



## Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

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April 16, 2009

Joint Committee on Finance

Paper #166

### **Medigap Helpline (Board on Aging and Long-Term Care and Insurance)**

[LFB 2009-11 Budget Summary: Page 111, #5 and Page 415, #5 (part)]

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#### **CURRENT LAW**

The Board on Aging and Long-Term Care (BOALTC) serves as an advocate for elderly and long-term care consumers. Through its long-term care ombudsman program, the Board investigates complaints of improper treatment of aged and disabled persons receiving long-term care, and serves as mediator or advocate to resolve problems. In addition, the Board also maintains the Medigap Helpline, also referred to as the State Health Insurance Assistance Program (SCHIP), which provides information and assistance, free of charge, to individuals seeking help on issues relating to Medicare and supplemental health insurance coverage. The Medigap Helpline is supported with federal grant funds provided by the U.S. Centers for Medicare and Medicaid Services (CMS) and fee revenue collected by the Office of the Commissioner of Insurance (OCI) and transferred to the Board.

#### **GOVERNOR**

Provide \$62,100 PR in 2009-10 and \$76,200 PR in 2010-11 to increase funding for the Medigap Helpline. The funding provided in the bill would support costs of permanent position salaries, fringe benefits, and supplies and services, but would not authorize additional staff for the Board. In addition, increase funding for OCI by corresponding amounts to reflect additional insurance fee revenue OCI would pay to BOALTC to support the Medigap Helpline.

#### **DISCUSSION POINTS**

1. To minimize the out-of-pocket costs associated with benefits received through the Medicare program and to obtain access to additional health benefits not covered by Medicare plans,

many beneficiaries seek additional supplemental health insurance coverage to fill in the "gaps." The Medigap Helpline maintained by the BOALTC provides individuals with assistance and information pertaining to health insurance options, including Medicare supplements (Medigap policies), long-term care insurance, and other health insurance options available to Medicare beneficiaries. In calendar year 2007, the Board received approximately 54,800 inquiries regarding these issues.

2. As noted above, the Medigap Helpline is supported from federal grant moneys the state receives from CMS and insurance fee revenue collected by OCI and transferred to the BOALTC. In state fiscal year 2008-09, \$545,000 is budgeted to support the Medigap Helpline, which includes \$110,000 in funding from CMS and \$435,000 in fee revenue transferred from OCI. The additional funding provided in AB 75 would be insurance fee revenue transferred from OCI.

3. With implementation of the federal Medicare Part D prescription drug program, there has been an increase in the average call volume for the Medigap Helpline, particularly during the last three years. In addition, the Board indicates that many Medicare recipients are in need of information services to address the growing complexity of the network of coverage options available to Medicare eligible individuals.

4. In calendar year 2008, the Medigap Helpline received an average of approximately 624 calls per month, with calls ranging from 15 minutes to two hours in length. During the Medicare open enrollment period (November 15 through December 31), the number of calls received by Helpline staff can increase to almost 900 calls per month.

5. Board officials argue that due to the growing demand for services provided by the Medigap Helpline and the complexity of the inquiries received, a full-time supervisor position is needed to oversee operations and manage Helpline staff. In particular, duties of the supervisor position would include: (a) providing information and technical assistance to counselor staff; (b) performance of annual reviews; (c) maintenance of the SHIP contract; and (d) monitoring the exchange of data required by the U.S. Centers for Medicare and Medicaid Services.

6. Currently, the Medigap Helpline staff consists of 5.0 counselors and one in-take officer, who are directly supervised by the BOALTC Executive Director. Due to the other responsibilities of the Executive Director, the Board argues that the day-to-day supervision of the Medigap Helpline requires a dedicated staff member devoted solely to overseeing Helpline operations. Consequently, providing an additional supervisor position for the Board would enable the Executive Director to spend more time on other activities, such as the Board's ombudsman program and issues relating to the statewide implementation of Family Care.

7. AB 75 provides funding sufficient to support 1.0 new supervisor position, but does not give the Board position authority to hire an additional person. As a result, if the Committee chooses to adopt the Governor's recommendation, the Board would be required to use the funding provided to reorganize current staff in order to create the new supervisor position. The Board's staff has indicated that, given the current workload, it would be difficult to reduce staff in other areas in

order to fill the Medigap supervisor position. Moreover, if a current staff person is reassigned to function as a supervisor to the Medigap positions, there would be no need for most of the additional funding recommended by the Governor in AB 75 because, if a current position were reallocated to perform the Medigap supervisory function, there would be offsetting salary and fringe benefit savings that are not reflected in the funding amounts that would be provided in AB 75.

8. Several options are available to the Committee. The Committee could delete the Governor's recommendation to provide additional funding for the Board. Under this alternative, the Board would either continue to operate the six-person Medigap counseling unit under the supervision of the Board's Executive Director, or the Board could decide to reallocate a current staff person to perform this function. This option is consistent with the Governor's goal of not increasing position authority for agencies if possible.

9. Alternatively, if the Committee determines that the Board should not be required to reallocate positions to perform the supervisory function, it could modify the Governor's bill to provide 1.0 PR position for the Board, beginning in 2009-10. Based on projected increases in the growth of the state's elderly population and the increasing complexity of financing options for long-term and acute care in the state population served by the Board, this option would help the Board meet the needs of the Medigap counseling program without reducing staff activities in other areas. This option was included in the agency's 2009-11 budget request.

10. Finally, if the Committee determines that the current workload of the Medigap Helpline does not warrant a full-time supervisor position, the Committee could provide the BOALTC with 0.5 PR position, beginning in 2010, and adjust funding in the bill accordingly. Under this option, the Board would likely promote one of the current Medigap counselor positions to become the unit's supervisor, who would continue to have some counseling responsibilities. However, the 0.5 PR position that would be authorized under this option could meet some of the workload that was previously performed exclusively by the reallocated position.

## ALTERNATIVES

1. Approve the Governor's recommendation.
2. Modify the Governor's recommendation by authorizing 1.0 PR position, beginning in 2009-10, which would be supported by the funding increases the Governor included in AB 75.

ALT 2	Change to Bill Positions
PR	1.00

3. Modify the Governor's recommendation by authorizing 0.5 PR position, beginning in 2009-10. Reduce funding for BOALTC by \$31,400 PR in 2009-10 and by \$43,500 PR in 2010-11, and reduce funding for OCI by corresponding amounts.

ALT 3	Change to Bill	
	Funding	Positions
PR (BOALTC)	- \$74,900	0.50
PR (OCI)	<u>- 74,900</u>	<u>0.00</u>
Total	- \$149,800	0.50

4. Delete provision.

ALT 4	Change to Bill	
	Funding	
PR (BOALTC)	- \$138,300	
PR (OCI)	<u>- 138,300</u>	
Total	- \$276,600	

Prepared by: Cory Kaufman