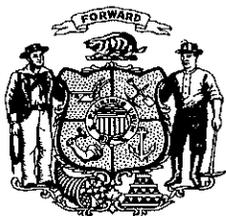


State of Wisconsin

SENATE CHAIR
Alberta Darling

317 East, State Capitol
P.O. Box 7882
Madison, WI 53707-7882
Phone: (608) 266-5830



ASSEMBLY CHAIR
John Nygren

309 East, State Capitol
P.O. Box 8593
Madison, WI 53708-8953
Phone: (608) 266-2343

Joint Committee on Finance

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Alberta Darling
Representative John Nygren

Date: February 25, 2016

Re: s. 16.515/16.505(2), Stats. Request

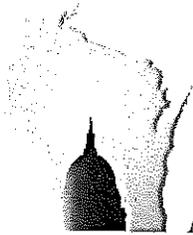
Attached is a copy of a request from the Department of Administration, received February 25, 2016, pursuant to s. 16.515/16.505(2), Stats., on behalf of the Department of Health Services.

Please review the material and notify **Senator Darling** or **Representative Nygren** no later than **Tuesday, March 15, 2016**, if you have any concerns about the request or if you would like the Committee to meet formally to consider it.

Also, please contact us if you need further information.

Attachments

AD:JN;jm



**WISCONSIN DEPARTMENT OF
ADMINISTRATION**

SCOTT WALKER
GOVERNOR

SCOTT A. NEITZEL
SECRETARY

Office of the Secretary
Post Office Box 7864
Madison, WI 53707-7864
Voice (608) 266-1741
Fax (608) 267-3842

Date: February 24, 2016
To: The Honorable Alberta Darling, Co-Chair
Joint Committee on Finance
The Honorable John Nygren, Co-Chair
Joint Committee on Finance
From: Scott A. Neitzel, Secretary
Department of Administration
Subject: s. 16.515/16.505(2) Request(s)

RECEIVED
FEB 25 2016

BY: *St. Finance*

SN

Enclosed are request(s) that have been approved by this department under the authority granted in s. 16.515 and s. 16.505(2). The explanation for each request is included in the attached materials. Listed below is a summary of each item:

AGENCY	DESCRIPTION	2015-16		2016-17	
		AMOUNT	FTE	AMOUNT	FTE
DHS 20.435(6)(jm)	Licensing and support services	\$114,300	3.78	\$274,400	3.78

As provided in s. 16.515, the request(s) will be approved on March 16, 2016, unless we are notified prior to that time that the Joint Committee on Finance wishes to meet in formal session about any of the requests.

Please contact Kirsten Grinde at 266-1353, or the analyst who reviewed the request in the Division of Executive Budget and Finance, if you have any additional questions.

Attachments

Date: February 12, 2016
To: Michael Heifetz
From: Ryan Hutter
Subject: Section 16.515/16.505(2) Request(s)

Attached is a s. 16.515/505(2) request analysis for your approval and processing. Listed below is a summary of each item:

DOA RECOMMENDATION:

<u>AGENCY</u>	<u>DESCRIPTION</u>	<u>2015-16</u>		<u>2016-17</u>	
		<u>AMOUNT</u>	<u>FTE</u>	<u>AMOUNT</u>	<u>FTE</u>
DHS 20.435(6)(jm)	Licensing and support services	\$114,300	3.78	\$274,400	3.78

AGENCY REQUEST:

<u>AGENCY</u>	<u>DESCRIPTION</u>	<u>2015-16</u>		<u>2016-17</u>	
		<u>AMOUNT</u>	<u>FTE</u>	<u>AMOUNT</u>	<u>FTE</u>
DHS 20.435(6)(jm)	Licensing and support services	\$114,300	3.78	\$274,400	3.78

MH APPROVAL MLH 02-15-16 (FORWARD TO KIRSTEN GRINDE)



**WISCONSIN DEPARTMENT OF
ADMINISTRATION**

SCOTT WALKER
GOVERNOR

SCOTT A. NEITZEL
SECRETARY

Office of the Secretary
Post Office Box 7864
Madison, WI 53707-7864
Voice (608) 266-1741
Fax (608) 267-3842

Date: February 12, 2016

To: Scott A. Neitzel, Secretary
Department of Administration

From: Ryan Hutter
Executive Policy and Budget Analyst

Subject: Request under s. 16.505/515 from the Department of Health Services for the creation of program revenue-funded positions.

