

Effective Date: January 1, 1984

Divestment

The State Statute on divestment is as follows:

Wis. Stats. 49.45(17)  
DIVESTMENT

This statute applies to all transfers made on or after July 2, 1983.

(a) In this subsection, "resource" does not include any resource excluded when determining eligibility for supplemental security income under 42 USC 1382b(a). For the purposes of this subsection the value of any resource is its fair market value at the time it was disposed of, minus the amount of compensation received for the resource.

(b) In determining the resources of each applicant for medical assistance or in redetermining a recipient's eligibility for medical assistance, the department shall include any resource the applicant or recipient has disposed of for less than its fair market, if the disposal occurred within 24 months preceding the determination. The department shall presume that the disposal occurred for the purpose of establishing eligibility for medical assistance, unless the person provides convincing evidence to the contrary.

(c) 1. If the uncompensated value of resources disposed of by an applicant or recipient exceeds \$12,000, the department shall find that person ineligible for medical assistance. If the department holds the person ineligible for medical assistance for a period exceeding 24 months, the period of ineligibility shall be reasonably related to the uncompensated value of the resources.

2. If the uncompensated value of resources disposed of by an applicant or recipient is less than or equal to \$12,000, the department may find that person ineligible for medical assistance until the uncompensated value of these resources is expended for the person's maintenance needs. In this subdivision, "maintenance needs" include needs for medical care.

(d) Any person described in section 1917 (c)(2)(B) of the federal social security act, as created by P.L. 97-248, section 132, who disposes of a home for less than its fair market value is ineligible for medical assistance to the extent authorized by that section.

(e) This subsection is subject to the limitations specified in section 1917(c) of the federal social security act, as created by P.L. 97-248, section 132. This subsection does not apply to the disposal of any resource before the effective date of this subsection (1983).

TN # B4-0134 Approval date 4/13/84 Effective date January 1, 1984

Supersedes

TN # 82-0089

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: Wisconsin

REASONABLE CLASSIFICATIONS OF INDIVIDUALS UNDER  
THE AGE OF 21, 20, 19 AND 18

- Individuals for whom public agencies are assuming full or partial financial responsibility under title IV-E and who are in foster homes under the age of 19.
- Individuals in SNFs who are under the age of 21.
- Certain disabled children under the age of 19 who are living at home, who would be eligible for Medicaid under the plan if they were in a medical institution, and for whom the State has made a determination as required under section 1902(e)(3)(B) of the Act.

Supplement 3 to ATTACHMENT 2.2-A describes the method that is used to determine the cost effectiveness of caring for this group of children at home.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of Wisconsin

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I. Eligibility

The State determines eligibility for PACE enrollees under rules applying to community groups.

A.  X  The State determines eligibility for PACE enrollees under rules applying to institutional groups as provided for in section 1902(a)(10)(A)(ii)(VI) of the Act (42 CFR 435.217 in regulations). The State has elected to cover under its State plan the eligibility groups specified under these provisions in the statute and regulations. The applicable groups are:

**All persons eligible under 42 CFR 435.217.**

(If this option is selected, please identify, by statutory and/or regulatory reference, the institutional eligibility group or groups under which the State determines eligibility for PACE enrollees. Please note that these groups must be covered under the State's Medicaid plan.)

B. \_\_\_\_\_ The State determines eligibility for PACE enrollees under rules applying to institutional groups, but chooses not to apply post-eligibility treatment of income rules to those individuals. (If this option is selected, skip to II -Compliance and State Monitoring of the PACE Program.

C.  X  The State determines eligibility for PACE enrollees under rules applying to institutional groups, and applies post-eligibility treatment of income rules to those individuals as specified below. Note that the post-eligibility treatment of income rules specified below are the same as those that apply to the State's approved HCBS waiver(s).

D.  X  The State is using Spousal Impoverishment rules.

**Regular Post Eligibility**

1.  X  SSI State. The State is using the post-eligibility rules at 42 CFR 435.726. Payment for PACE services is reduced by the amount remaining after deducting the following amounts from the PACE enrollee's income.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT  
State: Wisconsin

(a). Sec. 435.726--States which do not use more restrictive eligibility requirements than SSI.

