

A

2003 Joint Committee on Audit

MA Eligibility

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Mary A. Lazich

State Senator

April 18, 2003

Representative Suzanne Jeskewitz, Chair
Joint Legislative Audit Committee
314 North, State Capitol
Madison, Wisconsin 53707

Representative Suzanne Jeskewitz, Chair
Joint Legislative Audit Committee
314 North, State Capitol
Madison, Wisconsin 53707

Dear Senator Roessler and Representative Jeskewitz:

I request the Joint Audit Committee direct the Legislative Audit Bureau (LAB) to audit the eligibility determination used by the Department of Health and Family Services especially in the Medicaid, BadgerCare and SeniorCare programs.

It has come to my attention that the State of Wisconsin allows Medicaid, BadgerCare and SeniorCare applicants to self-declare their income level, age, ability to obtain private health insurance, and residence, without obtaining verification. This is referred to as self-declaration. In addition, once an applicant is determined to be eligible for SeniorCare, they automatically remain eligible for one year, regardless of changes in income, residency, or family composition. This is referred to as continuous eligibility regardless of circumstances. Once an applicant is found eligible for Medicaid, BadgerCare, or SeniorCare they are not required to undergo a review for one year.

According to a report by the Kaiser Commission on Medicaid and the Uninsured, only ten states allow self-declaration of income, and only thirteen states have adopted 12-month continuous eligibility, guaranteeing enrollment regardless of changes in income or family circumstances. The Kaiser Commission Report indicates that several states have applied lenient eligibility standards to Medicaid or their health insurance program for children, but not to both. It is my understanding that Wisconsin may be the only state that applies self-declaration and continuous eligibility to both programs.

More disturbing are recent audit findings in two of the states that allow applicants to self-declare income, residency, and other eligibility criteria. In Arizona, an audit was

Senator Roessler
Representative Jeskewitz
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completed on a sample of Medicaid cases in which applications were made through outreach offices rather than through county public assistance offices. Forty three percent of the 2,570 applications reviewed contained incorrect information. Immediate denials were issued to 33 percent of the applications, based on information obtained as a result of the audit. The most common misrepresentation was related to residency: 29 percent of the applicants provided a false address. Arizona now requires information to be verified, and the state saves approximately \$1.15 million per month in Medicaid expenditures paid on behalf of ineligible applicants.

The State of Washington audited a sample of its Medicaid cases. It was discovered that 13 percent of the clients in the 1,140 cases reviewed, did not accurately declare their income on their application. Almost 50 percent of the clients who were declared ineligible as a result of the review, had unreported income. In more than one-third of the cases reviewed, reviewers were unable to verify income, because the initial information and documentation provided were inadequate. In more than one-third of the cases reviewed, reviewers were unable to verify income, because the initial information and documentation provided were inadequate. Based on its findings, Washington, which is facing an estimated \$2.6 billion dollar state budget deficit, is proposing to adopt new verification requirements and reduce its 12-month continuous eligibility period to six months.

The Center for Medicaid and Medicare Services (CMS), the federal agency which manages the Medicaid and Medicare programs, has encouraged states in recent years to streamline the application and eligibility determination process for all Medicaid funded programs. Janet Reichert from CMS informed my office that CMS never encouraged states not to verify information. It is my understanding that CMS has recently raised concerns about errors in eligibility determinations resulting from self-declaration and is discussing tougher Quality Control options. According to an e-mail received by my office, CMS has asked the federal Office of Management and Budget to review six options that may require states to complete in-depth eligibility review samples that include verifying information provided by the applicant. The options also include increasing single state audit testing of Medicaid eligibility.

BadgerCare enrollment has grown steadily since the program's implementation in 1999. Enrollment in the SeniorCare program, which began in September 2001, is anticipated to grow by one percent per year. It is also anticipated that the costs of these programs will continue to rise, as health care costs and prescription drug costs continue to outpace inflation.

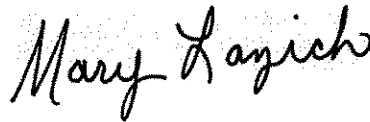
Senator Roessler
Representative Jeskewitz
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I am requesting that an audit include a statistically valid sample of Medicaid, BadgerCare and SeniorCare cases. The audit should gather factual, verified information on a participant's income and residency to determine whether their eligibility was correctly determined. The audit should require an interview of workers at the county level, who routinely handle BadgerCare and SeniorCare applications. Anecdotally, county workers around the state have indicated that face-to-face interviews with applicants often result in more complete or different information, particularly in the area of income, than that provided on a written application form.

BadgerCare is appreciated by the working people of Wisconsin. SeniorCare is appreciated by the elderly population in Wisconsin. Both programs have greatly improved the ability of many people to meet their medical needs. Particularly in these difficult budgetary times, it is important to ensure that only persons who are eligible receive benefits. An audit of the Medicaid programs will provide important information about Wisconsin's current policy of self-declaration and 12-month continuous eligibility.

Thank you for your consideration of my request. If you have questions, please contact me.

Sincerely,



Mary Lazich
State Senator
Senate District 28

cc: Senator Robert Cowles, Member Joint Legislative Audit Committee
Senator Alberta Darling, Member Joint Legislative Audit Committee
Senator Gary George, Member Joint Legislative Audit Committee
Senator Dave Hansen, Member Joint Legislative Audit Committee
Representative Samantha Kerkman, Member Joint Legislative Audit Committee
Representative Dean Kaufert, Member Joint Legislative Audit Committee
Representative David Cullen, Member Joint Legislative Audit Committee
Representative Mark Pocan, Member Joint Legislative Audit Committee
Janice Mueller, State Auditor
Secretary Nelson, DHFS

MAL/tve



Mary Lazich

Wisconsin State Senator

Senate District 28

April 18, 2003

Secretary Helene Nelson
Department of Health and Family Services
1 W. Wilson Street
Madison, WI 53702

Dear Secretary Nelson:

Thank you for your willingness to work with me on issues during the budget process. I am writing to express my concern with certain aspects of the Medicaid, BadgerCare and SeniorCare programs. Specifically, I have serious concerns about the eligibility determination process used in each of the programs. Enclosed is a copy of a letter to the Co-Chairs of the Joint Audit Committee requesting an audit of the accuracy of self-declaration and continuous eligibility.

It has come to my attention that the State of Wisconsin allows Medicaid, BadgerCare and SeniorCare applicants to self-declare their income level, age, ability to obtain private health insurance, and residence, without the Department obtaining verification. It appears that the Department or its agents are entitled to verify eligibility factors, but are only required to verify applicant information under limited circumstances. In addition, once an applicant is determined to be eligible for SeniorCare, they automatically remain eligible for one year, regardless of changes in income. The Medicaid program appears to have 12-month review periods for certain groups and 12-month continuous eligibility for other groups.

According to a report by the Kaiser Commission on Medicaid and the Uninsured, only ten states allow self-declaration of income, and only thirteen states have adopted 12-month continuous eligibility. The Kaiser Commission Report indicates that several states have applied lenient eligibility standards to Medicaid or to the state's health insurance program for children, but not to both. It is my understanding that Wisconsin may be the only state that applies self-declaration and continuous eligibility to both programs.

More disturbing are recent audit findings in two of the states that allow applicants to self-declare income, residency, and other eligibility criteria. In Arizona, an audit was



Secretary Nelson
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completed on a sample of Medicaid cases in which applications were made through outreach offices rather than through county public assistance offices. Forty three percent of the 2,570 applications reviewed contained incorrect information. Immediate denials were issued to 33 percent of the applications, based on information obtained as a result of the audit. The most common misrepresentation was related to residency: 29 percent of the applicants provided a false address. Arizona now requires information to be verified, and the state saves approximately \$1.15 million per month in Medicaid expenditures paid on behalf of ineligible applicants.

The State of Washington audited a sample of its Medicaid cases. It was discovered that 13 percent of the clients in the 1,140 cases reviewed, did not accurately declare their income on their application. Almost 50 percent of the clients who were declared ineligible as a result of the review, had unreported income. In more than one-third of the cases reviewed, reviewers were unable to verify income, because the initial information and documentation provided were inadequate. Based on its findings, Washington, which is facing an estimated \$2.6 billion dollar state budget deficit, is looking to adopt new verification requirements and reduce its 12-month continuous eligibility period to six months.

The Center for Medicaid and Medicare Services (CMS), the federal agency that manages the Medicaid and Medicare programs, has encouraged states in recent years to streamline the application and eligibility determination process for all Medicaid funded programs. However, it is my understanding that CMS has recently raised concerns about errors in eligibility determinations resulting from self-declaration and is discussing process changes to find more efficient ways to correctly determine initial and ongoing eligibility. According to an e-mail received by my office, CMS has asked the federal Office of Management and Budget to review six options that may require states to complete in-depth eligibility review samples that include verifying information provided by the applicant. The options also include increasing single state audit testing of Medicaid eligibility.

Medicaid enrollment in Wisconsin has increased over the last two years due to several factors including intensive outreach, easier application requirements including self-declaration, and the decline in the economy. BadgerCare enrollment has grown steadily since the program's implementation in 1999. Enrollment in the SeniorCare program, which began in September 2001, is anticipated to grow by one percent per year. It is also anticipated that the costs of these programs will continue to rise, as health care costs and prescription drug costs continue to outpace inflation. The services provided by these programs are central to the health of many Wisconsin citizens and the cost of these programs are central to the state's budget.

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Anecdotally, county workers around the state have indicated that face-to-face interviews with applicants and verification requirements often result in more complete or different information, particularly in the area of income, than that provided on a written application form.

Moreover, the Department now administers the Food Stamp (FS) program, which requires thousands of county eligibility workers to verify income, residency and other eligibility requirements. The FS program also differs from the simplified MA programs, because the FS program requires verification and requires participants to report certain income, household and other eligibility changes. It seems that aligning the two programs would allow for better administration of these very complex regulations. Aligning the program would be beneficial for eligibility workers, state training personnel, computer programming, and the participants. The alignment of verification and reporting requirements would ease the confusion participants now face while trying to comply with varying requirements for multiple programs. Currently, Wisconsin is facing a FS error rate that is above the national average with most of the error attributable to client's lack of reporting information. It is very confusing for a participant to determine reporting changes or verification information among programs.

