Space Protection Program to allow municipalities to receive grants of up to 75% of the cost to purchase development rights. Authorize the Department to award grants under the program to local units of government and nonprofit conservation organizations for the acquisition of development rights on land for the purposes of preserving open space, including agricultural and forest lands.

Authorize \$2 million annually for the Open Space Protection Program annually and reduce the following components of stewardship accordingly: (a) Ice Age Trail, by \$500,000 in 1997-98; (b) general property development, by \$500,000 in 1997-98 and by \$1 million annually thereafter; and (c) general land acquisition, by \$1 million annually beginning in 1997-98.

Authorize DNR to provide one grant of \$100,000 to a nonprofit corporation to provide training and technical assistance to local units of government to assist them in the establishment of the open space protection programs for the acquisition of development rights.

Note:

Open space development rights are perpetual restrictions on the use of property in the form of a conservation easement which is for the purpose of preservation of open space.

Under this motion, no additional funding would be allocated for the Ice Age Trail component of stewardship in 1997-98, but the \$500,000 annual allocation would be restored in 1998-99. General property development would be allocated \$3 million in 1997-98 and \$2.5 million annually thereafter. General land acquisition would be funded at \$5.7 million annually beginning in 1997-98.

MO# 3089

JENSEN	Y	<del>N</del>	A
OURADA	Y	<del>N</del>	A
HARSDORF	<del>Y</del>	N	A
ALBERS	Y	<del>N</del>	A
GARD	Y	<del>N</del>	A
KAUFERT	Y	<del>N</del>	A
LINTON	<del>Y</del>	N	A
COGGS	<del>Y</del>	N	A

BURKE	<del>X</del>	N	A
DECKER	<del>X</del>	N	A
GEORGE	Y	N	<del>A</del>
JAUCH	<del>X</del>	N	A
WINEKE	<del>X</del>	N	A
SHIBILSKI	<del>Y</del>	N	A
COWLES	<del>Y</del>	N	A
PANZER	<del>X</del>	N	A

AYE 10 NO 5 ABS 1

NATURAL RESOURCES -- STEWARDSHIP

Henry Aaron State Park Trail Development

Motion:

Move to direct DNR to use \$100,000 in 1997-98 and \$190,000 in 1998-99 from the bonding authorized for the habitat areas component of the Warren Knowles-Gaylord Nelson stewardship program for development of the Henry Aaron State Park Trail as follows: (a) \$100,000 in 1997-98 for wetland creation and streambank stabilization; (b) \$140,000 in 1998-99 for trail development, including a river access and a bridge; (c) \$37,500 in 1998-99 for landscaping of the river banks and recreation areas; and (d) \$12,500 for signs and other site amenities.

Note:

In previous Committee action, \$46,000 in 1997-98 and \$58,000 in 1998-99 and 1.0 project manager position was provided annually from the parks account for the development, operation and maintenance of the trail.

MO# 11688

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

AYE 15 NO 0 ABS \_\_\_\_\_

NATURAL RESOURCES -- STEWARDSHIP

Bluff Protection Program

Motion:

Move to create a component of the Warren Knowles-Gaylord Nelson stewardship program called the Bluff Protection Program to allow counties, municipalities and nonprofit conservation organizations to receive grants of up to 50% of the cost of acquiring bluff land for environmental protection and management. Allocate \$500,000 annually for the program and reduce the general land acquisition component of stewardship by \$500,000 annually. Require DNR to promulgate rules to define a bluff and determine standards for awarding grants under this program.

Note:

The general land acquisition of stewardship would be allocated \$6.2 million annually beginning in 1997-98 under the motion.

MO# 1697

JENSEN	X	N	A
OURADA	X	N	A
HARSDORF	Y	<del>N</del>	A
ALBERS	Y	<del>N</del>	A
GARD	Y	<del>N</del>	A
KAUFERT	X	N	A
LINTON	X	N	A
COGGS	X	N	A

ZBURKE	X	N	A
DECKER	X	N	A
GEORGE	Y	N	X
JAUCH	X	N	A
WINEKE	X	N	A
SHIBILSKI	X	N	A
1 COWLES	X	N	A
PANZER	X	N	A

AYE 12 NO 3 ABS 1

NATURAL RESOURCES -- STEWARDSHIP

Flambeau Mine Trail

Motion:

Move to direct DNR to expend \$100,000 from the trails component of the Warren Knowles-Gaylord Nelson stewardship program by June 30, 2000, for development of the Flambeau Mine Trail and Rusk County Visitor Center as follows: (a) \$7,500 for construction of six miles of trail; (b) \$58,000 for winter grooming equipment; (c) \$31,500 to finance completion of the center; and (d) \$3,000 for administrative costs.

MO# 3094

JENSEN	<del>X</del>	N	A
OURADA	Y	<del>N</del>	A
HARSDORF	<del>X</del>	N	A
ALBERS	Y	<del>N</del>	A
GARD	Y	<del>N</del>	A
KAUFERT	<del>X</del>	N	A
LINTON	<del>X</del>	N	A
COGGS	<del>X</del>	N	A
BURKE	<del>X</del>	N	A
DECKER	<del>X</del>	N	A
GEORGE	Y	N	<del>A</del>
JAUCH	<del>X</del>	N	A
WINEKE	<del>X</del>	N	A
SHIBILSKI	<del>X</del>	N	A
COWLES	<del>X</del>	N	A
PANZER	<del>X</del>	N	A
AYE	<u>12</u>	NO	<u>3</u>
		ABS	<u>1</u>

NATURAL RESOURCES

Use of Stewardship Bonding for Community Recreational Facilities

Motion:

Move to allow the use of the local park aids component of the Warren Knowles-Gaylord Nelson Stewardship program for the building or upgrading of community recreational facilities. The maximum grant available for a project would be \$200,000. Also require a 50% match from a local government. Require that grant funds awarded for this purpose be provided evenly between urban and rural areas.

