



Legislative Fiscal Bureau

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TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Senate Bill 633 and Assembly Bill 878: Grant to an Organization to Assist Individuals in Obtaining and Maintaining Health Care Benefits

Senate Bill 633 and Assembly Bill 878 are identical bills that would provide \$250,000 PR annually, beginning in 2010-11, to fund a grant to an organization to administer a program to assist people in obtaining and maintaining health care services and coverage of health care expenses.

On March 31, 2010, the Assembly Committee on Health and HealthCare Reform adopted Assembly Amendments 1 and 2 and recommended the bill for passage by a vote of 8 to 4. Senate Bill 633 is in the Senate Committee on Health, Health Insurance, Privacy, Property Tax Relief, and Revenue.

SUMMARY OF BILL

The bill would increase the general program operations appropriation to the Office of the Commissioner of Insurance (OCI) by \$250,000 PR annually, beginning in 2010-11, and direct that these funds be transferred to a new program revenue appropriation for the Department of Health Services (DHS) to provide as a grant to an oversight organization. The program revenue source for the grant would be insurance fee revenue collected by OCI.

Grant to Oversight Organization. DHS would be directed to award a grant of \$250,000 PR annually to an organization to do all of the following: (a) allocate funding to entities to provide services and oversee provision of these services by the entities; (b) provide training for individuals who provide services; (c) provide technical assistance to entities that receive funding; (d) provide legal services to low-income individuals, and members of a family, who are under 60 years of age to assist them in obtaining and maintaining health care benefits; and (e) within 16 months after the bill's effective date, report to DHS and the OCI regarding services provided by entities during the

first 12 months that the entities received funding and submit a plan to DHS and OCI for providing services in additional counties. DHS would be required to submit the report and plan received by the oversight organization, as described under (e), to the Chief Clerk of each house of the Legislature for distribution.

DHS and OCI would be required to approve a request for proposals (RFP) prior to the oversight organization issuing the RFP, and approve allocations of funding to entities before these allocations are finalized. The oversight organization could allocate funding to governmental units, institutions of higher education, and nonprofit entities.

Activities Conducted by Entities. The oversight organization would be required to allocate moneys to entities to do any of the following:

- Assist individuals, or members of a family, who are under 60 years of age in obtaining and maintaining health care benefits, including providing information regarding eligibility for health care benefits, providing advice and assistance in applying for health care benefits, providing information regarding health care services and expenses covered under a health care plan, group health plan, or public health care benefits program, and advocating on behalf of individuals and families to obtain those services and coverage of those expenses.
- Counsel individuals, or members of a family, who are under 60 years of age regarding consumer rights and grievance procedures relating to health care benefits.
- Refer individuals, or members of a family, who are under 60 years of age for legal assistance in obtaining and maintaining health care benefits.
- Coordinate health care benefits available to an individual, or members of a family, who are under 60 years of age to maximize health care benefits for the individual or family members.
- Assist individuals, or members of a family, who are under 60 years of age in obtaining coverage of expenses for drugs or medical equipment that has been prescribed for them.
- Monitor and track whether individuals and family members to whom the entity provides services maintain health care benefits between encounters with the entity.
- Refer individuals to information regarding, or programs that promote, preventive health care, chronic disease management, responsible utilization of health care services, and healthy lifestyle.
- Assist individuals, or members of a family, who are under 60 years of age who require transportation, interpreter services, or other services to access health care benefits in obtaining those services.

- Coordinate provision of services with any aging unit that provides benefit specialist services for older individuals, any resource center that provides services under the state's Family Care program, or any agency under contract with DHS to administer the children with special health care needs program that operates in the same geographic areas as the entity.

- Bring together persons who work in the fields of public health, health care, elementary or secondary education, and other relevant fields for the purpose of educating them regarding activities listed above and for the purposes of sharing strategies for, and coordinating efforts to, assist individuals, and members of a family, who are under 60 years of age in obtaining and maintaining health care benefits.

Knowledge Requirements for Entity Staff that Provide Services. As a condition of receiving funding from the oversight organization, an entity would be required to ensure that individuals who provide the services listed above have knowledge of all of the following:

- Health care benefits, and eligibility criteria and appeal procedures for health care benefits, under the Social Security Act for which an individual under 60 years of Age may be eligible.

