

Representative Kaufert  
Senator Darling  
Representative Rhoades  
Senator Lazich

HEALTH AND FAMILY SERVICES  
INSURANCE

Medical Assistance

[LFB Papers #375 thru #379, #400 thru #402, and #385 thru #397]

Motion:

Move to adopt the following changes to the Governor's bill.

Items Addressed in LFB Issue Papers

- a. Paper #375 (MA Base Reestimate): (Modification). Increase funding by \$29,913,900 (\$14,002,200 GPR and \$15,911,700 FED) in 2003-04 and by \$18,094,800 (\$7,409,400 GPR and \$10,685,400 FED) in 2004-05 to reflect the projected cost to continue MA benefits in the next biennium, based on current law.
- b. Paper #376 (BadgerCare Base Reestimate): (Modification). Increase funding by \$21,566,900 (\$5,102,300 GPR, \$15,604,600 FED and \$860,000 PR) in 2003-04 and by \$38,728,200 (\$10,380,700 GPR, \$26,951,800 FED and \$1,395,700 PR) in 2004-05 to reflect the projected cost to continue BadgerCare benefits in the next biennium, based on current law.
- c. Paper #377 (SeniorCare Base Reestimate): (Modification). Increase funding by \$14,488,800 (-\$427,600 GPR, \$2,837,700 FED and \$12,078,700 PR) in 2003-04 and by \$8,533,100 (-\$4,588,800 GPR, \$360,300 FED and \$12,761,600 PR) in 2004-05 to reflect the projected cost to continue SeniorCare benefits, based on current law. In addition, create a separate federal SeniorCare benefits appropriation .
- d. Paper #378 (Intergovernmental Transfer for Noninstitutional Services): Modify the Governor's recommendations by: (a) reducing funding by \$14,500,000 SEG in 2003-04 to reflect that the state will continue to claim federal MA matching funds under the existing community services deficit reduction benefit (CSDRB) program in 2003-04 and therefore \$14,500,000 SEG budgeted in SB 44 will not be needed to hold counties harmless; (b) increase funding by \$2,500,000 SEG in 2004-05 to increase funding for CSDRB-related expenditures incurred in calendar years 2002 and 2003; (c) delete references to calendar year 2002 CSDRB payments to instead specify payments based on a plan developed by DHFS; and (d) delete references to emergency

transportation services and school-based services in the PR appropriation that would be created in the bill.

e. Paper #379 (Medical Assistance Trust Fund): Modify the Governor's recommendations by requiring the Department of Administration to submit a report to the Joint Committee on Finance by December 1, 2003, that: (a) compares the amount of funding budgeted for MA benefits under the biennial budget act with projected MA expenditures in the 2003-05 biennium; (b) identifies all federal funding that is available to support MA benefits in the 2003-05 biennium, including any supplemental funding the state may receive as a result of federal legislation, approval of federal waivers or the creation or expansion of intergovernmental transfer programs; and (c) includes proposals and recommendations, including proposed statutory changes, to reduce MA benefits costs if projected expenditures exceed projected revenue.

Delete funding and statutory provisions relating to the following items in the Governor's bill: (a) administrative costs of implementing new IGT programs (\$6,510,000 SEG in 2003-04); (b) noninstitutional provider rates (\$3,047,000 SEG and \$4,551,100 FED in 2003-04 and \$3,218,500 SEG and \$4,804,300 FED in 2004-05); (c) reduce use of nursing homes for the provision of long-term care (\$722,400 SEG, \$31,800 PR, and \$1,002,100 FED in 2003-04 and \$1,455,500 SEG, \$73,900 PR and \$2,014,300 FED in 2004-05); (d) CIP ffi, CIP H and COP-W slots and rates (\$16,963,900 SEG and \$24,757,300 FED in 2003-04 and \$34,910,000 SEG and \$49,054,600 FED in 2004-05); (e) community-support program (\$872,600 SEG in 2004-05); and (f) Family Care expansion to Kenosha County (\$681,100 SEG and \$3,126,800 FED in 2004-05). Delete the Governor's provision relating to requiring counties to offer CIP n and CIP IB services to certain nursing home residents (LFB Budget Summary, p. 241 Item #3).

Correct revenue and funding in the bill relating to supplemental MA payments to school districts and local units of government by: (a) reducing estimated revenue to the MA trust fund by \$17,816,600 SEG in 2003-04 and by \$17,803,600 SEG in 2004-05; and (b) reducing MA benefits funding by \$17,816,600 SEG in 2003-04 to reflect that these revenues would be credited to the federal MA benefits appropriation, rather than deposited to the MA trust fund.

