

Fiscal Estimate Narratives

DHS 3/20/2015

LRB Number	15-1549/1	Introduction Number	AB-0140	Estimate Type	Original
Description Annual statements showing total public assistance and unemployment insurance benefits received					

Assumptions Used in Arriving at Fiscal Estimate

Fiscal Effect:

This bill would require the Department of Administration to develop a system for providing every individual or family who receives public assistance benefits under Chapter 49 with an Annual Statement of Benefits. DHS programs for which recipients would receive statements include: FoodShare (FS), the FoodShare Employment and Training Program (FSET), Medicaid (MA), SeniorCare, SSI Supplement, SSI Caretaker Supplement (CTS), Wisconsin Cemetery and Funeral Aids Program (WFCAP), Wisconsin Family Planning Waiver, and Wisconsin Chronic Disease Program (WCDP). This estimate addresses the costs of modifications to DHS claims payments and eligibility systems needed to produce such statements. It also estimates mailing costs and staff time to respond to questions about the statements. If DOA is responsible for sending the statements, some of these costs may be incurred by DOA rather than DHS.

Assumptions:

There would be approximately 12 months of system modifications and development necessary prior to sending the first Annual Statement of Benefits. The Department would incur one time implementation costs of \$1,572,000 AF for the Medicaid fiscal agent, to make system changes, evaluate the data needed for the reports, conduct system development and testing, and coordinate data exchange and business agreements between entities with relevant data. The contractor responsible for the CARES eligibility system, would incur costs of \$1,400,000 AF for system modifications, testing, and data review. The Department would incur staff costs for implementation as well. It is assumed that contractor staff would be procured to define data, review data, and test reports, which would total approximately \$400,000.

A portion of the systems work attributable to Medicaid may qualify for enhanced 90% Federal Medical Assistance Percentage (FMAP). The enhanced FMAP would be dependent on approval of an Advanced Planning Document (APD) by the Centers for Medicare and Medicaid Services (CMS) and is not guaranteed. This estimate assumes that the systems work enhanced funding is not approved and uses an assumed 50% FMAP for the MA portion of systems work.

Costs for the Medicaid Annual Statement of Benefits could qualify for 50% FMAP under Title XIX of the Social Security Act, section 1903. This section does provide a caveat that Federal participation is limited to the extent a cost is "found necessary by the Secretary for the proper and efficient administration of the state plan." It is possible that the federal government would not consider a participant Annual Statement of Benefits to be a proper or efficient for Medicaid administration by CMS, resulting in all costs being entirely GPR. To the Department's knowledge, no other state has provided Medicaid beneficiaries with such statements. Therefore, it is unclear if CMS would agree with the State that such annual statements are necessary.

It is unclear if the State would be able to receive the FoodShare standard 50% Federal match on money spent for system modifications or the annual mailing of the statements. The Department is not aware of any other state that sends such benefits to FoodShare recipients. Federal regulations regarding funding for FoodShare administration is narrower than MA administration, due to the program benefits being entirely Federal funds. 7 CFR Chapter 2 Subchapter C, outlines state responsibilities and Federal responsibilities in the administration of the SNAP (FoodShare in Wisconsin) program. There is no reference to participant statement of benefits within this subchapter. In addition, sending such a statement is not one of the state option waivers in the Food and Nutrition Service current waiver database. This estimate assumes no Federal match for the system modifications or annual mailing costs for the FoodShare portion of the Annual Statement of Benefits.

Given that other programs, such as WCDP, WFCAP, SeniorCare, and CTS are Wisconsin-only programs,

it is assumed that a blended FMAP of 26% would be applied to system modifications, staff costs, IM costs, and all other ongoing costs. This blended FMAP is calculated by taking the number of individual recipients of each public assistance program to calculate their proportion of the total public assistance beneficiaries, then multiplying this proportion by the relevant FMAP for that group.

Annually, the Department would mail approximately nearly 1.2 million statements. Since sending a mass mailing to all public assistance recipients at the same time is not feasible, the Department would need to mail statements throughout the course of the year, in a monthly batch. This approach would minimize the impact on workload for contractors, state staff, call centers, and Income Maintenance (IM) staff. If all statements were required to be mailed within the same month, as suggested in the draft legislation, the costs for contractors, call centers, and IM would increase.

