



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #415

Medical Assistance Base Reestimate and Related Items (DHS -- Medical Assistance -- Overview and Base Funding Adjustments)

[LFB 2009-11 Budget Summary: Page 11, #3; Page 12, #4;
Pages 345, #2; Page 348, #3; Page 348, #4; and Page 351, #7]

CURRENT LAW

The state's medical assistance (MA) program pays certified health care providers for the wide range of primary, preventive, acute, and long-term care services they provide to Wisconsin residents with limited resources. MA includes the services provided to elderly, blind, and disabled individuals through such programs as EBD MA, Family Care, and the home-and community-based waivers. MA also includes BadgerCare Plus, which serves primarily low-income children, their families, and pregnant women. In addition, the Department of Health Services (DHS) administers several MA-related subprograms such as the family planning waiver and well woman MA.

DHS administers the MA program under state and federal law, and in accordance with the state plan it provides to the federal Centers for Medicare and Medicaid Services (CMS).

MA services are funded by a combination of state funds (GPR and SEG funds from the MA trust fund), county funds, and federal MA matching funds. In 2008-09, the federal medical assistance percentage, or FMAP, for most MA services was 58.94%. In 2008-09, base funding for MA benefits is approximately \$5,076 million (\$1,485 million GPR, \$3,058 million FED, \$40 million PR, and \$493 million SEG).

GOVERNOR

MA Base Reestimate. Provide \$915,933,100 (\$77,019,600 GPR, \$597,226,800 FED,

\$23,664,900 PR, and \$218,021,800 SEG) in 2009-10 and \$1,072,410,400 (\$99,225,400 GPR, \$715,699,700 FED, \$18,658,200 PR, and \$238,827,100 SEG) in 2010-11 to reflect the administration's estimates of the funding needed to support MA benefits in the 2009-11 biennium, based on current law.

Restore GPR Funding Reduced under Tobacco Securitization Provisions of Act 226. Provide \$209,000,000 GPR, and a corresponding reduction of \$209,000,000 SEG from the MA trust fund, in each year to reflect that the MA and BadgerCare Plus funding changes enacted as part of the tobacco securitization provisions of 2007 Wisconsin Act 226 were effective for 2008-09 only.

Replace State Funds with Federal Funds to Reflect Projected FMAP Changes: Reduce GPR funding for MA and SeniorCare benefits by \$567,630,000 in 2009-10 and by \$295,880,000 in 2010-11, and increase FED and SEG funding by \$567,630,000 (\$536,140,000 FED and \$31,490,000 SEG) in 2009-10 and \$295,880,000 (\$279,690,000 FED and \$16,190,000 SEG) in 2010-11 to reflect the temporary increase in the state's FMAP enacted as part of the American Recovery and Reinvestment Act of 2009 (ARRA). Increase revenue to the MA trust fund by \$31,490,000 in 2009-10 and by \$16,190,000 in 2010-11 to reflect the effect of these temporary FMAP increases.

MA Benefits Funding from the MA Trust Fund: Provide \$62,000,000 from the MA trust fund to support MA benefits in 2008-09. The bill would increase the MA benefits appropriation from the MA trust fund by \$62,000,000 for the second fiscal year of the fiscal biennium in which the provision takes effect. Consequently, if the bill is enacted prior to July 1, 2009, this funding would be provided in 2008-09, as the administration intends. However, if the bill is enacted on or after July 1, 2009, this funding would be provided in 2010-11. This amount reflects the administration's estimate of un-appropriated revenues available in the MA trust fund.

UW Required Transfer to the MA Trust Fund: Increase, from \$15,000,000 to \$27,500,000, the amount of funding the University of Wisconsin System is required to transfer to the MA trust fund from its general operations receipts appropriation in 2008-09, 2009-10, and 2010-11, and require the UW System to transfer \$27,500,000 to the MA trust fund in fiscal years 2011-12 and 2012-13.

DISCUSSION POINTS

Administration's Requested Modifications to AB 75

1. The Department of Administration (DOA) has requested changes to AB 75 to better reflect the Governor's intent.

2. First, DOA requests that the provision in AB 75 that would have directed the DOA Secretary, when formulating the 2011-13 biennial budget, to assume that the base level of funding for the GPR MA benefits appropriation beginning in state fiscal years 2011-12 and 2012-13 is \$1,564,356,500, be deleted.

