



APRIL 24, 2020

MAY 2020

CASELOAD ESTIMATING CONFERENCE

EXECUTIVE OFFICE OF HEALTH AND HUMAN SERVICES

MEDICAL ASSISTANCE

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General Considerations

For FY 2020, Rhode Island’s Executive Office of Health and Human Services (EOHHS) anticipates expenditures of **\$2,542,987,225** from all sources, a **\$52.9 million deficit** over the estimate adopted at the November 2019 Caseload Estimating Conference (Nov CEC). EOHHS’ revised estimate for FY 2020 includes **\$929,332,654** from general revenue (GR), reflecting a **\$36.0 million surplus**, or a 3.7% decrease over the November adopted estimate.

For FY 2021, EOHHS projects **\$2,855,781,391 All Funds** expenditures on medical benefits, including **\$1,078,327,510 GR**. The latter reflects a **\$328.50 million deficit** from all sources, including a **\$107.4 million deficit** from general revenue over the Nov CEC.

Please note that the FY 2020 estimate reflects two quarters of the 6.20 percentage point increase to the Federal Medical Assistance Percentage (FMAP) under Section 1905(b) of the Social Security Act, an increase that was passed as part of the Families First Coronavirus Response Act on March 18, 2020. EOHHS makes no assumption that this increase will continue beyond June 30, 2020.

Table 0-1 compares EOHHS’ current FY 2020 forecast to November CEC Adopted (Nov CEC). **Attachment 1a** and **Attachment 1b** provide summaries of RI EOHHS’ current forecast by budget program/category and funding source and includes a comparison against FY 2019 closing and FY 2020 Enacted.

Table 0-1. Summary of Rhode Island Medicaid – Medical Benefits

| | SFY 2019: | | SFY 2020: | | SFY 2021: | | | |
|--------------------------------------|------------------------------|-------------------------|-------------------------|-------------------------|-----------------------|-------------------------|-------------------------|-----------------------|
| | Final | Enacted | Nov CEC | Current | Surplus/ (Deficit) | Nov CEC | Current | Surplus/ (Deficit) |
| Summary by Budget Line | | | | | | | | |
| Hospitals - Regular | \$ 66,805,603 | \$ 52,629,456 | \$ 52,800,000 | \$ 49,729,152 | \$3.1 M | \$ 54,900,000 | \$ 52,679,439 | \$2.2 M |
| Hospitals - DSH | 138,519,196 | 142,301,035 | 142,293,259 | 142,083,257 | 0.2 M | 77,800,000 | 142,301,035 | (64.5 M) |
| Nursing and Hospice Care | 316,748,108 | 352,504,239 | 362,000,000 | 362,804,016 | (0.8 M) | 375,000,000 | 365,435,873 | 9.6 M |
| Home and Community Care | 70,243,474 | 75,600,000 | 78,400,000 | 83,941,123 | (5.5 M) | 82,500,000 | 88,090,685 | (5.6 M) |
| Managed Care | 707,261,206 | 747,685,347 | 719,000,000 | 733,871,851 | (14.9 M) | 740,000,000 | 853,526,648 | (113.5 M) |
| Rhody Health Partners | 239,753,270 | 259,114,479 | 255,100,000 | 273,610,150 | (18.5 M) | 267,000,000 | 310,178,550 | (43.2 M) |
| Rhody Health Options | 200,503,385 | 152,572,443 | 145,200,000 | 142,496,941 | 2.7 M | 149,300,000 | 141,496,599 | 7.8 M |
| Expansion | 474,972,127 | 483,138,365 | 481,000,000 | 500,660,797 | (19.7 M) | 500,000,000 | 620,281,051 | (120.3 M) |
| Pharmacy | (462,718) | (142,168) | 85,312 | 126,049 | (0.0 M) | 222,357 | 428,110 | (0.2 M) |
| Clawback | 72,001,485 | 74,215,807 | 71,660,785 | 66,367,436 | 5.3 M | 74,523,592 | 74,439,380 | 0.1 M |
| Other Services | 124,318,646 | 136,300,000 | 138,000,000 | 143,296,454 | (5.3 M) | 147,000,000 | 147,924,022 | (0.9 M) |
| Subtotal CEC EOHHS Benefits | \$ 2,410,663,782 | \$ 2,475,919,003 | \$ 2,445,539,356 | \$ 2,498,987,225 | (\$53.4 M) | \$ 2,468,245,949 | \$ 2,796,781,391 | (\$328.5 M) |
| Health System Transformation Project | \$ 17,496,212 | \$ 30,000,000 | \$ 25,000,000 | \$ 25,000,000 | \$0.0 M | \$ 40,000,000 | \$ 40,000,000 | \$0.0 M |
| Special Education | 19,965,829 | 19,000,000 | 19,538,580 | 19,000,000 | \$0.5 M | 19,000,000 | 19,000,000 | \$0.0 M |
| Total EOHHS Benefits | \$ 2,448,125,822 | \$ 2,524,919,003 | \$ 2,490,077,936 | \$ 2,542,987,225 | (\$52.9 M) | \$ 2,527,245,949 | \$ 2,855,781,391 | (\$328.5 M) |
| | <i>change over prior SFY</i> | | | <i>3.9%</i> | | | <i>12.3%</i> | |
| By Funding Source | | | | | | | | |
| Federal Funds | \$ 1,489,823,025 | \$ 1,528,695,537 | \$ 1,506,394,679 | \$ 1,595,310,371 | (\$88.9 M) | \$ 1,533,039,108 | \$ 1,753,922,730 | (\$220.9 M) |
| General Revenue | 949,397,045 | 976,559,149 | 965,339,057 | 929,332,654 | 36.0 M | 970,912,642 | 1,078,327,510 | (107.4 M) |
| Restricted Receipts | 8,905,752 | 19,664,317 | 18,344,200 | 18,344,200 | 0.0 M | 23,294,200 | 23,531,150 | (0.2 M) |
| All Funds | \$ 2,448,125,822 | \$ 2,524,919,003 | \$ 2,490,077,936 | \$ 2,542,987,225 | (\$52.9 M) | \$ 2,527,245,949 | \$ 2,855,781,391 | (\$328.5 M) |

As shown in **Table 0-2**, with respect to FY 2020, EOHHS has revised its November CEC estimate of the average number of Medicaid clients with full benefits from **299,353** to **300,256**. The slight upward revision is driven by significant termination-related activity in November and January attributed to the optimization of RI Bridges functionality and the state’s stable economy through March. The steady decline was abruptly halted and reversed in March as EOHHS was required to cease all termination activity and assumes that the unprecedented level of unemployment in Rhode Island (and across the nation) will contribute to increased enrollment, especially among Expansion and Children and Families’ population groups.

As a direct result of the sweeping changes wrought by the global pandemic, EOHHS has revised its prospective trend assumptions since November CEC and is now projecting its average monthly caseload for FY 2021 to increase

by 42,993 members to an average caseload of **338,030 members**, reflecting an additional 58,353 members when measured at its peak in September 2020 compared to EOHHS' current Medicaid caseload as of March 31, 2020.

Details of EOHHS' revised caseload forecast for FY 2020 and FY 2021 are included in **Attachment 5a** and **Attachment 5b**, respectively. A discussion of the trend assumptions is included in **Major Developments**.

Table 0-2. Summary of Rhode Island Medicaid Caseload (Full Medical Assistance Only)

| | SFY 2019: | | SFY 2020: | | | SFY 2021: | | |
|--|--------------------------------------|----------------|----------------|----------------|------------------|----------------|----------------|------------------|
| | Final | Enacted | Nov CEC | Current | Over/ (Under) | Nov CEC | Current | Over/ (Under) |
| Average Monthly Enrollment, by Delivery System: | | | | | | | | |
| Managed Care¹ | 269,808 | 261,550 | 259,184 | 258,333 | (850) | 255,260 | 290,587 | 35,327 |
| Rite Care Core | 155,648 | 151,242 | 150,074 | 148,981 | (1,093) | 147,303 | 169,511 | 22,208 |
| Rite Care CSHCN | 9,635 | 9,574 | 9,571 | 9,696 | 125 | 9,390 | 10,598 | 1,208 |
| Expansion | 71,658 | 69,708 | 70,184 | 70,630 | 447 | 69,385 | 80,130 | 10,745 |
| Rhody Health Partners | 14,677 | 14,670 | 14,603 | 14,709 | 106 | 14,488 | 15,690 | 1,202 |
| Rhody Health Options | 17,886 | 16,012 | 14,401 | 13,980 | (421) | 14,328 | 14,296 | (32) |
| PACE | 304 | 344 | 352 | 337 | (15) | 365 | 361 | (4) |
| Rite Share | 4,306 | 4,129 | 3,819 | 3,252 | (567) | 3,738 | 3,005 | (733) |
| Remaining in FFS | 33,767 | 35,908 | 36,351 | 38,670 | 2,320 | 36,039 | 44,438 | 8,400 |
| Children and Families | 6,558 | 3,761 | 6,343 | 7,220 | 876 | 6,282 | 8,906 | 2,624 |
| CSHCN | 2,204 | 1,757 | 2,066 | 2,222 | 156 | 1,787 | 2,494 | 707 |
| Expansion | 4,421 | 5,824 | 3,981 | 5,163 | 1,182 | 3,632 | 7,183 | 3,551 |
| Aged, Blind and Disabled | 20,585 | 24,566 | 23,960 | 24,066 | 105 | 24,337 | 25,855 | 1,518 |
| Total | 307,881 | 301,587 | 299,353 | 300,256 | 902 | 295,036 | 338,030 | 42,993 |
| | <i>change over prior fiscal year</i> | | | | -2.5% | | 12.6% | |

Note 1. The Governor's Budget included a reduction of 5,569 members in November 2019 due to RI Bridges Optimization (including 2,897 in Rite Care; 2,365 in Expansion; 132 in Rhody Health Partners, and; 175 in Rhody Health Options II). This is equivalent to reduction of 3,713 average enrollees in SFY 2020 and 5,569 average enrollees in SFY 2021 compared to what the conferees assumed in November.

