

HEALTH AND FAMILY SERVICES

Budget Summary						FTE Position Summary				
Fund	2006-07 Adjusted Base	Request		2007-09 Change Over Base Year Doubled		2006-07	Request		2008-09 Over 2006-07	
		2007-08	2008-09	Amount	%		2007-08	2008-09	Number	%
GPR	\$2,713,210,500	\$2,844,193,700	\$3,027,262,100	\$445,034,800	8.2%	2,150.57	2,171.60	2,267.38	116.81	5.4%
FED	3,429,244,300	3,551,688,100	3,731,941,400	425,140,900	6.2	1,066.56	1,057.49	1,057.49	- 9.07	- 0.9
PR	421,314,700	482,357,800	528,698,100	168,426,500	20.0	2,552.32	2,647.27	2,572.98	20.66	0.8
SEG	111,633,700	81,058,200	76,713,100	- 65,496,100	- 29.3	2.00	2.00	2.00	0.00	0.0
TOTAL	\$6,675,403,200	\$6,959,297,800	\$7,364,614,700	\$973,106,100	7.3%	5,771.45	5,878.36	5,899.85	128.40	2.2%

Major Request Items

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS

Request \$25,828,500 (\$14,696,100 GPR, \$4,488,300 FED, \$6,635,400 PR, and \$8,700 SEG) in 2007-08 and \$25,942,000 (\$14,703,400 GPR, \$4,488,000 FED, \$6,741,900 PR, and \$8,700 SEG) in 2008-09 and a decrease of 4.7 positions (-3.0 FED

	Funding	Positions
GPR	\$29,399,500	0.00
FED	8,976,300	- 3.00
PR	13,377,300	- 1.70
SEG	17,400	0.00
Total	\$51,770,500	- 4.70

positions and -1.7 PR positions) beginning in 2007-08, to adjust the Department's base budget for: (a) turnover reduction (-\$2,095,600 GPR, -\$1,045,400 FED, and -\$2,289,600 PR annually); (b) removal of noncontinuing items (-\$58,000 GPR, -\$173,800 FED and -\$597,700 PR annually and -3.0 FED positions and -1.7 PR positions, beginning in 2007-08); (c) full funding of salaries and fringe benefits (\$11,841,100 GPR, \$5,617,300 FED, \$1,170,800 PR, and \$8,700 SEG annually); (d) overtime (\$3,315,500 GPR and \$5,893,300 PR in 2007-08 and \$3,322,800 GPR and \$5,999,800 PR in 2008-09); (e) night and weekend salary differentials (\$1,693,200 GPR, \$90,200 FED, and \$2,458,600 PR annually); and (f) minor transfers within appropriations.

2. PROGRAM REVENUE FUNDING ADJUSTMENTS

PR	- \$7,800,900
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Request a reduction of \$4,188,000 in 2007-08 and a reduction of \$3,612,900 in 2008-09 to adjust funding for programs that are either wholly or partially supported by program revenues, including revenues transferred from other agencies and revenues transferred within DHFS. In

general, these adjustments reflect DHFS estimates of the amount of program revenue that will be available to support program costs in the 2007-09 biennium.

The most significant changes include changes in funding that would be transferred from other agencies and DHFS divisions that support central purchases of information systems software, hardware, servers, and contractor services (-\$6,950,000 in 2007-08 and -\$6,020,000 in 2008-09) and information technology services provided by the Bureau of Information Technology Services (\$974,000 in 2007-08 and \$1,626,900 in 2008-09).

Other major funding changes include: (a) decreases in funding DHFS collects by recovering incorrect public assistance payments, which it uses to support fraud and error reduction activities (-\$1,200,000 annually); (b) increases in funding for aids distributed by the Division of Public Health from gifts, grants and bequests (\$1,691,100 in 2007-08 and \$580,000 in 2008-09); (c) increases in inter-agency and intra-agency funding transferred to Mendota Mental Health Institute (\$847,600 in 2007-08 and \$926,300 in 2008-09) and the Winnebago Mental Health Institute (\$327,100 in 2007-08 and \$333,300 in 2008-09); (d) decreases in inter-agency and intra-agency funding that supports local assistance distributed by the Division of Disability and Elder Services (-\$600,000 annually); (e) increases in estimated payments funded from recovery activities under the medical assistance program (\$687,900 annually); (f) decreases in estimated SeniorCare administrative costs funded from enrollment fees (-\$480,000 in 2007-08 and -\$420,800 in 2008-09); (g) decreases in funding for compilations of health data reports (-\$407,100 annually); and (h) increases in funding for the Division of Disability and Elder Services to conduct background checks (\$317,000 in 2007-08 and \$236,800 in 2008-09).

3. FEDERAL FUNDING ADJUSTMENTS

FED	\$60,700
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Request \$1,350,300 in 2007-08 and a reduction of \$1,289,600 in 2008-09 to adjust funding for selected programs that are either wholly or partially supported by federal revenue. In general, these adjustments reflect DHFS estimates of the amount of federal revenues that will be available to support certain DHFS programs in the 2007-09 biennium.

The major items in this request include increased funding to support: (a) project aids distributed by the Division of Public Health (DPH) (\$7,900,600 annually); (b) benefits under the women, infants, and children (WIC) supplemental food program (\$1,824,000 annually); (c) project aids distributed by the Division of Health Care Financing (DHCF) (\$800,000 annually); and (d) DHFC project operations (\$447,600 annually). Significant funding reductions include support for: (a) project aids distributed by the Division of Disability and Elder Services (DDES) (-\$8,100,000 in 2007-08 and -\$10,600,000 in 2008-09); (b) program aids distributed by the Division of Children and Family Services (DCFS) (-\$417,200 in 2007-08 and -\$633,500 in 2008-09); (c) DCFS project operations (-\$346,700 in 2007-08 and \$346,100 in 2008-09); (d) DPH staff costs funded from the maternal and child health block grant (-\$334,900 annually); (e) local assistance administered by DDES (-\$344,900 in 2007-08 and -\$267,000 in 2008-09); and (f) aids funded from the community services block grant administered by DCFS (-\$129,800 annually).

4. EXTEND FEDERAL PROJECT POSITIONS

FED	\$538,700
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Request \$313,500 in 2007-08 and \$225,200 in 2008-09 to extend 4.25 positions that are scheduled to terminate in the 2007-09 biennium. These positions include: (a) 0.25 public health educator project position that is scheduled to terminate in July, 2007, to May, 2010; (b) 1.0 human services program coordinator project position that is scheduled to terminate in July, 2007, to November, 2008; (c) 1.0 agency liaison project position that is scheduled to terminate in July, 2007, to February, 2008; (d) 1.0 agency liaison project position that is scheduled to terminate in July, 2007, to March, 2010; and (e) 1.0 human services program coordinator position that is scheduled to terminate in July, 2007, to June 2009.

Medical Assistance and Related Programs

1. OVERVIEW OF MA AND BADGERCARE BENEFITS FUNDING

The following table identifies funding that would be provided to support medical assistance (MA) and BadgerCare benefits under the DHFS 2007-09 biennial budget request, by fiscal year and fund source.

**MA Benefits Funding
DHFS 2007-09 Biennial Budget Request**

	2007-08			2008-09				
	<u>GPR*</u>	<u>FED</u>	<u>SEG</u>	<u>Total</u>	<u>GPR*</u>	<u>FED</u>	<u>SEG</u>	<u>Total</u>
Cost-to-Continue								
Base Funding	\$1,746,861,400	\$2,639,684,500	\$110,338,200	\$4,496,884,100	\$1,746,861,400	\$2,639,684,500	\$110,338,200	\$4,496,884,100
Medical Assistance Base Reestimate	<u>85,627,300</u>	<u>84,603,700</u>	<u>-32,183,700</u>	<u>138,047,300</u>	<u>211,430,000</u>	<u>224,071,400</u>	<u>-36,806,000</u>	<u>398,695,400</u>
Subtotal	\$1,832,488,700	\$2,724,288,200	\$78,154,500	\$4,634,931,400	\$1,958,291,400	\$2,863,755,900	\$73,532,200	\$4,895,579,500
Program Changes								
Family Care Expansion	\$2,937,900	\$3,966,600	\$0	\$6,904,500	\$5,861,900	\$7,862,900	\$0	\$13,724,800
BadgerCarePlus	-2,856,800	-3,857,200	0	-6,714,000	-6,230,700	-8,357,700	0	-14,588,400
Medicare Part B Premiums	1,774,000	2,431,800	0	4,205,800	3,548,000	4,863,600	0	8,411,600
ICF-MR Bed Assessment	-1,467,300	1,467,300	2,554,000	2,554,000	-1,622,000	1,622,000	2,831,200	2,831,200
Medi-Medi Participation	0	0	0	0	-119,700	-160,500	0	-280,200
MA Asset Transfers	-1,116,900	-1,508,100	0	-2,625,000	-2,349,100	-3,151,000	0	-5,500,100
MA Third Party Liability Enhancement	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>-195,200</u>	<u>-261,900</u>	<u>0</u>	<u>-457,100</u>
Subtotal	-\$729,100	\$2,500,400	\$2,554,000	\$4,325,300	-\$1,106,800	\$2,417,400	\$2,831,200	\$4,141,800
Total Medical Assistance Benefits Funding	\$1,831,759,600	\$2,726,788,600	\$80,708,500	\$4,639,256,700	\$1,957,184,600	\$2,866,173,300	\$76,363,400	\$4,899,721,300
Total Change to Base	\$84,898,200	\$87,104,100	-\$29,629,700	\$142,372,600	\$210,323,200	\$226,488,800	-\$33,974,800	\$402,837,200

*Includes Wisconsin Medicaid cost reporting payments to counties.

