



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #443

Variable Non-Food Costs (DHFS - Institutions)

Bill Section

[LFB 2007-09 Budget Summary: Page 339, #8]

CURRENT LAW

The Department of Health and Family Services operates seven residential institutions, including the three state centers for the developmentally disabled (Central, Northern, and Southern), the state's two mental health institutes (Mendota and Winnebago), the Wisconsin Resource Center (WRC), which houses Department of Corrections inmates as well as sexually violent persons (SVPs) civilly committed under Chapter 980 of the statutes, and the Sand Ridge Secure Treatment Center (SRSTC), which also houses SVPs committed under Chapter 980. Funding to support variable non-food costs at these residential institutions, such as medical care, drugs, clothing, and other supplies, are budgeted separately from the other supplies and services costs associated with operating these institutions.

Variable non-food costs at the two state mental health institutes are assigned to payment sources based on the estimated percentage of their respective populations whose care will be supported by GPR (nearly all forensic patients and other non-billable patients) and by program revenues contributed by counties, medical assistance, and other third-party payers (civil commitments, MA recipients, and certain other patients). For the 2007-09 biennium, the administration estimates those population splits will be 70% GPR/30% PR at Mendota, and 55% GPR/45% PR at Winnebago. Variable non-food costs at the three state centers for the developmentally disabled are funded entirely by PR (primarily medical assistance reimbursement), while variable non-food costs at WRC and SRSTC are funded entirely by GPR.

GOVERNOR

Provide \$2,013,500 (\$602,400 GPR and \$1,411,100 PR) in 2007-08 and \$3,242,400 (\$1,446,600 GPR and \$1,795,800 PR) in 2008-09 to fund projected cost increases in variable non-food costs at the centers for the developmentally disabled, the mental health institutes, WRC, and SRSTC.

MODIFICATION

Modify the Governor's recommendations by decreasing funding in the bill by \$603,800 (-\$123,600 GPR and -\$480,200 PR) in 2007-08, and by \$806,400 (-\$242,700 GPR and -\$563,700 PR) in 2008-09.

Explanation: The variable non-food cost recommendations contained in the Governor's bill were calculated by applying estimated inflation factors to each category of variable costs at issue to arrive at a projected variable non-food cost per capita for each residential institution, and then multiplying those per capita costs by the institution's estimated population for 2007-08 and 2008-09. The administration has recently revised downward its 2007-08 and 2008-09 population estimates for the Winnebago Mental Health Institute, the Central Wisconsin Center, the Northern Wisconsin Center, and the Southern Wisconsin Center. This modification adjusts the variable non-food costs recommended in the Governor's bill to incorporate these lower population estimates. This modification also reflects an adjustment to the amount of variable non-food costs the bill would have provided to SRSTC in 2008-09 with respect to the additional SVPs projected to be housed at SRSTC beginning January, 2009, as part of the SRSTC expansion project. The variable non-food costs associated with those additional SVPs are provided in the SVP contract bed item and the SVP re-estimate item, and have therefore been removed from this item.

	Change to Bill Funding	Change to Base Funding
GPR	- \$366,300	\$1,682,700
PR	<u>- 1,043,900</u>	<u>2,163,000</u>
Total	- \$1,410,200	\$3,845,700

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