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(FORM UPDATED: 08/11/2010)

WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

2007-08

(session year)

Joint

(Assembly, Senate or Joint)

Committee on Audit...

COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
(**ab** = Assembly Bill) (**ar** = Assembly Resolution) (**ajr** = Assembly Joint Resolution)
(**sb** = Senate Bill) (**sr** = Senate Resolution) (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

* Contents organized for archiving by: Stefanie Rose (LRB) (October 2012)

WISCONSIN
TECHNICAL COLLEGE
SYSTEM

January 7, 2008

Senator Jim Sullivan and
Representative Suzanne Jeskewitz, Co-chairpersons
Joint Legislative Audit Committee
State Capitol
Madison, WI 53702

Dear Senator Sullivan and Representative Jeskewitz:

This letter is in response to a recommendation from the Legislative Audit Bureau in its June 2006 report entitled *Applied Technology Centers—Gateway Technical College*. The Audit Bureau requested a report on the cash and in-kind contributions received by Waukesha County Technical College and Milwaukee Area Technical College for their applied technology centers.

Technical College District construction projects of more than \$1 million typically require voter approval. However, 1999 Wisconsin Act 9 created an exemption under which districts could bond for up to \$5.0 million to construct an applied technology center without a referendum. The original sunset date for this legislation was January 2001; however, it was extended twice by the Legislature and did not sunset until July 2006.

Wis. Stat. §38.04(10)(d)(1) sets forth the criteria for construction of an applied technology center, including that a district receive cash or in-kind contributions from business and industry equivalent to at least 30.0 percent of the center's construction costs. Two technical college districts, Waukesha County and Milwaukee Area, completed construction of applied technology centers subsequent to the Audit Bureau's review. The following is a report on the contributions received for both centers.

The Wisconsin Technical College System Board approved the construction of the Printing Applied Technology Center at Waukesha County Technical College in February 2006. Construction began in March 2006 and was substantially completed in March 2007. As shown in the following table, cash and in-kind contributions received to date total \$1.3 million, or 30.3 percent of construction costs. In addition to donations used for construction, the district also received \$92,000 in cash donations and is scheduled to receive an additional \$300,000 in cash donations that will be used to operate the center.

Construction Costs*	\$4,440,390
Cash Contributions	1,216,047
In-Kind Contributions	<u>130,348</u>
Total	\$1,346,395

Percentage of Construction Costs 30.3%

*Includes movable equipment/technology

Daniel Clancy, President

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Senator Jim Sullivan and
Representative Suzanne Jeskewitz, Co-chairpersons
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January 7, 2008

The Wisconsin Technical College System Board approved the construction of the Energy Conservation and Advanced Manufacturing (ECAM) Applied Technology Center at Milwaukee Area Technical College in March 2006. Construction began in August 2006 and was substantially completed in August 2007. As shown in the following table, cash and in-kind contributions received to date total \$3.1 million, or 37.5 percent of construction costs. The district is also scheduled to receive an additional \$158,000 in cash contributions from donors by June 2008.

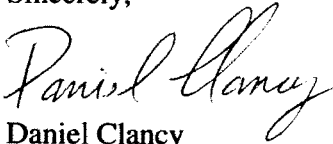
Construction Costs*	\$8,250,429
Cash Contributions	329,875
In-Kind Contributions	<u>2,762,949</u>
Total	\$3,092,824

Percentage of Construction Costs 37.5%

*Includes movable equipment/technology

Overall, both districts received cash and in-kind contributions in excess of the 30 percent requirement with additional contributions expected. I would like to again thank you for your continued support of the Wisconsin Technical College System. If you have any further questions regarding this matter, please do not hesitate to contact me.

Sincerely,



Daniel Clancy
President

DC:JZ:kss

cc: Janice Mueller, State Auditor



Matthews, Pam

From: Susan Conwell [itbi.conwell@sbcglobal.net]
Sent: Wednesday, February 20, 2008 10:25 AM
To: Matthews, Pam; Matthews, Pam
Subject: Leg Audit Committee Letter

Hi Pam,

Did that letter I wrote ever get forwarded to the Leg. Audit Bureau? Did they have any comments?

I still haven't received any responses to my data requests, and it has been five months.

Also, the Partnership Council appears to be setting up a closed session executive committee meeting to discuss the settlement agreement. I checked with the plaintiffs, and they said that there aren't any ongoing confidential negotiations. So, I asked Diane Welsh and Bill Fiss about the purpose of a closed session meeting. I may be following up with you on this. Have you heard anything?

Sue

Susan Conwell, Director
Kids Matter Inc.
1850 N. Martin Luther King Jr. Drive, Suite 202
Milwaukee, WI 53212
Phone: 414-344-1220 ext. 13
Fax: 414-344-1230





WISCONSIN STATE LEGISLATURE
Joint Legislative Audit Committee

Committee Co-Chairs:
State Senator Jim Sullivan
State Representative Suzanne Jeskewitz

February 21, 2008

Representative Michael Huebsch, Speaker
Wisconsin State Assembly
211 West, State Capitol
Madison, Wisconsin 53702

Dear Speaker Huebsch:

We write today to indicate our strong support for 2007 Senate Bill 86, which would establish a fraud, waste, and mismanagement hotline at the Legislative Audit Bureau. This legislation would take important steps toward improving the efficiency and effectiveness of Wisconsin government.

As co-chairpersons of the Joint Legislative Audit Committee, we note that this hotline would give the Legislature one more tool in our toolkit for ensuring effective oversight and accountability of taxpayer resources. In creating such a hotline, Wisconsin would join at least 25 other states who have established a similar vehicle for taxpayers to report information about fraud, waste, and mismanagement to their auditors or controllers. There is no more appropriate entity in state government to place this hotline than with the professional, nonpartisan staff of the Legislative Audit Bureau. In its fiscal estimate, the Bureau expects that the costs of establishing the hotline can be absorbed within its current operations.

This legislation has passed the Senate, the Assembly Committee on State Affairs, and is currently available for scheduling by the Assembly Committee on Rules. We encourage you to join us in supporting this effort. We respectfully request that 2007 Senate Bill 86 be scheduled for floor debate in the Assembly as soon as possible. Please contact us if you have any questions about this important legislation or the ways in which it will improve government accountability in Wisconsin.

Sincerely,

Senator Jim Sullivan, Co-chair
Joint Legislative Audit Committee

Representative Suzanne Jeskewitz, Co-chair
Joint Legislative Audit Committee

cc: Members, Assembly Committee on Rules
Members, Joint Legislative Audit Committee
Senator Julie Lassa
Representative Steve Wiekert
Janice Mueller, State Auditor





STATE OF WISCONSIN

Legislative Audit Bureau

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Janice Mueller
State Auditor

March 5, 2008

Senator Jim Sullivan and
Representative Suzanne Jeskewitz, Co-chairpersons
Joint Legislative Audit Committee
State Capitol
Madison, Wisconsin 53702

Senator Robert Cowles
319 South, State Capitol
Madison, Wisconsin 53702

Dear Senator Sullivan, Representative Jeskewitz, and Senator Cowles:

At your request, we have gathered some background information on the current health care strategies and practices of private and public employers. As we discussed with you in November, we focused our attention on consumer-directed health plans and wellness and disease-management programs.

As part of our review of efforts undertaken by Wisconsin employers, we have highlighted the consumer-directed health plans implemented by Serigraph, Inc., and Manitowoc County, which have publicized the successes of their programs. Several Wisconsin employers have established wellness programs that have been recognized by a national wellness council, including two companies—Highsmith, Inc., and Lab Safety Supply, Inc.—that have received national awards. Several common features were present among the award-winning wellness programs, including management support, use of health risk assessment tools, and annual health screenings.

Many states appear to have done more than Wisconsin in implementing wellness and disease management programs for state employees. However, as part of the Healthier Wisconsin Worksite Initiative funded with a grant from the National Governors' Association, Wisconsin has begun to implement an enterprise-wide wellness policy and to develop a standardized wellness program for state employees.

Recent initiatives of the Department of Employee Trust Funds for managing the State's health insurance program for public employees have been recognized nationally. These initiatives include reporting comparative performance information for participating health plans, establishing a tiered premium program, and centralizing the pharmacy benefit.

I hope you find this background information helpful. Please contact me with any further questions.

Sincerely,

Janice Mueller
State Auditor

JM/DA/bm

Enclosure

CURRENT HEALTH CARE STRATEGIES AND PRACTICES

Managed care provided through health maintenance organizations (HMOs), preferred providers organizations (PPOs), and other gatekeepers has dominated the health plan industry for several decades. However, in response to rapidly rising costs, the industry has been considering other strategies to motivate consumers to adopt healthier lifestyles, become more cost-conscious, and exercise restraint in their use of health services. Emerging strategies include consumer-directed health plans and a focus on wellness and disease-management programs. We reviewed several papers, studies, and other resources addressing these strategies and related initiatives undertaken in Wisconsin and elsewhere, including the State's recent initiatives for managing its health insurance program for public employees. We also interviewed staff in the Office of the Commissioner of Insurance (OCI) and the Department of Employee Trust Funds (ETF) for additional information about health care issues in Wisconsin.