1. Allowances for the needs of the:

(A.) Individual (check one)

1.  The following standard included under the State plan (check one):

- (a)  SSI
- (b)  Medically Needy
- (c)  The special income level for the institutionalized
- (d)  Percent of the Federal Poverty Level: \_\_\_\_\_%
- (e)  Other (specify): \_\_\_\_\_

2.  The following dollar amount: \$ \_\_\_\_\_

Note: If this amount changes, this item will be revised.

3.  The following formula is used to determine the needs allowance:

The basic needs allowance, indexed annually by the percentage increase in the state's SSI-E payment; plus an allowance for employed individuals equal to the first 65 dollars of earned income and 1/2 of remaining earned income; plus special exempt income which includes court ordered support amounts (child or spousal support) and court ordered attorney and/or guardian fees; plus a special housing amount that includes housing costs over \$350 per month . The total of these 4 allowances cannot exceed 300% of the SSI federal benefit.

Note: If the amount protected for PACE enrollees in item (A.) is equal to, or greater than the maximum amount of income a PACE enrollee may have and be eligible under PACE, enter N/A in items (B.) and (C.).

(B.) Spouse only (check one):

- 1.  SSI Standard
- 2.  Optional State Supplement Standard
- 3.  Medically Needy Income Standard
- 4.  The following dollar amount: \$ \_\_\_\_\_

Note: If this amount changes, this item will be revised.

5.  The following percentage of the following standard that is not greater than the standards above: \_\_\_\_\_ % of \_\_\_\_\_ standard.

6.  The amount is determined using the following formula: \_\_\_\_\_

7.  Not applicable (N/A)

(C.) Family (check one):

- 1.  AFDC need standard
- 2.  Medically needy income standard

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of Wisconsin

The amount specified below cannot exceed the higher of the need standard for a family of the same size used to determine eligibility under the State's approved AFDC plan or the medically needy income standard established under 435.811 for a family of the same size.

3.  The following dollar amount: \$ \_\_\_\_\_  
Note: If this amount changes, this item will be revised.
4.  The following percentage of the following standard that is not greater than the standards above: \_\_\_\_\_% of \_\_\_\_\_ standard.
5.  The amount is determined using the following formula:  
\_\_\_\_\_  
\_\_\_\_\_
6.  Other
7.  Not applicable (N/A)

(2). Medical and remedial care expenses in 42 CFR 435.726.

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State of Wisconsin

**Regular Post Eligibility**

2. \_\_\_\_\_ 209(b) State, a State that is using more restrictive eligibility requirements than SSI. The State is using the post-eligibility rules at 42 CFR 435.735. Payment for PACE services is reduced by the amount remaining after deducting the following amounts from the PACE enrollee's income.

(a) 42 CFR 435.735--States using more restrictive requirements than SSI.

1. Allowances for the needs of the:

(A.) Individual (check one)

1. \_\_\_ The following standard included under the State plan (check one):

(a) \_\_\_ SSI

(b) \_\_\_ Medically Needy

(c) \_\_\_ The special income level for the institutionalized

(d) \_\_\_ Percent of the Federal Poverty Level: \_\_\_\_\_%

(e) \_\_\_ Other (specify): \_\_\_\_\_

2. \_\_\_ The following dollar amount: \$ \_\_\_\_\_

Note: If this amount changes, this item will be revised.

3. \_\_\_ The following formula is used to determine the needs allowance:

\_\_\_\_\_  
\_\_\_\_\_

Note: If the amount protected for PACE enrollees in item 1 is **equal to, or greater than** the maximum amount of income a PACE enrollee may have and be eligible under PACE, **enter N/A in items 2 and 3.**

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT  
State of Wisconsin

(B.) Spouse only (check one):

1.  The following standard under 42 CFR 435.121:  
\_\_\_\_\_
2.  The medically needy income standard  
\_\_\_\_\_
3.  The following dollar amount: \$ \_\_\_\_\_  
Note: If this amount changes, this item will be revised.
4.  The following percentage of the following standard that is not  
greater than the standards above: \_\_\_\_\_% of \_\_\_\_\_ standard.
5.  The amount is determined using the following formula:  
\_\_\_\_\_  
\_\_\_\_\_
6.  Not applicable (N/A)

(C.) Family (check one):

1.  AFDC need standard
2.  Medically needy income standard

The amount specified below cannot exceed the higher of the need standard for a family of the same size used to determine eligibility under the State's approved AFDC plan or the medically needy income standard established under 435.811 for a family of the same size.

