

Governor's 2009-11 Biennial Budget: DHS Items Affecting Counties

I. Guiding Principles

- Minimize reductions to direct services for vulnerable populations as much as possible given the state's fiscal condition
- Maintain the health care, including behavioral health care, safety net
- Maximize administrative savings through streamlining and other efficiencies
- Expand incentives for community care options, to create better care outcomes and cost savings in the 2009-11 biennium and long term

II. Maintaining Health Care Safety Net and Core Human Services Funding

A. Medicaid

- The Governor's Budget preserves the health care safety net for low income families, frail elders, and people with disabilities by fully funding the Medicaid, BadgerCare Plus, and SeniorCare programs, with no changes to benefits or eligibility in the programs.
 - The budget assumes GPR savings from the higher federal Medicaid matching rate provided by the federal stimulus legislation. Reimbursement to counties for county matched Medicaid services (such as CSP) will stay at the regular, non-enhanced, match rate.
- The Governor's Budget also moves forward with the BadgerCare Plus Childless Adults expansion, which began in Milwaukee County in January 2009. Starting in July 2009, the program will be extended statewide, funded with a hospital assessment.
- The budget also directs the Department to identify roughly \$150 million GPR in savings in the Medicaid budget over the biennium. Preserving eligibility will remain a priority but other changes may need to be considered.
- The budget continues the WIMCR program in its current form.
- For nursing homes, the budget includes a 2% rate increase in FY 10 and a further 2% in FY 11, funded with an increase in the nursing home rate assessment. The assessment will increase from \$75 to \$170 per bed by FY 11, and will also generate approximately \$26 million GPR in savings in 2009-11.
- The budget has the following provisions regarding payments to county nursing homes for their operating deficits:

- The budget maintains the \$37 million supplemental payment to county homes
- Current statute maintained, except modified to allow higher than budgeted revenues in FY 09 to be used to address the FY 09 Medicaid benefits deficit
- Federal funding claimed for Family Care enrollees in county homes will be used to fund Family Care expansion (\$5.2 million over biennium)

B. Community Aids

1. Overview

- The Community Aids Basic County Allocation (BCA) is the principal state grant program to counties for human services. There is a “Health Services” BCA administered by DHS (\$176 million), and a “Children and Families” BCA administered by DCF (\$67.6 million).
- The Governor’s budget reduces the DHS and DCF BCAs in CY 10 and CY 11, primarily due to reductions in federal funding. Because of the state’s severe fiscal condition, it was not possible to provide GPR to replace the lost federal revenue.
- Also, the timing of payments to counties within the calendar year contract will change.

2. DHS BCA

- Base funding for the DHS BCA will be reduced by roughly 1% in CY 10 and CY 11 (\$4.1 million over two years), compared to CY 09 levels. Of the two year reduction amount, \$1.4 million over the two calendar years is due to federal revenue reductions.
- In addition, \$4.2 million GPR in the DHS BCA will be replaced on a one time basis in CY 10 with federal Substance Abuse Block Grant funds, which will be allocated through the Community Aids Substance Abuse Prevention and Treatment earmarked allocation. The Substance Abuse earmark will increase from \$9,735,600 to \$13,975,400 on a one time basis in CY 10.

3. DCF BCA

- The DCF BCA will be reduced by \$9.5 million or 14% in CY 10 and \$11.1 million or 16% in CY 11
- This reduction is due primarily to reductions in federal IV-E child welfare revenue, resulting from stricter federal eligibility and reimbursement rules

4. Timing of Contract Payments

- DHS and DCF will change the timing of contract payments for the BCAs in both departments to generate one time savings in FY 10. This change will not further

reduce the overall BCA contract for the calendar year, but will mean that counties will receive reimbursement later in the contract period.

- Currently, the Departments issue the calendar year BCA contracts for the full twelve months on January 1. Counties receive contract advances in January, February, and March, and then are reimbursed for actual reported expenses during the remainder of the year.
- Under the new methodology, DHS and DCF will issue contracts for approximately 25% of the annual amount on January 1. The BCA contracts will be increased to their full annual amounts on July 1.
- This change will generate approximately \$55 million GPR in savings in FY 10, and thereby enable the state to avoid much deeper Community Aids reductions.

5. General Relief Program

- The Governor's budget eliminates funding for county General Relief medical programs for services provided after July 2009. Current funding is \$400,000 GPR per year. The statewide implementation of the Medicaid Childless Adults expansion in July 2009 will decrease utilization of county General Relief programs.