I am pleased that the Governor's budget proposes increased verification of employment earnings and health insurance coverage for BadgerCare eligibility. I would like the Department to assist me in drafting a proposal, which requires the Department and its agents to verify residency and income for all applicants in the Medicaid, BadgerCare, and SeniorCare programs. In addition, I am concerned with the issue of continuous eligibility in SeniorCare and some Medicaid funded programs. Allowing a year of eligibility without review or change reporting may be appropriate in some cases, but result in a large number of individuals receiving benefits who are no longer eligible. The Governor of the State of Washington has proposed reviewing, every six months, continued eligibility for medical services. Shortening the period of time between reviews or increasing reporting requirements upon changes that occur in a participant's circumstances is necessary.

The people of Wisconsin appreciate Medical Assistance, BadgerCare, and SeniorCare. These programs have greatly improved the ability of many people to meet their medical needs. Particularly, during these difficult budget times, it is important to ensure that only persons who are eligible receive benefits.

I will be providing a proposal for 2003-05 budget consideration based on the above information. I look forward to your expertise and the expertise of the Department and the Legislative Fiscal Bureau in drafting the proposal. I would like your input and recommendations at your earliest convenience, or by May 1, 2003.

Secretary Nelson
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Again, thank you for your commitment to work with me on these very important issues. If you have any questions, please contact me. I look forward to your correspondence.

Sincerely,



Mary Lazich
State Senator
Senate District 28

Enclosures

cc: Senator Alberta Darling, Co-Chair, Joint Committee on Finance
Representative Dean Kaufert, Co-Chair, Joint Committee on Finance
Senator Bob Welch, Member Joint Finance Committee
Senator Scott Fitzgerald, Member Joint Finance Committee
Senator Sheila Harsdorf, Member Joint Finance Committee
Senator Ted Kanavas, Member Joint Finance Committee
Senator Russell Decker, Member Joint Finance Committee
Senator Gwendolynne Moore, Member Joint Finance Committee
Representative Michael Huebsch, Member Joint Finance Committee
Representative David Ward, Member Joint Finance Committee
Representative Dan Meyer, Member Joint Finance Committee
Representative Jeff Stone, Member Joint Finance Committee
Representative Kitty Rhoades, Member Joint Finance Committee
Representative G. Spencer Coggs, Member Joint Finance Committee
Representative Dan Schooff, Member Joint Finance Committee
Senator Carol A. Roessler, Co-Chair, Joint Legislative Audit Committee
Representative Suzanne Jeskewitz, Co-Chair, Joint Legislative Audit Committee
Senator Robert Cowles, Member Joint Legislative Audit Committee
Senator Gary George, Member Joint Legislative Audit Committee
Senator Dave Hansen, Member Joint Legislative Audit Committee
Representative Samantha Kerkman, Member Joint Legislative Audit Committee
Representative David Cullen, Member Joint Legislative Audit Committee
Representative Mark Pocan, Member Joint Legislative Audit Committee
Bob Lang, Legislative Fiscal Bureau
Janice Mueller, Legislative Audit Bureau

MAL/tve



State of Wisconsin \ LEGISLATIVE AUDIT BUREAU

MAY 07 2003

JANICE MUELLER
STATE AUDITOR

22 E. MIFFLIN ST., STE. 500
MADISON, WISCONSIN 53703
(608) 266-2818
FAX (608) 267-0410
Leg.Audit.Info@legis.state.wi.us

DATE: May 6, 2003

TO: Senator Carol A. Roessler and
Representative Suzanne Jeskewitz, Co-chairpersons
Joint Legislative Audit Committee

FROM: Janice Mueller
State Auditor *Janice Mueller*

SUBJECT: Proposed Audit of Eligibility Determination for Medical Assistance and
Related Health Care Programs—Background Information

At your request, we have gathered some background information the Joint Legislative Audit Committee may find useful in considering a request from Senator Lazich regarding eligibility determination for Medical Assistance, BadgerCare, and SeniorCare. These programs are administered at the state level by the Department of Health and Family Services.

In 1965, federal law established an entitlement program to pay for an array of health care services for certain low-income individuals. This program, known as the Medical Assistance program, or "Medicaid," is administered by the State and funded jointly with state and federal funds. The State reimburses health care providers for services rendered to program participants.

The Medical Assistance program covers the costs of providing care to individuals who meet specified financial and non-financial criteria, including elderly, blind, and disabled individuals who are eligible for Supplemental Security Income benefits. During fiscal year (FY) 2001-02, the number of individuals enrolled in the Medical Assistance program in Wisconsin averaged 464,846 per month. This does not include an additional 90,408 average monthly participants enrolled in BadgerCare, a program created by 1997 Wisconsin Act 27 to extend health insurance coverage to low-income working families with dependent children who do not qualify for Medical Assistance. The program is funded with state and federal funds through a waiver of federal requirements under Medical Assistance and the State Children's Health Insurance Program. For the 2001-03 biennium a total of \$6.9 billion was budgeted for Medical Assistance and \$291.9 million for BadgerCare.

SeniorCare was created by 2001 Wisconsin Act 16 to provide assistance to individuals who are 65 years of age or older in purchasing prescription medication. While there is no income restriction on eligibility, the amount of an individual's income determines the amount of cost-sharing that is required. In April 2003, 86,670 participants were enrolled in the program. Program services are funded with state funds, federal Medical Assistance matching funds, and rebate revenue received from pharmaceutical manufacturers. Administrative costs are funded with revenue from a \$20 annual enrollment fee charged to all participants. Act 16 allocated \$100.0 million in state and federal funds in FY 2002-03 to fund SeniorCare benefits.

Under the Medical Assistance and BadgerCare programs, Wisconsin provides for a 12-month eligibility certification period, but requires changes in household composition, residency, and income to be reported within 10 days and a redetermination of eligibility to be conducted when such changes are reported. SeniorCare participants must report changes in address and marital status within 10 days, but are required to report changes in income only upon renewal for the next 12-month period of eligibility.

Concerns have been raised about the extent to which participation in these health care programs has been granted to individuals and families who may not actually qualify for them based on their income, age, ability to obtain private health insurance, and residence. The Department indicates that state and local agency staff verify certain eligibility data—such as income, social security numbers, and date of birth—by matching information provided by applicants and participants with a number of other sources, including the State's wage information database, the State's Unemployment Compensation database, and Social Security Administration databases.

An audit of eligibility determination for Medical Assistance, BadgerCare, and SeniorCare could:

- analyze trends in participation levels for these programs;
- analyze trends in program costs;
- analyze eligibility determination policies and practices;
- compare Wisconsin's eligibility determination process with those of other states;
- determine the extent to which program eligibility has been determined inaccurately; and
- identify strategies to enhance the accuracy of the eligibility determination process if problems are identified.

I hope you find this information helpful. If you have any additional questions regarding this request, please contact me.

JM/PS/bm

cc: Senator Robert Cowles	Representative Samantha Kerkman
Senator Alberta Darling	Representative Dean Kaufert
Senator Gary George	Representative David Cullen
Senator Dave Hansen	Representative Mark Pocan

Senator Mary Lazich

Helene Nelson, Secretary
Department of Health and Family Services

EDITORIAL SECTION

'Let the people have the truth and the freedom to discuss it and all will go well.'

- William T. Evjue, founding editor and publisher

The Capital Times ■ Thursday, May 8, 2003

■ **D'ANNA BOWMAN**

Preserve SeniorCare as is

Lawmakers made a lot of promises to Wisconsin voters. They promised not to raise taxes. And they also promised to protect SeniorCare, the program that helps Wisconsin residents 65 or older with the cost of prescription drugs.

Unfortunately, Gov. Jim Doyle's budget proposes higher deductibles and enrollment fees for SeniorCare participants.

The 18-cents-per-pack increase in the cigarette tax approved in 2002 specifically for SeniorCare means that the program is fully funded. In fact, far from adding to the state's deficit problem, SeniorCare expects to be \$24 million *under* budget in fiscal year 2003.

That's not the only good news for Wisconsin taxpayers. Because SeniorCare enrollees can now afford to purchase their medications, they are less likely to fall back on costly taxpayer-supported programs like nursing home care. SeniorCare saves lives *and* saves taxpayer dollars.

We keep hearing that everyone has to make sacrifices in order to balance the budget. But the sacrifices that SeniorCare participants are being asked to make could rob them of their health and independence. Remember, every

Before SeniorCare, many enrollees couldn't afford to take their medications.

They split their pills, took their medications every other day instead of daily, or skipped on groceries in order to be able to pay for their prescriptions.

SeniorCare has made a huge difference in their lives.

SeniorCare enrollee is 65 or older, 62 percent are single or widowed, and 93 percent have no other prescription drug insurance. They have worked hard all their lives. They thought that they would be secure in their retirement years. They thought Medicare would cover all their health care needs.

What they didn't know was that Medicare doesn't cover most outpatient prescription drugs. They didn't know that prescription drug prices would increase by 14 percent per year. They didn't know that a month's supply of a cholesterol-lowering drug would cost over \$100 or that their arthritis medication would cost another \$200.

Before SeniorCare, many enrollees couldn't afford to take their medications. They split their pills, took their medications every other day instead of daily, or skipped on groceries in order to be able to pay for their prescriptions. SeniorCare has made a huge difference in their lives. For many, SeniorCare has literally been a lifesaver.

Proposals to raise deductibles or co-pays undermine the affordable prescription drug benefit that was promised to Wisconsin seniors. Elected officials are keeping their promise to not raise taxes. But what about their promise to protect SeniorCare enrollees?

• • •
Decisions by the Legislature on SeniorCare are pending. Your calls will make a difference. Please contact your state senator and state representative on the toll-free legislative hot line at 800-362-9472. Tell them to maintain current SeniorCare benefits, co-pays and deductibles. AARP believes that older Wisconsinites should not have to put their lives on the line to balance the budget.

D'anna Bowman is state director of AARP Wisconsin.



