

STATE OF WISCONSIN

SENATE CHAIR
Howard Marklein

316 East, State Capitol
P.O. Box 7882
Madison, WI 53707-7882
Phone: (608) 266-0703



ASSEMBLY CHAIR
Mark Born

308 East, State Capitol
P.O. Box 8952
Madison, WI 53708-8953
Phone: (608) 266-2540

JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Howard Marklein
Representative Mark Born

Date: March 29, 2024

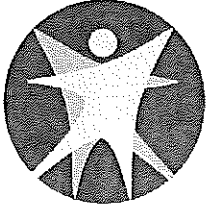
Re: DHS Report to JFC

Attached is a report on the overall condition of the Medicaid benefits budget and any changes made to the program in the past quarter from the Department of Health Services, pursuant to s. 49.45(2n), Stats.

This report is being provided for your information only. No action by the Committee is required. Please feel free to contact us if you have any questions.

Attachments

HM:MB;jm



State of Wisconsin
Department of Health Services

Tony Evers, Governor
 Kirsten L. Johnson, Secretary

MAR 29 2024
St. Finance

March 29, 2024

The Honorable Howard L. Marklein, Senate Co-Chair
 Joint Committee on Finance
 Room 316 East
 State Capitol
 P.O. Box 7882
 Madison, WI 53707

The Honorable Mark Born, Assembly Co-Chair
 Joint Committee on Finance
 Room 308 East
 State Capitol
 P.O. Box 8952
 Madison, WI 53708

Dear Senator Marklein and Representative Born:

As required under s. 49.45(2n), I am writing to provide an update for the third quarter of FY 24 on the overall condition of the Medicaid benefits budget and any changes to the program in the past quarter.

The Department projects a surplus in the Medicaid program of \$26.0 million GPR for the 2023-25 biennium. The table below reflects current estimates for Medicaid expenditures through FY 25, based on trends in enrollment, costs per enrollee, federal Medicaid financial participation, and third-party revenues.

Projected Medicaid Expenditures for the 2023-25 Biennium (in millions)				
	December 2023 Projection		March 2024 Projection	
	GPR	All Funds	GPR	All Funds
Act 19 Budgeted Level	\$8,674.6	\$28,267.8	\$8,674.6	\$28,267.8
Projected Expenditures	\$8,618.1	\$27,841.5	\$8,648.6	\$28,210.0
<i>Difference</i>	\$56.5		\$26.0	

The projected surplus has decreased compared to the December 2023 projection due to updated assumptions for several service and revenue lines. As of January 1, 2024, Wisconsin is implementing a new federal requirement to provide 12 months of continuous coverage for Medicaid children between their annual eligibility re-determinations, which is expected to have

the effect of increasing child enrollments by roughly 5% by the end of the biennium compared to previous projections. The projection also assumes implementation of the all-inclusive rate policy for tribal Federally Qualified Health Centers (FQHCs) approved by the Committee in February. In addition, fee-for-service expenditures for nursing homes, hospitals, and prescription drugs have trended upward since the December projection. Offsetting these cost increases, fee-for-service expenditures for personal care and other home care services and Medicare Part D “Clawback” payments have trended lower. This projection also updates the amount available to fund Medicaid services through Wisconsin’s federally-approved American Rescue Plan Act (ARPA) Home and Community Based Services (HCBS) Spend Plan.

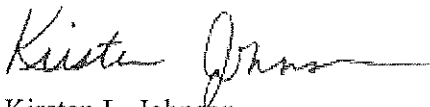
In addition, the Department has updated enrollment projections as it proceeds through the unwinding of federal continuous coverage requirements established during the COVID-19 public health emergency under the Families First Coronavirus Response Act (FFCRA). We project BadgerCare Plus childless adults enrollment to be lower than assumed in the December projection, with childless adults, parents, and caretakers all close to levels assumed in the 2023-25 biennial budget. We continue to project enrollment in certain elderly, blind, and disabled eligibility categories to be below budgeted levels throughout the biennium. Enrollment levels for children are expected to be higher than budgeted due to the 12-month continuous coverage requirements noted above.

