# *1999 DRAFTING REQUEST*

## Assembly Amendment (AA-AB133)

Received: **06/2/99**

Received By: **yacketa**

Wanted: **As time permits**

Identical to LRB:

For: **Legislative Fiscal Bureau 6-3912**

By/Representing: **Megna**

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Drafter: **yacketa**

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Subject: **Public Assistance - med. assist.**

Extra Copies: **DAK, PJK**

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**Pre Topic:**

LFB:......Megna -

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**Topic:**

MA purchase plan

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**Instructions:**

See Attached;

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**Drafting History:**

| Vers. | Drafted | Reviewed | Typed | Proofed | Submitted | Jacketed | Required |
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**Legislative Fiscal Bureau**
One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

June 1, 1999 | Joint Committee on Finance | Paper #484

# MA Purchase Plan (DHFS -- Medical Assistance)

[LFB 1999-01 Budget Summary: Page 277, #19 and Page 324, #9 and Page 338, #2 (part)]

## CURRENT LAW

There are two major cash benefit programs for disabled persons -- the supplemental security income (SSI) program and the social security disability insurance (SSDI) program. Individuals who receive SSI benefits are categorically eligible for benefits provided under the state's medical assistance (MA) program, while individuals who receive SSDI are eligible for federal Medicare benefits 24 months after they begin receiving SSDI benefits. Individuals can be eligible for both SSDI and SSI.

A person may be eligible for SSI benefits if he or she: (a) has little or no income or resources; (b) is medically disabled; and (c) is initially not working, or working but earning less than the substantial gainful activity (SGA) level. Once a person receives SSI, the SGA test is not applied for continuing eligibility. There is no waiting period for receiving SSI benefits.

A person may be eligible for SSDI benefits if the person: (a) has worked and paid social security taxes for enough years to be covered under social security; (b) is medically disabled; and (c) is initially not working, or working but earning less than the SGA level. The SSDI payment amount is based on a worker's lifetime average earnings covered by social security. A worker who becomes disabled must wait five full calendar months after the disability begins before receiving SSDI benefits. There is no new waiting period if a worker is redetermined to be eligible for SSDI returns to the disability rolls within five years of no longer receiving benefits.

An important benchmark for eligibility for SSI and SSDI is the earned income level that is used as the measure of SGA. The SGA level is currently $500 per month and will increase to $700 per month on July 1, 1999, for non-blind SSI recipients Under both SSI and SSDI, an individual cannot initially be eligible for either cash benefit if that individual has earned income in excess of the SGA, since that level of income indicates that the individual can engage in substantial gainful activity. However, once an individual begins receiving a SSI or SSDI cash benefit, the application of the SGA test is either eliminated or modified in order to provide incentives to work.

Under SSI, once an individual begins receiving a SSI cash benefit, that person could earn more than the SGA level and still retain a SSI cash benefit and retain MA eligibility. Section 1619(a) of the federal Social Security Act provides special SSI cash benefits to individuals who lose eligibility for SSI payments because they have earnings at or above the level that is ordinarily considered to represent SGA. Under SSI, the first $65 of monthly earned income and one-half of monthly earned income in excess of $65 is excluded from countable income. Thus, a person could earn up to $1,073 per month in 1998 and retain a SSI cash benefit.

Further, s. 1619(b) of the Social Security Act provides special SSI recipient status for MA purposes to working disabled individuals when their earnings make them ineligible for cash payments. MA coverage can continue if the individual: (a) continues to have a disabling impairment; (b) continues to meet all other SSI eligibility requirements, except for earnings; (c) would be seriously inhibited from continuing or obtaining employment if MA eligibility were to end; and (d) has earnings that are not sufficient to provide a reasonable equivalent of benefits from SSI, state supplementary payment, MA and publicly funded attendant care that would have been available in the absence of those earnings. To determine the last criterion, an individual's gross earnings are compared to a "threshold" amount that represents average expenditures for MA and SSI benefits for SSI cash recipients in the individual's state of residence. In 1997, this threshold amount was determined to be $20,540.72 annually, an amount that the Social Security Administration continues to use as the threshold.

In addition, federal SSI law allows a number of other exclusions for determining countable income. The blind work-related expense exclusion (BWE) permits the exclusion of any earned income of a blind person that is used to meet any expenses reasonably attributable to earning the income. Further, all SSI disabled recipients benefit from the impairment related work expense (IRWE), which allows the exclusion from earnings for the costs of items and services which are needed in order to work and are paid for by the individual. These IRWEs are excluded from earnings used in the determination of SGA and used to compute ongoing SSI monthly payments. Another exclusion allows a disabled SSI recipient who has an approved plan for achieving self-support (PASS) to set aside earned or unearned income and resources for a work goal that could include such expenses as education, vocational training, starting a business, or purchasing work-related equipment. Income and resources set aside under a PASS are excluded from SSI income and resources test, but do not influence the determination of ability to engage in SGA.

Under SSDI, the SGA test is still applied after an individual begins receiving SSDI benefits. However, termination of SSDI cash benefits is not immediate even if the individual exceeds the SGA level. First, there is a trial period of at least nine months in which the person can test their ability to work without affecting their SSDI benefit. The SSDI recipient continues to receive the full benefit during the trial work period, no matter how much the individual earns. Each month in which earnings are more than $200 is counted as a month of the trial work period.

After the SSDI recipient has accumulated nine such months (not necessarily consecutive) within a 60-month period, the trial work period is completed.

After the trial work period, if an SSDI recipient has nine months of earnings above the SGA level, the individual loses the cash benefit after a three-month grace period. However, after the termination of cash benefits, the person remains in an extended period of eligibility for 36 consecutive months following the trial period, during which cash benefits are reinstated for any month the person does not work at the SGA level. Benefit checks can be started again without a new application, disability determination or waiting period.

The application of the SGA test initially and during receipt of SSDI benefits applies the same exclusion for IRWE used under SSI. The costs of certain impairment-related items and services that a person needs to work are deducted from gross earnings in figuring SGA, even if these items and services are also needed for non-work activities. The deductions can be made only if the cost of the item or service is paid by the person with the disability and the person has not been, and will not be, reimbursed for the expense.

If the SSDI beneficiary loses cash benefits after the trial period, Medicare coverage continues for 39 months after the trial period if the person is still medically disabled. At the end of this 39-month period, if the person is still medically disabled, the person can purchase Medicare coverage by paying the same monthly payment that an uninsured eligible retired beneficiaries pays for such coverage.

In September 1998, there were 80,315 SSI disabled recipients in Wisconsin, of which 11,528 (14.4%) were working. This number includes 1,048 individuals who were able to retain income as provided under s. 1619(a) and 2,412 individuals who retained MA eligibility under s. 1619(b). On average, 1619(a) participants earned $761 per month, while 1619(b) participants earned $816 per month. The number of SSI working recipients that used the other work incentive provisions included 62 for PASS, 511 for IRWE and 120 for BWE. At the end of 1997, there were 76,248 disabled workers receiving SSDI cash payments in Wisconsin. The total number of disabled workers that receive either SSI or SSDI is less than the sum of SSI and SSDI beneficiaries because a large number of disabled workers qualify for both benefits.

