

## **Slide Notes for Survival Coalition Budget Presentation “People with Disabilities in the State Budget – 2011-2013”**

### **Slide #1: PWD in the State Budget**

This presentation is sponsored by the Survival Coalition of Wisconsin Disability Organizations – a coalition comprised of more than 30 groups representing people with disabilities, their family members, advocates and providers of disability services. For over 20 years Survival has been at the forefront of promoting cost effective, community based services and supports for people with disabilities. During today’s presentation you will learn how the 2011-2013 Budget and Budget Repair bill proposal offered by Governor Walker impacts people with disabilities in Wisconsin.

### **Slide #2: Mixed News for Medicaid**

About twenty percent or 1 in 5 Wisconsin residents rely on Medicaid or Medical Assistance programs. These programs, which include children’s waivers, Katie Beckett, BadgerCare, Family Care, IRIS, Senior Care and other waivers, make up approximately 10 percent of state spending.

There is mixed news for Medicaid in the state budget proposal. Despite a demand for cuts in Medicaid programs, there is also \$594 million in new funding in Medicaid. The Governor has said Medicaid is a priority in the budget. Currently there are no across the board rate cuts in Medicaid and no plans for reductions in optional services or benefits. The Department of Health Services (DHS) says they want the flexibility to change eligibility requirements rather than change eligibility limits and thereby eliminate coverage for certain groups of people. DHS needs federal government approval to make some of the changes they are requesting. Other good news for Medicaid is that children’s waiver services remain intact and the same number of fully-funded children’s waiver slots continue. Still approximately 3000 families are waiting for services in Wisconsin.

### **Slide #3: Concerns about Medicaid**

Despite new state funds, the governor is asking for \$500 million in unspecified cuts to Medicaid. In addition to this cut, Wisconsin would lose about \$750 to \$800 million in federal matching dollars. (State Medicaid dollars are matched federally at a rate of 60%). The budget proposal also indicates a \$15 million cut from SeniorCare (and a requirement that seniors enroll in Medicare Part D). The budget proposal also indicates savings of \$96 million from centralizing, automating and privatizing income maintenance functions (like intake and renewal) for Medicaid and FoodShare. These are services that currently happen at the county level through face-to-face contact.

### **Slide #4: Concerns about the Medicaid Decision Making Process**

The Budget Repair Bill gives DHS broad authority to make major changes to Medicaid programs without legislative oversight and with limited public input. The Bill allows DHS to make changes that supersede state law. DHS has said they will request a federal waiver to implement many of the changes they are requesting. If Wisconsin’s proposed changes are not approved (by January 1, 2012), the budget repair bill requires DHS to

change eligibility for BadgerCare from 200% to 133% of the Federal Poverty Level. 70,000 persons would lose health care coverage if this happens.

#### Slide #5: Changes DHS is Considering

DHS has indicated many savings ideas that they intend to implement including increased co-pays, premiums and deductibles in BadgerCare; increased restrictions on eligibility for those with access to employer coverage; changing standards for state residence, revising retroactive eligibility and eliminating grace periods; allowing providers to deny care or services if an enrollee is unable to share costs; and more frequent reviews of eligibility. The Department has also talked about increased use of care coordination and health homes to more effectively manage care – particularly for those with high needs.

#### Slide #6: Effects on Family Care

The Governor's budget proposal freezes expansion of Family Care and IRIS until after results of the Family Care audit are released. There is no money in the budget to add any new participants to Family Care or IRIS in the biennium, regardless of the results of the audit. This freeze on long term care programs means creating new waiting lists in counties that ended waiting lists many years ago. Counties predict they may have to place newly eligible persons in nursing homes.

#### Slide #7: Effects on Family Care

Family Care, Partnership PACE and IRIS will all be frozen at the number of participants in the program as of June 2011. There will be no changes in plans or benefits for existing participants. Enrolled participants will be allowed to move between programs. DHS Secretary Smith has indicated he is looking for ways to increase participation in IRIS which is a way to self-direct long-term care services. The Family Care Audit may determine the future of Family Care. There is funding in the budget to continue expansion of ADRCS statewide by June 30, 2013. The Family Care and IRIS Ombudsman program, which supports participants to better understand and advocate for long term care benefits, is continued in the budget with no cuts.

#### Slide #8: Effects on SeniorCare

The budget proposal includes a \$15 million cut from SeniorCare and a requirement that seniors enroll in Medicare Part D. Since the Medicare D program was created in January 2006, many elderly Wisconsin residents are eligible for prescription drug benefits under both programs. In the budget proposal, SeniorCare is intended to act as a wraparound to Part D. Aging advocates say this will add complexity and higher fees for older adults. The effects of this change could vary greatly based upon individual situations.

#### Slide #9: Effects on Mental Health

Most community-based services and supports for the public mental health system are county-funded. Therefore the budget's significant decrease in county shared revenues and other cuts to county funding could significantly impact mental health services. County shared revenue is cut by \$36.5 million, youth aids are cut by 10% and there are new limits on revenue increases. The impact will vary by county. County mental health services include the Community Support Program, Comprehensive Community Services

and Community Recovery Services that provide vital supports to individuals with mental illness.

