



D-NOTE

DOA:.....Mullikin - Appropriation for intergovernmental transfer program funds

FOR 2001-03 BUDGET - NOT READY FOR INTRODUCTION

Only changes are on p. 2

1) NOT GOV

1 AN ACT...; relating to: the budget.

*Analysis by the Legislative Reference Bureau*

**HEALTH AND HUMAN SERVICES**

**MEDICAL ASSISTANCE**

Under current federal law, medical assistance (MA) is a jointly funded, federal-state program; federal funds (known as "federal financial participation") are provided to match state funds expended for MA. Public funds that are not federal funds, that are transferred to the state, and that are expended for MA purposes may be considered as the state's share in claiming federal financial participation.

This bill creates a separate, nonlapsible trust fund, designated as the MA trust fund, from: 1) moneys received as federal financial participation to match public moneys transferred to the state or certified by DHFS as the state share of financial participation for payments related to nursing homes under the MA program; and 2) public moneys transferred to the state or certified by DHFS as the state and federal share of financial participation for payments related to nursing homes under the MA program. The moneys are appropriated to meet costs of MA and the administrative costs associated with augmenting federal financial participation.

Under current law, DHFS may, in each fiscal year, distribute up to \$38,600,000 received as federal financial participation to supplement payments under MA in order to reduce operating deficits of county, city, village, or town nursing homes.

DHFS must also distribute for this purpose additional moneys received as federal financial participation that were not anticipated before enactment of the biennial budget act or before enactment of other legislation that affects the appropriation of such federal moneys. The distribution of these supplemental payments is made under a method that includes consideration of the size of a nursing home's operating deficit and an agreement by the affected county, city, town, or village to provide funds to match the federal moneys. DHFS must revise the method, for approval by JCF, if the federal department of health and human services approves a lesser amount of federal moneys for expenditure. If the federal department of health and human services disallows use of the federal moneys for the purpose of these supplemental payments, DHFS must reduce allocations to counties, and a city, town, or village that owns or operates a nursing home that has received funds must reimburse the county in which the city, town, or village is located.

This bill as of July 1, 2000, retroactively eliminates, in the program to supplement MA payments to reduce operating deficits of county, city, village, or town nursing homes, the requirement that DHFS distribute for this purpose additional, unanticipated moneys received as federal financial participation and increases, to up to \$40,100,000, the amount of federal financial participation that ~~may~~ be distributed. Further, the bill specifies amounts that may be distributed, beginning in state fiscal year 2001-02, depending on whether or not federal financial participation in the amount of at least \$115,200,000 is received.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

1 SECTION 1. 20.435 (4) (o) of the statutes is amended to read:

2 20.435 (4) (o) *Federal aid; medical assistance.* All federal moneys received for  
3 meeting costs of medical assistance administered under ss. 46.284 (5), 49.45 and  
4 49.665, to be used for those purposes and for transfer to the medical assistance trust  
5 fund, for those purposes.

6 SECTION 2. 20.435 (4) (w) of the statutes is created to read:

7 20.435 (4) (w) *Medical assistance trust fund.* From the medical assistance trust  
8 fund, all moneys received for meeting costs of medical assistance administered under  
9 ss. 46.27, 46.275 (5), 46.278 (6), 46.283 (5), 46.284 (5), 49.45, 49.472 (6), and 49.665

1 and for administrative costs associated with augmenting the amount of federal  
2 moneys received under 42 CFR 433.51.

\*\*\*NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

3 **SECTION 3.** 25.17 (1) (jv) of the statutes is created to read:

4 25.17 (1) (jv) Medical assistance trust fund (s. 25.77);

5 **SECTION 4.** 25.77 of the statutes is created to read:

6 **25.77 Medical assistance trust fund.** There is created a separate  
7 nonlapsible trust fund designated as the medical assistance trust fund, consisting  
8 of all of the following:

9 (1) All federal moneys received, including moneys that the department of  
10 health and family services may transfer from the appropriation under s. 20.435 (4)  
11 (o), that are related to payments under s. 49.45 (6m) and are based on public funds  
12 that are transferred or certified under 42 CFR 433.51 (b) and used as the non-federal  
13 share of medical assistance funding.

14 (2) All public funds that are related to payments under s. 49.45 (6m) and that  
15 are transferred or certified under 42 CFR 433.51 (b) and used as the non-federal and  
16 federal share of medical assistance funding.

17 **SECTION 5.** 46.27 (9) (a) of the statutes is amended to read:

18 46.27 (9) (a) The department may select up to 5 counties that volunteer to  
19 participate in a pilot project under which they will receive certain funds allocated for  
20 long-term care. The department shall allocate a level of funds to these counties  
21 equal to the amount that would otherwise be paid under s. 20.435 (4) (b) or (w) to  
22 nursing homes for providing care because of increased utilization of nursing home  
23 services, as estimated by the department. In estimating these levels, the department

1 shall exclude any increased utilization of services provided by state centers for the  
2 developmentally disabled. The department shall calculate these amounts on a  
3 calendar year basis under sub. (10).

4 **SECTION 6.** 46.27 (10) (a) 1. of the statutes is amended to read:

5 46.27 (10) (a) 1. The department shall determine for each county participating  
6 in the pilot project under sub. (9) a funding level of state medical assistance  
7 expenditures to be received by the county. This level shall equal the amount that the  
8 department determines would otherwise be paid under s. 20.435 (4) (b) or (w) because  
9 of increased utilization of nursing home services, as estimated by the department.

10 **SECTION 7.** 46.275 (5) (a) of the statutes is amended to read:

11 46.275 (5) (a) Medical assistance reimbursement for services a county, or the  
12 department under sub. (3r), provides under this program is available from the  
13 appropriations under s. 20.435 (4) (b) and, (o), and (w). If 2 or more counties jointly  
14 contract to provide services under this program and the department approves the  
15 contract, medical assistance reimbursement is also available for services provided  
16 jointly by these counties.

17 **SECTION 8.** 46.275 (5) (c) of the statutes is amended to read:

18 46.275 (5) (c) The total allocation under s. 20.435 (4) (b) and, (o), and (w) to  
19 counties and to the department under sub. (3r) for services provided under this  
20 section may not exceed the amount approved by the federal department of health and  
21 human services. A county may use funds received under this section only to provide  
22 services to persons who meet the requirements under sub. (4) and may not use  
23 unexpended funds received under this section to serve other developmentally  
24 disabled persons residing in the county.

25 **SECTION 9.** 46.278 (6) (d) of the statutes is amended to read:

1           46.278 (6) (d) If a county makes available nonfederal funds equal to the state  
2 share of service costs under the waiver received under sub. (3), the department may,  
3 from the appropriation under s. 20.435 (4) (o), provide reimbursement for services  
4 that the county provides under this section to persons who are in addition to those  
5 who may be served under this section with funds from the appropriation under s.  
6 20.435 (4) (b) or (w).

7           **SECTION 10.** 46.283 (5) of the statutes is amended to read:

8           46.283 (5) **FUNDING.** From the appropriation accounts under s. 20.435 (4) (b),  
9 (bm) ~~and~~, (pa), and (w) and (7) (b), (bd), and (md), the department may contract with  
10 organizations that meet standards under sub. (3) for performance of the duties under  
11 sub. (4) and shall distribute funds for services provided by resource centers.

12           **SECTION 11.** 46.284 (5) (a) of the statutes is amended to read:

13           46.284 (5) (a) From the appropriation accounts under s. 20.435 (4) (b), (g) ~~and~~,  
14 (o), and (w) and (7) (b) and (bd), the department shall provide funding on a capitated  
15 payment basis for the provision of services under this section. Notwithstanding s.  
16 46.036 (3) and (5m), a care management organization that is under contract with the  
17 department may expend the funds, consistent with this section, including providing  
18 payment, on a capitated basis, to providers of services under the family care benefit.

19           **SECTION 12.** 49.45 (5m) (am) of the statutes is amended to read:

20           49.45 (5m) (am) Notwithstanding sub. (3) (e), from the appropriations under  
21 s. 20.435 (4) (b) ~~and~~, (o), and (w), the department shall distribute not more than  
22 \$2,256,000 in each fiscal year, to provide supplemental funds to rural hospitals that,  
23 as determined by the department, have high utilization of inpatient services by  
24 patients whose care is provided from governmental sources, and to provide  
25 supplemental funds to critical access hospitals, except that the department may not

1 distribute funds to a rural hospital or to a critical access hospital to the extent that  
2 the distribution would exceed any limitation under 42 USC 1396b (i) (3).

3 **SECTION 13.** 49.45 (5r) of the statutes is amended to read:

4 **49.45 (5r) SUPPLEMENTAL PAYMENTS FOR HOSPITALS.** From the appropriations  
5 under s. 20.435 (4) (b) ~~and, (o), and (w)~~, the department shall distribute not more than  
6 \$2,451,000, beginning on July 1, 2000, as a supplemental payment to a hospital for  
7 which medical assistance revenues were at least 8% of the hospital's total revenues  
8 in the most recent fiscal year prior to the year of payment. The department shall  
9 calculate a qualifying hospital's supplemental payment amount by multiplying the  
10 total amount by the percentage obtained by dividing the hospital's total medical  
11 assistance revenues in the most recent prior fiscal year by the total amount of  
12 medical assistance revenues for all qualifying hospitals for that period.

