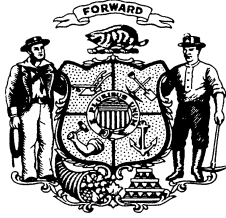


STATE OF WISCONSIN

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: September 30, 2024

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

Joint Finance Committee
Received Sep 30 2024

September 30, 2024

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 25 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 \$29.4 million GPR for the 2023-25 biennium. The table below reflects current estimates for Medicaid expenditures through FY 25, based on trends in enrollment, costs per enrollee, federal Medicaid financial participation, and third-party revenues.

Projected Medicaid Expenditures for the 2023-25 Biennium (in millions)				
	June 2024 Projection		September 2024 Projection	
	GPR	All Funds	GPR	All Funds
Act 19 Budgeted Level	\$8,674.6	\$28,267.8	\$8,674.6	\$28,267.8
Projected Expenditures	\$8,669.1	\$28,243.0	\$8,645.2	\$28,488.4
<i>Difference</i>	\$5.5		\$29.4	

The projected surplus represents a modest increase from the June 2024 projection. Compared to the June projection, this estimate reflects lower projected costs for managed care acute care, fee-for-service home care, fee-for-service physicians and clinics, and Medicare Clawback payments, and more federal revenue resulting from reconciliation of prior year federal

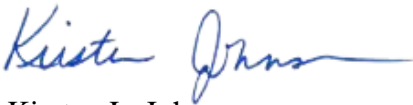
reimbursement claims. These more favorable trends are partially offset by higher projected nursing home, pharmacy, fee-for-service hospital, mental health, and managed long-term and IRIS costs. The September projection forecasts that FY 25 year-end enrollment for full-benefit members will be 6% higher than assumed in the 2023-25 biennial budget.

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 blue ink, appearing to read "Kirsten Johnson", with a stylized flourish at the end.

Kirsten L. Johnson
Secretary-designee

Appendix

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

State Plan Amendments

Amendment 24-0013 CHIP Premiums for Children. In response to CHIP SPA WI-24-0009 Continuous Enrollment Policy for Children in CHIP, CMS directed DHS to submit additional State Plan changes to indicate that children are not to be disenrolled for non-payment of premiums, as required under section 5112 of the federal Consolidated Appropriations Act of 2023 which established the continuous enrollment policy for children. *Net annual fiscal effect: None compared to CHIP SPA WI-24-0009.*

Amendment 24-0014 Increase to Institutional Medicaid Personal Needs Allowance. This amendment increases the personal needs allowance from \$45 to \$55 effective July 1, 2024, consistent with section 305 of 2023 Wisconsin Act 19. *Net annual fiscal effect: \$2,490,000 All Funds in FY25.*

Amendment 24-0015 Dental Ambulatory Surgical Center Rates. This amendment will implement a fee for service rate for facility services provided in ambulatory surgical centers for dental procedures requiring sedation. *Net annual fiscal effect: \$500,000 All Funds in FY25.*

Amendment 24-0016 Disproportionate Share Hospital Payments. This amendment will modify the Inpatient Hospital State Plan to require that hospitals be located within the State of Wisconsin in order to qualify for payments under the standard Disproportionate Share Hospital payment program. *Net annual fiscal effect: none.*

Amendment 24-0017 Graduate Medical Education. This amendment will modify the Inpatient Hospital State Plan to remove per-hospital cap of \$541,386 on payments per state fiscal year to support new graduate medical education residents, consistent with 2023 Wisconsin Act 185. *Net annual fiscal effect: \$500,000 All Funds in FY25.*

Amendment 24-0018 Nursing Home Rate Change. This amendment amends the State Plan to reflect annual nursing home fee-for-service rate development. More specifically, the amendment updates the direct care and support services targets to reflect the median plus 25% of direct care and support service costs from the most recently available cost reports. *Net annual fiscal effect: 2023 Act 19 budgeted \$93,800,000 All Funds for nursing home rate changes in FY 25.*

Amendment 24-0019 Pharmacy Value-Based Agreements. This amendment will allow DHS to enter into a value-based purchasing arrangement with a drug manufacturer, consistent with 2023 Wisconsin Act 184. *Net annual fiscal effect: none.*

Amendment 24-0020 Imported Prescription Drugs. This amendment will allow federal financial participation for medically necessary prescribed drugs during drug shortages when the FDA temporarily allows the importation of drugs from other countries. The amendment also makes updates to streamline sections of the State Plan that relate to prescribed drugs. *Net annual fiscal effect: none.*

Amendment 24-0021 Weight Loss Drug Coverage. This amendment will address the frequency of market changes for weight loss drugs by referencing the DHS website detailing the most current drug products rather than listing specific drug product names in the State Plan. *Net annual fiscal effect: none.*

Waiver Amendments

Family Care 1915(b) and 1915(c) Waiver Renewals submitted.