6. "State Only" FoodShare Cases

- The budget will discontinue "state optional" FoodShare eligibility. Currently, the state uses GPR to fund benefits for certain non-citizens who are in the country under special immigrant status. The number of individuals affected would be approximately 775. Only two other states have a state only FoodShare program.

III. Continued Expansion of Community Options for Seniors, People with Disabilities, and People with Mental Illness and Substance Abuse

A. Family Care

- The Governor's budget continues statewide expansion of Family Care
- Individuals currently on waitlists will be enrolled over 3 years rather than 2 years
- By the end of FY 11, ADRCs will serve 61 counties and MCO will serve 59 counties and 40,600 consumers.
- Continues current policy regarding the phase down of county contributions and funds Adult Protective Services allocation
- Due to funding restraints, it was not possible to implement an enhanced funding formula for ADRCs
- Assumes higher federal claiming rate for ADRC costs, which results in GPR savings

- For new ADRCs, disability benefit specialist functions and funding will begin 6 months after ADRC implementation
- New funding for Family Care expansion totals \$112 million AF (\$5.6 million GPR) over the biennium
- Funds the Disability Ombudsman contract with \$495,800 AF in FY 10 and \$612,200 AF in FY 11, based on a ratio of 1 ombudsman per 3,500 enrollees
- Expands the types of entities that can become personal care providers, to reflect the fact that counties may discontinue being personal care providers after Family Care implementation.
 - New providers subject to certification by Department's Division of Quality Assurance (DQA)
- Transfers oversight of 1-2 bed adult family homes from counties to the Department's DQA
 - Existing county homes will not need to be recertified. DQA will certify new providers and conduct complaint investigations in new and existing homes.

B. Services for Children with Disabilities

- The budget provides funding to create 1000 new state funded children's long term support waiver slots phased in gradually over four years. Currently there are approximately 3,500 children with disabilities (excluding children with autism) on county waiting lists.

C. Birth to 3 Program

- The governor's budget will expand opportunities for counties to claim federal Medicaid fee for service funding for services provided to children in the Birth to 3 program.
 - The changes will allow counties to claim costs that are in excess of regular Medicaid payments for Medicaid services to Birth to 3 children and allow Medicaid reimbursement for special educator services.
 - The changes will generate an estimated \$2 million in federal revenues per year for counties.
- The budget will also authorize DHS to seek a federal Medicaid home and community based waiver for children enrolled in Birth to 3.
 - The waiver would allow more children to receive Medicaid reimbursement in the program.
 - The budget replaces \$1.5 million GPR with equal amounts of federal funding over the 2009-11 biennium in anticipation of the waiver.
- As with all other grant programs, GPR funding for Birth to 3 will also be reduced by 1% (\$68,800) in each year as a budget savings measure.

D. Southern Wisconsin Center Restructuring

- The Governor’s budget makes funding and position adjustments to reflect the restructuring of Southern Wisconsin Center and the placement of individuals to the community. The Department expects 100 community placements by the end of FY 11. The short term intensive treatment program will expand from 10 to 30 beds.

E. Services to People with Mental Illness and Substance Abuse

1. Overview

- The Governor’s Budget includes several measures to reduce institutionalization and expand community treatment for people with mental illness.
- These changes are intended to reduce costs and improve care and treatment outcomes

2. Mental Health Institutes

- The Governor’s budget will require counties to contribute to the cost of care for children and elderly patients at Mendota and Winnebago Mental Health Institutes
- The change will create financial incentives to care for children and the elderly in the community and reduce population pressures at the Institutes.
- Currently, the Medicaid program funds care for Medicaid eligible county patients who are younger than 22 or older than 64. Counties currently pay the full cost for county patients aged 22 to 64, because federal law prohibits Medicaid reimbursement for these individuals.
- Under the Governor’s budget, counties will be charged the non federal share of costs for children and elderly civil patients starting in CY 10. This change will:
 - Create \$4.7 million GPR in savings in FY 10 and \$8.9 million GPR in FY 11 in the Medicaid program due to decreased Institute utilization and/or increased payments from counties
 - Encourage counties to serve children and elders in the community. Community-based services can be effective in stabilizing an individual without institutionalization, and counties that encourage the use of these programs have seen significant reductions in the number of EDs and short term admissions at the MHIs.
 - Reduce population pressures at the Institutes. Encouraging community based treatment through programs such as crisis intervention will allow MHI staff to provide more comprehensive treatment to long term patients. Reducing the number of overall admissions may also help to alleviate the overtime usage at the MHIs.
- The budget also includes language to require local law enforcement agencies to consult with county crisis intervention staff before admitting individuals to the

Institutes under emergency detention. This language will help ensure that county staff can intervene to stabilize the individual in the community, thereby helping to avoid a costly institutional admission.