Consumer-directed Health Plans

Consumer-directed health plans are designed to engage individuals in the ownership of their health care by eliminating unnecessary care and creating incentives to seek lower-cost, higher-quality providers. The plans include high deductibles combined with health care spending accounts that are not subject to federal and, in many cases, state taxation. The higher deductibles typically result in lower health insurance premiums, because participants bear a greater share of the initial costs of care. The health care spending accounts allow participants to use tax-free funds to pay for all or part of their share of costs.

While consumer-directed health plans have been in place for several years, the establishment of health reimbursement arrangements (HRAs), based on an Internal Revenue Service ruling in 2002, and the creation of health savings accounts (HSAs) in federal law in 2003 have increased their appeal and use. One of the main advantages of these new health spending accounts is the ability to roll over and accumulate funds year-to-year, rather than lose them at year-end. HRAs do not need to be paired with a high-deductible plan, while HSAs do. Another major difference is that HRAs are employer owned and include only employer contributions, while HSAs are employee owned and can include both employer and employee contributions or one or the other.

According to annual national surveys of employer-sponsored health plans conducted by Mercer, a firm that offers human resources consulting and services, enrollment in consumer-directed health plans increased from 1 percent of all covered employees in 2004 to 5 percent in 2007. However, Mercer suggested that adoption of these plans will moderate in 2008 as other employers wait to see how well the plans work in the long-term.

Both private and public sector employers have adopted consumer-directed health plans, either as one of several options from which employees can choose, or as their only health plan option. The health benefits program for federal employees offers several consumer-directed health plan options and at least ten states have implemented plans for state staff, although it appears enrollment has been slow in these plans.

Assessments of Plans

Reaction to consumer-directed health plans has been mixed. Proponents suggest that these plans help to contain health care costs because participants become more actively involved in their care and are more aware of the associated costs, results, and quality of the care. Proponents also believe the ability to accumulate balances in the health spending accounts for use in subsequent years provides an incentive to seek lower-cost health care services and to limit discretionary spending on health care. Supporters also suggest that such plans help to restore some of the traditional doctor-patient relationships and limit the level of third-party interference that may be experienced through managed care plans.

However, critics suggest that consumer-directed health plans do not control costs, but rather shift costs from insurers and employers to employees. Critics also suggest that the plans may adversely affect older and/or sicker participants while rewarding the healthy, and some have concerns that participants may not seek needed health care, which could result in more serious conditions and expensive care in the long-run. Finally, some question whether sufficient tools and transparent cost and quality information are available to help individuals make informed choices.

Because of the relative newness of the HRAs and HSAs, it is too early to conclusively evaluate either the effectiveness of consumer-directed health plans or the merits of associated concerns. Further, the designs of individual plans can significantly affect their use and results. However, the 2007 Mercer survey suggests that consumer-directed health plans are saving employers money, with costs averaging \$5,970 per employee in 2007, or 16.2 percent less than the employers' average cost of \$7,120 for HMOs. Further, employers' average cost per employee for consumer-directed health plans increased 3.5 percent from 2006 to 2007, while their average cost per employee for HMOs increased 7.6 percent. The survey does not address the effect on employees' costs.

In an August 2006 study of early enrollee experiences with HSAs and related health plans, the Government Accountability Office (GAO) found that:

- HSA-eligible plan enrollees had higher incomes than comparison groups;
- data did not show consistent age differences between HSA-eligible plan enrollees and comparison groups;
- HSA-eligible plans had lower premiums: a 2005 Mercer study reported that HSA-eligible plan premiums were, on average, 35 percent less than traditional plan premiums for single coverage, and 29 percent less for family coverage;
- approximately two-thirds of the employers contributed to HSAs on behalf of their employees; and
- enrollee costs would be higher for HSA-eligible plans than for PPO plans when extensive care was used, but lower when low to moderate care was used.

As part of its study, GAO interviewed a focus group of participants in consumer-directed health plans and found that few had researched costs before obtaining health care services. Participants understood key attributes of HSA-eligible plans but expressed confusion about certain features. Finally, most participants said they would recommend these plans to healthy consumers but would not recommend them to people who use maintenance medication, have a chronic condition, have children, or may not have funds to meet the high annual deductibles.

Several studies have noted that one of the major challenges for consumer-directed health plans will be increased transparency and consistency of cost and quality of care information, and user-friendly tools to help participants make health care decisions. Various efforts are being undertaken on the federal and state levels to increase the transparency of prices and quality of care.

On the federal level, President Bush issued an executive order in 2006 directing federal agencies that administer or sponsor federal health programs to increase transparency in their pricing and quality of care information. The federal Agency for Health Care Research and Quality has established a national clearinghouse of quality measures. In addition, several nonprofit organizations are engaging in national efforts to publicly report health care costs, quality, and patient safety information, including:

- the National Quality Forum, which develops quality measures for hospitals and physician services and has established voluntary standards that have been used by other organizations, including the federal government;
- the National Committee for Quality Assurance, which establishes standards and collects data to evaluate the performance of health plans and has made these data publicly available through the Health Plan Employer Data and Information Set; and
- the Leapfrog Group, which is a member organization of more than 160 private and public health care purchasers working to reduce preventable medical mistakes and to improve the quality and affordability of health care, and uses voluntary surveys to evaluate hospitals based on four areas of quality and patient practices.

On the state level, at least 37 states, including Wisconsin, have laws or proposed legislation affecting the disclosure, transparency, and reporting of hospital health care charges and fees. Several states have launched Web sites to help patients shop for lower-cost prescription drugs, and either state government or private organizations in many states have established Web sites with drug cost information. In addition, several insurance companies and private employers are beginning to provide consumers access to cost and quality information on Web sites.

Wisconsin Activity

Following the national trend, some Wisconsin employers also have begun offering consumer-directed health plans to their employees. Serigraph, Inc., has widely publicized its success with the plan it implemented in 2004. The company, which has approximately 850 employees,

estimates that it realized a 10 percent savings in the first year of the plan's operation. Serigraph notes that its plan has been designed to incorporate various incentives and disincentives. One of its major incentives is to reward employees who select "high-value" providers with lower prices for certain medical procedures. For example, Serigraph recently noted that it provides a \$2,000 reward to employees who receive a hip replacement if they pick the "best" hospital based on quality and price. Serigraph also rewards employees who find mistakes in medical bills. One of its disincentives is to charge higher premiums for smokers.

A small number of plans have also been established in the public sector in Wisconsin. Manitowoc County recently changed its health plan to a high-deductible plan with an HSA. The county pays the entire premium and fully covers the plan's deductible by placing \$3,000 in the HSA of each employee with family coverage, and \$1,500 in the HSA for each employee with individual coverage. Manitowoc County estimates it will save \$1.1 million in 2008, and its employees will save \$685,000 in health care costs. The Health Insurance Risk-Sharing Plan, the State's high-risk health insurance pool, also began offering two new higher-deductible, lower-premium plans in 2008, including one with an HSA.

Private organizations in Wisconsin have been taking steps to help increase the transparency and accessibility of cost and quality of care information. The Wisconsin Collaborative for Healthcare Quality is a coalition of health care organizations and employers that formed in October 2002 to develop common measures for evaluating health care outcomes and to publicly report on the health care organizations' performance against these measures. Current membership includes 21 physician groups, 20 hospitals, and 7 health plans. The group's report comparing participating organizations against the selected quality measures is available on its Web site at www.wchq.org.

The Wisconsin Hospital Association established CheckPoint in 2004 to provide a snapshot of Wisconsin hospitals' performance in key areas. Under this effort, 122 Wisconsin hospitals voluntarily participate and are evaluated on both clinical measures and error-prevention practices. Its Web site, www.wicheckpoint.org, provides performance information for each participating hospital. Under a contract with the State, a subsidiary of the Wisconsin Hospital Association collects data about charges and services provided by Wisconsin hospitals and ambulatory surgery centers and publishes some of this information on the PricePoint Web site, www.wipricepoint.org.

The Wisconsin Health Information Organization (WHIO) was established in August 2005 to create a statewide warehouse of information on the cost and outcomes of health care provided by hospitals and doctors. One difference from previous efforts is that the focus is on entire episodes of care, rather than discrete points of contact with the health care system. WHIO members include insurance companies, health plans, health care providers, and employers. State involvement and support of the WHIO initiative began in March 2006, with the enactment of 2005 Wisconsin Act 228. Under Act 228, ETF and the Department of Health and Family Services (DHFS) are allowed to jointly contract with a data organization, which is in effect WHIO, for the collection, analysis, and dissemination of health claims information. At this point, it does not appear WHIO has posted health care information for public access.

Wellness and Disease Management Programs

Wellness and disease management programs have been another major trend among employers and health plans. A recent survey by Hewitt Associates, a human resources firm, found that almost 70 percent of companies nationwide offer or plan to offer tools, resources, and/or programs to help employees better manage their health. These programs vary widely among employers but are designed to help employees keep healthy and fit, and to address high-risk factors that contribute to costly diseases and health conditions. In many cases, the programs are established as part of consumer-directed health plans, but they also are being used widely with other types of health plans.

