



## Legislative Fiscal Bureau

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May 5, 2005

Joint Committee on Finance

Paper #420

### **Benefit Specialists (DHFS -- Community, Disability, and Elder Services)**

[LFB 2005-07 Budget Summary: Page 280, #2]

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#### **CURRENT LAW**

The Department of Health and Family Services (DHFS) is required to distribute \$2,298,400 GPR annually to the area agencies on aging to provide benefit specialist services for Wisconsin residents who are 60 years of age and older ("older individuals"). Benefit specialists offer information, advice, and assistance relating to individuals' eligibility for, and problems with, public benefits and services and to health care financing, insurance, housing, and other financial and consumer concerns. Benefit specialists refer older individuals in need of legal representation to the private bar or other available legal resources.

The program's operating manual states that the program's goal is to promote and preserve the autonomy, dignity, independence, and financial security of older individuals by: (a) informing and assisting large numbers of older individuals in understanding their rights, benefits, and entitlements; (b) limiting the scope and nature of benefit problems experienced by older individuals through prevention, early detection, and intervention; (c) assisting older individuals in securing benefits and entitlements, and in asserting and maintaining rights promised and protected by law; (d) providing access to the system of justice by offering advocacy, advice, and representation to older individuals as clients, and by utilizing litigation, legislative and administrative reform; and (e) initiating advocacy to preserve and protect the rights and benefits of older individuals.

In 2004-05, DHFS allocated \$2,298,400 GPR to the six area agencies on aging to support benefit specialists and \$182,500 GPR to support supervising legal back-up services for the benefit specialists. The area agencies on aging allocate this GPR and federal funding available under the Older Americans Act (OAA) to counties and tribes to support the benefit specialist program and to contracted agencies for supervising legal back-up services.

## **GOVERNOR**

Provide \$900,000 GPR in 2006-07 to support county benefit specialists positions under the elderly benefit specialist program.

## **DISCUSSION POINTS**

1. Benefit specialists provide legal services and benefit counseling to older individuals in Wisconsin, especially those who are most economically and socially needy, through a variety of methods, including face-to-face meetings with individuals in their homes, in the community, or at the benefit specialist's work place, and through phone calls and e-mail. In 2002, the most recent year for which data is available, elderly benefit specialists served approximately 32,000 different clients and made approximately 54,000 informational contacts statewide. Most of these cases related to questions or issues older individuals had with health care or health insurance (53%) and income benefits (27%).

2. DHFS requires the six area agencies on aging to allocate GPR funding for the benefit specialist program to support at least one elderly benefit specialist in each county and most tribes in Wisconsin. Attachment 1 to this paper lists the GPR awarded to each county and tribe in 2002 and the federal OAA funds each county reported spending on the program in 2002. Each county is required to use at least 5% of its total federal OAA allocation to support the elderly benefits specialist program. Counties must meet a 10% match requirement to the state GPR and federal OAA funds. In calendar year 2002, counties reported spending \$500,300 in local funds for the program.

3. DHFS received a one-time, \$2.2 million transition grant under the federal Medicare Modernization Act (MMA) to educate and assist Medicare beneficiaries on prescription drug issues and choices under the new Medicare prescription drug benefit (Part D). DHFS has allocated the grant funding as follows: (a) \$400,000 to support operations costs and a Medicare Part D information hotline; (b) \$181,100 to support training and supervision of benefit specialists by the legal back-up service providers; and (c) \$1.6 million to county benefit specialist programs. The funding for the benefit specialist program is being allocated to counties over an 18-month period (April, 2005, through September, 2006) to increase the capacity of the elderly benefit specialist program to meet the workload of educating and counseling Medicare beneficiaries on the new Part D benefit. Counties plan to increase capacity under the program by either increasing the number of hours worked by current benefit specialists or hiring additional staff. Based on counties' reports to DHFS, counties have, or plan to, hire 35 to 40 additional benefit specialist positions with these federal MMA funds, although some of these positions may not be full-time positions.

4. DHFS determined each county's allocation of the federal MMA transition funds based on each county's share of: (a) the SeniorCare caseload (70% of the allocation); and (b) the county's share of the state's population that is age 65 and over (30% of the allocation). The minimum allocation was \$10,000. These allocations for the 18-month period are shown in

Attachment 2 to this paper. DHFS anticipates allocating the state funding that would be provided under this item using a methodology similar to the one used in distributing the federal funds.

5. The bill would provide \$900,000 GPR in 2006-07 to maintain the increased level of funding for the program established by the federal MMA grant. Because the federal grant funding is available to support a higher level of services through September, 2006, the administration's intent is to provide funding to support this higher level of services for the remaining nine months of 2006-07. The GPR funds would be provided on an ongoing basis and would be included as base funding for the 2007-09 biennium.

6. While the prescription drug coverage under Medicare Part D is first available on January 1, 2006, the increased demand for services provided under the elderly benefit specialist program will likely remain well after that date for several reasons.

