P

Health and Family Services

Health

Bill Agency

(LFB Budget Summary Document: Page 371)

LFB Summary Items for Which Issue Papers Have Been Prepared

Item #	Title
1	HIRSP Funding (Paper #490)
5 (part)	Women's Health (Paper #491)
5 (part)	Wisconsin Well Woman Program (Paper #492)
6	Vital Records Program -- Funding and Fee Increases (Paper #493)
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13	Disease Aids -- Patient Liability for Costs (Paper #496)

AGENCY: Department of Health and Family Services

LFB PAPER #: 490

B-2

ISSUE: HIRSP - Public Health

ALTERNATIVE: A; B4

Cancel - B-1

SUMMARY:

Alternative A is just a reestimate of the fund that was made available to LFB after the budget was introduced.

Alternative B4 restores the funds the governor cut to the HIRSP program to fully fund the program. If this doesn't fly, do the "B" motions in this order, B1, B2. DO NOT DO B3.

BURKE/ALBERS MOTION HERE – We'll have that Aurora case-management pilot program motion here. Jensen recruited Albers as his proxy on this, so her name will be on the motion as well. See talking points attached.

BY: Cindy

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

May 24, 2001 Joint Committee on Finance Paper #490

HIRSP Funding (DHFS -- Public Health)

[LFB 2001-03 Budget Summary: Page 371, #1]

CURRENT LAW

The state's health insurance risk-sharing plan (HIRSP) offers health insurance coverage to individuals with adverse medical histories and others who cannot obtain affordable health care coverage from the private sector. Wisconsin residents are eligible to enroll in HIRSP either as a result of having health insurance coverage rejected or limited by an insurer or as a result of having certain specific diseases or disabilities.

HIRSP is funded from policyholder premiums, assessments paid by health insurance companies doing business in Wisconsin, reduced payments to service providers and state general purpose revenue (GPR). The GPR funding is used to: (a) reduce overall program costs ($9.9 million in 1999-00 and $11.9 million in 2000-01); and (b) to reduce costs for premium and deductible subsidies for low-income HIRSP beneficiaries ($780,000 annually). After accounting for GPR funding used to reduce overall program costs, the remaining program costs are distributed between revenue from policyholder premiums (60%), insurer assessments (20%) and reduced payments to providers (20%).

1999 Wisconsin Act 9 provided $50,473,500 SEG annually to partially support HIRSP costs. Of this amount, $46,668,500 SEG annually represented the estimated cost for benefits provided to HIRSP enrollees and $3,805,000 SEG annually was provided for HIRSP administrative costs. Segregated revenues are available from the HIRSP fund, which consists of GPR, premium revenue and insurer assessments, but does not include the providers' contribution since the reduced payments are an offset to total expenditures for benefits provided to HIRSP enrollees.

DHFS is authorized to spend all funds received for the purpose of providing benefits to HIRSP enrollees. Therefore, the amounts appropriated in Act 9 only represent estimates of the costs for HIRSP benefits and not a limit on the amount of funding available for HIRSP benefits.

However, DHFS is limited to the amounts appropriated by the Legislature for HIRSP expenditures for administrative costs. Further, DHFS is required to develop an annual budget for HIRSP in consultation with the Board of Governors. DHFS cannot implement a budget for HIRSP that has not been approved by the Board.

At its April 25, 2001, meeting, the HIRSP Board of Governors approved a motion to change the way the HIRSP budget is established, beginning January 1, 2001, from a cash-based accounting methodology to a full-cost accounting methodology. In its November, 2000 report, the Legislative Audit Bureau recommended that DHFS seek to change the HIRSP accounting methodology from a cash-based methodology to a full-cost accounting methodology. Under a cash-based accounting method, the amount of revenue necessary to cover costs during a time period is based on the estimate of payments to be made during that time period. Under a full-cost accounting method, the amount of revenue necessary to fund costs during a time period is based on the estimated liabilities incurred during that time period. By making this change, the HIRSP budget for 2001-02, as approved by the Board of Governors, increased by approximately $16.6 million to reflect the difference between estimated cash payments in 2001-02 and outstanding liabilities incurred during that time period.

Between April 30, 2000, and March 31, 2001, enrollment in HIRSP increased approximately 24%, from 8,714 policyholders to 10,790 policyholders.

GOVERNOR

Provide $25,907,000 (-$1,900,000 GPR and $27,807,000 SEG) in 2001-02 and $28,946,200 (-$1,900,000 GPR and $30,846,200 SEG) in 2002-03 to modify funding for HIRSP as follows.

Benefits Reestimate. Provide $26,543,800 SEG in 2001-02 and $29,435,700 SEG in 2002-03 to reflect a reestimate of the costs that will be paid by the plan for benefits provided to HIRSP enrollees. The bill would provide a total of $73,212,300 SEG in 2001-02 and $76,104,200 SEG in 2002-03 to fund HIRSP benefits costs. The reestimate primarily reflects projected increases in enrollment, as well as increases in the average costs per enrollee and increased costs relating to a change in the way HIRSP reimburses hospitals for outpatient costs.

Administration. Provide $1,263,200 SEG in 2001-02 and $1,410,500 SEG in 2002-03 to increase funding for the administration of the plan, so that a total of $5,726,700 SEG in 2001-02 and $5,715,900 SEG in 2002-03 would be budgeted for this purpose. Funding budgeted for administration supports contracted services with the plan administrator to perform claims processing, enrollment, reporting and other functions, as well as DHFS staff that support the program.

GPR Supplement. Delete $1,900,000 GPR annually to reduce GPR support for the program. The bill would provide $10,780,000 GPR annually to support HIRSP, of which $10.0 million would be used to offset total plan costs and $780,000 would be used to partially support

the costs of premium and deductible subsidies for HIRSP enrollees with income below $25,000 annually.

DISCUSSION POINTS

HIRSP Fund Reestimate

1. It is estimated that expenditures from the HIRSP fund will total $67,489,300 SEG in 2001-02 and $87,071,000 SEG in 2002-03. This represents a reduction of $11,449,700 SEG in 2001-02 and an increase of $5,250,900 in 2002-03, compared with the amounts in the bill.

Benefit Costs. Of the amounts estimated for HIRSP expenditures, $62,551,300 in 2001-02 and $82,587,000 in 2002-03 would support benefit costs under HIRSP. This represents a reduction of $10,661,000 in 2001-02 and an increase of $6,482,800 in 2002-03 compared with the amounts budgeted in the bill for HIRSP benefit costs. The funding provided for benefit costs differs from the amounts in the bill in three ways. First, the amount of funding reflects a reestimate of total costs based on updated caseload and cost per enrollee information available since the Governor's recommendations were developed. These estimates are based on assumptions that enrollment in HIRSP would average approximately 12,150 enrollees in 2001-02 and 13,870 in 2002-03 and that average costs per member per month would total $556.48 in 2001-02 and $612.13 in 2002-03.

Second, this estimate reflects the Board of Governors' decision to change from a cash-based accounting methodology to a full-cost accounting methodology, effective January 1, 2001, while the estimate included in the bill does not reflect this change.

Third, this estimate does not include HIRSP benefit costs that would be absorbed by providers in the form of reduced payments, while the amounts in the bill include the estimated value of these reductions. It is estimated that providers would fund program costs totaling approximately $18.6 million in 2001-02 and $19.3 million in 2002-03. These amounts should not be included in the bill for two reasons. First, these costs do not represent expenditures, but rather costs that are never paid. Second, current statutory provisions regarding the HIRSP fund do not include the providers' contribution among the components of the fund and the amounts included in the bill only reflect expenditures from fund, not the entire costs of providing benefits to HIRSP enrollees.

