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JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Alberta Darling
Representative John Nygren

Date: April 1, 2015

Re: DHS Report to JFC

Attached is a report on the overall condition of the Medicaid benefits budget and any changes made to the program in the past quarter from the Department of Health Services, pursuant to s. 49.45(2n), Stats.

This report is being provided for your information only. No action by the Committee is required. Please feel free to contact us if you have any questions.

Attachments

AD:JN:jm



State of Wisconsin
 Department of Health Services

Scott Walker, Governor
 Kitty Rhoades, Secretary

March 31, 2015

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St. Finance

The Honorable Alberta Darling, Senate Co-Chair
 Joint Committee on Finance
 Room 317 East
 State Capitol
 P.O. Box 7882
 Madison, WI 53707-7882

The Honorable John Nygren, Assembly Co-Chair
 Joint Committee on Finance
 Room 309 East
 State Capitol
 P.O. Box 8953
 Madison, WI 53708

Dear Senator Darling and Representative Nygren:

As required under s. 49.45(2n), I am writing to provide an update for the third quarter of FY 15 on the overall condition of the Medicaid benefits budget and any changes made to the program in the past quarter.

In this report, we continue to project that the Medicaid program will be in balance for the current biennium.

Projected Medicaid Expenditures for the 2013-15 Biennium (in millions)				
	December 2014		March 2015	
	GPR	All Funds	GPR	All Funds
Projected Expenditures	\$4,782.6	\$16,295.3	\$4,782.6	\$16,295.3
Act 20 Budgeted Level	\$4,782.6	\$16,295.3	\$4,782.6	\$16,295.3
Savings Need	\$0	\$0	\$0	\$0

This projection assumes the Department will allocate \$46.8 million in one-time revenues from settlement payments from drug manufacturers to cover Medicaid benefit costs. The drug companies made these payments to the state to settle lawsuits alleging they improperly charged the Medicaid program for medications for Medicaid recipients. In our December report, we had projected a need to use \$22 million in drug settlement revenues to remain in balance this year. This March update projects higher costs for this fiscal year due to several factors. These include higher expenditure trends in the past three months for certain fee-for-service categories,

including hospital services and prescription drugs, higher BadgerCare Plus enrollment trends, and reduced federal claiming for certain services.

Many factors affect Medicaid expenditures, including enrollment, service utilization, and federal and third party revenues, and we will continue to monitor the program closely to ensure it remains in balance by the end of FY 15.

Comprehensive Community Services Implementation

I would like to provide an update on the implementation of the regional Comprehensive Community Services (CCS) benefit for Medicaid enrollees in need of mental health services. The 2013-15 biennial budget converted CCS from a county-matched to a state-matched Medicaid benefit for counties that adopted a regional service delivery model, effective July 1, 2014. As of March, the Department has certified 14 county and tribe regions to implement the state-matched benefit. Nine other proposed regions are undergoing Department review.

Regional Comprehensive Community Services Implementation Status	
Region	Region Effective Date
The Human Services Center for Forest, Oneida, Vilas Counties, including the Potawatomie Tribe and the Sokaogon Chippewa Tribe	July 2014
Columbia, Richland, Sauk	July 2014
Waukesha	July 2014
La Crosse, Jackson, Monroe	July 2014
Langlade, Lincoln, Marathon	July 2014
Jefferson, Rock, Walworth	August 2014
Adams, Green Lake, Juneau, Marquette, Waupaca, Waushara	September 2014
Brown, Calumet, Manitowoc, Outagamie, Winnebago	September 2014
Milwaukee	September 2014
Portage, Wood	September 2014
Kenosha, Racine	January 2015
Sheboygan, Dodge, Ozaukee, Washington	January 2015
Ashland, Bayfield	January 2015
Lac du Flambeau	February 2015

As of February 28th, the Department has reimbursed approved CCS regional providers \$1,917,846 All Funds (\$786,933 GPR), in FY 15. The monthly reimbursements will continue to grow as certified regions enroll more individuals and new regions are approved. However, because most regions have been certified for only a portion of FY 15, and due to typical lags in providers submitting claims, we project CCS expenditures to be less than originally anticipated this year. We estimate FY 15 expenditures will total \$6.6 million GPR, which is less than the previous estimate of \$10,539,300 GPR.