Note:

This motion would allow local park aids to be used to build or upgrade community recreational facilities (such as hockey arenas). There is \$2,250,000 authorized annually for the local park aids program. Currently local governments may apply for state aids to develop and improve community parks and acquire additional land for recreation, with up to 50% of the cost paid for by the state. Statutorily, the program currently focuses on outdoor recreational opportunities, with grants not available for indoor recreational facilities or projects not primarily associated with outdoor recreation.

MO# 1039

JENSEN	Y	<del>N</del>	A
OURADA	Y	<del>N</del>	A
ZHARSDORF	<del>Y</del>	N	A
ALBERS	<del>Y</del>	N	A
GARD	Y	<del>N</del>	A
KAUFERT	<del>Y</del>	N	A
LINTON	Y	<del>N</del>	A
COGGS	Y	<del>N</del>	A

BURKE	Y	<del>N</del>	A
DECKER	Y	<del>N</del>	A
GEORGE	Y	N	<del>A</del>
JAUCH	Y	<del>N</del>	A
WINEKE	Y	<del>N</del>	A
SHIBILSKI	Y	<del>N</del>	A
COWLES	Y	<del>N</del>	A
PANZER	Y	<del>N</del>	A

AYE 3 NO 12 ABS 1

NATURAL RESOURCES -- STEWARDSHIP

Crex Meadows Wildlife Center

Motion:

Move to direct DNR to expend \$250,000 from the general property development component of the Warren Knowles-Gaylord Nelson stewardship program by June 30, 2000, to construct and equip a wildlife education center for the Crex Meadows Wildlife Area near Grantsburg, Wisconsin. Direct that expenditures be made in a manner that for every \$3 received by DNR from private grants, gifts or bequests for the project, ~~\$2~~ be expended from the stewardship program. DNR would be required to expedite the planning, design and development of the center.

*+\$1*

Note:

The total cost of the Crex Meadows project is estimated at between \$1.2 and \$1.4 million. The Friends of Crex Meadows would provide funding beyond the \$250,000 proposed from stewardship. The motion is similar to a current statutory provision for the Horicon Marsh Interpretive Center, under which \$1 of stewardship funding provided for every \$3 received by DNR from private grants, gifts or bequests.

MO# 3086

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

AYE 14 NO 1 ABS 1

# Health and Family Services

## Children and Family Services and Supportive Living

(LFB Budget Summary Document: Page 298)

### LFB Summary Items for Which Issue Papers Have Been Prepared

<u>Item #</u>	<u>Title</u>
1.2	Community Aids Funding and Statutory Changes (Paper #466)
3	Funding for the Community Options Program (Paper #467)
5	Long-Term Care Single-Entry Point Pilot Program (Paper #468)
10	Reestimate of Foster Care and Adoption Assistance Payments (Paper #469)
11	Federal Foster Care and Adoption Assistance Reimbursement/Information Technology Infrastructure Support (Paper #470)
12	Foster Parent Training (Paper #471)
13	Special Needs Adoption Services (Paper #472)
14(part)	Transfer Community Intervention Program (Paper #473)
15	Adolescent Pregnancy Prevention, Pregnancy and Parenting Services (see Paper #160)
17	Substance Abuse and Mental Health Block Grants (Paper #474)
28,29	Drug Abuse Program Improvement Surcharge and the Alliance for a Drug-Free Wisconsin (Paper #475)
30	Intoxicated Driver Program (Paper #476)
31	Statutory Rape Prosecutor (see Paper #346)
32	Domestic Violence Programs (Paper #477)

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
<b>Base Funding</b>	\$206,685,600	\$105,091,800	\$0	\$311,777,400	\$206,685,600	\$105,091,800	\$0	\$311,777,400
<b>Changes to Community Aids</b>								
Transfer of TANF Funds from DWD	-\$31,800,000	\$0	\$31,800,000	\$0	-\$31,800,000	\$0	\$31,800,000	\$0
<b>Federal Funding Reductions</b>								
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
<b>Subtotal</b>	<b>-\$32,212,800</b>	<b>-\$7,288,800</b>	<b>\$31,800,000</b>	<b>-\$7,701,600</b>	<b>-\$32,212,800</b>	<b>-\$8,198,100</b>	<b>\$31,800,000</b>	<b>-\$8,610,900</b>
<b>Total Community Aids Funding</b>	<b>\$174,472,800</b>	<b>\$97,803,000</b>	<b>\$31,800,000</b>	<b>\$304,075,800</b>	<b>\$174,472,800</b>	<b>\$96,893,700</b>	<b>\$31,800,000</b>	<b>\$303,166,500</b>

*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. *FAIL* 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. *FAIL* 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

JENSEN	Y	N	A
OURADA	Y	<del>N</del>	A
HARSDORF	Y	N	A
ALBERS	Y	<del>N</del>	A
2 GARD	Y	<del>N</del>	A
/ KAUFERT	Y	N	A
LINTON	Y	<del>N</del>	A
COGGS	Y	<del>N</del>	A
BURKE	Y	<del>N</del>	A
DECKER	Y	<del>N</del>	A
GEORGE	Y	<del>N</del>	A
JAUCH	Y	<del>N</del>	A
WINEKE	Y	<del>N</del>	A
SHIBILSKI	Y	<del>N</del>	A
COWLES	Y	<del>N</del>	A
PANZER	Y	<del>N</del>	A

AYE 5 NO 11 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.

