

### Fiscal Estimate - 2013 Session

Original       Updated       Corrected       Supplemental

<b>LRB Number</b> 13-3559/1		<b>Introduction Number</b> AB-0490	
<b>Description</b> Laws of trusts, the Uniform Trust Code, the Uniform Principal and Income Act, powers of appointment, and changes to estate recovery and divestment provisions relating to public assistance programs			
<b>Fiscal Effect</b>			
<b>State:</b>			
<input type="checkbox"/> No State Fiscal Effect			
<input type="checkbox"/> Indeterminate			
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Increase Existing Revenues	
<input type="checkbox"/> Decrease Existing Appropriations		<input type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Create New Appropriations		<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget	
		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
		<input type="checkbox"/> Decrease Costs	
<b>Local:</b>			
<input type="checkbox"/> No Local Government Costs			
<input type="checkbox"/> Indeterminate			
1. <input type="checkbox"/> Increase Costs		3. <input type="checkbox"/> Increase Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs		4. <input type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
5. Types of Local Government Units Affected			
<input type="checkbox"/> Towns		<input type="checkbox"/> Village <input type="checkbox"/> Cities	
<input type="checkbox"/> Counties		<input type="checkbox"/> Others	
<input type="checkbox"/> School Districts		<input type="checkbox"/> WTCS Districts	
<b>Fund Sources Affected</b>		<b>Affected Ch. 20 Appropriations</b>	
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS			
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	
DHS/ Lara Rosen (608) 266-5655		Andy Forsaith (608) 266-7684	
		<b>Date</b>	
		11/7/2013	

## Fiscal Estimate Narratives

DHS 11/7/2013

LRB Number	13-3559/1	Introduction Number	AB-0490	Estimate Type	Original
<b>Description</b> Laws of trusts, the Uniform Trust Code, the Uniform Principal and Income Act, powers of appointment, and changes to estate recovery and divestment provisions relating to public assistance programs					

### Assumptions Used in Arriving at Fiscal Estimate

2013 Wisconsin Act 20 made a number of changes to laws relating to estate recovery and divestment for Medicaid, but required Joint Finance Committee approval before the changes could be implemented. On September 18, 2013, the Committee gave approval to several, but not all, of the Act 20 provisions. This bill repeals provisions that were not approved by the Committee and makes several other changes to provisions approved for implementation. Act 20 provisions not approved by the Committee and repealed in this bill relate to transfers of real property voidable by DHS, recording and notification requirements, recovery from trusts, and types of assets that may be considered divestment when transferred. New changes to Act 20 provisions include: limiting the property that is subject to estate recovery to property in which the recipient had an interest in immediately prior to death; repealing the exception of a non-recipient spouse's estate from undue hardship consideration; and repealing changes to the definition of "financial institutions" for purposes of verifying the assets of Medicaid applicants and recipients.

This bill is estimated to cost approximately \$1.1 million GPR annually (\$3.1 million AF) in lost recoveries when compared with Act 20 budget assumptions.

a) Of these costs, \$0.2 million GPR (\$0.5 million AF) is directly attributable to provisions not approved by the Committee and repealed by this bill.

b) Recoveries are also expected to decrease by \$0.8 million GPR (\$2.4 million AF) due to changes in the definition of recoverable property that would limit the property that is subject to estate recovery to property in which the recipient had an interest in immediately prior to death. Under Act 20, the Department could recover 100% of marital property held by the Medicaid recipient and his or her spouse, including any marital property held within five years prior to applying for Medicaid. The bill would allow DHS to collect only the recipient's 50% share held immediately prior to death. In addition, this estimate assumes that 75% of recoveries made from the recipient's marital property share will no longer be available, if recipients transfer property to their spouses before the period immediately prior to their death.

c) The bill deletes Act 20 provisions allowing DHS to record notices of interests in real property and be notified of property transfers. This estimate also assumes a 20% decrease in recoveries from transfer on death deeds as a result of DHS being unable to file notices of encumbrance or transfer on Medicaid recipients' and applicants' real property; this equates to \$0.1 million GPR (\$0.3 million AF) annually.

The bill would also result in an estimated one-time savings of \$0.4 million when compared to Act 20 because DHS would no longer have to pay recording fees to Registers of Deeds in order to file requests for notice of encumbrance or transfer on properties of Medicaid applicants or recipients.

Act 20 did not assume any savings from the divestment provisions affected by this bill because of difficulty in estimating the precise fiscal impacts of those provisions. Therefore, the Department would not be foregoing any savings assumed in Act 20, but eliminating the provisions will likely increase costs to the Medicaid program.

### Long-Range Fiscal Implications

See Assumptions.

## Fiscal Estimate Worksheet - 2013 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
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<b>Description</b> Laws of trusts, the Uniform Trust Code, the Uniform Principal and Income Act, powers of appointment, and changes to estate recovery and divestment provisions relating to public assistance programs			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>  There is an estimated one-time savings of \$215,200 GPR (\$430,300 AF) over the 13-15 biennium compared to Act 20 assumptions.			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
State Operations - Salaries and Fringes		\$	\$
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations	3,145,000		
<b>TOTAL State Costs by Category</b>	<b>\$3,145,000</b>		<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
GPR	1,085,000		
FED	2,060,000		
PRO/PRS			
SEG/SEG-S			
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>			
	Increased Rev	Decreased Rev	
GPR Taxes	\$	\$	
GPR Earned			
FED			
PRO/PRS		-3,145,000	
SEG/SEG-S			
<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$-3,145,000</b>	
<b>NET ANNUALIZED FISCAL IMPACT</b>			
	<u>State</u>	<u>Local</u>	
NET CHANGE IN COSTS	\$3,145,000	\$	
NET CHANGE IN REVENUE	\$-3,145,000	\$	
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
DHS/ Lara Rosen (608) 266-5655		Andy Forsaith (608) 266-7684	11/7/2013