Table 0-3. Summary of Other Rhode Island Medicaid Caseload Metrics (Limited Benefits)

| | SFY 2019: | | SFY 2020: | | | SFY 2021: | | |
|------------------------------|-----------|---------|-----------|---------|------------------|-----------|---------|------------------|
| | Final | Enacted | Nov CEC | Current | Over/ (Under) | Nov CEC | Current | Over/ (Under) |
| EFP Only | 1,357 | 1,480 | 1,715 | 1,780 | 64 | 1,690 | 2,098 | 408 |
| Rite Smiles | 113,291 | 120,408 | 112,795 | 112,474 | (321) | 114,503 | 130,544 | 16,041 |
| Non-Emergency Transportation | 298,088 | 300,987 | 287,502 | 286,470 | (1,032) | 280,961 | 318,921 | 37,960 |
| SOBRA Births | 4,977 | 4,886 | 4,900 | 4,827 | (59) | 4,758 | 5,513 | 755 |
| NICU Stays | 601 | 586 | 578 | 583 | (3) | 586 | 666 | 80 |

I. Major Developments

EOHHS' revised caseload and medical benefits budget updates for FY 2020 and FY 2021 are reflected in the subsequent sections and attachments. This section highlights major developments that contribute to variations in the current fiscal year against the prior consensus estimates and/or represent a meaningful fiscal or policy change anticipated for FY 2021.

A. Summary of Changes in Forecast

With respect to FY 2020, the \$53.4 million All Funds deficit and \$36.0 million GR surplus represent variances of 2.1% and 3.7%, respectively, against Nov CEC.¹ For FY 2021, the \$328.5 million All Funds and \$107.4 million GR deficits represent unfavorable variances of 13.0% and 11.1% against the Nov CEC. **Table I-1** and **Table I-2** summarize these components that are explained in more detail below and throughout this document.

Table I-1. Summary of Changes to FY 2020 Fiscal Position Compared to November CEC Adopted

| | FY 2020: | |
|------------------------------|-------------------|-------------------|
| | All Funds | General Revenue |
| Favorable Variances | | |
| COVID-19 Enhanced FMAP | \$3.7 M | \$53.1 M |
| Stop Loss | \$12.1 M | \$4.0 M |
| Medicare Premium Payment | \$2.1 M | \$1.8 M |
| Rite Care | (\$2.1 M) | \$1.4 M |
| Rhody Health Options & PACE | \$1.8 M | \$0.9 M |
| Rite Share | \$0.8 M | \$0.4 M |
| Other/Miscellaneous | \$5.0 M | \$2.3 M |
| Subtotal Favorable | \$23.3 M | \$63.9 M |
| Unfavorable Variances | | |
| Risk Share | (\$41.9 M) | (\$13.4 M) |
| Expansion | (\$6.1 M) | (\$1.5 M) |
| Rhody Health Partners | (\$2.7 M) | (\$1.3 M) |
| Rebates | (\$1.1 M) | (\$1.5 M) |
| Nursing Home & Hospice | (\$0.8 M) | (\$0.4 M) |
| All Other FFS Activity | (\$24.1 M) | (\$9.9 M) |
| Subtotal Unfavorable | (\$76.7 M) | (\$27.9 M) |
| Total | (\$53.4 M) | \$36.0 M |

¹ Unless otherwise noted expenditures are presented in All Funds.

Table I-2. Summary of Changes to FY 2021 Fiscal Position Compared to November CEC Adopted

| | FY 2021: | |
|------------------------------|--------------------|--------------------|
| | All Funds | General Revenue |
| Favorable Variances | | |
| Stop Loss | \$15.0 M | \$5.0 M |
| Nursing Home & Hospice | \$9.6 M | \$4.4 M |
| Rhody Health Options & PACE | \$8.8 M | \$4.0 M |
| Other/Miscellaneous | \$4.4 M | \$1.6 M |
| Rite Share | \$1.5 M | \$0.7 M |
| Medicare Premium Payment | \$1.4 M | \$0.7 M |
| Subtotal Favorable | \$40.6 M | \$16.5 M |
| Unfavorable Variances | | |
| Rite Care | (\$106.6 M) | (\$47.4 M) |
| DSH | (\$64.5 M) | (\$29.8 M) |
| Rhody Health Partners | (\$46.6 M) | (\$21.5 M) |
| Expansion | (\$125.3 M) | (\$13.5 M) |
| All Other FFS Activity | (\$22.4 M) | (\$8.2 M) |
| Rite Smiles | (\$3.7 M) | (\$1.7 M) |
| Non-Emergency Transportation | (\$3.7 M) | (\$1.2 M) |
| Rebates | \$3.7 M | (\$0.4 M) |
| Subtotal Unfavorable | (\$369.1 M) | (\$123.9 M) |
| Total | (\$328.5 M) | (\$107.4 M) |

Absent the changes to caseload and expenditures that are reasonably attributed, either directly or indirectly, to the onset of the COVID-19 pandemic, EOHHS was forecasting surpluses in FY 2020 and FY 2021 against the Nov CEC. After subtracting the fiscal impact of the initiatives included in the Governor’s Revised FY 2020 Budget and Recommended FY 2021 Budget, the two-year surplus was expected to be at least \$2.4 million GR, if the trends experienced through March 2020 were allowed to continue through the current fiscal year and, subsequently, the State saw annualized growth factor of negative 1.4% through FY 2021.

Overall, this favorable counterfactual would have been attributed to lower than-anticipated caseload (through March 2020), reduced nursing home expenditures from revised IBNR estimations, and a continued drop in the number of members being treated for Hepatitis C. These gross savings would have been partially offset by: significantly higher Risk Share estimates reported by the health plan that have resulted, in part, from a higher relative acuity of the members remaining enrolled in Medicaid compared with those disenrolled; continued double-digit percentage increase in FQHC reimbursements; higher NICU expenditures, and; in FY 2021, the likelihood of double-digit price increases in EOHHS’ managed care rates.

While this “without COVID-19” scenario is an untenable hypothetical to the State’s new status quo, it is worthwhile considering it in order to appreciate the magnitude of the resulting fiscal impact of COVID-19 on Rhode Island’s Medicaid budget and overall financial position. Fortunately, in FY 2020, the additional \$53.1 million in federal financial participation more than offsets any of these increases as they pertain to the Medicaid budget. Uncertainty over the magnitude of federal relief beyond the immediate declaration of the health emergency poses significant budgetary concerns for EOHHS and the State for FY 2021.

B. Disproportionate Share Hospitals

Current Year Overpayment and Recoupment

CMS notified EOHHS that Rhode Island exceeded its FFY 2019 DSH Allotment, which was paid in July 2019. This occurred because CMS made revisions when finalizing Rhode Island’s FFY 2018 DSH allotment, which caused a

downward revision to the maximum FFY 2018 allotment and subsequently reduced Rhode Island’s preliminary FFY 2019 allotment. This reduction resulted in an overpayment because the enacted budget for SFY 2020 included an FFY 2019 DSH payment approximately equal to the Preliminary FFY 2019 DSH cap.

Accordingly, Rhode Island returned the federal share of this overpayment, totaling **\$210,002**, to CMS. This overpayment was subsequently recouped from each hospital with the February 7th financial cycle. The recoupment amount was allocated proportionately based on each hospital’s original payment. The “by hospital” impact is included in **Table I-3** for your reference.

Lastly, it should be noted that the FFY 2019 DSH allotment is still not final. It will be subject to one additional revision before it is finalized by CMS, so there is continued risk that it could get adjusted downward once more. If that occurs, the State will have to return additional funds to CMS.

Table I-3. SFY 2020 DSH payments including recoupments (FFY 2019 Plan Year)

| | Plan Year 2019 ¹ | Return to CMS | % of Allotment |
|-------------------------------|-----------------------------|-------------------|----------------|
| Kent Hospital | \$8,341,202 | 12,310.00 | 0.1% |
| Landmark Hospital | \$13,546,816 | 19,993.00 | 0.1% |
| Miriam Hospital | \$11,589,326 | 17,104.00 | 0.1% |
| Newport Hospital | \$6,098,423 | 9,000.00 | 0.1% |
| Rhode Island Hospital | \$56,626,145 | 83,571.00 | 0.1% |
| Roger Williams Medical Center | \$9,657,073 | 14,252.00 | 0.1% |
| St Joseph Hospital | \$8,933,869 | 13,185.00 | 0.1% |
| South County Hospital | \$4,224,852 | 6,235.00 | 0.1% |
| Westerly Hospital | \$3,307,871 | 4,882.00 | 0.1% |
| Women & Infants Hospital | \$19,967,682 | 29,469.00 | 0.1% |
| Total Payment | \$142,293,259 | 210,002.00 | |
| FFY 2019 DSH Cap (Adjusted) | \$141,893,787 | | |
| Over/(Under) Cap | \$399,472 | | |
| FMAP Rate | 52.57% | | |
| FFP Over Limit | \$210,002 | | |

SFY 2021 Uncertainty & Governor’s Budget Recommendation

EOHHS’ FY 2021 forecast includes funding for DSH at the SFY 2020 Enacted amount of \$142,301,035. Federally mandated DSH reductions, originally scheduled to impact the SFY 2021 DSH payment have been postponed an additional year under the Coronavirus Aid, Relief, and Economic Security Act (P.L. 116-136). For purposes of her FY 2021 budget recommendation, the Governor included the FY 2020 Enacted amount for DSH in FY 2021, or \$142,301,035. EOHHS’ forecast is consistent with this amount.

This remains sufficiently below the FFY 2020 preliminary unreduced DSH allotment for Rhode Island of \$143,552,110 from all funds.

C. Nursing Home Interim Payments and Recoupments

In May 2019, EOHHS began to offset contingency payments owed to the state from nursing facilities’ ongoing fee-for-service claims activity. There have been \$84.6 million in recoveries made against the \$147.7 million in contingency payments made as of March 31, 2020.

In addition, an increasing number of contingency payment cases are recoverable consistent with R.I. Gen. Laws §40-8-6.1, as the applications are no longer pending an eligibility determination, have had a claim paid for the applicant, or, the providers can bill for the applicant.

Table I-4 summarizes the total contingency payments and any recoveries against those payments.

As a reminder, at FY 2019 fiscal close, EOHHS had paid out \$136 million in contingency payments, assumed 10% of those would not be recovered (i.e. \$13.6 million), and had already recovered \$38 million. As a result of these

assumptions, EOHHS accrued an outstanding receivable of \$84.4 million. The amount assumed to be uncollectable from contingency payments made in FY 2020 are in addition to the \$13.6 million assumed for FY 2019 and prior.

COVID-19 and Temporary Suspension of Recoupments

On March 16, 2020 EOHHS communication to Nursing Home Providers that all contingency payment recoupment activity would be suspended through May 2020. EOHHS will continue to assess and extend the suspension as needed. At this moment EOHHS is not discounting its outstanding receivables associated with the contingency payments and so EOHHS recognizes that it will likely accrue a larger receivable at the end of FY 2020 than would have otherwise been the case.

