MEMORANDUM

To: Members
   Joint Committee on Finance

From: Senator Alberta Darling
       Representative John Nygren

Date: September 30, 2019

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
September 30, 2019

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

In this initial projection for the 2019-21 biennium, the Department projects that costs will exceed budget in the Medicaid program by $21.4 million GPR over the next two years. The table below reflects current estimates for Medicaid expenditures through FY 21, based on trends in enrollment, costs per enrollee, federal claiming rates, and third party revenues.

<table>
<thead>
<tr>
<th>Projected Medicaid Expenditures for the 2019-21 Biennium (in millions)</th>
<th>September 2019 Projection</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>GPR</td>
</tr>
<tr>
<td>Act 9 Budgeted Level</td>
<td>$6,706.9</td>
</tr>
<tr>
<td>Projected Expenditures</td>
<td>$6,728.3</td>
</tr>
<tr>
<td>Difference</td>
<td>($21.4)</td>
</tr>
</tbody>
</table>

The projection includes all Medicaid expenditure items in Act 9, the 2019-21 biennial budget, including the Governor’s veto message. The estimate is based on final FY 19 expenditure figures and two months of expenditure and enrollment trends in FY 20. The principal factor leading to projected costs exceeding budget is updated information on the state’s FFY 21 federal medical assistance percentage (FMAP) rate. Last week, the federal government released final per capita income data used to calculate FMAP rates for each state. Wisconsin’s FFY 21 rate
will be 0.24% less than the rate assumed in Act 9, which was based on preliminary data released last spring. The lower than expected rate will increase GPR costs by $20 million over the last nine months of the biennium.

We are three months into the 2019-21 biennium. Projected expenditures will change in subsequent quarterly reports, as additional months of enrollment and utilization data becomes available. The Department will continue to monitor costs closely throughout the biennium.

State Plan and Waiver Amendments
The Appendix lists state plan amendments and waiver amendments submitted to the federal government this quarter.

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

Sincerely,

[Signature]

Andrea Palm
Secretary-designee
Appendix

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

State Plan Amendments
Amendment 19-0011 Elderly, Blind, and Disabled Medically Needy Income Limit Modification. Effective September 1, 2019, this amendment would increase the income limit for the elderly, blind, and disabled medically needy population to 100% of the federal poverty level to comply with s. 49.47(4)(c), enacted in 2017 Wisconsin Act 59, the 2017-19 Biennial Budget. *Estimated annual fiscal effect:* $4.3 million All Funds.

Amendment 19-0012 Nursing Home Rate Increase. This amendment implements the nursing home provider rate increase for FY 20 as directed in 2019 Act 9, the 2019-21 Biennial Budget. *Estimated annual fiscal effect:* $34.4 million All Funds.

Waiver Amendments
Family Care B and C Waiver Renewal. On September 2, 2019, the Department submitted a 5-year waiver renewal request to the Centers for Medicare and Medicaid Services for the period beginning January 1, 2020.