

Wisconsin Department of Administration  
 Division of Executive Budget and Finance

### Fiscal Estimate - 2021 Session

Original       Updated       Corrected       Supplemental

<b>LRB Number</b> 21-3584/2	<b>Introduction Number</b> AB-0701
<b>Description</b> eliminating recovery by the state for birth expenses paid through the Medical Assistance program	
<b>Fiscal Effect</b>	
<b>State:</b>	
<input type="checkbox"/> No State Fiscal Effect <input checked="" type="checkbox"/> Indeterminate <input checked="" 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 checked="" type="checkbox"/> Decrease Existing Appropriations <input checked="" 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	
<b>Local:</b>	
<input checked="" type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs      3. <input type="checkbox"/> Increase Revenue <b>5. Types of Local Government Units Affected</b> <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	
<b>Fund Sources Affected</b>	
<input checked="" type="checkbox"/> GPR <input checked="" type="checkbox"/> FED <input checked="" type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS s. 20.435(4)(b), (im), and (o)	
<b>Affected Ch. 20 Appropriations</b>	
<b>Agency/Prepared By</b>	<b>Authorized Signature</b>
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	<b>Date</b>
	1/10/2022

**Fiscal Estimate Narratives****DHS 1/10/2022**

LRB Number	<b>21-3584/2</b>	Introduction Number	<b>AB-0701</b>	Estimate Type	<b>Original</b>
<b>Description</b>					
eliminating recovery by the state for birth expenses paid through the Medical Assistance program					

**Assumptions Used in Arriving at Fiscal Estimate**

This proposal prohibits the state from seeking recovery of birth expenses paid by the state through Medicaid on behalf of an unmarried person who gave birth and was a Medicaid participant at the time of the birth. The proposal also prohibits a court from including in a judgment or order relating to paternity an order for a father to pay for the recovery of such expenses paid by the state under Medicaid.

Under current law, county child support agencies (CSAs) are charged with establishing paternity and recovering birth related expenses for unmarried mothers who are enrolled in Medicaid. The non-custodial parent is responsible for the lower of (1) 5% of that parent's monthly income over a 36-month period, (2) half the regional average amount for birth costs, or (3) half the actual birth costs up to the full regional average amount. The CSA works with the court to establish and collect the recoveries.

Because Medicaid is funded through a partnership between the state and federal governments and because federal participation varies slightly by federal fiscal year, recoveries are tracked by the federal fiscal year in which services were received. For the purposes of this fiscal estimate, the split is assumed to be 40% state and 60% federal.

Under state and federal law, CSAs retain 15% of recoveries from the federal share. Therefore, the recoveries divide into 40% state, 45% federal, and 15% local.

On average, CSAs have recovered approximately \$15 million All Funds in Medicaid birth costs annually. Of this, the CSAs retain about \$2.25 million annually. The remaining \$12.75 million is deposited into the appropriation under s. 20.435(4)(im) as program revenue to offset costs that would otherwise be expended from the general purpose revenue (GPR) appropriation under s. 20.435(4)(b) and from the federal (FED) appropriation under s. 20.435(4)(o). If these recoveries were no longer collected, the annual cost to the Medicaid program would be \$6 million GPR and \$6.75 million FED.

The Department does not anticipate any local fiscal impact on income maintenance agencies. For the local fiscal impact on CSAs, please refer to the fiscal estimate prepared by the Department of Children and Families.

**Long-Range Fiscal Implications**

The long term impact of this proposal is estimated at \$6 million GPR and \$6.75 million FED annually.