



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #366

SeniorCare Cost-to-Continue Estimate (Health Services -- Medical Assistance)

[LFB 2019-21 Budget Summary: Page 174, #14]

CURRENT LAW

Wisconsin's SeniorCare program provides assistance to help eligible seniors purchase prescription medication. State residents who are age 65 or older, who are not eligible for full Medicaid benefits, and who meet income requirements are eligible for benefits under the program. SeniorCare participants must pay a \$30 annual enrollment fee, which supports costs the Department of Health Services (DHS) incurs to administer the program. Once an individual is enrolled, his or her receipt of benefits depends upon meeting deductible and copayment requirements. The deductible, if any, is based on the annual income level of the enrollee, as follows: (a) no deductible for persons with an annual income below 160% of the federal poverty level (FPL); (b) \$500 deductible for persons with an annual income between 160% of the FPL and 200% of the FPL; and (c) \$850 deductible for persons with an annual income between 200% of the FPL and 240% of the FPL.

Persons with incomes above 240% of the FPL may enroll in the program, but will not be eligible for benefits unless the program's spend down rules are met. "Spend down" means that the person incurs expenses for prescription drugs within a year that equals the difference between his or her annual income and 240% of the FPL. Upon meeting that threshold, persons in the spend-down category must then meet an \$850 deductible. After satisfying the applicable deductible, all enrollees make copayments of \$5 for generic medications and \$15 for brand name medications, while the program pays all other medication costs.

SeniorCare benefits are funded with a combination of state general purpose revenue (GPR), federal Medicaid matching funds (FED) and program revenue (PR) from rebates received from drug manufacturers that participate in the program. Base funding for program benefit expenditures is \$117,307,400 (\$20,927,400 GPR, \$21,067,700 FED, and \$75,312,300 PR).

GOVERNOR

Provide \$6,699,800 (-\$1,310,200 GPR, -\$1,139,600 FED, and \$9,149,600 PR) in 2019-20 and \$18,661,700 (\$2,679,700 GPR, \$2,389,400 FED, and \$13,592,600 PR) in 2020-21 to fund projected increases in the cost of benefits under the SeniorCare program in the 2019-21 biennium.

MODIFICATION

Reduce funding by \$11,592,400 (-\$3,125,800 GPR, -\$5,758,100 FED, and -\$2,708,500 PR) in 2019-20 and \$12,658,000 (-\$3,517,000 GPR, -\$6,123,600 FED, and -\$3,017,400 PR) in 2020-21 to reflect a reestimate of SeniorCare benefit costs.

Explanation: The administration's cost-to-continue estimate, which is the same as the estimate included in the Department of Health Services' agency budget request, was based on program enrollment and cost data available in September of 2018, at the time of the request submittal. Since that time, SeniorCare enrollment in the two lowest income tiers has declined, continuing a long-term trend. The reestimate reflects updated data on actual enrollment and adjusts the caseload, cost, and rebate, projections for the 2019-21 biennium to more closely match recent patterns. In addition, the reestimate updates the projected federal matching rate for federal fiscal year 2020-21.

	Change to	
	Base	Bill
GPR	- \$5,273,300	- \$6,642,800
FED	- 10,631,900	- 11,881,700
PR	<u>17,016,200</u>	<u>- 5,725,900</u>
Total	\$1,111,000	- \$24,250,400

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