



## Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873  
Email: [fiscal.bureau@legis.wisconsin.gov](mailto:fiscal.bureau@legis.wisconsin.gov) • Website: <http://legis.wisconsin.gov/lfb>

---

May, 2019

Joint Committee on Finance

Paper #419

### **FSET and MA -- Administration of Eligibility Requirements and Contract Provisions (Health Services -- FoodShare)**

[LFB 2019-21 Budget Summary: Page 185, #28, Page 186, #29,  
Page 219, #2 and #3, and Page 220, #4]

---

#### **CURRENT LAW**

2015 Act 55 and several acts passed in the 2017 Legislative session made various changes to the eligibility requirements and contract provisions for the FoodShare employment and training (FSET) program and medical assistance (MA) program. Those requirements are briefly summarized as follows:

#### **FoodShare Employment and Training Program**

*Pay-for-Performance.* Under 2017 Wisconsin Act 266, Department of Health Services (DHS) must create and implement a payment system based on performance for FSET program vendors. Factors to be considered in calculating payments are specified in state law but cannot affect the funding available for supportive services for participants in FSET. Implementation is contingent on federal approval. These provisions first apply to contracts DHS enters into or renews on or after April 12, 2018. However, due to the timing of the requirement, the Department's current contracts with the FSET vendors do not include performance outcomes as the basis for payments.

*Participation by Able-Bodied Adults.* Under 2017 Act 264, starting October 1, 2019, DHS must implement an FSET participation requirement on all able-bodied adults, except for able-bodied adults who are employed, between the ages of 18 and 50, who are not pregnant and not determined by DHS to be medically certified as physically or mentally unfit for employment or exempt from the work requirement as specified in federal law. DHS is prohibited from requiring participation in FSET for an individual who is: (a) enrolled at least half time in a school, a training program, or an institution of higher education; or (b) the caretaker of a child under the age of six

or the caretaker of a dependent who is disabled.

*Drug Screening, Testing and Treatment.* As part of 2017 Act 370, DHS is required to implement substance use screening, testing, and treatment provisions no later than October 1, 2019, and require certain individuals to comply with these requirements, in order to participate in FSET.

### **Medical Assistance**

*Federal Medicaid Waiver Provisions for Childless Adults.* Childless adults are eligible for coverage in the medical assistance program under terms of a federal Medicaid waiver. In October 2018 the federal Centers for Medicare and Medicaid Services (CMS) approved an amendment to the waiver that includes a number of new eligibility provisions. The new federal waiver, which has not yet been implemented, contains the following elements: (a) monthly premiums of \$8 for childless adults in households with income that exceeds 50% of the federal poverty level; (b) a reduction of the monthly premium by up to half for childless adults who do not engage in behaviors that increase health risks; (c) a 48-month time limit, tied to a work or community engagement requirement (failure to satisfy work or community engagement requirement for a total of 48 months results in temporary ineligibility); (d) a requirement to complete a health risk assessment and (e) an \$8 copayment for the nonemergency use of a hospital emergency department.

Under a provision included in 2017 Act 370, DHS is required to implement the provisions of the waiver no later than November 1, 2019, but may not implement the 48-month time limit and the health risk assessment before October 31, 2019.

*Health Savings Accounts.* Under 2017 Act 271, DHS is required to submit a federal Medicaid waiver to establish a health savings account program in medical assistance. The Department is currently developing a waiver application for this provision.

## **GOVERNOR**

### **FoodShare Employment and Training Program**

Repeal all provisions as they pertain to FSET pay-for-performance, required FSET participation by certain able-bodied adults, and drug screening, testing, and treatment for FSET participants.

### **Medical Assistance**

*Childless Adult Waiver Provisions.* Repeal statutory provision that require DHS to implement the provisions of a federal Medicaid waiver, approved on October 31, 2018, as it relates to program eligibility for childless adults as well as related nonstatutory provisions contained in 2017 Act 370 providing timelines for implementation of specific provisions of the waiver. Repeal a provision that required the Department submit a request for the childless adult waiver and that identified the elements that must be included in the request. Authorize DHS to submit a request to the federal Department of Health and Human Services to modify or withdraw from the waiver.

*Health Savings Accounts.* Repeal the provisions of 2017 Wisconsin Act 271, which require the Department to seek federal approval to establish and implement a health savings account program in the state's MA program that is similar in function and operation to health savings accounts.

## **DISCUSSION POINTS**

1. Income maintenance (IM) refers to the eligibility and caseload management functions for several federal and state programs, including MA, FoodShare, and Wisconsin Shares. In Milwaukee County, these services are provided by DHS staff in Milwaukee Enrollment Services (MiLES). In the rest of the state, county employees perform these functions as part of multi-county IM consortia, and tribes perform these services for their members. There are currently 10 multi-county consortia and nine tribes performing IM services.

