



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #382

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

Bill Section

[LFB 2007-09 Budget Summary: Page 249, #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 eligible 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 "spend down" requirement (incur out-of-pocket expenses so that when the sum of these expenses is subtracted from the individual's countable income, his or her income does not exceed 240% of the federal poverty level).

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 "Pharmacy Plus" waiver of federal medical assistance (MA) law, which permitted the state to receive federal MA matching funds to support program costs for enrollees with income up to 200% of the federal poverty level. In addition, program revenue (PR) is available from rebates paid by pharmaceutical manufacturers whose drugs are covered under SeniorCare. Current base funding for SeniorCare benefits is \$155,330,800 (\$57,560,700 GPR, \$53,624,100 FED, and \$44,146,000 PR).

Enrollees first received benefits under the program beginning September 1, 2002. As of April, 2007, there were approximately 101,600 individuals enrolled in SeniorCare.

GOVERNOR

Provide \$38,190,100 (\$4,094,900 GPR, \$4,996,500 FED, and \$29,098,700 PR) in 2007-08 and \$76,900,300 (\$16,275,300 GPR, \$16,890,000 FED, and \$43,735,000 PR) in 2008-09 to reflect the administration's estimates of the amount of funding needed to support SeniorCare in the 2007-09 biennium, based on current law.

DISCUSSION POINTS

1. On April 3, 2007, the U.S. Department of Health and Human Services (DHHS), Centers for Medicare and Medicaid Services (CMS) notified the state that the agency would not renew the Pharmacy Plus waiver under which the SeniorCare program operates. The waiver was scheduled to expire on June 30, 2007. As a result, the state would not have received federal matching funds to support SeniorCare program costs after that date. In addition, the Department of Health and Family Services (DHFS) would not have been able to use the MA best price in rebate negotiations with pharmaceutical companies for the purpose of generating program revenue through supplemental rebates.

2. In response to this notice, DHFS began working with CMS to develop a program to "wraparound" the Medicare Part D benefit. A "wraparound" program is a program that would use state funds to support drug costs that would not be funded under the Medicare Part D program. The administration's proposal, referred to as WisconsinCare, would have maintained the current SeniorCare program through December 31, 2007, and replaced it with a new program, beginning January 1, 2008.

3. On May 25, 2007, the President signed H.R. 2206 (the U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act). The legislation included a provision that permitted a state that was operating a Pharmacy Plus waiver, which would otherwise expire on June 30, 2007, to elect to continue to operate the waiver through December 31, 2009, and, if the state elects to continue the waiver, requires CMS to approve the continuation of the waiver through December 31, 2009.

As a result of this federal legislation, DHFS will be able to continue to administer the SeniorCare program through the 2007-09 biennium.

4. It is estimated that a total of \$176,320,700 (\$56,544,300 GPR, \$53,051,700 FED, and \$66,724,700 PR) in 2007-08 and \$211,791,200 (\$67,911,300 GPR, \$63,746,300 FED, and \$80,133,600 PR) in 2008-09 would be needed to fully fund the SeniorCare Program. This estimate does not reflect the fiscal effect of any program changes recommended by the Governor. The following table summarizes the current estimated costs to fully fund SeniorCare benefits in the 2007-09 biennium, by fund source.

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

	2006-07	2007-08	2008-09	2007-08 Change to Base		2008-09 Change to Base	
	Base			Amount	Percent	Amount	Percent
GPR	\$57,560,700	\$56,544,300	\$67,911,300	-\$1,016,400	-1.8%	\$10,350,600	18.0%
FED	53,624,100	53,051,700	63,746,300	-572,400	-1.1	10,122,200	18.9
PR	<u>44,146,000</u>	<u>66,724,700</u>	<u>80,133,600</u>	<u>22,578,700</u>	51.1	<u>35,987,600</u>	81.5
Total	\$155,330,800	\$176,320,700	\$211,791,200	\$20,989,900	13.5%	\$56,460,400	36.3%

5. This reestimate primarily reflects more recent information about SeniorCare enrollment and costs than was available at the time the administration prepared its projection. The current estimate is based on a projection that SeniorCare enrollment will average approximately 105,100 in 2007-08 and approximately 107,200 in 2008-09, which is slightly lower than the estimates used by the administration in preparing the Governor's bill. The current estimate reflects the administration's projections of average prescription costs and utilization.

6. The following table summarizes the total funding, by source, that would be provided to support the current program in the 2007-09 biennium, and the difference between the current estimate and the estimates included in SB 40.

	Current Estimate		Change to Governor		
	2007-08	2008-09	2007-08	2008-09	2007-09
GPR	\$56,544,300	\$67,911,300	-\$5,111,300	-\$5,924,700	-\$11,036,000
FED	53,051,700	63,746,300	-5,568,900	-6,767,800	-12,336,700
PR	<u>66,724,700</u>	<u>80,133,600</u>	<u>-6,520,000</u>	<u>-7,747,400</u>	<u>-14,267,400</u>
Total	\$176,320,700	\$211,791,200	-\$17,200,200	-\$20,439,900	-\$37,640,100

MODIFICATION

Reduce funding in the bill by \$17,200,200 (-\$5,111,300 GPR, -\$5,568,900 FED, and -\$6,520,000 PR) in 2007-08 and by \$20,439,900 (-\$5,924,700 GPR, -\$6,767,800 FED, and -\$7,747,400 PR) in 2008-09 to reflect a reestimate of the costs to fully fund SeniorCare, based on current law.

	Change to Bill Funding	Change to Base Funding
GPR	-\$11,036,000	\$9,334,200
FED	- 12,336,700	9,549,800
PR	<u>- 14,267,400</u>	<u>58,566,300</u>
Total	-\$37,640,100	\$77,450,300

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