May 20, 2003

To: Senator Mary Lazich
Senator Carol Roessler, Co-Chair, Joint Committee on Audit
Rep. Suzanne Jeskewitz, Co-Chair, Joint Committee on Audit
Members, Joint Committee on Audit

From: Gail Sumi, Government Affairs Representative

Re: Request for Audit of Eligibility Determination Process

AARP Wisconsin is responding to the request for an audit of the error rates associated with the self-declaration of income and eligibility determination process for Medical Assistance, SeniorCare and BadgerCare. While we share the goal of maximizing state funds, an audit is unnecessary at this time. SeniorCare especially is a program that has operated for less than a year, for less money than was budgeted. We are also concerned that establishing a more complicated registration system will create a barrier to enrollment for individuals who are eligible for these programs.

If you are considering the accuracy of eligibility data for SeniorCare, AARP research recommends consideration of post-eligibility audits and data matching with other government sources.

Wisconsin already uses data matching to verify applicant information. According to the May 2, 2003 response to your request from DHFS Secretary Helene Nelson the state does use data available from various government sources to verify eligibility information provided by the applicant. As noted: "...we conduct routine data matches with other trusted sources such as the State's wage database, the State's New Hire database, Social Security Administration (for social security numbers and benefit amounts), Medicare, Unemployment Compensation, and the IRS to verify income of applicants and recipients." Recipients are automatically checked through this system.

Last summer when AARP Wisconsin staff and volunteers signed potential SeniorCare recipients up for the program, the applicants generally were extremely scrupulous in reporting their income. They were concerned about getting it right - to the penny. One of our volunteers told us that a number of dairy farmers used last year's income when filling out the application (which requires projection of next year's income); even though they had sold cows and knew that their income would decrease. They wanted to make sure that they did it right.

If proposals to change eligibility determination are considered, please take into account the following:

- Federal matching funds are generated by SeniorCare and other programs. As noted in the May 20, 2003 Legislative Fiscal Bureau paper on the SeniorCare Base Reestimate (Paper #377), a federal waiver was obtained subsequent to enactment of SeniorCare that brings in significant additional federal funds. In 2003-04 the Governor provides \$42 million in federal funds and in 2004-05 \$57.5 million is provided. **The increased federal funding frees up more than \$4.5 million GPR in 2004-05.**
- In her May 2 letter, Secretary Nelson states that "...increased initial verification or more frequent and tighter reviews of cases will require added staffing at the state and/or county level." The Secretary estimates that the cost of funding a pilot program in five counties "to test the effectiveness of increased verification of income and residency for applicants..." would cost an additional \$300,000 all funds, including the addition of 1.0 FTE at DHFS "to develop, monitor and evaluate the pilot program." If the projected cost holds true statewide, that means an additional \$4.32 million would be needed to pay for increased verification.
- A "Center on Budget and Policy Priorities" analysis on a California proposal to complicate application for the state's Medi-Cal program argues that excessive paperwork requirements **cause otherwise eligible people to lose their coverage.** (<http://www.cbpp.org>)
- According to a Sept. 12, 2000 letter from CMS to State Quality Control Directors, "There is no indication that states' simplification procedures have contributed to an increase in errors." CMS encourages states to simplify application procedures.

Thank you for your consideration.

May 21, 2003 / FOR IMMEDIATE RELEASE

For additional information, please contact:

Jeremy Janes (AARP Wisconsin) at 608/286-6308



SENIORCARE

Prescription Drugs for Wisconsin Seniors

MILDRED W. IS 83.

All Mildred's roots are in Hanover, a small community in Rock County in southeastern Wisconsin.

Mildred has lived in the same house in Hanover for fifty years. In fact, she bought the house for herself and her mother in 1953. Until his death in 1937, Mildred's father served Hanover as a minister.

Mildred retired in 1965, after 30 years as the office manager for Smith's Feed Service in Janesville. With the pension she earned from that job and her Social Security payments, her monthly income these days comes to about \$800. In emergencies, she withdraws a little money from her savings and other small investments.



Since she enrolled in SeniorCare, Mildred has been able to save about \$145—or 18% of her monthly income—on the cost of the three medications prescribed for her by her doctor.

"With SeniorCare, I can stay here in my own home," Mildred says. "That means everything to me."

**SENIORCARE Rx IS WORKING FOR MILDRED W.
LET'S KEEP IT THAT WAY!**

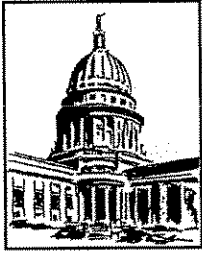
No Cuts in Eligibility or Benefits!

No Increases in Deductibles, Enrollment Fees, or Co-Pays!

**Call your state representatives today on the toll-free legislative HotLine
and tell them to protect SeniorCare!**

1-800-362-9472

SeniorCare is a state-funded program, approved by the governor and the state legislature to help Wisconsin adults 65+ with the cost of prescription medication. SeniorCare is administered by Wisconsin's Department of Health & Family Services (DHFS).



WISCONSIN STATE LEGISLATURE

Joint Audit Committee

Committee Co-Chairs:
State Senator Carol Roessler
State Representative Suzanne Jeskewitz

May 22, 2003

Ms. Helene Nelson, Secretary
Department of Health and Family Services
1 West Wilson Street
Madison, Wisconsin 53702


Dear Ms. Nelson:


The Joint Legislative Audit Committee will hold a public hearing on Thursday May 29, 2003 at 8:30 a.m. in Room 411 South of the State Capitol. At this hearing, the Committee will consider a proposed audit of eligibility determination for Medical Assistance and related health care programs.

As this proposed audit relates to the activities of your Department, we ask you to be present at the hearing to offer comments on the proposed audit and to respond to questions from committee members.

Should you have any questions about the hearing, please contact us.

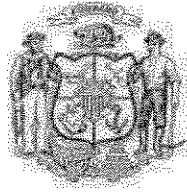
Sincerely,


Senator Carol A. Roessler, Co-chair
Joint Legislative Audit Committee


Representative Suzanne Jeskewitz, Co-chair
Joint Legislative Audit Committee

Enclosure

cc: Janice Mueller
State Auditor



Mary Lazich

Wisconsin State Senator
Senate District 28

For Immediate Release

May 29, 2003

Contact: Senator Mary Lazich, 1-800-334-1442

LAZICH'S REQUEST FOR AUDIT APPROVED

Audit of Eligibility Determination Processes Used by the State For Medicaid, BadgerCare, and SeniorCare Needed, Says Lazich

(MADISON) ... Senator Mary Lazich (R-New Berlin) today convinced members of the Joint Legislative Audit Committee that an audit of the state's eligibility determination process for certain public assistance programs is necessary. The committee voted unanimously for an audit of the Medicaid, BadgerCare, and SeniorCare programs.

"These programs are important to working people and the elderly in Wisconsin," said Lazich. "During difficult budgetary times, it's essential that the programs are being administered efficiently."

The State of Wisconsin allows Medicaid, BadgerCare, and SeniorCare applicants to declare their income, age, residence, and ability to obtain private health insurance. This is referred to as self-declaration. Once determined eligible, a program participant receives benefits for a twelve-month period. Eligibility is only reviewed if a recipient reports changes.

The Wisconsin Department of Health and Family Services relies on database matches to verify self-reported income, and an applicant's residency and ability to obtain private health insurance are not verified in any way under current rules, said Lazich. Arizona and Washington State recently audited their Medicaid programs and found that a significant percentage of applications contained incorrect information. Many applicants did not accurately report their income, and many others provided false addresses.

"The State currently spends more than \$3.4 billion a year on these programs," said Lazich, "and it is imperative that only people who are eligible receive benefits. The legislature has a duty to ensure that taxpayer dollars are used efficiently and effectively and that assistance is provided to those who are truly eligible."

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MAY 30 2003

Mary Lazich

Wisconsin State Senator
Senate District 28

May 29, 2003

Senator Carol Roessler, Chair
Joint Legislative Audit Committee
8 South, State Capitol
Madison, WI 53707

Dear Carol:

Thank you for your prompt response to my request for an audit hearing on the Medical Assistance, BadgerCare and SeniorCare programs. I also appreciate your support in voting to approve the audit.

Medical Assistance, BadgerCare, and SeniorCare are very important to working people and elderly Wisconsin residents. These programs have improved the ability of many state citizens to meet their medical needs. Particularly in these difficult budgetary times, it is important to ensure that only persons who are eligible receive benefits.

The audit of these programs will provide important information and best practices for Wisconsin's self-declaration eligibility process. Again, thank you for your support. If you have any questions for me, please contact me.

Sincerely,

Mary Lazich
State Senator
Senate District 28

MAL/tve



**Joint Legislative Audit Committee
May 29, 2003**

**Public Hearing on Proposed Audit of Eligibility Determination
for Medical Assistance and Related Health Care Programs**

Good Morning. My name is Mark Moody and I am the Administrator of the Division of Health Care Financing within the Department of Health and Family Services. Thank you for the invitation to appear before you this morning to speak with you about the proposed audit of eligibility determination for Medical Assistance and related health care programs.

We are aware that concerns have been raised about individuals participating in Medicaid, BadgerCare and SeniorCare being determined eligible inappropriately based on incorrect information provided to eligibility workers with regard to income, age, residency, and access to private health insurance.

We agree that it is important to make sure that only those who are truly eligible for these programs receive benefits. At the same time, of course, we want to make sure that every Wisconsin resident who is eligible can know about these programs and apply for the assistance they need without unnecessary barriers.

DHFS is committed to program integrity and effective administration of all benefit programs, including Medicaid, BadgerCare, SeniorCare and the Food Stamp Program. Our goals for eligibility administration are to:

- Assure accurate and timely eligibility and benefit determination;
- Provide excellent customer service;
- Remove unnecessary barriers to access;
- Improve the health status of the people of Wisconsin;
- Maximize federal revenue to benefit the State's economy;
- Operate programs in an efficient and cost-effective manner; and
- Detect and prevent fraud.



DHFS is committed to working in partnership with local income maintenance (IM) agencies to operate these programs in a fiscally responsible way, balancing funding and workload, to achieve the stated goals.

Specifically, concerns have been raised about self-declaration of income. That term may lead to the perception that we do not verify income. That is not correct. DHFS does verify income that is self-declared. Over recent years, the Department has dramatically increased the efficiency and effectiveness of IM administration by using automated methods to verify income and other relevant information. These new business processes assure that eligibility is determined accurately and promptly and that benefits to those who are eligible are both timely and accurate.

