

2013 DRAFTING REQUEST

Bill

Received: 1/23/2013 Received By: fknepp
Wanted: As time permits Same as LRB:
For: Chad Weininger (608) 266-5840 By/Representing: Kristen Seeman
May Contact: Drafter: fknepp
Subject: Public Assistance - misc Addl. Drafters:
Extra Copies:

Submit via email: YES
Requester's email: Rep.Weininger@legis.wisconsin.gov
Carbon copy (CC) to: pam.kahler@legis.wisconsin.gov
fern.knepp@legis.wisconsin.gov

Pre Topic:

No specific pre topic given

Topic:

Reward for counties and tribes that identify fraudulent activity in public assistance programs

Instructions:

Redraft LRB 11-4198/P1

Drafting History:

| <u>Vers.</u> | <u>Drafted</u> | <u>Reviewed</u> | <u>Typed</u> | <u>Proofed</u> | <u>Submitted</u> | <u>Jacketed</u> | <u>Required</u> |
|--------------|---------------------|--------------------|-----------------------|----------------|----------------------|-----------------|-----------------|
| /? | fknepp 1/23/2013 | jdyer 1/24/2013 | rschluet 1/24/2013 | _____ | | | |
| /1 | fknepp 3/26/2013 | jdyer 3/28/2013 | jmurphy 4/1/2013 | _____ | lparisi 1/24/2013 | | State S&L |
| /2 | fknepp 4/4/2013 | | | _____ | sbasford 4/1/2013 | | State S&L |

| <u>Vers.</u> | <u>Drafted</u> | <u>Reviewed</u> | <u>Typed</u> | <u>Proofed</u> | <u>Submitted</u> | <u>Jacketed</u> | <u>Required</u> |
|--------------|----------------------|-------------------|-----------------------|----------------|-----------------------|---------------------|-----------------|
| /3 | pkahler 4/24/2013 | jdye 4/5/2013 | phenry 4/5/2013 | _____ | sbasford 4/5/2013 | | State S&L |
| /4 | | jdye 4/25/2013 | rschluet 4/25/2013 | _____ | sbasford 4/25/2013 | mbarman 5/3/2013 | State S&L |

FE Sent For:

→ At
Intro.

<END>

2013 DRAFTING REQUEST

Bill

Received: 1/23/2013 Received By: **fknepp**
Wanted: As time permits Same as LRB:
For: Chad Weininger (608) 266-5840 By/Representing: **Kristen Seeman**
May Contact: Drafter: **fknepp**
Subject: Public Assistance - misc Addl. Drafters:
Extra Copies:

Submit via email: YES
Requester's email: Rep.Weininger@legis.wisconsin.gov
Carbon copy (CC) to: pam.kahler@legis.wisconsin.gov
fern.knepp@legis.wisconsin.gov

Pre Topic:

No specific pre topic given

Topic:

Reward for counties and tribes that identify fraudulent activity in public assistance programs

Instructions:

Redraft LRB 11-4198/P1

Drafting History:

| <u>Vers.</u> | <u>Drafted</u> | <u>Reviewed</u> | <u>Typed</u> | <u>Proofed</u> | <u>Submitted</u> | <u>Jacketed</u> | <u>Required</u> |
|--------------|---------------------|--------------------|-----------------------|----------------|----------------------|-----------------|-----------------|
| /? | fknepp 1/23/2013 | jdyer 1/24/2013 | rschluet 1/24/2013 | _____ | | | |
| /1 | fknepp 3/26/2013 | jdyer 3/28/2013 | jmurphy 4/1/2013 | _____ | lparisi 1/24/2013 | | State S&L |
| /2 | fknepp 4/4/2013 | | | _____ | sbasford 4/1/2013 | | State S&L |

| <u>Vers.</u> | <u>Drafted</u> | <u>Reviewed</u> | <u>Typed</u> | <u>Proofed</u> | <u>Submitted</u> | <u>Jacketed</u> | <u>Required</u> |
|--------------|----------------------|--------------------|-----------------------|----------------|-----------------------|-----------------|-----------------|
| /3 | pkahler 4/24/2013 | jdyer 4/5/2013 | phenry 4/5/2013 | _____ | sbasford 4/5/2013 | | State S&L |
| /4 | | jdyer 4/25/2013 | rschluet 4/25/2013 | _____ | sbasford 4/25/2013 | | State S&L |

FE Sent For:

<END>

2013 DRAFTING REQUEST

Bill

Received: 1/23/2013 Received By: fknepp
Wanted: As time permits Same as LRB:
For: Chad Weininger (608) 266-5840 By/Representing: Kristen Seeman
May Contact: Drafter: fknepp
Subject: Public Assistance - misc Addl. Drafters:
Extra Copies:

Submit via email: YES
Requester's email: Rep.Weininger@legis.wisconsin.gov
Carbon copy (CC) to: pam.kahler@legis.wisconsin.gov
fern.knepp@legis.wisconsin.gov

Pre Topic:

No specific pre topic given

Topic:

Reward for counties and tribes that identify fraudulent activity in public assistance programs

Instructions:

Redraft LRB 11-4198/P1

Drafting History:

| <u>Vers.</u> | <u>Drafted</u> | <u>Reviewed</u> | <u>Typed</u> | <u>Proofed</u> | <u>Submitted</u> | <u>Jacketed</u> | <u>Required</u> |
|--------------|---------------------|--------------------|---|----------------|----------------------|-----------------|-----------------|
| /? | fknepp 1/23/2013 | jdyer 1/24/2013 | rschluet 1/24/2013 | _____ | | | |
| /1 | fknepp 3/26/2013 | jdyer 3/28/2013 | jmurphy 4/1/2013 | _____ | lparisi 1/24/2013 | | State S&L |
| /2 | fknepp 4/4/2013 | 44 4/25 jw |  | _____ | sbasford 4/1/2013 | | State S&L |

| <u>Vers.</u> | <u>Drafted</u> | <u>Reviewed</u> | <u>Typed</u> | <u>Proofed</u> | <u>Submitted</u> | <u>Jacketed</u> | <u>Required</u> |
|--------------|----------------|------------------|-------------------|----------------|----------------------|-----------------|-----------------|
| /3 | | jdye 4/5/2013 | pheny 4/5/2013 | _____ | sbasford 4/5/2013 | | State S&L |

FE Sent For:

<END>

2013 DRAFTING REQUEST

Bill

Received: 1/23/2013 Received By: fknepp
Wanted: As time permits Same as LRB:
For: Chad Weininger (608) 266-5840 By/Representing: Kristen Seeman
May Contact: Drafter: fknepp
Subject: Public Assistance - misc Addl. Drafters:
Extra Copies:

Submit via email: YES
Requester's email: Rep.Weininger@legis.wisconsin.gov
Carbon copy (CC) to: pam.kahler@legis.wisconsin.gov
fern.knepp@legis.wisconsin.gov

Pre Topic:

No specific pre topic given

Topic:

Reward for counties and tribes that identify fraudulent activity in public assistance programs

Instructions:

Redraft LRB 11-4198/P1

Drafting History:

| <u>Vers.</u> | <u>Drafted</u> | <u>Reviewed</u> | <u>Typed</u> | <u>Proofed</u> | <u>Submitted</u> | <u>Jacketed</u> | <u>Required</u> |
|--------------|---------------------|--------------------|-----------------------|-----------------|----------------------|-----------------|-----------------|
| /? | fknepp 1/23/2013 | jdyer 1/24/2013 | rschluet 1/24/2013 | _____ | | | |
| /1 | fknepp 3/26/2013 | jdyer 3/28/2013 | jmurphy 4/1/2013 | _____ <i>ph</i> | lparisi 1/24/2013 | | State S&L |
| /2 | | <i>3 4 5 jld</i> | <i>4/5 ph</i> | _____ <i>ph</i> | sbasford 4/1/2013 | | State S&L |

FE Sent For:

<END>

2013 DRAFTING REQUEST

Bill

Received: 1/23/2013 Received By: fknepp
Wanted: As time permits Same as LRB:
For: Chad Weininger (608) 266-5840 By/Representing: Kristen Seeman
May Contact: Drafter: fknepp
Subject: Public Assistance - misc Addl. Drafters:
Extra Copies:

Submit via email: YES
Requester's email: Rep.Weininger@legis.wisconsin.gov
Carbon copy (CC) to: pam.kahler@legis.wisconsin.gov
fern.knepp@legis.wisconsin.gov

Pre Topic:

No specific pre topic given

Topic:

Reward for counties and tribes that identify fraudulent activity in public assistance programs

Instructions:

Redraft LRB 11-4198/P1

Drafting History:

| <u>Vers.</u> | <u>Drafted</u> | <u>Reviewed</u> | <u>Typed</u> | <u>Proofed</u> | <u>Submitted</u> | <u>Jacketed</u> | <u>Required</u> |
|--------------|---------------------|--------------------|-----------------------|----------------|----------------------|-----------------|-----------------|
| /? | fknepp 1/23/2013 | jdyer 1/24/2013 | rschluet 1/24/2013 | _____ | | | |
| /1 | | 2/28 jld | jm 3/29 | _____ | lparisi 1/24/2013 | | State S&L |

FE Sent For:

<END>

2013 DRAFTING REQUEST

Bill

Received: 1/23/2013 Received By: fknepp
 Wanted: As time permits Same as LRB:
 For: Chad Weininger (608) 266-5840 By/Representing: Kristen Seeman
 May Contact: Drafter: fknepp
 Subject: Public Assistance - misc Addl. Drafters:
 Extra Copies:

Submit via email: YES
 Requester's email: Rep.Weininger@legis.wisconsin.gov
 Carbon copy (CC) to: pam.kahler@legis.wisconsin.gov
 fern.knepp@legis.wisconsin.gov

Pre Topic:

No specific pre topic given

Topic:

Reward for counties and tribes that identify fraudulent activity in public assistance programs

Instructions:

Redraft LRB 11-4198/P1

Drafting History:

| Vers. | Drafted | Reviewed | Typed | Proofed | Submitted | Jacketed | Required |
|-------|---------|----------|---|---------|-----------|----------|----------|
| /? | fknepp | 1/24 jld |  | _____ | _____ | | |

FE Sent For:

<END>



State of Wisconsin
2011 - 2012 LEGISLATURE



LRB-198/P1

FFK:jld:rs

1280/1

↑ RMNR

In 1-23-2013
Out 1-28-2013

~~PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION~~

Stays

2013 BILL

✓

Regen

1 AN ACT *to create* 20.435 (4) (bp), 20.437 (2) (em) and 49.849 of the statutes;
2 **relating to:** an optional incentive program for counties and tribes that identify
3 fraudulent activity in public assistance programs, granting rule-making
4 authority, and making appropriations.✓

Analysis by the Legislative Reference Bureau

Under current law, a county or elected governing body of a federally recognized American Indian tribe or band (county or tribe) may retain a portion of incorrect overpayments in public assistance programs administered by the Department of Health Services (DHS), including Medical Assistance and the supplemental nutrition assistance program (known as FoodShare in Wisconsin), that are recovered as the result of the efforts of an employee or officer of the county or tribe. Similarly, a county or tribe may retain a portion of incorrect overpayments that are recovered in Wisconsin Works program as the result of the efforts of an employee or officer of the county or tribe. Under current law, Milwaukee County may not retain a portion of incorrect payments that are recovered as a result of the efforts of an employee or officer of the county.