## GOVERNOR

Reduce funding by $374,200 GPR and increase funding by $3,100,800 FED in 1999-00 and reduce funding by $894,800 and increase funding by $10,899,700 FED in 2000-01 to reflect the net fiscal effect of implementing a new option provided under federal MA law to extend MA coverage to certain working, disabled persons. This program would be called the MA purchase plan. These funding adjustments are incorporated into the fiscal effect of the Governor's Family Care proposal.

Table 1 summarizes the projected costs and offsetting savings of the MA purchase plan under the Governor's recommendations. As the table shows, the bill assumes GPR savings from implementation of the MA purchase plan because the projected increase in MA, program administration and Pathways service costs would be offset by a greater amount of savings in other program costs and premiums paid by enrollees. For example, under the plan, DHFS would fund services for approximately 732 COP participants with MA funds (41% GPR/59% FED), rather than with GPR funds, exclusively.

These GPR savings are assumed to be available to support the costs of the Family Care pilot program. However, the budget bill does not include a mechanism to transfer the savings from both the COP-R program and the HIRSP program.

**MA Purchase Plan**
**Governor's Recommendations**

| | 1999-00 | | | 2000-01 | | |
|---|---|---|---|---|---|---|
| | GPR | FED | Total | GPR | FED | Total |
| **Program Costs** | | | | | | |
| MA Benefits | $1,672,100 | $2,382,400 | $4,054,500 | $6,921,100 | $9,826,300 | $16,747,400 |
| Administration | 617,400 | 617,400 | 1,234,800 | 720,600 | 720,600 | 1,441,200 |
| Pathways Services | 230,000 | 230,000 | 460,000 | 955,000 | 955,000 | 1,910,000 |
| TOTAL | $2,519,500 | $3,229,800 | $5,749,300 | $8,596,700 | $11,501,900 | $20,098,600 |
| **Revenue/Savings** | | | | | | |
| Premiums | $90,500 | $129,000 | $219,500 | $424,200 | $602,200 | $1,026,400 |
| COP-R | 2,564,000 | 0 | 2,564,000 | 6,957,800 | 0 | 6,957,800 |
| HIRSP | 103,200 | 0 | 103,200 | 1,249,900 | 0 | 1,249,900 |
| HIV/AIDS | 23,500 | 0 | 23,500 | 109,600 | 0 | 109,600 |
| Community Aids | 112,500 | 0 | 112,500 | 750,000 | 0 | 750,000 |
| TOTAL | $2,893,700 | $129,000 | $3,022,700 | $9,491,500 | $602,200 | $10,093,700 |
| NET COSTS | -$374,200 | $3,100,800 | $2,726,600 | -$894,800 | $10,899,700 | $10,004,900 |

*Waiver Request and Amendments.* Require DHFS to submit an MA state plan amendment and a request for any necessary waivers to the federal Department of Health and Human Services to permit DHFS to expand MA eligibility under the plan. Direct DHFS to implement the program no later than January 1, 2000, or within three months after receiving federal approvals, whichever is later.

*Eligibility.* Specify that a person would be eligible to participate in the MA purchase plan if all of the following conditions are met:

1. The individual's net income, including income that would be deemed to the individual under federal rules and excluding income that is excluded under federal SSI rules, is less than 250% of the federal poverty level (FPL). Major income disregards include the first $65 of earned income plus one-half of earned income over $65, $20 disregard of any type of income, health insurance premiums and other out-of-pocket medical expenses.

2. The individual's countable assets do not exceed $20,000. Countable assets would not include assets that are excluded under MA financial eligibility rules (such as home, car with a value up to $4,500, household goods and personal effects, and property used in a business or trade) or assets accumulated in an independence account. Specify that DHFS may exclude, in whole or in part, the value of a vehicle used by the individual for transportation to paid employment.

3. The individual would be eligible for SSI for purposes of receiving MA but for evidence of work, attainment of the substantial gainful activity level, earned income in excess of the limit established under federal rules and unearned income that is disregarded under MA purchase plan rules.

4. The individual is not a minor under state employment rules.

5. The individual maintains premium payments unless the individual is exempted from premium payments.

6. The individual is engaged in gainful employment or is participating in a program that is certified by DHFS to provide health and employment services that are aimed at helping the individual achieve employment goals.

7. The individual meets all other requirements established by DHFS rule.

*Monthly Premiums.* Require participants to pay a sliding scale premium, as determined by DHFS by rule under the following guidelines:

1. The premium for any individual could not exceed the sum of 3.5% of an individual's earned income and 100% of an individual's non-exempt unearned income. Unearned income would be exempted from countable income and would include all of the following: (a) a maintenance allowance established by DHFS rule that would not be less than the sum of $20, the federal SSI payment level and the state supplemental SSI payment; and (b) medical and remedial expenses and impairment-related work expenses;

2. DHFS may reduce the premium by 25% for an individual who is covered by private health insurance;

3. DHFS may waive monthly premiums that are calculated to be below $10;

4. DHFS must assess a one-time entry premium based on a sliding scale established by DHFS rule and according to a person's gross income. Authorize DHFS to treat earned and unearned income differently for calculating an individual's gross income and to waive all or part of the entry premium or extend the time period for payment of the entry premium, for an individual if DHFS determines that: (a) assessment of the premium would impose an undue hardship and would fail to remove barriers to employment for the individual or would fail to increase access to health care for the individual; or (b) assessment of the premium would reduce the cost-effectiveness of the MA purchase plan.

*Independence Accounts.* Define an independence account as a savings account approved by DHFS that consists solely of savings, and dividends or other gains derived from those savings, from income earned from paid employment after the initial date that an individual began participating in the MA purchase plan. An individual would be permitted to exclude assets accumulated in an independence account for the purpose of determining eligibility for the MA purchase plan.

*COP Participants.* Require DHFS to pay the one-time entry premium for a person who is a participant in the regular COP program (COP-R), and permit DHFS to pay both the one-time entry premium and the monthly premium for a person who is a participant in the COP waiver (COP-W) program. In addition, specify that a COP-W participant could not be required to pay both the monthly premium and the cost-share required under the COP-W program.

As a result of the current law "waiver mandate," COP-R participants who are not participating in a MA waiver program and are eligible for the MA purchase plan would be required to participate in the MA insurance plan and to transfer to the MA waiver program. However, COP-R recipients who are required to transfer to COP-W and the MA purchase plan would not have to pay any premium above their current cost share.

*Insured Persons.* Authorize DHFS to use funds from the GPR-funded MA benefits appropriation for participants of the MA purchase plan, to pay premiums for or purchase individual coverage offered by the individual's employer if DHFS determines that such payments would be cost effective. Authorize DHFS to use funds from the GPR-funded MA benefits appropriation, if federal financial participation is available, to pay Medicare Part A and Part B premiums for individuals who are eligible for Medicare, as well as the MA purchase plan.

*HIRSP.* Require DHFS to evaluate how to coordinate the health insurance risk-sharing plan (HIRSP) and the MA purchase plan. Specify that if it is necessary, DHFS would be required to develop proposed legislation that coordinates the programs and that addresses the provision of health care coverage for individuals who are eligible for both programs.

