Wisconsin Department of Administration
Division of Executive Budget and Finance

Fiscal Estimate - 2015 Session

☒ Original ☐ Updated ☐ Corrected ☐ Supplemental

LRB Number **15-3355/1**	Introduction Number **AB-0453**

Description
Requiring the Family Care benefit and self-directed services option to be provided in Rock County

Fiscal Effect

State:

☐ No State Fiscal Effect
☐ Indeterminate

☐ Increase Existing Appropriations
☐ Decrease Existing Appropriations
☐ Create New Appropriations

☐ Increase Existing Revenues
☐ Decrease Existing Revenues

☐ Increase Costs - May be possible to absorb within agency's budget
☐ Yes ☐ No
☒ Decrease Costs

Local:

☐ No Local Government Costs
☐ Indeterminate

1. ☐ Increase Costs
   ☐ Permissive ☐ Mandatory
2. ☒ Decrease Costs
   ☒ Permissive ☐ Mandatory
3. ☐ Increase Revenue
   ☐ Permissive ☐ Mandatory
4. ☐ Decrease Revenue
   ☐ Permissive ☐ Mandatory
5. Types of Local Government Units Affected
   ☐ Towns ☐ Village ☐ Cities
   ☒ Counties ☐ Others
   ☐ School Districts ☐ WTCS Districts

Fund Sources Affected

☒ GPR ☒ FED ☐ PRO ☐ PRS ☐ SEG ☐ SEGS

Affected Ch. 20 Appropriations

435(4)(b); (4)(o); (4)(h)

Agency/Prepared By	**Authorized Signature**	**Date**
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Fiscal Estimate Narratives

DHS 11/3/2015

LRB Number **15-3355/1**	Introduction Number **AB-0453**	Estimate Type **Original**
Description Requiring the Family Care benefit and self-directed services option to be provided in Rock County		

Assumptions Used in Arriving at Fiscal Estimate

The Family Care and IRIS programs are currently available in 64 of Wisconsin's 72 counties. The eight Wisconsin counties not currently operating Family Care and IRIS provide home- and community-based services (HCBS) through existing legacy Medicaid waivers. The Department contracts with managed care organizations (MCOs) to administer the Family Care benefit. Under current law, DHS must solicit contracts with MCOs under a competitive sealed proposal process. Current law under 2015 Wisconsin Act 55, directs DHS to obtain a federal waiver to implement Family Care and IRIS in all Wisconsin counties effective January 1, 2017. Act 55 also exempts DHS from the requirement to obtain approval from the Joint Committee on Finance (JFC) prior to this statewide expansion. For a county to independently implement Family Care prior to statewide waiver approval and program expansion, however, DHS would still need to obtain approval from the JFC before entering into a proposed contract with an MCO and would need to solicit the MCO contract under a competitive sealed proposal process.

This bill would require DHS to contract with an MCO to administer the Family Care and IRIS programs in Rock County effective July 1, 2016. This bill would exempt DHS from the requirement to solicit the contract under a competitive sealed proposal process. It also exempts DHS from the requirement to obtain approval from the JFC prior contracting with an MCO to provide these services to residents of Rock County.

To understand the fiscal impact of implementing Family Care and IRIS in a county, it is important to know that counties providing Medicaid long-term care services under legacy HCBS waivers may maintain waiting lists for these services. In contrast, the Family Care and IRIS programs become an entitlement for each eligible individual in a county once the program has been implemented in that county for 36 months. As a result, Family Care expansion generates initial savings as existing legacy waiver participants transition to Family Care, along with base Medicaid funding and county levy funds previously supporting services to them. As a county reaches entitlement, however, program costs increase due to expanded program participation. In the long run, however, if both long-term care and acute care costs are considered, the more immediate availability of long-term supports under Family Care may lower combined costs, as indicated by a Department study of Family Care submitted to the Legislature on December 13, 2013.

The fiscal impact of Family Care and IRIS expansion to Rock County on long-term care costs is estimated for the three year post-implementation period (SFY 2017 through SFY 2019). This estimate includes the following enrollment assumptions: (1) Enrollment over the three year period is based on Rock County's legacy waiver enrollment as of December 2014 and wait list count as of March 2015 (864 and 244, respectively); (2) Enrollment phase-in of existing legacy waiver enrollees is assumed to occur in equal increments over a six month period, starting in July 2016; and (3) Enrollment phase-in of wait list individuals is assumed to occur in equal increments over the 36 month implementation period, starting in July 2016; and (4) Average monthly enrollment is estimated at 729 in FFY 2017 (649 Family Care/80 IRIS), 990 in SFY 2018 (866 Family Care/124 IRIS), and 1,071 in SFY 2019 (920 Family Care/151 IRIS). This estimate uses trend analysis to project capitation rates and target group specific trends using base cohort data starting in 2013 and carrying forward the same assumptions used to develop the 2015 Wisconsin Act 55 Family Care budget.

Based on the above assumptions, Family Care expansion to Rock County is expected to generate a savings of $4.6 million AF ($1.9 million GPR) in SFY 2017 as existing legacy waiver participants transition to Family Care, and a further savings of $1.3 million AF ($0.5 million GPR) in SFY 2018. Program costs increase overall in SFY 2019, resulting in expected cost of $3.4 million AF ($1.4 million GPR). It should be noted that State cost increases during the initial years of Family Care implementation in a county are expected. Program costs grow in the early years of implementation as the county moves toward entitlement and also in response to reduction of the county's required contribution, which per current State law occurs over the course of the first five years of implementation in a county.

In sum, it is estimated that this bill would save $2.5 million AF ($1.04 million GPR) over the three year period from SFY 2017 through SFY 2019.

Long-Range Fiscal Implications