



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #386

Funeral and Cemetery Aids (Health Services -- Medicaid Services Administration)

[LFB 2019-21 Budget Summary: Page 193, #4]

CURRENT LAW

Wisconsin's funeral and cemetery aids program (WFCAP) reimburses funeral homes, cemeteries, and crematories for eligible services they provide to certain deceased individuals who were medical assistance (MA) recipients or Wisconsin Works participants at the time of their death. Currently, approximately 93% of the individuals for whom financial assistance is provided qualify for MA based on elderly, blind, and disabled (EBD) eligibility criteria. The Department of Health Services (DHS) may accept reimbursement requests only from funeral homes, cemeteries, and crematories -- family members and other non-providers may not submit reimbursement requests. Providers must submit itemized statements of goods and services within 12 months of the date of death, and may appeal payment determinations through the Department of Administration's Division of Hearings and Appeals.

The program provides assistance when estates of the decedents are insufficient to pay qualifying costs. The statutes require the state to pay: (a) the lesser of \$1,000 or the cemetery expenses that are not paid by the estate of the deceased or other persons, if the total cemetery expenses for the recipient do not exceed \$3,500; and (b) the lesser of \$1,500 or the funeral and burial expenses not paid by the estate of the decedent or other persons if the total funeral and burial expenses do not exceed \$4,500.

Provisions created in 2015 Wisconsin Act 55 (the 2015-17 budget act) require DHS to pursue recovery of any reimbursement amounts paid under the program from the estate of the recipient and from the estate of any surviving spouse or former (divorced) spouse of the recipient.

DHS centrally administers WFCAP for residents in all areas of the state other than Milwaukee County, where the program is administered by DHS staff in Milwaukee Enrollment Services (MilES).

Base funding for the program is \$9,410,600 GPR.

GOVERNOR

Reduce funding by \$370,800 GPR in 2019-20 and by \$143,100 GPR in 2020-21 to reflect reestimates of the amount of funding needed to support reimbursement payments in the 2019-21 biennium.

DISCUSSION POINTS

1. The administration's projections of program costs in the 2019-21 biennium are based on historical trends in the total number of individuals whose funeral and burial costs could qualify for assistance (as measured by estimates of the number of individuals who will qualify for EBD MA), the number of annual deaths in this population, the number of requests for cemetery and funeral reimbursements, and the average reimbursement payments service providers received.

2. WFCAP is an entitlement program budgeted in a GPR sum certain appropriation. If the amount budgeted for the program exceeds actual reimbursements payments, funding lapses to the general fund. If the amount of funding budgeted for the program is insufficient to pay eligible reimbursement claims, DHS must request additional expenditure authority from the Legislature. DHS has no statutory authority to deny or prorate claims for reimbursable expenses.

3. Table 1 shows the assumptions the administration used to estimate the additional funding that will be needed to support reimbursement payments in the 2019-21 biennium.

TABLE 1
WFCAP Reimbursement Estimates
Governor's Bill

	State Fiscal Year		
	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>
Cemetery Reimbursements			
Total Requests for Reimbursement	4,079	4,166	4,249
Average Reimbursement Amount	<u>\$754</u>	<u>\$758</u>	<u>\$762</u>
Subtotal	\$3,077,000	\$3,158,400	\$3,237,900
Funeral Reimbursements			
Total Requests for Reimbursement	4,039	4,125	4,207
Average Reimbursement Amount	<u>\$1,443</u>	<u>\$1,450</u>	<u>\$1,457</u>
Subtotal	\$5,826,600	\$5,981,400	\$6,129,600
Total Estimated Costs	\$8,903,600	\$9,139,800	\$9,367,500
Offset from Estate Recoveries	0	-\$100,000	-\$100,000
Total Net Program Costs	\$8,903,600	\$9,039,800	\$9,267,500
Base Funding	<u>9,410,600</u>	<u>9,410,600</u>	<u>9,410,600</u>
Difference between Base Funding and Net Costs			
(Change to Base)	-\$507,000	-\$370,800	-\$143,100

4. Table 2 identifies total WFCAP reimbursement payments for state fiscal years 2014-15 through 2017-18 and the administration's estimates for fiscal years 2018-19 through 2020-21.

