



STATE OF WISCONSIN
Division of Hearings and Appeals

In the Matter of

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

DECISION
Case #: CWA - 220811

PRELIMINARY RECITALS

A petition was filed on November 12, 2025, under Wis. Admin. Code § HA 3.03, to review a decision by the Bureau of Long-Term Support regarding Medical Assistance (MA). A hearing was initially scheduled for December 3, 2025, but was rescheduled at the request of the petitioner. A hearing was then held on January 6, 2026, by telephone.

The issues for determination are:

- whether the agency correctly reduced the petitioner's budget amendments when his base IRIS budget increased; and
- whether the agency correctly reduced the petitioner's supportive home care by 0.25 hours per week.

There appeared at that time the following persons:

PARTIES IN INTEREST:

Petitioner:

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Respondent:

Department of Health Services
201 E. Washington Ave.
Madison, WI 53703

By: Becky Glamm, Connections
Bureau of Long-Term Support
PO Box 7851
Madison, WI 53707-7851

ADMINISTRATIVE LAW JUDGE:

Kate J. Schilling
Division of Hearings and Appeals

FINDINGS OF FACT

1. Petitioner is a 33 year old resident of Milwaukee County. He has been enrolled in the IRIS program since November 2020 and has had Connections as his IRIS Consultant Agency (ICA) since 2024.
2. The petitioner's medical history includes schizophrenia, bipolar disorder, intellectual disability, obesity, vitamin D deficiency and GERD. His IQ is 64. He needs the presence of another person for assistance with bathing, dressing and eating. He needs assistance with mobility, toileting and transferring. He needs assistance with all IADLs and lacks the cognitive ability to use a phone. (Petitioner's Exhibit F)
3. In 2024, when the petitioner transitioned from his former ICA to Connections, his IRIS budget was overspent by \$6,662.88.
4. In June 2024, the petitioner's representative requested that the petitioner have 24 hour per day assistance and support. The ICA submitted two Budget Amendment requests to the Department of Health Services (DHS), one for 10 hours per week of SHC-companion care at \$30 per hour and one for 59 hours per week of SHC at \$35 per hour. The DHS denied the BAs based on lack of cost effectiveness. The petitioner's representative appealed the denial.
5. On February 28, 2025, an administrative law judge from the Division of Hearings and Appeals issued an order which held that DHS incorrectly denied the budget amendments and the case was remanded for DHS to cover the services and costs requested in the budget amendments. The DHS backdated the budget amendments to August 1, 2024 to cover the costs while the appeal had been pending. (Petitioner's Exhibit F)
6. In June 2025, the petitioner's base IRIS budget increased from \$103,802 to \$108,514.92.
7. In July 2025, the petitioner was approved for 49.25 hours per week of Medicaid personal care, an increase of 0.25 hours per week, approved through the IRIS Self Directed Personal Care (SDPC) program. These SDPC hours are paid at \$18.83 per hour. The increase in hours caused the petitioner to be approved for 168.25 total hours of care per week; however, there are only 168 total hours in a week.
8. On August 22, 2025, the ICA issued a Notice of Adverse Action to the petitioner indicating that his supportive home care hours would be reduced by 0.25 hours per week effective September 7, 2025. After this reduction the petitioner still had coverage 24 hours per day as he had 118.75 hours of SHC and 49.25 hours of personal care.
9. On an unknown date in 2025, the agency terminated the budget amendment for the SHC companion care and slightly reduced the second budget amendment as the petitioner's IRIS base budget was able to cover these services.
10. On November 12, 2025, the petitioner's representative filed an appeal with the Division of Hearings and Appeals. The petitioner's representative owns the company that provides the petitioner's supportive home care hours. The petitioner's representative also provides a majority of the personal care hours approved by SDPC.

11. The petitioner's current combined IRIS plan cost is \$270,154, which is a base budget of \$108,514, budget amendment of \$106,935, and SDPC funds of \$54,705.

DISCUSSION

The IRIS program is a Medicaid long term care waiver program that serves older adults and adults with physical and developmental disabilities. IRIS is an alternative to Family Care, Partnership, and PACE—all of which are managed long term care waiver programs. The IRIS program, in contrast, is designed to allow participants to direct their own care and to hire and direct their own workers. The broad purpose of all of these programs, including IRIS, is to help participants design and implement home and community based services as an alternative to institutional care. See *IRIS Policy Manual §1.1B, Medicaid Eligibility Handbook* §28.1, et. seq., and 42 C.F.R. §441.300, et. seq.

The Department of Health Services is the state agency that oversees and administers the IRIS program and it contracts with and/or assigns specific operational duties to IRIS consultant agencies (ICAs) and IRIS fiscal employer agents (FEAs).