Under the bill, DHS is required to establish an optional incentive program, by rule, under which a county or tribe receives an incentive payment if an employee or officer of the county or tribe identifies fraudulent activity in a public assistance program administered by DHS. Under the bill, the amount of the incentive payment under the program is 2 percent of the amount that DHS determines it will save over a 12-month period as the result of eliminating the identified fraudulent activity. The

bill also requires that, in order to participate in the optional incentive program, a county or tribe must agree not to retain a portion of overpayments that are recovered as the result of the identified fraudulent activity. Finally, the bill provides that a county with a population of 750,000 or more is not eligible to participate in the optional incentive program. Under the bill, the Department of Children and Families (DCF) is required to establish a similar incentive program, by rule, that applies to fraudulent activity in public assistance programs administered by DCF that is identified by an employee or officer of a county or tribe.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 20.435 (4) (bp) of the statutes is created to read:

20.435 (4) (bp) *Incentive program for identifying fraud in public assistance programs.* A sum sufficient to provide reward payments under s. 49.849 (2).

SECTION 2. 20.437 (2) (em) of the statutes is created to read:

20.437 (2) (em) *Incentive program for identifying fraud in public assistance programs.* A sum sufficient to provide reward payments under s. 49.849 (3).

SECTION 3. 49.849 of the statutes is created to read:

49.849 Optional incentive program for counties and tribes that identify public assistance fraud. (1) DEFINITIONS. In this section:

(a) "County or tribe" means a county or federally recognized American Indian tribe or band in this state.

(b) "Public assistance program" means any program under this chapter that provides aid or benefits.

(2) PUBLIC ASSISTANCE ADMINISTERED BY THE DEPARTMENT OF HEALTH SERVICES.

The department of health services shall establish an optional incentive program, by rule, under which the department will provide a reward payment to a county or tribe if an employee or officer of the county or tribe identifies fraudulent activity in a public

1 assistance program that is administered by the department. ✓ The department of
2 health services shall make reward payments under the optional incentive program
3 from the appropriation under s. 20.435 (4) (bp). ✓ The department of health services
4 shall establish the optional incentive program to include all of the following:

5 (a) That, notwithstanding ss. 49.49 (5) ✓, 49.497 (2) ✓, 49.793 (2) ✓, and 49.847 (3) ✓,
6 a county or tribe that chooses to participate in the incentive program under this
7 subsection ✓ shall agree not to retain any funds that are incorrectly paid as the result
8 of fraudulent activity and are recovered due to the efforts of an employee or officer
9 of the county or tribe. ✓

10 (b) That the amount of a reward payment paid to a county or tribe is equal to
11 2 percent ✓ of the amount that the department of health services determines the
12 department will save as the result of eliminating the identified fraudulent activity
13 during the 12-month ✓ period after the identified fraudulent activity is eliminated.

14 (c) That a county having a population of 750,000 ✓ or more is not eligible to
15 participate in the incentive program established under this subsection. ✓

16 (3) ✓ PUBLIC ASSISTANCE ADMINISTERED BY THE DEPARTMENT OF CHILDREN AND
17 FAMILIES. The department of ✓ children and families shall establish an optional
18 incentive program, by rule, under which the department will provide a reward
19 payment to a county or tribe if an employee or officer of the county or tribe identifies
20 fraudulent activity in a public assistance program that is administered by the
21 department. ✓ The department of children and families shall make reward payments
22 under the optional incentive program from the appropriation under s. 20.437 (2)
23 (em). ✓ The department of health services ✓ *of children and families* shall establish the optional incentive
24 program to include all of the following:

Knepp, Fern

From: Henning, Anna
Sent: Tuesday, February 26, 2013 4:04 PM
To: Knepp, Fern
Cc: Seeman, Kirsten
Subject: Drafting request

Hi Fern,

I'm submitting the below request on behalf of Representative Weininger.

Thanks!
Anna

Please modify LRB-1280/1 as follows:

- Provide that the incentive payments provided to local governments (for both DHS and DCF programs) would equal the *greater* of the following:
 - o 5% of the estimated savings to the state during the 6-month period after the fraudulent activity is eliminated (i.e., substitute 5% for 2% for and 6 months for 12 months), OR
 - o The portion of funds the local government is entitled to recoup under ss. 49.195 (4), 49.49 (5), 49.497 (2), 49.793 (2), or 49.847 (3) (a), or under the program established under 49.197 (2).
- For programs for which such incentive payments would require a federal program waiver, require the relevant department to seek a waiver to allow such payments.
- With the exception of the following provision, make the act's effectiveness contingent on the grant of any necessary federal waiver.
- Add a provision that amends s. 49.793 (2), Stats., to provide that a county, multicounty consortium, or governing body of a federally recognized American Indian tribe may retain *the full* portion on the amount of an overpayment the state is authorized to retain under 7 U.S.C. s. 2025 that is recovered due to the efforts on an employee or officer of the county, multicounty consortium, or tribe.

The modified draft should be a /2 draft. The office is not ready for an introducible version.

Anna Henning
Staff Attorney
Wisconsin Legislative Council
(608) 266-0292
anna.henning@legis.wisconsin.gov

49.197(2) - DCF *Share incentive program*

49.195(4) - DCF *(W-2)*

retain 49.49(5) - DHS *(MA)*

retain 49.497(2) - DHS *(MA + Badges)*

retain 49.793(2) - DHS *(Food stamps)*

retain 49.847(3)(a) - DHS *(Other PA program)*

* Anna confirmed reward money should be unrestricted

* Restricted incentive plans to W-2, Food stamps & MA



State of Wisconsin
2013 - 2014 LEGISLATURE



LRB-1280/1
FFK:jld:rs

In 3-26-2013

out 4-1-2013
MONDAY

d-note

2013 BILL

currently, DHS establishes ^{by rule} the portion of FoodShare overpayment recoveries that a county or tribe may retain. Under the bill, a county or tribe may retain the full amount of FoodShare overpayment recoveries that the state is permitted to retain under federal law. NO #

X

Regen

- 1 AN ACT to create 20.435 (4) (bp), 20.437 (2) (em) and 49.849 of the statutes;
- 2 relating to: an optional incentive program for counties and tribes that identify
- 3 fraudulent activity in ^{certain} public assistance programs, granting rule-making
- 4 authority, and making appropriations.

Analysis by the Legislative Reference Bureau

Under current law, a county or elected governing body of a federally recognized American Indian tribe or band (county or tribe) may retain a portion of incorrect overpayments in public assistance programs administered by the Department of Health Services (DHS), including Medical Assistance and the supplemental nutrition assistance program (known as FoodShare in Wisconsin), that are recovered as the result of the efforts of an employee or officer of the county or tribe. Similarly,

NO # Current law also allows

a county or tribe may retain a portion of incorrect overpayments that are recovered in Wisconsin Works program as the result of the efforts of an employee or officer of the county or tribe. Under current law, Milwaukee County may not retain a portion of incorrect payments that are recovered as a result of the efforts of an employee or officer of the county.

Under the bill, DHS is required to establish an optional incentive program, by rule, under which a county or tribe receives an incentive payment if an employee or officer of the county or tribe identifies fraudulent activity in a public assistance program administered by DHS. Under the bill, the amount of the incentive payment under the program is 24 percent of the amount that DHS determines it will save over a 12-month period as the result of eliminating the identified fraudulent activity. The

Six 6

5

Medical Assistance or FoodShare
reward

be saved in the program

BILL

bill also ^{provides} ^{may} ~~requires~~ that, ^{if a county or tribe receives a reward payment under} in order to participate in the optional incentive program, ^{the} county or tribe ~~must agree~~ not to retain a portion of overpayments that are recovered as the result of the identified fraudulent activity. ~~Finally, the bill provides that a county with a population of 750,000 or more is not eligible to participate in the optional incentive program.~~ Under the bill, the Department of Children and Families (DCF) is required to establish a similar incentive program, by rule, that applies to fraudulent activity in public assistance programs administered by DCF that is identified by an employee or officer of a county or tribe. Wisconsin Works

For further information see the **state and local** fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 20.435 (4) (bp) of the statutes is created to read:
 2 20.435 (4) (bp) *Incentive program for identifying fraud in public assistance*
 3 *programs.* A sum sufficient to provide reward payments under s. 49.849 (2).

4 **SECTION 2.** 20.437 (2) (em) of the statutes is created to read:
 5 20.437 (2) (em) *Incentive program for identifying fraud in public assistance*
 6 *programs.* A sum sufficient to provide reward payments under s. 49.849 (3).

7 ~~49.849~~ **SECTION 3.** ~~49.849~~ of the statutes is created to read:
 8 ~~49.849~~ **Optional incentive program for counties and tribes that**
 9 ~~fraud in certain~~ **identify public assistance fraud.** (1) **DEFINITIONS.** In this section:

- 10 (a) "County or tribe" means a county or federally recognized American Indian
- 11 tribe or band in this state.
- 12 (b) "Public assistance program" means any program under this chapter that
- 13 provides aid or benefits.

14 **(2) PUBLIC ASSISTANCE ADMINISTERED BY THE DEPARTMENT OF HEALTH SERVICES.**

15 (a) ~~Medical Assistance program~~ ^{PROGRAMS ← CS} The department of health services shall establish an optional incentive program, by
 16 rule, under which the department will provide a reward payment to a county or tribe
 17 if an employee or officer of the county or tribe identifies fraudulent activity in a public

the Medical Assistance
program

INS
2-6

INS
2-9

NO #

NO #

BILL

Ins
3-4

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24

~~assistance program that is administered by the department.~~ The department of health services ^{may} shall make reward payments under the optional incentive program from the appropriation ^s under s. 20.435 (4) ~~(bp)~~ ^{(bm), (L), (nn), and (pa)}. The department of health services shall establish the optional incentive program to include all of the following:

~~(a) That, notwithstanding ss. 49.49 (5), 49.497 (2), 49.793 (2), and 49.847 (3), a county or tribe that chooses to participate in the incentive program under this subsection shall agree not to retain any funds that are incorrectly paid as the result of fraudulent activity and are recovered due to the efforts of an employee or officer of the county or tribe.~~

~~(b) That the amount of a reward payment paid to a county or tribe is equal to 2 percent of the amount that the department of health services determines the department will save as the result of eliminating the identified fraudulent activity during the 12-month period after the identified fraudulent activity is eliminated.~~

~~(c) That a county having a population of 750,000 or more is not eligible to participate in the incentive program established under this subsection.~~

^{PROGRAM ← CS}
(3) PUBLIC ASSISTANCE ADMINISTERED BY THE DEPARTMENT OF CHILDREN AND FAMILIES ^{WISCONSIN WORKS ← CS}

^{plain period} The department of children and families shall establish an optional incentive program, by rule, under which the department will provide a reward payment to a county or tribe if an employee or officer of the county or tribe identifies fraudulent activity ^{Wisconsin Works} in a public assistance program that is administered by the

~~department.~~ The department of children and families ^{may} shall make reward payments under the optional incentive program from the appropriation under s. 20.437 (2) ^{(dz), (L), and (mc)}

^(em) The department of children and families shall establish the optional incentive program to include all of the following:

BILL

1 (a) That, notwithstanding s. 49.195 (4), a county or tribe that chooses to
2 participate in the incentive program under this subsection shall agree not to retain
3 any funds that are incorrectly paid as the result of fraudulent activity and are
4 recovered due to the efforts of an employee or officer of the county or tribe under s.
5 49.195 (4).

