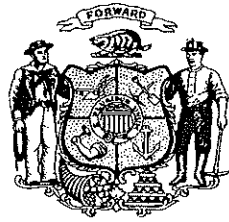


STATE OF WISCONSIN

SENATE CHAIR
Howard Marklein

316 East, State Capitol
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JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Howard Marklein
Representative Mark Born

Date: December 30, 2022

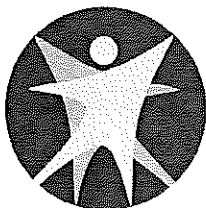
Re: DHS Report to JFC

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.

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

December 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 second 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 \$774.8 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)				
	September 2022 Projection		December 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	\$6,413.4	\$26,466.8	\$6,143.5	\$26,226.1
Difference	\$504.9		\$774.8	

The projection has been updated to reflect developments since the September report. The Families First Coronavirus Response Act (FFCRA) provides 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. Effective

DEC 30 2022
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October 13, 2022, U.S. Health and Human Services Secretary Xavier Becerra extended the COVID-19 public health emergency for an additional 90 days until January 11, 2023.

In a further development, the federal fiscal year 2023 omnibus spending legislation enacted this month 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.

This projection factors in the enhanced match rate provisions included in the federal omnibus funding legislation. Our September projection had assumed the enhanced match would end in March 2023. Act 58, the 2021-23 biennial budget, assumed the enhanced matching rate would end in December 2021.

Other factors that contributed to the larger projected surplus this quarter include finalized calendar year 2023 monthly capitation rates for BadgerCare Plus, SSI Managed Care, and Family Care managed care organizations and updated information for Medicare Part D Clawback and Medicare Part B payments to the federal government for Medicaid members who are also enrolled in Medicare. In addition, updated trends in prescription drug costs increased the surplus.

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 22-0020 – Behavioral Treatment Group Billing Code. Effective December 1, 2022, this amendment would allow behavioral treatment providers to bill for treatment in group settings, defined as a single provider serving up to eight members in a single session. *Annual fiscal effect: Less than \$100,000 All Funds.*

Amendment 22-0021 – Mpox Vaccine Administration Rate Increase. This amendment increases the reimbursement rate for administering the Mpox vaccine to \$15 during the Mpox public health emergency, effective October 1, 2022. *Annual fiscal effect: Less than \$100,000 All Funds.*

Amendment 22-0022 – Increase in Vaccine Administration Rates. This amendment increases the reimbursement rate for administering all vaccines to \$15 on an ongoing basis, effective December 30, 2022. *Annual fiscal effect: \$7.2 million All Funds.*

Amendment 22-0023 – Hospital Reimbursement Rates. This amendment makes technical changes to State Plan language regarding the Hospital Withhold Pay-for-Performance (HWP4P) program. *Annual fiscal effect: None.*

Waiver Amendments

BadgerCare Reform 1115 Demonstration Project Renewal. Submitted November 2022.

Children's Long Term Support Waiver. Technical update to enrollment levels. Submitted December 2022.