**BadgerCare Benefits Funding
DHFS 2007-09 Biennial Budget Request**

	2007-08			2008-09				
	<u>GPR</u>	<u>FED</u>	<u>PR</u>	<u>Total</u>	<u>GPR</u>	<u>FED</u>	<u>PR</u>	<u>Total</u>
Cost-to-Continue								
Base Funding	\$78,131,000	\$130,861,100	\$7,250,900	\$216,243,000	\$78,131,000	\$130,861,100	\$7,250,900	\$216,243,000
BadgerCare Base Reestimate	<u>3,318,700</u>	<u>16,467,900</u>	<u>384,900</u>	<u>20,171,500</u>	<u>13,310,200</u>	<u>33,137,500</u>	<u>855,900</u>	<u>47,303,600</u>
Subtotal	\$81,449,700	\$147,329,000	\$7,635,800	\$236,414,500	\$91,441,200	\$163,998,600	\$8,106,800	\$263,546,600
Program Changes								
BadgerCarePlus	\$1,189,300	\$2,151,400	\$4,760,800	\$8,101,500	\$8,809,800	\$15,798,700	\$21,861,600	\$46,470,100
MA Third Party Liability Enhancement	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>-27,300</u>	<u>-48,900</u>	<u>0</u>	<u>-76,200</u>
Subtotal	\$1,189,300	\$2,151,400	\$4,760,800	\$8,101,500	\$8,782,500	\$15,749,800	\$21,861,600	\$46,393,900
Total BadgerCare Benefits Funding	\$82,639,000	\$149,480,400	\$12,396,600	\$244,516,000	\$100,223,700	\$179,748,400	\$29,968,400	\$309,940,500
Total Change to Base	\$4,508,000	\$18,619,300	\$5,145,700	\$28,273,000	\$22,092,700	\$48,887,300	\$22,717,500	\$93,697,500

The following table identifies projected revenues and budgeted expenditures from the MA trust fund under the DHFS 2007-09 biennial budget request.

**MA Trust Fund Condition Statement
DHFS 2007-09 Biennial Budget Request**

	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
Opening Balance	-\$25,745,400	\$0	\$0
Revenue			
Certified Public Expenditure Program	\$90,000,000	\$40,000,000	\$37,000,000
Nursing Home Bed Assessment	28,082,300	28,708,500	27,363,400
2005 Wisconsin Act 211 Transfer	25,383,900	0	0
HealthCheck Services provided by Residential Care Centers	<u>11,967,700</u>	<u>12,000,000</u>	<u>12,000,000</u>
Total Revenues	\$155,433,900	\$80,708,500	\$76,363,400
Total Available	\$129,688,500	\$80,708,500	\$76,363,400
Expenditures	\$134,802,000	\$80,708,500	\$76,363,400
Closing Balance	-\$5,113,500*	\$0	\$0

*The request assumes this projected shortfall will be addressed in the 2005-07 biennium.

2. MEDICAL ASSISTANCE BASE REESTIMATE

GPR	\$305,070,900
FED	308,675,100
SEG	<u>- 68,989,700</u>
Total	\$544,756,300

Request \$142,698,200 (\$90,278,200 GPR, \$84,603,700 FED, and -\$32,183,700 SEG) in 2007-08 and \$402,058,100 (\$214,792,700 GPR, \$224,071,400 FED, and -\$36,806,000 SEG) in 2008-09 to reflect reestimates of the amount of funding needed to support MA in the 2007-09 biennium, based on current law. This item includes \$4,650,900 GPR in 2007-08 and \$3,362,700 GPR in 2008-09 to increase funding for community aids to reflect reestimates of MA-eligible claims the state makes under the Wisconsin Medicaid cost reporting (WIMCR) program.

The following table identifies base funding for MA benefits, including MA payments to counties the state provides under WIMCR.

**MA Base Funding and Cost to Continue
2007-09 Biennium**

	2006-07	<u>2007-08</u>	<u>2008-09</u>	2007-08		2008-09	
	<u>Base</u>			<u>Change to Base</u>	<u>Change to Base</u>	<u>Amount</u>	<u>Percent</u>
GPR	\$1,746,861,400	\$1,832,488,700	\$1,958,291,400	\$85,627,300	4.9%	\$211,430,000	12.1%
FED	2,639,684,500	2,724,288,200	2,863,755,900	84,603,700	3.2	224,071,400	8.5
SEG	<u>110,338,200</u>	<u>78,154,500</u>	<u>73,532,200</u>	<u>-32,183,700</u>	-29.2	<u>-36,806,000</u>	-33.4
Total	\$4,496,884,100	\$4,634,931,400	\$4,895,579,500	\$138,047,300	3.1%	\$398,695,400	8.9%

Average Monthly Enrollment. DHFS projects that the average monthly enrollment will decrease from approximately 668,600 in 2005-06 to approximately 664,700 in 2006-07 (-0.6%), and increase to approximately 693,900 (4.4%) in 2007-08, and to approximately 716,300 (3.2%) in 2008-09.

**Actual and Projected Average Monthly Enrollment, by Major Eligibility Groups
Fiscal Years 2005-06 through 2008-09**

	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>
	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
Elderly	36,600	33,700	32,000	30,500
Blind and Disabled	108,100	106,300	105,900	105,500
Family Care	12,200	13,300	14,700	16,100
Community Waiver	23,500	21,700	22,000	22,400
Family MA	425,700	421,600	442,500	455,300
Limited Benefit*	<u>62,500</u>	<u>68,100</u>	<u>76,700</u>	<u>86,500</u>
Total	668,600	664,700	693,900	716,300

*Includes individuals enrolled in the family planning waiver program, women who qualify for certain services following screenings they received under the well woman program or the family planning waiver program, and certain Medicare beneficiaries.

Rate Increases for Managed Care Providers. Although this item does not include rate increases for fee-for-service providers, it includes funding to support increases in capitation rates for managed care organizations to reflect increases in average service costs so that the estimated managed care discount rate would be maintained at current levels. The following table identifies, for each MA managed care program, the percentage increase in the capitation rate that would be budgeted under this item, and the (all funds) increase in total funding from the previous year that would be budgeted to support increases in capitation payments.

Managed Care Capitation Payments -- Funding for Increases

<u>Program</u>	<u>2007-08</u>		<u>2008-09</u>	
	<u>Percent Increase</u>	<u>Amount (All Funds)</u>	<u>Percent Increase</u>	<u>Amount (All Funds)</u>
AFDC/Health Start HMOs	3.4%	\$22,496,900	3.4%	\$22,638,300
I-Care	5.0	7,857,600	5.0	14,315,400
SSI Managed Care	5.0	19,724,600	5.0	36,800,000
Wraparound Milwaukee and Children Come First	3.0	530,200	3.0	477,500
PACE/Partnership	4.0	7,890,200	4.0	15,054,500
Family Care CMOs	3.0	12,391,600	3.0	22,327,600

Federal Financial Participation Rate. DHFS projects that Wisconsin's federal matching rate for MA benefits, or federal financial participation (FFP) rate, will decrease from 57.52% in 2006-07, to 57.45% in 2007-08, and to 57.29% in 2008-09. This change is reflected in the base reestimate. Each state's FFP is based on a formula that compares the state's per capita income to national per capita income. The projected decrease in the FFP rate is projected to increase GPR costs by approximately \$9.4 million in the 2007-09 biennium and decrease FED matching funds by a corresponding amount.

3. SENIORCARE BASE REESTIMATE

GPR	\$21,289,700
FED	20,967,000
PR	<u>72,833,700</u>
Total	\$115,090,400

Request \$38,190,100 (\$4,232,400 GPR, \$4,859,000 FED, and \$29,098,700 PR) in 2007-08 and \$76,900,300 (\$17,057,300 GPR, \$16,108,000 FED, and \$43,735,000 PR) in 2008-09 to reflect reestimates of the amount of funding needed to support SeniorCare in the 2007-09 biennium, based on current law and the assumption that the U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services (CMS) will renew the waiver of federal law under which SeniorCare operates. The following table identifies base funding for SeniorCare benefits and the total funding that DHFS estimates will be needed to support the current program in each year of the 2007-09 biennium.

SeniorCare Base Funding and Cost to Continue 2007-09 Biennium

	<u>2006-07 Base</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2007-08 Change to Base</u>		<u>2008-09 Change to Base</u>	
				<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
GPR	\$57,560,700	\$61,793,100	\$74,618,000	\$4,232,400	7.4%	\$17,057,300	29.6%
FED	53,624,100	58,483,100	69,732,100	4,859,000	9.1	16,108,000	30.0
PR	<u>44,146,000</u>	<u>73,244,700</u>	<u>87,881,000</u>	<u>29,098,700</u>	65.9	<u>43,735,000</u>	99.1
Total	\$155,330,800	\$193,520,900	\$232,231,100	\$38,190,100	24.6%	\$76,900,300	49.5%

Enrollment. The following table identifies the actual weekly average number of adults enrolled in the program in 2005-06, and the DHFS projections for 2006-07, 2007-08, and 2008-09.

**Actual and Projected Average Weekly Enrollment, by Eligibility Group
Fiscal Years 2005-06 through 2008-09**

Adults Groups, By Benefit Level	2005-06 Actual	2006-07 Estimate	2007-08 Estimate	2008-09 Estimate	2006-07 Percent Change	2007-08 Percent Change	2008-09 Percent Change
0 to 160% FPL	51,600	53,800	54,800	55,900	4.3%	1.9%	2.0%
160% to 200% FPL	22,200	25,700	26,200	26,800	15.8	1.9	2.3
200% to 240% FPL	12,900	15,800	16,100	16,400	22.5	1.9	1.9
>240% of FPL	<u>6,400</u>	<u>16,200</u>	<u>16,600</u>	<u>16,900</u>	153.1	2.5	1.8
Total	93,100	111,500	113,700	116,000	20.1%	2.0%	2.0%

SeniorCare enrollment has been affected by the January 1, 2006, implementation of the federal Medicare outpatient drug benefit program (Medicare Part D). The Medicare Part D program contains a provision that penalizes certain applicants who try to enroll in the program after May 15, 2006, if they have not been receiving coverage in a prescription drug program deemed to be creditable by the federal government. If an applicant does not have proof of participation in a creditable plan, the applicant is charged a higher monthly premium if the applicant decides to enroll in the Medicare Part D program. The SeniorCare program was deemed by the federal government to be a creditable plan. As a result, enrollment in the program increased dramatically in 2005-06 as many Wisconsin seniors wanted to be sure they have creditable coverage, should they desire to sign up for Medicare Part D in the future.

Most of the recent caseload growth is attributable to an increase in the number of enrollees with household income that exceeds 240% of the federal poverty level (FPL). The number of such enrollees grew from 3,591 at the end of June, 2005, to 15,540 at the end of June, 2006. Enrollees in this group are required to spend down to the 240% FPL level, and then pay an annual deductible of \$850 before they receive any program benefits. Many of the individuals who signed up for SeniorCare to avoid the future premium penalty in Medicare Part D are at such a high income level that they may never receive any actual program benefits.

