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State of Wisconsin
Department of Health and Family Services

Scott McCallum, Governor
Phyllis J. Dubé, Secretary

June 20, 2001

The Honorable Brian Burke
Senate Co-Chair, Joint Committee on Finance
Room 316 S, State Capitol
Madison, WI 53702

The Honorable John Gard
Assembly Co-Chair, Joint Committee on Finance
Room 315 N, State Capitol
Madison, WI 53702

Dear Senator Burke and Representative Gard:

Summary of Request

The Department of Health and Family Services requests a transfer of \$679,900 GPR to s. 20.435(3)(dd), the State Foster Care and Adoption Assistance appropriation, from the following sources: \$247,000 from s.20.435(5)(e), Public Health Dispensaries and Drugs, \$125,000 from appropriation s. 20.435(2)(bm), Secure Mental Health Units or Facilities, and \$307,900 from appropriation s. 20.435(5)(am), Services, Reimbursements and Payment Related to Acquired Immunodeficiency Syndrome. The funds are needed to make payments for out-of-home care and adoption assistance for special needs children, as required by s. 48.975.

Background

The state foster care and adoption services program provides funding for adoption assistance payments and payments for out-of-home care for special needs children who have been freed for adoption as a result of termination of parental rights (TPRs). Special needs children are defined as children for whom it is difficult to find an adoptive home because of factors such as age, being a member of a sibling group that must be placed together, being a member of a minority race for whom placement resources are not available, or special emotional, behavioral or physical and personal needs.

The Department is responsible for special needs children for whom parental rights have been terminated. After termination of parental rights (TPR) and while awaiting adoption, the children are under the state's guardianship and the Department pays their out-of-home placement costs. The Department is also responsible for the special needs adoption assistance payments to the adoptive family once the child is adopted. The Department,

through its own staff and its private contract partners, arrange adoptions for these children.

There are three primary components to the State Foster Care and Adoption Assistance Program:

1. Out-of-Home Placements

After TPR and while awaiting adoption, children are placed in out-of-home placements. Placements are made primarily in family foster care. Child Caring Institutions are used in a relatively small number of cases and group homes are used infrequently. Funding for FY 01 foster payments was provided in the 1999-01 biennial budget based on an estimated monthly foster care caseload of 490 children. Caseload data for the first nine months of FY 01 indicates the actual foster care caseload will be consistent with the budget estimate.

2. One-Time-Expenses

The second component of the program is funding for one-time adoption expenses such as attorney's fees and court costs. Funding for one-time expenses represent a very small portion of the overall foster care and adoption assistance budget (\$132,000 all funds in FY 01 out of a total program budget of \$43,810,500).

3. Adoption Assistance

The third and largest component of the program is adoption assistance payments. Adoption assistance for special needs children is administered by the Department for all counties. By administrative rule, adoption assistance payments are based on the basic uniform foster care rates which are specified in statute (Chapter 48). In addition to these payments for basic maintenance, the Department makes additional payments for special needs which are based on each child's individual needs, including the difficulty of care levels specified in rule, and the circumstances of the adoptive family.

Funding for FY 01 adoption assistance payments was provided in the 1999-01 biennial budget based on an estimated monthly adoption assistance caseload of 4,466 children. For the first nine months of FY 01, the average monthly adoption assistance caseload was 4,635 children.

It appears that this higher than anticipated adoption assistance caseload can be attributed to at least two factors. The first is the increase in the number of special needs children under the Department's guardianship that has resulted from the federal Adoption and Safe Families Act (ASFA). The Act requires states to file a TPR petition for all children who have been in out-of-home placements for 15 of the past 22 months. The Department and its contract partners have achieved a high adoptive placement rate for these children, moving them from the out-of-

home care caseload to the adoption assistance caseload. During the first five months of FY 01, the Department and its vendor partners successfully completed an average of 36 adoptions per month (includes adoptions in all counties except Milwaukee). This is an increase of 7 adoptions per month over the FY 00 average of 29 adoptions per month. The growth in the number of adoptions is expected to continue through the next biennium as the Department and its vendor partners find adoptive homes for the remaining influx of ASFA-related cases. The second factor contributing to the increase in the adoption assistance caseload is that children are being adopted at an earlier age and, consequently, are remaining in the adoption assistance caseload for a longer period.

Projected Expenditures for FY 01

The Department has re-estimated FY 01 expenditures for this program based on (1) actual expenditures through June 13, 2001, and (2) estimated expenditures for the remaining 17 days in the fiscal year. The projection of remaining FY 01 expenses is based on prior experience with the program. The entire re-estimate is summarized in the attached chart. Based on this methodology, an increase of \$679,900 GPR is needed over the level budgeted for FY 01. In a separate request under s. 16.54, the Department will request increased federal expenditure authority of \$1,220,400 FED in appropriation s. 20.435(3)(pd) from the Department of Administration for the additional federal funds needed for this program.

The source of the GPR funding would be a transfer of funds from three appropriations where there is projected FY 01 underspending: \$247,000 from s. 20.435(5)(e), Public Health Dispensaries and Drugs, \$125,000 from appropriation s. 20.435 (2)(bm), Secure Mental Health Units or Facilities, and \$307,900 from appropriation s. 20.435(5)(am), Services, Reimbursements and Payment Related to Acquired Immunodeficiency Syndrome. The underspending in s. 20.435(5)(e) is due to slower than anticipated start-up of dispensary counties for the tuberculosis vaccine. The specific source of underspending in appropriation s. 20.435(2)(bm) is the budget for the new Sand Ridge Secure Treatment Center. The Sand Ridge underspending is a result of delays in hiring some staff for the new facility. The underspending in s.20.435(5)(am) is due to a higher than anticipated level of federal funds being available to offset the costs of the AIDS/HIV program. Because the underspending for all three appropriations was unanticipated, and due to caseload trends and other developments that could not have been foreseen, this underspending has not been included in the FY 01 opening balance in the General Fund condition statement that is the basis for the 01-03 biennial budget.

Statutory Criteria

This request meets the statutory criteria of s. 13.101(3)(a) of being an "unforeseen emergency." In the absence of the transfer of these funds, it is projected that there would be insufficient funding for the program. The result would be that some foster care and/or adoptive parents would not receive the monthly payments which the Department is

June 19, 2001

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statutorily required to provide. The increase in cases could not have been precisely calculated at the time the 1999-01 biennial budget was approved in October 1999.

The Joint Finance Committee has approved funding transfers to the State Foster Care and Adoption Assistance program under the 13.10 statutory criteria in the past, including most recently in February 1997.

Susan Dreyfus, Administrator for the Division of Children and Family Services, will represent the Department at the 13.10 meeting for this issue.

Sincerely,

A handwritten signature in cursive script, reading "Phyllis J. Dubé".

Phyllis J. Dubé
Secretary

Attachment

| REQUEST FOR ADDITIONAL FOSTER CARE / ADOPTION ASSISTANCE FUNDS | | | | |
|---|--|---------------|---------------|---------------|
| | | <u>AF</u> | <u>FED</u> | <u>GPR</u> |
| Fiscal Year to Date Expenditures (Jul 00 - May 01) | | \$ 45,570,833 | \$ 22,265,846 | \$ 23,304,987 |
| | Foster Care | \$ 6,349,976 | \$ 2,145,443 | \$ 4,204,533 |
| | Adoption Assistance (Including One-Time Adoption Expenses) | \$ 39,220,857 | \$ 20,120,403 | \$ 19,100,454 |
| Anticipated Expenditures for the remainder of FY 2001 (Jun 14 - 30, 2001) | | \$ 140,000 | \$ 70,000 | \$ 70,000 |
| | Foster Care | \$ 60,000 | \$ 30,000 | \$ 30,000 |
| | Adoption Assistance (Including One-Time Adoption Expenses) | \$ 80,000 | \$ 40,000 | \$ 40,000 |
| Anticipated Total Expenditures for FY 2001 | | \$ 45,710,833 | \$ 22,335,846 | \$ 23,374,987 |
| | Foster Care | \$ 6,409,976 | \$ 2,175,443 | \$ 4,234,533 |
| | Adoption Assistance (Including One-Time Adoption Expenses) | \$ 39,300,857 | \$ 20,160,403 | \$ 19,140,454 |
| FY 2001 Budget for Special Needs Foster Care & Adoption | | \$ 43,810,500 | \$ 21,115,400 | \$ 22,695,100 |
| Request for additional expenditure authority in FY 2001 | | \$ 1,900,333 | \$ 1,220,446 | \$ 679,887 |

13.10 Meeting
September 5, 2001
Agenda Item I

Issue: Health and Family Services: Transfer Funding for the State Foster Care and Adoption Assistance Program

Comments:

Upon further review, LFB determined that DHFS actually needs \$48,300 less than their original request for a shortfall that occurred for 2000-01 for the State Foster Care and Adoption Assistance Program.

There was underspending in 3 programs: Public Health Dispensaries and Drugs; Secure Mental Health Units or Facilities; and Services, Reimbursements and Payment Related to AIDS. The surplus from these 3 programs will be used to fill the shortfall in the Foster Care and Adoption Assistance Program. The \$48,300 remaining after the actual expenditures to this program are paid will lapse to the general fund.