State Plan and Waiver Amendments

The appendix lists Medicaid state plan amendments and waiver amendments submitted to the federal government in the past quarter.

Please contact me if you have any questions about this report.

Sincerely,



Kirsten L. Johnson
Secretary-designee

Appendix

Proposed Medicaid State Plan Amendments and Waivers Submitted to the Federal Government for Approval

State Plan Amendments

Amendment 24-0001 Hospital Rate Updates. This amendment makes updates to state plan provisions for inpatient and outpatient hospital reimbursement state plan consistent with the 2023-25 biennial state budget (2023 Act 19). *Net annual fiscal effect: None compared to Act 19.*

Amendment 24-0002 Provider Rate Increases. Effective January 1, 2024, this amendment implements changes to fee-for-service maximum fee rates for Primary Care Providers, Emergency Department Services, Chiropractic Services and Personal Care Services as mandated in Act 19. *Net annual fiscal effect: None compared to Act 19.*

Amendments 24-0003 and 24-0003-A Yearly COLA Updates. Effective January 1, 2024, this amendment updates income limits for the Elderly, Blind and Disabled (EBD) population to reflect the annual federal Cost of Living Adjustment (COLA). *Net annual fiscal effect: None.*

Amendment 24-0004 Continuous Enrollment for Children. This amendment implements Section 5112 of the federal Consolidated Appropriations Act, 2023 [P.L. 117-328], which makes it mandatory for states to provide 12 months of continuous eligibility for children under age 19 in Medicaid and the Children's Health Insurance Program (CHIP), with some limited exceptions. *Net annual fiscal effect: \$56,006,300 All Funds (\$20,520,300 GPR) in FY25. Approved by the Committee on March 28, 2024. (Note: the Department plans to submit the corresponding amendment to Wisconsin's CHIP plan next quarter. The fiscal effect noted here includes both the Medicaid and CHIP amendments.)*

Amendment 24-0005 Disregard of Certain Tribal Incomes. Effective January 1, 2024, to simplify the administration of the Medicaid program, this amendment disregards non-taxable Tribal General Welfare Assistance (GWA) for Elderly, Blind and Disabled (EBD) individuals. This disregard does not apply to certain institutionalized care settings, as outlined under section 1902(r)(2) of the Social Security Act. *Net annual fiscal effect: None.*

Amendment 24-0006 Personal Care Place of Service. Effective January 1, 2024, this amendment removes the place of service restriction for the fee-for-service (FFS) personal care Medicaid benefit. This amendment aligns the FFS Medicaid benefit with Medicaid home and community-based waiver programs, which allow personal care services to be provided in home and community settings. This change does not expand the types of services provided; change the provider types authorized to perform those services; or alter the prior authorization process for personal care services. As is current policy, personal care services may only be provided

after approval of a prior authorization request for services based on physician orders, the Plan of Care, and the Personal Care Screening Tool (PCST). *Net annual fiscal effect: None.*

Amendment 24-0007 MAGI Based Methodologies Update. Effective January 1, 2024, this amendment implements a technical update to the Medicaid State Plan that describes the budgeting methodology used for determining eligibility for BadgerCare Plus groups, to reflect current practice. *Net annual fiscal effect: None.*

Amendment 24-0008 Tribal All-Inclusive Rate. Effective January 1, 2024, this amendment enables Wisconsin Tribal Federally Qualified Health Centers (FQHCs) to receive reimbursement for Medicaid covered services by choosing one of two options described below each year:

1. Prospective Payment System (PPS) Rate: Wisconsin Tribal FQHC reasonable cost payments will be made on a per encounter basis and will be paid the Tribal FQHC's specific PPS Rate.
2. OMB All-Inclusive Rate (AIR): Wisconsin Tribal FQHC reasonable cost payments are made on a per encounter basis and are reimbursed at the OMB All-Inclusive rate published each year in the Federal Register.

In addition, under both reimbursement options, Tribal FQHC Pharmacy Dispensed Drugs are reimbursed per prescription dispensed. *Net annual fiscal effect: \$63.2 million All Funds (\$5.7 million GPR).* *Approved by the Committee on February 19, 2024.*

Waiver Amendments

None.