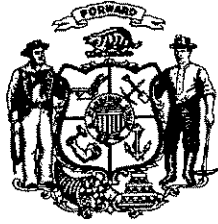


THE STATE OF WISCONSIN

B

SENATE CHAIR
BRIAN BURKE

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Phone: (608) 266-8535



ASSEMBLY CHAIR
JOHN GARD

308-E Capitol
P.O. Box 8952
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Phone: (608) 266-2343

JOINT COMMITTEE ON FINANCE

January
February 8, 2002

Secretary Phyllis Dube
Department of Health and Family Services
1 West Wilson Street
Madison, Wisconsin 53707

Dear Secretary Dube:

We are writing to inform you that the members of the Joint Committee on Finance have reviewed your request, received December 14, 2001, requesting supplementation of the Medical Assistance GPR appropriation for the purpose of developing and implementing a statewide immunization registry.

No objections have been raised concerning this request. Therefore, the request is approved. Should you have any questions or concerns, please feel free to contact us.

Sincerely,

Handwritten signature of Brian Burke in black ink.

BRIAN BURKE
Senate Chair

Handwritten signature of John Gard in black ink.

JOHN GARD
Assembly Chair

BB/JG/js

cc: Members, Joint Committee on Finance
Bob Lang, Legislative Fiscal Bureau



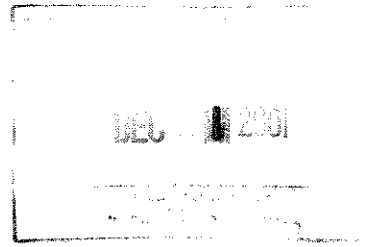
Legislative Fiscal Bureau

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

December 21, 2001

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director



SUBJECT: Request to Release Funds for the Wisconsin Immunization Registry

On December 14, 2001, the Co-chairs offices received the Secretary of the Department of Health and Family Services' (DHFS) request for the release of \$299,000 GPR in 2001-02 and \$231,000 GPR in 2002-03 that had been placed in the Committee's program supplements appropriation to fund the development and implementation of the Wisconsin immunization registry (WIR), pursuant to s. 9123(14k) of 2001 Wisconsin Act 16 (the 2001-03 biennial budget act). The budget provision requires the request to include a memorandum of understanding (MOU) between DHFS and the Marshfield Clinic, on behalf of the regional early childhood immunization network (RECIN). This MOU must specify the amount of temporary assistance to needy families (TANF) funds budgeted for the statewide immunization program that will be used to support immunization data collection by RECIN, outside of the area currently served by the immunization registry system of the Marshfield Clinic and that results in savings for the DHFS immunization registry. The signed MOU was included as part of the DHFS Secretary's request.

Both the WIR and RECIN will continue to operate as separate, but linked, registries. It is anticipated that a fully functional, bi-directional interface will be implemented that will enable the two systems to share information. The WIR will serve as the central repository for all immunization records entered into registries throughout the state, including immunizations entered directly into the WIR by participating providers or indirectly through other registries that operate within the state.

Responsibilities of DHFS and Marshfield Clinic

Under the MOU, DHFS is required to:

- Provide Marshfield Clinic with unduplicated data that is in the WIR for an individual submitted with immunization data to the WIR from RECIN via the interface;
- Provide Marshfield Clinic with the consultation and technical assistance necessary to ensure ongoing connectivity between WIR and RECIN;
- Continue to support participation in RECIN by providing other immunization program funds to the Marshfield Clinic, to the extent that these funds are available; and
- Continue to support participation in RECIN by local public health departments by making funds available to them through the state's immunization program for RECIN associated costs, to the extent that these funds are available.

Marshfield Clinic is required to:

- Download client and immunization data for all patients within the RECIN system with associated immunizations to the WIR on at least a weekly basis.
- Provide DPH with the list of participating immunization provider organizations (IPOs) that identifies whether or not the IPO is within the organizational structure of the Marshfield Clinic; and
- Provide, through the interface to WIR, all required fields listed in the attachment to the MOU.

The MOU specifies a number of responsibilities that would be shared by DHFS and the Marshfield Clinic, such as: (a) agreeing to adhere to the immunization registry confidentiality and security policies and other user agreements; (b) supporting health care providers that participate in any immunization registry by facilitating a change to another registry at their request without undue influence or unnecessary interference; (c) extolling the benefits of the immunization registries in meeting immunization goals and encouraging all immunization providers to participate in an immunization registry; (d) in counties where the local health department utilizes RECIN as their primary registry, DHFS will match the patient data supplied by RECIN with birth data in WIR and provide the local health department with patient identifying information not included in the data supplied by RECIN; and (e) in counties where the local health department utilizes RECIN as their primary registry, DHFS will provide the local health department all immunization data on patients that reside in that county that were not downloaded to RECIN as part of the established patient matching criteria.

Funding Provisions

The MOU specifies the amount of TANF funding that DPH will provide to the Marshfield Clinic that reflects savings to DHFS for IPOs and individual immunization records added to WIR. Under the MOU, DHFS will pay Marshfield Clinic: (a) \$500 per year for each IPO that is not

affiliated with the Marshfield Clinic and not affiliated with the umbrella of an IPO for which the \$500 fee has already been attained; and (b) \$0.25 per year for each unduplicated individual with immunizations provided to WIR via RECIN from an IPO that is not affiliated with the Marshfield Clinic. However the maximum annual amount DHFS would pay Marshfield Clinic in 2001-02 and 2002-03 would be \$60,000. This payment to Marshfield Clinic will be made from TANF funds currently budgeted to support the statewide immunization program. In the 2001-03 biennium, DHFS is budgeted \$1 million FED (TANF) in both 2001-02 and 2002-03 for this purpose. DHFS distributes this funding to local public health departments, tribes and other immunization providers to conduct TANF-eligible immunization outreach activities.

The MOU states that savings to WIR will be attained by DPH not having to expend the funds necessary for provider recruitment, training and ongoing technical support for IPOs that participate in RECIN.

Marshfield Clinic officials indicate that additional savings will be incurred by IPOs that are not affiliated with the Marshfield Clinic that participate in RECIN. Currently, these IPOs are charged \$1 per record entered in to the RECIN system. Marshfield Clinic officials indicate that the funding provided under the MOU will help to offset its costs in providing services to the IPOs not affiliated with the Clinic, and that it intends to discontinue charging the \$1 per record fee. Fifteen counties participate in the RECIN registry.

Implementation of the WIR system began in 1999. DHFS indicates that it will continue to develop the system at least through 2004. The state is able to claim 90% federal funding for implementation costs of the WIR system and 75% federal funding for the portion of on-going costs attributable to medical assistance recipients if the system meets certain federal requirements. DHFS estimates that it will receive \$1.7 million FED in 2001-02 and \$650,000 FED in 2002-03 to support development and operations costs. DHFS requests that the \$299,000 GPR in 2001-02 and \$231,000 GPR in 2002-03 be released in order to fully fund the remaining costs of the system.

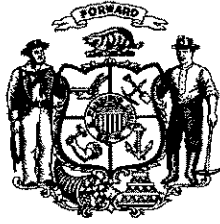
The Committee received the DHFS request, together with the signed MOU, on December 14. The Co-chairs have requested that members of the Committee notify them by January 7 if they wish to meet on this matter.

BL/CM/lah

THE STATE OF WISCONSIN

SENATE CHAIR
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JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Brian Burke
Representative John Gard
Co-Chairs, Joint Committee on Finance

Date: December 17, 2001

Re: DHFS Statewide Immunization Registry

Attached is a copy of a letter, received December 14, 2001, from the Secretary of the Department of Health and Family Services, which requests supplementation of the agency's Medical Assistance GPR appropriation for the purpose of developing and implementing a statewide immunization registry.

The request is submitted for 14-day passive review and approval by the Joint Committee on Finance as required by section 9123 (14k) of 2001 Wisconsin Act 16.

Please review the material and notify **Senator Burke** or **Representative Gard**, no later than **Monday, January 7, 2002**, if you have any concerns about the request or if you would like to meet formally to consider it.

Also, please contact us if you need further information.

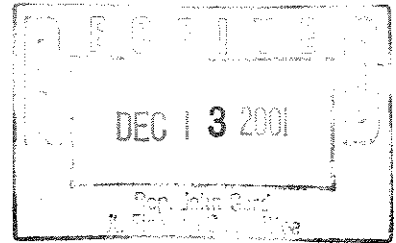
Attachment

BB/JG/js



State of Wisconsin
Department of Health and Family Services

Scott McCallum, Governor
Phyllis J. Dubé, Secretary



December 13, 2001

The Honorable Brian Burke, Co-Chair
Joint Committee on Finance
Room 317 East, State Capitol
Madison, WI 53702

The Honorable John Gard, Co-Chair
Joint Committee on Finance
308 East, State Capitol
Madison, WI 53702

Dear Senator Burke and Representative Gard:

This letter is intended to supplement my November 29 letter to you regarding the Wisconsin Immunization Registry (WIR). As explained in the November 29 letter, the Department of Health and Family Services and Marshfield Clinic have proceeded to finalize the Memorandum of Understanding (MOU) regarding the Regional Early Childhood Immunization Network (RECIN). Enclosed is a copy of the signed MOU between the Department of Health and Family Services (DHFS) and Marshfield Clinic, which was concluded on December 13. Based on discussions between DHFS and Legislative Fiscal Bureau staff, it is our understanding that the 14-day Joint Finance Committee (JFC) passive review period of the Department's request to release the funding for WIR begins on the day of JFC's receipt of the signed MOU.

Please contact my staff or me if you have questions regarding this issue. Thank you for consideration of the Department's request.

Sincerely,

A handwritten signature in cursive script that reads 'Phyllis J. Dubé'.

Phyllis J. Dubé
Secretary

Cc: Bob Lang, LFB
Charlie Morgan, LFB
Jennifer Kraus, DOA
Sue Jablonsky, DOA

**MEMORANDUM OF UNDERSTANDING
AMONG
THE WISCONSIN DIVISION OF PUBLIC HEALTH
AND
THE MARSHFIELD CLINIC
CONCERNING THE WISCONSIN IMMUNIZATION REGISTRY SYSTEM**

I. PURPOSE

The participating agencies share a common goal for the statewide implementation of an immunization registry system in Wisconsin. One of the national health objectives for the year 2010 is to increase to 95% the proportion of children aged <6 years who participate in a fully operational population based immunization registry. The Division of Public Health (DPH), in partnership with the Division of Health Care Financing, has developed the Wisconsin Immunization Registry (WIR). The Marshfield Clinic has developed the Regional Early Childhood Immunization Network (RECIN). This agreement sets forth procedures of reciprocal cooperation that are integral in meeting the objective of a successful statewide immunization registry which encompasses all public and private providers of immunization services. To meet this goal each partner will have specific responsibilities that are stated below. Execution of this agreement is contingent on the successful implementation of a fully functional bi-directional interface between the WIR and RECIN systems.

The purpose of a statewide immunization registry is to:

- Provide participating public and private health care providers with the key infrastructure support to achieve high community-wide immunization rates;
- Maintain a centralized record of an individual's dates of immunizations from all Immunization Provider Organizations (IPOs), regardless of where the immunization was given;
- Support participating IPOs' ability to track the immunization status of their individual patients;
- Support participating IPOs in identifying patients that are behind schedule for recommended immunization and provide the tools necessary to notify those patients identified;
- Provide IPOs an efficient way to track and report on their immunization levels and provide local public health departments the ability to measure community wide immunization levels;
- Assist parent's ability to track the immunization status of their children;
- Assists the State in measuring statewide immunization levels, to identify pockets of need, and to report progress in meeting Healthy People 2010 goals related to immunization rates.

