



## Fiscal Estimate Narratives

DHS 4/13/2023

LRB Number	<b>23-2128/1</b>	Introduction Number	<b>SB-0214</b>	Estimate Type	<b>Original</b>
<b>Description</b> creating an ineligibility period in the Medical Assistance and FoodShare programs for voluntary employment termination					

### Assumptions Used in Arriving at Fiscal Estimate

This proposal seeks to create an ineligibility period of six months for the Supplemental Nutrition Assistance Program (SNAP, also called FoodShare in Wisconsin) and Medicaid for able-bodied individuals who voluntarily terminate their legal, paid employment. The bill mirrors existing exemptions for individuals who voluntarily quit their jobs under the unemployment insurance program. The bill authorizes the Department to seek federal approval to implement the provisions, as necessary, and indicates the provisions need not be implemented if federal approval is not obtained.

Under federal law, SNAP recipients who are between 16 and 59 years of age are restricted from voluntarily terminating a job working more than 30 hours per week, voluntarily reducing their hours below 30 hours per week, or refusing suitable employment. Sanctions for violation without an exemption or good cause are one month for a first offense, three months for a second offense, and six months for a subsequent offense. Because the sanctions and exemptions in the bill are different than those under federal law, this bill would require a federal waiver. U.S. Department of Agriculture demonstration waiver applications must meet the goals of increasing SNAP program efficiency and improving SNAP benefit delivery. It is unknown whether such a waiver would be approved.

Presently, a state cannot implement work requirements for Medicaid recipients through its Medicaid state plan and therefore would need to seek a waiver for the Medicaid provisions as well. It is unknown whether the U.S. Department of Health and Human Services would approve a waiver.

If the federal waivers were to be granted, the Department would be required to make significant changes to the Client Assistance for Re-employment and Economic Support (CARES) System including creating new data exchanges and workflows. The cost of these system changes is estimated at between \$6,250,000 all funds (\$2,000,000 GPR) and \$7,050,000 all funds (\$2,260,000 GPR) depending on the timing of the approval of required federal waivers. Under current system vendor contracts, programming rates will rise through CY 25.

This legislation would require additional income maintenance (IM) agency staff at the Department's Milwaukee Enrollment Services (MILES), IM Consortia, and tribal IM agencies. However, it is unclear how many individuals would be found to be in violation of this legislation if it was presently in effect. It is also unknown how long it would take to conduct SNAP and Medicaid interviews with the additional CARES workflows. Therefore, the exact number of positions and related costs are indeterminate at this time. Costs for positions at IM Consortia would be incurred against property tax levy in every county except Milwaukee County unless the Legislature were to offset those costs with GPR. In Milwaukee County, Department would incur overtime costs or would need additional FTE at MILES to perform the work. with increased utilization of overtime.

The proposal provides that individuals under sanction under this legislation continue to be eligible for any program or public service the purpose of which is to train or prepare the individual for employment. Therefore, individuals would remain eligible for the SNAP Employment and Training (also known as FSET in Wisconsin). Because individuals are only eligible for FSET when they are eligible for SNAP, the Department would need to cover the cost of participation in the FSET program with 100% GPR. In SFY22, the average cost per enrollee per month was \$360; however, since the number of cases is currently unknown, this cost is indeterminate at this time .

If implemented, the bill may result in lower enrollment in the FoodShare and Medicaid programs. It is unknown how many members would fail to meet the requirements of the bill, and therefore the enrollment

effect cannot be projected. FoodShare benefits are funded with 100% federal funds. Medicaid benefits are funded with approximately 60% federal funds and 40% state funds.

It is possible that this legislation could result in higher long-term Medicaid costs as individuals sanctioned under this proposal would be less likely to receive preventative medicine, more likely to suffer from malnutrition, and therefore require more expensive treatment after regaining Medicaid eligibility. This proposal could also result in increased uncompensated emergency room care at Wisconsin hospitals. Additionally, because the proposal does not exempt individuals living with minors from the SNAP sanctions, the proposal could result in more minors experiencing food insecurity. The costs of these impacts are indeterminate due to the lack of data on cases that would be sanctioned under this proposal.

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