Administrative Costs. The remainder of estimated HIRSP expenditures, $4,938,000 in 2001-02 and $4,484,000 in 2002-03, would be provided to fund administrative costs of the plan. This estimate reflects a reduction of $788,700 in 2001-02 and $1,231,900 in 2002-03 compared with the amounts provided in the bill. The estimate for administrative costs reflect: (a) inflationary increases for the costs paid to the HIRSP plan administrator; (b) estimates of costs for medical and actuarial consultants; (c) legal services previously funded by the Department of Justice; and (d) one-time charges for administrative costs incurred in 2000-01 but paid in 2001-02. Without the one-time charges for administrative costs, HIRSP administrative costs would increase 2.9% in 2001-02 and another 3.0% in 2002-03. The funding provided in the bill would have increased HIRSP administrative funding to correspond to the increases in enrollment growth.

GPR Funding

2. The bill would decrease GPR support for HIRSP by $1.9 million annually. Based on the statutory division of net program costs (60% to policyholders, 20% to insurers and 20% to providers), this loss of revenue for the plan would result in increases in premiums ($1,140,000 annually), insurer assessments ($380,000 annually) and reduced provider payments ($380,000 annually). This cost would represent an estimated increase in: (a) premium revenue of approximately 2.7% in 2001-02 and 2.1% in 2002-03; (b) insurer assessments of approximately 2.2% in 2001-02 and 2.1% in 2002-03; and (c) provider payment reductions of approximately 2.1% in 2001-02 and 2.1% in 2002-03. The Committee could choose to delete the provision in the bill to reduce GPR support for HIRSP if it determines that it is not appropriate to transfer to policyholders, insurers and providers, a portion of program costs that would otherwise be borne by the state.

3. Alternatively, since other revenue sources are available to fund HIRSP costs, the Committee could reduce GPR support for HIRSP further than the amounts provided in the bill so that the GPR funds could be used to support other needs in the budget. Before 1997-98, no GPR funding was budgeted to support HIRSP program costs, other than to provide subsidies to low-income policyholders, $780,000 GPR annually.

4. The alternatives presented in this paper reflect different options for modifying the amount of GPR funds provided to offset total HIRSP costs. Table 1 identifies how alternative reductions in GPR support for the program would increase program costs funded from policyholders, insurers and providers. Table 2 identifies how alternative reductions in GPR support would affect the program as a percent of projected revenue.

TABLE 1

Effect of Alternatives to Modify GPR Funds Used to Offset Total HIRSP Costs

Alternative	Annual GPR Change to Base	Premium Revenue	Insurer Assessments	Provider Payments
B1 (Governor)	-$1,900,000	$1,140,000	$380,000	$380,000
B2	-3,000,000	1,800,000	600,000	600,000
B3	-6,900,000	4,140,000	1,380,000	1,380,000
B4 (Current Law)	0	0	0	0

TABLE 2

Effect of Alternatives to Modify GPR Funds Used to Offset Total HIRSP Costs

Alternative	Premiums 2001-02	Premiums 2002-03	Insurer Assessments 2001-02	Insurer Assessments 2002-03	Provider Contributions 2001-02	Provider Contributions 2002-03
B1 (Governor)	2.7%	2.1%	2.2%	2.1%	2.1%	2.1%
B2	4.3	3.3	4.3	3.3	3.4	3.3
B3	10.6	8.0	8.4	8.0	8.2	8.0
B4 (Current law)	0.0	0.0	0.0	0.0	0.0	0.0

5. The actual effect on HIRSP policyholders would vary based on an individual's annual premium. The amount of an individual's premium would vary depending on the plan in which the individual is enrolled, the age of the individual, where they live in the state, and whether the individual is male or female. Premiums vary from $1,176 annually for a male child, living in the Milwaukee area and enrolled in Plan 2 to $7,200 annually for a male, 60 years of age or older, enrolled in Plan 1A and living in the Milwaukee area. Additionally, policyholders with household income at or below $25,000 may be eligible for reduced premiums.

As an example for illustrative purposes, a 58-year old woman, living in the Milwaukee area, with income above $25,000 and enrolled in HIRSP Plan 1A currently pays an annual premium of $5,220. Based on the budget approved by the Board of Governors, for 2001-02, which reflects the Governor's recommendations, it is estimated that this woman would pay an annual premium of $5,397 in 2001-02. Under Alternative B2, it is estimated that this woman would have an annual premium of $5,484 in 2001-02, or $86 more than the estimated premium she would pay under the Governor's recommendations. Under Alternative B3, it is estimated that this woman would have an annual premium of $5,810, or $412 more than the estimated premium she would pay under the Governor's recommendations. Under Alternative B4, which would maintain the current level of GPR support for HIRSP, it is estimated that this woman would pay an annual premium of $5,257, or $141 less than she would pay under the Governor's recommendations.

ALTERNATIVES TO BILL

A. HIRSP Fund Reestimate

Reduce funding in the bill by $11,449,700 SEG in 2001-02 and increase funding in the bill by $5,250,900 SEG in 2002-03 so that a total of $67,489,300 SEG in 2001-02 and $87,071,000 SEG in 2002-03 would be budgeted for HIRSP costs. Of the amounts budgeted, $62,551,300 SEG in 2001-02 and $82,587,000 SEG in 2002-03 would be budgeted for HIRSP benefit payments. The remainder, $4,938,000 SEG in 2001-02 and $4,484,000 SEG, in 2002-03 would be budgeted for HIRSP administrative costs.

Modification	SEG
2001-03 FUNDING (Change to Bill)	- $6,198,800

B. GPR Funding

1. Adopt the Governor's recommendations to reduce GPR support for HIRSP by $1.9 million annually so that $10.0 million GPR annually would be budgeted to support HIRSP total program costs.

2. Reduce funding in the bill by an additional $1,100,000 GPR annually so that $8.9 million GPR annually would be budgeted to support HIRSP total program costs.

Alternative B2	GPR
2001-03 FUNDING (Change to Bill)	- $2,200,000

3. Reduce funding in the bill by an additional $5,000,000 GPR annually so that $5.0 million GPR annually would be budgeted to support HIRSP total program costs.

Alternative B3	GPR
2001-03 FUNDING (Change to Bill)	- $10,000,000

4. Delete the Governor's recommendation by increasing funding in the bill by $1,900,000 GPR annually so that $11.9 million GPR annually would continue to be budgeted to support HIRSP total program costs.

Alternative B4	GPR
2001-03 FUNDING (Change to Bill)	$3,800,000

MO# A, B-4

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 8 NO 8 ABS ____

abell

MO# A, B-1

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 11 NO 5 ABS ____

Senator Wirch

HEALTH AND FAMILY SERVICES -- HEALTH

Health Insurance Risk-Sharing Plan -- Coverage of Hospice Services

Motion:

Move to specify that hospice care is a covered benefit under HIRSP.

Note:

Hospice care is currently covered under HIRSP if it is provided by a home health agency. This motion would make hospice care a covered benefit if provided by provider that is not a home health agency, including a hospice care organization.

MO#_____

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
~~PLACHE~~	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 8 NO 8 ABS ____

Motion #915

Senator Burke
Representative Albers

HEALTH AND FAMILY SERVICES -- HEALTH

Case Management Services for HIRSP Enrollees

Motion:

Move to increase administrative funding for the health insurance risk-sharing plan (HIRSP) by $450,000 SEG in 2002-03 for DHFS to contract for community-based case management services for up to 300 HIRSP enrollees as part of a three-year demonstration pilot, beginning July 1, 2002.

Require HIRSP enrollees participating in the pilot to meet one or more of the following criteria: (a) be diagnosed with a chronic disease; (b) be actively taking two or more prescribed medications; and (c) have been presented for care at a hospital emergency room two or more times within a six-month period or have had two or more inpatient hospital admissions. Specify that preference would be given to participants who reside in a medically underserved area or health professional shortage area.

