



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

May 19, 2009

Joint Committee on Finance

Paper #423

Family Planning Waiver Services For Men (DHS -- Medical Assistance -- General)

[LFB 2009-11 Budget Summary: Page 355, #7]

CURRENT LAW

The family planning waiver program is designed to provide its enrollees information and services to help them prevent pregnancy and sexually transmitted diseases. Under current law, enrollment in the program is limited to women ages 15 through 44 with income not greater than 200% of the federal poverty level (FPL) and who are not otherwise eligible for medical assistance.

In 2007-08, total expenditures under the program were \$16,660,000 (\$2,499,000 GPR and \$14,161,000 FED). The FED share is relatively high because most eligible benefit expenditures under the program receive a 90% federal match. As of March, 2009, there were approximately 46,600 women enrolled in the waiver program.

GOVERNOR

Provide \$355,000 (\$177,500 GPR and \$177,500 FED) in 2009-10, and reduce funding by \$940,300 (-\$457,800 GPR and -\$482,500 FED) in 2010-11, to reflect the projected net fiscal effect of expanding eligibility under the waiver to males ages 15 through 44 with family income not greater than 200% of the FPL.

Authorize the Department of Health Services (DHS) to request approval from the Secretary of the Department of Health and Human Services (DHHS) for this purpose, and authorize DHS to implement the amended waiver in the event such federal approval is granted. Delete an obsolete statutory provision that directs DHS to request permission from DHHS to implement the current waiver.

DISCUSSION POINTS

1. AB 75 would provide funding for the estimated administrative and benefit costs associated with expanding the family planning waiver program to males ages 15 through 44. By the second year of the biennium, the administration assumes the state medical assistance (MA) program would realize savings as births that would otherwise be funded by MA are averted due to these expanded family planning services. Over the biennium, the administration estimates those savings would more than offset the additional program costs.

2. Currently, eight other states provide family planning services to males under an MA waiver program. Those states are California, Minnesota, New York, North Carolina, Oklahoma, Oregon, Virginia, and Washington. In four of those states (California, Minnesota, New York, and Washington), the income eligibility threshold is 200% of the FPL. In North Carolina, Oklahoma, and Oregon the threshold is 185% of the FPL, and in Virginia the threshold is 133% of the FPL. The 2007-09 biennial budget act increased the income threshold for Wisconsin's current family planning waiver program from 185% to 200% of the FPL as part of the eligibility changes enacted with BadgerCare Plus.

3. Most of the estimates in AB 75, both with respect to the costs and the savings of the proposed expansion, are based to some extent on an estimate of the number of males who will enroll in the program. Such projections are, by their nature, imprecise. The administration based its estimate on the initial experience in California, where approximately 4% of the enrollees in that state's family planning waiver program were males. Several other states have reported comparable percentages. In Oklahoma, approximately 2.8% of the enrollees in the "Sooner Plan" as of February, 2009, were males (the SoonerPlan is described as the Oklahoma family planning program for uninsured women and men who are not enrolled in that state's regular MA program). During the first five years of North Carolina's "Take Charge" program (which expanded MA coverage for family planning services to men and women with family incomes at or below 200% of the FPL), approximately 6% of the enrollees were males.

4. The administration estimates that 2,870 males would participate in Wisconsin's family planning waiver program if the expansion is approved. That number, if added to the program's current enrollment, would constitute approximately 5.8% of the program's total enrollment. Based on the enrollment experiences in other states, that estimate appears reasonable.

5. The bill would provide funding for the direct service costs for males enrolled in the program. DHS estimates those annual costs would be \$175 for every male enrollee. That figure was based on the estimated cost of the specific services that would be provided to males under the program (such as STD tests, medications, condoms, and office visits). Funding for these services would be provided in the second year of the biennium, which takes into account the implementation delays associated with the waiver review process and program enrollment. At \$175 per enrollee, the total direct service costs for the estimated 2,870 male enrollees would be \$502,300, which would be funded on a 10% GPR/90% FED basis.

6. The funding in the bill reflects the administration's assumption that beginning in 2010-11, the state's MA program would realize savings as the family planning services provided to men will result in fewer MA-funded births. Based on information in the National Survey of Family Growth, DHS has made a series of assumptions regarding the number of female sexual partners the males in the family planning waiver program are likely to have during a given time period, how many of those female partners will provide their own birth control, how many will rely on their male partners to provide birth control, and how many additional births will be averted as a result of the increased use of contraceptives by males in the program. Based on projected male enrollment of 2,870, DHS estimates that 373 births will be averted in 2010-11 as a result of the proposed expansion. Those 373 averted births equal 25% of the births DHS believes would be averted annually as a result of the expansion (the 25% adjustment reflects the fact that the services will not be provided to males until the beginning of 2010-11, and therefore, cost savings would not be realized until the last quarter of 2010-11). Assuming savings to the MA program of \$5,501 for every birth averted, DHS estimates that expanding the family planning waiver program to males will reduce MA costs by \$2,052,500 (-\$813,000 GPR and -\$1,239,500 FED) in 2010-11.

