associated with the American Rescue Plan Act (ARPA) home and community-based services (HCBS) 5% rate increase from April 1, 2024, through June 30, 2025.

Under ARPA, states could claim an additional 10% on their federal medical assistance percentage (FMAP) for eligible HCBS expenditures between April, 2021 and March, 2022. ARPA specified that the additional funds must be spent to supplement, not supplant existing state funds and used on CMS-approved activities that enhance, expand, or strengthen HCBS under the Medicaid program.

The Department's CMS-approved plan included a 5% rate increase for certain HCBS, effective January 1, 2022. This portion of the Department's plan was approved by the Joint Committee on Finance, with the condition that the rate increases are funded with ARPA HCBS reinvestment funding through March 31, 2024, and that subsequently "the Committee will consider whether these rate increases will be maintained after March 31, 2024, as part of its 2023-25 budget deliberations."

5. FULL MEDICAID EXPANSION

GPR	- $1,548,344,300
FED	2,384,448,000
Total	$836,103,700

Request funding changes for medical assistance benefits and program enrollment services to reflect the effect of adopting full Medicaid expansion, effective on July 1, 2023, as follows: (a) for MA benefits, increases of $418,659,800 in 2023-24 and $414,710,800, which is the net effect of GPR funding decreases of $787,438,700 in 2023-24 and $761,588,900 in 2024-25, and FED funding increases of $1,206,098,500 in 2023-24 and $1,176,299,700 in 2024-25; and (b) for MA enrollment services conducted by county income maintenance consortia, increases of $1,363,100 ($340,800 GPR and $1,022,300 FED) in 2023-24 and $1,370,000 ($342,500 GPR and $1,027,500 FED) in 2024-25.

To meet the standard for full Medicaid expansion under federal law, a state must establish the income eligibility threshold at 138% of the federal poverty level (FPL) for adults ages 19 through 64. [By federal statutes, the full expansion threshold is 133% of the FPL. However, federal income counting rules include a standard 5% disregard to account for various household expenditures, effectively making the threshold equivalent to 138% of the FPL.] Wisconsin does not meet this standard, since the state currently has an income eligibility threshold of 100% of the FPL for parents and childless adults. The Department requests statutory changes necessary to implement the full expansion eligibility thresholds.

Under the ACA, states that adopt full Medicaid expansion are eligible to receive a 90% federal matching rate (the medical assistance percentage, or FMAP) for Medicaid benefit costs associated with adults age 19 to 64 who are considered "newly eligible" for coverage. An eligibility group is determined to be "newly-eligible" if members of the group were not eligible to receive full Medicaid benefits as of December 1, 2009. For Wisconsin, parents would not be considered to be "newly eligible" since the state covered parents up to 200% of the FPL on that date. However, childless adults would meet the "newly-eligible" definition since they were not eligible for full coverage on that date. Furthermore, although the state has provided full benefits coverage to childless adults up to 100% of the FPL since 2014, all childless adults would be considered "newly-

eligible" with the adoption of full Medicaid expansion, and so their costs would be eligible for the enhanced FMAP if the state adopts the full Medicaid expansion eligibility standards.

Under a provision of the American Rescue Plan Act of 2021(ARPA), any non-expansion states that adopts full Medicaid expansion becomes eligible for a temporary 5.0 percentage point increase to the state's standard FMAP. This federal incentive matching rate is applicable for the two years following implementation, and applies to most Medicaid expenditures that would otherwise be subject to the standard FMAP.

The funding adjustments for MA benefits under the Department's request reflect both the ongoing changes associated with the state qualifying for the 90% FMAP for childless adults, and the two-year ARPA incentive provision. The following table shows the fiscal changes for each of these components, as well as the requested funding for enrollment services.