Specify that enrollees would voluntary participate in the program. Specify that services provided under the pilot would include; (a) an initial intake assessment; (b) development of a treatment plan based on best practices; (c) coordination of health care services; (d) patient education; (e) family support; and (f) monitoring and reporting of patient outcomes and costs. Specify that services would be provided by a team of a nurse case manager, a pharmacist and a social worker working collaboratively with the enrollee's primary care physician or provider.

Require that organizations eligible to participate in the pilot meet the following criteria: (a) be a private, not-for-profit integrated health care system that provides access to health care in a health professional shortage area or medically underserved area; (b) have an existing community-based case management program operating within an integrated health care system with demonstrated successful client and program outcomes; and (c) demonstrate an ability to assemble and coordinate an interdisciplinary team of health care professionals, including physicians, nurses and pharmacists for assessment of a participant's treatment plan.

Require DHFS to evaluate the pilot by conducting a study comparing health care outcomes and cost avoidance associated with the pilot. Require the study to measure the utilization of services, including inpatient hospital days, rates of hospital readmission within 30 days for the same diagnosis and prescription drug utilization and cost for the pilot participants and compare this utilization with a similarly comparable population.

Note:

This motion would increase funding for HIRSP administration by $450,000 SEG in 2002-03. HIRSP is funded from policyholder premiums, assessments paid by health insurance companies doing business in Wisconsin, reduced payments to service providers and state general purpose revenue (GPR). Segregated revenues are available from the HIRSP fund, which consists of GPR, premium revenue and insurer assessments, but does not include the providers' contribution, since the reduced payments are an offset to total expenditures for benefits provided to HIRSP enrollees. After accounting for GPR budgeted for HIRSP, program costs are distributed between revenue from policyholder premiums (60%), insurer assessments (20%) and reduced payments to providers (20%).

DHFS is limited to the amounts appropriated by the Legislature for expenditures for HIRSP administrative costs. Further, the budget for HIRSP cannot be implemented without the approval of the HIRSP Board of Governor. As part of that budget, the Board sets HIRSP premiums, insurer assessments and provider contribution amounts based on estimated expenditures for the program. Therefore, it is not clear whether the increase in expenditure authority would require an increase in premiums, insurer assessments or provider contributions. If the Board determines that the pilot would likely decrease benefit expenditures through reduced utilization of services, such as emergency room and inpatient hospital admissions, the Board could determine that an increase in revenue is not necessary to fund the initiative.

[Change to Bill: $450,000 SEG]

MO#_____

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 16 NO 0 ABS ____

Representative Albers
Senator Moore

HEALTH AND FAMILY SERVICES -- HEALTH

Health Insurance Risk-Sharing Plan -- Copayments and Coinsurance for Prescription Drugs

Motion:

Move to incorporate provisions of 2001 Assembly Bill 265 into the bill.

In addition, clarify that all drug expenditures under HIRSP are exempt from the calculation used to allocate program costs after subtracting GPR funding budgeted for the program (60% of the program costs paid by premium holders, 20% paid by insurers and 20% paid by providers).

Note:

AB 265 would authorize DHFS to establish, by rule, copayment amounts and coinsurance rates for prescription drugs and copayment and coinsurance out-of-pocket limits, over which the plan would pay 100% of covered costs for individuals participating in any of the plans available under the health insurance risk-sharing plan (HIRSP). Any copayments, coinsurance rates or out-of-pocket expense limits would be subject to the approval of the Board. The bill would specify that any copayments and coinsurance would not count towards the plan's deductible or coinsurance or out-of-pocket limit for other major medical costs covered under the plan.

The bill would authorize DHFS to promulgate emergency rules to implement the bill's provisions but DHFS would not be required to provide evidence that promulgating the rule as an emergency would be necessary for the preservation of public peace, health, safety or welfare and would not be required to provide a finding of an emergency to promulgate the rule.

The provisions of the bill would first apply to policies issued or renewed on the bill's effective date, the day after its publication.

In addition, the motion would clarify that all drug expenditures under HIRSP all exempt from the calculation used to allocate program costs after subtracting GPR budgeted for the program. This change reflects the Department's current practice.

This proposal would not modify the reimbursement rate pharmacies receive for drugs purchased under the program. Pharmacies would continue to be paid the MA rate for all drugs purchased under the program.

MO#_____

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 16 NO 0 ABS ____

Representative Albers

HEALTH AND FAMILY SERVICES -- HEALTH

Health Insurance Risk-Sharing Plan -- Miscellaneous Changes

Motion:

Move to incorporate provisions of LRB 2436/1 into the bill.

Note:

LRB 2436/1 would make a number of changes to current statutory provisions regarding the health insurance risk-sharing plan (HIRSP).

The bill would authorize the use of surplus premium revenue for distribution to HIRSP enrollees, regardless of other statutory provisions regarding the determination of premiums paid by HIRSP policyholders. The bill would specify that DHFS, with approval of the Board and the concurrence of the HIRSP actuary, would determine the policies, eligibility criteria, methodology and other factors to be used in making any distribution of the surplus premium revenue.

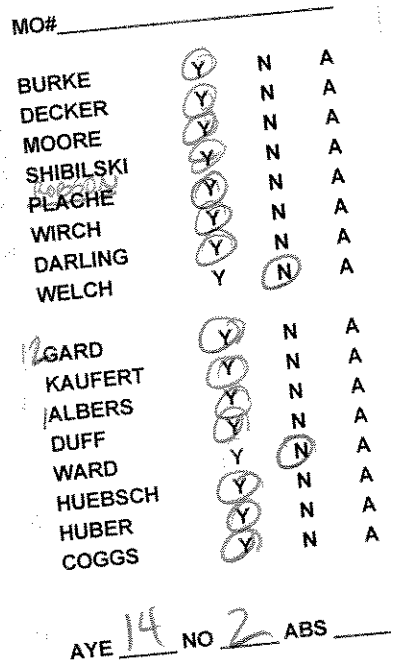
Current law requires that premiums for HIRSP Plans 1A and 1B be set at least 150% of the standard risk plan providing substantially the same coverage and deductibles as are provided under HIRSP. In January, 2001, the HIRSP Board of Governors approved a distribution of $2.5 million in surplus premium revenue to HIRSP beneficiaries that results in policyholders paying in total, less than 150% of the standard risk plan. This provision would clarify that such distributions are allowed.

The bill would specify that hospice care, provided by a licensed hospice provider is a covered service under HIRSP.

The bill would increase from three to four the number of public members of the HIRSP Board of Governors. Further, the bill would specify that at least one of the public members would be an individual that is covered under HIRSP and delete the provision that requires that at least two of the public members be reasonably expected to qualify for HIRSP coverage.

The bill would authorize the Department of Health and Family Services (DHFS), with the agreement of the Commissioner of Insurance, to provide various administrative functions related to the assessment of insurers participating in the cost of administering HIRSP. Current law assigns these responsibilities to the Commissioner of Insurance.

The bill would repeal current law provisions that specify that individuals eligible for Medicare are not exempt from preexisting condition exclusions and related technical modifications. Preexisting condition exclusions specify that HIRSP coverage is not available for the first six months of coverage for any condition for which an individual was treated or diagnosed during the six months immediately preceding his or her coverage under HIRSP. Certain eligible individuals are exempt from the preexisting condition exclusions. The bill would insure that individuals eligible for Medicare could be exempt from the preexisting condition exclusions if they meet other criteria.



Community-Based Case Management
Legislative Proposal

In Wisconsin we have some of the best health care facilities and best health care providers in the world. But our system, like in the rest of the country, is too fragmented. The traditional medical model is not equipped to respond to the diverse and complex health care needs of patients with multiple chronic diseases. This results in more expensive, and less effective, treatment that could be avoided with the preventive strategies that result from coordinated care.

Goals of the demonstration project:

- Improve health outcomes.
- Control health care costs.

What is community-based case management?