Our policy is to require, once initial income is verified and eligibility determined, that all conditions related to eligibility be re-determined at least every 12 months. In addition, all

eligible people are required to report any changes in household composition, residency and income within 10 days.

Consistent with our program goals, DHFS has pursued opportunities to simplify program administration and reduce work for local IM agencies in a way that does not compromise program integrity. Counties, federal funding agencies, the State Legislature, advocacy groups, health care providers, local social service agencies, and our customers have requested and encouraged program simplification.

Program simplification included the development of a mail-in application for Family Medicaid and has two basic components:

- Client choice of application method for Family-Related Medicaid; and
- Reduced in-person verification requirements for all Medicaid.

This initiative was made possible by the availability of automated data exchanges with databases from other trusted sources that provide the information needed to verify income. By relying on sources such as the State's wage database, the State's New Hire database, Social Security Administration (for social security numbers and benefit amounts) Medicare and Unemployment Compensation, we are able to reduce the amount of paperwork required by the applicant and agency worker during the application process. These sources are accessed with every initial eligibility determination and are continuously updated and utilized for reviewing ongoing eligibility. We also believe that these forms of independent verification are more accurate and reliable as well.

Instead of relying only on self-declaration, local agency workers are now alerted to new information from these sources and others through the automated eligibility management system known as CARES. We have streamlined this automated alert system and have found it to be very effective in helping local workers keep case information on work and wages up to date. In fact, based on March 2003 data, local workers took action on 98% of the nearly 797,000 alerts sent in that month.

Changes that have already occurred to streamline program administration and create cost efficiencies have come at the request of counties. Over the next biennium, counties will continue to count on us to implement many additional changes. We hope that the workload associated with this audit will not deter us from making the necessary and requested improvements to an already stressed county system.

This program simplification has also provided the opportunity to bring increased federal revenue to Wisconsin, and reduce state costs for health care services. One of the conditions of the demonstration program waiver of Title XXI law and regulation that allowed Wisconsin to receive SCHIP funding for parents in BadgerCare required that the state eliminate the asset test for Family Medicaid and to implement a simplified application process. As you know, BadgerCare currently claims over \$125 million in federal funds (SFY 2003).

The Division of Health Care Financing is in the process of conducting a quality assurance review of a sample of Medicaid cases to determine the extent to which income errors have caused eligibility to be certified incorrectly. Preliminary results indicate that only 3.4% of the cases reviewed had eligibility income errors that allowed the case to receive benefits incorrectly. This is a very positive result. This result shows that our new methods of confirming information with trusted sources has lowered the cost of IM administration without any material effect on our error rate.

We are very pleased to report that by virtue of reducing barriers that would otherwise deter participation in our health care programs, we have not compromised program integrity.

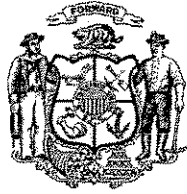
As you are aware, the Joint Committee on Finance approved a modified version of the Governor's budget proposal related to the administration of the Income Maintenance (IM) programs (Medicaid, BadgerCare and Food Stamps). The goal of this provision is to find the right balance between funding and workload given the state's current fiscal environment. As passed by the JFC, this proposal is aimed at reducing local IM agency workload through policy changes and CARES system enhancements. We look forward to this opportunity to focus on systems improvements and other efforts to further streamline program administration and continue to improve program integrity.

As part of its action in considering the Governor's recommendation, JFC included a component of this proposal that would add \$1.2 million GPR annually to provide an additional increase in the IM contracts within counties. These funds come from the current DHFS state administration appropriations that support our contracts for Medicaid and Food Stamp operations. We have not yet determined how we would absorb this cut and what impact it will have on our CARES development budget.

The Governor's budget proposal relies heavily on our current fiscal and staff resources to plan and implement the policy and systems enhancements necessary to effect the workload changes. Therefore, we are concerned that any further diversion of our resources would hinder our ability to accomplish these tasks according to the schedule committed to in this proposal. Delays could result in local agencies not experiencing the workload reductions associated with the proposal funding reductions.

We would envision this audit, as proposed, to be a broad endeavor would require significant resources from our Department. Regardless of when it is scheduled, we will cooperate fully with the audit if approved by the Joint Audit Committee. We welcome the opportunity to improve program integrity balanced with our goals of cost-effectiveness of IM administration and convenient and easy access to benefits. This may provide us with helpful information to make decisions about what how we might further improve our program administration.

Thank you for the opportunity to be here today. We will be happy to answer any questions you may have.



Mary Lazich

Wisconsin State Senator
Senate District 28

Testimony
Joint Legislative Audit Committee
May 29, 2003

Good morning, Committee Chairs Roessler and Jeskewitz and committee members. Thank you for promptly addressing my request that the Legislative Audit Bureau audit eligibility determination processes used by the Department of Health and Family Services in the Medicaid, BadgerCare and SeniorCare programs.

My request stems from concern that these programs, that are so important to working people and elderly Wisconsin residents be efficiently administered during difficult budgetary times. It is important to ensure that only people who are eligible receive benefits.

It has come to my attention that the State of Wisconsin allows Medicaid, BadgerCare and SeniorCare applicants to declare their income level, age, ability to obtain private health insurance and residence. This is referred to as self-declaration. The Department also has a twelve-month eligibility certification period for Medicaid. During the twelve months, eligibility is only reviewed if the recipient reports changes.

The Department's position appears to be that the use of income database matches is sufficient to verify self-declared income. However, a more detailed look reveals that it takes time for the matches to be completed. It would be useful to learn the amount of time it takes to complete a match between each database and application in each program. In addition, it is important to understand the process applied when the database indicates a discrepancy in the applicant's information. The worker assigned to the case is sent an alert, and must take action to investigate the discrepancy and correct the case. It would be very useful to learn the process and amount of time it



takes caseworkers to process alerts on residency and income, correct the case and make a new determination. Furthermore, it is difficult for individuals, especially seniors who make an error on the application to be informed three or four months later, after an alert has been issued and the worker has taken action, that they are no longer eligible for Medicaid or SeniorCare. Finally, it would be useful to learn the percentage of applications that trigger an alert from one of the databases. An audit could answer many of these questions.

Two states, Arizona and Washington recently audited their Medicaid and S-CHIP programs. Arizona audited a sample of Medicaid cases in which applications were made through outreach offices rather than through county public assistance offices. Forty-three percent of the 2,570 applications reviewed contained incorrect information. Immediate denials were issued to 33 percent of the applications, based on information obtained as a result of the audit. The most common misrepresentation was related to residency: 29 percent of the applicants provided a false address. Arizona now requires residency and other information to be verified, and the state estimates it saves approximately \$1.15 million per month in Medicaid expenditures.

The state of Washington audited a sample of its Medicaid cases. It discovered that 13 percent of the clients in the 1,140 cases reviewed did not accurately declare their income on their application. Almost 50 percent of the clients, who were declared ineligible as a result of the review, had unreported income. In more than one-third of the cases reviewed, reviewers were unable to verify income, because the initial information and documentation provided were inadequate. I have provided a copy of the Executive Summary of the Washington audit to Committee members.

Wisconsin may or may not experience the type of savings estimated by Arizona. However, I note that in the Governor's budget the Department has proposed increasing verification of income, and availability and cost of insurance in the BadgerCare program. The Department expects total savings of \$9,721,400 as a result of their changes to this single program. The Joint Finance Committee has approved the Department's changes.

The Center for Medicaid and Medicare Services (CMS) is the federal agency that manages the Medicaid and Medicare programs. CMS has encouraged states in recent years to streamline the application and eligibility determination process for all Medicaid funded programs.

However, Janet Reichert from CMS informed my office that CMS has never taken the position that states should not verify information; it is their position that states should make it easier for people to initially apply. In addition it is my understanding that CMS has asked the federal Office of Management and Budget to review six options that may require states to complete in-depth eligibility review samples that include verifying information provided by the applicant.

I am confident of the ability of the State Auditor and Legislative Audit Bureau staff to conduct a thorough audit and analysis. I think it is crucial that LAB staff investigate and verify residency of applicants, and that they go beyond relying on database matches and applicant reports and instead, determine independently whether the residency and income being reported by recipients is accurate and complete.

In addition, an audit interview of county workers who routinely handle Medicaid, BadgerCare and SeniorCare applications may be helpful. Although SeniorCare is designed to be processed directly by DHFS, I have been told that Waukesha County handles seven to fifteen requests a day for assistance in filling out SeniorCare applications. I have also been told that in other areas of the state, county workers have indicated that face-to-face interviews with applicants for any of these programs often result in more complete or different information, particularly in the area of income, than appears on the application form. The additional information obtained sometimes resulted in a finding of ineligibility and in other instances resulted in a finding of eligibility after an initial denial.

I am pleased that Secretary Nelson has indicated to me that the Department of Health and Family Services will cooperate fully with the audit. As noted in the Secretary's letter of May 2, 2003, such an audit may provide the Department with helpful information to make decisions about added verification measures and savings. I agree wholeheartedly that the audit I have requested will provide all of us with helpful information.

Mark Swales

In addition AARP in its recent letter to members of the Joint Audit Committee noted that while SeniorCare applicants were very scrupulous about reporting their income they still made errors. AARP noted that “a number of dairy farmers used last year’s income when filling out the application (which requires projection of next year’s income): even though they had sold cows and knew that their income would decrease.” That type of error could have disqualified them from the program at a time they were actually financially eligible. Clearly, if the audit is able to confirm AARP’s concerns that citizens are being disqualified because they are incorrectly reporting their income that would be very valuable information for the Legislature and the Department.

Thank you for your time and consideration. If you have any questions, I am happy to address them.

EXECUTIVE SUMMARY
Self-Declaration of Income
Medicaid Eligibility Quality Control (MEQC) Project #27
December 2002

Project Goals: Determine: 1) Whether Medicaid clients are accurately declaring income at application; 2) The effect of inaccurately declared income on eligibility.

Project Request: Requested by Judy Maginnis, lead program manager in the eligibility policy section of the Division of Client Support (DCS) at MAA.

Background: MAA established a policy of self-declared income for children and pregnant women Medicaid programs in December, 1998. This project was requested to review the effects of this policy on Medicaid eligibility.