Include session provisions that would express the Legislature's intent to consider funding each of the items described in the previous paragraph, under separate legislation, in the amounts recommended by the Governor, if sufficient federal MA funding is available to support these initiatives.

Specify that, of the funding that is available to the state with the enactment of H.R. 2, the Jobs and Growth Tax Relief Reconciliation Act of 2003, the amounts designated to increase federal cost-sharing for states' MA programs would be budgeted to support MA benefits.

/ Paper #400 (Nursing Home Rate Increase and Bed Tax): Modify the Governor's recommendations by: (a) reducing the monthly assessment on all licensed nursing facility beds to \$75; (b) providing a 3.2 annual rate increase; (c) altering the nursing home reimbursement formula to ensure that the same proportionate share of nursing home funding that is allocated to support the direct care cost center in 2002-03 will be maintained under the proposed reimbursement formula; and (d) requiring DHFS to develop and submit to the Joint Finance Committee, within 60

days of enactment of the bill: (a) a waiver proposal that would exempt certain facilities with a high proportion of private-pay residents or MA-supported residents from the bed assessment; and (b) a report on the feasibility of exempting private-pay residents from the bed assessment.

Decrease funding by \$12,179,000 (\$2,729,500 GPR, \$3,661,700 FED, -\$19,067,700 SEG, and \$497,500 PR) in 2003-04 and by \$1,316,900 (\$5,229,700 GPR, \$18,659,600 FED, -\$25,828,200 SEG, and \$622,000 PR) in 2004-05 to reflect these modifications. In addition, reduce estimated revenue to the MA trust fund by \$16,629,000 in 2003-04 and by \$16,165,900 in 2004-05 to reflect reestimates of revenue to the MA trust fund. Specify that these provisions would be effective July 1, 2003.

g. Paper #401 (Nursing Homes - Labor Region Adjustment): Delete the Governor's recommendations and maintain the requirement that DHFS use the Medicare hospital cost index to calculate the labor region adjustment for nursing homes in St. Croix, Douglas, and Pierce Counties. Increase MA benefits funding by \$213,700 SEG and \$300,200 FED annually to restore funding to support labor region adjustments for nursing homes in these counties.

h. Paper #402 (Limit Placement of Individuals with Developmental Disabilities in ICFs-MR and Nursing Homes): Modify the Governor's recommendations by: (a) repealing the statutory requirement that DHFS make payments for services for individuals that were formerly served by the Christian League for the Handicapped; (b) establishing an effective date of January 1, 2005, rather than January 1, 2004, to be consistent with the funding the Governor recommended for this item; and (c) extend from 90 days to 120 days specified periods by which county departments would be required to develop a plan for providing home- and community-based care to individuals in a noninstitutional setting.

In addition, require DHFS to negotiate a contract with a county that participates in CIP IB in a county subject to these provisions and with facilities subject to these provisions that are located in the county regarding long-term planning for residents placed in these facilities from out of state. Specify that a facility subject to these provisions would be an ICF-MR that is licensed as a private nonprofit organization determined by the federal IRS to be exempt from federal income taxation. Specify that a county that is subject to these provisions is a county with a population of less than 100,000 in which is located two or more facilities that are subject to these provisions (Jefferson County). Specify that the contract would define the conditions of admission to the facility, community placement, funding, and possible downsizing of the facilities.

i. Paper #385 (Supplemental MA Payments to School Districts and Local Units of Government): Modify the Governor's recommendations by incorporating the administration's request to include changes that would eliminate the distributional effect of decreasing shared revenue payments and increasing MA payments to municipalities for emergency transportation services and including a provision that would authorize a modification to shared revenue payments to adjust a subsequent year's aid payment to reflect any overpayment or underpayment of the supplemental MA payments:

j. Paper #386 (HMO Assessment and Payments): (Alternative 4). Delete the Governor's provision to create an assessment on the gross revenue of HMOs. Modify funding in the bill by

\$47,222,900 (\$13,873,000 GPR, -\$23,630,600 FED, and -\$37,465,300 SEG) in 2003-04 and by ^  
\$58,514,800 (\$8,276,500 GPR, -\$27,078,100 FED, and -\$39,713,200 SEG) in 2004-05 and ^  
decrease estimated revenue to the MA trust fund by \$37,465,300 in 2003-04 and \$39,713,200 in  
2004-05 to reflect the funding changes that would result by deleting this provision.

