2013 DRAFTING REQUEST

Bill

Received:	**1/10/2013**	Received By:	**pkahler**
Wanted:	**As time permits**	Same as LRB:	
For:	**Administration-Budget 7-7980**	By/Representing:	**Iwata**
May Contact:		Drafter:	**pkahler**
Subject:	**Medical Assistance**	Addl. Drafters:	
		Extra Copies:	

Submit via email: **YES**
Requester's email:
Carbon copy (CC) to: **Tamara.Dodge@legis.wisconsin.gov**

Pre Topic:

DOA:......Iwata, BB0356 -

Topic:

Reducing work disincentives under MAPP

Instructions:

See attached

Drafting History:

Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
/?	pkahler 1/14/2013	scalvin 1/15/2013	jfrantze 1/15/2013	_______			
/P1	pkahler 2/1/2013			_______	lparisi 1/15/2013		State S&L
/P2	pkahler 2/5/2013	scalvin 2/4/2013	jfrantze 2/4/2013	_______	mbarman 2/4/2013		State S&L
/1	pkahler	evinz	jfrantze	_______	srose		State

Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
	2/8/2013	2/6/2013	2/6/2013	_______	2/6/2013		S&L
/2	pkahler	wjackson	phenry	_______	mbarman		State
	2/12/2013	2/8/2013	2/8/2013	_______	2/11/2013		S&L
/3		evinz	phenry	_______	mbarman		State
		2/12/2013	2/12/2013	_______	2/12/2013		S&L

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FE Sent For: /3 eev 2/12/13

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/P2	pkahler 2/5/2013	scalvin 2/4/2013	jfrantze 2/4/2013		mbarman 2/4/2013		State S&L
/1	pkahler	evinz	jfrantze		srose		State

Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
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	/1 sac 02/06/2013 /1 eev 2/6/13		2/6	2/6			

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jk 2/4
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Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
/?	pkahler	/P1 sac 01/14/2013	1/15	ph 1/15			

FE Sent For:

<END>

Kahler, Pam

From: Dodge, Tamara
Sent: Thursday, January 10, 2013 1:17 PM
To: Kahler, Pam
Subject: FW: Statutory Language Drafting Request - BB0356
Attachments: 13-15 MAPP Statutory Language.doc; 730 Medical Assistance Purchase Plan.doc

We got another MA budget request (of course). Budgetwise -- I only have the divestment redraft right now which, besides adding an analysis, doesn't look too difficult (the other redraft today was super simple and already out). So I can take this MAPP request if you are busy or if you just don't want it. Otherwise, I have enough so you can take it if you want it – up to you.

Tami

Tamara J. Dodge
Attorney
Wisconsin Legislative Reference Bureau
P.O. Box 2037
Madison, WI 53701-2037
(608) 267 - 7380
tamara.dodge@legis.wisconsin.gov

From: Hanaman, Cathlene
Sent: Thursday, January 10, 2013 1:08 PM
To: Dodge, Tamara
Subject: FW: Statutory Language Drafting Request - BB0356

From: Yuko.Iwata@wisconsin.gov [mailto:Yuko.Iwata@wisconsin.gov]
Sent: Thursday, January 10, 2013 1:06 PM
To: Hanaman, Cathlene
Cc: Thornton, Scott - DOA; Gauger, Michelle C - DOA; Iwata, Yuko - DOA
Subject: Statutory Language Drafting Request - BB0356

Biennial Budget: 2013-15

Topic: Medical Assistance Purchase Plan

Tracking Code: BB0356

SBO Team: HSI

SBO Analyst: Iwata, Yuko - DOA
Phone: (608) 267-7980
E-mail: Yuko.Iwata@wisconsin.gov

Agency Acronym: DHS

Agency Number: 435

Priority: High

Intent:

To reduce work disincentives in the Medical Assistance Purchase Plan.

Attachments: True

Please send completed drafts to *statlanguage@wisapps.wi.gov*

DHS

Medical Assistance Purchase Plan

Decision Needed

Should the State seek statutory changes to reduce work disincentives in the MAPP program?

Background

1. Section 4733 of the Balanced Budget Act of 1997 allows states to establish Medicaid buy-in programs through which working people with disabilities whose earnings are too high for them to qualify for Medicaid under existing rules may qualify for coverage. Wisconsin's buy-in program is MAPP.

2. The goal of MAPP is to remove financial disincentives to work. The program provides enrollees the opportunity to earn more income without the risk of losing MA-funded health care coverage. This plan also allows an individual to accumulate savings from earned income to increase the rewards from working. An individual is eligible to participate in MAPP if:

   - the individual's family income, except income that is excluded under federal SSI rules, is less than 250% of the FPL;
   - the individual's countable assets under MA financial eligibility rules do not exceed $15,000 at enrollment;
   - the individual has a disability under SSI standards;
   - the individual is engaged in gainful employment or is participating in a employment plan that is certified by DHS; and
   - the individual is at least 18 years old.

3. MAPP participants with gross monthly individual income exceeding 150% of FPL for their family size ($1,396 for an individual in 2012, more for larger households) are liable for a premium. While spousal and other family income is excluded from the income calculation for premiums, those family members are included when determining family size. Premiums are equal to:

   - *All* unearned income after subtracting deductions (e.g. impairment-related work expenses and out-of-pocket medical and remedial expenses) and a standard living allowance of $801; plus
   - 3% of work-generated income.

Premium calculations are rounded down to the nearest increment of $25, so participants with premiums calculated to be below $25 do not pay premiums.

MAPP Eligibility & Premiums

	All Participants
Income Limit	250% FPL
Asset Limit	$15,000
Total Income for Premium Eligibility	150% FPL
Portion of Unearned Income Paid as Premium	Any unearned income (minus deductions) above $801
Round Premium	Down to nearest $25
Minimum Premium	None
Maximum Premium	None

4. The work requirement for MAPP eligibility is not considered to be very strong. Activities performed in exchange for in-kind payments are considered work. In addition, the program does not currently require work verification, so it is unclear how many participants engage in formal employment.

5. The current methodology for determining eligibility and premiums for MAPP participants does not adequately reduce disincentives for participants to work and earn enough income to pay premiums. In April 2012, for example, only 24.4% of participants earned at least $100 in income and 4.6% paid premiums.

6. MAPP participants also have the opportunity to save earnings apart from the $15,000 countable asset limit for eligibility. They can establish Independence Accounts, which are intended to foster savings for items that increase personal and financial independence. Annual deposits are limited to 50% of each year's gross earned income.

7. In Wisconsin, portability of these retirement assets is limited. The Statutes currently allow EBD Medicaid recipients who qualify as medically needy to have Independence Account balances and certain deferred compensation or retirement accounts to be excluded for eligibility purposes. These assets are not exempt for other groups of Medicaid applicants and recipients, though Independence Accounts are excluded from countable assets for MAPP participants.

8. The Department of Health Services proposes to reduce work disincentives in the MAPP program by:

   - Altering the MAPP eligibility criteria;
   - Altering the MAPP premium structure;
   - Excluding retirement assets accumulated while in MAPP and other MA programs from countable assets for MA eligibility as an incentive to work and save.

Current Language

9. Current statutes governing MAPP eligibility and premiums are found under Wis. Stat. § 49.472.

10. Wis. Stat. § 49.47(4) governs eligibility for EBD applicants and recipients who qualify as medically needy. Wis. Stat. § 49.472 excludes independence accounts from countable assets for MAPP eligibility, but does not address deferred compensation or retirement accounts. Statutes governing other Medicaid groups do not include such exclusions.

Proposed Change

1. The Department proposes to amend Wis. Stat. § 49.472 to:
   a. Eliminate the distinction between earned and unearned income in the income eligibility calculation;
   b. Require wage income from work, with necessary documentation;
   c. Disregard up to $500 of medical/remedial expenses and long term care expenses per month.
   d. Establish a premium of 3% of earned and unearned income for participants with gross monthly income at or above 150% FPL, with the minimum monthly premium equal to $50;
   e. Compare individual income to 150% FPL for an individual to determine premium eligibility;
   f. Eliminate the distinction between earned and unearned income in the premium calculation.

2. The Department also proposes statutory changes to apply the asset exemptions enumerated in Wis. Stat. § 49.47(4)(b) to all EBD applicants and recipients, including MAPP participants.

