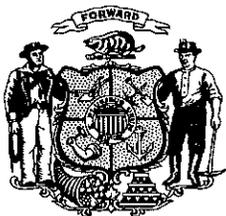


# STATE OF WISCONSIN

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## JOINT COMMITTEE ON FINANCE

### MEMORANDUM

To: Members  
Joint Committee on Finance

From: Senator Alberta Darling  
Representative John Nygren

Date: July 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

June 30, 2015

RECEIVED  
 JUL 01 2015

DR. J. 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:

I am pleased to report that the Department has balanced the Medicaid budget for the 2013-15 biennium. For the second consecutive biennium, the Legislature has not needed to pass a budget repair bill to add funds to Medicaid.

The program is in balance after having reserved \$21.5 million PR in drug lawsuit settlements that the Committee budgeted for Medicaid expenditures in FY 16 as part of its modifications to the Governor's 2015-17 biennial budget. In addition, we will carry over revenue to fund payments in FY 16 related to Wisconsin Medicaid Cost Reporting (WIMCR) program claim reconciliations that were not completed before the end of the 2013-15 biennium.

The Department achieved a balanced budget despite having to address a significant, unanticipated drop in the federal matching rate for Wisconsin beginning in federal fiscal year 2015, higher than budgeted enrollment for adults without dependent children, and sharp increases in prescription drug costs, especially those for treating individuals with Hepatitis C.

Projected Medicaid Expenditures for the 2013-15 Biennium (in millions)				
	March 2015		June 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
Drug Settlements Budgeted in 2015-17			\$21.5	

This projection assumes the Department will allocate \$51.9 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 provided to Medicaid enrollees.

The exact Medicaid expenditure amount for the fiscal year will be determined after the Department completes final reconciliation of payments and revenues from collections, premiums, rebates, and federal claims for FY 15 in July.

*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 June, the Department has certified 16 county and tribe regions to implement the state-matched benefit.

<b>Regional Comprehensive Community Services Implementation Status</b>	
<b>Region</b>	<b>Region Effective Date</b>
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
Barron, Buffalo, Chippewa, Dunn, Pepin, Pierce, Polk, Rusk	April 2015
Green, Lafayette	June 2015

Through May, the Department has reimbursed approved CCS regional providers \$9,259,979 All Funds (\$3,827,527 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 \$4.4 million GPR.

Senator Alberta Darling  
Representative John Nygren  
June 30, 2015  
Page 3 of 5

Based on a survey of CCS counties, there were 2,116 individuals enrolled in approved regional CCS programs and 103 in non-regional programs as of March 31, 2015. Please see Appendix B.

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 15-007 — Inpatient Hospital Pay-for-Performance (P4P) Measure Updates.* The Department will update inpatient hospital rate methodologies regarding pay for performance.

*Amendment 15-008 — Outpatient Hospital Pay-for-Performance (P4P) Measure Updates.* The Department will update outpatient hospital rate methodologies regarding pay for performance.

*Amendment 15-009 — Non-Institutional Rate Methodologies.* The Department will add additional language to the non-institutional rate methodologies section of the State Plan to comply with directives from CMS.

*Children's Health Insurance Plan (CHIP) ---* The Department will revise benefit provisions in CHIP to reflect the change from Benchmark to Standard Plan benefits. Other sections of the plan will be updated to reflect the current administration of CHIP.

*SeniorCare Waiver ---* The Department submitted its SeniorCare waiver renewal application for the period January 1, 2016 through December 31, 2018.

Appendix B

DHS Quarterly Report on Consumers in CCS

Period: from Jan 1, 2015 to Mar 31, 2015

DMH988 Region (With DQA-Certified Counties)	Number Served (end of last quarter)	Number Admitted (during this quarter)	Number Discharged (during this quarter)	Number Served (end of this quarter)
<b>Central Wisconsin Health Partnership Regional CCS</b>	68	21	7	82
Adams County	31	0	2	29
Green Lake County	9	3	0	12
Juneau County	7	9	2	14
Waushara County	21	9	3	27
<b>Human Service Center (HSC)</b>	25	13	3	35
Forest County	0	2	0	2
Oneida County	22	10	2	30
Vilas County	3	1	1	3
<b>Jefferson-Rock-Walworth Tri-County Regional CCS</b>	95	17	5	107
Jefferson County	62	11	2	71
Rock County	14	3	1	16
Walworth County	19	3	2	20
<b>Kenosha-Racine Regional Partnership</b>	102	46	6	142
Kenosha County	102	25	6	121
Racine County	0	21	0	21
<b>Lac du Flambeau Tribe</b>	0	2	0	2
<b>Lakeshore Recovery Collaborative</b>	174	19	5	188
Dodge County	32	4	3	33
Ozaukee County	0	7	0	7
Sheboygan County	88	3	0	91
Washington County	54	5	2	57
<b>Lakeshore Recovery Consortium</b>	38	14	3	49
Door County	0	0	0	0
Kewaunee County	30	1	2	29
Shawano County	8	13	1	20
Milwaukee County	27	61	1	87
<b>New Horizons North CCS</b>	0	24	1	23
Ashland County	0	12	1	11
Bayfield County	0	12	0	12
<b>North Central Health Care (NCHC)</b>	396	48	19	425
Lanlade County	43	7	2	48
Lincoln County	49	11	6	54
Marathon County	304	30	11	323
<b>Northeast Wisconsin Behavioral Health Consortium</b>	347	44	35	356
Brown County	96	7	15	88
Calumet County	18	7	1	24
Manitowoc County	18	0	2	16
Outagamie County	120	22	5	137
Winnebago County	95	8	12	91
<b>Portage-Wood Partnership</b>	118	17	9	126
Portage County	45	6	5	46
Wood County	73	11	4	80
Waukesha County	100	3	3	100
<b>Wisconsin River CCS Collaboration</b>	154	21	10	165
Columbia County	31	8	4	35
Richland County	46	5	3	48
Sauk County	77	8	3	82
<b>Western Region Integrated Care (WRIC)</b>	202	30	3	229
La Crosse County	183	19	2	200
Jackson County	11	7	1	17
Monroe County	8	4	0	12
<b>DQA-Certified Counties Not in Regions</b>				
Fond du Lac County	16	0	0	16
Green County	34	5	4	35
Marinette County	53	3	4	52
<b>Total Number of Consumers (Across All CCS's)</b>	<b>1,949</b>	<b>388</b>	<b>118</b>	<b>2,219</b>