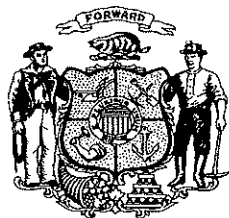


STATE OF WISCONSIN

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: September 29, 2022

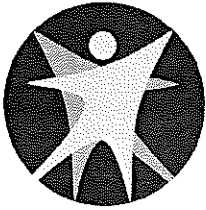
Re: DHS Report to JFC

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

SEP 29 2022
St. Finance

September 29, 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 first 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 \$504.9 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.

Projected Medicaid Expenditures for the 2021-23 Biennium (in millions)				
	June 2022 Projection		September 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	\$6,503.8	\$25,676.9	\$6,413.4	\$26,466.8
<i>Difference</i>	<i>\$414.5</i>		<i>\$504.9</i>	

The projection has been updated to reflect developments since the June report. Effective July 15, 2022, U.S. Health and Human Services Secretary Xavier Becerra extended the COVID-19 public health emergency for an additional 90 days until October 13, 2022. In addition, federal officials have indicated there will be a further extension through January 11, 2023. 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. The Department's current projection assumes the enhanced match rate will be available through March 2023. 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 additional federal revenue is larger than the cost of the extended continuous coverage requirements, resulting in an increase in the projected surplus.

This projection also includes updated cost assumptions based on expenditure trends for managed care programs and various fee-for-service service categories.

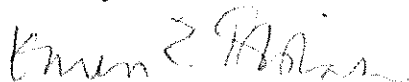
As with our previous reports, this projection assumes no GPR impact resulting from the enhanced federal matching funds for Medicaid home and community-based services (HCBS) made available through the American Rescue Plan Act (ARPA). The federal ARPA legislation enables state Medicaid programs to claim 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,



Karen E. Timberlake
Secretary-designee

Appendix

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

State Plan Amendments

Amendment 22-0015 -- Nursing Home Rate Changes. This amendment implements rate increases included in the 2021 Act 58, the 2021-23 biennial budget. *Annual fiscal effect: \$88.3 million All Funds.*

Amendment 22-0016 – IRIS Self-Directed Personal Assistance Services. This amendment updates language to reflect current policies for administering self-directed personal care services for IRIS participants. *Annual fiscal effect: No material effect.*

Amendment 22-0017 – Continuously Eligible Newborns. This amendment aligns State Plan language with current policy regarding Medicaid eligibility for infants born to women eligible for Medicaid. *Annual fiscal effect: No material effect.*

Amendment 22-0018 – Disregard of Guaranteed Income Funds for Elderly, Blind, Disabled (EBD). This amendment disregards from Medicaid income eligibility calculations cash gifts made to Medicaid EBD members as part of guaranteed income programs. These gifts are already disregarded from income for BadgerCare Plus members under current eligibility rules. *Annual fiscal effect: Less than \$10,000 All Funds.*

Amendment 22-0019 – 1915i Home and Community Based Services. This amendment would make available supportive housing services to Medicaid members 18 years and older who are experiencing homelessness and have an identified substance use condition or mental health condition. *Annual fiscal effect: \$2.8 million All Funds.*

Waiver Amendments

None.