Table I-4. Nursing Home Contingency Payments and Recoupments through March 31, 2020, by Case Status²

| | Interim Payments | Recovered Amount | Outstanding Amount | Individuals |
|------------------------|------------------|------------------|--------------------|-------------|
| TOTAL | \$147.67M | \$84.61M | \$63.06M | 4,388 |
| Claims Paid | \$94.19M | \$62.67M | \$31.52M | 2,929 |
| Ready to Bill | \$8.78M | \$1.23M | \$7.55M | 775 |
| Pending Eligibility | \$12.65M | \$1.56M | \$11.09M | 651 |
| Denied | \$2.90M | \$0.19M | \$2.72M | 177 |
| Prior to February 2017 | \$28.29M | \$18.92M | \$9.36M | 1,055 |

D. Modification to Hepatitis C Policy

On July 1, 2018, the Executive Office modified its pharmacy benefits policy to include all patients with documented Hepatitis C regardless of stage of disease. Given the uncertainty around how this would impact utilization of the high-cost curative treatments, the Enacted budget reflected conservative estimates for FY 2020.

In FY 2019, Medicaid’s managed care plans had completed treatment for, or were in the process of treating, approximately 630 distinct members. This level was significantly below the forecast incorporated into FY 2020 Enacted. Nonetheless, given the members with a diagnosis of Hepatitis C who had not yet been treated, the conferees adopted a reasonably conservative estimate for FY 2020 and FY 2021.

While utilization significantly increased in FY 2019 over FY 2018 following the change in policy, the submitted Stop Loss reports by the health plans support the continued decline in treated members in FY 2020 compared to FY 2019. As such, at present, EOHHS is only annualizing the MCOs reported liabilities through January 2020. This reporting supports an average of approximately 50 members in treatment per month through the first half of FY 2020, less than half of the utilization seen in the first half of SFY 2019 at nearly 115 members in treatment each month. The FY 2021 estimate maintains the Stop Loss payments, net of supplemental rebates collected by the health plans, at its FY 2020 level.

EOHHS acknowledges that with a total of 2,600 members having been diagnosed with Hepatitis C at the time of the policy change, in addition to those undiagnosed, there remains a substantial number of Medicaid members who are likely candidates for treatment. However, absent a change to the experience EOHHS is no longer maintaining its conservative estimate.

Given that Hepatitis C expenditures impact multiple budget lines, **Table I-5** summarizes the comparison of the Enacted to EOHHS’ revised Nov CEC estimate, by product line.

² Please note, interim payment activity has been updated to more accurately classify payments made prior to February 2017. In November, a portion of these were incorrectly classified into the other groupings.

Table I-5. Estimate of Hepatitis C Stop Loss Payments

| | SFY 2019: | | SFY 2020: | | | SFY 2021: | | |
|--------------------------------------|----------------------|----------------------|----------------------|---------------------|-----------------------|----------------------|---------------------|-----------------------|
| | Final | Enacted | Nov CEC | Current | Surplus/ (Deficit) | Nov CEC | Current | Surplus/ (Deficit) |
| Stop Loss Payments by Product | | | | | | | | |
| Rtite Care | \$ 1,974,226 | \$ 4,089,713 | \$ 2,875,295 | \$ 738,982 | \$2.1 M | \$ 3,222,565 | \$ 738,982 | \$2.5 M |
| RHP | 6,511,537 | 15,024,722 | 9,080,145 | 3,041,597 | \$6.0 M | 10,168,478 | 3,041,597 | \$7.1 M |
| Expansion | 6,615,766 | 17,335,565 | 9,583,481 | 5,346,287 | \$4.2 M | 10,732,548 | 5,346,287 | \$5.4 M |
| RHO | - | - | - | - | \$0.0 M | - | - | \$0.0 M |
| Stop Loss - Hepatitis C | \$ 15,101,529 | \$ 36,450,000 | \$ 21,538,921 | \$ 9,126,867 | \$12.4 M | \$ 24,123,592 | \$ 9,126,867 | \$15.0 M |

E. Non-Emergency Medical Transportation – Ambulance Rates

In January 2019, EOHHHS transitioned vendors for the State’s Non-Emergency Medical Transportation (NEMT) services. EOHHHS’ new NEMT broker, Medical Transportation Management, Inc. (MTM) provides services to Medicaid members and seniors using the State’s Elderly Transportation Program. Additionally, MTM issues RIPTA bus passes to TANF recipients.

The FY 2020 expenditures include an additional \$2.4 million to finance a \$0.67 PMPM, or 9.0%, increase in the composite rates paid to MTM. The rate increase was necessary to finance non-emergency ambulance rates provided by MTM that had not been funded in the originally contracted rates. This increase is offset by lower enrollment than assumed in the Enacted.

In her FY 2021 Recommended Budget, the Governor extends this non-emergency ambulance rate increase. While EOHHHS recommends funding this necessary rate increase to maintain the current level of service this additional expense is not reflected in our current estimate.

The overall budget for the contract is reflected in **Table I-6**.

Table I-6. Non-Emergency Transportation - Premium and Other Payments

| | SFY 2019: | | SFY 2020: | | | SFY 2021: | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | Final | Enacted | Nov CEC | Current | Surplus/ (Deficit) | Nov CEC | Current | Surplus/ (Deficit) |
| Capitation | | | | | | | | |
| Managed Care | \$ 11,208,990 | \$ 7,528,699 | \$ 7,644,277 | \$ 7,629,650 | \$0.0 M | \$ 7,143,001 | \$ 8,428,140 | (\$1.3 M) |
| Expansion | 6,951,468 | 7,668,379 | 8,180,292 | 8,115,574 | \$0.1 M | 7,679,039 | 9,016,125 | (\$1.3 M) |
| Rhody Health Partners | 3,543,825 | 3,088,892 | 3,088,892 | 3,323,561 | (\$0.2 M) | 3,131,818 | 3,496,315 | (\$0.4 M) |
| Rhody Health Options | 4,411,609 | 4,655,359 | 3,253,833 | 3,158,703 | \$0.1 M | 3,079,058 | 3,185,414 | (\$0.1 M) |
| Other FFS | 4,299,379 | 4,494,533 | 4,977,735 | 5,027,390 | (\$0.0 M) | 4,812,144 | 5,464,347 | (\$0.7 M) |
| Subtotal Medicaid Premiums | \$ 30,415,272 | \$ 27,435,862 | \$ 27,145,029 | \$ 27,254,879 | (\$0.1 M) | \$ 25,845,060 | \$ 29,590,342 | (\$3.7 M) |
| TANF and Other Adjustments | \$ (2,753,040) | \$ (1,890,202) | \$ (1,500,000) | \$ (1,500,000) | \$0.0 M | \$ (1,500,000) | \$ (1,500,000) | \$0.0 M |
| Total Medicaid | \$ 27,662,232 | \$ 25,545,660 | \$ 25,645,029 | \$ 25,754,879 | (\$0.1 M) | \$ 24,345,060 | \$ 28,090,342 | (\$3.7 M) |
| <i>Information Only (Not Included in EOHHHS' Medicaid Benefits' Caseload Testimony):</i> | | | | | | | | |
| DEA Copay | \$ 469,808 | \$ 574,988 | \$ 643,641 | \$ 624,935 | \$0.0 M | \$ 619,324 | \$ 633,637 | (\$0.0 M) |
| Elderly Transportation Program | 3,084,000 | 3,768,000 | 3,768,000 | 3,768,000 | \$0.0 M | 3,840,000 | 3,840,000 | \$0.0 M |
| Total DHS | \$ 3,553,808 | \$ 4,342,988 | \$ 4,411,641 | \$ 3,768,000 | \$0.6 M | \$ 4,459,324 | \$ 4,653,324 | (\$0.2 M) |
| Grand Total Transportation | \$ 31,216,039 | \$ 29,888,648 | \$ 30,056,670 | \$ 29,522,879 | \$0.5 M | \$ 28,804,384 | \$ 32,743,666 | (\$3.9 M) |

F. Drug Rebate and J-Code Collections

Rebates on prescriptions provided in a pharmacy (i.e. DRE) and in an outpatient setting (i.e. J-Code) significantly offset the federal and state costs of most prescription drugs dispensed to Medicaid patients. EOHHHS’ Medicaid rebate collections of approximately \$140 million each year reduce the program’s gross pharmacy spend by over 40%. **Table I-7** summarizes EOHHHS’ current DRE and J-Code invoices for FY 2019 and forecasts for FY 2020 and FY 2021.

Overall, total rebates for FY 2020 are expected to be down by \$1.1 million, including \$1.5 million GR over the Nov CEC. The revised FY 2020 forecast would have been significantly lower if it were not for \$15.6 million in additional DRE and J-Code collections from prior period collections. These resulted from improved invoicing practices by the state's fiscal intermediary that followed changes to CMS' regulatory guidelines as they pertain to rebate collections.