The IRIS waiver application most recently approved by the Centers for Medicare and Medicaid Services (CMS) is available on-line at <https://www.dhs.wisconsin.gov/iris/hcbw.pdf>. See *Application for 1915(c) HCBS Waiver: WI.0484.R04.00 - Jan 01, 2026*. State policies governing administration of the IRIS program are included in the *IRIS Policy Manual* (available at <http://www.dhs.wisconsin.gov/publications/P0/P00708.pdf>), *IRIS Work Instructions* (available at <http://www.dhs.wisconsin.gov/publications/P0/P00708a.pdf>), and *IRIS Service Definition Manual* (available at <https://www.dhs.wisconsin.gov/publications/p00708b.pdf>).

The petitioner is a 33 year old man with schizophrenia, bipolar disorder, and an intellectual disability. For these reasons, he receives care and supervision 24 hours per day. His care is split between supportive home care (SHC), SHC-companion care, and personal care hours.

Prior to 2024, the petitioner received 40 hours of SHC at \$35 per hour, 20 hours of companion care at \$30 per hour, and 49 hours of SDPC at \$18.83 per hour. However, when the petitioner transferred to the new ICA in 2024, it was discovered that his IRIS budget was overspent by \$6,662.88. In addition, the petitioner's representative felt that his needs had increased and he needed care 24 hours per day.

In June 2024, the ICA submitted two Budget Amendment (BA) requests to the Department of Health Services (DHS), one for 10 hours per week of SHC-companion care at \$30 per hour and one for 59 hours per week of SHC at \$35 per hour. The DHS denied the BAs based on lack of cost effectiveness. The petitioner's representative appealed the denial. On February 28, 2025, an administrative law judge from the Division of Hearings and Appeals issued an order which held that DHS incorrectly denied the budget amendments and the case was remanded for DHS to cover the BAs for 10 hours per week of SHC-companion care at \$30 per hour and 59 hours per week of SHC at \$35 per hour. The DHS backdated the budget amendments to August 1, 2024, to cover the costs while the appeal had been pending. (Petitioner Exhibit F) With the BAs approved, the petitioner was receiving 24 hours of care per day.

In July 2025, the petitioner's IRIS base budget increased following his annual rescreen. This meant that the BA for the 10 hours of SHC-companion care was no longer needed and the BA for 59 hours of SHC could be slightly reduced.

The petitioner's representative presented four main arguments at the hearing:

- Given that an administrative law judge had ordered that the BAs were cost effective and should have been approved in February 2025, those BA funds belonged to the petitioner and could only be taken away following a new hearing and order from an administrative law judge.
- The BA should not have been terminated/reduced without advance notice to the petitioner and/or the petitioner's consent.
- The petitioner should have been able to utilize the funds in the BA for other purposes.
- The agency should have reduced the petitioner's SDPC hours rather than the SHC hours.

At the hearing, the agency contended that it was not required to obtain the petitioner's consent or approval to reduce the BAs after the petitioner's base IRIS budget had increased in July 2025. Rather, the agency argued that it had an affirmative duty to update the amount of the actual usage of the BA and reduce it accordingly. The agency also argued that it had no authority to reduce the petitioner's SDPC hours at all and could only reduce the petitioner's SHC by the 0.25 hours.

The *IRIS Policy and Procedure Manual* explains budget amendments and the requirements for requesting and utilizing them.

Budget Amendment Requests

Budget Amendment (BA) requests are additional funding requests **for service costs that exceed a participant's base budget**, as calculated by their Individual Budget Allocation (IBA). A BA is requested when a participant has identified a need and associated long-term care outcome **that cannot be met by their base budget amount or other Medicaid benefit**. If approved, BAs increase the participant's access to additional funding for a requested service.

To ensure an appropriate BA request is being made, these general requirements exist around service plans and the BA request process:

- Department approval for a BA request is required before any of the service units can be authorized on a participant's plan. This means that services which exceed the amount coverable by the participant's base budget may not be authorized on a plan without an approved BA.
- Funds approved through the BA process must be used for the requested service(s) and **cannot be transferred to a different service or service type** (example: community transportation vs. respite), or different provider type (example: agency vs. Participant Hired Worker).
- **Base budgets must be used first, and a BA may only be submitted for excess costs not covered by the base budget or other Medicaid benefit.** Additionally, any unallocated amount (amount not currently authorized) within the base budget that exceeds \$25 per month (or \$300 annually) should be applied to the request prior to submission.
- **Unused BA funds cannot be applied to a new service; the previously approved BA amount should be updated to reflect actual use.**

- A request for a provider’s general and uniform rate increase must be evaluated within each participant’s service plan and should not be considered automatic grounds for the submission of a BA request.
- To ensure that a BA request is the most effective way to meet a participant’s identified need and associate long-term care outcome, the participant’s ICA assists them throughout the BA request process. The BA request process includes the pre-submission and submission processes, as well as the review of the request and decision issuance.