Sample: Children and pregnant women who were opened on one of four Medicaid programs in July, August, or September, 2001, and applied in one of three sites: CSOs (Community Services Offices), MEDS (Medicaid Eligibility Determination Section) and the Call Center in Region 6. Programs included both CN (Categorically Needy) programs for citizens and state-funded only programs for non-citizens, including undocumented aliens.

Completions: Completed 1140 reviews.

Findings: 150/13% of all clients reviewed did not accurately declare their income at application. We found 84 ineligible clients; nearly half, 39/46%, had unreported income. We were unable to verify income for over one-third of all cases reviewed because of inadequate documentation in ACES. The number of ineligible clients would have been even higher had we been able to verify income for these cases.

Issues/Recommendations:

- 1) Revise verification policy and procedures to require increased verification of income. Require eligibility workers to at least: a) Use available databases; b) Enter information on clients' SSNs and jobs in ACES; c) Ask clients about potential contributions from other household members and document; d) Ask clients who report questionable circumstances to explain and verify, and document.
- 2) Remind eligibility workers to: a) Ask clients about income from tips; b) Consider seasonal differences in income; and c) Review all ACES eligibility decisions for accuracy.
- 3) Emphasize the perjury clause on the application to remind clients that MAA may verify income.
- 4) Verify all income if a client has previously had unreported income.
- 5) Establish a monitoring system that tracks performance improvement in this area.



Testimony for Joint Legislative Audit Committee Hearing
Gail Sumi, Government Affairs Representative (286-6307)
Thursday May 29, 2003

AARP Wisconsin thanks the Joint Legislative Audit Committee for the opportunity to comment on a proposed audit of SeniorCare eligibility determination. AARP Wisconsin is committed to a fair and just operation of the SeniorCare program. AARP Wisconsin does *not* want to see resources spent inefficiently or on those who are not eligible to receive benefits. However, AARP Wisconsin believes an audit of the SeniorCare program is unnecessary at this time for the following reasons:

- The SeniorCare program has been in operation for less than one year. The Department of Health and Family Services (DHFS), county benefit specialists, advocates and participants are still adapting to the program and its eligibility process. The program has not yet been through one full annual re-enrollment cycle. SeniorCare has not operated long enough for an audit to provide useful information.
- An audit of SeniorCare is being requested to determine if self-declaration of income, residency, and family composition may open the door to ineligible people receiving benefits. The implication is that an audit would investigate whether or not self-declaration is a viable policy. The alternative to self-declaration is to require applicants to provide documents verifying information the applicant supplies. In the case of SeniorCare, the determination of benefits relies on a *prospective estimate* of the next twelve month's household income. The instructions for the SeniorCare application state that applicants should supply a good faith estimate, and that errors made in good faith would not be actionable. Given that applicants are reporting a prospective estimate, it is difficult to see how requiring additional income verification would be feasible.

SeniorCare participants' incomes are much more likely to decrease over time than to increase as people leave the workforce and use their retirement savings. Sixty-five percent of SeniorCare participants are age 75 or over¹. Using a self-declared *prospective* estimate of income makes sense for this population because participants' income from the previous year is likely to be higher than their income in the benefit year. Basing the benefit level on the previous year's income would be a hardship for many SeniorCare participants. Since DHFS and the legislature recognized that a prospective estimate was the fairest way to determine income, and given that it is unclear how a participant would provide verifying evidence of a prospective estimate, the concern about self-declaration of income does not seem relevant for the SeniorCare program.

- Research done by the Kaiser Commission on the Uninsured and the Center on Budget and Policy Priorities, among others, shows that requiring verification of information provided on applications for health care assistance results in decreased enrollment, *even of those eligible to participate in the program*. The Kaiser Commission report states:

"Low-income families have reported in surveys and focus groups that a complex and difficult enrollment process is a significant barrier to enrollment...States should continue to revise their application forms to make them easier to understand and fill out...Easing verification requirements or accepting a family's self-declaration of information would increase the likelihood that a family will be able to complete the application process"².

Many SeniorCare participants are frail, do not have easy access to transportation, and rely on others to handle their finances. The average SeniorCare participant is female, single or widowed, and over the age of 75. Any change in the enrollment process for SeniorCare that makes it more difficult to apply for the program threatens to prevent the most frail and vulnerable from receiving the benefits they desperately need.

¹ All data on SeniorCare participant characteristics and participation levels are from DHFS and are current as of 3/9/03.

² "Making It Simple: Medicaid for Children and CHIP Income Eligibility Guidelines and Enrollment Procedures," Prepared by Donna Cohen Ross and Laura Cox, The Kaiser Commission on Medicaid and the Uninsured, October 2000, p.iii-iv.

- Another concern raised is that eligibility and benefits for MA, BadgerCare and SeniorCare are determined on a 12-month continuous eligibility calendar. The alternative is to have eligibility and benefits determined more frequently than once a year. This is not practicable for SeniorCare because a year-long benefit cycle is built into the design of the program's deductibles and spend-downs.

Forty-seven percent of SeniorCare participants have a deductible or a spend-down that they need to meet before they receive benefits each year. For SeniorCare participants with incomes over 160 percent of the poverty level, SeniorCare does not start cost-sharing for prescription medications until *after* the spend-down or deductible is met. The average spend-down is \$4,200 and only 25 percent of people in the spend-down group met their spend-down in the first six months of participating in the program. In other words, many SeniorCare participants do not start receiving benefits until after six or seven months have passed. It does not make sense for the state to re-determine benefit levels more than once a year when the program requires a full year for all participants to see their benefit. Requiring re-enrollment more than once a year would double the paperwork for each participant, resulting in much higher administrative costs for the state. Requiring re-enrollment more than once a year would also constitute a barrier to enrollment for vulnerable and frail participants.

AARP Wisconsin has helped over 9,500 people enroll in the SeniorCare program through events starting in the summer of 2002 and continuing efforts by our volunteers. In our experience, the vast majority of people applying for SeniorCare are scrupulously honest and very intent on filling out the application correctly. When they have to estimate income, the majority of people we talked to preferred to knowingly overestimate (potentially reducing their benefit level) rather than underestimate. For instance, many people estimated that they would receive the same amount of interest earnings on savings as they had the previous year, even though interest rates had fallen steadily over the previous months. In this time of tight budgets and economic uncertainty, AARP Wisconsin does not believe that there is sufficient justification to spend the resources required for an audit of the SeniorCare program.

SENIORCARE

Prescription Drugs for Wisconsin Seniors 

Instructions for Application Form

The SeniorCare application form is only for persons applying for the SeniorCare Prescription Drug Program. This is not an application for any other benefit program.

For help with this form, please call the SeniorCare Customer Service Hotline at 1-800-657-2038 (TTY and translation services available). Help may also be available at your local aging office, Senior Center or aging resource center. Information is also available on the Department of Health and Family Services website at: <http://www.dhfs.state.wi.us/seniorcare/index.htm>

HOW TO USE THIS FORM

1. Print CLEARLY using CAPITAL letters. Use ONLY blue or black ink.
2. Completely fill out application. If your application is not complete someone will need to contact you for more information. This may cause a delay in the processing of your SeniorCare application.
3. Do not write in "Office Use Only" section. Do not make any marks outside the boxes provided for information.
4. Provide information on the application form for you and your spouse (if your spouse is living in your household). Do not include information about other persons in your household.
5. You may authorize a representative to apply for you. Complete Section V of the application form to authorize a representative to complete and sign the application for you. A legal guardian or power of attorney/durable power of attorney may apply for an individual without an authorization by the individual.

IMPORTANT INFORMATION

- Your application date is the date the signed application form is received by the SeniorCare program. A decision on your SeniorCare eligibility will be mailed to you within 4-6 weeks. Unsigned forms will not be processed and will be returned.
- Enclose the \$20 enrollment fee for each applicant. The date your eligibility begins may be delayed if your enrollment fee is not received at the time of your application. If you are not found eligible for SeniorCare, your enrollment fee will be returned within 4-6 weeks.

ELEMENTS ON APPLICATION

SECTION I AND II - Applicant and Spouse Information - SeniorCare eligibility will be based on your income and your spouse's income, if your spouse lives with you. If your spouse lives with you, complete the parts of the application form for you **and** your spouse, even if your spouse is not requesting SeniorCare. **Remember: The "Spouse Information" portion of the application form needs to be completed only if your spouse lives with you.** Income of other members of your household is not counted for SeniorCare.

Request Indicator at the Top of the Form - New Application/Add Spouse/Re-Application/Review
(Check only one box):

- New Application – Check this box if you are not currently receiving SeniorCare and this is your first request for SeniorCare.
- Add Spouse – Check this box if you are making a new request to have your spouse's eligibility determined for SeniorCare. It is not necessary to check this box when you and your spouse are making your first request at the same time.
- Re-Application (Special Circumstances)
Check this box if you and/or your spouse have had an event that changes information you reported when you first applied. Your eligibility will be based on the new information you are providing and a new 12-month benefit period will be established. Such events may include:
 - Marriage or divorce.
 - Income decreases.
 - Spouse now living in household.
 - Spouse now NOT living in household.
- Review – Check this box if you have been notified that a review of your eligibility is required to begin another 12-month benefit period and you do not have the preprinted review form.

Are you and/or your spouse receiving Supplemental Security Income (SSI)?

SSI is a federal income supplement program that is designed to help aged, blind and disabled persons, who have little or no income. It provides cash to meet basic needs for food, clothing, and shelter. Check "Yes" if you are receiving SSI. Check "No" if you are not receiving SSI. Check "Yes" if your spouse is receiving SSI. Check "No" if your spouse is not receiving SSI.

Wisconsin Resident

Are you and/or your spouse a Wisconsin resident? Check "Yes" if you are a Wisconsin resident. Check "No" if you are not a Wisconsin resident. Check "Yes" if your spouse is a Wisconsin resident. Check "No" if your spouse is not a Wisconsin resident. Eligibility for SeniorCare is possible even if you are temporarily living outside the State of Wisconsin, as long as you maintain permanent residency in Wisconsin.

To be considered a Wisconsin resident a person must meet one of the following criteria:

- Have a permanent residence in Wisconsin.
- Be considered a Wisconsin resident for tax purposes.
- Be a registered voter in Wisconsin.

