



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #345

### **SeniorCare Cost-to-Continue Reestimate (Health Services -- Medical Assistance)**

[LFB 2021-23 Budget Summary: Page 269, #28]

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#### **CURRENT LAW**

Wisconsin's SeniorCare program assists eligible seniors with prescription medication costs. State residents who are age 65 or older, who are not eligible for full Medicaid benefits, and who meet income requirements are eligible for benefits under the program. SeniorCare participants must pay a \$30 annual enrollment fee, which supports costs the Department of Health Services (DHS) incurs to administer the program. Once someone is enrolled, their receipt of benefits depends upon meeting deductible and copayment requirements. The deductible, if any, is based on the annual income level of the enrollee, as follows: (a) no deductible applies for people with an annual income below 160% of the federal poverty level (FPL); (b) a \$500 deductible applies for people with an annual income between 160% and 200% of the FPL; and (c) a \$850 deductible applies for people with an annual income between 200% and 240% of the FPL.

People with incomes above 240% of the FPL may enroll in the program, but will not be eligible for benefits until they 'spend down' their income below the 240% threshold. This means that enrollees must incur expenses for prescription drugs within a year that equal the difference between their annual income and 240% of the FPL. After meeting that requirement, people in the spend-down category must still meet the \$850 deductible.

After satisfying any applicable deductible and spend-down, all enrollees make copayments of \$5 for generic medications and \$15 for brand name medications, while the SeniorCare program pays all other medication costs.

SeniorCare benefits are funded with a combination of state general purpose revenue (GPR), federal Medicaid matching funds (FED), and program revenue (PR) from rebates received from

drug manufacturers that participate in the program. Base funding for program benefit expenditures is \$123,311,100 (\$20,090,100 GPR, \$17,333,500 FED, and \$85,887,500 PR) per year.

## MODIFICATION

Increase funding by \$2,758,900 (-\$2,783,900 GPR, \$228,100 FED, and \$5,314,700 PR) in 2021-22 and increase funding by \$10,032,300 (-\$2,118,200 GPR, \$404,800 FED, and \$11,745,700 PR) in 2022-23 to reflect a reestimate of SeniorCare benefit costs.

**Explanation:** The estimate included in Assembly Bill 68 and Senate Bill 111 was based on program enrollment and costs through June, 2020. This reestimate reflects updated enrollment through May, 2021, which includes somewhat larger growth than predicted, particularly in the lower-income enrollment categories. This reestimate also includes reduced enrollment growth forecasts for 2022-23, in anticipation of a return to prior trends as economic activity returns to normal. Finally, this reestimate updates the projected federal matching rate for 2022-23.

Change to Base	
GPR	- \$4,902,100
FED	632,900
PR	<u>17,060,400</u>
Total	\$12,791,200

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