6 (b) That the amount of a reward payment paid to a county or tribe is equal to
7 2 percent of the amount that the department of children and families determines the
8 department will save as the result of eliminating the identified fraudulent activity
9 during the 12-month period after the identified fraudulent activity is eliminated.

10 (c) That a county having a population of 750,000 or more is not eligible to
11 participate in the incentive program established under this subsection.

12 →

(END)

INS 4-11 ✓

d-note

2013-2014 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1280/2ins
FFK:.....

INS 2-6

1 SECTION 1. 20.435 (4)^X(bm) of the statutes is amended to read:
2 20.435 (4) (bm) *Medical Assistance, food stamps, and Badger Care*
3 *administration; contract costs, insurer reports, and resource centers.* Biennially, the
4 amounts in the schedule to provide a portion of the state share of administrative
5 contract costs for the Medical Assistance program under subch. IV of ch. 49 and the
6 Badger Care health care program under s. 49.665 and to provide the state share of
7 administrative costs for the food stamp program under s. 49.79, other than payments
8 under s. 49.78 (8), for reward payments under s. 49.846 (2),[✓] to develop and implement
9 a registry of recipient immunizations, to reimburse 3rd parties for their costs under
10 s. 49.475, for costs associated with outreach activities, for state administration of
11 state supplemental grants to supplemental security income recipients under s.
12 49.77, to administer the pharmacy benefits purchasing pool under s. 146.45, and for
13 services of resource centers under s. 46.283. No state positions may be funded in the
14 department of health services from this appropriation, except positions for the
15 performance of duties under a contract in effect before January 1, 1987, related to
16 the administration of the Medical Assistance program between the subunit of the
17 department primarily responsible for administering the Medical Assistance
18 program and another subunit of the department. Total administrative funding
19 authorized for the program under s. 49.665 may not exceed 10% of the amounts
20 budgeted under pars. (p) and (x).

History: 1971 c. 125 ss. 138 to 155, 522 (1); 1971 c. 211, 215, 302, 307, 322; 1973 c. 90, 198, 243; 1973 c. 284 s. 32; 1973 c. 308, 321, 322, 333, 336; 1975 c. 39 ss. 153 to 173, 732 (1), (2); 1975 c. 41 s. 52; 1975 c. 82, 224, 292; 1975 c. 413 s. 18; 1975 c. 422, 423; 1975 c. 430 ss. 1, 2, 80; 1977 c. 29 ss. 236 to 273, 1657 (18); 1977 c. 112; 1977 c. 203 s. 106; 1977 c. 213, 233, 327; 1977 c. 354 s. 101; 1977 c. 359; 1977 c. 418 ss. 129 to 137, 924 (18) (d), 929 (55); 1977 c. 428 s. 115; 1977 c. 447; 1979 c. 32 s. 92 (11); 1979 c. 34, 48; 1979 c. 102 s. 237; 1979 c. 111, 175, 177; 1979 c. 221 ss. 118g to 133, 2202 (20); 1979 c. 238, 300, 331, 361; 1981 c. 20 ss. 301 to 356b, 2202 (20) (b), (d), (g); 1981 c. 93 ss. 3 to 8, 186; 1981 c. 298, 314, 317, 359, 390; 1983 a. 27 ss. 318 to 410, 2202 (20); 1983 a. 192, 199, 245; 1983 a. 333 s. 6; 1983 a. 363, 398, 410, 427; 1983 a. 435 ss. 2, 3, 7; 1983 a. 538; 1985 a. 24, 29, 56, 73, 120, 154, 176, 255, 281, 285, 332; 1987 a. 27, 339, 368, 398, 399, 402; 1987 a. 403 ss. 25, 256; 1987 a. 413; 1989 a. 31, 53; 1989 a. 56 ss. 13, 259; 1989 a. 102; 1989 a. 107 ss. 11, 13, 17 to 37; 1989 a. 120, 122, 173, 199, 202, 318, 336, 359; 1991 a. 6, 39, 189, 269, 275, 290, 315, 322; 1993 a. 16, 27, 76, 98, 99, 168, 183, 377, 437, 445, 446, 450, 469, 479, 490, 491; 1995 a. 27 ss. 806 to 961r, 9126 (19); 1995 a. 77, 98; 1995 a. 216 ss. 26, 27; 1995 a. 266, 276, 289, 303, 404, 417, 440, 448, 464, 468; 1997 a. 27 ss. 211, 214, 216, 217, 527 to 609; 1997 a. 35, 105, 231, 237, 280, 293; 1999 a. 5, 9, 32, 52, 84, 103, 109, 113, 133, 185, 186; 2001 a. 16, 69, 103, 105; 2003 a. 33, 139, 186, 318, 320, 326, 327; 2005 a. 15, 22; 2005 a. 25 ss. 299 to 331, 2498 to 2500, 2510; 2005 a. 74, 107, 199, 228, 264, 388, 406, 434; 2007 a. 20 ss. 331 to 422, 9121 (6) (a); 2007 a. 39, 88, 107, 111, 130; 2009 a. 2, 15; 2009 a. 28 ss. 325 to 470, 485, 488, 490; 2009 a. 76, 180, 190, 219, 274, 276, 279, 318, 334; 2011 a. 32, 70, 257; s. 35.17 correction in (4) (gr), (5) (ma).



1 **SECTION 2.** 20.435 (4) (L) of the statutes is amended to read:
 2 **20.435 (4) (L) *Fraud and error reduction.*** All moneys received as the state's
 3 share of the recovery of overpayments and incorrect payments under ss. 49.497 (1)
 4 and (1m), 49.793 (2) (a), and 49.847, all moneys received from counties and tribal
 5 governing bodies as a result of any error reduction activities under ss. 49.197 and
 6 49.845, and all moneys credited to this appropriation account under ss. 49.497 (2) (b),
 7 49.793 (2) (b), and 49.847 (3) (b), for any contracts under s. 49.197 (5), for any
 8 activities to reduce error and fraud under s. 49.845, to pay federal sanctions under
 9 the food stamp program, for reward payments under 49.846 (2), and for food stamp
 10 reinvestment activities under reinvestment agreements with the federal
 11 department of agriculture that are designed to improve the food stamp program.

History: 1971 c. 125 ss. 138 to 155, 522 (1); 1971 c. 211, 215, 302, 307, 322; 1973 c. 90, 198, 243; 1973 c. 284 s. 32; 1973 c. 308, 321, 322, 333, 336; 1975 c. 39 ss. 153 to 173, 732 (1), (2); 1975 c. 41 s. 52; 1975 c. 82, 224, 292; 1975 c. 413 s. 18; 1975 c. 422, 423; 1975 c. 430 ss. 1, 2, 80; 1977 c. 29 ss. 236 to 273, 1657 (18); 1977 c. 112; 1977 c. 203 s. 106; 1977 c. 213, 233, 327; 1977 c. 354 s. 101; 1977 c. 359; 1977 c. 418 ss. 129 to 137, 924 (18) (d), 929 (55); 1977 c. 428 s. 115; 1977 c. 447; 1979 c. 32 s. 92 (11); 1979 c. 34, 48; 1979 c. 102 s. 237; 1979 c. 111, 175, 177; 1979 c. 221 ss. 118g to 133, 2202 (20); 1979 c. 238, 300, 331, 361; 1981 c. 20 ss. 301 to 356b, 2202 (20) (b), (d), (g); 1981 c. 93 ss. 3 to 8, 186; 1981 c. 298, 314, 317, 359, 390; 1983 a. 27 ss. 318 to 410, 2202 (20); 1983 a. 192, 199, 245; 1983 a. 333 s. 6; 1983 a. 363, 398, 410, 427; 1983 a. 435 ss. 2, 3, 7; 1983 a. 538; 1985 a. 24, 29, 56, 73, 120, 154, 176, 255, 281, 285, 332; 1987 a. 27, 339, 368, 398, 399, 402; 1987 a. 403 ss. 25, 256; 1987 a. 413; 1989 a. 31, 53; 1989 a. 56 ss. 13, 259; 1989 a. 102; 1989 a. 107 ss. 11, 13, 17 to 37; 1989 a. 120, 122, 173, 199, 202, 318, 336, 359; 1991 a. 6, 39, 189, 269, 275, 290, 315, 322; 1993 a. 16, 27, 76, 98, 99, 168, 183, 377, 437, 445, 446, 450, 469, 479, 490, 491; 1995 a. 27 ss. 806 to 961r, 9126 (19); 1995 a. 77, 98; 1995 a. 216 ss. 26, 27; 1995 a. 266, 276, 289, 303, 404, 417, 440, 448, 464, 468; 1997 a. 27 ss. 211, 214, 216, 217, 527 to 609; 1997 a. 35, 105, 231, 237, 280, 293; 1999 a. 5, 9, 32, 52, 84, 103, 109, 113, 133, 185, 186; 2001 a. 16, 69, 103, 105; 2003 a. 33, 139, 186, 318, 320, 326, 327; 2005 a. 15, 22; 2005 a. 25 ss. 299 to 331, 2498 to 2500, 2510; 2005 a. 74, 107, 199, 228, 264, 388, 406, 434; 2007 a. 20 ss. 331 to 422, 9121 (6) (a); 2007 a. 39, 88, 107, 111, 130; 2009 a. 2, 15; 2009 a. 28 ss. 325 to 470, 485, 488, 490; 2009 a. 76, 180, 190, 219, 274, 276, 279, 318, 334; 2011 a. 32, 70, 257; s. 35.17 correction in (4) (gr), (5) (ma).

12 **SECTION 3.** 20.435 (4) (nn) of the statutes is amended to read:
 13 **20.435 (4) (nn) *Federal aid; income maintenance.*** All moneys received from the
 14 federal government for the costs of contracting for the administration of the Medical
 15 Assistance program under subch. IV of ch. 49 and the Badger Care health care
 16 program under s. 49.665 and the food stamp program, other than moneys received
 17 under par. (pa), for costs to administer income maintenance programs, as defined in
 18 s. 49.78 (1) (b), and for reward payments under 49.846 (2).

