



State of Wisconsin
2001 - 2002 LEGISLATURE

LRB-1939/T-2
ISR:kmg:ch

RMR

DOA:.....Blaine - Transfer of MA eligibility administration from DWD to DHFS

FOR 2001-03 BUDGET - NOT READY FOR INTRODUCTION

Seem
Only changes are to analysis & on pg. 12

1 AN ACT ^{DON'T} ^{GEN. CAT.} relating to: the budget.

Analysis by the Legislative Reference Bureau
HEALTH AND HUMAN SERVICES

MEDICAL ASSISTANCE ^{program} ^{program}

Under current law, county departments of social services and county departments of human services (county departments) determine the eligibility of individuals for the medical assistance (MA), food stamp, and Wisconsin works (W-2) programs. Under current law, DWD administers the food stamp program, the W-2 program, and the eligibility determination aspect of the MA program. DHFS administers all other aspects of the MA program. Currently, DWD contracts with the county departments to reimburse the counties for the reasonable costs of determining eligibility of individuals for each program. The amount that is reimbursed to each county department is calculated using a formula based on each county's workload and the amount of available state and federal moneys. DWD also is required to establish, by rule, standards of competency and training requirements for county workers who make the eligibility determinations and to submit a report annually to the appropriate standing committees of the legislature on funds recovered and paid out during the previous calendar year as a result of audit adjustments. ^{in most cases, the}

This bill requires DWD and DHFS, jointly, to contract with county departments to reimburse the county departments for the reasonable costs of determining the ^{the}

eligibility of individuals for the MA program. Under the bill, DWD continues to make the payment for reimbursement to the county departments but the payments are funded, in part, by an appropriation to DHFS.

Also under current law, DWD is required to investigate suspected fraudulent activity on the part of individuals who receive food stamp benefits or MA benefits or who participate in the W-2 program and to reduce errors in the payment of benefits under each program. Finally, in addition to the reimbursements made to counties for determining the eligibility of individuals for the MA, food stamp, and W-2 programs, DWD makes payments to each county and any federally recognized American Indian tribe administering the programs for the administrative costs of activities designed to reduce fraud and errors under each program.

The bill also authorizes DHFS to contract with DWD to investigate possible fraud and to conduct payment error activities as part of DWD's current fraud investigation and error reduction activities. If DHFS does not contract with DWD, the bill requires DHFS to establish its own program to investigate possible fraud on the part of MA recipients and to reduce errors in the payments of MA. The bill continues to require DWD to investigate food stamp and W-2 fraud and to make payments to county departments and Indian tribes for costs of reducing fraud and errors in the food stamp and W-2 programs.

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) (a) of the statutes is amended to read:

2 20.435 (4) (a) *General program operations.* The amounts in the schedule for
3 general program operations, including health care financing regulation,
4 administration, and field services and medical assistance eligibility determinations
5 under s. 49.45 (2) (a) 3.

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

7 20.435 (4) (bm) *Medical assistance administration; contract costs, insurer*
8 reports, and resource centers. Biennially, the amounts in the schedule to provide the
9 state share of administrative contract costs for the medical assistance program
10 under ss. 49.45 and 49.665, other than payments to counties under s. 49.33 (8), to
11 reimburse insurers for their costs under s. 49.475, for costs associated with outreach

1 activities, and for services of resource centers under s. 46.283. No state positions may
2 be funded in the department of health and family services from this appropriation,
3 except positions for the performance of duties under a contract in effect before
4 January 1, 1987, related to the administration of the medical assistance program
5 between the subunit of the department primarily responsible for administering the
6 medical assistance program and another subunit of the department. Total
7 administrative funding authorized for the program under s. 49.665 may not exceed
8 10% of the amounts budgeted under pars. (bc) and (p).

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

9 **SECTION 3.** 20.435 (4) (bn) of the statutes is created to read:

10 20.435 (4) (bn) *Medical assistance administration; payments to counties.* The
11 amounts in the schedule for payments to counties under s. 49.33 (8) relating to the
12 administration of the medical assistance program.

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

13 **SECTION 4.** 20.435 (4) (nn) of the statutes is created to read:

14 20.435 (4) (nn) *Federal aid; payments to counties for medical assistance*
15 *administration.* All moneys received from the federal government for the costs of
16 contracting for the administration of the medical assistance program, other than
17 moneys received under par. (pa), for payments to counties under s. 49.33 (8) relating
18 to the administration of the medical assistance program.

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

19 **SECTION 5.** 20.435 (4) (pa) of the statutes is amended to read:

20 20.435 (4) (pa) *Federal aid; medical assistance contracts administration.* All
21 federal moneys received for the federal share of the cost of contracting for payment

1 and services administration and reporting, other than moneys received under par.
2 (nn), to reimburse insurers for their costs under s. 49.475 and for services of resource
3 centers under s. 46.283.

4 **SECTION 6.** 20.445 (3) (dz) of the statutes is amended to read:

5 20.445 (3) (dz) *Wisconsin works and other public assistance administration and*
6 *benefits.* The amounts in the schedule, less the amounts withheld under s. 49.143
7 (3), for administration and benefit payments under Wisconsin works under ss.
8 49.141 to 49.161, the learnfare program under s. 49.26, the work experience and job
9 search program under s. 49.36, and the food stamp program under s. 49.124; for
10 ~~payment distribution payments to counties~~ under s. 49.33 (8) ~~for county~~
11 ~~administration of public assistance benefits and medical assistance eligibility~~
12 ~~determination~~ and for payments to American Indian tribes for administration of
13 public assistance programs; ~~to provide state aid for county administered public~~
14 ~~assistance programs for which reimbursement is provided under s. 49.33 (9);~~ and for
15 funeral expenses under s. 49.30. Payments may be made from this appropriation to
16 counties for fraud investigation and error reduction under s. 49.197 (1m) and (4).
17 Moneys appropriated under this paragraph may be used to match federal funds
18 received under par. (md). Notwithstanding ss. 20.001 (3) (a) and 20.002 (1), the
19 department may transfer funds between fiscal years under this paragraph. All funds
20 allocated by the department but not encumbered by December 31 of each year lapse
21 to the general fund on the next January 1 unless transferred to the next calendar
22 year by the joint committee on finance.

23 **SECTION 7.** 20.445 (3) (L) of the statutes is amended to read:

24 20.445 (3) (L) *Welfare fraud and error reduction; state operations.* From the
25 moneys received as the state's share of the recovery of overpayments and incorrect

1 payments under s. 49.191 (3) (c), 1997 stats., s. 49.195, 1997 stats., and ss. 49.125 (2),
2 and 49.497 (1), the amounts in the schedule for the department's activities to reduce
3 error and fraud ~~in the food stamp, aid to families with dependent children, Wisconsin~~
4 ~~works program and medical assistance programs~~ under s. 49.197.

5 **SECTION 8.** 20.512 (1) (i) of the statutes is amended to read:

6 20.512 (1) (i) *Services to nonstate governmental units.* The amounts in the
7 schedule for the purpose of funding personnel services to nonstate governmental
8 units under s. 230.05 (8), including services provided under ~~ss. 49.33 (5) and s. 59.26~~
9 (8) (a). All moneys received from the sale of these services shall be credited to this
10 appropriation.

11 **SECTION 9.** 46.22 (1) (d) of the statutes is repealed.

12 **SECTION 10.** 46.22 (2) (b) of the statutes is amended to read:

13 46.22 (2) (b) Appoint the county social services director under sub. (3) ~~subject~~
14 ~~to s. 49.33 (4) to (7) and the rules promulgated thereunder and~~ subject to the approval
15 of the county board of supervisors in a county with a single-county department of
16 social services or the county boards of supervisors in counties with a multicounty
17 department of social services.

18 **SECTION 11.** 46.22 (3m) (a) of the statutes is amended to read:

19 46.22 (3m) (a) In any county with a county executive or a county administrator
20 which has established a single-county department of social services, the county
21 executive or county administrator, ~~subject to s. 49.33 (4) to (7) and the rules~~
22 ~~promulgated thereunder,~~ shall appoint and supervise the county social services
23 director. The appointment is subject to the confirmation of the county board of
24 supervisors unless the county board of supervisors, by ordinance, elects to waive

1 confirmation or unless the appointment is made under a civil service system
2 competitive examination procedure established under s. 59.52 (8) or ch. 63.

3 **SECTION 12.** 49.197 (1m) of the statutes is amended to read:

4 49.197 (1m) FRAUD INVESTIGATION. From the appropriations under s. 20.445 (3)
5 (dz), (L), (md), (n), and (nL), the department shall establish a program to investigate
6 suspected fraudulent activity on the part of recipients of ~~medical assistance under~~
7 ~~subch. IV~~, aid to families with dependent children under s. 49.19 and food stamp
8 benefits under the food stamp program under 7 USC 2011 to 2036 and, on the part
9 of participants in the Wisconsin works program under ss. 49.141 to 49.161, and, if
10 the department of health and family services contracts with the department under
11 s. 49.45 (2) (b) 6., on the part of recipients of medical assistance under subch. IV. The
12 department's activities under this subsection may include, but are not limited to,
13 comparisons of information provided to the department by an applicant and
14 information provided by the applicant to other federal, state, and local agencies,
15 development of an advisory welfare investigation prosecution standard, and
16 provision of funds to county departments under ss. 46.215, 46.22, and 46.23 and to
17 Wisconsin works agencies to encourage activities to detect fraud. The department
18 shall cooperate with district attorneys regarding fraud prosecutions.

19 **SECTION 13.** 49.197 (3) of the statutes is amended to read:

20 49.197 (3) STATE ERROR REDUCTION ACTIVITIES. The department shall conduct
21 activities to reduce payment errors in ~~medical assistance under subch. IV~~, Wisconsin
22 works under ss. 49.141 to 49.161, ~~aid to families with dependent children under s.~~
23 ~~49.19 and~~ the food stamp program under 7 USC 2011 to ~~2029~~ 2036, and, if the
24 department of health and family services contracts with the department under s.
25 49.45 (2) (b) 6., the medical assistance program under subch. IV. The department

1 shall fund the activities under this section from the appropriation under s. 20.445
2 (3) (L).

3 **SECTION 14.** 49.197 (4) of the statutes is amended to read:

4 49.197 (4) COUNTY AND TRIBAL ERROR REDUCTION. The department shall provide
5 funds from the appropriations under s. 20.445 (3) (dz), (L), and (Lm) and federal
6 matching funds from the appropriations under s. 20.445 (3) (md), (n), and (nL) to
7 counties and governing bodies of federally recognized American Indian tribes
8 administering ~~medical assistance under subch. IV, aid to families with dependent~~
9 ~~children under s. 49.19 or the food stamp program under 7 USC 2011 to 2029 2036~~
10 or, if the department of health and family services contracts with the department
11 under s. 49.45 (2) (b) 6., the medical assistance program under subch. IV to offset
12 administrative costs of reducing payment errors in those programs.

13 **SECTION 15.** 49.30 (2) of the statutes is amended to read:

14 49.30 (2) From the ~~appropriation~~ appropriations under s. 20.445 (3) (dz) and
15 (md), the department shall reimburse a county or applicable tribal governing body
16 or organization for any amount that the county or applicable tribal governing body
17 or organization is required to pay under sub. (1). From the ~~appropriation~~
18 appropriations under s. 20.445 (3) (dz) and (md), the department shall reimburse a
19 county or applicable tribal governing body or organization for cemetery expenses or
20 for funeral and burial expenses for persons described under sub. (1) that the county
21 or applicable tribal governing body or organization is not required to pay under subs.
22 (1) and (1m) only if the department approves the reimbursement due to unusual
23 circumstances.

24 **SECTION 16.** 49.32 (2) (d) of the statutes is amended to read:

1 49.32 (2) (d) The department shall disburse from state or federal funds or both
2 the entire amount and charge the county for its share under s. 49.33 (8) ~~and (9)~~.

3 **SECTION 17.** 49.32 (7) (b) of the statutes is amended to read:

4 49.32 (7) (b) The department shall conduct a program to periodically match the
5 records of recipients of ~~medical assistance under s. 49.46, 49.468 or 49.47~~, aid to
6 families with dependent children under s. 49.19 and food stamp benefits under the
7 food stamp program under 7 USC 2011 to ~~2029~~ 2036 and, if the department of health
8 and family services contracts with the department under s. 49.45 (2) (b) 6., recipients
9 of medical assistance under subch. IV with the records of recipients under those
10 programs in other states. If an agreement with the other states can be obtained,
11 matches with records of states contiguous to this state shall be conducted at least
12 annually.

13 **SECTION 18.** 49.32 (7) (c) of the statutes is amended to read:

14 49.32 (7) (c) The department shall conduct a program to periodically match the
15 address records of recipients of ~~medical assistance under s. 49.46, 49.468 or 49.47~~,
16 aid to families with dependent children under s. 49.19 and food stamp benefits under
17 the food stamp program under 7 USC 2011 to ~~2029~~ 2036 and, if the department of
18 health and family services contracts with the department under s. 49.45 (2) (b) 6.,
19 recipients of medical assistance under subch. IV to verify residency and to identify
20 recipients receiving duplicate or fraudulent payments.

21 **SECTION 19.** 49.32 (7) (d) of the statutes is amended to read:

22 49.32 (7) (d) The department, with assistance from the department of
23 corrections, shall conduct a program to periodically match the records of persons
24 confined in state correctional facilities with the records of recipients of ~~medical~~
25 ~~assistance under s. 49.46, 49.468 or 49.47~~, aid to families with dependent children

1 under s. 49.19 and food stamp benefits under the food stamp program under 7 USC
2 2011 to 2029 2036 and, if the department of health and family services contracts with
3 the department under s. 49.45 (2) (b) 6., recipients of medical assistance under subch.
4 IV to identify recipients who may be ineligible for benefits.

5 **SECTION 20.** 49.33 (1) (b) of the statutes is amended to read:

6 49.33 (1) (b) “Income maintenance program” means ~~aid to families with~~
7 ~~dependent children under s. 49.19, the~~ Wisconsin works program under ss. 49.141
8 to 49.161, the medical assistance program under subch. IV of ~~ch. 49,~~ or the food stamp
9 program under 7 USC 2011 to 2029 2036.

10 **SECTION 21.** 49.33 (2) of the statutes is repealed and recreated to read:

11 49.33 (2) CONTRACTS. (a) Annually, the department and the department of
12 health and family services shall, jointly, contract with county departments under ss.
13 46.215, 46.22, and 46.23 to reimburse the county departments for the reasonable cost
14 of administering the medical assistance program under subch. IV.

15 (b) Annually, the department shall contract with county departments under ss.
16 46.215, 46.22, and 46.23 to reimburse the county departments for the reasonable cost
17 of administering income maintenance programs, other than the medical assistance
18 program under subch. IV.

19 **SECTION 22.** 49.33 (4) of the statutes is repealed.

20 **SECTION 23.** 49.33 (5) of the statutes is repealed.