Prepared by: Rachel Cissne

*see memo # 1077 - FAIL*

MO# 44#5a

JENSEN	Y	<del>N</del>	A
OURADA	Y	<del>N</del>	A
HARSDORF	Y	<del>N</del>	A
ALBERS	Y	<del>N</del>	A
GARD	Y	<del>N</del>	A
KAUFERT	Y	<del>N</del>	A
LINTON	<del>Y</del>	N	A
COGGS	<del>Y</del>	N	A

MO# 4-22

JENSEN	Y	<del>N</del>	A
OURADA	Y	<del>N</del>	A
HARSDORF	Y	<del>N</del>	A
ALBERS	Y	<del>N</del>	A
GARD	Y	<del>N</del>	A
KAUFERT	Y	<del>N</del>	A
LINTON	<del>Y</del>	N	A
COGGS	<del>Y</del>	N	A

MO# 44#5a

JENSEN	Y	<del>N</del>	A
OURADA	Y	<del>N</del>	A
HARSDORF	Y	<del>N</del>	A
ALBERS	Y	<del>N</del>	A
GARD	Y	<del>N</del>	A
KAUFERT	<del>Y</del>	N	A
LINTON	<del>Y</del>	N	A
COGGS	<del>Y</del>	N	A

BURKE	<del>Y</del>	N	A
DECKER	<del>Y</del>	N	A
GEORGE	Y	<del>N</del>	A
JAUCH	<del>Y</del>	N	A
WINEKE	<del>Y</del>	N	A
SHIBILSKI	<del>Y</del>	N	A
COWLES	Y	<del>N</del>	A
PANZER	Y	<del>N</del>	A

1 BURKE	<del>Y</del>	N	A
2 DECKER	<del>Y</del>	N	A
GEORGE	Y	<del>N</del>	A
JAUCH	<del>Y</del>	N	A
WINEKE	<del>Y</del>	N	A
SHIBILSKI	<del>Y</del>	N	A
COWLES	Y	<del>N</del>	A
PANZER	Y	<del>N</del>	A

BURKE	<del>Y</del>	N	A
DECKER	<del>Y</del>	N	A
GEORGE	Y	<del>N</del>	A
JAUCH	<del>Y</del>	N	A
WINEKE	<del>Y</del>	N	A
SHIBILSKI	<del>Y</del>	N	A
COWLES	<del>Y</del>	N	A
PANZER	<del>Y</del>	N	A

AYE 4 NO 8 ABS     

AYE 4 NO 8 ABS 1

AYE 15 NO 1 ABS

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 and support for the treatment of eating disorders, and to submit its findings to the

MO# 3074

JENSEN	Y	N	A
OURADA	Y	<del>N</del>	A
HARSDORF	Y	<del>N</del>	A
ALBERS	Y	<del>N</del>	A
GARD	Y	<del>N</del>	A
KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A

BURKE	Y	N	A
DECKER	<del>Y</del>	N	A
GEORGE	Y	<del>N</del>	A
JAUCH	Y	<del>N</del>	A
WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	<del>N</del>	A
PANZER	Y	N	A

Motion #3074

AYE 8 NO 2 ABS

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# 3102

JENSEN	X	N	A
OURADA	X	N	A
HARSDORF	X	N	A
ALBERS	X	N	A
GARD	X	N	A
KAUFERT	X	N	A
LINTON	X	N	A
COGGS	X	N	A

BURKE	X	N	A
DECKER	X	N	A
GEORGE	X	N	A
JAUCH	X	N	A
WINEKE	X	N	A
SHIBILSKI	X	N	A
COWLES	X	N	A
PANZER	X	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>
<b>Total Costs</b>					
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
<b>State/County Costs</b>					
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

<u>Year</u>	<u>COP-R</u>		<u>COP-W/CIP II</u>		<u>Nursing Home</u>	
	<u>Amount</u>	<u>Percent Change</u>	<u>Amount</u>	<u>Percent Change</u>	<u>Amount</u>	<u>Percent Change</u>
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
<b>Average Annual Rate Of Increase</b>		<b>7.9%</b>		<b>3.7%</b>		<b>6.7%</b>

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
<b>Annual Rate of Increase</b>				
<b>Over 1990 to 1997</b>				<b>14.2%</b>

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.

Prepared by: Richard Megna

*If in the table attached to #467*

MO#	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	X	N	A
COGGS	X	N	A
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

AYE 8 NO 8 ABS     

*Delly  
Morton  
3/28*

*TRU  
FAN  
5*

## ATTACHMENT

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

			1996-97	Additional Number of Placements		Additional Funding Needed Over Governor's Recommendation			
				1997-98	1998-99	1997-98	1998-99	Total	
<b>I. REESTIMATE OF PROGRAM COSTS</b>									
<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	
<b>II. EXPANSION OF SERVICES (1995 Costs)</b>									
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	

HEALTH AND FAMILY SERVICES

Funding for Additional COP-Waiver Placements

Motion:

Move to provide \$1,945,600 GPR and \$2,890,400 FED in 1998-99 to fund 800 additional placements under the community options medical assistance waiver (COP-W) program, beginning January 1, 1999.

Note:

SB 77 provides funding to support: (a) 400 additional placements in 1997-98 (120 regular COP and 280 COP-W placements), beginning January 1, 1998; and (b) an additional 400 placements in 1998-99 (120 regular COP and 280 COP-W placements), beginning January 1, 1999.

However, the placements under SB 77 are budgeted based on 1991 costs for COP-R and COP-W. In total, 800 additional slots would be provided by the end of the 1997-99 biennium, based on 1991 costs of the COP program. If 1995 actual costs are used, SB 77 would fund an additional 692 slots by the end of the 1997-99 biennium.

This motion would provide an additional 800 COP-W placements, beginning on January 1, 1999, funded at the level of 1995 actual costs for a COP-W placement. Together with the Governor's recommendation, this would provide a total of 1,492 additional placements (208 COP-R and 1,284 COP-W), based on 1995 costs, by the end of the 1997-99 biennium.

[Change to Bill: \$1,945,600 GPR and \$2,890,400 FED]

MO# 3122

JENSEN	<del>Y</del>	N	A
OURADA	<del>Y</del>	N	A
HARSDORF	<del>Y</del>	N	A
ALBERS	<del>Y</del>	N	A
GARD	<del>Y</del>	N	A
KAUFERT	<del>Y</del>	N	A
LINTON	<del>Y</del>	N	A
COGGS	<del>Y</del>	N	A

BURKE	<del>Y</del>	N	A
DECKER	<del>Y</del>	N	A
GEORGE	<del>Y</del>	N	A
JAUCH	<del>Y</del>	N	A
WINEKE	<del>Y</del>	N	A
SHIBILSKI	<del>Y</del>	N	A
COWLES	<del>Y</del>	N	A
PANZER	<del>Y</del>	N	A