History: 1971 c. 125 ss. 138 to 155, 522 (1); 1971 c. 211, 215, 302, 307, 322; 1973 c. 90, 198, 243; 1973 c. 284 s. 32; 1973 c. 308, 321, 322, 333, 336; 1975 c. 39 ss. 153 to 173, 732 (1), (2); 1975 c. 41 s. 52; 1975 c. 82, 224, 292; 1975 c. 413 s. 18; 1975 c. 422, 423; 1975 c. 430 ss. 1, 2, 80; 1977 c. 29 ss. 236 to 273, 1657 (18); 1977 c. 112; 1977 c. 203 s. 106; 1977 c. 213, 233, 327; 1977 c. 354 s. 101; 1977 c. 359; 1977 c. 418 ss. 129 to 137, 924 (18) (d), 929 (55); 1977 c. 428 s. 115; 1977 c. 447; 1979 c. 32 s. 92 (11); 1979 c. 34, 48; 1979 c. 102 s. 237; 1979 c. 111, 175, 177; 1979 c. 221 ss. 118g to 133, 2202 (20); 1979 c. 238, 300, 331, 361; 1981 c. 20 ss. 301 to 356b, 2202 (20) (b), (d), (g); 1981 c. 93 ss. 3 to 8, 186; 1981 c. 298, 314, 317, 359, 390; 1983 a. 27 ss. 318 to 410, 2202 (20); 1983 a. 192, 199, 245; 1983 a. 333 s. 6; 1983 a. 363, 398, 410, 427; 1983 a. 435 ss. 2, 3, 7; 1983 a. 538; 1985 a. 24, 29, 56, 73, 120, 154, 176, 255, 281, 285, 332; 1987 a. 27, 339, 368, 398, 399, 402; 1987 a. 403 ss. 25, 256; 1987 a. 413; 1989 a. 31, 53; 1989 a. 56 ss. 13, 259; 1989 a. 102; 1989 a. 107 ss. 11, 13, 17 to 37; 1989 a. 120, 122, 173, 199, 202, 318, 336, 359; 1991 a. 6, 39, 189, 269, 275, 290, 315, 322; 1993 a. 16, 27, 76, 98, 99, 168, 183, 377, 437, 445, 446, 450, 469, 479, 490, 491; 1995 a. 27 ss. 806 to 961r, 9126 (19); 1995 a. 77, 98; 1995 a. 216 ss. 26, 27; 1995 a. 266, 276, 289, 303, 404, 417, 440, 448, 464, 468; 1997 a. 27 ss. 211, 214, 216, 217, 527 to 609; 1997 a. 35, 105, 231, 237, 280, 293; 1999 a. 5, 9, 32, 52, 84, 103, 109, 113, 133, 185, 186; 2001 a. 16, 69, 103, 105; 2003 a. 33, 139, 186, 318, 320, 326, 327; 2005 a. 15, 22; 2005 a. 25 ss. 299 to 331, 2498 to 2500, 2510; 2005 a. 74, 107, 199, 228, 264, 388, 406, 434; 2007 a. 20 ss. 331 to 422, 9121 (6) (a); 2007 a. 39, 88, 107, 111, 130; 2009 a. 2, 15; 2009 a. 28 ss. 325 to 470, 485, 488, 490; 2009 a. 76, 180, 190, 219, 274, 276, 279, 318, 334; 2011 a. 32, 70, 257; s. 35.17 correction in (4) (gr), (5) (ma).



1 **SECTION 4.** 20.435 (4) (pa)^X of the statutes is amended to read:

2 20.435 (4) (pa) *Federal aid; Medical Assistance and food stamp contracts*
3 *administration.* All federal moneys received for the federal share of the cost of
4 contracting for payment and services administration and reporting, other than
5 moneys received under par. (nn), to reimburse 3rd parties for their costs under s.
6 49.475, for administrative contract costs for the food stamp program under s. 49.79,
7 for reward payments under s. 49.846 (2)[✓] and for services of resource centers under
8 s. 46.283.

History: 1971 c. 125 ss. 138 to 155, 522 (1); 1971 c. 211, 215, 302, 307, 322; 1973 c. 90, 198, 243; 1973 c. 284 s. 32; 1973 c. 308, 321, 322, 333, 336; 1975 c. 39 ss. 153 to 173, 732 (1), (2); 1975 c. 41 s. 52; 1975 c. 82, 224, 292; 1975 c. 413 s. 18; 1975 c. 422, 423; 1975 c. 430 ss. 1, 2, 80; 1977 c. 29 ss. 236 to 273, 1657 (18); 1977 c. 112; 1977 c. 203 s. 106; 1977 c. 213, 233, 327; 1977 c. 354 s. 101; 1977 c. 359; 1977 c. 418 ss. 129 to 137, 924 (18) (d), 929 (55); 1977 c. 428 s. 115; 1977 c. 447; 1979 c. 32 s. 92 (11); 1979 c. 34, 48; 1979 c. 102 s. 237; 1979 c. 111, 175, 177; 1979 c. 221 ss. 118g to 133, 2202 (20); 1979 c. 238, 300, 331, 361; 1981 c. 20 ss. 301 to 356b, 2202 (20) (b), (d), (g); 1981 c. 93 ss. 3 to 8, 186; 1981 c. 298, 314, 317, 359, 390; 1983 a. 27 ss. 318 to 410, 2202 (20); 1983 a. 192, 199, 245; 1983 a. 333 s. 6; 1983 a. 363, 398, 410, 427; 1983 a. 435 ss. 2, 3, 7; 1983 a. 538; 1985 a. 24, 29, 56, 73, 120, 154, 176, 255, 281, 285, 332; 1987 a. 27, 339, 368, 398, 399, 402; 1987 a. 403 ss. 25, 256; 1987 a. 413; 1989 a. 31, 53; 1989 a. 56 ss. 13, 259; 1989 a. 102; 1989 a. 107 ss. 11, 13, 17 to 37; 1989 a. 120, 122, 173, 199, 202, 318, 336, 359; 1991 a. 6, 39, 189, 269, 275, 290, 315, 322; 1993 a. 16, 27, 76, 98, 99, 168, 183, 377, 437, 445, 446, 450, 469, 479, 490, 491; 1995 a. 27 ss. 806 to 961r, 9126 (19); 1995 a. 77, 98; 1995 a. 216 ss. 26, 27; 1995 a. 266, 276, 289, 303, 404, 417, 440, 448, 464, 468; 1997 a. 27 ss. 211, 214, 216, 217, 527 to 609; 1997 a. 35, 105, 231, 237, 280, 293; 1999 a. 5, 9, 32, 52, 84, 103, 109, 113, 133, 185, 186; 2001 a. 16, 69, 103, 105; 2003 a. 33, 139, 186, 318, 320, 326, 327; 2005 a. 15, 22; 2005 a. 25 ss. 299 to 331, 2498 to 2500, 2510; 2005 a. 74, 107, 199, 228, 264, 388, 406, 434; 2007 a. 20 ss. 331 to 422, 9121 (6) (a); 2007 a. 39, 88, 107, 111, 130; 2009 a. 2, 15; 2009 a. 28 ss. 325 to 470, 485, 488, 490; 2009 a. 76, 180, 190, 219, 274, 276, 279, 318, 334; 2011 a. 32, 70, 257; s. 35.17 correction in (4) (gr), (5) (ma).

9 **SECTION 5.** 20.437 (2) (dz)^X of the statutes is amended to read:

10 20.437 (2) (dz) *Temporary Assistance for Needy Families programs;*
11 *maintenance of effort.* The amounts in the schedule, less the amounts withheld
12 under s. 49.143 (3), for administration and benefit payments under Wisconsin Works
13 under ss. 49.141 to 49.161, the learnfare program under s. 49.26, and the work
14 experience program for noncustodial parents under s. 49.36; for payments to local
15 governments, organizations, tribal governing bodies, and Wisconsin Works agencies;
16 for reward payments under s. 49.846 (3)[✓] and for emergency assistance for families
17 with needy children under s. 49.138. Payments may be made from this appropriation
18 account for any contracts under s. 49.845 (4) and for any fraud investigation and
19 error reduction activities under s. 49.197 (1m). Moneys appropriated under this
20 paragraph may be used to match federal funds received under par. (md).
21 Notwithstanding ss. 20.001 (3) (a) and 20.002 (1), the department may transfer funds



1 between fiscal years under this paragraph. Notwithstanding ss. 20.001 (3) and
 2 20.002 (1), the department of health services shall credit to this appropriation
 3 account funds for the purposes of this appropriation that the department transfers
 4 from the appropriation account under s. 20.435 (5) (bc). All funds allocated by the
 5 department but not encumbered by December 31 of each year lapse to the general
 6 fund on the next January 1 unless transferred to the next calendar year by the joint
 7 committee on finance.

History: 2007 a. 20 ss. 331, 335, 340, 341, 342, 344 to 352, 354 to 368g, 374 to 376, 380, 381, 401, 404, 405, 423 to 437, 447, 448, 450, 451, 453, 453p, 454, 456 to 458, 460e, 463, 465 to 472, 474 to 480, 9121 (6) (a); 2009 a. 28 ss. 471 to 519, 522; 2009 a. 76, 180, 185, 265, 339; 2011 a. 32, 258.

8 **SECTION 6. 20.437 (2) (L)** of the statutes is amended to read:

9 **20.437 (2) (L)** *Public assistance overpayment recovery, fraud investigation, and*
 10 *error reduction.* All moneys received as the state's share of the recovery of
 11 overpayments and incorrect payments under s. 49.191 (3) (c), 1997 stats., and s.
 12 49.195, 1997 stats., for any contracts under s. 49.845 (4), for any activities under s.
 13 49.197 (1m) to investigate fraud relating to the Aid to Families with Dependent
 14 Children program and the Wisconsin Works program, for any activities under s.
 15 49.197 (3) to reduce payment errors in the Wisconsin Works program, for reward
 16 payments under s. 49.849 (3),[✓] and for costs associated with collection of public
 17 assistance overpayments.

History: 2007 a. 20 ss. 331, 335, 340, 341, 342, 344 to 352, 354 to 368g, 374 to 376, 380, 381, 401, 404, 405, 423 to 437, 447, 448, 450, 451, 453, 453p, 454, 456 to 458, 460e, 463, 465 to 472, 474 to 480, 9121 (6) (a); 2009 a. 28 ss. 471 to 519, 522; 2009 a. 76, 180, 185, 265, 339; 2011 a. 32, 258.

18 **SECTION 7. 49.793 (2) (a)** of the statutes is amended to read:

19 **49.793 (2) (a)** Except as provided in par. (b), a county, multicounty consortium,
 20 as defined in s. 49.78 (1) (br), or governing body of a federally recognized American
 21 Indian tribe may retain ~~a portion of the~~ full amount of an overpayment the state is
 22 authorized to retain under 7 USC 2025 that is recovered under sub. (1) due to the
 23 efforts of an employee or officer of the county, multicounty consortium, or tribe. [✓]The



1 ~~department shall promulgate a rule establishing the portion of the amount of the~~
 2 ~~overpayment that the county, multicounty consortium, or governing body may~~
 3 ~~retain.~~ This paragraph does not apply to recovery of an overpayment that was made
 4 as a result of state, county, multicounty consortium, or tribal governing body error.

History: 2001 a. 16 ss. 1656ty, 1656tym; Stats. 2001 s. 49.793; 2009 a. 15; 2011 a. 32.

END INS 2-6

INS 2-9

- 5 (a) "County or tribe" means a county having a population of less than 750,000
 6 or a federally recognized American Indian tribe or band in this state. ✓
 7 (b) "Food stamp program" means the federal ✓ food stamp program under 7 USC
 8 2011 to 2036a.
 9 (c) "Medical Assistance program" ✓ means the program under subch. ✓ IV.
 10 (d) "Wisconsin Works" has the meaning given in s. ✓ 49.141 (1) (p).