21 **SECTION 24.** 49.33 (6) of the statutes is repealed.

22 **SECTION 25.** 49.33 (7) of the statutes is repealed.

23 **SECTION 26.** 49.33 (8) (a) of the statutes is amended to read:

24 49.33 (8) (a) The From the appropriation accounts under ss. 20.445 (3) (dz),
25 (kx), (md), and (nL) and subject to par. (b), the department shall reimburse each

1 county that contracts with the department and the department of health and family
2 services under sub. (2) (a) for reasonable costs of income maintenance relating to the
3 administration of the programs under this subchapter and subch. IV according to
4 administering the medical assistance program under subch. IV and that contracts
5 with the department under sub. (2) (b) for the reasonable costs of administering
6 income maintenance programs other than the medical assistance program under
7 subch. IV. The amount of each reimbursement paid under this paragraph shall be
8 calculated using a formula based on workload within the limits of available state and
9 federal funds under s. 20.445 (3) (dz), (kx), (md), and (nL) by contract under s. 49.33
10 (2). The amount of reimbursement calculated under this paragraph and par. (b) is
11 in addition to any reimbursement provided to a county for fraud and error reduction
12 under s. 49.197 (1m) and (4).

13 **SECTION 27.** 49.33 (8) (b) of the statutes is amended to read:

14 49.33 (8) (b) The department may adjust the amounts determined under par.
15 (a) for workload changes and computer network activities performed by counties and
16 may reduce the amount of any reimbursement if federal reimbursement is withheld
17 due to audits, quality control samples, or program reviews.

18 **SECTION 28.** 49.33 (9) of the statutes is repealed.

19 **SECTION 29.** 49.33 (10) (a) of the statutes is amended to read:

20 49.33 (10) (a) The county treasurer and each director of a county department
21 under s. 46.215, 46.22, or 46.23 shall certify monthly under oath to the department
22 in such manner as the department prescribes the claim of the county for state
23 reimbursement under ~~subs. sub. (8) and (9) and (a).~~ The department shall review
24 each claim of reimbursement and, if the department approves such the claim it, the
25 department shall certify to the department of administration for reimbursement to

1 the county for amounts due under ~~these subsections~~ sub. (8) (a) and payment claimed
2 to be made to the counties monthly. The department may make advance payments
3 prior to the beginning of each month equal to one-twelfth of the contracted amount.

4 **SECTION 30.** 49.45 (2) (a) 3. of the statutes is amended to read:

5 49.45 (2) (a) 3. Determine the eligibility of persons for medical assistance,
6 rehabilitative, and social services under ss. 49.46, 49.468, and 49.47 and rules and
7 policies adopted by the department and ~~may~~ shall, under a contract under s. 49.33
8 (2) (a), designate this function to the county department under s. 46.215, 46.22, or
9 46.23 or, to the extent permitted by federal law or a waiver from the federal secretary
10 of health and human services, to a Wisconsin works agency.

11 **SECTION 31.** 49.45 (2) (a) 3m. of the statutes is created to read:

12 49.45 (2) (a) 3m. If the department does not contract with the department of
13 workforce development under par. (b) 6., establish a program to investigate
14 suspected fraudulent activity on the part of recipients of medical assistance and
15 establish a program to reduce errors in the payments of medical assistance.

16 **SECTION 32.** 49.45 (2) (b) 6. of the statutes is created to read:

17 49.45 (2) (b) 6. Contract with the department of workforce development to
18 investigate suspected fraudulent activity on the part of medical assistance recipients
19 and to reduce errors in the payments of medical assistance under s. 49.197.

20 **SECTION 33.** 49.45 (40) of the statutes is amended to read:

21 49.45 (40) PERIODIC RECORD MATCHES. ~~The~~ If the department contracts with the
22 department of workforce development under sub. (2) (b) 6., the department shall
23 cooperate with the department of workforce development in matching records of
24 medical assistance recipients under s. 49.32 (7).

25 **SECTION 34.** 59.22 (2) (c) 2. of the statutes is amended to read:

1 59.22 (2) (c) 2. No action of the board may be contrary to or in derogation of the
2 rules of the department of health and family services under s. 49.33 (4) to (7) relating
3 to employees administering old age assistance, aid to families with dependent
4 children, aid to the blind and aid to totally and permanently disabled persons or ss.
5 63.01 to 63.17.

6 **SECTION 35.** 230.45 (1) (e) of the statutes is repealed.

7 **SECTION 36.** 230.45 (3) of the statutes is amended to read:

8 230.45 (3) The commission shall promulgate rules establishing a schedule of
9 filing fees to be paid by any person who files an appeal under sub. (1) (c) or (e) or s.
10 230.44 (1) (a) or (b) with the commission on or after the effective date of the rules
11 promulgated under this subsection. Fees paid under this subsection shall be
12 deposited in the general fund as general purpose revenue – earned.

13 **SECTION 9158. Nonstatutory provisions; workforce development.**

14 (1) TRANSFER OF MEDICAL ASSISTANCE ELIGIBILITY DETERMINATIONS.

15 (a) *Transfer of positions and employees.*

16 1. On the effective date of this subdivision, ~~8.18~~^{10.0} FTE FED positions in the
17 department of workforce development, and the incumbent employees holding those
18 positions, are transferred to the department of health and family services.

19 2. On the effective date of this subdivision, 7.0 FTE PR positions in the
20 department of workforce development, and the incumbent employees holding those
21 positions, are transferred to the department of health and family services.

22 3. On the effective date of this subdivision, ~~4.0~~^{10.0} FTE GPR positions in the
23 department of workforce development, and the incumbent employees holding those
24 positions, are transferred to the department of health and family services.

1 4. The departments of workforce development and health and family services
2 shall jointly determine the employees to be transferred under subdivisions 1., 2., and
3 3. and shall jointly develop a plan for the orderly transfer thereof. In the event of any
4 disagreement between the departments, the secretary of administration shall
5 resolve the dispute and shall develop a plan for the orderly transfer thereof.

6 (b) *Employee status.* Employees transferred under paragraph (a) have all the
7 rights and the same status under subchapter V of chapter 111 and chapter 230 of the
8 statutes in the department of health and family services that they enjoyed in the
9 department of workforce development immediately before the transfer.
10 Notwithstanding section 230.28 (4) of the statutes, no employee so transferred who
11 has attained permanent status in class is required to serve a probationary period.

12 (2) **STUDY OF TRANSFERRING THE FOOD STAMP PROGRAM.** The department of
13 workforce development shall study the impacts of transferring the food stamp
14 program under section 49.124 of the statutes to the department of health and family
15 services, including the resources that would be transferred and the effects of the
16 transfer on the client assistance for reemployment and economic support computer
17 system and the local service delivery system. The department of workforce
18 development shall submit a report on the results of the study to the governor no later
19 than December 31, 2001.

20 **SECTION 9358. Initial applicability; workforce development.**

21 (1) **MEDICAL ASSISTANCE ELIGIBILITY DETERMINATIONS.** The treatment of section
22 49.33 (1) (b), (2), (8) (a) and (b), and (10) (a) of the statutes first applies to contracts
23 entered into, extended, modified, or renewed on the effective date of this subsection.

24 (END)

*Robert Blairie 1/30/01

*Positions to be transferred:

<u>DWD</u>		<u>DHFS</u>
- 8.18 FED	→	8.18 FED
- 4.82 GPR	→	4.82 GPR
(1)(Kc) - 6.5 PR	→	5.18 GPR - (4)(a) 1.32 FED - (4)(n)
(1)(ha) - .3 PR	→	.3 FED - (4)(n)
(1)(gb) - .2 PR	→	.2 FED - (4)(n)

2001-2002 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1939/3ins
ISR:.....

Insert 12-24

the authorized
3. On the effective date of this subdivision, ~~5.18~~ FTE ~~PR~~ positions ~~in~~ *for* the department of workforce development funded from the appropriation under section 20.445 (1) (kc) of the statutes, as affected by the acts of 2001, *decreased by* and the incumbent employees holding those positions are transferred to the department of health and family services, and the positions become 5.18 ~~FTE~~ ~~PR~~ positions to be funded from the appropriation under section 20.435 (4) (a) of the statutes, as affected by the acts of 2001.

the authorized
4. On the effective date of this subdivision, ~~1.32~~ FTE ~~PR~~ positions ~~in~~ *for* the department of workforce development funded from the appropriation under section 20.445 (1) (kc) of the statutes, as affected by the acts of 2001, *decreased by* and the incumbent employees holding those positions are transferred to the department of health and family services, and the positions become 1.32 ~~FTE~~ ~~PR~~ positions to be funded from the appropriation under section 20.435 (4) (n) of the statutes, as affected by the acts of 2001.

the authorized
5. On the effective date of this subdivision, ~~0.3~~ FTE ~~PR~~ positions ~~in~~ *for* the department of workforce development funded from the appropriation under section 20.445 (1) (ha) of the statutes, as affected by the acts of 2001, *decreased by* and the incumbent employees holding those positions are transferred to the department of health and family services, and the positions become 0.3 ~~FTE~~ ~~PR~~ positions to be funded from the appropriation under section 20.435 (4) (n) of the statutes, as affected by the acts of 2001.

*acts
ref. 13-3
on p. 13.*

6. On the effective date of this subdivision, 0.2 FTE ~~FA~~ positions ~~in~~ the department of workforce development, funded from the appropriation under section 20.445 (1) (gb) of the statutes, as affected by the acts of 2001, are ~~transferred~~ ^{decreased by} to the department of health and family services, and become 0.2 ~~FTE~~ ^{PR} FTE positions ~~to be~~ funded from the appropriation under section 20.435 (4) (n) of the statutes, as affected by the acts of 2001.

*32
1.3
1.82*

Insert 12-13

SECTION 9123. Nonstatutory provisions; health and family services.

(1) MEDICAL ASSISTANCE ELIGIBILITY POSITION INCREASES.

✓ (a) On the effective date of this paragraph, the authorized FTE positions for the department of health and family services are increased by 5.18 GPR positions, to be funded from the appropriation under section 20.435 (4) (a) of the statutes, as affected by the acts of 2001.

✓ (b) On the effective date of this paragraph, the authorized FTE positions for the department of health and family services are increased by 1.82 FED positions, to be funded from the appropriation under section 20.435 (4) (n) of the statutes, as affected by the acts of 2001.

Insert 12-15

(a) *Position decreases.*

1. On the effective date of this subdivision, the authorized FTE positions for the department of workforce development, funded from the appropriation under section 20.445 (1) (kc) of the statutes, as affected by the acts of 2001, are decreased by 6.5 PR positions.

2. On the effective date of this subdivision, the authorized FTE positions for the department of workforce development, funded from the appropriation under section 20.445 (1) (ha) of the statutes, as affected by the acts of 2001, are decreased by 0.3 PR positions.

3. On the effective date of this subdivision, the authorized FTE positions for the department of workforce development, funded from the appropriation under

auto ref.
"KZ"

section 20.445 (1) (gb) of the statutes, as affected by the acts of 2001, are decreased by 0.2 PR positions.

Insert 12-24

3. On the effective date of this subdivision, there are transferred from the department of workforce development to the department of health and family services 7.0 FTE incumbent employees holding the positions specified in par. (c).

paragraph

auto ref. "KZ"



State of Wisconsin
2001 - 2002 LEGISLATURE

LRB-1939/2

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RMR

File Request Sheet

DOA:.....Blaine - Transfer of MA eligibility administration from DWD to DHFS

FOR 2001-03 BUDGET - NOT READY FOR INTRODUCTION

SOON
~~DOA~~
~~DOA~~

Eds:
-only changes on
pp. 12 & 13

1 AN ACT ^{DON'T GEN. CAT.} relating to: the budget.

Analysis by the Legislative Reference Bureau

HEALTH AND HUMAN SERVICES

MEDICAL ASSISTANCE

Under current law, county departments of social services and county departments of human services (county departments) determine the eligibility of individuals for the medical assistance (MA) program, the food stamp program, and, in most cases, the Wisconsin works (W-2) program. Under current law, DWD administers the food stamp program, the W-2 program, and the eligibility determination aspect of the MA program. DHFS administers all other aspects of the MA program. Currently, DWD contracts with the county departments to reimburse the counties for the reasonable costs of determining eligibility of individuals for each program. The amount that is reimbursed to each county department is calculated using a formula based on each county's workload and the amount of available state and federal moneys. DWD also is required to establish, by rule, standards of competency and training requirements for county workers who make the eligibility determinations and to submit a report annually to the appropriate standing committees of the legislature on funds recovered and paid out during the previous calendar year as a result of audit adjustments.

This bill requires DWD and DHFS, jointly, to contract with county departments to reimburse the county departments for the reasonable costs of determining the

eligibility of individuals for the MA program. Under the bill, DWD continues to make the payment for reimbursement to the county departments but the payments are funded, in part, by an appropriation to DIIFS.

Also under current law, DWD is required to investigate suspected fraudulent activity on the part of individuals who receive food stamp benefits or MA benefits or who participate in the W-2 program and to reduce errors in the payment of benefits under each program. Finally, in addition to the reimbursements made to counties for determining the eligibility of individuals for the MA, food stamp, and W-2 programs, DWD makes payments to each county and any federally recognized American Indian tribe administering the programs for the administrative costs of activities designed to reduce fraud and errors under each program.

The bill also authorizes DHFS to contract with DWD to investigate possible fraud and to conduct payment error activities as part of DWD's current fraud investigation and error reduction activities. If DHFS does not contract with DWD, the bill requires DHFS to establish its own program to investigate possible fraud on the part of MA recipients and to reduce errors in the payments of MA. The bill continues to require DWD to investigate food stamp and W-2 fraud and to make payments to county departments and Indian tribes for costs of reducing fraud and errors in the food stamp and W-2 programs.

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) (a) of the statutes is amended to read:

2 20.435 (4) (a) *General program operations.* The amounts in the schedule for
3 general program operations, including health care financing regulation,
4 administration, and field services and medical assistance eligibility determinations
5 under s. 49.45 (2) (a) 3.

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

7 20.435 (4) (bm) *Medical assistance administration; contract costs, insurer*
8 *reports, and resource centers.* Biennially, the amounts in the schedule to provide the
9 state share of administrative contract costs for the medical assistance program
10 under ss. 49.45 and 49.665, other than payments to counties under s. 49.33 (8), to
11 reimburse insurers for their costs under s. 49.475, for costs associated with outreach

1 activities, and for services of resource centers under s. 46.283. No state positions may
2 be funded in the department of health and family services from this appropriation,
3 except positions for the performance of duties under a contract in effect before
4 January 1, 1987, related to the administration of the medical assistance program
5 between the subunit of the department primarily responsible for administering the
6 medical assistance program and another subunit of the department. Total
7 administrative funding authorized for the program under s. 49.665 may not exceed
8 10% of the amounts budgeted under pars. (bc) and (p).