k. Paper #387 (SeniorCare Enrollment Fee): (Alternative 2a). Establish the SeniorCare enrollment fee at \$30 and modify funding in the bill by -\$17,400 GPR, -\$57,100 FED, and \$74,500 PR in 2003-04 and \$26,800 GPR, \$13,100 FED, and -\$39,900 PR in 2004-05. Additionally, specify that the modification in the enrollment fee would occur for enrollees with benefit periods beginning September 1, 2003, or the first day of the first month following the bill's general effective date, whichever is later;

/. Paper #388 (SeniorCare Benefits): (Alternatives 2 and 4). Modify the Governor's recommendations by specifying that the deductible for SeniorCare enrollees with income above 200 of the FPL would be \$850 annually and increase the copayment for brand name drugs to \$20 for all enrollees and specify that these changes would be effective for benefit periods beginning September 1, 2003, or the first day of the first month following the bill's general effective date, whichever is later. Reduce funding in the bill by \$10,008,300 (-\$4,630,300 GPR, -\$7,874,000 FED, and \$2,496,000 PR) in 2003-04 and by \$14,055,100 (-\$7,224,700 GPR, -\$10,999,100 FED and \$4,168,700 PR) in 2004-05:

m. Paper #389 (Prescription Drug Reimbursement Rates). (Alternative 4b): Provide \$23,453,000 (\$10,281,600 GPR, \$11,722,800 FED, and \$1,448,600 PR) in 2003-04 and \$27,608,500 (\$12,219,000 GPR, \$13,465,400 FED, and \$1,924,100 PR) in 2004-05 to reflect the costs associated with providing a maximum reimbursement rate for brand name and non-readily available prescription drugs under MA, BadgerCare and SeniorCare at the average wholesale price -12, effective August 1, 2003, and to delete the Governor's provision to eliminate the 5 enhanced payment for drugs purchased under SeniorCare.

n. Paper #390 (MA Payment/or Graduate Medical Education): (Alternative 3). Modify the Governor's recommendations by increasing funding by \$9,700,000 (\$4,033,700 GPR and \$5,666,300 FED) in 2003-04 and \$9,700,000 (\$4,037,900 GPR and \$5,662,100 FED) in 2004-05 to restore funding for MA payments for direct GME costs only.

o. Paper #391 (Medicare Crossover Claims for Outpatient Hospital Services): (Alternative 1). Reduce funding by \$3,779,900 (-\$1,589,800 GPR and -\$2,190,100 FED) in 2003-04 and by \$4,164,900 (-\$1,740,300 GPR and -\$2,424,600 FED) in 2004-05 to reflect reestimates of the projected cost savings of the Governor's proposal.

p. Paper #392 (Intensive, In-Home Services for Autistic Children): (Alternative 2). Adopt the Governor's revised recommendations to create an intensive, in-home autism benefit under a community-based waiver program. Provide \$21,014,100 (\$8,612,400 GPR and ^  
\$12,401,700 FED) in 2003-04 and \$21,432,900 (\$8,730,000 GPR and \$12,702,900 FED) in 2004-05 to fund the revised proposal and 0.19 GPR position and 0.25 FED position, beginning in 2003-04. Authorize DHFS to seek a waiver that would include intensive, in-home autism services as a

benefit for children with developmental disabilities or serious emotional disturbances and create a PR appropriation for revenue received from any cost-sharing paid by parents whose children receive publicly-funded waiver services, as required by DHFS.

q. Paper #393 (Mandatory Enrollment in Managed Care Plans for MA Recipients who Receive SSI). Modify the Governor's recommendations to decrease funding by \$6,002,800 (-\$2,496,000 GPR and -\$3,506,800 FED) in 2003-04 and increase funding by \$9,842,500 (\$4,093,500 GPR and \$5,749,000 FED) in 2004-05, to reflect the administration's revised estimates of the projected cost savings of this item. In addition, require DHFS to: (a) work with advocacy groups and managed care organizations in determining the types of services that SSI recipients, particularly those with mental health and substance abuse issues, require, and determining the capitation rates that would be provided under managed care contracts to ensure that those services are available to this population; and (b) submit the proposed managed care contracts to the appropriate standing committees for review before these contracts are offered to managed care organizations.

r. Paper #394 (BadgerCare Premiums): (Alternative 1). Approve the Governor's recommendations to increase the BadgerCare premiums to five percent of a family's monthly income but reduce funding in the bill by -\$1,659,500 (-\$512,400 GPR, -\$1,281,900 FED, and \$134,800 PR) in 2003-04 and by \$2,206,000 (-\$813,300 GPR, and -\$2,040,200 FED, and \$647,500 PR) in 2004-05 and increase PR-REV by \$134,800 in 2003-04 and \$647,500 in 2004-05 to reflect a reestimate of the alternative.

