STATE OF WISCONSIN

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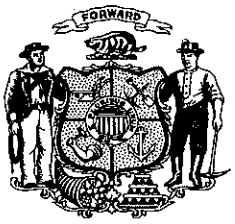

ASSEMBLY CHAIR
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JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Alberta Darling
Representative John Nygren

Date: October 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

RECEIVED
OCT 01 2015
Jt. Finance

September 30, 2015

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 first quarter of FY 16 on the overall condition of the Medicaid benefits budget and any changes made to the program in the past quarter.

At this time, the Department projects the Medicaid budget to be in balance for the 2015-17 biennium. As this is the first update for the new biennium, only a few months of actual enrollment, expenditure, and revenue data have become available since passage of Act 55, the 2015-17 biennial budget. We will continue to monitor costs closely as we proceed through the biennium.

Projected Medicaid Expenditures for the 2015-17 Biennium (in millions)		
	September 2015	
	GPR	All Funds
Act 55 Budgeted Level	$5,683.4	$18,679.3
Projected Expenditures	$5,680.6	$18,674.5
Balance/(Savings Need)	*$2.8*	*$4.8*

While early in the biennium, a number of developments have occurred that will affect Medicaid costs. The most significant is a projected increase in Medicare Part B premiums for Medicaid enrollees. State Medicaid programs must pay the premium for enrollees who are also Medicare recipients. The federal Medicare Trustees annual report, released in July, estimated that Part B premiums for Medicaid/Medicare enrollees and for new Medicare-only enrollees would increase to $159 per month in CY 2016. This level is significantly above the $108 assumed in Act 55, and adds $46.8 million GPR in costs for the biennium. The Department's projection for this

quarter assumes the increase to $159; the federal Centers for Medicare and Medicaid Services will set the actual premium level this fall.

We project that this federally-driven cost increase will be offset by other factors within the Medicaid budget. These include higher than budgeted SEG revenues in the Medicaid Trust Fund, lower GPR costs for home and community based waivers, lower than budgeted costs for certain payments for BadgerCare Plus managed care, hospitals, and the state mental health institutes, and lower BadgerCare Plus childless adults enrollment.

The Medicaid budget faces other potential fiscal pressures, including upward trends in prescription drug costs, service utilization changes related to a redesign of the autism services benefit, and uncertainty about managed care rates, among other factors.

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

Comprehensive Community Services Implementation
Appendix B contains updated data enrollment data for 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 September, the Department has certified 21 county and tribe regions to implement the state-matched benefit.

For dates of service from July 2014 through August 2015, the Department has reimbursed approved CCS regional providers $15.9 million All Funds ($6.6 million GPR) for claims received to date.

Family Care/IRIS 2.0
Act 55 Section 9118(9)(d)2 requires the Department to provide a progress report on the development of the federal Medicaid waiver request to implement the Family Care/IRIS 2.0 initiative. I am submitting our progress report for the September quarter via a separate letter to the Committee today.

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.

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 15-010. Nursing Home Rates and Methodologies. This amendment describes the annual changes that will be made to the nursing home rates and methodologies, effective July 1.

Amendments 15-011 and 15-012. Inpatient and Outpatient Hospital Access Payments. These amendments would update the state plan to reflect FY 16 Medicaid access payments for inpatient and outpatient hospital services.

Amendment 15-013. Behavioral Treatment Services. This plan amendment would implement behavioral treatment services for people with autism spectrum disorder as a fee for service benefit.

Appendix B

DHS Quarterly Report on Consumers in CCS **Reporting Period: April 1, 2015 to Jun 30, 2015**

DHS/ASI 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)
Central Wisconsin Health Partnership (CWHP)	82	10	13	79
Adams County	29	0	8	21
Green Lake County	12	1	0	13
Juneau County	14	8	4	18
Waushara County	27	1	1	27
Green-Lafayette Region	35	6	0	41
Green County	35	2	0	37
Lafayette County	0	4	0	4
Human Service Center (HSC)	39*	6	2	43
Forest County	2	0	0	2
Oneida County	33*	4	2	35
Vilas County	4*	2	0	6
Jefferson-Rock-Walworth Tri-County Region	107	24	18	113
Jefferson County	71	12	14	69
Rock County	16	4	2	18
Walworth County	20	8	2	26
Kenosha-Racine Regional Partnership	142	53	1	194
Kenosha County	121	42	1	162
Racine County	21	11	0	32
Lac du Flambeau Tribe	2	5	0	7
Lakeshore Recovery Collaborative	188	19	12	195
Dodge County	33	2	3	32
Ozaukee County	7	5	0	12
Sheboygan County	91	3	5	89
Washington County	57	9	4	62
Lakeshore Recovery Consortium	49	18	4	63
Door County	0	4	0	4
Kewaunee County	29	8	4	33
Shawano County	20	6	0	26
Milwaukee County	87	30	18	99
New Horizons North CCS	23	26	5	44
Ashland County	11	16	3	24
Bayfield County	12	10	2	20
North Central Health Care (NCHC)	434*	43	30	447
Langlade County	48	6	4	50
Lincoln County	54	7	2	59
Marathon County	332*	30	24	338
Northeast Wisconsin Behavioral Health Consortium	356	59	25	390
Brown County	88	10	4	94
Calumet County	24	7	5	26
Manitowoc County	16	4	1	19
Outagamie County	137	19	7	149
Winnebago County	91	19	8	102
Portage-Wood Partnership	126	23	15	134
Portage County	46	7	4	49
Wood County	80	16	11	85
Waukesha County	100	14	4	110
Wisconsin River CCS Collaboration	165	26	6	185
Columbia County	35	2	0	37
Richland County	48	6	3	51
Sauk County	82	18	3	97
Western Region Integrated Care (WRIC)	229	34	11	252
La Crosse County	200	27	9	218
Jackson County	17	5	1	21
Monroe County	12	2	1	13
Western Region Recovery and Wellness Consortium (WRRWC)	0	23	0	23
Barron County	0	2	0	2
Buffalo County	0	0	0	0
Chippewa County	0	6	0	6
Dunn County	0	1	0	1
Pepin County	0	2	0	2
Pierce County	0	10	0	10
Polk County	0	2	0	2
Rusk County	0	0	0	0
DQA-Certified Counties Not In Regions				
Fond du Lac County	16	2	3	15
Marinette County	52	7	7	52
Total Number of Consumers (Across All CCS's)	2,232*	428	174	2,486

* = Revised: This number is an update to data provided in a previous enrollment report.