STATE OF WISCONSIN

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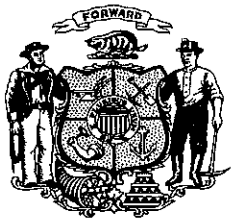

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JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Alberta Darling
Representative John Nygren

Date: January 2, 2018

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 is 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

December 29, 2017

JAN 0 2 2018
Jt. 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 second 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 be below budgeted levels by $9.6 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		**December 2017 Projection**	
	GPR	All Funds	GPR	All Funds
Act 59 Budgeted Level	$6,107.3	$20,010.6	$6,107.3	$20,010.6
Projected Expenditures	$6,115.2	$20,029.9	$6,097.7	$19,987.2
Difference	*($7.9)*	*($19.3)*	*$9.6*	*$23.4*

The projection has improved slightly since our September report. Enrollment has grown more slowly in the past three months than previously projected. In addition, the amount of manufacturers' rebates received for prescription drugs is trending higher than assumed in the biennial budget. These savings have been offset in large part by higher costs in other areas.

Actuarially-set rates for BadgerCare Plus HMOs for CY 18 will be higher than budgeted based on members' service utilization trends. Cost settlements for Comprehensive Community Services were also larger than expected.

This projection assumes that Congress will ultimately reauthorize the Children's Health Insurance Program (CHIP) through the biennium. Wisconsin uses its CHIP allocation to fund costs for BadgerCare Plus children who meet the CHIP eligibility criteria. Federal authorization legislation for the program expired on September 30, 2017. The state has been using carryover funds from its FFY 17 CHIP allocation to fund costs since September. On December 21st, Congress passed a continuing resolution for FFY 18 appropriations that temporarily extends the CHIP program through March 2018.

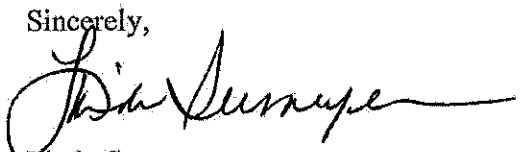
We have completed only the second quarter of the 2017-19 biennium. Subsequent projections will change based on additional months of enrollment and utilization data and developments at the federal level. We will need to continue monitoring the program closely over the remainder of the biennium.

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 17-0012. Mandatory Managed Care Enrollment for SSI-Eligible Members. This amendment would require SSI-eligible members to enroll in a managed care plan.

Amendment 17-0013. End of Ambulatory Surgical Center Access Payments. This amendment ends access payments to ambulatory surgical centers consistent with 2017 Act 59, the 2017-19 biennial budget.