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(FORM UPDATED: 08/11/2010)

WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

2011-12

(session year)

Senate

(Assembly, Senate or Joint)

Committee on Insurance and Housing...

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**

Senate

Record of Committee Proceedings

Committee on Insurance and Housing

Senate Bill 474

Relating to: matching financial records for Medical Assistance eligibility and providing a penalty.

By Senators Galloway, Lasee and Cowles; cosponsored by Representatives Nygren, Ballweg, Bies, Jacque, Kaufert, Knudson, LeMahieu, Marklein, A. Ott, Rivard, Petersen, Severson, Steineke, Strachota, Van Roy, Wynn and Vos.

February 14, 2012 Referred to Committee on Insurance and Housing.

February 22, 2012 **PUBLIC HEARING HELD**

Present: (5) Senators Lasee, Schultz, Wanggaard, Carpenter
and C. Larson.
Absent: (2) Senators Olsen and S. Coggs.
Excused: (0) None.

Appearances For

- Rep John Nygren — 89th Assembly
- Brett Davis — DHS

Appearances Against

- None.

Appearances for Information Only

- None.

Registrations For

- Sen Pam Galloway — 29th Senate District
- Forbes McIntosh — HMS

Registrations Against

- None.

Registrations for Information Only

- None.

February 22, 2012 **EXECUTIVE SESSION HELD**

Present: (0) None.
Absent: (0) None.

Excused: (0) None.

February 29, 2012 **EXECUTIVE SESSION HELD**

Present: (6) Senators Lasee, Schultz, Olsen, Wanggaard,
Carpenter and C. Larson.

Absent: (1) Senator S. Coggs.

Excused: (0) None.

Moved by Senator Olsen, seconded by Senator Schultz that **Senate Bill 474** be recommended for passage.

Ayes: (4) Senators Lasee, Schultz, Olsen and
Wanggaard.

Noes: (2) Senators Carpenter and C. Larson.

Absent: (1) Senator S. Coggs.

PASSAGE RECOMMENDED, Ayes 4, Noes 2

Tony Urso
Committee Clerk

474

Vote Record Committee on Insurance and Housing

Date: 2/29

Moved by: Olsen

Seconded by: Schultz

AB _____ SB _____ Clearinghouse Rule _____
 AJR _____ SJR _____ Appointment _____
 AR _____ SR _____ Other _____

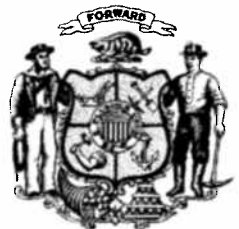
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- Be recommended for:
- Passage Adoption Confirmation Concurrence Indefinite Postponement
 - Introduction Rejection Tabling Nonconcurrence

Committee Member	Aye	No	Absent	Not Voting
Senator Frank Lasee, Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Dale Schultz	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Luther Olsen	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Van Wanggaard	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Tim Carpenter	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Spencer Coggs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Chris Larson	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Totals:	<u>4</u>	<u>2</u>	_____	_____



WISCONSIN STATE LEGISLATURE





State of Wisconsin
Department of Health Services

Scott Walker, Governor
Dennis G. Smith, Secretary

Senate Committee on Insurance and Housing
Testimony of Medicaid Director Brett Davis
Wisconsin Department of Health Services
Senate Bill 474

February 22, 2012

Senator Lasee and distinguished members of the committee, thank you for allowing the Department to assist this Committee by providing testimony on Senate Bill 474. The Department is testifying in support of this legislation.

Federal law regulating the Medicaid program requires that each State verify assets of elderly, blind, and disabled (EBD) Medicaid applicants as a condition of eligibility. Under the current system in Wisconsin, assets are self-declared, and the verification of said assets is primarily a manual process with financial institutions. Currently, the Department lacks the authority to cross-reference potential undisclosed assets electronically, making it possible for assets to be hidden in order to gain eligibility for Medicaid.

The Supplemental Appropriations Act of 2008, signed into law by President Bush, amended the federal Medicaid statute by adding Section 1940. This section requires States to implement a system to automate the verification of assets based on general federal guidelines. All states are required to implement an asset verification system by 2013.

