



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

May 27, 2015

Joint Committee on Finance

Paper #361

Children's Long-Term Care Services (Health Services -- Medical Assistance -- Long-Term Care Services)

[LFB 2015-17 Budget Summary: Page 201, #1 (part) and Page 224, #6]

CURRENT LAW

Under current law, the state claims federal Medical Assistance (MA) matching funds for eligible school-based health care services that schools provide to children enrolled in the MA program. Of the federal MA matching funds the state receives, 60% is forwarded to the schools, and 40% is retained by the state and deposited to the general fund.

The children's long-term support (CLTS) waiver program provides MA-funded home and community-based supports and services to physically and developmentally disabled children, including children with autism and children with severe emotional disturbance.

GOVERNOR

Funding Allocations for CLTS Services. As part of the MA cost-to-continue item, provide \$832,600 (\$347,900 GPR and \$484,700 FED) in 2015-16 and \$1,690,300 (\$701,400 GPR and \$988,900 FED) in 2016-17 to increase funding allocations for the CLTS waiver program by 3% in each year of the 2015-17 biennium.

Funding for Autism Services. As part of the MA cost-to-continue item, provide \$1,252,100 (\$522,900 GPR and \$729,200 FED) in 2015-16 and \$2,541,800 (\$1,063,200 GPR and \$1,478,600 FED) in 2016-17 to increase funding allocations for autism services by 3% in each year of the 2015-17 biennium.

Excess School-Based Service Funds. Require DHS to deposit any funds the state retains for federal MA claims for school-based health care services that exceed \$42,200,000 in 2015-16 and \$41,700,000 in 2016-17 and each fiscal year thereafter to the MA trust fund. Provide that all

of these excess funds would be credited to a current SEG appropriation, which DHS would use to fund reductions in waitlists for children's long-term care services and other programs benefiting children.

DISCUSSION POINTS

Children's Long-Term Support Program

1. The CLTS waiver program provides services and supports for children with physical and developmental disabilities, and severe emotional disturbance. To receive services under the CLTS waiver program, children must meet functional and financial eligibility criteria. The functional criteria require a child to have a physical disability, developmental disability, or severe emotional disturbance that is diagnosed medically, behaviorally, or psychologically. The impairment must be characterized by the need for individually planned and coordinated supports, treatment, or other services that permit the child to remain living in a home or community-based setting.

The financial eligibility criteria require that, in 2015, the child's income not exceed \$2,163 per month and, for individuals 18 and over, countable assets not exceed \$2,000. For these purposes, the family's household income is disregarded. However, families with income greater than or equal to 330% of the federal poverty level are required to pay a percentage of program costs. The family's cost-sharing percentage increases as family income increases, ranging from 1% to 41% of program costs.

As of December, 2014, approximately 5,600 children were enrolled in the CLTS waiver program.

2. DHS provides each county with a funding allocation to support CLTS services. Counties must serve children on a first-come, first-served basis, so long as funds are available. Counties may serve additional children by supplying the state's share of matching funds as the county match to obtain federal matching funds on CLTS services. Table 1 shows the funding allocations for the CLTS waiver program for fiscal years 2012-13, 2013-14, and 2014-15, as well as the amounts that would be budgeted for these services in 2015-16 and 2016-17 under the bill.

TABLE 1

CLTS Funding Allocations

	CLTS		Autism		Total	
	GPR	All Funds	GPR	All Funds	GPR	All Funds
2011-12	\$10,076,400	\$25,469,500	\$16,512,500	\$41,737,600	\$26,588,900	\$67,207,100
2013-14	10,481,200	26,162,100	16,721,100	41,737,600	27,202,300	67,899,700
2014-15	11,527,300	27,755,400	17,015,700	41,737,600	28,543,000	69,493,000
2015-16 (budgeted)	11,938,600	28,588,100	17,334,400	42,989,800	29,273,000	71,577,900
2016-17 (budgeted)	12,317,000	29,445,700	18,521,900	44,279,500	30,838,900	73,725,200

3. Funding for CLTS services is budgeted on a "sum certain" basis within the total MA benefits budget. Because children who meet the functional and financial eligibility requirements are not entitled to receive CLTS services, counties that receive CLTS funding allocations may maintain waitlists for these services. As of December, 2014, approximately 2,200 children were on waitlists for these long-term care services.

