

Fiscal Estimate - 2009 Session

Original Updated Corrected Supplemental

LRB Number 09-1081/1	Introduction Number AB-0238	
Description determining eligibility of certain persons for Medical Assistance without consideration of a spouse's income or assets.		
Fiscal Effect		
State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs		
Local: <input checked="" type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue 5. Types of Local Government Units Affected <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts		
Fund Sources Affected Affected Ch. 20 Appropriations <input checked="" type="checkbox"/> GPR <input checked="" type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS s. 20.435(4)(b) and (o)		
Agency/Prepared By DHS/ Carrie Schneck (608) 266-5362	Authorized Signature Andy Forsaith (608) 266-7684	Date 8/3/2009

Fiscal Estimate Narratives

DHS 8/3/2009

LRB Number	09-1081/1	Introduction Number	AB-0238	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, DHS 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 DHS 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, DHS 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 CY2007, 4,647 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 \$7,375 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 3,550 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 38 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 31 medically needy individuals per year would benefit by maintaining MA eligibility under this provision.

To implement this bill, DHS 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 \$249,400 AF (\$99,760 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 to meet a deductible every six months 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 7 months in CY2007. 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 \$249,400

AF (\$99,760 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 30 per year over four years and plateau at approximately 120 individuals. The addition of 120 medically needy individuals would increase MA expenditures by approximately \$1 million AF (\$400,000 GPR) yearly.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

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 Updated
 Corrected
 Supplemental

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Description determining eligibility of certain persons for Medical Assistance without consideration of a spouse's income or assets.			
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	249,400		
TOTAL State Costs by Category	\$249,400		\$
B. State Costs by Source of Funds			
GPR	99,760		
FED	149,640		
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, etc.)			
	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	\$249,400	\$	
NET CHANGE IN REVENUE	\$	\$	
Agency/Prepared By			
DHS/ Carrie Schneck (608) 266-5362		Authorized Signature	Date
		Andy Forsaith (608) 266-7684	8/3/2009