END INS 2-9

INS 3-4

- 11 1. That a county or tribe shall choose to receive a reward payment in the
 12 amount determined under ✓ subd. 2 ✓ or to retain funds under s. ✓ 49.49 (5) or ✓ 49.497 (2)
 13 (a).
 14 2. That the amount of a reward payment to a county or tribe under the program
 15 is equal to 5 percent ✓ of the amount that the department ✓ determines will be saved in
 16 the Medical Assistance program ✓ as the result of eliminating the identified
 17 fraudulent activity during the 6-month ✓ period after the fraudulent activity is
 18 eliminated. Notwithstanding ss. 49.49 (5) ✓ and 49.497 (2) (a), ✓ a county or tribe that
 19 receives a reward payment may not retain any funds that are incorrectly paid as the



1 result of the identified fraudulent activity and recovered due to the efforts of an
2 employee or officer of the county or tribe. ✓

3 (b) *Food stamp program.* ✓ The department of health services shall establish an
4 optional incentive program, by rule, under which the ✓ department will provide a
5 reward payment to a county or tribe ✓ if an employee or officer of the county or tribe
6 identifies fraudulent activity in the food stamp program. ✓ The department of health
7 services ~~shall~~ ^{or may} make reward payments under the optional incentive program from the
8 appropriations under s. 20.435 (4) (bm), ✓ (L), ✓ (nn), ✓ and (pa). ✓ The department shall
9 establish the optional incentive program to include all of the following:

10 1. That a county or tribe shall choose to receive a reward payment in the
11 amount determined under subd. 2 ✓ or to retain funds under s. 49.793 (2) (a).

12 2. That the amount of a reward payment to a county or tribe is equal to ✓ 5 percent
13 of the amount that the ✓ department determines will be saved in the ✓ food stamp program as the
14 result of eliminating the identified fraudulent activity during the ✓ 6-month period
15 after the fraudulent activity is eliminated. ✓ Notwithstanding s. 49.793 (2) (a), a
16 county or tribe that receives a reward payment may not retain any funds that are
17 incorrectly paid as the result of the identified fraudulent activity and recovered due
18 to the efforts of an employee or officer of the county or tribe. ✓

END INS 3-4

INS (4-1) e 4-11

19 (a) That a county or tribe shall choose to receive a reward payment in the
20 amount determined under par. (b), ✓ to receive a reward under the incentive program
21 under s. 49.197 (2), ✓ or to retain funds under s. 49.195 (4). ✓



1 (b) That the amount of a reward payment paid to a county or tribe is equal to
 2 5 percent of the amount that the department determines will be saved in Wisconsin
 3 Works as the result of eliminating the identified fraudulent activity during the
 4 6-month period after the identified fraudulent activity is eliminated.
 5 Notwithstanding ss. 49.195 (4) and 49.197 (2), a county or tribe that receives a
 6 reward payment may not retain any funds that are incorrectly paid as the result of
 7 the identified fraudulent activity and recovered due to the efforts of an employee or
 8 officer of the county or tribe and may not receive a reward payment under s. 49.197
 9 (2).

USE OF REWARD PAYMENT. ← (CS)

10 (4) A county or tribe may use a reward payment received under this section for
 11 any purpose.

WAIVERS. ← (CS)

12 (5) (a) If the department of health services determines that it needs a waiver
 13 to allow reward payments under sub. (2) (a) to qualify as administrative costs for the
 14 Medical Assistance program or to allow a county and tribe to use any federal funds
 15 received under section 49.849 (2) (a) of the statutes for any purpose, the department
 16 shall request the necessary waiver from the secretary of the federal department of
 17 health and human services and may not implement the incentive program under
 18 sub. (2) (a) unless the waiver is granted.

19 (b) If the department of health services determines that it needs a waiver to
 20 allow reward payments under sub. (2) (b) to qualify as administrative costs involved
 21 in the operation of the food stamp program or to allow a county and tribe to use any
 22 federal funds received under section 49.849 (2) (b) of the statutes for any purpose,
 23 the department shall request the necessary waiver from the secretary of the federal
 24 department of agriculture and may not implement the incentive program under sub.
 25 (2) (b) unless the waiver is granted.



1 (c) If the department of children and families[✓] determines that it needs a waiver
2 to allow reward payments under sub. (3)[✓] to qualify as state expenditures for purposes
3 of determining whether the state is maintaining a certain level of historic support
4 under the temporary assistance for needy families program[✓] under 42 USC 601 to 619
5 or to allow a county and tribe to use any federal funds received under sub. (3)[✓] for any
6 purpose, the department shall request the necessary waiver from the secretary of the
7 federal health and human services[✓] and may not implement the incentive program
8 under sub. (3)[✓] unless the waiver is granted.

END INS (4-1) e 4-11

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1280/2dn

FFK:.....

JW

date

To Representative Weininger: ✓

1. This draft allows a county or tribe to choose between receiving an unrestricted reward payment or retaining funds as permitted under current law. Please note that the reward payments are required to be unrestricted funds, whereas funds retained under current law may be restricted under federal law. ✓ This is slightly different ~~than~~ *from* your drafting instructions, which indicated that the reward under the incentive program would automatically be the greater of the reward payment or the amount retained under current law. Is this consistent with your intent?

2. For purposes of this draft, the incentive ^{reward} programs focus on the 3 major public assistance programs under ch. 49: Medical Assistance, FoodShare, ✓ and Wisconsin Works. If you choose to expand the draft to cover smaller public assistance programs, such as the individual disease aids under subch. V or state supplemental security income programs, you will need to decide how to fund rewards for fraud identified in those programs.

3. Under current law there is an existing incentive program for identifying fraud in Wisconsin Share. ✓ Please note that the definition of Wisconsin Works in this draft includes Wisconsin Shares. ✓ The draft allows a county or tribe to choose between receiving a reward under the current incentive program, receiving a reward payment under the incentive program created under the bill, or retaining a portion of overpayments as provided under current law. Is this consistent with your intent? If not, how should the incentive program under the bill interact with Wisconsin Shares incentive program under current law? ✓ *the*

4. Do you want to require that ~~the~~ *if an agency it* agencies determine ~~if they need~~ *sa* waivers and request any needed waivers by a certain date? ✓

5. I recommend reviewing this draft with ^{the Legislative} Fiscal Bureau to ensure that it reflects your intent as to the fiscal impact of the incentive program.

4. This draft allows each agency to use state ~~and~~ *and* federal funds to fund the reward payments under the respective reward programs. Generally, the draft *categorizes* payments as administrative costs of each federal program to qualify for any available federal matching funds. The draft also allows each agency to use the state share of reward *program*

Fern Knepp
Legislative Attorney
Phone: (608) 261-6927
E-mail: fern.knepp@legis.wisconsin.gov

No reward payments to DOD

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1280/2dn
FFK:jld:jm

March 29, 2013

To Representative Weininger:

1. This draft allows a county or tribe to choose between receiving an unrestricted reward payment or retaining funds as permitted under current law. Please note that the reward payments are required to be unrestricted funds, whereas funds retained under current law may be restricted under federal law. This is slightly different from your drafting instructions, which indicated that the reward under the incentive program would automatically be the greater of the reward payment or the amount retained under current law. Is this consistent with your intent?
2. For purposes of this draft, the incentive reward programs focus on the 3 major public assistance programs under ch. 49: Medical Assistance, FoodShare, and Wisconsin Works. If you choose to expand the draft to cover smaller public assistance programs, such as the individual disease aids under subch. V or state supplemental security income programs, you will need to decide how to fund rewards for fraud identified in those programs.
3. Under current law there is an existing incentive program for identifying fraud in Wisconsin Shares. Please note that the definition of Wisconsin Works in this draft includes Wisconsin Shares. The draft allows a county or tribe to choose between receiving a reward under the current incentive program, receiving a reward payment under the incentive program created under the bill, or retaining a portion of overpayments as provided under current law. Is this consistent with your intent? If not, how should the incentive program under the bill interact with the Wisconsin Shares incentive program under current law?
4. This draft allows each agency to use state and federal funds to fund the reward payments under the respective reward programs. Generally, the draft categorizes the reward payments as administrative costs of each federal program to qualify for any available federal matching funds. The draft also allows each agency to use the state share of recovered overpayments to fund the reward payments. I recommend reviewing this draft with the Legislative Fiscal Bureau to ensure that it reflects your intent as to the fiscal impact of the incentive program.

Fern Knepp
Legislative Attorney
Phone: (608) 261-6927
E-mail: fern.knepp@legis.wisconsin.gov

Knepp, Fern

From: Seeman, Kirsten
Sent: Thursday, April 04, 2013 12:26 PM
To: Knepp, Fern
Subject: RE: LRB-1280

Hi, Fern:

One more change to make to this draft – we would like the reward amount to be 10% for a year. It's currently at 5% for 6 months.

Thank you!

Kirsten Seeman
Research Assistant
Office of Representative Chad Weininger
4th Assembly District
125 West, State Capitol
608-266-1184 / kirsten.seeman@legis.wisconsin.gov

From: Knepp, Fern
Sent: Friday, March 22, 2013 11:23 AM
To: Seeman, Kirsten
Subject: RE: LRB-1280

What timing you have! I was literally just finishing it up. However, the draft still needs to be reviewed and edited.

Fern

From: Seeman, Kirsten
Sent: Friday, March 22, 2013 11:19 AM
To: Knepp, Fern
Subject: RE: LRB-1280

Hi, Fern:

Just wanted to see where we are with this bill.

Thanks!

Kirsten Seeman
Research Assistant
Office of Representative Chad Weininger
4th Assembly District
125 West, State Capitol
608-266-1184 / kirsten.seeman@legis.wisconsin.gov

From: Knepp, Fern
Sent: Wednesday, March 06, 2013 4:02 PM
To: Seeman, Kirsten
Subject: LRB-1280

Good afternoon, Kirsten.

I have been discussing your redraft instructions for LRB 1280 with Anna Henning at Leg. Council. Could I also have your permission to discuss the draft with Fiscal Bureau? Fiscal Bureau can help me to understand what federal and state funds could or are available to fund the rewards.

Thanks,
Fern

Fern F. Knepp
Legislative Attorney
Wisconsin Legislative Reference Bureau
P.O. Box 2037
Madison, WI 53701-2037
(608) 261-6927
fern.knepp@legis.wisconsin.gov



State of Wisconsin
2013 - 2014 LEGISLATURE



LRB-1280(2) 9/13
FFK:jld:jm

In 4-4-2013

2013 BILL

DWF ✓

4 Regen

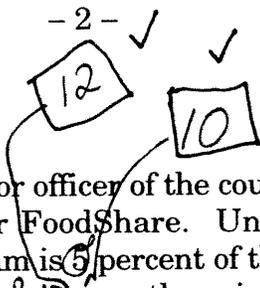
1 AN ACT *to amend* 20.435 (4) (bm), 20.435 (4) (L), 20.435 (4) (nn), 20.435 (4) (pa),
2 20.437 (2) (dz), 20.437 (2) (L) and 49.793 (2) (a); and *to create* 49.846 of the
3 statutes; **relating to:** an optional incentive program for counties and tribes
4 that identify fraudulent activity in certain public assistance programs,
5 granting rule-making authority, and making appropriations.