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

9 **SECTION 3.** 20.435 (4) (bn) of the statutes is created to read:

10 20.435 (4) (bn) *Medical assistance administration; payments to counties.* The
11 amounts in the schedule for payments to counties under s. 49.33 (8) relating to the
12 administration of the medical assistance program.

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

13 **SECTION 4.** 20.435 (4) (nn) of the statutes is created to read:

14 20.435 (4) (nn) *Federal aid; payments to counties for medical assistance*
15 *administration.* All moneys received from the federal government for the costs of
16 contracting for the administration of the medical assistance program, other than
17 moneys received under par. (pa), for payments to counties under s. 49.33 (8) relating
18 to the administration of the medical assistance program.

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

19 **SECTION 5.** 20.435 (4) (pa) of the statutes is amended to read:

20 20.435 (4) (pa) *Federal aid; medical assistance contracts administration.* All
21 federal moneys received for the federal share of the cost of contracting for payment

1 and services administration and reporting, other than moneys received under par.
2 (nn), to reimburse insurers for their costs under s. 49.475 and for services of resource
3 centers under s. 46.283.

4 **SECTION 6.** 20.445 (3) (dz) of the statutes is amended to read:

5 20.445 (3) (dz) *Wisconsin works and other public assistance administration and*
6 *benefits.* The amounts in the schedule, less the amounts withheld under s. 49.143
7 (3), for administration and benefit payments under Wisconsin works under ss.
8 49.141 to 49.161, the learnfare program under s. 49.26, the work experience and job
9 search program under s. 49.36, and the food stamp program under s. 49.124; for
10 ~~payment distribution~~ payments to counties under s. 49.33 (8) for ~~county~~
11 ~~administration of public assistance benefits and medical assistance eligibility~~
12 ~~determination~~ and for payments to American Indian tribes for administration of
13 public assistance programs; ~~to provide state aid for county administered public~~
14 ~~assistance programs for which reimbursement is provided under s. 49.33 (9); and for~~
15 funeral expenses under s. 49.30. Payments may be made from this appropriation to
16 counties for fraud investigation and error reduction under s. 49.197 (1m) and (4).
17 Moneys appropriated under this paragraph may be used to match federal funds
18 received under par. (md). Notwithstanding ss. 20.001 (3) (a) and 20.002 (1), the
19 department may transfer funds between fiscal years under this paragraph. All funds
20 allocated by the department but not encumbered by December 31 of each year lapse
21 to the general fund on the next January 1 unless transferred to the next calendar
22 year by the joint committee on finance.

23 **SECTION 7.** 20.445 (3) (L) of the statutes is amended to read:

24 20.445 (3) (L) *Welfare fraud and error reduction; state operations.* From the
25 moneys received as the state's share of the recovery of overpayments and incorrect

1 payments under s. 49.191 (3) (c), 1997 stats., s. 49.195, 1997 stats., and ss. 49.125 (2),
2 and 49.497 (1), the amounts in the schedule for the department's activities to reduce
3 error and fraud in the food stamp, aid to families with dependent children, Wisconsin
4 works program and medical assistance programs under s. 49.197.

5 **SECTION 8.** 20.512 (1) (i) of the statutes is amended to read:

6 20.512 (1) (i) *Services to nonstate governmental units.* The amounts in the
7 schedule for the purpose of funding personnel services to nonstate governmental
8 units under s. 230.05 (8), including services provided under ~~ss. 49.33 (5) and s. 59.26~~
9 (8) (a). All moneys received from the sale of these services shall be credited to this
10 appropriation.

11 **SECTION 9.** 46.22 (1) (d) of the statutes is repealed.

12 **SECTION 10.** 46.22 (2) (b) of the statutes is amended to read:

13 46.22 (2) (b) Appoint the county social services director under sub. (3) subject
14 to ~~s. 49.33 (4) to (7) and the rules promulgated thereunder~~ and subject to the approval
15 of the county board of supervisors in a county with a single-county department of
16 social services or the county boards of supervisors in counties with a multicounty
17 department of social services.

18 **SECTION 11.** 46.22 (3m) (a) of the statutes is amended to read:

19 46.22 (3m) (a) In any county with a county executive or a county administrator
20 which has established a single-county department of social services, the county
21 executive or county administrator, ~~subject to s. 49.33 (4) to (7) and the rules~~
22 ~~promulgated thereunder,~~ shall appoint and supervise the county social services
23 director. The appointment is subject to the confirmation of the county board of
24 supervisors unless the county board of supervisors, by ordinance, elects to waive

1 confirmation or unless the appointment is made under a civil service system
2 competitive examination procedure established under s. 59.52 (8) or ch. 63.

3 **SECTION 12.** 49.197 (1m) of the statutes is amended to read:

4 49.197 (1m) FRAUD INVESTIGATION. From the appropriations under s. 20.445 (3)
5 (dz), (L), (md), (n), and (nL), the department shall establish a program to investigate
6 suspected fraudulent activity on the part of recipients of ~~medical assistance under~~
7 ~~subch. IV~~, aid to families with dependent children under s. 49.19 and food stamp
8 benefits under the food stamp program under 7 USC 2011 to 2036 and, on the part
9 of participants in the Wisconsin works program under ss. 49.141 to 49.161, and, if
10 the department of health and family services contracts with the department under
11 s. 49.45 (2) (b) 6., on the part of recipients of medical assistance under subch. IV. The
12 department's activities under this subsection may include, but are not limited to,
13 comparisons of information provided to the department by an applicant and
14 information provided by the applicant to other federal, state, and local agencies,
15 development of an advisory welfare investigation prosecution standard, and
16 provision of funds to county departments under ss. 46.215, 46.22, and 46.23 and to
17 Wisconsin works agencies to encourage activities to detect fraud. The department
18 shall cooperate with district attorneys regarding fraud prosecutions.

19 **SECTION 13.** 49.197 (3) of the statutes is amended to read:

20 49.197 (3) STATE ERROR REDUCTION ACTIVITIES. The department shall conduct
21 activities to reduce payment errors in ~~medical assistance under subch. IV~~, Wisconsin
22 works under ss. 49.141 to 49.161, ~~aid to families with dependent children under s.~~
23 ~~49.19~~ and the food stamp program under 7 USC 2011 to ~~2029~~ 2036, and, if the
24 department of health and family services contracts with the department under s.
25 49.45 (2) (b) 6., the medical assistance program under subch. IV. The department

1 shall fund the activities under this section from the appropriation under s. 20.445
2 (3) (L).

3 **SECTION 14.** 49.197 (4) of the statutes is amended to read:

4 49.197 (4) COUNTY AND TRIBAL ERROR REDUCTION. The department shall provide
5 funds from the appropriations under s. 20.445 (3) (dz), (L), and (Lm) and federal
6 matching funds from the appropriations under s. 20.445 (3) (md), (n), and (nL) to
7 counties and governing bodies of federally recognized American Indian tribes
8 administering ~~medical assistance under subch. IV, aid to families with dependent~~
9 ~~children under s. 49.19 or the food stamp program under 7 USC 2011 to 2029 2036~~
10 or, if the department of health and family services contracts with the department
11 under s. 49.45 (2) (b) 6., the medical assistance program under subch. IV to offset
12 administrative costs of reducing payment errors in those programs.

13 **SECTION 15.** 49.30 (2) of the statutes is amended to read:

14 49.30 (2) From the ~~appropriation~~ appropriations under s. 20.445 (3) (dz) and
15 (md), the department shall reimburse a county or applicable tribal governing body
16 or organization for any amount that the county or applicable tribal governing body
17 or organization is required to pay under sub. (1). From the ~~appropriation~~
18 appropriations under s. 20.445 (3) (dz) and (md), the department shall reimburse a
19 county or applicable tribal governing body or organization for cemetery expenses or
20 for funeral and burial expenses for persons described under sub. (1) that the county
21 or applicable tribal governing body or organization is not required to pay under subs.
22 (1) and (1m) only if the department approves the reimbursement due to unusual
23 circumstances.

24 **SECTION 16.** 49.32 (2) (d) of the statutes is amended to read:

1 49.32 (2) (d) The department shall disburse from state or federal funds or both
2 the entire amount and charge the county for its share under s. 49.33 (8) and (9).

3 **SECTION 17.** 49.32 (7) (b) of the statutes is amended to read:

4 49.32 (7) (b) The department shall conduct a program to periodically match the
5 records of recipients of ~~medical assistance under s. 49.46, 49.468 or 49.47,~~ aid to
6 families with dependent children under s. 49.19 and food stamp benefits under the
7 food stamp program under 7 USC 2011 to 2029 2036 and, if the department of health
8 and family services contracts with the department under s. 49.45 (2) (b) 6., recipients
9 of medical assistance under subch. IV with the records of recipients under those
10 programs in other states. If an agreement with the other states can be obtained,
11 matches with records of states contiguous to this state shall be conducted at least
12 annually.

13 **SECTION 18.** 49.32 (7) (c) of the statutes is amended to read:

14 49.32 (7) (c) The department shall conduct a program to periodically match the
15 address records of recipients of ~~medical assistance under s. 49.46, 49.468 or 49.47,~~
16 aid to families with dependent children under s. 49.19 and food stamp benefits under
17 the food stamp program under 7 USC 2011 to 2029 2036 and, if the department of
18 health and family services contracts with the department under s. 49.45 (2) (b) 6.,
19 recipients of medical assistance under subch. IV to verify residency and to identify
20 recipients receiving duplicate or fraudulent payments.

21 **SECTION 19.** 49.32 (7) (d) of the statutes is amended to read:

22 49.32 (7) (d) The department, with assistance from the department of
23 corrections, shall conduct a program to periodically match the records of persons
24 confined in state correctional facilities with the records of recipients of ~~medical~~
25 ~~assistance under s. 49.46, 49.468 or 49.47,~~ aid to families with dependent children

1 under s. 49.19 and food stamp benefits under the food stamp program under 7 USC
2 2011 to 2029 2036 and, if the department of health and family services contracts with
3 the department under s. 49.45 (2) (b) 6., recipients of medical assistance under subch.
4 IV to identify recipients who may be ineligible for benefits.

5 **SECTION 20.** 49.33 (1) (b) of the statutes is amended to read:

6 49.33 (1) (b) “Income maintenance program” means ~~aid to families with~~
7 ~~dependent children under s. 49.19, the~~ Wisconsin works program under ss. 49.141
8 to 49.161, the medical assistance program under subch. IV ~~of ch. 49,~~ or the food stamp
9 program under 7 USC 2011 to 2029 2036.

10 **SECTION 21.** 49.33 (2) of the statutes is repealed and recreated to read:

11 49.33 (2) CONTRACTS. (a) Annually, the department and the department of
12 health and family services shall, jointly, contract with county departments under ss.
13 46.215, 46.22, and 46.23 to reimburse the county departments for the reasonable cost
14 of administering the medical assistance program under subch. IV.

15 (b) Annually, the department shall contract with county departments under ss.
16 46.215, 46.22, and 46.23 to reimburse the county departments for the reasonable cost
17 of administering income maintenance programs, other than the medical assistance
18 program under subch. IV.

19 **SECTION 22.** 49.33 (4) of the statutes is repealed.

20 **SECTION 23.** 49.33 (5) of the statutes is repealed.

21 **SECTION 24.** 49.33 (6) of the statutes is repealed.

22 **SECTION 25.** 49.33 (7) of the statutes is repealed.

23 **SECTION 26.** 49.33 (8) (a) of the statutes is amended to read:

24 49.33 (8) (a) The From the appropriation accounts under ss. 20.445 (3) (dz),
25 (kx), (md), and (nL) and subject to par. (b), the department shall reimburse each

1 county that contracts with the department and the department of health and family
2 services under sub. (2) (a) for reasonable costs of income maintenance relating to the
3 administration of the programs under this subchapter and subch. IV according to
4 administering the medical assistance program under subch. IV and that contracts
5 with the department under sub. (2) (b) for the reasonable costs of administering
6 income maintenance programs other than the medical assistance program under
7 subch. IV. The amount of each reimbursement paid under this paragraph shall be
8 calculated using a formula based on workload within the limits of available state and
9 federal funds under s. 20.445 (3) (dz), (~~kx~~), (md), and (nL) by contract under s. 49.33
10 (2). The amount of reimbursement calculated under this paragraph and par. (b) is
11 in addition to any reimbursement provided to a county for fraud and error reduction
12 under s. 49.197 (1m) and (4).

13 **SECTION 27.** 49.33 (8) (b) of the statutes is amended to read:

14 49.33 (8) (b) The department may adjust the amounts determined under par.
15 (a) for workload changes and computer network activities performed by counties and
16 may reduce the amount of any reimbursement if federal reimbursement is withheld
17 due to audits, quality control samples, or program reviews.

18 **SECTION 28.** 49.33 (9) of the statutes is repealed.

19 **SECTION 29.** 49.33 (10) (a) of the statutes is amended to read:

20 49.33 (10) (a) The county treasurer and each director of a county department
21 under s. 46.215, 46.22, or 46.23 shall certify monthly under oath to the department
22 in such manner as the department prescribes the claim of the county for state
23 reimbursement under subs. sub. (8) and (9) and (a). The department shall review
24 each claim of reimbursement and, if the department approves such the claim it, the
25 department shall certify to the department of administration for reimbursement to

1 the county for amounts due under ~~these subsections sub. (8) (a)~~ and payment claimed
2 to be made to the counties monthly. The department may make advance payments
3 prior to the beginning of each month equal to one-twelfth of the contracted amount.

4 **SECTION 30.** 49.45 (2) (a) 3. of the statutes is amended to read:

5 49.45 (2) (a) 3. Determine the eligibility of persons for medical assistance,
6 rehabilitative, and social services under ss. 49.46, 49.468, and 49.47 and rules and
7 policies adopted by the department and ~~may shall~~, under a contract under s. 49.33
8 (2) (a), designate this function to the county department under s. 46.215, 46.22, or
9 46.23 or, to the extent permitted by federal law or a waiver from the federal secretary
10 of health and human services, to a Wisconsin works agency.

11 **SECTION 31.** 49.45 (2) (a) 3m. of the statutes is created to read:

12 49.45 (2) (a) 3m. If the department does not contract with the department of
13 workforce development under par. (b) 6., establish a program to investigate
14 suspected fraudulent activity on the part of recipients of medical assistance and
15 establish a program to reduce errors in the payments of medical assistance.

16 **SECTION 32.** 49.45 (2) (b) 6. of the statutes is created to read:

17 49.45 (2) (b) 6. Contract with the department of workforce development to
18 investigate suspected fraudulent activity on the part of medical assistance recipients
19 and to reduce errors in the payments of medical assistance under s. 49.197.

20 **SECTION 33.** 49.45 (40) of the statutes is amended to read:

21 49.45 (40) PERIODIC RECORD MATCHES. ~~The~~ If the department contracts with the
22 department of workforce development under sub. (2) (b) 6., the department shall
23 cooperate with the department of workforce development in matching records of
24 medical assistance recipients under s. 49.32 (7).

