

Fiscal Estimate - 2025 Session

☒ Original ☐ Updated ☐ Corrected ☐ Supplemental

LRB Number **25-1533/1**

Introduction Number **AB-0163**

Description

redeterminations of eligibility for the Medical Assistance program and database confirmation for public assistance program eligibility

Fiscal Effect

State:

☐ No State Fiscal Effect

☒ Indeterminate

☐ Increase Existing
Appropriations

☐ Decrease Existing
Appropriations

☐ Create New Appropriations

☐ Increase Existing
Revenues

☐ Decrease Existing
Revenues

☒ Increase Costs - May be
possible to absorb within
agency's budget

☐ Yes

☒ No

☐ Decrease Costs

Local:

☐ No Local Government Costs

☐ Indeterminate

1. ☐ Increase Costs

☐ Permissive ☐ Mandatory

2. ☐ Decrease Costs

☐ Permissive ☐ Mandatory

3. ☐ Increase Revenue

☐ Permissive ☐ Mandatory

4. ☐ Decrease Revenue

☐ Permissive ☐ Mandatory

5. Types of Local Government Units Affected

☐ Towns ☐ Village ☐ Cities

☐ Counties ☐ Others

☐ School
Districts ☐ WTCS
Districts

Fund Sources Affected

☒ GPR ☒ FED ☐ PRO ☐ PRS ☐ SEG ☐ SEGS

Affected Ch. 20 Appropriations

s. 20.435(4)(a), (bm), (bn), (n), (nn),
and (pa)

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Date

4/10/2025

Fiscal Estimate Narratives

DHS 4/10/2025

LRB Number	25-1533/1	Introduction Number	AB-0163	Estimate Type	Original
Description redeterminations of eligibility for the Medical Assistance program and database confirmation for public assistance program eligibility					

Assumptions Used in Arriving at Fiscal Estimate

This bill makes several changes to the Medicaid eligibility determination process for children and adults on BadgerCare Plus and adults without dependent children eligible under the Childless Adults Demonstration.

This bill requires eligibility redeterminations for Medicaid members eligible under BadgerCare Plus and the Childless Adults Demonstration to be completed every 6 months as opposed to every 12 months as required under current state and federal law. The bill also requires a 6-month period of ineligibility for any Medicaid member eligible under BadgerCare Plus and the Childless Adults Demonstration who fails to report a change that may impact eligibility within 10 days of the change in status. The bill directs the Department to seek any federal approval necessary to implement these provisions and bars the Department from implementing either provision in absence of federal approval.

Under current federal law, 42 CFR 435.916(a)(1) of the federal code requires "the eligibility of Medicaid beneficiaries whose financial eligibility is determined using MAGI-based income must be renewed once every 12 months, and no more frequently than once every 12 months." Also under current federal law, section 5112 of the Consolidated Appropriations Act of 2023 and 42 CFR 435.926 requires one year of continuous enrollment for all Medicaid and CHIP members under the age of 19. Under current state policy, members are required to report non-financial changes within 10 days after the occurrence and changes in total monthly income of the assistance group by the 10th of the month following the month in which the total income exceeded its previous threshold.

This bill further includes a statutory provision to immediately disenroll any Medicaid member enrolled under BadgerCare Plus or the Childless Adult Demonstration who has been determined to be ineligible. Under current federal law, 42 CFR 435.917 details provisions states are required to comply with to provide Medicaid enrollees with timely and adequate written notice of any decision affecting their eligibility, including an approval, denial, termination or suspension of eligibility, or a denial or change in benefits and service.

If the provisions of this bill are federally approved, DHS and its county and tribal partners would incur significant administrative costs under this proposal.

The Client Assistance for Re-employment and Economic Support (CARES) system would need to be modified to allow biannual eligibility redeterminations for BadgerCare Plus and Childless Adult Demonstration members. The one-time cost of this project is estimated at \$2,500,100 all funds (\$250,000 GPR and \$2,250,100 FED, assuming CMS would approve this project for a 90% federal match).

The provisions of this bill would substantially increase workloads and costs for county Income Maintenance (IM) agencies and Milwaukee Enrollment Services (MiES). Annual IM agency workloads associated with processing eligibility renewals would effectively double for each Medicaid member eligible under BadgerCare Plus and the Childless Adult Demonstration, which combined represent approximately 905,000 individuals per month in FY25.

