



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #351

Income Maintenance Workload (Health Services -- Medical Assistance and FoodShare Administration)

[LFB 2021-23 Budget Summary: Page 273, #2]

CURRENT LAW

Income maintenance (IM) refers to the eligibility determination and management functions for several federal and state public assistance programs, including MA, FoodShare, and Wisconsin Shares. Prior to calendar year 2012, DHS contracted with each county to perform these activities. However, due to changes enacted in 2011 Wisconsin Act 32, counties, other than Milwaukee County, are required to form multi-county consortia to administer IM programs. Tribes may elect to administer income maintenance programs or have DHS administer IM functions for their tribal members.

Each multi-county consortium is contractually responsible for: (a) operating and maintaining a call center; (b) conducting application processing and eligibility determinations; (c) conducting ongoing case management; and (d) providing "lobby services," such as responding to questions from applicants, offering publications regarding public assistance programs, scheduling appointments, and accepting verification forms and other documentation. In addition, the consortia administer the fraud prevention and investigations program, using local agencies and contracted investigators.

In 2021, there are 10 multi-county consortia and nine tribes providing IM services. Milwaukee County's IM program is administered by DHS staff employed by Milwaukee Enrollment Services (MiES). The IM consortia account for approximately 70% of the statewide IM workload, while MiES and tribes account for approximately 29% and 1%, respectively.

DHS provides state and federal funds to support the operations of the IM consortia and tribes. The state (GPR) funding available to the consortia is a sum certain amount authorized as

part of the state budget. Counties contribute local funds to supplement the state and federal funds they receive from DHS to support their income maintenance activities. State and tax-levy supported contributions are matched with federal funds to support these services. The costs of Medicaid-related IM functions are generally funded 25% with state and local funds and 75% with federal matching funds, while IM services related to FoodShare are funded 50% with state and local funds and 50% with federal matching funds. In calendar year 2019, the (blended) matching rate for these IM functions was 62.4%.

Base funding for county and tribal IM costs is \$75,499,500 (\$15,132,500 GPR and \$60,367,000 FED).

DISCUSSION POINTS

1. Table 1 shows IM costs borne by the state (GPR), counties, and federal matching funds for calendar years 2014 through 2019, the most recent year for which information is available. The table shows the amounts in the year the costs were incurred and for which the federal funds were claimed. (In practice, the state claims federal funds for expenses counties incurred in a calendar year months after the end of the calendar year has ended.)

TABLE 1

Income Maintenance Consortia Cost, By Funding Source*

Calendar Year	GPR	Local	Federal Matching Funds			Total Costs (All Funds)
			Based on GPR	Based on Local	Total	
2014	\$10,786,000	\$22,494,000	\$16,849,000	\$29,150,000	\$45,999,000	\$79,279,000
2015	12,418,000	21,573,000	16,355,000	28,412,000	44,767,000	78,758,000
2016	13,193,000	21,080,000	22,253,000	35,557,000	57,810,000	92,083,000
2017	12,609,000	23,761,000	20,975,000	39,044,000	60,019,000	96,389,000
2018	13,519,000	24,265,000	22,625,000	40,610,000	63,235,000	101,019,000
2019	13,581,000	26,042,000	22,549,000	43,240,000	65,789,000	105,412,000

Percent of Income Maintenance Consortia Costs, by Revenue Source

2014	13.6%	28.4%	21.3%	36.8%	58.0%	100.0%
2015	15.8	27.4	20.8	36.1	56.8	100.0
2016	14.3	22.9	24.2	38.6	62.8	100.0
2017	13.1	24.7	21.8	40.5	62.3	100.0
2018	13.4	24.0	22.4	40.2	62.6	100.0
2019	12.9	24.7	21.4	41.0	62.4	100.0

*Based on the year the expenses were incurred, rather than the year in which funds were received.

As shown in the table, between 2014 and 2019, the consortia's total IM costs have increased by

approximately 33%. During the past three years, the percentage of the consortia's costs paid by the state (13%), counties and (25%) and the federal government (62%) has remained fairly constant. The table also shows that county costs have increased by nearly \$5.0 million from 2016 to 2019.

2. The state, counties, and the federal government share in the costs of funding most human services programs administered by counties and tribes, such as child welfare, child support enforcement, and behavioral health programs. As with other human services programs, the effective delivery of income maintenance services benefits both the residents of the county or tribe in which these services are provided, and the state, which must ensure compliance with federal law and policy as a condition of receiving federal funds that support these services.

3. DHS uses three primary measures of IM consortia workload -- total caseloads, the number of calls, and the number of applications IM agencies receive. With respect to caseloads, the number of Medicaid and FoodShare participants do not correspond on a one-to-one basis to IM caseloads. All FoodShare members within a given household are part of a single FoodShare case. Medicaid eligibility cases can also represent households with multiple Medicaid members. Further, a household that is enrolled in multiple public benefit programs is usually counted as a single case.

