


To: Listserv

For: County Departments of Human Services Departments  
County Departments of Social Services Directors  
County 51 Directors  
County Fiscal Contacts  
County COP and Waiver Coordinators  
Human Service Area Coordinators  
Area Administrators  
Community Integration Specialists

From: Sinikka Santala   
Administrator

Subject: LTC Fiscal Update Memo #6

This informational memo provides additional details on when, how, and by what means the county contribution will be collected from counties transitioning to Family Care. A previous communication (LTC Fiscal Update Memo #4) detailed the contribution requirements for counties participating in managed long-term care expansion, as defined by 2007 Wisconsin Act 20. LTC Fiscal Update Memo #4 also provides each county with its maximum county contribution amount on an annualized basis.

**CALCULATION**

For year one, which is the 12 month period beginning when a county's first waiver recipient transitions to managed long-term care, a county's annual contribution will be pro-rated based on the county's approved Family Care enrollment plan. The Department will provide each county with the details of its calculated county contribution amount by that county's transition start date. (There may be some slight delay for the initial counties that are transitioning as this policy must now be implemented.)

The Department will also monitor a county's actual transition of individuals from the waivers to Family Care to ensure the county contribution that was initially calculated based on the enrollment plan is consistent with actual enrollment. This will help ensure an appropriate portion of county contribution remains with the county to support individuals who remain on the waivers while the county transitions to Family Care.

After year one, the on-going annualized county contribution amount will be based on the annual contribution amount shown in LTC Fiscal Update Memo #4. That schedule reflects a buy-down formula, set in statute, to reduce a county's contribution amount to no more than 22% of a county's CY 2006 Basic County Allocation (BCA) within five years of the county's transition start date. If the original county contribution is greater than 22% of the county's BCA, the contribution is adjusted to reflect the buy down formula and the county retains the difference.

**COLLECTION**

The Department's goals in developing a method for collecting county contribution are:

- Provide counties with ample time to address the required county contribution amounts in their county's budgeting process.
- Ensure sufficient funding remains with counties to serve individuals on the waivers until Family Care transition is complete, while making sure that funding related to persons served by Family Care is transferred to the State for use in Family Care.
- Simplify the calculation of the contribution amount owed in year one by collecting the final year-one contribution after a county's waiver transition is complete.

With these goals in mind, the Department will allow a county to make its first contribution payment in January of the calendar year following the start of Family Care in that county, or the month after the transition of waiver clients is completed, whichever is later. This will allow counties beginning their transition early in a calendar year to appropriately budget for the payments that must be made (in the subsequent year). This also allows counties beginning their transition late in the year, and whose transition spans calendar years, to complete the transition before making their initial payment.

Counties may pay their county contribution *in a lump sum*, in advance, for the year, or *on a quarterly basis*. A county may begin making its payments any time after its transition start date. However, by January of the calendar year following the Family Care start date, a county will be expected to have made the full payment of contribution for the prior calendar year. This payment will be pro-rated, based on the month that a county began its transition and how rapidly individuals enrolled into Family Care from the waivers, as described above.

After this initial payment, it is expected that a county will do one of the following:

- Make a lump sum annual payment of the required county contribution by the anniversary of the initial start date of Family Care, or
- Make quarterly payments of the required county contribution with the total annualized amount made by the county's anniversary date.

To help clarify, below is an example of how this would work for a transitioning county:

County A has a Family Care transition start date of April 1, 2008, and both an initial and ongoing annual county contribution of \$12,000. County A's waiver rollover process will take 6 months.

- For the Year 1 Payment  
County A could make the initial county contribution payment of \$9,000 (9 months of Family Care x \$1000 per month = \$9,000) anytime before January 31, 2009. Note that the \$9,000 amount is an absolute maximum and is not pro-rated for this example.
- For the Ongoing Payments County A has two options:  
Option 1: County A would continue to make one lump sum payment to the Department annually, no later than March 30<sup>th</sup> of each calendar year, beginning with March 2009.  
  
Option 2: County A could begin making quarterly payments of \$3,000 (4 x \$3,000 = \$12,000) in April, 2009.

#### **PAYMENT OPTIONS**

LTC Fiscal Update Memo #4 provided three options for counties transitioning to Family Care to pay their county contribution to the Department:

- 1) Through a reduction to their BCA contract.
- 2) Through a direct payment to the Department, i.e., payment with a check.
- 3) Directing the state to net the payment from a county's monthly reimbursement for state/county contract allocations in the CARS system.

Counties choosing a reduction to their BCA contract need to take into account other obligations to their BCA amount, including WIMCR and the upcoming split of BCA funds due to the new Department of Children and Families. If a county chooses this option and the county's BCA is not sufficient to cover the Family Care contribution, the county will be responsible for paying the remaining balance of its Family

Care contribution by check or by a reduction of the county's monthly reimbursement for state/county contract allocations.

Thirty days prior to a county's start date to Family Care, the Department will send a letter to the county notifying them of the following information:

- The date when the first contribution payment will be due,
- The maximum amount of that first payment,
- When payments will be required after the first payment,
- How the payments will be recorded in the Community Aids Reporting System.

This letter will also (i) give counties the opportunity to select the method of payment from the three options listed above and (ii) ask counties to indicate whether they will be paying in a lump sum or with quarterly payments.

This letter will need to be signed by a county representative and returned to the Department prior to a county's Family Care start date. This letter will serve as a binding agreement between the Department and the County in regard to collecting county contribution. Again, there may be some slight delay in the timing of this letter for the initial counties that are transitioning, as this policy must now be implemented.

Counties will have the opportunity to change payment methods annually and can do so by submitting written notice to the Director of the Office of Family Care Expansion. However, once a method is selected for a year, meaning each twelve month period following the county's transition start date, the method may not be changed mid-year.

Please feel free to contact staff from the Fiscal Management and Business Services Section with questions on calculating and paying the annual county contribution.

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