

A Summary of the Final 2017-19 Budget for Health Care

The 2017-19 budget bill signed by the Governor contains a number of new requirements for participation in public assistance programs. However, relative to Governor Walker’s previous budgets, the health care portion of the latest budget bill makes relatively modest changes in health care funding and policy. Although the bill contains a few significant changes in BadgerCare and Medicaid policy, it is possible that much more substantial changes will be debated later this session if Congress approves proposals that could radically transform Medicaid.

MEDICAID COST GROWTH SLOWS

One bit of very good news over the last year has been that Medicaid spending increased by only about half the amount anticipated. That freed up state savings that boosted the state budget balance, and also contributed to a much smaller than usual increase in the projected spending in the 2017-19 budget.

The revised budget increases the state share of Medicaid spending by \$183 million over the next two fiscal years (relative to the 2016-17 appropriation), simply to maintain the status quo. But as the bar graph illustrates, that’s a far smaller increase than the state has needed to make in the past three budget bills to maintain the base level of services. The slowing growth reflects recent reductions in BadgerCare caseloads, lower-than- expected increases in costs per participant, and an increase in the federal share of costs for Wisconsin.

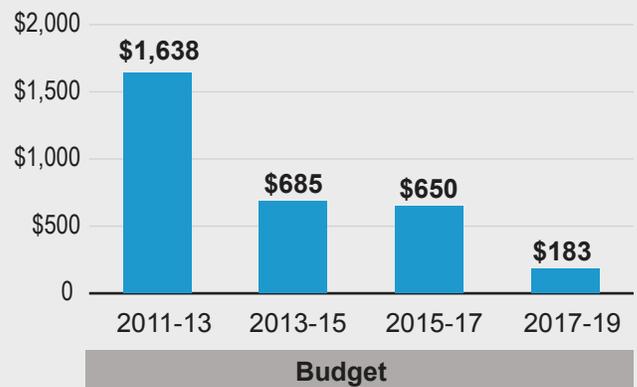
WORK REQUIREMENTS FOR SOME RECIPIENTS OF PUBLIC ASSISTANCE

Wisconsin currently requires able-bodied childless adults who receive Food Share benefits to either be working or participating in a work training program. The final budget bill includes \$4.2 million of state funding to establish a pilot project extending that requirement to parents with school-aged children. The Governor vetoed a provision added by the legislature that would have required an evaluation and precluded expanding the pilot until the evaluation has been completed.

Another provision in the final budget authorizes DHS to seek a federal waiver allowing the state to provide employment and training services to childless adults participating in Medicaid. That provision does not appear to allow DHS to make work or training a requirement for Medicaid participants, but such a requirement might nonetheless be part of an amended state waiver request. If such a waiver is approved, or if Congress allows states to require work for Medicaid participants without obtaining a waiver, a change to state statutes would probably be needed before the requirement can be implemented.

Due to Shrinking Caseloads, State Needs to Set Aside Less New Resources for Medicaid than in Past

State share of increase in recent budgets needed to maintain Medicaid program in Wisconsin, in millions.



Source: Analysis of figures from the Department of Administration and Legislative Fiscal Bureau
WISCONSIN BUDGET PROJECT

The bill also makes changes in the work requirements and premiums for the Medicaid Purchase Plan (MAPP) and Medicaid income eligibility for people who are elderly, blind, or disabled. MAPP is a work-incentive program that enables people with disabilities who earn more than 100% of the federal poverty level (up to 250% of FPL) to access needed Medicaid services and supports. The proposed changes are the culmination of long deliberations with advocates, who now support the revisions. While the Joint Finance Committee accepted the Governor's proposed changes, it eliminated funding for additional positions that DHS requested to support implementation.

SOME TARGETED INCREASES FOR CHILDREN'S HEALTH CARE

The budget contains a number of changes relating to children's health. These include:

- An increase of nearly \$16 million in state funds over the next two years to eliminate the waiting list for long-term supports for children with developmental disabilities, physical disabilities, or severe emotional disturbances;
- A \$1 million dollar increase in funding to expand the Child Psychiatry Consultation Program. CPCP seeks to alleviate the significant shortage of child and adolescent psychiatrists in the Milwaukee area and rural northern regions of Wisconsin by providing primary care providers access to mental health education; a referral support system for pediatric patients; and a daily case consultation for primary care providers through email or phone with a child psychiatrist, psychologist, or mental health coordinator;
- An increase of about \$6 million for School Mental Health Initiatives to help improve access to mental health services by increasing the availability of social worker services in schools, funding grants for school-linked mental health services, and helping to train school personnel in mental health first aid and trauma-informed care; and an additional \$750,000 for community and school mental health collaboration grants;
- An updated definition for lead exposure to be consistent with the Center for Disease Control's current standard, and increased reimbursement for lead investigations; and
- About \$1.2 million of state funding to establish a facility to assist children who are in crisis or requiring short-term crisis stabilization.

OTHER HEALTH CARE MEASURES

The budget includes 2% per year increases in the rates for personal care workers and also for nursing home provider rates. Although those small rate increases are welcome, they fall far short of what is needed. The "[Wisconsin Budget for All](#)" proposal endorsed by Kids Forward and many other advocacy groups recommended a \$70 million boost in state funding to help support the long-term care workforce.

The bill includes a number of investments related to mental health services for adults and substance use. Those include \$6.2 million in new state funds for mental health initiatives in the corrections system, and \$3 million to increase services to OWI offenders. The budget also includes \$450,000 in funding for development of a veteran-run respite home to provide peer support to veterans with mental health and/or substance use challenges.

One of the changes added by the Joint Finance Committee is the addition of about \$30 million per year in state and federal funds for hospitals that serve a "disproportionate share" of Medicaid participants.

The budget bill counts on a source of enhanced federal funding that may be at risk – the much higher reimbursement rate authorized by the Affordable Care Act (ACA) for the Children's Health Insurance Program (CHIP). If Congress fails to continue that increase, the federal share of CHIP spending would drop by 23 percentage points, which would cost Wisconsin about \$6 million per month.

In the coming weeks, Congress might vote again on major changes to the ACA and also is likely to debate radical changes to the structure and financing of Medicaid. Depending on the outcome of those debates and other potential cuts to the federal budget, state lawmakers may need to revisit the Medicaid budget, and wide-ranging changes to reduce eligibility or services might be on the table.