



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

May 17, 2013

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Funding Changes for Selected MA-Related Items in AB 40

This memorandum identifies three items related to the Medical Assistance (MA) program under AB 40 that we wanted to make you aware of prior to the Committee's deliberations on these items.

SeniorCare Cost-to-Continue Reestimate. AB 40 provides cost-to-continue funding for SeniorCare benefits. Based on updated expenditure trends, it is estimated that the funding provided in the bill can be reduced by approximately \$2.2 million GPR in each year of the 2013-15 biennium.

School-Based Services. Under current law, schools provide the state match (roughly 40%) of the costs of providing certain health services to MA-eligible students. Of the resulting federal MA matching funds, 60% is distributed to school districts and cooperative educational services agencies and 40% is credited to the state's general fund. The Governor's budget assumed that amounts credited to the general fund under this provision would total \$48.8 million in 2012-13, and \$16.0 million in each year of the 2013-15 biennium. Excluded from the budgeted amount for 2012-13 were claims from prior years still being reviewed by the federal Centers for Medicare and Medicaid Services (CMS). In April, 2013, CMS notified DHS that it had approved federal matching funds relating to those prior-year claims. DHS indicates that this will result in an additional transfer of \$33.7 million to the general fund in 2012-13, compared to AB 40. In addition, the Department has increased the projected transfers to the general fund under this provision by \$17.5 million in 2013-14 and by \$17.2 million in 2014-15. The total projected increase in transfers to the general fund during the three-year period, compared to AB 40, is \$68.4 million.

MA Cost-to-Continue and BadgerCare Plus Eligibility Changes. The Governor's budget provides \$663.6 million additional GPR for the MA cost-to-continue item and assumes \$3.0 million in GPR savings from proposed changes to BadgerCare Plus and other MA-related

programs. The combined additional GPR funding provided in AB 40 for these aspects of the Governor's MA proposal is \$660.6 million. Revised estimates from this office and DHS indicate that the Governor's combined proposal (MA cost-to-continue and proposed changes to BadgerCare Plus) would require approximately \$734.1 million GPR in the upcoming biennium, an increase of \$73.5 million GPR, compared to the funding provided in AB 40. Approximately \$21.5 million GPR of that projected increase relates to the MA cost-to-continue item, and the balance (approximately \$52.0 million GPR) relates to the bill's proposed changes to BadgerCare Plus and other MA-related programs.

The items described above are summarized in the following table.

Adjustments to Funding in AB 40 for Select MA-Related Items
(\$ in Millions)

	<u>Impact on General Fund Balance</u>		
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>
SeniorCare Reestimate			
Reestimate SeniorCare Cost-to-Continue Item	\$0.0	\$2.2	\$2.2
School-Based Services			
Increase Projected GPR-Earned Deposited to General Fund Relating to School-Based Services Claims	33.7	17.5	17.2
Governor's MA Proposal			
Reestimate of Governor's MA Cost-to-Continue Item and Changes to BadgerCare Plus Item	<u>0.0</u>	<u>-45.5</u>	<u>-28.0</u>
Total Change	\$33.7	-\$25.8	-\$8.6

EP/lb