

## INCOME MAINTENANCE ADMINISTRATION ALLOCATION

The Income Maintenance Administration Allocation (IMAA) is a combination of state and federal funds provided to county income maintenance consortia to perform the eligibility determination and management functions associated with several federal and state programs, including Medical Assistance and FoodShare. Ten multi-county consortia administer income maintenance programs. Administration of IM is a shared cost between local county levy, federal revenue, and GPR, with typically a 50-50 split between federal revenue and the state's share of cost (funded through GPR and county tax levy).

Provisions in the 2015-17 and 2017-19 biennial budget acts require the Department of Health Services (DHS) to request an amendment to the state's BadgerCare Reform demonstration project, through which Wisconsin provides Medicaid coverage to childless adults whose family income does not exceed 100 percent of the federal poverty limit (FPL). State statute requires that the amendment request authority for DHS to do all of the following with regard to the childless adult population: (1) impose monthly premiums as determined by DHS; (2) impose higher premiums on enrollees who engage in behaviors that increase their health risks, as determined by DHS; (3) require a health risk assessment; (4) limit eligibility to no more than 48 months, under an eligibility formula determined by DHS; (5) require, as a condition of eligibility, drug screening and testing; (6) provide employment and training services to childless adults receiving Medicaid. On October 31, 2018, the federal government approved an amendment to BadgerCare Reform in each of these categories, except for drug screening and testing.

2017 Wisconsin Act 370 requires DHS to implement changes to the BadgerCare Reform demonstration project no later than November 1, 2019. The act also specifies that DHS must do all of the following, ending no sooner than December 31, 2023:

- Require persons, except exempt individuals, who are at least 19 years old but have not attained the age of 50 to participate in, document, and report 80 hours per calendar month of qualifying community engagement activities. If a person does not participate for 48 aggregate months, DHS must disenroll the individual from the Medicaid program for six months.
- Require persons with incomes of at least 50 percent FPL to pay a premium of \$8 per month as a condition of Medicaid eligibility. Premiums may be reduced by up to one-half if a person avoids certain behaviors that increase health risks or attests to actively managing certain unhealthy behaviors. Failure to pay the required premium will result in Medicaid disenrollment for six months.
- Require completion of a health risk assessment as a condition of Medicaid eligibility.

- Charge Medicaid recipients an \$8 copayment for nonemergency use of the emergency department.

Current law also requires able-bodied adults without dependents (ABAWDs) who receive FoodShare benefits to comply with drug screening, testing, and treatment requirements as a condition of eligibility to participate in the FoodShare Employment and Training (FSET) program. This requires county IM consortia to administer a controlled substance abuse screening questionnaire, as well as refer individuals to drug testing and treatment. Individuals who fail to fully comply with drug screening requirements become ineligible to participate in FSET. FoodShare recipients are also required to comply with certain work requirements and new asset limits, as well as cooperate with child support agencies.

Income maintenance consortia cannot meet current workload demands due to an under-resourced system.

The Wisconsin County Human Service Association (WCHSA) has completed a comprehensive study on the time it will take income maintenance workers to implement the new BadgerCare Reform demonstration project requirements, as well as implement changes to the FoodShare program.

**CURRENT STATUS:** Implementation of the BadgerCare Reform demonstration project is scheduled to occur in November 2019. County IM consortia have not received an increase in the income maintenance administration allocation (IMAA) to fund consortia costs associated with BadgerCare demonstration project implementation. IM consortia have not received any funding to implement the new requirements in the FoodShare/FSET program.

Counties need an additional 68 FTEs statewide just to complete the additional work associated with FoodShare/FSET program changes, as well as the increased workload associated with implementation of the BadgerCare Reform demonstration project.

**REQUESTED ACTION:**

- Increase the Income Maintenance Administration Allocation by \$6,905,808 annually (\$3,452,904 GPR; the same amount in FED match) to cover the costs of the increased workload associated with FoodShare and BadgerCare program changes.

**TALKING POINTS:**

- Counties lack the levy capacity to fund the costs of new mandates.

- Counties have a greater tax levy investment in the program than the state's GPR investment.
- At the time the income maintenance consortia were created, the state significantly cut funding to the counties, indicating that any future savings in the program would accrue to the counties. Instead, county investment in the program has continued to increase.
- According to the Legislative Fiscal Bureau, in 2017 the state invested \$17.7 million GPR in the IM consortia. County levy investment was over \$30 million.
- Providing additional funding to IM consortia is consistent with past practice. Counties received \$16 million in 2013 to support the implementation of the childless adult expansion.