25 **SECTION 34.** 59.22 (2) (c) 2. of the statutes is amended to read:

1 59.22 (2) (c) 2. No action of the board may be contrary to or in derogation of the
2 rules of the department of health and family services under s. 49.33 (4) to (7) relating
3 to employees administering old age assistance, aid to families with dependent
4 children, aid to the blind and aid to totally and permanently disabled persons or ss.
5 63.01 to 63.17.

6 SECTION 35. 230.45 (1) (e) of the statutes is repealed.

7 SECTION 36. 230.45 (3) of the statutes is amended to read:

8 230.45 (3) The commission shall promulgate rules establishing a schedule of
9 filing fees to be paid by any person who files an appeal under sub. (1) (c) or (e) or s.
10 230.44 (1) (a) or (b) with the commission on or after the effective date of the rules
11 promulgated under this subsection. Fees paid under this subsection shall be
12 deposited in the general fund as general purpose revenue - earned.

Insert 12-13

13 SECTION 9158. Nonstatutory provisions; workforce development.

Insert 12-15

14 (1) ~~TRANSFER OF MEDICAL ASSISTANCE ELIGIBILITY DETERMINATIONS~~

15 ~~(b)~~ / Transfer of positions and employees.

8.18

16 1. On the effective date of this subdivision, ~~10.0~~ FTE FED positions in the
17 department of workforce development, and the incumbent employees holding those
18 positions, are transferred to the department of health and family services.

19 2. On the effective date of this subdivision, ~~7.0~~ FTE PR positions in the
20 department of workforce development, and the incumbent employees holding those
21 positions, are transferred to the department of health and family services.

22 ~~(b)~~ / 2. On the effective date of this subdivision, ~~10.0~~ FTE GPR positions in the
23 department of workforce development, and the incumbent employees holding those
24 positions, are transferred to the department of health and family services.

4.82

Insert 12-29

1 ^{st.} The departments of workforce development and health and family services
 2 shall jointly determine the employees to be transferred under subdivisions 1. ~~and~~ to
 3 ^{st.} and shall jointly develop a plan for the orderly transfer thereof. In the event of any
 4 disagreement between the departments, the secretary of administration shall
 5 resolve the dispute and shall develop a plan for the orderly transfer thereof.
 6 ^(c) ~~(b)~~ *Employee status.* Employees transferred under paragraph ~~(b)~~ ^(b) have all the
 7 rights and the same status under subchapter V of chapter 111 and chapter 230 of the
 8 statutes in the department of health and family services that they enjoyed in the
 9 department of workforce development immediately before the transfer.
 10 Notwithstanding section 230.28 (4) of the statutes, no employee so transferred who
 11 has attained permanent status in class is required to serve a probationary period.

12 (2) STUDY OF TRANSFERRING THE FOOD STAMP PROGRAM. The department of
 13 workforce development shall study the impacts of transferring the food stamp
 14 program under section 49.124 of the statutes to the department of health and family
 15 services, including the resources that would be transferred and the effects of the
 16 transfer on the client assistance for reemployment and economic support computer
 17 system and the local service delivery system. The department of workforce
 18 development shall submit a report on the results of the study to the governor no later
 19 than December 31, 2001.

20 **SECTION 9358. Initial applicability; workforce development.**

21 (1) MEDICAL ASSISTANCE ELIGIBILITY DETERMINATIONS. The treatment of section
 22 49.33 (1) (b), (2), (8) (a) and (b), and (10) (a) of the statutes first applies to contracts
 23 entered into, extended, modified, or renewed on the effective date of this subsection.



RMK

DOA:.....Blaine - Transfer of MA eligibility administration from DWD to DHFS

FOR 2001-03 BUDGET - NOT READY FOR INTRODUCTION

SOON

*- only change is on P. 3, L. 10
Thank!*

*DON'T
GEN. CAT*

1

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

Analysis by the Legislative Reference Bureau

HEALTH AND HUMAN SERVICES

MEDICAL ASSISTANCE

Under current law, county departments of social services and county departments of human services (county departments) determine the eligibility of individuals for the medical assistance (MA) program, the food stamp program, and, in most cases, the Wisconsin works (W-2) program. Under current law, DWD administers the food stamp program, the W-2 program, and the eligibility determination aspect of the MA program. DHFS administers all other aspects of the MA program. Currently, DWD contracts with the county departments to reimburse the counties for the reasonable costs of determining eligibility of individuals for each program. The amount that is reimbursed to each county department is calculated using a formula based on each county's workload and the amount of available state and federal moneys. DWD also is required to establish, by rule, standards of competency and training requirements for county workers who make the eligibility determinations and to submit a report annually to the appropriate standing committees of the legislature on funds recovered and paid out during the previous calendar year as a result of audit adjustments.

This bill requires DWD and DHFS, jointly, to contract with county departments to reimburse the county departments for the reasonable costs of determining the

eligibility of individuals for the MA program. Under the bill, DWD continues to make the payment for reimbursement to the county departments but the payments are funded, in part, by an appropriation to DHFS.

Also under current law, DWD is required to investigate suspected fraudulent activity on the part of individuals who receive food stamp benefits or MA benefits or who participate in the W-2 program and to reduce errors in the payment of benefits under each program. Finally, in addition to the reimbursements made to counties for determining the eligibility of individuals for the MA, food stamp, and W-2 programs, DWD makes payments to each county and any federally recognized American Indian tribe administering the programs for the administrative costs of activities designed to reduce fraud and errors under each program.

The bill also authorizes DHFS to contract with DWD to investigate possible fraud and to conduct payment error activities as part of DWD's current fraud investigation and error reduction activities. If DHFS does not contract with DWD, the bill requires DHFS to establish its own program to investigate possible fraud on the part of MA recipients and to reduce errors in the payments of MA. The bill continues to require DWD to investigate food stamp and W-2 fraud and to make payments to county departments and Indian tribes for costs of reducing fraud and errors in the food stamp and W-2 programs.

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) (a) of the statutes is amended to read:

2 20.435 (4) (a) *General program operations.* The amounts in the schedule for
3 general program operations, including health care financing regulation,
4 administration, and field services and medical assistance eligibility determinations
5 under s. 49.45 (2) (a) 3.

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

7 20.435 (4) (bm) *Medical assistance administration; contract costs, insurer*
8 *reports, and resource centers.* Biennially, the amounts in the schedule to provide the
9 state share of administrative contract costs for the medical assistance program
10 under ss. 49.45 and 49.665, other than payments to counties under s. 49.33 (8), to
11 reimburse insurers for their costs under s. 49.475, for costs associated with outreach

1 activities, and for services of resource centers under s. 46.283. No state positions may
2 be funded in the department of health and family services from this appropriation,
3 except positions for the performance of duties under a contract in effect before
4 January 1, 1987, related to the administration of the medical assistance program
5 between the subunit of the department primarily responsible for administering the
6 medical assistance program and another subunit of the department. Total
7 administrative funding authorized for the program under s. 49.665 may not exceed
8 10% of the amounts budgeted under pars. (bc) and (p).

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

9 SECTION 3. 20.435 (4) (bn) of the statutes is created to read:

10 20.435 (4) (bn) *Medical assistance administration; payments to counties.* ^{Biennially} The
11 amounts in the schedule for payments to counties under s. 49.33 (8) relating to the
12 administration of the medical assistance program.

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

13 SECTION 4. 20.435 (4) (nn) of the statutes is created to read:

14 20.435 (4) (nn) *Federal aid; payments to counties for medical assistance*
15 *administration.* All moneys received from the federal government for the costs of
16 contracting for the administration of the medical assistance program, other than
17 moneys received under par. (pa), for payments to counties under s. 49.33 (8) relating
18 to the administration of the medical assistance program.

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

19 SECTION 5. 20.435 (4) (pa) of the statutes is amended to read:

20 20.435 (4) (pa) *Federal aid; medical assistance contracts administration.* All
21 federal moneys received for the federal share of the cost of contracting for payment

1 and services administration and reporting, other than moneys received under par.
2 (nn), to reimburse insurers for their costs under s. 49.475 and for services of resource
3 centers under s. 46.283.

4 **SECTION 6.** 20.445 (3) (dz) of the statutes is amended to read:

5 20.445 (3) (dz) *Wisconsin works and other public assistance administration and*
6 *benefits.* The amounts in the schedule, less the amounts withheld under s. 49.143
7 (3), for administration and benefit payments under Wisconsin works under ss.
8 49.141 to 49.161, the learnfare program under s. 49.26, the work experience and job
9 search program under s. 49.36, and the food stamp program under s. 49.124; for
10 ~~payment distribution~~ payments to counties under s. 49.33 (8) ~~for county~~
11 ~~administration of public assistance benefits and medical assistance eligibility~~
12 ~~determination~~ and for payments to American Indian tribes for administration of
13 public assistance programs; to provide state aid for county administered public
14 ~~assistance programs for which reimbursement is provided under s. 49.33 (9);~~ and for
15 funeral expenses under s. 49.30. Payments may be made from this appropriation to
16 counties for fraud investigation and error reduction under s. 49.197 (1m) and (4).
17 Moneys appropriated under this paragraph may be used to match federal funds
18 received under par. (md). Notwithstanding ss. 20.001 (3) (a) and 20.002 (1), the
19 department may transfer funds between fiscal years under this paragraph. All funds
20 allocated by the department but not encumbered by December 31 of each year lapse
21 to the general fund on the next January 1 unless transferred to the next calendar
22 year by the joint committee on finance.

23 **SECTION 7.** 20.445 (3) (L) of the statutes is amended to read:

24 20.445 (3) (L) *Welfare fraud and error reduction; state operations.* From the
25 moneys received as the state's share of the recovery of overpayments and incorrect

1 payments under s. 49.191 (3) (c), 1997 stats., s. 49.195, 1997 stats., and ss. 49.125 (2),
2 and 49.497 (1), the amounts in the schedule for the department's activities to reduce
3 error and fraud ~~in the food stamp, aid to families with dependent children, Wisconsin~~
4 ~~works program and medical assistance programs~~ under s. 49.197.

5 **SECTION 8.** 20.512 (1) (i) of the statutes is amended to read:

6 20.512 (1) (i) *Services to nonstate governmental units.* The amounts in the
7 schedule for the purpose of funding personnel services to nonstate governmental
8 units under s. 230.05 (8), including services provided under ~~ss. 49.33 (5) and s. 59.26~~
9 (8) (a). All moneys received from the sale of these services shall be credited to this
10 appropriation.

11 **SECTION 9.** 46.22 (1) (d) of the statutes is repealed.

12 **SECTION 10.** 46.22 (2) (b) of the statutes is amended to read:

13 46.22 (2) (b) Appoint the county social services director under sub. (3) subject
14 ~~to s. 49.33 (4) to (7) and the rules promulgated thereunder~~ and subject to the approval
15 of the county board of supervisors in a county with a single-county department of
16 social services or the county boards of supervisors in counties with a multicounty
17 department of social services.

18 **SECTION 11.** 46.22 (3m) (a) of the statutes is amended to read:

19 46.22 (3m) (a) In any county with a county executive or a county administrator
20 which has established a single-county department of social services, the county
21 executive or county administrator, ~~subject to s. 49.33 (4) to (7) and the rules~~
22 ~~promulgated thereunder,~~ shall appoint and supervise the county social services
23 director. The appointment is subject to the confirmation of the county board of
24 supervisors unless the county board of supervisors, by ordinance, elects to waive

1 confirmation or unless the appointment is made under a civil service system
2 competitive examination procedure established under s. 59.52 (8) or ch. 63.

3 **SECTION 12.** 49.197 (1m) of the statutes is amended to read:

4 49.197 (1m) FRAUD INVESTIGATION. From the appropriations under s. 20.445 (3)
5 (dz), (L), (md), (n), and (nL), the department shall establish a program to investigate
6 suspected fraudulent activity on the part of recipients of ~~medical assistance under~~
7 ~~subch. IV~~, aid to families with dependent children under s. 49.19 and food stamp
8 benefits under the food stamp program under 7 USC 2011 to 2036 and, on the part
9 of participants in the Wisconsin works program under ss. 49.141 to 49.161, and, if
10 the department of health and family services contracts with the department under
11 s. 49.45 (2) (b) 6., on the part of recipients of medical assistance under subch. IV. The
12 department's activities under this subsection may include, but are not limited to,
13 comparisons of information provided to the department by an applicant and
14 information provided by the applicant to other federal, state, and local agencies,
15 development of an advisory welfare investigation prosecution standard, and
16 provision of funds to county departments under ss. 46.215, 46.22, and 46.23 and to
17 Wisconsin works agencies to encourage activities to detect fraud. The department
18 shall cooperate with district attorneys regarding fraud prosecutions.

19 **SECTION 13.** 49.197 (3) of the statutes is amended to read:

20 49.197 (3) STATE ERROR REDUCTION ACTIVITIES. The department shall conduct
21 activities to reduce payment errors in ~~medical assistance under subch. IV~~, Wisconsin
22 works under ss. 49.141 to 49.161, ~~aid to families with dependent children under s.~~
23 ~~49.19~~ and the food stamp program under 7 USC 2011 to ~~2029~~ 2036, and, if the
24 department of health and family services contracts with the department under s.
25 49.45 (2) (b) 6., the medical assistance program under subch. IV. The department

1 shall fund the activities under this section from the appropriation under s. 20.445
2 (3) (L).

3 **SECTION 14.** 49.197 (4) of the statutes is amended to read:

4 49.197 (4) COUNTY AND TRIBAL ERROR REDUCTION. The department shall provide
5 funds from the appropriations under s. 20.445 (3) (dz), (L), and (Lm) and federal
6 matching funds from the appropriations under s. 20.445 (3) (md), (n), and (nL) to
7 counties and governing bodies of federally recognized American Indian tribes
8 administering ~~medical assistance under subch. IV, aid to families with dependent~~
9 ~~children under s. 49.19 or the food stamp program under 7 USC 2011 to 2029 2036~~
10 or, if the department of health and family services contracts with the department
11 under s. 49.45 (2) (b) 6., the medical assistance program under subch. IV to offset
12 administrative costs of reducing payment errors in those programs.

13 **SECTION 15.** 49.30 (2) of the statutes is amended to read:

14 49.30 (2) From the ~~appropriation~~ appropriations under s. 20.445 (3) (dz) and
15 (md), the department shall reimburse a county or applicable tribal governing body
16 or organization for any amount that the county or applicable tribal governing body
17 or organization is required to pay under sub. (1). From the ~~appropriation~~
18 appropriations under s. 20.445 (3) (dz) and (md), the department shall reimburse a
19 county or applicable tribal governing body or organization for cemetery expenses or
20 for funeral and burial expenses for persons described under sub. (1) that the county
21 or applicable tribal governing body or organization is not required to pay under subs.
22 (1) and (1m) only if the department approves the reimbursement due to unusual
23 circumstances.

