

Fiscal Estimate - 2021 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 21-4782/1	Introduction Number SB-905	
Description disenrollment of ineligible individuals from and redeterminations of eligibility for the Medical Assistance program and database confirmation for public assistance program eligibility		
Fiscal Effect		
State: <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 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		
Local: <input 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 <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		
Affected Ch. 20 Appropriations 20.435(4)(a), (b), (bd), (bm), (bn), (m), (n), (nn), (o), (p), & (pa), & (8)(b), (c), (o), and (p)		
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Fiscal Estimate Narratives

DHS 2/7/2022

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Description disenrollment of ineligible individuals from and redeterminations of eligibility for the Medical Assistance program and database confirmation for public assistance program eligibility					

Assumptions Used in Arriving at Fiscal Estimate

This proposal makes several changes to eligibility processes in the Medicaid program. It would require the eligibility of Medicaid participants to be re-determined every six months rather than annually as is current practice. The bill would also prohibit the Department from using prepopulated forms or otherwise supplying information, except for name and address, to a recipient of or an applicant for Medicaid. The proposal would impose a six-month period of ineligibility for Medicaid for any Medicaid participant who fails to timely report any change that may affect eligibility. Finally, the bill requires the Department to enter into data sharing agreements with any state agency that maintains a database of financial or personal information about residents of Wisconsin.

The bill appears to conflict with certain federal requirements for states in managing Medicaid eligibility. States must comply with these requirements as a condition of receiving federal Medicaid funding. Under 42 CFR 435.916(a)(1), states are required to redetermine Medicaid eligibility for program participants once every 12 months and no more frequently than once every 12 months.

Under 42 CFR 435.916(a)(2), Medicaid agencies are required to make eligibility redeterminations without requiring information from the program participant if able to do so based on reliable information contained in the individual's account or other more current information. Under 42 CFR 435.916(a)(3), if the state cannot make a renewal determination on its own, it must provide an individual with a pre-populated renewal form that contains the information that is currently available to the agency that would be needed to renew eligibility.

The Centers for Medicare and Medicaid Services (CMS) does not allow states to add disenrollment penalties as an extra eligibility requirement for populations covered by Medicaid state plans. In Wisconsin, the only Medicaid-eligible group that is not covered by Wisconsin's Medicaid state plan is childless adults.

In theory, the state could seek federal 1115 demonstration waivers to implement provisions in the bill. However, the bill does not authorize DHS to seek such waivers, as required under s. 20.940. In addition, it is unknown whether the CMS would approve such waivers.

For these reasons, if the Department were to implement the bill as proposed, Wisconsin could risk all federal funding it receives for the Medicaid program. This fiscal impact would be a potential loss of federal funding for Medicaid benefits of \$7.1 billion FED in SFY22 and \$6.9 billion FED in SFY23. In addition, federal match on administrative costs associated with the Medicaid program would also be jeopardized at an annual impact of over \$300 million FED.

If the Department were to implement the requirement that eligibility redeterminations be made every 6 months, it would double workloads related to Medicaid eligibility determinations made by state, county, and tribal income maintenance (IM) agencies. The Department manages IM functions in Milwaukee County through the Bureau of Milwaukee Enrollment Services. Based on current workload data used for federal claiming, the annual impact on Milwaukee Enrollment Services would be at least \$10.4 million GPR annually as well as 138.5 additional FTE positions. The impact on county IM consortia is estimated to be \$35.1 million GPR annually. In the absence of additional funding from the state, county agencies

would need to fund the costs with local property tax levy. The increase workload cost for tribal IM agencies is estimated to be at least \$702 thousand GPR. Costs could be higher to the extent the provisions results in increased inquiries from members seeking to understand the new requirements.

The potential for reduced enrollment and benefits expenditures resulting from incomplete applications and the six-month penalty for failing to timely report any change that may affect eligibility is indeterminate and offset by the risk of losing federal funding for the entire program.

The cost of new data sharing agreements under the bill are indeterminate. The Department presently uses several data sharing agreements with several state agencies in conjunction with the Client Assistance for Re-employment and Economic Support (CARES) system to better ensure program integrity. It is unclear what databases are maintained by other state agencies and how much integrating those data streams into CARES would cost. For this reason, these costs are indeterminate.

The cost of changing the CARES system to no longer prepopulate enrollment forms is estimated at \$1.5 million GPR in one-time costs.

Long-Range Fiscal Implications