Average Cost and Utilization Projections. DHFS projects that the average cost per prescription will increase from \$44.88 in 2005-06 to \$47.83 in 2006-07, \$51.36 in 2007-08, and \$55.15 in 2008-09. Further, DHFS projects that the average number of prescriptions per enrollee per week will decrease from the actual average of .95 in 2005-06, to .82 in 2006-07, and increase to .86 in 2007-08, and .90 in 2008-09.

4. BADGERCARE BASE REESTIMATE

Request \$20,171,500 (\$3,318,700 GPR, \$16,467,900 FED, and \$384,900 PR) in 2007-08 and \$47,303,600 (\$13,310,200 GPR, \$33,137,500

GPR	\$16,628,900
FED	49,605,400
PR	<u>1,240,800</u>
Total	\$67,475,100

FED, and \$855,900 PR) in 2008-09 to reflect reestimates of the amount of funding needed to support BadgerCare in the 2007-09 biennium, based on current law. The following table identifies base funding for BadgerCare benefits and the total funding DHFS estimates will be needed to support the current program in each year of the 2007-09 biennium.

**BadgerCare Base Funding and Cost to Continue
2007-09 Biennium**

	2006-07 Base	2007-08	2008-09	2007-08 Change to Base		2008-09 Change to Base	
				Amount	Percent	Amount	Percent
GPR	\$78,131,000	\$81,449,700	\$91,441,200	\$3,318,700	4.2%	\$13,310,200	17.0%
FED	130,861,100	147,329,000	163,998,600	16,467,900	12.6	33,137,500	25.3
PR	<u>7,250,900</u>	<u>7,635,800</u>	<u>8,106,800</u>	<u>384,900</u>	5.3	<u>855,900</u>	11.8
Total	\$216,243,000	\$236,414,500	\$263,546,600	\$20,171,500	9.3%	\$47,303,600	21.9%

Enrollment. DHFS projects that the average monthly enrollment will increase by approximately 2% to 96,000 in 2006-07, increase by 8.3% to approximately 104,000 enrollees in 2007-08, and increase by 6.2% to approximately 110,400 enrollees in 2008-09. The following table identifies actual monthly average number of adults and children enrolled in the program and the DHFS projections for 2006-07, 2007-08, and 2008-09.

**Actual and Projected Average Monthly Enrollment, by Eligibility Group
Fiscal Years 2005-06 through 2008-09**

	2005-06	2006-07	2007-08	2008-09	2006-07	2007-08	2008-09
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Percent Change</u>	<u>Percent Change</u>	<u>Percent Change</u>
Adults	64,500	66,700	72,200	76,600	3.4%	8.2%	6.1%
Children	<u>29,600</u>	<u>29,300</u>	<u>31,800</u>	<u>33,800</u>	-1.0	8.5	6.3
Total	94,100	96,000	104,000	110,400	2.0%	8.3%	6.2%

Average Cost Assumptions. DHFS estimates that the average costs of providing services to children and adults who are not enrolled in health maintenance organizations (HMOs) will increase by 2.5% and 5.2%, respectively, in both 2007-08 and 2008-09. In addition, this item includes funding to support a 4.5% annual increase in capitation payments to HMOs in each year of the biennium.

5. FAMILY CARE EXPANSION

Request \$25,441,000 (\$4,657,100 GPR, \$9,150,700 FED, and \$11,633,200 PR) in 2007-08 and \$60,287,400 (\$17,258,700 GPR, \$13,548,600 FED, and \$29,480,100 PR) in 2008-09 to reflect the net costs of the Department's proposal to expand the Family Care program in the 2007-09 biennium.

GPR	\$21,915,800
FED	22,699,300
PR	<u>41,113,300</u>
Total	\$85,728,400

Approximately \$233.8 million (all funds) was expended on the FamilyCare program in 2005--6 for capitalized payments to care management organizations (CMOs). Funding provided to support aging and disability resource centers (ADRCs) is budgeted by calendar year, and is estimated to total \$9.7 million for 2006.

Aging and Disability Resource Centers (ADRCs). ADRCs, which provide information, counseling, and assessment services, serve as the primary point of entry for accessing long-term care services. There are currently 18 ADRCs operating in Wisconsin. DHFS proposes to fund additional ADRCs so that the percentage of Wisconsin residents who have access to these services would increase from approximately 40% to 75% by the end of the biennium.

Care Management Organizations (CMOs). Currently, five CMOs receive monthly capitation payments from the state to fund long-term care services to Family Care enrollees. DHFS proposes to fund additional CMOs so that by the end of the biennium, approximately 27,200 individuals would be enrolled in Family Care, compared to 9,900 as of October 1, 2006. It is not known which counties or multi-county regions would be served by CMOs, nor is it known when additional CMOs would begin operating. The DHFS proposal is based on a model that makes a number of assumptions regarding these and other factors which affect program costs.

External Quality Review. DHFS contracts with a vendor to conduct external quality review functions. The proposal would increase funding for these contracted services.

Offsetting Funding Reductions, Reallocations, and County Contributions. The proposal would be funded with: (a) additional state and federal MA funding that would be provided under this request; (b) reallocations of base funds that support MA fee-for-service payments and MA waiver services; (c) funding available in 2006-07 that would be used to support costs in the 2007-09 biennium; and (d) county funds, including community aids and revenue from the county tax levy in an amount equal to the funds that counties expended in calendar year 2005 to provide services to long-term support clients. A program revenue appropriation would be created for DHFS to collect these funds from counties.

Statutory Changes. DHFS requests the repeal of all current provisions that limit DHFS from expanding the availability of the Family Care benefits to areas of the state, thereby allowing the program to expand statewide as counties and multi-county consortia elect to participate. In addition, DHFS requests statutory changes that would allow counties that implement Family Care more flexibility in spending community options program (COP) funding for children and people with mental illness. Under current law, counties are required to balance the distribution of COP funding among specified population groups, including the elderly, individuals with physical or mental disabilities, and individuals with mental illness. As some of these groups would instead receive services under Family Care, eliminating the statutory requirement to distribute COP funding to these groups would allow counties to prioritize program spending. Finally, DHFS requests that the statutory date by which individuals who are not eligible for MA but who are functionally eligible for Family Care are entitled to the Family Care benefit be extended from January 1, 2008, to January 1, 2010.

The table on the following page summarizes the components of the DHFS request.

**Family Care Expansion Proposal
DHFS 2007-09 Budget Request**

Cost Category	2007-08			2008-09				
	GPR*	FED	PR	Total	GPR*	FED	PR	Total
Funding For Services to New Family Care Enrollees								
<u>New Costs</u>								
CMO Capitation Payments	\$49,140,600	\$82,055,300	\$11,633,200	\$142,829,100	\$115,025,800	\$193,836,000	\$29,480,100	\$338,341,900
MA Services Provided on a Fee-For-Service Basis	15,193,400	20,513,900	0	35,707,300	36,126,500	48,459,000	0	84,585,500
<u>Reductions from Other Programs</u>								
MA Fee-for-Service Payments Allocations to Counties for Waiver Services	-37,405,600	-50,504,200	0	-87,909,800	-92,005,200	-123,413,100	0	-215,418,300
	<u>-23,990,600</u>	<u>-48,098,300</u>	<u>0</u>	<u>-72,088,900</u>	<u>-53,285,200</u>	<u>-111,019,000</u>	<u>0</u>	<u>-164,304,200</u>
Net Funding for Services to New Family Care Enrollees	\$2,937,800	\$3,966,700	\$11,633,200	\$18,537,700	\$5,861,900	\$7,862,900	\$29,480,100	\$43,204,900
Aging and Disability Resource Centers (ADRCs)								
<u>New Costs</u>								
Fund ADRCs that Began in 2005-07 Biennium	\$9,043,200	\$4,054,300	\$0	\$13,097,500	\$9,140,300	\$2,826,500	\$0	\$11,966,800
Fund ADRCs that Began in 2007-09 Biennium	2,329,500	720,300	0	3,049,800	7,977,200	2,466,800	0	10,444,000
<u>Available Funds to Support ADRCs</u>								
Income Augmentation Funds from 2006 Plan	-1,257,800	0	0	-1,257,800	0	0	0	0
Reallocations of Base Funds and One-Time Carryover Funds	<u>-8,500,700</u>	<u>0</u>	<u>0</u>	<u>-8,500,700</u>	<u>-5,762,800</u>	<u>0</u>	<u>0</u>	<u>-5,762,800</u>
Net Funding to Support ADRCs	\$1,614,200	\$4,774,600	\$0	\$6,388,800	\$11,354,700	\$5,293,300	\$0	\$16,648,000
External Quality Review	\$105,100	\$409,400	\$0	\$514,500	\$42,100	\$392,400	\$0	\$434,500
GRAND TOTAL	\$4,657,100	\$9,150,700	\$11,633,200	\$25,441,000	\$17,258,700	\$13,548,600	\$29,480,100	\$60,287,400

*Includes both one-time and ongoing state and federal funds that DHFS would reallocate to support ADRCs.

6. BADGERCAREPLUS AND RELATED INITIATIVES

FED	\$4,896,800
PR	<u>26,622,400</u>
Total	\$31,519,200

Request \$1,937,500 (-\$1,471,700 GPR, -\$1,351,600 FED, and \$4,760,800 PR) in 2007-08 and \$29,581,700 (\$1,471,700 GPR, \$6,248,400 FED, and \$21,861,600 PR) in 2008-09 to reflect the net effect of: (a) implementing a new program, BadgerCarePlus, which would merge the current "family" MA program and the BadgerCare programs, and provide health care coverage for populations not currently covered under MA or BadgerCare; and (b) fund several related initiatives.

BadgerCarePlus

Expand Eligibility. The following new populations would be covered under BadgerCarePlus: (a) all children with family income above 185% of the federal poverty level (FPL); (b) pregnant women with income between 185% and 300% of the FPL; (c) parents and caretaker relatives of individuals already receiving MA benefits; (d) parents with children in foster care with income up to 200% of the FPL; (e) youth (ages 18 through 20) who lose their MA eligibility once they leave foster care; and (f) farmers and other self-employed parents with income up to 200% of the FPL, contingent on depreciation calculations.