Request:

The Department of Health Services requests the creation of 3.78 FTE program revenue-funded permanent positions beginning in fiscal year 2015-16 and an increase in expenditure authority of \$114,300 in fiscal year 2015-16, and \$274,400 in fiscal year 2016-17, to reduce a backlog of inspections of assisted living facilities and maintain annual workload.

Revenue Source for Appropriation:

The positions would be funded from the department's licensing and support services appropriation under s. 20.435(6)(jm). The revenue source for the positions includes fees assessed to providers for certification of adult day centers, plan review of hospitals and community-based residential facilities.

Background:

The Bureau of Assisted Living in the Division of Quality Assurance regulates and enforces health and safety standards in facilities that serve frail elders and people with disabilities, including community-based residential facilities, adult family homes, residential care apartment complexes and adult day care.

Since 2003, the number of assisted living facilities has grown at an annual average rate of 5 percent, increasing from 2,370 in 2003, to 3,881 in 2015. During this same period, the level of staffing within the Bureau of Assisted Living increased from 28 FTE positions in 2003, to 31 in 2015, resulting in the number of regulated facilities per surveyor growing from 85 to 118 annually. The department anticipates this number to grow to 132 by 2017.

As the number of facilities regulated by the Bureau of Assisted Living has increased, the bureau has undertaken steps to mitigate the increased workload. The bureau has prioritized workload to address facilities that have not been surveyed in five years, complaints, verification visits with enforcement, provider self-reports and initial provider applications. The bureau also introduced an abbreviated survey process for qualifying providers with good compliance history. Further, the bureau has attempted to better educate providers through methods, such as forums and workshops, that reach a wider audience rather than its former focus on providing more onsite technical assistance. Finally, the bureau has implemented clerical efficiencies through electronic licensing and a centralized records system.

Analysis:

The department requests 3.78 FTE program revenue-funded permanent positions and has received approval for 2.22 FTE federally-funded permanent positions in a separate request under s. 16.54, Wis. Stats. The 3.78 FTE program revenue-funded health services specialist 1 positions would maintain the annual workload for the bureau, as well as address the substantial backlog that has accumulated with the increase in the number of facilities. The department estimates the backlog will take approximately 27,000 hours to eliminate, having grown at an average rate of 4 percent annually. Specifically, in August, there were 269 open complaints, 165 facilities pending an initial survey, 145 facilities that have not been resurveyed in over two years, 145 self-reports and 304 verification visits pending. Self-reports occur when the provider notifies the Division of Quality Assurance of complaints received, while verification visits are completed to assure compliance with earlier findings.

The department requests an ongoing base expenditure authority increase of \$114,300 PR in fiscal year 2015-16, and \$274,400 PR in fiscal year 2016-17, in its licensing and support services appropriation under s. 20.435(6)(jm) to support the cost of the positions. A fee increase for licensing and support services was authorized in the 2009-11 biennial budget, resulting in a 27 percent increase across assisted living providers. As a result, the department anticipates ongoing revenue in this appropriation will be sufficient to support the ongoing costs of the positions. The fees are constructed and implemented by the department and include certification of adult day centers, plan review of hospitals and community-based residential facilities, acquiring and providing information, and providing workshops and seminars. Denial of the request would result in the department's inability to address the backlog.

While the department has attempted to mitigate the increase in workload over the past few years through implementation of efficiency strategies, ultimately, the number of surveys the department must complete has continued to grow.

Recommendation:

Approve the request. The positions would play a key role in reducing the backlog in the Bureau of Assisted Living and improving the ability of the bureau to effectively perform its duties.