*Department Duties.* Require DHFS to determine eligibility or contract with a county department or with a tribal governing body to determine eligibility for the MA purchase plan. Require DHFS, to the extent practicable, to provide continuity of care for a person who participates in the MA purchase plan who is engaged in paid employment, or is enrolled in a MA community-based waiver program, and who becomes ineligible for MA.

*Community Aids.* Authorize DHFS to decrease a county's basic county allocation under community aids if a former recipient of services funded by the basic county allocation is a participant in the MA purchase plan. Authorize DHFS to decrease the allocation by an amount DHFS estimates it would incur by providing services to that recipient under the MA purchase plan.

## DISCUSSION POINTS

### Barriers to Work

1. Although current federal law provides a number of work incentives for disabled workers, DHFS believes that the system as a whole does not provide an effective work incentive. DHFS has identified three critical barriers to work. First, surveys of SSI and SSDI beneficiaries reveal that the single most important barrier to paid employment is fear of the loss of health and long-term care coverage. The current system is complicated and contains uncertainties for SSI and SSDI beneficiaries.

2. A second barrier cited by DHFS is that the various public programs act independently and do not recognize the combined impact of a change in income. A disabled individual could lose more in benefits than he or she gains in earned income if that person participates in a number of public programs. A dollar of earned income can reduce SSI by $0.50, food stamps by $0.30 and HUD rent subsidies by $0.30, a total of $1.10 before taxes are considered.

3. The third barrier cited by DHFS is that there is no comprehensive, coordinated support system for promoting employment for disabled workers. A disabled worker may need a number of supports, such as a reliable transportation system, reliable personal attendant care, adaptive aids, quick repair of computers and mechanical devices and vocational training. DHFS staff believe that potential disabled workers need a single team of advisors/consultants to arrange coordinated access to all professionals and programs. The team would mobilize the supports needed by each individual, including case management and vocational services.

### Previous Legislative Action and DHFS Implementation

4. Based on concerns about the adequacy of the current system, the 1997-99 budget adjustment act (1997 Act 237) included provisions to establish a pilot project, the Pathways to Independence program, that would increase incentives for disabled persons to work by extending public benefits and by providing vocational training and case management. Act 237 required DHFS to request from the appropriate federal officials that the income and asset requirements for

recipients of SSI or SSDI be waived to allow DHFS to conduct a pilot project that allows these individuals to work without losing SSI, SSDI, MA or Medicare benefits.

Act 237 also transferred $25,000 GPR in 1998-99 from the MA appropriation to a general program operations appropriation in DHFS to fund vocational services that would not be covered under MA. It was anticipated that the $25,000 GPR would generate additional federal funds for vocational services totaling $99,800 FED. Act 237 also reallocated $101,400 GPR from funds budgeted for MA benefits to support MA costs for persons served under this pilot.

Prior to the pilot program, as part of a Robert Woods Foundation grant, DHFS provided additional vocational services to 28 physically disabled persons in Dane County. The grant expired on July 1, 1998. The $378,300 (all funds) of expenditures under the pilot program was intended to replace the grant funding and to expand the number of participants in the program to 100 by the end of 1998-99. The expansion was intended to include other disability groups as well as additional persons with physical disabilities.

5. Although the pilot program has the long-term goal of modifying four major public assistance programs, DHFS has not attempted to pursue federal waivers in all of the programs simultaneously. Some of these programs have more liberal work incentive provisions than others, and the possibility of obtaining federal waivers varies by program. Currently, the federal government does not have authority to grant a waiver to the SSDI cash assistance program, although President Clinton's federal fiscal year 1999-2000 budget proposal and separate federal legislation (Work Incentives Improvement Act of 1999) does include a provision to grant this authority. Further, it is unlikely that DHFS could obtain a Medicare waiver, since there currently is no Medicare waiver process, as there is for MA. However, in the future this option could be available, since President Clinton's 1999-00 budget proposal includes a provision to continue Medicare coverage for disabled persons who lose SSDI benefits because they return to work.

6. While DHFS has been exploring various federal waivers, the only waiver that DHFS intends to submit in the near future is an SSI waiver to allow: (a) less of a SSI benefit reduction when earned income is increased; and (b) an individual to continue to receive SSI benefits when assets exceed the current limit of $2,000 if those assets are derived from earned income and placed in an independence account. DHFS must show budget neutrality, and will shortly receive instructions on how this calculation must be structured. After DHFS determines this calculation, it will submit the official waiver request.

7. On December 11, 1998, DHFS and the Department of Workforce Development (DWD) issued a request for proposals (RFP) to establish demonstration projects for implementing the Pathways program. The RFP states that the Departments intends to award six to ten contracts for vocational and related services in calendar year 1999 and an additional five to ten contracts in calendar year 2000. The RFP states that approximately $1 million will be available for projects in 1999 and over $2 million annually in subsequent years, up to five years.

In addition to the funding provided for this purpose in Act 237 in 1998-99, the Social Security Administration awarded Wisconsin a grant for approximately $1 million a year for five years to research and find sites for the proposed pilot project. In addition, Wisconsin has received a grant of $475,000 from the Robert Wood Johnson Foundation that will be used to fund administrative costs of implementing the state pilot projects. Although the amount of each contract will depend on projected enrollment and level of services, the Departments anticipate that the contracts would range from $25,000 to $200,000. Approximately 30 applications have been received, and the Department hopes to select and establish a number of sites by July 1, 1999.

8. Under current law, the Pathways demonstration projects would have to focus on SSI-eligible persons, since current work incentives are much better under SSI and MA than for SSDI and Medicare. It will probably not be possible to include persons who are only eligible for SSDI in the project until either: (a) the MA purchase plan is adopted; or (b) federal legislation is passed that will provide waiver authority for SSDI and that will allow maintenance of Medicare coverage.

**MA Purchase Plan Option**

9. The federal Balanced Budget Act of 1997 provides states a new option to enhance work incentives for disabled persons. Under this new option, a state can provide MA coverage to an individual if: (a) the individual's family income is less than 250% of the federal poverty level (FPL); and (b) the individual meets the disability, assets and unearned income standards to receive a SSI benefit. When an individual's family income is compared to the 250% of the FPL standard, the SSI income exclusion for the first $65 of earned income per month plus one-half of earned income over $65 would be used. As a result, although the 250% of the FPL is equal to $20,600 per year for a single individual, an individual with earned income up to $41,980 per year (and no unearned income) could qualify for the MA purchase plan.

10. States may use more liberal income and resource methodologies than are used by the SSI program in determining eligibility for this group. In addition, states may require individuals to pay premiums or other cost sharing charges, set on a sliding scale based on income, as the state may determine. The amount of the participant's premium or other cost sharing, if any, is entirely within each state's discretion. Federal law does not require a premium or cost-sharing charges.

11. Adoption of the MA purchase plan would allow the Pathways demonstration sites to be able to work with SSDI-only recipients, as well as SSI recipients. Until federal law is changed, a waiver process is not available to have Medicare extended for working SSDI recipients beyond the current limits. The expanded income eligibility limits under the MA purchase plan would allow a number of SSDI-only recipients to be assured health care coverage when their earnings exceed the SGA level.