Table I-7. Summary of Drug Rebate Collections

| | SFY 2019: | | SFY 2020: | | | SFY 2021: | | |
|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-----------------------|-------------------------|-------------------------|-----------------------|
| | Final | Enacted | Nov CEC | Current | Surplus/ (Deficit) | Nov CEC | Current | Surplus/ (Deficit) |
| DRE | | | | | | | | |
| Managed Care | \$ (39,640,365) | \$ (40,324,448) | \$ (38,855,822) | \$ (41,008,721) | \$2.2 M | \$ (38,708,511) | \$ (41,667,752) | \$3.0 M |
| Rhody Health Partners | (36,001,321) | (37,008,840) | (38,725,735) | (31,743,431) | (\$7.0 M) | (39,018,349) | (35,554,116) | (\$3.5 M) |
| Rhody Health Options | - | - | (639,570) | - | (\$0.6 M) | (643,168) | - | (\$0.6 M) |
| Expansion | (55,031,807) | (50,736,386) | (53,634,959) | (53,371,269) | (\$0.3 M) | (53,572,149) | (58,137,451) | \$4.6 M |
| Fee-for-Service | (4,670,846) | (5,312,183) | (5,019,372) | (4,775,940) | (\$0.2 M) | (5,132,307) | (4,883,399) | (\$0.2 M) |
| Subtotal DRE | \$ (135,344,339) | \$ (133,381,857) | \$ (136,875,458) | \$ (130,899,361) | (\$6.0 M) | \$ (137,074,485) | \$ (140,242,718) | \$3.2 M |
| J-Code | | | | | | | | |
| Managed Care | \$ (1,732,376) | \$ (3,157,011) | \$ (3,223,750) | \$ (5,710,359) | \$2.5 M | \$ (3,215,406) | \$ (2,864,646) | (\$0.4 M) |
| Rhody Health Partners | (899,337) | (1,529,987) | (1,092,111) | (1,247,295) | \$0.2 M | (1,097,866) | (1,397,028) | \$0.3 M |
| Rhody Health Options | - | - | (51,578) | - | (\$0.1 M) | (51,868) | - | (\$0.1 M) |
| Expansion | (1,673,396) | (2,490,335) | (2,077,104) | (4,450,321) | \$2.4 M | (2,073,960) | (2,781,647) | \$0.7 M |
| Fee-for-Service | (1,366,744) | (1,154,012) | (1,486,834) | (1,397,495) | (\$0.1 M) | (1,520,287) | (1,428,939) | (\$0.1 M) |
| Subtotal J-Code | \$ (5,671,853) | \$ (8,331,345) | \$ (7,931,376) | \$ (12,805,471) | \$4.9 M | \$ (7,959,388) | \$ (8,472,261) | \$0.5 M |
| Total Rebates | \$ (141,016,191) | \$ (141,713,202) | \$ (144,806,835) | \$ (143,704,832) | (\$1.1 M) | \$ (145,033,872) | \$ (148,714,979) | \$3.7 M |
| Quarterly Rebate Offset | \$ 1,932,908 | \$ 1,932,908 | \$ 1,932,908 | \$ 2,000,000 | (\$0.1 M) | \$ 2,000,000 | \$ 2,000,000 | \$0.0 M |
| General Revenue | | \$ (43,284,705) | \$ (43,749,582) | \$ (42,297,439) | (\$1.5 M) | \$ (44,279,247) | \$ (43,873,332) | (\$0.4 M) |

With respect to its current estimates, EOHHS derived its rebate forecast by dividing the average quarterly rebate amounts invoiced to the drug manufacturers over the prior 12 months by the average managed care enrollment for the same periods. The resulting PMPM multiplier, calculated by product line, was then applied to EOHHS' revised enrollment forecast for FY 2020 and FY 2021. As such the increase in collections in FY 2021 over FY 2020 is tied to the caseload increase related to COVID-19. If actual caseload is significantly lower or higher than presently estimated, EOHHS would anticipate a marginal change in the volume of rebates collected as well.

In addition to the rebates that are directly collected by EOHHS' fiscal intermediary, the health plans also maintain their own financial arrangements with pharmaceutical manufacturers. For example, in FY 2019 the health plans collected \$13.5 million in supplemental rebates. These rebates are reflected in the health plans' medical experience used to establish their capitation rates.

G. 1115 Waiver Renewal

Institutions of Mental Disease (IMDs) are inpatient facilities of more than 16 beds that have patient rosters in which 51% or more of the people have severe mental illness. Federal financial participation is not available for services provided in these settings to people between the ages of 22 and 64 years even if they are otherwise Medicaid eligible; this is known as the IMD exclusion. EOHHS sought a waiver of the IMD exclusion for people that have mental health or substance use disorders (SUD). A waiver of the IMD exclusion was granted for only those people that have substance use disorders. EOHHS continues to work with CMS to secure the waiver of the IMD exclusion for people needing treatment for mental health disorders.

The November CEC estimate included **\$0.6 million** all funds for SUD residential services at IMD facilities in FY 2020 and **\$1.2 million** in FY 2021. These expenditures were included in the **Other Services** budget line and based on historical BHDDH block grant expenditures. However, updated BHDDH analysis indicates that only about 10% of these expenditures were made on behalf of Medicaid-eligible individuals. Given this information, we do not anticipate any material Fee-for-Service spending on this population as the MCOs now have the authority to cover

up to a statewide 30-day average, and this is funded in the existing MCO rates. The only spending would be for Expansion individuals in their pre-enrollment period, but this would be immaterial.

H. Opioid Treatment Program – Medicare Coverage for Duals

As of January 1, 2020, Medicare will reimburse for Opioid Treatment Programs (OTP) through bundled payments for opioid use disorder treatment services, including medication-assisted treatment, toxicology testing, and counseling services for individuals enrolled in Medicare.³

In recognition of this benefits change to Medicare, EOHHS takes savings of \$4.9 million in FY 2021 for the costs for these services provided to dually eligible members across Rhody Health Options and Fee-for-Service. Despite the mid-year effective date, no adjustment was made to the base experience to potential savings in FY 2020.

I. Accountable Entities and Health System Transformation Project

On July 11, 2018 EOHHS submitted a request to the CMS for an extension of the current Medicaid 1115 Waiver which took effect January 1, 2019 and will end on December 31, 2023. Approval of the Medicaid 1115 Waiver, granted on December 20, 2018, continued all current authorities with some changes essential to successfully transform the Medicaid program. The Medicaid 1115 Waiver Extension also increased Federal participation by an additional \$100 million bringing the total spend available to at least \$240 million. The Medicaid 1115 Waiver grants authority for the establishment of a Health Workforce Partnership with Rhode Island's public higher education institutions and restricts the uses of the funding to the establishment of value-based payment models through provider networks called Accountable Entities (AE).

Transitioning the Medicaid program from fee-for-service to a value-based payment model is necessary to continue to improve quality and reduce cost. Value-based payment models reward quality, population health outcomes and cost efficiency and enable innovative and more holistic models of care delivery that encourage meaningful partnerships between payers and providers. The Health System Transformation Project (HSTP) seeks to achieve these goals with investments in workforce transformation through the three institutes of higher education and the Rhode Island Department of Labor and Training; through the establishment of AEs that are integrated provider networks responsible for the total cost of care as well as the healthcare quality and clinical outcomes of an attributed population; and through centralized infrastructure investments that seek to address and support interventions aimed at Behavioral Health and Social Determinants of Health.

Total Cost of Care & Incentive Funds

Participation in the program requires that our MCO partners enter into Total Cost of Care (TCOC) contracts with AEs that set benchmarks for performance. In the first two years of the program, AEs were in shared savings-only TCOC contracts with the MCOs and were insulated from financial losses through the incentive funds that supported the newly formed networks with financial incentives, if programmatic and outcome-based milestones were met. The incentives enabled infrastructure and capacity building so the AEs could better serve their attributed population and integrate operationally with the MCO's.

Assumption of Downside Risk – Program Year 3 and Beyond

Beginning in program year three (FY 2021), those non-FQHC AEs that are able to assume financial risk, will be required to enter into TCOC contracts that include both shared savings and downside risk sharing with downside risk set at 1% of TCOC with a maximum of 3% provider revenue at risk; this will increase to a total of 4% downside risk by program year six. AEs in risk-based contracts will receive at least 60% of the Shared Savings Pool and will be responsible for 30% of Shared Losses. AEs that do not achieve their quality benchmarks will receive a reduction in the amount of shared savings they were qualified to earn. Due to state considerations, AEs that are Federally

³ Source: <https://www.medicaid.gov/sites/default/files/Federal-Policy-Guidance/Downloads/cib121719.pdf>

Qualified Health Centers (FQHC) are unable to put their prospective payments at risk and can only enter into shared-savings contracts, eligible for 50% of the shared-savings pool.

Move Towards Outcomes – Program Year 3 and Beyond

Also beginning in program year three, incentive funds will no longer be tied to milestones aimed at infrastructure and capacity building and will instead be tied to specific milestone achievements aimed at supporting relationships with behavioral health providers, substance use disorder providers and community-based organizations that address social determinants of health (20% of pool). In addition, incentive funds in program year three will also be tied to outcomes metrics (35% of pool). The remaining incentive funds will be earned by joint MCO-AE project-based performance measures and must include some measures that focus on behavioral health integration and addressing Social Determinants of Health (45% of pool). With the onset of COVID-19, EOHHS is analyzing whether changes to these requirements are necessary.

J. FY 2020 Budget Initiatives

As outlined in **Attachment 2**, all budget initiatives have been achieved, except the anticipated expansion of Rite Share, which EOHHS is no longer projecting to achieve this fiscal year. The Rite Share program has experienced system enhancements, including enabling employer renewals (March 2019) and Medicaid Expansion participation (September 2019), but Medicaid continues to see a decline in participation. With the anticipation of increasing unemployment, EOHHS does not reasonably expect any increase in participation through the end of the current or next fiscal year.

Additionally, while the initiative to transition the full cost of the FQHC PPS wrap payment into EOHHS' capitated payments to the health plans was completed in FY 2020, utilization and expenditures for FQHCs continue to increase and exceed the underlying trends applied to the certified rates. As such, EOHHS is not projecting any realized savings for the initiatives.

K. HIF Moratorium and Repeal

On December 20, 2019, the President signed H.R.1865, the Further Consolidated Appropriations Act, 2020, that includes the repeal of the HIF for calendar years beginning after December 31, 2020. This eliminates the fee for 2021 based on calendar year 2020 premiums. MCOs must still make a payment in September 2020 based on calendar year 2019 premiums.

In previous testimony, EOHHS stated that based on both CMS guidance and IRS policy, that this liability could be budgeted in either FY 2020 (because the fee is based on CY2019 premiums) or in FY 2021 (because the fee is to be paid in September 2020). The November Adopted estimate assumed the fee would be funded in FY 2021, and this testimony maintains that assumption. EOHHS' accounting is consistent with the health plans' approach in so far as the MCOs typically recognize this liability in the year in which it is due. For example, most health plans appear to have recognized the liability for the health insurer fee due on September 2018 in their 2018 NAIC filing, not as an accrual in 2017, although the fee was assessed against the plans' 2017 experience. The State's controller and Auditor General are aware of this approach.

Based on CY 2019 activity and expected fee rate, EOHHS estimates that the annual liability, included in the FY 2021 forecast, will be \$16.9 million, including \$5.7 million GR. Operationally, EOHHS will revise its FY 2020 rates to incorporate this HIF liability and making a lump sum payment to MCOs prior to September 2020.

If possible, EOHHS will leverage the additional 6.2% increase to the FMAP that is associated with the COVID-19 emergency period; but at this time EOHHS is not assuming the potential of this approximate \$0.7 million in general revenue relief.

L. Enhanced FMAP Rate

On March 18, 2020, the President signed into law the Families First Coronavirus Response Act (Pub. L. 116-127). Section 6008 of the law provides a temporary 6.2 percentage point increase to the Federal Medical Assistance Percentage (FMAP) under section 1905(b) of the Social Security Act, effective beginning January 1, 2020 and extending through the last day of the calendar quarter in which the public health emergency declared by the Secretary of Health and Human Services terminates.

