

### Fiscal Estimate - 2017 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> 17-5216/1	<b>Introduction Number</b> AB-0008 (JR8)
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**Description**  
 requiring child support compliance in the Medical Assistance program

**Fiscal Effect**

**State:**

- |   |   |  |
|---|---|--|
| <input type="checkbox"/> No State Fiscal Effect           | <input type="checkbox"/> Increase Existing Revenues | <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget<br><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| <input checked="" type="checkbox"/> Indeterminate         | <input type="checkbox"/> Decrease Existing Revenues |  |
| <input type="checkbox"/> Increase Existing Appropriations |   | <input type="checkbox"/> Decrease Costs  |
| <input type="checkbox"/> Decrease Existing Appropriations |   |  |
| <input type="checkbox"/> Create New Appropriations        |   |  |

**Local:**

- |  |  |   |
|--|--|---|
| <input type="checkbox"/> No Local Government Costs                     |  |   |
| <input checked="" type="checkbox"/> Indeterminate                      |  |   |
| 1. <input type="checkbox"/> Increase Costs                             | 3. <input type="checkbox"/> Increase Revenue                           | <b>5. Types of Local Government Units Affected</b><br><input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities<br><input type="checkbox"/> Counties <input type="checkbox"/> Others<br><input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts |
| <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory |   |
| 2. <input type="checkbox"/> Decrease Costs                             | 4. <input type="checkbox"/> Decrease Revenue                           |   |
| <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory |   |

<b>Fund Sources Affected</b>	<b>Affected Ch. 20 Appropriations</b>
<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)(a), (bm), (bn), (n), (nn), and (pa)

<b>Agency/Prepared By</b> DHS/ Thomas Kelly (608) 266-0734	<b>Authorized Signature</b> Andy Forsaith (608) 266-7684	<b>Date</b> 1/30/2018
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## Fiscal Estimate Narratives

DHS 1/30/2018

LRB Number 17-5216/1	Introduction Number AB-0008 (JR8)	Estimate Type Original
<b>Description</b> requiring child support compliance in the Medical Assistance program		

### Assumptions Used in Arriving at Fiscal Estimate

This proposal denies eligibility to Medicaid to non-elderly, able-bodied adults who refuse to cooperate in determining the paternity of a child, establishing or enforcing a child support order, or obtaining any other payments or property to which the adult or child has rights.

The proposal also denies Medicaid eligibility to non-elderly, able-bodied parents who are delinquent in child support payments from being eligible for the Medicaid program unless any of the following applies: (1) the delinquency balance equals less than 3 months of the court-ordered support payment amount; (2) a court or a county child support agency is allowing the able-bodied adult to delay the child support payments; (3) the able-bodied adult is complying with a payment plan approved by a county child support agency to provide support for the child of the adult; (4) the able-bodied adult is participating in an employment and training program, as determined by the Department; or (5) the able-bodied adult is participating in a substance abuse treatment program, as determined by the Department.

As the payer of last resort, the Medicaid program already requires custodial parents to identify the non-custodial parents of children on Medicaid so that any medical insurance held by those non-custodial parents can be accessed by the children prior to any taxpayer expense. It is important to note, however, that sanctions under this current law requirement do not extend beyond medical support into other forms of support. In addition, the state does not have the authority under federal Medicaid rules to restrict non-custodial parents from receiving Medicaid for failure or refusal to pay child support or cooperate with establishing paternity. As a result, this legislation will require a federal waiver from the Centers for Medicare and Medicaid Services (CMS).

The bill does not specifically exempt pregnant women. If the intent of the legislature was to include pregnant women under the requirements of the bill, the Department would require a federal waiver to implement the bill for that population.

Normally, many of the expenses detailed in this estimate would be eligible for a 75% federal match. However, due to the fact that the provisions of this bill would not be allowable without a federal waiver, this estimate assumes that costs will be instead eligible for a 50% match.

The Department would need to employ a part-time contract staff person to serve as a program and policy analyst to develop enrollment policies, write the federal waiver request, and implement the policy. The position would be a half-time position and would last one year. The cost associated with this 0.5 position is estimated at \$72,900 AF (\$36,450 GPR and \$36,450 FED). This assumes an hourly rate of \$65.29 as well as \$5,000 in one-time costs for supplies and services.

The proposal would require upgrades to the Client Assistance for Reemployment and Economic Support (CARES) system. These one-time costs are estimated at \$1,134,000 AF (\$567,000 GPR and \$567,000 FED).

As of December 31, 2017, there were 225,156 child support cases in arrears in Wisconsin. Of those, 76,163 (33.83%) were located in Milwaukee County. Of the 225,156 child support cases in arrears, this estimate assumes that 20% involve a parent who is enrolled in Medicaid.

Based on these figures, the Department would expect to spend \$45,000 AF (\$22,500 GPR and \$22,500 FED) annually on warning letters one month before reenrollment at roughly one dollar per case.

The Department also estimates that the increased workload for income maintenance (IM) agencies would total \$1,100,400 AF (\$550,200 GPR and \$550,200 FED). Of this total, \$728,200 AF (\$364,100 GPR and

\$364,100 FED) would be needed to support IM consortia and tribal IM agencies while the remaining \$372,200 AF (\$186,100 GPR and \$186,100 FED) and 5.50 FTE positions would be needed for Milwaukee Enrollment Services. This estimate is based on 45 minutes of work per case in arrears annually. While the work for cases in arrears may not total 45 minutes per case, these costs are also meant to reflect the cases in which IM worker must sanction individuals who fail or refuse to cooperate in establishing paternity or establishing a child support order while maintaining eligibility for dependent children under the exemption in the bill.

In addition, the one-time cost of developing interactive training sessions for IM workers is estimated at \$12,700 AF (\$6,350 GPR and \$6,350 FED).

Finally, CMS typically requires an evaluation in order to grant waiver approval. The cost of this post-implementation review is estimated at \$500,000 AF (\$250,000 GPR and \$250,000 FED).

The total one-time implementation costs for this proposal are estimated at \$1,719,600 AF (\$859,800 GPR and \$859,800 FED).

### **Long-Range Fiscal Implications**

The annual ongoing costs for this proposal are estimated at \$1,145,400 AF (\$572,700 GPR and \$572,700 FED).

## Fiscal Estimate Worksheet - 2017 Session

Detailed Estimate of Annual Fiscal Effect

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LRB Number <b>17-5216/1</b>	Introduction Number <b>AB-0008 (JR8)</b>
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**Description**  
 requiring child support compliance in the Medical Assistance program

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

The total one-time implementation costs for this proposal are estimated at \$1,719,600 AF (\$859,800 GPR and \$859,800 FED).

<b>II. Annualized Costs:</b>	<b>Annualized Fiscal Impact on funds from:</b>	
	Increased Costs	Decreased Costs

A. State Costs by Category		
State Operations - Salaries and Fringes	\$372,200	\$
(FTE Position Changes)	(5.5 FTE)	
State Operations - Other Costs	45,000	
Local Assistance	728,200	
Aids to Individuals or Organizations		
<b>TOTAL State Costs by Category</b>	<b>\$1,145,400</b>	<b>\$</b>

B. State Costs by Source of Funds		
GPR	572,700	
FED	572,700	
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		
<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$</b>

NET ANNUALIZED FISCAL IMPACT		
	State	Local
NET CHANGE IN COSTS	\$1,145,400	\$
NET CHANGE IN REVENUE	\$	\$

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