

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: January 2, 2024

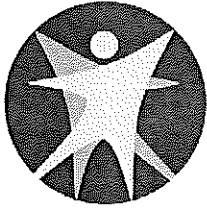
Re: DHS Report to JFC

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

Since 2024
St. Finance

December 29, 2023

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 \$56.5 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		December 2023 Projection	
	GPR	All Funds	GPR	All Funds
Act 19 Budgeted Level	\$8,674.6	\$28,267.8	\$8,674.6	\$28,267.8
Projected Expenditures	\$8,669.5	\$28,062.9	\$8,618.1	\$27,841.5
<i>Difference</i>	<i>\$5.1</i>		<i>\$56.5</i>	

The increase in the projected surplus from the September projection results from several factors. 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). Enrollment levels will likely

continue to fluctuate for several months as members undergo eligibility determinations. At this stage, we project that enrollment levels for BadgerCare Plus children will be lower than budgeted for FY 24 and at budget for FY 25. BadgerCare Plus parents and caretakers enrollment are projected close to budgeted levels, with childless adults counts higher than budgeted in both fiscal years. Enrollment in elderly, blind, and disabled eligibility categories will be below budgeted levels throughout the biennium under this projection. For the Medicaid program as a whole, projected enrollment levels contribute to the surplus.

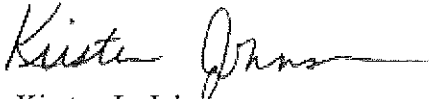
In addition to enrollment savings, the Department estimates higher than budgeted recoupments from managed care organizations (MCOs) in FY 25 related to risk corridor provisions in CY 22 MCO contracts. These savings are offset by higher than anticipated MCO monthly capitation rates for CY 24 and a less favorable federal medical assistance percentage (FMAP) rate for FY 25.

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 black ink, 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 23-0021 Expansion of the Hub and Spoke Program. This amendment expands Medicaid coverage for the Substance Use Disorder (SUD) Home Health services pilot program by adding a fourth hub and with expanded coverage through one of the existing hubs. The net result of these changes is that services will become available in Barron, Clark, Jackson, Milwaukee, Polk, Ozaukee, Portage, Rusk, Washington, Waukesha, and Wood Counties and in parts of the Ho Chunk Tribal Nation. *Net annual fiscal effect: \$605,000 All Funds.*

Amendments 23-0022 and 23-0023 Vaccine Coverage Expansion and CHIP Vaccine Coverage Expansion. This amendment will bring Wisconsin in compliance with a provision in the Inflation Reduction Act that amended section 1905(a)(13)(B) of the Social Security Act. CMS has advised states that they must adopt coverage for all vaccines with a recommendation by the Advisory Committee on Immunization Practices of the CDC. As a result, Wisconsin Medicaid and CHIP will need to cover vaccines that would not typically apply to the Wisconsin population, such as Cholera Vaccine and Ebola Virus Vaccine. *Net annual fiscal effect: \$0 All Funds.*

Amendment 23-0024 Hospital Reimbursement Updates. This amendment will allow the Department to implement sections of 2023 Act 19 which increased Disproportionate Share Hospital Payments and Rural Critical Care Hospital Payments. *Net annual fiscal effect: \$68,477,000 All Funds.*

Amendment 23-0025 Pharmacist as a Provider. This amendment will allow the Department to implement 2021 Act 98 relating to reimbursement of pharmacist services under the Medicaid program. *Net annual fiscal effect: no significant increase.*

Waiver Amendments

None.