



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #377

SeniorCare Base Reestimate (DHFS -- Health Care Financing -- Base Funding and Revenue)

[LFB 2003-05 Budget Summary: Page 202, #4]

CURRENT LAW

SeniorCare, created in 2001 Wisconsin Act 16, provides prescription drug assistance to Wisconsin residents who are 65 years of age or older. Any elderly Wisconsin resident may enroll in the program, but each enrollee's income determines whether he or she is required to pay a deductible or meet a spenddown requirement.

Act 16 provided \$49.9 million GPR in 2002-03 to fund SeniorCare benefits. Subsequent to the enactment of Act 16, the state obtained a waiver of federal MA law, which permitted the state to receive federal MA matching funds to support costs for enrollees with income up to 200% of the federal poverty level (FPL). Program revenue is available from rebates paid by pharmaceutical manufacturers whose drugs are covered under SeniorCare.

Enrollees first received benefits under the program beginning September 1, 2002. As of April 20, 2003, there were approximately 86,700 individuals enrolled in SeniorCare.

GOVERNOR

Provide \$65,025,700 (\$1,901,500 GPR, \$42,437,600 FED, and \$20,686,600 PR) in 2003-04 and \$108,489,900 (\$22,428,200 GPR, \$57,551,500 FED, and \$28,510,200 PR) in 2004-05 to reflect a reestimate of the costs to continue funding SeniorCare benefits in the 2003-05 biennium, based on the current program.

DISCUSSION POINTS

1. It is estimated that a total of \$129,414,500 in 2003-04 and \$166,923,000 in 2004-05

would be needed to fully fund the current SeniorCare program. This estimate does not reflect the fiscal effect of any of the program changes recommended by the Governor. The following table summarizes the current estimated costs to fully fund SeniorCare benefits in the 2003-05 biennium, by fund source.

SeniorCare Cost-to-Continue Estimate

	<u>Current Estimate</u>		<u>Change to Governor</u>	
	<u>2003-04</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2004-05</u>
GPR	\$51,373,900	\$67,739,400	-\$427,600	-\$4,588,800
FED	45,275,300	57,911,800	2,837,700	360,300
PR	<u>32,765,300</u>	<u>41,271,800</u>	<u>12,078,700</u>	<u>12,761,600</u>
Total	<u>\$129,414,500</u>	<u>\$166,923,100</u>	<u>\$14,488,800</u>	<u>\$8,533,100</u>

2. This reestimate primarily reflects more recent information about SeniorCare enrollment and costs than was available at the time the administration prepared its projection and revised methodology for estimating rebate revenue available under SeniorCare. The current estimate is based on a projection that SeniorCare enrollment will average approximately 103,700 in 2003-04 and approximately 113,800 in 2004-05, which is slightly lower than the estimates used by the administration in preparing the Governor's bill. Further, the average costs per person are projected to be somewhat higher than the average costs projected by the administration.

3. The Governor's bill includes provisions that would reduce SeniorCare costs, including: (a) increasing the deductible for certain enrollees; (b) increasing use of prior authorization for brand name drugs; and (c) reducing rates paid to pharmacies. These proposals will be addressed in other issue papers prepared by this office. In adopting this reestimate, the Committee would be adopting a new base for the program. The fiscal effect of the Governor's proposed statutory changes would then be estimated on the revised base.

4. Currently, federal funding available for SeniorCare is budgeted in the MA benefits appropriation. At the time SeniorCare was created, it was not assumed that federal funding would be available to support a share of the program's costs. In order to more clearly identify total SeniorCare costs, the Committee could create a separate federal SeniorCare appropriation.

MODIFICATION

Provide -\$427,600 GPR, \$2,837,700 FED, and \$12,078,700 PR in 2003-04 and -\$4,588,800 GPR, \$360,300 FED, and \$12,761,600 PR in 2004-05 to reflect a reestimate of the costs to fully fund SeniorCare, based on current law. In addition, create a separate federal SeniorCare benefits appropriation.

<u>Modification</u>	<u>GPR</u>	<u>FED</u>	<u>PR</u>	<u>TOTAL</u>
2003-05 REVENUE (Change to Bill)	\$0	\$0	\$24,840,300	\$24,840,300
2003-05 FUNDING (Change to Bill)	-\$5,016,400	\$3,198,000	\$24,840,300	\$23,021,900

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