Patients with chronic diseases such as diabetes, asthma, and congestive heart failure are relatively few in number, but demand most of the available health care resources. These patients may be prescribed twenty or more medications, and incur multiple visits to the emergency room each year. Evidence shows that patients with chronic diseases can have their health issues addressed effectively with **community-based case management. This includes:**

- Consulting with physicians, pharmacists, and other key clinicians to review medications prescribed to avoid duplication or adverse interactions.
- Assessing medication management strategies in the home to ensure patients take the right drugs at the right time.
- Eliminating barriers to regular primary care visits, such as a lack of transportation, which reduces unnecessary visits to the emergency room.
- Communicating key patient information between patients and providers to ensure continuity of care.
- Conducting visits and calls to the home to verify compliance with the plan of care.

(over, please)

HIRSP and Community-based Case Management

The HIRSP program serves patients that cannot obtain private insurance due to pre-existing health care conditions. Currently, this program does not provide care coordination or managed care to its enrollees. Since HIRSP enrollees often have multiple chronic diseases, they will benefit greatly from community-based case management. In addition, because care for these patients is exceptionally costly, community-based case management will provide immediate cost savings.

For example, a recent Legislative Audit Bureau study found that 5% of HIRSP prescriptions were filled with brand-name products when a generic product was available and required by state law. A community-based case manager would work with pharmacists and physicians to eliminate these oversights.

PROPOSAL

- Authorize 300 enrollees in the HIRSP program to voluntarily receive community-based case management services from a not-for-profit, integrated health system for a three year demonstration project.
- A patient receives an initial intake assessment that serves as the basis for a plan of care. The nurse case manager provides ongoing coordination, support, education, monitoring of the patient's status, and assurance that planned services are delivered.
- Care coordination occurs through systematic home and telephone contacts and attendance by the case manager at physician appointments as necessary. The core case management team would review the plan of care and sequence the specific client interventions based on need.
- Priority enrollment will go toward enrollees who reside in a Health Professional Shortage Area.
- A study will be completed comparing the health outcomes and cost savings associated with the demonstration.
- The pilot will cost $450,000 per year, starting in the second year of the biennium. This money will pay for community-based case managers.
- The cost of the program will be built into the base HIRSP budget and it is expected that cost savings associated with coordinated care will more than offset the expenditure.

Prepared by Aurora Health Care, May 23, 2001. For more information call Tom Reilly at 414-647-6390

AGENCY: Department of Health and Family Services

LFB PAPER #: 491

ISSUE: Public Health – Women's Health

ALTERNATIVE: 3

SUMMARY:

Decker wants to move Alt. 3, which deletes $200,000 GPR from this program & then use that money for the WI Well Woman Program. LFB points out in several places that it's not clear why the Gov's proposed expansion of this program is needed.

BY: Cindy

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May 24, 2001 Joint Committee on Finance Paper #491

Women's Health (DHFS -- Health)

[LFB 2001-03 Budget Summary: Page 372, #5 (part)]

CURRENT LAW

1997 Wisconsin Act 27 (the 1997-99 biennial budget act) provided the Department of Health and Family Services (DHFS) 1.0 GPR position to serve as the women's health officer as part of a larger initiative to address the special health care concerns of women. 1999 Wisconsin Act 9 (the 1999-01 biennial budget act) provided additional funding to support the initiative, including $14,000 GPR in 2000-01 to fund administrative support to the women's health officer, $10,000 GPR annually to increase support for women's health conferences and $50,000 annually for a women's health hotline.

GOVERNOR

Provide $100,000 GPR annually and 1.5 GPR positions, beginning in 2001-02, to expand the women's health program. Funding would be provided for the following: (a) $51,600 GPR in 2001-02 and $57,400 GPR in 2002-03 to support 1.0 GPR program assistant and 0.5 GPR public health nutritionist; and (b) $48,400 GPR in 2001-02 and $42,600 GPR in 2002-03 to increase support for program activities, including regional conferences, roundtables, updating videotapes on women's health issues and developing nutrition fact sheets.

DISCUSSION POINTS

1. The women's health officer works to improve the health status of women in Wisconsin and to increase awareness of women's health issues and the Department's women's health programs. The position: (1) provides management and leadership in the development and implementation of the Department's women's health initiatives; (2) is the principal advisor to the Division Administrator and DHFS Secretary on women's health issues; (3) is the primary

departmental contact for women's health issues; (4) provides statewide consultation and technical assistance to community organizations on a broad range of health issues; and (5) conducts other activities, including establishing and maintaining collaborative relationships with the Wisconsin Women's Health Foundation and other groups to improve women's health status.

2. In its 2001-03 budget submission, DHFS did not request any additional funding or staff support for the women's health program.

3. The bill would provide $27,400 GPR in 2001-02 and $29,400 GPR in 2002-03 to fund 1.0 GPR program assistant position to provide permanent clerical support for the women's health program. The position would assist with mailing information to local health organizations, updating the website, collecting information from the women's hotline and coordinating program correspondence.

4. To date, DHFS has provided program support for the women's health officer by reallocating DHFS staff to address this workload. However, DHFS staff indicate that this has not provided the level of support the women's health officer needs to promote women's health issues statewide. As a result, the women's health officer has had to perform much of the clerical work herself, which has reduced the amount of time she has been able to spend performing her other responsibilities.

5. 1999 Act 9 provided $14,000 GPR annually in LTE funding to provide some support for the women's health program. However, due to an internal reorganization, DHFS reallocated this LTE funding to support other functions within the Division of Public Health. Because this funding was provided in Act 9 specifically to address the clerical needs of the women's health officer, the Committee could delete DHFS base funding by $14,000 GPR annually if it approves the Governor's recommendation to provide 1.0 GPR program assistant position to perform this work.

6. DHFS has provided little information that documents the need for the additional program assistant position, other than to indicate that the current position could spend more time on her professional work if this additional program assistant position were created. However, if the Committee determines that it is not essential at this time to provide an additional administrative position to the Division of Public Health, it could delete the position and funding from the bill.

6. The bill would also provide $24,200 GPR in 2001-02 and $28,000 GPR in 2002-03 for 0.5 GPR nutritionist position, beginning in 2001-02. This position would update videos on women's health, develop fact sheets on women's health issues and assist DHFS in its overweight and obesity initiative to raise the awareness of the health implications related to being overweight.

7. The DHFS Bureau of Chronic Disease and Bureau of Maternal and Child Health have jointly created several briefs outlining women's health issues including osteoporosis, breast cancer, domestic violence, depression, heart disease and sexual assault prevention. In addition, eight fact sheets have been prepared on different nutritional topics focused on women's health

including the importance of iron, eating for strong bones, diabetes, blood pressure, the importance of a well balanced diet, methods for handling stress, and the need for physical activity and other ways to reduce weight. The DHFS website also has short videos on several of these topics.

8. Given that this type of information is already being prepared on women health issues, including nutrition, it is not clear why DHFS requires additional staffing to develop additional materials. For this reason, the Committee may want to delete the half-time position and associated funding, for savings of $52,200 over the biennium.

9. In addition to the staff, the bill would provide additional supplies and services funding of $48,400 in 2001-02 and $42,600 in 2002-03 to expand women's health outreach efforts. According to the administration, this funding would be used to fund one regional women's health conference in each of the five public health regions in the state, host roundtables across the state on women's health issues and other activities.

10. DHFS hosted the first state women's health conference in April, 1998. 1999 Act 9 provided $10,000 GPR to offset future expenses related to the annual conference. For 2001, the Wisconsin Women's Health Foundation performed much of the planning and coordination of the conference. DHFS contributed $39,500 to the 2001 conference, including the $10,000 GPR provided in the last biennium, and an additional $15,000 GPR from the women's health services appropriation. A total of 614 people registered for the 2001 conference.

11. The Women's Health Foundation also holds statewide roundtables to inform women about cardiovascular disease, breast cancer, osteoporosis, mental health, domestic violence and the health risks of tobacco use. According to the Foundation, the roundtables are casual, personal ways to encourage women to become advocates for their health and the health of their families. A total of 13 roundtables are planned for 2001.