EOHHS estimates assume the public health emergency will end prior to July 1, 2020 and so reflects two quarters of general revenue relief in FY 2020 but no relief in FY 2021.

The enhanced rate does not apply to the Expansion FMAP rate (presently at 90%) or the Family Planning FMAP (also at 90%). However, it does apply to CHIP expenditures. Based on the formulary for calculating the states' CHIP Enhanced FMAP, Rhode Island will get an additional 4.34% general revenue relief for CHIP expenditures claimed during the emergency period.

Table I-8 summarizes EOHHS' estimate of the additional federal support in FY 2020 from the temporary increase to Rhode Island's FMAP.

Table I-8. Enhanced Federal Financial Participation available under Families First Coronavirus Response Act

| Budget Line | Monthly All Funds Equivalent Eligible for | | FY 2020 General Revenue Relief over Jan-Jun 2020 |
|--------------------------|---|---------------|--|
| | Enhanced FFP [1] | Enhanced FMAP | |
| Hospitals - Regular | \$ 3,798,350 | 6.20% | \$ 1,412,986 |
| Hospitals - DSH [2] | n/a | n/a | n/a |
| Nursing and Hospice Care | 28,512,193 | 6.20% | 10,606,536 |
| Home and Community Care | 6,645,339 | 6.20% | 2,472,066 |
| Managed Care | | 6.20% | |
| Regular | 45,231,285 | 6.20% | 16,826,038 |
| CHIP | 8,279,741 | 4.34% | 2,156,044 |
| Rhody Health Partners | 21,597,470 | 6.20% | 8,034,259 |
| Rhody Health Options | 11,275,070 | 6.20% | 4,194,326 |
| Expansion | n/a | n/a | n/a |
| Pharmacy | (9,813) | 6.20% | (3,650) |
| Clawback [3] | 11,045,775 | 6.20% | 4,109,028 |
| Other Services | 9,904,388 | 6.20% | 3,684,432 |
| Subtotal | \$ 146,279,797 | | \$ 53,492,066 |

Notes:

1. Amounts reflect All Funds that would be eligible for enhanced FFP, i.e. excluding Expansion and Family Planning spending. The resulting monthly amount is discounted by 5% (10% in case of clawback).
2. The Hospital DSH payment was made in July 2019 and therefore ineligible for the enhanced FFP.
3. EOHHS' budget reflects only the general revenue cost of the clawback. This amount is being grossed up to reflect the federal share as well.

At this point, EOHHS assumes no enhanced FMAP for any portion of FY 2021. However, so long as the emergency period extends into a single day within the subsequent quarter, Rhode Island would be eligible for the enhanced rate for the entire quarter. This increase would need to be weighed against the likely additional cost associated with not terminating any individuals as a continued requirement for accessing the higher FMAP.

Additionally, even if the COVID-19-related public health emergency period is terminated, it is not unreasonable to expect that the federal government will pass some other form of an enhanced FMAP to compensate states during a potential recession and depressed revenues. For example, between October 2008 and June 2011, Congress appropriated an additional \$100 billion for Medicaid (P.L. 111-5 §5001, as amended by P.L. 111-226 §201). During

these eight quarters, all states received a hold harmless to prevent any decline in regular FMAP rates and an across-the-board increase of 6.2 percentage points until the last two quarters of the period, at which point the across-the-board percentage point increase phased down to 3.2 and then 1.2, with certain qualifying states receiving an additional unemployment-related increase.

M. Caseload Growth and Trend Development

Through March 2020, EOHHS had observed annualized enrollment trends below the negative trend adopted by the conferees in November. Rhode Island’s recent experience was consistent with national declines, with national Medicaid and CHIP enrollment declining from 74.6 million to 72.3 million during the 18-month period between December 2017 and June 2019; a change that is equivalent to a negative 2.1% annual trend. Comparatively, over the past 24-months, Rhode Island experienced an average annual decline of 3.4% through March 2020.

Overall Medicaid enrollment had declined by nearly 33,000 members, from a peak of 323,141 in June 2017 to a recent low of 290,217 in February 2020. An additional 4,500 members were expected to lose eligibility on April 30, 2020 as part of further optimization of RI Bridges processes and the continued reconciliation of RI Bridges and MMIS.

Table I-9 summarizes Rhode Island’s most recent 2-year and 12-month annualized trends by managed care program and, overall, by population group. The table also summarizes, in contrast to the recent negative trends, the effective trends that EOHHS is applying prospectively for the development of its revised FY 2020 and FY 2021 forecasts.

Table I-9. Current Annual Trends for Enrollment Activity through March 31, 2020

| | 2-Year Annual Trend ¹ | Current Annual Trend ² | Forecast ³ |
|----------------------------------|-------------------------------------|---|-----------------------|
| Managed Care | | | |
| Rite Care Core | -3.7% | -6.5% | 18.3% |
| Rite Care CSHCN | -3.0% | 1.4% | 11.6% |
| Expansion | -4.6% | -3.8% | 23.8% |
| Rhody Health Partners | -2.1% | -2.0% | 10.6% |
| Rhody Health Options Phase II | -1.9% | -14.3% | 11.6% |
| PACE | 6.8% | 8.4% | 9.6% |
| Rite Share | -26.8% | -28.5% | 1.2% |
| All Managed Care (excl. RHO I) | -3.8% | -5.7% | 18.8% |
| Overall: | | | |
| Children and Families | -4.1% | -6.0% | 18.9% |
| Children with Special Healthcare | -2.6% | 0.4% | 11.3% |
| Expansion | -2.9% | -1.2% | 23.1% |
| Aged, Blind, and Disabled | -2.6% | -2.3% | 9.5% |
| All Eligibility Groups | -3.4% | -3.9% | 18.0% |

Note.

1. Reflects average annualized trend over past 24 months through 3/31/2020.
2. Trend reflects activity for 12-months through 3/31/20200.
3. Forecast reflects effective annual trend applied beginning 4/1/2020.

Estimating the Impact of COVID-19 on Medicaid

The onset of the COVID-19 global pandemic and resulting economic fallout has led EOHHS to discard its prior assumptions around the applicability of past trends to the last quarter of FY 2020 and entirety of FY 2021. As of April 10, 2020, over 130,000 Rhode Islanders had filed for unemployment, representing 20% of the workforce. **Table I-10** summarizes various projections of unemployment, with the most recently available Rhode Island-specific estimate from IHS Markit. While national projections on peak unemployment vary widely and change week-to-week, they uniformly reflect a significant increase over the unemployment rate of 3.5% for Rhode Island during the first quarter of CY 2020.

Table I-10. Projected Unemployment Rates, Various Sources

| Source | Projected Unemployment Rate | Date of Projection |
|---------------------------|------------------------------|--------------------|
| IHS Markit (RI Specific) | 10.8% - Peak in Oct-Dec 2020 | 14 |
| Goldman Sachs | 15.0% | 3/31 |
| Morgan Stanley | 15.7% | 4/3 |
| St. Louis Federal Reserve | 32.1% | 3/30 |

In reviewing the literature and econometric models as well as speaking with colleagues in other State Medicaid programs, the only consensus seems to be the significant uncertainty around the immediate short-term impact of COVID-19 on utilization and the long-term impact that a recession of indeterminate length will have on Medicaid caseloads.

Both nationally and regionally, the historical link between unemployment and Medicaid enrollment is not particularly strong, and changes in unemployment rates are generally a weak predictor of short-term changes in caseloads and overall expenditures. For example, during the 2008 Recession, Rhode Island’s Medicaid enrollment initially declined and only increased significantly, by 20,000 members, between 2010 and 2012 when the state’s unemployment rate stabilized at the high rate of 11%. More recent experience in Rhode Island, further discredits the presumption that there is a tight countercyclical relationship between the economy and Medicaid caseload. For example, Rhode Island’s Medicaid caseload grew by nearly 10% in 2017 during a period of stable economic growth and low unemployment in the state. Of course, this observation of increasing caseload during a period of stable economic growth is confounded by the extent that UHIP-related disruptions impacted overall enrollment.

However, COVID-19 is the first major economic shock to occur since Rhode Island expanded Medicaid eligibility to childless adults, so it is possible that the link between unemployment and overall caseload may be more closely correlated now than in the past. The degree of Medicaid take-up will ultimately depend on many factors, but with the unprecedented numbers of individuals becoming unemployed it is reasonable to assume that many will ultimately enroll in Medicaid.

The magnitude of the impact of COVID-19 and the associated economic shock on Rhode Island’s Medicaid caseload and expenditures is generally consistent with independent forecasts.

For example, on April 3, 2020, Health Management Associates (HMA) released low, medium, and high enrollment forecasts to correspond to increasingly pessimistic unemployment rates. Additionally, its analysis included the impact of the requirement contained in the Families First Coronavirus Response Act to cease all termination/disenrollment during the period of the public health emergency in order to receive the enhanced FMAP. HMA estimated Rhode Island enrollment increases between **38,000 and 84,000** members in SFY 2021. The EOHHS forecast reflects a peak increase of 58,353 members in September 2020 compared to the most recent actuals for March 2020. However, if the period in which Rhode Island cannot effectuate any terminations is extended this could grossly understate overall caseload growth and average enrollment for FY 2021.

Additionally, on April 14, 2020, Moody’s Analytics released state-level “COVID-19 stress tests” to measure the fiscal shock to each state as a result of COVID-19. Its public report did not include enrollment estimates nor details around their regression’s confidence intervals, but Moody’s estimated the general fund impact of the enrollment increases in Rhode Island to be between **\$125 million GR** and **\$142 million GR** for FY 2021. Although the confidence intervals of these estimates and the baseline from which Moody’s is calculating the increase is not

clear, EOHHS' current estimate for FY 2021 reflects an increase of \$149.0 million GR over FY 2020 spending levels and a deficit of \$107.7 million GR against the prior consensus estimate for FY 2021 (although \$30.3 million GR of deficit is attributed to raising DSH to the State's statutory limit).

The HMA and Moody reports are included in **Attachment 7**.

Enrollment magnitude, trend, and shape of economic recovery determine the fiscal impact of COVID-19

EOHHS modeled low, medium, and high enrollment scenarios, roughly corresponding to the assumed shape of the eventual economic recovery. For its testimony, EOHHS selected the medium enrollment scenario, that corresponds to an assumed "U-Shaped" recovery.

