WISCONSIN STATE LEGISLATURE COMMITTEE HEARING RECORDS

2005-06

(session year)

Assembly

(Assembly, Senate or Joint)

Committee on Insurance (AC-In)

(Form Updated: 11/20/2008)

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WRITTEN COMMENTS REGARDING AB 491
DEDUCTION OF PROPERTY TAXES
FROM INCOME FOR SENIORCARE

From Mark Moody – Division Administrator
Department of Health and Family Services - Division of Health Care Financing

September 29, 2005

Chairman Townsend and members of the Committee, I apologize that I am unable to attend today's Committee hearing in person as I am currently attending a Center for Health Care Strategies Purchasing Institute in Philadelphia, PA. I am providing these written comments for informational purposes.

Currently, when DHFS makes a SeniorCare eligibility determination, we use the annual gross income that the individual or married couple expects to receive during the next year. Property tax payments are not deducted from the applicant's income.

Assembly Bill 491 requires the Department to subtract the amount of property taxes paid on the person's primary residence in the previous 12-month period from the individual's or married couple's annual income when determining eligibility and benefits.

The Department would like to note the following with regard to AB 491:

- SeniorCare makes it easier for seniors with limited income to obtain the medicine they need for a healthier life at a price they can afford. Improving access to affordable health care and prescription drugs for Wisconsin's seniors, through programs like SeniorCare, is a priority for the Department. The purpose of AB 491 is consistent with this policy.

- The continuation of SeniorCare is very important to the seniors of Wisconsin. With the implementation of Medicare coverage of prescription drugs under Medicare Part D, there is pressure from the federal government to end SeniorCare, even though it represents a better model for drug coverage for most Wisconsin seniors. We are currently waiting for the federal Medicare/Medicaid agency, the Centers for Medicare and Medicaid Services (CMS), to make a decision on continuing our SeniorCare waiver based upon our documentation of budget neutrality, which we submitted in March 2005.

  To implement the provisions of AB 491, the Department would need to apply to CMS to amend the current federal SeniorCare waiver. CMS could approve the amendment, reject the amendment, require changes in the budget neutrality provisions in the waiver as a condition of approving the amendment, or deny the continuation of our current SeniorCare waiver.

- The Department estimates increased benefit costs associated with the projected increased enrollment that would occur under this proposal. As stated in the fiscal note for this bill, the proposed change would increase SeniorCare benefit costs by approximately $11.5 million annually once fully implemented.

We also suggest the following technical amendments to the bill be considered to increase consistency with current program policies and ensure successful implementation should the bill be enacted:

- Change the language of the bill to either define the term 'household' or change it to only apply to the applicant or the spouse of the applicant. Household is not a term currently used in the SeniorCare program and the way it is written will allow an applicant to deduct the property tax paid by a friend or relative with whom they are living. We do not believe that this is the intention of this legislation.

- As I stated before, the Department will need federal approval to implement this policy in order to use federal funding for the additional benefits that will be available to Wisconsin seniors under this bill. We recommend that this bill be contingent upon such federal approval to avoid the possibility of having to fund this measure with only state funds.

- The legislation should clearly state how we should treat renters who indirectly pay property taxes.

- Finally, the effective date does not allow the Department enough time to implement this policy initiative. We will need to create new application and renewal forms, make changes to our automated eligibility system, CARES, and make changes to the electronic scanners we use to 'read' the applications and renewals we receive. We estimate that it would take at least 6 months to implement these changes. We request the effective date be 6 months after the bill is signed.

Thank you for this opportunity to submit written testimony for AB 491. Please do not hesitate to contact my office if you have any questions.