Staff Recommendation: Support the Conclusion

Prepared by: Cindy

STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE

316 South, State Capitol
P.O. Box 7882
Madison, WI 53707-7882
Phone: 266-8535



ASSEMBLY CHAIR
JOHN GARD

315 North, State Capitol
P.O. Box 8952
Madison, WI 53708-8952
Phone: 266-2343

JOINT COMMITTEE ON FINANCE

The Joint Committee on Finance will meet under s. 13.10 at 2:00 p.m. on Wednesday, September 5, in Room 411 South, State Capitol, to consider a motion to transfer funds from the Finance Committee's supplemental appropriation to the Department of Health and Family Services to be placed in unallotted reserve for release to the Westside Healthcare Association of Milwaukee, pending future action by the Committee.

Handwritten signature of Brian Burke in black ink.

BRIAN BURKE
Senate Chair

Handwritten signature of John Gard in black ink.

JOHN GARD
Assembly Chair



Legislative Fiscal Bureau

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

September 5, 2001

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Health and Family Services: Section 13.10 Request to Transfer Funding for the State Foster Care and Adoption Assistance Program – Agenda Item I

The Department of Health and Family Services (DHFS) requests that the Committee approve the transfer of \$679,900 GPR in 2000-01 to the state foster care and adoption assistance appropriation from the following appropriations: (a) public health dispensaries and drugs (\$247,000); (b) secure mental health units or facilities (\$125,000); and (c) services, reimbursements and payment related to acquired immunodeficiency syndrome (\$307,900).

BACKGROUND

The state serves as guardian for children whose parental rights have been terminated and who are determined to have special needs. DHFS is responsible for providing out-of-home care for these children and adoption services such as recruitment, orientation and study of prospective adoptive families.

DHFS makes foster care payments on behalf of these children who are placed in out-of-home care. These payments are based on the uniform foster care rate established in statute. For children with special needs, DHFS may increase the statutory basic foster care maintenance rates with supplemented payments in accordance with conditions specified in administrative rule.

DHFS provides adoption assistance to certain families who adopt children with special needs in cases where the payment is necessary to assure the child's adoption. Adoption assistance is provided to support monthly maintenance, medical and nonrecurring adoption expenses. Adoption assistance maintenance payments are equal to the foster care payment that was made on behalf of the child prior to the child's adoption.

Federal funding authorized under Title IV-E of the federal Social Security Act is used to fund reimbursement for foster care and adoption assistance costs for IV-E eligible children.

ANALYSIS

State Foster Care and Adoption Assistance Program. In 2000-01, DHFS is budgeted \$43,810,500 (\$22,695,100 GPR and \$21,115,400 FED) to fund out-of-home care costs for children under guardianship of the state and to provide adoption assistance payments to persons who adopt children with special needs. The actual expenditures for this program for 2000-01 were \$45,614,300 (\$23,326,700 GPR and \$22,287,600 FED). Therefore, based on these actual figures, an additional \$631,600 GPR is needed to fully fund this program in 2000-01 (\$48,300 less than the amount requested by DHFS). This shortfall represents approximately 2.8% of the total GPR budgeted for the program in 2000-01.

Public Health Dispensaries and Drugs. DHFS requested that \$247,000 GPR be transferred from the annual appropriation for public health dispensaries and drugs to fund the state foster care and adoption assistance shortfall. The public health dispensaries and drugs appropriation is budgeted \$391,900 GPR annually to reimburse local health departments that have established public health dispensaries for the diagnosis and treatment of individuals who are or may be infected with tuberculosis. Services provided by dispensaries include TB-related clinic visits, chest x-rays, directly observed therapy and directly observed preventive therapy. The appropriation may also be used to fund hospitalization costs of individuals who must be isolated due to the disease.

1999 Wisconsin Act 9 (the 1999-01 biennial budget act) included several changes in the way that public health dispensaries could be established and reimbursed, created a separate appropriation for the program and increased funding to accommodate projected increases in the number of dispensaries and cost of services. However, no additional counties sought dispensary status in this biennium (only two counties, Milwaukee and Walworth Counties, have been granted dispensary status). In addition, drug costs under the program were lower than expected. As a result, expenditures under the appropriation totaled \$144,700, or \$247,000 less than the amount appropriated in 2000-01.

Secure Mental Health Units or Facilities. DHFS proposes transferring \$125,000 GPR from the appropriation for secure mental health units or facilities to address the shortfall for the state foster care and adoption assistance program. In 2000-01, \$8,141,200 GPR was budgeted for this purpose. This appropriation supports staff at Sand Ridge, the new facility at Mauston for sexually violent persons. However, because the start-up of Sand Ridge was delayed until June, 2001, funding of \$125,000 GPR is available in 2000-01.

Services, Reimbursements and Payment Related to AIDS. DHFS requested that \$307,900 GPR be transferred from the annual appropriation for services, reimbursement and payment related to acquired immunodeficiency syndrome (AIDS) to fund the state foster care and adoption

DEPARTMENT OF WORKFORCE DEVELOPMENT
DEPARTMENT OF HEALTH AND FAMILY SERVICES

[Agenda Item II]

Motion:

Move to make the following transfers in 2000-01 to meet the TANF MOE requirement for federal fiscal year 2001: (a) transfer \$9,696,100 GPR from 20.435(3)(cx) to 20.445(3)(dz) and transfer \$9,696,100 FED from 20.445(3)(md) to 20.435(3)(ky) to fund safety services; and (b) transfer \$1,272,100 GPR from 20.435(3)(cx) to 20.445(3)(dz) and transfer \$1,272,100 FED from 20.445(3)(md) to 20.435(3)(ky) to fund prevention services.

In addition, lapse \$7,972,500 GPR to the general fund.

Finally, direct DHFS to pay Milwaukee County \$3.1 million (all funds) of funding budgeted for Milwaukee child welfare in 2000-01 to support: (a) \$2.6 million of the county's \$6.0 million deficit in the calendar year 2000 contract; and (b) \$500,000 to support the county's deficit in the calendar year 1999 contract.

Note:

This motion would: (1) make the necessary funding transfers between DWD and DHFS to ensure that the state meets its TANF MOE requirement; (2) lapse \$7,972,500 GPR to the general fund; and (3) require DHFS to fulfill its plan to pay a portion of the cost overruns Milwaukee County incurred in providing Milwaukee child welfare services in calendar years 1999 and 2000.

The motion does not address the issue of funding Milwaukee child welfare transition costs. Consequently, funding for this purpose would be provided under the provisions included in 2001 Act 16 (the 2001-03 biennial budget act).

MO# 1677 + Alt. 3

| | | | |
|---------------------|---|---|---|
| BURKE | Y | N | A |
| DECKER | Y | N | A |
| 1 MOORE | Y | N | A |
| SHIELSKI | Y | N | A |
| PLACHE | Y | N | A |
| WIRCH | Y | N | A |
| DARLING | Y | N | A |
| 2 ROSENZWEIG | Y | N | A |
| GARD | Y | N | A |
| KAUFERT | Y | N | A |
| ALBERS | Y | N | A |
| DUFF | Y | N | A |
| WARD | Y | N | A |
| HUEBSCH | Y | N | A |
| HUBER | Y | N | A |
| COGGS | Y | N | A |
| LASSA | | | |

AYE 16 NO 0 ABS 0

DEPARTMENT OF WORKFORCE DEVELOPMENT
DEPARTMENT OF HEALTH AND FAMILY SERVICES

Contract for Trust Fund Accounting Unit and Kinship Care Administration

Motion:

Move to specify that, if the Department of Health and Family Services contracts for the administration of the trust fund accounting unit for Milwaukee child welfare services or the administration of the kinship care program in Milwaukee County, it may only enter into a contract with a county agency or nonprofit agency to perform these functions.

Note:

Since 1998, Milwaukee County has held five contracts with the state to perform child services in Milwaukee County -- case management services at sites two and five, the adoption unit, the out-of-home placement unit and the trust fund accounting unit. In May, 2001, DHFS signed contracts for services provided in calendar year 2001 with vendors other than Milwaukee County for most services previously provided by Milwaukee County. DHFS intends to contract with MAXIMUS, Inc., a for-profit firm, for the administration of the trust fund accounting unit and to provide administrative support for the kinship care program, but has not yet signed a contract with MAXIMUS, Inc. to perform those services.

The trust fund function includes: (a) establishing accounts for funds on behalf of all clients in accordance with guidelines established by the U.S. Social Security Administration; (b) recording receipt and disbursement activities, including the reimbursement of costs of care from the child's benefits; (c) monitoring excess funds and initiating disbursements from client accounts, as approved by social workers and the SSA; (d) maintaining individual account files; and (e) coordinating with the supplemental security income (SSI) advocacy function to maximize any third-party funding for which clients are eligible. The estimated annual cost of this function is approximately \$126,500 (all funds).

The kinship care administration function includes: (a) conducting background checks; (b) inputting TANF data to comply with federal reporting requirements; (c) verifying information; and (d) maintaining and updating case files. The estimated annual cost of this function is \$315,000 (all funds).