All models assume that the 6.20% and 4.34% increases to regular Medicaid and CHIP expenditures will not continue into SFY 2021, and that the federal regulation preventing the termination of any Medicaid members (except in the case of death, moving out of state, or self-attestation) will be lifted in July 2020 and that clean-up related to the lapse in termination activity will be completed by November 2020.

The significant variance in assumptions underlying the scenarios and underlying fiscal impact are summarized in **Table I-11** with a visual representation of the overall caseload variance presented in **Figure I-1**.

EOHHS' selected scenario assumes an immediate and significant increase of 10% in Medicaid caseload in May and June followed by a further increase of 5% through the first quarter of FY 2021. An additional increase in caseload is attributed to current federal regulation that temporarily prevents Medicaid programs that access the additional federal financing from terminating members for the duration of the COVID-19 emergency period. After reviewing monthly termination activity over the past several years EOHHS estimates that this necessary moratorium on terminations will result in an additional 6,000 members per month retaining coverage through June 2020.

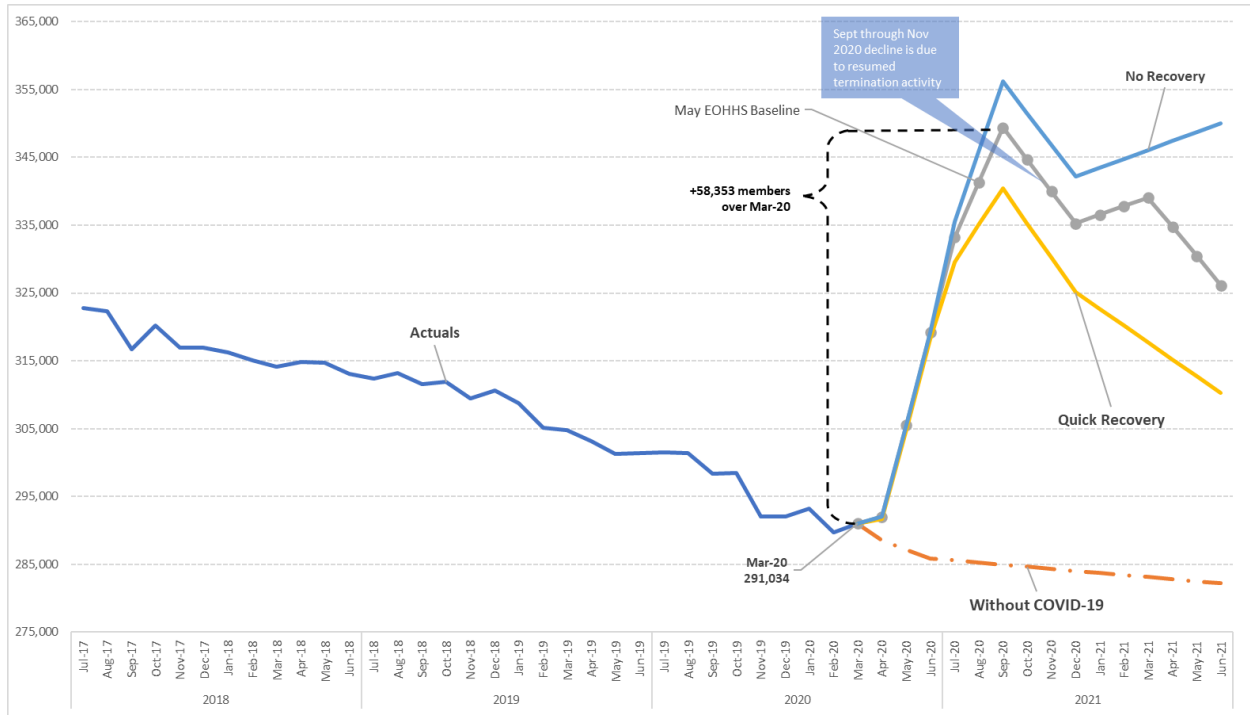
In addition to these stepwise increases to Rhode Island's Medicaid caseload, EOHHS has applied an annualized 5.0% trend to its Rite Care and Expansion populations. A lower 2.5% trend to the Children with Special Healthcare Needs and the Aged, Blind and Disabled populations in recognition that enrollment within these population groups is more stable and less sensitive to economic changes.

EOHHS assumes that it will resume renewal activity beginning in July with the buildup of an additional 18,000 members being fully terminated by November 2020 as the renewal periods are pushed out. A further downward adjustment will occur in the final quarter of FY 2021 as the immediate surge in enrollment that is expected to occur between May and September 2020 begins to taper off. For its baseline model, EOHHS assumes 50% of this original increase will lose eligibility as the state economy rebounds.

Table I-11. Comparison of COVID-19 Scenarios

| | Without COVID-19 Hypothetical | V-Shaped Recovery | Delayed U-Shaped Recovery | No Recovery |
|-------------------------------------|----------------------------------|--|---|-------------------------------------|
| Growth Factor | -1.4% | 3.5% | 5.0% | 5.0% |
| Enrollment Surges | n/a | 5.0% in FY20 Q4 5.0% in FY21 Q1 | 5.0% in FY20Q4 7.5% in FY21Q1 | 5.0% in FY20 Q4 10.0% in FY21 Q1 |
| Recovery | n/a | 75% of surge eliminated over Q3 and Q4 of FY2021 | 50% of surge eliminated over Q4 of FY21 | no Recovery |
| Average Enrollment | FY 20: 293,283 FY 21: 283,892 | FY 20: 297,729 FY 21: 324,543 | FY 20: 297,891 FY 21: 337,395 | FY 20: 297,891 FY 21: 346,550 |
| | Member Months: 6,926,097 | Member Months: 7,467,267 | Member Months: 7,623,424 | Member Months: 7,733,289 |
| Peak Enrollment in FY21 | 285,583 (July 2020) | 340,440 +49,406 over Mar-20 | 349,387 +58,353 over Mar-20 | 356,221 +65,187 over Mar-20 |
| FY20 Surplus/(Deficit) over Nov CEC | \$11.0M GR | \$36.3M GR | \$36.0M GR | (\$36.0M) GR |
| FY21 Surplus/(Deficit) over Nov CEC | \$10.9M GR | (\$85.7M) GR | (\$107.4) GR | (\$122.2M) GR |

Figure I-1. Current Forecast compared to alternative scenarios and “without COVID-19” trends



Estimating an Alternative to EOHHS’ Forecast

In the past the conferees have requested EOHHS provide alternative estimates assuming different trend factors. A simplified caseload model is provided in the testimony’s backup Excel workbook that will allow the conferees to estimate the relative impact of adjustments to the surges in enrollment, changes to underlying trends, and alternative price factors against EOHHS’ own estimate.

Alternatively, the conferees can manually estimate the fiscal impact on EOHHS’ forecast by calculating the costs associated with a marginal increase or decrease in the number of member months paid for by Medicaid. To assist the conferees, **Table I-12** consolidates discrete information included in multiple tables within the subsequent sections. The PMPM in the table reflects the composite monthly premium for each product line. The FY 2020 rates have been actuarially certified and entered into the contracts with each of the plans; as such, these rates cannot be reasonably amended by the conferees without assuming a significant change in the mix of enrollees within a product for the remaining months of the fiscal year. The FY 2021 rates, however, remain estimates based upon the current enrollment mix and a preliminary review of the trends exhibited in the base experience that will be used to develop the rates.⁴

⁴ Exceptions are: Rite Smiles rates that reflect the preliminary rates issued as part of RFP; the transportation brokers presently reflect the rates included in the multi-year contract with MTM but exclude the FY2020 rate increase for ambulances; and, Medicare Premium Payment payments that reflect estimates rates published by FFIS.

Table I-12. FY 2019 Actuals Compared to May EOHHS Forecasts for FY 2020 and FY 2021, with Caseload and Price Trends

| | Monthly Enrollment: | | | PMPM: | | | Caseload Trend: | | Price Trend: | |
|---|---------------------|----------------|----------------|------------------|------------------|------------------|-----------------|--------------|--------------------|--------------------|
| | 2019 | 2020 | 2021 | 2019 | 2020 | 2021 | 19→20 | 20→21 | 19→20 ¹ | 20→21 ² |
| Full Benefits: | | | | | | | | | | |
| Rite Care Core | 155,648 | 148,981 | 169,511 | \$ 244.96 | \$ 269.20 | \$ 278.80 | -4.3% | 13.8% | 9.9% | 3.6% |
| Rite Care CSHCN | 9,635 | 9,696 | 10,598 | \$ 970.46 | \$ 1,001.28 | \$ 1,088.58 | 0.6% | 9.3% | 3.2% | 8.7% |
| Expansion | 71,658 | 70,630 | 80,130 | \$ 505.46 | \$ 558.39 | \$ 632.71 | -1.4% | 13.5% | 10.5% | 13.3% |
| Rhody Health Partners | 14,677 | 14,709 | 15,690 | \$ 1,462.45 | \$ 1,609.70 | \$ 1,783.71 | 0.2% | 6.7% | 10.1% | 10.8% |
| Rhody Health Options (Phase II) | 14,720 | 13,980 | 14,296 | \$ 719.87 | \$ 830.60 | \$ 816.37 | -5.0% | 2.3% | 15.4% | -1.7% |
| PACE | 304 | 337 | 361 | \$ 3,738.64 | \$ 3,870.64 | \$ 3,988.27 | 10.9% | 7.0% | 3.5% | 3.0% |
| Rlte Share ³ | 4,306 | 3,252 | 3,005 | \$ 51.67 | \$ 55.20 | \$ 57.67 | -24.5% | -7.6% | 6.8% | 4.5% |
| Subtotal | 270,947 | 261,585 | 293,591 | \$ 432.25 | \$ 481.78 | \$ 513.53 | -3.5% | 12.2% | 11.5% | 6.6% |
| Other Capitated Arrangements: | | | | | | | | | | |
| Rite Smiles | 113,291 | 112,474 | 130,544 | \$ 19.12 | \$ 19.27 | \$ 19.70 | -0.7% | 16.1% | 0.8% | 2.2% |
| Rite Care EFP | 1,274 | 1,770 | 2,088 | \$ 21.87 | \$ 16.41 | \$ 16.98 | 39.0% | 17.9% | -25.0% | 3.5% |
| SOBRA Payments ^{4,5} | 4,977 | 4,827 | 5,513 | \$ 11,316 | \$ 12,469 | \$ 12,906 | -3.0% | 14.2% | 10.2% | 3.5% |
| Non-Emergency Transportation ⁶ | 298,088 | 286,470 | 318,921 | \$ 8.63 | \$ 8.11 | \$ 7.90 | -3.9% | 11.3% | -6.1% | -2.6% |
| Medicare Premium Payment: | | | | | | | | | | |
| Medicare Part A/B ⁷ | 39,106 | 40,910 | 42,616 | \$ 156.84 | \$ 151.01 | \$ 158.61 | 4.6% | 4.2% | -3.7% | 5.0% |
| Medicare Part D | 37,549 | 36,820 | 37,557 | \$ 154.93 | \$ 158.58 | \$ 165.17 | -1.9% | 2.0% | 2.4% | 4.2% |

Notes:

1. For FY 2020, EOHHS transitioned FQHC PPS Wrap Payments in-plan and increased Inpatient and Outpatient hospital rates by 7.2%.
2. For FY 2021, the rates include 3.5% price factor, but do not include funding of the anticipated \$15.6 million HIF payments.
3. Rite Share PMPM includes employee premium payments only and does not include wrap-around payments.
4. One of the Medicaid Managed Care health plans is 11-months behind in submitting SOBRA claims and so FY 2019 remains an estimate based on preliminary reporting by that health plan.
5. SOBRA Payments reflect annual estimate and not monthly average.
6. Non-Emergency Medical Transportation includes enrollment of DEA Copay clients funded by Department of Elderly Affairs.
7. Medicare Part A/B premium does not reflect unique individuals. Rather it includes total premium payments for those in either Part A and/or Part B. Approximately 1,150 are enrolled in Part A.