Standard Plan. Current family MA and BadgerCare enrollees would enroll in a standard plan, which would provide the same benefits these programs currently offer. In addition, children, pregnant women, and parents/relative caregivers with incomes below 200% of the FPL, and youth aging out of foster care would be enrolled in the standard plan.

Individuals enrolled in the standard plan would receive dental services on a fee-for-service basis, except in Kenosha, Milwaukee, Racine, and Waukesha counties where dental benefits are delivered through HMOs. DHFS would issue a request for information (RFI) to solicit interest among health care providers for designing and managing a service delivery system for dental benefits for BadgerCarePlus recipients. If responses to the RFI do not meet stated goals, DHFS would develop two pilot initiatives to assist in developing a proposal to increase access to dental services for recipients.

Benchmark Plan. Most of the new populations that would become eligible for benefits under BadgerCarePlus would be eligible for a specific "benchmark plan" of services. This benchmark plan would be adapted from the state's largest, low-cost commercial plan, United Healthcare, with four additional benefits: (a) prescription drugs; (b) early childhood development services; (c) dental services; and (d) mental health/alcohol and drug addiction services. The benchmark plan would cover all basic and routine physician office visits, immunizations, and laboratory services, including well-child check-ups. In addition, the benchmark plan would include two preventative services targeted to pregnant women -- smoking cessation and preventative mental health counseling.

Healthy Living Incentives. Currently, 14 health maintenance organizations (HMOs) participate in the pay-for-performance (P4P) initiative. In P4P, HMOs and DHFS develop strategies to address public health issues, such as smoking, lead poisoning, and utilization of dental services

and establish measurable target goals. DHFS provides incentive payments to HMOs, based on their progress in meeting these goals. DHFS proposes to add five system-level and individual incentives for: (a) increases in well-child visits and childhood immunization rates; (b) reductions in smoking among enrollees; (c) reductions in childhood obesity; (d) reductions in infant mortality, especially among minority populations; and (e) reductions in inappropriate use of emergency room care.

Premiums and Cost Sharing. Premiums would be required as a condition of enrollment for the following groups: (a) children in families with income above 200% of the FPL; (b) parents with incomes between 150% and 200% of the FPL; (c) Pregnant women with incomes above 200% of the FPL; and (d) certain self-employed parents with incomes below 200% of the FPL.

DHFS would develop premiums and cost-sharing requirements based as follows: (a) premiums would be based on a sliding income scale; (b) a minimum premium would be required for all individuals who are required to pay them; (c) premiums would be capped at 5% of family income for non-pregnant adults; (d) copayments would be required for certain services in the benchmark plan for pregnant women and children with incomes above 200% of the FPL, and certain adult parent/caretakers who are farmers (or otherwise self-employed) with family income below 200% of the FPL; (e) nominal copayments, which exist under current law, would be assessed to participants in the standard plan; and (f) prevention services, such as immunizations, well-child visits, smoking cessation activities, and prenatal care would not be subject to cost-sharing. DHFS would apply the 5% cost-sharing cap, which is required under the recent federal Deficit Reduction Act of 2005 (DRA) in aggregate, across the eligible population below 200% of the FPL.

Cost sharing would be divided into two groups. Individuals with income below 200% of the FPL who are enrolled in the standard plan would have the same nominal copayments as the current Family MA and BadgerCare enrollees have. Individuals with income above 200% FPL would have copayments for certain benefits in the benchmark plan. DHFS would establish a copayment for the expansion population for the inappropriate use of emergency room care.

Premium Assistance. Wisconsin's health insurance premium payment (HIPP) program helps low-income families pay the employee contribution of their employer-sponsored insurance. The HIPP program is currently part of BadgerCare and pays the family's share of the monthly premium, co-insurance, and deductibles associated with the family health plan, along with any BadgerCare covered services not included in the family health plan through fee-for-service. BadgerCarePlus would increase enrollment in HIPP by providing premium assistance for: (a) children and parents with incomes below 150% of the FPL even when the employer pays 80% or more of the premium when it is cost effective to do so; (b) pregnant women with incomes up to 300% of the FPL when the employer pays 80% or more of the premium (wrap-around benefits); and (c) children with incomes between 200% and 300% of the FPL when it is cost effective to do so.

HIPP would also be expanded in the following ways: (a) farm and other self-employed families would be covered; (b) self-funded insurance plans would be allowed to participate; (c) minimum employer contribution requirements would be eliminated and employer-sponsored insurance would be based solely on cost effectiveness; and (d) access to HIPP coverage would be permitted even if single or "plus one" coverage is the only coverage offered by an employer. In general, cost effectiveness would be assessed to determine if the cost of covering an eligible family or individual under private insurance is no more than the cost of covering them under MA.

Re-Enrollment. As under BadgerCare, BadgerCarePlus enrollees with incomes above 150% of the FPL who fail to pay their monthly premium would be terminated and could not re-enroll in the program for six months.

Service Delivery. The proposal assumes that all recipients would be enrolled in managed care within two years, which is the primary source of projected cost savings of this proposal. The proposal includes funding to support incentives for HMOs to expand to areas currently not served by HMOs.

Health Needs Assessment. Enrollment brokers would conduct health needs assessments of all new enrollees.

Waiver Considerations. DHFS would work with the U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services (CMS) to determine the components of BadgerCarePlus that could be implemented under the Deficit Reduction Act (DRA) and the MA and State Children's Health Insurance Program (SCHIP) state plan amendment process and components that would require Section 1115 waivers of federal law or regulations. DHFS assumes that CMS will renew the current BadgerCare waiver that allows the state to claim federal matching funds for adults with incomes between 100% and 200% FPL at the SCHIP rate. DHFS would request an extension of the current waiver to cover the time between final implementation of BadgerCarePlus and the expiration of the BadgerCare waiver in March, 2007.

Related Initiatives

As a result of greater usage of managed care, program simplification, changes in program design, and maximization of federal funding, DHFS estimates that the BadgerCarePlus initiative would generate a one-time savings of approximately \$15.9 million (all funds) in the 2007-09 biennium, which DHFS would use to support several related initiatives.

The following table summarizes the cost components of this item.

BadgerCarePlus and Related Initiatives -- Funding Summary
DHFS 207-09 Budget Request

Cost Category	2007-08			2008-09				
	<u>GPR</u>	<u>FED</u>	<u>PR</u>	<u>Total</u>	<u>GPR</u>	<u>FED</u>	<u>PR</u>	<u>Total</u>
BadgerCare Plus								
Projected Savings								
MA and BadgerCare Benefits	\$0	-\$10,461,000	\$0	-\$17,388,800	-\$15,023,000	-\$22,602,500	\$0	-\$37,625,500
State Administration	-\$589,000	-\$661,000	0	-\$1,250,000	-\$1,179,000	-\$1,321,000	0	-\$2,500,000
Total	-\$7,516,800	-\$11,122,000	\$0	-\$18,638,800	-\$16,202,000	-\$23,923,500	\$0	-\$40,125,500
Projected Costs								
MA and BadgerCare Benefits	\$3,256,600	\$5,891,100	\$4,760,800	\$13,908,500	\$13,527,600	\$24,259,100	\$21,861,600	\$59,648,300
State Administration	284,800	515,200	0	800,000	0	0	0	0
Total	\$3,541,400	\$6,406,300	\$4,760,800	\$14,708,500	\$13,527,600	\$24,259,100	\$21,861,600	\$59,648,300
Net Costs (Savings) of BC Plus	-\$3,975,400	-\$4,715,700	\$4,760,800	-\$3,930,300	-\$2,674,400	\$335,600	\$21,861,600	\$19,522,800
Related Initiatives								
Benefits								
Dental Access	\$1,202,200	\$1,718,600	\$0	\$2,920,800	\$2,440,800	\$3,465,100	\$0	\$5,905,900
Healthy Living P4P Initiatives	475,400	679,600	0	1,155,000	969,100	1,375,900	0	2,345,000
HMO Expansion Incentives	271,700	388,300	0	660,000	553,800	786,200	0	1,340,000
Innovative Partnerships	54,300	77,700	0	132,000	110,800	157,200	0	288,000
Administration								
Marketing and Outreach	250,000	250,000	0	500,000	0	0	0	0
Mini-grants for Outreach	100,000	100,000	0	200,000	0	0	0	0
Benefit Counselors	100,000	100,000	0	200,000	0	0	0	0
Healthy Living Curriculum	50,000	50,000	0	100,000	0	0	0	0
Evaluation	0	0	0	0	71,600	128,400	0	200,000
Cost of Related Initiatives	\$2,503,600	\$3,364,200	\$0	\$5,867,800	\$4,146,100	\$5,912,800	\$0	\$10,058,900
Net Cost of Proposal	-\$1,471,800	-\$1,351,500	\$4,760,800	\$1,937,500	\$1,471,700	\$6,248,400	\$21,861,600	\$29,581,700

7. MEDICARE PART B ENROLLMENT REQUIREMENT

GPR	\$5,572,000
FED	7,545,400
Total	\$13,117,400

Request \$4,705,800 (\$2,024,000 GPR and \$2,681,800 FED) in 2007-08 and \$8,411,600 (\$3,548,000 GPR and \$4,863,600 FED) in 2008-09 to fund benefits and implementation costs of requiring MA recipients to enroll in Medicare Part B, if they are eligible. This request responds to a change in federal policy that no longer permits states to claim federal MA matching funds for state costs that could have been paid by Medicare Part B if the recipient was enrolled in Medicare Part B.

Benefits. Request \$4,205,800 (\$1,774,000 GPR and \$2,431,800 FED) in 2007-08 and \$8,411,600 (\$3,548,000 GPR and \$4,863,600 FED) in 2008-09 to reflect the net projected change in benefit costs, assuming a January 1, 2008, effective date for the new requirement. The annualized cost estimate includes: (a) \$11,633,900 (all funds) for the MA program to pay premiums for approximately 3,200 individuals who are currently not enrolled in Medicare but for whom the state is required to pay premiums, and 5,800 individuals who are enrolled in Part B but are currently paying the Part B premiums themselves; and (b) a reduction of \$3,222,300 (all funds) to reflect that some services currently funded from MA for these individuals would instead be funded under Medicare Part B.

Implementation. Request \$500,000 (\$250,000 GPR and \$250,000 FED) in 2007-08 to fund programming costs of modifying the MA eligibility system (CARES).

