



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #380

Medical Assistance Base Reestimate (DHFS -- MA -- General)

Bill Section

[LFB 2007-09 Budget Summary: Page 247, #2]

CURRENT LAW

The state's medical assistance (MA) program funds acute and long-term care services to certain groups of low-income individuals, including individuals who are elderly and disabled, and families with dependent children. MA-funded services are supported with a combination of state funds (GPR and SEG funds from the MA trust fund), county funds, and federal matching funds. Federal matching funds currently support approximately 58% of the costs of most services provided under the program.

Base funding for MA benefits is approximately \$4,475.6 million (\$1,725.6 million GPR, \$2,639.7 million FED, and \$110.3 million SEG).

GOVERNOR

Provide \$47,198,300 (\$41,840,200 GPR, \$37,541,800 FED, and -\$32,183,700 SEG) in 2007-08 and \$280,673,500 (\$113,477,800 GPR, \$204,001,700 FED, and -\$36,806,000 SEG) in 2008-09 to reflect reestimates of the amount of funding needed to support MA in the 2007-09 biennium, based on current law.

DISCUSSION POINTS

1. The MA base reestimate projects the cost-to-continue MA benefits under current

eligibility rules, program restrictions, and provider reimbursement rates (with the exception of payments to managed care providers). This office has reviewed the administration's estimates, and has made several changes to reflect updated enrollment figures and costs, a reestimate of the federal financial participation (FFP) rate, and a revision of some of the assumptions used by the administration in projecting future program costs.

2. For example, nursing home patient days are currently projected to decline by 4.4% in 2006-07 to approximately 7.3 million patient days, by 3.5% to 7.1 million patient days in 2007-08, and by 3.1% to 6.9 million patient days in 2008-09. The administration projected a slightly smaller decline in patient days of 2.7% in 2006-07, 2.6% in 2007-08, and 3.2% in 2008-09.

3. In a March 19, 2007, letter to the Co-Chairs, Secretary Morgan requested that revenue to the MA trust fund be increased to reflect additional federal MA reimbursement the state can claim based on the difference between costs and payments for providing inpatient and outpatient care to MA recipients at the University of Wisconsin hospitals and clinics. The availability of these revenues has been incorporated into the current estimate.

4. DHFS staff has had the opportunity to review the current estimates. Several of the agency's suggestions have been incorporated into the current estimates.

5. Table 1 identifies base funding for MA benefits, excluding MA payments to counties that the state provides under the Wisconsin Medicaid cost reporting (WIMCR) program. Reestimates of the amounts required to meet the state's commitment to funding the WIMCR program would result in a reduction in the amount of GPR provided under the bill of \$11,013,700 GPR in 2007-08 and \$11,696,800 GPR in 2008-09.

TABLE 1

**MA Base and Cost-to-Continue Funding
2007-09 Biennium**

	2006-07 <u>Base</u>	2007-08 <u>Total</u>	2008-09 <u>Total</u>	2007-08 Change <u>to Base</u>	2008-09 Change <u>to Base</u>
GPR	\$1,725,588,100	\$1,761,167,700	\$1,849,035,000	2.1%	7.2%
FED	2,639,684,500	2,693,694,700	2,845,740,200	2.1	7.8
SEG	<u>110,338,200</u>	<u>85,740,000</u>	<u>74,503,200</u>	-22.3	-32.5
Total	\$4,475,610,800	\$4,540,558,700	\$4,769,234,700	1.5%	6.6%

5. Based on this analysis, funding in the bill should be increased by \$17,165,800 (-\$6,844,400 GPR, \$16,468,400 FED and \$7,541,800 SEG) in 2007-08 and by \$11,113,400 (\$8,132,100 GPR, \$2,054,000 FED, and \$927,300 SEG) in 2008-09 to fully fund the MA program's

cost to continue, and to adjust appropriations to reflect changes in anticipated expenditures for WIMCR.

In addition, it is estimated that the MA program will lapse \$9.6 million GPR at the end of the 2006-07 fiscal year.

6. Table 2 identifies, by major eligibility group, the actual average monthly enrollment in 2005-06, and the projected enrollment for 2006-07, 2007-08, and 2008-09.

TABLE 2

**Actual and Projected MA Enrollment, by Major Eligibility Group
Fiscal Years 2005-06 through 2008-09**

	2005-06	2006-07	2007-08	2008-09	<u>% Change from Previous Year</u>		
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
Elderly	36,600	34,800	33,600	32,200	-4.9%	-3.4%	-4.2%
Blind and Disabled	108,100	107,300	106,700	106,100	-0.7	-0.6	-0.6
Family Care	12,200	13,200	13,800	14,400	8.2	4.5	4.3
Community Waiver	23,500	23,500	24,100	24,400	0.0	2.6	1.2
Family MA	425,700	425,700	421,000	429,400	0.0	-1.1	2.0
Limited Benefit*	<u>62,500</u>	<u>64,100</u>	<u>67,100</u>	<u>72,700</u>	2.6	4.7	8.3
Total	668,600	668,600	666,300	679,200	0.0%	-0.3%	1.9%

*Includes individuals enrolled in the family planning waiver program, women who qualify for certain services following screenings they received under the well woman program or the family planning waiver program, and certain Medicare beneficiaries.

7. The funding that is provided under the base reestimate does not include funding to support rate increases to fee-for service providers, but includes funding to increase managed care monthly capitation payments to: (a) the Independent Care program (I-Care) by 5.0% annually; (b) the Wisconsin Partnership Program (WPP) and the Program for All-Inclusive Care for the Elderly (PACE) sites by 4.0% annually; (c) the Family Care care management organizations by 3.0% annually; (d) the AFDC/Healthy Start HMOs by 3.4% annually; (e) the Wraparound Milwaukee and Children Come First programs by 3% annually; and (f) SSI managed care organizations by 5.0% annually. Federal MA law requires states to provide actuarially sound rates to managed care organizations.

MODIFICATION

Increase funding in the bill by \$17,165,800 (-\$6,844,400 GPR, \$16,468,400 FED and \$7,541,800 SEG) in 2007-08 and by \$11,113,400 (\$8,132,100 GPR, \$2,054,000 FED, and \$927,300 SEG) in 2008-09 to reflect the projected cost-to-continue MA benefits in the next biennium, based on current law.

	Change to Bill Funding	Change to Base Funding
GPR	\$1,287,700	\$156,605,700
FED	18,522,400	260,065,900
SEG	<u>8,469,100</u>	<u>- 60,520,600</u>
Total	\$28,279,200	\$356,151,000

In addition, the 2007-09 opening general fund balance is increased by \$9,617,500 due to an estimated lapse of that amount in the 2006-07 MA benefits appropriation.

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