Analysis by the Legislative Reference Bureau

Under current law, a county or elected governing body of a federally recognized American Indian tribe or band (county or tribe) may retain a portion of incorrect overpayments in public assistance programs administered by the Department of Health Services (DHS), including Medical Assistance and the supplemental nutrition assistance program (known as FoodShare in Wisconsin), that are recovered as the result of the efforts of an employee or officer of the county or tribe. Currently, DHS establishes by rule the portion of FoodShare overpayment recoveries that a county or tribe may retain. Under the bill, a county or tribe may retain the full amount of FoodShare overpayment recoveries that the state is permitted to retain under federal law. Current law also allows a county or tribe to retain a portion of incorrect overpayments that are recovered in Wisconsin Works program as the result of the efforts of an employee or officer of the county or tribe. Under current law, Milwaukee County may not retain a portion of incorrect payments that are recovered as a result of the efforts of an employee or officer of the county.

Under the bill, DHS is required to establish an optional incentive program, by rule, under which a county with a population of less than 750,000 or tribe receives

BILL

- 2 - ✓


a reward payment if an employee or officer of the county or tribe identifies fraudulent activity in Medical Assistance or FoodShare. Under the bill, the amount of the reward payment under the program is ~~5~~¹² percent of the amount that DHS determines will be saved in the program over a ~~six~~¹⁰-month period as the result of eliminating the identified fraudulent activity. The bill also provides that, if a county or tribe receives a reward payment under the optional incentive program, the county or tribe may not retain overpayments that are recovered as the result of the identified fraudulent activity. Under the bill, the Department of Children and Families is required to establish a similar incentive program, by rule, that applies to fraudulent activity in Wisconsin Works that is identified by an employee or officer of a county or tribe.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 20.435 (4) (bm) of the statutes is amended to read:

2 20.435 (4) (bm) *Medical Assistance, food stamps, and Badger Care*
3 *administration; contract costs, insurer reports, and resource centers.* Biennially, the
4 amounts in the schedule to provide a portion of the state share of administrative
5 contract costs for the Medical Assistance program under subch. IV of ch. 49 and the
6 Badger Care health care program under s. 49.665 and to provide the state share of
7 administrative costs for the food stamp program under s. 49.79, other than payments
8 under s. 49.78 (8), for reward payments under s. 49.846 (2), to develop and implement
9 a registry of recipient immunizations, to reimburse 3rd parties for their costs under
10 s. 49.475, for costs associated with outreach activities, for state administration of
11 state supplemental grants to supplemental security income recipients under s.
12 49.77, to administer the pharmacy benefits purchasing pool under s. 146.45, and for
13 services of resource centers under s. 46.283. No state positions may be funded in the
14 department of health services from this appropriation, except positions for the
15 performance of duties under a contract in effect before January 1, 1987, related to

BILL

1 the administration of the Medical Assistance program between the subunit of the
2 department primarily responsible for administering the Medical Assistance
3 program and another subunit of the department. Total administrative funding
4 authorized for the program under s. 49.665 may not exceed 10% of the amounts
5 budgeted under pars. (p) and (x).

6 **SECTION 2.** 20.435 (4) (L) of the statutes is amended to read:

7 20.435 (4) (L) *Fraud and error reduction.* All moneys received as the state's
8 share of the recovery of overpayments and incorrect payments under ss. 49.497 (1)
9 and (1m), 49.793 (2) (a), and 49.847, all moneys received from counties and tribal
10 governing bodies as a result of any error reduction activities under ss. 49.197 and
11 49.845, and all moneys credited to this appropriation account under ss. 49.497 (2) (b),
12 49.793 (2) (b), and 49.847 (3) (b), for any contracts under s. 49.197 (5), for any
13 activities to reduce error and fraud under s. 49.845, to pay federal sanctions under
14 the food stamp program, for reward payments under 49.846 (2), and for food stamp
15 reinvestment activities under reinvestment agreements with the federal
16 department of agriculture that are designed to improve the food stamp program.

17 **SECTION 3.** 20.435 (4) (nn) of the statutes is amended to read:

18 20.435 (4) (nn) *Federal aid; income maintenance.* All moneys received from the
19 federal government for the costs of contracting for the administration of the Medical
20 Assistance program under subch. IV of ch. 49 and the Badger Care health care
21 program under s. 49.665 and the food stamp program, other than moneys received
22 under par. (pa), for costs to administer income maintenance programs, as defined in
23 s. 49.78 (1) (b), and for reward payments under 49.846 (2).

24 **SECTION 4.** 20.435 (4) (pa) of the statutes is amended to read:

BILL

1 20.435 (4) (pa) *Federal aid; Medical Assistance and food stamp contracts*
2 *administration.* All federal moneys received for the federal share of the cost of
3 contracting for payment and services administration and reporting, other than
4 moneys received under par. (nn), to reimburse 3rd parties for their costs under s.
5 49.475, for administrative contract costs for the food stamp program under s. 49.79,
6 for reward payments under s. 49.846 (2), and for services of resource centers under
7 s. 46.283.

8 **SECTION 5.** 20.437 (2) (dz) of the statutes is amended to read:

9 20.437 (2) (dz) *Temporary Assistance for Needy Families programs;*
10 *maintenance of effort.* The amounts in the schedule, less the amounts withheld
11 under s. 49.143 (3), for administration and benefit payments under Wisconsin Works
12 under ss. 49.141 to 49.161, the learnfare program under s. 49.26, and the work
13 experience program for noncustodial parents under s. 49.36; for payments to local
14 governments, organizations, tribal governing bodies, and Wisconsin Works agencies;
15 for reward payments under s. 49.846 (3); and for emergency assistance for families
16 with needy children under s. 49.138. Payments may be made from this appropriation
17 account for any contracts under s. 49.845 (4) and for any fraud investigation and
18 error reduction activities under s. 49.197 (1m). Moneys appropriated under this
19 paragraph may be used to match federal funds received under par. (md).
20 Notwithstanding ss. 20.001 (3) (a) and 20.002 (1), the department may transfer funds
21 between fiscal years under this paragraph. Notwithstanding ss. 20.001 (3) and
22 20.002 (1), the department of health services shall credit to this appropriation
23 account funds for the purposes of this appropriation that the department transfers
24 from the appropriation account under s. 20.435 (5) (bc). All funds allocated by the
25 department but not encumbered by December 31 of each year lapse to the general

BILL

1 fund on the next January 1 unless transferred to the next calendar year by the joint
2 committee on finance.

3 **SECTION 6.** 20.437 (2) (L) of the statutes is amended to read:

4 20.437 (2) (L) *Public assistance overpayment recovery, fraud investigation, and*
5 *error reduction.* All moneys received as the state's share of the recovery of
6 overpayments and incorrect payments under s. 49.191 (3) (c), 1997 stats., and s.
7 49.195, 1997 stats., for any contracts under s. 49.845 (4), for any activities under s.
8 49.197 (1m) to investigate fraud relating to the Aid to Families with Dependent
9 Children program and the Wisconsin Works program, for any activities under s.
10 49.197 (3) to reduce payment errors in the Wisconsin Works program, for reward
11 payments under s. 49.849 (3), and for costs associated with collection of public
12 assistance overpayments.

13 **SECTION 7.** 49.793 (2) (a) of the statutes is amended to read:

14 49.793 (2) (a) Except as provided in par. (b), a county, multicounty consortium,
15 as defined in s. 49.78 (1) (br), or governing body of a federally recognized American
16 Indian tribe may retain ~~a portion of the~~ full amount of an overpayment the state is
17 authorized to retain under 7 USC 2025 that is recovered under sub. (1) due to the
18 efforts of an employee or officer of the county, multicounty consortium, or tribe. ~~The~~
19 ~~department shall promulgate a rule establishing the portion of the amount of the~~
20 ~~overpayment that the county, multicounty consortium, or governing body may~~
21 ~~retain.~~ This paragraph does not apply to recovery of an overpayment that was made
22 as a result of state, county, multicounty consortium, or tribal governing body error.

23 **SECTION 8.** 49.846 of the statutes is created to read:

BILL

1 **49.846 Optional incentive program for counties and tribes that**
2 **identify fraud in certain public assistance programs. (1) DEFINITIONS.** In this
3 section:

4 (a) "County or tribe" means a county having a population of less than 750,000
5 or a federally recognized American Indian tribe or band in this state.

6 (b) "Food stamp program" means the federal food stamp program under 7 USC
7 2011 to 2036a.

8 (c) "Medical Assistance program" means the program under subch. IV.

9 (d) "Wisconsin Works" has the meaning given in s. 49.141 (1) (p).

10 **(2) PUBLIC ASSISTANCE PROGRAMS ADMINISTERED BY THE DEPARTMENT OF HEALTH**
11 **SERVICES.** (a) *Medical Assistance program.* The department of health services shall
12 establish an optional incentive program, by rule, under which the department will
13 provide a reward payment to a county or tribe if an employee or officer of the county
14 or tribe identifies fraudulent activity in the Medical Assistance program. The
15 department of health services may make reward payments under the optional
16 incentive program from the appropriations under s. 20.435 (4) (bm), (L), (nn), and
17 (pa). The department of health services shall establish the optional incentive
18 program to include all of the following:

19 1. That a county or tribe shall choose to receive a reward payment in the
20 amount determined under subd. 2. or to retain funds under s. 49.49 (5) or 49.497 (2)

21 (a).

22 2. That the amount of a reward payment to a county or tribe under the program
23 is equal to ^{12/10}~~5~~ percent of the amount that the department determines will be saved in
24 the Medical Assistance program as the result of eliminating the identified
25 fraudulent activity during the ¹²~~6~~-month period after the fraudulent activity is

BILL

1 eliminated. Notwithstanding ss. 49.49 (5) and 49.497 (2) (a), a county or tribe that
2 receives a reward payment may not retain any funds that are incorrectly paid as the
3 result of the identified fraudulent activity and recovered due to the efforts of an
4 employee or officer of the county or tribe.

5 (b) *Food stamp program.* The department of health services shall establish an
6 optional incentive program, by rule, under which the department will provide a
7 reward payment to a county or tribe if an employee or officer of the county or tribe
8 identifies fraudulent activity in the food stamp program. The department of health
9 services may make reward payments under the optional incentive program from the
10 appropriations under s. 20.435 (4) (bm), (L), (nn), and (pa). The department shall
11 establish the optional incentive program to include all of the following:

12 1. That a county or tribe shall choose to receive a reward payment in the
13 amount determined under subd. 2. or to retain funds under s. 49.793 (2) (a).

14 2. That the amount of a reward payment to a county or tribe is equal to ¹⁰~~5~~ percent
15 of the amount that the department determines will be saved in the food stamp
16 program as the result of eliminating the identified fraudulent activity during the
17 ¹²~~6~~ month period after the fraudulent activity is eliminated. Notwithstanding s.
18 49.793 (2) (a), a county or tribe that receives a reward payment may not retain any
19 funds that are incorrectly paid as the result of the identified fraudulent activity and
20 recovered due to the efforts of an employee or officer of the county or tribe.