U.S. Citizen

Check "Yes" if you are a U.S. citizen. Check "No" if you are not a U.S. citizen. Check "Yes" if your spouse is a U.S. citizen. Check "No" if your spouse is not a U.S. citizen. If you have checked "No" for yourself or your spouse, additional information may be required.

Gender

Check Male or Female.

Requesting SeniorCare

Check "Yes" or "No" to indicate whether you are requesting SeniorCare for you and your spouse.

Race (Optional)

Check the one box that best describes race or ethnic origin for you and your spouse. This information is voluntary and will not be used to determine eligibility.

SECTION IV - EXPECTED ANNUAL INCOME

Enter the total gross (before deductions) expected **ANNUAL** income for you and your spouse for the next twelve months for each item below.

Applicant

Gross Social Security	\$	<input type="text"/>	,	<input type="text"/>	<input type="text"/>	<input type="text"/>
Gross Earnings	\$	<input type="text"/>	,	<input type="text"/>	<input type="text"/>	<input type="text"/>
Interest and Dividends	\$	<input type="text"/>	,	<input type="text"/>	<input type="text"/>	<input type="text"/>
Self-Employment Earnings	\$	<input type="text"/>	,	<input type="text"/>	<input type="text"/>	<input type="text"/>
Gross Pension	\$	<input type="text"/>	,	<input type="text"/>	<input type="text"/>	<input type="text"/>
Other Income	\$	<input type="text"/>	,	<input type="text"/>	<input type="text"/>	<input type="text"/>

Spouse (if living together)

Gross Social Security	\$	<input type="text"/>	,	<input type="text"/>	<input type="text"/>	<input type="text"/>
Gross Earnings	\$	<input type="text"/>	,	<input type="text"/>	<input type="text"/>	<input type="text"/>
Interest and Dividends	\$	<input type="text"/>	,	<input type="text"/>	<input type="text"/>	<input type="text"/>
Self-Employment Earnings	\$	<input type="text"/>	,	<input type="text"/>	<input type="text"/>	<input type="text"/>
Gross Pension	\$	<input type="text"/>	,	<input type="text"/>	<input type="text"/>	<input type="text"/>
Other Income	\$	<input type="text"/>	,	<input type="text"/>	<input type="text"/>	<input type="text"/>

Section V - AUTHORIZED REPRESENTATIVE

I authorize _____ (print name of representative) to represent me in my application/review for SeniorCare to the Department of Health and Family Services and to provide information and documents which may be necessary to establish my eligibility for SeniorCare. I understand my rights as provided in the rights and responsibility section of the SeniorCare application instructions. Two witness signatures are required only if you sign with an X.

SIGNATURE - Applicant	Printed Name - Applicant
SIGNATURE - Witness 1	SIGNATURE - Witness 2

SECTION VI - SIGNATURE

I understand the questions and statements on this application form. I understand the penalties for giving false information or breaking the rules as outlined in the rights and responsibilities section of the SeniorCare application instructions. I certify, under penalty of perjury and false swearing, that all my answers are correct and complete to the best of my knowledge, including information provided about the citizenship or immigration status of my spouse and myself. I understand and agree to provide documents to prove what I have said. I understand that the agency may contact other persons or organizations to obtain the necessary proof of my eligibility and benefits. Two witness signatures are required only if you sign with an X.

SIGNATURE - Applicant OR Representative / Legal Guardian/ Power of Attorney	Printed Name of Applicant OR Representative / Legal Guardian/ Power of Attorney
Signature Of - <input type="checkbox"/> Applicant <input type="checkbox"/> Authorized Representative <input type="checkbox"/> Legal Guardian	<input type="checkbox"/> Power of Attorney / Durable Power of Attorney
SIGNATURE - Witness 1	SIGNATURE - Witness 2

SECTION VII - ENROLLMENT FEE

Enrollment Fee Enclosed <input type="checkbox"/> \$20 - One Applicant <input type="checkbox"/> \$40 - Two Applicants	Office Use Only <input type="checkbox"/> N <input type="checkbox"/> O	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
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(Make checks payable to: State of Wisconsin)

- Asian = Japanese, Chinese, Korean, Indian, Pakistani, Sri Lankan, Bangladeshi, Tibetan, Nepali, Bhutan, Afghanistan, Turkestan
- Black = Black/African or American origin
- Hispanic = Hispanic/Latino origin regardless of race
- Southeast Asian = Hmong, Lao, Vietnamese, Khmer, Thai, Burmese, Indonesian, Malaysian, Filipino
- American Indian/Alaskan Native = American Indian/Alaskan Native
- White = White, not of Hispanic origin
- Other = Native Hawaiian, Pacific Islander, Middle Easterners

Marital Status (for Applicant Only)

Check "Yes" if you are married. Check "No" if you are not married. If "Yes" then check either "living with spouse", if your spouse lives with you, or "not living with spouse", if your spouse does not live with you.

Name

Print last name, first name and middle initial, for you and your spouse.

Birth Date

Enter birth date for you and your spouse. When entering birth date, use the number for the month, day and year. (Example: If birth date is February 23, 1912, enter 02231912 in the boxes provided as shown below.)

0	2	/	2	3	/	1	9	1	2
---	---	---	---	---	---	---	---	---	---

Social Security Number

Please provide a Social Security Number (SSN) for you and your spouse (only if applying for SeniorCare).

The SSN and other personally identifiable information are required by sections 49.688 and 49.82(2) of the Wisconsin Statutes. Failure to supply the information may result in denial of your application for benefits. The information will be used only for administration of the SeniorCare Program.

In addition, the Department will match your name and SSN with a file provided by health insurance carriers to determine if you have other insurance. If you have a health insurance plan, SeniorCare will coordinate benefit coverage with your plan.

SECTION III – Mailing Address and Telephone Number

Address

Print the address of where you would like information regarding your SeniorCare eligibility to be sent. This may be your current address OR the current address of your representative, legal guardian, or power of attorney.

Contact Telephone Number

Print the 10-digit telephone number (including area code) for yourself or your representative/legal guardian/power of attorney, if s/he has signed the application form on your behalf.

Address Is

Check the box that says which address you are giving.

SECTION IV – Expected Annual Income - Enter expected annual income amounts for the next 12-month period. Do not enter monthly amounts. The calculation instructions provided below are to help you determine what income should and should not be reported on the application form. Do not send the calculations with the application form.

If you or your spouse are receiving Supplemental Security Income (SSI), do not include any income of the

person receiving SSI in the calculations below. SSI is a federal income supplement program that is designed to help aged, blind, and disabled persons, who have little or no income. It provides cash to meet basic needs for food, clothing, and shelter.

Provide your best estimate for each of the following types of income (round to nearest dollar when providing dollar amounts in your answers on the application form):

Gross Social Security Payments (Expected annual 12-month total.)

Enter expected annual gross Social Security payments, for both you and your spouse, including Medicare premiums if they are withheld from your benefit check or any direct deposits.

How to Calculate:
 Enter your monthly Social Security payment (including direct deposit) amount:
 $\$ \underline{\hspace{2cm}} \times 12 = \$ \underline{\hspace{2cm}}$

Enter your Medicare Part B premium
 (if withheld from your Social Security payment check) $\$ \underline{\hspace{2cm}} \times 12 = \$ \underline{\hspace{2cm}}$

Add these two amounts and enter total on application form.
 Gross Social Security Payment Total \$ $\underline{\hspace{2cm}}$

Gross Earnings (Expected annual 12-month total.)

Enter expected annual gross salary, wages, bonuses, and commissions (do not include self-employment or partnership earnings here) received from work for both you and your spouse. Enter the amount before any deductions are taken out of your earnings. You may want to take a look at your tax return or W-2 form from last year and then determine if you expect to work the same amount, more or less in the next 12 months.

How to Calculate:
 Enter your expected earnings for the next 12 months. Use the gross amount (before taxes and deductions) shown on your wage statements. $\$ \underline{\hspace{2cm}}$

Repeat for as many earnings types that you may receive.
 Enter the grand total of annual earnings on the application form.
 Gross Earnings Total \$ $\underline{\hspace{2cm}}$

Interest and Dividends (Expected annual 12-month total.)

Enter expected annual interest and dividends for both you and your spouse. You must include amounts that are earned even if you do not receive that income. For example, include Certificate of Deposit (CD) interest earned and rolled directly back into the CD principal. The amounts you enter must be gross amounts. This means that any taxes or other items that may be withheld from your payment amount should be added back in. You may want to look at your tax return or your IRS 1099/1099R from last year.

How to Calculate:
 Enter your interest and dividend amounts and the frequency of payment during the year:
 $\$ \underline{\hspace{2cm}} \times \underline{\hspace{2cm}} = \$ \underline{\hspace{2cm}}$

Add amounts withheld from the payments, for example, taxes:
 $\$ \underline{\hspace{2cm}} \times \underline{\hspace{2cm}} = \$ \underline{\hspace{2cm}}$

Total the amounts above: **TOTAL** \$ $\underline{\hspace{2cm}}$
 Repeat these steps for as many interest and dividend types that you receive.
 Enter the grand total of annual income on the application form.
 Interest and Dividend Total \$ $\underline{\hspace{2cm}}$

Self-Employment Earnings (Expected annual 12-month total.)

Enter your expected annual self-employment earnings. Self-employment includes farming or a business that you own solely or with others. From self-employment earnings you should deduct your business costs, business losses, depreciation on business assets and any other deductions the IRS allows you to take on your self-employment income. You may want to look at your tax return from last year to get an idea of what you earned and what you were allowed to deduct.

How to Calculate:

Enter expected Self-Employment or Partnership earnings for both you and your spouse during the year.

\$ _____

Repeat for as many self-employment types that you may receive.

Enter the grand total of self-employment earnings on the application form.

Self-Employment Earnings Total \$ _____

Gross Pension (Expected annual 12-month total.)

Enter expected annual gross pensions, veteran's and railroad retirement benefits, taxable portion of Individual Retirement Accounts (IRAs) and annuities that provide regular periodic payments for both you and your spouse. The amounts you enter must be gross amounts. This means that any taxes or other items such as insurance premiums that may be withheld from your payment amount should be added back in.

How to Calculate:

Enter your income amount and the frequency of your payments during the year:

\$ _____ x _____ = \$ _____

Add amounts withheld from your income, for example taxes or insurance premiums:

\$ _____ x _____ = \$ _____

Total the amounts above:

Total \$ _____

Repeat these steps for as many pension income types that you receive.

