



Legislative Fiscal Bureau

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May 11, 2017

Joint Committee on Finance

Paper #337

Income Maintenance Contracts (Health Services -- Medicaid Services Administration)

[LFB 2017-19 Budget Summary: Page 221, #4]

CURRENT LAW

"Income maintenance" (IM) refers to the eligibility and caseload management functions for several federal and state programs, including medical assistance (MA), FoodShare, and Wisconsin Shares. In Milwaukee County, these services are provided by Department of Health Services (DHS) staff in Milwaukee Enrollment Services (MILES). In the rest of the state, county employees perform these functions as part of multi-county IM consortia, and tribes perform these services for their members. There are currently 10 multi-county consortia and nine tribes performing IM services.

Each regional consortium and tribe is responsible for program eligibility determinations, application processing, operating and maintaining a call center, conducting ongoing case management, and performing lobby services such as responding to questions, facilitating access to interpreter services, and making informational publications available. The IM consortia and tribes cooperate with DHS to provide other administrative functions, such as conducting subrogation and benefit recovery efforts, participating in fair hearings, and conducting fraud prevention and identification activities.

Each year, DHS allocates state general purpose revenue (GPR) and federal funds (FED) to support the IM work of the consortia and tribes. The FED funding is matching funding the state receives for eligible state- and locally-funded administrative services under the MA and FoodShare programs. Funding for MILES is budgeted as part of the DHS Division of Medicaid Services general program operations budget.

Base funding for IM allocations to the consortia and tribes is \$18,291,600 GPR and \$44,461,900 FED. The FED funding base includes federal funds the state claims for county-

funded IM services.

GOVERNOR

Provide \$12,393,800 (-\$1,599,500 GPR and \$13,993,300 FED) annually to fund income maintenance (IM) contracts for county consortia and tribal government agencies at calendar year 2017 levels throughout the 2017-19 biennium. This item includes: (a) providing \$4,730,100 (\$1,892,000 GPR and \$2,838,100 FED) annually to maintain base funding to support IM functions relating to work requirements for certain able-bodied adults without dependent children (ABAWDs) who receive FoodShare benefits, which was budgeted as one-time funding in Act 55; (b) maintaining \$2,453,700 (\$981,500 GPR and \$1,472,200 FED) in base funding to support IM functions relating to workload resulting from the federal Affordable Care Act (ACA); (c) providing \$300,000 GPR annually to maintain a contingency due to uncertainty regarding federal matching rates that will apply to IM activities; and (d) reestimating federal matching funds that will be available to support IM functions to reflect that a 75% matching rate will apply to certain federal Affordable Care Act (ACA)-related IM costs, rather than a 50% matching rate, resulting in an estimated average rate of 60% for all IM functions.

Other items in the bill would increase funding for IM consortia to support costs of: (a) verifying asset information for certain FoodShare applicants; (b) implementing proposed employment and training requirements for certain MA recipients without dependents and certain FoodShare recipients with dependents; and (c) requiring FoodShare recipients to cooperate in establishing child support orders, avoiding delinquent support, and establishing paternity. The funding changes for IM costs relating to these proposals will be addressed in separate papers.

The two tables in Attachment 1 summarize the total funding that would be budgeted for IM contracts in fiscal years 2017-18 and 2018-19 and calendar years 2018 and 2019, by purpose and source, under the bill.

DISCUSSION POINTS

1. The administration's intent is to maintain the total calendar year 2018 and 2019 (all funds) allocations to the IM consortia and tribes at the calendar year 2017 level, and to provide \$750,000 annually (\$300,000 GPR and \$450,000) as a contingency, since there is some uncertainty about how much ACA-related IM costs the state can claim under the enhanced federal matching rate of 75%.

2. The funding changes under this item equal the difference between the amount of funding that would be needed to maintain the CY 2017 allocations, with the contingency funding, and the base funding budgeted for these allocations, as shown in the following table.

