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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, 2016

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, 2016

RECEIVED
APR 01 2016

BY: 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:

As required under s. 49.45(2n), I am writing to provide an update for the third quarter of FY 16 on the overall condition of the Medicaid benefits budget and any changes made to the program in the past quarter.

The Department continues to project the Medicaid budget to be in balance for the 2015-17 biennium. The table below reflects our best estimate for the projected level of Medicaid expenditures through FY 17, based on trends in enrollment, costs per enrollee, federal claiming rates, and third party revenues.

Projected Medicaid Expenditures for the 2015-17 Biennium (in millions)				
	December 2015 Projection		March 2016 Projection	
	GPR	All Funds	GPR	All Funds
Act 55 Budgeted Level	\$5,683.4	\$18,679.3	\$5,683.4	\$18,679.3
Projected Expenditures	\$5,610.8	\$18,506.4	\$5,598.2	\$18,476.4
<i>Variance</i>	<i>\$72.6</i>	<i>\$172.9</i>	<i>\$85.2</i>	<i>\$202.9</i>

Projected expenditures in our report for March are nearly the same as our December projection. The expenditure level is slightly below the December projection due to the combination of several factors. Enrollment has trended upward in the last three months along with expenditures for inpatient hospital services and prescription drugs. Managed care costs and nursing home utilization have trended lower since the last quarterly report. Numerous other factors contribute to the new projected expenditure amount.

Senator Alberta Darling
Representative John Nygren
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As I indicated in my December letter, the difference between the budget level and projected expenditures should not be considered a true budget balance at this time. This projection suggests that GPR expenditures will be 1.5% below budgeted levels over the biennium. This margin could be easily reversed if enrollment, provider claims, federal revenue, or other factors turn out slightly less favorable than assumed. A variance of 1.5% represents less than two weeks of Medicaid expenditures. Primary risk factors for the Medicaid budget for the remainder of the biennium include the future trend in enrollment, inpatient hospital utilization, and prescription drug costs. These areas are major influences on total Medicaid expenditures and have trended upward in the last quarter.

State Plan and Waiver Amendments

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

Comprehensive Community Services Implementation

Appendix B contains updated 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 March, the Department has certified 23 county and tribe regions to implement the state-matched benefit. For dates of service from July 2014 through February 2016, the Department has reimbursed approved CCS regional providers \$38.5 million All Funds (\$15.8 million GPR) for claims received to date. Of this amount, \$15.0 million All Funds (\$6.1 million GPR) has been spent in FY 16.

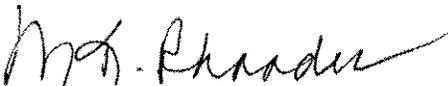
Family Care/IRIS 2.0

Act 55 Section 9118(9)(d)2 requires the Department to submit a concept paper for Family Care/IRIS 2.0 to the Committee for approval by April 1, 2016. I am submitting the final concept paper via a separate letter to the Committee today. I will also be separately submitting a report required by Act 55 on Aging and Disability Resource Center and Income Maintenance functions.

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 16-001. Inpatient Hospital Rates. This amendment updates inpatient hospital rate methodologies.

Amendment 16-002. Outpatient Hospital Rates. This amendment updates outpatient hospital rate methodologies.

Appendix B

DHS Quarterly Report on Consumers in CCS

Reporting Period: Oct 1, 2015 to Dec 31, 2015

DMHSAS Region (with DQA-Certified Counties)	Number Served (end of last quarter)	Number Admitted (this quarter)	Number Discharged (this quarter)	Number Served (end of this quarter)
CCS of Clark & Trempealeau Counties	1	8	1	8
Clark County	1	4	1	4
Trempealeau County	0	4	0	4
Central Wisconsin Health Partnership (CWHP)	*83	22	10	95
Adams County	26	6	4	28
Green Lake County	*6	9	1	14
Juneau County	21	4	1	24
Waushara County	30	3	4	29
Dane County Human Services CCS	*31	48	0	79
Green-Lafayette Regional CCS Programs	44	5	2	47
Green County	38	1	1	38
Lafayette County	6	4	1	9
Human Service Center (HSC)	42	8	8	42
Forest County	1	0	0	1
Oneida County	35	7	8	34
Vilas County	6	1	0	7
JRW Tri-County Region CCS	*141	49	18	172
Jefferson County	72	12	5	79
Rock County	*39	32	10	61
Walworth County	30	5	3	32
Kenosha-Racine Regional Consortium (KRRC)	235	57	9	283
Kenosha County	187	45	6	226
Racine County	48	12	3	57
Lac du Flambeau Tribe	*14	1	4	11
Lakeshore Recovery Collaborative	*223	33	11	245
Dodge County	42	16	6	52
Ozaukee County	14	2	1	15
Sheboygan County	88	10	2	96
Washington County	*79	6	2	82
Lakeshore Recovery Consortium	82	14	12	84
Door County	8	6	1	13
Kewaunee County	36	3	4	35
Shawano County	38	5	7	36
Marinette/Oconto County CCS Consortium (* Region certified 10/1/2015)	37	5	4	38
Marinette County	37	3	4	36
Oconto County	0	2	0	2
Milwaukee County	171	48	19	200
New Horizons North CCS	56	37	12	81
Ashland County	33	31	10	54
Bayfield County	23	6	2	27
North Central Health Care (NCHC)	*454	48	36	466
Langlade County	*48	9	5	52
Lincoln County	63	12	7	68
Marathon County	*343	27	24	346
Northeast Wisconsin Behavioral Health Consortium	415	41	35	421
Brown County	103	17	7	113
Calumet County	25	4	5	24
Manitowoc County	22	4	1	25
Outagamie County	163	5	11	157
Winnebago County	102	11	11	102
Portage-Wood Partnership	143	22	7	158
Portage County	49	4	3	50
Wood County	94	18	4	108
Strive CCS	14	11	1	24
Crawford County	8	6	1	13
Vernon County	6	5	0	11
Taylor/Iron County CCS	2	4	0	6
Iron County	0	0	0	0
Taylor County	2	4	0	6
Waukesha County	119	2	10	111
Western Region Integrated Care (WRIC)	282	22	13	291
La Crosse County	254	16	6	264
Jackson County	15	1	6	10
Monroe County	13	5	1	17
Western Region Recovery and Wellness Consortium (WRRWC)	*60	67	10	117
Barron County	12	6	0	18
Buffalo County	1	1	0	2
Chippewa County	14	28	5	37
Dunn County	8	9	0	17
Pepin County	*5	0	0	5
Pierce County	*14	11	5	20
Polk County	6	8	0	14
Rusk County	0	4	0	4
Wisconsin River CCS Collaboration	193	22	16	199
Columbia County	43	11	6	48
Richland County	52	0	3	49
Sauk County	98	11	7	102
DQA-Certified Counties Not in Regions	13	4	1	16
Fond du Lac County	13	4	1	16
Total Number of Consumers (Across All CCS's)	*2,866	678	239	3,104

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