Wellness and disease management programs must meet various legal requirements, including requirements under the Health Insurance Portability and Accountability Act (HIPAA), the Employment Retirement Income Security Act, and the Americans with Disabilities Act. Federal regulations issued at the end of 2006 clarified how employers can structure wellness programs to comply with nondiscrimination requirements of HIPAA. The regulations establish additional requirements for wellness programs that require participants to satisfy a standard related to a health factor before obtaining awards, such as premium discounts, waivers of deductibles or co-payments, or benefits that would otherwise not be provided. One requirement is that the reward may not exceed 20 percent of the cost of health care coverage. However, the regulations also identify the following program features that do not need to meet the additional requirements:

- reimbursement for all or part of the costs of a fitness center membership;
- rewards for participating in a diagnostic testing program, provided that no part of the reward is based on the outcome of the tests;
- encouragement of preventive care through the waiver of the co-payment or deductible requirement under a group health plan;
- reimbursement for the employees' cost of smoking cessation programs, regardless of whether the employee actually quits smoking; and
- rewards for attending monthly health education seminars.

Consistent with national trends, private employers in Wisconsin have implemented wellness and disease management programs, including several that have been recognized by a national wellness organization. The State has recently undertaken various initiatives to assist in the development of worksite wellness programs in local communities, and as part of these initiatives has also begun efforts to implement an enterprise-wide wellness policy and program for its own employees.

Programs Implemented by Wisconsin Private Employers

Among the successful programs established by Wisconsin employers are 15 that have achieved the “Well Workplace” designation of the Wellness Councils of America, which is a nonprofit organization dedicated to helping employers design results-oriented wellness programs. They are shown in Table 1. The criteria for platinum, gold, or bronze designations have been established by the Council.

Table 1

Well Workplaces in Wisconsin

Company Name	Award Level	Location
Highsmith, Inc.	Platinum (2000, 2005)	Fort Atkinson
Lab Safety Supply, Inc.	Platinum (2000, 2005)	Janesville
Assurant Health	Gold (2006)	Milwaukee
Aurora Sinai Medical Center	Gold (2006)	Milwaukee
Children’s Hospital and Health System, Inc.	Gold (2007)	Milwaukee
City of Hartford	Gold (2007)	Hartford
Enzymatic Therapy, Inc.	Gold (2007)	Green Bay
Medical Associates	Gold (2007)	Menomonee Falls
Mercy Health System	Gold (2007)	Janesville
St. Joseph’s Hospital	Gold (2007)	Marshfield
Schoeneck Containers, Inc.	Gold (2007)	New Berlin
Standard Process, Inc.	Gold (2007)	Palmyra
Affinity Health System	Bronze (2006)	Menasha
Wheaton Franciscan Healthcare – All Saints	Bronze (2006)	Racine
Mortenson, Matzelle, & Meldrum	Bronze (2006)	Madison

Source: Wellness Council of Wisconsin (www.wellnesscouncilwi.org)

In reviewing available information on these companies’ wellness programs, we identified several common features:

- top management support and involvement;
- use of health risk assessment tools to help employees better understand their health risks and to develop plans to address them;

- annual health screenings (including measurement of blood pressure, cholesterol levels, and indicators of diabetes);
- analysis of claims data and costs to focus program on employees' health risks;
- education materials and programs; and
- fitness, weight management, and smoking cessation opportunities.

In most cases, participation in the wellness programs is voluntary. Factors contributing to the programs' success include incentives or rewards for participation, the availability of different program options from which employees can choose, program options that are convenient and inexpensive for employees, diligence in following up on employees' efforts to address health risks, and regular program review.

The programs established by the two Wisconsin companies that achieved platinum designations—Highsmith, Inc. and Lab Safety Supply, Inc.—included many similar characteristics, including on-site features. For example, Lab Safety Supply, which has 850 employees, operates an on-site convenient care clinic and wellness center and on-site weight loss and fitness programs. Highsmith, which has 225 employees, has annual on-site health screenings and ongoing consultations with an on-site health educator. Both offer educational materials and programs and provide subsidized wise nutritional choices through their cafeteria or vending machines.

Both companies also offer incentives to encourage employee participation. At Lab Safety Supply, employees who regularly participate in the wellness program and activities are awarded points for use toward incentive items. At Highsmith, participation in specified program activities affects the share of health insurance premiums the company will pay: the company pays 75 percent of the premiums for employees who participate, and 60 percent for employees who do not. Smokers are not eligible for the 75 percent level.

Both companies reported positive results from their wellness programs, including improved employee health measurements and cost containment. The companies also reported that their programs have provided less tangible benefits, such as lower employee turnover and absenteeism, a more motivated workforce, and a positive image in the community.

State and Local Government Initiatives

Wisconsin was one of 13 states that were awarded a 2006 grant from the National Governors' Association to improve healthy lifestyles and wellness efforts. Wisconsin used its grant funds for the Healthier Wisconsin Worksite Initiative, which is a collaborative effort of the Office of Governor, the Governor's Council on Physical Fitness and Health, and DHFS. The purpose of the initiative is to improve nutrition and increase physical activity within Wisconsin's adult working population through the development of worksite wellness programs. The initiative is also intended to foster partnerships between local community coalitions and worksites.

As part of this initiative, a Worksite Wellness Resource Kit was developed to assist with implementation strategies for wellness worksites, and the Governor's Summit on Healthy Worksites was held in fall 2007. The resource kit and other wellness program resources are available on the DHFS Web site. The initiative also awarded \$4,000 grants to 11 counties or local community coalitions for establishing or expanding worksite wellness programs during 2007. In some cases, the wellness programs focused on county employees, while in others a selected county or coalition partnered with private companies. Proposed program activities included health risk assessments, wellness screenings, education, on-site workout facilities and weight-loss programs, and healthier eating options.

Various county and city governments or coalitions also have ongoing commitments to implementing or assisting worksite wellness programs. For example, Heart Healthy Waukesha County, which is a collaborative community partnership, has established the Learning Circle on Workplace Wellness, which serves as forum for individuals who have responsibilities for developing, managing, or supervising health promotion activities in a workplace setting.

Programs for State Employees

The State of Wisconsin currently does not have a statewide wellness program available to all of its employees, although the State's health insurance program does offer some aspects of a wellness program. The uniform benefits available to all participants include preventive care, such as annual physicals, routine immunizations, and various diagnostic tests based on age and gender. Most participating health plans provide member education through newsletters, targeted mailings, and internet resources, and many also offer other wellness initiatives such as smoking cessation programs, discounted access to general health and fitness classes, and health risk assessment tools. In addition, some individual agencies have implemented their own wellness initiatives.

As part of the Healthier Wisconsin Worksite Initiative, the State recently has begun steps to implement an enterprise-wide wellness policy for its employees. An ad hoc committee has been established and is working with a consultant to oversee the wellness initiative. The Office of State Employment Relations notes that one goal of the initiative is to develop a standardized wellness program based on the best practices of state agencies. In addition, ETF plans to survey the health risk assessment tools used by the State's health plan providers to determine what tool would work best for the State and its employees.

Based on information from the National Conference of State Legislatures (NCSL), at least 21 states offer some type of wellness and/or disease management program. The disease management programs range from educating participants on self-managing certain diseases to one-on-one interaction with participants in managing diseases such as asthma, diabetes, cardiac diseases, and chronic obstructive pulmonary disease. New York State recently implemented disease management programs for depression and migraine headaches, while Virginia implemented a program for individuals who are obese and have high blood pressure and high cholesterol.

The types of wellness programs vary among the states. Many of the States offer health fairs, educational materials, and workshops on a variety of health-related topics. Several states also

offer voluntary health risk assessments, health screenings, health coaching, tobacco cessation and weight management programs, and discounts to fitness clubs. Some offer programs with incentives for participation, such as direct payments or reduced premium rates or deductibles. Arkansas allows state employees to earn up to three paid vacation days per year for participating in a voluntary program that focuses on increasing physical activity, increasing consumption of fruits and vegetables, and reducing or eliminating smoking. In Montana, qualifying state employees can receive a \$300 account for spending on a variety of services or products to assist them in losing weight.

One of the wellness programs noted by NCSL was established in 2006 by King County, which comprises the greater Seattle area. King County projects that its program will help reduce the increase in health care costs for its employees by as much as \$40 million over the 2007-09 period. The voluntary program includes an on-line wellness assessment and individual action plans tailored to each participating employee's assessment. Low-risk participants keep a daily diary of regular exercise or nutrition, while those assessed as moderate or high risk work with a health coach by telephone to engage in activities that can improve their health. Incentives to participate include reduced deductible and co-pay levels. For example, an employee who takes the on-line wellness assessment and completes an action plan has a \$100 annual deductible level, while an employee who does not participate in any part of the program has an annual deductible of \$500.

At least six states charge or authorize lower premiums to state employees who are non-smokers and higher premiums to those who are smokers. Surcharges for smokers ranged from \$15 to \$40 per month. In Indiana, enrollees who did not smoke saved up to \$500 per year on annual deductibles.

