Legislative Fiscal Bureau

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TO: Members
               Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Health Services: Section 13.10 Request to Transfer Funding for the Funeral and Cemetery Aids Program -- Agenda Item II

The Department of Health Services (DHS) requests a transfer of $2,262,100 GPR from the appropriation that supports benefits under the SeniorCare program [20.435(4)(bv)] to the appropriation that supports benefits under the Wisconsin funeral and cemetery aids program (WFCAP) [20.435(4)(br)] in order to fully fund eligible funeral and cemetery services DHS paid in the 2011-13 biennium.

BACKGROUND

DHS provides funding to support funeral and cemetery services to certain indigent individuals who were enrolled in the state's medical assistance (MA) program or were participating in Wisconsin Works at the time of their death. Under the program, the state pays the lesser of either: (a) the expenses not covered by the decedent's estate or other persons; or (b) $1,000 for cemetery expenses and $1,500 for funeral and burial expenses. The program does not, however, provide reimbursement for any cemetery expenses if total cemetery expenses exceed $3,500 and does not provide reimbursement for any funeral and burial expenses if total funeral and burial expenses exceed $4,500.

Prior to calendar year 2012, DHS reimbursed counties and tribes for expenses they incurred to pay funeral and cemetery service providers for eligible services. 2011 Wisconsin Act 32 (the 2011-13 biennial budget act) authorized the creation of regional income maintenance consortia beginning in calendar year 2012, and specified which income maintenance functions would be performed by the consortia, the state, and both the state and the consortia. Act 32 identified administration of the WFCAP as a state responsibility. As a consequence, DHS now reimburses providers directly for these services. 2013 Wisconsin Act 20 (the 2013-15 biennial budget act) further clarified the state's responsibility to administer the program by deleting statutory references relating to county and tribal reimbursement.

Even though the WFCAP is an entitlement program, funding is budgeted in a biennial GPR appropriation. DHS does not have the authority to deny payment for eligible claims, nor can it prorate claims payments if it determines the amount of funding budgeted for the program is insufficient.

ANALYSIS

Act 32 budgeted $8,447,200 GPR in 2011-12 and $8,594,000 GPR in 2012-13 to fund payments under the WFCAP. In 2011-12, DHS paid claims totaling $9,357,543 by transferring $1,000,000 from the amount budgeted for the program in 2012-13. The primary reason claims exceeded the amount budgeted in 2011-12 was the transition of the program from a county-administered program to a state-administered program beginning in calendar year 2012. In that year, DHS paid approximately 14 months of claims, including some claims for services that had been provided in fiscal year 2010-11 but had not been submitted by counties to DHS for reimbursement. In 2012-13, WFCAP reimbursements totaled $9,945,700. The program's increasing costs over the past several years are primarily due to increases in the number of indigent individuals who qualify for program benefits. For example, between 2007-08 and 2012-13, the average number of elderly, blind, or disabled individuals enrolled in MA increased by approximately 33,000 (approximately 18.2%). During this period, the average reimbursement payments for qualifying funeral, burial and cemetery costs have increased slightly.

As indicated in the table below, DHS paid $2,262,043 in funeral and cemetery expenses under the WFCAP in 2012-13 that were in excess of budgeted authority. DHS made these excess payments from a departmental "clearing account." The Legislative Audit Bureau (LAB) has indicated that while it is not uncommon for agencies to temporarily pay certain expenses from clearing accounts, the accounts must be "cleared" by the end of the year by transferring the expenditures to the correct appropriation. The LAB has also indicated that such clearing accounts should not be used to make payments in excess of the funding budgeted by the Legislature, nor should a clearing account be allowed to maintain a negative balance from one state fiscal biennium to the next.

Wisconsin Funeral and Cemetery Aids Program
2011-13 Biennium

	2011-12	2012-13
Carryover from Previous Year	$0	$89,657
2011 Act 32 Appropriation Amounts	$8,447,200	$8,594,000
Amount Transferred from 2012-13	1,000,000	-1,000,000
Total Available	$9,447,200	$7,683,657
Expenditures	$9,357,543	$9,945,700
Closing Balance	$89,657	-$2,262,043

The Department has requested that $2,262,100 of the projected $23.3 million unexpended balance in the SeniorCare GPR appropriation be transferred to the WFCAP appropriation, thereby allowing DHS to "clear" the appropriation from which the excess WFCAP expenditures were paid. It should be noted that the state's general fund opening balance for the 2013-15 biennium, as reflected in Act 20, assumes an $18.0 million lapse from SeniorCare at the end of the 2011-13 biennium.

CONCLUSION

The LAB has indicated that in its view, it would be improper for DHS to transfer or otherwise use funding budgeted by the Legislature in Act 20 for 2013-15 purposes to cover program expenditures already paid by DHS in 2012-13. The LAB has also indicated that the WFCAP expenditures DHS paid from the departmental "clearing account" should be assigned to the correct WFCAP appropriation before the final reconciliation of the 2012-13 state fiscal year is concluded. Approving the Department's request to transfer $2,262,100 from the SeniorCare GPR appropriation to the WFCAP appropriation for 2012-13 would enable DHS to "clear" the appropriation from which the excess expenditures were paid by assigning them to the proper WFCAP appropriation.

Prepared by: Charles Morgan