II. Managed Care

| | | Managed Care | |
|----------------|-----------------------------|------------------------|-----------------------|
| | | All Funds | General Revenue |
| FY 2018 | Final | \$710,018,221 | \$304,374,924 |
| FY 2019 | Final | \$707,261,206 | \$300,052,866 |
| FY 2020 | Enacted | \$747,685,347 | \$324,386,392 |
| | November CEC | \$719,000,000 | \$309,870,159 |
| | Current | \$733,871,851 | \$295,024,171 |
| | <i>Deficit over Nov CEC</i> | <i>(\$14,871,851)</i> | <i>\$14,845,989</i> |
| FY 2021 | November CEC | \$740,000,000 | \$323,757,701 |
| | Current | \$853,526,648 | \$374,347,608 |
| | <i>Deficit over Nov CEC</i> | <i>(\$113,526,648)</i> | <i>(\$50,589,908)</i> |

The revised forecast of \$733.9 million for FY 2020 reflects a deficit of \$14.9 million over the Nov CEC. Overall, EOHHS forecasts an average fiscal year enrollment of 171,150 Rite Care eligible members in FY 2020, a reduction of 278 members compared to the conferees adopted forecast. This includes: 158,667 members enrolled in Rite Care Core/CSHCN, 3,252 enrolled in Rite Share, and an average of 9,442 remaining in fee-for-service each month.

For FY 2021, EOHHS forecasts spending of \$853.5 million from all sources, a \$113.5 million deficit compared to Nov CEC. This 16.2% increase over the revised FY 2020 forecast assumes a 23,181 increase in caseload over the Nov CEC with an average enrollment of 194,331. This includes 180,110 members enrolled in Rite Care, 3,005 enrolled in Rite Share, and an average of 11,400 remaining in fee-for-service each month.

Table II-1 summarizes all expenditures by capitated payments by product line to the health plans as well as various fee-for-service payments. EOHHS' revised average caseload forecast and a comparison to prior estimates is summarized in **Table II-2** and the forecast for the number of births and NICU stays are presented in

Table II-3.

Additional month-by-month detail is provided in **Attachment 5a** and **Attachment 5b**. **Table II-4** reflects a variance analysis of the changes between EOHHS' current forecast and the enacted budget for FY 2020 over FY 2019. **Table II-7** and **Table II-8** identify changes to total CHIP and EFP claiming activities that provide general revenue savings through enhanced federal claiming. The average monthly Rite Care and Rite Smiles capitation rates paid to the health plans are summarized in **Table II-5** and **Table II-6**. The FY 2020 forecast assumes a 4.0% price increase.

Managed Care Highlights – FY 2020

- Overall, the managed care forecast reflects a \$14.9 million increase when compared to the Nov CEC. This increase consists of a total increase of \$12.9 million for plan payments and an overall increase of \$2.0 million for other plan expenses.
- The primary drivers of the increase over the Nov CEC are:
 - a \$18.1 million increase in the health plan's estimated Risk Share liability based on reporting through January that was discounted to account for lower utilization in the final quarter of the fiscal year
 - a \$1.3 million increase for Rite Care CSHCN related to an additional 125 members enrolled
 - a \$4.1 million increase in NICU expenditures and \$2.9 million increase in other FFS expenditures
- These increases are partially offset by:

- a \$4.6 million favorable increase in rebate collections associated with the full implementation of DXC's processing of prior period claiming
- a \$2.1 million improvement in the health plans' Hepatitis C Stop Loss reporting
- The EOHHS' CHIP claiming continues to improve with EOHHS expecting to access nearly all of the block grant appropriated for Rhode Island this fiscal year
- The enhanced FMAP associated with the COVID-19 emergency period provides \$19.0 million in GR relief against this budget line in FY 2020, including \$2.2 million in additional CHIP relief

Managed Care Highlights – FY 2021

- Overall, the managed care forecast reflects an \$113.5 million increase in spending when compared to the Nov CEC and a \$119.7 million increase, or 16.3%, over EOHHS' current FY 2020 estimate
- This increase of Nov CEC consists of \$107.7 million in additional Payments to Plans offset by a \$5.8 million reduction in Other Payments.
- The primary drivers of the increase in spending are:
 - an increase of 23,416 average enrollees in Rite Care Core/CSHCN results in increase premium payments of \$84.2 million in the Rite Care and a \$3.7 million increase in Rite Smiles
 - deliveries are estimated to be up resulting in increased SOBRA expenditures of \$8.8 million
- Partially offsetting these changes are:
 - a reduction in Hepatitis C Stop Loss payments of \$2.5 million by carrying forward the revised FY 2020 estimate with no increase
 - an improvement of \$2.6 million to rebate collections

Table II-1. Summary of Managed Care Expenditures

| | SFY 2019: | | SFY 2020: | | | SFY 2021: | | |
|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | Final | Enacted | Nov CEC | Current | Surplus/ (Deficit) | Nov CEC | Current | Surplus/ (Deficit) |
| Payments to Plans | | | | | | | | |
| Rite Care Core | \$ 451,278,914 | \$ 501,694,386 | \$ 482,966,232 | \$ 478,856,763 | \$4.1 M | \$ 490,604,057 | \$ 566,024,479 | (\$75.4 M) |
| EFP Only | 334,261 | 403,868 | 255,701 | 348,614 | (\$0.1 M) | 265,771 | 425,526 | (\$0.2 M) |
| SOBRA | 50,582,520 | 50,895,203 | 53,717,615 | 53,044,275 | \$0.7 M | 53,971,614 | 62,734,581 | (\$8.8 M) |
| Rite Care CSHCN | 110,718,845 | 116,967,246 | 114,587,247 | 115,915,298 | (\$1.3 M) | 116,372,113 | 138,100,756 | (\$21.7 M) |
| Rite Smiles | 25,998,605 | 28,859,310 | 26,102,356 | 26,009,535 | \$0.1 M | 27,085,214 | 30,754,318 | (\$3.7 M) |
| Risk Share | (397,787) | - | - | 18,130,420 | (\$18.1 M) | - | - | \$0.0 M |
| Stop Loss | 4,816,025 | 6,589,713 | 5,375,295 | 3,597,532 | \$1.8 M | 5,722,565 | 3,238,982 | \$2.5 M |
| Stop Loss - Hepatitis C | 1,974,226 | 4,089,713 | 2,875,295 | 738,982 | \$2.1 M | 3,222,565 | 738,982 | \$2.5 M |
| Stop Loss - Other | 2,841,799 | 2,500,000 | 2,500,000 | 2,858,550 | (\$0.4 M) | 2,500,000 | 2,500,000 | \$0.0 M |
| Health Insurer Fee | - | - | - | - | \$0.0 M | 7,432,145 | 7,369,409 | \$0.1 M |
| Withhold and Incentives | 7,735,519 | 6,719,643 | 2,967,799 | 2,989,814 | (\$0.0 M) | 2,990,448 | 3,529,026 | (\$0.5 M) |
| Subtotal Payments to Plans | \$ 651,066,903 | \$ 712,129,369 | \$ 685,972,245 | \$ 698,892,251 | (\$12.9 M) | \$ 704,443,928 | \$ 812,177,077 | (\$107.7 M) |
| Other Payments: | | | | | | | | |
| Rite Share | \$ 2,669,469 | \$ 2,592,995 | \$ 2,914,422 | \$ 2,154,043 | \$0.8 M | \$ 3,617,330 | \$ 2,079,465 | \$1.5 M |
| Premium Assistance Program | 117,810 | 49,218 | 78,085 | 71,444 | \$0.0 M | 79,890 | 61,370 | \$0.0 M |
| Non-Emergency Transportation | 11,208,990 | 7,528,699 | 7,644,277 | 7,629,650 | \$0.0 M | 7,143,001 | 8,428,140 | (\$1.3 M) |
| TANF Charge Back | (1,503,040) | (1,890,202) | (1,500,000) | (1,500,000) | \$0.0 M | (1,500,000) | (1,500,000) | \$0.0 M |
| NICU | 25,556,600 | 29,925,795 | 24,314,361 | 28,416,738 | (\$4.1 M) | 25,068,106 | 29,266,482 | (\$4.2 M) |
| Other FFS | 33,724,025 | 37,273,785 | 39,308,324 | 42,202,900 | (\$2.9 M) | 40,666,625 | 44,692,454 | (\$4.0 M) |
| FQHC PPS Wrap Payment | 28,202,626 | - | - | - | \$0.0 M | - | - | \$0.0 M |
| Rebates | (41,372,741) | (43,481,459) | (42,079,572) | (46,719,080) | \$4.6 M | (41,923,917) | (44,532,399) | \$2.6 M |
| Early Intervention | 2,645,155 | 3,925,917 | 2,722,858 | 3,098,904 | (\$0.4 M) | 2,780,038 | 3,229,058 | (\$0.4 M) |
| Other/Miscellaneous | (540,856) | (368,770) | (375,000) | (375,000) | \$0.0 M | (375,000) | (375,000) | \$0.0 M |
| Subtotal Other Payments | \$ 60,708,039 | \$ 35,555,978 | \$ 33,027,755 | \$ 34,979,600 | (\$2.0 M) | \$ 35,556,072 | \$ 41,349,571 | (\$5.8 M) |
| Prior Period Accruals/Adjustments | (4,513,736) | | | | | | | |
| Grand Total Managed Care | \$ 707,261,206 | \$ 747,685,347 | \$ 719,000,000 | \$ 733,871,851 | (\$14.9 M) | \$ 740,000,000 | \$ 853,526,648 | (\$113.5 M) |
| General Revenue | \$ 300,052,866 | \$ 324,386,394 | \$ 309,870,159 | \$ 295,024,171 | \$14.8 M | \$ 323,757,701 | \$ 374,347,608 | (\$50.6 M) |