Initiatives in Wisconsin's Group Health Insurance Program

While Wisconsin has not implemented an enterprise-wide wellness and disease management program, it has been recognized as a leader in managing its group health insurance program for employees of the state and participating local governments. Employees choose single or family coverage with the State's self-insured health plan or various alternatives offered by provider networks such as HMOs and PPOs. More than 102,000 employees or retirees participate in the plan, including 88,610 state employees and retirees and 13,560 local employees and retirees. In 2006, program costs for the State and its active employees totaled \$746.9 million.

ETF's initiatives in managing the group health insurance program for public employees were highlighted in a 2007 study underwritten by the Commonwealth Fund, which is a private foundation that supports research on health care issues. The study focused on value-based health care purchasing initiatives undertaken in four states: Wisconsin, Massachusetts, Minnesota, and Washington. Value-based health care purchasing strategies are designed to hold providers of health care accountable for both cost and quality of care. The study identified three basic strategies that were applied in the four states:

- establishing uniform quality measures and reporting requirements used by multiple purchasers;

- collecting and reporting on the quality and cost of health care by individual providers; and
- using incentives to change the behavior of participants, employers, and providers.

The Wisconsin initiatives cited by the study are largely in the last two categories of strategies and include:

- reporting comparative performance information for the health plans, including quality measures of wellness and prevention, disease management, and participant satisfaction and experience;
- assigning each participating health plan to one of three tiers, based primarily on cost factors although some quality measures are also considered, and establishing tiered premiums that encourage employees to select the lower-cost plans;
- paying enhanced premiums, ranging from 0.5 percent to 2.0 percent, to health plans that demonstrate favorable patient safety and quality measures, including disease management for diabetes and hypertension, preventive care and wellness, patient safety, and customer service; and
- centralizing the pharmacy benefit under an arrangement with a private organization—Navitus Health Solutions—using a model designed to emphasize transparency, efficiency-based initiatives, and incentives to promote savings and quality. Previously, each health plan had provided pharmacy benefits to its own participants.

ETF believes its efforts have helped to contain costs and premium increases because the tiered employee premium structure has appropriately prompted some health plans to adjust premium rates in order to be in the lowest-cost tier. ETF estimates its centralized pharmacy benefit program under Navitus saved approximately \$160 million in drug costs from 2004 to 2006.

Correspondingly, the State has experienced some reduction in increases to the costs of providing health care coverage to its employees. As shown in Table 2, the State experienced double-digit increases in its costs for health insurance premiums from 2000 through 2003, but single-digit increases beginning in 2004, when the tiered-premium program and new pharmacy benefit were implemented. The amounts state employees have paid for health insurance have increased in recent years as the State required increased contributions from them.

Table 2

Health Insurance Premiums for Wisconsin State Employees
(in millions)

Year	Paid by State	Percentage Change	Paid by Employees	Percentage Change	Total	Percentage Change
1997	\$270.0	--	\$11.2	--	\$281.2	--
1998	286.2	6.0%	11.3	0.9%	297.5	5.8%
1999	312.0	9.0	12.3	8.8	324.3	9.0
2000	354.4	13.6	12.5	1.6	366.9	13.1
2001	426.8	20.4	10.2	(18.4)	437.0	19.1
2002	502.5	17.7	11.6	13.7	514.1	17.6
2003	575.4	14.5	13.9	19.8	589.3	14.6
2004	628.5	9.2	25.1	80.6	653.6	10.9
2005	665.5	5.9	31.6	25.9	697.1	6.7
2006	706.8	6.2	40.1	26.9	746.9	7.1

The study also notes that ETF's value-driven purchasing initiatives could be prompting broader clinical and administrative improvements in provider organizations that affect Wisconsin consumers beyond state and local employees. Further, it notes that ETF's collegial role with other health care stakeholders allows it to potentially influence the broader health care community.

We also note that in 2007, OCI created the Health Advisory Council to advise the Commissioner on health care-related issues. The council meets quarterly and includes representatives of health insurance companies, insurance agents, the business community, and the public. Topics considered as part of its first two meetings include health care initiatives in Wisconsin and other states, members' experiences and perspectives on health care reform, and transparency and disclosure of health care information.





**WISCONSIN DEPARTMENT OF
ADMINISTRATION**

JIM DOYLE
GOVERNOR
MICHAEL L. MORGAN
SECRETARY

Office of the Secretary
Post Office Box 7864
Madison, WI 53707-7864
Voice (608) 266-1741
Fax (608) 267-3842

COPY

April 11, 2008

The Honorable Pat Kreitlow, Co-Chair
Joint Committee on Information Policy and Technology
10 South – State Capitol
Madison, WI

The Honorable Phil Montgomery, Co-Chair
Joint Committee on Information Policy and Technology
129 West – State Capitol
Madison, WI

Dear Senator Kreitlow and Representative Montgomery:

The Department of Administration has committed to early communication with the Joint Committee on Information Policy and Technology on important information technology issues. As part of the new IT process that was based on recommendations from the Legislative Audit Bureau and implemented last October, we agreed it is important to provide for mid-course corrections as we reach certain decision points in large IT projects.

Today, we are at a crucial decision point on the Integrated Business Information System (IBIS) project. We must decide if committing millions of dollars in state funds necessary to work on the project is the correct course. In light of the current budget situation, the only prudent step is to postpone implementation of IBIS.

The 2007-09 biennial budget authorized \$19 million for the first phase of IBIS which is estimated to cost a total of \$150 million when all four phases are complete. To date, about \$11 million has been spent on software, hardware and preliminary project steps. We have determined that it is not fiscally responsible to implement IBIS at this time. However, the investment in these initial steps on the IBIS project will be just as valuable to the project when we re-start implementation.

IBIS is an enterprise resource planning (ERP) project to replace the state government's accounting systems. Through the state's competitive bid process, PeopleSoft was selected as the contractor on the IBIS project in May 2006.


The funds already spent on IBIS helped to develop a standard chart of accounts, hire staff, provide ERP training and purchase computers and other hardware. These initial steps on the IBIS project provide a good foundation for the project when we start it up again.

At this time every year, all agencies prepare an IT strategic plan outlining projects and technologies being pursued in support of their business areas. The Department of Administration reviews these plans and matches priorities with resource availability. The strategic planning process supports our decision to postpone implementation of the IBIS project. Postponing the project now will help us address current budgetary concerns and re-direct resources to other state IT priorities and provide increased oversight of other agencies' high profile projects.

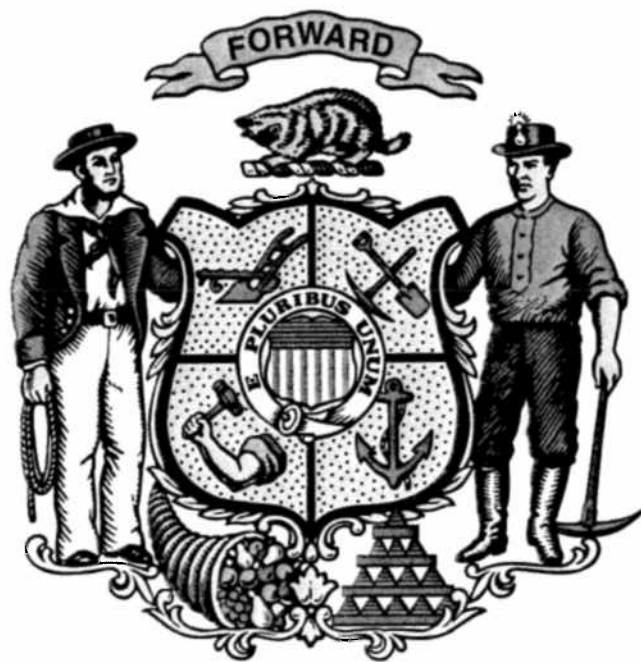
IBIS is an important project that must move forward in the future. The decision to postpone IBIS was made only after careful consideration of the challenges our current systems pose and the hard work our staff has already put into the project. In the final assessment, it does not make good fiscal sense to continue to expend funds on IBIS as state agencies are making significant cuts in their operating budgets to respond to the budget deficit.

We appreciate the relationship we have with you and members of the Joint Committee on Policy and Information Technology to be able to make these tough decisions that will lead to better use of resources in tight budget times and provide for IT successes in the future.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael L. Morgan". The signature is stylized with a large initial "M" and a long, sweeping underline.

Michael L. Morgan
Secretary of Administration





STATE OF WISCONSIN
Legislative Audit Bureau

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Janice Mueller
State Auditor

April 28, 2008

Mr. John Scocos, Secretary
Department of Veterans Affairs
30 West Mifflin Street
Madison, Wisconsin 53707-7843

Dear Secretary Scocos:

2007 Wisconsin Act 20, the 2007-09 Biennial Budget Act, directs the Legislative Audit Bureau to determine, with the cooperation of the Department of Veterans Affairs (DVA), the scope and methodology of a study to ascertain the long-term health care needs of veterans in Douglas County. This study is also to determine the demand for, and feasibility of, establishing a rehabilitative care center and to evaluate the anticipated need for a nursing home or assisted living facility in that area of the state. Act 20 stipulates that DVA will contract for the study.

Although Act 20 indicated that the study is to address the health care needs of Douglas County veterans, any health care facility that is established would likely also serve veterans living in the surrounding area, including Minnesota. Accordingly, we believe the study should take these additional veterans into account.