24 **SECTION 16.** 49.32 (2) (d) of the statutes is amended to read:

1 49.32 (2) (d) The department shall disburse from state or federal funds or both
2 the entire amount and charge the county for its share under s. 49.33 (8) and (9).

3 **SECTION 17.** 49.32 (7) (b) of the statutes is amended to read:

4 49.32 (7) (b) The department shall conduct a program to periodically match the
5 records of recipients of ~~medical assistance under s. 49.46, 49.468 or 49.47~~, aid to
6 families with dependent children under s. 49.19 and food stamp benefits under the
7 food stamp program under 7 USC 2011 to 2029 2036 and, if the department of health
8 and family services contracts with the department under s. 49.45 (2) (b) 6., recipients
9 of medical assistance under subch. IV with the records of recipients under those
10 programs in other states. If an agreement with the other states can be obtained,
11 matches with records of states contiguous to this state shall be conducted at least
12 annually.

13 **SECTION 18.** 49.32 (7) (c) of the statutes is amended to read:

14 49.32 (7) (c) The department shall conduct a program to periodically match the
15 address records of recipients of ~~medical assistance under s. 49.46, 49.468 or 49.47~~,
16 aid to families with dependent children under s. 49.19 and food stamp benefits under
17 the food stamp program under 7 USC 2011 to 2029 2036 and, if the department of
18 health and family services contracts with the department under s. 49.45 (2) (b) 6.,
19 recipients of medical assistance under subch. IV to verify residency and to identify
20 recipients receiving duplicate or fraudulent payments.

21 **SECTION 19.** 49.32 (7) (d) of the statutes is amended to read:

22 49.32 (7) (d) The department, with assistance from the department of
23 corrections, shall conduct a program to periodically match the records of persons
24 confined in state correctional facilities with the records of recipients of ~~medical~~
25 ~~assistance under s. 49.46, 49.468 or 49.47~~, aid to families with dependent children

1 under s. 49.19 and food stamp benefits under the food stamp program under 7 USC
2 2011 to 2029 2036 and, if the department of health and family services contracts with
3 the department under s. 49.45 (2) (b) 6., recipients of medical assistance under subch.
4 IV to identify recipients who may be ineligible for benefits.

5 **SECTION 20.** 49.33 (1) (b) of the statutes is amended to read:

6 49.33 (1) (b) "Income maintenance program" means ~~aid to families with~~
7 ~~dependent children under s. 49.19, the~~ Wisconsin works program under ss. 49.141
8 to 49.161, the medical assistance program under subch. IV of ~~ch. 49,~~ or the food stamp
9 program under 7 USC 2011 to 2029 2036.

10 **SECTION 21.** 49.33 (2) of the statutes is repealed and recreated to read:

11 49.33 (2) CONTRACTS. (a) Annually, the department and the department of
12 health and family services shall, jointly, contract with county departments under ss.
13 46.215, 46.22, and 46.23 to reimburse the county departments for the reasonable cost
14 of administering the medical assistance program under subch. IV.

15 (b) Annually, the department shall contract with county departments under ss.
16 46.215, 46.22, and 46.23 to reimburse the county departments for the reasonable cost
17 of administering income maintenance programs, other than the medical assistance
18 program under subch. IV.

19 **SECTION 22.** 49.33 (4) of the statutes is repealed.

20 **SECTION 23.** 49.33 (5) of the statutes is repealed.

21 **SECTION 24.** 49.33 (6) of the statutes is repealed.

22 **SECTION 25.** 49.33 (7) of the statutes is repealed.

23 **SECTION 26.** 49.33 (8) (a) of the statutes is amended to read:

24 49.33 (8) (a) The From the appropriation accounts under ss. 20.445 (3) (dz),
25 (kx), (md), and (nL) and subject to par. (b), the department shall reimburse each

1 county that contracts with the department and the department of health and family
2 services under sub. (2) (a) for reasonable costs of income maintenance relating to the
3 administration of the programs under this subchapter and subch. IV according to
4 administering the medical assistance program under subch. IV and that contracts
5 with the department under sub. (2) (b) for the reasonable costs of administering
6 income maintenance programs other than the medical assistance program under
7 subch. IV. The amount of each reimbursement paid under this paragraph shall be
8 calculated using a formula based on workload within the limits of available state and
9 federal funds under s. 20.445 (3) (dz), (kx), (md), and (nL) by contract under s. 49.33
10 (2). The amount of reimbursement calculated under this paragraph and par. (b) is
11 in addition to any reimbursement provided to a county for fraud and error reduction
12 under s. 49.197 (1m) and (4).

13 **SECTION 27.** 49.33 (8) (b) of the statutes is amended to read:

14 49.33 (8) (b) The department may adjust the amounts determined under par.
15 (a) for workload changes and computer network activities performed by counties and
16 may reduce the amount of any reimbursement if federal reimbursement is withheld
17 due to audits, quality control samples, or program reviews.

18 **SECTION 28.** 49.33 (9) of the statutes is repealed.

19 **SECTION 29.** 49.33 (10) (a) of the statutes is amended to read:

20 49.33 (10) (a) The county treasurer and each director of a county department
21 under s. 46.215, 46.22, or 46.23 shall certify monthly under oath to the department
22 in such manner as the department prescribes the claim of the county for state
23 reimbursement under ~~subs. sub. (8) and (9) and (a).~~ The department shall review
24 each claim of reimbursement and, if the department approves such the claim it, the
25 department shall certify to the department of administration for reimbursement to

1 the county for amounts due under ~~these subsections~~ sub. (8) (a) and payment claimed
2 to be made to the counties monthly. The department may make advance payments
3 prior to the beginning of each month equal to one-twelfth of the contracted amount.

4 **SECTION 30.** 49.45 (2) (a) 3. of the statutes is amended to read:

5 49.45 (2) (a) 3. Determine the eligibility of persons for medical assistance,
6 rehabilitative, and social services under ss. 49.46, 49.468, and 49.47 and rules and
7 policies adopted by the department and ~~may~~ shall, under a contract under s. 49.33
8 (2) (a), designate this function to the county department under s. 46.215, 46.22, or
9 46.23 or, to the extent permitted by federal law or a waiver from the federal secretary
10 of health and human services, to a Wisconsin works agency.

11 **SECTION 31.** 49.45 (2) (a) 3m. of the statutes is created to read:

12 49.45 (2) (a) 3m. If the department does not contract with the department of
13 workforce development under par. (b) 6., establish a program to investigate
14 suspected fraudulent activity on the part of recipients of medical assistance and
15 establish a program to reduce errors in the payments of medical assistance.

16 **SECTION 32.** 49.45 (2) (b) 6. of the statutes is created to read:

17 49.45 (2) (b) 6. Contract with the department of workforce development to
18 investigate suspected fraudulent activity on the part of medical assistance recipients
19 and to reduce errors in the payments of medical assistance under s. 49.197.

20 **SECTION 33.** 49.45 (40) of the statutes is amended to read:

21 49.45 (40) PERIODIC RECORD MATCHES. ~~The~~ If the department contracts with the
22 department of workforce development under sub. (2) (b) 6., the department shall
23 cooperate with the department of workforce development in matching records of
24 medical assistance recipients under s. 49.32 (7).

25 **SECTION 34.** 59.22 (2) (c) 2. of the statutes is amended to read:

1 59.22 (2) (c) 2. No action of the board may be contrary to or in derogation of the
2 ~~rules of the department of health and family services under s. 49.33 (4) to (7) relating~~
3 ~~to employees administering old-age assistance, aid to families with dependent~~
4 ~~children, aid to the blind and aid to totally and permanently disabled persons or ss.~~
5 63.01 to 63.17.

6 **SECTION 35.** 230.45 (1) (e) of the statutes is repealed.

7 **SECTION 36.** 230.45 (3) of the statutes is amended to read:

8 230.45 (3) The commission shall promulgate rules establishing a schedule of
9 filing fees to be paid by any person who files an appeal under sub. (1) (c) ~~or (e)~~ or s.
10 230.44 (1) (a) or (b) with the commission on or after the effective date of the rules
11 promulgated under this subsection. Fees paid under this subsection shall be
12 deposited in the general fund as general purpose revenue – earned.

13 **SECTION 9123. Nonstatutory provisions; health and family services.**

14 (1) MEDICAL ASSISTANCE ELIGIBILITY POSITION INCREASES.

15 (a) On the effective date of this paragraph, the authorized FTE positions for the
16 department of health and family services are increased by 5.18 GPR positions, to be
17 funded from the appropriation under section 20.435 (4) (a) of the statutes, as affected
18 by the acts of 2001.

19 (b) On the effective date of this paragraph, the authorized FTE positions for the
20 department of health and family services are increased by 1.82 FED positions, to be
21 funded from the appropriation under section 20.435 (4) (n) of the statutes, as affected
22 by the acts of 2001.

23 **SECTION 9158. Nonstatutory provisions; workforce development.**

24 (1) TRANSFER OF MEDICAL ASSISTANCE ELIGIBILITY.

25 (a) *Position decreases.*

1 1. On the effective date of this subdivision, the authorized FTE positions for the
2 department of workforce development, funded from the appropriation under section
3 20.445 (1) (kc) of the statutes, as affected by the acts of 2001, are decreased by 6.5
4 PR positions.

5 2. On the effective date of this subdivision, the authorized FTE positions for the
6 department of workforce development, funded from the appropriation under section
7 20.445 (1) (ha) of the statutes, as affected by the acts of 2001, are decreased by 0.3
8 PR position.

9 3. On the effective date of this subdivision, the authorized FTE positions for the
10 department of workforce development, funded from the appropriation under section
11 20.445 (1) (gb) of the statutes, as affected by the acts of 2001, are decreased by 0.2
12 PR position.

13 (b) *Transfer of positions and employees.*

14 1. On the effective date of this subdivision, 8.18 FTE FED positions in the
15 department of workforce development, and the incumbent employees holding those
16 positions, are transferred to the department of health and family services.

17 2. On the effective date of this subdivision, 4.82 FTE GPR positions in the
18 department of workforce development, and the incumbent employees holding those
19 positions, are transferred to the department of health and family services.

20 3. On the effective date of this subdivision, there are transferred from the
21 department of workforce development to the department of health and family
22 services 7.0 FTE incumbent employees holding the positions specified in paragraph
23 (a).

24 4. The departments of workforce development and health and family services
25 shall jointly determine the employees to be transferred under subdivisions 1. to 3.

1 and shall jointly develop a plan for the orderly transfer thereof. In the event of any
2 disagreement between the departments, the secretary of administration shall
3 resolve the dispute and shall develop a plan for the orderly transfer thereof.

4 (c) *Employee status.* Employees transferred under paragraph (b) have all the
5 rights and the same status under subchapter V of chapter 111 and chapter 230 of the
6 statutes in the department of health and family services that they enjoyed in the
7 department of workforce development immediately before the transfer.
8 Notwithstanding section 230.28 (4) of the statutes, no employee so transferred who
9 has attained permanent status in class is required to serve a probationary period.

10 (2) **STUDY OF TRANSFERRING THE FOOD STAMP PROGRAM.** The department of
11 workforce development shall study the impacts of transferring the food stamp
12 program under section 49.124 of the statutes to the department of health and family
13 services, including the resources that would be transferred and the effects of the
14 transfer on the client assistance for reemployment and economic support computer
15 system and the local service delivery system. The department of workforce
16 development shall submit a report on the results of the study to the governor no later
17 than December 31, 2001.

18 **SECTION 9358. Initial applicability; workforce development.**

19 (1) **MEDICAL ASSISTANCE ELIGIBILITY DETERMINATIONS.** The treatment of section
20 49.33 (1) (b), (2), (8) (a) and (b), and (10) (a) of the statutes first applies to contracts
21 entered into, extended, modified, or renewed on the effective date of this subsection.

22 (END)



State of Wisconsin
2001 - 2002 LEGISLATURE

LRB-1939/4⁵

ISR:kmg:kjf

RMR

DOA:.....Blaine - Transfer of MA eligibility administration from DWD to
DHFS

FOR 2001-03 BUDGET - NOT READY FOR INTRODUCTION

DNOTE

1

*DON'T
GEN. CAT*
AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

HEALTH AND HUMAN SERVICES

MEDICAL ASSISTANCE

Under current law, county departments of social services and county departments of human services (county departments) determine the eligibility of individuals for the medical assistance (MA) program, the food stamp program, and, in most cases, the Wisconsin works (W-2) program. Under current law, DWD administers the food stamp program, the W-2 program, and the eligibility determination aspect of the MA program. DIIFS administers all other aspects of the MA program. Currently, DWD contracts with the county departments to reimburse the counties for the reasonable costs of determining eligibility of individuals for each program. The amount that is reimbursed to each county department is calculated using a formula based on each county's workload and the amount of available state and federal moneys. DWD also is required to establish, by rule, standards of competency and training requirements for county workers who make the eligibility determinations and to submit a report annually to the appropriate standing committees of the legislature on funds recovered and paid out during the previous calendar year as a result of audit adjustments.

This bill requires DWD and DHFS, jointly, to contract with county departments to reimburse the county departments for the reasonable costs of determining the

eligibility of individuals for the MA program. Under the bill, DWD continues to make the payment for reimbursement to the county departments but the payments are funded, in part, by an appropriation to DHFS.

Also under current law, DWD is required to investigate suspected fraudulent activity on the part of individuals who receive food stamp benefits or MA benefits or who participate in the W-2 program and to reduce errors in the payment of benefits under each program. Finally, in addition to the reimbursements made to counties for determining the eligibility of individuals for the MA, food stamp, and W-2 programs, DWD makes payments to each county and any federally recognized American Indian tribe administering the programs for the administrative costs of activities designed to reduce fraud and errors under each program.

The bill also authorizes DHFS to contract with DWD to investigate possible fraud and to conduct payment error activities as part of DWD's current fraud investigation and error reduction activities. If DHFS does not contract with DWD, the bill requires DHFS to establish its own program to investigate possible fraud on the part of MA recipients and to reduce errors in the payments of MA. The bill continues to require DWD to investigate food stamp and W-2 fraud and to make payments to county departments and Indian tribes for costs of reducing fraud and errors in the food stamp and W-2 programs.

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) (a) of the statutes is amended to read:

2 20.435 (4) (a) *General program operations.* The amounts in the schedule for
3 general program operations, including health care financing regulation,
4 administration, and field services and medical assistance eligibility determinations
5 under s. 49.45 (2) (a) 3.

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

7 20.435 (4) (bm) *Medical assistance administration; contract costs, insurer*
8 *reports, and resource centers.* Biennially, the amounts in the schedule to provide the
9 state share of administrative contract costs for the medical assistance program
10 under ss. 49.45 and 49.665, other than payments to counties under s. 49.33 (8), to
11 reimburse insurers for their costs under s. 49.475, for costs associated with outreach

1 activities, and for services of resource centers under s. 46.283. No state positions may
2 be funded in the department of health and family services from this appropriation,
3 except positions for the performance of duties under a contract in effect before
4 January 1, 1987, related to the administration of the medical assistance program
5 between the subunit of the department primarily responsible for administering the
6 medical assistance program and another subunit of the department. Total
7 administrative funding authorized for the program under s. 49.665 may not exceed
8 10% of the amounts budgeted under pars. (bc) and (p).