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**County IM Funding Needs**

	FY20 GPR	FY20 FED	FY21 GPR	FY21 FED
1115 and FoodShare Implementation	\$3,452,904	\$3,452,904	\$3,452,904	\$3,452,904
Fraud	\$250,000	\$250,000	\$250,000	\$250,000
<b>Total</b>	<b>\$3,702,904</b>	<b>\$3,702,904</b>	<b>\$3,702,904</b>	<b>\$3,702,904</b>

**GPR Savings from Paper Options**

Paper #385			\$315,000	
Alternative 2c	\$315,000			\$1,235,500
Alternative 2d	\$4,065,900			
Paper #386			\$767,500	
Alternative 2	\$1,039,800			
<b>Total</b>	<b>\$5,420,700</b>		<b>\$2,318,000</b>	

1/1/18

Consortia	FSET Drug Screenings (hours per month)	MA Work Requirement and Time Limit (hours per month)	Child Support Cooperation for Foodshare (hours per month)	MA Health Risk Assessment and New Premiums (hours per month)	FSET Hours 20 to 30 (hours per month)	School-Aged FSET Expansion (hours per month)	New FS Asset Limits (hours per month)	MAPP Changes (hours per month)	Total Monthly hours	FTE (130 hr/month)
Moraine Lakes	79	123	11	195	26	101	116	157	808	6
Great Rivers	93	98	9	189	23	109	115	208	844	6
Capital	296	185	14	321	37	215	247	310	1,626	13
Bay Lake	97	83	6	150	19	129	148	130	761	6
WGRP	178	111	9	193	25	129	129	186	960	7
East Central	50	100	72	191	27	121	135	257	954	7
IM Central	67	56	33	95	49	31	62	74	468	4
Western	111	101	40	141	52	110	86	156	796	6
Northern	132	61	7	114	17	67	76	153	626	5
Southern	296	85	10	145	19	109	126	200	991	8
<b>TOTAL</b>	<b>1,399</b>	<b>1,004</b>	<b>211</b>	<b>1,734</b>	<b>293</b>	<b>1,121</b>	<b>1,241</b>	<b>1,832</b>	<b>8,835</b>	<b>68</b>

## Methodology: IM Workload Estimate

The Workload Estimate for the New Initiatives was conducted using the following assumptions based on consortia experience with prior policy changes of this magnitude. Consortia tried to reflect the best information available from DHS staff, legislative materials and public reporting to understand the implementation approach in developing these assumptions. While DHS has indicated their intent to share planning information and engage with consortia to solicit feedback on approach to the greatest extent possible, detailed information about how these changes will be implemented has not been shared to this point. Also, consortia independently assessed the potential impact of all changes regardless of if administrative funding was already allocated as part of the previous biennial budget or through separate legislative action.

The policy changes envisioned are meaningful and will impact hundreds of thousands. A basic assumption that is consistent with consortia experience is to expect that the DHS planned approach for announcing these changes will generally begin with an informational letter to potentially affected cases. Consortia assume that about one-third of people receiving those letters will call to ask about the letter contents. These additional calls would be above and beyond the routine call center traffic. Consortia also expect that, on an ongoing basis, calls will generally take longer (about 6 minutes, on average, with exceptions noted below) as the policies are explained and questions are answered. Time must also be allocated for work stemming outside of the call center. Generally, consortia expect about 10% of the cases affected will send in or need to send in additional documents which take time to scan and upload to the automated system. Documents will create about 1.5 new work items to apply the changes or updates to the case. 10% of the cases affected will decide to seek in-person guidance in the lobby, staff time to answer such questions will take between 9.6 minutes and 15 minutes depending on the consortia. Time is also planned for 5% of the affected cases to prompt at least one new fraud referral that must be evaluated and the significant amount of staff time that will be spent in initial and on-going training.

The associated fiscal estimate is a tabulation of the additional time this work will take as described above, expressed as a statewide average of FTE cost in the balance of state.

- The FSET Drug Screenings are expected to affect 45,775 in the balance of state and it is expected to generate an additional monthly workload of 1,399 hours per month. The source for the data is the monthly consortia report (Source: IMMR FSET Referred Individuals by Participation Status and Enrollment Status).
- The MA Work Requirement and Time Limit is expected to affect 37,166 cases and to generate an additional workload of 1,004 hours per month. The Department projected that 49,000 adults statewide are expected to enroll. Funding proposed was \$1.4 million statewide. The source of the consortia estimate comes from IM Case Summary Consortium Report Page 2, 60% overlap with Food Share, 72.09% is the percentage of the population between the age of 18 to 65 that are between the age of 18 and 49.