Based on our discussions with DVA and Douglas County officials, we suggest the scope and methodology of the study involve the following:

- In order to understand the health care needs of veterans in northwestern Wisconsin, interview a variety of organizations, including Douglas County's Veterans Service Office; the Douglas County Board of Supervisors; American Legion and Veterans of Foreign Wars posts; existing public health care facilities that care for veterans, such as the federal Department of Veterans Affairs' Twin Ports outpatient clinic; and privately owned health care facilities and nursing homes in the area.
- Determine the number and demographics of veterans currently living in Douglas County and the surrounding area, including age and gender.
- Conduct surveys, interviews, and/or focus groups to determine these veterans' current health status and health care needs, as well as how and where their health care needs are currently being met and the extent to which they are not being met or are being met with difficulty. For example, if existing local health care resources are strained, determine how far veterans must travel to obtain specific health care services.

April 28, 2008

- Determine the particular health care needs of veterans returning from Iraq and Afghanistan, including how those needs are currently being met and whether some needs are not being met.
- Estimate the number of veterans expected to reside in Douglas County and the surrounding area over the next 10 to 20 years, as well as their expected health status and specific health care needs over this time period.
- Estimate the extent to which veterans' health care needs over the next 10 to 20 years could be met by existing facilities that provide care to veterans. Determine any anticipated shortfalls in the ability of existing facilities to meet those health care needs.
- Determine the extent to which anticipated shortfalls in health care over the next 10 to 20 years would best be addressed by establishing a rehabilitative care center, a nursing home or assisted living facility, or some other type of facility or expanding existing facilities.
- If a rehabilitative care center, nursing home, or assisted living facility is needed to address anticipated shortfalls in health care over the next 10 to 20 years:
 - Determine the precise facility type (e.g., skilled nursing home, assisted living facility) and size (e.g., number of beds, staffing levels) needed and the feasibility of meeting all or several of the needs identified.
 - Determine the types and amounts of services that the facility could provide.
 - Estimate the costs of establishing the facility, as well as annual operating costs and staffing needs.
 - Suggest alternatives for funding facility construction and ongoing operations, including assessing the likelihood of obtaining federal funding for these purposes.

Some of the information needed to address the issues described above is available, including United States Census data on the number and demographics of veterans currently living in Douglas County and the surrounding area and the number expected to live there in future years. As a result, the contractor selected to complete the study should consult with DVA before beginning its work.

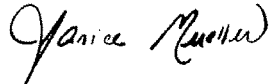
We expect that you will now proceed independently to:

- issue a Request for Proposals for the study, at a cost not to exceed the \$65,000 that the Legislature appropriated;
- select a contractor; and
- direct the contractor to complete the study no later than June 30, 2009, as required by 2007 Wisconsin Act 20.

Mr. John Scocos, Secretary
Page 3
April 28, 2008

Thank you for the helpful assistance provided by DVA officials. If you would like to discuss this recommended scope and methodology further, please contact me.

Sincerely,



Janice Mueller
State Auditor

JM/DS/bm

cc: Members, Joint Legislative Audit Committee

Members, Senate Committee on Veterans and Military Affairs, Biotechnology,
and Financial Institutions

Members, Assembly Committee on Veterans and Military Affairs

Senator Robert Jauch

Representative Gary Sherman

Representative Frank Boyle

Mr. Steve Koszarek, Administrator
Douglas County

Mr. John Robinson, Supervisor
Douglas County Board of Supervisors

Dr. Clyde Markon, Medical Director
Twin Ports Veterans Affairs Clinic

Mr. Jon Scheldroup, Veterans Service Officer
Douglas County

crosses over USH 141 in Marinette County. These signs shall be viewable by traffic traveling on USH 141 and shall identify the overpass as CTH "CP" and the business route for USH 141. One sign shall be viewable from the northbound lanes of USH 141 and the other sign shall be viewable from the southbound lanes of USH 141.

Vetoed
In Part

~~SECTION 9150. Nonstatutory provisions; University of Wisconsin Hospitals and Clinics Authority.~~

~~(1) New members. Notwithstanding section 233.02 (1) (ag) of the statutes, as created by this act, of the initial term of the members of the board of directors of the University of Wisconsin Hospitals and Clinics Authority appointed under section 233.02 (1) (ag) of the statutes, as created by this act, one term shall expire on July 1, 2010, one term shall expire on July 1, 2011, and one term shall expire on July 1, 2012.~~

~~SECTION 9151. Nonstatutory provisions; University of Wisconsin Hospitals and Clinics Board.~~

~~(1) New members. Notwithstanding section 15.96 (1) (ag) of the statutes, as created by this act, of the initial term of the members of the University of Wisconsin Hospitals and Clinics Board appointed under section 15.96 (1) (ag) of the statutes, as created by this act, one term shall expire on July 1, 2010, one term shall expire on July 1, 2011, and one term shall expire on July 1, 2012.~~

SECTION 9152. Nonstatutory provisions; University of Wisconsin System.

(1) UW-MILWAUKEE SCHOOL OF PUBLIC HEALTH. Of the moneys appropriated to the Board of Regents of the University of Wisconsin System under section 20.285 (1) (a) of the statutes for the 2008-09 fiscal year, the board shall allocate \$200,000 for establishing the University of Wisconsin-Milwaukee School of Public Health, but only if the board approves the school.

(2u) WISCONSIN IDEA COURSE FOR CHINESE STUDENTS. Of the moneys appropriated to the Board of Regents of the University of Wisconsin System under section 20.285 (1) (a) of the statutes, the Board of Regents shall allocate \$25,000 for fiscal year 2007-08 for the development of a 5-week course to be offered in the summer of 2008 for introducing Chinese political, business, and academic leaders and practitioners to the Wisconsin Idea, especially as the Wisconsin Idea relates to environmental issues in China. The Board of Regents shall prepare a report that assesses the environmental, economic, and educational impacts of the course on this state and China; recommends whether the course should be continued and, if so, how the course may be improved; and assesses how the Wisconsin Idea may be used to position the state as a preferred trading partner with China and to position the University of Wisconsin as a preferred venue at which to discuss environmental and natural resource issues related to China. No later than May 1, 2009, the Board of Regents shall submit the report to the appropriate

standing committees of the legislature in the manner provided under section 13.172 (3) of the statutes.

(2v) WRITTEN POLICIES FOR INFORMATION TECHNOLOGY DEVELOPMENT PROJECTS. ~~No later than January 1, 2008,~~ the Board of Regents of the University of Wisconsin System shall submit ~~for review by the joint legislative audit committee and~~ for approval by the joint committee on information policy and technology a preliminary draft of the policies required under section 36.59 (1) (c) of the statutes, as created by this act.

Vetoed
In Part
Vetoed
In Part

~~(2w) RULES PERTAINING TO LARGE HIGH-RISK INFORMATION TECHNOLOGY PROJECTS. The Board of Regents of the University of Wisconsin System shall submit in proper form the rules required under section 36.59 (2) of the statutes, as created by this act, to the legislative council staff under section 227.15 (1) of the statutes no later than June 30, 2008.~~

Vetoed
In Part

(3t) LUNG CANCER RESEARCH. Of the moneys appropriated to the Board of Regents of the University of Wisconsin System under section 20.285 (1) (a) of the statutes for the 2008-09 fiscal year, the board may expend all but \$2,500,000 if the board does not receive \$2,500,000 in gifts and grants from private sources in that fiscal year to support lung cancer research at the University of Wisconsin Paul P. Carbone Comprehensive Cancer Center. If the board receives \$2,500,000 in gifts and grants from private sources in that fiscal year to support such research, the board may expend an additional \$2,500,000 in that fiscal year to support such research.

SECTION 9153. Nonstatutory provisions; Veterans Affairs.

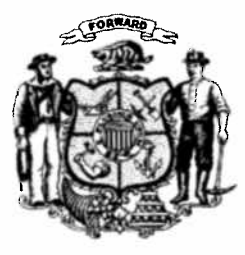
(2c) DOUGLAS COUNTY VETERANS HEALTH CARE STUDY. From the appropriation under section 20.485 (2) (tm) of the statutes, no later than June 30, 2009, the department of veterans affairs shall study the long-term health care needs of the veterans population in Douglas County, including the demand for, and feasibility of, establishing a rehabilitative care center, in addition to an evaluation of the anticipated need for a nursing home or assisted living facility in that area. The department of veterans affairs shall use the funding available under this subsection to contract for the study. The scope and methodology of the study shall be determined by the legislative audit bureau, with the cooperation of the department of veterans affairs.

(3g) PLANNING AND STUDY OF CEMETERY IN OUTAGAMIE COUNTY. From the appropriation under section 20.485 (2) (tm) of the statutes, the department of veterans affairs shall expend an amount not to exceed \$35,000 during fiscal year 2007-08 for a capital planning and feasibility study of a new state veterans cemetery in Outagamie County.

