



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #460

Program Revenue Lapses (DHFS -- Departmentwide and Management and Technology)

[LFB 2001-03 Budget Summary: Page 342, #3]

CURRENT LAW

The Department of Health and Family Services (DHFS) receives program revenue from a variety of sources. These revenues are credited to DHFS program revenue appropriations to support programs and services that benefit the individuals and entities that paid the fees.

GOVERNOR

Lapse program revenue totaling \$2,742,500 in 2001-02 and \$200,000 in 2002-03 to the general fund. The Governor recommends lapsing the following amounts, derived from the fees indicated, on the last day of the indicated fiscal year: (a) fees paid by persons seeking information on birth parents and fees paid for DHFS review, certification and approval of documents used for the adoption of foreign children (\$94,300 in 2001-02); (b) surcharges paid by persons convicted of substance abuse offenses (\$648,200 in 2001-02); (c) surcharges paid by persons convicted of operating while intoxicated offenses (\$1,000,000 in 2001-02); and (d) fees paid for health facility licensing, inspections and other regulatory activities (\$1,000,000 in 2001-02 and \$200,000 in 2002-03).

DISCUSSION POINTS

Health Facility Review Fees

1. DHFS conducts plan reviews of all capital construction and remodeling of nursing homes, hospitals and community-based residential facilities (CBRFs). By rule, DHFS establishes fees for these plan reviews and supports staff costs of conducting these plan reviews from the fee revenue. Under the Governor's budget bill, \$606,200 PR in 2001-02 and \$633,000 PR in 2002-03 is budgeted to support DHFS health facility plan review activities, including funding reserved for pay plan and health insurance increases. This appropriation supports 5.54 PR full-time equivalent (FTE) positions in the Division of Supportive Services, Bureau of Quality Assurance.

2. Based on current revenue projections and expenditures budgeted in the bill that would be funded from plan review fees, there will be insufficient revenue to lapse the amounts required under the Governor's bill, as introduced. Consequently, unless the bill is modified to reflect this revised projection of unallocated revenues, DHFS would be required to reduce PR expenditures from this appropriation to meet the lapse requirement in the bill.

3. The maximum amount of revenue from this source that can be lapsed to the general fund is \$831,200 PR in 2001-02 and no funding would be available to lapse to the general fund in 2002-03. Consequently, if the Committee wishes to lapse the maximum amount of funding from this revenue source, as recommended by the Governor, it could lapse \$831,200 PR in 2001-02 from this source. This amount is \$168,800 in 2001-02 and \$200,000 in 2002-03 less than the amounts DHFS would be required to lapse under the bill.

Fees for Information on Birth Parents

4. DHFS collects fees paid by persons who seek information on birth parents and fees paid for DHFS review, certification and approval of documents used for the adoption of foreign children. This fee revenue currently supports 1.0 PR FTE position and associated costs in the Division of Children and Family Services.

A review of projected revenues and budgeted expenditures in the Governor's bill indicates that there is sufficient revenue from this source to lapse \$94,300 PR in 2001-02 to the general fund, as recommended by the Governor.

OWI Surcharge Revenues

5. Persons convicted of operating while intoxicated offenses are required to pay an operating while intoxicated (OWI) surcharge, which is currently \$345. Of the revenue generated from the surcharge, 38.5% is deposited to a DHFS clearinghouse appropriation and transferred to various agencies for programs related to alcohol abuse and law enforcement. For example, DHFS is budgeted \$1,000,000 PR annually to fund payments to counties to offset the costs of assessments and the development of driver safety plans. The Governor's bill includes a

provision that would increase the surcharge to \$355 to partially fund an increase for the Wisconsin State Laboratory of Hygiene.

A review of projected revenues and budgeted expenditures in the Governor's bill indicates that there is sufficient revenue from this source to lapse \$1,000,000 PR in 2001-02 to the general fund, as recommended by the Governor.

Drug Abuse Program Improvement Surcharge Revenues

6. Persons convicted of certain controlled substances-related offenses are assessed a surcharge equal to 50% of the amount of any applicable fine and penalty assessment. Revenue from the surcharge supports several DHFS substance abuse prevention, intervention and treatment programs, such as the Alliance for a Drug-Free Wisconsin, substance abuse treatment services for persons who are deaf, hard of hearing and deaf blind and several substance abuse-related staff positions in DHFS.