13 **SECTION 14.** 49.45 (6m) (ag) (intro.) of the statutes is amended to read:

14 **49.45 (6m) (ag) (intro.)** Payment for care provided in a facility under this  
15 subsection made under s. 20.435 (4) (b), (pa) ~~or, (o), or (w)~~ shall, except as provided  
16 in pars. (bg), (bm), and (br), be determined according to a prospective payment  
17 system updated annually by the department. The payment system shall implement  
18 standards that are necessary and proper for providing patient care and that meet  
19 quality and safety standards established under subch. II of ch. 50 and ch. 150. The  
20 payment system shall reflect all of the following:

21 **SECTION 15.** 49.45 (6u) (intro.) of the statutes is amended to read:

22 **49.45 (6u) SUPPLEMENTAL PAYMENTS TO CERTAIN FACILITIES.** (intro.)  
23 Notwithstanding sub. (6m), from the appropriation under s. 20.435 (4) (o), for  
24 reduction of operating deficits, as defined under criteria developed by the  
25 department, incurred by a facility, as defined under sub. (6m) (a) 3., that is

1 established under s. 49.70 (1) or that is owned and operated by a city, village or town,  
2 the department may not distribute to these facilities more than ~~\$38,600,000~~  
3 \$40,100,000 in each fiscal year, as determined by the department, ~~except that the~~  
4 ~~department shall also distribute for this same purpose from the appropriation under~~  
5 ~~s. 20.435 (4) (o) any additional federal medical assistance moneys that were not~~  
6 ~~anticipated before enactment of the biennial budget act or other legislation affecting~~  
7 ~~s. 20.435 (4) (o).~~ The total amount that a county certifies under this subsection may  
8 not exceed 100% of otherwise-unreimbursed care. In distributing funds under this  
9 subsection, the department shall perform all of the following:

10 SECTION 16. 49.45 (6u) of the statutes, as affected by 2001 Wisconsin Act ....  
11 (this act), is renumbered 49.45 (6u) (am), and 49.45 (6u) (am) (intro.), 2. (intro.) and  
12 b., 3., 4., 5. and 6., as renumbered, are amended to read:

13 49.45 (6u) (am) (intro.) Notwithstanding sub. (6m), in state fiscal years in  
14 which less than \$115,200,000 in federal financial participation relating to facilities  
15 is received under 42 CFR 433.51, from the appropriation appropriations under s.  
16 20.435 (4) (o) and (w), for reduction of operating deficits, as defined under criteria  
17 developed the methodology used by the department in December, 2000, incurred by  
18 a facility, ~~as defined under sub. (6m) (a) 3.,~~ that is established under s. 49.70 (1) or  
19 that is owned and operated by a city, village, or town, the department may not  
20 distribute to these facilities more than ~~\$40,100,000~~ \$37,100,000 in each fiscal year,  
21 as determined by the department. The total amount that a county certifies under  
22 this subsection may not exceed 100% of otherwise-unreimbursed care. In  
23 distributing funds under this subsection, the department shall perform all of the  
24 following:

1           2. (intro.) Based on the amount estimated available under ~~par. (a)~~ subd. 1.,  
2           develop a method to distribute this allocation to the individual facilities that have  
3           incurred operating deficits that shall include:

4           b. Agreement by the county in which is located the facility established under  
5           s. 49.70 (1) and agreement by the city, village, or town that owns and operates the  
6           facility that the applicable county, city, village, or town shall provide funds to match  
7           federal medical assistance matching funds under this ~~subsection~~ paragraph.

8           3. Distribute the allocation under the distribution method that is developed,  
9           unless a county has failed to comply with ~~par. (b) 2m~~ subd. 2. bm.

10          4. If the federal department of health and human services approves for state  
11          expenditure in a fiscal year amounts under s. 20.435 (4) (o) that result in a lesser  
12          allocation amount than that allocated under this ~~subsection~~ paragraph, allocate not  
13          more than the lesser amount so approved by the federal department of health and  
14          human services.

15          5. If the federal department of health and human services approves for state  
16          expenditure in a fiscal year amounts under s. 20.435 (4) (o) that result in a lesser  
17          allocation amount than that allocated under this ~~subsection~~ paragraph, submit a  
18          revision of the method developed under ~~par. (b)~~ subd. 2. for approval by the joint  
19          committee on finance in that state fiscal year.

20          6. If the federal department of health and human services disallows use of the  
21          allocation of matching federal medical assistance funds distributed under ~~par. (e)~~  
22          subd. 3., apply the requirements under sub. (6m) (br).

23           **SECTION 17.** 49.45 (6u) (ag) of the statutes is created to read:

24           49.45 (6u) (ag) In this subsection, “facility” has the meaning given in sub. (6m)

25           (a) 3.



1           **SECTION 18.** 49.45 (6u) (bm) of the statutes is created to read:

2           49.45 (6u) (bm) In state fiscal years in which \$115,200,000 or more in federal  
3 financial participation relating to facilities is received under 42 CFR 433.51, from the  
4 appropriations under s. 20.435 (4) (o) and (w), for reduction of operating deficits, as  
5 defined under criteria developed by the department, incurred by a facility that is  
6 established under s. 49.70 (1) or that is owned and operated by a city, village, or town,  
7 the department may not distribute to these facilities more than \$77,100,000 in each  
8 fiscal year, as determined by the department under a methodology as specified in the  
9 state plan for services under 42 USC 1396.

10           **SECTION 19.** 49.45 (6x) (a) of the statutes is amended to read:

11           49.45 (6x) (a) Notwithstanding sub. (3) (e), from the appropriations under s.  
12 20.435 (4) (b) ~~and, (o), and (w)~~, the department shall distribute not more than  
13 \$4,748,000 in each fiscal year, to provide funds to an essential access city hospital,  
14 except that the department may not allocate funds to an essential access city hospital  
15 to the extent that the allocation would exceed any limitation under 42 USC 1396b  
16 (i) (3).

17           **SECTION 20.** 49.45 (6y) (a) of the statutes is amended to read:

18           49.45 (6y) (a) Notwithstanding sub. (3) (e), from the appropriations under s.  
19 20.435 (4) (b) ~~and, (o), and (w)~~, the department shall distribute funding in each fiscal  
20 year to provide supplemental payment to hospitals that enter into a contract under  
21 s. 49.02 (2) to provide health care services funded by a relief block grant, as  
22 determined by the department, for hospital services that are not in excess of the  
23 hospitals' customary charges for the services, as limited under 42 USC 1396b (i) (3).  
24 If no relief block grant is awarded under this chapter or if the allocation of funds to  
25 such hospitals would exceed any limitation under 42 USC 1396b (i) (3), the

1 department may distribute funds to hospitals that have not entered into a contract  
2 under s. 49.02 (2).

3 **SECTION 21.** 49.45 (6y) (am) of the statutes is amended to read:

4 49.45 (6y) (am) Notwithstanding sub. (3) (e), from the appropriations under s.  
5 20.435 (4) (b), (h) ~~and, (o), and (w)~~, the department shall distribute funding in each  
6 fiscal year to provide supplemental payments to hospitals that enter into contracts  
7 under s. 49.02 (2) with a county having a population of 500,000 or more to provide  
8 health care services funded by a relief block grant, as determined by the department,  
9 for hospital services that are not in excess of the hospitals' customary charges for the  
10 services, as limited under 42 USC 1396b (i) (3).

11 **SECTION 22.** 49.45 (6z) (a) (intro.) of the statutes is amended to read:

12 49.45 (6z) (a) (intro.) Notwithstanding sub. (3) (e), from the appropriations  
13 under s. 20.435 (4) (b) ~~and, (o), and (w)~~, the department shall distribute funding in  
14 each fiscal year to supplement payment for services to hospitals that enter into a  
15 contract under s. 49.02 (2) to provide health care services funded by a relief block  
16 grant under this chapter, if the department determines that the hospitals serve a  
17 disproportionate number of low-income patients with special needs. If no medical  
18 relief block grant under this chapter is awarded or if the allocation of funds to such  
19 hospitals would exceed any limitation under 42 USC 1396b (i) (3), the department  
20 may distribute funds to hospitals that have not entered into a contract under s. 49.02  
21 (2). The department may not distribute funds under this subsection to the extent  
22 that the distribution would do any of the following:

23 **SECTION 23.** 49.45 (8) (b) of the statutes is amended to read:

24 49.45 (8) (b) Reimbursement under s. 20.435 (4) (b) ~~and, (o), and (w)~~ for home  
25 health services provided by a certified home health agency or independent nurse

1 shall be made at the home health agency's or nurse's usual and customary fee per  
2 patient care visit, subject to a maximum allowable fee per patient care visit that is  
3 established under par. (c).

4 **SECTION 24.** 49.45 (24m) (intro.) of the statutes is amended to read:

5 49.45 (24m) HOME HEALTH CARE AND PERSONAL CARE PILOT PROGRAM. (intro.)  
6 From the appropriations under s. 20.435 (4) (b) ~~and~~, (o), and (w), in order to test the  
7 feasibility of instituting a system of reimbursement for providers of home health care  
8 and personal care services for medical assistance recipients that is based on  
9 competitive bidding, the department shall:

10 **SECTION 25.** 49.472 (6) (a) of the statutes is amended to read:

11 49.472 (6) (a) Notwithstanding sub. (4) (a) 3., from the appropriation under s.  
12 20.435 (4) (b) or (w), the department shall, on the part of an individual who is eligible  
13 for medical assistance under sub. (3), pay premiums for or purchase individual  
14 coverage offered by the individual's employer if the department determines that  
15 paying the premiums for or purchasing the coverage will not be more costly than  
16 providing medical assistance.

17 **SECTION 26.** 49.472 (6) (b) of the statutes is amended to read:

18 49.472 (6) (b) If federal financial participation is available, from the  
19 appropriation under s. 20.435 (4) (b) or (w), the department may pay medicare Part  
20 A and Part B premiums for individuals who are eligible for medicare and for medical  
21 assistance under sub. (3).

22 **SECTION 27.** 49.665 (4) (at) 1. a. of the statutes is amended to read:

23 49.665 (4) (at) 1. a. Except as provided in subd. 1. b., the department shall  
24 establish a lower maximum income level for the initial eligibility determination if  
25 funding under s. 20.435 (4) (bc), (jz) ~~and~~, (p), and (w) is insufficient to accommodate

1 the projected enrollment levels for the health care program under this section. The  
2 adjustment may not be greater than necessary to ensure sufficient funding.

3 **SECTION 28.** 49.665 (4) (at) 2. of the statutes is amended to read:

4 49.665 (4) (at) 2. If, after the department has established a lower maximum  
5 income level under subd. 1., projections indicate that funding under s. 20.435 (4) (bc),  
6 (jz) ~~and~~, (p), and (w) is sufficient to raise the level, the department shall, by state plan  
7 amendment, raise the maximum income level for initial eligibility, but not to exceed  
8 185% of the poverty line.

9 **SECTION 9423. Effective dates; health and family services.**

10 (1) SUPPLEMENTAL MEDICAL ASSISTANCE PAYMENTS TO NURSING HOMES. The  
11 amendment of section 49.45 (6u) (intro.) of the statutes takes effect retroactively to  
12 July 1, 2000.

