



State of Wisconsin  
**Department of Health Services**

Scott Walker, Governor  
 Linda Seemeyer, Secretary

September 28, 2018

The Honorable Alberta Darling, Senate Co-Chair  
 Joint Committee on Finance  
 Room 317 East  
 State Capitol  
 P.O. Box 7882  
 Madison, WI 53707-7882

The Honorable John Nygren, Assembly Co-Chair  
 Joint Committee on Finance  
 Room 309 East  
 State Capitol  
 P.O. Box 8953  
 Madison, WI 53708

Dear Senator Darling and Representative Nygren:

As required under s. 49.45(2n), I am writing to provide an update for the first quarter of FY 19 on the overall condition of the Medicaid benefits budget and any changes to the program in the past quarter.

The Department projects that Medicaid benefits costs will be below budgeted levels by \$149.0 million GPR by the end of the 2017-19 biennium. The table below reflects current estimates for Medicaid expenditures through FY 19, based on trends in enrollment, costs per enrollee, federal claiming rates, and third party revenues.

<b>Projected Medicaid Expenditures for the 2017-19 Biennium (in millions)</b>				
	<b>June 2018 Projection</b>		<b>September 2018 Projection</b>	
	GPR	All Funds	GPR	All Funds
Act 59 Budgeted Level	\$6,107.3	\$20,010.6	\$6,107.3	\$20,010.6
Projected Expenditures	\$6,004.9	\$19,760.8	\$5,958.3	\$19,647.1
<i>Difference</i>	<i>\$102.4</i>	<i>\$249.8</i>	<i>\$149.0</i>	<i>\$363.5</i>

The projection has improved by \$46.6 million GPR since the June report. The primary reason for the improvement is higher than expected revenues from rebates paid by drug manufacturers on prescription drug expenditures. The Department recently implemented an electronic fund transfer process for rebate payments, which has accelerated payments to the state. The updated

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projection also assumes that average monthly enrollment in FY 19 will be approximately 1% less than the June projection assumed, based on trends in the past three months.

Consistent with prior projections, this estimate assumes the June 2019 "Clawback" payment to the federal government for Medicare Part D costs will be paid in June 2019. The 2017-19 biennial budget assumed the payment would be delayed until July 2019.

The Department will continue to monitor expenditures in the program closely throughout FY 19. Various factors including enrollment, HMO costs per member, and fee-for-service utilization trends will affect expenditures for the remainder of the year.

*State Plan and Waiver Amendments*

The Appendix lists state plan amendments and waiver amendments submitted to the federal government this quarter.

Finally, the latest information on the DHS Office of Inspector General's efforts to reduce and prevent fraud in the Medicaid program can be found at <https://www.dhs.wisconsin.gov/oig/data.htm>.

Please contact me if you have any questions about this report.

Sincerely,



Linda Seemeyer *0130 Sec. Seemeyer*  
Secretary

## Appendix

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

*Amendment 18-0010. Nursing Home Rates.* This amendment will update nursing home rates for FY 19.