3. The table in Attachment 1 illustrates the proposed changes.

Desired Effective Date: January 1, 2014
Agency: DHS
Agency Contact: Lara Rosen
Phone: 266-5655

(page 4 is blank)

Attachment 1. Proposed Changes to MAPP Eligibility and Premiums

MAPP Eligibility Methodology

	Current	***Proposed***
Total Income for Eligibility	1. Take earned income (applicant & spouse) 2. Subtract $65 3. Divide by 2 4. Subtract IRWE 5. Add unearned income (applicant & spouse) 6. Subtract $20 general disregard Compare total to 250% FPL for family size	**1. Take total earned and unearned income (applicant & spouse)** 2. Subtract $65 3. Divide by 2 4. Subtract IRWE **5. Subtract $500 in MREs and LTC costs** 6. Subtract $20 general disregard Compare total to 250% FPL for family size
Work Verification	None	**Formal documentation of earnings/work activity**
Eligible retirement and deferred compensation accounts considered countable assets?	Yes	**No**

MAPP Premium Methodology

	Current	***Proposed***
Total Income for Premium Eligibility	150% FPL (for family size)	**150% FPL (for individual)**
Portion of Unearned Income Paid as Premium	Any unearned income (minus deductions) above $801	**3% after deductions**
Portion of Earned Income Paid as Premium	3%	**3% after deductions**
Round Premium	Down to nearest $25	**Down to nearest $25 above $50**
Minimum Premium (if total income above 150% FPL)	None	**$50**

Medical Assistance Purchase Plan

Decision Needed

The Department of Health Services proposes to reduce work disincentives in the MAPP program by:

- Altering the MAPP eligibility criteria;
- Altering the MAPP premium structure;
- Excluding retirement assets accumulated while in MAPP and other MA programs from countable assets for MA eligibility as an incentive to work and save.

Background

1. Section 4733 of the Balanced Budget Act of 1997 allows states to establish Medicaid buy-in programs through which working people with disabilities whose earnings are too high for them to qualify for Medicaid under existing rules may qualify for coverage. Wisconsin's buy-in program is MAPP.

2. The goal of MAPP is to remove financial disincentives to work. The program provides enrollees the opportunity to earn more income without the risk of losing MA-funded health care coverage. This plan also allows an individual to accumulate savings from earned income in an Independence Account to increase the rewards from working. An individual is eligible to participate in MAPP if:

    - the individual's family income, except income that is excluded under federal SSI rules, is less than 250% of the FPL;
    - the individual's countable assets under MA financial eligibility rules do not exceed $15,000 at enrollment;
    - the individual has a disability under SSI standards;
    - the individual is engaged in gainful employment or is participating in a employment plan that is certified by DHS; and
    - the individual is at least 18 years old.

3. People choose to enroll in MAPP because financial criteria for MAPP eligibility are less stringent than those for other MA programs for the elderly, blind, and disabled (EBD). For non-working disabled without a nursing home level of care, categorically needy income limits are less than 100% of the FPL. Spend-down provisions allow higher income individuals to receive coverage if they have high medical expenses. However, an EBD individual or couple must spend down to $592 per month to receive coverage. The asset limit for EBD individuals is $2,000. The Home and Community-Based Waivers Long term

care (HCBWLTC) eligibility criteria allow income up to $2,094 per month, but enrollees may have to contribute to the cost of care and may be able to retain only $878 of income for living expenses.

4. MAPP participants with gross monthly individual income exceeding 150% of FPL for their family size ($1,396 for an individual in 2012, more for larger households) are liable for a premium. While spousal and other family income is excluded from the income calculation for premiums, those family members are included when determining family size. Premiums are equal to:
    - *All* unearned income after subtracting deductions (e.g. impairment-related work expenses and out-of-pocket medical and remedial expenses) and a standard living allowance of $801;[1]
    - 3% of work-generated income.

    Premium calculations are rounded down to the nearest increment of $25, so participants with premiums calculated to be below $25 do not pay premiums.

MAPP Eligibility & Premiums

	All Participants
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Total Income for Premium Eligibility	150% FPL
Portion of Unearned Income Paid as Premium	Any unearned income (minus deductions) above $801
Round Premium	Down to nearest $25
Minimum Premium	None
Maximum Premium	None

5. The premium calculation treats earned and unearned income differently for several policy reasons. First, this decision was driven by a desire to motivate higher employment earnings and reduce reliance on public cash benefits among MAPP participants with an SSDI entitlement.[2] In addition, by including all unearned income (minus deductions) over the standard living allowance ($801 in 2012) in the premium, MAPP premiums are considered consistent with the cost sharing requirements for other EBD programs.

Ind a/c

6. MAPP participants also have the opportunity to save earnings apart from the $15,000 countable asset limit for eligibility. They can establish Independence Accounts (IAs), which are intended to foster savings for items that increase personal and financial independence. Annual deposits are limited to 50% of each year's gross earned income.

[1] Examples of impairment-related work expenses (IRWE) include adaptive equipment, vehicle modifications, service animal costs and some transportation expenses. Examples of medical and remedial expenses (MRE) include attendant care, prescription drugs, medical devices and services, and certain insurance premiums and co-payments.
[2] When the MAPP program was being developed, program administrators assumed that the SSDI benefit would be restructured to gradually decrease as earnings rose; however, this policy was never enacted by the Social Security Administration. As a result, SSDI recipients receive a set monthly benefit until their earned income surpasses the SSDI substantial gainful activity (SGA) level, $1,010 in 2012, at which point they lose the total benefit.

7. MAPP includes a grace period for certain participants who are not working. Participants who are looking for work and have a certified work plan may be granted an exemption for up to 9-12 months. In addition, participants who are episodically too sick to work may be granted an exemption for up to 6 months (limited to 2 exemptions every 3 years), provided that they were enrolled in MAPP for at least 6 months prior to needing the exemption.

Current MAPP Population

8. In March 2012, 21,145 individuals were enrolled in MAPP. At that time, approximately 20% of MAPP participants (4,071) were receiving long term care services and 90% (19,028) were also receiving Medicare benefits.

9. As illustrated in the table below, most MAPP participants have countable income between 100% and 150% FPL for their family size.

% FPL	Number of Participants	Percent of Total Participants
Below 100%	6,305	30.2%
100-150%	12,735	61.0%
Above 150%	1,826	8.8%
Total	20,866	100.0%

10. Very few participants in MAPP pay a premium. In April 2012, only 4.6% (969) of MAPP participants paid a premium. For those participants paying a premium, the average premium was about $242; the median was $125.

11. Monthly earned income for MAPP participants is also particularly low. In April 2012, CARES data show that 75.6% of individuals had a monthly earned income under $100. The average income in that month was $129; the median was $20. The table below breaks down the MAPP population by earning level in April 2012.

Earned Income	Number of Participants	Percent of Total Participants
$0	4,033	19.3%
$0-25	7,794	37.4%
$25-65	3,181	15.2%
$65-100	772	3.7%
$100+	5,086	24.4%
Total	20,866	100.0%

12. In April 2012, 69 MAPP participants had at least $1 in an independence account. Balances ranged from $1 to $13,001. Of those participants with money in their accounts, the average account balance was $4,321 and the median was $2,971. Total funds held in IAs amounted to $298,172. The table below shows the number of participants with IAs according to account savings level.

IA Amount	Number of Participants
$1-$4,999	44
$5,000-$9,999	17
$10,000-$14,999	8

Concerns with the Current Methodology

13. There are several concerns about the current methodology for determining premiums and eligibility for MAPP participants. The premium methodology leads to very few participants paying premiums, and creates disincentives to earn enough income to reach the 150% FPL premium threshold. Work disincentives may also stem from the program's eligibility criteria.

14. The low number of participants paying premiums can be attributed to several causes. First, the premium threshold of 150% FPL excludes a large portion of participants from paying premiums. The portion paying premiums is even smaller because the calculation includes spouses and other family members in the family size but excludes their income in the premium threshold calculation. While 2,245 (10.8%) of MAPP participants had total individual income at or above 150% FPL for an individual ($1,396) in April 2012, only 7.2% (1,512) reached 150% FPL for their household size and were therefore subject to a premium. The total number of participants actually paying a premium was even lower at 969 (4.6%). This further decrease was largely due to the $25 premium calculation threshold.

15. In addition, the income threshold (total income greater than 150% of FPL) at which enrollees are subject to a premium and the level of this premium give participants an incentive to keep income at or below 150% FPL, creating disincentives to work. To avoid paying a premium, participants may work only at a level where their monthly earnings are less than the difference between unearned income and the threshold. For example, if a MAPP participant received $1,111 in unearned income, the SSDI benefit in January 2012, and had earned income over $285, she would be over the 150% FPL income threshold and would be required to pay a monthly premium of at least $300, a net loss in earned income of $15.

Single Person with Work Income and SSDI Benefit		
	Example 1	**Example 2**
Earned Income	$ 285	$ 275
Unearned (SSDI)	$ 1,111	$ 1,111
Total Income	**$ 1,396**	**$ 1,386**
150% FPL Level	$ 1,396	$ 1,396
Subject to Premium?	Yes	No
Premium Calculation - Approximate		
3% of Earned Income	$ 8.55	$ -
Unearned Income minus $802 minus any deductions	$ 309.00	$ -
Total Premium	$ 317.55	$ -
Income Minus Premium	**$ 1,078.45**	**$ 1,386.00**

Note: In this example, a $10 income difference equates to a $317 premium difference.