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

9 **SECTION 3.** 20.435 (4) (bn) of the statutes is created to read:

10 20.435 (4) (bn) *Medical assistance administration; payments to counties.*
11 Biennially, the amounts in the schedule for payments to counties under s. 49.33 (8)
12 relating to the administration of the medical assistance program.

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

13 **SECTION 4.** 20.435 (4) (nn) of the statutes is created to read:

14 20.435 (4) (nn) *Federal aid; payments to counties for medical assistance*
15 *administration.* All moneys received from the federal government for the costs of
16 contracting for the administration of the medical assistance program, other than
17 moneys received under par. (pa), for payments to counties under s. 49.33 (8) relating
18 to the administration of the medical assistance program.

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

19 **SECTION 5.** 20.435 (4) (pa) of the statutes is amended to read:

20 20.435 (4) (pa) *Federal aid; medical assistance contracts administration.* All
21 federal moneys received for the federal share of the cost of contracting for payment

1 and services administration and reporting, other than moneys received under par.
2 (nn), to reimburse insurers for their costs under s. 49.475 and for services of resource
3 centers under s. 46.283.

4 **SECTION 6.** 20.445 (3) (dz) of the statutes is amended to read:

5 20.445 (3) (dz) *Wisconsin works and other public assistance administration and*
6 *benefits.* The amounts in the schedule, less the amounts withheld under s. 49.143
7 (3), for administration and benefit payments under Wisconsin works under ss.
8 49.141 to 49.161, the learnfare program under s. 49.26, the work experience and job
9 search program under s. 49.36, and the food stamp program under s. 49.124; for
10 ~~payment distribution payments to counties~~ under s. 49.33 (8) for county

11 ~~administration of public assistance benefits and medical assistance eligibility~~
12 ~~determination~~ and for payments to American Indian tribes for administration of
13 public assistance programs; ~~to provide state aid for county administered public~~

14 ~~assistance programs for which reimbursement is provided under s. 49.33 (9) and for~~ ^{for hospital paternity incentive payments under s. 69.14}
15 funeral expenses under s. 49.30. Payments may be made from this appropriation to ^{(1) (cm)}
16 counties for fraud investigation and error reduction under s. 49.197 (1m) and (4). ^{delete semicolon}

17 Moneys appropriated under this paragraph may be used to match federal funds
18 received under par. (md). Notwithstanding ss. 20.001 (3) (a) and 20.002 (1), the
19 department may transfer funds between fiscal years under this paragraph. ^{Insert 4-19} All funds

20 allocated by the department but not encumbered by December 31 of each year lapse
21 to the general fund on the next January 1 unless transferred to the next calendar
22 year by the joint committee on finance.

23 **SECTION 7.** 20.445 (3) (L) of the statutes is amended to read:

24 20.445 (3) (L) *Welfare fraud and error reduction; state operations.* From the
25 moneys received as the state's share of the recovery of overpayments and incorrect

14

19

Insert 4-23

Insert 4-19

Plain semicolon

1 payments under s. 49.191 (3) (c), 1997 stats., s. 49.195, 1997 stats., and ss. 49.125 (2),
2 and 49.497 (1), the amounts in the schedule for the department's activities to reduce
3 error and fraud in the food stamp, aid to families with dependent children, Wisconsin
4 works program and medical assistance programs under s. 49.197.

5 **SECTION 8.** 20.512 (1) (i) of the statutes is amended to read:

6 20.512 (1) (i) *Services to nonstate governmental units.* The amounts in the
7 schedule for the purpose of funding personnel services to nonstate governmental
8 units under s. 230.05 (8), including services provided under ~~ss. 49.33 (5) and s. 59.26~~
9 (8) (a). All moneys received from the sale of these services shall be credited to this
10 appropriation.

11 **SECTION 9.** 46.22 (1) (d) of the statutes is repealed.

12 **SECTION 10.** 46.22 (2) (b) of the statutes is amended to read:

13 46.22 (2) (b) Appoint the county social services director under sub. (3) subject
14 ~~to s. 49.33 (4) to (7) and the rules promulgated thereunder~~ and subject to the approval
15 of the county board of supervisors in a county with a single-county department of
16 social services or the county boards of supervisors in counties with a multicounty
17 department of social services.

18 **SECTION 11.** 46.22 (3m) (a) of the statutes is amended to read:

19 46.22 (3m) (a) In any county with a county executive or a county administrator
20 which has established a single-county department of social services, the county
21 executive or county administrator, ~~subject to s. 49.33 (4) to (7) and the rules~~
22 ~~promulgated thereunder~~, shall appoint and supervise the county social services
23 director. The appointment is subject to the confirmation of the county board of
24 supervisors unless the county board of supervisors, by ordinance, elects to waive

1 confirmation or unless the appointment is made under a civil service system
2 competitive examination procedure established under s. 59.52 (8) or ch. 63.

3 **SECTION 12.** 49.197 (1m) of the statutes is amended to read:

4 49.197 (1m) FRAUD INVESTIGATION. From the appropriations under s. 20.445 (3)
5 (dz), (L), (md), (n), and (nL), the department shall establish a program to investigate
6 suspected fraudulent activity on the part of recipients of ~~medical assistance under~~
7 ~~subch. IV~~, aid to families with dependent children under s. 49.19 and food stamp
8 benefits under the food stamp program under 7 USC 2011 to 2036 and, on the part
9 of participants in the Wisconsin works program under ss. 49.141 to 49.161, and, if
10 the department of health and family services contracts with the department under
11 s. 49.45 (2) (b) 6., on the part of recipients of medical assistance under subch. IV. The
12 department's activities under this subsection may include, but are not limited to,
13 comparisons of information provided to the department by an applicant and
14 information provided by the applicant to other federal, state, and local agencies,
15 development of an advisory welfare investigation prosecution standard, and
16 provision of funds to county departments under ss. 46.215, 46.22, and 46.23 and to
17 Wisconsin works agencies to encourage activities to detect fraud. The department
18 shall cooperate with district attorneys regarding fraud prosecutions.

19 **SECTION 13.** 49.197 (3) of the statutes is amended to read:

20 49.197 (3) STATE ERROR REDUCTION ACTIVITIES. The department shall conduct
21 activities to reduce payment errors in ~~medical assistance under subch. IV~~, Wisconsin
22 works under ss. 49.141 to 49.161, ~~aid to families with dependent children under s.~~
23 ~~49.19~~ and the food stamp program under 7 USC 2011 to ~~2029~~ 2036, and, if the
24 department of health and family services contracts with the department under s.
25 49.45 (2) (b) 6., the medical assistance program under subch. IV. The department

1 shall fund the activities under this section from the appropriation under s. 20.445
2 (3) (L).

3 **SECTION 14.** 49.197 (4) of the statutes is amended to read:

4 49.197 (4) COUNTY AND TRIBAL ERROR REDUCTION. The department shall provide
5 funds from the appropriations under s. 20.445 (3) (dz), (L), and (Lm) and federal
6 matching funds from the appropriations under s. 20.445 (3) (md), (n), and (nL) to
7 counties and governing bodies of federally recognized American Indian tribes
8 administering ~~medical assistance under subch. IV, aid to families with dependent~~
9 ~~children under s. 49.19~~ or the food stamp program under 7 USC 2011 to ~~2029~~ 2036
10 or, if the department of health and family services contracts with the department
11 under s. 49.45 (2) (b) 6., the medical assistance program under subch. IV to offset
12 administrative costs of reducing payment errors in those programs.

13 **SECTION 15.** 49.30 (2) of the statutes is amended to read:

14 49.30 (2) From the ~~appropriation~~ appropriations under s. 20.445 (3) (dz) and
15 (md), the department shall reimburse a county or applicable tribal governing body
16 or organization for any amount that the county or applicable tribal governing body
17 or organization is required to pay under sub. (1). From the ~~appropriation~~
18 appropriations under s. 20.445 (3) (dz) and (md), the department shall reimburse a
19 county or applicable tribal governing body or organization for cemetery expenses or
20 for funeral and burial expenses for persons described under sub. (1) that the county
21 or applicable tribal governing body or organization is not required to pay under subs.
22 (1) and (1m) only if the department approves the reimbursement due to unusual
23 circumstances.

24 **SECTION 16.** 49.32 (2) (d) of the statutes is amended to read:

1 49.32 (2) (d) The department shall disburse from state or federal funds or both
2 the entire amount and charge the county for its share under s. 49.33 (8) and (9).

3 **SECTION 17.** 49.32 (7) (b) of the statutes is amended to read:

4 49.32 (7) (b) The department shall conduct a program to periodically match the
5 records of recipients of ~~medical assistance under s. 49.46, 49.468 or 49.47,~~ aid to
6 families with dependent children under s. 49.19 and food stamp benefits under the
7 food stamp program under 7 USC 2011 to 2029 2036 and, if the department of health
8 and family services contracts with the department under s. 49.45 (2) (b) 6., recipients
9 of medical assistance under subch. IV with the records of recipients under those
10 programs in other states. If an agreement with the other states can be obtained,
11 matches with records of states contiguous to this state shall be conducted at least
12 annually.

13 **SECTION 18.** 49.32 (7) (c) of the statutes is amended to read:

14 49.32 (7) (c) The department shall conduct a program to periodically match the
15 address records of recipients of ~~medical assistance under s. 49.46, 49.468 or 49.47,~~
16 aid to families with dependent children under s. 49.19 and food stamp benefits under
17 the food stamp program under 7 USC 2011 to 2029 2036 and, if the department of
18 health and family services contracts with the department under s. 49.45 (2) (b) 6.,
19 recipients of medical assistance under subch. IV to verify residency and to identify
20 recipients receiving duplicate or fraudulent payments.

21 **SECTION 19.** 49.32 (7) (d) of the statutes is amended to read:

22 49.32 (7) (d) The department, with assistance from the department of
23 corrections, shall conduct a program to periodically match the records of persons
24 confined in state correctional facilities with the records of recipients of ~~medical~~
25 ~~assistance under s. 49.46, 49.468 or 49.47,~~ aid to families with dependent children

1 under s. 49.19 and food stamp benefits under the food stamp program under 7 USC
2 2011 to 2029 2036 and, if the department of health and family services contracts with
3 the department under s. 49.45 (2) (b) 6., recipients of medical assistance under subch.
4 IV to identify recipients who may be ineligible for benefits.

5 **SECTION 20.** 49.33 (1) (b) of the statutes is amended to read:

6 49.33 (1) (b) “Income maintenance program” means ~~aid to families with~~
7 ~~dependent children under s. 49.19, the~~ Wisconsin works program under ss. 49.141
8 to 49.161, the medical assistance program under subch. IV of ~~ch. 49,~~ or the food stamp
9 program under 7 USC 2011 to 2029 2036.

10 **SECTION 21.** 49.33 (2) of the statutes is repealed and recreated to read:

11 49.33 (2) CONTRACTS. (a) Annually, the department and the department of
12 health and family services shall, jointly, contract with county departments under ss.
13 46.215, 46.22, and 46.23 to reimburse the county departments for the reasonable cost
14 of administering the medical assistance program under subch. IV.

15 (b) Annually, the department shall contract with county departments under ss.
16 46.215, 46.22, and 46.23 to reimburse the county departments for the reasonable cost
17 of administering income maintenance programs, other than the medical assistance
18 program under subch. IV.

19 **SECTION 22.** 49.33 (4) of the statutes is repealed.

20 **SECTION 23.** 49.33 (5) of the statutes is repealed.

21 **SECTION 24.** 49.33 (6) of the statutes is repealed.

22 **SECTION 25.** 49.33 (7) of the statutes is repealed.

23 **SECTION 26.** 49.33 (8) (a) of the statutes is amended to read:

24 49.33 (8) (a) The From the appropriation accounts under ss. 20.445 (3) (dz),
25 (kx), (md), and (nL) and subject to par. (b), the department shall reimburse each

1 county that contracts with the department and the department of health and family
2 services under sub. (2) (a) for reasonable costs of income maintenance relating to the
3 administration of the programs under this subchapter and subch. IV according to
4 administering the medical assistance program under subch. IV and that contracts
5 with the department under sub. (2) (b) for the reasonable costs of administering
6 income maintenance programs other than the medical assistance program under
7 subch. IV. The amount of each reimbursement paid under this paragraph shall be
8 calculated using a formula based on workload within the limits of available state and
9 federal funds under s. 20.445 (3) (dz), (kx), (md), and (nL) by contract under s. 49.33
10 (2). The amount of reimbursement calculated under this paragraph and par. (b) is
11 in addition to any reimbursement provided to a county for fraud and error reduction
12 under s. 49.197 (1m) and (4).

13 **SECTION 27.** 49.33 (8) (b) of the statutes is amended to read:

14 49.33 (8) (b) The department may adjust the amounts determined under par.
15 (a) for workload changes and computer network activities performed by counties and
16 may reduce the amount of any reimbursement if federal reimbursement is withheld
17 due to audits, quality control samples, or program reviews.

18 **SECTION 28.** 49.33 (9) of the statutes is repealed.

19 **SECTION 29.** 49.33 (10) (a) of the statutes is amended to read:

20 49.33 (10) (a) The county treasurer and each director of a county department
21 under s. 46.215, 46.22, or 46.23 shall certify monthly under oath to the department
22 in such manner as the department prescribes the claim of the county for state
23 reimbursement under ~~sub. (8) and (9)~~ and (a). The department shall review
24 each claim of reimbursement and, if the department approves such the claim it, the
25 department shall certify to the department of administration for reimbursement to

1 the county for amounts due under ~~these subsections sub. (8) (a)~~ and payment claimed
2 to be made to the counties monthly. The department may make advance payments
3 prior to the beginning of each month equal to one-twelfth of the contracted amount.

4 **SECTION 30.** 49.45 (2) (a) 3. of the statutes is amended to read:

5 49.45 (2) (a) 3. Determine the eligibility of persons for medical assistance,
6 rehabilitative, and social services under ss. 49.46, 49.468, and 49.47 and rules and
7 policies adopted by the department and ~~may shall, under a contract under s. 49.33~~
8 ~~(2) (a)~~, designate this function to the county department under s. 46.215, 46.22, or
9 46.23 or, to the extent permitted by federal law or a waiver from ~~the~~ federal secretary
10 of health and human services, to a Wisconsin works agency.

11 **SECTION 31.** 49.45 (2) (a) 3m. of the statutes is created to read:

12 49.45 (2) (a) 3m. If the department does not contract with the department of
13 workforce development under par. (b) 6., establish a program to investigate
14 suspected fraudulent activity on the part of recipients of medical assistance and
15 establish a program to reduce errors in the payments of medical assistance.