21 (3) **PUBLIC ASSISTANCE PROGRAM ADMINISTERED BY THE DEPARTMENT OF CHILDREN**
22 **AND FAMILIES; WISCONSIN WORKS.** The department of children and families shall
23 establish an optional incentive program, by rule, under which the department will
24 provide a reward payment to a county or tribe if an employee or officer of the county
25 or tribe identifies fraudulent activity in Wisconsin Works. The department of

BILL

1 children and families may make reward payments under the optional incentive
2 program from the appropriation under s. 20.437 (2) (dz), (L), and (mc). The
3 department of children and families shall establish the optional incentive program
4 to include all of the following:

5 (a) That a county or tribe shall choose to receive a reward payment in the
6 amount determined under par. (b), to receive a reward under the incentive program
7 under s. 49.197 (2), or to retain funds under s. 49.195 (4).

8 (b) That the amount of a reward payment paid to a county or tribe is equal to
9 ¹⁰ 5 percent of the amount that the department determines will be saved in Wisconsin

10 Works as the result of eliminating the identified fraudulent activity during the
11 ¹² 6-month period after the identified fraudulent activity is eliminated.

12 Notwithstanding ss. 49.195 (4) and 49.197 (2), a county or tribe that receives a
13 reward payment may not retain any funds that are incorrectly paid as the result of
14 the identified fraudulent activity and recovered due to the efforts of an employee or
15 officer of the county or tribe and may not receive a reward payment under s. 49.197
16 (2).

17 (4) USE OF REWARD PAYMENT. A county or tribe may use a reward payment
18 received under this section for any purpose.

19 (5) WAIVERS. (a) If the department of health services determines that it needs
20 a waiver to allow reward payments under sub. (2) (a) to qualify as administrative
21 costs for the Medical Assistance program or to allow a county and tribe to use any
22 federal funds received under sub. (2) (a) for any purpose, the department shall
23 request the necessary waiver from the secretary of the federal department of health
24 and human services and may not implement the incentive program under sub. (2)
25 (a) unless the waiver is granted.

Kahler, Pam

From: Seeman, Kirsten
Sent: Tuesday, April 23, 2013 3:14 PM
To: Shovers, Marc
Cc: Kahler, Pam
Subject: RE: LRB -1280/3; Incentive program for identifying fraudulent activity

Pam and Marc:

After conferring with Rep. Weininger on your questions in the draft in its current form, he would simply like to change the amounts from 10% to 20% across the board.

I'm not sure if it's Pam then who would be doing the redraft, since we're not dealing with local government.

Thank you both for your patience,

Kirsten Seeman
Research Assistant
Office of Representative Chad Weininger
4th Assembly District
125 West, State Capitol
608-266-1184 / kirsten.seeman@legis.wisconsin.gov

From: Shovers, Marc
Sent: Tuesday, April 23, 2013 11:59 AM
To: Seeman, Kirsten
Cc: Kahler, Pam
Subject: LRB -1280/3; Incentive program for identifying fraudulent activity

Hi Kirsten:

Pam Kahler brought this bill draft to my attention. With your new instructions, it appears that it has become a local government draft. As I understand it, the basic idea contains the following elements:

- 1) A political subdivision (any city, village, town, or county) uncovers some kind of fraud in a government program.
- 2) The political subdivision notifies the governmental entity that runs the program, either state or federal, of the fraud.
- 3) If the governmental entity that receives the notification agrees that fraud was in fact uncovered, and if the governmental entity is willing to calculate how much savings will accrue over a certain period of time, perhaps 12 months, due to its halting of the fraudulent activity, the governmental entity should inform the political subdivision of the amount of the 12 months of savings.
- 4) The political subdivision would receive from some appropriation, an amount equal to 20% of the amount of savings calculated under item #4.

Is this your intent? If so, I'm not sure how item #3 would work in the real world. I don't think there's any way the state can require the federal government to cooperate as described in item #3. If the governmental entity does not want to expend the time and effort to calculate the savings

from stopping the identified fraud (which in some cases may be very hard to calculate, or may be quite minimal in terms of cost savings), the incentive payment under item #4 could not occur.

Also, who pays for the incentive payment? If it's the state, from which appropriation would you like the payments to be made? Is there any overall cap on the amount of payments that could be made from this appropriation each year? Would incentive payments have to be deposited into the political subdivision's general fund? Would the appropriation be a sum sufficient or sum certain? Thanks for your help.

Marc

Marc Shovers
Managing Attorney
Legislative Reference Bureau
608-266-0129
marc.shovers@legis.wisconsin.gov

Kahler, Pam

From: Seeman, Kirsten
Sent: Monday, April 22, 2013 1:13 PM
To: Kahler, Pam
Subject: RE: Jacque and Weininger bills

Hi, Pam:

Representative Weininger would like to make a few changes to LRB-1280/3. He would first like to change the percentage to 20% across the board.

Also, if the bill doesn't include a return for reporting fraud on government assistance for housing (like Section 8 or voucher housing), he would like to have that included in the bill at the 20% reward on savings for 12 months. Basically, Representative Weininger would like to include anything that could be discovered as having been frauded on a county level.

Please let me know if there are questions.

Kirsten Seeman
Research Assistant
Office of Representative Chad Weininger
4th Assembly District
125 West, State Capitol
608-266-1184 / kirsten.seeman@legis.wisconsin.gov

From: Kahler, Pam
Sent: Wednesday, April 17, 2013 5:21 PM
To: Seeman, Kirsten
Subject: RE: Jacque and Weininger bills

I don't know what it is. I checked the rules and didn't find anything.

From: Seeman, Kirsten
Sent: Wednesday, April 17, 2013 5:04 PM
To: Kahler, Pam
Subject: RE: Jacque and Weininger bills

Pam:

Follow-up question, do you know what the amount is for FoodShare?

Thank you,

Kirsten Seeman
Research Assistant
Office of Representative Chad Weininger
4th Assembly District

125 West, State Capitol
608-266-1184 / kirsten.seeman@legis.wisconsin.gov

From: Kahler, Pam
Sent: Wednesday, April 17, 2013 4:48 PM
To: Seeman, Kirsten
Subject: RE: Jacque and Weininger bills

Hi, Kirsten – I think I did it again (misspelled your name – sorry!) The amount in most cases is 15% of the amount recovered due to the efforts of the employee. For FoodShare, it is a portion of the recovered amount that DHS determines by rule. For Wisconsin Shares, it is a sort of complicated formula – see s. 49.197 (2) (b) 1.

Pam

From: Seeman, Kirsten
Sent: Wednesday, April 17, 2013 4:35 PM
To: Kahler, Pam
Subject: FW: Jacque and Weininger bills

Pam:

It is okay to share our bill with Rep. Jacque's office.

I also have a question on that bill (LRB-1280/3). In the analysis, it reads that there is a portion of overpayments a county or tribe may retain currently – what is that amount?

Thank you,

Kirsten Seeman
Research Assistant
Office of Representative Chad Weininger
4th Assembly District
125 West, State Capitol
608-266-1184 / kirsten.seeman@legis.wisconsin.gov

From: Julian, Jamie
Sent: Wednesday, April 17, 2013 4:09 PM
To: Seeman, Kirsten
Subject: FW: Jacque and Weininger bills

Your boss shared his bill with us. Thanks!

Jamie Julian

Office of Rep. André Jacque

2nd Assembly District

Room 123 West
State Capitol
P.O. Box 8952
Madison, WI 53709

(608) 266-9870

From: Kahler, Pam
Sent: Wednesday, April 17, 2013 4:07 PM
To: Julian, Jamie
Subject: Jacque and Weininger bills

Jamie:

Could you please have Kristen Seeman just send me an email saying that it's ok for me to speak to you about their bill?
(Confidentiality requirements, you know.) Thanks!

Pam

Pamela J. Kahler
Legislative Attorney
Legislative Reference Bureau
608-266-2682



State of Wisconsin
2013 - 2014 LEGISLATURE



LRB-1280/3
FFKjld:ph

4
PJK
r m i r m

2013 BILL

6-4-24

4

Regen

1 AN ACT to amend 20.435 (4) (bm), 20.435 (4) (L), 20.435 (4) (nn), 20.435 (4) (pa),
 2 20.437 (2) (dz), 20.437 (2) (L) and 49.793 (2) (a); and to create 49.846 of the
 3 statutes; relating to: an optional incentive program for counties and tribes
 4 that identify fraudulent activity in certain public assistance programs,
 5 granting rule-making authority, and making appropriations.

Analysis by the Legislative Reference Bureau

Under current law, a county or elected governing body of a federally recognized American Indian tribe or band (county or tribe) may retain a portion of incorrect overpayments in public assistance programs administered by the Department of Health Services (DHS), including Medical Assistance and the supplemental nutrition assistance program (known as FoodShare in Wisconsin), that are recovered as the result of the efforts of an employee or officer of the county or tribe. Currently, DHS establishes by rule the portion of FoodShare overpayment recoveries that a county or tribe may retain. Under the bill, a county or tribe may retain the full amount of FoodShare overpayment recoveries that the state is permitted to retain under federal law. Current law also allows a county or tribe to retain a portion of incorrect overpayments that are recovered in Wisconsin Works program as the result of the efforts of an employee or officer of the county or tribe. Under current law, Milwaukee County may not retain a portion of incorrect payments that are recovered as a result of the efforts of an employee or officer of the county.

Under the bill, DHS is required to establish an optional incentive program, by rule, under which a county with a population of less than 750,000 or tribe receives

BILL

a reward payment if an employee or officer of the county or tribe identifies fraudulent activity in Medical Assistance or FoodShare. Under the bill, the amount of the reward payment under the program is ²⁰10 percent of the amount that DHS determines will be saved in the program over a 12-month period as the result of eliminating the identified fraudulent activity. The bill also provides that, if a county or tribe receives a reward payment under the optional incentive program, the county or tribe may not retain overpayments that are recovered as the result of the identified fraudulent activity. Under the bill, the Department of Children and Families is required to establish a similar incentive program, by rule, that applies to fraudulent activity in Wisconsin Works that is identified by an employee or officer of a county or tribe.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 20.435 (4) (bm) of the statutes is amended to read:

2 20.435 (4) (bm) *Medical Assistance, food stamps, and Badger Care*
3 *administration; contract costs, insurer reports, and resource centers.* Biennially, the
4 amounts in the schedule to provide a portion of the state share of administrative
5 contract costs for the Medical Assistance program under subch. IV of ch. 49 and the
6 Badger Care health care program under s. 49.665 and to provide the state share of
7 administrative costs for the food stamp program under s. 49.79, other than payments
8 under s. 49.78 (8), for reward payments under s. 49.846 (2), to develop and implement
9 a registry of recipient immunizations, to reimburse 3rd parties for their costs under
10 s. 49.475, for costs associated with outreach activities, for state administration of
11 state supplemental grants to supplemental security income recipients under s.
12 49.77, to administer the pharmacy benefits purchasing pool under s. 146.45, and for
13 services of resource centers under s. 46.283. No state positions may be funded in the
14 department of health services from this appropriation, except positions for the
15 performance of duties under a contract in effect before January 1, 1987, related to

BILL

1 the administration of the Medical Assistance program between the subunit of the
2 department primarily responsible for administering the Medical Assistance
3 program and another subunit of the department. Total administrative funding
4 authorized for the program under s. 49.665 may not exceed 10% of the amounts
5 budgeted under pars. (p) and (x).