16. The program's eligibility criteria may create work disincentives in several other ways. First, the income limit provides an incentive for participants to keep household income under 250% FPL. This calculation excludes income allowed under federal SSI rules, but in contrast to the SSI 1619(b) program, which is also intended to provide incentives for disabled individuals to work, does not deduct medical and long term care costs.[3]

17. Second, the program's work requirement is not considered to be very strong. Activities performed in exchange for in-kind payments are considered work for eligibility purposes. In addition, the program does not currently require work verification, so it is unclear how many participants engage in formal employment.

18. In addition, disability advocates and MAPP participants have raised concern regarding the status of Independence Account assets when a participant ceases working, due to either retirement or recognition that their medical conditions impede an ability to continue working. These individuals are no longer eligible to receive MA benefits through MAPP. To continue to receive MA coverage, they must spend down their assets to under $2000, including Independence Account savings, to meet eligibility criteria. It should be noted, however, that Wis. Stat. 49.47(4)(b) permits the exclusion of these assets for eligibility purposes for medically needy applicants, though the statute was intended to be applied more broadly.

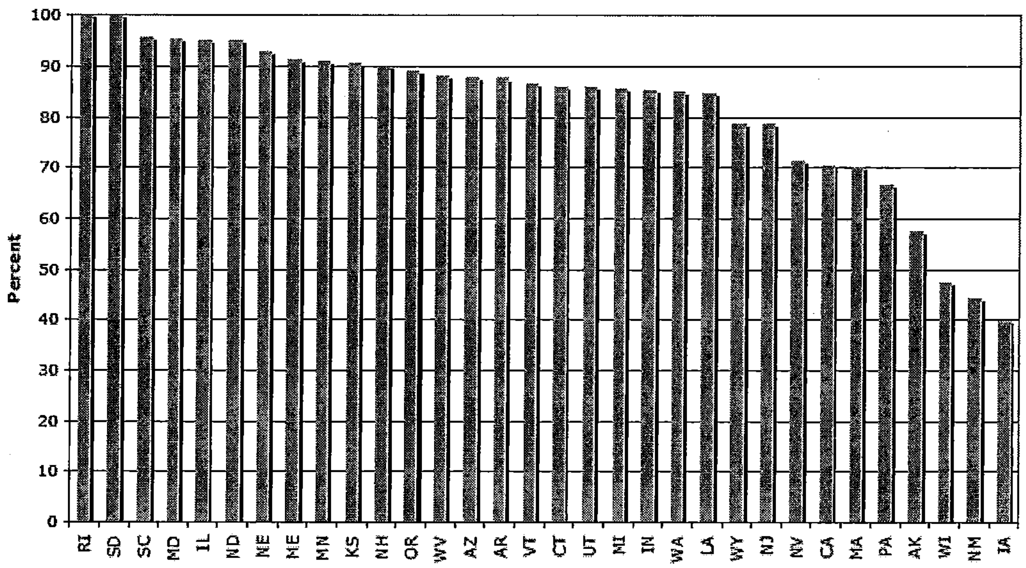
Comparing MAPP to Other Medicaid Buy-In Programs

19. Mathematica Policy Research, Inc. (MPR), has performed a number of evaluations of Medicaid buy-in programs across states. The 2010 report evaluating the Medicaid Infrastructure Grants program for 2009 shows Wisconsin participants as having the lowest

[3] The SSI 1619(b) program allows SSI recipients with employment earnings high enough to eliminate their cash benefit to remain eligible for MA coverage with no premium. This program has a cash asset limit of $2,000

average earnings among all 37 states with buy-in programs. Average earnings for MAPP participants were $4,652, well below the national average of $8,677. In addition, as illustrated in the table below, in 2006 Wisconsin's buy-in program had an employment rate of about 47%, the third-lowest among all states with buy-in programs.[4]

Figure IV.2. Percent of Buy-In Participants Employed, by State, 2006



Source: Buy-In finder files and the Master Earnings File, 2006.

Note: South Dakota had only one Buy-In participant enrolled during 2006; enrollment in other states varied between 19 and 14,866 participants.

20. A number of program features are associated with higher earned income and work participation. According to MPR's 2006 report, states with shorter grace periods, higher income limits, and younger participants tended to have higher employment and higher incomes. In addition, participants in buy-in programs with work verification were 27% more likely to be employed than other participants, and earned an average of $503 more annually.[5] The report also found that participants in buy-in programs authorized under the Balanced Budget Act of 1997 (BBA) were 52% less likely to be employed than participants in buy-in programs under the Ticket to Work and Work Incentives Improvement Act of 1999 (TWWIIA).

21. The difference in employment between BBA and TWWIIA buy-in programs draws mainly from two sources. First, the BBA requires states to impose an income limit of 250% FPL, while TWWIIA allows states to choose which, if any, income standard to impose. Moreover, while the BBA allows working disabled individuals of any age to enroll in the buy-in program, the TWWIIA limits participation to working disabled individuals aged 16-64. It should be noted that the BBA's age requirements accord with MAPP's goal of helping elderly disabled individuals maintain MA eligibility during retirement.

[4] Mathematica Policy Research, Inc. (April 2008). *The Three E's: Enrollment, Employment, and Earnings in the Medicaid Buy-In Program, 2006.*
[5] Ibid

22. To encourage savings and ensure continuity of care, a number of states disregard specific assets in their Medicaid buy-in programs or allow portability of Independence Accounts between Medicaid programs. California, Connecticut, New Hampshire, and Vermont identify assets, including those associated with earnings during enrollment in a MA program, that are excluded from MA eligibility determination for the lifetime of the individual, regardless of whether they exit their current coverage group.

Portability of Retirement Assets

23. In Wisconsin, portability is limited. The Statutes currently allow only EBD Medicaid recipients who qualify as medically needy to have these retirement assets excluded for eligibility purposes. For this group, Wis. Stat. § 49.47(4)(b) allows the exemption of "any amounts in an independence account, as defined in s. 49.472(1)(c), or any retirement assets that accrued from employment while the applicant was eligible for the community options program under s. 46.27(11), or any other Medical Assistance program, including deferred compensation or the value of retirement accounts in the Wisconsin Retirement System or under the federal Social Security Act."

24. These assets are not exempt for other groups of Medicaid applicants and recipients. These provisions were added in Act 28, the 2009-11 biennial budget. The language was drafted too narrowly, targeting EBD medically needy individuals, to have a major impact. Wis. Stat. § 49.472 excludes independence accounts from countable assets for MAPP eligibility, but does not address deferred compensation or retirement accounts. Statutes governing other Medicaid groups do not include such exclusions.

25. Upon exiting MAPP, participants have significantly restricted access to the retirement assets they accumulated during the program. They spend down retirement assets or establish trusts in order to remain MA eligible. The lack of access to these assets after leaving the MAPP program creates a disincentive for participants to save or to participate in work activities beyond a level that will generate income to cover their immediate needs.

26. With an improved ability to retain saved earned income, MAPP participants may increase their work participation. DHS proposes that state law be modified to apply the asset exemptions enumerated in Wis. Stat. § 49.47(4)(b) to all EBD applicants and recipients, including MAPP participants. In addition, implementation of this proposal would ensure comparable treatment of applicants and recipients regarding asset exemption for eligibility purposes.

27. It should be noted that this proposal limits exempt retirement assets to those accumulated while in MAPP and other MA programs.

Revising MAPP's Eligibility Criteria for Sustainability

28. The Department proposes a revised MAPP eligibility calculation that seeks to offset current disincentives for disabled individuals to **work and save** for retirement. The proposal includes

changes to the income calculation, work requirement, and countable assets for eligibility purposes.

29. Changes to the current income determination formula include the following:

    1) Eliminate the distinction between earned and unearned income;
    2) Disregard $500 of the applicant's out-of-pocket expenses for medical/remedial expenses (MRE) and long term care costs.

30. DHS also proposes to require work verification to increase employment and earnings among MAPP participants. Applicants would be required to provide documentation of work income at time of initial application, at their annual review, and within 10 days of a change in income. Acceptable documentation would include pay stubs, and for self-employed applicants, could include cash flow statements, tax forms, 1099 forms, receipts to customers, or proof of payment from customers. Activities in exchange for in-kind compensation would no longer be considered valid work activity. The Department would give current participants a six-month window after the effective date of the policy to either find work and provide required documentation or begin developing a work plan.

31. The methodology would also exempt assets in eligible retirement and deferred compensation accounts accrued *during MA eligibility*, as discussed above.

32. DHS proposes that Wis. Stat. § 47.472(3) be amended to direct DHS to promulgate eligibility requirements to effect these changes. The table below illustrates the proposed changes.