**Other States' Experience and Enrollment Reestimate**

12. DHFS projects that participation in the MA purchase plan would increase to 1,275 by the end of 1999-00 and to 2,146 by the end of 2000-01. This projection is based on a model utilizing data on the number of disabled persons, including income and asset levels and labor force participation rates. DHFS also compared its estimate to the experience in Massachusetts for a similar program that has been operating since 1988.

13. Although the Department's model for projecting participation may be reasonable, there are inherent limitations of such models, since the available data is not sufficient to confidently project participation in the program. It may be more appropriate to give greater weight to the Massachusetts experience and to the limited experience in Oregon.

14. Massachusetts began operating an MA buy-in program in 1988 as a solely state-funded program, and in 1997 incorporated this buy-in program in the state's 1115 waiver demonstration program. After 10 years, the enrollment has grown to approximately 1,900 participants. If this number is adjusted for the fact that Massachusetts has a larger population, the comparable figure adjusted for Wisconsin's population would be approximately 1,500. Since Massachusetts has been operating this program for 10 years and has done extensive outreach to build participation, one would expect that Wisconsin would have a smaller number than 1,500 by the end of the 2000-01 fiscal years, after only one and a half years of operation. On the other hand, the Massachusetts program has a work requirement of 40 hours per month, which is a stronger work requirement than the Wisconsin proposal, which has no minimum work hours and allows a work and health counseling program to qualify a person.

15. Oregon implemented an MA buy-in program under the new federal provision on February 1, 1999. As of May 10, there were 63 participants in the program, which represents enrollment growth of about 20 persons per month. Adjusting this rate for the higher population in Wisconsin, Wisconsin might expect 33 new participants each month, which would imply 200 enrollees by the end of 1999-00 and 600 enrollees by the end of 2000-01. The Oregon program requires that the person is working, but there is no minimum requirement for the number of hours. Premiums are only imposed for persons at 200% or more of the FPL, and start at $10 per month. There is no entry premium and an individual is allowed to have assets up to approximately $12,000.

16. Of the 63 participants in the Oregon program, 60 were previously receiving MA in other programs. As a result, Oregon has not experienced any significant net increase in costs under its MA program. Over half of the new participants were participating in one of the state's community-based waiver programs. The average salary of persons in the Oregon program is approximately $1,200 per month.

17. There are several unique features in Wisconsin that may affect the participation in the proposed MA purchased plan. First, there will be the various Pathways sites that will provide

a single team of advisors/consultants to arrange coordinated access to all professionals and programs to support an individual's efforts to work. Part of the responsibilities of these Pathways sites will be to conduct outreach activities.

18. A second factor is that the Department has reviewed data on participants in the regular state-only community options program (COP-R) and estimates that there are 732 COP-R participants who would likely be eligible for the MA purchase plan. The Governor's bill assumes that all 732 of these COP participants will participate in the MA purchase plan and as a result, the state will obtain federal matching funds for 59% of the costs of these individuals, which will free up an equal amount of GPR funds. The budget proposal uses these GPR savings to support the costs of the MA purchase plan for other groups. Since these savings are funding the MA purchase plan, the Department can be expected to identify and recruit these 732 COP-R participants to join the MA purchase plan.

19. The bill provides that persons enrolled in a work and health counseling program, as well as persons working, would be eligible for the MA purchase plan. This option is to ensure that these 732 COP-R recipients can be converted over to the MA purchase plan, and the state can achieve the anticipated savings.

20. Although only a work and health counseling program would have to be enrolled in for eligibility for the MA purchase plan, it is not certain that every COP-R participate would agree to participate in such a program. Also, the 732 COP-R cases were not individually reviewed, so it is not certain that all of the individuals would meet all of the other requirements of the MA purchase plan.

21. In order to ensure that these anticipated savings are achieved, the COP program could be modified to add the requirement that persons between the ages of 18 and 65 participate in such a program at least for some period of time unless exempted for extenuating circumstances.

22. Even if it is assumed that most of the 732 COP-R recipients would be converted to the MA purchase plan, the experiences of Oregon and Massachusetts suggests that the administration's estimate of program participation is too high. Instead, it is assumed that, in addition to the 737 COP-R recipients, there would be 25 new participants a month. This would imply that enrollment would increase to 890 persons by the end of 1999-00 and to 1,190 persons by the end of 2000-01, compared to the administration's projections of 1,276 and 2,101, respectively.

**Program Modifications**

23. In addition to the reestimate of plan participation, the current estimate of program costs modifies the administration's assumptions as follows:

*Average MA Purchase Plan Costs.* The administration's model projects average costs of $765 per month per participant for a number of eligibility categories. However, under the state's I-Care program, which is a managed care program for disabled persons in Milwaukee County, the monthly capitation rate is $574 per month per person. Massachusetts reported monthly per member costs of $486 to $588 per month for 1997, which included personal care, home health care and private duty nursing as well as acute care costs. The current estimate reflects I-Care's average costs.

*Adjustment for Later Start Date and Revised Education Costs.* The administration's costs for outreach and education and for the evaluation can be reduced by $75,000 in 1999-00, since the start-up date is later than the administration assumed. In addition, DHFS has reduced its estimates for brochure costs, travel and postage costs by $20,000 in 2000-01.

*Eligibility Determinations.* The lower projected enrollment reduces costs for MA eligibility and disability determinations by $233,200 in 1999-00 and by $451,500 in 2000-01.

*Premium Collection System.* The costs for program and account administration can be reduced by $101,700 in 1999-00 and by $349,100 in 2000-01 because the cost for implementing the premium collection system will be less than previously assumed because the system can utilize work that has and will be done for the BadgerCare premium system. Also, these costs benefit from a 75% federal cost sharing rather than 50%, and lower projected enrollment will reduce administrative processing costs.

*Base Budget.* The requested funding for Pathways services can be reduced by $126,400 GPR and $126,400 FED in each year to reflect that this amount is already available in the base budget when the Pathway's pilot program was established under 1997 Act 237.

24. If the above modifications are made and the revised projections on participation are incorporated, the costs of the program would be as follows:

## MA Purchase Plan
## Current Estimate

| | 1999-00 | | | 2000-01 | | |
|---|---|---|---|---|---|---|
| | GPR | FED | Total | GPR | FED | Total |
| **Program Costs** | | | | | | |
| MA Benefit Costs | $1,363,000 | $1,945,100 | $3,308,100 | $4,631,200 | $6,719,800 | $11,351,000 |
| Administrative costs | 359,000 | 466,500 | 825,500 | 290,700 | 329,300 | 620,000 |
| Pathways Services | 103,600 | 103,600 | 207,200 | 828,600 | 828,600 | 1,657,200 |
| Total | $1,825,600 | $2,515,200 | $4,340,800 | $5,750,500 | $7,877,700 | $13,628,200 |
| **Revenue/Savings** | | | | | | |
| Premiums | $71,600 | $102,200 | $173,800 | $260,300 | $377,700 | $638,000 |
| COP-R | 2,279,000 | 0 | 2,279,000 | 6,958,300 | 0 | 6,958,300 |
| HIRSP | 10,100 | 0 | 10,100 | 81,000 | 0 | 81,000 |
| HIV/AIDS | 8,700 | 0 | 8,700 | 34,800 | 0 | 34,800 |
| Community Aids | 112,500 | 0 | 112,500 | 750,000 | 0 | 750,000 |
| Total | $2,481,900 | $102,200 | $2,584,100 | $8,084,400 | $377,700 | $8,462,100 |
| NET COSTS | -$656,300 | $2,413,000 | $1,756,700 | -$2,333,900 | $7,500,000 | $5,166,100 |

25. In addition to these funding changes, the Committee could modify several of the program features reflected in the Governor's statutory provisions. The federal legislation provides flexibility to the state in establishing premiums levels and asset exclusions.