II. ORGANIZATION RESPONSIBILITIES

Division of Public Health

The WIR will serve as the central repository for all immunizations entered into registries throughout the State. This would include all immunizations entered directly into the WIR by participating providers or indirectly through other registries that may operate within the state.

The DPH will:

- Provide the Marshfield Clinic with unduplicated immunization data that is in the WIR for any individual submitted with immunization data to the WIR from RECIN via the interface; (See note below)
- Provide the Marshfield Clinic with the consultation and technical assistance necessary to ensure ongoing connectivity between the WIR and RECIN;
- Continue to support RECIN by providing other Immunization Program funds to the Marshfield Clinic , to the extent that these funds are available;
- Continue to support participation in RECIN by local public health departments (LPHDs) by making funds available to them through the Wisconsin Immunization Program for RECIN associated costs, to the extent that these funds are available.

Marshfield Clinic

RECIN enhances the statewide immunization registry performance related to state and national goals dealing with increasing the proportion of providers who have measured vaccination coverage levels among children in their practice population, increasing the proportion of children who participate in a population based registry and increasing overall immunization performance.

The Marshfield Clinic will:

- By way of the established interface between RECIN and WIR, download client and immunization data to the WIR on at least a weekly basis. This immunization data will be for all patients within the RECIN system with associated immunizations and IPO.
- Provide DPH with the list of participating IPOs which identifies whether or not the IPO is within the organizational structure of the Marshfield Clinic;
- Provide, via the interface to WIR, all required fields listed herein (*Attachment 1*).

III. SHARED RESPONSIBILITIES

The DPH and Marshfield Clinic will:

- Agree in writing to adhere to the immunization registry Confidentiality and Security Policies and other user agreements set forth by the partnering agencies;

- Support health care providers that are participating in any immunization registry by facilitating a change to another immunization registry at their request without any undue influence or unnecessary interference;
- Extol the benefits of registries in meeting immunization goals and encourage all immunization providers to fully participate in an immunization registry by informing potential immunization registry participants, through their normal written promotional information, that options exist as to immunization registry participation in the state of Wisconsin;
- In counties where the LPHD utilizes RECIN as their primary immunization database the DPH will match the individual patient data supplied by RECIN with birth data in the WIR. DPH will provide the applicable LPHD with the patient identifying information for those individuals that are not included in the data supplied by RECIN. Pursuant to s. 69 the LPHD must receive the written permission of the parent allowing them to enter the patient identifying information into RECIN. If the parent refuses or does not respond the LPHD must dispose of the information within one year. In order for this process to take place the LPHD must enter into a separate written agreement with the DPH. LPHDs must follow this same process before entering birth information into RECIN that they receive directly from Vital Records; (See note below)
- In counties where the LPHD utilizes RECIN as the primary immunization database the DPH will provide the LPHD all immunization data on patients that reside in that county that were not downloaded to RECIN as part of the established patient matching criteria. Pursuant to s. 69 the LPHD must receive the written permission of the parent allowing them to enter the patient identifying information into RECIN. If the parent refuses or does not respond the LPHD must dispose of the information within one year. In order for this process to take place the LPHD must enter into a written agreement with the DPH. (See note below)

IV. FUNDING MECHANISM

The DPH will designate TANF funds to the Marshfield Clinic that reflect savings to the DPH for IPOs and individual immunization records added to the central repository (WIR) via RECIN. These savings are attained by the fact that the DPH will not need to expend the funds necessary for provider recruitment, training and ongoing technical support for the RECIN associated IPOs. These funds will be designated under the following formula:


- \$500 / year per IPO that is not affiliated with the Marshfield Clinic and not affiliated with or under the umbrella of an IPO for which the \$500 fee has already been attained, plus
- \$.25 / year per unduplicated individual with associated immunizations provided to the WIR via RECIN from an IPO that is not affiliated with the Marshfield Clinic
- Payment Summary

$$\$500 \times \# \text{ of outside sites} + \$.25 \times \# \text{ of outside individuals}$$
to a maximum of \$60,000 per year.


The number of non-affiliated Marshfield Clinic IPOs and non-duplicated individual immunization records that will be the basis for reimbursement will be identified by the WIR as part of the established bi-directional interface process. Funding will be allocated on a calendar year basis and will be determined by the number of IPOs and unduplicated individuals as of December 1st of the previous year.

V PERIOD OF AGREEMENT

This Agreement becomes effective on the date of the last signature and lasts until June 30, 2003.

 Deputy
12/12/01

John Chapin, Administrator Date
Division of Public Health


12-11-1

Carl Christensen Date
Chief Information Officer
Marshfield Clinic

Note: Current statutory restrictions on the provision of client data from birth and death records to private entities adds an additional burden for public and private providers trying to determine the immunization history of a new patient. In addition, LPHDs may find it cumbersome to obtain parent's permission and to do hand entry of the patient identifying information for those individuals that are in the WIR but are not in the RECIN system.

THE STATE OF WISCONSIN

SENATE CHAIR
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ASSEMBLY CHAIR
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JOINT COMMITTEE ON FINANCE

January 9, 2002

Secretary George Lightbourn
Department of Administration
101 E. Wilson Street, 10th Floor
Madison, Wisconsin 53703

Dear Secretary Lightbourn:

We are writing to inform you that the Joint Committee on Finance has reviewed your request, received December 17, 2001, pertaining to a request from the Department of Health and Family Services. The request concerns the release of funds in the Committee's supplemental appropriation under s. 20.865 (4)(a) for implementation of the SeniorCare pharmaceutical assistance program.

No objections have been raised to this request. Therefore, the request is approved.

Sincerely,

Handwritten signature of Brian Burke in black ink.

BRIAN BURKE
Senate Chair

Handwritten signature of John G. Gard in black ink.

JOHN G. GARD
Assembly Chair

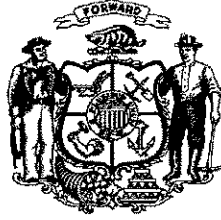
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cc: Members, Joint Committee on Finance
Robert Lang, Legislative Fiscal Bureau
Vicky LaBelle, Department of Administration

THE STATE OF WISCONSIN

SENATE CHAIR
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JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Brian Burke
Representative John Gard
Co-Chairs, Joint Committee on Finance

Re: 14 Day Passive Review/SeniorCare

Date: December 17, 2001

Attached is a copy of a request from the Department of Administration, received December 17, 2001, pertaining to a request from the Department of Health and Family Services for the release of funds in the Joint Committee on Finance's supplemental appropriation under s. 20.865 (4)(a) for the implementation of the SeniorCare pharmaceutical assistance program.

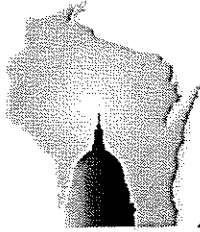
The request for \$900,000 GPR is subject to passive review and approval by the Joint Committee on Finance pursuant to the provisions of 2001 Wisconsin Act 16.

Please review the material and notify **Senator Burke** or **Representative Gard** no later than **Tuesday, January 8, 2002**, if you have any concerns about the request or if you would like to meet formally to consider it.

Also, please contact us if you need further information.

Attachment

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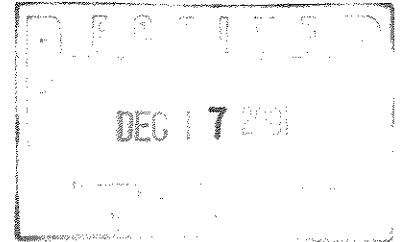


WISCONSIN DEPARTMENT OF
ADMINISTRATION

SCOTT McCALLUM
GOVERNOR
GEORGE LIGHTBOURN
SECRETARY
Office of the Secretary
Post Office Box 7864
Madison, WI 53707-7864
Voice (608) 266-1741
Fax (608) 267-3842
TTY (608) 267-9629

December 17, 2001

The Honorable John Gard
Co-Chair, Joint Committee on Finance
Wisconsin State Assembly
State Capitol, 315N
Madison, WI 53707



The Honorable Brian Burke
Co-Chair, Joint Committee on Finance
Wisconsin State Senate
State Capitol, 316S
Madison, WI 53707

Dear Representative Gard and Senator Burke:

Attached is a request submitted by the Department of Health and Services (DHFS) to the Department of Administration (DOA) requesting the release of funds in the Joint Committee on Finance's supplemental appropriation under s. 20.865 (4)(a) for the implementation of the SeniorCare pharmaceutical assistance program. Under 2001 Wisconsin Act 16, \$2,000,000 GPR was appropriated for SeniorCare, \$1,000,000 of which was placed in the Committee's supplemental appropriation in the 2002-03 fiscal year to be released under 14-day passive review. Act 16 specifies that before July 1, 2002, DHFS may submit a request for the release of these funds to be approved, denied or modified by DOA.

The request, dated October 12, 2001, seeks the release of the full \$1,000,000 GPR, \$250,000 GPR to be allocated in the 2001-02 fiscal year and \$750,000 to be allocated in the 2002-03 fiscal year. Since this request was submitted, DHFS has revised its estimate of the amount needed for implementation, reducing the total amount needed to \$900,000. To explain these savings, I have attached an analysis completed by DOA for your review. Therefore, the administration formally requests the release of only \$900,000 GPR from the Committee's supplemental appropriation, and that \$250,000 of these funds be allocated in the 2001-02 fiscal year and that \$650,000 be allocated in the 2002-03 fiscal year. The request will be considered approved unless an objection is raised by January 10, 2002.

Thank you for your consideration of this matter.

Sincerely,


George Lightbourn

SeniorCare, though separate from Medical Assistance, was crafted with explicit connections to MA. For example, SeniorCare is statutorily required to use the same drug pricing system, though providers of SeniorCare services will receive a 5% increase in their rate of reimbursement compared to MA. Similarly, SeniorCare will cover the same basket of drugs as covered by MA. Finally, the department has been encouraged to submit an MA waiver to attempt to obtain federal funding for a portion of SeniorCare benefits costs.

The department currently contracts with Electronic Data Systems (EDS) for fiscal agent services for the MA program. These services include claims processing, customer service, prior authorization and management of the Medicaid Management Information System (MMIS). Act 16 appropriates \$48.0 million (\$17.7 million GPR and \$30.3 million FED) in FY02 and \$50.6 million (\$18.6 million GPR and \$32.0 million FED) in FY03 to cover the cost of fiscal agent services for MA and BadgerCare. These figures do not incorporate costs of implementing or administering the SeniorCare program.

ANALYSIS:

Fiscal Agent Services

The department has requested an expansion of its current contract with EDS for fiscal agent services to cover the implementation of SeniorCare. An alternative to such an extension would be to enter into an open procurement for a new contract that only covers SeniorCare.

An open procurement offers the opportunity for competition, which arguably could lower administration costs in the long run. The main disadvantage with a procurement is timing. An open procurement would require between two and six months for the development of a request for proposal, the submittal of bids, the evaluation of proposals and the selection of a vendor. This timeline could be extended if any vendors appeal the department's award decision. Given the statutory deadline for implementation of September 1, 2002, it is unclear whether a chosen vendor would have sufficient time to complete the work necessary for a timely start to the program.

The department has argued that all functions necessary for the implementation and on-going administration of SeniorCare fall under the provisions of its existing fiscal agent contract with EDS. Thus, expanding this contract to SeniorCare would involve only renegotiating the volume of claims processed by EDS and accommodating some up-front development costs to update the MMIS system to incorporate new SeniorCare participants. The department contends it can keep costs lower by consolidating contracts, and that having separate contracts for the administration of MA and SeniorCare will drive up administrative costs in the long run. Finally, the department is confident it can meet the statutory deadline of September 1, 2002, if it uses its existing system and vendor.