Autism Services under the CLTS Waiver

4. Children with verified diagnoses of autism spectrum disorder who meet the other CLTS waiver eligibility criteria may receive intensive or ongoing autism services under the CLTS waiver program.

5. Intensive autism treatment services are intended to teach children with autism spectrum disorder the skills that developing children would usually learn by imitating others around them, such as social interaction and language skills. These services are designed to improve a child's social, behavioral, and communicative skills in order to demonstrate measurable outcomes in these areas and overall developmental benefits in both home and community settings. The intent is for the child to make clinically significant improvements and have fewer needs in the future as a result of the service. A child is eligible for autism treatment services at the intensive level for up to three years as long as the child is placed on the state waitlist for these services by the time he or she is eight years old. Weekly services received prior to the CLTS waiver are figured into this total regardless of whether private insurance or public funding provided the service.

6. Children who have received intensive autism treatment services for at least 12 of the past 18 months are eligible to receive ongoing CLTS waiver services. Ongoing services may include any services allowable under the waiver in which the child is enrolled, including respite and adaptive aids, but do not focus on direct treatment.

7. In fiscal year 2013-14, 1,164 children received autism services, while 1,991 children received ongoing autism services. On average, approximately 330 children were on the waitlist for autism services from January, 2015 through April, 2015. Unlike the waitlist for CLTS services, which is managed at the county level, the waitlist for autism services is managed at the state level.

8. In July, 2014, the Centers for Medicare and Medicaid Services (CMS) released an informational bulletin directing states that currently provide autism services through a waiver to instead provide autism services through the Medicaid state plan. This means that all children who qualify for intensive autism services will be entitled to receive such services, and waitlists for such services will no longer be permissible. The CMS guidance does not apply to ongoing autism services, such as respite care, which states may continue to provide through a waiver.

9. DHS indicates that it has taken the following actions with respect to this informational bulletin, and is intending to complete the transition to providing autism services under the Medicaid state plan by January, 2016. First, the Department is amending its Medicaid state plan to include autism services. DHS is also modifying the autism services currently provided under the CLTS waiver to comply with the CMS guidance. The Department plans to continue to provide autism services under the CLTS waiver program, and those on the CLTS waitlist for autism services may remain on the waitlist until the new state plan benefit is available. Additionally, eligible children

may receive autism services through prior authorization under the early and periodic screening, diagnostic, and treatment (EPSDT) benefit (in Wisconsin, commonly referred to as "HealthCheck"). The Department indicates that, as of March 12, 2015, it has received one request for prior authorization of autism services under EPSDT HealthCheck Other Services.

10. Under the MA cost-to-continue item, the administration budgeted an additional \$8 million (all funds) in 2015-16 and \$12 million (all funds) in 2016-17 to fund projected costs of providing intensive autism services under the state plan.

Funding Allocations for CLTS and Autism Services

11. As part of the MA cost-to-continue item, the bill would increase funding for CLTS services and autism services by 3% in 2015-16 and by an additional 3% in 2016-17. The attachment shows the total funding that would be budgeted to support CLTS waiver services in the bill, including the additional funding that would be provided under the MA cost-to-continue item.

12. Funding increases typically included in the MA cost-to-continue item are those for which additional funding is necessary based on current law and factors beyond the Department's control, such as changes in the federal MA matching percentage, caseload growth, and changes in average costs of providing services.

