



## Legislative Fiscal Bureau

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June, 2021

Joint Committee on Finance

Paper #346

### **Children's Long-Term Support Program (Health Services -- Medical Assistance)**

[LFB 2021-23 Budget Summary: Page 270, #29]

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#### **CURRENT LAW**

The children's long-term support (CLTS) program provides Medicaid-funded home and community-based supports and services to children with significant physical and developmental disabilities and severe emotional disturbance. All children who receive CLTS waiver services are eligible for Medicaid state plan services (generally, primary and acute care services). CLTS funds supplemental services that are not covered under the state's Medicaid (or MA) plan. Currently, funding for the program is budgeted as sum certain amounts from appropriations that support other MA benefits costs. As of May, 2021, there were 12,928 children enrolled in the program. The average monthly cost per child for these MA-funded supplemental support services is estimated to be \$1,038.29 for 2020-21.

Supports and services covered by CLTS include: communication aids; adaptive aids; support and service coordination; foster care and treatment foster care; counseling and therapeutic services; daily living skills training; day services; financial management; consumer education and training; home modifications; intensive in-home treatment; housing start-up and counseling; care, support, and supervision in an adult family home; consumer and family directed supports; nursing services; respite care; personal emergency response system; specialized medical and therapeutic supplies; specialized transportation; supported employment; and supportive home care.

In addition to state and federal MA funding, expenditures for the CLTS program are offset by program revenue as the result of a county maintenance of effort requirement enacted as part of the 2017-19 biennial budget act (2017 Act 59). Under this provision county waiver agencies (CWAs) are required to cooperate with DHS to determine an equitable, locally controlled funding

contribution mechanism to CLTS. Typically the maintenance of effort amount has been based on county contributions for the program in calendar year 2016, and has not fluctuated annually. It is estimated that the county contribution will total \$6 million PR in each year of the 2021-23 biennium, amounts that serve as the state's share for the purpose of claiming federal MA matching funds. However, DHS reserves the right, in consultation with CWAs, to adjust the methodology in the future to meet changing program needs.

Children who qualify for the program are not entitled to receive waiver services. Historically, counties kept their own waiting lists for children who were not yet enrolled in the program. However, beginning in calendar year 2021, as required by the Centers for Medicare and Medicaid Services (CMS), the Department of Health Services (DHS) has transitioned to full statewide management of the CLTS enrollment process, and counties are now required to place CLTS eligible children on the statewide waiting list. DHS then determines the timing of when an eligible child may be enrolled into the CLTS program, following the order on the statewide waiting list, in compliance with the federal 'first-come, first-served' requirement. All children approved to begin the CLTS enrollment process receive an appropriate CLTS service plan, which is fully funded by state Medicaid funding and related federal match, after application of county CLTS maintenance of effort requirements. Counties may not enroll any new CLTS participant except for children approved by DHS to begin the CLTS enrollment process or children who meet specified crisis need criteria.

The 2017-19 and 2019-21 biennial budget acts increased GPR funding for the CLTS program. This additional funding was intended to enable the state to serve all children on the waiting list for the CLTS program. However, since the program continued to be budgeted as a sum certain allocation within the MA budget, and counties continued to receive new applications for children who qualified for services, the waiting list has still not been eliminated as of May, 2021.

## **DISCUSSION POINTS**

1. In order to receive CLTS services, children must meet both financial and functional eligibility criteria. The functional criteria require a child to have a physical disability, developmental disability, or severe emotional disturbance, as well as a level of care need that is typically provided in an institutional setting such as a hospital, a nursing home, or an institution for people with developmental disabilities. Additionally, children must be able to receive safe and appropriate care at home or in another eligible community based setting; and be able to receive safe and appropriate care at home or in the community that does not have a cost to the Wisconsin Medicaid program that exceeds the cost Medicaid would pay if the child were in an institution. CLTS services are available to children from birth through age 21 statewide. However, children generally transition to Family Care or IRIS upon turning 18.

2. To qualify for CLTS services, a child's monthly income may not exceed \$2,382 per month. When determining financial eligibility for CLTS services the child's family's income is disregarded. However, families with income greater than or equal to 330% of the federal poverty level (\$72,468 for a family of three in 2021) are required to pay a percentage of program costs on a sliding scale based on income.

3. As previously mentioned, funding for the program is currently budgeted as sum certain amounts from appropriations that support other MA benefits costs. As such, when demand for program services exceeds funding, children will be placed on a waiting list until funding becomes available. This occurs, for example, when a child receiving CLTS services "ages out" of the program and receives long-term care services under the Family Care or IRIS programs instead.

4. Based on available data, DHS Division of Medicaid Services (DMS) projects that CLTS enrollment may eventually have approximately 15,000 enrollees per month, at which time the program will reach a steady-state, in which children may be enrolled with no wait time upon being determined eligible. However, this estimate does not reflect the total number of children in Wisconsin who may potentially be eligible for CLTS services. As such this number is subject to change depending on numerous factors including the number of families of children with disabilities who do not: (a) seek services through DHS programs, (b) qualify under Medicaid eligibility standards, and (c) enroll in the program despite the child being found eligible.

