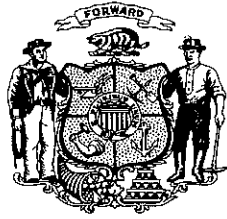


STATE OF WISCONSIN

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JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Alberta Darling
Representative John Nygren

Date: September 28, 2018

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
 Linda Seemeyer, Secretary

September 28, 2018

SEP 28 2018
 J.F. 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 first quarter of FY 19 on the overall condition of the Medicaid benefits budget and any changes to the program in the past quarter.

The Department projects that Medicaid benefits costs will be below budgeted levels by \$149.0 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)				
	June 2018 Projection		September 2018 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	\$6,004.9	\$19,760.8	\$5,958.3	\$19,647.1
<i>Difference</i>	<i>\$102.4</i>	<i>\$249.8</i>	<i>\$149.0</i>	<i>\$363.5</i>

The projection has improved by \$46.6 million GPR since the June report. The primary reason for the improvement is higher than expected revenues from rebates paid by drug manufacturers on prescription drug expenditures. The Department recently implemented an electronic fund transfer process for rebate payments, which has accelerated payments to the state. The updated

Senator Alberta Darling
Representative John Nygren
September 28, 2018
Page 2

projection also assumes that average monthly enrollment in FY 19 will be approximately 1% less than the June projection assumed, based on trends in the past three months.

Consistent with prior projections, this estimate assumes the June 2019 "Clawback" payment to the federal government for Medicare Part D costs will be paid in June 2019. The 2017-19 biennial budget assumed the payment would be delayed until July 2019.

The Department will continue to monitor expenditures in the program closely throughout FY 19. Various factors including enrollment, HMO costs per member, and fee-for-service utilization trends will affect expenditures for the remainder of the year.

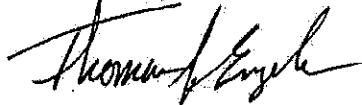
State Plan and Waiver Amendments

The Appendix lists state plan amendments and waiver 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 *OFD Sec. Seemeyer*
Secretary

Appendix

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

Amendment 18-0010. Nursing Home Rates. This amendment will update nursing home rates for FY 19.