13

(END)

D-NOTE

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

LRB-1627/2dn  
DAK:cjs&kmg&jld:pg

To Jennifer Kraus and Melissa Mullikin:

This redraft corrects two minor errors in the fourth paragraph of the analysis. No substantive change is effected.

Debra A. Kennedy  
Managing Attorney  
Phone: (608) 266-0137  
E-mail: [debra.kennedy@legis.state.wi.us](mailto:debra.kennedy@legis.state.wi.us)

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

LRB-1627/2dn  
DAK:cjs&kmg&jld:pg

January 26, 2001

To Jennifer Kraus and Melissa Mullikin:

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Debora A. Kennedy  
Managing Attorney  
Phone: (608) 266 0137  
E-mail: [debora.kennedy@legis.state.wi.us](mailto:debora.kennedy@legis.state.wi.us)

**Department of Health and Family Services  
Office of Strategic Finance**

PO Box 7850  
Madison WI 53707-7850  
Phone (608) 266-3816  
Fax (608) 267-0358

**Date:** January 29, 2001  
**To:** Jennifer Kraus  
Melissa Mullikin  
**From:** Fredi Bove  
Budget Section  
**Subject:** DHFS Comments on LRB-1627/1: Appropriation for IGT

Thank you for the opportunity to comment on LRB-1627/1. We have the following recommended change:

Section 16:

- In line 11, p.8 and line 16, p.8: Please add after s. 20.435(4)(o) “and (4)(w)” to reflect the fact that payments under 49.45 (6u) will be budgeted in appropriations s.20.435 (4)(o) and (4)(w).

Thank you for your assistance on this statutory language draft.

## Kennedy, Debora

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**From:** Kraus, Jennifer  
**Sent:** Monday, January 29, 2001 1:55 PM  
**To:** Kennedy, Debora  
**Cc:** Mullikin, Melissa  
**Subject:** FW: DHFS Comments on LRB-1627/1: Appropriation for IGT



igtcomments3.doc

One small tweak to the draft requested by DHFS...Thanks

-----Original Message-----

**From:** Bove, Fredi-Ellen  
**Sent:** Monday, January 29, 2001 9:31 AM  
**To:** Kraus, Jennifer; Mullikin, Melissa  
**Cc:** Gebhart, Neil; Thompson, Cheryl; Bartels, Peggy; Bormett, Michael; Boroniec, Priscilla; Lund, C. David  
**Subject:** DHFS Comments on LRB-1627/1: Appropriation for IGT

See attached.





SOON - 2nd edit 1/29

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Only changes are on p. 8 and pp. 6-7.

DON'T GEN. CAT.

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This bill as of July 1, 2000, retroactively eliminates, in the program to supplement MA payments to reduce operating deficits of county, city, village, or town nursing homes, the requirement that DHFS distribute for this purpose additional, unanticipated moneys received as federal financial participation and increases, to up to \$40,100,000, the amount of federal financial participation that may be distributed. Further, the bill specifies amounts that may be distributed, beginning in state fiscal year 2001-02, depending on whether or not federal financial participation in the amount of at least \$115,200,000 is received.

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9 ss. 46.27, 46.275 (5), 46.278 (6), 46.283 (5), 46.284 (5), 49.45, 49.472 (6), and 49.665

1 and for administrative costs associated with augmenting the amount of federal  
2 moneys received under 42 CFR 433.51.

\*\*\*NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

3 **SECTION 3.** 25.17 (1) (jv) of the statutes is created to read:

4 25.17 (1) (jv) Medical assistance trust fund (s. 25.77);

5 **SECTION 4.** 25.77 of the statutes is created to read:

6 **25.77 Medical assistance trust fund.** There is created a separate  
7 nonlapsible trust fund designated as the medical assistance trust fund, consisting  
8 of all of the following:

9 (1) All federal moneys received, including moneys that the department of  
10 health and family services may transfer from the appropriation under s. 20.435 (4)  
11 (o), that are related to payments under s. 49.45 (6m) and are based on public funds  
12 that are transferred or certified under 42 CFR 433.51 (b) and used as the non-federal  
13 share of medical assistance funding.

14 (2) All public funds that are related to payments under s. 49.45 (6m) and that  
15 are transferred or certified under 42 CFR 433.51 (b) and used as the non-federal and  
16 federal share of medical assistance funding.

17 **SECTION 5.** 46.27 (9) (a) of the statutes is amended to read:

18 46.27 (9) (a) The department may select up to 5 counties that volunteer to  
19 participate in a pilot project under which they will receive certain funds allocated for  
20 long-term care. The department shall allocate a level of funds to these counties  
21 equal to the amount that would otherwise be paid under s. 20.435 (4) (b) or (w) to  
22 nursing homes for providing care because of increased utilization of nursing home  
23 services, as estimated by the department. In estimating these levels, the department

1 shall exclude any increased utilization of services provided by state centers for the  
2 developmentally disabled. The department shall calculate these amounts on a  
3 calendar year basis under sub. (10).

4 **SECTION 6.** 46.27 (10) (a) 1. of the statutes is amended to read:

5 46.27 (10) (a) 1. The department shall determine for each county participating  
6 in the pilot project under sub. (9) a funding level of state medical assistance  
7 expenditures to be received by the county. This level shall equal the amount that the  
8 department determines would otherwise be paid under s. 20.435 (4) (b) or (w) because  
9 of increased utilization of nursing home services, as estimated by the department.

10 **SECTION 7.** 46.275 (5) (a) of the statutes is amended to read:

11 46.275 (5) (a) Medical assistance reimbursement for services a county, or the  
12 department under sub. (3r), provides under this program is available from the  
13 appropriations under s. 20.435 (4) (b) and, (o), and (w). If 2 or more counties jointly  
14 contract to provide services under this program and the department approves the  
15 contract, medical assistance reimbursement is also available for services provided  
16 jointly by these counties.

17 **SECTION 8.** 46.275 (5) (c) of the statutes is amended to read:

18 46.275 (5) (c) The total allocation under s. 20.435 (4) (b) and, (o), and (w) to  
19 counties and to the department under sub. (3r) for services provided under this  
20 section may not exceed the amount approved by the federal department of health and  
21 human services. A county may use funds received under this section only to provide  
22 services to persons who meet the requirements under sub. (4) and may not use  
23 unexpended funds received under this section to serve other developmentally  
24 disabled persons residing in the county.

25 **SECTION 9.** 46.278 (6) (d) of the statutes is amended to read:

1           46.278 (6) (d) If a county makes available nonfederal funds equal to the state  
2 share of service costs under the waiver received under sub. (3), the department may,  
3 from the appropriation under s. 20.435 (4) (o), provide reimbursement for services  
4 that the county provides under this section to persons who are in addition to those  
5 who may be served under this section with funds from the appropriation under s.  
6 20.435 (4) (b) or (w).

7           **SECTION 10.** 46.283 (5) of the statutes is amended to read:

8           46.283 (5) FUNDING. From the appropriation accounts under s. 20.435 (4) (b),  
9 (bm) ~~and~~, (pa), and (w) and (7) (b), (bd), and (md), the department may contract with  
10 organizations that meet standards under sub. (3) for performance of the duties under  
11 sub. (4) and shall distribute funds for services provided by resource centers.

12           **SECTION 11.** 46.284 (5) (a) of the statutes is amended to read:

13           46.284 (5) (a) From the appropriation accounts under s. 20.435 (4) (b), (g) ~~and~~,  
14 (o), and (w) and (7) (b) and (bd), the department shall provide funding on a capitated  
15 payment basis for the provision of services under this section. Notwithstanding s.  
16 46.036 (3) and (5m), a care management organization that is under contract with the  
17 department may expend the funds, consistent with this section, including providing  
18 payment, on a capitated basis, to providers of services under the family care benefit.

19           **SECTION 12.** 49.45 (5m) (am) of the statutes is amended to read:

20           49.45 (5m) (am) Notwithstanding sub. (3) (e), from the appropriations under  
21 s. 20.435 (4) (b) ~~and~~, (o), and (w), the department shall distribute not more than  
22 \$2,256,000 in each fiscal year, to provide supplemental funds to rural hospitals that,  
23 as determined by the department, have high utilization of inpatient services by  
24 patients whose care is provided from governmental sources, and to provide  
25 supplemental funds to critical access hospitals, except that the department may not

1 distribute funds to a rural hospital or to a critical access hospital to the extent that  
2 the distribution would exceed any limitation under 42 USC 1396b (i) (3).

3 **SECTION 13.** 49.45 (5r) of the statutes is amended to read:

4 **49.45 (5r) SUPPLEMENTAL PAYMENTS FOR HOSPITALS.** From the appropriations  
5 under s. 20.435 (4) (b) ~~and~~, (o), and (w), the department shall distribute not more than  
6 \$2,451,000, beginning on July 1, 2000, as a supplemental payment to a hospital for  
7 which medical assistance revenues were at least 8% of the hospital's total revenues  
8 in the most recent fiscal year prior to the year of payment. The department shall  
9 calculate a qualifying hospital's supplemental payment amount by multiplying the  
10 total amount by the percentage obtained by dividing the hospital's total medical  
11 assistance revenues in the most recent prior fiscal year by the total amount of  
12 medical assistance revenues for all qualifying hospitals for that period.