TABLE 1**Summary of Funding Reestimate in Bill**

	<u>Fiscal Years 2017-18 and 2018-19</u>		
	<u>GPR</u>	<u>FED</u>	<u>Total</u>
Base Contract Amounts	\$14,027,000	\$21,040,600	\$35,067,600
Estimated FED Match on Local Funding	0	36,964,600	36,964,600
Contingency	<u>300,000</u>	<u>450,000</u>	<u>750,000</u>
Total Funding Budgeted	\$14,327,000	\$58,455,200	\$72,782,200
Base Budget	\$18,291,600	\$44,461,900	\$62,753,500
Removal of Nonrecurring Costs (FSET Supplement)	<u>-2,365,000</u>	<u>0</u>	<u>-2,365,000</u>
Amount Available to Fund Costs	\$15,926,600	\$44,461,900	\$60,388,500
Difference (Amount Provided under This Item)	-\$1,599,600	\$13,993,300	\$12,393,700

3. The funding change identified in this item is primarily due to a reestimate of the federal matching rate that will be available to support IM workload relating to the federal Affordable Care Act. Specifically, the mix of GPR and FED funding budgeted for 2016-17 under Act 55 was not based on the assumption that the state would continue to receive an enhanced federal matching rate for IM activities relating to the ACA.

4. A review of reported workload measures suggests that IM workload has remained fairly constant during the past several years. Table 2 provides information on the average number of cases IM consortia managed, and the total number of applications for assistance and telephone calls IM call centers received in fiscal years 2012-13 through 2015-16. In addition, it shows this same information, annualized, for fiscal year 2016-17 through January, 2017, the most recent month for which information is available.

TABLE 2**Selected Workload Measures (IM Consortia Totals)**

	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	2015-16 thru January (Annualized)
Average Monthly Number of Cases	465,466	488,559	497,475	478,284	477,557
Total Applications Received	448,011	498,604	429,082	416,917	428,558
Total Telephone Calls Received by Call Centers	1,692,783	1,894,710	1,870,940	1,857,090	1,875,051

5. As workload relating to core functions of the IM agencies has remained steady over the past several years, the Committee may wish to adopt the Governor's recommendation to maintain funding for IM functions at current levels (Alternative 1).

6. Under Act 55, \$2,365,000 GPR was budgeted in both 2015-16 and 2016-17 to support the costs IM agencies and tribes incur in implementing the FoodShare work and training requirement for able-bodied adults without dependent children (ABAWDs). However, since this funding was budgeted as "one-time funding," it is deleted as a standard budget adjustment ("removal of noncontinuing items"). Under this item, this funding would be restored, and, together with other supplemental funds that were budgeted in Act 55 for ACA-related workload, consolidated to establish a new base allocation for the IM consortia and tribes.

7. The purpose of providing this funding as "one-time" was to enable the Legislature to review IM-related workload relating to the ABAWD work and training requirements in the 2015-17 biennium, and determine whether it wished to provide the funding on an ongoing basis in the 2017-19 budget bill. As DHS does not separately identify IM workload relating to the FoodShare ABAWD work and training requirements, it is not possible to determine whether this funding, together with the related federal matching funds, roughly approximates the IM-related implementation costs for the consortia and tribes. However, regardless of the actual number of ABAWDs who are found to be subject to the work requirements, IM agencies must screen all applications to determine whether these requirements apply. In light of the constant workload measures shown in Table 2, the Committee could adopt the Governor's recommendation to maintain funding to offset these costs at the levels established in the last biennium. If the Committee chooses Alternative 1, this funding would become a permanent part of the base funding that would be available for IM consortia and tribes,

8. Alternatively, if the Committee determines that it does not want to incorporate this one-time funding provided in Act 55 for implementing the FoodShare work requirements into the agency's base budget to fund this workload on an ongoing basis, it could delete funding budgeted for this purpose (Alternative 2). However, this alternative would require counties to absorb IM costs that were state funded in the previous biennium. Further, in calendar years 2013, 2014, and 2015, counties have contributed approximately \$25 million of local funds to support the consortia. By deleting this funding, counties would respond by either increasing local support for the IM functions or reducing IM-related services, or some combination of both. Regardless of the level of financial assistance the state provides to the IM consortia, the state would still need to meet federal standards relating to processing and managing public assistance cases.