This motion would prohibit DHFS from contracting for these functions with an entity that is not a county agency or nonprofit agency. If adopted, DHFS could not contract with MAXIMUS, Inc. to perform these functions.

MO#

| | | | | |
|---|------------|-----|-----|---|
| 2 | BURKE | (Y) | N | A |
| | DECKER | (Y) | N | A |
| 1 | MOORE | (Y) | N | A |
| | SHIBILSKI | (Y) | N | A |
| | PLACHE | (Y) | N | A |
| | WIRCH | (Y) | N | A |
| | DARLING | Y | (N) | A |
| | ROSENZWEIG | Y | (N) | A |
| | GARD | Y | (N) | A |
| | KAUFERT | Y | (N) | A |
| | ALBERS | Y | (N) | A |
| | DUFF | Y | (N) | A |
| | WARD | Y | (N) | A |
| | HUEBSCH | Y | (N) | A |
| | HUBER | (Y) | N | A |
| | EDGGS | (Y) | N | A |
| | LMA | | | |

AYE 8 NO 8 ABS _____

HEALTH AND FAMILY SERVICES

Westside Healthcare Association

Motion:

Move to transfer \$500,000 GPR from the reserved portion of the Committee's supplemental GPR appropriation under s. 20.865(4)(a) to the Department's appropriation for gifts and grants for health care financing under s. 20.435(4)(i) in 2000-01 for a grant to the Westside Healthcare Association, Inc., in the City of Milwaukee. Further, prohibit the Department from releasing these funds until approval by the Committee under s. 13.10.

Note:

This motion would transfer \$500,000 GPR of \$1,000,000 GPR that was provided in 1999 Act 9 (the 1999-01 biennial budget act) to support a payment to the successor of Rainbow Clinic in Milwaukee from the Committee's supplemental appropriation to DHFS. The motion would require that DHFS not release these funds unless approved at a future meeting of the Committee under s. 13.10 of the statutes.

On March 2, 2000, the Committee released \$500,000 GPR of the funds provided in Act 9 to the Westside Healthcare Association, Inc.



State of Wisconsin
Department of Health and Family Services

Scott McCallum, Governor
Phyllis J. Dubé, Secretary

October 5, 2001

The Honorable Brian Burke
Senate Co-Chair, Joint Committee on Finance
Room 316 S, State Capitol
Madison, WI 53702

The Honorable John Gard
Assembly Co-Chair, Joint Committee on Finance
Room 315 N, State Capitol
Madison, WI 53702

Dear Senator Burke and Representative Gard:

The Department of Health and Family Services requests the transfer of \$39,400 in FY 02 and \$24,000 in FY 03 from s.20.435 (2)(a), General Program Operations, to s.20.435 (4)(b), Medical Assistance Program Benefits, to cover the Medical Assistance portion of the costs of program revenue positions approved through the s. 16.505/515 process for Mendota and Winnebago Mental Health Institutes and for program revenue positions referenced in this request. The s.16.505/515 request was submitted in response to deficiencies cited in a federal survey at Mendota Mental Health Institute (MMHI) and an anticipated survey at Winnebago Mental Health Institute (WMHI). In addition, DHFS requests \$391,400 of expenditure authority in FY 02 and \$717,000 in FY 03 and the permanent transfer of 10.0 FTE from 20.435(2)(kx) to 20.435(2)(gk) to open a 20-bed adult civil admissions unit at MMHI.

On September 26, the Joint Committee on Finance approved, through the s.16.505/515 passive review process, expenditure authority and positions requested by DHFS to address staffing deficiencies cited by the federal government in its certification survey of MMHI and to seek to avoid a decertification notice at WMHI. At the time that this request was submitted, the Department stated that the source of GPR funding for the increased Medical Assistance (MA) costs would be identified for the next s.13.10 meeting. The purpose of this letter is to reallocate appropriate GPR funds for the positions already provided to the Department and to cover the costs of positions the Department proposes to transfer to s.20.435 (2)(gk).

Wisconsin.gov

Background

The Department's Mental Health Institutes (MHIs) provide mental health services to Wisconsin residents of all ages. Since 1998, the Department has experienced a significant growth in population at the MHIs. Recent changes in federal regulations regarding the restraint and seclusion of mentally ill patients have affected the MHIs as well. The Department has submitted a series of requests for additional staff at the MHIs over the last year to address the growing population and the need for more staff resulting from the new federal regulations. The Department's most recent request, submitted on July 30, 2001, was made in response to a federal certification survey at MMHI and an anticipated survey at WMHI. To seek to avoid the federal decertification of WMHI, the Department requested additional program revenue-funded staff for that facility, as well as MMHI. The Joint Committee on Finance approved the request on September 26.

The decertification of either MHI would result in the loss of all federal funding received by that institution.

New Adult Civil Unit

In June 2001 the Joint Finance Committee approved a s.16.505/515 request for additional PR positions and funding to open an adult civil unit at MMHI to address the increased population. In July the Department receive notification from the federal government that MMHI was at risk of federal decertification, based on the findings of a June 22 survey conducted on an unannounced basis at MMHI. As explained in the Department's July 30 s.16.505/515 request, the positions approved by JFC in June were reallocated to meet the immediate and more pressing need of correcting the deficiencies cited by the federal government and thereby avoiding decertification.

In this request, the Department requests additional expenditure authority of \$391,400 in FY02 and \$717,000 in FY03 in appropriation (2)(gk) to open the adult civil unit requested in the Department's June 2001 s. 16.505/515 request. The unit will serve 18-20 adult male patients from MMHI and WMHI to aid in the relief of adult civil population pressures. MMHI estimates the new unit will be opened in January 2002. Until then, to partially alleviate pressures, MMHI will open a 10-bed "overflow" unit for three months.

Both MHIs have continued to experience growth in the adult civil population despite attempts to slow that growth. The Department has used every means available to it to limit population increases. No voluntary admissions are permitted at either MHI when units are near capacity. Mental Health Institute staff work with county mental health workers to discuss appropriate admissions and current population issues in an effort to divert admissions. Both MHIs refer patients to other appropriate facilities and hospitals whenever possible.

To manage the increased populations, the MHIs have utilized overtime staff in units that exceed capacity, utilized hallways as sleeping areas and changed day rooms and seclusion rooms into bedrooms. When appropriate, MHI staff provide consultation to other patients at county facilities, rather than admitting a patient. Patients are discharged at the earliest possible date, in consultation with other facilities. At WMHI, the day school has diverted over 75% of juvenile admissions.

To slow the growth in forensic patient populations, DHFS is increasing its use of the outpatient competency program. In areas of the state in which the outpatient competency program has been piloted, MHI staff have referred courts to this program to avoid admissions. Under this program, individuals in need of competency-to-stand-trial examinations receive the examinations in jail, rather than being admitted to a MHI. The Department expects that the use of outpatient competency will reduce the pressure on admissions units at the MHIs.

The Department has taken all steps possible to manage the increased populations within existing resources. In order to continue to provide adequate treatment and ensure the safety of staff and patients at the MHIs, the new unit at MMHI needs to be opened as soon as possible.

MA Funding at the MHIs

The MHIs receive federal funding for MA and Medicare-eligible patients. Children, patients over 65 and some other adult patients are eligible for MA. As a result, requests for program-revenue funded positions require additional GPR to cover the GPR portion of the MA costs.

Based on an analysis of the billing record for adult civil patients at the MHIs, the Department has determined that approximately 29% of these patients have their costs reimbursed by Medical Assistance. Using this estimate, it has been determined that the state cost of the Medicaid portion of the program revenue positions approved on September 26 and the positions involved in this request for the temporary overflow unit and the new adult civil unit at MMHI is \$272,900 GPR in FY 02 and \$335,400 GPR in FY 03.

In contrast to the adult population, approximately 99% of the cost of children at the MHIs is MA-reimbursable. While the adult population continues to grow at both MHIs, the children's population is declining. MMHI was able to close a children's unit on September 17, thereby generating savings to the MHI program revenue appropriation and savings to the Medical Assistance appropriation as well. The Department estimates that \$233,500 GPR in FY 02 and \$311,400 GPR in FY 03 will be saved in the MA appropriation due to the closure of the children's unit. These funds can now be used to pay for the costs of the new adult civil positions. The Medicaid funds are currently budgeted in s.20.435 (4) (b), the MA appropriation, so no transfer of funds is required. Closure of the children's unit also frees up 18.0 FTE that will be reallocated to the new adult unit.

In addition to the MA funds, the Department has identified \$39,400 GPR in FY 02 and \$24,000 GPR in FY 03 in s.20.435(2)(a) that is available for transfer to the MA appropriation, due to the reduction in the number of individuals served at the Mendota Juvenile Treatment Center (MJTC) that was made at the request of the Department of Corrections (DOC). Because of the decline in population at the juvenile correctional institutions, DOC has requested that the average daily populations (ADP) at MJTC be reduced from 43 to 29 for the remainder of the biennium. MMHI will close one of the three MJTC units in November 2001 in order to generate the savings required by DOC through a Governor's veto to 2001 Wisconsin Act 16, the 2001-03 Biennial Budget. The reduction of ADP at MJTC also frees up 10.0 PR FTE that the Department requests be transferred to the adult civil unit at MMHI.