8. MA ASSET TRANSFERS

GPR	-\$3,116,000
FED	-4,309,100
Total	-\$7,425,100

Request a reduction of \$2,025,000 (-\$816,000 GPR and -\$1,208,100 FED) in 2007-08 and a reduction of \$5,400,100 (-\$2,299,100 GPR and -\$3,101,000 FED) in 2008-09 to reflect the net effect of implementing federal changes to MA asset transfer requirements. Request statutory changes to reflect the new federal requirements.

MA Benefits Funding. Request a reduction of MA benefits funding of \$2,625,000 (-\$1,116,900 GPR and -\$1,508,100 FED) in 2007-08 and \$5,500,100 (-\$2,349,100 GPR and -\$3,151,000 FED) in 2008-09 to reflect projected savings to the MA program because some individuals' eligibility for MA will be delayed due to changes in federal divestment restrictions.

CARES System Changes. Request \$500,000 (\$250,000 GPR and \$250,000 FED) in 2007-08 to fund changes to the client assistance for reemployment and economic support (CARES) system that county income maintenance staff use to make MA eligibility determinations.

Income Maintenance (IM) Funding to Counties. Request \$100,000 (\$50,000 GPR and \$50,000 FED) annually to increase IM allocations to counties to fund additional staff time to review MA applications from individuals who may require long-term care services to ensure those applications comply with the new federal requirements.

The Deficit Reduction Act (DRA) of 2005 (P.L. 109-171) made several changes to federal provisions regarding how assets and asset transfers may affect an individual's eligibility for MA, including: (a) extending the look-back period for reviewing the assets of MA applicants from three years to five years; and (b) modifying the starting date of any applicable penalty period from the first day of the month in which the asset was transferred to either the first day of the month during or after which the assets had been transferred, or the date on which the individual is eligible for MA and would otherwise be receiving institutional-level care, whichever is later. The DRA also: (a) includes partial month penalties that prohibit states from rounding down partial months when determining penalty periods; (b) requires an assignment of annuities to the state in some situations as a condition of eligibility; and (c) disqualifies individuals with substantial home equity from MA eligibility.

9. MA THIRD PARTY LIABILITY

GPR	- \$192,500
FED	<u>- 280,800</u>
Total	- \$473,300

Request a reduction of \$473,300 (-\$192,500 GPR and -\$280,800 FED) in 2008-09 to reflect projected net savings of implementing new third party liability (TPL) requirements included in the DRA. DRA requires self-insured plans (health benefits plans previously exempt under the Department of Labor's Employee Retirement Income Security Act of 1974), managed care organizations, pharmacy benefits managers, and "other parties that are, by statute, contract, or agreement, legally responsible for payment of a claim for a health care item or service" to submit policy and coverage information to state MA programs. State statutes require DHFS to reimburse insurance companies for the reasonable cost of providing the required information. DHFS expects that the additional information will enable the MA program to identify more cases in which private insurers or other entities are liable for the cost of care for MA and BadgerCare recipients.

Benefits. Request a reduction of \$533,300 (-\$222,500 GPR and -\$310,800) in 2008-09 in MA and BadgerCare benefits funding to reflect projected savings in benefits costs..

Reimbursements. Request \$60,000 (\$30,000 GPR and \$30,000 FED) in 2008-09 for DHFS to reimburse companies for the additional costs they will incur in providing coverage information.

10. ICF-MR BED ASSESSMENT

SEG-REV	\$5,385,200
GPR	- \$3,089,300
FED	3,089,300
SEG	<u>5,385,200</u>
Total	\$5,385,200

Request \$2,554,000 (-\$1,467,300 GPR, \$1,467,300 FED, and \$2,554,000 SEG) in 2007-08 and \$2,831,200 (-\$1,622,000 GPR, \$1,622,000 FED, and \$2,831,200 SEG) in 2008-09 to reflect the net effect of increasing the monthly assessment on licensed beds of intermediate care facilities for the mentally retarded (ICFs-MR) for the purpose of reducing base GPR funding for MA benefits.

Bed Assessment Increase. Request a statutory change to delete references to the current monthly assessment for ICFs-MR (\$445), and instead, authorize DHFS to establish the assessment at a rate equal to 6% of the total gross revenues ICFs-MR receive. DHFS estimates

the assessment would average approximately \$640 per month in 2007-08 and \$708 per month in 2008-09. Based on these estimates and DHFS projections of licensed beds at these facilities, DHFS estimates that \$2,554,000 in 2007-08 and \$2,831,200 in 2008-09 would be deposited to the MA trust fund.

Rate Increase. Request \$2,554,000 (\$1,086,800 GPR and \$1,467,200 FED) in 2007-08 and \$2,831,200 (\$1,209,700 GPR and \$1,621,500 FED) in 2008-09 to increase MA rates for ICFs-MR. These amounts equal the estimated total increase in bed assessment revenue DHFS would collect from ICFs-MR.

Substitute SEG Funding for GPR Base Funds. Reduce MA base funding by \$2,554,000 GPR in 2007-08 and by \$2,831,200 GPR in 2008-09 and increase SEG funding from the MA trust fund by corresponding amounts.

11. INCOME MAINTENANCE -- CEMETERY, FUNERAL, AND BURIAL AIDS

GPR	\$4,149,100
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Request \$1,989,200 GPR in 2007-08 and \$2,159,900 GPR in 2008-09 to fully fund projected costs of reimbursing counties and tribes under the funeral and cemetery aids program. DHFS projects that reimbursements will total \$6,539,400 in 2007-08 and \$6,710,100 in 2008-09. Since funding for reimbursements is budgeted in the same sum certain appropriation that supports county income maintenance programs, increases in reimbursement costs result in corresponding reductions in funding available to support income maintenance programs.

DHFS is required to reimburse counties and tribes for funeral and burial expenses (up to \$1,500 per individual) and cemetery expenses (up to \$1,000 per individual) for deceased individuals who, at the time they died, were receiving W-2, supplemental security income (SSI) benefits, or MA benefits and whose estates are insufficient to pay these expenses. The county or tribe is not required to pay for any cemetery expenses if the total cemetery expense exceeds \$3,500. In addition, neither the county nor the tribe is required to pay for any funeral or burial expenses if these total expenses exceed \$3,500. DHFS may waive the \$3,500 limit if it decides that a special circumstance exists.

12. INCOME MAINTENANCE -- CITIZENSHIP AND IDENTITY VERIFICATION

GPR	\$754,600
FED	754,600
Total	\$1,509,200

Request \$754,600 (\$377,300 GPR and \$377,300 FED) annually to fund costs DHFS expects county and tribal income maintenance agencies to incur to implement new federal citizenship and identity documentation requirements.

The DRA imposed a new requirement for MA clients and applicants to provide documentation of both their U.S. citizenship and identity to receive MA benefits. Prior to the enactment of the DRA, counties and tribes did not verify the citizenship and identity of applicants except in cases where information provided by an applicant appeared questionable.

Interim federal regulations specify the procedure that IM staff must follow to verify each application. For proof of citizenship, applicants and recipients must provide a passport, certificate of naturalization, or proof of birth overseas to a U.S. diplomat. If they cannot produce any of those items, they must provide a birth certificate. For proof of identity, they must provide a driver's license, state-issued identification card, or school-issued identification card. The regulations permit DHFS to use automated data exchanges for as many recipients as possible. Automated data exchanges allow DHFS to use sources already in place, such as SSI and Medicare data, to verify citizenship.

Current clients, including children, must produce the documentation at their next annual eligibility review, and new applicants must do so with their applications. If an applicant or current recipient cannot provide the required documents due to inability to pay for the documents, the local agencies are required to pay for the documents.

This item requests funding to fund county and tribal income maintenance staff workload to document citizenship and identity for an estimated 120,000 MA applicants per year and to pay for birth certificates or identity cards for approximately 4,500 applicants who cannot afford to purchase those documents.

13. INCOME MAINTENANCE -- PUBLIC UTILITY BENEFITS FUNDING SEG - \$1,909,000

Request a reduction of \$954,500 annually to delete funding that was provided in 2005 Act 25 on a one-time basis from the segregated public utility public benefits fund to support income maintenance contracts in calendar year 2006. Act 25 repealed the appropriation, effective June 30, 2007.

Children and Families

1. MILWAUKEE CHILD WELFARE

Request \$5,508,800 (\$3,024,900 GPR, -\$2,716,900 FED, and \$5,200,800 PR) in 2007-08 and \$5,508,800 (\$8,175,000 GPR, -\$2,736,000 FED, and \$69,800 PR) in 2008-09 to reflect the net effect of funding changes for activities administered by the Bureau of Milwaukee Child Welfare (BMCW). In addition, request the conversion of 11.27 FED positions to GPR positions, beginning in 2007-08.

	Funding	Positions
GPR	\$11,199,900	11.27
FED	- 5,452,900	- 11.27
PR	<u>5,270,600</u>	<u>0.00</u>
Total	\$11,017,600	0.00

Milwaukee Child Welfare Aids. Request \$5,423,100 (\$2,081,100 GPR, -\$1,713,100 FED, and \$5,055,100 PR) in 2007-08 and \$5,423,100 (\$7,231,200 GPR, -\$1,732,200 FED, and -\$75,900 PR) in 2008-09 to fund projected costs of aids expenses. The federal funding is available under Title

IV-E; PR funding is TANF funds transferred from DWD, federal targeted case management funds, and collections. Base funding for Milwaukee child welfare aids is \$83,476,500 (\$34,852,500 GPR, \$16,846,400 FED, and \$31,777,600 PR).

This item would: (a) replace decreasing federal Title IV-E funds with GPR and PR sources (\$916,000 GPR, -\$2,236,300 FED, and \$1,320,300 PR in 2007-08 and \$2,255,000 GPR and -\$2,255,000 FED in 2008-09); (b) support projected increases in the number of children with special care needs in the out-of-home care population (\$1,165,100 GPR, \$160,100 FED, and \$1,427,100 PR in 2007-08 and \$2,592,600 GPR and \$159,700 FED in 2008-09); (c) reduce funding for wraparound and safety services, based on projected costs of providing these services (-\$502,200 PR annually); (d) increase funding to support existing contracted services (\$105,500 PR in 2007-08 and -\$320,800 GPR and \$426,300 PR in 2008-09); and (e) increase funding to support ongoing initiatives (\$363,100 FED and \$2,704,400 PR in 2007-08 and \$2,704,400 GPR and \$363,100 FED in 2008-09).