26. *Entry Level Premium.* Under the bill, DHFS could establish an entry premium to enroll in the program. The intent of this feature is to provide a mechanism to control enrollment without penalizing anyone who is already participating in the program. If actual enrollment exceeds projected enrollment, DHFS could increase the entry premium to control costs. Also, if experience showed that unintended groups were utilizing the MA purchase, such as persons with adequate private insurance were dropping such insurance, then the entry premium could be structured to discourage such groups. The drawback of the entry premium is that it may discourage use of the program.

The Massachusetts experience suggests that enrollment will be limited and that it is difficult to convince disabled persons to participate. The need to control enrollment has not been raised in either Massachusetts or Oregon. Instead, these states' experiences suggest that incentives may need to be increased. Also, an equity issue can be raised in regard to using the entry premium as a tool to control participation. If enrollment increases beyond estimates, it may not be fair to subject new participants to higher entry premiums. The reestimated cost projection assumes that $22,100 in 1999-00 and $7,800 in 2000-01 will be collected from entry premiums.

27. *Monthly Premium.* Under the bill, DHFS could establish a monthly premium that could not exceed the sum of: (a) 3.5% of earned income; and (b) 100% of non-exempt unearned income above basic maintenance allowance ($674 per month) and out-of-pocket medical remedial or work expenses. DHFS staff indicate that the Department would establish a monthly premium at

this maximum rate. The monthly premium is projected to generate revenue totaling $151,700 in 1999-00 and $630,300 in 2000-01. Although a premium rate of 3.5% may be viewed as low, the objective of creating a work incentive would be undercut to some degree by establishing a premium on earned income, especially at lower levels of income where the participant may also face the loss of other public assistance, such as food stamps, when additional income is earned. Both Massachusetts and Oregon exempt persons with income below 200% of the poverty level from any premium payments. Under BadgerCare, families with income below 150% of the FPL are exempt from the premium requirement.

The Committee could modify the bill to prohibit DHFS from assessing a premium on any earned income until total income (both earned and unearned) exceeds 150% of the FPL ($1,030 per month for a single person). Since this exclusion would only be applied to earned income, the loss in premium would be an estimated $13,000 in 1999-00 and $85,000 in 2000-01. This would represent a reduction of approximately $280 per year for participants, except that most of the COP-R conversions are excluded because it is assumed that these participants would mainly be in training programs.

28. *Extending Allowed Deductions to Earned Income.* The budget bill provides for various deductions to unearned income when computing the required monthly premium. However, in cases where the individual has no or very little unearned income, the individual would not realize the benefit of these deductions. DHFS has recommended that any allowed deductions not applied to unearned income, be applied against earned income before applying the 3.5% premium.

29. *HIRSP Savings.* Adjusting for the lower participation projections and the loss of premiums, it is projected that the savings to HIRSP will total $10,100 GPR in 1999-00 and $81,000 GPR in 2000-01. However, the budget bill does not provide any mechanism for transferring these savings from HIRSP to the MA purchase plan, but instead, only requires DHFS to evaluate the situation and, if necessary develop legislation to address this issue. Further, under a separate item, the bill would reduce the state's contribution to HIRSP by $2 million GPR annually. Rather than reducing the HIRSP GPR appropriation, the Committee could increase funding for the MA purchase plan.

30. *Exemptions for Assets.* The MA purchase plan would exempt $20,000 of assets, in addition to the normal MA exemptions, such as a home and car. The participant would be allowed to establish an independence account funded only by earned income that would be exempt from any limitation for purposes of maintaining MA eligibility or cost sharing. Allowing an individual to accumulate assets can provide another incentive for the individual to work. Also, someone receiving SSDI who has some assets may be reluctant to work if the person not only faces the loss of an SSDI benefit and Medicare but also the loss of his or her assets.

There are two reasons why the Committee could consider lowering the proposed $20,000 asset exemption. First, if there is a concern that enrollment could be higher than could be supported with available funds, a lower asset limit would likely reduce participation and costs. Second, one might raise the equity issue that other MA groups are not provided such a high asset exemption level. However, severely disabled persons who likely have high care costs would be unlikely to ever obtain sufficient private insurance, and would not have the opportunity to work and accumulate assets unless public health insurance is maintained at higher asset limits.

31. *Technical Modifications.* The Department has requested three statutory changes to the bill to reflect federal requirements. First, the definition of net income used for the 250% of FPL test should be modified to allow all appropriate SSI disregards and exemptions. Second, the eligibility provision that requires the person be eligible for SSI except for earned income should be expanded to also exclude all unearned income. Finally, persons enrolled in both an MA waiver program and the MA purchase plan should only pay the MA purchase plan premium, rather than only the MA waiver cost-sharing.

## ALTERNATIVES TO BASE

### A. Funding Reestimate

Adopt the Governor's recommendations, as modified to reflect current program costs and to reflect technical corrections. In addition, reduce HIRSP funding by $10,100 GPR in 1999-00 and $81,000 GPR in 2000-01 to reflect the Governor's intent to partially support the costs of the MA purchase plan with projected savings to HIRSP. Also, establish nonstatutory provisions to authorize DHFS to use up to $2,279,000 in 1999-00 and up to $6,958,300 in 2000-01 from the COP appropriation to fund the state share of MA benefits for individuals that convert from the COP-R program to the MA purchase plan.

| Alternative A | GPR | FED | TOTAL |
|---|---|---|---|
| **1999-01 FUNDING** (Change to Base) | - $2,990,200 | $9,913,000 | $6,922,800 |
| *[Change to Bill* | *- $3,074,300* | *- $4,087,500* | *- $7,161,800]* |

### B. Program Modifications

Adopt one or more of the following.

