



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #365

### **Supplemental Security Income (SSI) -- Reestimate and Program Transfer (DHS -- SSI and Public Health; DCF -- Departmentwide)**

[LFB 2011-13 Budget Summary: Page 237, #1; Page 87, #6]

#### **CURRENT LAW**

The supplemental security income (SSI) program, authorized under Title XVI of the federal Social Security Act, provides cash benefits to certain low-income elderly, blind, and disabled individuals.

To meet the nonfinancial criteria for federal SSI benefits, a person must be 65 years of age or older, blind, or disabled. An adult may be considered disabled if he or she is unable to engage in substantial gainful activity, which is currently defined as \$1,000 or more of earnings per month, because of a physical or mental impairment. Countable resources may not exceed \$2,000 for an individual, and may not exceed \$3,000 for a married couple.

In 2011, individual recipients receive a maximum federal benefit of \$674 per month (couple where both individuals are SSI recipients receive a maximum of \$1,011 per month), minus the person's countable income from other sources. Individuals receive the federal SSI benefit from the U.S. Social Security Administration, which administers the program at the federal level.

The Department of Health Services (DHS) issues three types of supplemental payments: (a) the basic state supplement; (b) the exceptional expense supplement, or SSI-E; and (c) the caretaker supplement for recipients with dependent children. DHS provides the GPR-funded basic state supplemental SSI payment to Wisconsin recipients who receive federal SSI benefits, and to individuals who received the state supplement but not federal benefits as of December 31, 1995 ("grandfathered" individuals). This basic state supplement equals a flat amount of \$83.78 per month for individuals, and \$132.05 for couples where both individuals are SSI recipients. This amount has not changed since 1996, and does not vary with income.

Certain SSI recipients are eligible for an enhanced GPR-funded payment, referred to as the SSI-E for exceptional expenses. An SSI recipient who resides in a home or apartment may be eligible for an SSI-E payment of up to \$95.99 per month if the recipient requires 40 or more hours per month of supportive home or respite care, daily living skills training, or community support program services. SSI recipients whose expenses are greater than the SSI-E payment level and who live in a foster or group home for children or in an adult family or foster home are eligible for SSI-E benefits. An SSI recipient who resides in a community-based residential facility, adult family home, or a certified residential care apartment complex is automatically eligible for the SSI-E supplement.

Certain SSI beneficiaries with dependent children may qualify to receive a caretaker supplement payment. These beneficiaries receive a supplement of \$250 per month for the first dependent child and \$150 per month for each additional dependent child. Individual income does not affect this flat-rate benefit. Federal temporary assistance for needy families (TANF) funds support these supplemental payments.

*Funding.* Base funding for state supplemental SSI and SSI-E benefits is \$142,093,300 GPR, which is budgeted in a sum sufficient appropriation. Base GPR support for administrative costs is \$859,500 annually, which DHS provides to the state's Medicaid fiscal agent.

The caretaker supplement is supported with federal TANF funds transferred from the Department of Children and Families (DCF) to DHS as program revenue (PR). Base funding for caretaker supplement payments equals \$28,354,900 PR, and base funding for administration of the caretaker supplement is \$1,574,300 PR. Federal law prohibits states from using TANF funds to support state SSI benefits other than the SSI caretaker supplement payments.

## **GOVERNOR**

*Reestimate of Benefits.* Provide \$2,226,400 GPR in 2011-12 and \$4,638,800 GPR in 2012-13 to reflect estimates of the amount of funding required to support SSI basic state supplement and SSI-E payments in the 2011-13 biennium. Provide \$1,207,000 PR annually for caretaker supplement payments, from TANF funds transferred from DCF.

*Transfer Program to Department of Children and Families.* Reduce funding in DHS by \$145,179,200 GPR and \$29,277,400 PR in 2011-12 and by \$147,591,600 GPR and \$29,277,400 PR in 2012-13 in DHS to transfer the funding for SSI benefits and administrative costs to DCF. Increase funding in DCF by \$145,179,200 GPR in 2011-12 and \$147,591,600 GPR in 2012-13 to reflect this transfer.

Replace current statutory references to DHS with references to DCF with respect to the administration of SSI, and renumber current provisions relating to the program. Repeal the DHS appropriation for SSI benefits, and delete references to SSI in other DHS appropriations that provide administrative funding. Create DCF appropriations for SSI benefits and administration.

