

Department of Health Services
Secretary Linda Seemeyer
Testimony to the Joint Committee on Finance
March 29th, 2017

Senator Darling, Representative Nygren, and members of the Joint Committee on Finance,

I am pleased to appear before you today to discuss Governor Walker's proposed budget for the Department of Health Services.

In the coming biennium, the Department will be challenged with:

- Managing costs and service demands in the health care system, while navigating changes at the federal level,
- Encouraging and rewarding work and strengthening families through the Governor's Wisconsin Works for Everyone initiative,
- Continuing to battle the opioid drug abuse epidemic and respond to ongoing needs in the mental health system.
- Making further progress in our efforts to identify and prevent fraud and abuse in our programs.

Medicaid

As we know, Medicaid is the largest component of the Department's budget and a major driver for the overall state budget. In recent budgets, Medicaid has consumed all or nearly all of new tax revenues.

I am pleased to report that, this time, the Medicaid cost to continue re-estimate shows a much smaller increase compared to past budgets. It totals \$279 million GPR, still a sizable amount, but the smallest increase since the 2007-09 biennial budget. The program will also end FY 17 with a surplus of more than \$325 million GPR. This reflects Wisconsin's growing economy under the Governor's leadership, as well as our ongoing efforts to improve the integrity of our eligibility, rate-setting, and claims payment systems.

This is an historic time in Wisconsin. Governor Walker's innovative approach has meant everyone living in poverty has access to affordable health care, and our Medicaid budget has a surplus this year. With the new administration, we have an opportunity to take a further look at

way we implement programs, and make commonsense reforms. We will approach change in a thoughtful, comprehensive manner.

Wisconsin Works for Everyone

The Department plays a key role in the Governor's Wisconsin Works for Everyone initiative, which is based on the fundamental principle that work is dignifying and connects individuals to society and its values. As the Governor has said, we believe our public assistance programs should ask able-bodied adults to take steps toward self-sufficiency through work. This budget provides individuals access to the employment and training resources they need to make those steps.

For our agency, the Wisconsin Works for Everyone initiative:

- Helps more FoodShare recipients to move toward steady employment, by referring all able-bodied adults for voluntary participation in employment and training services, known as FSET.
- On a pilot basis, re-establishes the requirement that FoodShare parents with school aged children to participate in FSET.
- Invests in employment and training services for childless adults in Medicaid
- Helps ensure that both parents are asked to support their children by requiring custodial and non-custodial parents who are in FoodShare to cooperate with child support efforts
- Asks those with resources to support themselves, by establishing a \$25,000 liquid asset limit for FoodShare participants.

The initiative also contains important reforms to the Medicaid Purchase Program for people with disabilities. It strengthens work requirements while eliminating the current "premium cliff" that is a significant barrier for people to work and earn more. The changes will also help participants to save more of their earnings. These reforms reflect more than a year's worth of conversations with legislators, advocates, and members on how to improve the program.

Long Term Care and Mental Health

I am also very pleased to report that the Governor is eliminating waiting lists in the children's long term supports waiver in this budget. Last budget, the Governor and Legislature eliminated waiting lists for adults in the long term care system through statewide Family Care expansion. Now, we will do the same for 2,200 children with disabilities, investing \$39 million All Funds next biennium. This is one part of what the Governor calls the "Reform Dividend." Having made the tough decisions and been prudent with tax dollars, we can now invest in our priorities.

This budget supports children with mental illness as well. It creates the necessary framework for a new, home-like facility where children who are in mental health crisis can be placed for a few days to become stable and be connected with ongoing supports in the community. The goal is to prevent children from entering our state mental health institutes or other inpatient settings.

The budget also invests another \$1 million GPR to expand the Child Psychiatry Consultation Program.

The budget also provides a rate increase for nursing homes and personal care agencies of 2% in each year of the biennium. The increase will help these crucial providers keep pace with cost increases, especially important as Wisconsin's employment market has become so strong. The budget provides a further increase to incentive payments to nursing homes for serving individuals with behavioral or cognitive disorders.

I would also like to call attention to another important item in the budget, which is for staffing two additional units at Mendota Mental Health Institute to respond to the influx of criminal defendants needing mental health treatment before trial.

We have over 40 individuals in county jails on the Mendota admissions list waiting for evaluation or treatment, and judges across the state want them admitted without delay. This demand reflects growing awareness of the public, police, judges, and prosecutors about the prevalence of mental illness among those who become involved in our criminal justice system.

I appreciate the support the Committee provided in 2016 for the initial renovation costs for the buildings at Mendota that will house these two units. I urge you to support both the funding in the Governor's Capital Budget to complete the renovations and the positions and funding in the Governor's operating budget to staff the new units.

In summary, this budget for the Department of Health Services preserves and extends access to services for our most vulnerable citizens, gives individuals the resources and incentives they need to become self-sufficient and independent, and provides support for the Department's ongoing efforts to manage taxpayer dollars effectively and efficiently.

I am happy to take any questions you may have.