In calendar year 2019 (CY19), Medicaid members eligible under BadgerCare Plus and the Childless Adults Demonstration accounted for 27% of time and activity at MiES. This represents the work that would double by requiring eligibility redeterminations every 6 months. Also, in CY19, the adjusted federal Medicaid percentage (FMAP) for BadgerCare Plus related activity at MiES was 55%. The current total

annual cost of MiES is \$51,313,100 (SFY24 actual costs plus the impact of the 2% general wage adjustment that went into effect in July 2024). 27% of \$51,313,100 is \$13,854,500 all funds (\$6,234,500 GPR and \$7,620,000 FED). MiES has 441 permanent FTEs; 27% of 441 FTEs is 119 FTEs.

In CY19, BadgerCare Plus accounted for 38% of time and activity at IM consortia, and the adjusted FMAP for BadgerCare Plus related consortia activity was 69%. Separate statistics for tribal IM agencies are not readily available. Based on CY23 consortia expenses, total consortia and tribal IM agency costs are estimated at \$122,940,900 all funds. 38% of \$122,940,900 is \$46,717,500 all funds (\$14,482,400 GPR and \$32,235,100 FED).

This estimate uses random moment sampling (RMS) statistics used by DHS for federal claiming on eligibility determinations from CY19 because that was the last year before the continuous enrollment policy was implemented in response to the SARS-CoV-2 pandemic and because some of the aftereffects of the unwinding of the continuous enrollment policy continue to affect RMS statistics following the pandemic. This reliance on data from CY19 is based on the assumption that RMS statistics, BadgerCare Plus enrollment as a percentage of total IM enrollment will return to pre-pandemic levels beginning in July 2025.

There will likely be additional costs which are unknown and indeterminate at this time.

Non-statutory language in the bill requires the Department to redetermine the eligibility of all Medicaid members under Chapter 49 Subchapter IV, including Medicaid elderly, blind, and disabled enrollees in addition to those subject to the other provisions of this bill. The bill requires these redeterminations to be completed in less than one year, between the effective date of this bill and January 1, 2026. Any members found ineligible are required to be immediately disenrolled and provided information on coverage options under the ACA Marketplace. It is unlikely that the Department would be able to develop the necessary waiver, receive final approval from CMS, make all of the necessary systems changes, and redetermine eligibility before that time. It is not possible to estimate the fiscal effect of this provision given the challenges with the timeline.

This bill prohibits DHS from automatically renewing the eligibility of Medicaid members eligible under BadgerCare Plus and the Childless Adults Demonstration, including prohibiting use of forms prepopulated with information previously supplied to the Department, except for the member's name and address. Under current policy, DHS and its local and tribal partners automate renewals to the extent allowable under federal law. Prepopulated forms are also used to reduce errors and eliminate waste. Prohibiting automated renewals and prepopulated forms will increase workloads and costs; however, the Department does not have statistics that quantify the savings already realized by these automations. As a result, the costs for IM agencies detailed above likely significantly underrepresent of the total costs of this bill for IM agencies and MiES. Because CMS requires states to automate these processes, implementing these provisions would also require federal approval.

This bill also requires the Department to enter into data-sharing agreement with any agency that maintains a database of financial or personal information about Wisconsin residents. Costs associated with this provision are indeterminate. DHS maintains many such data-sharing agreements to verify income, employment, assets, and residency as well as to remove deceased individuals from enrollment; however, it is not known how many similar databases exist, how much it would cost to enter into new data-sharing agreements with all of them, or how much it would cost to modify the CARES system to integrate those databases into current workflows.

The enhanced reporting requirements under this bill may result in increased procedural disenrollments among impacted members, along with associated Medicaid benefits savings due to lower program enrollment. However, the potential impact of these increased reporting obligations on program enrollment is unknown. It is common for members who are otherwise eligible but who lose eligibility for procedural reasons to complete their renewals and re-enroll within a few months.

The effect of the bill's provisions on enrollment is unknown. The state currently has a comprehensive system to determine and verify Medicaid eligibility. Six-month redeterminations may result in additional enrollment 'churn', with some members who are initially determined ineligible are re-enrolled in the program in the following month or months after completing enrollment steps.

In summary, the known one-time costs are estimated at \$2,500,100 all funds (\$250,000 GPR and

\$2,250,100 FED); and the known annual, ongoing costs are estimated at \$60,572,000 all funds (\$20,716,900 GPR and \$39,855,100 FED) and an increase of 119 FTEs.

Long-Range Fiscal Implications