MAPP Eligibility Criteria

	Current	*Proposed*
Total Income for Eligibility	1. Take earned income (applicant & spouse) 2. Subtract $65 3. Divide by 2 4. Subtract IRWE 5. Add unearned income (applicant & spouse) 6. Subtract $20 general disregard Compare total to 250% FPL for family size	**1. Take total earned and unearned income (applicant & spouse)** 2. Subtract $65 3. Divide by 2 4. Subtract IRWE **5. Subtract $500 in MREs and LTC costs** **6.** 7. Subtract $20 general disregard Compare total to 250% FPL for family size
Work Verification	None	**Formal documentation of earnings/work activity**
Eligible retirement and deferred compensation accounts considered countable assets?	Yes	**No**

Revising MAPP's Premium Structure

33. The Department could revise the MAPP premium structure to offset the current disincentives to work and increase the number of participants paying premiums. Proposed changes to the formula include the following:

1) Establish a minimum premium of $50 for participants with gross monthly income above 150% FPL;
2) Compare individual income to 150% FPL for individual instead of for family size;
3) Eliminate the distinction between earned and unearned income.

34. DHS proposes that Wis. Stat. § 47.472(4) be amended to incorporate changes to the MAPP premium methodology. The table below illustrates the proposed changes.

MAPP Premium Methodology

	Current	*Proposed*
Total Income for Premium Eligibility	150% FPL (for family size)	150% FPL (for individual)
Portion of Unearned Income Paid as Premium	Any unearned income (minus deductions) above $801	3% after deductions
Portion of Earned Income Paid as Premium	3%	3% after deductions
Round Premium	Down to nearest $25	Down to nearest $25 above $50
Minimum Premium (if total income above 150% FPL)	None	$50

35. The Department has proposed these changes for several reasons. The minimum premium would ensure that all participants eligible to pay premiums are paying premiums, while the income calculation change would increase the number of participants eligible to pay premiums. The maximum premium is intended to keep the program affordable and encourage higher earnings by those who are capable of doing so, though it should be noted that participants are not expected to reach this cap often. Most significantly, treating unearned and earned income equally for premium calculation purposes would reduce the tendency of participants to "park" employment earnings below 150% FPL in order to avoid paying a substantial premium. It should be noted that the Department cannot charge premiums to participants under 150% FPL.

Policy Implications

36. While the proposed changes to MAPP will create an additional incentive to work, their impact on overall Medicaid enrollment is expected to be minimal. Because of the importance of health care and long term care coverage to people with disabilities, the recipients who would benefit from the proposal currently spend down to qualify for Medicaid coverage.

Eligibility criteria

37. By allowing participants to have greater income and assets, the proposed MAPP eligibility methodology would increase work incentives, thereby enabling participants to live more independently and in more independent settings. In addition, the Division believes that by requiring work participation, the new methodology could lead to improved health outcomes, as employment has been linked to improved health. [6] By promoting independence and work participation, MAPP may help participants delay or prevent the need for more costly and intensive health care services, such as hospitalization or placement in a nursing home or other residential care facility.

[6] Hartman. E.C. (n.d.) *A Literature Review on the Relationship between Employment and Health: How this Relationship may Influence Managed Long Term Care*

38. It is difficult to predict how the new eligibility criteria will affect enrollment in MAPP. The greater deductions and exemptions would expand the pool of individuals eligible for MAPP, and may result in increased enrollment. However, enrollment increases are expected to be small, as other states with much higher income limits than MAPP have much lower enrollment. For example, Minnesota has no income limit and enrollment of about 8,000.[7]

39. The implementation of an income verification requirement will provide an incentive for some participants to increase their work participation in order to maintain program eligibility. However, it can be expected that the stronger work requirement would encourage a portion of individuals to leave the MAPP program.

40. MAPP participants with long term care needs would be able to enroll in MA-funded long term care programs, such as Family Care, IRIS, and PACE/Partnership, which have relatively generous eligibility standards. Participants with monthly income at or below the SSI level ($781.78 for an individual) would be able to enter other MA-funded programs as categorically needy recipients. However, those without long term care needs who have incomes above the SSI level would be required to spend down to $592 per month – approximately 65% of poverty level – to be eligible for MA if they are unable to work enough to maintain MAPP eligibility. It should be noted that over 76.9% of MAPP participants receive SSDI benefits above the SSI level.

41. Approximately 25% of MAPP participants are long term care recipients, and 2.5% of single, non-long term care participants have monthly income under the SSI level for an individual. This leaves a pool of 12,600 single MAPP recipients who would potentially have to spend down to become MA eligible if not enrolled in MAPP.[8]

42. Of this "spend-down group" of 12,625 single MAPP participants, 8,404 (66.6%) earned less than $33.33 per month in January 2012 (the average monthly earned income required to have to file self-employment taxes), and 2,765 (21.9%) earned no income.

43. These individuals will have a strong incentive to engage in substantial work activity to maintain eligibility and avoid having to spend down. A large portion of those earning over $33.33 per month are likely to maintain eligibility because they can demonstrate compliance with the work requirement. A smaller portion of those earning from $0 to $33.33 are likely to meet the work requirement. Several thousand members of this group are expected to lose MAPP eligibility and have to spend down to $592 a month to maintain eligibility for MA.

Premium structure

44. The revised premium structure is likely to increase work participation among current participants, particularly those with total income approaching 150% FPL and high levels of unearned income. The Department estimates that approximately 3,000 current MAPP participants have income near the 150% FPL level. The work requirement and simplified

[7] Minnesota Department of Human Services. (2011.) *Medical Assistance for Employed Persons with Disabilities (MA-EPD) Semi-Annual Data Report: January-June 2011.* It should be noted that Minnesota's buy-in program also has age restrictions and a monthly earnings minimum.

[8] These figures are based on the population of single MAPP participants because the data do not include spousal income, therefore making it difficult to compare income to SSI levels for households of two or more.

premium formula should encourage these individuals to increase work activity and earnings to maintain coverage. If all of these individuals currently near 150% FPL began paying the minimum premium, monthly premiums would increase by an average of $150,000.

45. The premium structure would increase the number of participants paying premiums in other ways as well. Applying the proposed changes to the income threshold for premium eligibility would have resulted in 2,245 MAPP participants paying a premium in April 2012. This figure represents a 131% increase in the number of participants paying premiums (from 969). In addition, current SSI 1619(b) recipients, who currently pay no premiums, may be more inclined to enroll in MAPP and begin paying premiums. It is estimated that 500 1619(b) participants would switch to MAPP and begin paying at least the minimum premium.

Implementation

46. The Department would implement the proposal on January 1, 2014, in order to comply with current PPACA maintenance of effort requirements. In addition, this would allow time to educate current participants about the change, and provide training and coordination for income maintenance consortia staff, as well as county employment support workers and benefits specialists.

47. It should be noted that the Department's Medicaid Infrastructure Grant, which is intended to reduce systemic barriers to employment of people with disabilities and is the primary funding source for MAPP, is ending at the end of CY 2012. The Division of Long Term Care is in the process of developing strategies to continue infrastructure support after that time.

48. Total administrative costs for the proposal are expected to be just over $1.9 million over the 2013-15 biennium. These high costs are primarily due to the significant increases in MilES and county IM workload associated with processing work and income verification documents. Total costs are expected to be approximately $1.3 million AF ($650,000 GPR) annually beginning in FY 2015. MilES is estimated to account for $390,000 AF ($156,000 GPR) of total costs. IM costs are anticipated to be lower during FY 2014 because of the implementation date and the grace period for current participants. The Department estimates additional costs of $72,800 AF ($36,400 GPR) to implement CARES changes.

Fiscal Impact

49. The proposed changes to eligibility and the premium structure are expected to have a minimal fiscal impact. The work requirement is expected to result in a 40% drop in MAPP enrollment during the first 6 months of the program. This estimate assumes that the approximately 25% of participants who currently earn no income will leave MAPP for other MA programs. It also takes into account that increasing documentation requirements tends result in a 10-15% drop in program enrollment. It should be noted that none of the individuals who leave MAPP are expected to leave MA entirely.

50. The loss of these participants is not expected to result in decreased premiums, as most of these participants do not pay premiums currently. Most participants who pay premiums currently are earning more than $25 per month and are therefore likely able to meet the

proposed work requirement. Only 99 participants who paid premiums in April 2012 earned less than $25 that month.

51. Disenrollment of individuals who would otherwise have to spend down to $592 monthly is estimated to result in increased savings of approximately $3.8 million AF ($1.52 million GPR) over the 2013-15 biennium. This estimate assumes that 2,000 individuals would leave MAPP over the course of the biennium, after which time they would spend down to qualify for medically needy EBD coverage. Monthly savings are assumed to be $200 per month, the projected average PMPM for dually eligible individuals in the next biennium.

52. The proposed premium structure changes are initially expected to result in a slight decrease in premium collections. However, by the end of FY 14, a net gain of approximately $175,000 in premium collections is expected when compared to the CY 2011 average monthly collection of $201,632. Over the FY 2013-15 biennium, total premium collections are estimated to be approximately $6.05 million, approximately $2.4 million more than under the current formula.