#### Slide #10: Effects on Education

K-12 school aids make up 40% of all state spending. The budget proposal includes significant cuts to overall education funding. There is an \$800 million cut in general school aids. Children with disabilities are general education students first – therefore large cuts to education funding will mean major changes in education quality for students with disabilities. Schools will have a very difficult time paying for special education services and students with disabilities are far more likely to spend time in segregated settings as general education classes become larger. The average cut per student is estimated at \$750. The governor has said districts have the tools through wage and benefit concessions to deal with the budget cuts. Impact on local districts will vary.

#### Slide #11: Effects on Education

Specifically, the budget has no increase in special education funding – resulting in a reimbursement rate reduction for special education services from 27.9% reimbursement to 24.5%. The revenue cap is also reduced by 5.5% - reducing any district's ability to raise funds locally and reduce the impact of cuts. Despite the cuts, there is a \$40 million increase in choice, charter and open enrollment options and income requirements are repealed. This means middle and upper income families can now use vouchers to pay for private schooling. It is important to note that students with disabilities (particularly those with significant disabilities) do not typically benefit from these options and are often turned away from charter or open enrollment requests. State funding that supplements federal Head Start (an early childhood program for low-income families) in Wisconsin would continue, but with a 10% cut. Ten percent of the total number of children enrolled in each Head Start program must be children with diagnosed disabilities.

#### Slide # 12: Effects on Transportation

The budget makes a shift in funding which removes all public transportation from the segregated transportation fund and moves it to the shrinking general fund. This leaves current state revenue sources for transit behind and makes public transportation compete for funds with other programs. The budget cuts state support to local transit systems by 10% in 2012. Changes to collective bargaining in the budget repair bill also mean a loss of \$6 million in federal transit aid. This will mean big cuts in accessible transportation for those who rely on it. People with disabilities, particularly people with severe disabilities cannot live independently in the community without transportation services. The budget also includes implementation of a state-wide transportation manager (or broker). Advocates will need to watch this closely to ensure there is not a reduction in services. Overall cuts to transportation are being made at the same time the budget includes a \$350 million increase for highway/road construction.

#### Slide #13: Other Budget Effects:

W-2 (Wisconsin Works) payments to low income families are reduced by \$20 per month. The payments have been the same since the program started in 1997.

The Governor's budget also proposes cutting the state Earned Income Tax Credit (EITC) for low-income working families by \$74 million in 2011-2013 - this is on top of another \$37 million cut in FY '11 in the budget repair bill). The budget also eliminates state family planning funding – family planning services and providers are often the main access to health care for many low-income women with disabilities. The budget repair bill eliminates the Wisconsin Quality Homecare Authority which provided a qualified pool of workers for persons with disabilities.

#### Slide #14: Considering Taxes

Wisconsin taxes are average in the U.S. and have stayed flat for years. Our sales tax is the lowest in the region. The governor's budget was promised as a no tax budget and there are some recent tax breaks for corporations (\$115 million) on health savings accounts (\$49 million) and for investors (\$36 million). That accounts for a total loss of revenue in the budget of \$200 million. As mentioned, the budget does find additional monies \$350 million for roads and \$40 million for private schools.

#### Slide #15: Taking a Balanced Approach

A balanced approach to the state budget includes revenue generators and cuts. A March Wisconsin Policy Research Institute poll of state residents showed 72 percent either somewhat or strongly favored raising income taxes on people making over \$150,000 a year and Wisconsinites are almost evenly split (50 percent in favor and 48 percent opposed) to raising the state sales tax by one percent. About two-thirds of respondents were either somewhat or strongly opposed to reducing aid to local governments and schools and over six in 10 either somewhat or strongly opposed expanding the power of the state Department of Health Services to review and possibly cut state medical assistance programs.

67% believe revenue should be part of a balanced budget solution. Some examples of revenue generators are:

Collect tax on investment profits; a surtax on incomes of above \$250,000 A sales tax on business and professional services; no cuts to business and investor taxes in this budget climate; collect uncollected taxes.

#### Slide #16: Possible Recommendations

The Survival Coalition has shared ideas with DHS on ways to find efficiencies and improve outcomes in Medicaid. The Coalition believes consumers and families have the best ideas. Some of those ideas include: reduce administrative costs in Family Care/IRIS/Partnership; reduce unnecessary institutionalization; streamline program eligibility for children's services; increase investment in recovery-oriented consumer-run services and peer support; improve coordination between DHS, DPI and DVR for transition age youth to improve access to cost-effective community integrated employment; increase the use of self-directed services; Target education investments in inclusive services with evidence-based approaches for student with disabilities; and finally, take a balanced approach to budgeting.

#### Slide #17: What you can do to make your voice heard

Develop a relationship with your legislator/policymakers. Share your personal story and your concerns.

Write letters to the editor.

Talk to your friends, family and co-workers.

Join public actions or coalitions.

Remember to Vote!

Thank you!