s. Paper #395 (WisconCare and Hospital Assessments): (Modification) Modify the Governor's recommendations by: (a) increasing MA benefits funding by \$1,053,500 FED in 2003-04 and by \$1,053,300 FED in 2004-05 to reflect that federal funding claimed under MA would not change by substituting one state source (GPR) with another (PR); and (b) authorize DHFS to pay outstanding claims related to the WisconCare program from the MA benefits appropriation in 2003-04.

t. Paper #396 (Irrevocable Burial Trusts): (Alternative 5). Delete the Governor's provision. Consequently, on July 1, 2003, the irrevocable burial trust limit would increase to \$3,000, as provided under current law. Increase funding by \$764,600 (\$318,000 GPR and \$446,600 FED) in 2004-05.

u. Paper #397 (Personal Needs Allowance). (Alternative 3). Delete the Governor's provision. Consequently, the personal needs allowance would remain at \$45 per month. Increase funding by \$4,117,800 (\$1,712,400 GPR and \$2,405,400 FED) in 2003-04 and by \$4,117,300 (\$1,712,400 GPR and \$2,404,900 FED) in 2004-05.

#### Other Items Addressed in SB 44

w. Prescription Drug Benefits (LFB Summary - p. 212, #3): Modify the Governor's provision as follows:

First, increase funding in the bill by \$4,809,400 (\$2,000,000 GPR and \$2,809,400 FED) in 2003-04 to reflect a delayed implementation of prior authorization for prescription drugs known as selective serotonin reuptake inhibitors (SSRIs). Prohibit DHFS from requiring prior authorization for prescription drugs used to treat mental illness, including depression, psychosis and bipolar disorder, except that DHFS could require prior authorization for new prescriptions for SSRIs, but not sooner than March 15, 2004. (Prescriptions for patients already stabilized on an SSRI would not require prior authorization). In addition, adopt the language included in Attachment 1 to this motion that relates to the current committee that advises DHFS on prior authorization issues regarding prescription drugs. ^

Second, increase funding in the bill by \$2,207,800 (\$911,800 GPR and \$1,296,000 FED) in 2003-04 and \$2,452,500 (\$1,013,100 GPR and \$1,439,400 FED) in 2004-05 to restore funding for supplemental dispensing fees paid to pharmacies for repackaging and relabeling unused quantities of drugs that were initially dispensed using compliance aids, such as pill minders or blister packaging;

x. MA Payments — Adjustments for Rural Hospitals (LFB Summary — p. 217, #8): provide \$2,253,200 (\$937,000 GPR and \$1,316,200 FED) in 2003-04 and \$2,252,900 (\$937,000 GPR and \$1,315,900 FED) in 2004-05 to restore funding for supplemental payments for inpatient services provided by rural hospitals and retain current statutory provision regarding the supplemental payments.

y. MA Services - Eliminate Community-Based Psychosocial Benefit (LFB Summary - Page 221, #17). Delete the Governor's provision. Consequently, community-based psychosocial services, including case management services, provided by the staff of a certified community support program, would be a service covered under the state's MA program.

In addition, authorize DHFS to promulgate emergency rules regarding: (a) standards for eligibility, scope of services and certification requirements; and (b) conditions for MA coverage of these services. Provide that the emergency rules could remain in effect until the date on which permanent rules take effect.

z. MA Eligibility - Spousal Impoverishment Asset Limit (LFB Summary - p. 227, #26): Delete the Governor's provision that would change the state's community spouse resource allowance to a single standard of \$50,000. Increase funding by \$111,000 (\$46,200 GPR and \$64,800 FED) in 2003-04. and by \$333,300 (\$138,600 GPR and \$194,700 FED) in 2004-05.

#### Other MA-Related Items

aa. Milwaukee County General Assistance Medical Program: Increase funding in the bill by \$5,139,400 (\$2,139,400 PR and \$3,000,000 FED) in 2004-05 to increase IGT funding provided by Milwaukee County to support MA payments to hospitals in Milwaukee County, which is used to support the costs of Milwaukee County's general assistance medical program. ^

bb. Long-Term Care Insurance Premiums and SeniorCare. Specify that premiums paid for long-term care insurance can count towards an enrollees' spenddown requirement under

SeniorCare.

Note:

This motion addresses many of the medical assistance benefits funding items in the Governor's bill.

Attachment 2 to this motion lists the fiscal effect of each item.

[Change to Bill: \$104,724,100 GPR, \$11,063,600 FED, -\$219,844,600 SEG, \$41,103,500 PR, -\$145,593,600 SEG-REV, \$40,089,700 PR-REV, 0.19 GPR position, -0.25 FED position and -0.50 PR position]