Motion #3122

AYE 16 NO 0 ABS \_\_\_\_\_

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# <u>3097</u>		BURKE	<input checked="" type="checkbox"/>	N	A
		DECKER	<input checked="" type="checkbox"/>	N	A
JENSEN	Y <del>N</del>	A			
OURADA	Y <del>N</del>	A			
HARSDORF	Y <del>N</del>	A			
ALBERS	Y <del>N</del>	A			
GARD	Y <del>N</del>	A			
KAUFERT	Y <del>N</del>	A			
LINTON	<input checked="" type="checkbox"/>	N		A	
COGGS	<input checked="" type="checkbox"/>	N		A	
		SHIBILSKI	<input checked="" type="checkbox"/>	N	A
		COWLES	Y	<del>N</del>	A
		PANZER	Y	<del>N</del>	A
		AYE	<u>7</u>	NO	<u>7</u> ABS

Motion #3097

## 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# 3096

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	X	N	A
COGGS	Y	N	A

BURKE	X	N	A
DECKER	X	N	A
GEORGE	X	N	A
JAUCH	X	N	A
WINEKE	X	N	A
SHIBILSKI	X	N	A
COWLES	Y	N	A
PANZER	Y	N	A

AYE 8 NO 8 ABS

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.

Permit counties to establish more restrictive conditions on the use of COP and CIP II funds in CBRFs. These restrictions must be included in the county's COP plan and be subject to DHFS approval. Authorize DHFS to revoke its approval of county policies and to prohibit counties from placing persons in a CBRF under condition (c) above if it determines that there is a pattern of inappropriate use of COP or CIP II funds for alternate care. Require CBRFs to notify prospective residents of the requirement for pre-admission assessment and care planning.

Note:

1995 Wisconsin Act 27 contained several restrictions on the use of COP and CIP II funding for care in community-based residential facilities. These restrictions included:

- Prohibit counties from using more than 25% of COP funds, including COP-W funds, and CIP II funds for services in CBRFs.
- Prohibit counties and aging units from using COP funds for services in a CBRF with more than eight beds, except in certain circumstances. This exception to the eight-bed limit is available to any size CBRF, if it was initially licensed prior to the effective date of Act 27, while CBRFs licensed after the effective date of the act can obtain a waiver only if it had 20 or fewer beds.
- Prohibit the use of COP funds for services in a CBRF unless the county uses a state-designed model contract, or a similar contract which contains all of the required provisions.
- Prohibit a CBRF from admitting a private-pay resident unless the CBRF first obtains financial information and prepares and provides a financial condition statement based on this information.

This motion would eliminate the 25% limitation on the use of COP and CIP II funds for services in a CBRF, and would establish alternative restrictions on the use of COP and CIP II funds for CBRF care.

MO# 3118

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

Motion #3118

AYE 1 NO 1 ABS 1

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

<sup>PASS</sup>  
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.

<sup>FAIL</sup>  
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		

<sup>FAIL</sup>  
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. <sup>FAIL</sup> Maintain current law.

Prepared by: Richard Megna

MO# <u>24#3</u>	MO# <u>AH#5</u>	MO# <u>AH#4</u>
JENSEN <input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> A	JENSEN <input type="checkbox"/> Y <input checked="" type="checkbox"/> N <input type="checkbox"/> A	JENSEN <input type="checkbox"/> Y <input checked="" type="checkbox"/> N <input type="checkbox"/> A
OURADA <input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> A	OURADA <input type="checkbox"/> Y <input checked="" type="checkbox"/> N <input type="checkbox"/> A	OURADA <input type="checkbox"/> Y <input checked="" type="checkbox"/> N <input type="checkbox"/> A
HARSDORF <input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> A	HARSDORF <input type="checkbox"/> Y <input checked="" type="checkbox"/> N <input type="checkbox"/> A	HARSDORF <input type="checkbox"/> Y <input checked="" type="checkbox"/> N <input type="checkbox"/> A
ALBERS <input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> A	ALBERS <input type="checkbox"/> Y <input checked="" type="checkbox"/> N <input type="checkbox"/> A	ALBERS <input type="checkbox"/> Y <input checked="" type="checkbox"/> N <input type="checkbox"/> A
GARD <input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> A	GARD <input type="checkbox"/> Y <input checked="" type="checkbox"/> N <input type="checkbox"/> A	GARD <input type="checkbox"/> Y <input checked="" type="checkbox"/> N <input type="checkbox"/> A
KAUFERT <input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> A	KAUFERT <input type="checkbox"/> Y <input checked="" type="checkbox"/> N <input type="checkbox"/> A	KAUFERT <input type="checkbox"/> Y <input checked="" type="checkbox"/> N <input type="checkbox"/> A
LINTON <input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> A	LINTON <input type="checkbox"/> Y <input checked="" type="checkbox"/> N <input type="checkbox"/> A	LINTON <input type="checkbox"/> Y <input checked="" type="checkbox"/> N <input type="checkbox"/> A
COGGS <input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> A	COGGS <input type="checkbox"/> Y <input checked="" type="checkbox"/> N <input type="checkbox"/> A	COGGS <input type="checkbox"/> Y <input checked="" type="checkbox"/> N <input type="checkbox"/> A
BURKE <input type="checkbox"/> Y <input checked="" type="checkbox"/> N <input type="checkbox"/> A	BURKE <input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> A	BURKE <input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> A
DECKER <input type="checkbox"/> Y <input checked="" type="checkbox"/> N <input type="checkbox"/> A	DECKER <input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> A	DECKER <input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> A
GEORGE <input type="checkbox"/> Y <input checked="" type="checkbox"/> N <input type="checkbox"/> A	GEORGE <input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> A	GEORGE <input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> A
JAUCH <input type="checkbox"/> Y <input checked="" type="checkbox"/> N <input type="checkbox"/> A	JAUCH <input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> A	JAUCH <input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> A
WINEKE <input type="checkbox"/> Y <input checked="" type="checkbox"/> N <input type="checkbox"/> A	WINEKE <input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> A	WINEKE <input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> A
SHIBILSKI <input type="checkbox"/> Y <input checked="" type="checkbox"/> N <input type="checkbox"/> A	SHIBILSKI <input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> A	SHIBILSKI <input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> A
COWLES <input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> A	COWLES <input type="checkbox"/> Y <input checked="" type="checkbox"/> N <input type="checkbox"/> A	COWLES <input type="checkbox"/> Y <input checked="" type="checkbox"/> N <input type="checkbox"/> A
PANZER <input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> A	PANZER <input type="checkbox"/> Y <input checked="" type="checkbox"/> N <input type="checkbox"/> A	PANZER <input type="checkbox"/> Y <input checked="" type="checkbox"/> N <input type="checkbox"/> A
AYE <u>8</u> NO <u>8</u> ABS	AYE <u>7</u> NO <u>9</u> ABS	AYE <u>8</u> NO <u>8</u> ABS