3. Second, DOA requests that funding budgeted for the hospital assessment appropriation be increased by \$105,969,800 SEG in 2009-10 and by \$118,823,500 SEG in 2010-11. Under current law, DHS is directed to collect total hospital assessments in a state fiscal year in an amount equal to the Chapter 20 schedule amount for the hospital assessment appropriation. A portion of the total hospital assessment revenues (along with corresponding federal MA matching funds) is to be paid to hospitals and health maintenance organizations (HMOs), with all remaining assessment revenues transferred to the MA trust fund and used to support general MA benefits. AB 75 does not include the portion of the hospital assessment revenues the administration would transfer to the MA trust fund during the 2009-11 biennium.

4. Third, AB 75 would increase, from \$15,000,000 to \$27,500,000, the amount the University of Wisconsin System is required to transfer annually from its general operations receipts appropriation to the MA trust fund in fiscal years 2008-09, 2009-10, and 2010-11. AB 75 would also require the UW System to make comparable transfers in 2011-12 and 2012-13. The administration has requested that the bill be modified to maintain the 2008-09 transfer at its current level of \$15,000,000. This proposed modification would not require any adjustments to the funding in the bill for 2008-09 because the administration assumed the current-law transfer of \$15,000,000 in its budget projections. The administration would also modify AB 75 by reducing the 2009-10 and 2010-11 transfers by \$3,700,000 and \$2,500,000, respectively. As these latter modifications would reduce the amount of SEG in the MA trust fund to support MA benefits, the administration would also modify AB 75 by increasing the MA GPR appropriation in 2009-10 and 2010-11 by \$3,700,000 and \$2,500,000, respectively.

5. Fourth, AB 75 would increase the amount for the Chapter 20 schedule amount for the MA trust fund appropriation by \$62,000,000 SEG in the second year of the 2007-09 biennium. This amount should be decreased by \$17,000,000 to reflect revised estimates of revenues to the MA trust fund in 2008-09.

6. Fifth, the administration has requested that the MA trust fund appropriation be increased by the following amounts to reflect additional transfers to the MA trust fund from the hospital assessment fund related to the temporarily increased FMAPs under ARRA: (a) 2008-09, \$46,881,500 SEG; (b) 2009-10, \$53,069,500 SEG; and (c) 2010-11, \$28,800,900 SEG.

7. Finally, the administration has requested a modification to the provision in AB 75 that would allow the state to retain the additional federal MA matching funds under the American Recovery and Reinvestment Act of 2009 generated by certain MA services for which counties provide the non-federal share of the costs. Under AB 75, those county services include case management services, community support programs, community-based psychosocial service programs, school-based services, mental health crisis intervention services, and in-home and community mental health and alcohol and other drug abuse services. To that list, the administration would add that the rate charged to counties for services under the intensive treatment program at the state centers for the developmentally disabled would be at the non-federal share prior to the impact of the enhanced FMAPs. This modification would not require a funding adjustment to the bill.

8. The proposed modifications to AB 75 described in discussion points 2 through 7 are

referred to collectively as "administration's modifications to AB 75."

MA Base Reestimate

9. 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) for the 2009-11 biennium.

10. The MA program has recently experienced, and continues to undergo, significant changes. In November 2008, the Department replaced its existing Medicaid management information system with a new web-based system called ForwardHealth interChange. During the system conversion, delays were experienced in processing provider claims. The resulting backlog complicated budgeting monitoring, as did the fact that the system conversion limited this office's access to reports upon which it has previously relied to develop projections. Other significant developments during the biennium included the "carve out" of prescription drug coverage from HMO capitation rates, the start of the childless adults program in January 2009, and the continued expansion of Family Care.

11. Perhaps the principal programmatic change, however, was the February 1, 2008, implementation of the BadgerCare Plus program. BadgerCare Plus replaced the MA programs previously known as Family MA, Healthy Start, and BadgerCare. In the 15 months since its inception, enrollment in BadgerCare Plus has grown substantially. This is shown in Table 1, which compares the January 2008 enrollment in Family MA, Healthy Start and BadgerCare programs to the April 2009 enrollment in BadgerCare Plus.

TABLE 1

**Increased Enrollment in BadgerCare Plus
January 2008 to April 2009**

<u>January 2008 Enrollment Family MA, Healthy Start and BadgerCare</u>	<u>April 2008 Enrollment BadgerCare Plus*</u>	<u>Increased Enrollment</u>	<u>Percent Increase</u>
500,600	622,300	121,700	24.31%

* Does not include the BadgerCare Plus childless adults program, which had approximately 12,500 enrollees as of April 2009.