53. These gains are expected because of the anticipated increase in the number of MAPP participants paying a premium. This group is expected to grow significantly during the first six months of implementation, as individuals "parking" their income just below 150% FPL begin increasing their income and SSI 1619(b) participants switch to MAPP. After initial disenrollment, at the beginning of FY 2015, enrollment is assumed to begin growing again at the current rate (0.4% monthly).Though total enrollment is expected to decrease to just under 14,000 by the end of FY 2015, the number of participants paying premiums is expected to grow to almost 8,000 – 56% of total participants.

	Current	**FY 15 Under Proposal**
Total enrollment	20,866	13,913
Members paying premiums	969	7,808

54. Exempting retirement assets earned while in MAPP and other MA programs for MA income eligibility purposes is expected to have limited fiscal impact. If 5% of the 70 individuals with assets in independence accounts retire in the 2013-15 biennium and are able to enter other programs without spending down those assets, Medicaid could be expected to incur those costs. Assuming an average IA balance of $4,321, costs are estimated to be $17,300 AF ($6,900) over the biennium). FY 2015 costs are expected to be higher due to the January 2014 implementation date and anticipated delays in retirements (waiting for the end of MOE restrictions.)

55. The table below shows the combined fiscal impact of the proposed eligibility, premium and retirement amount changes. Administrative costs include MilES and county IM costs, as well as costs for CARES changes. Though the proposal is expected to result in a net GPR cost in FY 2014, net savings are expected in FY 2015. Over the course of the biennium, premium

and eligibility changes are expected to result in net savings of $4,075,800 AF ($1,437,000 GPR). No new positions are requested.

	Estimated Savings								
	FY 14			FY 15			Biennium		
	GPR	FED	AF	GPR	FED	AF	GPR	FED	AF
Benefits Savings	($256,800)	($385,200)	$ (642,000)	($2,234,400)	($3,351,700)	$ (5,586,100)	($2,491,200)	($3,736,900)	$ (6,228,100)
Costs	$345,200	$ 359,600	$ 704,800	$709,000	$738,500	$ 1,447,500	$1,054,200	$ 1,098,100	$ 2,152,300
Net Cost (Savings)	*$88,400*	*($25,600)*	*$62,800*	*($1,525,400)*	*($2,613,200)*	*($4,138,600)*	*($1,437,000)*	*($2,638,800)*	*$ (4,075,800)*

Recommendation

Note: Recommendation would be effective January 1, 2014

1. Request statutory changes to make one or more of the following changes to the methodology for determining eligibility and premiums in the MAPP program:

    a. Eliminate the distinction between earned and unearned income in the income eligibility calculation;
    b. Require documentation to verify income and work activity;
    c. Disregard up to $500 of medical/remedial expenses and long term care expenses per month.
    d. Establish a premium of 3% of earned and unearned income for participants with gross monthly income at or above 150% FPL, with the minimum monthly premium equal to $50;
    e. Compare individual income to 150% FPL for an individual to determine premium eligibility;
    f. Eliminate the distinction between earned and unearned income in the premium calculation.

2. Request statutory changes to apply the asset exemptions enumerated in Wis. Stat. § 49.47(4)(b) to all EBD applicants and recipients, including MAPP participants.

For recommendations 1 and 2 combined, request an increase of $88,400 GPR and a decrease of ($25,600) FED in FY 14 and a decrease of ($1,525,400) GPR and ($2,638,800) FED in FY 15.

	Biennial Change to Base Funding
GPR	($1,437,000)
FED	($2,638,800)
PR/PRS	
SEG	
TOTAL	($4,075,800)

(P1)

DOA:......Iwata, BB0356 – Reducing work disincentives under MAPP

FOR 2013-2015 BUDGET — NOT READY FOR INTRODUCTION

(in 1-14)

D-note

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AN ACT ...; **relating to:** the budget.

Analysis by the Legislative Reference Bureau

HEALTH AND HUMAN SERVICES

MEDICAL ASSISTANCE

Under current law, an individual who would be eligible for the Medical Assistance (MA) program based on eligibility for supplemental security income (SSI), but who is not eligible for SSI because he or she is employed and has too much earned and unearned income to be eligible, may pay premiums for coverage under MA if his or her family's net income is less than 250 percent of the poverty line and his or her assets do not exceed $15,000, excluding certain assets. This program is known as the MA purchase plan (MAPP). When determining the value of the individual's assets for continued eligibility under MAPP, DHS excludes amounts in a DHS–approved account that consists solely of savings from the individual's employment after the individual's coverage under MAPP began. These accounts are known as "independence accounts."

This bill makes a number of changes to the eligibility and premium requirements under MAPP. When an individual's eligibility is determined under current law, only the individual's family's earned income is considered. The bill provides that, to be eligible for MAPP, the individual's family's net earned and unearned income together must be less than 250 percent of the poverty line. In addition, the bill requires DHS to exclude up to $500 per month of an individual's out–of–pocket medical and remedial expenses and long–term care costs when calculating net income and to verify income from work activities through documentation provided by the individual.

Premiums for MA coverage under MAPP are calculated for an individual by adding together all of the individual's unearned income, after certain specified amounts are deducted, and three and one–half percent of the individual's earned income. DHS may waive any premiums that are calculated to be below $10 per month. In addition, DHS is prohibited from assessing a premium to an individual whose earned and unearned income is below 150 percent of the poverty line for a family the size of the individual's family. Under the bill, an individual whose total earned and unearned income is below 150 percent of the poverty line for an individual is required to pay a premium. The premium payable is equal to three percent of the individual's total earned and unearned income, after deducting the same specified amounts that are deducted under current law from an individual's unearned income, and rounded down to the nearest $25. A minimum monthly premium of $50 is set, however, for anyone whose premium calculation is below that amount.

Finally, certain MA programs consider an individual's assets when determining eligibility for the program. The bill requires DHS to exclude retirement assets that accrued from employment while an individual was eligible for any MA program from the individual's assets that are considered when determining eligibility for MAPP or the expanded medicare buy–in program, under which MA pays premiums, deductibles, and coinsurance for Medicare coverage for elderly or disabled persons who are entitled to coverage under Medicare Part A or under Medicare Part A and Part B and whose income and resources are sufficiently low to satisfy the eligibility criteria under the program.

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. 49.468 (1) (d) of the statutes is amended to read:

49.468 **(1)** (d) Benefits under par. (b) or (c) are available for an individual who has resources that are equal to or less than 200% of the allowable resources as determined under 42 USC 1381 to 1385, excluding retirement assets that accrued from employment while the individual was eligible for the community options program under s. 46.27 (11) or any other Medical Assistance program, including deferred compensation or the value of retirement accounts in the Wisconsin

Retirement System or under the federal Social Security Act, and who has income that is equal to or less than 100% of the poverty line.

History: 1989 a. 31, 336; 1991 a. 39, 269; 1993 a. 16; 2001 a. 16; 2007 a. 20; 2011 a. 32.

SECTION 2. 49.468 (1m) (b) of the statutes is amended to read:

49.468 **(1m)** (b) Benefits under par. (a) are available for an individual who has resources that are equal to or less than 200% of the allowable resources determined under 42 USC 1381 to 1385, excluding retirement assets that accrued from employment while the individual was eligible for the community options program under s. 46.27 (11) or any other Medical Assistance program, including deferred compensation or the value of retirement accounts in the Wisconsin Retirement System or under the federal Social Security Act, and who has income that is greater than 100% of the poverty line but less than 120% of the poverty line.

History: 1989 a. 31, 336; 1991 a. 39, 269; 1993 a. 16; 2001 a. 16; 2007 a. 20; 2011 a. 32.

SECTION 3. 49.468 (2) (b) of the statutes is amended to read:

49.468 **(2)** (b) Benefits under par. (a) are available for an individual who has resources that are equal to or less than 200% of the allowable resources under 42 USC 1381 to 1385, excluding retirement assets that accrued from employment while the individual was eligible for the community options program under s. 46.27 (11) or any other Medical Assistance program, including deferred compensation or the value of retirement accounts in the Wisconsin Retirement System or under the federal Social Security Act, and who has income that is equal to or less than 200% of the poverty line.

History: 1989 a. 31, 336; 1991 a. 39, 269; 1993 a. 16; 2001 a. 16; 2007 a. 20; 2011 a. 32.

SECTION 4. 49.472 (3) (a) of the statutes is amended to read:

49.472 **(3)** (a) The individual's family's total net earned and unearned income is less than 250% of the poverty line for a family the size of the individual's family. In calculating the net earned and unearned income, the department shall apply all of the exclusions specified under 42 USC 1382a (b) and shall exclude up to $500 per month of the individual's out–of–pocket medical and remedial expenses and long–term care costs, if any. The department shall verify income from work activity under this paragraph through documentation provided by the individual.

History: 1999 a. 9, 185; 2001 a. 16; 2003 a. 33; 2009 a. 2; 2011 a. 10, 32.