2. Each regional consortium and tribe is responsible for program eligibility determinations, application processing, operating and maintaining a call center, conducting ongoing case management, and performing lobby services (such as responding to questions, facilitating access to interpreter services, and making informational publications available). The IM consortia and tribes cooperate with DHS to provide other administrative functions, such as conducting subrogation and benefit recovery efforts, participating in fair hearings, and conducting fraud prevention and identification activities.

3. Each year, DHS allocates state general purpose revenue (GPR) and federal funds (FED) to support the IM work of the consortia and tribes. The FED funding is matching funding the state receives for eligible state- and locally-funded administrative services under the MA and FoodShare programs.

4. The more eligibility requirements that need to be verified on active cases, and explained to potential applicants, the higher the workload is for IM and MiLES staff. IM and MiLES staffing needs are determined through an assessment of anticipated caseload and additional time necessary to process each case.

5. The Governor's budget bill would repeal a number of provisions relating to eligibility for FSET and MA and therefore did not provide positions or funding to implement these provisions. However, if the Committee retains these provisions, funding and position authority may be necessary to ensure timely and complete implementation. The funding amounts and positions presented for each item in this paper reflect the Department's agency budget request, with certain adjustments to account for updated information on the implementation date of each provision. The Department followed methods used historically for budgeting for state administration, MiLES, and IM costs.

6. In earlier action, the Committee voted to remove from the bill the Governor's proposal to repeal provisions related to the childless adult Medicaid waiver and the MA health savings accounts. LFB Issue Papers #416, #417, and #418 relate to the retention, modification, or deletion of the FSET provisions.

7. If the Committee retains the FSET pay-for-performance contract requirements

(Alternative 3 in LFB Issue Paper #418), 0.5 FTE would be needed to develop and implement this provision, starting in 2019-20. Funding for this position would be \$46,200 (\$23,100 GPR and \$23,100 FED) in 2019-20 and \$60,000 (\$30,000 GPR and \$30,000 FED) in 2020-21 [Alternative A1].

8. If the Committee retains the FSET drug screening, testing, and treatment requirements (Alternative 3 in LFB Issue Paper #416), 2.0 positions would be needed for implementation and development of the provision, starting in 2019-20, as well as funding and 0.09 position for Miles and funding for the IM agencies to administer the drug screening tool. Table 1 shows the total funding and positions necessary for timely implementation of the FSET drug screening, testing, and treatment requirements [Alternative B1].

**TABLE 1**

**FSET Drug Testing**

	FTE	2019-20			2020-21		
		GPR	FED	All Funds	GPR	FED	All Funds
DHS Staff (Implementation)	2.00	\$80,400	\$80,300	\$160,700	\$103,800	\$103,800	\$207,600
IM Funding (Screening Admin.)	0.00	8,500	8,500	17,000	25,600	25,600	51,200
Miles Staff (Screening Admin.)	0.09	2,400	2,400	4,800	3,200	3,200	6,400
Total	2.09	\$91,300	\$91,200	\$182,500	\$132,600	\$132,600	\$265,200

9. Based on an anticipated implementation date of October 1, 2019, for the drug screening, testing, and treatment requirement, funding for the Miles staff in Table 1 reflects nine months of implementation in 2019-20.

10. If the Committee votes to retain the FSET requirement for able-bodied adults (Alternative A2a, A2b, A3, B2a, B2b, or B3 in LFB Issue Paper #417), 2.0 positions would be needed for DHS to implement the provision, starting in 2019-20, as well as funding and 0.69 position for Miles and funding for the IM agencies to reflect increased caseload. Table 2 shows the total funding and positions necessary for timely implementation of the FSET requirement for able-bodied adults [Alternative C1].

**TABLE 2**

**FSET for Able-Bodied Adults**

	FTE	2019-20			2020-21		
		GPR	FED	All Funds	GPR	FED	All Funds
DHS Staff (Implementation)	2.00	\$78,100	\$78,100	\$156,200	\$104,100	\$104,100	\$208,200
IM Funding	0.00	191,200	191,200	382,400	254,900	254,900	509,800
Miles Staff	0.69	18,500	18,500	37,000	24,700	24,600	49,300
Total	2.69	\$287,800	\$287,800	\$575,600	\$383,700	\$383,600	\$767,300

11. Based on an anticipated implementation date of October 1, 2019, for the FSET

requirement for able-bodied adults, funding for the MiES staff in Table 2 reflects nine months of implementation in 2019-20.

12. If the Committee approves the Governor's recommendation to repeal any of the provisions discussed in points 7 through 11, funding and positions should not be provided as the repealed provisions will not be implemented [Alternatives A2, B2, and C2].

13. Table 3 shows the DHS position authority and corresponding funding necessary to implement provisions of the childless adult Medicaid waiver, as well as increased MiES position authority and funding, and IM funding to reflect increased caseload as a result of the waiver provisions [Alternative D1]. The funding shown in Table 3 reflects eight months of implementation in 2019-20, based on an anticipated implementation date of November 1, 2019.