12. Several factors may be contributing to the large increase in BadgerCare Plus enrollment, including streamlined eligibility and application procedures, and greater outreach. Another factor, though difficult to quantify, may be the impact of the current economic downturn. According to the Bureau of Labor Statistics, Wisconsin's seasonally adjusted unemployment rate increased from 4.4% in January 2008 to 8.5% in March 2009. As incomes decline, along with access to employer-sponsored health insurance, more families may become eligible for coverage

under BadgerCare Plus.

13. The MA program has also been affected by the American Recovery and Reinvestment Act of 2009 (ARRA). Enacted in February 2009, ARRA temporarily increased Wisconsin's FMAP during the period October 1, 2008 through December 31, 2010 (referred to as the "recession adjustment period"). To qualify for these additional federal funds, ARRA prohibits states from imposing MA eligibility standards, methodologies or procedures that are more restrictive than those that were in effect on July 1, 2008.

14. Under ARRA, each state's FMAP is increased by 6.2 percentage points during the recession adjustment period. States can also receive an additional FMAP increase during that period if their unemployment rate increases by more than certain thresholds established under ARRA. As this suggests, projecting Wisconsin's FMAP during the 2009-11 biennium requires a forecast of the state's unemployment rate during the recession adjustment period.

15. Using unemployment projections developed by the Wisconsin Department of Revenue's Division of Research & Policy (DOR), and the most recent unemployment statistics published by the Bureau of Labor Statistics, this office has estimated what Wisconsin's FMAP will be in state fiscal years 2008-09, 2009-10, and 2010-11 under ARRA. Table 2 compares those projections to the state's pre-ARRA FMAP during that period.

TABLE 2

**Comparison of Wisconsin's Pre-ARRA
FMAPs to its Projected FMAPs Under ARRA,
State Fiscal Years 2008-09, 2009-10, and 2010-11**

	Wisconsin's FMAP <u>Pre-ARRA</u>	Wisconsin's Projected FMAP <u>Under ARRA</u>
2008-09	58.94%	64.39%
2009-10	60.00	70.45
2010-11	60.35	65.55

16. The updated FMAP projections shown in Table 2 are higher than the FMAP assumptions used by the administration when it developed AB 75. The difference is attributable to increases (actual and forecasted) in Wisconsin's unemployment rate during the recession adjustment period. The budgeting implication of these higher FMAPs is that for each dollar of MA benefit expenditures during the recession adjustment period, a comparatively larger share will be borne by federal matching funds.

17. For the reasons outlined above (system conversion and reporting issues, increased MA caseloads, and revised FMAP projections), this office asked the administration to review, and, if necessary, update information it used to develop the MA funding levels in AB 75. DHS has recently provided that updated information. This office has reviewed, and in some cases slightly

modified the resulting projections. Table 3 shows the updated MA base reestimates for 2008-09, 2009-10, and 2010-11, and compares how several key aspects of the re-estimates (such as the GPR share of MA benefit expenditures) differ from the amounts in AB 75.

TABLE 3

**Revised MA Base Reestimates for
2008-09 and 2009-11 Biennium**

	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>Total</u>
AB 75: Projected Surplus (Deficit)	\$0	\$0	\$0	\$0
Revised Projections (relative to AB 75):				
Add'l MA Benefit Expenditures (GPR)	-\$29,552,700	-\$34,202,700	-\$41,995,200	-\$105,750,600
Decreased MATF Revenues (SEG)	-4,206,500	-11,766,900	-6,450,800	-22,424,200
Add'l FED under ARRA (FED)	<u>40,852,700</u>	<u>38,283,500</u>	<u>20,889,700</u>	<u>100,025,900</u>
Subtotal	\$7,093,500	-\$7,686,100	-\$27,556,300	-\$28,148,900
MA Surplus (Deficit)	\$7,093,500	-\$7,686,100	-\$27,556,300	-\$28,148,900

18. As Table 3 indicates, the revised MA estimates include a projected increase in GPR-funded MA benefit expenditures during the three-year period of \$105,750,600, relative to the amounts in AB 75. Largely offsetting those increased GPR expenditures, however, is the projected increase of \$100,025,900 in federal matching funds (relative to the amounts in AB 75), an increase due primarily to the upwardly revised projections of the state's FMAP under ARRA. After factoring in several adjustments to the revenues projected for the MA trust fund, the projected GPR deficit for the MA program at the end of the 2009-11 biennium, under current law assumptions, is \$28,148,900. This estimate assumes that the projected GPR surplus at the end of SFY 2008-09 (\$7,093,500) will not lapse to the general fund, but instead will be available to support MA benefits in the 2009-11 biennium. (AB 75 assumes the MA program will lapse \$306 million to the general fund at the end of 2008-09, and that assumption is incorporated in the revised estimates summarized above.)