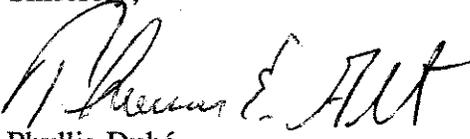
The total amount available between these two sources is \$272,900 GPR in FY 02 and \$335,400 GPR in FY 03.

Revenue

The Department has anticipated the increase in populations at the MHIs and built these population projections into the rates charged to counties for adult civil admissions in FY 02. Revenue is, therefore, expected to be adequate to cover the costs of the new unit.

Thank you for your consideration of this request. Laura Flood, Administrator for the Division of Care and Treatment Facilities, will represent the Department on this request.

Sincerely,



Phyllis Dubé
Secretary

For

Attachment

Mental Health Institute Days of Care by Fund Source

| | Days of Care at Mental Health Institutions | | | |
|------------------------|--|-----------|------------|--------------|
| | <u>51 Board</u> | <u>MA</u> | <u>GPR</u> | <u>Total</u> |
| Total Children's Units | 164 | 42,363 | 277 | 42,804 |
| Percent | 0.38% | 98.97% | 0.65% | 100.00% |
| Total Forensic Units | 5,522 | 1,717 | 99,745 | 106,984 |
| Percent | 5.16% | 1.60% | 93.23% | 100.00% |
| Total Adult Units | 20,039 | 11,129 | 7,664 | 38,832 |
| Percent | 51.60% | 28.66% | 19.74% | 100.00% |
| Total Days Overall | 25,725 | 55,209 | 107,686 | 188,620 |
| | 13.64% | 29.27% | 57.09% | 100.00% |

| | <u>FY02</u> | <u>FY03</u> |
|--|--------------------|--------------------|
| <u>16.505 for Decert/Temp Overflow Unit and 6 Months of New Adult Unit</u> | | |
| Increase (2)(gk) by approved request New Unit (6 Months In FY02) | \$1,344,800 | \$1,357,800 |
| Temporary Overflow Unit for 3 Months Oct, Nov, Dec | \$739,900 | \$1,479,700 |
| | \$223,500 | |
| | <u>\$2,308,200</u> | <u>\$2,837,500</u> |
| Percent MA charged | 28.66% | 28.66% |
| Effect on MA | \$661,500 | \$813,200 |
| State Share of MA | <u>\$272,900</u> | <u>\$335,400</u> |

| | | |
|-----------------------------------|------------------|------------------|
| <u>Closing of Children's Unit</u> | | |
| Savings | \$572,000 | \$762,700 |
| Percent MA not charged | 98.97% | 98.97% |
| Effect on MA | \$566,100 | \$754,800 |
| State Share of MA | <u>\$233,500</u> | <u>\$311,400</u> |

| | | |
|----------------|-----------|-----------|
| Shortage | -\$39,400 | -\$24,000 |
| Biennial Total | -\$63,400 | |

Program Revenue Request

| | | |
|--|-------------------|-------------------|
| New Unit (6 Months In FY02) | \$739,900 | \$1,479,700 |
| Temporary Overflow Unit for 3 Months | \$223,500 | |
| Savings due to Children's Unit Closure | <u>-\$572,000</u> | <u>-\$762,700</u> |
| | \$391,400 | \$717,000 |

VI. Department of Health and Family Services – Laura Flood, Administrator, Division of Care and Treatment Facilities

The department requests the transfer of \$39,400 GPR in fiscal year 2001-02 and \$24,000 GPR in fiscal year 2002-03 from the general program operations appropriation under s. 20.435(2)(a) to the department's Medical Assistance (MA) program benefits appropriation under s. 20.435(4)(b) to support the additional MA costs which resulted from the s. 16.505/515 request for additional positions at the mental health institutes that was approved in September 2001. The positions approved were in response to a federal certification survey at Mendota Mental Health Institute (MMHI) that found many deficiencies. Positions were added at Winnebago Mental Health Institute (WMHI) on the assumption that similar deficiencies would be identified at Winnebago since WMHI's staffing pattern is similar to Mendota's.

The department also requests an expenditure authority increase of \$391,400 PR in fiscal year 2001-02 and \$717,000 PR in fiscal year 2002-03 in the institutional operations appropriation under s. 20.435(2)(gk) and the transfer of 10.0 FTE PR-S positions from the interagency appropriation under s. 20.435(2)(kx) to the institutional operations appropriation under s. 20.435(2)(gk) to partially staff a new adult civil unit at MMHI. These positions have been allocated to the Mendota Juvenile Treatment Center, but because that treatment facility will serve a smaller population, the positions can be reallocated to serve the general population.

Governor's Recommendation

Approve the transfer of \$39,400 in FY02 and \$24,000 in FY03 between the specified appropriations. Modify the expenditure authority increase to provide \$292,800 in FY02 and \$585,600 in FY03 and create 10.0 PR FTE in the institutional operations appropriation. Delete corresponding amounts of funding and FTE from the interagency appropriation.



**WISCONSIN DEPARTMENT OF
ADMINISTRATION**

SCOTT McCALLUM
GOVERNOR

GEORGE LIGHTBOURN
SECRETARY

Office of the Secretary
Post Office Box 7864
Madison, WI 53707-7864
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Fax (608) 267-3842
TTY (608) 267-9629

Date: October , 2001

To: Members, Joint Committee on Finance

From: George Lightbourn, Secretary
Department of Administration

Subject: Section 13.10 Request from the Department of Health and Family Services (DHFS) for the Mental Health Institutes

Request

The department requests the transfer of \$39,400 GPR in fiscal year 2001-02 and \$24,000 GPR in fiscal year 2002-03 from the general program operations appropriation under s. 20.435(2)(a) to the department's Medical Assistance (MA) program benefits appropriation under s. 20.435(4)(b) to support the additional MA costs which resulted from the s. 16.505/515 request for additional positions at the mental health institutes that was approved in September, 2001. The positions approved were in response to a federal certification survey at Mendota Mental Health Institute (MMHI) that found many deficiencies. Positions were added at Winnebago Mental Health Institute (WMHI) on the assumption that similar deficiencies would be identified at Winnebago since WMHI's staffing pattern is similar to Mendota's.

The department also requests an expenditure authority increase of \$391,400 PR in fiscal year 2001-02 and \$717,000 PR in fiscal year 2002-03 in the institutional operations appropriation under s. 20.435(2)(gk) and the transfer of 10.0 FTE PR-S positions from the interagency appropriation under s. 20.435(2)(kx) to the institutional operations appropriation under s. 20.435(2)(gk) to partially staff a new adult civil unit at MMHI. These positions have been allocated to the Mendota Juvenile Treatment Center, but because that treatment facility will serve a smaller population, the positions can be reallocated to serve the general population.

Background

A significant number of staff have been provided to the MHI over the past year.

- To enable the MHI to meet new federal regulations regarding the use of restraint and seclusion, 41.85 FTE were approved under s. 13.10 in July

2000.

- To deal with population pressures that have increased over the past several years, 34.5 FTE were approved in June 2001 to open a new 20-bed admissions unit at MMHI (28) and to address population concerns at WMHI (6.5).
- To respond to deficiencies cited in the federal certification survey at MMHI, that institution had to redeploy the 28 recently approved positions and, through a recalculation of the administrative funding split between GPR and PR, freed up additional direct care staff. In anticipation of similar deficiencies being found at WMHI, new PR positions were added at that institution. A total of 27.96 positions in FY02 and 27.87 positions in FY03 were approved in September 2001.

This request does two things. First, it provides sufficient Medical Assistance (MA) funding to support the request most recently approved. In addition to payments from counties and GPR, the MHI also receive MA for children and residents over 65. By approving the staffing request and providing PR expenditure authority, DHFS had to find the GPR share of the additional MA costs.

Second, because population pressures continue to be severe, the department wants to open the 20-bed unit for which they had previously requested staff but which were subsequently redeployed to meet the concerns of the federal surveyors. No additional staff are being requested. Instead, the MHI will redeploy existing positions available through the closure of one children's unit at MMHI and the reduction in program size of the Mendota Juvenile Treatment Center (MJTC). That program serves youth from the juvenile correctional institutions. However, due to declining populations, the Department of Corrections (DOC) cannot send as many youth to MJTC, and, as part of the Governor's budget vetoes, DOC funds to pay MJTC were reduced. As a result, staff from that program can also be reallocated to staff the new unit which will serve both MMHI and WMHI. This request transfers funding and position authority associated with these staff from the interagency appropriation to the institutional operations appropriation.

Analysis

As noted in previous requests, the department has taken a number of steps to slow the growth of the population at both MHI including increasing the use of outpatient competency examinations and consulting with counties to find appropriate community resources to avoid an institutional placement. Despite these efforts, the adult civil population continues to grow. For example, the adult civil admissions unit population at MMHI has ranged between 173% and 200% of capacity over the last three weeks of September. This level of crowding is detrimental to both patients and staff. To alleviate some of this pressure, MMHI

opened a 10-bed temporary "overflow" unit for adult admissions. They staffed the unit with personnel from a children's unit which they closed in mid-September. Caseload in the two children's units at Mendota has been declining for some time. For example, for one week in July, one unit was at 40% capacity.

