

STATE OF WISCONSIN

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JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Howard Marklein
Representative Mark Born

Date: September 29, 2023

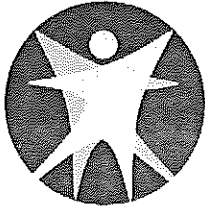
Re: DHS Report to JFC

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

HM:MB:jm



State of Wisconsin
Department of Health Services

Tony Evers, Governor
Kirsten L. Johnson, Secretary

September 29, 2023

SEP 29 2023
ST. FINANCE

The Honorable Howard L. Marklein, Senate Co-Chair
Joint Committee on Finance
Room 316 East
State Capitol
P.O. Box 7882
Madison, WI 53707

The Honorable Mark Born, Assembly Co-Chair
Joint Committee on Finance
Room 308 East
State Capitol
P.O. Box 8952
Madison, WI 53708

Dear Senator Marklein and Representative Born:

As required under s. 49.45(2n), I am writing to provide an update for the first quarter of FY 24 on the overall condition of the Medicaid benefits budget and any changes to the program in the past quarter.

The Department projects a surplus in the Medicaid program of \$5.1 million GPR for the 2023-25 biennium. The table below reflects current estimates for Medicaid expenditures through FY 25, based on trends in enrollment, costs per enrollee, federal Medicaid financial participation, and third-party revenues.

Projected Medicaid Expenditures for the 2023-25 Biennium (in millions)		
	September 2023 Projection	
	GPR	All Funds
Act 19 Budgeted Level	\$8,674.6	\$28,267.8
Projected Expenditures	\$8,669.5	\$28,062.9
<i>Difference</i>	<i>\$5.1</i>	

Given that we are early in the 2023-25 biennium, the projection is very preliminary and will continue to evolve as we proceed through the next two years. At this stage, the largest uncertainty involves enrollment. The Department resumed Medicaid eligibility renewals as of June 2023 following the end of federal continuous coverage requirements established during the COVID-19 pandemic under the Families First Coronavirus Response Act (FFCRA). We

expect enrollment levels will fluctuate for several months as members undergo eligibility determinations. For the first three months, enrollment has been lower than assumed in Act 19, contributing to the surplus. At the same time, costs for nursing homes and hospitals are projected to be higher than budgeted, and the Medicaid Trust Fund is expected to receive less revenue than budgeted from the Permanent Endowment Fund.

State Plan and Waiver Amendments

The appendix lists Medicaid state plan amendments and waiver amendments submitted to the federal government in the past quarter.

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

Sincerely,

A handwritten signature in cursive script, appearing to read "Kirsten Johnson", with a long horizontal flourish extending to the right.

Kirsten L. Johnson
Secretary-designee

Appendix

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

State Plan Amendments

Amendment 23-0017 Point of Care Drug Testing Reimbursement Coverage Expansion. This amendment aligns Medicaid substance abuse disorder (SUD) coverage with revised DHS Administrative Code Chapter 75 (revised effective October 1, 2022) and expands coverage for point of care drug testing to the Outpatient Substance Abuse and Substance Abuse Day Treatment benefits. *Net annual fiscal effect: \$6,409,100 All Funds.*

Amendment 23-0018 WI Ambulance Service Provider Fee Reimbursement Program. This amendment is necessary to implement the Ambulance Service Provider Fee Reimbursement Program created under 2021 Wisconsin Act 228 and subsequent legislation. The program is funded with provider assessment revenues and federal funds and has no GPR effect. *Net annual fiscal effect: \$37,143,700 All Funds.*

Amendment 23-0019 Nursing Home Reimbursement Rate Adjustment. This amendment modifies the reimbursement methodology for nursing homes and intermediate care facilities for individuals with intellectual disabilities (ICF-IIDs) consistent with 2023 Wisconsin Act 19. *Net annual fiscal effect: \$160,007,000 All Funds.*

Amendment 23-0020 Reinstatement of MAPP Premiums. This amendment is necessary to reinstate Medicaid Purchase Plan (MAPP) premiums, which were established under 2017 Wisconsin Act 59 and suspended due to federal requirements in the Families First Coronavirus Response Act of 2020. *Net annual fiscal effect: a decrease in costs of \$6,436,000 All Funds.*

Waiver Amendments

None.