19. In total, the revised MA base reestimate projects that Wisconsin will receive approximately \$1.25 billion in additional federal MA matching funds as a result of the state's temporarily enhanced FMAPs under ARRA. That projected total includes an estimated \$317,000,000 of additional FED in 2010-11. Assuming the state's FMAP returns to its pre-ARRA levels at the end of the recession adjustment period, these additional federal matching funds will not be available to support the MA program during the 2011-13 biennium.

20. The revised estimates in Table 3 also reflect increased MA program enrollment, compared both to current enrollment levels as well as to the enrollment levels assumed in AB 75. Table 4 compares the original enrollment projections in AB 75 to the updated enrollment estimates, by major enrollment category.

TABLE 4**Projected Average Monthly Enrollment,
By Major Enrollment Category**

	<u>SFY 2009</u>	<u>SFY 2010</u>	<u>SFY 2011</u>
Aged			
AB 75	35,800	33,800	31,800
May 2009 Reestimate	38,100	37,600	36,800
Disabled			
AB 75	144,000	143,400	142,900
May 2009 Reestimate	151,200	150,900	150,400
BadgerCare Plus			
AB 75	599,100	622,200	632,200
May 2009 Reestimate	608,600	638,100	648,200
Foster Children			
AB 75	16,300	16,800	17,100
May 2009 Reestimate	15,900	16,300	16,700
Well Woman MA			
AB 75	600	700	900
May 2009 Reestimate	600	800	1,000
Family Planning Waiver			
AB 75	47,900	44,800	41,800
May 2009 Reestimate	47,600	44,200	41,300
Childless Adults			
AB 75	6,500	24,900	39,500
May 2009 Reestimate	6,500	24,900	39,500
Medicare Beneficiaries			
AB 75	12,300	14,800	17,700
May 2009 Reestimate	13,800	16,300	19,600
Total Est. Enrollment, AB 75			
	862,500	901,400	923,900
Percent Increase from prior year	7.42%	4.51%	2.50%
Total Est. Enrollment, May 2009			
	882,300	929,100	953,500
Percent Increase from prior year	10.14%	5.30%	2.63%

21. The revised estimate of MA expenditures assumes that total MA enrollment will increase by 5.30% in 2009-10 and by 2.63% in 2010-11. Virtually all of that projected increase is forecast to occur in the BadgerCare Plus and the childless adults programs. The latter was authorized in the 2007-09 biennial budget, and is designed to provide health care coverage to childless adults ages 19 through 64 who have incomes up to 200% of the federal poverty level and who are not eligible for any other MA, Medicare, or SCHIP program. The childless adults program contains fairly strict "crowd out" provisions that make a person ineligible to participate if they were covered by private health insurance, or had access to employer-sponsored health insurance, during

the preceding 12 months. DHS began providing benefits to enrollees in the childless adults program in January 2009. At present, the program's total enrollment is approximately 12,500 individuals, most of who were previously enrolled in the Milwaukee County general assistance medical program (GAMP).

22. The revised MA base reestimate assumes that the childless adults program will expand statewide beginning in July 2009, and that total enrollment will increase to 40,800 by the end of the 2009-11 biennium. The estimated costs associated with that statewide expansion, which are included in AB 75, are \$27,499,200 (\$10,997,500 GPR and \$16,501,700 FED) in 2009-10 and \$66,341,000 (\$26,335,800 GPR and \$40,005,200 FED) in 2010-11.

23. The revised MA base reestimate is also based in part on projections of the revenues to, and expenditures from, the MA trust fund. These revised projections are summarized in Table 5.

