

Fiscal Estimate Narratives

DHS 12/10/2013

LRB Number	13-3495/1	Introduction Number	SB-392	Estimate Type	Corrected
Description Requiring legislation for agencies to take an action to, request federal moneys to, and use state moneys to assist the federal government to create or implement a health benefit exchange					

Assumptions Used in Arriving at Fiscal Estimate

This bill would require the Department to request the Legislature's approval before taking any steps to implement a health benefit exchange. Under this bill, in instances in which the Department would ordinarily promulgate a rule, the Department would instead be required to request legislation if the rule related to a health benefit exchange.

The definition of health benefit exchange in the bill includes an exchange established by the state, operated under a partnership with the federal government, or established and facilitated in the state by the federal government. In Wisconsin, the federal government is operating a federally facilitated Health Insurance Marketplace (exchange). The Department is not expending funds to operate a state-based exchanged or the federally facilitated Marketplace. However, the Department is spending federal and state funds to modify the CARES eligibility system to interface with the federally facilitated Marketplace. This interface will allow the Marketplace to refer individuals who appear to be Medicaid eligible to the state and will allow the state to send eligibility determinations to the federal Marketplace. The Department is receiving enhanced federal matching funds of 75% or 90% of costs depending on the specific activity, to modify the CARES system to enable this interface. The Department is also expending funds to update the CARES system to new federally required Medicaid income calculations (termed the Modified Adjusted Gross Income, or MAGI, calculation), and receives enhanced funding for all Medicaid-related systems changes and maintenance. The enhanced federal funding received for these significant system modifications is received under the condition that Wisconsin meet specific federal requirements, including the requirement to interface with the federally facilitated Marketplace.

The bill states, "no agency may expend any moneys of this state, or of any subdivision or agency of this state, or any federal moneys passing through the state treasury to assist the federal government in creating an American health benefit exchange unless the state legislature has enacted legislation to allow the agency to expend those moneys." One interpretation of this bill would be that the state's current efforts to allow for the transmission of information between Wisconsin's CARES eligibility system and the federal health benefit Marketplace constitutes assistance in creating or implementing of an exchange under this law. Following this interpretation, the Department would be required to cease current efforts to modify the CARES system until the legislature has enacted legislation. At a minimum, this action would place at risk current and past federal claims for enhanced federal funding for modifications to the CARES eligibility system if or until the legislature provides authorization. In addition, the current Medicaid Administration budget assumes receipt of enhanced federal funding for all Medicaid-related eligibility system changes and maintenance. Without receipt of these funds, the Department would have to re-prioritize all eligibility system modifications to accommodate a smaller budget. Last, suspending efforts to interface with the federal marketplace could jeopardize federal funding for Medicaid administration and possibly benefits expenditures because federal law requires coordination of Medicaid programs with the exchange. A non-compliant Medicaid program is technically ineligible for federal matching funds.

Long-Range Fiscal Implications