



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #413

Food and Variable Non-Food Costs (DHFS -- State-Operated Institutions)

[LFB 2005-07 Budget Summary: Page 278, #7]

CURRENT LAW

The Department of Health and Family Services, Division of Disability and Elder Services (DDES) operates seven residential institutions, including: (a) three state centers for the developmentally disabled (Central, Northern, and Southern Wisconsin Centers); (b) two mental health institutes (Winnebago and Mendota); (c) the Wisconsin Resource Center (WRC); and (d) the Sand Ridge Secure Treatment Center (SRSTC).

Funding budgeted to support the costs of providing food and nonfood services, such as medical care, drugs, clothing and other supplies, for residents at these facilities is budgeted separately from funding that supports these facilities' other operating costs.

Funding for the state centers is composed of program revenue (PR) from the medical assistance (MA) benefits appropriation on an approximate 42% GPR/58% FED basis. The MHIs are supported with both GPR and PR. GPR supports the costs of care for forensic patients and other nonbillable patients, and the PR includes charges to counties for civil commitments, MA benefit payments, and third-party liabilities. The WRC and SRSTC are funded entirely with GPR.

Base funding for food, drugs, medical, and other variable costs for these seven institutions is \$19,689,200 (\$9,895,500 GPR and \$9,793,700 PR). The PR base is supported by approximately \$8.0 million (\$3.3 million GPR and \$4.7 million FED) of MA funds transferred from the Division of Health Care Financing, and \$1.8 million from other PR sources.

GOVERNOR

Variable Nonfood Costs. Provide \$487,800 (\$511,300 GPR and -\$23,500 PR) in 2005-06 and \$2,324,200 (\$1,598,500 GPR and \$725,700 PR) in 2006-07 to support projected increases in variable nonfood costs.

Food Costs. Provide \$265,800 (\$10,400 GPR and \$255,400 PR) in 2005-06 and \$387,200 (\$96,600 GPR and \$290,600 PR) in 2006-07 to support projected increases in food service costs.

DISCUSSION POINTS

1. Actual food and variable nonfood costs at DDES institutions are affected by several factors, including resident populations, the mix of GPR- and PR-supported patient populations at the mental health institutes, and inflationary increases. Funding in the bill for food, drugs, and other variable items should be adjusted to reflect current estimates.

2. The differences between the current estimate of these costs of providing food and variable nonfood services and the estimates used by the administration reflect: (a) a reestimate of the number of CIP IA placements that will be made from the state centers in 2004-05; (b) reestimates of populations at these facilities; and (c) more recent estimates of projected cost increases for food and variable nonfood services based, for some variables, on inflation projections from Global Insight, Inc. and, for other variables, on average annual actual increases in expenditures from 2001-02 thru 2003-04.

3. The attachment to this paper compares, by institution, the base budget, current estimates of total food and variable nonfood service costs, and the Governor's recommendations. This modification represents a reduction of \$715,700 (-\$348,500 GPR and -\$367,200 PR) in 2005-06 and a reduction of \$1,213,200 (-\$509,200 GPR and -\$704,000 PR) in 2006-07 from the Governor's recommended funding levels. The total (all funds) change in funding for food and variable nonfood costs compared to the base to support these costs would be a decrease of 3.1% in 2005-06 and an increase of 4.3% in 2006-07.

4. Adjustments to the PR funding for the mental health institutes and the state centers affect MA benefits costs. Because the revised estimates would decrease PR funding that supports these institutions, MA benefits funding should be decreased by \$979,400 (-\$413,200 GPR and -\$566,200 FED) in 2005-06 and by \$1,277,900 (-\$540,800 GPR and -\$737,100 FED) in 2006-07.

5. In a letter to the Joint Committee on Finance, the Department of Administration indicated that the base food and variable nonfood funding for NWC was inadvertently deleted. This modification restores the base funding in each year of the biennium to \$655,200 (\$98,600 to support food costs and \$556,600 to support variable nonfood costs) for NWC. This restoration of funding is included in the modification numbers represented in Discussion Point 3.

MODIFICATION

Modify the Governor's recommendation by decreasing funding in the bill by \$715,700 (-\$348,500 GPR and -\$367,200 PR) in 2005-06 and by \$1,213,200 (-\$509,200 GPR and -\$704,000 PR) in 2006-07 for food and variable non-food service costs at DDES institutions. In addition, decrease MA benefits by \$979,400 (-\$413,200 GPR and -\$566,200 FED) in 2005-06 and by \$1,277,900 (-\$540,800 GPR and -\$737,100 FED) in 2006-07 to reflect these changes.

<u>Modification</u>	<u>GPR</u>	<u>FED</u>	<u>PR</u>	<u>TOTAL</u>
2005-07 FUNDING (Change to Bill)	- \$1,811,700	- \$1,303,300	- \$1,071,200	- \$4,186,200

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Attachment

ATTACHMENT

State-Operated Institutions Food and Variable Non-Food Costs

	Base Funding	Total Funding <u>2005-06</u>	Change to <u>Base</u>	<u>2006-07</u>	Change to Gov	
					<u>2005-06</u>	<u>2006-07</u>
MMHI	GPR	\$2,764,700	14.2%	\$3,083,900	\$38,000	\$113,600
	PR	<u>1,242,100</u>	<u>3.2</u>	<u>1,321,700</u>	-41,100	-76,100
	Total	\$4,006,800	10.5%	\$4,405,600	-\$3,100	\$37,500
WMHI	GPR	\$1,843,400	-11.5%	\$1,889,000	-\$156,700	-\$294,900
	PR	<u>1,570,300</u>	<u>-8.3</u>	<u>1,675,100</u>	-66,200	-111,700
	Total	\$3,413,700	-10.1%	\$3,564,100	-\$222,900	-\$406,600
WRC	GPR	\$3,158,800	-2.8%	\$3,513,300	-\$81,000	-\$256,800
SRSTC	GPR	\$2,301,800	7.4%	\$2,595,200	-\$148,800	-\$71,100
CWC	PR	\$3,949,900	-4.2%	\$4,141,800	-\$444,400	-\$605,800
	PR	154,300	-76.4	162,300	524,100	522,100
	PR	2,086,600	-0.5	2,149,900	-339,600	-432,500
Total, by Source	GPR	\$10,068,700	1.8%	\$11,081,400	-\$348,500	-\$509,200
	PR	<u>9,003,200</u>	<u>-8.1</u>	<u>9,450,800</u>	-367,200	-704,000
	All Funds	\$19,071,900	-3.1%	\$20,532,200	-\$715,700	-\$1,213,200