**TABLE 3**

**Childless Adult Waiver Provisions**

	FTE	2019-20			2020-21		
		GPR	FED	All Funds	GPR	FED	All Funds
DHS Staff (Implementation)	2.00	\$82,800	\$82,800	\$165,600	\$110,400	\$110,400	\$220,800
IM Funding	0.00	265,500	782,200	1,047,700	414,800	1,185,000	1,599,800
MiES Staff	<u>2.31</u>	<u>27,500</u>	<u>82,500</u>	<u>110,000</u>	<u>41,200</u>	<u>123,800</u>	<u>165,000</u>
Total	4.31	\$375,800	\$947,500	\$1,323,300	\$566,400	\$1,419,200	\$1,985,600

14. Table 4 shows the MiES position authority and funding, and IM funding to implement the health savings accounts for childless adults enrolled in MA [Alternative E1]. The funding shown in Table 4 reflects six months of implementation in 2019-20, based on an anticipated implementation date of January 1, 2020.

**TABLE 4**

**Health Savings Accounts for Childless Adults**

	FTE	2019-20			2020-21		
		GPR	FED	All Funds	GPR	FED	All Funds
IM Funding	0.00	\$82,600	\$247,700	\$330,300	\$110,100	\$330,300	\$440,400
MiES Staff	<u>0.64</u>	<u>5,700</u>	<u>17,200</u>	<u>22,900</u>	<u>11,400</u>	<u>34,300</u>	<u>45,700</u>
Total	0.64	\$88,300	\$264,900	\$353,200	\$121,500	\$364,600	\$486,100

**ALTERNATIVES**

**A. FSET Pay-for-Performance**

1. Provide \$46,200 (\$23,100 GPR and \$23,100 FED) in 2019-20 and \$60,000 (\$30,000 GPR and \$30,000 FED) in 2020-21, and 0.50 position (0.25 GPR position and 0.25 FED position), beginning in 2019-20, to implement the FSET pay-for-performance system for FSET vendors.

ALT A1	Change to Base		Change to Bill	
	Funding	Positions	Funding	Positions
GPR	\$53,100	0.25	\$53,100	0.25
FED	<u>53,100</u>	<u>0.25</u>	<u>53,100</u>	<u>0.25</u>
Total	\$106,200	0.50	\$106,200	0.50

2. Take no action.

**B. FSET Drug Screening, Testing, and Treatment**

1. Provide \$182,500 (\$91,300 GPR and \$91,200 FED) in 2019-20 and \$265,200 (\$132,600 GPR and \$132,600 FED) in 2020-21 and 2.09 positions (1.05 GPR positions and 1.04 FED positions), beginning in 2019-20.

ALT B1	Change to Base		Change to Bill	
	Funding	Positions	Funding	Positions
GPR	\$223,900	1.05	\$223,900	1.05
FED	<u>223,800</u>	<u>1.04</u>	<u>223,800</u>	<u>1.04</u>
Total	\$447,700	2.09	\$447,700	2.09

2. Take no action.

**C. FSET for Able-Bodied Adults**

1. Provide \$575,600 (\$287,800 GPR and \$287,800 FED) in 2019-20 and \$767,300 (\$383,700 GPR and \$383,600 FED) in 2020-21 and 2.69 positions (1.35 GPR positions and 1.34 FED positions), beginning in 2019-20.

ALT C1	Change to Base		Change to Bill	
	Funding	Positions	Funding	Positions
GPR	\$671,500	1.35	\$671,500	1.35
FED	<u>671,400</u>	<u>1.34</u>	<u>671,400</u>	<u>1.34</u>
Total	\$1,342,900	2.69	\$1,342,900	2.69

2. Take no action.

**D. Childless Adult Waiver Provisions**

1. Provide \$1,323,300 (\$375,800 GPR \$947,500 FED) in 2019-20 and \$1,985,600 (\$566,400 GPR and \$1,419,200 FED) in 2020-21 and 4.31 positions (1.10 GPR positions and 3.21 FED positions), beginning in 2019-20.

ALT D1	Change to Base		Change to Bill	
	Funding	Positions	Funding	Positions
GPR	\$942,200	1.10	\$942,200	1.10
FED	<u>2,366,700</u>	<u>3.21</u>	<u>2,366,700</u>	<u>3.21</u>
Total	\$3,308,900	4.31	\$3,308,900	4.31

2. Take no action.

**E. Health Savings Accounts**

1. Provide \$353,200 (\$88,300 GPR and \$264,900 FED) in 2019-20 and \$486,100 (\$121,500 GPR and \$364,600 FED) in 2020-21 and 0.64 position (0.16 GPR position and 0.48 FED position), beginning in 2019-20.

ALT E1	Change to Base		Change to Bill	
	Funding	Positions	Funding	Positions
GPR	\$209,800	0.16	\$209,800	0.16
FED	<u>629,500</u>	<u>0.48</u>	<u>629,500</u>	<u>0.48</u>
Total	\$839,300	0.64	\$839,300	0.64

2. Take no action.

Prepared by: Alexandra Bentzen and Jon Dyck