13 **SECTION 14.** 49.45 (6m) (ag) (intro.) of the statutes is amended to read:

14 **49.45 (6m) (ag) (intro.)** Payment for care provided in a facility under this  
15 subsection made under s. 20.435 (4) (b), (pa) ~~or~~, (o), or (w) shall, except as provided  
16 in pars. (bg), (bm), and (br), be determined according to a prospective payment  
17 system updated annually by the department. The payment system shall implement  
18 standards that are necessary and proper for providing patient care and that meet  
19 quality and safety standards established under subch. II of ch. 50 and ch. 150. The  
20 payment system shall reflect all of the following: →

21 **SECTION 15.** 49.45 (6u) (intro.) of the statutes is amended to read:

22 **49.45 (6u) SUPPLEMENTAL PAYMENTS TO CERTAIN FACILITIES.** (intro.)  
23 Notwithstanding sub. (6m), from the appropriation under s. 20.435 (4) (o), for  
24 reduction of operating deficits, as defined under criteria developed by the  
25 department, incurred by a facility, as defined under sub. (6m) (a) 3., that is

→ LPS: The next bill SECTION belongs before 49.45 (6u) (intro.); move

1 established under s. 49.70 (1) or that is owned and operated by a city, village or town,  
 2 the department may not distribute to these facilities more than ~~\$38,600,000~~  
 3 \$40,100,000 in each fiscal year, as determined by the department, ~~except that the~~  
 4 ~~department shall also distribute for this same purpose from the appropriation under~~  
 5 ~~s. 20.435 (4) (o) any additional federal medical assistance moneys that were not~~  
 6 ~~anticipated before enactment of the biennial budget act or other legislation affecting~~  
 7 ~~s. 20.435 (4) (o).~~ The total amount that a county certifies under this subsection may  
 8 not exceed 100% of otherwise-unreimbursed care. In distributing funds under this  
 9 subsection, the department shall perform all of the following:

10 **SECTION 16.** 49.45 (6u) of the statutes, as affected by 2001 Wisconsin Act ....  
 11 (this act), is renumbered 49.45 (6u) (am), and 49.45 (6u) (am) (intro.), 2. (intro.) and  
 12 b., 3., 4., 5. and 6., as renumbered, are amended to read:

13 49.45 (6u) (am) (intro.) Notwithstanding sub. (6m), in state fiscal years in  
 14 which less than \$115,200,000 in federal financial participation relating to facilities  
 15 is received under 42 CFR 433.51, from the appropriation appropriations under s.  
 16 20.435 (4) (o) and (w), for reduction of operating deficits, as defined under criteria  
 17 developed the methodology used by the department in December, 2000, incurred by  
 18 a facility, ~~as defined under sub. (6m) (a) 3.~~, that is established under s. 49.70 (1) or  
 19 that is owned and operated by a city, village, or town, the department may not  
 20 distribute to these facilities more than ~~\$40,100,000~~ \$37,100,000 in each fiscal year,  
 21 as determined by the department. The total amount that a county certifies under  
 22 this subsection may not exceed 100% of otherwise-unreimbursed care. In  
 23 distributing funds under this subsection, the department shall perform all of the  
 24 following:

*MOVE TO p. 6, after line 20.*



1           2. (intro.) Based on the amount estimated available under ~~par. (a)~~ subd. 1.,  
2           develop a method to distribute this allocation to the individual facilities that have  
3           incurred operating deficits that shall include:

4           b. Agreement by the county in which is located the facility established under  
5           s. 49.70 (1) and agreement by the city, village, or town that owns and operates the  
6           facility that the applicable county, city, village, or town shall provide funds to match  
7           federal medical assistance matching funds under this ~~subsection~~ paragraph.

8           3. Distribute the allocation under the distribution method that is developed,  
9           unless a county has failed to comply with ~~par. (b) 2m~~ subd. 2. bm.

10           4. If the federal department of health and human services approves for state  
11           expenditure in a fiscal year amounts under s. 20.435 (4) (o) and (u) that result in a lesser  
12           allocation amount than that allocated under this ~~subsection~~ paragraph, allocate not  
13           more than the lesser amount so approved by the federal department of health and  
14           human services.

15           5. If the federal department of health and human services approves for state  
16           expenditure in a fiscal year amounts under s. 20.435 (4) (o) that result in a lesser  
17           allocation amount than that allocated under this ~~subsection~~ paragraph, submit a  
18           revision of the method developed under ~~par. (b)~~ subd. 2. for approval by the joint  
19           committee on finance in that state fiscal year.

20           6. If the federal department of health and human services disallows use of the  
21           allocation of matching federal medical assistance funds distributed under ~~par. (e)~~  
22           subd. 3., apply the requirements under sub. (6m) (br).

23           SECTION 17. 49.45 (6u) (ag) of the statutes is created to read:

24           49.45 (6u) (ag) In this subsection, "facility" has the meaning given in sub. (6m)

25           (a) 3.



1           **SECTION 18.** 49.45 (6u) (bm) of the statutes is created to read:

2           49.45 (6u) (bm) In state fiscal years in which \$115,200,000 or more in federal  
3 financial participation relating to facilities is received under 42 CFR 433.51, from the  
4 appropriations under s. 20.435 (4) (o) and (w), for reduction of operating deficits, as  
5 defined under criteria developed by the department, incurred by a facility that is  
6 established under s. 49.70 (1) or that is owned and operated by a city, village, or town,  
7 the department may not distribute to these facilities more than \$77,100,000 in each  
8 fiscal year, as determined by the department under a methodology as specified in the  
9 state plan for services under 42 USC 1396.

10           **SECTION 19.** 49.45 (6x) (a) of the statutes is amended to read:

11           49.45 (6x) (a) Notwithstanding sub. (3) (e), from the appropriations under s.  
12 20.435 (4) (b) ~~and, (o), and (w)~~, the department shall distribute not more than  
13 \$4,748,000 in each fiscal year, to provide funds to an essential access city hospital,  
14 except that the department may not allocate funds to an essential access city hospital  
15 to the extent that the allocation would exceed any limitation under 42 USC 1396b  
16 (i) (3).

17           **SECTION 20.** 49.45 (6y) (a) of the statutes is amended to read:

18           49.45 (6y) (a) Notwithstanding sub. (3) (e), from the appropriations under s.  
19 20.435 (4) (b) ~~and, (o), and (w)~~, the department shall distribute funding in each fiscal  
20 year to provide supplemental payment to hospitals that enter into a contract under  
21 s. 49.02 (2) to provide health care services funded by a relief block grant, as  
22 determined by the department, for hospital services that are not in excess of the  
23 hospitals' customary charges for the services, as limited under 42 USC 1396b (i) (3).  
24 If no relief block grant is awarded under this chapter or if the allocation of funds to  
25 such hospitals would exceed any limitation under 42 USC 1396b (i) (3), the

1 department may distribute funds to hospitals that have not entered into a contract  
2 under s. 49.02 (2).

3 **SECTION 21.** 49.45 (6y) (am) of the statutes is amended to read:

4 49.45 (6y) (am) Notwithstanding sub. (3) (e), from the appropriations under s.  
5 20.435 (4) (b), (h) ~~and, (o), and (w)~~, the department shall distribute funding in each  
6 fiscal year to provide supplemental payments to hospitals that enter into contracts  
7 under s. 49.02 (2) with a county having a population of 500,000 or more to provide  
8 health care services funded by a relief block grant, as determined by the department,  
9 for hospital services that are not in excess of the hospitals' customary charges for the  
10 services, as limited under 42 USC 1396b (i) (3).

11 **SECTION 22.** 49.45 (6z) (a) (intro.) of the statutes is amended to read:

12 49.45 (6z) (a) (intro.) Notwithstanding sub. (3) (e), from the appropriations  
13 under s. 20.435 (4) (b) ~~and, (o), and (w)~~, the department shall distribute funding in  
14 each fiscal year to supplement payment for services to hospitals that enter into a  
15 contract under s. 49.02 (2) to provide health care services funded by a relief block  
16 grant under this chapter, if the department determines that the hospitals serve a  
17 disproportionate number of low-income patients with special needs. If no medical  
18 relief block grant under this chapter is awarded or if the allocation of funds to such  
19 hospitals would exceed any limitation under 42 USC 1396b (i) (3), the department  
20 may distribute funds to hospitals that have not entered into a contract under s. 49.02  
21 (2). The department may not distribute funds under this subsection to the extent  
22 that the distribution would do any of the following:

23 **SECTION 23.** 49.45 (8) (b) of the statutes is amended to read:

24 49.45 (8) (b) Reimbursement under s. 20.435 (4) (b) ~~and, (o), and (w)~~ for home  
25 health services provided by a certified home health agency or independent nurse

1 shall be made at the home health agency's or nurse's usual and customary fee per  
2 patient care visit, subject to a maximum allowable fee per patient care visit that is  
3 established under par. (c).

4 **SECTION 24.** 49.45 (24m) (intro.) of the statutes is amended to read:

5 49.45 (24m) HOME HEALTH CARE AND PERSONAL CARE PILOT PROGRAM. (intro.)  
6 From the appropriations under s. 20.435 (4) (b) ~~and~~, (o), and (w), in order to test the  
7 feasibility of instituting a system of reimbursement for providers of home health care  
8 and personal care services for medical assistance recipients that is based on  
9 competitive bidding, the department shall:

10 **SECTION 25.** 49.472 (6) (a) of the statutes is amended to read:

11 49.472 (6) (a) Notwithstanding sub. (4) (a) 3., from the appropriation under s.  
12 20.435 (4) (b) or (w), the department shall, on the part of an individual who is eligible  
13 for medical assistance under sub. (3), pay premiums for or purchase individual  
14 coverage offered by the individual's employer if the department determines that  
15 paying the premiums for or purchasing the coverage will not be more costly than  
16 providing medical assistance.

17 **SECTION 26.** 49.472 (6) (b) of the statutes is amended to read:

18 49.472 (6) (b) If federal financial participation is available, from the  
19 appropriation under s. 20.435 (4) (b) or (w), the department may pay medicare Part  
20 A and Part B premiums for individuals who are eligible for medicare and for medical  
21 assistance under sub. (3).

22 **SECTION 27.** 49.665 (4) (at) 1. a. of the statutes is amended to read:

23 49.665 (4) (at) 1. a. Except as provided in subd. 1. b., the department shall  
24 establish a lower maximum income level for the initial eligibility determination if  
25 funding under s. 20.435 (4) (bc), (jz) ~~and~~, (p), and (w) is insufficient to accommodate

1 the projected enrollment levels for the health care program under this section. The  
2 adjustment may not be greater than necessary to ensure sufficient funding.

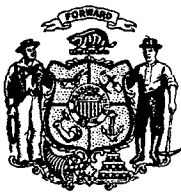
3 **SECTION 28.** 49.665 (4) (at) 2. of the statutes is amended to read:

4 49.665 (4) (at) 2. If, after the department has established a lower maximum  
5 income level under subd. 1., projections indicate that funding under s. 20.435 (4) (bc),  
6 (jz) and, (p), and (w) is sufficient to raise the level, the department shall, by state plan  
7 amendment, raise the maximum income level for initial eligibility, but not to exceed  
8 185% of the poverty line.