No draft

1. Reduce funding by $9,100 GPR and $13,000 FED in 1999-00 and $3,200 GPR and $4,600 FED in 2000-01 and delete DHFS authority to establish an entry premium. draft

| Alternative B1 | GPR | FED | TOTAL |
|---|---|---|---|
| **1999-01 REVENUE** (Change to Base) | - $12,300 | - $17,600 | - $29,900 |
| *[Change to Bill* | *- $12,300* | *- $17,600* | *- $29,900]* |

2. Prohibit DHFS from collecting monthly premiums based on earned income if the participant's total income (both earned and unearned) is less than 150% of the FPL. Reduce funding by $5,400 GPR and $7,600 FED in 1999-00 and $34,700 GPR and $50,300 FED in 2000-01.

| Alternative B2 | GPR | FED | TOTAL |
|---|---|---|---|
| **1999-01 REVENUE** (Change to Base) | - $40,100 | - $57,900 | - $98,000 |
| *[Change to Bill* | *- $40,100* | *- $57,900* | *- $98,000]* |

3. Provide that any allowed deductions in excess of unearned income be deducted from earned income for calculation of the monthly premium. Reduce revenue by $2,300 GPR and $3,300 FED in 1999-00 and by $15,400 GPR and $22,400 FED in 2000-01.

| Alternative B3 | GPR | FED | TOTAL |
|---|---|---|---|
| **1999-01 REVENUE** (Change to Base) | - $17,700 | - $25,700 | - $43,400 |

No draft 4. Do not reduce HIRSP GPR funding to support the MA purchase plan. Instead, provide $10,100 GPR in 1999-00 and $81,000 GPR in 2000-01 to support the MA purchase plan.

| Alternative B4 | GPR |
|---|---|
| **1999-01 FUNDING** (Change to Base) | $91,100 |
| *[Change to Bill* | *$91,100]* |

5. Reduce the $20,000 exclusion for assets to $15,000. Reduce funding by $5,300 GPR and $7,600 FED in 1999-00 and $43,600 GPR and $63,200 FED in 2000-01.

| Alternative B5 | GPR | FED | TOTAL |
|---|---|---|---|
| **1999-01 FUNDING** (Change to Base) | - $48,900 | - $70,800 | - $119,700 |
| *[Change to Bill* | *- $48,900* | *- $70,800* | *- $119,700]* |

6. Require recipients of long-term care services under the community options program who are between the ages of 18 and 65 to either be engaged in gainful employment or participate in a program that is certified by DHFS to provide health and employment services that are aimed at helping the individual achieve employment goals. Specify that the Department can waive this requirement if it would cause undue hardship or if the individual's disabilities are so severe that any kind of employment is not feasible.

Prepared by: Richard Megna

(Soon) (D-NOTE)

State of Wisconsin
**1999 – 2000 LEGISLATURE**

LRBb0496/1
TAY...:kmg
RMR

LFB:......Megna – MA purchase plan

FOR 1999–01 BUDGET — NOT READY FOR INTRODUCTION

**LFB AMENDMENT**

**TO 1999 ASSEMBLY BILL 133 AND 1999 SENATE BILL 45**

At the locations indicated, amend the bill as follows:

✓ **1.** Page 590, line 15: after that line insert:

"**SECTION 1041m.** 46.27 (6r) (f) of the statutes is created to read:

46.27 **(6r)** (f) A person who has attained the age of 18 but has not attained the age of 65 unless that person is engaged in gainful employment or participating in a program that is certified by the department to provide health and employment services that are aimed at helping the individual achieve employment goals. The department may waive this paragraph for any individual for whom its application would cause undue hardship.".

✓ **2.** Page 741, line 8: delete "$20,000" and substitute "$15,000".

#. Page 741, line 22: delete "or (c)".

✓**3.** Page 742, line 8: after "income" insert "after the deductions specified in subd. 2".

✓**4.** Page 742, line 9: delete "~~after the~~" income and substitute "income."

✓**5.** Page 742, line 10: delete that line.

✓**6.** Page 742, line 11: delete "unearned" and substitute "earned".

✓**7.** Page 742, line 21: after "month." insert "The department may not assess a monthly premium for any individual whose income level, after adding the individual's earned income and unearned income, is below 150% of the poverty line.".

49.472 (4)(c)

✓ **8.** Page 742, line 22: delete the material beginning with that line and ending with page 743, line 7.

✓**9.** Page 743, line 9: delete lines 9 to 11 and substitute "(7) (bd), the department may pay the monthly".

✓**10.** Page 1408, line 15: after that line insert:

nonstat.

"(~~1~~ 8w) STATE SHARE OF MEDICAL ASSISTANCE PAYMENTS. Nothwithstanding section 20.435 (7) (bd) of the statutes, as affected by this act, the department may transfer from the appropriation account under section 20.435 (7) (bd) of the statutes, as affected by this act, to the appropriation account under section 20.435 (4) (b) of the statutes, as affected by this act, not more than $2,279,000 in fiscal year 1999–2000 and not more than $6,958,300 in fiscal year 2000–01 for the purpose of funding the state share of medical assistance benefits for individuals who convert from the community options program under section 46.27 (7) of the statutes, as affected by this act, to the medical assistance purchase plan under section 49.472 of the statutes, as created by this act.".

****NOTE: This may need to be placed in an appropriation change section in the bill.

(END)

**DRAFTER'S NOTE**
**FROM THE**
**LEGISLATIVE REFERENCE BUREAU**

LRBb0496/1dn
TAY...:kmg:...

Richard Megna:

I was uncertain of the intent of Alternative A. of paper 484, on which this amendment is based. Please review the nonstatutory provision to determine if I've captured the committee's intent. I am also not certain if I've effected the policies proposed in Alternative B. 3. or 6.

Please feel free to give me a call so that we can discuss any modifications needed in this amendment.

Tina A. Yacker
Legislative Attorney
Phone: (608) 261–6927
E–mail: Tina.Yacker@legis.state.wi.us

# DRAFTER'S NOTE
## FROM THE
## LEGISLATIVE REFERENCE BUREAU

LRBb0496/1dn
TAY:kmg:mrc

June 7, 1999

Richard Megna:

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Tina A. Yacker
Legislative Attorney
Phone: (608) 261–6927
E–mail: Tina.Yacker@legis.state.wi.us

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

Date: 6-9-99

DELIVER TO: Tina Yacker

Addressee Fax #: 4-8522

Addressee Phone #:

# of Pages, Including Cover: ~~2~~ 5

Sender's Initials:

From: Richard Megna

Message:

Material on technicals for MA Purchase Plan Draft might raise the equity issue that other MA groups are not provided such a high asset exemption level. However, severely disabled persons who likely have high care costs would be unlikely to ever obtain sufficient private insurance, and would not have the opportunity to work and accumulate assets unless public health insurance is maintained at higher asset limits.

31. *Technical Modifications*. The Department has requested three statutory changes to the bill to reflect federal requirements. First, the definition of net income used for the 250% of FPL test should be modified to allow all appropriate SSI disregards and exemptions. Second, the eligibility provision that requires the person be eligible for SSI except for earned income should be expanded to also exclude all unearned income. Finally, persons enrolled in both an MA waiver program and the MA purchase plan should only pay the MA purchase plan premium, rather than only the MA waiver cost-sharing.