- The budget also reduces the maximum inpatient treatment period from 12 to 6 months for people judged incompetent to stand criminal trial, which will reduce forensic waiting lists and create a small amount savings at the institutes.

3. Community Mental Health Services

- The budget provides a \$1 million GPR increase in FY 10 and \$3 million GPR in FY 11 for community support program, crisis intervention, and comprehensive community services.
 - These funds are intended to provide counties with additional resources to avoid institutionalization for people with mental illness by expanding community treatment options.
- *Community Recovery Services* The Governor's budget contains the necessary statutory and appropriation changes to enable counties to claim federal Medicaid funds for psychosocial rehabilitation and habilitation services for people with mental illness under s. 1915i of the federal Social Security Act. The program will provide \$7 million FED annually, based on an estimated 15 counties participating. Fifteen counties have expressed interest in offering both psychosocial rehabilitation and habilitation services. Any county willing to offer both services is eligible for the funding.
- The Governor's Budget includes \$381,100 in funding to expand Medicaid and BadgerCare Plus services to include brief screening, intervention and treatment services, known as SBIRT, to begin to address the high rates of alcohol consumption, binge drinking, and heavy drinking in Wisconsin in FY 11. The expansion of SBIRT services to Medicaid recipients is expected to reduce the demand on county emergency health services and on limited county public health and mental health budgets.

IV. Changes to Service Delivery and Administrative Functions

A. Income Maintenance Funding:

- DHS provides funding to counties for Medicaid and FoodShare eligibility functions through Income Maintenance (IM) contracts. CY 09 contracts totaled \$52 million AF.

- For several years, the Department was able to provide a \$4.1 million supplement to the county contracts using one time funding. The one time funds are exhausted, and because of the extreme fiscal challenges in the 2009-11 biennium, the Governor's budget does not include new funding to continue the supplement. In addition, along with all other DHS grant programs and administrative appropriations, income maintenance contracts will be cut by 1% beginning in CY 10, and the contract supplement for the original 5 Family Care counties will be eliminated. As a result, total funding for income maintenance contracts will equal \$46.5 million AF.
- Because of the state's fiscal challenges, additional funding to counties for income maintenance is unlikely in the foreseeable future. At the same time, counties face ongoing cost pressures for the program. For this reason, the Department encourages counties to explore opportunities to improve efficiencies and potential collaboration going forward.

B. Medicaid Fraud Prevention

- The Department currently funds county fraud investigation and fraud prevention efforts with GPR and program revenue from the collection of overpayments. The Governor's budget will limit contracts (and county responsibilities for these functions) to the amount of available collection revenues, which will reduce funding by \$500,000 GPR per year. The Department has chosen to no longer subsidize an operation that should be supported entirely from fraud collections.

C. Medicaid Transportation Manager

- Currently, the Medicaid program funds specialized medical vehicle (SMV) and common carrier transportation for Medicaid participants on a fee for service basis in most cases.
- The Governor's budget proposes to implement a transportation manager for Medicaid SMV and common carrier services statewide. The manager will provide centralized scheduling, dispatch, and provider reimbursement. It will relieve counties of the responsibility of administering common carrier transportation.
- Several other states have achieved cost savings by implementing a Medicaid transportation management system, through more efficient vehicle dispatch, ride sharing, and fraud reduction. The Governor's budget assumes \$7 million GPR in savings for this item in 2009-11.
- Transportation for Family Care consumers will not be included in the transportation manager; instead Family Care MCOs will manage both SMV and common carrier transportation for their members.

D. Quality Home Care Authority – Creates statewide authority for home care workers hired by Family Care and IRIS waiver consumers who self direct their services.

V. Other Categorical Grant Programs

- The budget phases out the Alzheimer’s Family Caregiver Support grant (\$1.9 million) as counties implement Family Care. The phase out will generate savings of \$246,700 GPR in FY 10 and \$668,500 GPR in FY 11.
- The budget eliminates the Nursing Home Appeals Board grants (\$1.3 million AF per year). The board is no longer federally required.
- Other county grant program reductions include:
 - Supported Employment (100%/\$60,000/year)
 - Guardianship Technical Assistance Grant (100%/\$100,000/year)
 - Other GPR/PR funded earmarked grant programs to counties will receive reductions of approximately 1%.

VI. DHS State Operations Reductions

- \$24.6 million GPR in administrative savings
 - Maintain 11.5% position vacancy rate (outside of institutions)
 - Reduced state operations contracts
 - Shifts to federal or program revenue funding
 - Re-estimate population growth for Sand Ridge Secure Treatment Center
 - No cost of living salary increases for state staff