Staff want to operate this temporary unit for three months and then open the 20-bed unit for which they previously sought staff that were approved under s. 16.505/515. Under that request, 28 staff were approved. They will use the 18 positions from the children's unit, who are currently staffing the "overflow" unit, as part of the staffing complement.

The remaining 10 staff will be transferred from MJTC. Because of the decline in population at the juvenile correctional institutions, DOC requested that the average daily populations (ADP) at MJTC be reduced from 43 to 29 for the remainder of the biennium. MMHI will close one of the three MJTC units in November 2001 in order to generate the savings required by DOC through a Governor's veto in the biennial budget. The reduction of ADP at MJTC frees up 10.0 PR FTE that the Department requests be transferred to the adult civil unit at MMHI.

MA Costs

Based on an analysis of the billing records for the last year for adult civil patients at the MHI, the department has determined that approximately 29% of these patients have their costs reimbursed by Medical Assistance. Using this estimate, it has been determined that the state cost of the Medicaid portion of the program revenue positions approved on September 26 and the positions involved in this request for the temporary overflow unit and the new adult civil unit at MMHI is \$272,900 GPR in FY02 and \$335,400 GPR in FY03.

In contrast to the adult population, approximately 99% of the cost of children at the MHI is MA-reimbursable. While the adult population continues to grow at both MHI, the children's population is declining. MMHI was able to close a children's unit on September 17, thereby generating savings to the MHI program revenue appropriation and savings to the Medical Assistance appropriation as well. The Department estimates that \$233,500 GPR in FY02 and \$311,400 GPR in FY03 will be saved in the MA appropriation due to the closure of the children's unit. These funds can now be used to pay for the costs of the new adult civil positions. The Medicaid funds previously budgeted for the children's services are currently budgeted in s. 20.435(4)(b), the MA benefits appropriation, so no transfer of funds is required.

The difference between the new cost to MA and the reduction to MA through the closure of a children's unit results in a need for \$39,400 in FY02 and \$24,000 in FY03. These GPR amounts can be transferred from s. 20.435(2)(a), the general program operations appropriation, due to the reduction in the size of the MJTC program.

Staff Costs

The department also requests an increase in expenditure authority and a transfer of staff to complete its reorganization. While this request technically falls under the Chapter 16 passive review process, it is integral to the department's efforts to comply with federal certification standards and should be considered as part of this s. 13.10 request.

The department requested an increase in expenditure authority of \$391,400 in FY02 and \$717,000 in FY03 for the staff for the new units. This was calculated by estimating the cost of the "overflow" unit and the new 20-bed unit and was offset by the reduction in spending for the children's unit that was closed. However, no new expenditure authority is necessary for the staff from the children's unit since these are existing positions. The only expenditure authority necessary is to transfer the cost of the 10 MJTC staff from s. 20.435(2)(kx), the interagency appropriation, to s. 20.435(2)(gk), the institutional operations appropriation. This results in the need for an expenditure authority increase of \$292,800 in FY02 and \$585,600 and the creation of 10 PR FTE. Corresponding amounts of funding and FTE would be deleted from s. 20.435(2)(kx).

In the most recently approved request under s. 16.505/515 the department had projected a balance of \$6.5 million in FY02 which is sufficient to support the expenditure authority increase described in this request.

Recommendation

Approve the transfer of \$39,400 in FY02 and \$24,000 in FY03 between the specified appropriations. Modify the expenditure authority increase to provide \$292,800 in FY02 and \$585,600 in FY03 and create 10.0 PR FTE in the institutional operations appropriation. Delete corresponding amounts of funding and FTE from the interagency appropriation.

Prepared by: Susan Jablonsky
267-9546



State of Wisconsin
Department of Health and Family Services

Scott McCallum, Governor
Phyllis J. Dubé, Secretary

October 5, 2001

The Honorable Brian Burke
Senate Co-Chair, Joint Committee on Finance
Room 316 S, State Capitol
Madison, WI 53702

The Honorable John Gard
Assembly Co-Chair, Joint Committee on Finance
Room 315 N, State Capitol
Madison, WI 53702

Dear Senator Burke and Representative Gard:

The Department of Health and Family Services requests the transfer of \$39,400 in FY 02 and \$24,000 in FY 03 from s.20.435 (2)(a), General Program Operations, to s.20.435 (4)(b), Medical Assistance Program Benefits, to cover the Medical Assistance portion of the costs of program revenue positions approved through the s. 16.505/515 process for Mendota and Winnebago Mental Health Institutes and for program revenue positions referenced in this request. The s.16.505/515 request was submitted in response to deficiencies cited in a federal survey at Mendota Mental Health Institute (MMHI) and an anticipated survey at Winnebago Mental Health Institute (WMHI). In addition, DHFS requests \$391,400 of expenditure authority in FY 02 and \$717,000 in FY 03 and the permanent transfer of 10.0 FTE from 20.435(2)(kx) to 20.435(2)(gk) to open a 20-bed adult civil admissions unit at MMHI.

On September 26, the Joint Committee on Finance approved, through the s.16.505/515 passive review process, expenditure authority and positions requested by DHFS to address staffing deficiencies cited by the federal government in its certification survey of MMHI and to seek to avoid a decertification notice at WMHI. At the time that this request was submitted, the Department stated that the source of GPR funding for the increased Medical Assistance (MA) costs would be identified for the next s.13.10 meeting. The purpose of this letter is to reallocate appropriate GPR funds for the positions already provided to the Department and to cover the costs of positions the Department proposes to transfer to s.20.435 (2)(gk).

Background

The Department's Mental Health Institutes (MHIs) provide mental health services to Wisconsin residents of all ages. Since 1998, the Department has experienced a significant growth in population at the MHIs. Recent changes in federal regulations regarding the restraint and seclusion of mentally ill patients have affected the MHIs as well. The Department has submitted a series of requests for additional staff at the MHIs over the last year to address the growing population and the need for more staff resulting from the new federal regulations. The Department's most recent request, submitted on July 30, 2001, was made in response to a federal certification survey at MMHI and an anticipated survey at WMHI. To seek to avoid the federal decertification of WMHI, the Department requested additional program revenue-funded staff for that facility, as well as MMHI. The Joint Committee on Finance approved the request on September 26.

The decertification of either MHI would result in the loss of all federal funding received by that institution.

New Adult Civil Unit

In June 2001 the Joint Finance Committee approved a s.16.505/515 request for additional PR positions and funding to open an adult civil unit at MMHI to address the increased population. In July the Department receive notification from the federal government that MMHI was at risk of federal decertification, based on the findings of a June 22 survey conducted on an unannounced basis at MMHI. As explained in the Department's July 30 s.16.505/515 request, the positions approved by JFC in June were reallocated to meet the immediate and more pressing need of correcting the deficiencies cited by the federal government and thereby avoiding decertification.

In this request, the Department requests additional expenditure authority of \$391,400 in FY02 and \$717,000 in FY03 in appropriation (2)(gk) to open the adult civil unit requested in the Department's June 2001 s. 16.505/515 request. The unit will serve 18-20 adult male patients from MMHI and WMHI to aid in the relief of adult civil population pressures. MMHI estimates the new unit will be opened in January 2002. Until then, to partially alleviate pressures, MMHI will open a 10-bed "overflow" unit for three months.

Both MHIs have continued to experience growth in the adult civil population despite attempts to slow that growth. The Department has used every means available to it to limit population increases. No voluntary admissions are permitted at either MHI when units are near capacity. Mental Health Institute staff work with county mental health workers to discuss appropriate admissions and current population issues in an effort to divert admissions. Both MHIs refer patients to other appropriate facilities and hospitals whenever possible.

To manage the increased populations, the MHIs have utilized overtime staff in units that exceed capacity, utilized hallways as sleeping areas and changed day rooms and seclusion rooms into bedrooms. When appropriate, MHI staff provide consultation to other patients at county facilities, rather than admitting a patient. Patients are discharged at the earliest possible date, in consultation with other facilities. At WMHI, the day school has diverted over 75% of juvenile admissions.

To slow the growth in forensic patient populations, DHFS is increasing its use of the outpatient competency program. In areas of the state in which the outpatient competency program has been piloted, MHI staff have referred courts to this program to avoid admissions. Under this program, individuals in need of competency-to-stand-trial examinations receive the examinations in jail, rather than being admitted to a MHI. The Department expects that the use of outpatient competency will reduce the pressure on admissions units at the MHIs.

The Department has taken all steps possible to manage the increased populations within existing resources. In order to continue to provide adequate treatment and ensure the safety of staff and patients at the MHIs, the new unit at MMHI needs to be opened as soon as possible.

MA Funding at the MHIs

The MHIs receive federal funding for MA and Medicare-eligible patients. Children, patients over 65 and some other adult patients are eligible for MA. As a result, requests for program-revenue funded positions require additional GPR to cover the GPR portion of the MA costs.

Based on an analysis of the billing record for adult civil patients at the MHIs, the Department has determined that approximately 29% of these patients have their costs reimbursed by Medical Assistance. Using this estimate, it has been determined that the state cost of the Medicaid portion of the program revenue positions approved on September 26 and the positions involved in this request for the temporary overflow unit and the new adult civil unit at MMHI is \$272,900 GPR in FY 02 and \$335,400 GPR in FY 03.