- The Child Support Cooperation for Food Share is expected to affect 2,890 cases and to generate an additional workload of 211 hours per month. Funding proposed was \$58,200 statewide. Budget assumed 1,100 sanctions per year at 45 minutes each. Fiscal bureau estimates a doubling of the cases affected to more than 2,000. DHS indicates much of the work will be done through improved data automation, however, automation does not replace the necessary time and effort associated with an expected surge in fair hearings.
- The MA Health Risk Assessment and New Premiums is expected to impact 93,845 cases and generate an additional workload of 1,734 hours per month. Data to support this assumption comes from IM Case Summary Consortium Report Page 2.
- The FSET Hours 20 to 30 is expected to impact 7,523 cases statewide and generate an additional monthly workload of 293 hours. Impact would equate to processing of loss of eligibility for FS for those who do not comply with new requirements and associated additional churning as ABAWD work engagement fluctuates. Source is the FSET Disenrollees by Participation Status and Disenrollment Reason - Consortium Report.
- The School-Aged FSET Expansion is expected to impact 35,673 cases statewide and generate an additional monthly workload of 1,121 hours. Consortia predict the same impact as work requirements for FSET and MA, albeit for a larger population. Additional costs include time for new child care authorizations for before and after school (a DCF expense). 43% of all SNAP households have children. Analysis used the IM Food Share Allotment Consortium Report, 43% of all SNAP households have children, 36.29% of households with children have only children between the ages of 6 to 17 (40,751\*43%\*36.29%).
- The New FS Asset Limits is expected to impact 233,666 cases statewide and generate an additional monthly workload of 1241 hours. As an average, it assumes that workers ask for verification of assets for 5% of the clients that would answer not sure to the asset question and they will send additional documents, 5% will create additional fraud referrals, 1.5 additional work items will be created. This item does not assume calls will take longer because we understand this is a simple yes/no question that will not require verification unless questionable.
- The MAPP Changes are expected to impact most of the MAPP cases. It is expected that 22,254 cases statewide will be impacted and generate an additional workload of 1,832 hours. Changes likely to offset total enrollment numbers but contacts and churning will increase. Data from the IM Case Summary Consortium Report.

**Income Maintenance Funding**

Funding Source	Projected									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	
State - Base GPR **	\$29,381,541	\$18,474,755	\$13,679,102	\$13,484,177	\$14,240,656	\$13,565,090	\$13,941,900	\$14,898,857	\$13,941,900	
State - PPACA	\$0	\$0	\$0	\$4,255,706	\$8,074,518	\$6,261,852	\$2,824,721	\$2,819,771	\$2,346,309	
State - Foodshare Bonus	\$0	\$0	\$0	\$661,822	\$811,045	\$998,068	\$1,562,895	\$0	\$0	
Enhanced Medicaid \$ **	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,138,617	
State - FSET	\$0	\$0	\$0	\$0	\$0	\$3,761,496	\$4,673,000	\$0	\$4,673,000	
County - Tax Levy **	\$26,772,887	\$26,747,117	\$25,959,711	\$25,493,655	\$24,954,745	\$24,643,121	\$27,977,259	\$30,672,707	\$24,643,121	
Federal Match	\$55,592,831	\$46,040,348	\$40,495,268	\$45,029,896	\$48,493,809	\$45,491,156	\$45,086,336	\$48,391,335	\$47,742,947	
<b>Grand Totals</b>	<b>\$111,747,259</b>	<b>\$91,262,220</b>	<b>\$80,134,081</b>	<b>\$88,925,256</b>	<b>\$96,574,773</b>	<b>\$94,720,783</b>	<b>\$96,066,111</b>	<b>\$96,782,670</b>	<b>\$95,485,894</b>	
<b>Change from Prior Year</b>		<b>-18.33%</b>	<b>-12.19%</b>	<b>10.97%</b>	<b>8.60%</b>	<b>-1.92%</b>	<b>1.42%</b>	<b>0.75%</b>	<b>-1.34%</b>	

\*\* Includes Estate Recovery

\*\* Starting in 2018 include base, PPACA, and FSET



## INCOME MAINTENANCE FRAUD FUNDING

The Income Maintenance Administration Allocation (IMAA) is a combination of state and federal funds provided to county income maintenance consortia to perform the eligibility determination and management functions associated with several federal and state programs, including Medical Assistance and FoodShare. Ten multi-county consortia administer income maintenance programs. Administration of IM is a shared cost between local county levy, federal revenue, and GPR, with typically a 50-50 split between federal revenue and the state's share of cost (funded through GPR and county tax levy).

County income maintenance consortia are required to operate a Fraud Prevention and Investigation Program (FPIP). The FPIP model “focuses on fraud prevention, using investigative staff dedicated to provide all investigation activities under a single funding source, utilizing local agency and/or private contracted investigators.”