TABLE 2

**WFCAP Program Expenditures*
Fiscal Years 2014-15 through 2020-21**

<u>Fiscal Year</u>	<u>Gross Total Expenditures</u>	<u>Change from Previous Year</u>	
		<u>Amount</u>	<u>Percent</u>
2014-15	\$8,607,600	\$219,100	2.6%
2015-16	8,369,300	-238,200	-2.8
2016-17	10,014,200	1,644,900	19.7
2017-18	6,614,700	-3,399,500	-33.9
2018-19 (est.)	8,903,600	2,288,900	34.6
2019-20 (est.)	9,139,800	236,200	2.7
2020-21 (est.)	9,367,500	227,700	2.5

*Excludes estimates of offsetting revenues from Act 55 estate recovery provisions.

5. The administration's estimates reflect an assumption that revenue DHS collects from the estate recovery provisions will be available to offset program costs by \$100,000 annually. It is uncertain how many assets from estates will be recovered, especially since many of the estates from which recoveries can be made under this program are already subject to Medicaid estate recovery provisions. However, any revenue that DHS receives from the recovering moneys from the estates of the program's beneficiaries will be deposited to the state's general fund, rather than to offset WFCAP program costs. For this reason, these amounts should not be subtracted from the estimated gross program expenditures. The effect of this correction is to increase the administration's estimates of the amount of funding needed to support program costs by \$100,000 GPR annually [Alternative A1].

6. The administration's cost projections for fiscal years 2018-19 through 2020-21 were based on 2017-18 actual expenditure information, adjusted to reflect recent trends in caseloads and costs. A review of program spending through March, 2019, would suggest that program costs in the current year are likely to be less than the administration's 2018-19 estimates. Through March, 2019 (nine months of the fiscal year), reimbursements have totaled \$4,772,500. However, total monthly reimbursements have increased significantly during the past several months, as DHS has been processing a backlog of claims that occurred earlier in the year due to staff vacancies. Total reimbursements paid in February and March, 2019, were \$1,231,700 and \$1,109,400 respectively. April reimbursements, through April 8, totaled \$411,700.

7. The administration's method of projecting future program costs, using several variables, appears reasonable. However, recent information on reimbursement payments suggests that the model DHS uses to estimate future program costs may yield cost projections that are too high. Under the Department's model, 2018-19 reimbursement costs (\$8.9 million) would increase by over 34%, compared with 2017-18 actual reimbursement costs (\$6.6 million).

8. Table 3 summarizes an alternative method of estimating program costs in the 2019-21 biennium that: (a) deletes the funding offsets resulting from estate recovery collections, since these funds are not available to support the program; (b) assumes that 2018-19 (baseline) reimbursements will be \$7.5 million, rather than \$8.9 million; and (c) increases the amount budgeted for the program by \$500,000 GPR in 2019-20 and an additional \$500,000 GPR in 2020-21.

TABLE 3

**WFCAP Cost-to-Continue Estimates
Alternative Estimates**

	State Fiscal Year			
	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2019-21 Biennium</u>
2018-19 Estimate	\$7,500,000	\$7,500,000	\$7,500,000	\$15,000,000
Caseload and Average Cost Adjustment		<u>500,000</u>	<u>1,000,000</u>	<u>1,500,000</u>
Estimated Total Program Costs	\$7,500,000	\$8,000,000	\$8,500,000	\$16,500,000
Base Funding		\$9,410,600	\$9,410,600	\$18,821,200
Funding in Bill		\$9,039,800	\$9,267,500	\$18,307,300
Alternative Estimate				
Change to Base		-\$1,410,600	-\$910,600	-\$2,321,200
Change to Bill		-\$1,039,800	-\$767,500	-\$1,807,300

9. If the Committee adopts the alternative estimate shown in Table 3, it could reduce funding in the bill by \$1,039,800 GPR in 2019-20 and by \$767,500 GPR in 2020-21. This reduction is primarily due to the lower estimates of 2018-19 program costs than projected by the administration [Alternative 2].

ALTERNATIVES

1. Increase funding in the bill by \$100,000 GPR annually to adopt the administration's estimates of WFCAP costs in the 2019-21 biennium, as adjusted to reflect that revenue DHS collects from the estates of program beneficiaries, if any, is not available to offset GPR program costs.

ALT 1	Change to	
	Base	Bill
GPR	- \$313,900	\$200,000

2. Reduce funding in the bill by \$1,039,800 GPR in 2019-20 and by \$767,500 GPR in 2020-2 to reflect an alternative estimate of WFCAP program costs in the 2019-21 biennium, as shown in Table 3.

ALT 2	Change to	
	Base	Bill
GPR	-\$2,321,200	-\$1,807,300

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