**WISCONSIN DEPARTMENT OF
ADMINISTRATION**

SCOTT McCALLUM
GOVERNOR

GEORGE LIGHTBOURN
SECRETARY

Office of the Secretary
Post Office Box 7864
Madison, WI 53707-7864
Voice (608) 266-1741
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TTY (608) 267-9629

Date: December 13, 2001

To: George Lightbourn
Secretary

From: Robert Blaine *RAB*
Executive Policy and Budget Analyst

Subject: SeniorCare 14-Day Passive Review Resource Request

REQUEST:

The Department of Health and Family Services (DHFS) requests the release of \$1 million GPR in FY02 from the Joint Committee on Finance's supplemental appropriation to be used for one-time SeniorCare implementation costs. Of these funds, the department requests allocating \$250,000 in FY02 and \$750,000 in FY03. The department also requests authority to use an existing vendor, Electronic Data Systems (EDS), under contract as the fiscal agent for the Medical Assistance (MA) program to perform fiscal agency services for SeniorCare.

REVENUE SOURCES FOR APPROPRIATION(S):

Under 2001 Wisconsin Act 16, \$2 million GPR is appropriated for the implementation of the SeniorCare pharmaceutical assistance program. Of these funds, \$1 million GPR in FY02 resides in the department's s. 20.435 (4)(a) appropriation. The remaining funding was placed in the Joint Committee on Finance's supplemental appropriation under s. 20.865 (4)(a), to be released under 14-day passive review.

BACKGROUND:

Act 16 authorized a new pharmaceutical assistance program, SeniorCare, for individuals over the age of 65 with incomes at or below 240% of the federal poverty line. To be eligible, individuals may not be enrolled in the Medical Assistance program, and they are also responsible for paying a \$20 enrollment fee. Individuals with income between 185% and 240% FPL will be responsible for paying a \$500 deductible, and all program participants will be required to pay a \$5 copayment for generic drugs and a \$15 copayment for brand-name drugs. The statutory deadline for implementing this program is September 1, 2002.

The original estimate by EDS of the costs of implementing the fiscal agent component of SeniorCare was \$1.9 million. The department was successful in negotiating this cost down to \$1.3 million, which is the figure included in the resource request. On December 6, 2001, Secretary Dubé notified the Department of Administration savings could be realized if the department uses EDS, reducing the price to \$1.2 million. Finally, the department has proposed employing Deloitte and Touche for a portion of the work originally intended for the SeniorCare fiscal agent, reducing the cost for using EDS further to \$1.1 million.

Transfer of Supplemental Funding

The department initially requested the transfer of \$1 million GPR appropriated in the Joint Committee on Finance's supplemental appropriation in FY02, giving the department a total of \$2 million GPR for SeniorCare start-up costs. Since submission of the resource request, the department has been able to achieve further cost savings if able to use EDS as the fiscal agent. Using EDS as the fiscal agent, the department would request the following allocation of funds:

Modified Implementation Budget

<i>Item</i>	<i>Budget</i>
Public Information / Outreach	\$100,000
Fiscal Agent Services	
• Customer Service and Application Processing	• 225,000
• ID Card Issuance	• 120,000
• Claims Processing	• <u>741,000</u>
	1,086,000
Eligibility Determination	516,000
State Operations	<u>198,000</u>
Total	\$1,900,000
Savings	\$100,000

Public Information and Outreach (\$100,000). This item would cover the costs of printing brochures and applications as well as public service announcements and other outreach efforts.

Fiscal Agent Services (\$1,086,000). As discussed above, the bulk of the funding would be used to modify existing systems for the processing of SeniorCare claims. Compared to the original request, the amended request reflects a negotiated \$100,000 in savings plus a shift of \$125,000 in funds to the Eligibility Determination budget which will be explained further below.

Eligibility Determination (\$516,000). The department intends to use the Client Assistance for Reemployment and Economic Support (CARES) centralized eligibility system to determine individuals' eligibility for SeniorCare. This funding would cover the costs of Deloitte and Touche Consulting for updating the CARES system. This budget figure is \$125,000 higher than the original request, reflecting the department's recommendation that Deloitte and Touche provide the SeniorCare application processing system. Originally, the department envisioned the SeniorCare fiscal agent would provide this service.

State Operations (\$198,000). To date, all work performed by the department has been carried out by existing state staff, most of which work on the Medical Assistance program. The MA program reimburses the state for 50% of its administrative costs, but when staff are diverted to work on non-MA projects such as SeniorCare, the state loses federal matching funds. This budget item would offset the lost MA federal revenue.

Statutory language pertaining to the additional \$1 million GPR in Joint Finance's supplemental appropriation permits the department to request these funds any time before July 1, 2002. At this time, the amount the department would need released is \$900,000, which reflects \$100,000 in savings achieved by the department if able to use EDS as the fiscal agent. The department would allocate \$250,000 in FY02 and \$650,000 in FY03.

RECOMMENDATION:

Approve the department's request with the following modification:

- Approve the transfer of only \$900,000 GPR from the Joint Committee on Finance's supplemental appropriation. Allocated \$250,000 in FY02 and \$650,000 in FY03.

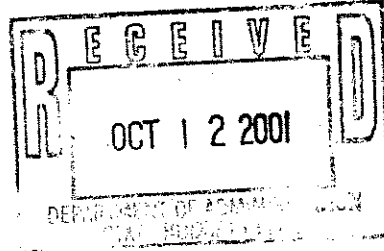


State of Wisconsin
Department of Health and Family Services

Scott McCallum, Governor
Phyllis J. Dubé, Secretary

October 12, 2001

David Schmiedicke
State Budget Office
101 East Wilson Street, 10th Floor
Madison, WI 53702



Dear Mr. Schmiedicke:

As authorized in the 2001-03 budget, the Department requests the transfer of \$275,000 GPR in 2001-02 and \$725,000 GPR in 2002-03 from the Joint Committee on Finance supplemental appropriation 20.865(4)(a) to the Division of Health Care Financing appropriation 20.435(4)(a) for one-time implementation costs of the prescription drug assistance program for the elderly created in 2001 Wisconsin Act 16.

The statutes require the Department of Health and Family Services to implement this program, referred to as SeniorCare, no later than September 1, 2002. Statutes also direct the Department to develop and submit a plan before July 1, 2002, to the Department of Administration (DOA) for the proposed expenditure of the funds in the Committee's supplemental appropriation. Statutory requirements specify that any transfer of funds must be approved by DOA and the Joint Committee on Finance under a 14-day passive approval process.

We have carefully reviewed the statutory requirements and funding provisions. We have also had discussions with representatives of the Coalition for Wisconsin Aging Groups (CWAG) and the Pharmacy Society of Wisconsin (PSW). Priorities for these associations and their member organizations include a timely and smooth implementation, an easy and understandable system for seniors to use, and processes and procedures with which pharmacy providers are familiar. We agree with their view that these factors are critical to a successful program.

Based upon the statutory requirements and funding along with input from key stakeholders, we have explored two options to implement SeniorCare, including use of current systems and contractors or development of a competitive procurement for fiscal agent and eligibility systems. We have considered the advantages and disadvantages of each option and recommend implementation using existing systems and contractors (Option 1).

We also talked specifically with CWAG and PSW representatives of our recommendation to implement SeniorCare utilizing contractors the Department currently utilizes to administer Medicaid. They expressed support for this approach so long as a timely and smooth implementation for seniors and pharmacy providers can be assured.

An analysis of the options and our recommendation, which takes into account key program goals, is attached for your review. The analysis provides the background, rationale and cost estimates

Wisconsin.gov

David Schmiedicke
State Budget Office
October 12, 2001
Page 2

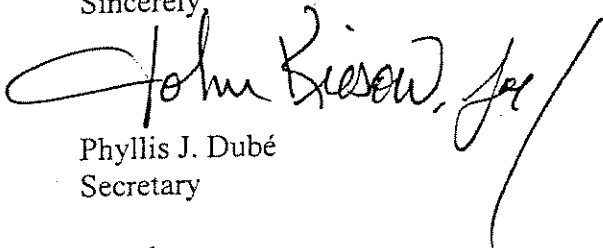
associated with implementation. In order to assure a timely and successful implementation, the Department requests the following:

- 1) The transfer of \$1 million (\$275,000 GPR in 2001-02 and \$725,000 GPR in 2002-03) from s. 20.865 (4)(a), the supplemental appropriation of the Joint Committee on Finance, to s. 20.435 (4)(a), an appropriation of the Department's Division of Health Care Financing. These funds are needed to cover one-time costs associated with implementation.
- 2) Approval of our recommendation to proceed immediately with planning and system design for all aspects of the SeniorCare program utilizing current Department staff, systems, and contractors with which the Department holds existing contracts for the administration of the state's Medical Assistance program.

The Department fully recognizes the need for successful implementation of this very important and visible program. We are confident that if our recommendation is approved by the Legislature by the end of October, we can meet the implementation date of September 1, 2002, and operate the program at the authorized level of funding.

We appreciate your consideration of our request and look forward to your approval so that we may proceed with implementation. We would be happy to meet with you to review and discuss our analysis, options, and recommendation, or to provide additional information. Please contact Peggy Handrich, Administrator of the Division of Health Care Financing, if you have any questions.

Sincerely,



Phyllis J. Dubé
Secretary

Attachment

cc: Peggy B. Handrich

**SeniorCare Implementation:
Analysis, Options and Recommendation for
Prescription Drug Assistance for the Elderly**

I. Background

Provisions of 2001 Wisconsin Act 16 establish a prescription drug assistance program for eligible seniors whose income does not exceed 240 percent of the federal poverty level (FPL). Seniors with income in excess of 240 percent the FPL may spend down to become eligible if, after deducting their prescription drug costs from their income, their income is at or below 240 percent of the FPL.

The Act also provides \$49.9 million GPR in 2002-03 to fund the prescription drug benefits covered by SeniorCare for the nine-month period from September 1, 2002 to June 30, 2003. The benefits costs for a full year were estimated at \$78 million for a projected 160,000 seniors.

The Budget Act provides \$1,000,000 GPR in 2001-02 in the Department of Health and Family Services (DHFS) Division of Health Care Financing appropriation s. 20.435(4)(a) and provides an additional \$1,000,000 GPR in 2001-02 under the Joint Committee on Finance supplemental appropriation to support initial start-up costs for the SeniorCare program. Statutory provisions in Act 16 direct the Department to develop and submit a plan, before July 1, 2002, to the Department of Administration for the proposed expenditure of the funds in the Committee's supplemental appropriation. Statutory requirements specify that any transfer of funds must be approved by the Department of Administration and by the Joint Committee on Finance under a 14-day passive approval process.

For the additional \$1,000,000 GPR, the Department requests the transfer of \$275,000 GPR in 2001-02 and \$725,000 GPR in 2002-03 from the Joint Committee on Finance supplemental appropriation 20.865(4)(a) to the Division of Health Care Financing appropriation 20.435(4)(a) for one-time implementation costs.

Enrollment fees paid by eligible seniors will fund ongoing administrative costs. These fees will be deposited into a program revenue appropriation. The Department anticipates the need for position authority for the ongoing administration of SeniorCare. A separate proposal will be submitted at a later date to request program revenue expenditure authority, as well as the position authority for ongoing operations. This request will be submitted early in 2002 to assure that recruitment and hiring of staff is completed by July, and that staff are trained to assume program responsibilities upon implementation of SeniorCare.

II. Analysis of Implementation Goals

After reviewing the legislation and meeting with key stakeholders, the Department has set several goals for the implementation of SeniorCare.