In contrast to the adult population, approximately 99% of the cost of children at the MHIs is MA-reimbursable. While the adult population continues to grow at both MHIs, the children's population is declining. MMHI was able to close a children's unit on September 17, thereby generating savings to the MHI program revenue appropriation and savings to the Medical Assistance appropriation as well. The Department estimates that \$233,500 GPR in FY 02 and \$311,400 GPR in FY 03 will be saved in the MA appropriation due to the closure of the children's unit. These funds can now be used to pay for the costs of the new adult civil positions. The Medicaid funds are currently budgeted in s.20.435 (4) (b), the MA appropriation, so no transfer of funds is required. Closure of the children's unit also frees up 18.0 FTE that will be reallocated to the new adult unit.

In addition to the MA funds, the Department has identified \$39,400 GPR in FY 02 and \$24,000 GPR in FY 03 in s.20.435(2)(a) that is available for transfer to the MA appropriation, due to the reduction in the number of individuals served at the Mendota Juvenile Treatment Center (MJTC) that was made at the request of the Department of Corrections (DOC). Because of the decline in population at the juvenile correctional institutions, DOC has requested that the average daily populations (ADP) at MJTC be reduced from 43 to 29 for the remainder of the biennium. MMHI will close one of the three MJTC units in November 2001 in order to generate the savings required by DOC through a Governor's veto to 2001 Wisconsin Act 16, the 2001-03 Biennial Budget. The reduction of ADP at MJTC also frees up 10.0 PR FTE that the Department requests be transferred to the adult civil unit at MMHI.

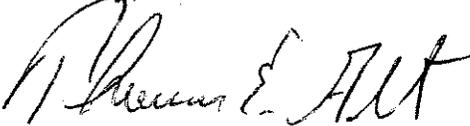
The total amount available between these two sources is \$272,900 GPR in FY 02 and \$335,400 GPR in FY 03.

Revenue

The Department has anticipated the increase in populations at the MHIs and built these population projections into the rates charged to counties for adult civil admissions in FY 02. Revenue is, therefore, expected to be adequate to cover the costs of the new unit.

Thank you for your consideration of this request. Laura Flood, Administrator for the Division of Care and Treatment Facilities, will represent the Department on this request.

Sincerely,



Phyllis Dubé
Secretary

For

Attachment

Mental Health Institute Days of Care by Fund Source

| | Days of Care at Mental Health Institutions | | | |
|------------------------|--|-----------|------------|--------------|
| | <u>51 Board</u> | <u>MA</u> | <u>GPR</u> | <u>Total</u> |
| Total Children's Units | 164 | 42,363 | 277 | 42,804 |
| Percent | 0.38% | 98.97% | 0.65% | 100.00% |
| Total Forensic Units | 5,522 | 1,717 | 99,745 | 106,984 |
| Percent | 5.16% | 1.60% | 93.23% | 100.00% |
| Total Adult Units | 20,039 | 11,129 | 7,664 | 38,832 |
| Percent | 51.60% | 28.66% | 19.74% | 100.00% |
| Total Days Overall | 25,725 | 55,209 | 107,686 | 188,620 |
| | 13.64% | 29.27% | 57.09% | 100.00% |

| | <u>FY02</u> | <u>FY03</u> |
|--|-------------|-------------|
| <u>16.505 for Decert/Temp Overflow Unit and 6 Months of New Adult Unit</u> | | |
| Increase (2)(gk) by approved request | \$1,344,800 | \$1,357,800 |
| New Unit (6 Months In FY02) | \$739,900 | \$1,479,700 |
| Temporary Overflow Unit for 3 Months Oct, Nov, Dec | \$223,500 | |
| | <hr/> | <hr/> |
| | \$2,308,200 | \$2,837,500 |
| Percent MA charged | 28.66% | 28.66% |
| Effect on MA | \$661,500 | \$813,200 |
| State Share of MA | \$272,900 | \$335,400 |

| | | |
|-----------------------------------|-----------|-----------|
| <u>Closing of Children's Unit</u> | | |
| Savings | \$572,000 | \$762,700 |
| Percent MA not charged | 98.97% | 98.97% |
| Effect on MA | \$566,100 | \$754,800 |
| State Share of MA | \$233,500 | \$311,400 |

Shortage - \$39,400 - \$24,000

Biennial Total -\$63,400

Program Revenue Request

| | | |
|--|-------------------|-------------------|
| New Unit (6 Months In FY02) | \$739,900 | \$1,479,700 |
| Temporary Overflow Unit for 3 Months | \$223,500 | |
| Savings due to Children's Unit Closure | <u>-\$572,000</u> | <u>-\$762,700</u> |
| | \$391,400 | \$717,000 |

VII. Department of Health and Family Services – John Kiesow, Executive Assistant

The department has brought to the Committee's attention and possible action of a number of implications of the allocation methodology for new GPR funding provided to counties in the biennial budget for the Birth to Three program.

VIII. Department of Health and Family Services – John Kiesow, Executive Assistant

The department requests approval of the proposed plan for the use of federal Income Augmentation funds, including provision of \$2,933,700 for transition costs for Milwaukee child welfare, a lapse of \$6,750,00 to the general fund and reserving \$2,552,300 for possible federal disallowances related to policy changes in federal Title IV-E reimbursement.

**13.10 Meeting
November 5, 2001
Agenda Item VII**

Issue: DHFS: Birth to 3 program

Comments:

According to Act 16, counties are to receive an increase in birth to 3 funding beginning 1/1/02. Each county would receive an amount that represented at least 60% of the total state, federal and county calendar year 1999 costs for birth to 3 funding.

Manitowoc County messed up on the paperwork they are required to turn into the state in order to calculate how much state funding they should receive for the Birth to 3 program. Consequently, they didn't receive any funding in the budget. It's a \$49,916 annual mistake.

Also, 5 counties used to go together on this program as a consortium, but split up in 2000 and are now going it alone. The split has caused them as individuals to take a hit.

Alternatives:

A1 - makes up Manitowoc Co.'s mistake by nicking all the other counties & gives Manitowoc only 59.7% of 1999 calendar year costs (instead of 60% as specified in Act 16)

A2 - makes up Manitowoc's mistake with straight GPR, leaving them & all other counties whole.

A3 - takes no action, therefore Manitowoc is punished to the tune of \$49,000 each year for a clerical error.

B1 - transfers straight GPR (\$16,200 in '01-02 and \$32,300 in '02-03) to the 5 former members of the Northern Pines Consortium (Barron, Burnett, Polk, Rusk and Washburn) to get them to the 60% requirement in Act 16.

B2 - transfers slightly less money to give these counties a 59.7% payment.

B3 – all counties would only get a 59.5% increase, therefore, causing the other counties to fund increases to Manitowoc & the 5 Northern Pines Consortium counties.

B4- take no action. Leaves other counties whole, but each of these 5 Northern Pines counties would only receive about \$92/year increase.

Staff Recommendation: Alt. A2 and B1 (WI Counties Association & Mke County support these alternatives (second choice is A1, B2). Do not support A3 or B3.

Prepared by: Cindy



Legislative Fiscal Bureau

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

November 5, 2001

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Health and Family Services: Birth-to-Three Program – Agenda Item VII

In a letter dated October 25, 2001, to the Co-chairs of the Joint Committee on Finance, DHFS Secretary Phyllis Dubé requested that the Committee provide DHFS with direction regarding the allocation of the funding increase that was provided for the birth-to-three program in 2001 Wisconsin Act 16 (the 2001-03 biennial budget act). This paper provides options the Committee could consider to clarify the intent of the Act 16 funding increase.

BACKGROUND

The early intervention program for infants and toddlers up to three years of age with disabilities, commonly referred to as the birth-to-three program, is a federal program authorized under Part C of the Individuals with Disabilities Education Act (IDEA). Under the program, Wisconsin supplements federal grant funds with state funds to develop and implement a statewide, comprehensive, coordinated, multidisciplinary, interagency program of early intervention services for infants and toddlers with disabilities and their families. The program is a federal entitlement program; therefore, counties may not place children on waiting lists for services.

The goals of the birth-to-three program, as expressed in the federal legislation, are to: (a) enhance the development of infants and toddlers with disabilities and to minimize their potential for developmental delay; (b) reduce the educational costs to society and schools, by minimizing the need for special education and related services; (c) minimize the likelihood of institutionalization of individuals with disabilities and maximize their potential for independent living in society; and (d) enhance the capacity of state and local agencies and providers to identify, evaluate and meet the needs of historically underrepresented populations, particularly minority, low-income, inner-city and rural populations.

DHFS allocates funding to counties on a calendar year basis, but supports these county contracts with funds budgeted on a state and federal fiscal year basis. In state fiscal year 2001-02, \$5,778,900 GPR is budgeted for the program. The estimated federal fiscal year 2000-01 federal grant amount is \$6,217,800 FED. In addition, program services are supported by medical assistance (MA) and other third-party payers and county funds.