(Emphasis added.) *IRIS Policy and Procedure*, last updated November 2024; See also Agency Exhibit D. The rules listed above make it clear that funds approved under a BA can only be used for the purpose for which they were approved when initially requested. Therefore, an IRIS participant does not have the ability to use these funds to supplement other areas of his budget. Additionally, the administrative law judge approved two BAs in February 2025 so that the petitioner could have the 24 hours per day of care that he needed. Approximately five months after that decision was issued, the petitioner had his annual long-term care functional screen (LTCFS), and his annual IRIS base budget was increased. The increase meant that more of his SHC hours could be covered under his base budget and the need for additional funds provided through a BA decreased.

The petitioner’s representative also argued that the petitioner is entitled to advance notice if the amount of a budget amendment was reduced. However, a reduction in a BA, without a corresponding reduction in services or supports, is not listed as an adverse action which entitles the petitioner to notice or appeal rights in the *IRIS Policy Manual*.

7.1A Appeals

An appeal is a formal request to the DHA requesting a change in, or confirmation of, a decision made by an ICA or fiscal employer agent (FEA) provider agency, or DHS.

Participants may appeal a decision upon receipt of an NOA, for the following situations:

- **Reduced, terminated, or denied requests for services;**
- Denied request for payment;
- Failure to provide services or items included in a participant’s support and service plan in a timely manner;
- Failure to resolve appeal or grievance in a timely manner; and
- Unacceptable support and service plan because it:
 - Requires participant to live somewhere they do not choose to live;
 - Fails to provide sufficient care, treatment, or support; or
 - Requires the participant to accept care, treatment, or support that is unnecessarily restrictive or unwanted.

IRIS Policy Manual § 7.1A.

7.2 Notice of Action

The IRIS program must provide a Notice of Action (NOA) to program participants when an “adverse action,” defined as a **denial, reduction, termination, or limitation of previously authorized services** (meaning services/goods on a participant’s plan) exists or when a participant is determined financially, or

functionally, ineligible for the IRIS program. The 1915(c) Medicaid HCBS Waiver states the following regarding the NOA:

“In the event a participant’s request for services are denied, suspended, reduced, or terminated, the participant’s IRIS consultant agency provides a written notice of action with an explanation of the reason for the denial. . .

IRIS Policy Manual § 7.2

I agree with the ICA that the petitioner was not entitled to a Notice of Action that the BA was being reduced as the BA reduction did not cause a reduction, termination, or change to the petitioner’s services or plan of care in any way. The reduction of the BA was done as per Dept. of Health Services requirements to annually update the usage amount of the funds. A Notice of Action was issued separately for the reduction in SHC hours, even though the petitioner still continued to receive paid staff care 24 hours per day.

Next, the petitioner argued that the agency should have reduced the number of care hours from the SDPC rather than the SHC hours. This argument is presumably based on the fact that the SDPC rate was \$18.83 per hour compared to the SHC and SHC-companion hours which were paid at \$35 and \$30 per hour respectively.

An important foundation of the IRIS program is that the IRIS SDPC budget for personal care hours is separate from a participant’s IRIS Waiver Services budget.

8.5 IRIS SDPC Budget

Participants receiving IRIS SDPC services receive a budget which equals the number of hours of care identified by the Personal Care Screening Tool times the standard hourly wage for IRIS SDPC, \$12.07/hour. **This budget is separate from the IRIS Waiver Services budget.**

(Emphasis added.) *IRIS Policy Manual §8.5.* In this case, the petitioner’s SDPC hours were paid at \$18.83. In July 2025 when the petitioner’s SDPC hours increased from 49 to 49.25, he became approved for 168.25 hours of care per week which is 15 minutes *more* than was needed to provide 24 hours per day of care and support. As such, the agency issued a Notice of Action on August 22, 2025 indicating that it was reducing the petitioner’s SHC-companion care by 0.25 hours per week as the petitioner could not approved for more than 24 hours per day of care.

The IRIS Waiver Services budget cannot cover costs that are available through Medicaid card services or any other source.

5.2 Medicaid Card Services

IRIS participants receive medical, behavioral, dental, private duty nursing, and other services through the Medicaid card, also known as the ForwardHealth Medicaid plan. **IRIS participants who require personal care can choose Medical Assistance Personal Care (MAPC), which is funded by the Medicaid card. Home and Community-Based Services, or the IRIS waiver, is considered the funding source of last resort, and, therefore, all available Medicaid card services must be exhausted first.** For example, an IRIS participant who qualifies for private duty nursing (PDN) may not use supportive home care hours in lieu of using PDN. **A participant may decline to use Medicaid card services, but those services may not then be replaced with IRIS-funded services.**

(Emphasis added.) *IRIS Policy Manual* § 5.2.