1. SeniorCare Must Comply With Statutory Requirements

The statutes require that SeniorCare be identical to Wisconsin Medicaid, as follows:

- Medicaid coverage of drugs
- Medicaid pricing (drugs, dispensing fees, pharmaceutical care services), including automated transmission to providers of rates updated twice monthly
- Medicaid certified providers
- Medicaid rebates

In addition, the statutes require coordination of SeniorCare with:

- Medicaid eligibility
- Benefits covered by other insurers

Finally, upon approval of a Medicaid waiver to claim federal funds, SeniorCare must comply with:

- All federal and state laws and regulations for Medicaid eligibility, benefits, and administration, including application processing, claims processing, federal reporting, and safeguards for fraud and abuse.

The statutes require all Medicaid-certified pharmacy providers to participate in SeniorCare.

SeniorCare payment rates are set in statute at the Medicaid rate plus 5 percent, plus a dispensing fee equal to the Medicaid dispensing fee. The law refers to a "schedule that is identical to that used by the department." The contractor will be required to establish and maintain a pricing file identical to that used by Medicaid and apply the 5 percent add-on (except for dispensing fees). Pricing also includes pharmaceutical care services, a unique Wisconsin Medicaid benefit that is a top priority of the Pharmacy Society of Wisconsin (PSW).

SeniorCare legislation requires automated transmission of rates to providers. Medicaid updates its file to add new drugs, change pricing, or remove obsolete drugs twice per month. In addition, Wisconsin's maximum allowable cost (MAC) list specifies products available generically from at least three companies and sets maximum costs for these drugs. Wisconsin's MAC list is issued quarterly and is one of the most extensive MAC lists in the country, generating considerable savings to the state.

SeniorCare statutes define prescription drugs as drugs covered by Medicaid and for which the drug manufacturers enter into a rebate agreement with the State. The contractor will be required to maintain a file of Medicaid-covered drugs and the file of manufacturers that have signed rebate agreements.

Any senior 65 years of age and over is potentially eligible for SeniorCare by incurring drug costs to reduce income to 240 percent of the FPL. This spenddown provision, which requires tracking expenditures for drugs at market rates, makes the Wisconsin senior drug program unique in the nation. In addition, SeniorCare requires a deductible for those between 160 percent and 240 percent of the FPL, with prices set at Medicaid rates.

The statutes permit the Department to apply the same utilization and cost control procedures that apply under Medicaid and require coordination of benefits with other payers.

Recipients of Medical Assistance are not eligible for SeniorCare. A contractor will be required to verify that each SeniorCare enrollee is not a recipient of Medicaid.

The Department is required to seek a waiver from the federal government to allow the state to claim federal Medicaid matching funds for SeniorCare. If the waiver is approved, SeniorCare enrollees and providers will be subject to federal and state Medicaid regulations. The Department will be required to assure conformance with all Medicaid policies and procedures regarding eligibility determinations, claims processing, reporting and safeguards against fraud and abuse.

2. SeniorCare Must Be Fully Operational on September 1, 2002, and Provide Excellent Customer Service and Positive Outcomes for All Stakeholders

Stakeholders include enrollees, providers, the PSW, senior advocacy groups, PhRMA, and legislators. The feedback we have received to date includes the following key points:

- All stakeholders expect an on-time and smooth implementation.
- Seniors expect a simple and prompt application process that does not look like Medicaid.
- Seniors expect excellent customer service.
- Pharmacists expect on-line, real time claims processing and accurate payments.

It is expected that many individuals who intend to apply for SeniorCare do not wish to apply for Medicaid. However, because the statutes require coordination with Medicaid it is important that the system be integrated and seamless.

Once the program is operational, an individual on SeniorCare may request information and eligibility for other publicly funded assistance programs, as individuals experience a change in circumstances. To assist seniors in making informed decisions, it will be necessary for the automated systems supporting SeniorCare, Medicaid, and other programs to provide quick and accurate information on potential benefits and to assure seamless and ongoing coordination

of eligibility between programs. [A comparable goal was successfully achieved for low-income families with children in BadgerCare through seamless coordination with Medicaid, including elimination of the welfare stigma of Medicaid-funded services through program design, public information, and cost sharing.]

The legislation requires and pharmacy providers will expect drug coverage and pricing files to identically match drug files for Medicaid as required by statute. They will also expect SeniorCare, through a real-time automated system, to employ identical provisions for all other required processes, such as pharmaceutical care services, prospective drug utilization review, and STAT prior authorization processes.

Drug manufacturers will expect rebate agreements and processes very similar to those currently used for Medicaid.

3. SeniorCare Must Operate Within Budget

A total of \$2 million GPR is budgeted for implementation. Ongoing costs are to be funded by enrollment fees. Both implementation and ongoing costs must be determined in a timely manner to assure a smooth implementation and stable, ongoing administration.

The budget must support critical systems functions, including eligibility determination and claims processing.

Eligibility determination must support application registration, clearance processes to determine if the applicant is already open for Medicaid, eligibility determination logic, support for annual review cycles tied to application date, notices to all applicants and recipients, caseload management reports, and the transmittal of certification transactions to claims processing.

Claims processing must support customer service for enrollees and providers, issuance of SeniorCare identification cards, rebates, claims payments to certified providers (drug costs, dispensing fees, and pharmaceutical care), drug coverage and pricing files, cost containment and quality assurance (prospective and retrospective drug utilization review and prior authorization) and back-end reporting. Claims processing must be provided through an automated system.

4. SeniorCare Must Be Implemented in a Way That Will Support its Conversion to a Medicaid Waiver

Approval of a waiver request to the federal government to allow the state to claim federal matching funds for SeniorCare will require the state to conform to Medicaid requirements for eligibility, benefits, and administration. By basing many of the statutory requirements for SeniorCare on current Medicaid

provisions, SeniorCare now conforms to many of the Medicaid requirements for eligibility and benefits.

To secure federal matching funds for administrative costs, federal regulations require that the automated system be efficient, economical, and cost-effective. To assure the availability of enhanced federal funds for the design, development, or installation of a system or for enhancements to an existing system, the different components of the system must be coordinated, the system must not be duplicative, and the system must be cost-effective. In addition, all data for federal reporting must be captured in a single report.

III. Options: Use Existing Systems and Contractors versus Competitive Procurement

The Department considered these implementation goals and a number of other factors in the analysis and recommendation of an implementation approach.

Option 1: Utilize Existing Systems and Contractors

Currently, two primary automated systems support eligibility and claims processing in Wisconsin. The Client Assistance for Reemployment and Economic Support (CARES) system, administered by the Department of Workforce Development with support from a contractor, Deloitte Consulting, supports eligibility determination and application processing. The Medicaid Management Information System (MMIS), administered by DHFS with support of the Medicaid fiscal agent, EDS, supports claims processing, including coverage of drugs, pricing, automated transmission of rates to pharmacists, quality assurance and cost containment, certification of providers, rebates, and coordination of benefits. The statutory requirements for Medicaid, which are numerous and complex, underlie all existing policies, procedures and systems for Medicaid administration.

The contract to support CARES was recently bid and was awarded to Deloitte Consulting with a September 30, 2004 expiration, with three one-year extension options. The current MMIS fiscal agent contract expires on December 31, 2005. Plans are under way to release a request for proposal (RFP) in the spring of 2003, with the new contract to begin on January 1, 2006.

- *Comply with Statutory Requirements.* Virtually all of the statutory requirements for SeniorCare are identical to existing requirements for Medicaid, including coverage of drugs, pricing, automated transmission of rates, use of certified providers, cost containment and quality assurance, and rebates. In addition, like Medicaid, SeniorCare must coordinate eligibility across programs and coordinate with benefits covered by other insurers.

The PSW and pharmacy providers are aware that other contractors may have difficulty matching, identically, Medicaid's pricing files. In the experience of the Health Insurance Risk Sharing Plan (HIRSP) with a pharmacy benefits manager (PBM), the PBM was not able to match Medicaid reimbursement, implement

Medicaid's pharmaceutical care services, or apply other Medicaid cost-containment and quality assurance safeguards that were identical to Wisconsin Medicaid requirements. Pharmacy providers expect pricing and procedures identical to Medicaid, including full automation of all of these requirements through the point-of-sale system. Moreover, SeniorCare enrollees will be most efficiently served if pharmacy providers are familiar with the pricing and claims-related processes.

Based on the Department's experience with implementation of a PBM to implement Medicaid pricing for HIRSP, six full months are needed for implementation. This reflects the complexity, scope, and distinct provisions of Wisconsin Medicaid coverage and pricing.

Furthermore, the current Medicaid system must be modified to incorporate automated support, tracking, and monitoring for the spenddown to become eligible for SeniorCare with expenditures for Medicaid-covered drugs at market prices, for the deductible within SeniorCare for Medicaid-covered drugs at Medicaid prices, and for required copayments.

- ***Be Fully Operational on September 1, 2002.*** With current vendors, work on SeniorCare program implementation can begin immediately and the program can begin on September 1, 2002. Current contractors are experienced with the Department's business requirements and have provided very reliable service on complex projects.
- ***Operate Within Budget.*** Leveraging current systems is cost-effective, and use of existing contractors is consistent with streamlining operations to minimize administrative costs to taxpayers. If SeniorCare is implemented with current vendors, the estimated one-time costs for implementation are within the budgeted funding of \$2 million. SeniorCare systems and functions for eligibility, enrollment and claims processing are within the scope of the Department's existing contracts for maintenance of the CARES system and operation of MMIS.
- ***Support Conversion to a Medicaid Waiver.*** If a Medicaid waiver were obtained for SeniorCare, systems work would be eligible for enhanced federal funding as part of MMIS. Also, potential issues with coordination, duplication and cost-effectiveness with existing systems would be avoided.

Option 2: Competitively Procure for Fiscal Agent and Eligibility Systems

- ***Comply with Statutory Requirements.*** Statutory provisions for SeniorCare allow the Department to bid for an independent contractor(s). A bid would provide an opportunity for open competition, which would be viewed favorably by the vendor community. Vendors potentially interested in bidding on a contract, particularly pharmacy benefit management companies, specialize in administering pharmacy services (e.g., volume purchasing with discounted prices for drugs, development and use of formularies, negotiated rebates with drug manufacturers, and nationwide verification of provider licensure).

Although competitive procurement might foster innovation or provide opportunities for savings, SeniorCare statutory provisions require conformance with Wisconsin Medicaid requirements and, thus, limit the potential to replicate innovations from other states or the private sector.

We are aware that other states have conducted a competitive procurement for their senior drug assistance programs and have implemented those programs within a several-month period of time. However, we have reviewed the enabling legislation from other states and found that Wisconsin's legislation for SeniorCare is far more specific with regard to mandated compliance with Medicaid drug coverage, payment rates, rebates, providers, quality assurance, and cost-containment procedures. We are not aware of any commercial vendor that administers a pharmaceutical care services benefit identical to that of Wisconsin Medicaid. Moreover, we are not aware of any other state that administers a senior drug program so tied to Medicaid and so complex with a spenddown and a deductible, each with different pricing for drugs.

It cannot be guaranteed that other vendors comply with all of the Medicaid pharmacy policies or maintain the continuous updates to the pricing file to comply with statutory mandates, within the required timeframes and funding. Therefore, we believe this approach presents an unacceptable level of risk.

□ *Be Fully Operational on September 1, 2002.*

The Department estimates that even with an accelerated procurement schedule, a procurement will take a minimum of six months from the development of the request for proposal (RFP) to the signing of a negotiated contract. A prolonged appeal could significantly delay this timetable.

Based on the Department's implementation of a PBM for HIRSP, an additional six months will be needed for implementation of a Medicaid look-alike model. This timetable, including all of the activities that need to be accomplished for implementation, is shown in Attachment II. As the timetable illustrates, other significant activities needed for successful implementation will not be completed on time if staff resources are needed to manage a procurement. These activities include application development and processing in advance of program implementation, waiver submission, negotiation of rebates, and public information.