ALTERNATIVES

1. Adopt the Governor's recommendations.

ALT 1	Change to	
	Base	Bill
GPR	- \$3,199,000	\$0
FED	<u>27,986,600</u>	<u>0</u>
Total	\$24,787,600	\$0

2. Reduce funding in the bill by \$2,365,000 GPR annually to delete funding that was provided on a one-time basis in 2015 Act 55 to fund workload relating to the FoodShare work and training requirements for able-bodied adults without dependent children.

ALT 2	Change to	
	Base	Bill
GPR	- \$7,929,000	- \$4,730,000
FED	<u>27,986,600</u>	<u>0</u>
Total	\$20,057,600	- \$4,730,000

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Attachment

ATTACHMENT

Total Funding for Income Maintenance Consortia and Tribes Governor's Recommendations

By Fiscal Year

	2017-18			2018-19		
	GPR	FED	Total	GPR	FED	Total
Base Funding	\$18,291,600	\$44,461,900	\$62,753,500	\$18,291,600	\$44,461,900	\$62,753,500
Removal of One-Time Funding for FSET						
ABAWD Workload	-2,365,000	0	-2,365,000	-2,365,000	0	-2,365,000
Reestimate to Maintain Base Funding	-1,899,500	13,543,300	11,643,800	-1,899,500	13,543,300	11,643,800
Contingency due to Uncertainty of Federal Funding	<u>300,000</u>	<u>450,000</u>	<u>750,000</u>	<u>300,000</u>	<u>450,000</u>	<u>750,000</u>
Subtotal -- Funding to Maintain Current IM Functions	\$14,327,100	\$58,455,200	\$72,782,300	\$14,327,100	\$58,455,200	\$72,782,300
 Program Changes in Bill						
Asset Verification for Certain FoodShare Applicants	\$0	\$0	\$0	\$542,500	\$542,500	\$1,085,000
Employment and Training -- Childless Adult MA Recipients	0	0	0	732,800	732,800	1,465,600
Employment and Training -- FoodShare						
Recipients with Dependents	0	0	0	134,200	134,200	268,400
FoodShare Child Support and Paternity Cooperation	<u>0</u>	<u>0</u>	<u>0</u>	<u>29,100</u>	<u>29,100</u>	<u>58,200</u>
Subtotal -- Other Items in Bill	0	0	0	1,438,600	1,438,600	2,877,200
 Total Funding	\$14,327,100	\$58,455,200	\$72,782,300	\$15,765,700	\$59,893,800	\$75,659,500

By Calendar Year

	2018			2019		
	GPR	FED	Total	GPR	FED	Total
Base Allocation	\$14,027,100	\$21,040,600	\$35,067,700	\$14,027,100	\$21,040,600	\$35,067,700
Asset Verification for Certain FoodShare Applicants	271,250	271,250	542,500	542,500	542,500	1,085,000
Employment and Training -- Childless Adult MA Recipients	0	0	0	1,465,600	1,465,600	2,931,200
Employment and Training -- FoodShare Recipients						
with Dependents		0	0	335,500	335,500	671,000
FoodShare Child Support and Paternity Cooperation	14,550	14,550	29,100	29,100	29,100	58,200
Federal Claims on County Contributions (Based on 2015 Contributions Totaling \$24,643,100)	0	29,571,700	29,571,700	0	29,571,700	29,571,700
Contingency due to Uncertainty of Federal Funding	<u>300,000</u>	<u>0</u>	<u>300,000</u>	<u>300,000</u>	<u>0</u>	<u>300,000</u>
 Total	\$14,612,900	\$50,898,100	\$65,511,000	\$16,699,800	\$52,985,000	\$69,684,800