7. Based on the Governor's budget recommendations, including the recommendation to lapse \$648,200 from this source in 2001-02, the drug abuse program improvement surcharge appropriation is projected to have a balance of approximately \$530,000 at the end of the 2001-03 biennium. Although it may be prudent to retain a balance in this appropriation, the Committee may wish to consider modifying the Governor's budget recommendation by lapsing an additional \$250,000 PR in 2001-02 and \$250,000 PR in 2002-03 to the general fund. However, this projected balance may not be available if the Committee selects alternative A4 in LFB Paper #517.

WisconCare Carryover Funds

8. The Governor's budget bill does not include a provision to lapse PR funds budgeted for the WisconCare program to the general fund. However, the Committee may wish to lapse an amount of funding that is available on a one-time basis from this source.

9. WisconCare provides primary health care services, including diagnostic laboratory and x-ray services, prescription drugs and nonprescription insulin and insulin syringes. DHFS is directed to maximize the amount of donated and reduced rate services from participating providers. Eligibility for the program is limited to individuals who have not health insurance, are unemployed or underemployed, and whose family income does not exceed 150% of the federal poverty level.

The costs of the WisconCare program, together with the costs of making graduate medical education payments to hospitals under the MA program, are supported through an annual assessment on hospitals. In each year, DHFS assesses hospitals a total of \$1.5 million to support these two programs, each of which is funded at \$750,000 PR per year. Each hospital pays its share of the assessment based on its proportional amount of gross private-pay patient revenues during the hospital's most recently concluded fiscal year.

10. At the end of the 1999-00 fiscal year, the PR appropriation for the WisconCare program had a continuing cash balance of \$118,300. This amount of funding was carried forward to support the costs of the WisconCare program in the 2000-01 fiscal year, so that a total of \$868,300 (\$750,000 in base funding and \$118,300 in carryover funds) is available to fund WisconCare in the 2000-01 fiscal year.

DHFS currently projects that it will expend \$750,000 PR for WisconCare in 2000-01. Consequently, DHFS would again carry forward approximately \$118,000 in funding available in the current year to support 2001-02 fiscal year program costs.

Based on this carryover balance, it would be possible to lapse \$100,000 PR from the appropriation in 2001-02 on a one-time basis, while continuing to make available approximately \$750,000 PR in each year of the biennium for the WisconCare program.

ALTERNATIVES TO BILL

A. Health Facility Review Fee Revenues

1. Modify the Governor’s recommendation by lapsing \$831,200 in 2001-02 and \$0 in 2002-03 from revenues paid for health facility licensing, inspections and other regulatory activities, rather than \$1,000,000 in 2001-02 and \$200,000 in 2002-03, as recommended by the Governor.

Alternative A1	GPR- Lapse
2001-03 REVENUE (Change to Bill)	- \$368,800

2. Delete provision.

Alternative A2	GPR- Lapse
2001-03 REVENUE (Change to Bill)	- \$1,200,000

B. Fees for Information on Birth Parents

1. Adopt the Governor’s recommendation to lapse \$94,300 PR in 2001-02 to the general fund from fees paid by persons seeking information on birth parents and fees paid for DHFS review, certification and approval of documents used for the adoption of foreign children.

2. Delete provision.

Alternative B2	GPR- Lapse
2001-03 REVENUE (Change to Bill)	- \$94,300

C. OWI Surcharge Revenues

1. Adopt the Governor's recommendation to lapse \$1,000,000 PR in 2001-02 to the general fund from surcharges paid by persons convicted of OWI offenses.

2. Delete provision.

<u>Alternative C2</u>	<u>GPR- Lapse</u>
2001-03 REVENUE (Change to Bill)	- \$1,000,000

D. Drug Abuse Program Improvement Surcharge Revenues

1. Adopt the Governor's recommendation to lapse \$648,200 PR in 2001-02 from the drug abuse program improvement surcharge moneys to the general fund.

2. Modify the Governor's recommendation by lapsing an additional \$250,000 PR in 2001-02 and \$250,000 PR in 2002-03 from the drug abuse program improvement surcharge moneys to the general fund. [Note: This alternative may need to be modified, depending upon the Committee's action on LFB Paper #514.]

<u>Alternative D2</u>	<u>GPR- Lapse</u>
2001-03 REVENUE (Change to Bill)	\$500,000

3. Delete provision.

<u>Alternative D3</u>	<u>GPR- Lapse</u>
2001-03 REVENUE (Change to Bill)	- \$648,200

E. WisconCare Carryover Funds

1. Lapse \$100,000 PR in 2001-02 from moneys budgeted for the WisconCare program to the general fund.

<u>Alternative E1</u>	<u>GPR- Lapse</u>
2001-03 REVENUE (Change to Bill)	\$100,000

2. Take no action.

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