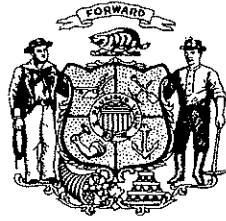


STATE OF WISCONSIN

SENATE CHAIR
Howard Marklein

316 East, State Capitol
P.O. Box 7882
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ASSEMBLY CHAIR
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JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Howard Marklein
Representative Mark Born

Date: March 31, 2023

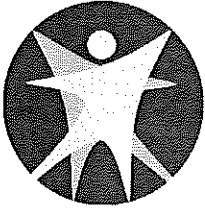
Re: DHS Report to JFC

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

March 31, 2023

MAR 31 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 third quarter of FY 23 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 \$796.4 million GPR for the 2021-23 biennium. The table below reflects current estimates for Medicaid expenditures through FY 23, based on trends in enrollment, costs per enrollee, federal Medicaid financial participation, and third-party revenues.

| Projected Medicaid Expenditures for the 2021-23 Biennium (in millions) | | | | |
|---|---------------------------------|------------|------------------------------|------------|
| | December 2022 Projection | | March 2023 Projection | |
| | GPR | All Funds | GPR | All Funds |
| Act 58 Budgeted Level | \$6,918.3 | \$25,584.6 | \$6,918.3 | \$25,584.6 |
| Projected Expenditures | \$6,143.5 | \$26,226.1 | \$6,121.9 | \$26,056.7 |
| <i>Difference</i> | <i>\$774.8</i> | | <i>\$796.4</i> | |

The projected surplus is larger than the December projection. The factors that contributed to the improved projection include lower projected inpatient and outpatient hospital, non-institutional acute care, and managed long term care costs, partially offset by projected higher managed acute care and fee-for-service nursing home costs.

The projection maintains the same federal match assumptions as in our December report. The Families First Coronavirus Response Act (FFCRA) has provided states with an additional 6.2 percentage points for the federal Medicaid match rate for expenditures during calendar quarters in which the COVID-19 public health emergency is in place. Under FFCRA, states must also comply with continuous coverage requirements during the emergency declaration. The federal fiscal year 2023 omnibus spending legislation enacted in December 2022 decouples the enhanced match rate and continuous coverage requirements from the COVID-19 public health emergency. Under the legislation, the enhanced match rate add-on will remain at 6.2 percentage points in the first quarter of calendar year 2023, then decrease to 5 percent in the second quarter, 2.5 percent in the third quarter, and 1.5 percent in the fourth quarter. Act 58, the 2021-23 biennial budget, assumed the enhanced matching rate would end in December 2021.

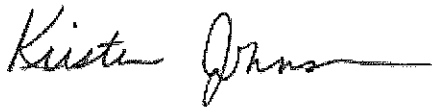
As with our previous reports, this projection assumes no GPR impact resulting from the enhanced federal matching funds for Medicaid home and community-based services (HCBS) made available through the American Rescue Plan Act (ARPA). The federal ARPA legislation enables state Medicaid programs to claim an extra 10 percentage points of federal Medicaid match on eligible HCBS expenditures from April 1, 2021 through March 31, 2022. As a condition of receiving the funds, the state must reinvest an equivalent amount in a plan to enhance, expand, and strengthen Medicaid HCBS and may draw down additional federal Medicaid matching funds on Medicaid-eligible reinvestment expenditures. CMS has provided updated guidance allowing states until March 31, 2025, to spend the reinvestment funds. Because of the reinvestment requirement, the enhanced HCBS match does not result in GPR savings in the current biennium.

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 23-0001 – Mobile Crisis Services. This amendment makes changes to allow the state to claim additional federal funding for community crisis services by covering community-based team response, adding new allowable practitioners, and reimbursing for each team member who renders services. *Annual fiscal effect: \$931,900 All Funds.*

Amendment 23-0002 – Ground Emergency Medical Transport Program. This amendment would implement a certified public expenditure program for participating public ambulance providers, as directed by 2021 Wisconsin Act 228. *Annual fiscal effect: \$46.4 million in federal funding.*

Amendment 23-0003 – Nursing Home Cost Reports. This amendment would change the deadline for nursing homes to submit cost reports and make other technical changes. *Annual fiscal effect – None.*

Amendment 23-0004 – Hospital Rates. This amendment makes annual updates to hospital rates per the Department's rate setting process. *Annual fiscal effect: \$1.5 million All Funds.*

Amendment 23-0005 – Coverage of Former Foster Care Children. This amendment updates state plan language to be consistent with federal requirements under the Substance Use Disorder Prevention that Promotes Opioid Recovery and Treatment for Patients and Communities (SUPPORT Act). The amendment will not result in any substantive changes to Wisconsin's eligibility policy. *Annual fiscal effect: None.*

Amendment 23-0006 -- Personal Care Rate Changes. This amendment implements the rate increase for personal care services effective January 1, 2023, as mandated by 2021 Act 58, the 2021-23 biennial budget. *Annual fiscal effect: None compared to Act 58 budgeted levels.*

Amendment 23-0007 -- COLA Rate Update. This amendment updates eligibility limits to reflect the yearly federal Cost of Living Adjustment (COLA) per federal guidelines for the Elderly, Blind and Disabled (EBD) population. *Annual fiscal effect: None.*

Amendment 23-0008 Midwifery Reimbursement. This amendment provides a rate increase for midwifery services. *Annual fiscal effect: \$250,000 All Funds.*

Amendment 23-0009 Ambulance Reimbursement. This amendment would increase fee-for-service ambulance Medical Assistance (MA) maximum fee rates. *Annual fiscal effect -- \$6.57 million All Funds.*

23-0010 and 23-0011 -- Continuation of Premium Suspensions for Certain Programs. This amendment would maintain the suspension of premiums for the Children's Health Insurance Plan (CHIP) and the Medicaid Purchase Plan (MAPP) that has been in place throughout the COVID-19 public health emergency. The suspensions would continue through December 31, 2023. After that time, the suspensions will only continue for members who have not had a renewal in the previous 12 months. The amendment is necessary for the state to continue to qualify for enhanced federal match rates.
Annual fiscal effect: None.

Waiver Amendments

Family Care, IRIS, and Children's Long Term Supports Waivers. Amendments were submitted to Appendix K for all three waivers to reflect the end of federal continuous coverage requirements.

Children's Long Term Supports Waivers. An amendment was submitted to update enrollment counts.