(3i) KOREAN WAR MEMORIAL REFURBISHMENT. From the appropriation under section 20.485 (2) (e) of the statutes, as created by this act, the department of veterans



WISCONSIN STATE LEGISLATURE





WISCONSIN STATE LEGISLATURE
Joint Legislative Audit Committee

Committee Co-Chairs:
State Senator Jim Sullivan
State Representative Suzanne Jeskewitz

May 13, 2008

Mr. Daniel Clancy, President
Wisconsin Technical College System
4622 University Avenue
Madison, Wisconsin 53705

Dear Mr. Clancy:

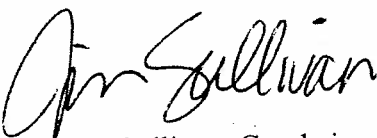
As the legislative session draws to a close, we write to acknowledge receipt of your January 2008 follow-up report, which was prepared in response to recommendations from the nonpartisan Legislative Audit Bureau's review of applied technology centers at Gateway Technical College (June 2006).

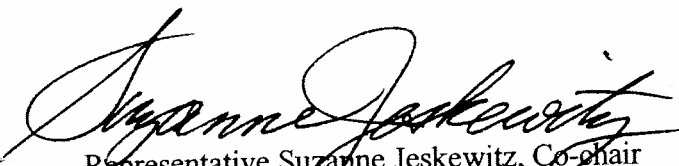
As noted in your report, construction of applied technology centers at the Waukesha County and Milwaukee Area technical colleges was completed subsequent to the Legislative Audit Bureau's review. However, we are pleased to note that each center was expected to receive sufficient cash and in-kind contributions from business and industry to meet the 30.0 percent threshold required by statutes.

Your report anticipates that the center at Milwaukee Area Technical College will receive an additional \$158,000 in cash contributions from donors by June 2008. We understand that cash and in-kind contributions totaled 37.5 percent of construction costs at the time of your report. However, should the additional \$158,000 in contributions not be realized as anticipated, please let us know.

Thank you for your cooperation and assistance.

Sincerely,


Senator Jim Sullivan, Co-chair
Joint Legislative Audit Committee


Representative Suzanne Jeskewitz, Co-chair
Joint Legislative Audit Committee

cc: Janice Mueller
State Auditor





STATE OF WISCONSIN

Legislative Audit Bureau

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Janice Mueller
State Auditor

June 18, 2008

Senator Jim Sullivan and
Representative Suzanne Jeskewitz, Co-chairpersons
Joint Legislative Audit Committee
State Capitol
Madison, Wisconsin 53702

Dear Senator Sullivan and Representative Jeskewitz:

On June 17th, the Wisconsin Conservation Congress issued a press release commenting on work this office conducted related to the Conservation Congress. Contrary to the statements made in the release, this office did not conduct an audit of the Conservation Congress. Instead, we gathered some background information on costs and operations. Consistent with our longstanding policy, we consider memoranda prepared for individual legislators confidential, and we release such documents only if we receive prior approval from a requestor. A copy of the information we prepared earlier this year is enclosed for your review.

Please contact me if you have any questions.

Sincerely,

Janice Mueller
State Auditor

JM/JC/kc

Enclosure

cc: Senator Julie Lassa
Senator Mark Miller
Senator Alan Lasee
Senator Robert Cowles

Representative Samantha Kerkman
Representative Kitty Rhoades
Representative David Cullen
Representative Joe Parisi



Edgar Harvey, Jr., Chair
N3635 Timberview Road
Waldo, WI 53093
920-528-7071

Robert Bohmann, Vice-Chair
1105 Melvin Avenue
Racine, WI 53402
262-681-2055

Richard Kirchmeyer, Secretary
N4824 Lound Road
Prentice, WI 54556
715-428-2321

PRESS RELEASE

June 17, 2008
For Immediate Release

Contacts: Ed Harvey, 920-528-7071
Rob Bohmann, 262-498-4605

Waldo, WI – Last year, in response to a request made by an unknown legislator, the Legislative Audit Bureau audited the Wisconsin Conservation Congress. Although the audit was completed in June of 2007, it has not been made public. However, an unlikely turn of events has recently released an updated summary of the audit. A copy of that summary is attached.

“The Wisconsin Conservation Congress is pleased that this information has been released,” stated Ed Harvey, Chair of the Wisconsin Conservation Congress. “Upon reviewing the summary, we find it to be relatively complete, and accurate.”

The purpose of the audit was to collect some basic information about the amounts that the Department of Natural Resources (DNR) has spent in recent years in support of the Wisconsin Conservation Congress.

As established by Wisconsin State Statutes, the Wisconsin Conservation Congress is officially recognized as the only natural resources advisory body in the state where citizens elect delegates to represent their interests on natural resources issues on a local and statewide level to the Natural Resources Board and the Department of Natural Resources. Wisconsin citizens can become involved with the Conservation Congress by attending the annual spring hearings held in April in every county statewide. Those who participate elect five delegates to the Conservation Congress from each of the state's 72 counties, for a total of 360 delegates statewide.

Expenditures associated with the DNR's support of the Wisconsin Conservation Congress include 1.2 full-time equivalent DNR staff positions that provided administrative and technical support to the Conservation Congress. Other types of expenditures included travel for Conservation Congress delegates to required committee meetings, printing and mailing, and the costs of conducting the annual Spring Fish and Wildlife Hearings.

The audit pointed out that Congress expenses were reduced by nearly 15% in fiscal year 2006-07. The audit also advised that “delegates voluntarily agreed to a decrease in the amounts they were reimbursed for lodging and mileage expenses”. The Congress continues to economize whenever possible.

“This year Congress study committees will try to hold more Saturday daytime meetings to reduce overnight expenses and utilize facilities that do not charge for use of their meeting rooms,” stated Rich Kirchmeyer, Congress Secretary. “It is also noteworthy that although eligible for reimbursement, many delegates do not ask to be reimbursed. We conducted our own internal audit at the end of fiscal year 2006-07, we found that delegates are only claiming about 25% of eligible travel expenses.”

Delegates are reimbursed for travel expenses incurred while traveling to their required study committee meetings. In addition, members of the Congress on the 24 member Executive Council and 3

members Executive Committee are reimbursed for travel expenses to required Council and Committee meetings. Delegates do not receive per diems, nor are they reimbursed for their time.

“What the audit did not address are the 1,000’s of volunteer hours that our 360 volunteer delegates freely donate to the state in the name of conservation,” said Harvey. “Whether the time is spent in study committee meetings, listening to the concerns of local residents, or working along side DNR staff, this is time that is not reimbursed, it is freely given so that our future generations are able to enjoy that same outdoor experiences we may take for granted.”

The Legislative Audit Bureau was not asked, and therefore did not analyze what the cost of doing business without the Congress might be. In 2008, 48 administrative rule proposals were reviewed and commented on by citizens in every county of the state at the April Spring Fish and Wildlife Hearings. Over the past 10 years attendance at the spring hearings has averaged 9,472 attendees annually.

In contrast, last winter, the DNR held three public hearings on proposed hook and line sturgeon fishing rules. According to the DNR, “Although the hearings were well advertised locally, not one person attended any of the three hearings. The Department did not receive any written comments on the proposal, either.”

“The DNR is required by statute to hold public hearings on proposed rules, the expenses to the Congress budget associated with the spring hearings would not go away, and would likely increase greatly if there were no Congress as the DNR would have to schedule more hearings on individual rules, explained Harvey. “Most importantly the quality of citizen participation would be greatly decreased.”

The Congress also serves as a conduit to the DNR for citizen ideas. Annually over 200 citizen resolutions are submitted at the spring hearings for consideration by the congress and eventually these proposals may become DNR rule or statutory changes.

“Because of the cost of this work, without the benefit of the Congress volunteers, this service would likely not be continued,” said Rob Bohmann, Congress Vice-Chair. “The ideas that are received through the Congress process make for better and more efficient government. In 2003, a citizen submitted the idea at their local spring hearing of selling unallocated spring turkey permits on a first come, first served basis. Before that, the excess permits were randomly awarded to already successful applicants. Since 2006, that one idea, which was brought to light because of the Congress process, is generating annually five times the cost of operating the Congress.”

“The Conservation Congress uses elected citizen volunteers to provide a unique and valuable service. In doing so, many DNR in house functions, and expenses are eliminated,” summarized Harvey. “The recent audit confirms that the Conservation Congress conducts itself with the efficiency and frugality that would be expected from a citizen organization. We are grateful that this information has finally been made public.”

As established by Wisconsin State Statutes, the Wisconsin Conservation Congress is officially recognized as the only natural resources advisory body in the state where citizens elect delegates to represent their interests on natural resources issues on a local and statewide level to the Natural Resources Board and the Department of Natural Resources. Their mission is to represent the citizens of Wisconsin by working with the Natural Resources Board and the Department of Natural Resources to effectively manage Wisconsin's greatest asset, our abundant natural resources, for present and future generations to enjoy.



STATE OF WISCONSIN

Legislative Audit Bureau

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Janice Mueller
State Auditor

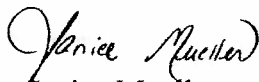
May 29, 2008

In response to your recent inquiry, we have collected some basic information about the amounts that the Department of Natural Resources (DNR) has spent in recent years in support of the Wisconsin Conservation Congress, which is DNR's citizen advisory committee. Wisconsin citizens can become involved with the Conservation Congress by attending annual hearings held in April in every county statewide. Those who attend elect five delegates to the Conservation Congress from each of the state's 72 counties, for a total of 360 delegates statewide.

