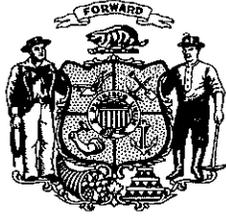


# STATE OF WISCONSIN

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## JOINT COMMITTEE ON FINANCE

### MEMORANDUM

To: Members  
Joint Committee on Finance

From: Senator Alberta Darling  
Representative John Nygren

Date: October 2, 2017

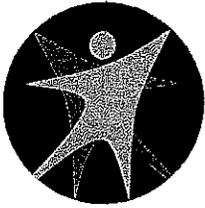
Re: DHS Report to JFC

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  
Linda Seemeyer, Secretary

September 29, 2017

OCT 02 2017  
St. Fiacre

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

The Department projects that the Medicaid benefits costs will exceed budgeted levels by \$7.9 million GPR by the end of the 2017-19 biennium. The table below reflects current estimates for Medicaid expenditures through FY 19, based on trends in enrollment, costs per enrollee, federal claiming rates, and third party revenues.

Projected Medicaid Expenditures for the 2017-19 Biennium (in millions)		
	September 2017 Projection	
	GPR	All Funds
Act 59 Budgeted Level	\$6,104.8	\$20,004.6
Projected Expenditures	\$6,112.7	\$20,023.9
<i>Difference</i>	<i>(\$7.9)</i>	<i>(\$19.3)</i>

This small difference between budgeted and projected expenditures results from a combination of positive and negative factors. On the positive side, the federal government recently released final data used to calculate FFY 19 federal medical assistance percentage (FMAP) rates for states. Based on this data, Wisconsin's rate will be slightly higher than assumed in Act 59. Enrollment levels and prescription drug expenditures have been more favorable compared to

Senator Alberta Darling  
Representative John Nygren  
September 29, 2017  
Page 2

budget in the first three months of the biennium. On the negative side, personal care expenditures are projected to be higher and third party revenue collections are projected to be lower than budget. This projection also assumes somewhat higher enrollment growth in FY 19 compared to the budget.

This projection assumes that Congress will reauthorize the Children's Health Insurance Program (CHIP). The current federal authorization legislation for the program expires on September 30, 2017. Wisconsin uses its CHIP allocation to fund costs for BadgerCare Plus children who meet the CHIP eligibility criteria, spending approximately \$115 million FED in CHIP funds per year. If Congress does not act to reauthorize the program, the state would have sufficient carryover funds from its FFY 17 allocation to cover costs through April 2018. The impact to the Medicaid budget of no reauthorization for the remainder of the biennium would be \$134 million GPR.

We are at a very early stage in the 2017-19 biennium. Projected expenditures will likely change in subsequent quarterly reports, based on additional months of enrollment and utilization data and developments at the federal level. We will need to continue monitoring the program closely over the remainder of the biennium.

*State Plan Amendments*

The Appendix lists state plan amendments submitted to the federal government this quarter.

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,



Linda Seemeyer  
Secretary

## Appendix

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

*Amendment 17-0007. Medicaid Reimbursement for Targeted Case Management Services for High-Cost Children with Medical Complexity.*

This amendment would enable reimbursement for targeted case management services provided to high-cost children with medical complexity.

*Amendment 17-0008. Medicaid Reimbursement for State Prison Inmate Inpatient Hospital Stays.*

Wisconsin Medicaid reimburses hospitals for state prison inmate inpatient hospital stays when the inmate has been determined eligible for Medicaid. Effective July 1, 2017, acute care hospitals that provide services to Medicaid-eligible inmates will be reimbursed at a percentage of their usual and customary charge equal to the average in-state acute care hospital cost to charge ratio.

*Amendment 17-0009. Medicaid Reimbursement for Personal Care Services.*

This proposal is to increase reimbursement rates for personal care services consistent with the 2017-19 biennial budget.

*Amendment 17-0010. Medicaid Reimbursement for Federally Qualified Health Centers (FQHCs).*

Wisconsin Act 55, the 2015 biennial budget act for Wisconsin State Fiscal Years 2016 and 2017, established an updated prospective payment system for certain federally qualified health centers. For services provided by an FQHC to a recipient of the Medical Assistance program, the Department will reimburse the FQHC using an updated payment methodology based on the Medicaid prospective payment system under 42 USC 1396a(bb) (1) to (3). The Department has consulted with FQHCs in developing the updated payment methodology under this paragraph.

*Amendment 17-0011. Medicaid Reimbursement for Skilled Nursing Facilities and ICF-IIDs.*

The Department proposes to amend the state plan to address changes in the methods and standards of payment and reimbursement to Medicaid-certified nursing homes. The changes to the rate methodologies include a 2% direct care increase and increased funding for Behavioral/Cognitive Impairment Incentives, consistent with the 2017-19 biennial budget.