9 **SECTION 9423. Effective dates; health and family services.**

10 (1) SUPPLEMENTAL MEDICAL ASSISTANCE PAYMENTS TO NURSING HOMES. The  
11 amendment of section 49.45 (6u) (intro.) of the statutes takes effect retroactively to  
12 July 1, 2000.

13 (END)



TODAY  
State of Wisconsin  
2001 - 2002 LEGISLATURE

LRB-1627/4

DAK:cjs&kg&jld:ms

D-NOTE

DOA:.....Mullikin - Appropriation for intergovernmental transfer program funds

FOR 2001-03 BUDGET - NOT READY FOR INTRODUCTION

Do not gen

1 AN ACT ...; relating to: the budget.

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*Analysis by the Legislative Reference Bureau*

**HEALTH AND HUMAN SERVICES**

**MEDICAL ASSISTANCE**

Under current federal law, medical assistance (MA) is a jointly funded, federal-state program; federal funds (known as "federal financial participation") are provided to match state funds expended for MA. Public funds that are not federal funds, that are transferred to the state, and that are expended for MA purposes may be considered as the state's share in claiming federal financial participation.

This bill creates a separate, nonlapsible trust fund, designated as the MA trust fund, from: 1) moneys received as federal financial participation to match public moneys transferred to the state or certified by DHFS as the state share of financial participation for payments related to nursing homes under the MA program; and 2) public moneys transferred to the state or certified by DHFS as the state and federal share of financial participation for payments related to nursing homes under the MA program. The moneys are appropriated to meet costs of MA and the administrative costs associated with augmenting federal financial participation.

Under current law, DHFS may, in each fiscal year, distribute up to \$38,600,000 received as federal financial participation to supplement payments under MA in order to reduce operating deficits of county, city, village, or town nursing homes.

DHFS must also distribute for this purpose additional moneys received as federal financial participation that were not anticipated before enactment of the biennial budget act or before enactment of other legislation that affects the appropriation of such federal moneys. The distribution of these supplemental payments is made under a method that includes consideration of the size of a nursing home's operating deficit and an agreement by the affected county, city, town, or village to provide funds to match the federal moneys. DHFS must revise the method, for approval by JCF, if the federal department of health and human services approves a lesser amount of federal moneys for expenditure. If the federal department of health and human services disallows use of the federal moneys for the purpose of these supplemental payments, DHFS must reduce allocations to counties, and a city, town, or village that owns or operates a nursing home that has received funds must reimburse the county in which the city, town, or village is located.

This bill as of July 1, 2000, retroactively eliminates, in the program to supplement MA payments to reduce operating deficits of county, city, village, or town nursing homes, the requirement that DHFS distribute for this purpose additional, unanticipated moneys received as federal financial participation and increases, to up to \$40,100,000, the amount of federal financial participation that may be distributed. Further, the bill specifies amounts that may be distributed, beginning in state fiscal year 2001-02, depending on whether or not federal financial participation in the amount of at least \$115,200,000 is received.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

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*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

1           **SECTION 1.** 20.435 (4) (o) of the statutes is amended to read:

2           20.435 (4) (o) *Federal aid; medical assistance.* All federal moneys received for  
3 meeting costs of medical assistance administered under ss. 46.284 (5), 49.45 and  
4 49.665, to be used for those purposes and for transfer to the medical assistance trust  
5 fund, for those purposes.

6           **SECTION 2.** 20.435 (4) (w) of the statutes is created to read:

7           20.435 (4) (w) *Medical assistance trust fund.* From the medical assistance trust  
8 fund, all moneys received for meeting costs of medical assistance administered under  
9 ss. 46.27, 46.275 (5), 46.278 (6), 46.283 (5), 46.284 (5), 49.45, 49.472 (6), and 49.665

1 and for administrative costs associated with augmenting the amount of federal  
2 moneys received under 42 CFR 433.51.

\*\*\*\*NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

3 **SECTION 3.** 25.17 (1) (jv) of the statutes is created to read:

4 25.17 (1) (jv) Medical assistance trust fund (s. 25.77);

5 **SECTION 4.** 25.77 of the statutes is created to read:

6 **25.77 Medical assistance trust fund.** There is created a separate  
7 nonlapsible trust fund designated as the medical assistance trust fund, consisting  
8 of all of the following:

9 (1) All federal moneys received, including moneys that the department of  
10 health and family services may transfer from the appropriation under s. 20.435 (4)  
11 (o), that are related to payments under s. 49.45 (6m) and are based on public funds  
12 that are transferred or certified under 42 CFR 433.51 (b) and used as the non-federal  
13 share of medical assistance funding.

14 (2) All public funds that are related to payments under s. 49.45 (6m) and that  
15 are transferred or certified under 42 CFR 433.51 (b) and used as the non-federal and  
16 federal share of medical assistance funding.

17 **SECTION 5.** 46.27 (9) (a) of the statutes is amended to read:

18 46.27 (9) (a) The department may select up to 5 counties that volunteer to  
19 participate in a pilot project under which they will receive certain funds allocated for  
20 long-term care. The department shall allocate a level of funds to these counties  
21 equal to the amount that would otherwise be paid under s. 20.435 (4) (b) or (w) to  
22 nursing homes for providing care because of increased utilization of nursing home  
23 services, as estimated by the department. In estimating these levels, the department

1 shall exclude any increased utilization of services provided by state centers for the  
2 developmentally disabled. The department shall calculate these amounts on a  
3 calendar year basis under sub. (10).

4 **SECTION 6.** 46.27 (10) (a) 1. of the statutes is amended to read:

5 46.27 (10) (a) 1. The department shall determine for each county participating  
6 in the pilot project under sub. (9) a funding level of state medical assistance  
7 expenditures to be received by the county. This level shall equal the amount that the  
8 department determines would otherwise be paid under s. 20.435 (4) (b) or (w) because  
9 of increased utilization of nursing home services, as estimated by the department.

10 **SECTION 7.** 46.275 (5) (a) of the statutes is amended to read:

11 46.275 (5) (a) Medical assistance reimbursement for services a county, or the  
12 department under sub. (3r), provides under this program is available from the  
13 appropriations under s. 20.435 (4) (b) and, (o), and (w). If 2 or more counties jointly  
14 contract to provide services under this program and the department approves the  
15 contract, medical assistance reimbursement is also available for services provided  
16 jointly by these counties.

17 **SECTION 8.** 46.275 (5) (c) of the statutes is amended to read:

18 46.275 (5) (c) The total allocation under s. 20.435 (4) (b) and, (o), and (w) to  
19 counties and to the department under sub. (3r) for services provided under this  
20 section may not exceed the amount approved by the federal department of health and  
21 human services. A county may use funds received under this section only to provide  
22 services to persons who meet the requirements under sub. (4) and may not use  
23 unexpended funds received under this section to serve other developmentally  
24 disabled persons residing in the county.

25 **SECTION 9.** 46.278 (6) (d) of the statutes is amended to read:



1           46.278 (6) (d) If a county makes available nonfederal funds equal to the state  
2 share of service costs under the waiver received under sub. (3), the department may,  
3 from the appropriation under s. 20.435 (4) (o), provide reimbursement for services  
4 that the county provides under this section to persons who are in addition to those  
5 who may be served under this section with funds from the appropriation under s.  
6 20.435 (4) (b) or (w).

7           **SECTION 10.** 46.283 (5) of the statutes is amended to read:

8           46.283 (5) FUNDING. From the appropriation accounts under s. 20.435 (4) (b),  
9 (bm) and, (pa), and (w) and (7) (b), (bd), and (md), the department may contract with  
10 organizations that meet standards under sub. (3) for performance of the duties under  
11 sub. (4) and shall distribute funds for services provided by resource centers.

12           ~~**SECTION 11.** 46.284 (5) (a) of the statutes is amended to read:~~

13           ~~46.284 (5) (a) From the appropriation accounts under s. 20.435 (4) (b), (g) and,  
14 (o), and (w) and (7) (b) and (bd), the department shall provide funding on a capitated  
15 payment basis for the provision of services under this section. Notwithstanding s.  
16 46.036 (3) and (5m), a care management organization that is under contract with the  
17 department may expend the funds, consistent with this section, including providing  
18 payment, on a capitated basis, to providers of services under the family care benefit.~~

19           **SECTION 12.** 49.45 (5m) (am) of the statutes is amended to read:

20           49.45 (5m) (am) Notwithstanding sub. (3) (e), from the appropriations under  
21 s. 20.435 (4) (b) and, (o), and (w), the department shall distribute not more than  
22 \$2,256,000 in each fiscal year, to provide supplemental funds to rural hospitals that,  
23 as determined by the department, have high utilization of inpatient services by  
24 patients whose care is provided from governmental sources, and to provide  
25 supplemental funds to critical access hospitals, except that the department may not

1 distribute funds to a rural hospital or to a critical access hospital to the extent that  
2 the distribution would exceed any limitation under 42 USC 1396b (i) (3).