## ALTERNATIVES TO BASE

### A. Funding Reestimate

Adopt the Governor's recommendations, as modified to reflect current program costs and to reflect technical corrections. In addition, reduce HIRSP funding by $10,100 GPR in 1999-00 and $81,000 GPR in 2000-01 to reflect the Governor's intent to partially support the costs of the MA purchase plan with projected savings to HIRSP. Also, establish nonstatutory provisions to authorize DHFS to use up to $2,279,000 in 1999-00 and up to $6,958,300 in 2000-01 from the COP appropriation to fund the state share of MA benefits for individuals that convert from the COP-R program to the MA purchase plan.

| Alternative A | GPR | FED | TOTAL |
|---|---|---|---|
| 1999-01 FUNDING (Change to Base) | - $2,990,200 | $9,913,000 | $6,922,800 |
| [Change to Bill | - $3,074,300 | - $4,087,500 | - $7,161,800] |

### B. Program Modifications

Adopt one or more of the following.

1. Reduce funding by $9,100 GPR and $13,000 FED in 1999-00 and $3,200 GPR and $4,600 FED in 2000-01 and delete DHFS authority to establish an entry premium.

| Alternative B1 | GPR | FED | TOTAL |
|---|---|---|---|
| 1999-01 REVENUE (Change to Base) | - $12,300 | - $17,600 | - $29,900 |
| [Change to Bill | - $12,300 | - $17,600 | - $29,900] |

2. Prohibit DHFS from collecting monthly premiums based on earned income if the participant's total income (both earned and unearned) is less than 150% of the FPL. Reduce funding by $5,400 GPR and $7,600 FED in 1999-00 and $34,700 GPR and $50,300 FED in 2000-01.

# Rationale for a Technical Amendment to the Statutory Language Proposed in the Medical Assistance Purchase Plan

| Proposed Technical Change to Governor's Budget | Explanation |
|---|---|
| s. 49.472 (3) ELIGIBILITY. Except as provided in sub. (6) (a), an individual is eligible for and shall receive medical assistance under this section if all of the following conditions are met:<br>~~(a) The individual's net income, including income that would be deemed to the individual under 20 CFR 416.1160, less than 250% of the poverty line for a family the size of the individual's family. In calculating the net income, the department shall disregard the income specified under 42 USC 1382a (b).~~<br><br>As prescribed by federal requirements, the family's net combined income is less than 250 % of the federal poverty level for a family of the size involved. Net income is calculated by applying all appropriate SSI disregards and exemptions(specified under 42 USC 1382a (b)) to the family's total income. | Section (3)(a) as written does not follow the federal requirements for family net income determinations particularly as it relates to the treatment of spouse's income. The rewritten portion conforms to the federal procedure outlined by the Health Care Financing Administration. |
| (c) The individual would be eligible for supplemental security income for purposes of receiving medical assistance but for evidence of work, attainment of the substantial gainful activity level, earned income in excess of the limits established under 42 USC 1396d (q) (2) (1B) ~~and unearned income which under this section is disregarded as permited by~~ 42 USC 1396a(r)(2).<br>and unearned income | ERRONEOUS CONSTRUCTION: All unearned income is to be disregarded for eligibility determinations; later, the premium takes all unearned income except for certain deductions specified in sub (4). As written, this provision disregards the deductions!! (I,e the .unearned income that is outlined in sub.(4) which refers to the setting of a premium). As written, the provision creates a tautology. |

| | |
|---|---|
| **(4)** PREMIUMS. (a) Except as provided in par. (b) and sub. (5), an individual who is eligible for medical assistance under sub. (3) and receives medical assistance shall pay a<br>1. The premium for any individual may not exceed the sum of the following:<br>a. Three and one-half percent of the individual's earned income.<br>b. One hundred percent of the individual's unearned income after the deductions specified in subd. 2. | |
| 2. In determining an individual's unearned income under subd. *1.*, the department shall disregard all of the following:<br>a. A maintenance allowance established by the department by rule. The maintenance allowance may not be less than the sum of $20, the federal supplemental security income payment level determined under 42 USC 1382 (b) and the state supplemental payment determined under s. 49.77 (2m).<br>b. Medical and remedial expenses and impairment-related work expenses.<br>c. Deductions listed in 2a or 2b in excess of the individual's total unearned income will be subtracted from the gross monthly earned income before applying the earned income premium calculation under *1* a. | This enables someone who has little or no unearned income to be afforded a personal maintenance allowance credited against their earned income. We did not submit language providing a personal maintenance allowance (or medical deductions) as a deduction from earned income on the theory that excess deductions from unearned income would roll up to earned income. We did not want the deduction to show up in both places separately because then people might get the deduction twice; therefore we put the deduction only in the unearned category with a cross-reference to earned income. |

| | |
|---|---|
| (5) COMMUNITY OPTIONS PARTICIPANTS. From the appropriation under s. 20.435(7) ( sub. (4) (a), for an individual who is a participant in the community options program under s. 46.27 (11). No individual who is a participant in ~~the community options program~~ the medical assistance purchase plan under ~~s. 46.27 (11)~~ this section and who pays a monthly premium calculated under sub. (4)(a) may be required to pay a ~~monthly premium calculated under sub. (4) (a) if the individual pays the amount calculated~~ cost-share under s. 46.27 (6u) (c) 2. | As written, the language violates federal regulation and requires the reverse of what HCFA would permit.<br><br>HCFA has stated that individuals participating in both the Purchase Plan and the community waivers would pay <u>only</u> the premium under the Purchase Plan. Post eligibility treatment of income (cost-sharing) applies to individuals who are eligible for waiver services via the special income limit. It can not apply to individuals receiving home and community based waiver services under eligibility categories such as SSI recipients or enrollees in the Pathways Medicaid Purchase Plan. |

~~See~~ Today D/note

# State of Wisconsin
**1999 – 2000 LEGISLATURE**

LRBb0496/~~1~~2
TAY:kmg:mrc
RMR

LFB:......Megna – MA purchase plan

FOR 1999–01 BUDGET — NOT READY FOR INTRODUCTION

## LFB AMENDMENT

## TO 1999 ASSEMBLY BILL 133 AND 1999 SENATE BILL 45

#. Page 741, line 4: delete that line and substitute:

text: treat ¶ "(a) The individual's family's net income".

#. Page 741, line 7: delete "disregard the income" and substitute "apply all of the exclusions".

At the locations indicated, amend the bill as follows:

**1.** Page 590, line 15: after that line insert:

"**SECTION 1041m.** 46.27 (6r) (f) of the statutes is created to read:

46.27 **(6r)** (f) A person who has attained the age of 18 but has not attained the age of 65 unless that person is engaged in gainful employment or participating in a program that is certified by the department to provide health and employment services that are aimed at helping the individual achieve employment goals. The department may waive this paragraph for any individual for whom its application would cause undue hardship.".

**2.** Page 741, line 8: delete "$20,000" and substitute "$15,000".

**3.** Page 741, line 22: delete "or (c)".

#. Page 741, line 15: after "income" insert "and unearned income".

**4.** Page 742, line 8: after "income" insert "after the ~~deductions~~ disregards specified in subd. ~~2~~ 2m".

~~**5.** Page 742, line 9: delete "income after the" and substitute "income".~~

~~**6.** Page 742, line 10: delete that line.~~

~~**7.** Page 742, line 11: delete "unearned" and substitute "earned".~~

**8.** Page 742, line 21: after "month." insert "The department may not assess a monthly premium for any individual whose income level, after adding the individual's earned income and unearned income, is below 150% of the poverty line.".