The Department assumes that individuals and families would receive one statement annually providing the total amount of benefits received in a year by each individual and subtotals by program would be included. The Medicaid fiscal agent would send the annual Statement of Benefits to recipients, requiring some coordination between contractors and the Department to make the data available. The data for the various programs are compiled and stored in different systems, requiring coordination of these systems and the reporting from these systems.

Due to federal privacy laws and other privacy policies it is assumed that each individual over the age of 18 in a family, or any individual enrolled in the Family Planning Waiver program, will receive their Statement of Benefits for Medicaid, Family Planning Waiver, WCDP benefits, or Senior Care benefits separately. The estimate assumes that the statements for Medicaid, Family Planning Waiver, WCDP, and SeniorCare would be an average of 1.5 pages per person. The report would provide a total dollar amounts and not a detailed or itemized medical services for the year.

Approximately 1.7 million individuals were enrolled in Medicaid, Family Planning Waiver services, or SeniorCare for at least one month in calendar year 2014. Of the 1.5 million individuals who received Medicaid in 2014, 887,200 (60%) of those individuals were over the age of 18 and would therefore receive their own statements. The remaining 40% are children, whose information will be included on their parents'/guardians' statements. Likewise, it is assumed that all 106,100 SeniorCare recipients and all 54,300 Family Planning Waiver recipients would receive their own statements due to privacy and confidentiality laws. Approximately 115,700 assistance groups received FoodShare but not Medicaid in 2014. Some of these families may also receive statements for Wisconsin Shares childcare program or W-2 and therefore may be included in the Department of Children and Families' mailing costs. It is assumed that all FSET recipients are already counted within the FS or MA mailing numbers, as are all CTS, SSI supplement, and WFCAP recipients because these programs depend on eligibility for FS or MA. A total of 1.2 million reports would be mailed annually. Printing and mailing costs, including sending images to the print center, paper, envelopes, inserts, sorting, and postage would cost \$1,160,600 AF in the first year. This cost would increase annually as a result of MA caseload growth (about 3% annually), FoodShare caseload growth (about 5% annually), postage cost increases (average of 3.2% annually), and cost increases for paper and ink (likely tied to inflation).

It is assumed that about 20% of the individuals who receive the report will call the Medicaid call center with questions, resulting in an additional 19,400 calls per month. The fiscal agent would hire an additional 15 FTEs to handle increased monthly call volume and maintain current levels of service, and would also hire 4 additional FTEs to process returned mail. It is assumed that once the reports are sent 20% will be returned as undeliverable and will need to be processed by contract staff to make them available in CARES. Additional staff for the call center and processing returned mail would be approximately \$1,043,500 AF annually. This cost would increase annually as a result of MA caseload growth (about 3% annually) and FoodShare caseload growth (about 5% annually). Other individuals would call their County IM Consortia agency or go to local IM agency offices. The increased IM workload will cost approximately \$200,000 annually. This estimate assumes state funding would be provided for these increased costs. Likewise, additional state staff time would be necessary to handle calls and walk-ins at Milwaukee Eligibility Services (MilES), costing approximately \$50,000 annually. Again, these costs would likely increase annually in direct correlation with increased caseload.

In summary, the implementation costs would total \$3,300,000 AF (\$2,442,000 GPR and \$858,000 FED)

The first year costs of mailing such statements to public assistance recipients and responding to questions concerning them would be \$1,923,100 AF (\$1,423,100 GPR and \$500,000 FED). These costs would increase annually.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2015 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description Annual statements showing total public assistance and unemployment insurance benefits received			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
\$2,442,000 GPR \$ 858,000 FED \$3,300,000 AF			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes	\$50,000		\$
(FTE Position Changes)			
State Operations - Other Costs	1,673,100		
Local Assistance	200,000		
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$1,923,100		\$
B. State Costs by Source of Funds			
GPR	1,423,100		
FED	500,000		
PRO/PRS			
SEG/SEG-S			
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, ets.)			
	Increased Rev		Decreased Rev
GPR Taxes	\$		\$
GPR Earned			
FED	500,000		
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues	\$500,000		\$
NET ANNUALIZED FISCAL IMPACT			
	State		Local
NET CHANGE IN COSTS	\$1,923,100		\$
NET CHANGE IN REVENUE	\$500,000		\$
Agency/Prepared By		Authorized Signature	Date
DHS/ Michele Dickinson (608) 266-5362		Andy Forsaith (608) 266-7684	3/20/2015