ANALYSIS

2001 Wisconsin Act 16

Act 16 increased base funding for the birth-to-three program by \$1,019,700 GPR in 2001-02 and \$2,039,300 GPR in 2002-03. This funding was intended to increase counties' birth-to-three allocations, beginning on January 1, 2002, such that each county would receive an amount that represented at least 60% of the total state, federal and county calendar year 1999 costs.

Act 16 also requires counties to maintain their calendar year 1999 level of funding for the birth-to-three program. In addition, DHFS is authorized to exempt counties that can demonstrate extraordinary efforts in calendar year 1999 from this requirement and establish that county's maintenance of effort (MOE) at an agreed upon level.

The cost estimate developed for the proposal was based on information contained in fiscal reports submitted to DHFS from the counties. The increases in county allocations were calculated based on information contained in the county fiscal reports. The annual allocations assumed under Act 16 are shown in the first column in the table in the attachment. DHFS has notified affected counties of these increases in their allocation amounts.

Manitowoc County

After Act 16 was enacted, it was discovered that Manitowoc County inaccurately reported both its state and federal contribution and its county contribution to the birth-to-three program in 1999 on the county fiscal report. Based on the erroneous information contained in the report, Manitowoc County was not identified as a county that would receive an increase in state birth-to-three funds beginning in January, 2002. Using the corrected data, the county would be eligible to receive \$47,900 GPR annually to increase its state and federal allocation to 60% of its calendar year 1999 state, federal and county costs.

Since the county did not accurately report its data to the state, the Committee could direct DHFS not to alter the original county allocation of the additional GPR funds. Thus, Manitowoc County would not receive any additional funds and the county allocations would remain the same as previously indicated to counties.

Alternatively, the Committee could direct DHFS to divide the total funding increase provided in Act 16 among the eligible counties, including Manitowoc County. This option would not require

the Committee to allocate additional GPR and would provide funding for 59.7% of the counties' calendar year 1999 state, federal and county costs. The alternative annual allocations are identified in the second column in the table in Attachment 1. The difference in funding each county would receive is identified in the third column of the table.

However, it could be argued that Act 16 entitles Manitowoc County to receive state and federal funding equal to 60% of the county's calendar year 1999 federal, state and county costs, notwithstanding the funding amounts budgeted in Act 16. Therefore, the Committee could provide an additional \$24,000 GPR in 2001-02 and \$47,900 GPR in 2002-03 to DHFS for Manitowoc County. The counties and allocation amounts identified in the first column of the table in the first attachment would remain the same, with the addition of Manitowoc County's allocation.

Northern Pines Consortium

In calendar year 1999, Barron, Burnett, Polk, Rusk and Washburn Counties were members of the Northern Pines multi-county Department of Social Services. The birth-to-three data for these counties were reported under Barron County and the counties received one, joint allocation of funding for the birth-to-three program. As a consortium, the counties received additional funding to increase its birth-to-three allocation to 60% of the consortium's calendar year 1999 total state, federal and county costs.

However, beginning in calendar year 2000, these counties were no longer receiving birth-to-three funding through Northern Pines. Instead, each county began receiving its own allocation directly. To account for this organizational change, DHFS has decided to equally divide the funding provided in Act 16 (\$460) to the five former Northern Pines counties. Therefore, each county would receive an additional \$92 annually, beginning in calendar year 2002. With this additional funding, the counties, on an individual basis, will not receive state and federal funding equal to 60% of each county's calendar year 2000 state, federal and county costs.

It can be argued that the Act 16 motion for supplemental birth-to-three funding directed DHFS to use calendar year 1999 costs as the basis for distributing this funding. Consequently, the Department's plan to equally divide the \$460 increase between the five counties appears to meet the intent of Act 16. In addition, this was a one-time increase in counties' allocations -- the 60% is at a point in time, not to be sustained every year. Finally, if every county were to receive at least 60% of calendar year 2000 state, federal or county costs, an additional \$640,000 to \$950,000 to the funding in Act 16 would be needed, depending on the allocation methodology chosen. For these reasons, the Committee could decide not to provide any additional funding for these counties and the five counties would each receive an increase of \$92 annually.

However, the Committee may wish to consider providing additional funds to these counties so as not to penalize these counties based on their organization in 1999. Since individual county data is not available for 1999, calendar year 2000 data would need to be used to determine these counties' allocations. In 2000, state and federal funding was less than 60% of the total funding in all five counties. To provide funding to these counties such that each county receives state and

federal funding equal to 60% of the counties' total state, federal and county costs in 2000, an additional \$16,200 GPR in 2001-02 and \$32,300 GPR in 2002-03 would be needed. This funding is in addition to the \$460 originally allocated to Northern Pines in Act 16. The allocations are presented in the following table.

TABLE 1

**Birth-to-Three Allocations for Counties in
the Former Northern Pines Consortium
(60% of Costs)**

| <u>County</u> | <u>Annual Allocation</u> |
|---------------|--------------------------|
| Barron | \$6,251 |
| Burnett | 4,057 |
| Polk | 17,610 |
| Rusk | 2,330 |
| Washburn | <u>2,082</u> |
| Total | \$32,330 |

If the Committee decides to direct DHFS to allocate funding to counties such that each county receives 59.7% of calendar year 1999 total state, federal and county costs, the Northern Pines consortium would not receive any additional funds. However, if the Committee wants to provide funding to the five individual counties that previously formed Northern Pines, allocations at 59.7% are presented in Table 2.

TABLE 2

**Birth-to-Three Allocations for Counties in
the Former Northern Pines Consortium
(59.7% of Costs)**

| <u>County</u> | <u>Annual Allocation</u> |
|---------------|--------------------------|
| Barron | \$5,865 |
| Burnett | 3,988 |
| Polk | 17,244 |
| Rusk | 2,244 |
| Washburn | <u>2,011</u> |
| Total | \$31,353 |

Alternatively, the Committee could direct DHFS to divide the total funding increase provided in Act 16 among the eligible counties, including Manitowoc, Barron, Burnett, Polk, Rusk and Washburn Counties. This option would not require the Committee to allocate additional GPR and

would provide funding for approximately 59.5% of the counties' calendar year 1999 state, federal and county costs, or for the former Northern Pines counties, calendar year 2000 costs. The alternative annual allocations are identified in the second column in the table in Attachment 2. The difference in funding each county would receive is identified in the third column of the table.

Pepin County

Secretary Dubé, in her letter to the Co-chairs, also discussed the situation in Pepin County. In calendar year 2000, DHFS and Pepin County agreed on a revised MOE level to reflect that the county's spending in 1990 (the previous MOE level) was unusually high. The county is concerned about the new 1999 MOE requirement. However, Act 16 allows DHFS to negotiate an MOE level with any county if the county can demonstrate extraordinary efforts in 1999. For this reason, DHFS can address this issue administratively and the Committee does not need to take any action on this issue.

ALTERNATIVES

A. Manitowoc County

1. Direct DHFS to allocate the additional state funding as identified in the second column in Attachment 1, so that each eligible county would receive an amount that represents 59.7% of the total state, federal and county calendar year 1999 costs. Under this alternative, Manitowoc County would receive an annual increase of \$46,916 and other eligible counties' allocations would be reduced, as shown in Attachment 1.

2. Transfer \$24,000 GPR in 2001-02 and \$47,900 GPR in 2002-03 from the Committee's supplemental appropriation to DHFS for the birth-to-three program. Direct DHFS to allocate these additional funds to Manitowoc County. Maintain the other county allocations identified in the first column in Attachment 1.

3. Take no action. Under this alternative, DHFS would provide no additional funding to Manitowoc County and the county allocations identified in the first column of the table in Attachment 1 would be maintained.

B. Counties in the Former Northern Pines Consortium

1. Transfer \$16,200 GPR in 2001-02 and \$32,300 GPR in 2002-03 from the Committee's supplemental appropriation to DHFS for the birth-to-three program. Direct DHFS to allocate these additional funds to Barron, Burnett, Polk, Rusk and Washburn Counties as shown in Table 1 of this paper. Under this alternative, these counties would receive an amount that represents 60% of the total state, federal and county calendar year 2000 costs.

2. Transfer \$15,700 GPR in 2001-02 and \$31,400 GPR in 2002-03 from the Committee's supplemental appropriation to DHFS for the birth-to-three program. Direct DHFS to allocate these additional funds to Barron, Burnett, Polk, Rusk and Washburn Counties as shown in Table 2 of this paper. Under this alternative, these counties would receive an amount that represents 59.7% of the total state, federal and county calendar year 2000 costs.

3. Direct DHFS to allocate the additional state funding as identified in the second column of the table in Attachment 2, so that each eligible county would receive an amount that represents approximately 59.5% of the total state, federal and county calendar year 1999 costs (or 2000 costs, in the case of the five former Northern Pines counties). Under this alternative, Manitowoc, Barron, Burnett, Polk, Rusk and Washburn Counties would receive an annual increase of funding and other eligible counties' allocations would be reduced, as shown in Attachment 2.

4. Take no action. Consequently, each of these counties would receive a \$92 annual increase in funding for their birth-to-three programs, beginning in calendar year 2002.