13. The Department argues that the increased funding for the CLTS waiver program is necessary to support projected increases in the costs of CLTS services provided to children currently receiving CLTS waiver services. Further, funding increases have been provided to the CLTS program as part of the MA cost-to-continue item in each year since 2011-12. For these reasons, the Committee could retain the funding increases for these programs that would be provided in the bill (Alternative A1). If the Committee wishes to provide a more limited funding increase for the CLTS waiver program, the Committee could reduce funding under the bill so that a 1.5% funding increase would be provided in each year of the 2015-17 biennium for these programs, rather than a 3% increase (Alternative A2). Alternatively, the Committee could delete the Governor's recommended funding increase for these services (Alternative A3).

Directing Excess Funds for School-Based Services to Waitlist Reduction

14. Under the bill, if the state's share of MA revenues for school-based services exceeds \$42.2 million in 2015-16 and \$41.7 million in 2016-17 and beyond, the excess funding would be allocated to reduce waitlists for children's long-term care services and other programs benefiting children, rather than being deposited to the state's general fund, as under current law. As the administration estimates that these amounts will be deposited to the general fund from this source, it is not assumed that any additional funding would be provided to reduce waitlists for children's long-term care services and other programs benefiting children in the 2015-17 biennium under this provision.

15. The revenue the general fund receives from federal claims for MA-supported school-based services can vary from year to year, and is dependent on the timing of the receipt of these reimbursement claims. In recent years, CMS has raised concerns over the state's method of claiming these funds, which has resulted in delays in processing these claims. The issues previously raised by

CMS relating to these claims have since been resolved.

16. While unbudgeted surplus revenue from this source would not provide a reliable source of ongoing funding for children's long-term care services, it would create the possibility of future one-time funding increases. Moreover, the Department and counties can control spending under the CLTS waiver and autism services programs with one-time revenues by managing the number of children who are removed from the waitlists and offered services. The Department notes that there is sufficient turnover in the CLTS program such that providing additional funding in one year and not the next would not jeopardize the Department's or a county's ability to provide services to current program enrollees. For these reasons, the Committee could adopt the Governor's recommendation (Alternative B1).

17. Some may oppose this provision from a budgetary perspective, in that it would establish a mechanism to automatically commit to a single program uncommitted revenue that would otherwise be deposited to the general fund. For this reason, the Committee could delete this provision (Alternative B2).

18. Rather than, or in addition to, adopting the Governor's recommendation, the Committee could increase funding for the CLTS program to reduce waitlists for this program during the 2015-17 biennium. This funding could be provided in addition to or instead of the additional funding provided under the cost-to-continue item. Table 2 shows the projected annual cost of serving a CLTS and an autism services participant in 2015-16 and 2016-17.

TABLE 2

Estimated Annual Per Child Cost of CLTS and Autism Services

	<u>2015-16</u>	<u>2016-17</u>
CLTS	\$17,986	\$18,526
Autism	17,466	17,990

19. If the Committee wishes to provide funding to reduce waitlists for the CLTS waiver program and autism services during this biennium, several options are presented for its consideration (Alternatives under "C").

The Committee should choose one alternative from each of the sections.

ALTERNATIVES

A. Modifications to the 3% Increase Provided Under the Bill

1. Adopt the Governor's recommendation to provide a 3% annual increase to the CLTS program and for autism services.

2. Reduce funding by \$1,042,300 (-\$435,400 GPR and -\$606,900 FED) in 2015-16 and

by \$2,116,100 (-\$882,300 GPR and -\$1,233,800 FED) in 2016-17, to provide a 1.5% annual funding increase for the CLTS program and autism services, rather than the 3% annual funding increase provided under the bill.

ALT A2	Change to Bill
GPR	- \$1,317,700
FED	<u>- 1,840,700</u>
Total	- \$3,158,400

3. Reduce funding by \$2,084,700 (-\$870,800 GPR and -\$1,213,900 FED) in 2015-16 and by \$4,232,100 (-\$1,764,600 GPR and -\$2,467,500 FED) in 2016-17, to delete the funding increases for these services that would be provided under the bill.