## DISCUSSION POINTS

1. The SSI program provides federal- and state-funded benefits to low-income individuals who are elderly, blind, or disabled. In January, 2011, approximately 112,400 individuals received GPR-funded state supplemental payments, including the basic supplement (\$83.78 per month for an individual) and the exceptional expense benefit (\$95.99 per month for an individual). Recipients with dependent children may also receive a caretaker supplement, funded by federal TANF funds, which are currently transferred from DCF to DHS. These benefits equal \$250 per month for one dependent child, and \$150 per month for each additional child.

2. The federal maximum monthly SSI payment amounts established for each calendar year include an automatic cost-of-living adjustment (COLA) that is based on the COLA for social security benefits. The state supplemental amounts do not have an automatic COLA, and are established by each state. The maximum monthly federal benefit payments are based on marital status and living arrangement (whether a person is living independently in his or her own household or living in the household of another person, such as a relative or friend). If a recipient has a spouse who is also eligible to receive SSI benefits, the couple receives a combined benefit. Table 1 provides the maximum federal and state benefit levels for calendar year 2011.

**TABLE 1**

**2011 SSI Maximum Monthly Payment Levels**

<u>Living Arrangement</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
<i>Living Independently</i>			
Individual	\$674.00	\$83.78	\$757.78
Couple	1,011.00	132.05	1,143.05
Couple/One Spouse Eligible	637.00	130.43	767.43
<i>Living in the Household of Another Person</i>			
Individual	449.34	83.78	533.12
Couple	674.00	132.05	806.05
Couple/One Spouse Eligible	449.34	135.05	584.39
<i>Exceptional Expense Supplement (SSI-E)</i>			
Individual	674.00	179.77	853.77
Couple	1,011.00	477.41	1,488.41

3. States must meet a maintenance of effort (MOE) requirement with respect to state-funded supplemental SSI payments. Under its current MOE methodology, Wisconsin must ensure that the state's total supplemental payments in a calendar year at least equal the total supplemental payments in the preceding calendar year. If a state fails to meet its MOE requirement, the state would be unable to claim federal reimbursement under the medical assistance program.

4. In 2010, Wisconsin spent \$141,674,100 GPR on state SSI benefits, which will become the new required MOE that will apply to calendar year 2011. Expenditures are projected to exceed this amount in calendar year 2011, and a higher MOE will be established for the next

calendar year. The Governor's recommendations would provide more funding than the amount needed for the state to meet its MOE requirement, as expenditures are expected to continue to increase based on continued caseload growth. The funding in the bill assumes that the state would maintain the current maximum state SSI benefit payment amounts.

### **Reestimate of Benefits Costs**

5. In its 2011-13 biennial budget request, DHS projected the costs of GPR-supported SSI state supplement payments by using monthly total expenditure data for a ten-year period, from July, 2000, through July, 2010. The total GPR increase estimated by the Department at that time was \$2,226,400 in 2011-12 and \$4,638,800 in 2012-13. The Governor used these estimates in his budget recommendations.

6. After updating the actual expenditure data through April, 2011, and using an alternative projection methodology that this office has used in past budgets, it is estimated that an additional \$1,135,600 GPR in 2011-12 and \$1,639,200 GPR in 2012-13, above the amounts that would be provided in the bill, will be needed to fund projected benefit costs. The total costs of these payments are estimated to be \$145,455,300 in 2011-12 and \$148,371,300 in 2012-13. Compared to the administration's estimates, the current estimates would increase funding in the bill for these payments by approximately 0.8% in 2011-12, and by approximately 1.1% in 2012-13.

7. This office has reviewed the Governor's recommendations relating to funding for SSI caretaker supplement payments and administrative costs supported with TANF funds transferred from DCF. The amounts budgeted in the bill to support these costs appear reasonable, based on available data. An increase of \$8,500 PR annually should be made so that the amount of PR in DHS would match the amount of TANF budgeted in DCF, if the Committee decides not to adopt the Governor's recommendation to transfer the program.

### **Program Transfer**

8. Under the bill, the state's responsibilities relating to the administration of the SSI program would be transferred from DHS to DCF on the general effective date of the bill. It is the administration's position that as SSI provides cash benefits to eligible individuals, the programs are better suited to the mission of DCF of promoting the economic and social well-being of Wisconsin's children and families. In addition, the administration believes that DCF is best positioned to make policy changes and improvements to the program. The bill contains numerous statutory changes to accomplish this transfer.