3.  The following dollar amount: \$ \_\_\_\_\_  
Note: If this amount changes, this item will be revised.
4.  The following percentage of the following standard that is not  
greater than the standards above: \_\_\_\_\_% of \_\_\_\_\_ standard.
5.  The amount is determined using the following formula:  
\_\_\_\_\_  
\_\_\_\_\_
6.  Other
7.  Not applicable (N/A)

(b) Medical and remedial care expenses specified in 42 CFR 435.735.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT  
State: Wisconsin

**Spousal Post Eligibility**

3.  State uses the post-eligibility rules of Section 1924 of the Act (spousal impoverishment protection) to determine the individual's contribution toward the cost of PACE services if it determines the individual's eligibility under section 1924 of the Act. There shall be deducted from the individual's monthly income a personal needs allowance (as specified below), and a community spouse's allowance, a family allowance, and an amount for incurred expenses for medical or remedial care, as specified in the State Medicaid plan.

(a.) Allowances for the needs of the:

1. Individual (check one)

(A.)  The following standard included under the State plan (check one):

1.  SSI
2.  Medically Needy
3.  The special income level for the institutionalized
4.  Percent of the Federal Poverty Level: \_\_\_\_\_%
5.  Other (specify): \_\_\_\_\_

(B.)  The following dollar amount: \$ \_\_\_\_\_

Note: If this amount changes, this item will be revised.

(C.)  The following formula is used to determine the needs allowance:

The basic needs allowance, indexed annually by the percentage increase in the state's SSI-E payment; plus an allowance for employed individuals equal to the first 65 dollars of earned income and 1/2 of remaining earned income; plus special exempt income which includes court ordered support amounts (child or spousal support) and court ordered attorney and /or guardian fees; plus a special housing amount that includes housing costs over \$350 per month. The total of these 4 allowances cannot exceed 300% of the SSI federal benefit.

If this amount is different than the amount used for the individual's maintenance allowance under 42 CFR 435.726 or 42 CFR 435.735, explain why you believe that this amount is reasonable to meet the individual's maintenance needs in the community:

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## STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

### II. Rates and Payments

A. The State assures CMS that the capitated rates will be equal to or less than the cost to the agency of providing those same fee-for-service State plan approved services on a fee for service basis, to an equivalent non-enrolled population group based upon the following methodology. Please attach a description of the negotiated rate setting methodology and how the State will ensure that rates are less than the cost in fee-for-service.

1. \_\_\_ Rates are set at a percent of fee-for-service costs
2. \_\_\_ Experience-based (contractors/State's cost experience or encounter date)  
(please describe)
3. \_\_\_ Adjusted Community Rate (please describe)
4. X Other (please describe)

#### **Summary of Methodology to Calculate Capitation Rates and Amount that Would have Otherwise been Paid for the PACE Program in Wisconsin**

**The Wisconsin PACE program covers enrollees if they meet the nursing home admission criteria and are age 55 or over. The PACE rates are based on encounter data and functional status for a nursing home eligible population age 55 years or over.**

**The amount that would have otherwise been paid (AWOP) is calculated by developing what would be an actuarially sound rate for the populations, services, and program requirements of the PACE program in Wisconsin. The most recent year of historical acute and primary care claims data for Family Care Partnership enrollees is used as the basis for calculating the rate year's acute and primary care component of the AWOP per member per month (PMPM). The most recent two years of historical long-term care claims data for Family Care enrollees are used as the basis for calculating the rate year's long-term care component of the AWOP PMPM. Both Family Care and Family Care Partnership, like the PACE program, are Managed Long-Term Care programs in Wisconsin under which managed care organizations provide long-term care services to individuals who meet the nursing home admission criteria. Family Care Partnership is an integrated program that provides acute and primary care services in addition to long-term care services. The costs and utilization under these programs, with appropriate adjustments for population differences, are therefore reasonable proxies for the PACE program.**