In the 2015-17 state biennial budget, the Joint Committee on Finance (JCF) doubled the FPIP appropriation - from \$500,000 annually statewide to \$1,000,000 annually statewide. This funding amount is well below the \$1.8 million counties received in 2009. The increased funding provided in the 2015-17 state biennial budget has enabled local agencies to increase the number of investigations completed, as well as identify an increased number of cases in which overpayments were made and intentional program violations (IPV) occurred. The JCF provided an additional \$500,000 annually in the 2017-19 state biennial budget as well, increasing the annual allocation to \$1,500,000.

In some ways, efforts to identify and eliminate fraud, waste, and abuse has been a victim of its own success because the better counties are at it, the more work that is generated. The nature of the work has shifted as well. Over the last two years, the workload associated with potential fraud referrals consisted of more fraud investigations than overpayment referrals. As increased funding was provided, investigations increased, as did discrepancy evaluations, resulting in high numbers of overpayment referrals.

Income maintenance consortia cannot meet current workload demands due to an under-resourced system. In 2016, the Legislative Audit Bureau and the Department of Health Services began monitoring unworked quarterly wage discrepancy matches that each IM consortia receives. Consortia have never had enough staff time to keep on top of these quarterly discrepancies and lack the financial resources to hire additional staff to complete this work. In addition, the state has recently implemented a new computer system, BRITS, that tracks statewide fraud referral and overpayment calculations that

need to be completed. As consortia are dedicating additional time to working quarterly wage discrepancies, an increasing number of fraud and overpayment referrals are created. The BRITS system highlights the magnitude of the additional fraud work that needs to be completed due to an increased focus on unworked wage discrepancies.

**CURRENT STATUS:** The Governor's budget maintains fraud funding at \$1.5 million annually.

**REQUESTED ACTION:** Provide an additional \$500,000 annually in FPIP funding. Fifty percent of the funding request is GPR, 50% is federal funding.

**TALKING POINTS:**

- With the increased funding provided in the 2015-17 and 2017-19 state biennial budgets, counties successfully identified an increased number of IPV and overpayment cases, as well as increased the state's return on investment.
- Increased funding is essential to reducing the backlog in both fraud referral and overpayment referral cases
- Local IM staff has forged relationships at the local level that have helped in identifying and investigating suspected fraud within the program.
- Fraud funding is below historical funding levels, while workloads/caseloads have continued to increase.
- The state receives incentive funding as a direct result of claims established by the FPIP consortia and the resulting collection of overpayments. If incentive dollars are used to fund the increased FPIP payments to IM consortia, the proposal will be cost neutral to the state.
- In 2017, each \$1 spent on FPIP resulted in a savings of \$23.

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**IM Fraud - Historical View**

	2009	2010	2011	2012	2013	2014	2015	2016	2017 Aug.	2018
<b>Funding</b>										
Total Funding (BOS) (excludes Milw. And OIG)	\$1.8M	\$1.8M	\$0.5M	\$0.5M	\$0.5M	\$0.5M	\$0.75M	\$1M	\$1M	\$1.5M
<b>Fraud Efforts</b>										
Claims Established (M)		4.6	6	9	7.3	8.4	14.13	19.41		
Cost Avoidance (M) (future savings)		6.8	8.5	11.4	8.8	9.8	10.4			
Total Program Savings (M)		11.4	14.5	20.4	16.1	18.2	24.53	21.3		
Individuals Suspended for IPV	126	82	106	203	549	1085	692	443	720	
IPV Savings (M)				0.5	1	0.7	0.4	0.7		
FPIP Consortia Investigations			3759	4837	7032	8240	11394	13808	23374	
<b>State Revenue from Collections</b>										
FoodShare	\$138,072	\$184,191	\$335,263	\$470,028	\$533,726	\$535,020	\$914,371			
Medicaid	\$250,515	\$200,133	\$231,597	\$297,415	\$318,193	\$247,046	\$894,907			
Totals	\$388,587	\$384,324	\$566,860	\$767,443	\$851,919	\$782,066	\$1,809,278			
<b>Backlog</b>										
BOS Fraud Referral Backlog	23	83	288	1511	2056	1228	3823	5246	14258	
BOS Overpayment Backlog	6	19	49	243	6001	15504	14048	23520	60554	
Estimated Backlog Claims Amt.	\$8,160	\$46,172	\$140,012	\$585,072	\$2,918,764	\$9,978,864	\$22,170,992	\$22,484,812	\$23,887,286	\$34,084,539
<b>Cost Benefit Ratio</b>										

Each dollar invested in the program yields a return of \$23.