7. The following table summarizes the administration's estimates of the costs and savings associated with the proposal to expand family planning waiver services to men.

**Summary of Estimated Program Costs and Savings to
Expand the Family Planning Waiver to Men**

	<u>GPR</u>	<u>FED</u>	<u>Total</u>
2009-10			
One-Time System Changes	\$50,000	\$50,000	\$100,000
Income Maintenance	<u>127,500</u>	<u>127,500</u>	<u>255,000</u>
	\$177,500	\$177,500	\$355,000
2010-11			
Income Maintenance	\$305,000	\$305,000	\$610,000
Additional Direct Services	50,200	452,000	502,200
MA Savings from Averted Births	<u>-813,000</u>	<u>-1,239,500</u>	<u>-2,052,500</u>
	-\$457,800	-\$482,500	-\$940,300

8. The administration's estimate of the MA savings that would be realized from the proposed expansion to males is difficult to confirm, in part because it does not appear that the other eight states that have extended their family planning programs to men have separately identified savings associated with those extensions. On the one hand, it appears reasonable to assume that to the degree the proposal results in greater use of contraceptives by men in the program, some births would be averted. On the other hand, the assumption that every averted birth would reduce MA benefits costs (an assumption premised on the idea that MA would otherwise have paid for all of those births) is questionable. In 2005, MA funded approximately 44% of all births in Wisconsin. Granting the administration's argument that the female partners of the low-income males participants in the program are themselves more likely to be low-income (and therefore, more likely

than the general population to be eligible for MA) a more conservative estimate (albeit still an estimate) is that 75% (rather than 100%) of the births averted would have been paid for by MA. Making that adjustment would reduce the proposal's estimated savings in 2010-11 by approximately \$513,100 (\$203,200 GPR and \$309,900 FED), relative to the bill (Alternative A2).

9. In addition to its estimated fiscal effects, the Governor's proposal gives rise to various policy considerations. For example, supporters of the proposal would identify not just averted births, but also improved reproductive health from lower STD transmission rates, and the possibility that the proposal may encourage some males in the program to take greater personal responsibility for their actions, as additional reasons to approve the expansion. Opponents might cite moral opposition to the use of public funds for family planning programs, as well as doubts about the efficacy of such programs, as reasons to delete the proposal.

10. The bill would provide one-time funding of \$100,000 (\$50,000 GPR and \$50,000 FED) in 2009-10 to support costs DHS would incur to modify its Medicaid information systems in order to reflect the revised eligibility criteria for the proposed expansion. In addition, the bill would provide \$255,000 (\$127,500 GPR and \$127,500 FED) in 2009-10 and \$610,000 (\$305,000 GPR and \$305,000 FED) in 2010-11 to fund projected increases in income maintenance costs associated with enrolling an estimated 2,870 men who would be eligible for services into the program. DHS has indicated that most of these additional IM costs would be incurred centrally, rather than at the county level.

In light of GPR funding constraints, the Committee could approve the program expansion recommended by the Governor, but delete funding that would be provided to support estimated state and county administrative costs (Alternative B2). Under this option, DHS and counties would be required to absorb the additional workload associated with this eligibility expansion. In addition to the need to reduce GPR spending in the bill, it can be argued that an enrollment increase of fewer than 3,000 individuals, represents a relatively minor caseload increase, compared to recent enrollment increases and total caseload. Between July 1, 2008, and March, 2009, enrollment in DHS MA-related health programs increased by 66,100 individuals, from approximately 906,600 to 972,700, or an average of more than 7,300 per month. [Funding for county income maintenance activities is discussed in greater detail in LFB paper 444.]

However, others would argue that the recent enrollment increases for MA-related programs suggest that there is a greater need to assist counties in funding costs associated with the proposed expansion. For this reason, the Committee may wish to retain funding in the bill to support these costs (Alternative B1).

ALTERNATIVES

A. Program Expansion and MA Benefits Funding

1. Adopt the Governor's proposal.

2. Increase funding in the bill by \$513,100 (\$203,200 GPR and \$309,900 FED) in 2010-11 to reflect reduced estimates of savings resulting from averted MA-funded births that would result by expanding the family planning waiver to males.

ALT A2	Change to Bill Funding
GPR	\$203,200
FED	<u>309,900</u>
Total	\$513,100

3. Delete provision. Increase MA benefits funding in the bill by \$762,800 GPR and \$787,500 FED in 2008-09.

ALT A3	Change to Bill Funding
GPR	\$762,800
FED	<u>787,500</u>
Total	\$1,550,300

B. Program Administration

1. Adopt the Governor's proposal.

2. Reduce funding by \$177,500 GPR and \$177,500 FED in 2009-10 and by \$305,000 GPR and \$305,000 FED to delete funding that would be provided in the bill to fund DHS information systems changes and to increase funding for county income maintenance costs.

ALT B2	Change to Bill Funding
GPR	-\$482,500
FED	<u>- 482,500</u>
Total	-\$965,000

Prepared by: Eric Peck