4. Table 2 provides information on IM workload using these three measures for calendar years 2014 through the first three months of 2021.

TABLE 2

Average Monthly Caseload, Calls and Applications

<u>Calendar Year</u>	<u>Average Monthly Caseload</u>	<u>Average Monthly Calls</u>	<u>Average Monthly Applications</u>
2014	488,559	157,893	18,555
2015	487,475	155,912	15,746
2016	478,284	153,676	15,851
2017	474,459	148,540	15,643
2018	472,513	140,735	14,993
2019	470,351	134,421	14,990
2020	493,723	114,513	15,565
2021 (thru March)	547,110	72,619	25,087

5. As shown in Table 2, the average monthly caseloads and applications for public assistance programs managed by the IM consortia increased significantly in 2020, and have continued to increase in the first three months of 2021. The growth in caseloads is due to several factors, including the economic downturn resulting from the COVID-19 pandemic and the provision in the federal Families First Coronavirus Response Act that Medicaid provide continuous coverage to all enrollees for the duration of the federal public health emergency period, as a condition of receiving enhanced federal matching funds. When the continuous coverage period ends, all of these cases will need to be reprocessed, which will increase workload for the IM agencies in the 2021-23 biennium.

Since the national public health emergency is likely to continue through calendar year 2021, caseloads are likely to continue to increase at least until 2022. The administration projects that Medicaid and FoodShare enrollment will be higher through the 2021-23 biennium than it was prior to the beginning of the COVID-19 pandemic. However, it is uncertain when caseloads will begin to level off, and how quickly the caseloads may decrease once the national public health emergency ends.

6. The Governor's 2021-23 budget would provide \$3,613,200 (\$1,445,300 GPR and \$2,167,900 FED) in 2021-22 and \$5,292,400 (\$2,117,000 GPR and \$3,175,400 FED) in 2022-23 to fund projected workload increases for income maintenance (IM) consortia and tribal IM agencies in the 2021-23 biennium.

The funding increase reflects the administration's fall, 2020 estimates, that total caseloads would increase from an estimated average monthly caseload of 520,876 in 2020-21 to 557,271 in 2021-22 and 579,117 in 2022-23. The recommended funding increase is intended to maintain the same level of state support per case in the 2021-23 biennium as the administration estimates the state provided in calendar year 2020 (\$75.72 per case). This recommendation includes funding increases for tribal IM agencies that are proportional to the funding increases that would be provided to support the county IM consortia.

7. Table 3 summarizes the administration's estimates relating to this item.

TABLE 3

Summary of Governor's Budget Recommendations

State Fiscal Year	Avg. Monthly Caseload	Avg. Cost per Case	Total Costs
2019-20	475,489	\$75.72	\$36,002,000
2020-21	520,876	75.72	39,438,500
2021-22	557,271	75.72	42,194,200
2022-23	579,117	75.72	43,848,200
Base (CY 2021)			\$38,635,200
Funding			
Change to Base -- Consortia			
2021-22	\$1,423,600	\$2,135,400	\$3,559,000
2022-23	2,085,200	3,127,800	5,213,000
Change to Base -- Tribes			
2021-22	\$21,700	\$32,500	\$54,200
2022-23	31,800	47,600	79,400
Total Change to Base			
2021-22	\$1,445,300	\$2,167,900	\$3,613,200
2022-23	2,117,000	3,175,400	5,292,400

8. Actual IM caseloads through March, 2021, are greater than those projected by the administration at the time of the DHS 2021-23 budget submission. For example, in September, 2020, DHS projected IM consortia caseload would total 431,814. The March, 2021, caseload for the IM consortia was 474,873.

9. The administration's proposal to use actual and projected caseload increases as the basis of providing additional funding to IM consortia and tribes appears reasonable, since the actual costs the consortia and tribes will incur in providing IM services in the 2021-23 biennium will not be known until months after the close of each calendar year. Based on recent increases in caseloads and the likelihood that IM caseloads will remain higher in the 2021-23 biennium than they were in the previous biennium, the Committee could adopt the proposed funding increase for the IM consortia and tribes (Alternative 1).

10. On the other hand, recent program history suggests that caseloads do not appear to be a major factor in determining IM costs. As shown in Table 1, from 2014 through 2019, total costs borne by the IM consortia increased by approximately 33%. During the period, the average monthly number of cases managed by the IM consortia decreased from 488,559 in calendar year 2014 to 470,351 in 2019 (-3.7%). Other factors, including increases in salary and fringe benefit costs of county personnel, have increased the consortia's costs. Further, recent changes in state and federal policy regarding eligibility determinations and redeterminations, together with increased efforts to reduce and prevent program fraud, have likely contributed to the consortia's and tribes' cost increases.

