

**TOMMY G. THOMPSON****Governor
State of Wisconsin**

May 17, 2000

TO THE HONORABLE MEMBERS OF THE ASSEMBLY:

I have approved Assembly Bill 942 as 1999 Wisconsin Act 187 and have deposited it in the Office of the Secretary of State. I have exercised the partial veto in Sections 1, 2, 3, 4, 5, and 6 (1).

AB 942 contains three main provisions aimed at providing increased reimbursement to personal care agencies and counties for personal care services provided under Medical Assistance (MA). Specifically, AB 942 increases the MA reimbursement rate for personal care services by \$3.25 per hour, to \$15.50 per hour; directs the Department of Health and Family Services (DHFS) to establish criteria to identify personal care shortage areas in the state and directs DHFS to provide enhanced reimbursement to personal care agencies in those counties; and directs DHFS to use base GPR to supplement Community Services Deficit Reduction Benefit (CSDRB) payments to counties. The bill also contains an obsolete provision to delay the effective date of AB 456 from January 1, 2000 to January 1, 2001.

I am supportive of the rate increase, because it will help to ensure access to personal care, which has steadily grown in MA, and will become increasingly important as the population ages and as Family Care is implemented. The partial vetoes in this bill are meant to eliminate provisions for which no appropriation has been made and to eliminate the obsolete reference to AB 456.

Sections 1 and 2 direct DHFS to use GPR to supplement federal reimbursement passed through to counties under the Community Services Deficit Reduction Benefit (CSDRB) program. Under this program, the state uses county expenditures to claim federal CSDRB payments at the MA federal match rate. The state passes the full amount of federal reimbursement for county expenditures in this program back to the counties. That reimbursement covers 60 percent of county expenditures. Sections 1 and 2 require DHFS to use GPR to increase the amount of expenditures covered to 75 percent. I am vetoing these sections because a 100 percent GPR enhancement of the CSDRB is excessive and does not allow the state to maximize federal reimbursement under MA. While DHFS can claim federal reimbursement for GPR used to increase personal care rates, federal regulations will not allow DHFS to claim MA federal reimbursement for GPR used to supplement CSDRB payments. Furthermore, personal care is just one of several services eligible for reimbursement under the CSDRB program. Providing a GPR supplement only for personal care services introduces an inconsistency in the CSDRB program and

May 17, 2000

Page 2

sets a costly precedent.

Sections 3 and 5 direct DHFS to submit rules that would establish criteria to identify "personal care shortage areas" and increase reimbursement for personal care services provided in those areas to 125 percent of the regular personal care reimbursement rate. While shortage areas for physicians and other licensed health care practitioners have proven to be an important tool in improving access to health care, I am skeptical of the feasibility of establishing shortage areas specific to personal care. Because many agencies serve multiple counties and experience frequent turnover among personal care workers and agencies, it will be very difficult to institute criteria based on the number of personal care workers in a given area. In addition, I am concerned that increased reimbursement in certain areas might create a perverse incentive for agencies to manipulate the size of their workforce to maintain shortage area status in order to be eligible for enhanced reimbursement. I am vetoing these sections to remove this requirement. Finally, section 6 establishes the appropriation changes for both the rate increase and personal care shortage areas. I am vetoing section 6 (1) to remove the appropriation for personal care shortage areas, since no funds have actually been appropriated for this purpose.

Section 4 delays the effective date of AB 456 from January 1, 2000 to January 1, 2001. AB 456 created an individual income tax deduction for certain health insurance premiums. Because AB 456 passed in the Assembly but did not pass in the Senate, this provision is obsolete. Therefore, I am vetoing this section.

AB 942 as vetoed will still provide a significant rate increase for personal care services provided to MA recipients in Wisconsin. A strong network of personal care agencies and workers is critical to the success of the state's new Family Care initiative and other efforts aimed at encouraging less costly community-based care. DHFS should monitor the effectiveness of the rate increase in creating stability in the personal care industry such that MA recipients have access to high quality care and interruptions in service, due to agency turnover, are limited. I strongly encourage personal care agencies to pass this rate increase on to their workers. A consistently cited problem in the industry is high turnover among personal care workers due to low wages. It is my hope that this rate increase will reduce that turnover and adequately compensate personal care workers for the difficult and very important service they provide to MA recipients in Wisconsin.

Sincerely,



TOMMY G. THOMPSON

Governor

TGT/mm