6 **SECTION 2.** 20.435 (4) (L) of the statutes is amended to read:

7 20.435 (4) (L) *Fraud and error reduction.* All moneys received as the state's
8 share of the recovery of overpayments and incorrect payments under ss. 49.497 (1)
9 and (1m), 49.793 (2) (a), and 49.847, all moneys received from counties and tribal
10 governing bodies as a result of any error reduction activities under ss. 49.197 and
11 49.845, and all moneys credited to this appropriation account under ss. 49.497 (2) (b),
12 49.793 (2) (b), and 49.847 (3) (b), for any contracts under s. 49.197 (5), for any
13 activities to reduce error and fraud under s. 49.845, to pay federal sanctions under
14 the food stamp program, for reward payments under 49.846 (2), and for food stamp
15 reinvestment activities under reinvestment agreements with the federal
16 department of agriculture that are designed to improve the food stamp program.

17 **SECTION 3.** 20.435 (4) (nn) of the statutes is amended to read:

18 20.435 (4) (nn) *Federal aid; income maintenance.* All moneys received from the
19 federal government for the costs of contracting for the administration of the Medical
20 Assistance program under subch. IV of ch. 49 and the Badger Care health care
21 program under s. 49.665 and the food stamp program, other than moneys received
22 under par. (pa), for costs to administer income maintenance programs, as defined in
23 s. 49.78 (1) (b), and for reward payments under 49.846 (2).

24 **SECTION 4.** 20.435 (4) (pa) of the statutes is amended to read:

BILL

1 20.435 (4) (pa) *Federal aid; Medical Assistance and food stamp contracts*
2 *administration*. All federal moneys received for the federal share of the cost of
3 contracting for payment and services administration and reporting, other than
4 moneys received under par. (nn), to reimburse 3rd parties for their costs under s.
5 49.475, for administrative contract costs for the food stamp program under s. 49.79,
6 for reward payments under s. 49.846 (2), and for services of resource centers under
7 s. 46.283.

8 **SECTION 5.** 20.437 (2) (dz) of the statutes is amended to read:

9 20.437 (2) (dz) *Temporary Assistance for Needy Families programs;*
10 *maintenance of effort*. The amounts in the schedule, less the amounts withheld
11 under s. 49.143 (3), for administration and benefit payments under Wisconsin Works
12 under ss. 49.141 to 49.161, the learnfare program under s. 49.26, and the work
13 experience program for noncustodial parents under s. 49.36; for payments to local
14 governments, organizations, tribal governing bodies, and Wisconsin Works agencies;
15 for reward payments under s. 49.846 (3); and for emergency assistance for families
16 with needy children under s. 49.138. Payments may be made from this appropriation
17 account for any contracts under s. 49.845 (4) and for any fraud investigation and
18 error reduction activities under s. 49.197 (1m). Moneys appropriated under this
19 paragraph may be used to match federal funds received under par. (md).
20 Notwithstanding ss. 20.001 (3) (a) and 20.002 (1), the department may transfer funds
21 between fiscal years under this paragraph. Notwithstanding ss. 20.001 (3) and
22 20.002 (1), the department of health services shall credit to this appropriation
23 account funds for the purposes of this appropriation that the department transfers
24 from the appropriation account under s. 20.435 (5) (bc). All funds allocated by the
25 department but not encumbered by December 31 of each year lapse to the general

BILL

1 fund on the next January 1 unless transferred to the next calendar year by the joint
2 committee on finance.

3 **SECTION 6.** 20.437 (2) (L) of the statutes is amended to read:

4 20.437 (2) (L) *Public assistance overpayment recovery, fraud investigation, and*
5 *error reduction.* All moneys received as the state's share of the recovery of
6 overpayments and incorrect payments under s. 49.191 (3) (c), 1997 stats., and s.
7 49.195, 1997 stats., for any contracts under s. 49.845 (4), for any activities under s.
8 49.197 (1m) to investigate fraud relating to the Aid to Families with Dependent
9 Children program and the Wisconsin Works program, for any activities under s.
10 49.197 (3) to reduce payment errors in the Wisconsin Works program, for reward
11 payments under s. 49.849 (3), and for costs associated with collection of public
12 assistance overpayments.

13 **SECTION 7.** 49.793 (2) (a) of the statutes is amended to read:

14 49.793 (2) (a) Except as provided in par. (b), a county, multicounty consortium,
15 as defined in s. 49.78 (1) (br), or governing body of a federally recognized American
16 Indian tribe may retain ~~a portion of the~~ full amount of an overpayment the state is
17 authorized to retain under 7 USC 2025 that is recovered under sub. (1) due to the
18 efforts of an employee or officer of the county, multicounty consortium, or tribe. ~~The~~
19 ~~department shall promulgate a rule establishing the portion of the amount of the~~
20 ~~overpayment that the county, multicounty consortium, or governing body may~~
21 ~~retain.~~ This paragraph does not apply to recovery of an overpayment that was made
22 as a result of state, county, multicounty consortium, or tribal governing body error.

23 **SECTION 8.** 49.846 of the statutes is created to read:

BILL

1 **49.846 Optional incentive program for counties and tribes that**
2 **identify fraud in certain public assistance programs. (1) DEFINITIONS.** In this
3 section:

4 (a) "County or tribe" means a county having a population of less than 750,000
5 or a federally recognized American Indian tribe or band in this state.

6 (b) "Food stamp program" means the federal food stamp program under 7 USC
7 2011 to 2036a.

8 (c) "Medical Assistance program" means the program under subch. IV.

9 (d) "Wisconsin Works" has the meaning given in s. 49.141 (1) (p).

10 **(2) PUBLIC ASSISTANCE PROGRAMS ADMINISTERED BY THE DEPARTMENT OF HEALTH**
11 **SERVICES.** (a) *Medical Assistance program.* The department of health services shall
12 establish an optional incentive program, by rule, under which the department will
13 provide a reward payment to a county or tribe if an employee or officer of the county
14 or tribe identifies fraudulent activity in the Medical Assistance program. The
15 department of health services may make reward payments under the optional
16 incentive program from the appropriations under s. 20.435 (4) (bm), (L), (nn), and
17 (pa). The department of health services shall establish the optional incentive
18 program to include all of the following:

19 1. That a county or tribe shall choose to receive a reward payment in the
20 amount determined under subd. 2. or to retain funds under s. 49.49 (5) or 49.497 (2)

21 (a).

22 2. That the amount of a reward payment to a county or tribe under the program
23 is equal to ~~10~~ ²⁰ percent of the amount that the department determines will be saved
24 in the Medical Assistance program as the result of eliminating the identified
25 fraudulent activity during the 12-month period after the fraudulent activity is

BILL

1 eliminated. Notwithstanding ss. 49.49 (5) and 49.497 (2) (a), a county or tribe that
2 receives a reward payment may not retain any funds that are incorrectly paid as the
3 result of the identified fraudulent activity and recovered due to the efforts of an
4 employee or officer of the county or tribe.

5 (b) *Food stamp program.* The department of health services shall establish an
6 optional incentive program, by rule, under which the department will provide a
7 reward payment to a county or tribe if an employee or officer of the county or tribe
8 identifies fraudulent activity in the food stamp program. The department of health
9 services may make reward payments under the optional incentive program from the
10 appropriations under s. 20.435 (4) (bm), (L), (nn), and (pa). The department shall
11 establish the optional incentive program to include all of the following:

12 1. That a county or tribe shall choose to receive a reward payment in the
13 amount determined under subd. 2. or to retain funds under s. 49.793 (2) (a).

14 2. That the amount of a reward payment to a county or tribe is equal to 10
15 percent of the amount that the department determines will be saved in the food
16 stamp program as the result of eliminating the identified fraudulent activity during
17 the 12-month period after the fraudulent activity is eliminated. Notwithstanding
18 s. 49.793 (2) (a), a county or tribe that receives a reward payment may not retain any
19 funds that are incorrectly paid as the result of the identified fraudulent activity and
20 recovered due to the efforts of an employee or officer of the county or tribe.

21 (3) **PUBLIC ASSISTANCE PROGRAM ADMINISTERED BY THE DEPARTMENT OF CHILDREN**
22 **AND FAMILIES; WISCONSIN WORKS.** The department of children and families shall
23 establish an optional incentive program, by rule, under which the department will
24 provide a reward payment to a county or tribe if an employee or officer of the county
25 or tribe identifies fraudulent activity in Wisconsin Works. The department of

BILL

1 children and families may make reward payments under the optional incentive
2 program from the appropriation under s. 20.437 (2) (dz), (L), and (mc). The
3 department of children and families shall establish the optional incentive program
4 to include all of the following:

5 (a) That a county or tribe shall choose to receive a reward payment in the
6 amount determined under par. (b), to receive a reward under the incentive program
7 under s. 49.197 (2), or to retain funds under s. 49.195 (4).

8 (b) That the amount of a reward payment paid to a county or tribe is equal to
9 ²⁰ 10 percent of the amount that the department determines will be saved in Wisconsin

10 Works as the result of eliminating the identified fraudulent activity during the
11 12-month period after the identified fraudulent activity is eliminated.
12 Notwithstanding ss. 49.195 (4) and 49.197 (2), a county or tribe that receives a
13 reward payment may not retain any funds that are incorrectly paid as the result of
14 the identified fraudulent activity and recovered due to the efforts of an employee or
15 officer of the county or tribe and may not receive a reward payment under s. 49.197
16 (2).

17 (4) USE OF REWARD PAYMENT. A county or tribe may use a reward payment
18 received under this section for any purpose.

19 (5) WAIVERS. (a) If the department of health services determines that it needs
20 a waiver to allow reward payments under sub. (2) (a) to qualify as administrative
21 costs for the Medical Assistance program or to allow a county and tribe to use any
22 federal funds received under sub. (2) (a) for any purpose, the department shall
23 request the necessary waiver from the secretary of the federal department of health
24 and human services and may not implement the incentive program under sub. (2)
25 (a) unless the waiver is granted.

BILL

1 (b) If the department of health services determines that it needs a waiver to
2 allow reward payments under sub. (2) (b) to qualify as administrative costs involved
3 in the operation of the food stamp program or to allow a county and tribe to use any
4 federal funds received under sub. (2) (b) for any purpose, the department shall
5 request the necessary waiver from the secretary of the federal department of
6 agriculture and may not implement the incentive program under sub. (2) (b) unless
7 the waiver is granted.

8 (c) If the department of children and families determines that it needs a waiver
9 to allow reward payments under sub. (3) to qualify as state expenditures for purposes
10 of determining whether the state is maintaining a certain level of historic support
11 under the temporary assistance for needy families program under 42 USC 601 to 619
12 or to allow a county and tribe to use any federal funds received under sub. (3) for any
13 purpose, the department shall request the necessary waiver from the secretary of the
14 federal health and human services and may not implement the incentive program
15 under sub. (3) unless the waiver is granted.

16

(END)

Barman, Mike

From: Reader, Kirsten
Sent: Thursday, May 02, 2013 3:19 PM
To: LRB.Legal
Subject: Draft Review: LRB -1280/4 Topic: Reward for counties and tribes that identify fraudulent activity in public assistance programs

Thanks!

Please Jacket LRB -1280/4 for the ASSEMBLY.