There would also be a significant learning curve for any vendor unfamiliar with the details of current Wisconsin Medicaid requirements to incorporate such provisions into its systems and to assure ongoing links to Medicaid for eligibility, drug coverage, certified providers, cost containment, quality assurance, and rebates.

Given the requirements of a procurement process, a procurement is likely to delay implementation beyond the statutorily defined September 1, 2002 start date.

Utilizing an independent contractor would entail numerous systems interfaces between MMIS and the SeniorCare system for information necessary to process claims (e.g.,

recipient eligibility, provider certification, Medicaid drug coverage and pricing, cost containment and quality, and rebates). This would increase the risk of delays or inaccurate and inappropriate payments resulting from inaccurate information on enrollee eligibility, covered drugs, and pricing.

- *Operate Within Budget.* With a competitive procurement costs for implementation and ongoing administration would not be known until the completion of the procurement and contract negotiation process.

In addition to application and claims processing costs, additional costs would likely be incurred to link independent systems with the MMIS and/or CARES to assure conformance with Medicaid provisions, as required by the SeniorCare legislation.

- *Support Conversion to a Medicaid Waiver.* If the waiver is approved, contractors will need to have mechanisms to facilitate timely exchange of enrollee eligibility and Medicaid files related to claims processing. Although a new contractor could develop and implement such mechanisms, there will likely be costs associated with such development and, again, it is not likely that federal funds would be approved to support these costs when the mechanisms already exist and are supported by federal funds through Medicaid-approved systems.

IV. Recommendation

The Department has carefully considered the options to implement SeniorCare. Based upon a review of statutory requirements and funding, and input we have obtained from key stakeholders, we have analyzed the goals and implementation strategies and have outlined, in our view, the two alternative approaches for the administration of SeniorCare.

As a result of our analysis, the Department recommends Option 1, to utilize existing systems and contractors, for several reasons.

1. We are confident that we can implement SeniorCare within the available funding with current vendors.
2. Utilizing current contracts allows SeniorCare to take advantage of hourly rates for systems analysts reflected in those existing contracts, which are below current market rates.
3. A competitive procurement process will delay implementation of SeniorCare by at least three months to December 2002
4. The costs for implementation and ongoing operations will not be known until final contract negotiations are complete.
5. The SeniorCare legislation requires that the majority of program policies, criteria and guidelines be identical to Medicaid. With the complexity and scope of these

requirements, conformance with the statutes can only be guaranteed by using existing systems.

6. Use of current systems will maximize our ability to secure federal approval of a Medicaid waiver to claim federal Medicaid funds to support SeniorCare.

V. Proposed SeniorCare Administration Utilizing Current Systems

SeniorCare will be fully operational in September 2002. If implementation goes as planned, we may begin accepting applications as early as July 2002. A senior wishing to apply will be able to obtain an application form for the program from the Internet, libraries, community-based organizations, area agencies on aging, senior centers, clinics, pharmacies, job centers, public health agencies, and other locations readily accessible to seniors. The Department will partner with local community-based organizations such as the area agencies on aging to provide assistance to seniors who need help in completing the application.

The application form, which will be a simple, one-page form, will request the applicant's name, age, income, residence, whether they have other insurance coverage, spouse's name and other limited information needed to determine the person's eligibility. The form will be easy to read and complete and seniors will submit applications by mail to a central processing center. The Department is also exploring an option to submit the application through the Internet.

A customer service hotline will also be operational in July 2002 to respond to questions about eligibility, applications and program benefits.

Many seniors who are eligible for SeniorCare will also be eligible for other programs such as Medicaid, food stamps, or other economic support programs. SeniorCare enrollment specialists will not process applications for those programs. However, SeniorCare application processing staff will be trained to answer questions and provide referrals for seniors seeking information about those programs. A person wishing to apply for those programs will need to apply at their local economic support agency.

Automated support for eligibility and enrollment functions will be provided by DHFS, using existing systems that support the Medicaid program. This will permit the state to leverage existing system capacity, meet the program needs in the most efficient way, prepare for the implementation of SeniorCare as a Medicaid benefit program and to meet the September 1, 2002, implementation date set in state law.

CARES will be used to assure uniform eligibility determinations, to generate customer notices and to send a certification transaction to the MMIS. The MMIS system will be used to issue ID cards, provide point-of-sale claims processing and to monitor for potential drug interactions.

Customer notices will inform seniors about their eligibility and whether they have a deductible, the amount of the deductible, and other information about the program. In

addition, eligible seniors will receive a card, similar to other insurance cards, which the person will use when purchasing prescription drugs. Under statutory requirements, the SeniorCare participant is required to pay an annual \$20 enrollment fee. Participants will be notified each year when their annual enrollment fee is due. The Department is exploring the most convenient methods for seniors to pay the enrollment fee, including credit card payments.

A SeniorCare participant will be able to purchase prescription drugs under the program using their SeniorCare card. The point-of-sale system, developed by the Medicaid fiscal agent and used under the Medicaid program, has in place the mechanisms for pharmaceutical care, drug pricing, copayments and deductibles, STAT prior authorization and other cost containment processes. This system will also be used for SeniorCare. The system enables Medicaid-certified providers to submit real-time claims electronically for prescription drugs and to receive an electronic response indicating payment or denial within seconds of submitting the real-time claim. The system verifies recipient eligibility, including other health insurance coverage. The system will also track participants' deductibles and copayments as well, and that information will be available to pharmacists in real-time. Thus, seniors filling their prescriptions may receive up-to-date information about their prescription costs, including deductibles and copayments.

VI. Estimated Costs for Implementation

A preliminary estimate of costs associated with implementation is shown in Attachment I.

Implementation costs are defined as one-time costs that must be incurred in order to develop or modify systems, prepare and print publications, and purchase necessary equipment or supplies to support ongoing operations. While the distribution of costs among functions may shift as program implementation is finalized, costs for implementation will remain within the budgeted funding of \$2 million. This estimate assumes that DHFS staff and current systems and contractors will be used to perform the implementation functions identified in Attachment I.

Existing Division of Health Care Financing staff are currently spending a portion of their time on SeniorCare implementation. Time spent by existing staff on the SeniorCare program will reduce the portion of time that can be attributed to activities related to administering the Medicaid program. It is estimated that \$198,000 GPR in 2001-02 will be needed to fund costs for DHFS staff and operations associated with SeniorCare implementation.

Attachment I

SeniorCare
Estimated Costs for Implementation

Function	Estimated Cost
Public Information Includes development and printing of a brochure and application and educational/outreach materials that will be used by area agencies on aging and other community-based organizations, as well as public service announcements (newspaper, radio and TV), and trademark search.	\$ 100,000
Customer Service and Application Processing Includes equipment, supplies and training staff who will respond to participant and provider questions, along with start-up costs for a centralized unit to accept and process SeniorCare applications and enrollment fees.	\$ 350,000
Eligibility Determinations Includes costs to modify CARES software to input SeniorCare application data, determine eligibility and communicate enrollment information to the MMIS.	\$ 391,000
SeniorCare ID Cards Includes the costs to produce the initial supply of plastic ID cards.	\$ 120,000
Claims Processing, Operation & Reporting Includes costs to modify the MMIS, pharmacy point-of-sale system and reporting systems needed to operate SeniorCare in accordance with statutory requirements.	\$ 841,000
State Operations	\$ 198,000
Total Estimated Implementation Costs	\$2 million

Attachment II

Comparative Implementation Schedules for SeniorCare

Assumes Legislative Decision by end of October 2001

	Accelerated Procurement	Implementation Plan with Current Contractor
October 2001	Begin waiver development Begin work on rebate agreements Identify key decisions Finalize SeniorCare Fact Sheet Develop eligibility and covered service policy	Begin waiver development Begin work on rebate agreements Identify key decisions Finalize SeniorCare Fact Sheet Develop eligibility and covered service policy
November 2001	Begin development of RFP (11/1) Convene Advisory Committee Defer rule making Defer waiver development Defer work on rebate agreements Defer Advance Planning Document (APD)	Begin rule making Convene Advisory Committee Draft APD for enhanced federal funding Finalize implementation work plan Develop detailed project specs Issue consumer fact sheet
December 2001	Issue RFP (12/1) Bidders Conference (12/15) Respond to written questions (12/30)	Develop SeniorCare web site Begin systems design for eligibility and claims processing and necessary interfaces Complete requirements analysis Begin application design Begin claim form design Disseminate informational brochure Submit APD
January 2002	Receive proposals (1/15) Evaluate proposals Disseminate informational brochure	Continue policy and eligibility development Continue systems design Meet with Advisory Committee Finalize waiver draft
February 2002	Complete evaluation of proposals (2/15) Issue letter of intent (2/22) Meet with Advisory Committee Intent to protest deadline (2/28) Continue policy and eligibility development Begin rule-making Develop SeniorCare web site Finalize waiver draft	Develop provider communications Submit waiver to CMS

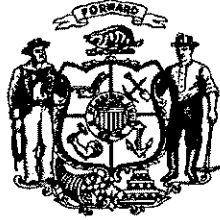
	Accelerated Procurement	Implementation Plan with Current Contractor
March 2002	Formal protest (3/7), if required <ul style="list-style-type: none"> DHFS responds to protest (3/14) Vendor appeal to DOA (3/19) DOA decision to proceed (3/26) Meet with Advisory Committee	Design informational and training materials for provider training and training AAAs and CBOs Meet with Advisory Committee
April 2002	Award contract (4/1) Submit waiver to CMS	Hold informational sessions for AAAs and CBOs Begin to develop projections model for benefits costs
May 2002	Complete contract negotiations (5/15) Sign contract and begin implementation (5/15) Finalize implementation plan Begin application design Begin claim form design	Finalize application and claim form Conduct provider training Finalize financial processes (enrollment fees) Meet with Advisory Committee
June 2002	Develop detailed project specs Draft APD for enhanced federal funding Begin systems design for eligibility and claims processing and necessary interfaces Submit APD	Test application system System acceptance testing Customer service training Begin customer service operations
July 2002	Complete requirements analysis Begin systems design for eligibility and claims processing and necessary interfaces Develop provider communications Begin to develop projections model for benefits costs	Begin accepting applications (7/1/02) Customer Service fully operational
August 2002	Design informational and training material for provider training and training AAAs and CBOs Finalize application and claim form Finalize financial processes (enrollment fees)	Issue SeniorCare ID Cards Promulgate final rule
September 2002	Hold informational sessions for AAAs and CBOs Conduct provider training Finalize financial processes (enrollment fees)	Start program operations (9/1/02) Receive approval of Medicaid waiver funding

	Accelerated Procurement	Implementation Plan with Current Contractor
October 2002	Test application system. System acceptance testing Conduct provider training Customer service training	
November 2002	Begin customer service operations (11/7) Begin accepting applications (11/15) Issue SeniorCare ID cards (11/30) Customer Service fully operational Promulgate final rule Receive approval of Medicaid waiver funding	
December 2002	Start program operations (12/1)	

THE STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE

317-E Capitol
P.O. Box 7882
Madison, WI 53707-7882
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ASSEMBLY CHAIR
JOHN GARD

308-E Capitol
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JOINT COMMITTEE ON FINANCE

January 16, 2002

Secretary George Lightbourn
Department of Administration
101 East Wilson Street, 10th Floor
Madison, Wisconsin 53703

Dear Secretary Lightbourn:

We are writing to inform you that the Joint Committee on Finance has reviewed the State Building Commission request, pursuant to the provisions of s. 13.48 (d)(4), Stats., for the sale of the office building at 418 Wisconsin Street in Eau Claire for \$205,000 to Western Dairyland, E.O.C.

No objections to this request have been raised. Accordingly, the request is approved.

Sincerely,

Handwritten signature of Brian Burke in black ink.

