

STATE OF WISCONSIN

SENATE CHAIR
Alberta Darling

317 East, State Capitol
P.O. Box 7882
Madison, WI 53707-7882
Phone: (608) 266-5830



ASSEMBLY CHAIR
John Nygren

308 East, State Capitol
P.O. Box 8953
Madison, WI 53708-8953
Phone: (608) 266-2343

JOINT COMMITTEE ON FINANCE

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



State of Wisconsin
 Department of Health Services

Tony Evers, Governor
 Andrea Palm, Secretary

September 30, 2019

SEP 30 2019

St. 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 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.

Projected Medicaid Expenditures for the 2019-21 Biennium (in millions)		
	September 2019 Projection	
	GPR	All Funds
Act 9 Budgeted Level	\$6,706.9	\$21,767.2
Projected Expenditures	\$6,728.3	\$21,819.4
<i>Difference</i>	<i>(\$21.4)</i>	<i>(\$52.2)</i>

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

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Representative John Nygren
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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.

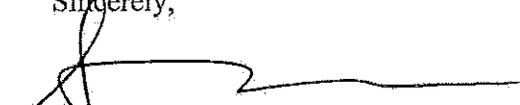
We are three months into the 2019-21 biennium. Projected expenditures will change in subsequent quarterly reports, as additional months of enrollment and utilization data becomes available. The Department will continue to monitor costs closely throughout the biennium.

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,

A handwritten signature in black ink, appearing to read 'Andrea Palm', with a long horizontal line extending to the right.

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.