- Health care benefits, eligibility criteria and appeal procedures for health care benefits, including procedures for appeals relating to disability determinations under the Medicaid program and under the Medicaid waiver programs.

- Health care benefits, eligibility criteria, and appeal procedures under the state's health insurance risk-sharing plan (HIRSP).

- Health care plans and group health plans, including appeal and grievance procedures under health care plans and group health plans.

- Federal law governing health care plans and group health plans.

- Coordination between health care plans or group health plans and public health care and public health care benefits programs.

- Provision of services in a family-centered and culturally competent manner.

Prohibited Activities of Entities that Receive Funding Allocations. Entities, or an individual that the entity employs or contracts with to provide services, would be prohibited from doing any of the following: (a) being directly involved in licensing or accrediting a hospital or nursing home; (b) being directly involved in granting a certificate of authority to a health insurer; (c) having a direct ownership or investment interest in a health insurer or an administrator of a group health plan; (d) being employed by, or managing a health insurer or an administrator of a group health plan; or (e) receiving remuneration from a health insurer or an administrator of a group health plan.

Match Requirement for Entities. As a condition of receiving moneys from the oversight organization, an entity would be required to provide funding, from a source other than the grant, to support at least 25% of the cost of providing services.

Match Requirement for Oversight Organization. The bill would require the oversight organization to provide a total of \$150,000 from sources other than the state grant, to support the cost of performing the duties specified in the bill. This funding would be provided by the oversight organization for a 12-month period beginning on the date that is three months after the bill's general effective date.

Application and Use of Available Federal Funds. DHS would be required to apply for any federal moneys that are available to states for providing the services specified in the bill. Further, DHS would be required to expend for the grant it provides to the oversight organization any moneys it receives as federal financial participation under the federal Medicaid program for the health benefits counseling grant.

Effective Date. All of the provisions of the bill would take effect on the day after the bill's publication, except the provisions relating to the appropriation increase to OCI and corresponding transfer to DHS, which would take effect on July 1, 2010.

ASSEMBLY AMENDMENTS 1 AND 2

Assembly Amendment 1 would correct a reference in the bill to federal law, as it relates to the definition of a nonprofit organization.

Assembly Amendment 2 would require DHS to consult with OCI prior to awarding the grant to the oversight organization.

In addition, Assembly Amendment 2 would require DHS and OCI to consider all of the following criteria before awarding the grant to the oversight organization: (a) the organization's demonstrated expertise in the full array of health care benefit programs; (b) the organization's demonstrated understanding of state statutes and rules and federal statutes and regulations relating to private health insurance, including eligibility, grievance procedures, and rights for independent review; and (c) the organization's capacity for or ability to develop statewide service, including in rural and underserved areas.

Finally, Assembly Amendment 2 would require DHS, prior to awarding the grant, to submit the proposed grant recipient and the amount of the proposed grant to the Joint Committee on Finance, and specify that if the Co-Chairs of the Committee do not notify DHS within 14 working days after the date of the DHS submittal that the Committee has scheduled a meeting for the purpose of reviewing the proposed grant, the grant may be awarded as proposed by DHS. However, if within 14 working days after the DHS submittal, the Co-Chairs notify DHS that the

Committee has scheduled a meeting for the purpose of reviewing the proposed grant, the grant may be awarded only upon approval of the Committee.

FISCAL EFFECT

The bill would increase OCI's budget by \$250,000 PR annually, beginning in 2010-11. OCI currently estimates that it will have an unallocated program revenue balance of approximately \$500,000 by the end of the 2010-11 fiscal year, based on current projected revenues, expenditure authority provided in Act 28 (the 2009-11 biennial budget act), and the administration's current plans to lapse insurance fee revenue to the general fund. This balance represents approximately 3% of the total estimated insurance fee revenues OCI anticipates collecting in 2010-11 (approximately \$16.3 million) to support the agency's general program operations.

Due to the funding transfer mechanism in the bill, this funding would be "double counted" in the state's budget -- first as a funding increase to OCI, and second as a corresponding program revenue funding increase to DHS.

In addition, DHS may determine that some of the services the oversight organization and its contracted entities would perform could be considered as Medicaid administrative expenses, in which case DHS could claim federal MA matching funds for these services. Finally, to the extent that the services provided by the oversight organization and its contracted entities result in additional individuals enrolling in Medicaid, or enrollees receiving additional services, benefit costs for these programs may increase.

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