5. To reach this anticipated steady-state, DMS anticipates the need to continue increasing the monthly count of CLTS enrollees throughout the 2021-23 biennium by an estimated 100 children per month in 2021-22 and 60 children per month in 2022-23. Using this assumption, 14,542 children will be enrolled in the program on a monthly basis by June, 2023, with average monthly enrollment in the program totaling 13,272 in 2021-22 and 14,212 in 2022-23.

6. However DHS analysis of CLTS program utilization and cost data found that many CLTS enrollees do not incur costs each month. DHS notes that in calendar year 2019, on average, only 95% of total program enrollees incurred costs on a monthly basis. This proportion was higher prior to the waiting list elimination initiative, when the percentage of enrollees with program costs was closer to 97%. This difference suggests that program costs could experience an additional increase during the waiting list elimination period as service provision stabilizes for a larger proportion of enrollees. The previous estimates assume that 95% of all CLTS enrollees will have program costs for the first three months of 2021-22, 96% during the subsequent three months, and 97% of all CLTS enrollees will have program costs beginning in January, 2022, and continuing for the remainder of the biennium. As such, only 14,106 of the 14,542 children enrolled in the program by June, 2023, are estimated to have costs in that month.

7. The average monthly cost per child enrolled in CLTS is estimated to be \$1,063.62 in each year of the 2021-23 biennium, which is lower than the average monthly cost of \$1,140 per enrollee budgeted for 2019-21 in 2019 Act 9. The Department indicates that the lower average monthly cost per enrollee is largely attributable to a difference in average costs for new enrollees (children enrolled in 2017-18 or later) versus ongoing enrollees (children enrolled prior to 2017-18). DHS suggests that two main factors may explain this difference. First, the Department notes that part of the cost differential is likely attributable to differing average acuity levels among new and continuing enrollees, with new enrollees requiring less intensive services overall, in comparison to ongoing enrollees. Second, DHS states that CLTS encounter data suggests new enrollee costs often vary widely in the first months of service, stabilizing as the initial year of service progresses.

8. Based on the aforementioned assumptions, it is estimated that an additional \$27,145,000 (\$10,084,000 GPR and \$17,061,000 FED) in 2021-22 and \$40,019,600 (\$15,878,800 GPR and

\$24,140,800 FED) in 2022-23, above the amount budgeted for the program in 2020-21 in Act 9, will be required to support program costs in the 2021-23 biennium. Funding for this provision has been included as part of the MA cost-to-continue, consistent with previous legislative and gubernatorial intent to fund the elimination of the waiting list.

9. If there was no net increase in children enrolled in the program in the 2021-23 biennium (based on a policy where a child on the waiting list could only enroll in the program if a child exits the program) it is estimated that an additional \$19,126,300 (\$7,105,200 GPR and \$12,021,100 FED) in 2021-22 and \$20,334,600 (\$8,068,200 GPR and \$12,266,400 FED) in 2022-23, above the amount budgeted for the program in 2020-21 in Act 9 would be required to support program costs in the 2021-23 biennium.

10. As of May, 2021, there is a total of 13,991 children currently enrolled or waiting to enroll in the program. As such, the estimate shown in the table above to fund costs associated with 14,542 children by June, 2023, would eliminate the waiting list as it currently exists. Both 2017 Act 59 and 2019 Act 9 also provided enough sum certain funding for the program to eliminate the waiting list, as it existed at that point in time. However, of those 13,991 children, 1,063 children are still waiting for CLTS services, either on the waiting list or otherwise waiting to complete the enrollment process. As in prior biennia, if additional children are added to the waiting list, funding budgeted as part of the MA cost-to-continue could be insufficient to eliminate the waiting list in the 2021-23 biennium.

11. Assembly Bill 68/Senate Bill 111 would require DHS to ensure that any child who is eligible, and applies, for CLTS waiver program receives services under the CLTS waiver program. The administration indicates that the statutory change would create a guarantee, whereby funding for the CLTS program is no longer based on an available number of "slots" or sum certain funding, but rather is funded within the larger MA budget in the same manner that adult long-term care services and other MA card services are funded.

12. As such, DHS would no longer be permitted to maintain a waiting list for CLTS services. However, eligible children could still wait for certain eligible services for example based on provider availability, which is outside the county's or Department's control.

13. In order to fulfill the commitment to ending the waiting list for CLTS services, as commenced by the Legislature and the Governor in 2017 Act 59, and to ensure that children in the state have the same access to long-term support services as adults currently have under the Family Care and IRIS programs for whom waiting lists for waiver services have been eliminated, the Committee could approve the statutory change to the program in AB 68/SB 111 [Alternative 1].

14. On the other hand, continuing to provide sum certain funding for CLTS services within the MA benefits appropriations maintains a measure of fiscal control on MA spending for CLTS waiver services. However, as it is difficult to accurately predict the number of children that would qualify for CLTS services, it is possible that, by maintaining current law, there may be future waiting lists for the program, notwithstanding the funding increases that would be provided in the bill under the MA cost-to-continue item [Alternative 2].

## **ALTERNATIVES**

1. Require DHS to ensure that any child who is eligible, and applies, for CLTS waiver program receives services under the CLTS waiver program.
2. Take no action.

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