TABLE 5

**MA Trust Fund Condition Statement
Fiscal Years 2008-09 to 2010-22**

	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>
Beginning Balance	\$273,600	\$0	\$7,107,000
Revenue			
Nursing Home Certified Expenditure Program			
Nursing Home Certified Public Expenditure Program	\$43,228,400	\$47,200,000	\$51,700,000
Additional NH CPE from Enhanced FMAP	3,965,100	8,524,600	4,631,400
Nursing Home CPE - Family Care Residents	0	4,454,500	1,950,900
Subtotal CPE Program	\$47,193,500	\$60,179,100	\$58,282,300
Nursing Home Bed Assessment (Base)	\$33,844,300	\$33,481,800	\$33,119,300
Nursing Home Bed Assessment Increase		33,325,200	41,402,500
Healthcheck Services provided by RCACs	10,000,000	8,000,000	8,000,000
ICF-MR Bed Assessment (Base)	8,468,400	7,813,800	6,924,000
ICF-MR Bed Assessment Increase		504,300	620,100
Hospital CPE	10,700,000	5,685,100	0
UW Hospital IGT	15,000,000	23,800,000	25,000,000
Additional Federal Matching Funds on County Contributions			
Due to Enhanced FMAP		37,775,400	19,068,600
Interest on MATF Cash Balance	1,000,000	0	0
Assets Transferred from Other Funds			
Injured Patients and Families Compensation Fund	128,500,000	0	0
Permanent Endowment Fund	309,000,000	50,000,000	50,000,000
Hospital Assessment Revenue	79,206,800	108,424,900	121,162,600
Additional Hospital Assessment Revenue from Enhanced FMAP	<u>46,881,500</u>	<u>53,069,500</u>	<u>28,800,900</u>
Total Funds Available	\$690,068,100	\$422,952,200	\$399,487,100
Expenditures			
Benefits	\$690,068,100	\$414,952,200	\$385,306,900
Closing Balance	\$0	\$7,106,900	\$14,180,300

24. Table 5 reflects revised estimates of projected revenues expected to be available to support general MA benefit expenditures. As a result of these revised projections, AB 75 should be modified to increase SEG funding from the MA trust fund by \$56,012,600 in 2009-10 and by \$29,860,100 in 2010-11. The unexpended balance of \$7,106,900 in 2009-10 and \$14,180,300 in 2010-11 reflects the administration's intent to allocate a portion of the 1% across-the-board funding reduction to the state's MA program to the MA trust fund.

25. If the Committee decides to provide additional funding for MA benefits for the 2009-11 biennium at a level consistent with the revised estimates in Table 3, it would increase funding in the bill by \$18,913,400 (\$592,600 GPR and \$18,320,800 FED) in 2009-10 and \$78,102,900 (\$27,556,300 GPR and \$50,546,600 FED) in 2010-11. (Alternative B.1.)

26. Alternatively, the Committee could, in light of current budget constraints, decide not to add money to the bill to support the projected MA shortfall. There are several reasons why the Committee could select this alternative. First, the projected GPR deficit represents approximately 0.25% of the total projected MA benefit expenditures during the 2009-11 biennium. Given the many variables that can impact the program during that period, including changes in general economic conditions, the Committee could conclude that a projected deficit of approximately 0.25% falls within a reasonable margin of estimation error. Second, the administration has expressed confidence in the Department's ability to manage the MA program and, if necessary, to reduce program costs to stay within the funding appropriated by the Legislature. That confidence is reflected in the unspecified spending reductions totaling \$428 million (all funds) the administration assigned to the MA and SeniorCare programs in AB 75. If the Committee decided not to fund the estimated MA deficit, it could provide the funding in AB 75, as modified. (Alternative B.2.)

27. In addition to its decisions with respect to funding for MA benefits, the Committee may also decide to require DHS to begin providing additional information to the Legislature regarding the MA program. Under current law, DHS is required to "periodically report to the Joint Committee on Finance concerning projected expenditures and alternative reimbursement and cost control policies in the medical assistance program."

In order to improve the Legislature's monitoring and oversight of the MA program, the Committee may wish to require DHS to provide the following reports to the Committee on a quarterly basis beginning in the 2009-11 biennium: (a) a summary of MA benefit expenditures through the end of the calendar quarter, broken out separately by major program category (including BadgerCare Plus, childless adults, and EBD MA (including Family Care and the home- and community-based waivers); (b) a projection of total MA benefit expenditures for the state fiscal year and the biennium, by service category, and a comparison of those projected expenditures to the expenditure amounts budgeted for each such service and program; and (c) a summary of the major policy changes implemented by the Department during the quarter including any changes to provider reimbursement rates, and the estimated fiscal effect of any such changes. (Alternative C.1.)

