



ISSUE PAPER

AB75: Unspecified Future Reductions in Medicaid Funding

The Governor's Budget Proposal: In addition to detailed program funding and expenditure cuts, AB75 directs and authorizes DHS to make nearly \$150 million in unspecified state funding cuts over the next biennium. Neither the budget bill nor subsequent analysis of that document permits a precise identification of the level of discretionary funding cuts AB75 has empowered DHS to implement. However, DHS budget officials last week advised they believe the budget mandates they pursue and execute additional state spending cuts of \$145 million over the next two years.

State spending cuts of that magnitude in Medicaid or Medicaid related programs would result in lower federal matching funds of approximately \$217 million. The combined \$362 million reduction in state/federal Medicaid funding cuts not identified within and occurring after the budget is enacted could have devastating consequences for program providers. Indeed, post-passage cuts of this magnitude could partially or completely undermine or negate the express specific fiscal action the Legislature intended in the budget bill it approved.

DHS officials indicate they have not yet developed a game plan to identify where, when, or to what extent various programs under its authority could or would be cut. They also indicate it is not likely the department will be able to make such determinations until after the state budget is finalized.

WHCA/WiCAL Position: WHCA/WiCAL cannot support, nor should the Legislature approve, any state budget or budgetary provisions impacting Medicaid funding of nursing home care and other program services, unless DHS first provides assurance it will not subsequently exercise its discretionary authority in a manner that will adversely impact the source, amount, timing or recipients of the funding the legislature has approved.

WHCA

Wisconsin Health Care Association

WiCAL

Wisconsin Center for Assisted Living