These ongoing initiatives include: (a) case manager salary increases (\$266,500 FED and \$1,012,300 PR in 2007-08 and \$1,012,300 GPR and \$266,500 FED in 2008-09); (b) case manager training expansion (\$500,000 PR in 2007-08 and \$500,000 GPR in 2008-09); (c) case manager and supervisor phase-in (\$96,600 FED and \$366,900 PR in 2007-08 and \$366,900 GPR and \$96,600 FED in 2008-09); (d) University of Wisconsin-Milwaukee master of social work program expansion (\$222,400 PR in 2007-08 and \$222,400 GPR in 2008-09); (e) Milwaukee DA IV-E supplement (\$233,600 PR in 2007-08 and \$233,600 GPR in 2008-09); and (f) training partnership IV-E supplement (\$369,200 PR in 2007-08 and \$369,200 GPR in 2008-09).

Milwaukee Child Welfare Operations. Request \$85,700 (\$943,800 GPR, -\$1,003,800 FED, and \$145,700 PR annually) to fund BMCW operations. Request the conversion of 11.27 FED positions, beginning in 2007-08, to GPR positions to reflect decreasing Title IV-E reimbursement rates. Base funding for Milwaukee child welfare operations is \$18,700,900 (\$10,502,800 GPR, \$6,073,300 FED, and \$2,124,800 PR).

This request includes funding to support: (a) the Wisconsin statewide automated child welfare information system (WISACWIS) in Milwaukee (\$52,300 GPR, -\$124,900 FED, and \$72,600 PR annually); (b) reestimates of infrastructure costs related to the Bureau's computer systems (\$7,500 GPR, \$5,100 FED, and \$3,300 PR annually); (c) a reestimate of the amount of federal Title IV-E that the state can claim (\$884,000 GPR and -\$884,000 FED annually); and (d) increased rent costs (\$69,800 PR annually).

2. FOSTER CARE AND ADOPTION ASSISTANCE REESTIMATE

GPR	\$5,633,900
FED	<u>5,494,700</u>
Total	\$11,128,600

Request \$2,267,100 (\$1,147,500 GPR and \$1,119,600 FED) in 2007-08 and \$8,861,500 (\$4,486,400 GPR and \$4,375,100 FED) in 2008-09 to reflect reestimates of the amount of funding required to support foster care payments for children with special needs who are under the state's guardianship (but do not live in Milwaukee County) and adoption

assistance payments for children with special needs who have been adopted. (Funding for foster care payments DHFS makes on behalf of children with special needs in Milwaukee County is budgeted as part of the budget for the Bureau of Milwaukee Child Welfare.)

The state serves as guardian for children with special needs following termination of parental rights. The state pays the costs of out-of-home placements for these children while they await adoption and makes adoption assistance payments to families who adopt children with special needs. Base funding for this program is \$92,744,900 (\$48,040,600 GPR and \$44,704,300 FED).

3. FOSTER CARE RATES

GPR	\$1,704,300
FED	<u>525,300</u>
Total	\$2,229,600

Request \$557,400 (\$426,000 GPR and \$131,400 FED) in 2007-08 and \$1,672,200 (\$1,278,300 GPR and \$393,900 FED) in 2008-09 to fund a 5% increase in the uniform foster care rates, effective January, 2008, and an additional 5% increase in the uniform foster care rates, effective January, 2009. Counties and DHFS make these payments to foster parents, treatment foster parents, and family-operated group homes to support food, clothing, housing, personal care, and other expenses for children in foster care. In addition to the basic rate, if a foster child has emotional, behavioral, or medical problems, the foster parents may receive a supplemental or exceptional payment. The basic foster care rates under current law and under this request are listed below.

Basic Monthly Maintenance Payments

Age	Current Law	DHFS Request	
		CY 2008	CY 2009
0 thru 4	\$317	\$333	\$349
5 thru 11	346	363	381
12 thru 14	394	414	433
15 and Over	411	432	452

4. KINSHIP CARE BENEFITS

PR	\$1,937,400
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Request \$968,700 annually in TANF funds transferred from the Department of Workforce Development (DWD) to reflect estimates of the amount of funding that will be required to fully fund kinship care benefits in the 2007-09 biennium. This item would increase annual funding for DHFS to make kinship care payments to caretakers in Milwaukee County (\$1,881,400 annually) and decrease funding for counties to make kinship care payments to caretakers non-Milwaukee counties (-\$912,700 annually). These amounts reflect DHFS estimates of the cost of funding: (a) current caseloads, under the assumption that caseloads will not grow in 2006-07 or the 2007-09 biennium; (b) cases on waiting lists; and (c) county-funded cases.

Counties pay, and in Milwaukee County DHFS pays, a benefit of \$215 per month per child to kinship care relatives if: (a) there is a need for the child to be placed with the relative and the placement is in the best interests of the child; (b) the child meets the criteria, or would be at risk of meeting the criteria, for a child in need of protection or services or a juvenile in need of protection or services, if the child were to remain at home; and (c) the relative meets other non-financial requirements

5. WISACWIS

Request a decrease of \$188,500 (-\$11,500 FED and -\$177,000 PR) and an decrease of \$201,000 (\$22,100 FED and -\$223,100 PR) and convert 1.0 PR position to 0.50 GPR position and 0.50 FED position, beginning in 2007-08, to reflect the net cost of items relating to the Wisconsin statewide automated child welfare information system (WISACWIS).

	Funding	Positions
GPR	\$0	0.50
FED	10,600	0.50
PR	<u>- 400,100</u>	<u>- 1.00</u>
Total	- \$389,500	0.00

WISACWIS is the automated child welfare system that assists child welfare case workers and administrators in managing child welfare services. The system maintains information on intake, assessment, eligibility determinations, case management, court processing, financial reporting, and administration. WISACWIS is funded with GPR, federal Title IV-E matching funds (FED), county funds that originate as federal medical assistance matching funds the state claims for certain case management services counties provide (PR), and TANF funds transferred to DHFS from DWD to support the costs associated with the kinship care cases in WISACWIS PR (TANF). Base funding for WISACWIS is \$4,649,900 (\$2,074,100 GPR, \$1,017,200 FED, \$436,300 PR (TANF) and \$1,122,300 PR (county funds).

This item includes funding changes to reflect: (a) a decrease in masterlease costs due to the completion of masterleases for the initial phases of the system; (b) an increase in ongoing infrastructure and personnel costs, including contracted maintenance costs; and (c) reestimates of federal funding reimbursement rates in the next biennium.

6. BUREAU OF REGULATION AND LICENSING

PR	\$351,900
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Request \$175,300 in 2007-08 and \$176,600 in 2008-09 to support staff and supplies and services costs for the Bureau of Regulation and Licensing (BRL). DHFS proposes to increase the amount of federal child care development block grant (CCDBG) funds the Department of Workforce Development would transfer to DHFS in the 2007-09 biennium to support BRL. Base funding from this source is \$4,440,500. Under a standard budget adjustment, an additional \$477,000 in 2007-08 and \$485,700 in 2008-09 from the CCDBG would be provided to support this function so that, in total, an additional \$652,300 in 2007-08 and \$662,300 in 2008-09 would be transferred from DWD to support BRL.

BRL licenses and regulates family child care centers, group child care centers, day camps, residential care centers for children and youth, child placing agencies, group foster homes for children, and shelter facilities.

Health

1. HIV/AIDS PROGRAMS

GPR	\$2,563,000
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Request \$2,563,000 in 2008-09 to fund projected increases in the costs of the HIV/AIDS drug assistance program (ADAP) and the HIV/AIDS insurance premium subsidy program.

ADAP. The ADAP reimburses pharmacies for certain drugs they provide to program enrollees. In order to be eligible for the program, an individual must: (a) be a state resident; (b) live in a family with income that does not exceed 300% of the federal poverty level (FPL); (c) have a physician certify that the individual has an HIV infection; and (d) have no or insufficient insurance coverage. DHFS requests \$413,700 in 2008-09 to fully fund the estimated costs of the program in the 2007-09 biennium, based on GPR base funding for the program (\$464,000) and DHFS estimates of federal funds the state receives under the Ryan White Comprehensive AIDS Resources Emergency (CARE) Act, revenue from drug manufacturer rebates, and projected increases in caseload and drug costs.

Insurance Premium Subsidy Program. The HIV/AIDS insurance premium subsidy program subsidizes the cost of insurance premiums for continuation coverage under group and individual health insurance policies for Wisconsin residents in families with incomes that do not exceed 300% of the FPL who are unable to continue their employment or who must reduce their work hours because of an illness or medical condition related to their HIV infection. DHFS requests \$2,149,300 in 2008-09 to fully fund the estimated costs of the program in the 2007-09 biennium, based on GPR base funding for the program (\$640,600), and DHFS estimates of available federal Ryan White CARE Act funds, and projected increases in caseload and premium costs.

2. WISCONSIN CHRONIC DISEASES PROGRAM

GPR	\$720,500
PR	<u>70,500</u>
Total	\$791,000

Request \$116,000 (\$99,500 GPR and \$16,500 PR) in 2007-08 and \$675,000 (\$621,000 GPR and \$54,000 PR) in 2008-09 to fully fund the projected cost of services under the Wisconsin chronic diseases program (WCDP). The WCDP provides payments to health care providers for disease-related services for people with chronic renal disease, adult cystic fibrosis, and hemophilia. Base funding for the program is \$5,213,200 (\$4,956,500 GPR and \$256,700 PR from drug manufacturer rebates).

3. HEALTH SANITARIAN POSITIONS

	Funding	Positions
PR	- \$524,000	- 4.25

Request a reduction of \$262,000 annually and the deletion of 4.25 positions (4.0 public health sanitarian positions and 0.25 office associate position), beginning in 2007-08. The 4.0 health sanitarian positions, which are vacant, previously conducted inspections of food and lodging establishments, and were based in the Department's regional offices in Rheinlander (2.0 positions), Eau Claire (1.0 position) and Green Bay (1.0 position). DHFS projects that program revenues that support state inspections of these establishments will be insufficient to support base program costs in the 2007-09 biennium, as more counties are choosing to perform these functions as local agents of the state.