16 **SECTION 32.** 49.45 (2) (b) 6. of the statutes is created to read:

17 49.45 (2) (b) 6. Contract with the department of workforce development to
18 investigate suspected fraudulent activity on the part of medical assistance recipients
19 and to reduce errors in the payments of medical assistance under s. 49.197.

20 **SECTION 33.** 49.45 (40) of the statutes is amended to read:

21 49.45 (40) PERIODIC RECORD MATCHES. ~~The~~ If the department contracts with the
22 department of workforce development under sub. (2) (b) 6., the department shall
23 cooperate with the department of workforce development in matching records of
24 medical assistance recipients under s. 49.32 (7).

25 **SECTION 34.** 59.22 (2) (c) 2. of the statutes is amended to read:

1 59.22 (2) (c) 2. No action of the board may be contrary to or in derogation of the
2 rules of the department of health and family services under s. 49.33 (4) to (7) relating
3 to employees administering old-age assistance, aid to families with dependent
4 children, aid to the blind and aid to totally and permanently disabled persons or ss.
5 63.01 to 63.17.

6 **SECTION 35.** 230.45 (1) (e) of the statutes is repealed.

7 **SECTION 36.** 230.45 (3) of the statutes is amended to read:

8 230.45 (3) The commission shall promulgate rules establishing a schedule of
9 filing fees to be paid by any person who files an appeal under sub. (1) (c) or (e) or s.
10 230.44 (1) (a) or (b) with the commission on or after the effective date of the rules
11 promulgated under this subsection. Fees paid under this subsection shall be
12 deposited in the general fund as general purpose revenue – earned.

13 **SECTION 9123. Nonstatutory provisions; health and family services.**

14 (1) MEDICAL ASSISTANCE ELIGIBILITY POSITION INCREASES.

15 (a) On the effective date of this paragraph, the authorized FTE positions for the
16 department of health and family services are increased by 5.18 GPR positions, to be
17 funded from the appropriation under section 20.435 (4) (a) of the statutes, as affected
18 by the acts of 2001.

19 (b) On the effective date of this paragraph, the authorized FTE positions for the
20 department of health and family services are increased by 1.82 FED positions, to be
21 funded from the appropriation under section 20.435 (4) (n) of the statutes, as affected
22 by the acts of 2001.

23 **SECTION 9158. Nonstatutory provisions; workforce development.**

24 (1) TRANSFER OF MEDICAL ASSISTANCE ELIGIBILITY.

25 (a) *Position decreases.*

1 1. On the effective date of this subdivision, the authorized FTE positions for the
2 department of workforce development, funded from the appropriation under section
3 20.445 (1) (kc) of the statutes, as affected by the acts of 2001, are decreased by 6.5
4 PR positions.

5 2. On the effective date of this subdivision, the authorized FTE positions for the
6 department of workforce development, funded from the appropriation under section
7 20.445 (1) (ha) of the statutes, as affected by the acts of 2001, are decreased by 0.3
8 PR position.

9 3. On the effective date of this subdivision, the authorized FTE positions for the
10 department of workforce development, funded from the appropriation under section
11 20.445 (1) (gb) of the statutes, as affected by the acts of 2001, are decreased by 0.2
12 PR position.

13 ***(b) Transfer of positions and employees.***

14 1. On the effective date of this subdivision, 8.18 FTE FED positions in the
15 department of workforce development, and the incumbent employees holding those
16 positions, are transferred to the department of health and family services.

17 2. On the effective date of this subdivision, 4.82 FTE GPR positions in the
18 department of workforce development, and the incumbent employees holding those
19 positions, are transferred to the department of health and family services.

20 3. On the effective date of this subdivision, there are transferred from the
21 department of workforce development to the department of health and family
22 services 7.0 FTE incumbent employees holding the positions specified in paragraph
23 (a).

24 4. The departments of workforce development and health and family services
25 shall jointly determine the employees to be transferred under subdivisions 1. to 3.

1 and shall jointly develop a plan for the orderly transfer thereof. In the event of any
2 disagreement between the departments, the secretary of administration shall
3 resolve the dispute and shall develop a plan for the orderly transfer thereof.

4 (c) *Employee status.* Employees transferred under paragraph (b) have all the
5 rights and the same status under subchapter V of chapter 111 and chapter 230 of the
6 statutes in the department of health and family services that they enjoyed in the
7 department of workforce development immediately before the transfer.
8 Notwithstanding section 230.28 (4) of the statutes, no employee so transferred who
9 has attained permanent status in class is required to serve a probationary period.

10 (2) **STUDY OF TRANSFERRING THE FOOD STAMP PROGRAM.** The department of
11 workforce development shall study the impacts of transferring the food stamp
12 program under section 49.124 of the statutes to the department of health and family
13 services, including the resources that would be transferred and the effects of the
14 transfer on the client assistance for reemployment and economic support computer
15 system and the local service delivery system. The department of workforce
16 development shall submit a report on the results of the study to the governor no later
17 than December 31, 2001.

18 **SECTION 9358. Initial applicability; workforce development.**

19 (1) **MEDICAL ASSISTANCE ELIGIBILITY DETERMINATIONS.** The treatment of section
20 49.33 (1) (b), (2), (8) (a) and (b), and (10) (a) of the statutes first applies to contracts
21 entered into, extended, modified, or renewed on the effective date of this subsection.

22 (END)

2001-2002 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1939/5ins
ISR:.....

✓
Insert 4-19

(NO A) Notwithstanding ss. 20.001 (3) and 20.002 (1), the department of health and family services shall credit or deposit into this appropriation account funds for the purposes of this appropriation that the department transfers from the appropriation account under s. 20.435 (7) (bc).

Insert 4-23 ✓

✓
A
****NOTE: This is reconciled s(20.445 (3) (dz). This SECTION has been affected by drafts with the following LRB numbers: -1303, -1709, and -1939. ✓
A A

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1939/5dn

ISR: *ping*

✓
This draft reconciles LRB-1303, LRB-1709, and LRB-1939. All of these drafts should continue to appear in the compiled bill.

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1939/5dn
ISR:kmg:kjf

February 7, 2001

This draft reconciles LRB-1303, LRB-1709, and LRB-1939. All of these drafts should continue to appear in the compiled bill.

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State of Wisconsin
2001 - 2002 LEGISLATURE

LRB-1939/5
ISR:kmg:kjf

DOA:.....Blaine – Transfer of MA eligibility administration from DWD to
DHFS

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

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

Analysis by the Legislative Reference Bureau
HEALTH AND HUMAN SERVICES

MEDICAL ASSISTANCE

Under current law, county departments of social services and county departments of human services (county departments) determine the eligibility of individuals for the medical assistance (MA) program, the food stamp program, and, in most cases, the Wisconsin works (W-2) program. Under current law, DWD administers the food stamp program, the W-2 program, and the eligibility determination aspect of the MA program. DHFS administers all other aspects of the MA program. Currently, DWD contracts with the county departments to reimburse the counties for the reasonable costs of determining eligibility of individuals for each program. The amount that is reimbursed to each county department is calculated using a formula based on each county's workload and the amount of available state and federal moneys. DWD also is required to establish, by rule, standards of competency and training requirements for county workers who make the eligibility determinations and to submit a report annually to the appropriate standing committees of the legislature on funds recovered and paid out during the previous calendar year as a result of audit adjustments.

This bill requires DWD and DHFS, jointly, to contract with county departments to reimburse the county departments for the reasonable costs of determining the

eligibility of individuals for the MA program. Under the bill, DWD continues to make the payment for reimbursement to the county departments but the payments are funded, in part, by an appropriation to DHFS.

Also under current law, DWD is required to investigate suspected fraudulent activity on the part of individuals who receive food stamp benefits or MA benefits or who participate in the W-2 program and to reduce errors in the payment of benefits under each program. Finally, in addition to the reimbursements made to counties for determining the eligibility of individuals for the MA, food stamp, and W-2 programs, DWD makes payments to each county and any federally recognized American Indian tribe administering the programs for the administrative costs of activities designed to reduce fraud and errors under each program.

The bill also authorizes DHFS to contract with DWD to investigate possible fraud and to conduct payment error activities as part of DWD's current fraud investigation and error reduction activities. If DHFS does not contract with DWD, the bill requires DHFS to establish its own program to investigate possible fraud on the part of MA recipients and to reduce errors in the payments of MA. The bill continues to require DWD to investigate food stamp and W-2 fraud and to make payments to county departments and Indian tribes for costs of reducing fraud and errors in the food stamp and W-2 programs.

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) (a) of the statutes is amended to read:

2 20.435 (4) (a) *General program operations.* The amounts in the schedule for
3 general program operations, including health care financing regulation,
4 administration, and field services and medical assistance eligibility determinations
5 under s. 49.45 (2) (a) 3.

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

7 20.435 (4) (bm) *Medical assistance administration; contract costs, insurer*
8 *reports, and resource centers.* Biennially, the amounts in the schedule to provide the
9 state share of administrative contract costs for the medical assistance program
10 under ss. 49.45 and 49.665, other than payments to counties under s. 49.33 (8), to
11 reimburse insurers for their costs under s. 49.475, for costs associated with outreach

1 activities, and for services of resource centers under s. 46.283. No state positions may
2 be funded in the department of health and family services from this appropriation,
3 except positions for the performance of duties under a contract in effect before
4 January 1, 1987, related to the administration of the medical assistance program
5 between the subunit of the department primarily responsible for administering the
6 medical assistance program and another subunit of the department. Total
7 administrative funding authorized for the program under s. 49.665 may not exceed
8 10% of the amounts budgeted under pars. (bc) and (p).

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

9 **SECTION 3.** 20.435 (4) (bn) of the statutes is created to read:

10 20.435 (4) (bn) *Medical assistance administration; payments to counties.*
11 Biennially, the amounts in the schedule for payments to counties under s. 49.33 (8)
12 relating to the administration of the medical assistance program.

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

13 **SECTION 4.** 20.435 (4) (nn) of the statutes is created to read:

14 20.435 (4) (nn) *Federal aid; payments to counties for medical assistance*
15 *administration.* All moneys received from the federal government for the costs of
16 contracting for the administration of the medical assistance program, other than
17 moneys received under par. (pa), for payments to counties under s. 49.33 (8) relating
18 to the administration of the medical assistance program.

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

19 **SECTION 5.** 20.435 (4) (pa) of the statutes is amended to read:

20 20.435 (4) (pa) *Federal aid; medical assistance contracts administration.* All
21 federal moneys received for the federal share of the cost of contracting for payment

1 and services administration and reporting, other than moneys received under par.
2 (nn), to reimburse insurers for their costs under s. 49.475 and for services of resource
3 centers under s. 46.283.

4 **SECTION 6.** 20.445 (3) (dz) of the statutes is amended to read:

5 20.445 (3) (dz) *Wisconsin works and other public assistance administration and*
6 *benefits.* The amounts in the schedule, less the amounts withheld under s. 49.143
7 (3), for administration and benefit payments under Wisconsin works under ss.
8 49.141 to 49.161, the learnfare program under s. 49.26, the work experience and job
9 search program under s. 49.36, and the food stamp program under s. 49.124; for
10 ~~payment distribution~~ payments to counties under s. 49.33 (8) for ~~county~~
11 ~~administration of public assistance benefits and medical assistance eligibility~~
12 ~~determination~~ and for payments to American Indian tribes for administration of
13 public assistance programs; ~~to provide state aid for county administered public~~
14 ~~assistance programs for which reimbursement is provided under s. 49.33 (9) for~~
15 hospital paternity incentive payments under s. 69.14 (1) (cm); and for funeral
16 expenses under s. 49.30. Payments may be made from this appropriation to counties
17 for fraud investigation and error reduction under s. 49.197 (1m) and (4). Moneys
18 appropriated under this paragraph may be used to match federal funds received
19 under par. (md). Notwithstanding ss. 20.001 (3) (a) and 20.002 (1), the department
20 may transfer funds between fiscal years under this paragraph. Notwithstanding ss.
21 20.001 (3) and 20.002 (1), the department of health and family services shall credit
22 or deposit into this appropriation account funds for the purposes of this
23 appropriation that the department transfers from the appropriation account under
24 s. 20.435 (7) (bc). All funds allocated by the department but not encumbered by

1 December 31 of each year lapse to the general fund on the next January 1 unless
2 transferred to the next calendar year by the joint committee on finance.

****NOTE: This is reconciled s. 20.445 (3) (dz). This SECTION has been affected by
drafts with the following LRB numbers: -1303, -1709, and -1939.

3 **SECTION 7.** 20.445 (3) (L) of the statutes is amended to read:

4 20.445 (3) (L) *Welfare fraud and error reduction; state operations.* From the
5 moneys received as the state's share of the recovery of overpayments and incorrect
6 payments under s. 49.191 (3) (c), 1997 stats., s. 49.195, 1997 stats., and ss. 49.125 (2),
7 and 49.497 (1), the amounts in the schedule for the department's activities to reduce
8 error and fraud in the food stamp, aid to families with dependent children, Wisconsin
9 works program and medical assistance programs under s. 49.197.

10 **SECTION 8.** 20.512 (1) (i) of the statutes is amended to read:

11 20.512 (1) (i) *Services to nonstate governmental units.* The amounts in the
12 schedule for the purpose of funding personnel services to nonstate governmental
13 units under s. 230.05 (8), including services provided under ~~ss. 49.33 (5) and s. 59.26~~
14 (8) (a). All moneys received from the sale of these services shall be credited to this
15 appropriation.

16 **SECTION 9.** 46.22 (1) (d) of the statutes is repealed.

17 **SECTION 10.** 46.22 (2) (b) of the statutes is amended to read:

18 46.22 (2) (b) Appoint the county social services director under sub. (3) subject
19 to ~~s. 49.33 (4) to (7) and the rules promulgated thereunder~~ and subject to the approval
20 of the county board of supervisors in a county with a single-county department of
21 social services or the county boards of supervisors in counties with a multicounty
22 department of social services.

23 **SECTION 11.** 46.22 (3m) (a) of the statutes is amended to read:

1 46.22 (3m) (a) In any county with a county executive or a county administrator
2 which has established a single-county department of social services, the county
3 executive or county administrator, ~~subject to s. 49.33 (4) to (7) and the rules~~
4 ~~promulgated thereunder~~, shall appoint and supervise the county social services
5 director. The appointment is subject to the confirmation of the county board of
6 supervisors unless the county board of supervisors, by ordinance, elects to waive
7 confirmation or unless the appointment is made under a civil service system
8 competitive examination procedure established under s. 59.52 (8) or ch. 63.