3 **SECTION 13.** ~~49.45 (5r) of the statutes is amended to read:~~

4 ~~49.45 (5r) SUPPLEMENTAL PAYMENTS FOR HOSPITALS. From the appropriations~~  
5 ~~under s. 20.435 (4) (b) and (o), and (w), the department shall distribute not more than~~  
6 ~~\$2,451,000, beginning on July 1, 2000, as a supplemental payment to a hospital for~~  
7 ~~which medical assistance revenues were at least 8% of the hospital's total revenues~~  
8 ~~in the most recent fiscal year prior to the year of payment. The department shall~~  
9 ~~calculate a qualifying hospital's supplemental payment amount by multiplying the~~  
10 ~~total amount by the percentage obtained by dividing the hospital's total medical~~  
11 ~~assistance revenues in the most recent prior fiscal year by the total amount of~~  
12 ~~medical assistance revenues for all qualifying hospitals for that period.~~

13 **SECTION 14.** 49.45 (6m) (ag) (intro.) of the statutes is amended to read:

14 49.45 (6m) (ag) (intro.) Payment for care provided in a facility under this  
15 subsection made under s. 20.435 (4) (b), (pa) or (o), or (w) shall, except as provided  
16 in pars. (bg), (bm), and (br), be determined according to a prospective payment  
17 system updated annually by the department. The payment system shall implement  
18 standards that are necessary and proper for providing patient care and that meet  
19 quality and safety standards established under subch. II of ch. 50 and ch. 150. The  
20 payment system shall reflect all of the following:

21 **SECTION 15.** 49.45 (6u) of the statutes, as affected by 2001 Wisconsin Act ...  
22 (this act), is renumbered 49.45 (6u) (am), and 49.45 (6u) (am) (intro.), 2. (intro.) and  
23 b., 3., 4., 5. and 6., as renumbered, are amended to read:

24 49.45 (6u) (am) (intro.) Notwithstanding sub. (6m), in state fiscal years in  
25 which less than \$115,200,000 in federal financial participation relating to facilities

1 is received under 42 CFR 433.51, from the appropriation appropriations under s.  
2 20.435 (4) (o) and (w), for reduction of operating deficits, as defined under ~~criteria~~  
3 developed the methodology used by the department in December, 2000, incurred by  
4 a facility, ~~as defined under sub. (6m) (a) 3.~~, that is established under s. 49.70 (1) or  
5 that is owned and operated by a city, village, or town, the department may not  
6 distribute to these facilities more than ~~\$40,100,000~~ \$37,100,000 in each fiscal year,  
7 as determined by the department. The total amount that a county certifies under  
8 this subsection may not exceed 100% of otherwise-unreimbursed care. In  
9 distributing funds under this subsection, the department shall perform all of the  
10 following:

11 2. (intro.) Based on the amount estimated available under ~~par. (a) subd. 1.~~,  
12 develop a method to distribute this allocation to the individual facilities that have  
13 incurred operating deficits that shall include:

14 b. Agreement by the county in which is located the facility established under  
15 s. 49.70 (1) and agreement by the city, village, or town that owns and operates the  
16 facility that the applicable county, city, village, or town shall provide funds to match  
17 federal medical assistance matching funds under this subsection paragraph.

18 3. Distribute the allocation under the distribution method that is developed,  
19 unless a county has failed to comply with ~~par. (b) 2m~~ subd. 2. bm.

20 4. If the federal department of health and human services approves for state  
21 expenditure in a fiscal year amounts under s. 20.435 (4) (o) and (w) that result in a  
22 lesser allocation amount than that allocated under this subsection paragraph,  
23 allocate not more than the lesser amount so approved by the federal department of  
24 health and human services.

1           5. If the federal department of health and human services approves for state  
2 expenditure in a fiscal year amounts under s. 20.435 (4) (o) and (w) that result in a  
3 lesser allocation amount than that allocated under this subsection paragraph,  
4 submit a revision of the method developed under ~~par. (b)~~ subd. 2. for approval by the  
5 joint committee on finance in that state fiscal year.

6           6. If the federal department of health and human services disallows use of the  
7 allocation of matching federal medical assistance funds distributed under ~~par. (e)~~  
8 subd. 3., apply the requirements under sub. (6m) (br).

9           **SECTION 16.** 49.45 (6u) (intro.) of the statutes is amended to read:

10           49.45 **(6u)** SUPPLEMENTAL PAYMENTS TO CERTAIN FACILITIES. (intro.)  
11 Notwithstanding sub. (6m), from the appropriation under s. 20.435 (4) (o), for  
12 reduction of operating deficits, as defined under criteria developed by the  
13 department, incurred by a facility, as defined under sub. (6m) (a) 3., that is  
14 established under s. 49.70 (1) or that is owned and operated by a city, village or town,  
15 the department may not distribute to these facilities more than \$38,600,000  
16 \$40,100,000 in each fiscal year, as determined by the department, ~~except that the~~  
17 ~~department shall also distribute for this same purpose from the appropriation under~~  
18 ~~s. 20.435 (4) (o) any additional federal medical assistance moneys that were not~~  
19 ~~anticipated before enactment of the biennial budget act or other legislation affecting~~  
20 ~~s. 20.435 (4) (o).~~ The total amount that a county certifies under this subsection may  
21 not exceed 100% of otherwise-unreimbursed care. In distributing funds under this  
22 subsection, the department shall perform all of the following:

23           **SECTION 17.** 49.45 (6u) (ag) of the statutes is created to read:

24           49.45 **(6u)** (ag) In this subsection, "facility" has the meaning given in sub. (6m)

25           (a) 3.

1           **SECTION 18.** 49.45 (6u) (bm) of the statutes is created to read:

2           49.45 **(6u)** (bm) In state fiscal years in which \$115,200,000 or more in federal  
3 financial participation relating to facilities is received under 42 CFR 433.51, from the  
4 appropriations under s. 20.435 (4) (o) and (w), for reduction of operating deficits, as  
5 defined under criteria developed by the department, incurred by a facility that is  
6 established under s. 49.70 (1) or that is owned and operated by a city, village, or town,  
7 the department may not distribute to these facilities more than \$77,100,000 in each  
8 fiscal year, as determined by the department under a methodology as specified in the  
9 state plan for services under 42 USC 1396.

10           **SECTION 19.** 49.45 (6x) (a) of the statutes is amended to read:

11           49.45 **(6x)** (a) Notwithstanding sub. (3) (e), from the appropriations under s.  
12 20.435 (4) (b) ~~and, (o), and (w)~~, the department shall distribute not more than  
13 \$4,748,000 in each fiscal year, to provide funds to an essential access city hospital,  
14 except that the department may not allocate funds to an essential access city hospital  
15 to the extent that the allocation would exceed any limitation under 42 USC 1396b  
16 (i) (3).

17           **SECTION 20.** 49.45 (6y) (a) of the statutes is amended to read:

18           49.45 **(6y)** (a) Notwithstanding sub. (3) (e), from the appropriations under s.  
19 20.435 (4) (b) ~~and, (o), and (w)~~, the department shall distribute funding in each fiscal  
20 year to provide supplemental payment to hospitals that enter into a contract under  
21 s. 49.02 (2) to provide health care services funded by a relief block grant, as  
22 determined by the department, for hospital services that are not in excess of the  
23 hospitals' customary charges for the services, as limited under 42 USC 1396b (i) (3).  
24 If no relief block grant is awarded under this chapter or if the allocation of funds to  
25 such hospitals would exceed any limitation under 42 USC 1396b (i) (3), the

1 department may distribute funds to hospitals that have not entered into a contract  
2 under s. 49.02 (2).

3 **SECTION 21.** 49.45 (6y) (am) of the statutes is amended to read:

4 49.45 (6y) (am) Notwithstanding sub. (3) (e), from the appropriations under s.  
5 20.435 (4) (b), (h) ~~and, (o), and (w)~~, the department shall distribute funding in each  
6 fiscal year to provide supplemental payments to hospitals that enter into contracts  
7 under s. 49.02 (2) with a county having a population of 500,000 or more to provide  
8 health care services funded by a relief block grant, as determined by the department,  
9 for hospital services that are not in excess of the hospitals' customary charges for the  
10 services, as limited under 42 USC 1396b (i) (3).

11 **SECTION 22.** 49.45 (6z) (a) (intro.) of the statutes is amended to read:

12 49.45 (6z) (a) (intro.) Notwithstanding sub. (3) (e), from the appropriations  
13 under s. 20.435 (4) (b) ~~and, (o), and (w)~~, the department shall distribute funding in  
14 each fiscal year to supplement payment for services to hospitals that enter into a  
15 contract under s. 49.02 (2) to provide health care services funded by a relief block  
16 grant under this chapter, if the department determines that the hospitals serve a  
17 disproportionate number of low-income patients with special needs. If no medical  
18 relief block grant under this chapter is awarded or if the allocation of funds to such  
19 hospitals would exceed any limitation under 42 USC 1396b (i) (3), the department  
20 may distribute funds to hospitals that have not entered into a contract under s. 49.02  
21 (2). The department may not distribute funds under this subsection to the extent  
22 that the distribution would do any of the following:

23 **SECTION 23.** 49.45 (8) (b) of the statutes is amended to read:

24 49.45 (8) (b) Reimbursement under s. 20.435 (4) (b) ~~and, (o), and (w)~~ for home  
25 health services provided by a certified home health agency or independent nurse

1 shall be made at the home health agency's or nurse's usual and customary fee per  
2 patient care visit, subject to a maximum allowable fee per patient care visit that is  
3 established under par. (c).

4 **SECTION 24.** 49.45 (24m) (intro.) of the statutes is amended to read:

5 **49.45 (24m) HOME HEALTH CARE AND PERSONAL CARE PILOT PROGRAM.** (intro.)  
6 From the appropriations under s. 20.435 (4) (b) and, (o), and (w), in order to test the  
7 feasibility of instituting a system of reimbursement for providers of home health care  
8 and personal care services for medical assistance recipients that is based on  
9 competitive bidding, the department shall:

10 **SECTION 25.** 49.472 (6) (a) of the statutes is amended to read:

11 **49.472 (6) (a)** Notwithstanding sub. (4) (a) 3., from the appropriation under s.  
12 20.435 (4) (b) or (w), the department shall, on the part of an individual who is eligible  
13 for medical assistance under sub. (3), pay premiums for or purchase individual  
14 coverage offered by the individual's employer if the department determines that  
15 paying the premiums for or purchasing the coverage will not be more costly than  
16 providing medical assistance.

17 **SECTION 26.** 49.472 (6) (b) of the statutes is amended to read:

18 **49.472 (6) (b)** If federal financial participation is available, from the  
19 appropriation under s. 20.435 (4) (b) or (w), the department may pay medicare Part  
20 A and Part B premiums for individuals who are eligible for medicare and for medical  
21 assistance under sub. (3).

22 **SECTION 27.** 49.665 (4) (at) 1. a. of the statutes is amended to read:

23 **49.665 (4) (at) 1. a.** Except as provided in subd. 1. b., the department shall  
24 establish a lower maximum income level for the initial eligibility determination if  
25 funding under s. 20.435 (4) (bc), (jz) and, (p), and (w) is insufficient to accommodate

1 the projected enrollment levels for the health care program under this section. The  
2 adjustment may not be greater than necessary to ensure sufficient funding.

3 **SECTION 28.** 49.665 (4) (at) 2. of the statutes is amended to read:

4 49.665 (4) (at) 2. If, after the department has established a lower maximum  
5 income level under subd. 1., projections indicate that funding under s. 20.435 (4) (bc),  
6 (jz) and, (p), and (w) is sufficient to raise the level, the department shall, by state plan  
7 amendment, raise the maximum income level for initial eligibility, but not to exceed  
8 185% of the poverty line.