MO# <u>24#3</u>	A A A A A A A A	A A A A A A A A	AYE <u>10</u> NO <u>6</u> ABS
JENSEN	N N N N N N N N	N N N N N N N N	
OURADA	X X X X X X X X	Y Y Y Y Y Y Y Y	
HARSDORF			
ALBERS			
GARD			
KAUFERT			
LINTON			
COGGS			
BURKE			
DECKER			
GEORGE			
JAUCH			
WINEKE			
SHIBILSKI			
COWLES			
PANZER			

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

JENSEN	Y	<del>N</del>	A
OURADA	Y	<del>N</del>	A
HARSDORF	Y	<del>N</del>	A
ALBERS	Y	<del>N</del>	A
GARD	Y	<del>N</del>	A
KAUFERT	Y	<del>N</del>	A
2 LINTON	<del>Y</del>	N	A
1 COGGS	<del>Y</del>	N	A

BURKE	<del>Y</del>	N	A
DECKER	<del>Y</del>	N	A
GEORGE	<del>Y</del>	N	A
JAUCH	<del>Y</del>	N	A
WINEKE	<del>Y</del>	N	A
SHIBILSKI	<del>Y</del>	N	A
COWLES	Y	<del>N</del>	A
PANZER	Y	<del>N</del>	A

AYE 6 NO 8 ABS \_\_\_\_\_

To: Joint Committee on Finance

From: Bob Lang, Director  
Legislative Fiscal Bureau

## ISSUE

### **Reestimate of Foster Care and Adoption Assistance Payments (DHFS -- Children and Family Services and Supportive Living)**

[LFB Summary: Page 314, #10]

## CURRENT LAW

The state serves as guardian for children, except children from Milwaukee County, whose parental rights have been terminated and who are determined to have special needs. The Department of Health and Family Services (DHFS) is responsible for providing out-of-home care for these children and adoption services such as recruitment, orientation and study of prospective adoptive families. Milwaukee County is responsible for providing out-of-home-care for children with special needs from Milwaukee County and providing adoption services to these children.

Federal funding is available under Title IV-E of the federal Social Security Act to reimburse states for foster care and adoption assistance costs for children from homes eligible for the aid to families with dependent children (AFDC) program.

*Foster Care.* Foster care payments are paid on behalf of children based on the uniform foster care rate established in statute. For children with special needs, DHFS supplements foster care payments in accordance with conditions specified in administrative rule.

*Adoption Assistance.* The state provides adoption assistance to certain families who adopt children with special needs in cases where such assistance is necessary to ensure the child's adoption. Adoption assistance can be provided as cash payments or medical care for the child or as reimbursement for nonrecurring adoption expenses.

Adoption assistance maintenance payments are equal to the foster care payment that was made on behalf of the child prior to the child's adoption. If the child was not in foster care prior to adoption, the maintenance payment is based on the applicable uniform foster care rate. To provide adoption assistance, an agreement must be made between the state and the adoptive family prior to the finalization of the adoption. DHFS is responsible for providing adoption assistance for children with special needs regardless of whether the child is from Milwaukee County or another county.

## GOVERNOR

Provide \$2,807,900 (\$1,893,600 GPR and \$914,300 FED) in 1997-98 and \$6,743,600 (\$3,585,700 GPR and \$3,157,900 FED) in 1998-99 to reflect projected increases in foster care and adoption assistance payments for special needs children under guardianship of the state in the 1997-99 biennium.

## DISCUSSION POINTS

1. Since the time that the Governor's budget was prepared, additional information has become available that suggests that the funding required for DHFS to make foster care and adoption assistance payments in the 1997-99 biennium will exceed the amounts budgeted for these payments in SB 77.

2. During the past year, the Milwaukee County District Attorney's Office has increased prosecution of termination of parental rights (TPR) cases. 1995 Wisconsin Act 303 provided funding for district attorney, guardian ad litem and casework services address the backlog of TPR cases in Milwaukee County. Successful prosecution of such cases legally frees children for adoption and subsequently increases adoption assistance costs. Increased prosecution of these cases, which has resulted in an increase in adoption assistance payments in the current fiscal year, is projected to continue in the 1997-99 biennium.

3. A reestimate of the cost of DHFS foster care and adoption assistance payments is summarized in the following table.

**Projected State Adoption Assistance and Foster Care Costs  
1997-99 Biennium**

	1997-98			1998-99		
	GPR	FED	Total	GPR	FED	Total
Foster Care	\$1,894,900	\$1,262,200	\$3,157,100	\$1,967,300	\$1,314,700	\$3,282,100
Adoption Assistance	12,855,100	12,630,900	25,486,000	15,502,600	15,232,100	30,734,700
Nonrecurring Adoption Assistance Costs	<u>41,800</u>	<u>41,800</u>	<u>83,600</u>	<u>41,800</u>	<u>41,800</u>	<u>83,600</u>
Total Funding	\$14,791,800	\$13,934,900	\$28,726,700	\$17,511,700	\$16,588,600	\$34,100,400
Funding in SB 77	<u>\$13,721,300</u>	<u>\$12,169,600</u>	<u>\$25,890,900</u>	<u>\$15,413,400</u>	<u>\$14,413,200</u>	<u>\$29,826,600</u>
Difference (Change to Bill)	\$1,070,500	\$1,765,300	\$2,835,800	\$2,098,300	\$2,175,400	\$4,273,800

4. The current estimate is consistent with the assumptions that were used in March, 1997, to reestimate funding required to fund payments in the 1996-97 fiscal year. In March, the Committee, acting under its s. 13.10 authority, provided an additional \$438,100 GPR to DHFS to address a projected 1996-97 shortfall in funding available for state foster care and adoption assistance payments.

