

What to Know: Medicaid & Wisconsin's State Budget

September 9, 2025

The Wisconsin Department of Health Services (DHS) uses funding from the state and federal governments to pay for its programs. Every two years, Wisconsin creates a new **biennial budget**. The budget describes the money Wisconsin will spend during the *biennium* (two-year period) and where the money will come from.

The budget makes changes to Medicaid during each biennium. The budget may provide additional funding to support Medicaid programs. It may also make cuts to programs.

Every two years, the governor signs Wisconsin's **biennial budget**. The budget describes how much Wisconsin can spend over a two-year *biennium*, and where the money will come from. **The budget makes important changes to Medicaid.**

What is the Wisconsin Biennial Budget?

Our state constitution requires the Legislature to create a budget by making a law. The governor must also sign the budget into law. This process happens every two years.

The budget describes how much money Wisconsin can spend, and on what. This is called **appropriating funds**. The budget also describes where the money will come from (taxes, for example).

DHS gets state funding for Medicaid through the budget. Sometimes DHS needs federal approval to make changes described in the budget. The state budget can include Medicaid-related items like:

- Money for DHS to run Medicaid.
- New or expanded programs and benefits.
- Payments to providers, including increases to rates paid for services.
- Fees used to fund Medicaid programs.

How does Wisconsin create its budget?

Wisconsin's biennial budget is created through a long process with input from many groups. It changes a lot during this process. Things that were in the original budget may be removed, and new things may be added. Here are some of the key steps:

- **Agencies like DHS** make requests for funds.
- **The governor** reviews these requests and proposes the first version of the budget. They ask for public input. This budget usually contains some, but not all, of the requests from agencies.
- **The Legislature** reviews and changes the proposed budget. They ask for public input. Both parts of the Legislature (**the Senate** and **the Assembly**) have to agree on the exact same version of the budget.
- **The governor** can make final changes by **vetoing** (or blocking) some parts of the budget. Once the governor signs it, the budget is final and becomes the law.

How does the 2025-2027 Budget impact Medicaid?

DHS gets state funding for Medicaid through the budget. **On July 3, Wisconsin passed the 2025-2027 budget. The budget impacts Medicaid over the next two years.** The budget includes additional money for Medicaid to support our programs. It also makes cuts to Medicaid.

The 2025-2027 Wisconsin budget provides more than \$18 billion each year for Medicaid services and administration. The new budget:



Continues funding for Wisconsin's Medicaid program. This budget includes funding for many important services. For example, it included more than \$250 million for long term care services. It also included stable funding for systems and staff.



Increases the hospital fee that helps pay for hospital and other Medicaid services. DHS collects a fee from Wisconsin hospitals. These funds are used to pay hospitals back for services to Medicaid patients. The federal government matches these payments to hospitals, increasing the total amount.

These payments are meant to help keep services accessible to Medicaid members. Some of this money is set aside for small, rural hospitals (called *Critical Access Hospitals*) and some of the money is used to fund other Medicaid services.



Eliminates payments made to hospitals that see more patients who have Medicaid or are uninsured. These hospitals are called *Disproportionate Share Hospitals* (DSH). The federal government requires Medicaid to provide extra funding to DSH hospitals. The state budget takes away a lot of this money.

Increases the rate Medicaid will pay providers for certain services, including:



- Personal care services, like assistance with eating, bathing, and getting dressed.
- Private duty nursing.
- Obstetric care.
- Medication for opioid use disorders.
- Dental sedation.
- Residential substance use disorder treatment.
- Home health care.
- Chiropractic care.