12. While women's health issues are important to the state, it is not clear that it is necessary to provide additional state funding for these efforts, given the current outreach and educational activities of the DHFS women's health program and the Wisconsin Women's Health Foundation. The Committee could delete the additional $48,400 GPR in 2001-02 and $42,600 GPR in 2002-03 that the bill would provide for this purpose.

ALTERNATIVES TO BILL

1. Approve the Governor's to provide $100,000 GPR and 1.5 GPR positions, beginning in 2001-02, to expand the women's health program. This funding would be provided as follows: (a) $51,600 GPR in 2001-02 and $57,400 GPR in 2002-03 to support 1.0 GPR program assistant and 0.5 GPR public health nutritionist; and (b) $48,400 GPR in 2001-02 and $42,60 GPR in 2002-03 to increase support for program activities, including regional conferences, roundtables, updating videotapes on women's health issues and developing nutrition fact sheets.

2. Modify the bill to do one or more of the following:

a. Reduce funding by $14,000 GPR annually to delete base funding provided in 1999 Act 9 to provide clerical support for the women's health officer.

Alternative 2a	GPR
2001-03 FUNDING (Change to Bill)	- $28,000

b. Reduce funding by $27,400 GPR in 2001-02 and $29,400 GPR in 2002-03 and delete 1.0 GPR program assistant position.

Alternative 2b	GPR
2001-03 FUNDING (Change to Bill)	- $56,800
2002-03 POSITIONS (Change to Bill)	- 1.00

c. Reduce funding by $24,200 GPR in 2001-02 and $28,000 GPR in 2002-03 and delete 0.5 GPR nutritionist position.

Alternative 2c	GPR
2001-03 FUNDING (Change to Bill)	- $52,200
2002-03 POSITIONS (Change to Bill)	- 0.50

d. Reduce funding by $48,400 GPR in 2001-02 and $42,600 GPR in 2002-03 to eliminate supplies and services funding for expansion of women's health activities.

Alternative 2d	GPR
2001-03 FUNDING (Change to Bill)	- $91,000

3. Maintain current law.

Alternative 3	GPR
2001-03 FUNDING (Change to Bill)	- $200,000
2002-03 POSITIONS (Change to Bill)	- 1.50

Prepared by: Carri Jakel

Senator Decker

HEALTH AND FAMILY SERVICES -- HEALTH

Women's Health Services

[LFB Paper #491]

Motion:

Move to delete the provision in the bill that would increase funding in DHFS by $100,000 GPR annually and provide 1.5 GPR positions to expand the women's health program. Instead, provide an additional $100,000 GPR annually to increase funding for screenings and other direct services related to women's health under the Wisconsin well woman program.

Note:

This motion would replace Alternative #3 on paper #491, which would maintain current law with respect to the women's health program. Instead, $100,000 GPR annually would be used to provide additional funds for direct health services to women under the Wisconsin well woman program.

[Change to Bill: -1.5 GPR positions]

MO#_____

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 15 NO 1 ABS ____

Senator Moore

HEALTH AND FAMILY SERVICES -- HEALTH

Women's Health Program

[LFB Paper #491]

Motion:

Move to require the Department's women's health program to coordinate with the minority health program to ensure that disparities in health of women of color are adequately addressed.

MO# _____

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 16 NO 0 ABS ____

Motion #919

AGENCY: Department of Health and Family Services

LFB PAPER #: 492

ISSUE: Public Health – WI Well Woman Program

ALTERNATIVE: 2 + Decker motion

SUMMARY:

Alt. 2 makes some statutory clarifications as to what this program is to do and how much should be used for outreach and educational announcements.

Decker's motion will add $200,000 GPR from paper 491 to this program. This program actually provides services to women in need and deserves the extra funding.

BY: Cindy

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May 24, 2001 Joint Committee on Finance Paper #492

Wisconsin Well Woman Program (DHFS -- Health)

[LFB 2001-03 Budget Summary: Page 373, Item #5 (part)]

CURRENT LAW

1997 Wisconsin Act 27 created a women's health services appropriation for the Department of Health and Family Services (DHFS) to fund: (a) regional grants to applicants to provide health care screening, referral, follow-up and patient education to low-income, underinsured and uninsured women (grants require a 25% match); (b) a women's health campaign to increase women's awareness of issues that affect their health, and to reduce the prevalence of chronic and debilitating health conditions that affect women; (c) projects to enhance activities of communities in establishing and maintaining a comprehensive women's health program that addresses all major risk factors for chronic diseases for middle-aged and older women (projects require a 25% match); and (d) an osteoporosis prevention and education program. Base funding for these programs is $1,225,000 GPR.

The Department is also responsible for administering the breast cancer screening program. This program provides up to $422,600 GPR annually under the cancer treatment, training, follow-up, control and prevention appropriation for breast screening services to women who are 40 or older. Grants are awarded to hospitals or organizations that have a mammography unit available, in areas selected by DHFS. Grant payments are based on partial or full payment for services for women who meet certain income and insurance requirements. The program also provides at least $20,000 GPR annually for the development and provision of media announcements and educational materials concerning the need for, and availability of, breast cancer screening services in areas served under the breast screening program. In addition, up to $115,200 GPR annually is provided to the City of Milwaukee for the operational costs of a mobile mammography van, and up to $25,000 GPR is provided for training for nurse practitioners to perform screenings for cervical cancer in rural areas. DHFS also receives federal funds ($1,087,800 in 2000-01) from the Center for Disease Control and Prevention (CDC) under the national breast and cervical cancer early detection program to fund services related to breast and cervical cancer screenings for women ages 40 to 64.

GOVERNOR

Repeal the requirement that DHFS allocate and expend at least $20,000 annually from the DHFS appropriation that funds cancer treatment, training, follow-up, control and prevention activities to support the development and provision of media announcements, educational materials concerning the need for, and availability of, breast cancer screening program services for women in areas served by the DHFS breast cancer screening program. Instead, require DHFS to allocate and expend at least $20,000 annually from the DHFS women's health services appropriation to promote health care screening services for women that are available under the women's health program, which provides screenings for low-income women, as well as the breast cancer screening program.

DISCUSSION POINTS

1. DHFS has combined services under the women's breast cancer screening program and the women's health screening program to create a comprehensive, preventive health screening program for low-income, uninsured or underinsured women. The program, known as the Wisconsin well woman program (WWWP), provides health screenings, diagnostic tests and patient education services to low-income, uninsured or underinsured women to improve access to these services and thereby reduce preventable death and disability from breast and cervical cancer, heart disease, stroke, diabetes, osteoporosis, depression and domestic violence to this population.

2. Funding for 2000-01 includes: (a) approximately $1,087,800 FED from a CDC grant for early detection of breast and cervical cancer; (b) $880,800 GPR under the cancer prevention, control, treatment and training appropriation for breast cancer screenings ($422,600), case management services ($300,000), media and educational announcements ($20,000), a grant to the City of Milwaukee for operational costs of the mobile mammography van ($115,200) and training for nurse practitioners to perform cervical cancer screenings in rural areas ($25,000); and (c) $1,799,000 GPR under the women's health services appropriation for all other services which cannot be funded under the other two appropriations, including screening services ($1,187,800), claims processing ($178,200), case management ($300,000) and a grant to the City of Milwaukee for recruitment, follow-up, enrollment and patient education ($133,000). Funding under the women's health services appropriation includes $635,000 GPR that was transferred in December, 2000, under section 13.10 of the statutes to offset a projected deficit in the program for 2000-01.

3. The program currently provides services to women who are 18 years of age or older, but primarily targets women ages 40 to 65. The priority for the mammography component is to screen women who are 50 to 65 years of age. Enrollees may not have household income that exceeds 250% of the federal poverty level (FPL). In addition to meeting age and income requirements, program enrollees must have no health insurance, insurance that does not pay for health screenings or insurance that does not fully cover the costs of annual screenings. Women enrolled in the medical assistance or BadgerCare programs are not eligible to enroll in the WWWP, because both of these programs cover all of the services that are covered under the WWWP.