SECTION 5. 49.472 (3) (b) of the statutes is amended to read:

49.472 **(3)** (b) The individual's assets do not exceed $15,000. In determining assets, the department may not include assets that are excluded from the resource calculation under 42 USC 1382b (a) ~~or~~; assets accumulated in an independence account; or retirement assets that accrued from employment while the individual was eligible for the community options program under s. 46.27 (11) or any other Medical Assistance program, including deferred compensation or the value of retirement accounts in the Wisconsin Retirement System or under the federal Social Security Act. The department may exclude, in whole or in part, the value of a vehicle used by the individual for transportation to paid employment.

History: 1999 a. 9, 185; 2001 a. 16; 2003 a. 33; 2009 a. 2; 2011 a. 10, 32.

SECTION 6. 49.472 (3) (f) of the statutes is amended to read:

49.472 **(3)** (f) The individual, if required to pay a premium under sub. (4) (a) 1., maintains premium payments calculated ~~by the department~~ in accordance with sub. (4), unless the individual is exempted from premium payments under sub. ~~(4) (b) or~~ (5).

History: 1999 a. 9, 185; 2001 a. 16; 2003 a. 33; 2009 a. 2; 2011 a. 10, 32.

SECTION 7. 49.472 (4) (a) (intro.) of the statutes is repealed.

SECTION 8. 49.472 (4) (a) 1. of the statutes is repealed and recreated to read:

49.472 **(4)** (a) 1. An individual who is eligible for medical assistance under sub. (3) and receives medical assistance shall pay a monthly premium to the department if the individual's total earned and unearned income is equal to at least 150 percent of the poverty line for an individual.

SECTION 9. 49.472 (4) (a) 1m. of the statutes is created to read:

49.472 **(4)** (a) 1m. Except as provided in par. (b), the premium required under subd. 1. shall be equal to 3 percent of the individual's total earned and unearned income, after the deductions specified in subd. 2., rounded down to the nearest $25.

SECTION 10. 49.472 (4) (a) 2. (intro.) of the statutes is amended to read:

49.472 **(4)** (a) 2. (intro.) In determining an individual's total earned and unearned income under subd. ~~1.~~ 1m., the department shall disregard all of the following:

History: 1999 a. 9, 185; 2001 a. 16; 2003 a. 33; 2009 a. 2; 2011 a. 10, 32.

SECTION 11. 49.472 (4) (a) 2m. of the statutes is repealed.

SECTION 12. 49.472 (4) (a) 3. of the statutes is amended to read:

49.472 **(4)** (a) 3. ~~The~~ Subject to par. (b), the department may reduce the premium by 25% for an individual who is covered by private health insurance.

History: 1999 a. 9, 185; 2001 a. 16; 2003 a. 33; 2009 a. 2; 2011 a. 10, 32.

auto ref!

SECTION 13. 49.472 (4) (b) of the statutes is amended to read:

49.472 **(4)** (b) The ~~department may waive monthly premiums that are calculated to be below $10~~ minimum premium payable by an individual specified in par. (a) 1. is $50 per month. Unless otherwise provided by the department by a policy created under s. 49.45 (2m) (c), the department may not assess a monthly premium for any individual whose ~~income level, after adding the individual's~~ total earned ~~income~~ and unearned income~~,~~ is below ~~150%~~ 150 percent of the poverty line for an individual.

plain

NOTE: NOTE: Par. (b) is amended eff. 1-1-15 by 2011 Wis. Act 32 to read:NOTE:

(b) The department may waive monthly premiums that are calculated to be below $10 per month. The department may not assess a monthly premium for any individual whose income level, after adding the individual's earned income and unearned income, is below 150% of the poverty line.

History: 1999 a. 9, 185; 2001 a. 16; 2003 a. 33; 2009 a. 2; 2011 a. 10, 32.

auto ref 2

SECTION 14. 49.472 (4) (b) of the statutes, as affected by 2011 Wisconsin Act 32, is amended to read:

49.472 **(4)** (b) The ~~department may waive monthly premiums that are calculated to be below $10~~ minimum premium payable by an individual specified in par. (a) 1. is $50 per month. The department may not assess a monthly premium for any individual whose ~~income level, after adding the individual's~~ total earned ~~income~~ and unearned income~~,~~ is below ~~150%~~ 150 percent of the poverty line for an individual.

LPS: fix font and compress

History: 1999 a. 9, 185; 2001 a. 16; 2003 a. 33; 2009 a. 2; 2011 a. 10, 32.

plain

SECTION 15. 49.472 (5) of the statutes is amended to read:

49.472 **(5)** COMMUNITY OPTIONS PARTICIPANTS. From the appropriation under s. 20.435 (7) (bd), the department may pay all or a portion of the monthly premium calculated under sub. (4) ~~(a)~~ for an individual who is a participant in the community options program under s. 46.27 (11).

History: 1999 a. 9, 185; 2001 a. 16; 2003 a. 33; 2009 a. 2; 2011 a. 10, 32.

SECTION 9318. Initial applicability; Health Services.

auto ref 3

(1) ELIGIBILITY FOR THE MEDICAL ASSISTANCE PURCHASE PLAN. The treatment of section 49.472 (3) (a), (b), and (f) of the statutes first applies to individuals who apply for the Medical Assistance purchase plan, or whose continued eligibility for the Medical Assistance purchase plan is reviewed, on the effective date of this subsection.

auto ref 4

(2) ELIGIBILITY FOR THE EXPANDED MEDICARE BUY–IN PROGRAM. The treatment of section 49.468 (1) (d), (1m) (b), and (2) (b) of the statutes first applies to individuals who apply for the expanded medicare buy–in program, or whose continued eligibility for the expanded medicare buy–in program is reviewed, on the effective date of this subsection.

(3) PREMIUMS FOR THE MEDICAL ASSISTANCE PURCHASE PLAN. The treatment of section 49.472 (4) (a) (intro.), 1., 1m., 2. (intro.), 2m., and 3. and (b) (by SECTION X)

auto ref 1

and (5) of the statutes first applies to premiums for the Medical Assistance purchase plan that are payable in January, 2014.

SECTION 9418. Effective dates; Health Services.

(1) ELIGIBILITY AND PREMIUMS FOR THE MEDICAL ASSISTANCE PURCHASE PLAN. The treatment of sections 49.472 (3) (a), (b), and (f), (4) (a) (intro.), 1., 1m., 2. (intro.), 2m., and 3. and (b) (by SECTION X), and (5) of the statutes and SECTION 9318 (1) of this act take effect on January 1, 2014. auto ref 1 auto ref 3

(2) ELIGIBILITY FOR THE EXPANDED MEDICARE BUY–IN PROGRAM. The treatment of section 49.468 (1) (d), (1m) (b), and (2) (b) of the statutes and SECTION 9318 (2) of this act take effect on January 1, 2014. auto ref 4

(3) TERMINATION OF DEPARTMENT POLICIES. The amendment of section 49.472 (4) (b) (by SECTION Y) of the statutes takes effect on January 1, 2015.

(END)

auto ref 2

D-note

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB–1096/P1dn
PJK:...:...

-date-

Yuko:

In this version of the draft, I've excluded retirement assets from assets when determining eligibility under MAPP and the expanded medicare buy–in program under s. 49.468. Let me know if there are any other MA programs (by statutory cite, please) that need to exclude retirement assets.

Pamela J. Kahler
Senior Legislative Attorney
Phone: (608) 266–2682
E–mail: pam.kahler@legis.wisconsin.gov

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

January 15, 2013

Yuko:

In this version of the draft, I've excluded retirement assets from assets when determining eligibility under MAPP and the expanded medicare buy–in program under s. 49.468. Let me know if there are any other MA programs (by statutory cite, please) that need to exclude retirement assets.

Pamela J. Kahler
Senior Legislative Attorney
Phone: (608) 266–2682
E–mail: pam.kahler@legis.wisconsin.gov

Kahler, Pam

From: Kahler, Pam
Sent: Friday, February 01, 2013 4:23 PM
To: Iwata, Yuko - DOA
Subject: RE: MAPP draft

With contingent provisions, DHS must notify LRB of the date when approval is given, so they would indicate the statute number that is in effect at that time.

From: Iwata, Yuko - DOA [mailto:Yuko.Iwata@wisconsin.gov]
Sent: Friday, February 01, 2013 4:17 PM
To: Kahler, Pam
Subject: FW: MAPP draft

Hi Pam,

DHS' response.

Yuko

From: Rosen, Lara K - DHS
Sent: Friday, February 01, 2013 4:15 PM
To: Iwata, Yuko - DOA
Cc: Gauger, Michelle C - DOA
Subject: RE: MAPP draft

Hi Yuko,

We actually want to change the work requirement effective date to be the same as the rest of the provisions – January 1, 2014, or upon federal approval, whichever is later.