**The trends from the base data year to the rate years are calculated based on analysis of historical data, the State's historical Medicaid Managed Care inflation rates, and consideration of factors impacting the prospective use and cost of care. An AWOP PMPM is calculated based on costs and eligibility for fully integrated Medicare and Medicaid managed long term services and supports programs.**

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

**Final rates will be set at a PMPM amount that is less than the AWOP. The PACE rate report will include a description of the base period data used and will demonstrate that the population is consistent with the fragility and age of the PACE participants. The PACE rate report will also specify that the base data meets CMS data source, time period, and AWOP requirements.**

**The State may choose to withhold a percentage of the capitation rate to be paid back to the PACE organization based on whether the organization meets identified performance benchmarks. The percentage of funding withheld and a general description of the performance metrics and benchmarks will be included in the PACE rate report. The amount of the prospective payment the PACE organization receives and the performance incentive they are paid will not exceed the AWOP on a PMPM basis. The PACE rate report will describe data assumptions and adjustments such as completion factors, trend factors and non-benefits costs. Any incentive arrangements will be disclosed.**

**The PACE rate report exhibits will include a comparison of the final rates by rate cell to the amounts that otherwise would be paid and the projected member months for each rate cell.**

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

- B. The State Medicaid Agency assures that the rates were set in a reasonable and predictable manner. Please list the name, organizational affiliation of any actuary used, and attestation/description for the initial capitation rates.

**Actuary:**  
**Michael C. Cook, FSA, MAAA**  
**Principal and Consulting Actuary**  
**Milliman**  
**15800 Bluemound Road**  
**Suite 100**  
**Brookfield, WI 53005**  
**(262) 784-2250**

- C. The State will submit all capitated rates to the CMS Regional Office for prior approval.

III. Enrollment and Disenrollment

The State assures that there is a process in place to provide for dissemination of enrollment and disenrollment data between the State and the State Administering Agency. The State assures that it has developed and will implement procedures for the enrollment and disenrollment of participants in the State's management information system, including procedures for any adjustment to account for the difference between the estimated number of participants on which the prospective monthly payment was based and the actual number of participants in that month.

**DHS Note: See MACPro Package Children under Age 19 with a Disability for current information.**

Revision: HCFA-PM-91-4 (BPD)  
AUGUST 1991

SUPPLEMENT 3 TO ATTACHMENT 2.2-A  
Page 1  
OMB NO.: 0938-

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State/Territory: Wisconsin

Method for Determining Cost Effectiveness of Caring for  
Certain Disabled Children At Home  
(Katie Beckett Program)

Cost effectiveness is determined in accordance with federal statute 42 U.S.C. 1396a(e)(3)(B)(iii), which states "the estimated amount which would be expended for medical assistance for the individual for such care outside an institution is not greater than the estimated amount which would otherwise be expended for medical assistance for the individual within an appropriate institution . . . "

To become eligible for the Katie Beckett Program, the child must meet a level of care typically provided in a hospital, skilled nursing facility or intermediate care facility. Level of care is determined by reviewing the child's needs against screening criteria which correspond to admission criteria of certain institutions. The nurses who review the child's application assign the appropriate level of care based on the most recent medical records, information from the family and other sources.

From the medical records provided and the "Home Service Identification Plan" written for each child, an estimate of the total annual cost of in-home services to Medical Assistance is developed. This cost is then compared with the annual cost that would be charged to the Medical Assistance Program if the child were in an institution meeting the child's level of care needs. Annual institutional rates are extrapolated from the daily rates allowed through Wisconsin's Medical Assistance Program. For each program applicant, the cost of in-home services to the Medical Assistance Program must be no greater than the cost that would be incurred if the child were placed in an institution which meets the child's level of care needs.

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