



## Fiscal Estimate Narratives

DHS 2/22/2012

LRB Number	11-3665/1	Introduction Number	AB-0553	Estimate Type	Original
<b>Description</b> Matching financial records for Medical Assistance eligibility and providing a penalty					

### Assumptions Used in Arriving at Fiscal Estimate

Wisconsin's medical assistance program for the elderly, blind, and disabled (EBD Medicaid) requires an asset test; an individual is ineligible for benefits if their assets exceed set amounts. Applicants for the program currently report their assets and any divestments at the time of program application and annually thereafter, unless a significant change in income or assets occurs mid-year, in which case the recipient must report the change promptly. Applicants must provide a copy of a recent statement from their financial institution indicating the account balance. The Department or income maintenance agency processing the application is unable to independently confirm that the recipient has reported all asset holdings and has not divested any assets within the prior 36 months.

This bill would require all financial institutions operating in Wisconsin to participate in a data match on a quarterly basis with the Department in order to determine whether participants in the Wisconsin Medicaid program have a checking, savings, or money market mutual fund account at the institution, and if so, the amount of the asset held at the institution. This data match is expected to reveal asset levels in excess of program limits in an estimated 0.5% of cases. The Department would save approximately \$19 million AF (\$7.6 million GPR) of the \$3.8 billion AF spent on EBD Medicaid annually as a result of determining members ineligible or recouping for benefit months for which the person was not eligible. The SFY 13 savings amount would be less than the annualized amount; it would take the Department several months to make necessary IT systems modifications and to execute data sharing agreements with all financial institutions in the state. The Department estimates the SFY 13 data efforts would produce approximately \$7.5 million AF (\$3 million GPR) in benefits savings.

The Department would be obligated to pay each financial institution up to \$125 per quarter to complete the data match required in this bill. The Department of Financial Institutions' 2009-2011 biennial report states that Wisconsin has 208 state-chartered banks and 219 state-chartered credit unions. The federal US Department of the Treasury's Office of the Comptroller of the Currency reports there are 36 national banks and 17 national savings and loans licensed and headquartered in Wisconsin. In addition, the Department estimates there are at least 60 national banks with an office in Wisconsin that would be subject to the provisions of this law. The estimated annual payments to financial institutions in Wisconsin under this bill would be approximately \$256,000 AF (\$128,000 GPR).

Client Assistance for Re-employment and Economic Support system (CARES) system modifications to provide a list of recipients subject to an asset test to financial institutions and to receive data from financial institutions costs approximately \$50,000 (\$25,000 GPR). This is a one-time expense.

To institute the provisions of this bill, the Department would likely contract with a private vendor with experience performing similar data matches in other states. Estimated one-time vendor costs include \$161,000 AF (\$80,500 GPR) for systems work and to secure data sharing agreements with financial institutions throughout the state. The vendor would also require payment to perform the quarterly data matches and identify cases that must be reviewed as a result of the data match. Costs for these functions would be approximately \$432,000 AF (\$216,000 GPR) annually. As noted above, the SFY 13 amount would likely be lower as fewer matches would be performed; SFY 13 costs would be approximately \$216,000 AF (\$108,000 GPR). Income maintenance workers will be required to review cases flagged by the vendor. Given the small number of cases expected to have a match, the bill is not expected to increase Department or county consortia income maintenance costs.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2011 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> 11-3665/1		<b>Introduction Number</b> AB-0553	
<b>Description</b> Matching financial records for Medical Assistance eligibility and providing a penalty			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
Client Assistance for Re-employment and Economic Support system (CARES) modifications necessary to provide a list of recipients subject to an asset test to financial institutions and to receive data from financial institutions cost an estimated \$50,000 (\$25,000 GPR). To institute the provisions of this bill, the Department would likely contract with a private vendor with experience performing similar data matches in other states. Estimated one-time vendor costs include \$161,000 AF (\$80,500 GPR) for systems work and to secure data sharing agreements with financial institutions throughout the state.			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
State Operations - Salaries and Fringes	\$	\$	
(FTE Position Changes)			
State Operations - Other Costs	688,000		
Local Assistance			
Aids to Individuals or Organizations		-19,048,600	
<b>TOTAL State Costs by Category</b>	<b>\$688,000</b>	<b>-\$19,048,600</b>	
<b>B. State Costs by Source of Funds</b>			
GPR	344,000	-7,619,000	
FED	344,000	-11,429,600	
PRO/PRS			
SEG/SEG-S			
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>			
	Increased Rev	Decreased Rev	
GPR Taxes	\$	\$	
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$</b>	
<b>NET ANNUALIZED FISCAL IMPACT</b>			
	<u>State</u>	<u>Local</u>	
NET CHANGE IN COSTS	\$-18,360,600	\$	
NET CHANGE IN REVENUE	\$	\$	
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	
		<b>Date</b>	

