Issue Brief –Eligibility Services Consolidation

WHAT IS PROPOSED?

Currently, Medicaid eligibility is done by both the Department of Health (DOH)and the Department of Workforce Services (DWS). The Analyst proposes to transfer 253 eligibility workers, $16,654,500, 10 vehicles, and 10 leased offices from DOH to DWS. This leaves a small core of policy and quality control workers that would stay with DOH. (DOH retains its federal "single state agency" status.) The Analyst's recommendation is supported by the Governor, DOH, and DWS.

WHAT WILL IT ACCOMPLISH?

- A single stop shop will reduce the confusion, time and effort that come from two agencies administering one program. Clients will have a much better chance of having all their needs taken care of with a visit to one shop.
- It will eliminate case "churning" where clients are forced to move from agency to agency because of the client's changing circumstances. This is hard on the clients and wastes time for the agencies.
- eREP, the new eligibility software that is being prepared for Medicaid and other DWS programs will be easier to implement, train for, and manage under one agency.
- Over time, long-term personnel efficiencies are likely, primarily through cost avoidance. DWS estimates that, over the next three or four years, efficiencies from the consolidation and after eREP implementation could amount to 80 FTE, saving $3.5-4.0 million and avoid adding a significant number of new hires. eREP will be implemented with no new employees but it will take all available employees so full savings come after eREP is installed and going. Savings are in all funds and will probably not return to the General Fund but stay in the system and provide extra funding for client services. These savings may be used to off-set future requests.
- Annual lease savings as a result of eliminating duplicate office space will reach $310,200 over the next four years.

HOW MUCH WILL IT COST?

The Executive Branch has committed to implementing the consolidation with no new State funds. There will be some expenses involved but the agencies are committed to generating cost savings that will keep total State funding costs netted to zero. An existing problem that needs to be resolved with or without the merger is the salary inequality associated with merging the two staffs. (They are paid on different scales.) DWS is depending on the funding of a 2.5 percent compensation adjustment to cover this issue, at a cost of $176,000 in General Fund.

The Health Department anticipates that it may have to use Medicaid Restricted funds to cover one-time costs of $565,300 in lost indirect federal funding. It will seek accommodation with the federal Medicaid agency that may completely or partially reduce this amount.

HOW CAN THE LEGISLATURE IMPLEMENT THE CHANGES?

If both committees and the Executive Appropriations Committee approve the recommended transfer, it will take place in an appropriations bill during the General Session.

WHEN WILL THE CHANGE BE EFFECTIVE?

The bill will be effective at the beginning of the fiscal year, July 1, 2007. DWS believes that it will need as big a head start as it can get for training and retraining. If the Governor wishes to start early, the changes could be accomplished by Executive Order.

DETAILS OF THE PROPOSED TRANSFER

The Analyst proposes moving from Health to Workforce Services:

$5,167,400 in General Fund

$8,434,300 in Federal Funds (by transfer)

$2,226,500 in Tobacco Funds (by transfer)

$810,300 in Dedicated Credits

$16,000 in other Revenue Transfers for a total of

$16,654,500 in Total Funding.

253 FTE, 10 vehicles, and 10 leased offices.