Based on a survey of CCS counties, there were 2,096 individuals enrolled in approved regional CCS programs and 149 in non-regional programs as of March 2015. Please see Appendix B.

Senator Alberta Darling
Representative John Nygren
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The Committee had also directed the Department to estimate the number of individuals who were previously receiving county-funded mental health services who have transitioned to CCS. It is not possible to estimate this number at this time because of the small number of claims to date. The Department will provide estimates, as well as updated information regarding expenditures and enrollment, in future quarterly reports.

Finally, the latest information on the DHS Office of Inspector General's efforts to reduce and prevent fraud in the Medicaid program can be found on the Department's website at <https://www.dhs.wisconsin.gov/oig/data.htm>.

Appendix A contains a list of state plan amendments submitted to the federal government this quarter.

Please contact me if you have any questions about this report.

Sincerely,


Kitty Rhoades
Secretary

Appendix A

Proposed Medicaid State Plan Amendments and Waivers Submitted to the Federal Government for Approval

Amendment 15-001 Inpatient Hospital Rate Methodology. This amendment makes changes to reflect updates to the inpatient hospital rate methodology.

Amendment 15-002 Outpatient Hospital Rate Methodology. This amendment makes changes to reflect updates to the outpatient hospital rate methodology.

Amendment 15-003 Cost of Living Adjustment for Eligibility. Effective January 1, 2015, changes will be made to income eligibility thresholds within the state plan to reflect annual federal cost of living adjustments to the SSI benefit amount.

Amendment 15-004 PACE. Updates will be made to the Program of All-Inclusive Care for the Elderly to reflect the current rate setting methodology and current PACE service areas.

Amendment 15-005 Psychosocial Rehabilitation Services. This amendment will consolidate the authority for similar mental health services under one section of the state plan.

Amendment 15-006 Presumptive Eligibility. This amendment will allow the same types of entities who currently are authorized to make a presumptive eligibility determination for a child to also make a determination for a pregnant individual under age 19 using eligibility criteria for pregnant women.

Family Care, IRIS and Children's Long Term Support Waivers. The Department submitted waiver amendments to combine the Group C eligibility category into the Group B eligibility category, which has slightly broader income disregards.

Appendix B

Number of Consumers Enrolled in CCS			
Approved Regions	Dec-13	Dec-14	Mar-15
Adams/GreenLake/Juneau/Marquette/Waushara Region	53	68	112
Ashland/Bayfield Region	-	-	29
Brown/Calumet/Manitowoc/Outagamie/Winnebago Region	271	316	356
Columbia/Richland/Sauk Region	112	147	167
Forest/Oneida/Milas Region - Human Service Center	7	30	38
Jefferson/Rock/Walworth Region	74	98	133
Kenosha/Racine (certified in 2014)	-	-	138
La Crosse/Jackson/Monroe Region	143	198	248
Lac du Flambeau (Tribe) (certified Jan 2015)	-	-	-
Langlade/Lincoln/Marathon Region	355	401	406
Milwaukee County (certified in 2014)	-	69	61
Portage/Wood Region	93	113	125
Sheboygan/Dodge/Ozaukee/ Washington Region	-	-	180
Waukesha County	104	100	103
Subtotal	1,212	1,540	2,096
Other Certified Counties	Dec-13	Dec-14	Mar-15
Dodge County	23	34	Regionalized
Green County	36	34	36
Fond du Lac County	11	16	15
Kenosha County	75	98	Regionalized
Kewaunee County	16	27	29
Marinette County	58	56	53
Shawano County (certified in 2014)	-	5	16
Sheboygan County	40	84	Regionalized
Washington County	48	53	Regionalized
Subtotal	307	407	149
Total Number of Consumers Enrolled in CCS	1,519	1,947	2,245

* Data based on provider surveys conducted by the Department