9 **SECTION 12.** 49.197 (1m) of the statutes is amended to read:

10 49.197 (1m) FRAUD INVESTIGATION. From the appropriations under s. 20.445 (3)
11 (dz), (L), (md), (n), and (nL), the department shall establish a program to investigate
12 suspected fraudulent activity on the part of recipients of ~~medical assistance under~~
13 ~~subch. IV~~, aid to families with dependent children under s. 49.19 and food stamp
14 benefits under the food stamp program under 7 USC 2011 to 2036 and, on the part
15 of participants in the Wisconsin works program under ss. 49.141 to 49.161, and, if
16 the department of health and family services contracts with the department under
17 s. 49.45 (2) (b) 6., on the part of recipients of medical assistance under subch. IV. The
18 department's activities under this subsection may include, but are not limited to,
19 comparisons of information provided to the department by an applicant and
20 information provided by the applicant to other federal, state, and local agencies,
21 development of an advisory welfare investigation prosecution standard, and
22 provision of funds to county departments under ss. 46.215, 46.22, and 46.23 and to
23 Wisconsin works agencies to encourage activities to detect fraud. The department
24 shall cooperate with district attorneys regarding fraud prosecutions.

25 **SECTION 13.** 49.197 (3) of the statutes is amended to read:

1 **49.197 (3) STATE ERROR REDUCTION ACTIVITIES.** The department shall conduct
2 activities to reduce payment errors in ~~medical assistance under subch. IV, Wisconsin~~
3 ~~works under ss. 49.141 to 49.161, aid to families with dependent children under s.~~
4 ~~49.19 and the food stamp program under 7 USC 2011 to 2029 2036, and, if the~~
5 department of health and family services contracts with the department under s.
6 49.45 (2) (b) 6., the medical assistance program under subch. IV. The department
7 shall fund the activities under this section from the appropriation under s. 20.445
8 (3) (L).

9 **SECTION 14.** 49.197 (4) of the statutes is amended to read:

10 **49.197 (4) COUNTY AND TRIBAL ERROR REDUCTION.** The department shall provide
11 funds from the appropriations under s. 20.445 (3) (dz), (L), and (Lm) and federal
12 matching funds from the appropriations under s. 20.445 (3) (md), (n), and (nL) to
13 counties and governing bodies of federally recognized American Indian tribes
14 administering ~~medical assistance under subch. IV, aid to families with dependent~~
15 ~~children under s. 49.19 or the food stamp program under 7 USC 2011 to 2029 2036~~
16 or, if the department of health and family services contracts with the department
17 under s. 49.45 (2) (b) 6., the medical assistance program under subch. IV to offset
18 administrative costs of reducing payment errors in those programs.

19 **SECTION 15.** 49.30 (2) of the statutes is amended to read:

20 **49.30 (2)** From the ~~appropriation~~ appropriations under s. 20.445 (3) (dz) and
21 (md), the department shall reimburse a county or applicable tribal governing body
22 or organization for any amount that the county or applicable tribal governing body
23 or organization is required to pay under sub. (1). From the ~~appropriation~~
24 appropriations under s. 20.445 (3) (dz) and (md), the department shall reimburse a
25 county or applicable tribal governing body or organization for cemetery expenses or

1 for funeral and burial expenses for persons described under sub. (1) that the county
2 or applicable tribal governing body or organization is not required to pay under subs.
3 (1) and (1m) only if the department approves the reimbursement due to unusual
4 circumstances.

5 **SECTION 16.** 49.32 (2) (d) of the statutes is amended to read:

6 49.32 (2) (d) The department shall disburse from state or federal funds or both
7 the entire amount and charge the county for its share under s. 49.33 (8) ~~and (9).~~

8 **SECTION 17.** 49.32 (7) (b) of the statutes is amended to read:

9 49.32 (7) (b) The department shall conduct a program to periodically match the
10 records of recipients of ~~medical assistance under s. 49.46, 49.468 or 49.47,~~ aid to
11 families with dependent children under s. 49.19 and food stamp benefits under the
12 food stamp program under 7 USC 2011 to ~~2029~~ 2036 and, if the department of health
13 and family services contracts with the department under s. 49.45 (2) (b) 6., recipients
14 of medical assistance under subch. IV with the records of recipients under those
15 programs in other states. If an agreement with the other states can be obtained,
16 matches with records of states contiguous to this state shall be conducted at least
17 annually.

18 **SECTION 18.** 49.32 (7) (c) of the statutes is amended to read:

19 49.32 (7) (c) The department shall conduct a program to periodically match the
20 address records of recipients of ~~medical assistance under s. 49.46, 49.468 or 49.47,~~
21 aid to families with dependent children under s. 49.19 and food stamp benefits under
22 the food stamp program under 7 USC 2011 to ~~2029~~ 2036 and, if the department of
23 health and family services contracts with the department under s. 49.45 (2) (b) 6.,
24 recipients of medical assistance under subch. IV to verify residency and to identify
25 recipients receiving duplicate or fraudulent payments.

1 **SECTION 19.** 49.32 (7) (d) of the statutes is amended to read:

2 49.32 (7) (d) The department, with assistance from the department of
3 corrections, shall conduct a program to periodically match the records of persons
4 confined in state correctional facilities with the records of recipients of ~~medical~~
5 ~~assistance under s. 49.46, 49.468 or 49.47,~~ aid to families with dependent children
6 under s. 49.19 and food stamp benefits under the food stamp program under 7 USC
7 2011 to 2029 2036 and, if the department of health and family services contracts with
8 the department under s. 49.45 (2) (b) 6., recipients of medical assistance under subch.
9 IV to identify recipients who may be ineligible for benefits.

10 **SECTION 20.** 49.33 (1) (b) of the statutes is amended to read:

11 49.33 (1) (b) “Income maintenance program” means ~~aid to families with~~
12 ~~dependent children under s. 49.19,~~ the Wisconsin works program under ss. 49.141
13 to 49.161, the medical assistance program under subch. IV ~~of ch. 49,~~ or the food stamp
14 program under 7 USC 2011 to ~~2029~~ 2036.

15 **SECTION 21.** 49.33 (2) of the statutes is repealed and recreated to read:

16 49.33 (2) CONTRACTS. (a) Annually, the department and the department of
17 health and family services shall, jointly, contract with county departments under ss.
18 46.215, 46.22, and 46.23 to reimburse the county departments for the reasonable cost
19 of administering the medical assistance program under subch. IV.

20 (b) Annually, the department shall contract with county departments under ss.
21 46.215, 46.22, and 46.23 to reimburse the county departments for the reasonable cost
22 of administering income maintenance programs, other than the medical assistance
23 program under subch. IV.

24 **SECTION 22.** 49.33 (4) of the statutes is repealed.

25 **SECTION 23.** 49.33 (5) of the statutes is repealed.

1 **SECTION 24.** 49.33 (6) of the statutes is repealed.

2 **SECTION 25.** 49.33 (7) of the statutes is repealed.

3 **SECTION 26.** 49.33 (8) (a) of the statutes is amended to read:

4 49.33 (8) (a) The From the appropriation accounts under ss. 20.445 (3) (dz),
5 (kx), (md), and (nL) and subject to par. (b), the department shall reimburse each
6 county that contracts with the department and the department of health and family
7 services under sub. (2) (a) for reasonable costs of income maintenance relating to the
8 administration of the programs under this subchapter and subch. IV according to
9 administering the medical assistance program under subch. IV and that contracts
10 with the department under sub. (2) (b) for the reasonable costs of administering
11 income maintenance programs other than the medical assistance program under
12 subch. IV. The amount of each reimbursement paid under this paragraph shall be
13 calculated using a formula based on workload within the limits of available state and
14 federal funds under s. 20.445 (3) (dz), (kx), (md), and (nL) by contract under s. 49.33
15 (2). The amount of reimbursement calculated under this paragraph and par. (b) is
16 in addition to any reimbursement provided to a county for fraud and error reduction
17 under s. 49.197 (1m) and (4).

18 **SECTION 27.** 49.33 (8) (b) of the statutes is amended to read:

19 49.33 (8) (b) The department may adjust the amounts determined under par.
20 (a) for workload changes and computer network activities performed by counties and
21 may reduce the amount of any reimbursement if federal reimbursement is withheld
22 due to audits, quality control samples, or program reviews.

23 **SECTION 28.** 49.33 (9) of the statutes is repealed.

24 **SECTION 29.** 49.33 (10) (a) of the statutes is amended to read:

1 49.33 (10) (a) The county treasurer and each director of a county department
2 under s. 46.215, 46.22, or 46.23 shall certify monthly under oath to the department
3 in such manner as the department prescribes the claim of the county for state
4 reimbursement under ~~subs. sub. (8) and (9) and (a)~~. The department shall review
5 each claim of reimbursement and, if the department approves such the claim it, the
6 department shall certify to the department of administration for reimbursement to
7 the county for amounts due under ~~these subsections sub. (8) (a)~~ and payment claimed
8 to be made to the counties monthly. The department may make advance payments
9 prior to the beginning of each month equal to one-twelfth of the contracted amount.

10 **SECTION 30.** 49.45 (2) (a) 3. of the statutes is amended to read:

11 49.45 (2) (a) 3. Determine the eligibility of persons for medical assistance,
12 rehabilitative, and social services under ss. 49.46, 49.468, and 49.47 and rules and
13 policies adopted by the department and ~~may shall, under a contract under s. 49.33~~
14 (2) (a), designate this function to the county department under s. 46.215, 46.22, or
15 46.23 or, to the extent permitted by federal law or a waiver from the federal secretary
16 of health and human services, to a Wisconsin works agency.

17 **SECTION 31.** 49.45 (2) (a) 3m. of the statutes is created to read:

18 49.45 (2) (a) 3m. If the department does not contract with the department of
19 workforce development under par. (b) 6., establish a program to investigate
20 suspected fraudulent activity on the part of recipients of medical assistance and
21 establish a program to reduce errors in the payments of medical assistance.

22 **SECTION 32.** 49.45 (2) (b) 6. of the statutes is created to read:

23 49.45 (2) (b) 6. Contract with the department of workforce development to
24 investigate suspected fraudulent activity on the part of medical assistance recipients
25 and to reduce errors in the payments of medical assistance under s. 49.197.

1 **SECTION 33.** 49.45 (40) of the statutes is amended to read:

2 49.45 (40) PERIODIC RECORD MATCHES. ~~The~~ If the department contracts with the
3 department of workforce development under sub. (2) (b) 6., the department shall
4 cooperate with the department of workforce development in matching records of
5 medical assistance recipients under s. 49.32 (7).

6 **SECTION 34.** 59.22 (2) (c) 2. of the statutes is amended to read:

7 59.22 (2) (c) 2. No action of the board may be contrary to or in derogation of the
8 ~~rules of the department of health and family services under s. 49.33 (4) to (7) relating~~
9 ~~to employees administering old age assistance, aid to families with dependent~~
10 ~~children, aid to the blind and aid to totally and permanently disabled persons or ss.~~
11 63.01 to 63.17.

12 **SECTION 35.** 230.45 (1) (e) of the statutes is repealed.

13 **SECTION 36.** 230.45 (3) of the statutes is amended to read:

14 230.45 (3) The commission shall promulgate rules establishing a schedule of
15 filing fees to be paid by any person who files an appeal under sub. (1) (c) ~~or (e)~~ or s.
16 230.44 (1) (a) or (b) with the commission on or after the effective date of the rules
17 promulgated under this subsection. Fees paid under this subsection shall be
18 deposited in the general fund as general purpose revenue – earned.

19 **SECTION 9123. Nonstatutory provisions; health and family services.**

20 (1) MEDICAL ASSISTANCE ELIGIBILITY POSITION INCREASES.

21 (a) On the effective date of this paragraph, the authorized FTE positions for the
22 department of health and family services are increased by 5.18 GPR positions, to be
23 funded from the appropriation under section 20.435 (4) (a) of the statutes, as affected
24 by the acts of 2001.

1 (b) On the effective date of this paragraph, the authorized FTE positions for the
2 department of health and family services are increased by 1.82 FED positions, to be
3 funded from the appropriation under section 20.435 (4) (n) of the statutes, as affected
4 by the acts of 2001.

5 **SECTION 9158. Nonstatutory provisions; workforce development.**

6 (1) TRANSFER OF MEDICAL ASSISTANCE ELIGIBILITY.

7 (a) *Position decreases.*

8 1. On the effective date of this subdivision, the authorized FTE positions for the
9 department of workforce development, funded from the appropriation under section
10 20.445 (1) (kc) of the statutes, as affected by the acts of 2001, are decreased by 6.5
11 PR positions.

12 2. On the effective date of this subdivision, the authorized FTE positions for the
13 department of workforce development, funded from the appropriation under section
14 20.445 (1) (ha) of the statutes, as affected by the acts of 2001, are decreased by 0.3
15 PR position.

16 3. On the effective date of this subdivision, the authorized FTE positions for the
17 department of workforce development, funded from the appropriation under section
18 20.445 (1) (gb) of the statutes, as affected by the acts of 2001, are decreased by 0.2
19 PR position.

20 (b) *Transfer of positions and employees.*

21 1. On the effective date of this subdivision, 8.18 FTE FED positions in the
22 department of workforce development, and the incumbent employees holding those
23 positions, are transferred to the department of health and family services.

1 2. On the effective date of this subdivision, 4.82 FTE GPR positions in the
2 department of workforce development, and the incumbent employees holding those
3 positions, are transferred to the department of health and family services.

4 3. On the effective date of this subdivision, there are transferred from the
5 department of workforce development to the department of health and family
6 services 7.0 FTE incumbent employees holding the positions specified in paragraph
7 (a).

8 4. The departments of workforce development and health and family services
9 shall jointly determine the employees to be transferred under subdivisions 1. to 3.
10 and shall jointly develop a plan for the orderly transfer thereof. In the event of any
11 disagreement between the departments, the secretary of administration shall
12 resolve the dispute and shall develop a plan for the orderly transfer thereof.

13 (c) *Employee status.* Employees transferred under paragraph (b) have all the
14 rights and the same status under subchapter V of chapter 111 and chapter 230 of the
15 statutes in the department of health and family services that they enjoyed in the
16 department of workforce development immediately before the transfer.
17 Notwithstanding section 230.28 (4) of the statutes, no employee so transferred who
18 has attained permanent status in class is required to serve a probationary period.

19 (2) **STUDY OF TRANSFERRING THE FOOD STAMP PROGRAM.** The department of
20 workforce development shall study the impacts of transferring the food stamp
21 program under section 49.124 of the statutes to the department of health and family
22 services, including the resources that would be transferred and the effects of the
23 transfer on the client assistance for reemployment and economic support computer
24 system and the local service delivery system. The department of workforce

1 development shall submit a report on the results of the study to the governor no later
2 than December 31, 2001.

3 **SECTION 9358. Initial applicability; workforce development.**

4 (1) MEDICAL ASSISTANCE ELIGIBILITY DETERMINATIONS. The treatment of section
5 49.33 (1) (b), (2), (8) (a) and (b), and (10) (a) of the statutes first applies to contracts
6 entered into, extended, modified, or renewed on the effective date of this subsection.

7 (END)