5. The total projected costs of making these payments differs from the cost estimates in SB 77 for the following reasons.

- The average number of adoption assistance cases will be 3,309 in 1997-98 and 3,778 in 1998-99, compared to 3,171 in 1997-98 and 3,465 in 1998-99 assumed in SB 77;
- The average adoption assistance payment will be \$642 in 1997-98 and \$678 in 1998-99, compared with \$586 in 1997-98 and \$604 in 1998-99 assumed in SB 77;
- The average number of foster care cases will be 320 in both 1997-98, compared to 300 per year assumed in SB 77;
- The average payment for foster care cases will increase by 4.5% in each year, compared to 2%, as assumed in SB 77.

6. In his letter to the Committee Co-Chairs dated April 21, 1997, DHFS Secretary Llean indicated that adoption cases are growing at a higher rate in the second half of the 1996-97 fiscal year at a higher rate that was projected in SB 77, and that funding needs for this program must be reestimated to reflect these caseload trends. The current estimate incorporates the current caseload trends recognized by the DHFS Secretary.

7. Consequently, funding amounts for foster care and adoption assistance should be increased by \$2,835,800 (\$1,070,500 GPR and \$1,765,300 FED) in 1997-98 and \$4,273,800

(\$2,098,300 GPR and \$2,175,400 FED) in 1998-99 from the amounts provided in Senate Bill 77.

**MODIFICATION TO BILL**

Increase funding by \$1,070,500 GPR and \$1,765,300 FED in 1997-98 and \$2,098,300 GPR and \$2,175,400 to reflect reestimates of the cost for DHFS to make foster care and adoption assistance payments.

<u>Modification</u>	<u>GPR</u>	<u>FED</u>	<u>TOTAL</u>
1997-99 FUNDING (Change to Bill)	\$3,168,800	\$3,940,700	\$7,109,500

Prepared by: Rachel Cissne

O# Modification  
to Bill

INSEN     Y   N   A  
 URADA    Y   N   A  
 ARSDORF  Y   N   A  
 .BERS    Y   N   A  
 ARD       Y   N   A  
 AUFERT   Y   N   A  
 VTON      Y   N   A  
 JGGS      Y   N   A

IRKE       Y   N   A  
 ICKER     Y   N   A  
 IORGE     Y   N   A  
 IUCH      Y   N   A  
 INEKE     Y   N   A  
 IBILSKI   Y   N   A  
 IWLES     Y   N   A  
 INZER     Y   N   A

E 16 NO 0 ABS \_\_\_\_\_

To: Joint Committee on Finance

From: Bob Lang, Director  
Legislative Fiscal Bureau

## ISSUE

### **Federal Foster Care and Adoption Assistance Reimbursement/Information Technology Infrastructure Support (DHFS -- Children and Family Services and Supportive Living/Departmentwide and Management and Technology)**

[LFB Summary: Page 249, #9 (part) and Page 314, #11]

## CURRENT LAW

Wisconsin receives federal funds under Title IV-E of the Social Security Act for reimbursement of costs incurred by: (a) counties for out-of-home-care for children from families eligible for AFDC who are in need of protection and services; (b) DHFS for out-of-home care for children who have special needs and whose parental rights have been terminated and are under the guardianship of the state.

Wisconsin is reimbursed for approximately 59% of the costs of care and maintenance of these children. In addition, 50% of certain administrative costs and 75% of certain training costs are reimbursable under Title IV-E. Because federal law considers these funds reimbursement for costs already incurred by the states, it places no restriction on the use of these funds.

State law requires that DHFS distribute Title IV-E funds for services and projects to assist children and families. The state distributes Title IV-E funds to counties under the community aids basic county allocation (BCA). In 1996-97, \$40,151,000 of Title IV-E funds is budgeted in the BCA for distribution to counties.

If the state receives any Title IV-E funds from county claims that exceed the amount budgeted from these funds under community aids ("excess Title IV-E funds"), these funds can either be distributed to counties as a supplement to the amounts budgeted for the community aids BCA, or deposited to the state's general fund. In order to supplement budgeted community aids

funds, DHFS must submit a plan to the Secretary of DOA for approval. If approved, the plan is submitted to the Joint Committee on Finance for the Committee's review. If no objections are raised by the Committee, the plan is deemed approved. If an objection is raised by the Committee, DHFS cannot implement its plan. If DHFS does not submit a plan for allocating any excess Title IV-E funds or the plan is not approved, this revenue is deposited to the general fund.

## GOVERNOR

**County Incentive Program.** Specify that if, by December 31 of any year, there remains unspent or unencumbered funds in the community aids allocation that exceed the amount of the Title IV-E funds allocated in that year, DHFS would be required to carry forward the excess funds and distribute at least 50% of these excess Title IV-E funds to counties that have population less than 500,000 (all counties other than Milwaukee County) for services and projects to assist children and families. Require counties to distribute at least 50% of these additional funds for services for children who are at risk of abuse or neglect to prevent the need for child abuse and neglect intervention services. Prohibit counties from using these additional funds to supplant any other funds expended by the county for services and projects to assist children and families.

Require that counties' community aids budgets, which must be submitted to DHFS by December 1 annually, include proposed expenditures for these additional Title IV-E funds. Correct an inaccurate reference in current law to the Title IV-E section of federal law.

Require DHFS to include any funds the state receives as reimbursement for foster care in Milwaukee County in calendar year 1996 and 1997 in its plan for the use of any unanticipated federal funds received for foster care and adoption assistance, substance abuse prevention and treatment, and community mental health. Repeal this provision as of January 1, 1998 (the date on which the state will assume responsibility for administering Milwaukee's child welfare services).