The petitioner's representative argued that the SDPC hours had to be reviewed and reduced first before reducing any SHC hours. She cited IRIS § 5.7 for this premise. I was unable to find this policy citation as there are 27 different IRIS policy manuals and she did not list which of these manuals she was citing. Nevertheless, I believe that the petitioner's representative is intending to reference the following statement in the *IRIS Additional Funding Requests* manual.

Determine if the participant's need is personal care related. If it is personal care related and the participant has MAPC or SDPC, they should be consulted to determine if there is a personal care recommendation or if a new Personal Care Screen Tool (PCST) may be needed. If the participant does not have personal care, the ICA should assess whether a referral is necessary.

IRIS Additional Funding Requests, page 2, last updated November 2024. This statement is found in the manual under the heading "Pre-Submission and Submission Process" and the subheading "Identifying the Need." This statement pertains to individuals who are preparing to submit a BA. In that case, the ICA should make a referral to the MAPC or SDPC program if the underlying need is for additional hours of support prior to requesting a BA. It does *not* stand for the premise that MAPC and SDPC hours must be reduced prior to reducing any SHC hours.

The ICA does not have any authority to reduce the SDPC hours as those are determined by the Personal Care Screening Tool (PCST), which is required to be performed by a nurse at least annually. The PCST is separate from the Long-Term Care Functional Screen (LTCFS) that is used in the IRIS program to determine functional eligibility on an annual basis. Furthermore, although the costs for the SDPC services may be listed on the IRIS plan, the funds for the personal care hours come from a separate pot of money. The petitioner can refuse to utilize the personal care hours; however, as cited above, those services will not be covered by IRIS funding, such as supportive home care.

CONCLUSIONS OF LAW

1. The agency correctly reduced the petitioner's budget amendments following an increase in his base IRIS budget.
2. The petitioner had no right to use the funds in the BA for any other purpose, and a hearing was not necessary to reduce the BA amount.
3. The ICA did not need to provide written notice to the petitioner of the reduction in the BA amount as it did not result in any denial, reduction, termination, or limitation in services.
4. The agency correctly reduced the petitioner's SHC companion care by 0.25 hours per week.

THEREFORE, it is

ORDERED

The petitioner's appeal is hereby dismissed.

REQUEST FOR A REHEARING

You may request a rehearing if you think this decision is based on a serious mistake in the facts or the law or if you have found new evidence that would change the decision. Your request must be **received within 20 days after the date of this decision**. Late requests cannot be granted.

Send your request for rehearing in writing to the Division of Hearings and Appeals, 4822 Madison Yards Way, 5th Floor North, Madison, WI 53705-5400 **and** to those identified in this decision as "PARTIES IN INTEREST." Your rehearing request must explain what mistake the Administrative Law Judge made and why it is important or you must describe your new evidence and explain why you did not have it at your first hearing. If your request does not explain these things, it will be denied.

The process for requesting a rehearing may be found at Wis. Stat. § 227.49. A copy of the statutes may be found online or at your local library or courthouse.

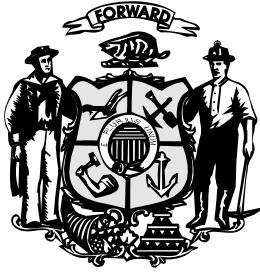
APPEAL TO COURT

You may also appeal this decision to Circuit Court in the county where you live. Appeals must be filed with the Court **and** served either personally or by certified mail on the Secretary of the Department of Health Services, 201 E. Washington Ave., **and** on those identified in this decision as "PARTIES IN INTEREST" **no more than 30 days after the date of this decision** or 30 days after a denial of a timely rehearing (if you request one).

The process for Circuit Court Appeals may be found at Wis. Stat. §§ 227.52 and 227.53. A copy of the statutes may be found online or at your local library or courthouse.

Given under my hand at the City of Madison,
Wisconsin, this 16th day of March, 2026

\s\s _____
Kate J. Schilling
Administrative Law Judge
Division of Hearings and Appeals



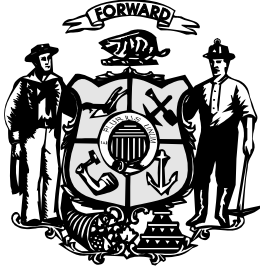
State of Wisconsin\DIVISION OF HEARINGS AND APPEALS

Brian Hayes, Administrator
5th Floor North
4822 Madison Yards Way
Madison, WI 53705-5400

Telephone: (608) 266-7709
FAX: (608) 264-9885
email: DHAmail@wisconsin.gov
Internet: <http://dha.state.wi.us>

The preceding decision was sent to the following parties on March 16, 2026.

Bureau of Long-Term Support



State of Wisconsin\DIVISION OF HEARINGS AND APPEALS

Brian Hayes, Administrator
5th Floor North
4822 Madison Yards Way
Madison, WI 53705-5400

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