7. First, while individuals eligible for both MA and Medicare ("dual eligibles") will automatically be enrolled in Part D by January 1, 2006, other Medicare recipients will continue to enroll and reenroll in Part D each year. Medicare Part D participants will require ongoing assistance in choosing a prescription drug plan (PDP). Participants will have a choice of at least two plans, and will generally remain in the plan they choose for one year, with the option to change plans at the end of that year. Each plan will employ a network of pharmacies from which plan participants may purchase drugs. These plans will employ pharmacy management tools to control costs. Each plan will have its own drug formulary (a list of drugs covered by the plan), patient cost-sharing requirements, and drug utilization management programs intended to influence patients' drug choices and usage patterns. As a result, participants will need assistance to examine how each plan will best meet their needs as their needs, and the plans, change over time. Benefit specialists can offer this type of assistance.

8. If an enrollee's income changes, the enrollee may need assistance to understand whether he or she qualifies as a low-income recipient. Participants will also need assistance in making decisions about whether it would be to their benefit to purchase additional coverage for an additional premium, as Medicare Advantage plans and PDPs may separately offer enhanced coverage.

9. In order to meet this anticipated ongoing demand for services provided by benefits specialists, particularly with respect to the new Medicare Part D benefit, the Committee could approve the Governor's recommendation.

10. The Committee may wish to consider an alternate source of funding for this program -- revenues collected by the Office of the Commissioner of Insurance (OCI) from insurance companies. A portion of these funds currently support the Board on Aging and Long Term Care's Medigap helpline (state health insurance assistance program), which counsels seniors with health insurance questions, primarily regarding Medicare supplements, long-term care insurance, and other health care plans available to Medicare beneficiaries. Helpline call volume has increased in recent years, primarily due to changes in Medicare and employer group retiree health plans. The helpline

is staffed with insurance specialists. In total, OCI revenues support 4.98 positions for the helpline, which, in addition to the insurance specialists, includes portions of various positions that provide support services to the program. The base budget for the helpline for fiscal year 2004-05 is \$326,500 PR.

11. OCI's general program operations for supervision of the insurance industry are funded through a variety of license and filing fees and assessments imposed on the insurance industry. Additionally, OCI has the statutory authority to levy a special assessment on all domestic insurers to support OCI's supervision of the industry if regular fees and assessment revenues prove inadequate. Given OCI's general program operations fee and assessment revenue assumptions for the 2005-07 biennium, and the administration's proposed spending and lapse requirements for OCI, the balance in OCI's general program operations appropriation at the close of 2006-07 is projected to be just over \$3.2 million. Consequently, revenues would be available should the Committee choose to fund the administration's proposed increase for the elderly benefit specialist program from OCI's general program operations funding.

12. Alternately, it could be argued that demand for benefit specialists will increase with the implementation of Medicare Part D, but the ongoing workload of benefit specialists will decrease after the initial start-up of Medicare Part D. Therefore, the Committee could provide additional funding, but at a lower amount than the amount recommended by the Governor.

13. If the Committee believes that there is uncertainty in the ongoing level of need for elderly benefit specialists, the Committee could provide funding on a one-time basis, instead of ongoing. These funds, then, would not be included in the base funding for the program and if ongoing funding were needed, it could be reviewed as part of the 2007-09 biennial budget process.

14. Finally, the Committee could delete the funding increase recommended by the Governor. Some would argue that state funds should not be used to assist individuals with making decisions about benefits offered under a federal program. There are no federal requirements that the state provide this form of assistance to Medicare enrollees. Federal funding was provided on a one-time basis for this purpose. By adopting the Governor's recommendation, the state would be assuming costs that arguably should be funded wholly or partially with federal funds.

**ALTERNATIVES**

1. Approve the Governor's recommendation.
2. Delete the funding increase recommended by the Governor (-\$900,000 GPR in 2006-07). Instead, provide \$900,000 PR from OCI general insurance fee revenues in 2006-07 to increase support for the elderly benefit specialist program.

<u>Alternative 2</u>	<u>GPR</u>	<u>PR</u>	<u>TOTAL</u>
<b>2005-07 FUNDING</b> (Change to Bill)	- \$900,000	\$900,000	\$0

3. Modify the Governor's recommendation by reducing funding in the bill by \$300,000 in 2006-07 so that \$600,000 GPR in 2006-07 would be provided to increase support for the elderly benefit specialist program.

<u>Alternative 3</u>	<u>GPR</u>
<b>2005-07 FUNDING</b> (Change to Bill)	- \$300,000

4. Delete the funding increase recommended by the Governor (\$900,000 GPR in 2006-07). Instead, provide \$600,000 PR from OCI general insurance fee revenues to increase support for the elderly benefit specialist program.

<u>Alternative 4</u>	<u>GPR</u>	<u>PR</u>	<u>TOTAL</u>
<b>2005-07 FUNDING</b> (Change to Bill)	- \$900,000	\$600,000	- \$300,000

5. Delete provision.

<u>Alternative 5</u>	<u>GPR</u>
<b>2005-07 FUNDING</b> (Change to Bill)	- \$900,000

6. In addition to Alternatives 1, 2, 3, or 4, specify that any funding increase be provided on a one-time basis. Direct DHFS to notify recipients that the increased funding would be provided to support services through June 30, 2007.