11. If, by providing additional state funds, counties and tribes increase their spending on IM functions, DHS would claim additional federal funds to support approximately 60% of the total increase in eligible costs. However, counties could potentially use some of the additional state funding to reverse the recent increases in property tax support for the consortia.

12. The federal American Rescue Plan Act of 2021 provided \$1.135 billion as grants to states to support expenses of administering the supplemental nutrition assistance program (SNAP, FoodShare in Wisconsin). This funding will be available to support eligible costs incurred in federal fiscal years (FFYs) 2020-21, 2021-22, and 2022-23. In a March 12, 2021, guidance memorandum to state agencies, the U.S. Department of Agriculture, Food and Nutrition Services (FNS) indicated that in FFY 2020-21 and 2021-22, FNS will allocate \$445 million to state agencies and in FFY 2022-23, FNS will allocate \$245 million to state agencies. As required by the Act, for each fiscal year, 75 percent will be allocated based on each state's respective share of households that participate in SNAP for the most recent 12-month period for which data are available. The remaining 25 percent will be allocated based on the increase in the number of households that participate over the most recent 12-month period for which data are available. These allocations will be adjusted for participation in disaster SNAP programs as specified by the Act.

13. FNS has not yet notified Wisconsin of its FFY 2020-21 grant award, nor has the agency indicated what SNAP administrative costs can be supported with these grants. However, FNS has indicated that states will not need to provide any state matching funds as a condition of receiving these grants. Federal Funds Information for States estimates that Wisconsin's allocation of these funds will total \$18.7 million for the three-year period. It is likely that some FoodShare-related IM costs incurred by the IM consortia and tribes will be eligible for 100% federal funding, supported from these grants.

14. If the Committee wishes to provide additional funding to support local IM functions in the 2021-23, it could consider several options to increase base GPR funding by a percent increase, as shown in the Table 4.

TABLE 4
Alternative Funding Proposals -- IM Consortia and Tribes

	2021-22			2022-23		
	GPR	FED	All Funds	GPR	FED	All Funds
Increase Base by 3%, Beginning in 2021-22	\$454,000	\$681,000	\$1,135,000	\$454,000	\$681,000	\$1,135,000
Increase Base by 5%. Beginning in 2021-22	756,600	1,134,900	1,891,500	756,600	1,134,900	1,891,500
Increase Base by 3% in 2021-22 and 6% in 2022-23	454,000	681,000	1,135,000	908,000	1,362,000	2,270,000
Increase Base by 5% in 2021-22 and 10% in 2022-23	756,600	1,134,900	1,891,500	1,513,300	2,270,000	3,783,300

15. If no additional state funding is provided to support the IM functions of the consortia and tribes, any increases in the cost of providing IM services in the 2021-23 biennium would be funded from local funds and federal funds. The federal funding could include a portion of the state grants for SNAP administration the state will receive under ARPA.

ALTERNATIVES

1. Provide \$3,613,200 (\$1,445,300 GPR and \$2,167,900 FED) in 2021-22 and \$5,292,400 (\$2,117,000 GPR and \$3,175,400 FED) in 2022-23 to maintain the estimated average calendar year 2020 state support per IM case, based on the administration's IM caseload projections through the 2021-23 biennium.

ALT 1	Change to Base
GPR	\$3,562,300
FED	<u>5,343,300</u>
Total	\$8,905,600

2. Provide \$1,135,000 (\$454,000 GPR and \$681,000 FED) annually to increase base funding for the IM consortia and tribes by 3%, beginning in 2021-22.

ALT 2	Change to Base
GPR	\$908,000
FED	<u>1,362,000</u>
Total	\$2,270,000

3. Provide \$1,891,500 (\$756,600 GPR and \$1,134,900 FED) annually to increase base funding for the IM consortia and tribes by 5%, beginning in 2021-22.

ALT 3	Change to Base
GPR	\$1,513,200
FED	<u>2,269,800</u>
Total	\$3,783,000

4. Provide \$1,135,000 (\$454,000 GPR and \$681,000 FED) in 2021-22 and \$2,270,000 (\$908,000 GPR and \$1,362,000 FED) in 2022-23 to increase base funding for the IM consortia and tribes by 3%, in 2021-22 and by 6% in 2022-23.

ALT 4	Change to Base
GPR	\$1,362,000
FED	<u>2,043,000</u>
Total	\$3,405,000

5. Provide \$1,891,500 (\$756,600 GPR and \$1,134,900 FED) in 2021-22 and \$3,783,300 (\$1,513,300 GPR and \$2,270,000 FED) in 2022-23 to increase base funding for the IM consortia and tribes by 5% in 2021-22 and by 10% in 2022-23.

ALT 5	Change to Base
GPR	\$2,269,900
FED	<u>3,404,900</u>
Total	\$5,674,800

6. Take no action.

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