**9.** Page 742, line 22: delete the material beginning with that line and ending with page 743, line 7.

**10.** Page 743, line 9: delete lines 9 to 11 and substitute "(7) (bd), the department may pay the monthly".

#. page 743, line 13: delete lines 13 to 16 and substitute "community options program under s. 46.27 (11).".

**11.** Page ~~1408~~ 1441, line ~~15~~ 10: after that line insert:

approp. change component

"(~~[illegible]~~ 1w) STATE SHARE OF MEDICAL ASSISTANCE PAYMENTS. Notwithstanding section 20.435 (7) (bd) of the statutes, as affected by this act, the department of health and family services may transfer from the appropriation account under section 20.435 (7) (bd) of the statutes, as affected by this act, to the appropriation account under section 20.435 (4) (b) of the statutes, as affected by this act, not more than $2,279,000 in fiscal year 1999–2000 and not more than $6,958,300 in fiscal year 2000–01 for the purpose of funding the state share of medical assistance benefits for individuals who convert from the community options program under section 46.27 (7) of the statutes, as affected by this act, to the medical assistance purchase plan under section 49.472 of the statutes, as created by this act.".

#. Page 742, line 17: after that line insert:

text: treat as "2m. If the disregards under subd. 2. exceed the unearned income against which they are applied, the department shall disregard the remainder in calculating the individual's earned income.".

****NOTE: This may need ~~to be~~ placed in a~~n~~ appropriation change section ~~in the bill~~.

**(END)**

**DRAFTER'S NOTE**
**FROM THE**
**LEGISLATIVE REFERENCE BUREAU**

LRBb0496/2dn
TAY::
kmg

Richard Megna:

After purusing the nearly incomprehensible federal law, I have concluded that, as amended, sub. (3) (c) reads as the department intends . . . I think. 42 USC 1396d (q) (2) (B) refers to "income . . . in excess of the [SSI limit]" under 42 USC 1382b and "income" for SSI eligibility purposes, is defined as earned and unearned income, each of which is further defined to exclude the various disregards.

Also, since the language suggested by the department regarding community options participants and premiums (p. 743 of the bill) is already in the bill under s. 46.27 (6u) (c) 2. (SECTION 1042 of the bill, page 590), I deleted the offending language on page 743, but did not replace it with the department's suggestion. If there is a substantive reason to have the same language in both places, let me know and I can work it back in.

If you have any questions, please don't hesitate to call.

Tina A. Yacker
Legislative Attorney
Phone: (608) 261–6927
E–mail: Tina.Yacker@legis.state.wi.us

## DRAFTER'S NOTE
### FROM THE
## LEGISLATIVE REFERENCE BUREAU

LRBb0496/2dn
TAY:kmg:mrc

June 13, 1999

Richard Megna:

After perusing the nearly incomprehensible federal law, I have concluded that, as amended, sub. (3) (c) reads as the department intends . . . I think. 42 USC 1396d (q) (2) (B) refers to "income . . . in excess of the [SSI limit]" under 42 USC 1382b and "income" for SSI eligibility purposes, is defined as earned and unearned income, each of which is further defined to exclude the various disregards.

Also, since the language suggested by the department regarding community options participants and premiums (p. 743 of the bill) is already in the bill under s. 46.27 (6u) (c) 2. (SECTION 1042 of the bill, page 590), I deleted the offending language on page 743, but did not replace it with the department's suggestion. If there is a substantive reason to have the same language in both places, let me know and I can work it back in.

If you have any questions, please don't hesitate to call.

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State of Wisconsin
1999 – 2000 LEGISLATURE

LRBb0496/3
TAY:kmg:mrc

Rmrc

Today

LFB:......Megna – MA purchase plan

FOR 1999–01 BUDGET — NOT READY FOR INTRODUCTION

**LFB AMENDMENT**

**TO 1999 ASSEMBLY BILL 133 AND 1999 SENATE BILL 45**

#. Page 590, line 22: delete lines 22 to 24 and substitute "unless the person is a recipient of medical assistance under s. 49.472. If the person is a recipient of medical assistance under s. 49.472, the county department or aging unit may not require any payment from the person under this subdivision.". plain period

At the locations indicated, amend the bill as follows:

**1.** Page 590, line 15: after that line insert:

"**SECTION 1041m.** 46.27 (6r) (f) of the statutes is created to read:

46.27 **(6r)** (f) A person who has attained the age of 18 but has not attained the age of 65 unless that person is engaged in gainful employment or participating in a program that is certified by the department to provide health and employment services that are aimed at helping the individual achieve employment goals. The department may waive this paragraph for any individual for whom its application would cause undue hardship.".

**2.** Page 741, line 4: delete that line and substitute:

"(a) The individual's family's net income".

✓ #. page 741, line 5: delete "individual under 20 CFR 416.1160,".

**3.** Page 741, line 7: delete “disregard the income” and substitute “apply all of the exclusions”.

(B) and (D).

**4.** Page 741, line 8: delete “$20,000” and substitute “$15,000”.

**5.** Page 741, line 15: after “income” insert “and unearned income”.

#. Page 741, line 16: delete lines 16 and 17 and substitute “under 42 USC 1396d (q) (2)

**6.** Page 741, line 22: delete “or (c)”.

**7.** Page 742, line 8: after “income” insert “after the disregards specified in subd. 2m”.

**8.** Page 742, line 17: after that line insert:

“2m. If the disregards under subd. 2. exceed the unearned income against which they are applied, the department shall disregard the remainder in calculating the individual’s earned income.”.

**9.** Page 742, line 21: after “month.” insert “The department may not assess a monthly premium for any individual whose income level, after adding the individual’s earned income and unearned income, is below 150% of the poverty line.”.

**10.** Page 742, line 22: delete the material beginning with that line and ending with page 743, line 7.

**11.** Page 743, line 9: delete lines 9 to 11 and substitute “(7) (bd), the department may pay the monthly”.

**12.** Page 743, line 13: delete lines 13 to 16 and substitute “community options program under s. 46.27 (11).”.

**13.** Page 1441, line 10: after that line insert:

“(1w) STATE SHARE OF MEDICAL ASSISTANCE PAYMENTS. Notwithstanding section 20.435 (7) (bd) of the statutes, as affected by this act, the department of health and family services may transfer from the appropriation account under section 20.435 (7) (bd) of the statutes, as affected by this act, to the appropriation account under section 20.435 (4) (b) of the statutes, as affected by this act, not more than $2,279,000 in fiscal year 1999–00 stet and not more than $6,958,300 in fiscal year 2000–01 for the purpose of funding the state share of medical assistance benefits for individuals who convert from the community options program under section 46.27 (7) of the statutes, as affected by this act, to the medical assistance purchase plan under section 49.472 of the statutes, as created by this act.".

**(END)**

**State of Wisconsin**
**1999 – 2000 LEGISLATURE**

LRBb0496/3
TAY:kmg:mrc

LFB:......Megna – MA purchase plan

FOR 1999–01 BUDGET — NOT READY FOR INTRODUCTION

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**(END)**