Also, program staff wanted me to underscore that we don't want each individual provision subject to the federal approval of the other provisions. For example, we don't want to have to wait for federal approval of the retirement assets exclusion provision in order to implement the premium and work requirement provisions.

Thanks, and let me know if you or Pam have further questions.

From: Iwata, Yuko - DOA
Sent: Friday, February 01, 2013 3:34 PM
To: Rosen, Lara K - DHS
Cc: Gauger, Michelle C - DOA
Subject: FW: MAPP draft

Lara,

Pam has another question regarding MAPP.

Thanks,

Yuko Iwata
Executive Policy and Budget Analyst

Division of Executive Budget and Finance
Department of Administration
(608) 267 – 7980

From: Kahler, Pam [mailto:Pam.Kahler@legis.wisconsin.gov]
Sent: Friday, February 01, 2013 3:30 PM
To: Iwata, Yuko - DOA
Cc: Dodge, Tamara - LEGIS
Subject: MAPP draft

HI, Yuko:

The MAPP draft is mine, so if they get back to you on the contingent effective date, please send the email to me in case Tami isn't in. Which reminds me that I had another question about effective dates. They say they want the new provision about verifying income, etc., to take effect "6 months after the effective date of the provision." Do they mean 6 months after the effective date of the budget, or 6 months after the effective date of the other MAPP provisions, which is January 1, 2014, contingent on federal approval. Thanks!

Pam

Pamela J. Kahler

Legislative Attorney

Legislative Reference Bureau

608-266-2682

Kahler, Pam

From: Kahler, Pam
Sent: Friday, February 01, 2013 4:15 PM
To: Iwata, Yuko - DOA
Subject: RE: MAPP draft

Yuko,

Our drafting manual provides that with a contingent effective date that may never go into effect, we should include a nonstatutory provision that states that the changes are void unless the agency notifies LRB by a certain date that the event has happened. IOW, we need to pick a date by which DHS must have notified LRB that the event has happened – like January 1, 2015, or something – and if not, the changes are void.

From: Iwata, Yuko - DOA [mailto:Yuko.Iwata@wisconsin.gov]
Sent: Friday, February 01, 2013 3:47 PM
To: Kahler, Pam
Subject: FW: MAPP draft

Here you go.

Thanks,
Yuko

From: Rosen, Lara K - DHS
Sent: Friday, February 01, 2013 3:46 PM
To: Iwata, Yuko - DOA
Cc: Gauger, Michelle C - DOA; Forsaith, Andrew C - DHS; Megna, Richard H - DHS
Subject: RE: MAPP draft

Hi Yuko,

We would like to have an effective date of January 1, 2014 or upon federal approval, whichever is later – would that work?

Thanks,
Lara

From: Iwata, Yuko - DOA
Sent: Friday, February 01, 2013 1:53 PM
To: Rosen, Lara K - DHS
Cc: Gauger, Michelle C - DOA
Subject: FW: MAPP draft

Hi Lara,

Some questions re. MAPP (see below).

Thanks,

Yuko Iwata
Executive Policy and Budget Analyst

Division of Executive Budget and Finance
Department of Administration
(608) 267 – 7980

From: Kahler, Pam [mailto:Pam.Kahler@legis.wisconsin.gov]
Sent: Friday, February 01, 2013 1:38 PM
To: Iwata, Yuko - DOA
Subject: MAPP draft

Yuko,

I have a question about the effective date. The delayed effective date in the draft is currently Jan. 1, 2014. The instructions say that they are subject to any necessary federal approval. That is not specific enough for drafting purposes. Does that mean that the changes go into effect *only* if there is approval? What if there is approval but it is *after* Jan. 1, 2014? If the changes do not go into effect at all if there is no federal approval, a date specific does not make any sense. If they go into effect on Jan. 1, 2014, unless there is no approval, then what? How long do we wait? These contingent provisions are very difficult to draft and depend entirely on the exact intent.

Pam

Pamela J. Kahler

Legislative Attorney

Legislative Reference Bureau

608-266-2682

Kahler, Pam

From: Kahler, Pam
Sent: Friday, February 01, 2013 4:09 PM
To: Iwata, Yuko - DOA
Subject: RE: MAPP draft

That would work as long as federal approval is given at some point. The problem is that the provisions may never go into effect (if federal approval is never given) and would sit in the statutes forever, with an uncertain effective date or even effectiveness. If this is what you want, however, it can be drafted that way. Any idea about the "6 months after the effective date of the provision" effective date? Is that 6 months after the effective date of the budget or 6 months after federal approval, which may never be given?

From: Iwata, Yuko - DOA [mailto:Yuko.Iwata@wisconsin.gov]
Sent: Friday, February 01, 2013 3:47 PM
To: Kahler, Pam
Subject: FW: MAPP draft

Here you go.

Thanks,
Yuko

From: Rosen, Lara K - DHS
Sent: Friday, February 01, 2013 3:46 PM
To: Iwata, Yuko - DOA
Cc: Gauger, Michelle C - DOA; Forsaith, Andrew C - DHS; Megna, Richard H - DHS
Subject: RE: MAPP draft

Hi Yuko,

We would like to have an effective date of January 1, 2014 or upon federal approval, whichever is later – would that work?

Thanks,
Lara

From: Iwata, Yuko - DOA
Sent: Friday, February 01, 2013 1:53 PM
To: Rosen, Lara K - DHS
Cc: Gauger, Michelle C - DOA
Subject: FW: MAPP draft

Hi Lara,

Some questions re. MAPP (see below).

Thanks,

Yuko Iwata
Executive Policy and Budget Analyst
Division of Executive Budget and Finance

Department of Administration
(608) 267 – 7980

From: Kahler, Pam [mailto:Pam.Kahler@legis.wisconsin.gov]
Sent: Friday, February 01, 2013 1:38 PM
To: Iwata, Yuko - DOA
Subject: MAPP draft

Yuko,

I have a question about the effective date. The delayed effective date in the draft is currently Jan. 1, 2014. The instructions say that they are subject to any necessary federal approval. That is not specific enough for drafting purposes. Does that mean that the changes go into effect *only* if there is approval? What if there is approval but it is *after* Jan. 1, 2014? If the changes do not go into effect at all if there is no federal approval, a date specific does not make any sense. If they go into effect on Jan. 1, 2014, unless there is no approval, then what? How long do we wait? These contingent provisions are very difficult to draft and depend entirely on the exact intent.

Pam

Pamela J. Kahler

Legislative Attorney

Legislative Reference Bureau

608-266-2682

Kahler, Pam

From: Dodge, Tamara
Sent: Friday, February 01, 2013 3:21 PM
To: Kahler, Pam
Subject: FW: LRB draft on MAPP

Tamara J. Dodge
Attorney
Wisconsin Legislative Reference Bureau
P.O. Box 2037
Madison, WI 53701-2037
(608) 267 - 7380
tamara.dodge@legis.wisconsin.gov

From: Iwata, Yuko - DOA [mailto:Yuko.Iwata@wisconsin.gov]
Sent: Friday, February 01, 2013 3:18 PM
To: Dodge, Tamara
Cc: Gauger, Michelle C - DOA
Subject: FW: LRB draft on MAPP

Hi Tami,

See DHS' response below regarding MAPP.

Thanks,

Yuko Iwata
Executive Policy and Budget Analyst
Division of Executive Budget and Finance
Department of Administration
(608) 267 – 7980

From: Rosen, Lara K - DHS
Sent: Friday, February 01, 2013 2:04 PM
To: Iwata, Yuko - DOA
Cc: Kristan, Margaret A - DHS; Deignan, Monica A - DHS; Fox, Sabrina - DHS; LaPhilliph, John O - DHS; Miller, Fratney L - DHS; Malofsky, Shelley F - DHS; Hartman, Ellie - DHS (UW); Thomson, Amy A - DHS (UW); Gauger, Michelle C - DOA; Megna, Richard H - DHS; Forsaith, Andrew C - DHS; Smith, Shawn - DHS; Wroblewski, Beth M - DHS
Subject: RE: LRB draft on MAPP

Hi Yuko,

Our responses to both of Tami's MAPP questions are in red below.

- By "this new requirement" do they mean everything mentioned in no. 4., including the part about the department verifying income? Or do they mean everything mentioned except that? In other words, what takes effect 6 months after the effective date?

Everything in number 4, including the part about verifying income

- They say that a recipient must be employed and paying or having certain taxes withheld. Do they want to amend s. 49.472 (3) (g), which already requires gainful employment, by getting rid of the second part, i.e., a recipient can no longer be participating in a program certified by the department, etc.?

  No, we would like to keep the provision allowing participation in a program certified by the Department. What we want is to limit the definition of gainful employment to those participants who are employed and paying or having certain taxes withheld. We no longer want activities performed in exchange for in-kind payment to fulfill the work requirement.