9. All GPR funding currently budgeted in DHS for SSI benefits and administration would be deleted, and instead provided to DCF. These amounts include deleting GPR funding in DHS for state supplement benefits that include the base funding amount and the reestimates described above (-\$144,319,700 in 2011-12 and -\$146,732,100 in 2012-13), and deleting \$859,500 GPR annually in base funding that supports administration costs. The bill would increase GPR funding for DCF by corresponding amounts in new GPR appropriations.

10. The bill would also delete the PR that DHS receives from DCF for caretaker supplement benefits, and most of the PR that DHS receives from DCF for administration of the

caretaker supplement payments. There is no corresponding PR increase in DCF appropriations related to the caretaker supplement, as the funding is already budgeted in DCF as federal TANF funds. This allocation would be used for the same purposes as it is currently used, but would be provided directly as FED from DCF, rather than transferred to DHS and expended as PR.

11. The total PR reduction in the bill would include two separate effects: (a) reduce PR that by \$29,561,900 annually to delete funding for caretaker supplement benefits and administration from DHS; and (b) increase PR by \$334,500 annually to that the administration indicates was intended to maintain funding for some SSI administrative contract costs, which DHS would bill to DCF.

12. Currently, the four types of SSI benefits (federal, basic state supplement, SSI-E and caretaker supplement) are administered in different ways, which are described below.

*Federal Benefit.* The federal payment is administered by the federal Social Security Administration (SSA), with the Disability Determination Bureau (DDB) conducting disability assessments. SSA sends out federal benefit checks.

*Basic State Supplement.* HP, the state's current fiscal agent for the Medicaid program, receives daily eligibility updates from SSA, and HP makes the basic supplement payment to recipients. The state contract with HP is funded with GPR budgeted in DHS.

*SSI-E.* Eligibility for the exceptional expense supplement is determined by county workers who document that the recipient qualifies for SSI-E due to requiring 40 or more hours per week of supportive home care (separate from the disability determinations conducted by DDB). HP incorporates these payments into its benefit distributions, under its contract with DHS. SSI-E determination is done through county human services case managers, with no separate allocation for SSI-E administration. Counties pay for these costs through community aids or county levy funds.

*Caretaker Supplement.* County income maintenance workers determine eligibility, and submit reports of eligible individuals to HP through the CARES system (a state database for determining eligibility for a range of public programs). HP includes the caretaker supplement in the benefit checks it distributes. All administrative costs are funded through PR that DHS receives from transferred TANF funds (as are caretaker supplement benefit payments). County costs for administration of the caretaker supplement are funded with \$1,053,200 PR, and HP costs associated are funded with \$525,000 PR.

13. DHS and DCF do not anticipate that there will be changes in the way these payments are processed, or policy changes relating to these programs, if the program is transferred to DCF. That is, the contracted entities (DDB, HP, and counties) that administer the various parts of the program will remain the same, but the contracts with these entities will be held by DCF, rather than DHS. The agencies indicate that the bill provides them with sufficient statutory authority to accomplish this transfer of administrative roles.

14. However, the bill should be amended to explicitly authorize DCF to contract with counties to conduct eligibility determination for the caretaker supplement. This statutory change to

the bill is incorporated into Alternative 1.

15. Under the bill, not all of the PR funding for SSI administration was deleted from DHS. The practical effect of maintaining excess PR expenditure authority in DHS would be minimal, as there would be no federal funds transferred from DCF. However, if the Committee chooses to transfer the program, it should delete all PR funding currently budgeted in DHS so that the appropriation schedule accurately reflects the full transfer of the program to DCF. This would reduce funding in the bill by \$1,996,300 PR annually.

16. The administration's stated rationale for transferring SSI is that DCF's mission of promoting the social and economic well-being of Wisconsin's children and families is better suited for a cash benefit program such as SSI. Although the non-financial eligibility criteria are related to certain health factors, the program itself may be better categorized as an economic support program.