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Attachments



## ATTACHMENT 1

### Annual GPR Allocations and County Reported Expenditures of Federal Older Americans Act, Title III B, Funding in Calendar Year 2002

<u>County</u>	<u>Federal</u>	<u>GPR</u>	<u>County</u>	<u>Federal</u>	<u>GPR</u>
Adams	\$3,117	\$28,215	Monroe	\$2,499	\$28,215
Ashland	1,500	28,215	Oconto	4,796	28,215
Barron	9,873	28,215	Oneida	102	28,215
Bayfield	1,403	28,215	Outagamie	5,172	33,438
Brown	46,795	33,438	Ozaukee	8,000	28,215
Buffalo	1,260	28,215	Pepin	1,868	28,215
Burnett	1,880	28,215	Pierce	1,800	28,215
Calumet	14,889	28,215	Polk	4,094	28,215
Chippewa	6,215	28,215	Portage	7,420	28,215
Clark	5,610	28,215	Price	1,646	28,215
Crawford	4,925	28,215	Racine	13,508	33,438
Columbia	11,722	28,215	Richland	0	28,215
Dane	38,990	55,710	Rock	41,285	33,438
Dodge	30,843	28,215	Rusk	493	28,215
Door	1,900	28,215	St. Croix	2,200	28,215
Douglas	4,965	28,215	Sauk	20,855	28,215
Dunn	14,126	28,215	Sawyer	1,500	28,215
Eau Claire	8,591	28,215	Shawano	14,695	28,215
Florence	1,078	28,215	Sheboygan	11,461	28,215
Fond du Lac	6,780	28,215	Taylor	1,185	28,215
Forest	1,200	28,215	Trempealeau	1,908	28,215
Grant	3,258	28,215	Vernon	4,597	28,215
Green	17,214	28,215	Vilas	0	28,215
Green Lake	1,696	28,215	Walworth	18,000	28,215
Iowa	2,374	28,215	Washburn	3,825	28,215
Iron	0	28,215	Washington	28,526	28,215
Jackson	9,144	28,215	Waukesha	17,590	33,438
Jefferson	16,000	28,215	Waupaca	14,472	28,215
Juneau	3,153	28,215	Waushara	1,850	28,215
Kenosha	12,706	33,438	Winnebago	16,084	33,438
Kewaunee	1,043	28,215	Wood	20,820	28,215
La Crosse	10,895	28,215	Menominee	<u>1,148</u>	<u>28,215</u>
Lafayette	3,415	28,215			
Langlade	1,857	28,215	TOTALS	\$750,084	\$2,184,000*
Lincoln	2,486	28,215			
Manitowoc	31,760	28,215			
Marathon	33,747	33,438			
Marinette	6,507	28,215			
Marquette	1,357	28,215			
Milwaukee	100,411	111,456			

\*In addition, GPR funding is allocated to the following: Ho Chunk Tribe (\$10,000), Oneida Tribe (\$10,000), Stockbridge-Munsee Tribe (\$10,000), and Great Lakes Inter-Tribal Council (\$84,400).

## ATTACHMENT 2

### Total MMA Allocation to Counties April 2005 through September 2006

Adams	\$10,269	Manitowoc	\$33,341
Ashland	10,000	Marathon	44,962
Barron	17,705	Marinette	21,505
Bayfield	10,000	Marquette	10,000
Brown	52,006	Menominee	10,000
Buffalo	10,000	Milwaukee	211,982
Burnett	10,000	Monroe	13,708
Calumet	12,098	Oconto	17,678
Chippewa	22,944	Oneida	15,524
Clark	19,400	Outagamie	40,409
Columbia	17,291	Ozaukee	17,784
Crawford	10,000	Pepin	10,000
Dane	64,327	Pierce	10,000
Dodge	28,501	Polk	16,815
Door	11,845	Portage	17,085
Douglas	11,906	Price	10,000
Dunn	10,965	Racine	49,064
Eau Claire	22,308	Richland	10,000
Florence	10,000	Rock	40,403
Fond du Lac	33,827	Rusk	10,000
Forest	10,000	St. Croix	14,093
Grant	19,247	Sauk	21,317
Green	13,433	Sawyer	10,000
Green Lake	10,000	Shawano	17,820
Iowa	10,000	Sheboygan	33,265
Iron	10,000	Taylor	10,833
Jackson	10,000	Trempealeau	14,657
Jefferson	22,681	Vernon	12,787
Juneau	10,961	Vilas	11,595
Kenosha	31,890	Walworth	27,108
Kewaunee	10,000	Washburn	10,000
La Crosse	32,196	Washington	26,226
Lafayette	10,000	Waukesha	75,898
Langlade	10,848	Waupaca	20,042
Lincoln	13,662	Waushara	11,143
		Winnebago	39,477
		Wood	<u>32,099</u>
		TOTAL	\$1,618,930