Thanks, and let me know if you have questions.
Lara

From: Rosen, Lara K - DHS
Sent: Thursday, January 31, 2013 11:24 AM
To: Iwata, Yuko - DOA
Cc: Megna, Richard H - DHS; Forsaith, Andrew C - DHS; Wroblewski, Beth M - DHS; Davis, Brett H - DHS; Smith, Shawn - DHS; Olson, Anne C - DHS; Auchue, Linda M - DHS; Hartman, Ellie - DHS (UW); Fox, Sabrina - DHS; Malofsky, Shelley F - DHS; LaPhilliph, John O - DHS; Miller, Fratney L - DHS; Thomson, Amy A - DHS (UW); Kristan, Margaret A - DHS; Deignan, Monica A - DHS; Gauger, Michelle C - DOA
Subject: LRB draft on MAPP

1. Technical changes to Analysis section.

- *Paragraph 2*
  - *Current law does not count the family's earned income for eligibility purposes, but the individual and spouse's earned and unearned income. It applies different disregards to earned and unearned income. Under the proposal, all of the individual and spouse's earned and unearned income would be added together, and then disregards, including the new $500 disregard for medical/remedial and long-term care expenses, would be applied. See the table below.*

MAPP Eligibility Criteria

	Current	*Proposed*
Total Income for Eligibility	1. Take earned income (applicant & spouse) 2. Subtract $65 3. Divide by 2 4. Subtract IRWE 5. Add unearned income (applicant & spouse) 6. Subtract $20 general disregard Compare total to 250% FPL for family size	**1. Take total earned and unearned income (applicant & spouse)** 2. Subtract $65 3. Divide by 2 4. Subtract IRWE **5. Subtract $500 in MREs and LTC costs** **6.** 7. Subtract $20 general disregard Compare total to 250% FPL for family size
Work Verification	None	**Formal documentation of earnings/work activity**
Eligible retirement and deferred compensation accounts considered countable assets?	Yes	**No**

- *Paragraph 3*

- *In current practice, 3% of an individual's earned income goes toward the premium, though the statutes say 3 ½%. Similarly, the Department waives premiums calculated to be below $25, not $10. This may or may not be necessary to note.*
- *We would like it to be emphasized that under current policy, DHS doesn't assess a premium to an individual whose <u>individual</u> earned an unearned income is less than 150% FPL for his/her family size.*
- *Individuals whose total earned and unearned income is <u>at least</u> 150% FPL must pay premiums, not individuals with incomes below 150%.*

2. Language requiring treatment of retirement assets under s. 49.468(1)(d), (1m)(b), (2)(b), and s. 49.472(3)(b). *The language in the draft does not conform to our intent, because we didn't frame the issue correctly in our drafting instructions.*

Our goal is:

- *For people who participated in MAPP, then retire and apply for another category of elderly, blind, disabled Medicaid,*
- *Exclude for asset test, income eligibility and cost sharing purposes in the new Medicaid category they apply for,*
- *MAPP independence accounts and any retirement benefits they earned while working and while in MAPP, funded by the employee's work income and/or employer contributions. This would include, for example, savings in a 401(k) and income from a defined benefit pension plan.*
- *To the extent approved by the federal government.*

The language in the current draft must be modified because as drafted it applies to any retirement benefits accumulated while in any type of MA, not just MAPP, and at the same time the exclusion language does not apply to all types of EBD Medicaid post retirement.

In addition to s. 49.468(1)(d), (1m)(b), (2)(b), the exclusion language would need to apply to s. 49.46(1)(a)6m., 14, and 14m, 49.46(1)(d)2, s. 49.46(1)(e), and 46.286. It would also need to apply to MAPP at 49.472(3)(b).

It is important to add language saying that the changes apply only to the extent approved by the federal government, because it may be challenging to get approval for some aspects of the new policy.

3. P. 3, line 22. *MAPP does not calculate income based on family income, but on the individual and spouse's income. Please replace "individual's family's" with "individual and spouse's."*

4. P. 4, lines 2-3. *We feel the new sentence, "The department shall verify income..." should be placed in s. 49.472(3)(g) instead. Also, we would like to add language indicating that the recipient must be employed and paying or having Medicare, Social Security and other applicable state or federal income taxes withheld. We also want to require that the recipient document earned income tax withholding or payment. We would like this new requirement to apply 6 months after the effective date of the provision.*

5. Section 9418.

- *Please add language indicating that the effective dates are subject to DHS obtaining any necessary federal approvals.*
- ***P. 7, line 5.*** *Should "2015" be replaced with "2014"?*

Lara Rosen
Budget & Policy Analyst
Office of Policy Initiatives & Budget
Wisconsin Department of Health Services

608-266-5655
LaraK.Rosen@wisconsin.gov

Kahler, Pam

From: Iwata, Yuko - DOA <Yuko.Iwata@wisconsin.gov>
Sent: Thursday, January 31, 2013 11:27 AM
To: Kahler, Pam
Cc: Gauger, Michelle C - DOA
Subject: FW: LRB draft on MAPP

Hi Pam,

Below are DHS' suggestions regarding your draft on MAPP. If you have any questions, please let me know.

Thanks,

Yuko Iwata
Executive Policy and Budget Analyst
Division of Executive Budget and Finance
Department of Administration
(608) 267 – 7980

From: Rosen, Lara K - DHS
Sent: Thursday, January 31, 2013 11:24 AM
To: Iwata, Yuko - DOA
Cc: Megna, Richard H - DHS; Forsaith, Andrew C - DHS; Wroblewski, Beth M - DHS; Davis, Brett H - DHS; Smith, Shawn - DHS; Olson, Anne C - DHS; Auchue, Linda M - DHS; Hartman, Ellie - DHS (UW); Fox, Sabrina - DHS; Malofsky, Shelley F - DHS; LaPhilliph, John O - DHS; Miller, Fratney L - DHS; Thomson, Amy A - DHS (UW); Kristan, Margaret A - DHS; Deignan, Monica A - DHS; Gauger, Michelle C - DOA
Subject: LRB draft on MAPP

1. ***Technical changes to Analysis section.***
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     - *Current law does not count the family's earned income for eligibility purposes, but the individual and spouse's earned and unearned income. It applies different disregards to earned and unearned income. Under the proposal, all of the individual and spouse's earned and unearned income would be added together, and then disregards, including the new $500 disregard for medical/remedial and long-term care expenses, would be applied. See the table below.*

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Work Verification	None	**Formal documentation of earnings/work**

		activity
Eligible retirement and deferred compensation accounts considered countable assets?	Yes	**No**

- *Paragraph 3*
    - *In current practice, 3% of an individual's earned income goes toward the premium, though the statutes say 3 ½%. Similarly, the Department waives premiums calculated to be below $25, not $10. This may or may not be necessary to note.*
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Our goal is:

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- *Exclude for asset test, income eligibility and cost sharing purposes in the new Medicaid category they apply for,*
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The language in the current draft must be modified because as drafted it applies to any retirement benefits accumulated while in any type of MA, not just MAPP, and at the same time the exclusion language does not apply to all types of EBD Medicaid post retirement.

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5. Section 9418.

- *Please add language indicating that the effective dates are subject to DHS obtaining any necessary federal approvals.*
- ***P. 7, line 5.*** *Should "2015" be replaced with "2014"?* ← 2015 is correct

Lara Rosen
Budget & Policy Analyst
Office of Policy Initiatives & Budget
Wisconsin Department of Health Services
608-266-5655
LaraK.Rosen@wisconsin.gov

Kahler, Pam

From: Iwata, Yuko - DOA <Yuko.Iwata@wisconsin.gov>
Sent: Monday, February 04, 2013 9:02 AM
To: Kahler, Pam
Cc: Gauger, Michelle C - DOA
Subject: FW: MAPP draft

Hi Pam,

See DHS' response below regarding MAPP. If you have any questions, please let me know.

Thanks,

Yuko Iwata
Executive Policy and Budget Analyst
Division of Executive Budget and Finance
Department of Administration
(608) 267 – 7980

From: Rosen, Lara K - DHS
Sent: Monday, February 04, 2013 9:01 AM
To: Iwata, Yuko - DOA
Cc: Gauger, Michelle C - DOA; Malofsky, Shelley F - DHS; Megna, Richard H - DHS; Forsaith, Andrew C - DHS
Subject: RE: MAPP draft

Hi Yuko,

We would choose January 1, 2016 as the date by which we need to notify LRB that we've received federal approval, to avoid the provisions being nullified.

Thanks, and let me know if you or Pam have any further questions.

Lara

From: Iwata, Yuko - DOA
Sent: Friday, February 01, 2013 4:18 PM
To: Rosen, Lara K - DHS
Cc: Gauger, Michelle C - DOA
Subject: FW: MAPP draft

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Sent: Friday, February 01, 2013 4:15 PM
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Yuko Iwata
Executive Policy and Budget Analyst
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Department of Administration
(608) 267 – 7980

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Pam

Pamela J. Kahler

Legislative Attorney

Legislative Reference Bureau

608-266-2682