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JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Howard Marklein
Representative Mark Born

Date: June 30, 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, 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

JUN 30 2022

St. Finance

June 30, 2022

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 fourth 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 \$414.5 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)				
	March 2022 Projection		June 2022 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	\$6,512.2	\$25,207.3	\$6,503.8	\$25,676.9
<i>Difference</i>	<i>\$406.1</i>		<i>\$414.5</i>	

The projection has been updated to reflect developments since the March report. Effective April 16, 2022, U.S. Health and Human Services Secretary Xavier Becerra extended the COVID-19 public health emergency for an additional 90 days until July 15, 2022. The 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 extension issued in April, the enhanced match rate will be in place through September 2022. Act 58, the 2021-23 biennial budget, assumed the enhanced matching rate would end in December 2021. The Medicaid program must also continue to 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 approximately \$50 million in GPR savings over the biennium.

While this projection is based on Secretary Becerra's most recent official action regarding the public health emergency, it is likely that the emergency will again be extended beyond July. The Centers for Medicare and Medicaid Services (CMS) has indicated that states will be given 60 days' notice before the end of the continuous coverage requirements. Future updates will incorporate the impact of any further extensions.

This projection includes updated assumptions in other areas of the Medicaid budget. Cost per member assumptions have been updated based on more recent data, which had the effect of increasing projected costs in FY 23. In addition, higher expenditures are projected for hospitals, nursing homes, non-emergency transportation, prescription drugs, and other service lines compared to the March projection. Overall, the projected surplus grew by \$8.4 million GPR to a total surplus of \$414.5 million GPR for the biennium.

As with the March report, 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 recently 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,



Karen E. Timberlake
Secretary-designee

Appendix

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

State Plan Amendments

Amendment 22-0012 – Collaborative Care Model. This amendment would allow a treating practitioner to initiate and bill Medicaid for collaborative care model services to integrate behavioral health services into the member's medical care. The services include behavioral health care management and psychiatric consultation. *Annual fiscal effect: \$2.7 million All Funds.*

Amendment 22-0013 – Substance Use Disorder Health Home Rate Adjustment. This amendment establishes two tiers for the rates paid to the SUD Health Home provider for care management and service coordination of members enrolled in the health home. *Annual fiscal effect: \$773,300 All Funds.*

Amendment 22-0014 – CHIP COVID Treatment, Testing, and Vaccine Coverage. This amendment implements federally required state plan language attesting to coverage for COVID-19 treatment, testing, and vaccines without cost share for individuals eligible under the Children's Health Insurance Program (CHIP). Wisconsin Medicaid already provides coverage for this benefit. *Annual fiscal effect: None.*

Waiver Amendments

Section 1115 Postpartum Coverage Demonstration Waiver. The waiver would extend Medicaid coverage for pregnant women to 90 days postpartum. Submitted June 3, 2022.