

2001 ASSEMBLY BILL 274

March 30, 2001 – Introduced by Representatives RHOADES and SHILLING, cosponsored by Senators MOEN and WELCH. Referred to Committee on Health.

1 **AN ACT to amend** 49.45 (6u) (intro.); and **to create** 25.17 (1) (jv) and 25.77 of the
2 statutes; **relating to:** supplemental medical assistance payments to reduce
3 operating deficits of county, city, village, or town nursing homes and creating
4 a medical assistance trust fund.

Analysis by the Legislative Reference Bureau

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

This bill creates a separate, nonlapsible trust fund, designated as the MA trust fund, from: 1) moneys received as federal financial participation to match public moneys transferred to the state or certified by the department of health and family services (DHFS) as the state share of financial participation for payments related to nursing homes under the MA program; and 2) public moneys transferred to the state or certified by DHFS as the state and federal share of financial participation for payments related to nursing homes under the MA program.

Under current law, DHFS may, in each fiscal year, distribute up to \$38,600,000 received as federal financial participation to supplement payments under MA in order to reduce operating deficits of county, city, village, or town nursing homes. DHFS must also distribute for this purpose additional moneys received as federal financial participation that were not anticipated before enactment of the biennial

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budget act or before enactment of other legislation that affects the appropriation of such federal moneys. The distribution of these supplemental payments is made under a method that includes consideration of the size of a nursing home's operating deficit and an agreement by the affected county, city, town, or village to provide funds to match the federal moneys. DHFS must revise the method, for approval by the joint committee on finance, if the federal department of health and human services approves a lesser amount of federal moneys for expenditure. If the federal department of health and human services disallows use of the federal moneys for the purpose of these supplemental payments, DHFS must reduce allocations to counties, and a city, town, or village that owns or operates a nursing home that has received funds must reimburse the county in which the city, town, or village is located.

This bill as of July 1, 2000, retroactively eliminates, in the program to supplement MA payments to reduce operating deficits of county, city, village, or town nursing homes, the requirement that DHFS distribute for this purpose additional, unanticipated moneys received as federal financial participation and increases, to up to \$40,100,000, the amount of federal financial participation that may be distributed.

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

2 25.17 (1) (jv) Medical assistance trust fund (s. 25.77);

3 **SECTION 2.** 25.77 of the statutes is created to read:

4 **25.77 Medical assistance trust fund.** There is created a separate
5 nonlapsible trust fund designated as the medical assistance trust fund, consisting
6 of all of the following:

7 **(1)** All federal moneys received that are related to payments under s. 49.45
8 (6m) and are based on public funds that are transferred or certified under 42 CFR
9 433.51 (b) and used as the non–federal share of medical assistance funding.

10 **(2)** All public funds that are related to payments under s. 49.45 (6m) and that
11 are transferred or certified under 42 CFR 433.51 (b) and used as the non–federal and
12 federal share of medical assistance funding.