9 **SECTION 9423. Effective dates; health and family services.**

10 (1) SUPPLEMENTAL MEDICAL ASSISTANCE PAYMENTS TO NURSING HOMES. The  
11 amendment of section 49.45 (6u) (intro.) of the statutes takes effect retroactively to  
12 July 1, 2000.

13 (END)

D-NOTE



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

LRB-1627/4dn  
DAK: ~~MAA~~jld:rs

To Melissa Mullikin:

This draft deletes the treatment of ss. 46.284 (5) (a) ✓ and 49.45 (5r) ✓. The draft reconciles LRB-1627/3, LRB-1897/1, and LRB-0201/4. LRB-1627, LRB-1897, and LRB-0201 should all continue to appear in the compiled bill.

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

LRB-1627/4dn  
DAK:jld:cmh

February 7, 2001

To Melissa Mullikin:

This draft deletes the treatment of ss. 46.284 (5) (a) and 49.45 (5r). The draft reconciles LRB-1627/3, LRB-1897/1, and LRB-0201/4. LRB-1627, LRB-1897, and LRB-0201 should all continue to appear in the compiled bill.

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State of Wisconsin  
2001 - 2002 LEGISLATURE

LRB-1627/4  
DAK:cjs&kg&jld:cmh

DOA:.....Mullikin – Appropriation for intergovernmental transfer program  
funds

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

1 AN ACT ...; relating to: the budget.

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*Analysis by the Legislative Reference Bureau*

**HEALTH AND HUMAN SERVICES**

**MEDICAL ASSISTANCE**

Under current federal law, medical assistance (MA) is a jointly funded, federal-state program; federal funds (known as "federal financial participation") are provided to match state funds expended for MA. Public funds that are not federal funds, that are transferred to the state, and that are expended for MA purposes may be considered as the state's share in claiming federal financial participation.

This bill creates a separate, nonlapsible trust fund, designated as the MA trust fund, from: 1) moneys received as federal financial participation to match public moneys transferred to the state or certified by DHFS as the state share of financial participation for payments related to nursing homes under the MA program; and 2) public moneys transferred to the state or certified by DHFS as the state and federal share of financial participation for payments related to nursing homes under the MA program. The moneys are appropriated to meet costs of MA and the administrative costs associated with augmenting federal financial participation.

Under current law, DHFS may, in each fiscal year, distribute up to \$38,600,000 received as federal financial participation to supplement payments under MA in order to reduce operating deficits of county, city, village, or town nursing homes.

DHFS must also distribute for this purpose additional moneys received as federal financial participation that were not anticipated before enactment of the biennial budget act or before enactment of other legislation that affects the appropriation of such federal moneys. The distribution of these supplemental payments is made under a method that includes consideration of the size of a nursing home's operating deficit and an agreement by the affected county, city, town, or village to provide funds to match the federal moneys. DHFS must revise the method, for approval by JCF, if the federal department of health and human services approves a lesser amount of federal moneys for expenditure. If the federal department of health and human services disallows use of the federal moneys for the purpose of these supplemental payments, DHFS must reduce allocations to counties, and a city, town, or village that owns or operates a nursing home that has received funds must reimburse the county in which the city, town, or village is located.

This bill as of July 1, 2000, retroactively eliminates, in the program to supplement MA payments to reduce operating deficits of county, city, village, or town nursing homes, the requirement that DHFS distribute for this purpose additional, unanticipated moneys received as federal financial participation and increases, to up to \$40,100,000, the amount of federal financial participation that may be distributed. Further, the bill specifies amounts that may be distributed, beginning in state fiscal year 2001–02, depending on whether or not federal financial participation in the amount of at least \$115,200,000 is received.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

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*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

1           **SECTION 1.** 20.435 (4) (o) of the statutes is amended to read:

2           20.435 (4) (o) *Federal aid; medical assistance.* All federal moneys received for  
3 meeting costs of medical assistance administered under ss. 46.284 (5), 49.45 and  
4 49.665, to be used for those purposes and for transfer to the medical assistance trust  
5 fund, for those purposes.

6           **SECTION 2.** 20.435 (4) (w) of the statutes is created to read:

7           20.435 (4) (w) *Medical assistance trust fund.* From the medical assistance trust  
8 fund, all moneys received for meeting costs of medical assistance administered under  
9 ss. 16.27, 16.275 (5), 16.278 (6), 16.283 (5), 16.284 (5), 49.45, 49.472 (6), and 49.665

1 and for administrative costs associated with augmenting the amount of federal  
2 moneys received under 42 CFR 433.51.

\*\*\*NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

3 **SECTION 3.** 25.17 (1) (jv) of the statutes is created to read:

4 25.17 (1) (jv) Medical assistance trust fund (s. 25.77);

5 **SECTION 4.** 25.77 of the statutes is created to read:

6 **25.77 Medical assistance trust fund.** There is created a separate  
7 nonlapsible trust fund designated as the medical assistance trust fund, consisting  
8 of all of the following:

9 (1) All federal moneys received, including moneys that the department of  
10 health and family services may transfer from the appropriation under s. 20.435 (4)  
11 (o), that are related to payments under s. 49.45 (6m) and are based on public funds  
12 that are transferred or certified under 42 CFR 433.51 (b) and used as the non-federal  
13 share of medical assistance funding.

14 (2) All public funds that are related to payments under s. 49.45 (6m) and that  
15 are transferred or certified under 42 CFR 433.51 (b) and used as the non-federal and  
16 federal share of medical assistance funding.

17 **SECTION 5.** 46.27 (9) (a) of the statutes is amended to read:

18 46.27 (9) (a) The department may select up to 5 counties that volunteer to  
19 participate in a pilot project under which they will receive certain funds allocated for  
20 long-term care. The department shall allocate a level of funds to these counties  
21 equal to the amount that would otherwise be paid under s. 20.435 (4) (b) or (w) to  
22 nursing homes for providing care because of increased utilization of nursing home  
23 services, as estimated by the department. In estimating these levels, the department

1 shall exclude any increased utilization of services provided by state centers for the  
2 developmentally disabled. The department shall calculate these amounts on a  
3 calendar year basis under sub. (10).

4 **SECTION 6.** 46.27 (10) (a) 1. of the statutes is amended to read:

5 46.27 (10) (a) 1. The department shall determine for each county participating  
6 in the pilot project under sub. (9) a funding level of state medical assistance  
7 expenditures to be received by the county. This level shall equal the amount that the  
8 department determines would otherwise be paid under s. 20.435 (4) (b) or (w) because  
9 of increased utilization of nursing home services, as estimated by the department.

10 **SECTION 7.** 46.275 (5) (a) of the statutes is amended to read:

11 46.275 (5) (a) Medical assistance reimbursement for services a county, or the  
12 department under sub. (3r), provides under this program is available from the  
13 appropriations under s. 20.435 (4) (b) and, (o), and (w). If 2 or more counties jointly  
14 contract to provide services under this program and the department approves the  
15 contract, medical assistance reimbursement is also available for services provided  
16 jointly by these counties.

17 **SECTION 8.** 46.275 (5) (c) of the statutes is amended to read:

18 46.275 (5) (c) The total allocation under s. 20.435 (4) (b) and, (o), and (w) to  
19 counties and to the department under sub. (3r) for services provided under this  
20 section may not exceed the amount approved by the federal department of health and  
21 human services. A county may use funds received under this section only to provide  
22 services to persons who meet the requirements under sub. (4) and may not use  
23 unexpended funds received under this section to serve other developmentally  
24 disabled persons residing in the county.

25 **SECTION 9.** 46.278 (6) (d) of the statutes is amended to read:

1           46.278 (6) (d) If a county makes available nonfederal funds equal to the state  
2 share of service costs under the waiver received under sub. (3), the department may,  
3 from the appropriation under s. 20.435 (4) (o), provide reimbursement for services  
4 that the county provides under this section to persons who are in addition to those  
5 who may be served under this section with funds from the appropriation under s.  
6 20.435 (4) (b) or (w).

7           **SECTION 10.** 46.283 (5) of the statutes is amended to read:

8           46.283 (5) FUNDING. From the appropriation accounts under s. 20.435 (4) (b),  
9 (bm) and (pa) and (w) and (7) (b), (bd), and (md), the department may contract with  
10 organizations that meet standards under sub. (3) for performance of the duties under  
11 sub. (4) and shall distribute funds for services provided by resource centers.

12           **SECTION 11.** 49.45 (5m) (am) of the statutes is amended to read:

13           49.45 (5m) (am) Notwithstanding sub. (3) (e), from the appropriations under  
14 s. 20.435 (4) (b) and (o) and (w), the department shall distribute not more than  
15 \$2,256,000 in each fiscal year, to provide supplemental funds to rural hospitals that,  
16 as determined by the department, have high utilization of inpatient services by  
17 patients whose care is provided from governmental sources, and to provide  
18 supplemental funds to critical access hospitals, except that the department may not  
19 distribute funds to a rural hospital or to a critical access hospital to the extent that  
20 the distribution would exceed any limitation under 42 USC 1396b (i) (3).