	2023-24	2024-25	Biennium
MA Benefits Funding			
Full Expansion, 90% FMAP Effect			
GPR	-$211,722,900	-$180,356,100	-$392,079,000
FED	630,382,700	595,066,900	1,225,449,600
Two-Year ARPA Incentive			
GPR	-$575,715,800	-$581,232,800	-$1,156,948,600
FED	575,715,800	581,232,800	1,156,948,600
Total MA Benefits Change			
GPR	-$787,438,700	-$761,588,900	-$1,549,027,600
FED	1,206,098,500	1,176,299,700	2,382,398,200
All Funds	$418,659,800	$414,710,800	$833,370,600
Enrollment Services Funding			
GPR	$340,800	$342,500	$683,300
FED	1,022,300	1,027,500	2,049,800
All Requested Funding Changes			
GPR	-$787,097,900	-$761,246,400	-$1,548,344,300
FED	1,207,120,800	1,177,327,200	2,384,448,000
All Funds	$420,022,900	$416,080,800	$836,103,700

The Department projects that by adopting the full expansion eligibility limits, the number of parents enrolled would increase by 61,100 and the number of childless adults enrolled would increase by 28,600, for a total increase of 89,700. These increases are relative to the Department's baseline enrollment estimates, rather than relative to current enrollment (the 2022-23 average). With the expiration of the COVID-19 public health emergency and the resumption of regular eligibility processes, the baseline enrollments for all BadgerCare Plus groups will decrease during the biennium. Consequently, although adopting full Medicaid expansion would result in enrollment increases relative to the baseline estimates, the totals would still be below current

enrollment levels. [Baseline and full expansion enrollment estimates are shown in Table 2 of the MA overview item.]

6. SUPPLEMENTAL AMBULANCE REIMBURSEMENT

GPR	$179,600
FED	179,600
Total	$359,200

Request $179,600 ($89,800 GPR and $89,800 FED) annually to contract for the administration of a certified public expenditure (CPE) program to increase MA reimbursement to ambulance service providers owned by local governments. 2021 Act 228 requires the Department to create such a program, subject to federal regulatory approval, which will allow the state to claim federal matching funds on eligible ambulance service expenditures made by local governments and use that revenue to supplement reimbursement paid to them.

Additionally, the Department requests statutory changes related to a separate supplemental reimbursement created under Act 228, to be paid to private ambulance service providers using revenue generated from a new assessment on those providers and matching federal funds. As directed by the act, the Department requests the creation of a new appropriation to expend the assessment revenue on supplemental payments to ambulance service providers. The Department also requests statutory changes to permit the transfer of an amount equal to the cost of administering the assessment and the supplemental payments from the new segregated ambulance trust fund to an existing PR appropriation for MA administration.

7. SENIORCARE REESTIMATE

GPR	$6,851,500
FED	4,343,600
PR	16,006,800
Total	$27,201,900

Request $7,703,200 ($3,226,300 GPR, $828,000 FED, and $3,648,900 PR) in 2023-24 and $19,498,700 ($3,625,200 GPR, $3,515,600 FED, and $12,357,900 PR) to fully fund benefits under the SeniorCare program. SeniorCare provides pharmacy benefits for Wisconsin residents over the age of 65 who are not eligible for full Medicaid benefits.

The program is supported with a combination of state funds (GPR), federal funds the state receives under a Medicaid demonstration waiver (FED), and program revenue (PR) from rebate payments DHS collects from drug manufacturers. The program has four income eligibility categories: (a) less than 160% of the federal poverty level (FPL); (b) 160% of FPL to 200% of FPL; (c) 200% of FPL to 240% of FPL; and (d) greater than 240% of FPL. Each of these eligibility tiers has different requirements for deductibles. Persons in the last category, known as "spend-down" eligibility, do not receive benefits until they have out-of-pocket drug expenses in an annual period that exceed the difference between their annual income and 240% of the FPL, plus the deductible. The federal Medicaid matching funds apply only to participants with incomes under 200% of FPL. Based on recent trends, manufacturer rebates are expected to cover 73% of costs for this group, while federal funds will cover approximately 15% and the GPR portion will be 12%. Due to temporary changes to the federal matching rate made in response to the COVID-19 pandemic and lag in the receipt of rebates, the federal share will be approximately one percentage point lower in 2023-24. Variation in agreements with manufacturers and drug utilization means that the percentage of costs covered by rebates is typically higher for participants with incomes