**Income Augmentation Services.** Create a federal, continuing appropriation in the DHFS Division of Management and Technology (DMT) for income augmentation services for receipt of moneys from the federal government as a result of income augmentation services for which the state has contracted, for the state administration of continuing programs to expended for the purposes specified. Authorize DHFS to distribute funds received under Title IV-E as reimbursement for costs incurred by counties, for services and projects to assist children and families and for the operational requirements of DHFS in administering programs to assist children and families.

## DISCUSSION POINTS

### County Incentive Program

1. The following table identifies actual and budgeted community aids expenditures supported by Title IV-E funds and GPR lapse amounts for fiscal years 1993-94 through 1996-97. Title IV-E claims in 1996-97 are not expected to exceed the amount budgeted for the community aids BCA.

#### Distribution of Title IV-E Funds State Fiscal Years 1993-94 Through 1998-99

<u>Year</u>	<u>Community Aids Basic County Allocation</u>	<u>Amount Transferred to General Fund</u>
1993-94	\$46,422,737	\$21,429,700
1994-95	27,414,300	7,814,700
1995-96	38,900,740	138,322
1996-97 (budgeted)	40,151,000	0
1997-98	40,151,000	Unknown
1998-99	40,151,000	Unknown

2. Currently, counties have very little incentive to improve the accuracy of reporting costs eligible for reimbursement under Title IV-E in order to increase the total amount of IV-E funds claimed by the state. Although current law provides the means by which DHFS can use excess Title IV-E funds to supplement the community aids BCA, it is administratively difficult for DHFS to determine how much excess revenue is available and to redistribute these funds within a given fiscal year.

3. Moreover, current law permits, but does not require, that these funds be used to supplement the community aids BCA. If DHFS does not prepare a plan for the use of these excess revenues, or the DOA Secretary does not forward the DHFS plan for the approval of the Joint Committee on Finance, these excess IV-E claims are deposited to the state general fund, rather than distributed to counties as a supplement to the community aids BCA.

4. The provisions in the bill are intended to create an incentive for counties to improve the accuracy of claiming IV-E costs by requiring that 50% of moneys claimed that exceed amounts budgeted for the community aids BCA be credited to the community aids appropriation and, consequently, returned to counties.

5. It is not possible to accurately estimate how much county IV-E claims will increase as a result of creating the incentive program. Although counties, as a group, would benefit from increased claiming of Title IV-E funds, the benefit each county receives from this provision would not reflect that county's increased efforts to claim Title IV-E funds, since excess funds would be distributed through community aids. DHFS fiscal staff indicate that it would not be feasible to increase each county's IV-E allocation based on each county's increased claims.

6. In light of Governor's recommendation to provide no increase in state funding for the community aids in the 1997-99 biennium and projected reductions in other federal funds that support the community aids, the Committee may wish to adopt the Governor's recommendation to create the county incentive program to enable counties to retain at least 50% of excess Title IV-E funds claimed as a means of increasing funding for county programs supported by community aids.

### **Income Augmentation Services**

7. As part of an income augmentation initiative, DHFS has hired a consulting firm, Maximus, to identify ways in which DHFS and counties can enhance their claims under Title IV-E, medical assistance (MA) and medicare. Payment for Maximus' services would be equivalent to 10% of any excess federal funds received as a result of the services provided by Maximus. DHFS indicates that under current law, it has the authority to pay Maximus for its services with Title IV-E and MA funds.

8. SB 77 would create an appropriation in DMT which would receive any excess funds from income augmentation initiatives. DHFS has not yet identified the process it will use for identifying funds received as a result of the income augmentation initiative. However, budgeted IV-E levels for community aids will be maintained prior to any federal funds being deposited in the income augmentation appropriation.

9. The bill does not indicate how the funds in the income augmentation appropriation would be used, except that they must be used "for the purposes specified." Under the Governor's provision, DHFS would be authorized to use excess Title IV-E funds for operational costs of its entire Division of Children and Family Services and many other programs administered by DHFS.

However, DHFS staff indicate that this provision is intended to cover the costs of improved data collection systems, training for counties regarding eligibility and reporting guidelines and increased state monitoring of county reporting which would likely be required as part of the income augmentation initiative.

10. The income augmentation appropriation is a federal appropriation and therefore, DHFS would not be required to request approval from the Committee in order to receive

increased expenditure authority under the income augmentation appropriation, nor would these funds lapse to the general fund at the end of the fiscal year. Rather, DHFS would request federal expenditure authority from the Department of Administration (DOA) and unexpended funds in the appropriation at the end of the year would be carried forward to the next fiscal year.

11. DHFS staff indicate that the Department will plan and negotiate with DOA for the use of income augmentation funds. Further, DHFS has indicated that the funds in the income augmentation appropriation not expended for income augmentation expenditures would not be treated as GPR-earned, nor would increased MA funds be used to offset MA expenditures.

12. Because of the potential use of the state's share of excess Title IV-E and MA funds, the Committee could delete the federal income augmentation appropriation and replace it with an annual, sum certain PR appropriation and specify that this appropriation would receive any excess funds transferred from the federal community aids appropriation and the federal and GPR, MA appropriations to be used for the operational costs of augmenting federal income under Title IV-E and MA.

Under this alternative, no funding would be provided in the bill to support DHFS administrative activities to enhance Title IV-E revenues. Consequently, DHFS would be required to request a transfer of funds from the federal community aids appropriation to the PR income augmentation appropriation under a fourteen-day passive review process. Finally, the Committee could specify that in order to transfer funds to the PR income augmentation appropriation, the Administration would be required to identify the total excess IV-E funds, the total amounts of funds to be transferred and the proposed use of those funds and how the proposed expenditures would be used to increase federal revenue.

13. Because most Title IV-E revenues are generated by costs incurred by the counties, it is reasonable to expect that in order to maximize federal revenues received under Title IV-E, counties should have an incentive in order to ensure their cooperation with the income augmentation initiative. Consequently, the Committee could require that all Title IV-E funds received from county claims be distributed through the community aids basic county allocation and provide that these funds could be used by counties for the operational costs of augmenting federal income under Title IV-E, rather than authorizing DHFS to use any Title IV-E funds for this purpose. This alternative assumes that counties are responsible for increasing Title IV-E claims and that counties require the flexibility to use Title IV-E funds for income augmentation.