Total expenditures that DNR reported spending in support of the Conservation Congress increased from \$143,700 in fiscal year (FY) 2003-04 to \$185,500 in FY 2005-06, but they then decreased to \$158,400 in FY 2006-07, the most recently completed fiscal year. In FY 2006-07, the expenditures included \$79,400 for the salary and fringe benefit costs of 1.2 full-time equivalent DNR staff positions that provided administrative and technical support to the Conservation Congress. Other types of expenditures included travel for Conservation Congress delegates, printing and mailing, and rental of meeting facilities.

I hope this information is helpful to you. Please contact me if you have any additional questions.

Sincerely,


Janice Mueller
State Auditor

JM/DS/bm

Enclosure

WISCONSIN CONSERVATION CONGRESS EXPENDITURES

The Wisconsin Conservation Congress is an independent organization of citizens that advises the Natural Resources Board. The Board meets ten times annually to provide direction and supervision to the Department of Natural Resources (DNR) on its policy- and rule-making processes. The Conservation Congress was created in 1934 and subsequently established as a statutory body by 1971 Wisconsin Act 179. According to its current mission statement, it works with the Natural Resources Board and DNR to effectively manage Wisconsin's natural resources.

Organizational Structure

Wisconsin citizens can become involved with the Conservation Congress by attending annual hearings held in April in every county statewide. At the hearings, citizens discuss natural resources issues and may submit resolutions that, for example, propose changes to DNR's administrative rules or policies. In addition, those who attend elect five delegates to the Conservation Congress from each of the state's 72 counties, for a total of 360 delegates statewide. Delegates typically serve two- or three-year terms.

To facilitate its work, the Conservation Congress has divided the state into 12 districts. Eleven districts are made up of multiple counties, while District 12 includes only Milwaukee County. Each April, Conservation Congress delegates from the counties within each district collectively select two delegates to serve a one-year term on a 24-member Executive Council, which considers resolutions introduced by citizens at the county-level annual hearings. In addition, the Executive Council elects three of its members to serve as its Executive Committee, which works with DNR to organize information for consideration by the full Executive Council and helps the Natural Resources Board consider input from the Conservation Congress.

To consider the merits of citizen resolutions, the Conservation Congress has 23 Study Committees that focus on a particular area of natural resources policy. Twenty-one of the 23 Study Committees are permanent, while 2 are ad hoc: one considers DNR's approach to combating Chronic Wasting Disease (CWD) in the state's deer herd, and the other reviews alternatives to funding conservation efforts. Committee members are Conservation Congress delegates, and committee meetings are open to the public.

Expenditures

As shown in Table 1, total expenditures that DNR reported spending in support of the Conservation Congress increased from \$143,700 in fiscal year (FY) 2003-04 to \$185,500 in FY 2005-06, but they then decreased to \$158,400 in FY 2006-07, the most recently completed fiscal year. In FY 2006-07, the expenditures included \$79,400 for the salary and fringe benefit costs of 1.2 full-time equivalent (FTE) DNR staff positions that provide administrative and technical support to the Conservation Congress. The 1.2 FTE positions include:

- 80.0 percent of one position that serves as DNR's primary liaison to the Conservation Congress; and
- 40.0 percent of one DNR legal support position that serves as an assistant liaison.

Table 1

**Department of Natural Resources Expenditures
for Conservation Congress Activities**

Type	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
Salaries and Fringe Benefits ¹	\$ 78,300	\$ 82,200	\$ 83,800	\$ 79,400
Travel for Conservation Congress Delegates	30,500	39,700	44,500	27,100
Printing and Mailing	18,400	23,200	27,100	24,100
Rental of Meeting Facilities	7,400	12,100	12,600	10,000
Travel for DNR Staff ¹	3,100	4,000	9,700	6,700
Supplies and Services	6,000	15,400	7,800	11,100
Total	\$143,700	\$176,600	\$185,500	\$158,400

¹ Costs for the 1.2 FTE positions that provide administrative and technical support to the Conservation Congress.

DNR funds these costs from the Conservation Fund, which is a segregated trust fund that includes nine accounts used to support natural resource management programs. The nine accounts were established to ensure that specific funds are spent for authorized purposes. To fund the salary and fringe benefits costs of the 1.2 FTE positions, DNR includes these costs with other department-wide administrative costs and allocates them among the nine accounts of the Conservation Fund using a methodology that is based on the level of staffing support provided to each program area. In contrast, it uses general operations funds from the Fish and Wildlife Account of the Conservation Fund to cover the non-staffing costs.

We obtained additional information on DNR's expenditures in support of the Conservation Congress and found that:

- Travel for Conservation Congress delegates includes the lodging, transportation, and related costs to attend in-state meetings. Travel costs increased from \$30,500 in FY 2003-04 to \$44,500 in FY 2005-06 because DNR implemented a statewide automated balloting system that is used during the annual hearings in each county. As a result, delegates needed to attend various training sessions that explained how to operate the system. Travel costs decreased to \$27,100 in FY 2006-07 because the delegates voluntarily agreed to a decrease in the amounts they were reimbursed for lodging and mileage expenses.
- Printing and mailing includes the cost of preparing and distributing meeting materials. These costs increased from \$18,400 in FY 2003-04 to \$27,100 in FY 2005-06, in part, because of the increased number of mailings needed to implement the automated balloting system, including distributing computer components for the voting machines, and printing ballots. In FY 2006-07, these costs decreased to \$24,100 because DNR increasingly relied on electronic communications.

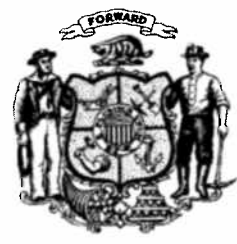
- Rental of meeting facilities includes the cost of public and private facilities used for Conservation Congress meetings. These costs increased from FY 2003-04 through FY 2005-06 because the ad hoc Study Committees met more frequently, and facility rental fees increased at a number of meeting locations.
- Travel for DNR staff includes the costs to attend Conservation Congress meetings. These costs increased from FY 2003-04 through FY 2005-06 largely because of the need to train delegates in the use of the automated balloting system. After the automated balloting system was implemented, DNR travel costs decreased in FY 2006-07.
- Supplies and services include the costs of renting equipment for meetings, photographing meetings and recording the proceedings, purchasing food, and purchasing subscriptions to professional journals.

We note that expenditures related to the Conservation Congress are also somewhat understated. In addition to the 1.2 FTE positions that support the Conservation Congress, 41.0 DNR staff serve as liaisons to the 23 Study Committees. These individuals have other job duties unrelated to the Conservation Congress, and DNR could not readily account for the staffing costs incurred as a result of the time the staff spent on Conservation Congress activities. Similarly, DNR does not separately account for the travel costs incurred by the 41.0 staff to attend Study Committee meetings. Each committee typically meets once per year.

In addition to the amount DNR spends to support the Conservation Congress, s. 59.70(21), Wis. Stats., provides that county boards may appropriate funds to defray the expenses of county delegates involved in Conservation Congress activities. However, we could not readily determine amounts spent by counties, which are not required to report these expenditures to DNR.



WISCONSIN STATE LEGISLATURE



State of Wisconsin\Government Accountability Board

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KEVIN J. KENNEDY
Director and General Counsel

June 30, 2008

The Honorable Jim Sullivan, Senate Co-Chair
Joint Committee on Audit
State Capitol, Room 118 South
Madison, WI 53707-7882

The Honorable Suzanne Jeskewitz, Assembly Chair
Joint Committee on Audit
State Capitol, Room 314

Dear Senator Sullivan and Representative Jeskewitz:

I am pleased to provide you and your committee members with our monthly update of the status of the Wisconsin Statewide Voter Registration System (SVRS). This information brings you up-to-date through June of 2008, about how we are meeting SVRS benchmarks, status of SVRS contracts, and communication with Federal government representatives regarding the Help America Vote Act (HAVA) compliance.

SVRS Benchmarks

1. Software Upgrade(s)

In our last monthly update, we reported that the SVRS application version 6.4 and infrastructure was upgraded during the weekend of May 31 – June 1, 2008. As a result of the upgrade, improvement in the overall processing, generation of reports and mailings that will be used to support the business process for the HAVA-required data interfaces.

Our technical staff continues working to further refine the SVRS application. Version 6.5 gives Clerks the ability to track the issuance of absentee ballots in large municipalities, and generate reports that reflect the correct number of absentee voters and their status. With version 6.5, Clerks will also be able to track requests for absentee ballots and issuance and return of those ballots with confidence in the integrity of the information in the system. Note that the Absentee functionality which was one of the issues raised in the November 2007 LAB report, is now addressed by successful improvements made in version 6.5 of the SVRS application.

It is planned that the benefits of version 6.5 will be available for clerks to begin accessing and using in mid-August, prior to the September Primary. Based on our best assessment, these improvements and others that are on the way, will position us to have SVRS serve our Clerks well for the fall election cycle.

2. Data Interfaces

During the testing phase, two of the three HAVA required interfaces (felon and deceased records) are working well. Clerks will be able to compare and match voters to felon and death records. The process will search for duplicate records so they may be merged. However, we are unable to completely and successfully engage the third HAVA-required interface (records matched with the Wisconsin Department of Transportation) until the "middleware" performs correctly and reliably.