4. As administered by the Department, women enroll in the WWWP through county or tribal well woman coordinating agencies, or, in some cases, through their participating health provider. A new enrollee receives a medical history and physical exam, which may include screenings for cardiovascular disease, hypertension, diabetes, domestic violence, osteoporosis and breast and cervical cancers. Currently, approximately 17,000 women are enrolled in the program.

5. There are over 1,000 providers participating in the program, including hospitals, clinics, individual health care providers, public health departments, community health centers, family planning clinics, tribal health clinics and other facilities that offer screening and diagnostic services. DHFS contracts with its fiscal agent, Electronic Data System, Inc., to reimburse health care providers for the services they provide to program enrollees. Providers receive reimbursement at the rate that Medicare would have paid for the same service.

6. The original intent of the women's health screening program enacted by the Legislature, and still reflected in the statutes, was that the program provide regional grants for health screening services, referral, follow-up and patient education to low-income, underinsured and uninsured women. As currently implemented by DHFS, the program is a reimbursement program for services under which funding is distributed to providers through a centralized claims reimbursement system.

7. DHFS indicates that the program has been implemented in a way that is intended to streamline funding in order to maximize services available for health screenings for low-income, underinsured and uninsured women. The Department indicates that it is consistent with legislative intent and reflects an efficient and effective manner to distribute the funds.

8. By providing screenings, diagnostic tests and referral services, the WWWP enables women who need treatment for conditions found as a result of these services to seek treatment earlier than they otherwise would had these diagnostic tests not been performed. The chances for success for treatment of disease and conditions that are diagnosed in their early stages are much greater than treatment for diseases and conditions that are diagnosed in their advanced stages. Further, the costs of providing treatment for conditions that are diagnosed in the early states are, in general, less than the costs of treating advanced stages of these diseases.

9. While implementing the program as a reimbursement program to streamline screening services to populations who otherwise would not receive services may be an optimal way to administer the program it can also be more costly than the grant program enacted by the Legislature. In December, 2000, DHFS submitted a s. 13.10 request to transfer $635,600 from funds for cancer treatment, training, follow-up, control and prevention to the screening program to fully fund projected reimbursement costs for screenings.

10. At the time of the request, DHFS indicated that it would decide how to reduce future program costs so that the program could function within its appropriated levels. DHFS has determined that it will take the following measures to reduce program costs: (a) as of July 1, 2001, eligibility for the program will be limited to women age 35 and older, rather than women over the age of 18; (b) programs that are already over capacity may stop enrolling women under age 35,

beginning April 1, 2001; (c) DHFS will attempt to bill more eligible costs to the federal breast screening and cervical cancer screening program; and (d) DHFS has modified some reimbursement rates that exceeded Medicare levels.

11. DHFS staff indicate that the program modifications should allow the program to operate within budgeted levels for 2001-03. However, until April 1, 2001, DHFS had not received or maintained regular, summarized information on the program that shows the number of women who receive services or the types of services received under the program. Therefore, it is difficult to project the estimated savings that will result from the program modifications. (A motion passed by the Joint Committee on Finance at its December, 2000, s.13.10 meeting requires providers to submit information quarterly, beginning April 1, 2001, on the numbers of persons for whom the provider submits claims under the program and a listing of all procedures for which claims were submitted.)

12. If the Committee wishes to maintain the well woman program as DHFS currently administers it, it could modify statutes to more accurately define the program as a claims-based program. The current women's health appropriation could be renamed the well woman program. Services funded under the new appropriation would include services under the breast cancer screening program, including the grant to the City of Milwaukee for the mobile mammography van, other screening services currently provided by the Department under the well woman program (cervical cancer, heart disease, osteoporosis, diabetes, high blood pressure, domestic violence and depression), case management services, and training for rural exams and treatment for cervical cancer.

13. Total funding under the new appropriation would include $2,082,800 annually including the $1,200,000 budgeted the current women's health appropriation and $882,800 currently budgeted under the cancer treatment, training, follow-up, control and prevention appropriation. Language could be included to limit expenditures to the amounts appropriated, and to require DHFS to develop mechanisms to modify services or reimbursements if funding is inadequate so that in the future costs of the program will not exceed funds available.

14. As noted above, the bill would repeal the requirement that at least $20,000 be expended from the cancer treatment, training, follow-up, control and prevention activities for media and educational materials concerning the availability of breast screening services. Instead, the bill would provide that media and educational materials be funded from the women's health appropriation, and be used to promote all women's health screening services that are provided by the state. Under the alternative to merge funding under a new well woman program appropriation, the $20,000 would be used for promotion and materials for all services provided under the program, as intended by the Governor's recommendation.

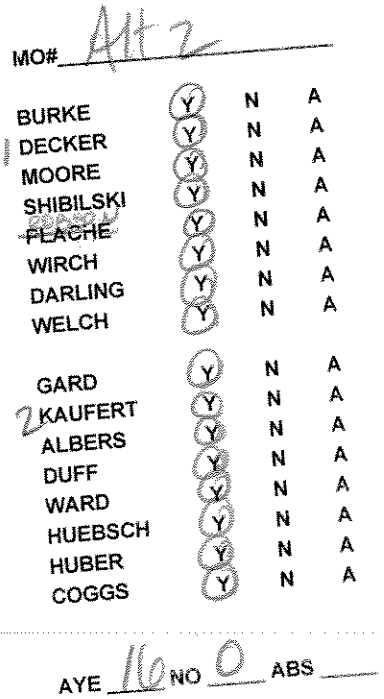
15. Alternatively, if the statutes are not modified, DHFS would be required to administer the program as a grant program, to reflect current law. The bill would allow the current funding for media and educational materials to be used for services provided under the grant program, as well as services under the breast cancer screening program.

ALTERNATIVES TO BILL

1. Approve the Governor's recommendation in the bill, but make no additional modifications to the statutes relating to this program in the bill. Consequently DHFS would be required to discontinue administering the program as a centralized reimbursement program and instead administer the program as a grant program to conform with current statutes.

2. Modify the statutes to rename the women's health services appropriation the well woman program. Transfer $882,200 GPR annually from the cancer treatment, training, follow-up, control and prevention appropriation to the new well woman program appropriation. Define the well woman program as a program that provides health care screenings, referrals, follow-ups and patient education, including services under the current breast cancer screening program, to low-income, underinsured and uninsured women. Specify that service providers would be eligible for reimbursement for the cost of services up to the applicable Medicare reimbursement rate. Limit expenditures under the program to the amounts in the schedule, and require the Department to modify services or reimbursement if projected costs exceed the amounts available. In addition, approve the Governor's recommendation to allow the use of up to $20,000 annually to be used for media and educational announcements for all services provided under the well woman program.

Prepared by: Carri Jakel



AGENCY: Department of Health and Family Services

LFB PAPER #: 493

Albers motion

ISSUE: Public Health – Vital Records Program

ALTERNATIVE: A1; B1 A1 - B-2

SUMMARY:

Alt. A1 approves the Gov's recommendations for fee in creases to pay for initial development of an electronic system for keeping track of vital records.

Alt. B1 reduces funding for a scaled back version of the data conversion and file storage project so there won't be a negative balance at the end of the biennium.

You can support B2 here if necessary as an additional cost saving measure.