14. However, the Committee may want retain some flexibility for DHFS to use excess Title IV-E funds for the operational requirements of augmenting federal income by requiring that 100% of Title IV-E revenues will be distributed under the community aids basic county allocation, less any amounts transferred to the income augmentation appropriation, upon approval by the Committee in a passive review process, to reflect the state's interest and oversight of Title IV-E revenues.

15. DHFS staff have indicated that any excess Title IV-E funds would be distributed among all counties other than Milwaukee County because it would not be administratively possible to identify which counties increased their Title IV-E claims. Because of the state's assumption of child welfare activities beginning January 1, 1998, Milwaukee County would be excluded from the distribution of excess Title IV-E funds.

**ALTERNATIVES TO BILL**

1. Adopt the Governor's recommendations.
2. Modify the Governor's recommendation by: (a) converting the FED appropriation for income augmentation services to a sum certain, PR appropriation with no funding budgeted in the 1997-99 biennium; (b) specifying that all additional Title IV-E funds be credited to the FED community aids appropriation; and (c) depositing all supplemental MA and medicare funds in the general fund as GPR-earned.
3. Delete the Governor's recommendations relating to income augmentation and use of Title-IV funds. Instead, require that all Title IV-E funds received as reimbursement for costs incurred by counties be distributed to counties through the community aids BCA. In addition, authorize counties to use Title IV-E funds for the operational requirements of augmenting federal income under Title IV-E.
4. Delete the Governor's recommendations to use Title IV-E funds for the operational requirements of administering programs to assist children and families and instead authorize DHFS to use Title IV-E funds for the operational costs of augmenting federal income under Title IV-E.
5. Maintain current law

	MO#			
	JENSEN	Y	N	A
	OURADA	Y	N	A
	HARSDORF	Y	N	A
	ALBERS	Y	N	A
	GARD	Y	N	A
	KAUFERT	Y	N	A
Prepared by: Rachel Cissne	LINTON	Y	N	A
	COGGS	Y	N	A
	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

AYE \_\_\_\_\_ NO \_\_\_\_\_ ABS \_\_\_\_\_

HEALTH AND FAMILY SERVICES

Income Augmentation Services

Motion:

Move to modify the Governor's recommendation to require the Department, in consultation with DOA, to submit to the Joint Committee on Finance a plan for the use of the portion of income augmentation funds that are not allocated to counties or used exclusively for the operational costs of augmenting federal income. The plan would be subject to 14-day passive review by the JFC. Upon completion of the 14-day passive review, or approval of the plan by JFC, DHFS would be authorized to use the funds in the manner specified.

Note:

Under the Governor's budget, at least 50% of IV-E funds generated under the income augmentation program would be distributed to counties. The Department will have costs associated with generating the income augmentation revenue. These costs include technical assistance and training to counties in claiming procedures, changes to computer systems to improve federal claiming procedures, payments to consultants hired to assist in income augmentation, etc. Under the Governor's budget and this motion, income augmentation revenue would be used to pay the operational costs of generating the federal income. Under this motion, the Department would prepare a plan, in consultation with DOA, for the use of the remaining income augmentation funds. The plan would include the amount of the remaining funds that would lapse to the general fund and other uses of the funds by the Department. The Department expects that the income augmentation funds would be used to fund needs that would otherwise have to be funded by GPR or would go unmet. Under the motion, the JFC would review the Department's plan under the 14-day passive review process.

Motion #1696

<p>MO# <u>1696</u></p> <p>JENSEN OURADA HARSDORF ALBERS / GARD 2 KAUFERT LINTON COGGS</p>	<p>A A A A A A A A N N N N N N N N X X X X X X X X</p>	<p>A A A A A A A A N N N N N N N N X X X X X X X X</p> <p>BURKE DECKER GEORGE JAUCH WINEKE SHIBILSKI COWLES PANZER</p>	<p>AYE <u>16</u> NO <u>0</u> ABS</p>
---	--	--	--------------------------------------

HEALTH AND FAMILY SERVICES

Foster Care Rate Increases

Motion:

Move to provide \$312,700 GPR and \$148,600 FED in 1997-98 and \$1,030,000 GPR and \$490,800 FED in 1998-99 to increase foster care rates by 2.5%, beginning in January 1, 1998 and an additional 2.5%, beginning January 1, 1999.

Note:

Under current law, monthly foster care rates are established in statute at: (a) \$282 for a child less than five years of age; (b) \$307 for a child age five through 11; (c) \$349 for a child age 12 through 14; and (d) \$365 for a child age 15 and over.

This motion would increase those rates, effective January 1, 1998 to: (a) \$289 for a child less than five years of age; (b) \$315 for a child age five through 11; (c) \$358 for a child age 12 through 14; and (d) \$374 for a child age 15 and over. Effective January 1, 1999 the rates would increase to: (a) \$296 for a child less than five years of age; (b) \$323 for a child age five through 11; (c) \$367 for a child age 12 through 14; and (d) \$383 for a child age 15 and over.

[Change to Bill: \$1,342,700 GPR and \$639,400 FED]

MO# 3117

JENSEN	Y	<del>X</del>	A
OURADA	<del>X</del>	N	A
HARSDORF	<del>X</del>	N	A
ALBERS	Y	<del>X</del>	A
GARD	<del>X</del>	N	A
KAUFERT	Y	<del>X</del>	A
LINTON	<del>X</del>	N	A
COGGS	<del>X</del>	N	A

BURKE	<del>X</del>	N	A
DECKER	<del>X</del>	N	A
GEORGE	<del>X</del>	N	A
JAUCH	<del>X</del>	N	A
WINEKE	Y	<del>X</del>	A
SHIBILSKI	<del>X</del>	N	A
COWLES	Y	<del>X</del>	A
PANZER	Y	<del>X</del>	A

Motion #3117

AYE 10 NO 6 ABS \_\_\_\_\_