BRIAN BURKE
Senate Chair

Handwritten signature of John G. Gard in black ink.

JOHN G. GARD
Assembly Chair

BB:JG:dh

cc: Members, Joint Committee on Finance
Robert Lang, Legislative Fiscal Bureau
Vicky LaBelle, Department of Administration



Legislative Fiscal Bureau

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

January 14, 2002

TO: Senator Russell Decker
Representative Gregory Huber

FROM: Daryl Hinz, Program Supervisor

SUBJECT: Rib Mountain State Park Improvements

Following is information relating to the DNR request for action by the Building Commission related to a revised plan for construction at Rib Mountain State Park.

The 2001-03 state budget (2001 Act 16) enumerates \$1,000,000 in general fund supported Stewardship program bonding for the reconstruction of the chalet at Rib Mountain State Park. The ski chalet is a stone building, built in the 1930s by the Civilian Conservation Corps. In its 2001-03 capital budget DNR requested \$1 million in stewardship bonding to renovate the existing facility while maintaining its historic integrity and to add a complimentary "west wing" that would nearly double the size of the current building and meet accessibility requirements. The addition would house larger and handicapped accessible bathrooms, lockers, a new kitchen and restaurant facility and a mechanical room. The stone chalet would be converted to primarily gathering, dining and banquet facilities. The funding was also requested to demolish existing attachments to the stone building, upgrade the electrical system, construct accessible approaches to the chalet and for landscaping to alleviate water damage and flooding problems in the lower level of the chalet. The Building Commission forwarded an amendment to the budget bill to the Joint Committee on Finance that included an earmark of \$1 million in stewardship bonding for the reconstruction of the chalet at Rib Mountain, the Legislature included this provision in the budget and the Governor in Act 16 signed it into law. See the attached act section 1039d creating statutory section 23.197 (3m) (b).

The revised request from DNR seeks Building Commission authorization at its meeting on Wednesday January, 16, 2002, for \$125,000 in stewardship bonding for "a phase 1 Granite Peak Ski Hill Improvement project" to cut, clear and grub 30 acres of land. The project would clear 30 acres of land on the western side of Rib Mountain for expanded ski runs and related facilities. The request indicates that phases II and III would involve the installation of a triple chairlift, purchase of snowmaking equipment and light poles, the construction of a road to the chairlift and placement of fill for all ski runs. The current ski run facilities (lifts, lights and irrigation equipment) are owned

and operated by the private owner of the state park ski hill lease. It is unclear whether the contemplated ski run expansion would include a portion of the property the state just purchased from Minnesota Mining and Manufacturing (3M). Further, the request does not indicate the anticipated cost of the next two phases or what funding, if any, would remain for reconstruction of the ski chalet.

The DNR request states the "Rib Mountain State Park Ski Facility Expansion/Renovation project was enumerated in 2001 Wisconsin Act 16 at \$1,000,000 Stewardship Borrowing." As shown in the attachment, the act actually specifies the \$1 million is enumerated "to reconstruct the chalet at Rib Mountain State Park." Since the current DNR request does not relate to any construction at the ski chalet, it would require a statutory amendment to authorize the revised plan.

I hope this information is helpful. Please contact me if you have additional questions.

cc: Senator Brian Burke
Representative John Gard

be treated as moneys obligated from either or both of the subprograms under s. 23.0917 (3) and (4).

Vetoed
In Part

~~SECTION 1039b. 23.197 (3) (a) of the statutes is amended to read:~~

~~23.197 (3) (a) From the appropriation under s. 20.866 (2) (ta) or (tz) or both, the department shall provide the amount necessary for the development of a recreational area on Keyes Lake in Florence County, but the amount may not exceed \$125,000 or \$175,000.~~

SECTION 1039c. 23.197 (3m) of the statutes is renumbered 23.197 (3m) (a) and amended to read:

23.197 (3m) (a) From the appropriation under s. 20.866 (2) (ta) or (tz) or both, the department shall provide funding in the amount of \$50,000 to rebuild a chalet at Rib Mountain State Park. The department shall determine how the moneys being provided under this subsection paragraph will be allocated between the appropriations under s. 20.866 (2) (ta) and (tz). For purposes of s. 23.0915 (1), moneys provided from the appropriation under s. 20.866 (2) (tz) shall be treated as moneys expended for general property development. For purposes of s. 23.0917, moneys provided from the appropriation under s. 20.866 (2) (ta) shall be treated as moneys obligated under the subprogram for property development and local assistance.

SECTION 1039d. 23.197 (3m) (b) of the statutes is created to read:

23.197 (3m) (b) In addition to the amounts provided under par. (a), the department shall provide, from the appropriation under s. 20.866 (2) (ta), funding in the amount of \$1,000,000 to reconstruct the chalet at Rib Mountain State Park for which funding is provided under par. (a). For purposes of s. 23.0917, moneys provided under this paragraph shall be treated as moneys obligated under either or both of the subprograms under s. 23.0917 (3) and (4).

Vetoed
In Part

~~SECTION 1039fm. 23.197 (5r) of the statutes is created to read:~~

~~23.197 (5r) HILLSBORO CAMPING AND RECREATIONAL AREA. From the appropriation under s. 20.866 (2) (ta), the department shall provide \$60,000 to the city of Hillsboro for the development of a camping and recreational area near the Hillsboro and Northeastern Spur trail in the city of Hillsboro. For purposes of s. 23.0917, moneys provided from the appropriation under s. 20.866 (2) (ta) shall be treated as moneys obligated from the subprogram for property development and local assistance. Notwithstanding s. 23.09 (20) (b), the 50% matching requirement under s. 23.09 (20) (b) does not apply to the state and provided under this subsection.~~

~~SECTION 1039k. 23.197 (6m) of the statutes is created to read:~~

~~23.197 (6m) PLOVER RIVER CONSERVATION EASEMENTS. From the appropriation under s. 20.866 (2) (ta), the department shall provide \$135,000 to acquire conservation easements along the Plover River in~~

~~Marathon County and Portage County. For the purposes of s. 23.0917, moneys provided under this subsection from the appropriation under s. 20.866 (2) (ta) shall be treated as moneys obligated under the subprogram for land acquisition.~~

~~SECTION 1039km. 23.197 (6r) of the statutes is created to read:~~

~~23.197 (6r) MILWAUKEE COUNTY BEACH DEVELOPMENT. From the appropriation under s. 20.866 (2) (ta), the department shall provide \$648,100 to Milwaukee County to redevelop the beach at Grant Park in Milwaukee County. For purposes of s. 23.0917, moneys provided from the appropriation under s. 20.866 (2) (ta) shall be treated as moneys obligated from the subprogram for property development and local assistance. The requirements for matching contributions under s. 23.09 (20) (b) shall apply to the state and provided under this subsection.~~

~~SECTION 1039m. 23.197 (7) of the statutes is created to read:~~

~~23.197 (7) MENASHA SKATEBOARD PARK. From the appropriation under s. 20.866 (2) (ta), during the fiscal biennium 2001-03, the department shall provide \$25,000 to the city of Menasha for the purchase of land to be used for a skateboard park facility in Winnebago County. For purposes of s. 23.0917, moneys provided under this subsection from the appropriation under s. 20.866 (2) (ta) shall be treated as moneys obligated under the subprogram for land acquisition.~~

SECTION 1039n. 23.197 (7m) of the statutes is created to read:

23.197 (7m) WISCONSIN AGRICULTURAL STEWARDSHIP INITIATIVE FACILITY. From the appropriation under s. 20.866 (2) (ta), the department shall provide funding in the amount of \$1,000,000 for the Wisconsin agricultural stewardship initiative at the University of Wisconsin-Platteville and the University of Wisconsin-Madison, to construct a facility to be used for conducting research and for training farmers concerning the development of sound environmental farming practices. For purposes of s. 23.0917, moneys provided under this subsection shall be treated as moneys obligated under either or both of the subprograms under s. 23.0917 (3) and (4).

SECTION 1039p. 23.197 (8) of the statutes is created to read:

23.197 (8) STATE FAIR PARK CONSTRUCTION. From the appropriation under s. 20.866 (2) (ta), the department shall provide \$2,000,000 for projects that are approved by the state fair park board. For purposes of s. 23.0917, moneys provided under this subsection shall be treated as moneys obligated under either or both of the subprograms under s. 23.0917 (3) and (4).

~~SECTION 1039s. 23.197 (8m) of the statutes is created to read:~~

~~23.197 (8m) CONSERVATION LAW ENFORCEMENT MUSEUM. From the appropriation under s. 20.866 (2) (ta)~~

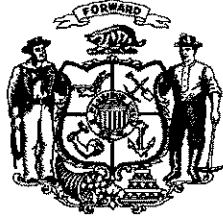
Vetoed
In Part

Vetoed
In Part

THE STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE

317-E Capitol
P.O. Box 7882
Madison, WI 53707-7882
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ASSEMBLY CHAIR
JOHN GARD

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JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Brian Burke
Representative John Gard

Re: 14-Day Passive Review Approval

Date: December 26, 2001

Attached is a copy of a letter from the Department of Administration, received on December 21, 2001, which requests approval of the sale of the office building at 418 Wisconsin Street in Eau Claire, which has housed the local offices of the Unemployment Insurance and Workforce Solutions Divisions of the Department of Workforce Development.

The request is pursuant to s. 13.48(14)(d) 4., Stats., which requires 14-day passive review and approval by the Joint Committee on Finance.

Please review the material and notify **Senator Burke** or **Representative Gard** no later than **Tuesday, January 15, 2002**, if you have any concerns about the request or if you would like the Committee to meet formally to discuss it.

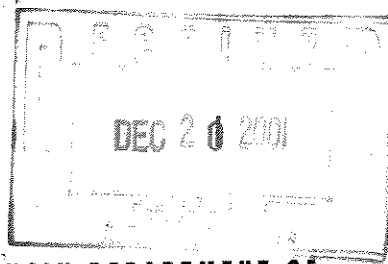
Also, please contact us if you need further information.

Attachment

BB:JG:dh



**WISCONSIN DEPARTMENT OF
ADMINISTRATION**



SCOTT McCALLUM
GOVERNOR

GEORGE LIGHTBOURN
SECRETARY

Office of the Secretary
Post Office Box 7864
Madison, WI 53707-7864
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TTY (608) 267-9629

December 14, 2001

The Honorable Brian Burke, Co-Chair
Joint Committee on Finance
Room 317 East, State Capitol
Madison, WI 53702

The Honorable John Gard, Co-Chair
Joint Committee on Finance
Room 308 East, State Capitol
Madison, WI 53702

Dear Senator Burke and Representative Gard:

RE: Sale of Building at 418 Wisconsin Street – Eau Claire, Wisconsin


This request is submitted pursuant to s. 13.48(14)(d)4, Stats., as notification of the intent to sell the office building located at 418 Wisconsin Street in Eau Claire which has housed the local offices of the Unemployment Insurance (UI) and Workforce Solutions Divisions.

The building was purchased with federal Reed Act Funds. The proposed sale is part of a long-term plan by the Department of Workforce Development to sell Reed Act Buildings, which are no longer large enough to meet program needs. The building will be sold for \$205,000 to Western Dairyland, E.O.C. The property had been on the market for over a year and a half. The net proceeds from the sale will be returned to the United States Department of Labor.

The State Building Commission approved this transaction on November 28, 2001. A copy of the agency request is attached for additional background information.

We understand that s. 13.48(14)(d) 4., Stats., provides 14 working days for review by the Joint Committee on Finance and we would appreciate a letter approving the sale or scheduling a hearing on this matter so that, if approved, the Department and purchaser can proceed with the closing. Please feel free to call me or John E. Rothschild, the Department's Chief Legal Counsel at 267-0202, if you have any questions regarding this matter.