A. MODIFICATIONS

Modification #1: Adjust AB 75 for 2008-09 Items

Adopt the administration's requested modifications to AB 75, as described in Discussion Point 8, relating to 2008-09. Provide \$47,350,300 (\$46,881,500 SEG, \$234,400 PR, and \$234,400 FED) in 2008-09 to adjust the MA trust fund for an additional transfer of SEG from the hospital assessment fund, reflecting the impact of the temporarily increased FMAPs under ARRA. Also, reduce funding in the MA trust fund by \$17,000,000 SEG in 2008-09 to reflect revised revenue estimates. The combined fiscal impact of these two modifications is reflected in the following box:

Modification to AB 75 for 2008-09	
	Change to Bill Funding
SEG	\$29,881,500
FED	234,400
PR	<u>234,400</u>
Total	\$30,350,300

Modification #2: Adjust AB 75 For 2009-11 Items

Adopt the administration's requested modifications to AB 75, as described in Discussion Point 8, relating to the 2009-11 biennium, as well as the Governor's modifications to AB 75 described in discussion point 2. Provide \$105,969,800 SEG in 2009-10 and \$118,823,500 SEG in 2010-11 to increase the amounts in the bill's Chapter 20 schedule for the hospital assessment appropriation, and making those amounts consistent with the total hospital assessment revenues the administration would collect during the 2009-11 biennium.

Provide \$53,600,100 (\$265,300 FED, \$265,300 PR and \$53,069,500 SEG) in 2009-10 and \$29,088,900 (\$144,000 FED, \$144,000 PR, and \$28,800,900 SEG) in 2010-11 to adjust the MA trust fund for an additional transfer of SEG from the hospital assessment fund, reflecting the impact of the temporarily increased FMAPs under ARRA.

Reduce funding by \$11,766,900 SEG in 2009-10 and by \$6,450,800 SEG in 2010-11 to reflect revised estimates of the revenue that will be deposited to the MA trust fund, and increase funding in the GPR MA benefits appropriation by corresponding amounts.

Reduce GPR by \$11,766,900, increase FED by \$56,556,700, and increase SEG by \$14,710,000 in 2009-10, and reduce GPR by \$6,450,800, increase FED by \$26,752,700 and increase SEG by \$7,510,000 in 2010-11 to reflect revised estimates of additional federal matching funds under ARRA.

Modifications to AB 75 for 2009-11	
	Change to Bill Funding
GPR	\$0
FED	83,718,700
PR	409,300
SEG	<u>310,666,000</u>
Total	\$394,794,000

B. FUNDING ALTERNATIVES

1. In addition to modifications #1 and #2, provide \$18,913,400 (\$592,600 GPR and \$18,320,800 FED) in 2009-10 and \$78,102,900 (\$27,556,300 GPR and \$50,546,600 FED) in 2010-11 to reflect the revised estimate of MA benefit expenditures in the 2009-11 biennium. Direct DHS to encumber for purposes of supporting MA benefit expenditures in the 2009-11 biennium, (rather than lapsing) any GPR surplus in the MA benefits appropriation at the end of 2008-09, to the extent that surplus exceeds \$306,000,000.

ALT B1	Change to Bill Funding
GPR	\$28,148,900
FED	<u>68,867,400</u>
Total	\$97,016,300

2. Provide the funding in AB 75 (as modified by Modifications #1 and #2). Under this alternative, it is projected that the MA program may have a GPR shortfall of approximately \$28 million by the end of the 2009-11 biennium that will need to be addressed by DHS.

C. REPORTS

1. Require DHS to provide to the Joint Committee on Finance no later than the 30th day following the end of each calendar quarter, beginning with the calendar quarter that ends September 30, 2009, a report that contains the following information: (a) a summary of MA benefit expenditures through the end of the calendar quarter, broken out separately by major program category (including BadgerCare Plus, childless adults, and EBD MA (including Family Care and the home- and community-based waivers); (b) a projection of total MA benefit expenditures for the state fiscal year and the biennium, by service category, and a comparison of those projected expenditures to the expenditure amounts budgeted for each service and program; and (c) a summary of the major policy changes implemented by the Department during the quarter, including any changes to provider reimbursement rates, and the estimated fiscal effect of any such changes.

2. Take no action on this item.

Prepared by: Eric Peck and Cory Kaufman