Institutional Services

1. SEXUALLY VIOLENT PERSONS -- NEW UNITS AT SAND RIDGE SECURE TREATMENT CENTER

	Funding	Positions
GPR	\$3,689,400	95.35

Request \$3,689,400 and 95.35 positions in 2008-09 to fund staff, supplies, and one-time costs for two, new 50-bed units at the Sand Ridge Secure Treatment Center (SRSTC). One unit would open in January, 2009, and the other in April, 2009.

The SRSTC and the Wisconsin Resource Center (WRC) provide inpatient treatment services for individuals committed as sexually violent persons (SVPs) under Chapter 980 of the statutes. The rate at which persons are being committed as SVPs in Wisconsin has increased due to recent legislation that, among other things, broadened the statutory definition of an SVP. The SVP population is projected to exceed the current combined SVP capacity at SRSTC and WRC (420 beds) during the 2007-09 biennium. At its March, 2006, meeting, the State Building Commission authorized planning funds for a 300-bed expansion at SRSTC. In its 2007-09 capital budget request, DHFS requested funding to build this expansion. Based on the projected construction schedule, the first 100 beds will be available in January, 2009.

2. OUTPATIENT COMPETENCY EXAMINATIONS, CONDITIONAL RELEASE, AND SUPERVISED RELEASE

GPR	\$1,967,000
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Request \$423,700 in 2007-08 and \$1,543,300 in 2008-09 to fund projected increases in the costs of outpatient competency examinations, the conditional release program, and the supervised release program.

Outpatient Competency Examinations and Conditional Release. Request \$349,600 in 2007-08 and \$1,147,900 in 2008-09 to fund projected increases in the cost of performing outpatient

competency-to-stand-trial examinations and the cost of the conditional release program. Competency-to-stand-trial examinations are conducted on both an inpatient and outpatient basis. Inpatient examinations are performed by DHFS staff at the mental health institutes. DHFS contracts with a private vendor, currently Wisconsin Forensics Unit (WFU), to conduct outpatient examinations in jails or locked units of a facility. In 2005-06, approximately 97% of competency examinations were conducted by WFU. DHFS estimates that 1,375 outpatient examinations will be conducted in 2007-08 at a cost of \$1,143 per examination, and 1,471 outpatient examinations will be conducted in 2008-09 at a cost of \$1,177 per examination.

The conditional release program provides treatment to individuals who have been conditionally released from one of the state mental health institutes. It is a state-funded, community-based program administered by private and public agencies under the supervision of DHFS. DHFS estimates that the average daily population (ADP) of individuals on conditional release will be 300 in 2007-08 at an annual cost of \$15,390 per person, and that the ADP of individuals on conditional release in 2008-09 will be 330 at an annual cost of \$15,850 per person.

Supervised Release. Request \$74,100 in 2007-08 and \$395,400 in 2008-09 to fund projected increases in costs of services under the supervised release program. The supervised release program provides treatment to individuals who are committed as sexually violent persons under Chapter 980 of the statutes and who have been released by the court under the supervision of DHFS. The projected increase in costs results from a projected increase in caseload and service costs, including the costs of global positioning system monitoring and escorts.

3. MENTAL HEALTH INSTITUTE FUNDING SPLIT

Request an increase of \$1,800,400 GPR and a reduction of \$1,800,400 in PR in 2007-08, and an increase of \$1,819,500 GPR and a reduction of \$1,819,500 PR in 2008-09 to adjust base funding for the mental health institutes (MHIs) to assign the costs of certain services at the MHIs to the appropriate funding sources. In addition, convert 7.53 PR positions to GPR positions, beginning in 2007-08.

	Funding	Positions
GPR	\$3,619,900	7.53
PR	<u>- 3,619,900</u>	<u>- 7.53</u>
Total	\$0	0.00

Biennially, a funding adjustment is made to assign costs of certain services each MHI provides to appropriate funding sources. The costs of these services are assigned to payment sources based on the estimated percentage of the population at the MHIs whose care will be supported by GPR (nearly all forensic patients and other non-billable patients) and by program revenues contributed by counties, medical assistance, and other third-party payers (civil commitments, MA recipients and certain other patients). Examples of these services include housekeeping, food production, maintenance and security, library, and administrative services. The Department projects that the population splits will be 70% GPR/30% PR at Mendota and 55% GPR/45% PR at Winnebago for both years of the 2007-09 biennium.

4. CENTERS OPERATIONS ADJUSTMENTS DUE TO ACTUAL AND PROJECTED CIP IA PLACEMENTS

PR	\$5,285,000
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Request \$2,642,500 annually, and 73.86 positions beginning in 2007-08, to partially restore funding and staff for the centers for the developmentally disabled to reflect that fewer residents will relocate from the centers in the 2005-07 biennium under the community integration program (CIP IA) than had been assumed in 2005 Act 25. In addition, request a reduction of 73.86 positions in 2008-09, effective at the end of the biennium, to reflect projected staffing reductions that will occur as residents relocate from the centers in the 2007-09 biennium.

Central Wisconsin Center (CWC). Provide \$1,689,600 annually, and 46.20 positions beginning in 2007-08, to reflect DHFS' estimate that 12 individuals, rather than 40 (as assumed in Act 25), will relocate from CWC in the 2005-07 biennium. Act 25 deleted 67.70 positions from CWC in 2006-07. Funding for these 67.70 positions (\$3,113,100 annually) would be removed as part of the standard budget adjustment for full funding of salary and fringe benefits under the DHFS budget request. Based on the statutory requirement that DHFS reduce funding for the centers by \$325 per day following a relocation, DHFS estimates that \$1,423,500 annually will need to be deleted from CWC's budget. This request funds the difference between the amount that would be removed under the standard budget adjustment and the required funding reduction, and restores position authority accordingly. In addition, request a reduction of 46.20 positions in 2008-09 to reflect DHFS' estimate that 16 residents will relocate from CWC in the 2007-09 biennium. Funding for these positions would be deleted as a standard budget adjustment as part of the 2009-11 budget.

Southern Wisconsin Center (SWC). Provide \$952,900 annually, and 27.66 positions beginning in 2007-08, to reflect DHFS' estimate that 16 individuals, rather than 50 (as assumed in Act 25) will relocate from SWC in the 2005-07 biennium. Act 25 deleted 64.30 positions from SWC in 2006-07. Funding for these positions (\$2,850,900 annually) would be removed as part of the standard budget adjustment for full funding of salary and fringe benefits under the DHFS budget request. Based on the statutory requirement that DHFS reduce funding for the centers by \$325 per day following a relocation, DHFS estimates that \$1,898,000 will need to be deleted from SWC's budget. The request funds the difference between the amount that would be removed under the standard budget adjustment and the required funding reduction, and restores position authority accordingly. In addition, request a reduction of 27.66 positions, in 2008-09 to reflect DHFS' estimate that 20 residents will relocate from SWC in the 2007-09 biennium. Funding for these positions would be deleted as a standard budget adjustment as part of the 2009-11 budget.

5. RESTORE POWER PLANT POSITIONS

	Funding	Positions
PR	\$5,032,600	41.00

Request \$2,516,300 annually to enable DHFS to retain 41.0 positions that currently operate power plants at the mental health institutes and the centers for the developmentally disabled. Act 25 deleted these

positions effective April 1, 2007, but the act did not delete funding budgeted in the 2005-07 biennium that supports these positions. This funding, which is part of the agency's adjusted base funding level, would be deleted as part of a standard budget adjustment (full funding of salaries and fringe benefits), but restored under this item.

6. VARIABLE NONFOOD COSTS

GPR	\$2,190,000
PR	<u>3,502,900</u>
Total	\$5,692,900

Request \$2,190,000 (\$654,700 GPR and \$1,535,300 PR) in 2007-08 and \$3,502,900 (\$1,525,900 GPR and \$1,977,000 PR) in 2008-09 to fund projected increases in variable nonfood costs at the centers for the developmentally disabled, the mental health institutes, the Wisconsin Resource Center, and the Sand Ridge Secure Treatment Center. Variable nonfood costs include medical services and supplies, drugs, clothing, and other supplies.

7. FOOD

GPR	\$442,300
PR	<u>1,297,100</u>
Total	\$1,739,400

Request \$824,200 (\$178,200 GPR and \$646,000 PR) in 2007-08 and \$915,200 (\$264,100 GPR and \$651,100 PR) in 2008-09 to fund projected increases in the cost of food for residents at the centers for the developmentally disabled, the mental health institutes, the Wisconsin Resource Center and the Sand Ridge Secure Treatment Center.

8. FUEL AND UTILITIES

PR	\$2,930,400
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Request \$1,287,700 in 2007-08 and \$1,642,700 in 2008-09 to fund projected increases in fuel and utility costs at facilities administered by the Division of Disability and Elder Services.

9. MUNICIPAL SERVICES

PR	\$316,800
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Request \$158,400 annually to fund projected increases in the cost of municipal services provided by local governments to the centers for the developmentally disabled and the mental health institutes.

Disability and Elder Services

1. COMMUNITY AIDS

GPR	\$206,200
FED	<u>64,800</u>
Total	\$271,000

Request \$135,500 (\$103,100 GPR and \$32,400 FED) annually to fully fund a 5 % increase in foster care rates, enacted as part of 2005 Act 25, which took effect on January 1, 2006 (\$103,100 GPR and \$32,400 FED of Title IV-E funds annually). In addition, adjust federal funding budgeted to support community aids by: (a) reducing Title IV-B support by \$255,300 FED annually; (b) reducing support from the social services block grant by \$78,600 FED annually; and (c) offsetting these reductions by increasing Title IV-E support by \$333,900 FED annually. The DHFS request to increase Title IV-E funding for community aids would reduce the amount of funding that would otherwise be generated as federal income augmentation revenue from this source, 50% of which, under current law, DHFS is required to distribute to non-Milwaukee counties for services and projects to assist children and families.

In addition, request a statutory change to increase the annual basic county allocation from \$242,078,700 to \$242,421,500 annually.

The following table identifies the total amount of funding that would be budgeted for community aids under the DHFS 2007-09 budget request.