Sincerely,



George Lightbourn
Secretary

cc: Robert Lang, Legislative Fiscal Bureau
Eugene Lillge, Workforce Development
Robert Cramer, Division of Facilities Development

November 28, 2001

Subcommittee	Full Commission
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Department of Veterans Affairs

12. Southern Wisconsin Center (Union Grove) – Request authority to increase the New Domiciliary Building project by \$783,700 (\$282,425 Program Revenue Borrowing and \$501,275 Federal Funds) for a revised total project cost of \$5,004,000 (\$3,244,475 Federal Funds, \$1,050,000 Program Revenue Borrowing and \$709,525 Program Revenue-Borrowing).

Phase 1 was approved as part of the 1999-01 Capital Budget and includes the previously authorized Garner and Beck Halls Renovation project, a new skilled nursing building and a new domiciliary building.

In March 15, 2000 the Commission released planning funds for a new Domiciliary Building at an estimated project cost of \$3,000,000 (\$1,950,000 Federal Funds and \$1,050,000 PR-Borrowing).

In January 2001 the Commission approved the design report and authority to construct at \$4,220,300 (\$2,743,200 Federal Funds, \$1,050,000 Program Revenue Borrowing, and \$427,100 Program Revenue Borrowing).

MOVED BY SENATOR ROESSLER, SECONDED BY SENATOR RISSER TO APPROVE THE REQUEST. MOTION CARRIED.

Approved the request.
2-0-2

Approved the request.
8-0-0

Department of Workforce Development

13. Employment Security (Reed Act) Building (Eau Claire) Request authority to sell the federally owned building located at 418 Wisconsin St. in Eau Claire for \$205,000 to Western Dairyland, E.O.C.

Two appraisals value the property at \$200,000 and \$260,000.

This sale is part of a long-term plan by the department to sell remaining Reed Act buildings. The buildings are no longer large enough to meet program needs in co-locating DWD services with other agencies in “one-stop” Job Centers.

MOVED BY SENATOR ROESSLER, SECONDED BY SENATOR RISSER TO APPROVE THE REQUEST. MOTION CARRIED.

Approved the request.
2-0-2

Approved the request.
8-0-0

Agency Request for
State Building Commission Action
November 28, 2001
Project No. 01K1Q

13

Requesting Agency:

Department of Workforce Development

Requested Action:

Approval to sell the federally owned Employment Security (Reed Act) building at 418 Wisconsin Street, Eau Claire, Wisconsin which has housed the local offices of the Unemployment Insurance (UI) and Workforce Solutions Divisions.

Source of Funds:

Only federal funds are involved.

Explanation:

The Department's Division of Workforce Solutions (DWS) had most recently occupied the building. Prior to 1996, the building was also used by Division of Unemployment Insurance staff to take UI claims.

With the Department's 1996 change to handle claims for UI via a sophisticated telephone/computer system referred to as Telephone Initial Claims, there is no longer a need for most UI offices in the state.

The building being sold was constructed in 1959 – solely with federal funds. Proceeds from the sale, less Department expenses, will be returned to the federal government. Approval to sell the building has been requested from the United States Department of Labor. Such approval is expected.

The sale of this building is part of a long-term plan by the Department to sell all but one of its remaining Reed Act buildings constructed primarily in the 1960s and 1970s with federal funds. Generally, the buildings are no longer large enough to meet program needs of co-locating DWD services with other agencies in "one-stop" Job Centers, and are no longer needed for taking unemployment insurance claims. In addition, most of the buildings selected for sale would require substantial renovations to replace aging and failing HVAC systems. The Department has already sold its buildings in Janesville, Kenosha, LaCrosse, Madison, Manitowoc, Racine and Wausau. Buildings in Ashland, Menasha and Superior are in the process of being sold.

The Department has followed State of Wisconsin procedures to sell this property.

The property was offered for sale to local and other State governmental agencies in the Spring of 2000. None expressed an interest in purchasing the property.

The property was then listed for sale with a commercial real estate firm, The Rifken Group, which was selected as part of a state-wide procurement process.

The proposed sale is to Western Dairyland, E.O.C., a not-for-profit entity.

The department obtained independent appraisals by MAI appraisers. The estimated market value established by two of the appraisers is as follows:

Appraisal Firm and Appraiser	Estimated Market Value
J.C. Norby and Associates, Eau Claire and Hudson, Wisconsin (James C. Norby, MAI, SRA)	\$200,000
Halverson & Associates, Inc., St. Paul, Minnesota (Roger D. Halverson, MAI)	\$260,000

The average of the two appraisals is \$230,000. The property has been on the market for over a year and a half. The offer from Western Dairyland is \$205,000 (copy of offer is attached).

The Department has accepted, pending approval by the United States Department of Labor, the Wisconsin State Building Commission, the State Legislature's Joint Committee on Finance and the Governor by approval of a Land Transaction Approval form, the Western Dairyland, E.O.C. offer for \$205,000.

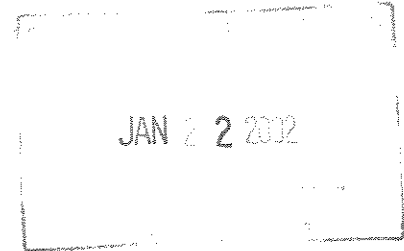
Attachment: Appraisal Reports (2)
Offer to Purchase



**WISCONSIN DEPARTMENT OF
ADMINISTRATION**

SCOTT McCALLUM
GOVERNOR
GEORGE LIGHTBOURN
SECRETARY
Office of the Secretary
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January 18, 2002



The Honorable John Gard, Co-Chair
Joint Committee on Finance
308 East, State Capitol
Madison, WI 53702

Dear Representative Gard:

As you are aware, the Legislative Fiscal Bureau (LFB) recently released revised estimates of general fund revenues for the 2001-03 biennium. These revisions were necessary due to a further deterioration in the state's economic outlook since May 2001 when LFB developed the revenue estimates used in making appropriations in 2001 Wisconsin Act 16. Ongoing monitoring of revenues and economic indicators by the Departments of Administration and Revenue concur with the LFB projections.

In addition to the revised revenue estimates, the Legislative Fiscal Bureau also identified changes in sum-sufficient appropriations. These changes are also consistent with the findings of on-going reviews performed by the Department of Administration and other state agencies.

Under s. 16.50, the Secretary of Administration is required to review estimates of expenditures from each agency, except the Legislature and the Courts. In that review, s. 16.50 (7) requires that if a determination is made that expenditures will exceed revenues in the current or succeeding fiscal year by more than 0.5 percent, the Secretary must notify the Governor, the presiding officers of each house and the Joint Committee on Finance. As you will note in the table below, due to the revised LFB revenue estimate, the 0.5 percent threshold will be exceeded during this fiscal year (2001-02).

	<u>FY02</u>	<u>FY03</u>
Opening Balance	\$207,508,000	-\$125,867,400
LFB Revenue Reestimate (1/16/2002)	<u>11,042,630,900</u>	<u>10,897,755,600</u>
Total Available Revenues	\$11,250,138,900	\$10,771,888,200
Authorized Expenditures (1/16/2002)	<u>11,376,006,300</u>	<u>11,746,393,200</u>
Expenditures in Excess of Revenues	\$125,867,400	\$974,505,000
Percentage Expenditures exceed Revenues	1.1%	9.0%

The Honorable John Gard, Co-Chair
January 18, 2002
Page 2

Given the above, this letter serves as my notification to you of an imbalance between revenues and expenditures of more than 0.5 percent. Failing to quickly address this spending imbalance will have severe consequences for the state's fiscal health. Under s. 16.53 (10), the Department of Administration is required, after notification of and opportunity for review by the Joint Committee on Finance, to establish a priority schedule and to begin prorating payments in the event that the general fund has insufficient cashflow to meet commitments. With over 75 percent of general fund expenditures focused on local governments and aids to individuals, insufficient cash-flow and the associated need to prorate payments will have severe consequences throughout the state.

This spending imbalance may also seriously affect the state's ability to secure short and long-term debt. Issuance of operating notes that may be required in the next fiscal year will not be possible until this imbalance is corrected. Issuance of general obligation bonds in support of the state building program, the Stewardship program and the Clean Water Fund may not be possible if Wisconsin is identified by the rating agencies and investors as a credit risk.

The Governor will soon introduce legislation to correct this imbalance and improve the long-term fiscal health of the state. Rapid adoption of this legislation is critical to ensuring the state's fiscal integrity.

Sincerely,



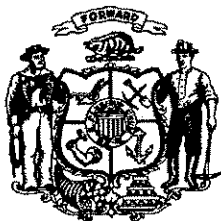
George Lightbourn
Secretary

CC: Bob Lang, Legislative Fiscal Bureau

THE STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE

317-E Capitol
P.O. Box 7882
Madison, WI 53707-7882
Phone: (608) 266-8535



ASSEMBLY CHAIR
JOHN GARD

308-E Capitol
P.O. Box 8952
Madison, WI 53708-8952
Phone: (608) 266-2343

JOINT COMMITTEE ON FINANCE

January 31, 2002

Secretary George Lightbourn
Department of Administration
101 E. Wilson Street, 10th Floor
Madison, WI 53702

Dear Secretary Lightbourn:

We are writing to inform you that the Joint Committee on Finance has reviewed your request, received January 10, 2002, pursuant to s. 16.515/16.505(2), Stats., pertaining to requests from the Board on Aging and Long-Term Care and the Department of Military Affairs.

No objections have been raised to this request. Therefore, the request is approved.

Sincerely,

Handwritten signature of Brian Burke in black ink.

BRIAN BURKE
Senate Chair

Handwritten signature of John G. Gard in black ink.

JOHN G. GARD
Assembly Chair

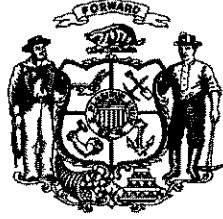
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cc: Members, Joint Committee on Finance
Executive Director George Potaracke, Board on Aging and Long
Term Care
Major General James Blaney, Department of Military Affairs
Robert Lang, Legislative Fiscal Bureau
Vicky LaBelle, Department of Administration

THE STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE

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ASSEMBLY CHAIR
JOHN GARD

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JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Brian Burke
Representative John Gard
Co-Chairs, Joint Committee on Finance

Re: s. 16.515/16.505, Stats. Request

Date: January 11, 2002

Attached is a copy of a request from the Department of Administration, received January 10, 2002, pursuant to s. 16.515/16.505(2), Stats., pertaining to requests from the Board on Aging and Long Term Care and the Department of Military Affairs.

Please review the material and notify **Senator Burke** or **Representative Gard** no later than **Wednesday, January 30, 2002**, if you have any concerns about the request or if you would like to meet formally to consider it.

Also, please contact us if you need further information.

Attachment

BB:JG:dh

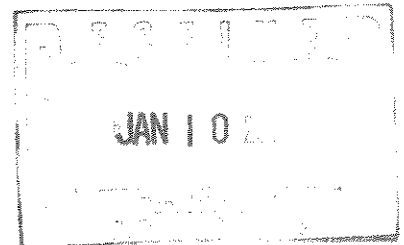


**WISCONSIN DEPARTMENT OF
ADMINISTRATION**

SCOTT McCALLUM
GOVERNOR

GEORGE LIGHTBOURN
SECRETARY

Office of the Secretary
Post Office Box 7864
Madison, WI 53707-7864
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TTY (608) 267-9629



Date: January 10, 2002

To: The Honorable Brian Burke, Co-Chair
Joint Committee on Finance

The Honorable John Gard, Co-Chair
Joint Committee on Finance

From: George Lightbourn, Secretary
Department of Administration

Subject: S. 16.515/16.505(2) Request(s)

Enclosed are request(s) that have been approved by this department under the authority granted in s. 16.515 and s. 16.505(2). The explanation for each request is included in the attached materials. Listed below is a summary of each item:

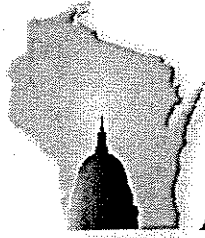
AGENCY	DESCRIPTION	2001-02		2002-03	
		AMOUNT	FTE	AMOUNT	FTE
BOALTC 432(1)(k)	Contracts with other state agencies		1.00 *		1.00 *
DMA 20.465(1)(g)	Military property		.50		.50

* Extension of project position ending December 31, 2002.

