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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, 2016

Re: DHS Report to JFC

Attached is a report on the overall condition of the Medicaid benefits budget and any changes 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, 2016

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

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 Jt. Finance

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

The Department continues to project that Medicaid benefit expenditures will be below budgeted appropriation levels for the 2015-17 biennium. The table below reflects current estimates for 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)				
	March 2016 Projection		June 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	\$5,598.2	\$18,476.4	\$5,507.6	\$18,260.7
Variance	\$85.2	\$202.9	\$175.8	\$418.6

The projection has improved since the Department's March report. The updated expenditure level is approximately 1.5% lower than the previous projection, which is the result of many factors, the most significant of which is lower enrollment. From March through May, enrollment decreased by over 6,000 individuals. Other factors include slower than projected growth in prescription drug expenditures, higher drug rebate revenues, revised projections for nursing home utilization, lower growth in personal care and home health services, and updated assumptions for the timing of cost settlement payments to federally qualified health centers in FY 16.

These positive trends in enrollment and service utilization indicate good things about ongoing improvements in the state's economy and the Department's efforts to control Medicaid costs

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through better care coordination, improved managed care rate setting methodologies, and fraud and abuse prevention efforts.

As always, caution is warranted with regard to Medicaid budget projections. This projection suggests that GPR expenditures will be 3% 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. To illustrate this point, Medicaid enrollment in June 2016 is essentially the same as at the beginning of the fiscal year, but has risen and fallen throughout the year and could likely do so again in the coming year. A 3% rise in average monthly enrollment above current projections during FY 17 would increase costs by \$85 million GPR.

It is also important to note that, despite the favorable projected balance compared to budget, Medicaid expenditures for the 2015-17 biennium are expected to have increased 7% or \$1.1 billion All Funds above the 2013-15 biennial level. Because of this ongoing growth, we must continue to do all we can to make the program as cost effective as possible, to minimize the burden the program places on taxpayers and the overall state budget.

State Plan and Waiver Amendments

Appendix A lists 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 April, the Department has certified 23 county and tribe regions to implement the state-matched benefit. Through May, the Department had reimbursed approved CCS regional providers \$53.8 million All Funds (\$21.9 million GPR) for dates of service from July 2014 through May 2016. Of this amount, \$29.5 million All Funds (\$11.9 million GPR) has been spent for FY 16 dates of service.

At its May 6, 2014 meeting, the Committee directed the Department to submit a report prepared by the DHS Office of the Inspector General on the status of the CCS program. I am submitting this report to you through a separate letter today.

Tomorrow, I will also be separately submitting a report required by section 9118(9q)(b) of Act 55 on responsibilities of Aging and Disability Resource Center governing boards.

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 at <https://www.dhs.wisconsin.gov/oig/data.htm>.

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

Sincerely,



Thomas J. Engels
Interim Secretary

Appendix A

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

Amendment 16-003. Licensed Midwife Reimbursement. This amendment implements the 2015-17 biennial budget provision that allows Medicaid reimbursement for certified professional midwives and certified midwives.

Amendment 16-004. Children's Health Insurance Program (CHIP) – Eliminate Three-Month Waiting Period. To comply with federal regulations, the 2015-17 biennial budget eliminated the requirement that children previously insured by private health insurance wait three months before enrolling in BadgerCare Plus. This amendment implements the biennial budget provision.

Amendment 16-0005. Inpatient Hospital Pay-for-Performance Measure Updates. This amendment updates inpatient hospital rate methodologies.

Amendment 16-0006. Outpatient Hospital Pay-for-Performance Measure Updates. This amendment updates outpatient hospital rate methodologies.

Family Care 1915(b) and (c) Waivers. The Department submitted waiver amendments to implement Family Care in Rock County effective July 1, 2016, and to remove inpatient psychiatric services from the Family Care managed care benefit package.

Appendix B

DHS Quarterly Report on Consumers in CCS (Q1 2016)

Reporting Period = Jan 1, 2016 to Mar 31, 2016

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	8	9	1	16
Clark County	4	6	1	9
Trempealeau County	4	3	0	7
Central Wisconsin Health Partnership (CWHP)	92*	10	10	92
Adams County	27*	0	3	24
Green Lake County	15*	5	4	16
Juneau County	24	3	1	26
Waushara County	26*	2	2	26
Dane County Human Services CCS	79	81	1	159
Green-Lafayette Regional CCS Programs	47	3	1	49
Green County	38	2	1	39
Lafayette County	9	1	0	10
Human Service Center (HSC)	42	8	9	41
Forest County	1	1	0	2
Oneida County	34	6	7	33
Vilas County	7	1	2	6
JRW Tri-County Region CCS	172	53	23	202
Jefferson County	79	24	7	96
Rock County	61	14	13	62
Walworth County	32	15	3	44
Kenosha-Racine Regional Consortium (KRRC)	283	53	16	320
Kenosha County	226	32	12	246
Racine County	57	21	4	74
Lac du Flambeau Tribe	11	1	4	8
Lakeshore Recovery Collaborative	240*	34	14	260
Dodge County	45*	12	3	54
Ozaukee County	14*	2	0	16
Sheboygan County	99*	10	8	101
Washington County	82	10	3	89
Lakeshore Recovery Consortium	84	12	5	91
Door County	13	5	0	18
Kewaunee County	35	4	1	38
Shawano County	36	3	4	35
Marinette/Oconto County CCS Consortium	36*	5	6	35
Marinette County	36	3	6	33
Oconto County	0*	2	0	2
Milwaukee County	200	71	14	257
New Horizons North CCS	81	37	12	106
Ashland County	54	29	7	76
Bayfield County	27	8	5	30
North Central Health Care (NCHC)	466	43	31	478
Langlade County	52	2	2	52
Lincoln County	68	12	5	75
Marathon County	346	29	24	351
Northeast Wisconsin Behavioral Health Consortium	421	47	42	426

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Reporting Period = Jan 1, 2016 to Mar 31, 2016

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)
Brown County	113	9	12	110
Calumet County	25*	3	9	19
Manitowoc County	25	6	4	27
Outagamie County	156*	14	11	159
Winnebago County	102	15	6	111
Portage-Wood Partnership	158	21	16	163
Portage County	50	7	5	52
Wood County	108	14	11	111
Strive CCS	24	3	3	24
Crawford County	13	3	0	16
Vernon County	11	0	3	8
Taylor/Iron County CCS	6	16	0	22
Iron County	0	1	0	1
Taylor County	6	15	0	21
Waukesha County	111	4	7	108
Western Region Integrated Care (WRIC)	291	27	23	295
La Crosse County	264	12	15	261
Jackson County	10	5	2	13
Monroe County	17	10	6	21
Western Region Recovery and Wellness Consortium (WRRWC)	115*	61	15	161
Barron County	18	6	0	24
Buffalo County	2	2	0	4
Chippewa County	37	19	4	52
Dunn County	17	8	3	22
Pepin County	5	1	2	4
Pierce County	20	15	6	29
Polk County	14	5	0	19
Rusk County	2*	5	0	7
Wisconsin River CCS Collaboration	199	39	28	210
Columbia County	48	13	9	52
Richland County	49	3	6	46
Sauk County	102	23	13	112
DQA-Certified Counties Not in Regions	16	3	7	12
Fond du Lac County	16	3	7	12
Total Number of Consumers (Across All CCS's)	3,182*	641	288	3,535

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