Enter the grand total of pension income on the application form.

Gross Pension Total \$ _____

Other Income (Expected annual 12-month total.)

Enter all other expected annual income for you and your spouse. Other income includes: Cash assistance (but not SSI), unemployment, workers' compensation, alimony, support money, and rental income. The amounts you enter must be gross amounts. This means that any taxes or other items that may be withheld from your payment amount should be added back in.

DO NOT INCLUDE any income you may receive from any of the sources listed below:

- Major disaster and emergency assistance payments.
- Reimbursements you may receive from expenses incurred either while you worked as a volunteer or for expenses related to your job or training.
- Claims settlement payments approved by federal law for Native Americans.
- Examples of payments from some special programs (not a complete list) include:
 - Homestead Tax Credit.
 - Low income energy assistance and emergency fuel assistance programs.
 - Community service programs such as the Older American Community Service program, Retired Senior Volunteer program, Service Corporation of Retired Executives, and Volunteers in Service to America.

- Government subsidy programs for rent, housing or food.
- Federal Emergency Management Assistance (FEMA)
- Agent Orange Settlement Funds.
- The Foster Grandparents Program.

Other similar kinds of income may be excluded. If you have questions, please call the SeniorCare Customer Service Hotline 1-800-657-2038.

How to Calculate:

Enter your other income amounts and the frequency of payment during the year:
 \$ _____ x _____ = \$ _____

Add amounts withheld from the payments, for example, taxes, insurance:
 \$ _____ x _____ = \$ _____

Total the amounts above: Total \$ _____
 Repeat these steps for as many other income types that you receive.
 Enter the grand total of other income on the application form. Other Income Total \$ _____

SECTION V - Authorized Representative - Complete this section **only** if you wish to authorize another person to apply on your behalf. This section is **not** required if you have a court appointed legal guardian or power of attorney and that person is applying on your behalf.

Authorized Representative

Print, on the line provided, the name of your representative, if that person is applying for you. This may be any adult that you choose. The person you authorize to represent you in your application/review for SeniorCare is responsible for providing information and documents, which may be necessary to establish your eligibility for SeniorCare.

Signature Applicant

Sign your name to authorize a representative to act on your behalf.

Applicant Printed Name

Print your name in the box.

Signature – Witness 1 and Witness 2

If the applicant's signature is made with a mark (X), two witnesses must sign in the space provided.

SECTION VI - Signature

Signature

Applicant - Sign your name if you have completed this application form.

Representative/Legal Guardian/Power of Attorney - If you are a representative/legal guardian/power of attorney who has completed this application on behalf of someone else you must sign in the space provided.

Printed Name

Print the name of the person who has signed the application.

Signature Of

Check the box that says who signed on the signature line.

Signature – Witness 1 and Witness 2

If the applicant's signature is made with a mark (X), two witnesses must sign in the space provided.

SECTION VII – Enrollment Fee**Enrollment Fee Enclosed**

Check the \$20 box if only one person is applying. Check the \$40 box if you and your spouse are both applying for SeniorCare. Enclose the correct dollar amount with completed application. Payment may be made by Money Order, Cashier's Check or Personal Check. Make check payable to: **State of Wisconsin**. Also, on the check or money order please write your SSN and your spouse's SSN, if your spouse is also applying for SeniorCare. If the name of the applicant does not appear on the payment, write the applicant's name on the check or money order. **DO NOT INCLUDE CASH.**

If you are not found eligible for SeniorCare your enrollment fee will be returned within 4-6 weeks.

YOUR RIGHTS AND RESPONSIBILITIES

Changes, such as death, mailing address, change in permanent residence outside of Wisconsin, and household composition changes (marriage/divorce/separation), that affect you and/or your spouse should be reported to the SeniorCare Customer Service Hotline at 1-800-657-2038.

By signing your name or by signature of a person signing on your behalf, you agree that information given by you or your representative is true and correct. You also understand that you and your representative are responsible for incorrect information or errors. Good faith estimates will not be penalized as long as there is no intent to provide misleading, fraudulent, omitted or incomplete information. Penalties for providing fraudulent information could be a fine of not more than \$10,000 or imprisonment of not more than one year, or both.

Also, your signature on the application form authorizes the Wisconsin Department of Health and Family Services to request any additional information that is appropriate and necessary for the proper administration of the SeniorCare Program.

You have the right to request a Fair Hearing if you do not agree with any action taken concerning your application or ongoing benefits. You may request a Fair Hearing by writing to:

Wisconsin Department of Administration
Division of Hearings and Appeals
P.O. Box 7875
Madison, WI 53707-7875

DHFS is an equal opportunity employer and service provider. If you have a disability and need to access this information in an alternate format, or need it translated to another language, please contact (608) 266-3465 or (608) 266-2555 TTY. All translation services are free of charge.

To file a complaint of discrimination, contact:

Wisconsin Department of Health and Family Services
Affirmative Action and Civil Rights Compliance Office
P.O. Box 7850
Madison, WI 53707-7850
Telephone (608) 266-9372 (Voice) or (608) 266-2555 (TTY)

CHECKLIST

- Is the application complete?
- Did you read the Rights and Responsibilities section?
- Did you sign or have your representative/legal guardian/power of attorney sign the application form?
- Did you enclose your enrollment fee? (\$20 for one person; \$40 if you and your spouse are applying)
Please do **not** staple or tape your check to the application form.
- Did you remember to write your SSN and/or your spouse's SSN on your check or money order for the enrollment fee?
- Did you keep the instructions?
- Did you keep a copy of the completed application form for your records?
- Send the application form to:

SeniorCare
P.O. Box 6710
Madison, WI 53716-0710



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www.wccf.org



A MEMBER OF THE NATIONAL ASSOCIATION OF CHILD ADVOCATES

September 29, 2004

Senator Carol Roessler
Room 8 South, State Capitol
Madison, WI 53702

Rep. Sue Jeskewitz
Room 314 North, State Capitol
Madison, WI 53702

SUBJECT: Audit of Medical Assistance eligibility determinations

Dear Senator Roessler and Representative Jeskewitz,

The Legislative Audit Bureau report issued this week regarding Medical Assistance eligibility determinations will be a useful guide in further improving the Medicaid and BadgerCare programs.

We note that the audit did not find any instances of client fraud. Although it does show that there is room for improvement in reducing errors made by caseworkers in eligibility determinations, the error rates were relatively modest. Among the 200 cases reviewed, 3.5 percent of applicants were improperly determined to be eligible, and 2 percent were improperly denied eligibility. A large number were also erroneously found ineligible because of a problem with the CARES computer system, but that problem has been remedied.

The Wisconsin Council on Children and Families endorses the improvements and corrections outlined in the Department of Health and Family Services' response to the audit. We would also stress that as changes are made to the eligibility determination process, it is critically important to reduce improper denials of eligibility, as well as improper approvals of applications. It is particularly important that we not create unnecessary, cumbersome barriers to eligible families wishing to enroll.

We are disappointed that the audit did not take a closer look at the sharp decline in BadgerCare participation from May through August, when enrollment fell by about 13,000 people. The audit appears to have been completed before there was much data available to determine the causes of the steep enrollment decline and the effects of the new verification requirements that were approved in the 2003-2005 biennial budget act. As you know, those requirements were adopted to reduce the number of ineligible people who are enrolled in BadgerCare. However, the rapid decline in enrollment since the new verification rules took effect in May has been far greater than anticipated

We are concerned that the new requirements for verifying BadgerCare eligibility have not only had the intended effect of weeding out some participants who were not truly eligible, but have also had the unintended effect of creating an enrollment roadblock for many children and parents who are eligible for BadgerCare. If the committee holds a hearing on the audit report, we request that you carefully review the declining BadgerCare enrollment and work with DHFS to take steps to ensure that eligible applicants are not being deterred from participating.

Sincerely,



Charity Eleson
Executive Director

cc. Helene Nelson, Mark Moody
Senator Mary Lazich
Members of the Joint Audit Committee



covering kids & families



wisconsin

news room

Wisconsin State Journal

October 14, 2004

Guest column by Kathy Kaelin and Andy Heidt

Barriers Deny Access To Care

For the last several years, BadgerCare and Medicaid have successfully linked low-income Wisconsin families to affordable, necessary health care. Higher than expected enrollment coupled with newer and easier methods of getting enrolled led the Legislature to ask for an audit to make sure that only those eligible were receiving benefits. Put another way: Were people defrauding the government to get free or reduced-cost health insurance? The short answer is, no, there is no evidence of fraud.

The Legislative Audit Bureau reviewed 200 BadgerCare/Medicaid cases and found good news for Wisconsin taxpayers: Families are not trying to defraud the state by misrepresenting their eligibility for public health insurance. Only 3.5 percent of those receiving health care through these programs were found to be ineligible by the auditors, and these errors were attributed to mistakes by caseworkers, not to fraud or misrepresentation.

The audit found that it isn't fraud, but computer glitches, confusing forms and strained county staff that account for errors in enrolling people for BadgerCare and Medicaid. In addition those who were incorrectly enrolled, nearly as many people were denied coverage even though they qualified to receive it.

A computer glitch caused an estimated 1,100 people to be incorrectly denied coverage in January alone. Extrapolating the findings to the entire state, another 2,000 people were denied coverage in the past year due to errors by county workers struggling to keep up with increasing caseloads - not applicants' errors.

Unfortunately, the Legislature and the administration didn't wait for this audit before erecting new barriers to BadgerCare enrollment. Since May, the state has required verification of income by the applicant's employer. Since this additional red tape was imposed, BadgerCare enrollment has plummeted by 16,000 people (15 percent) in a little over four months.

Since the audit suggests that folks aren't lying about their income when applying for BadgerCare, fear of having their true income discovered through this extra verification is not a likely reason for families not to complete this step. What's more likely is that getting income verification from one's employer is either complicated or confusing or both, making it an unnecessary barrier to enrollment.

In tight budget times it's natural and appropriate to ensure fraud is not

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Fact of the Day

Fact #4
35% of homeless families report that their children's most recent medical visit was to a Community Health Center.