17. In support of this position, under the Wisconsin Works (W-2) program in DCF, one of the subsidized employment positions is a transitional placement. In order to be eligible for a W-2 transitional placement, the W-2 agency must determine that: (a) on the basis of an independent assessment by the Division of Vocational Rehabilitation (within the Department of Workforce Development) or similar agency or business, the individual has been, or will be, incapacitated for a period of at least 60 days; (b) the individual is needed in the home because of the illness or incapacity of another member of the W-2 group; or (c) the individual is incapable of performing a trial job or community service job. Many of the individuals placed in transitional placements apply for SSI. In Milwaukee County, two W-2 agencies serve as SSI/SSDI advocacy agencies that provide case management for W-2 participants who are determined to have a reasonable chance of obtaining SSI or SSDI. Therefore, there is some precedent for DCF administering a program that works with SSI applicants. In addition, the caretaker supplement is funded from the TANF block grant that DCF provides to DHS, which indicates that the caretaker supplement is considered an economic support program under TANF.

18. However, although the administration argues that SSI is more appropriately housed in DCF, an argument may be made that the population that receives SSI benefits is not the target population of DCF, and the program should remain in DHS. The stated mission of DCF is to promote the economic and social well-being of Wisconsin's children and families. The five overarching goals of DCF are to ensure: (a) children are nurtured, safe, and engaged; (b) enhancement of prevention and early intervention efforts throughout Wisconsin; (c) families have access to quality early care and education; (d) parents secure and maintain meaningful jobs; and (e) fathers are more engaged in the lives of their children.

When looking at the demographics of the SSI program, it could be argued that its main focus is providing benefits to individuals, not to children and families -- approximately 80% of SSI recipients are over the age of 18, 7% of the recipients qualify as elderly individuals (although some individuals who qualify as disabled may also be over 65 years of age), and 5% of recipients receive a caretaker supplement because they have dependent children. Participants in W-2 applying for SSI are individuals with dependent children, which is one of the eligibility requirements for participation in W-2. In addition, the Committee may view the target population of elderly, blind and disabled

individuals as more similar to the populations served by other DHS programs, such as medical assistance.

19. If the Committee wishes to approve the Governor's recommendations to transfer the administration of the program and incorporate current estimates of benefit costs, it could adopt Alternative #1. Under this alternative, funding in for DCF for SSI benefits would be increased by \$1,135,600 in 2011-12 and \$1,639,200 in 2012-13, and funding in DHS would be decreased by \$1,996,300 PR annually. This alternative would include the additional statutory changes clarifying the ability of DCF to contract with counties for the administration of the caretaker supplement.

20. If the Committee determines that SSI should not be transferred to DCF and continue to be administered by DHS, it could delete the statutory and funding changes in the bill that would accomplish this transfer (Alternative 2). This alternative would increase funding in DHS by \$146,314,800 GPR in 2011-12 and \$149,230,800 GPR in 2012-13 and \$29,235,900 PR annually, and decrease funding in DCF by \$145,179,200 GPR in 2011-12 and \$147,591,600 GPR in 2012-13.

## ALTERNATIVES

1. Approve Governor's recommendation to transfer SSI to DCF. Increase funding in DCF for SSI benefits by \$1,135,600 GPR in 2011-12 and \$1,639,200 GPR in 2012-13 to reflect current estimates of benefits payments. Decrease funding in DHS by \$1,996,300 PR annually to delete excess expenditure authority that would be provided in the bill. In addition, authorize DCF to contract with a county department or any other agency to determine the eligibility of individuals for the caretaker supplement.

ALT 1	Change to Bill		
	DHS	DCF	TOTAL
GPR	\$0	\$2,774,800	\$2,774,800
PR	<u>- 3,992,600</u>	<u>0</u>	<u>- 3,992,600</u>
Total	- \$3,992,600	\$2,774,800	- \$1,217,800

2. Delete all provisions relating to the transfer of the program from DHS to DCF. Increase funding in DHS by \$146,314,800 GPR in 2011-12 and \$149,230,800 GPR in 2012-13 and \$29,235,900 PR annually, and decrease funding in DCF by \$145,179,200 GPR in 2011-12 and \$147,591,600 GPR in 2012-13.

ALT 2	Change to Bill		
	DHS	DCF	TOTAL
GPR	\$295,545,600	- \$292,770,800	\$2,774,800
PR	<u>58,471,800</u>	<u>0</u>	<u>58,471,800</u>
Total	\$354,017,400	- \$292,770,800	\$61,246,600

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