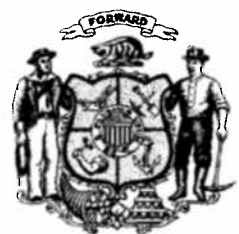
Senate Bill 474 would codify federal law under Section 1940 of the Social Security Act, and require the Department of Health Services to enter into reporting agreements with the nearly 400 financial institutions operating in Wisconsin. By being able to accurately identify and verify an individual's assets, the Department is expected to save money by reducing error rates and improving fraud detection.

The Department also notes that similar asset verification programs are already being used by other State agencies and required under statute in Wisconsin law. Wisconsin Statute 71.91 authorizes the Department of Revenue to operate a financial record matching program for the collection of delinquent taxes and Wisconsin Statute 49.853 authorizes the Department of Children and Families to operate a financial record matching program for the collection of child support payments

Thank you again for allowing me the opportunity to provide information to the committee. I would be happy to entertain any questions that you may have at this time.



WISCONSIN STATE LEGISLATURE





John Nygren

WISCONSIN STATE REPRESENTATIVE ★ 89TH ASSEMBLY DISTRICT

Senate Bill 474 – Asset Verification Legislation

Senate Committee on Insurance and Housing

Testimony by State Rep. John Nygren

February 22, 2012

Thank you, Chair Lasee and members of the Committee on Insurance and Housing for holding a public hearing on Senate Bill 474 today.

The proposal before you today was brought to my attention by the Department of Health Services (DHS) and is part of their Medicaid efficiencies plan released last year. I'm proud to take the lead on preventing fraud and saving money in the state's Medicaid programs by authoring the Assembly version of this Medicaid reform bill.

The state's Medicaid program is designed to provide health care and long-term care services to those who are in financial need. Under the current system, enrollees self-report their assets in order for DHS to determine whether they are eligible for certain programs. If an enrollee falsely reports assets or fails to report newly acquired assets, the state's current system maintains their eligibility despite the person no longer being eligible. Essentially, tax dollars are going towards coverage they shouldn't be due to false reporting.

This bill will allow DHS to verify the financial data of people applying for Medical Assistance programs. This effort will ensure those who are truly in need of assistance are the ones receiving it. Furthermore, if an individual expects to receive taxpayer funded health benefits, I feel it is reasonable for them to give up access to financial accounts in order to enroll.

This bill also puts the state in compliance with federal law, as electronic asset verification is mandated by the federal government under Public Law 110-252, signed into law by President Bush in 2008. All states will be required to implement an asset verification system by 2013.

Not only is this a requirement of federal law, it will save the state approximately \$19 million - simply by ensuring that individuals on certain MA programs are truly eligible for those programs. These savings are badly needed, considering our Medicaid programs face a \$141 million shortfall in state money over the next year and a half.



John Nygren

WISCONSIN STATE REPRESENTATIVE ★ 89TH ASSEMBLY DISTRICT

SB 474 requires DHS to operate a financial record matching program with the nearly 400 financial institutions across Wisconsin. The Department will enter into reporting agreements with financial institutions, which will give them the option of receiving enrollee information from DHS and matching it themselves, or they can send DHS their financial records and the department will do the matching to determine enrollee eligibility. The state already runs similar asset verification programs at the Department of Revenue for delinquent taxpayers and the Department of Children and Families for child support payments.

The bill will also compensate financial institutions for costs associated with reporting by requiring DHS pay each institution up to \$125 per calendar quarter.

The bill also includes provisions aimed at protecting account holder and enrollee confidentiality and privacy. It prohibits financial institutions from disclosing or retaining MA enrollee information and DHS from retaining account holder information for individuals who are not enrolled, and provides penalties. If a financial institution violates any of the prohibitions they may be fined not less than \$50 and nor more than \$1,000 or imprisoned in the county jail for not less than 10 days or more than one year.

In summary, the current system relies too heavily on self-reporting and, unfortunately, recipients are not always honest when reporting their assets. For this reason, it is crucial DHS is given the tools required to determine whether an enrollee's self-reporting is correct. By identifying unreported assets, DHS will be able to reduce error rates and improve fraud prevention efforts. This effort will save money in the Medicaid program, ensuring the maximum amount of dollars can be spent on those who are truly eligible for assistance.

I appreciate the opportunity to testify before your committee today on this important piece of legislation. Thank you.