**Funding for Community Aids and Related Programs
DHFS 2007-09 Budget Request**

	2007-08				2008-09			
	<u>GPR</u>	<u>FED</u>	<u>PR</u>	<u>Total</u>	<u>GPR</u>	<u>FED</u>	<u>PR</u>	<u>Total</u>
Community Aids								
Base Funding	\$146,770,500	\$84,636,300	\$700,000	\$232,106,800	\$146,770,500	\$84,636,300	\$700,000	\$232,106,800
Funding Changes Under this Item								
Fully Fund Foster Care Rate Increase	103,100	32,400	0	135,500	103,100	32,400	0	135,500
Reduce Title IV-B Support	0	-255,300	0	-255,300	0	-255,300	0	-255,300
Reduce SSBG Support	0	-78,600	0	-78,600	0	-78,600	0	-78,600
Increase Title IV-E Support	<u>0</u>	<u>333,900</u>	<u>0</u>	<u>333,900</u>	<u>0</u>	<u>333,900</u>	<u>0</u>	<u>333,900</u>
Subtotal	\$103,100	\$32,400	\$0	\$135,500	\$103,100	\$32,400	\$0	\$135,500
Funding Changes Under Other Items								
Foster Care Rate Increase, January 2008	\$240,000	\$64,000	\$0	\$304,000	\$719,900	\$192,000	\$0	\$911,900
MA Base Reestimate -- WIMCR Change	4,650,900			4,650,900	3,362,700			3,362,700
Program Revenue Reestimates -- Reduce Funding from CCDBG			-600,000	-600,000			-600,000	-600,000
				0				0
Total Community Aids Funding	\$151,764,500	\$84,732,700	\$100,000	\$236,597,200	\$150,956,200	\$84,860,700	\$100,000	\$235,916,900
Wisconsin Medicaid Cost Reporting (WIMCR) Payments								
Base Funding	\$21,273,300	\$0	\$0	\$21,273,300	\$21,273,300	\$0	\$0	\$21,273,300
MA Base Reestimate Adjustment	<u>1,168,400</u>	<u>0</u>	<u>0</u>	<u>1,168,400</u>	<u>1,947,500</u>	<u>0</u>	<u>0</u>	<u>1,947,500</u>
Subtotal -- WIMCR	\$22,441,700	\$0	\$0	\$22,441,700	\$23,220,800	\$0	\$0	\$23,220,800
Family Care -- Funding for Resource Centers								
Base Funding	\$8,768,600	\$0	\$0	\$8,768,600	\$8,768,600	\$0	\$0	\$8,768,600
Family Care Expansion	<u>1,614,100</u>	<u>0</u>	<u>0</u>	<u>1,614,100</u>	<u>11,354,700</u>	<u>0</u>	<u>0</u>	<u>11,354,700</u>
Subtotal -- Funding for Resource Centers	\$10,382,700	\$0	\$0	\$10,382,700	\$20,123,300	\$0	\$0	\$20,123,300
Grand Total -- Community Aids, WIMCR Payments and Family Care Resource Centers	\$184,588,900	\$84,732,700	\$100,000	\$269,421,600	\$194,300,300	\$84,860,700	\$100,000	\$279,261,000

2. SSI BENEFITS AND ADMINISTRATION

GPR	\$12,585,900
PR	305,900
Total	\$12,891,800

Request \$5,378,700 (\$5,209,600 GPR and \$169,100 PR) in 2007-08 and \$7,513,100 (\$7,376,300 GPR and \$136,800 PR) in 2008-09 to reflect DHFS estimates of the amount of TANF funding that will be required to support: (a) state-funded supplemental security income (SSI) benefit payments to elderly and disabled low-income individuals; and (b) the costs of administering this program in the 2007-09 biennium. The PR amounts are TANF funds transferred from the Department of Workforce Development.

SSI State Supplement Benefits. Request \$5,209,600 GPR in 2007-08 and \$7,376,300 GPR in 2008-09 to reflect DHFS estimates of the amounts needed to fully fund the state supplement to federal SSI payments. DHFS makes these monthly payments to approximately 98,000 individuals who receive federal SSI benefits, and 6,900 individuals who do not qualify for the federal benefit but were receiving a partial state benefit as of January 1, 1996, when the state discontinued its state-only benefit for new applicants. Base funding for these payments is \$128,281,600 GPR.

SSI Caretaker Supplement Benefits. Request a reduction of \$121,600 PR annually to reflect DHFS estimates of the amounts needed to fully fund SSI caretaker supplement payments. DHFS makes these payments to SSI recipients who have dependent children. Recipients receive \$250 per month for the first child and \$150 per month for each additional child. Base funding for these payments is \$29,749,400 PR.

Administration. Request \$290,700 PR in 2007-08 and \$258,400 PR in 2008-09 to support administrative costs of the caretaker supplement program, including costs incurred by the program's fiscal agent, postage, and the program's share of county income maintenance costs. Base funding for these costs is \$1,704,200 (\$611,800 GPR, \$447,800 FED--MA administration, and \$644,600 PR).

3. OFFICE OF THE BLIND AND VISUALLY IMPAIRED

FED	\$635,200
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Request \$289,800 in 2007-08 and \$345,400 in 2008-09, from federal income augmentation funds, to support DHFS estimates of funding that would be needed to support current authorized staff in the Office of the Blind and Visually Impaired (OBVI) in the 2007-09 biennium. OBVI offers rehabilitation teaching services to assist blind and visually impaired individuals in achieving independent living

Beginning in 2005-06, base funding available to support OBVI, from a variety of sources, was reduced by approximately \$255,000 annually. This occurred primarily because the Division of Vocational Rehabilitation in the Department of Workforce Development prohibited DHFS from using base GPR funding as a match for federal Title IB (vocational rehabilitation) funds so that DWD could instead use the Title IB funds to support individualized employment plans for individuals with disabilities. This resulted in a loss of approximately \$110,000 FED annually to support OBVI. In addition, DHFS reduced GPR support for the office by approximately

\$119,900 annually in response to GPR funding reductions enacted as part of 2005 Wisconsin Act 25. In the 2005-07 biennium, DHFS has maintained vacant positions in OBVI and allocated one-time federal funding to address this reduction in base support for the office.

10% Budget Reduction Plan

	<u>Amount of Reduction</u>	
	<u>2007-08</u>	<u>2008-09</u>
General Purpose Revenue (GPR)		
1. Electronic Benefits Transfer Contract. Savings from new vendor contract for FoodShare benefits.	\$516,000	\$1,240,000
2. Enhanced Federal Funding for MMIS Functions. A new MA claims processing system would allow DHFS to claim enhanced federal funding for certain functions.	\$0	\$487,000
3. Federal Revenue Maximization Contingency Fees. Through a statutory change, allow contingency-based contractor fees to be paid from collections the contract generates.	\$98,000	\$98,000
4. Nursing Home Price-based Reimbursement. Changing to a price based reimbursement system would eliminate the need for 3.0 nursing home audit positions in 2008-09.	\$0	\$113,300
5. BadgerCarePlus Administrative Savings. Administrative savings from simplifying the eligibility determination process for clients served under the new BadgerCarePlus program.	\$0	\$1,107,400
6. Food Stamp Employment and Training. Administrative savings resulting from making FSET a voluntary program.	-\$104,600	\$104,600
7. Bureau of Eligibility Management Staff. Convert 21.0 contracted staff positions through UW-Oshkosh to DHFS state staff positions. These staff currently conduct support and CARES systems functions.	\$457,700	\$457,700
8. WISACWIS Base Reduction. Savings from reduced masterlease payments.	\$330,800	\$465,700

	<u>Amount of Reduction</u>	
	<u>2007-08</u>	<u>2008-09</u>
9. WISACWIS Masterlease Payments. Place GPR budgeted for masterlease payments with MA targeted case management revenue.	\$773,600	\$606,400
10. BMCW Operations. Replace GPR with MA targeted case management revenue.	\$2,000,000	\$2,255,000
11. Bureau of Milwaukee Child Welfare Eligibility Unit. Replace GPR for federal IV-E eligibility unit with income augmentation funds.	\$525,100	\$525,100
12. Consumer Protection Investigators. Reallocate positions from GPR to background check fee revenue (PR).	\$91,800	\$93,500
13. Bureau of Information Technology Services Contractors. Convert 23.0 contracted information technology positions through various vendors to DHFS state staff positions.	\$227,300	\$302,200
14. Staff Reduction in OSF and DMT. Delete 1.5 GPR positions in the Office of Strategic Finance and the Division of Management and Technology.	\$114,100	\$114,100
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Total GPR	\$5,029,800	\$7,970,000

Federal Revenue (FED)

1. Electronic Benefits Transfer Contract. Savings from new vendor contract for FoodShare benefits.	-\$516,000	\$1,240,000
2. Enhanced Federal Funding for MMIS Functions. A new MA claims processing system would allow DHFS to claim enhanced federal funding for certain functions.	\$0	-\$487,000
3. Nursing Home Price-based Reimbursement. Changing to a price based reimbursement system would eliminate need for 3.0 nursing home audit positions in 2008-09.	\$0	\$113,300

	<u>Amount of Reduction</u>	
	<u>2007-08</u>	<u>2008-09</u>
4. BadgerCarePlus Administrative Savings. Administrative savings from simplifying the eligibility determination process for clients served under the new BadgerCarePlus program.	\$0	\$1,192,600
5. Food Stamp Employment and Training. Administrative savings resulting from making FSET a voluntary program.	\$104,600	\$104,600
6. Bureau of Eligibility Management Staff. Convert 21.0 contracted staff positions through UW-Oshkosh to DHFS state staff positions. These staff currently conduct economic support and CARES systems functions.	\$457,700	\$457,700
7. WISACWIS Masterlease Payments. Replace GPR budgeted for masterlease payments with MA targeted case management revenue.	-\$773,600	-\$606,400
8. BMCW Operations. Replace GPR with MA targeted case management revenue.	-\$2,000,000	-\$2,255,000
9. Bureau of Milwaukee Child Welfare Eligibility Unit. Replace GPR for federal IV-E eligibility unit with income augmentation funds.	-\$525,100	-\$525,100
Total FED	-\$2,220,400	-\$765,300
Program Revenue (PR)		
1. Federal Revenue Maximization Contingency Fees. Through a statutory change, allow contingency-based contractor fees to be paid from collections the contract generates.	-\$98,000	-\$98,000
2. Consumer Protection Investigators. Reallocate positions from GPR to background check fee revenue (PR).	-\$91,800	-\$93,500
3. Program Revenue Reduction. Reductions for environmental health staff and programs supported by the drug abuse program improvement surcharge.	\$458,200	\$458,200
Total PR	\$268,400	\$266,700