State of Wisconsin
Department of Health Services

Scott Walker, Governor
 Kitty Rhoades, Secretary

October 8, 2015

Mr. Michael Heifetz
 State Budget Director
 Department of Administration
 10th Floor, 101 East Wilson Street
 Madison, WI 53702

Dear Mr. Heifetz:

Under the provisions of s. 16.515 and s. 16.505, the Department of Health Services requests an increase of \$480,200 PR and 3.78 PR FTE in the 2015-17 biennium under s. 20.435 (6) (jm), *Licensing and Support Services*, as shown in the table below. The Department requests the amounts for FY17 as an ongoing base increase. The expenditure authority increase is requested to fund new positions from program revenue generated from licensing and certification fees. The additional FTE in this request are needed to reduce the substantial backlog of inspections of assisted living facilities and maintain annual workload for the growing industry. The Department is also requesting 2.22 FTE FED under s. 16.54 for the federally funded portion of assisted living facility survey staff in a separate request.

FY	Source	FTE	Cost
FY16	FED	2.22	\$ 120,900
	PR	3.78	\$ 205,800
		FY16 Total	\$ 326,700
FY17	FED	2.22	\$ 161,100
	PR	3.78	\$ 274,400
		FY17 Total	\$ 435,500

Source of Revenue

The *Licensing and Support Service* appropriation under s. 20.435 (6)(jm) is funded through program revenue received through fees paid for licensing and certification and funds costs for inspecting, licensing or certifying, and approving facilities, issuing permits, and providing technical assistance to assisted living and other health facilities. This program received a fee increase in the 2009-11 budget, which has resulted in a cash balance. The Department anticipates that ongoing revenue in this appropriation will be sufficient to support the FTE in this request.

Background

The Bureau of Assisted Living (BAL) in the Division of Quality Assurance regulates assisted living facilities. These facilities include community based residential facilities, adult family homes, residential care apartment complexes, and adult day care. These facilities serve frail elders and people with disabilities, many of whom have significant care needs. The Bureau enforces health and safety standards in the facilities to ensure the vulnerable adults they serve receive the care they need.

The number of assisted living facilities has grown at an annual average rate of five percent since 2003, increasing from 2,370 in 2003 to 3,881 in 2015. This growth is driven by expanded community long term care programs, which provide individuals alternatives to institutional care.

Mr. Michael Heifetz

October 8, 2015

Page 2 of 2

During this period, the level of staffing within BAL has remained nearly level, increasing only from 28 in 2003 to 31 in 2015. As a result, the number of BAL regulated facilities per surveyor has increased from 85 to 118 annually.

The BAL has mitigated increased workload resulting from industry growth through a variety of process changes. First, the BAL prioritizes workload by addressing complaints, verification visits with enforcement, provider self-reports, facilities that have not been surveyed in five years, and initial provider applications first. The BAL also introduced an abbreviated survey process for qualifying providers with good compliance history. The abbreviated process focuses on observations and interviews to evaluate how individual needs and consumer preferences are met. In addition, BAL surveyors provide less onsite technical assistance and instead attempt to educate providers through methods that reach a wider audience. Finally, clerical efficiencies are being implemented through e-licenses and a centralized records system.

The Department is requesting surveyor staff to maintain the annual workload for this growing industry, as well as address the substantial backlog, which has grown at an average rate of four percent annually. As of August, 2015, there were 269 open complaints, 165 facilities pending an initial survey, 145 facilities that have not been re-surveyed in over two years, 145 self-reports and 304 verification visits pending. It is estimated the backlog will take approximately 27,000 hours to complete.

In summary, the Department requests an increase of 6 FTE, of which 1.7 are needed to address ongoing annual growth in facilities and the remaining 4.3 will help reduce the backlog. The additional FTE requested will allow the backlog to decrease substantially, yet not be eliminated unless additional FTE are added regularly to meet the annual workload. If no changes are made to FTE and the industry continues to grow at 5 percent annually, the number of facilities per surveyor is expected to grow to 132 (see table below).

	2003	2015	2016	2017
Number of Facilities	2,370	3,881	4,141	4,348
Number of Surveyors	28	33	33	33
Facilities per Surveyor	85	118	125	132

Request

The Department requests an increase to the expenditure authority in s. 20.435 (6) (jm) of \$205,800 PR in FY 16 and \$274,400 in FY 17 and ongoing, and 3.78 PR FTE in FY 16 and FY 17 and ongoing. This, combined with a request for additional federally funded positions and expenditure authority, will allow for BAL to maintain annual workload through the 2015-17 biennium and reduce the substantial backlog of Assisted Living facility surveys.

Sincerely,



Kitty Rhoades
Secretary