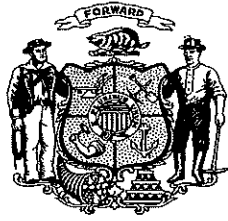


# STATE OF WISCONSIN

SENATE CHAIR  
**Howard Marklein**

316 East, State Capitol  
P.O. Box 7882  
Madison, WI 53707-7882  
Phone: (608) 266-0703



ASSEMBLY CHAIR  
**Mark Born**

308 East, State Capitol  
P.O. Box 8952  
Madison, WI 53708-8953  
Phone: (608) 266-2540

## JOINT COMMITTEE ON FINANCE

### MEMORANDUM

To: Members  
Joint Committee on Finance

From: Senator Howard Marklein  
Representative Mark Born

Date: January 3, 2022

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  
 Karen E. Timberlake, Secretary

JAN 03 2022  
*St. Finance*

December 30, 2021

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 second quarter of FY 22 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 \$184.9 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.

<b>Projected Medicaid Expenditures for the 2021-23 Biennium (in millions)</b>				
	<b>September 2021 Projection</b>		<b>December 2021 Projection</b>	
	GPR	All Funds	GPR	All Funds
Act 58 Budgeted Level	\$6,918.3	\$25,584.6	\$6,918.3	\$25,584.6
Projected Expenditures	\$6,878.9	\$25,477.4	\$6,733.4	\$25,319.9
<i>Difference</i>	<i>\$39.4</i>		<i>\$184.9</i>	

The most significant development since last quarter's projection is the further extension of federal COVID-19 public health emergency declaration. On October 15, 2021, federal Health and Human Services Secretary Xavier Becerra extended the emergency through January 16,

2022. The federal Families First Coronavirus Response Act (FFCRA) adds 6.2 percentage points to the federal Medicaid match rate for expenditures during calendar quarters in which the public health emergency is in place. With the latest extension, the enhanced match rate will be in place through March 2022. Act 58, the 2021-23 biennial budget, assumed the enhanced matching rate would end in December 2021. The Medicaid program must also comply with FFCRA continuous coverage requirements during the public health emergency. The net impact of additional federal revenue, offset by higher enrollment due to the continuous coverage requirements, is \$116 million GPR.

Other factors that improved the projection for this quarter include lower projected expenditures for Medicare Part D “Clawback” payments and lower trends in various fee for service lines.

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 for claims paid 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. The state has until March 31, 2024 to spend the reinvestment funds, and it can draw additional federal funding for reinvestments in Medicaid-eligible activities. Because of the reinvestment requirement, the enhanced HCBS match will not result in GPR savings in the current biennium. The state’s reinvestment plan includes the 5% rate increase for HCBS providers approved by the Committee on December 13<sup>th</sup>.

*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,



Karen E. Timberlake  
Secretary-designee

## Appendix

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

#### *State Plan Amendments*

*Amendment 21-0017 – COVID-19-Related Treatment Coverage.* This amendment is an attestation of current policies regarding COVID-19 related treatments without cost-sharing and amount, duration, or scope limitations. *Annual fiscal effect: None.*

*Amendment 21-0018 – Inpatient Hospital Reimbursement Modification.* This amendment provides updates and modifications to provisions regarding Medicaid hospital rates. *Annual fiscal effect: No material impact.*

*Amendment 21-0019 – Disaster Relief Hospital Reimbursement.* This amendment provides reimbursement to hospitals that provide nursing-facility-level care to members who are admitted to the hospital on an inpatient basis and are eligible for discharge and require nursing-facility-level care upon discharge, when the hospital is unable to transfer the recipient to a nursing facility after making reasonable attempts to locate a nursing facility that will accept the recipient. *Annual fiscal effect: No material impact.*

*Amendment 21-0020 – Non-Emergency Medical Transportation (NEMT) Reimbursement.* This amendment updates NEMT reimbursement provisions to reflect the new vendor contract for these services. *Annual fiscal effect: Net savings compared to biennial budget assumptions.*

*Amendment 21-0021 – Passive Enrollment into Health Maintenance Organizations (HMOs).* This amendment allows for passive enrollment into an HMO of new BadgerCare Plus and SSI-Related Medicaid members who are required to join a HMO, with the option for the member to subsequently change HMOs. *Annual fiscal effect: None.*

*Amendment 21-0022 – Children’s Health Insurance Program (CHIP) Housing Support Services.* This amendment establishes a new CHIP health service initiative to provide housing support services to low income families and pregnant women, including housing consultation, transition supports, sustainable supports, and relocation supports. *Annual fiscal effect: \$2 million All Funds.*

#### *Waiver Amendments*

*Family Care 1915b Waiver.* Amendment to update cost projections based on 2021-23 biennial budget provisions and other factors. Submitted December 15, 2021.