ALT A3	Change to Bill
GPR	- \$2,635,400
FED	<u>- 3,681,400</u>
Total	- \$6,316,800

B. Direct Excess Funds from School-Based Services to Reduce Waiting Lists

1. Adopt the Governor's recommendation.
2. Delete provision.

C. Provide Increased Funding to Reduce CLTS Waiting Lists

3. Adopt the Governor's recommendation to provide no increase in funding to reduce CLTS waitlists.

4. Provide \$2,658,900 (\$1,110,400 GPR and \$1,548,500 FED) in 2015-16 and \$2,738,700 (\$1,146,100 GPR and \$1,592,600 FED) in 2016-17 to provide services to approximately 150 children on the CLTS and autism services waitlists, beginning in 2015-16.

ALT C2	Change to Bill
GPR	\$2,256,500
FED	<u>3,141,100</u>
Total	\$5,397,600

5. Provide \$886,300 (\$370,100 GPR and \$516,200 FED) in 2015-16 and \$912,900 (\$382,000 GPR and \$530,900 FED) in 2016-17 to provide services to approximately 50 children on the CLTS and autism services waitlists, beginning in 2015-16.

ALT C3	Change to Bill
GPR	\$752,100
FED	<u>1,047,100</u>
Total	\$1,799,200

Prepared by: Stephanie Mabrey
Attachment

ATTACHMENT

**CLTS and Autism Services Funding Allocations
Governor's Recommendations**

	2015-16			2016-17			2015-17		
	<u>GPR</u>	<u>FED</u>	<u>Total</u>	<u>GPR</u>	<u>FED</u>	<u>Total</u>	<u>GPR</u>	<u>FED</u>	<u>Total</u>
CLTS (Non-Autism)									
Bill	\$11,938,600	\$16,649,400	\$28,588,000	\$12,317,000	\$17,128,700	\$29,445,700	\$24,255,600	\$33,778,100	\$58,033,700
Base	<u>11,590,700</u>	<u>16,164,700</u>	<u>27,755,400</u>	<u>11,615,600</u>	<u>16,139,800</u>	<u>27,755,400</u>	<u>23,206,300</u>	<u>32,304,500</u>	<u>55,510,800</u>
Difference	\$347,900	\$484,700	\$832,600	\$701,400	\$988,900	\$1,690,300	\$1,049,300	\$1,473,600	\$2,522,900
Autism									
Bill	\$17,952,900	\$25,036,800	\$42,989,700	\$18,521,900	\$25,757,600	\$44,279,500	\$36,474,800	\$50,794,400	\$87,269,200
Base	<u>17,430,000</u>	<u>24,307,600</u>	<u>41,737,600</u>	<u>17,458,700</u>	<u>24,279,000</u>	<u>41,737,700</u>	<u>34,888,700</u>	<u>48,586,600</u>	<u>83,475,300</u>
Difference	\$522,900	\$729,200	\$1,252,100	\$1,063,200	\$1,478,600	\$2,541,800	\$1,586,100	\$2,207,800	\$3,793,900
CLTS and Autism									
Bill	\$29,891,500	\$41,686,200	\$71,577,700	\$30,838,900	\$42,886,300	\$73,725,200	\$60,730,400	\$84,572,500	\$145,302,900
Base	<u>29,020,700</u>	<u>40,472,300</u>	<u>69,493,000</u>	<u>29,074,300</u>	<u>40,418,800</u>	<u>69,493,100</u>	<u>58,095,000</u>	<u>80,891,100</u>	<u>138,986,100</u>
Difference	\$870,800	\$1,213,900	\$2,084,700	\$1,764,600	\$2,467,500	\$4,232,100	\$2,635,400	\$3,681,400	\$6,316,800