21           **SECTION 12.** 49.45 (6m) (ag) (intro.) of the statutes is amended to read:

22           49.45 (6m) (ag) (intro.) Payment for care provided in a facility under this  
23 subsection made under s. 20.435 (4) (b), (pa) ~~or~~ (o), or (w) shall, except as provided  
24 in pars. (bg), (bm), and (br), be determined according to a prospective payment  
25 system updated annually by the department. The payment system shall implement

1 standards that are necessary and proper for providing patient care and that meet  
2 quality and safety standards established under subch. II of ch. 50 and ch. 150. The  
3 payment system shall reflect all of the following:

4 **SECTION 13.** 49.45 (6u) of the statutes, as affected by 2001 Wisconsin Act ...  
5 (this act), is renumbered 49.45 (6u) (am), and 49.45 (6u) (am) (intro.), 2. (intro.) and  
6 b., 3., 4., 5. and 6., as renumbered, are amended to read:

7 49.45 (6u) (am) (intro.) Notwithstanding sub. (6m), in state fiscal years in  
8 which less than \$115,200,000 in federal financial participation relating to facilities  
9 is received under 42 CFR 433.51, from the appropriation appropriations under s.  
10 20.435 (4) (o) and (w), for reduction of operating deficits, as defined under criteria  
11 developed the methodology used by the department in December, 2000, incurred by  
12 a facility, ~~as defined under sub. (6m) (a) 3.~~, that is established under s. 49.70 (1) or  
13 that is owned and operated by a city, village, or town, the department may not  
14 distribute to these facilities more than ~~\$40,100,000~~ \$37,100,000 in each fiscal year,  
15 as determined by the department. The total amount that a county certifies under  
16 this subsection may not exceed 100% of otherwise-unreimbursed care. In  
17 distributing funds under this subsection, the department shall perform all of the  
18 following:

19 2. (intro.) Based on the amount estimated available under ~~par. (a)~~ subd. 1.,  
20 develop a method to distribute this allocation to the individual facilities that have  
21 incurred operating deficits that shall include:

22 b. Agreement by the county in which is located the facility established under  
23 s. 49.70 (1) and agreement by the city, village, or town that owns and operates the  
24 facility that the applicable county, city, village, or town shall provide funds to match  
25 federal medical assistance matching funds under this subsection paragraph.



1           3. Distribute the allocation under the distribution method that is developed,  
2 unless a county has failed to comply with ~~par. (b) 2m~~ subd. 2. bm.

3           4. If the federal department of health and human services approves for state  
4 expenditure in a fiscal year amounts under s. 20.435 (4) (o) and (w) that result in a  
5 lesser allocation amount than that allocated under this ~~subsection~~ paragraph,  
6 allocate not more than the lesser amount so approved by the federal department of  
7 health and human services.

8           5. If the federal department of health and human services approves for state  
9 expenditure in a fiscal year amounts under s. 20.435 (4) (o) and (w) that result in a  
10 lesser allocation amount than that allocated under this ~~subsection~~ paragraph,  
11 submit a revision of the method developed under ~~par. (b)~~ subd. 2. for approval by the  
12 joint committee on finance in that state fiscal year.

13           6. If the federal department of health and human services disallows use of the  
14 allocation of matching federal medical assistance funds distributed under ~~par. (c)~~  
15 subd. 3., apply the requirements under sub. (6m) (br).

16           **SECTION 14.** 49.45 (6u) (intro.) of the statutes is amended to read:

17           **49.45 (6u) SUPPLEMENTAL PAYMENTS TO CERTAIN FACILITIES. (intro.)**  
18 Notwithstanding sub. (6m), from the appropriation under s. 20.435 (4) (o), for  
19 reduction of operating deficits, as defined under criteria developed by the  
20 department, incurred by a facility, as defined under sub. (6m) (a) 3., that is  
21 established under s. 49.70 (1) or that is owned and operated by a city, village or town,  
22 the department may not distribute to these facilities more than ~~\$38,600,000~~  
23 \$40,100,000 in each fiscal year, as determined by the department, ~~except that the~~  
24 ~~department shall also distribute for this same purpose from the appropriation under~~  
25 ~~s. 20.435 (4) (o) any additional federal medical assistance moneys that were not~~

**SECTION 14**

1 ~~anticipated before enactment of the biennial budget act or other legislation affecting~~  
2 ~~s. 20.435 (4) (e).~~ The total amount that a county certifies under this subsection may  
3 not exceed 100% of otherwise-unreimbursed care. In distributing funds under this  
4 subsection, the department shall perform all of the following:

5 **SECTION 15.** 49.45 (6u) (ag) of the statutes is created to read:

6 49.45 (6u) (ag) In this subsection, “facility” has the meaning given in sub. (6m)

7 (a) 3.

8 **SECTION 16.** 49.45 (6u) (bm) of the statutes is created to read:

9 49.45 (6u) (bm) In state fiscal years in which \$115,200,000 or more in federal  
10 financial participation relating to facilities is received under 42 CFR 433.51, from the  
11 appropriations under s. 20.435 (4) (o) and (w), for reduction of operating deficits, as  
12 defined under criteria developed by the department, incurred by a facility that is  
13 established under s. 49.70 (1) or that is owned and operated by a city, village, or town,  
14 the department may not distribute to these facilities more than \$77,100,000 in each  
15 fiscal year, as determined by the department under a methodology as specified in the  
16 state plan for services under 42 USC 1396.

17 **SECTION 17.** 49.45 (6x) (a) of the statutes is amended to read:

18 49.45 (6x) (a) Notwithstanding sub. (3) (e), from the appropriations under s.  
19 20.435 (4) (b) ~~and, (o), and (w),~~ the department shall distribute not more than  
20 \$4,748,000 in each fiscal year, to provide funds to an essential access city hospital,  
21 except that the department may not allocate funds to an essential access city hospital  
22 to the extent that the allocation would exceed any limitation under 42 USC 1396b  
23 (i) (3).

24 **SECTION 18.** 49.45 (6y) (a) of the statutes is amended to read:

1           49.45 (6y) (a) Notwithstanding sub. (3) (e), from the appropriations under s.  
2           20.435 (4) (b) ~~and, (o), and (w)~~, the department shall distribute funding in each fiscal  
3           year to provide supplemental payment to hospitals that enter into a contract under  
4           s. 49.02 (2) to provide health care services funded by a relief block grant, as  
5           determined by the department, for hospital services that are not in excess of the  
6           hospitals' customary charges for the services, as limited under 42 USC 1396b (i) (3).  
7           If no relief block grant is awarded under this chapter or if the allocation of funds to  
8           such hospitals would exceed any limitation under 42 USC 1396b (i) (3), the  
9           department may distribute funds to hospitals that have not entered into a contract  
10          under s. 49.02 (2).

11           **SECTION 19.** 49.45 (6y) (am) of the statutes is amended to read:

12           49.45 (6y) (am) Notwithstanding sub. (3) (e), from the appropriations under s.  
13           20.435 (4) (b), (h) ~~and, (o), and (w)~~, the department shall distribute funding in each  
14           fiscal year to provide supplemental payments to hospitals that enter into contracts  
15           under s. 49.02 (2) with a county having a population of 500,000 or more to provide  
16           health care services funded by a relief block grant, as determined by the department,  
17           for hospital services that are not in excess of the hospitals' customary charges for the  
18           services, as limited under 42 USC 1396b (i) (3).

19           **SECTION 20.** 49.45 (6z) (a) (intro.) of the statutes is amended to read:

20           49.45 (6z) (a) (intro.) Notwithstanding sub. (3) (e), from the appropriations  
21           under s. 20.435 (4) (b) ~~and, (o), and (w)~~, the department shall distribute funding in  
22           each fiscal year to supplement payment for services to hospitals that enter into a  
23           contract under s. 49.02 (2) to provide health care services funded by a relief block  
24           grant under this chapter, if the department determines that the hospitals serve a  
25           disproportionate number of low-income patients with special needs. If no medical

**SECTION 20**

1 relief block grant under this chapter is awarded or if the allocation of funds to such  
2 hospitals would exceed any limitation under 42 USC 1396b (i) (3), the department  
3 may distribute funds to hospitals that have not entered into a contract under s. 49.02  
4 (2). The department may not distribute funds under this subsection to the extent  
5 that the distribution would do any of the following:

6 **SECTION 21.** 49.45 (8) (b) of the statutes is amended to read:

7 49.45 (8) (b) Reimbursement under s. 20.435 (4) (b) ~~and, (o), and (w)~~ for home  
8 health services provided by a certified home health agency or independent nurse  
9 shall be made at the home health agency's or nurse's usual and customary fee per  
10 patient care visit, subject to a maximum allowable fee per patient care visit that is  
11 established under par. (c).

12 **SECTION 22.** 49.45 (24m) (intro.) of the statutes is amended to read:

13 49.45 (24m) HOME HEALTH CARE AND PERSONAL CARE PILOT PROGRAM. (intro.)  
14 From the appropriations under s. 20.435 (4) (b) ~~and, (o), and (w)~~, in order to test the  
15 feasibility of instituting a system of reimbursement for providers of home health care  
16 and personal care services for medical assistance recipients that is based on  
17 competitive bidding, the department shall:

18 **SECTION 23.** 49.472 (6) (a) of the statutes is amended to read:

19 49.472 (6) (a) Notwithstanding sub. (4) (a) 3., from the appropriation under s.  
20 20.435 (4) (b) ~~or (w)~~, the department shall, on the part of an individual who is eligible  
21 for medical assistance under sub. (3), pay premiums for or purchase individual  
22 coverage offered by the individual's employer if the department determines that  
23 paying the premiums for or purchasing the coverage will not be more costly than  
24 providing medical assistance.

25 **SECTION 24.** 49.472 (6) (b) of the statutes is amended to read:

1           49.472 (6) (b) If federal financial participation is available, from the  
2 appropriation under s. 20.435 (4) (b) or (w), the department may pay medicare Part  
3 A and Part B premiums for individuals who are eligible for medicare and for medical  
4 assistance under sub. (3).

5           **SECTION 25.** 49.665 (4) (at) 1. a. of the statutes is amended to read:

6           49.665 (4) (at) 1. a. Except as provided in subd. 1. b., the department shall  
7 establish a lower maximum income level for the initial eligibility determination if  
8 funding under s. 20.435 (4) (bc), (jz) ~~and, (p), and (w)~~ is insufficient to accommodate  
9 the projected enrollment levels for the health care program under this section. The  
10 adjustment may not be greater than necessary to ensure sufficient funding.

11           **SECTION 26.** 49.665 (4) (at) 2. of the statutes is amended to read:

12           49.665 (4) (at) 2. If, after the department has established a lower maximum  
13 income level under subd. 1., projections indicate that funding under s. 20.435 (4) (bc),  
14 (jz) ~~and, (p), and (w)~~ is sufficient to raise the level, the department shall, by state plan  
15 amendment, raise the maximum income level for initial eligibility, but not to exceed  
16 185% of the poverty line.

17           **SECTION 9423. Effective dates; health and family services.**

18           (1) SUPPLEMENTAL MEDICAL ASSISTANCE PAYMENTS TO NURSING HOMES. The  
19 amendment of section 49.45 (6u) (intro.) of the statutes takes effect retroactively to  
20 July 1, 2000.

21

(END)