As provided in s. 16.515, the request(s) will be approved on February 1, 2002, unless we are notified prior to that time that the Joint Committee on Finance wishes to meet in formal session about any of the requests.

Please contact Vicky LaBelle at 266-1072, or the analyst who reviewed the request in the Division of Executive Budget and Finance, if you have any additional questions.

Attachments



**WISCONSIN DEPARTMENT OF
ADMINISTRATION**

SCOTT McCALLUM
GOVERNOR

GEORGE LIGHTBOURN
SECRETARY

Office of the Secretary
Post Office Box 7864
Madison, WI 53707-7864
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TTY (608) 267-9629

Date: December 27, 2001

To: George Lightbourn, Secretary
Department of Administration

From: Deborah Uecker
State Budget Office

Subject: Request Under s. 16.505 from the Department of Military Affairs for a .50 FTE Program Revenue Position Increase.

REQUEST:

The Department of Military Affairs requests authorization to change the funding for a full-time position from .50 federally funded and .50 program revenue funded to a 1.0 FTE program revenue funded position in the Wisconsin Military Academy from the appropriation under s. 20.465(1)(g), Military Property, in fiscal year 2001-2002.

REVENUE SOURCES FOR APPROPRIATION(S):

The Wisconsin Military Academy is located at Fort McCoy, Wisconsin and provides space for training, conference, dining and lodging needs for members of the military who come to the facility for military training, or by members of the public who use the facility for various training needs. The sources of revenue in the appropriation are obtained from fees charged for nightly use of 123 single occupancy rooms located in the North Wing of the facility.

BACKGROUND:

The Academy first opened its doors to Officer Candidates in 1958. Since then it has commissioned more than 1,400 officers in the National Guard and U.S. Army Reserve. Other members of the public, including state agencies, pay to use various areas of the facility for numerous training needs, similar to a conference facility arrangement.

At the time the new academy opened its doors in August of 1995, the academy and the department agreed that a presence was required at the academy's front desk to provide basic security services to the facility. After reviewing various options, the department chose to create 1.0 federally funded FTE position, charged to its Army Physical Security Agreement to perform this function. However, the department

realized quickly that this position would be underutilized if used solely for security functions. The department then modified the position description to create a Night Auditor position that would be responsible not only for controlling the entrance and exit of persons into the facility, but also for accounting for daily cash receipts and reconciling cash to occupancy reports. As a result of the fiscal activities performed by the position, the position was classified and filled as a Financial Specialist 1 position.

In 1997, federal auditors from the USPFO reviewed various manpower issues associated with the academy and concluded that the use of federal funds for the position was illegal because the individual's time was not devoted exclusively to security functions. The department argued that while the position was necessary to provide coverage at the front desk, it did not make sense for the position not to perform other non-security functions at the same time. Nevertheless, the federal auditors insisted that if the position would continue to be supported with federal security funds, it must be devoted 100 percent to security functions.

To resolve this situation, the Department of Military Affairs requested that this position be split funded from the Military Property appropriation and federal revenues in its 1999-01 biennial budget request, which was approved in 1999 Act 9.

ANALYSIS:

The department currently requests an additional .50 program revenue funded position and a .50 federally funded FTE decrease to make a Financial Specialist 3 position in the department's Wisconsin Military Academy a completely program revenue funded position. The department states the position has been under scrutiny for some time by the United States Property and Fiscal Office (USPFO), the office responsible for the department's Cooperative Agreements with the National Guard Bureau. The position is currently split funded from the academy's billeting fund revenues, generated by fees charged by the academy, and federal funding through the Security Guard Appendix to the department's Master Cooperative Agreement. When the position was created through 1999 Act 9, the position was to provide a combination of security and night auditing duties. While conducting an audit, USPFO found that the position performed minimal security duties by the incumbent and suggested a change in funding to match the duties performed by the position. The position description for the position has since been updated and the position was reclassified as a Financial Specialist 3 position, with only five percent of duties now related to security functions.

Program revenue funding is available to cover the cost of the additional .50 PR FTE and is summarized in the table below.

**Billeting Fee Revenue
Wisconsin Military Academy**

STATE FISCAL YEAR	OPENING BALANCE	REVENUES	EXPENDITURES	ENDING BALANCE
2000-01	118,291	265,197	254,243	129,245
1999-00	127,525	225,510	234,745	118,290
1998-99	87,370	217,686	177,532	127,524
1997-98	42,457	202,394	157,482	87,369
1996-97	10,940.	170,671	139,154	42,457
1995-96	30,227	46,572	65,860	10,939

RECOMMENDATION:

Approve the request.



State of Wisconsin / DEPARTMENT OF MILITARY AFFAIRS

P O BOX 14587
MADISON 53714-0587

OFFICE OF THE ADJUTANT GENERAL

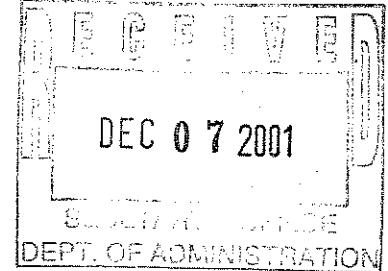
TELEPHONE 608 242-3000
DSN 724-3000

November 19, 2001

TO: George Lightbourn, Secretary
Department of Administration

FROM: Larry Olson, Executive Assistant
Department of Military Affairs

RE: Position Authorization Adjustment



The Department of Military Affairs is requesting a change in position funding for position number 310249 from 50% Program Revenue, 50% Federal to 100% Program Revenue.

Background:

This position is located at the Wisconsin Military Academy and is currently classified as a Financial Specialist 3. Funding for this position has been under scrutiny for some time by the United States Property and Fiscal Office (USPFO), the entity responsible for our Cooperative Agreements with National Guard Bureau. This position is currently funded 50% with Billeting Fund Revenues, generated by the Military Academy, and 50% federal through the Security Guard Appendix to our Master Cooperative Agreement. In a routine audit conducted by the USPFO on the Wisconsin Military Academy, the audit team reported a finding related to the funding of this position. When the position was first implemented it was thought that the position would provide a combination of security and night auditing duties. The audit concluded that minimal security duties were actually being performed by the incumbent and suggested a change in funding would be appropriate. Since that time, the position description has been updated, the position was reclassified to a Financial Specialist 3, with only 5% of the duties related to a security function.

The Wisconsin Military Academy at Fort McCoy opened in August, 1995. The facility includes class rooms, specialized training space, office space and lodging and food service facilities. The "North Wing" consists of 123 single occupancy rooms, a nightly billeting fee is charged for the use of these quarters. The proposed funding for this position would come from these revenues. A history of the fund is as follows:

STATE FISCAL YEAR	OPENING BALANCE	REVENUES	EXPENDITURES	ENDING BALANCE
2000-2001	118,287.57	265,197.15	254,243.09	129,241.63
1999-2000	127,522.50	225,509.81	234,744.74	118,287.57
1998-1999	87,368.21	217,686.35	177,532.06	127,522.50
1997-1998	42,456.04	202,393.91	157,481.74	87,368.21
1996-1997	10,939.40	170,670.54	139,153.90	42,456.04
1995-1996	30,227.36	46,571.62	65,859.58	10,939.40

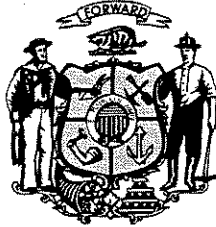
We note that revenues and cash balances have increased steadily, with the exception of the ending balance for 1999-2000, which was affected by one-time investments to upgrade the front desk computer system. The Department feels the fund is stable and has sufficient cash reserves to handle this change.

Thank you for your consideration of this request. If you have any questions, please contact Lucinda Fritchen at (608) 242-3156.

STATE OF WISCONSIN
DEPARTMENT OF ADMINISTRATION
101 East Wilson Street, Madison, Wisconsin

TOMMY G. THOMPSON
GOVERNOR

GEORGE LIGHTBOURN
SECRETARY



Office of the Secretary
Post Office Box 7864
Madison, WI 53707-7864
Voice (608) 266-1741
Fax (608) 267-3842
TTY (608) 267-9629

Date: December 27, 2001

To: George Lightbourn, Secretary
Department of Administration

From: Jennifer Kraus, Team Leader
State Budget Office *JK*

Subject: Request Under s. 16.505 from the Board on Aging and Long-Term Care

REQUEST:

The Board on Aging and Long-Term Care (BOALTC) requests an extension of 1.00 project FTE position authority in s. 20.432(1)(k), contracts with state agencies.

REVENUE SOURCES FOR APPROPRIATION:

The Department of Health and Family Services (DHFS) has received \$51,300 FED from the Department of Health and Human Services, Health Care Financing Administration (HCFA), Health Information, Counseling and Assistance grant program. DHFS plans to continue to contract with BOALTC for the 1.00 project FTE for the Medigap hotline.

ANALYSIS:

BOALTC provides Medicare eligible individuals information on a variety of insurance products through the Medigap hotline. Because of significant changes in the Medicare program enacted by Congress in recent years, HCFA has made funding available to the states for assisting beneficiaries in understanding the federal changes. The current project position counsels beneficiaries regarding enrollment in managed care programs under Medicare and assists them in identifying appropriate insurance supplements. Emphasis is placed on individuals under the age of sixty-five who are receiving benefits due to a disability, which is one of the requirements for use of the federal funds. BOALTC is requesting that the position be extended for the period January 1, 2002 through December 31, 2002. This will be the third year of this project position.

RECOMMENDATION:

Approve the request.

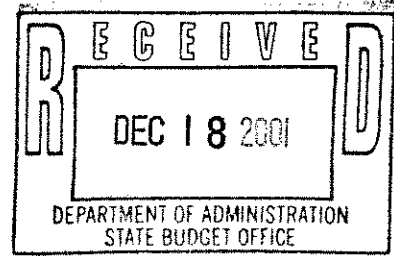
December 18, 2001

To: David Schmiedicke, Budget Director
Department of Administration

Cc: Jennifer Kraus, Team Leader
Budget Office, DOA

Fr: George F. Potaracke, Exec. Director
BOALTC

Re: s. 16.505 Request



The Board on Aging and Long Term Care requests authority under s. 16.505 for continuing position authority for one FTE project position within the 131 PR appropriation.

The Board has been receiving funds through the Department of Health and Family Services from grants awarded by the federal CMS agency to support the activities of the Medigap Helpline. The Board has been awarded \$51,286 by the Bureau on Aging and Long Term Care Resources, DHFS to continue specialized intake and referral services for consumers who call the Medigap Helpline.

REQUEST:

The Board requests authority to continue one FTE position for the Medigap Helpline for a period of January 1, 2002 through December 31, 2002. This will be the third year of this project position.

POSITION JUSTIFICATION:

Congress enacted major changes to Medicare two years ago. CMS has made funds available to state Medicare insurance counseling programs, including the Wisconsin Medigap Helpline, to enhance counseling services to Medicare beneficiaries. BOALTC has concentrated the use of this position to target services to Medicare beneficiaries under the age of 65, receiving benefits due to disability.

Please let me know if you need additional information. Thank you for your consideration