[FOTD Archives](#)

wasting taxpayers' money. To that end, we applaud the Legislature's request for an audit of BadgerCare and Medicaid. The state now needs to take seriously the findings of the audit and remove the barriers it erected to solve a problem that doesn't exist in these programs. Further, the state should look to reduce the errors in these programs by making the application more straightforward and by helping counties maintain staffs adequate to handle the increasing caseloads.

The Doyle Administration's Kids First initiative includes some promising proposals to improve outreach and enrollment for Medicaid and BadgerCare. But those efforts will be undermined by continuing the onerous verification requirements that are turning away eligible children and families.

For more information: To find out if you are eligible for BadgerCare, call 877-KIDS-NOW. For the full audit: www.legis.state.wi.us/lab/reports/04-11full.pdf

Covering Kids & Families is a national program supported by The Robert Wood Johnson Foundation with direction provided by the Southern Institute on Children and Families.



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For more information: To find out if you are eligible for BadgerCare, call 877-KIDS-NOW. For the full audit: www.legis.state.wi.us/lab/reports/04-11full.pdf

Covering Kids & Families is a national program supported by The Robert Wood Johnson Foundation with direction provided by the Southern Institute on Children and Families.



**Marinette County
Health & Human Services
Economic Support Unit**

1605 University Drive - Suite B
Marinette, WI 54143-4132
Voice (715) 732-7840 FAX (715) 732-7537
Internet: www.marinettecounty.com

L. William Topel, Psy.D.
Director

November 29, 2004

Representative Suzanne Jeskewitz
Room 314 North, State Capitol
P. O. Box 8952
Madison, WI 53708

RE: MA Eligibility Audit Hearing

Dear Representative Jeskewitz:

I'm writing to express my concern about the future of maintaining program integrity in our public assistance programs.

As someone working firsthand with the errors and program violations I see that the State continues to look for some magic answer by way of approaching error reduction and program violations through the back door. Instead, they should be funding a straightforward proven approach of simple accountability that first tries to prevent the errors and program violations that can pay for it self.

Cordially yours,

Sandra Waugus
Sandra Waugus
Fraud Investigator

Asbjornson, Karen

From: Maiszycki, Marcie
Sent: Tuesday, November 30, 2004 3:49 PM
To: Asbjornson, Karen
Subject: FW: Joint Committee on Audit - LAB Report on Medicaid

CR email

-----Original Message-----

From: JOYCE ZYNDA [mailto:satideas@msn.com]
Sent: Tuesday, November 30, 2004 3:43 PM
To: Sen.Roessler
Subject: Joint Committee on Audit - LAB Report on Medicaid

Hi Carol -

I haven't seen you in church for a while - assuming you have not been staying in Madison much on weekends, or I've just missed you in the crowded hallways between services. Or maybe you are attending another church.

I've gotten more involved in the area of Missions, and recently was asked to serve as co-chair of the Missions Committee, which has really gotten active.

That's a good thing - the basis for what we are all to do - as we are all to be "missionaries" in our own way!

I'm sending you this as a "private citizen", not as a representative of DHFS, the state agency I work for. I am aware of the hearing tomorrow before the Joint Committee on Audit concerning the LAB report on Medicaid. I do not, however, want this to be used as part of the public record related to the hearing. Just want to provide you with some information, and my thoughts.

In particular, I want to briefly address the LAB report section on Ensuring Program Integrity. DHFS will be providing testimony, and likely discussing the LAB recommendation that the Department report to the Committee by January 17, 2005 "on the results of its plans to address program integrity needs." Based on the Department's response to the report, included in the report, it appears that Program Integrity will be discussed as a package plan of efforts to reduce errors in the public assistance programs. There will likely not be much emphasis on the information/data gathered by LAB concerning Wisconsin's fraud prevention program, and the comparison with that of other states. There is, however, a difference between "error reduction" efforts recently implemented by the Department, which use random sampling of cases to "catch" errors, often after benefits have already been issued, and fraud prevention investigations, which are more in depth and require the expertise of specialized staff to follow-up on "questionable" cases.

I worked extensively in the mid to late 1980's to develop an active statewide fraud control program, and now again, in the past 2 years, am attempting to coordinate (maybe rescue would be a better term) fraud control programs as part of my current position. I am concerned that Wisconsin's fraud control programs have diminished throughout the 1990's, for a number of reasons (reorganizations of Departments, funding shifts, etc.), and due to lack of funds, will continue on this path in 2005, and the next biennium.

To make a long story short, in the past, the state and local agency fraud programs were funded by State GPR, Federal Matching Funds, Program Revenue from collecting overpayments, and some local matching funds. Through a series of changes at all levels, including the transfer of the State GPR funds to the W-2 program, fraud programs are now funded only with the Program Revenue from collections, and Federal Match two of the public assistance programs (Food Stamps & Medicaid). There is no designated funding in Wisconsin for investigating Child Care and W-2 fraud and error. In particular, according to our local agencies, Child Care fraud (both recipient and provider) is a large problem - likely costing the state millions of dollars.

As the LAB report indicates, and there is data to support it, other states that have been surveyed do not rely solely on Program Revenue (collections) to fund their fraud control programs. Other states support their programs with State GPR, and collections go back to the General Fund. The simple logic is that if a fraud control program is administered successfully, there should be a reduction in overpayments - thus reduced collections. Thus, due to shortages of staff and increased caseloads in county/tribal agencies, our program has faced a downward spiral of lower collections, resulting in a shortfall of dollars to continue funding local fraud programs at even a minimally adequate level.

The data from other states shows that their investment in providing GPR, and available federal matching funds, to prevent fraud and error, and to investigate and collect benefits that have been overpaid, has a cost/benefit return that more than pays for itself. For every \$1 of administrative expense, the savings ranges from about \$4 to \$15 in other states. With the shortage of revenue that Wisconsin faces to administer programs, we are missing an opportunity to save more tax dollars than the program costs. As Governor Thompson said in designing W-2, one must invest up-front initially to achieve long term change. The fraud control program is even more straight forward, in terms of real dollars, as overissued benefits are collectible in many ways - particularly through tax intercept systems (state and federal), liens, levies, etc.

You will likely hear local agency testimony at the hearing tomorrow to support what I am saying. I encourage your committee to listen closely and consider that, in order for Wisconsin to maintain a high level of integrity for its public assistance programs, we must find a way to encourage and

support the fraud control programs at the state and local level.

Just to be clear, I do not have a vested interest in this issue from an employment standpoint (i.e. my job is not dependent on the fraud control program). I am sharing this information as a concerned taxpayer, and believe that we cannot allow our public assistance fraud prevention efforts self destruct.

If you would like to discuss more of this sometime, I would be happy to do so, on my own time. Thanks for your efforts.

Blessings,

Rick Zynda

Asbjornson, Karen

From: Matthews, Pam
Sent: Thursday, December 09, 2004 3:05 PM
To: Sue Home (E-mail); James Chrisman; Karen Asbjornson; Pam Shannon
Subject: FW: Public Assistance Fraud



4FC7E000.tif

FYI...Attached is a fax we received from the Waukesha County Sheriff regarding public assistance fraud.

Pamela B. Matthews
Research Assistant
Office of Representative Sue Jeskewitz
24th Assembly District

Office: 608-266-3796
Toll Free: 888-529-0024
Pam.Matthews@legis.state.wi.us

-----Original Message-----

From: Jeskewitz, Suzanne
Sent: Thursday, December 09, 2004 3:00 PM
To: Matthews, Pam
Subject: FW: Public Assistance Fraud

Asbjornson, Karen

From: Malszycki, Marcie on behalf of Roessler, Carol
Sent: Thursday, December 09, 2004 10:40 AM
To: Asbjornson, Karen
Subject: FW: Your opinion

CR email

-----Original Message-----

From: Range, Julie [mailto:julie@steenberghomes.com]
Sent: Thursday, December 09, 2004 10:06 AM
To: Roessler, Carol
Subject: RE: Your opinion

Dear Senator Roessler:

Sorry about the delay in this message; however, my computer has been having complications for the past week or so. I hope that you do receive this.

The "HUD Conformity bill", LRB 241, will bring Wisconsin into compliance with Federal regulation pursuant to HUD rules and the Manufactured Housing Improvement Act of 2001.

The industry pursued this legislation on a Federal front to help improve the industry by requiring the licensing of installers and providing standards of installation. This is good for the industry and for the consumers!

Wisconsin must be in compliance by December, 2005, so it is imperative this "HUD Conformity bill" be introduced as soon as possible when the session opens in January, 2005.

We appreciate anything that you can do in the assistance to the factory-built housing industry! Thank you & have a wonderful holiday season!

Respectfully,

Julie Steenberg Range
920-922-3166

> -----Original Message-----

> From: Roessler, Carol [SMTP:Carol.Roessler@legis.state.wi.us]
> Sent: Tuesday, November 23, 2004 2:18 PM
> To: Julie@steenberghomes.com
> Subject: Re: Your opinion

>

> Hi Julie,

>

> Attached is a bill draft that I would like you to review. Please let me



RACINE COUNTY SHERIFF DEPT.
SPECIAL INVESTIGATIVE UNIT
1717 TAYLOR AVE.,
RACINE, WI., 53403
(262)-638-6685 FAX(262)-638-7035
INVESTIGATOR KEVIN BROWN

SPECIAL INVESTIGATIONS

DATE: 12-07-04

TO: State Legislators/Committee Chairs
FROM: INVESTIGATOR KEVIN BROWN
REF: Fraud Information

In Racine County, we will do approximately 200 Public Assistance Fraud cases in 2004. As of Sept. 30th, 2004, YTD, we have 12 persons convicted in Circuit Court of various Public Assistance violations. These 12 cases total \$94,968.00 in court-ordered restitution to the State of Wisconsin. We have also done 5 pre-charge diversions, totalling approximately \$5,000.00, and 29 client error recoupments with unknown total collections forthcoming. This does not count case closures due to investigations or other negative actions that would reduce benefits to their proper amount due to investigations. We have 19 cases awaiting prosecution at the Racine County District Attorneys' Office, and 18-20 awaiting calculation of fraud amount before they can be prosecuted.

With continued funding, these investigations and their overpayment collections can continue, and the program integrity will be improved.

Call with any questions.

INVESTIGATOR KEVIN BROWN
(262) 638-6685

" THE FRAUD SQUAD "