A critical part of the data interfaces' recent upgrade included the installation of the "middleware" developed by the Wisconsin Department of Administration, Division of Enterprise Technology (DET). "Middleware" moves the data between other State agencies and the SVRS. DET also recently updated software that detects records from DHFS or DOC that cannot be imported into SVRS due to data problems. An error report can be produced and sent to agencies for investigation. Our staff continues to meet with DET management on a regular basis to ensure that the interfaces will run properly and that the SVRS infrastructure is sound for the fall election cycle.

The interface with the Department of Transportation (DOT) records is testing successfully with smaller and lighter data loads, but not with continuously heavier loads. We are preparing to test with a higher load of data to ensure it will function properly during the high-volume November election. We anticipate turning on the DOT interface after successful testing of the larger data load in mid-July.

3. Standards Committee Special Group

On June 12, 2008, SVRS staff met with a group of 15 municipal clerks who have used the absentee functionality in SVRS for past elections and demonstrated the absentee enhancements proposed for SVRS version 6.5. The Clerks provided comments and suggestions for enhancements that will ensure the application better meets their needs for the fall elections.

4. Training

The curriculum for training Clerks on the data interfaces was announced on June 27, 2008. The training uses a website broadcast and hands-on SVRS training modules through our Web-Based Election Training System (WBETS). Clerks will be able to take the course from their workstations on their own schedule. SVRS staff have the ability to monitor their usage of the website. Questions and answers about the training materials will be posted on a Clerks' forum on the training website. Clerks are expected to learn about and start using the interfaces during July.

Staff attended the Wisconsin County Clerks Association's 103rd. Symposium on Tuesday, June 24, 2008, in Manitowoc, WI. The Clerks were provided an update on the status of SVRS and were apprised that we are poised for HAVA-compliant readiness (the aforementioned interfaces successfully working) for the fall elections.

Contracts

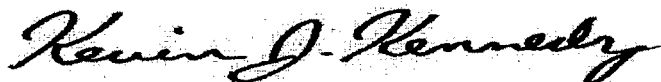
Payment of \$74,398 was made to the contracted IT consultants' salary for services rendered for supporting the SVRS. Due to billing and invoicing delays, the \$74, 398 payment represents three months of salary, from mid-March through mid-June 2008.

Federal Communication

There was no communication in June with the U.S. Department of Justice about the SVRS.

Thank you again for your commitment to and oversight of the SVRS project.

Sincerely,

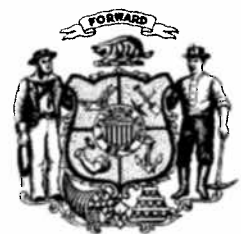


Kevin J. Kennedy
Director and General Counsel
Government Accountability Board

cc: Co-Chairs, Joint Legislative Committee on Finance
Nathaniel E. Robinson, Elections Division Administrator
Barbara A. Hansen, SVRS Project Director
Sharrie L. Hauge, Special Assistant to the Director and General Counsel



WISCONSIN STATE LEGISLATURE





STATE OF WISCONSIN

Legislative Audit Bureau

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Janice Mueller
State Auditor

December 19, 2007

Governor James E. Doyle
115 East, State Capitol
Madison, Wisconsin 53702

Senator Mark Miller and
Representative Kitty Rhoades, Co-Chairpersons
Joint Committee on Finance
State Capitol
Madison, Wisconsin 53702

Dear Governor Doyle, Senator Miller, and Representative Rhoades:

Section 13.94 (1)(a), Wis. Stats., requires the Legislative Audit Bureau to audit the cash and securities on deposit in the treasury or accounted for by the secretary of administration and to report our findings to the Governor and the Joint Committee on Finance. We have completed our audit and found the Department of Administration properly accounted for the cash and securities in its possession or held on its behalf by others.

As of June 30, 2007, the Department of Administration's cash records properly reconciled with the records of the State's working bank, which is US Bank, and with the State's official accounting records.

The Department has custodial responsibilities for fiduciary deposits required of insurance companies and banks. These deposits consist of bonds, securities, and cash held by US Bank. As of June 30, 2007, the Department's records properly reconciled with the records of US Bank. The par value of the bonds, securities, and cash recorded in the Department's records as of June 30, 2007, consisted of \$290,856,265 deposited by insurance companies and \$8,080,000 deposited by banks.

We appreciate the courtesy and cooperation extended to us by the staff of the Department of Administration in conducting this review.

Sincerely,

Janice Mueller
State Auditor

JM/BN/kc

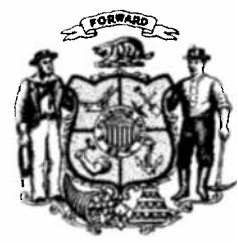
cc: Members, Joint Committee on Finance

Members, Joint Legislative Audit Committee

Michael L. Morgan, Secretary
Department of Administration



WISCONSIN STATE LEGISLATURE





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Janice Mueller
State Auditor

December 19, 2007

Senator Jim Sullivan and
Representative Suzanne Jeskewitz, Co-chairpersons
Joint Legislative Audit Committee
State Capitol
Madison, Wisconsin 53702

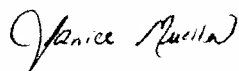
Dear Senator Sullivan and Representative Jeskewitz:

We have completed a financial audit of the State of Wisconsin as of and for the fiscal year ended June 30, 2007, and issued an unqualified auditor's report on the fair presentation of the basic financial statements. The financial statements and related opinion are included in the State of Wisconsin's Comprehensive Annual Financial Report, which was published by the Department of Administration today.

During the course of our audit, we identified a variety of internal control concerns at various state agencies that are required to be reported under *Government Auditing Standards*. As provided for in these standards, we are furnishing you with the auditor's report on internal control over financial reporting and on compliance and other matters.

We appreciate the courtesy and cooperation extended to us by the Department of Administration and other state agencies during the audit. Please contact us with any questions.

Sincerely,


Janice Mueller
State Auditor

JM/kc

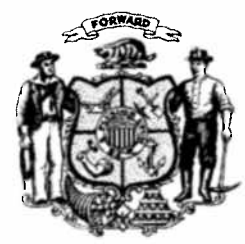
Enclosure

cc: Members, Joint Committee on Legislative Organization

Members, Joint Legislative Audit Committee



WISCONSIN STATE LEGISLATURE





STATE OF WISCONSIN
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Janice Mueller
State Auditor

December 20, 2007

Senator Jim Sullivan and
Representative Suzanne Jeskewitz, Co-chairpersons
Joint Legislative Audit Committee
State Capitol
Madison, Wisconsin, 53702

Dear Senator Sullivan and Representative Jeskewitz:

We completed an annual financial audit of the Department of Employee Trust Funds in April 2007, as requested by the Department and to fulfill our audit requirements under s. 13.94(1)(dd), Wis. Stats. The audit covered the period of January 1, 2005 through December 31, 2005. The 2005 financial statements and our unqualified opinion on them are included in the Department's recently issued financial report, which provides information on the financial position and activity of various benefit programs available to public employees. The late issuance of the Department's financial report was a result of delays in its completion by the Department.

The largest program administered by the Department is the Wisconsin Retirement System, which reported net assets of \$71.5 billion at the end of 2005 and provided benefits totaling \$3.1 billion during 2005. Positive investment returns contributed to the net increase in retirement assets of \$3.6 billion. At the end of 2005, the Wisconsin Retirement System was 99.5 percent funded based on actuarial measures that compare the actuary's valuation of assets to the estimated value of the benefit obligations for services already rendered by present and future retirees.

Accompanying this letter is a management letter we provided to the Department. As required by *Government Auditing Standards*, we include an auditor's report on internal control and compliance with the management letter. We identified three reportable conditions required to be reported under these standards:

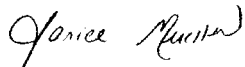
- the existence of outstanding balances in clearing accounts that the Department needs to review and eliminate;
- a continuing concern with the lack of cash reconciliations on a program level; and
- the lack of a written signed agreement with and review of invoices from the third-party administrator for the Badger Rx Gold Program.

Senator Jim Sullivan and
Representative Suzanne Jeskewitz, Co-chairpersons
Page 2
December 20, 2007

As noted in the management letter responses, the Department is making progress in addressing our concern with the outstanding balances in the clearing accounts. Further, the Department agrees with the value of completing cash reconciliations on a program level, but it has made limited progress to date because of other financial reporting priorities. Finally, the Department plans to obtain a signed agreement with the third-party administrator for the Badger Rx Gold Program. It does not agree with the recommendation for regular reviews of invoices for the program, but instead plans to rely on periodic compliance audits of it. We will continue to monitor and report on these areas in future audits.

We appreciate the courtesy and cooperation extended to us by Department staff during our audit.

Respectfully submitted,



Janice Mueller
State Auditor

JM/DA/ss

Enclosure

cc: Senator Julie Lassa
Senator Mark Miller
Senator Alan Lasee
Senator Robert Cowles

Representative Samantha Kerkman
Representative Kitty Rhoades
Representative David Cullen
Representative Joe Parisi