BY: Cindy

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May 24, 2001 Joint Committee on Finance Paper #493

Vital Records Program -- Funding and Fee Increases (DHFS -- Public Health)

[LFB 2001-03 Budget Summary: Page 373, #6]

CURRENT LAW

The Department of Health and Family Services (DHFS), Office of Vital Statistics administers the state vital records program. A vital record is defined by statute as a certificate of birth, death, divorce or annulment, marriage documents and related data. Local registrars are required to transmit to the state registrar original vital records within ten working days of receipt. The fees charged for issuing records, providing copies of records and modifying existing records are established by statute. The revenue collected from fees supports the DHFS vital records program. In addition, $7 of the $12 fee charged for a certified copy of a birth certificate is used to support grants and operations of the Child Abuse and Neglect Prevention (CANP) Board.

Base funding for the DHFS vital records program is $1,252,300 PR, which currently supports 16.65 PR positions.

GOVERNOR

Provide $915,000 PR in 2001-02 and $496,500 PR in 2002-03 and 2.0 PR three-year project positions, beginning in 2001-02, to: (a) develop and manage an on-line record keeping system for the vital records program ($531,300 in 2001-02 and $169,300 in 2002-03); (b) preserve and protect vital records through contracts with vendors and to purchase a microfilm reader and other equipment related to the preservation project ($214,800 in 2001-02 and $144,400 in 2002-03); (c) meet workload associated with requests for genealogical searches ($28,900 in 2001-02 and $32,800 in 2002-03); and (d) adjust expenditure authority to reflect services provided to the Department of Workforce Development in establishing paternity ($150,000 annually).

Fees. Modify fees for vital records as follows: (a) increase the fee for each additional certified copy of a vital record from $2 to $3; (b) create a $3 fee for each additional uncertified copy of a vital record; (c) create a $10 fee for expedited service in issuing a public record; (d) specify that a $10 fee be charged for changing a name on an original birth certificate under a court order, and that a $20 fee be charged for any new vital record registered as a result of a court order; (e) increase from $10 to $20 the fee for changing a birth certificate resulting from a rescission of a statement of paternity; and (f) authorize the state registrar to charge a reasonable fee for providing searches of vital records and for providing copies of vital records to state agencies for program use. Specify that these fee changes would take effect on the first day of the second month beginning after the bill's publication.

Electronic Filing. Modify the current statutes relating to the vital records program to allow records to be filed and recorded electronically. Expand the definition of vital records to include worksheets and electronic transmissions relating to certificates of birth, death, divorce annulment and marriage. Require the state registrar to approve or prescribe formats for electronic submissions. Modify the method in which the state or local registrar makes changes to a vital record to allow for the changes to be made electronically. Finally, require DHFS to promulgate rules to control access to electronic records, protect vital records from fraudulent use and protect privacy rights of registrants and their families.

DISCUSSION POINTS

Fee Increases

1. The Office of Vital Records files approximately 67,000 birth records, 46,000 death records, 36,000 marriage records and 18,000 divorce records annually. Revenues DHFS collects from issuing vital records, providing copies of vital records and making modifications to records fund the state vital records program.

2. It is estimated that $1,276,300 will be collected from vital records fees in 2000-01. Of this amount, $448,000 will be allocated for the CANP Board to fund the Board's general operations and grants.

3. Table 1 summarizes the current vital records fees and the fees proposed in the Governor's budget bill.

TABLE 1

Current and Proposed Vital Records Fee

Record	Current Fee	Proposed Fee
Birth certificate – certified	$12	$12
Other vital record - certified	7	7
Other vital record – uncertified	7	7
Additional copy – certified	2	3
Additional copy - uncertified	None*	3
Changes to a vital record	10	10
Registering a new vital record	20	20
Delayed birth registrations	25	25
Fee for expedited service	None	10

*DHFS currently charges a $2 fee for additional copies of uncertified records. However, the statutes do not specify a fee for this service.

4. Most of the additional revenue that would be generated under the Governor's proposed fee increases would result from: (1) creating a $10 fee for expedited service for issuing a public record; and (2) increasing the fee for additional copies of vital records from $2 to $3. The bill also includes provisions to clarify how certain fees are to be charged, and to provide for consistent treatment of fees for new records issued because of a court order or an administrative action.

5. Vital record fees have not increased since 1984, except to provide funding for the CANP Board. Consequently, the only increases in revenues to the vital records program have been generated from growth in vital records activity - increases in the numbers of records issued, copies requested and changes to vital records – which typically generates 1% to 3% of additional revenue annually.

6. Vital records program staff currently provide expedited services for requests received by FAX or in person. However, the vital records program does not have the authority to charge an additional fee, except to cover shipping costs. The fee increase in the bill would enable DHFS to recover some of the cost of reallocating staff time to process expedited requests, in addition to generating some additional revenue for the service. Based on current requests for expedited services and the effective date in the bill relating to these fee increases, it is projected that DHFS would receive approximately 3,900 requests for expedited services in 2001-02 and 5,400 requests in 2002-03. Based on the $10 proposed fee, it is estimated that charging fee for expedited services would increase revenue to support the program by $39,000 in 2001-02 and $54,000 in 2002-03.

7. The $1 increase in fees for copies of vital records would apply to additional copies

of a vital record that have been requested at the same time as the initial request. DHFS estimates that it will receive 65,000 requests for additional copies of records in 2000-01, and that this number will increase by 3% in each year of the biennium. Based on these assumptions, it is anticipated that this $1 fee increase would increase revenues for the program by $50,300 in 2001-02 and $69,000 in 2002-03.

8. The Governor's budget assumed that the total revenue that would be available for the vital statistics program would be $2,443,200 in 2001-02 and $1,990,200 in 2002-03, including carryover revenues from 2000-01. However, these projections did not take in to account the transfer of revenue to the CANP Board, the delayed effective date of the increased fees under the bill or more recent expenditure estimates for 2000-01.

9. Based on current estimates, the total available revenues to the program under the bill would be $1,860,500 in 2001-02 and $1,380,100 in 2002-03. This is $1,192,800 ($582,700 in 2001-02 and $610,100 in 2002-03) less than the amount the administration assumed would be available. Unless funding in the bill is reduced, the vital records program would end the biennium with a deficit of approximately $1.2 million under the bill, as shown in Table 2.

TABLE 2

Vital Record Program
Projected Fund Balances Governor's Budget
2001-03 Biennium

	2001-02	2002-03
Opening Balance	$548,500	-$555,200
Revenues	$1,774,000	$1,856,100
Transfer to CANP Board	-462,000	-476,000
Net Revenues	$1,860,500	$824,900
Budgeted Expenditures and Reserves	$2,415,700	$2,019,100
Balance	-$555,200	-$1,194,200

10. Based on the current revenue projections, even if the Committee approves the increased fees under the bill, it should reduce PR expenditures in the bill by at least $1,194,200 to maintain a positive balance in the program revenue appropriation that supports this function. This would reduce from $1,411,500 to $217,300 the amount that could be provided to support funding increases for the vital statistics program.

11. If the increased fees are not approved and the Governor's recommendations relating

to funding for the vital records program were deleted from the bill, the program revenue appropriation would end the biennium with a projected balance of $4,800.

12. Based on the current revenue projections, both DHFS and DOA have agreed on priorities for the use of $204,000 of the $217,300 that would be available for program increases if the Committee approves the Governor's recommended fee increases. These priorities include: (a) $75,000 in 2001-02 to preserve impounded records; (b) $28,900 in 2001-02 and $32,800 in 2002-03 to support 1.0 PR three-year project position for a research technician to assist with the preservation project and vital records customer services; (c) $38,400 in 2002-03 to begin development of on an on-line system for birth records; and (d) $28,900 in 2002-03 to fund 1.0 PR three-year project position, beginning in 2002-03 to assist with developing an on-line system.

13. The Office of Vital Records currently has approximately 500,000 impounded records. These are original birth records that have been impounded following the creation of a new record as a result of a proceeding, such as an adoption or change in paternity. When the original record is impounded, the state orders the local registrar to destroy their record to avoid prohibited release of the document. As a result, the state has the only official copy of the record. The impounded records are not available to the public, and can only be released by court order or under the adoption search program.

