Wisconsin Department of Administration
Division of Executive Budget and Finance

Fiscal Estimate - 2007 Session

☒ Original ☐ Updated ☐ Corrected ☐ Supplemental

LRB Number **07-0859/4**	Introduction Number **AB-0691**

Description
Determining eligibility of certain persons for Medical Assistance without consideration of a spouse's income or assets

Fiscal Effect

State:
☐ No State Fiscal Effect
☐ Indeterminate
☐ Increase Existing Appropriations
☐ Decrease Existing Appropriations
☐ Create New Appropriations
☐ Increase Existing Revenues
☐ Decrease Existing Revenues
☒ Increase Costs - May be possible to absorb within agency's budget ☐ Yes ☒ No
☐ Decrease Costs

Local:
☒ No Local Government Costs
☐ Indeterminate
1. ☐ Increase Costs ☐ Permissive ☐ Mandatory
2. ☐ Decrease Costs ☐ Permissive ☐ Mandatory
3. ☐ Increase Revenue ☐ Permissive ☐ Mandatory
4. ☐ Decrease Revenue ☐ Permissive ☐ Mandatory
5. Types of Local Government Units Affected
☐ Towns ☐ Village ☐ Cities
☐ Counties ☐ Others
☐ School Districts ☐ WTCS Districts

Fund Sources Affected
☒ GPR ☒ FED ☐ PRO ☐ PRS ☐ SEG ☐ SEGS

Affected Ch. 20 Appropriations
s. 20.435(4)(b) and (o)

Agency/Prepared By	Authorized Signature	Date
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Fiscal Estimate Narratives

DHFS 1/4/2008

LRB Number **07-0859/4**	Introduction Number **AB-0691**	Estimate Type **Original**
Description Determining eligibility of certain persons for Medical Assistance without consideration of a spouse's income or assets		

Assumptions Used in Arriving at Fiscal Estimate

Under current law, the income and assets of both spouses in a married couple are taken into consideration when determining eligibility or continued eligibility for medically needy medical assistance (MA) benefits. Under this bill, if a single person who is blind or permanently disabled and receiving medically needy MA benefits marries, DHFS is prohibited from considering the income or assets of the person's spouse. The bill exempts from this provision any person who is institutionalized or receives long-term care services under one of the home and community based waivers.

This bill applies to all MA recipients in the medically needy eligibility group except elderly recipients. It applies solely to MA recipients and not to applicants. Federal MA rules require that applicants and recipients be subject to the same eligibility criteria. In addition, MA has a general comparability requirement for individuals in the elderly, blind, and disabled eligibility categories. The bill instructs DHFS to apply to the federal Centers for Medicare and Medicaid Services (CMS) for a Section 1115 (a) (1) waiver of these requirements. CMS requires that rule changes under this type of waiver promote the objectives of the MA program, contain an evaluative component, and be budget neutral to the federal government before waiver approval is granted. To achieve budget neutrality, DHFS would be required to make programmatic changes elsewhere in the MA program in order to achieve savings sufficient to cover the costs of this bill. As a condition of approving a Section 1115 (a) (1) waiver CMS might impose a cap on expenditures for the affected groups as part of the budget neutrality requirement. Therefore, it may be difficult to obtain the waiver necessary for this bill's implementation.

The fiscal estimate assumes that individuals under 18 or over 74 years of age would be unlikely to marry and would not be affected by this bill. In SFY2007, 5,549 blind or disabled adults age 18 to 74 received medically needy MA benefits (excluding persons who received long-term care services). Average yearly MA benefit costs varied by age group, however; the overall average was $5,306 in that year.

Historically, individuals with disabilities have had lower marriage rates than the overall population. According to the Social Security Administration, 21 percent of disabled SSI recipients age 18 to 64 are married, and 32 percent of disabled SSI recipients age 65 or older are married. When these percentages are applied to Wisconsin's medically needy population, it is estimated that 4,253 disabled and blind medically needy individuals are not married. If, following passage of this bill, disabled individuals marry at the same rate as the general Wisconsin population within their age group, approximately 47 new marriages would be expected each year. It is assumed that 80 percent of these marriages would result in marital assets or income which would exceed eligibility limits. Therefore, approximately 38 medically needy individuals per year would benefit by maintaining MA eligibility under this provision.

To implement this bill, DHFS would incur one-time costs of approximately $500,000 AF ($250,000 GPR) to modify the Client Assistance for Re-employment and Economic Support (CARES) system to include marriage date and exclude financial information of the spouse as required in this bill.

Based on the average yearly MA costs for the identified medically needy population, this bill would increase MA expenditures by approximately $217,700 AF ($92,400 GPR) in the first year of implementation as the newly married medically needy would remain MA eligible despite their spouses' assets and income.

Annual costs may, or may not, increase after the first year depending on how the bill's requirement for recipients to remain "continuously eligible for medical assistance" is interpreted. Because medically needy recipients are required biannually to spend down their income to maintain MA eligibility, they may cycle off and on MA or be reclassified as MA eligible but no longer medically needy. For these reasons, medically needy recipients who were blind or disabled were, on average, eligible for only 5.5 months in SFY2007. If this normal eligibility cycling is interpreted as not meeting the bill's provision to remain "continuously eligible", their "protected" status would be short lived and the annual cost of this bill would not likely exceed

$217,700 AF ($92,400 GPR) per year.

In contrast, if this cycling is not viewed as a lapse in MA eligibility, then yearly costs associated with this bill would increase after the first year as the number of married medically needy would accumulate over time. It is assumed that the number of married medically needy with extended eligibility would accumulate by 38 per year over four years and plateau at approximately 150 individuals. The addition of 150 medically needy individuals would increase MA expenditures by approximately $1 million AF ($420,000 GPR) yearly.

Long-Range Fiscal Implications

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Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

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I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):

Modifications to the Client Assistance for Re-employment and Economic Support (CARES) system $500,000 AF ($250,000 GPR)

II. Annualized Costs:	**Annualized Fiscal Impact on funds from:**	
	Increased Costs	Decreased Costs
A. State Costs by Category		
State Operations - Salaries and Fringes	$	$
(FTE Position Changes)		
State Operations - Other Costs		
Local Assistance		
Aids to Individuals or Organizations	217,700	
TOTAL State Costs by Category	**$217,700**	**$**
B. State Costs by Source of Funds		
GPR	92,400	
FED	125,300	
PRO/PRS		
SEG/SEG-S		

III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, ets.)

	Increased Rev	Decreased Rev
GPR Taxes	$	$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
TOTAL State Revenues	**$**	**$**

NET ANNUALIZED FISCAL IMPACT

	State	Local
NET CHANGE IN COSTS	$217,700	$
NET CHANGE IN REVENUE	$	$

Agency/Prepared By	**Authorized Signature**	**Date**
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