Prepared by: Yvonne M. Arsenault
Attachment

MO# A-2, B-1

| | | | | |
|---|------------|----------------------------------|---|---|
| 2 | BURKE | <input checked="" type="radio"/> | N | A |
| | DECKER | <input checked="" type="radio"/> | N | A |
| | MOORE | <input checked="" type="radio"/> | N | A |
| | SHIBILSKI | <input checked="" type="radio"/> | N | A |
| | PLACHE | <input checked="" type="radio"/> | N | A |
| | WIRCH | <input checked="" type="radio"/> | N | A |
| | DARLING | <input checked="" type="radio"/> | N | A |
| | ROSENZWEIG | <input checked="" type="radio"/> | N | A |
| 1 | GARD | <input checked="" type="radio"/> | N | A |
| | KAUFERT | <input checked="" type="radio"/> | N | A |
| | ALBERS | <input checked="" type="radio"/> | N | A |
| | DUFF | <input checked="" type="radio"/> | N | A |
| | WARD | <input checked="" type="radio"/> | N | A |
| | HUEBSCH | <input checked="" type="radio"/> | N | A |
| | HUBER | <input checked="" type="radio"/> | N | A |
| | COGGS | <input checked="" type="radio"/> | N | A |

AYE 16 NO 0 ABS _____

ATTACHMENT 1

Birth-to-Three Allocations of Additional GPR to Counties Comparison of Alternatives A1 and A3

| <u>County</u> | <u>Alternative A3 Allocations at 60%</u> | <u>Alternative A1 Allocations at 59.7%</u> | <u>Difference</u> |
|--------------------------|--|--|-------------------|
| Adams | \$7,377 | \$7,213 | -\$164 |
| Ashland | 468 | 304 | -164 |
| Barron - Northern Pines* | 460 | 0 | -460 |
| Bayfield | 13,140 | 12,944 | -196 |
| Brown | 288,920 | 285,488 | -3,431 |
| Buffalo | 5,353 | 5,209 | -144 |
| Calumet | 54,950 | 54,341 | -608 |
| Columbia | 35,484 | 34,889 | -595 |
| Crawford | 2,723 | 2,579 | -143 |
| Dane | 73,346 | 69,916 | -3,431 |
| Dodge | 44,306 | 43,527 | -779 |
| Door | 36,371 | 35,940 | -431 |
| Douglas | 4,569 | 4,102 | -467 |
| Dunn | 58,190 | 57,472 | -717 |
| Eau Claire | 20,828 | 19,751 | -1,077 |
| Fond du Lac | 60,490 | 59,359 | -1,131 |
| Forest/Oneida/Vilas | 47,865 | 47,085 | -780 |
| Grant/Iowa | 22,492 | 21,845 | -647 |
| Green Lake | 6,488 | 6,299 | -189 |
| Jefferson | 45,617 | 44,846 | -771 |
| Kewaunee | 4,876 | 4,647 | -229 |
| Langlade | 102,530 | 101,774 | -756 |
| Lincoln | 24,296 | 23,948 | -347 |
| Manitowoc | 0 | 46,916 | 46,916 |
| Marathon | 145,764 | 143,998 | -1,767 |
| Marinette | 3,106 | 2,721 | -385 |
| Marquette | 6,992 | 6,842 | -150 |
| Milwaukee | 363,788 | 350,088 | -13,700 |
| Monroe | 3,290 | 2,939 | -351 |
| Ozaukee | 116,477 | 115,428 | -1,049 |

| <u>County</u> | <u>Alternative A3 Allocations at 60%</u> | <u>Alternative A1 Allocations at 59.7%</u> | <u>Difference</u> |
|---------------|--|--|-------------------|
| Pepin | \$24,872 | \$24,648 | -\$224 |
| Portage | 59,388 | 58,535 | -853 |
| Racine | 15,710 | 13,579 | -2,131 |
| Richland | 16,783 | 16,526 | -257 |
| St. Croix | 34,844 | 34,225 | -619 |
| Sauk | 54,219 | 53,545 | -673 |
| Shawano | 9,790 | 9,460 | -331 |
| Sheboygan | 70,522 | 69,134 | -1,389 |
| Vernon | 1,962 | 1,723 | -239 |
| Walworth | 41,707 | 40,999 | -709 |
| Waukesha | 5,440 | 3,399 | -2,041 |
| Waupaca | 50,190 | 49,427 | -763 |
| Waushara | 992 | 829 | -163 |
| Winnebago | <u>52,308</u> | <u>50,673</u> | <u>-1,635</u> |
| TOTAL | \$2,039,281 | \$2,039,109 | -\$172 |

*In calendar year 1999, Barron County represents the former Northern Pines Multicounty Department of Social Services, which included Barron, Burnett, Polk, Rusk and Washburn Counties.

ATTACHMENT 2

Birth-to-Three Allocations of Additional GPR to Counties Comparison of Alternatives A3 and B3

| <u>County</u> | <u>Alternative A3 Allocations at 60%</u> | <u>Alternative B3 Allocations at 59.509%</u> | <u>Difference</u> |
|---------------------|--|--|-------------------|
| Adams | \$7,377 | \$7,108 | -\$269 |
| Ashland | 468 | 200 | -268 |
| Barron* | 92 | 5,561 | 5,469 |
| Bayfield | 13,140 | 12,819 | -321 |
| Brown | 288,920 | 283,304 | -5,616 |
| Buffalo | 5,353 | 5,117 | -235 |
| Burnett* | 92 | 3,886 | 3,794 |
| Calumet | 54,950 | 53,954 | -995 |
| Columbia | 35,484 | 34,511 | -973 |
| Crawford | 2,723 | 2,488 | -235 |
| Dane | 73,346 | 67,732 | -5,615 |
| Dodge | 44,306 | 43,031 | -1,275 |
| Door | 36,371 | 35,666 | -705 |
| Douglas | 4,569 | 3,804 | -765 |
| Dunn | 58,190 | 57,016 | -1,174 |
| Eau Claire | 20,828 | 19,065 | -1,762 |
| Fond du Lac | 60,490 | 58,639 | -1,851 |
| Forest/Oneida/Vilas | 47,865 | 46,588 | -1,277 |
| Grant/Iowa | 22,492 | 21,433 | -1,060 |
| Green Lake | 6,488 | 6,178 | -309 |
| Jefferson | 45,617 | 44,355 | -1,262 |
| Kewaunee | 4,876 | 4,501 | -375 |
| Langlade | 102,530 | 101,292 | -1,237 |
| Lincoln | 24,296 | 23,727 | -569 |
| Manitowoc | 0 | 46,261 | 46,261 |
| Marathon | 145,764 | 142,873 | -2,892 |
| Marinette | 3,106 | 2,476 | -630 |
| Marquette | 6,992 | 6,746 | -246 |
| Milwaukee | 363,788 | 341,366 | -22,422 |
| Monroe | 3,290 | 2,715 | -575 |

| <u>County</u> | <u>Alternative A3 Allocations at 60%</u> | <u>Alternative B3 Allocations at 59.509%</u> | <u>Difference</u> |
|---------------|--|--|-------------------|
| Oconto | \$0 | \$0 | \$0 |
| Ozaukee | 116,477 | 114,760 | -1,718 |
| Pepin | 24,872 | 24,505 | -367 |
| Polk* | 92 | 16,953 | 16,861 |
| Portage | 59,388 | 57,992 | -1,396 |
| Racine | 15,710 | 12,222 | -3,488 |
| Richland | 16,783 | 16,362 | -421 |
| Rusk* | 92 | 2,131 | 2,039 |
| St. Croix | 34,844 | 33,830 | -1,013 |
| Sauk | 54,219 | 53,117 | -1,102 |
| Shawano | 9,790 | 9,249 | -541 |
| Sheboygan | 70,522 | 68,249 | -2,273 |
| Vernon | 1,962 | 1,571 | -391 |
| Walworth | 41,707 | 40,548 | -1,160 |
| Waukesha | 5,440 | 2,099 | -3,341 |
| Waupaca | 50,190 | 48,942 | -1,248 |
| Waushara | 992 | 725 | -267 |
| Washburn* | 92 | 1,906 | 1,814 |
| Winnebago | <u>52,308</u> | <u>49,633</u> | <u>-2,676</u> |
| Total | \$2,039,281 | \$2,039,205 | -\$76 |

*Calendar year 2000 cost data was used for these counties.

**13.10 Meeting
November 5, 2001
Agenda Item V**

Issue: DHFS: Release of Funds for Westside Health Clinic

Comments:

This is the age old Spencer Coggs vs. Antonio Riley fight over who is better deserving of this funding, Isaac Coggs or Westside.

As the successor to Rainbow Health Clinic, Westside was supposed to get this funding because of actions taken in the 1999 budget. We gave them \$1 million, to be paid in 2 installments. This is the second and final payment for them.

Previously, it had been questioned whether Westside could survive beyond 3/31/01 based on the organization's projected revenues and expenditures. In addition, they were seeking designation as a federally qualified health clinic (FQHC) and it was doubtful they'd actually get this designation.

They have subsequently received the FQHC status and received \$531,700 in federal grants and are expecting an additional \$800,000 before 3/31/02.

Since this \$500,000 is one time money, they are planning to use it for one time building and capital improvement purchases.

Staff Recommendation:

Alt. 1 - approve the request.

Prepared by: Cindy