14. The impounded records are currently stored at DHFS' central office in Madison. Program staff indicate that the records are not adequately protected from accidents involving fire or water, nor are they in a climate-protected environment. The rooms have automatic sprinklers, but either fire or water would destroy these records.

15. The $75,000 for preservation of these records would be used to contract for microfilming services to film each impounded record and create an index to be loaded to a searchable electronic database. Once filmed, the records would be stored at an off-site, climate-protected location.

16. A 1.0 research technician position, beginning in 2001-02, would assist with the preservation of impounded records. In addition, the position would help current staff process genealogy requests. The vital records program had a backlog of up to six months for genealogy requests last year. Genealogy requests typically take an estimated four times longer than other requests, because they usually involve older records that are harder to locate, and require photocopying, rather than computer printouts. In order to reduce the backlog, the program used overtime and two LTEs, in addition to existing staff resources. While the Office has reduced the amount of time it takes to process a request to five to six weeks, some additional assistance would allow the program to minimize overtime, and provide better service on an ongoing basis.

17. The $38,400 for an on-line system would be used to develop a module for birth records. While filing birth certificates is currently an automated process, the system is 12 years old and outdated, and does not allow for online ordering.

18. The bill would have provided funds to begin developing electronic filing and

ordering systems for all vital records. However, according to DHFS, upon further examination, the cost would be much higher than originally estimated ($690,600 over the biennium). The cost for an on-line system for birth certificates alone could be $350,000. Therefore, DHFS plans to phase-in electronic records systems as funding becomes available. The $38,400 in 2002-03 and the additional 1.0 project position in 2002-03 would allow DHFS to do some initial development of an online system for birth records.

19. If the Committee approves the fee changes under the bill, it could approve funding for the items described above. Protection of impounded records would preserve important personal information regarding a person's identity that may not be available if the records were destroyed. Providing some additional assistance for processing genealogy requests would allow quicker turnaround of information, and better customer service. Funding initial development of a new automated system for birth records would allow the program to begin developing a secured system for on-line submittal and purchase of vital records.

20. However, if the Committee funds these initiatives, the projected balance for the vital records program would be $13,300 at the end of the 2001-03 biennium, assuming a 3% increase in revenues each year. Depending on the actual program activity, revenues over the biennium could be lower than the assumed 3%. Given the low balance, the Committee may want to delay authorizing additional projects, and reassess the program's balance in the next biennium.

21. The proposed statutory changes in the bill would modify the definition of vital records to include electronic transmissions, and allow DHFS to implement electronic filing and ordering for all types of vital records. While current projections of funding and the cost to implement such systems would only fund initial development of electronic systems for birth records in 2001-03, DHFS intends to proceed with phasing in electronic filing for all records as funding becomes available. Therefore, DHFS staff indicate that the statutory changes should remain in the bill. However, if the Committee does not want DHFS to proceed with the electronic filing initiative, the language could be removed from the bill.

ALTERNATIVES TO BILL

A. Fees

1. Approve the Governor's recommendations to: (a) increase the fee for each additional certified copy of a vital record from $2 to $3; (b) create a $3 fee for each additional uncertified copy of a vital record; (c) create a $10 fee for expedited service in issuing public record; (d) specify that a $10 fee be charged for changing a name on an original birth certificate under a court order, and that a $20 fee be charged for any new vital record registered as a result of a court order; (e) increase from $10 to $20 the fee for changing a birth certificate resulting from a rescission of a statement of paternity; and (f) authorize the state registrar to charge a reasonable fee for providing searches of vital records and for providing copies of vital records to state agencies for program use. The changes would take effect on the first day of the second

month beginning after the bill's publication. Reduce estimates of revenue that would be generated by the proposed fee by $89,000 in 2001-02 and $53,300 in 2002-03.

Alternative A1	PR
2001-03 REVENUE (Change to Bill)	- $142,300

2. Maintain current law. (If this alternative is selected, alternative B3 must also be selected, since there would be insufficient revenue to support any funding increases for the state's vital records program.)

Alternative A2	PR
2001-03 REVENUE (Change to Bill)	- $354,600

B. Funding and Electronic Filing

1. Reduce funding in the bill by $811,100 PR in 2001-02 and $396,400 PR in 2002-03 so that $103,900 PR in 2001-02 and $100,100 PR in 2002-03 would be provided as follows: (a) $75,000 PR in 2001-02 to preserve impounded records; (b) $28,900 PR in 2001-02 and $32,800 PR in 2002-03 for 1.0 PR three-year project position for a research technician to assist with the preservation project and vital records customer services; (c) $38,400 in 2002-03 to begin development of on an on-line system for birth records; and (d) $28,900 in 2002-03 for 1.0 PR three-year project position, beginning in 2002-03 to assist with developing an on-line system.

In addition, approve the Governor's recommendations to allow records to be filed and recorded electronically including: (a) expanding the definition of vital records to include worksheets and electronic transmissions; (b) requiring the state registrar to approve and prescribe formats for electronic submissions; (c) modifying the method to change vital records to allow the changes to be made electronically; and (d) requiring DHFS to promulgate rules to control access to electronic records, protect vital records from fraudulent use and protect privacy rights of registrants and their families.

Alternative B1	PR
2001-03 FUNDING (Change to Bill)	- $1,207,500

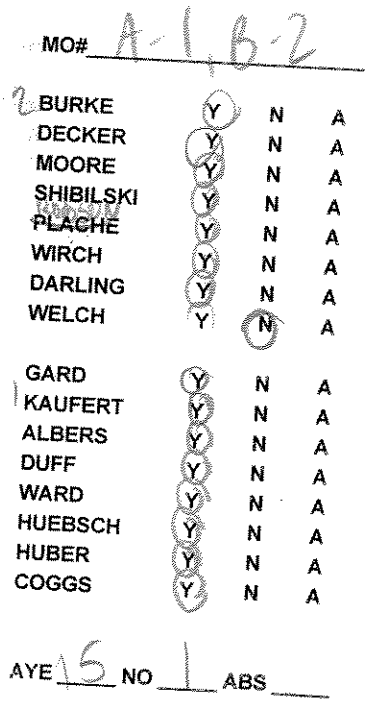
2. Adopt the funding modifications in Alternative B1, but reduce funding by an additional $67,300 PR in 2002-03 and delete 1.0 PR three-year project position in 2002-03 to delete funding for implementing an on-line vital records system. Delete the statutory language allowing vital records to be filed and recorded electronically.

Alternative B2	PR
2001-03 FUNDING (Change to Bill)	- $1,274,800
2002-03 POSITIONS (Change to Bill)	- 1.00

3. Maintain current law.

Alternative B3	PR
2001-03 FUNDING (Change to Bill)	- $1,411,500
2002-03 POSITIONS (Change to Bill)	- 2.00

Prepared by: Carri Jakel



Representative Albers

HEALTH AND FAMILY - HEALTH

Identity Protection for On-Line Filing of Vital Records

[LFB Paper #493]

Motion:

Move to adopt Alternatives A2 and B3 on LFB Paper #493 to maintain current law. Instead, require DHFS to study methods that others states have used to protect against identity theft in on-line electronic filing systems for vital records. Require the Department to submit a report to the Committee by January 1, 2002, on its findings, and require the report to include a revised schedule of fees to support implementation of security measures to protect against identity theft relating to implementation of an on-line system in Wisconsin.

Note:

The bill would modify certain vital record fees and provide additional expenditure authority for vital records to support a number of initiatives.

This motion would delete the Governor's recommendations to modify fees and provide additional funding for vital records projects. Instead, DHFS would be required to study methods that other states have used to protect against identity theft in implementing on-line electronic records systems for vital records, and submit a report to the Committee by January 1, 2002, on its findings.

[Change to Bill: -$354,600 PR-REV and -$1,411,500 PR and –2.0 PR positions]

Motion #836

MO#_____

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 16 NO 0 ABS ____