Table II-2. Average Managed Care Caseload

| | SFY 2019: | | SFY 2020: | | SFY 2021: | | | |
|--|-----------------|-----------------|-----------------|-----------------|---------------|-----------------|-----------------|-----------------|
| | Final | Enacted | Nov CEC | Current | Over/ (Under) | Nov CEC | Current | Over/ (Under) |
| Full Benefits, by Delivery System | | | | | | | | |
| Rite Care Core | 155,648 | 151,242 | 150,074 | 148,981 | (1,093) | 147,303 | 169,511 | 22,208 |
| Rite Care CSHCN | 9,635 | 9,574 | 9,571 | 9,696 | 125 | 9,390 | 10,598 | 1,208 |
| Rite Share | 4,306 | 4,129 | 3,819 | 3,252 | (567) | 3,738 | 3,005 | (733) |
| Remaining in FFS - Core | 6,558 | 3,761 | 6,343 | 7,220 | 876 | 6,282 | 8,906 | 2,624 |
| Remaining in FFS - CSHCN | 2,204 | 1,757 | 2,066 | 2,222 | 156 | 1,787 | 2,494 | 707 |
| Total | 177,954 | 170,082 | 171,428 | 171,150 | (278) | 168,067 | 194,331 | 26,264 |
| <i>PMPM</i> | <i>\$331.20</i> | <i>\$366.33</i> | <i>\$349.51</i> | <i>\$357.32</i> | <i>\$7.81</i> | <i>\$366.92</i> | <i>\$366.01</i> | <i>(\$0.91)</i> |
| <i>% Enrolled in Managed Care</i> | <i>93%</i> | <i>95%</i> | <i>93%</i> | <i>93%</i> | | <i>93%</i> | <i>93%</i> | |
| Other Caseload Factors | | | | | | | | |
| EFP Only | 1,274 | 1,480 | 1,715 | 1,770 | 55 | 1,690 | 2,088 | 398 |
| Rite Smiles | 113,291 | 120,408 | 112,795 | 112,474 | (321) | 114,503 | 130,544 | 16,042 |

Table II-3. Medicaid Births and NICU Stays

| | SFY 2019: | | SFY 2020: | | SFY 2021: | | | |
|------------------------------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|---------------|
| | Final | Enacted | Nov CEC | Current | Over/ (Under) | Nov CEC | Current | Over/ (Under) |
| SOBRA Births | 4,977 | 4,886 | 4,900 | 4,827 | (73) | 4,758 | 5,513 | 755 |
| Rite Care | 4,470 | 4,208 | 4,308 | 4,254 | (54) | 4,182 | 4,861 | 679 |
| Expansion | 507 | 678 | 592 | 573 | (19) | 576 | 652 | 76 |
| <i>Percent of Births Expansion</i> | <i>10.2%</i> | <i>13.9%</i> | <i>12.1%</i> | <i>11.9%</i> | | <i>12.1%</i> | <i>11.8%</i> | |
| Cost per SOBRA Birth | \$11,316 | \$12,080 | \$12,469 | \$12,469 | \$0 | \$12,906 | \$12,906 | \$0 |
| NICU Stays ¹ | 601 | 586 | 578 | 583 | 5 | 586 | 666 | 80 |
| Cost per NICU Stay | \$42,523 | \$50,970 | \$42,066 | \$48,752 | \$6,685 | \$42,778 | \$43,962 | \$1,183 |

Note:

1. NICU stays have a long completion factor and so a significant portion of SFY 2019 remain outstanding. Therefore number of stays reflect a percentage of SOBRA payments based on historical experience.

Table II-4. Managed Care Variance Analysis

| | Price | Volume | Net |
|---------------------------------|--------------|---------------|---------------|
| FY 2020: May EOHHS over Nov CEC | \$16,037,280 | -\$1,165,430 | \$14,871,851 |
| | 2.2% | -0.2% | 2.1% |
| FY 2021: May EOHHS over Nov CEC | -\$2,112,665 | \$115,639,313 | \$113,526,648 |
| | -0.2% | 15.6% | 15.3% |
| FY 2021 over FY 2020 | \$20,258,913 | \$99,395,884 | \$119,654,797 |
| | 2.4% | 13.5% | 16.3% |

Table II-5. Summary of Rite Care Core and CSHCN Monthly Premiums

| | SFY 2019 | SFY 2020 | SFY 2021 Est. ¹ | FY20→FY21 Trend |
|------------------------|-------------|-------------|----------------------------|--------------------|
| Rite Care Core | | | | |
| MF < 1 y.o. | \$494.91 | \$582.84 | \$603.24 | 3.5% |
| MF 1-4 y.o. | \$151.60 | \$174.59 | \$180.70 | 3.5% |
| MF 5-14 y.o. | \$154.44 | \$165.39 | \$171.18 | 3.5% |
| M 15-44 y.o. | \$229.38 | \$237.00 | \$245.30 | 3.5% |
| F 15-44 y.o. | \$335.27 | \$370.14 | \$383.09 | 3.5% |
| MF 45+ y.o. | \$480.56 | \$540.31 | \$559.22 | 3.5% |
| Composite | \$244.96 | \$269.20 | \$278.80 | 3.6% |
| Rite Care CSHCN | | | | |
| Substitute Care | \$811.07 | \$743.92 | \$810.87 | 9.0% |
| SSI <15 | \$1,348.68 | \$1,460.74 | \$1,592.21 | 9.0% |
| SSI 15-20 | \$970.16 | \$1,029.66 | \$1,122.33 | 9.0% |
| Katie Beckett | \$2,958.53 | \$3,282.90 | \$3,578.36 | 9.0% |
| Adoption Subsidy | \$525.60 | \$543.13 | \$592.01 | 9.0% |
| Composite | \$970.46 | \$1,001.28 | \$1,088.58 | 8.7% |
| SOBRA Payment | \$11,316.00 | \$12,469.27 | \$12,905.69 | 3.5% |
| EFP Only | \$21.87 | \$16.41 | \$16.98 | 3.5% |

Note:

1. SFY 2021 PMPM does not reflect HIF liability. The September 2019 liability for Rite Care Core/CSHCN is estimated to be \$6.7 million and is included in SFY 2021 forecast.

Table II-6. Summary of Rite Smiles Monthly Premiums

| | SFY 2019 | SFY 2020 | SFY 2021 Est. ¹ | FY20→FY21 Trend |
|--------------------|----------|----------|----------------------------|--------------------|
| Rite Smiles | | | | |
| MF 0-2 | \$4.68 | \$4.62 | \$4.83 | 4.5% |
| MF 3-5 | \$16.98 | \$16.53 | \$17.10 | 3.4% |
| MF 6-10 | \$22.91 | \$22.83 | \$23.56 | 3.2% |
| MF 11-15 | \$25.17 | \$24.92 | \$25.60 | 2.7% |
| MF 16-20 | \$21.09 | \$20.56 | \$20.02 | -2.6% |
| Composite | \$19.12 | \$19.27 | \$19.70 | 2.2% |

Note:

1. SFY 2021 PMPM does not reflect HIF liability. The September 2019 liability for Rite Smiles is estimated to be \$0.8 million and is included in SFY 2021 forecast.

Enhanced Claiming: CHIP and EFP Activity

Table II-7 and **Table II-8** summarize the enhanced federal financial participation that Rhode Island claims against Medical Benefits for overall CHIP activity and Family Planning Services.

EOHHS continues to make manual retroactive adjustments to its CHIP claiming 45 days after the close of each quarter to capture the enhanced rate as it applies to children between the age of 1 and 18 in households with

incomes between 138% and 155% of FPL. With respect to its family planning claiming, EOHHS makes a year-end adjustment to its prior period claiming based on overall capitation payments and an allocation methodology based on enrollment and the certified managed care rates. Any adjustment that is not completed within the fiscal year will be included in EOHHS' accrual and the amounts budgeted reflect this accrual basis accounting.

Table II-7. CHIP Claiming

| | SFY 2019: | SFY 2020: | | SFY 2021: | | | | |
|-----------------------------|-----------------------|----------------------|----------------------|-----------------------|-----------------------|----------------------|-----------------------|-----------------------|
| | Final | Enacted | Nov CEC | Current | Surplus/ (Deficit) | Nov CEC | Current | Surplus/ (Deficit) |
| CHIP Offset | \$ 107,928,289 | \$ 93,523,442 | \$ 94,619,050 | \$ 104,586,196 | \$10.0 M | \$ 95,715,278 | \$ 103,830,525 | \$8.1 M |
| <i>Additional GR Relief</i> | <i>\$ 34,902,949</i> | <i>\$ 26,672,886</i> | <i>\$ 26,985,353</i> | <i>\$ 29,827,983</i> | <i>\$3.2 M</i> | <i>\$ 16,013,166</i> | <i>\$ 17,370,847</i> | <i>\$1.4 M</i> |

Table II-8. EFP Claiming

| | SFY 2019: | SFY 2020: | | SFY 2021: | | | | |
|---------------------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|---------------------|---------------------|-----------------------|
| | Final | Enacted | Nov CEC | Current | Surplus/ (Deficit) | Nov CEC | Current | Surplus/ (Deficit) |
| Extended Family Planning | \$ 7,239,775 | \$ 8,337,608 | \$ 7,427,547 | \$ 7,514,667 | \$0.1 M | \$ 7,493,108 | \$ 8,863,030 | \$1.4 M |
| <i>Additional GR Relief</i> | <i>\$ 2,730,119</i> | <i>\$ 3,096,588</i> | | <i>\$ 2,790,947</i> | <i>\$2.8 M</i> | | <i>\$ 3,207,531</i> | <i>\$3.2 M</i> |

III. Rhody Health Partners

| | | Rhody Health Partners | |
|----------------|-----------------------------|-----------------------|-----------------------|
| | | All Funds | General Revenue |
| FY 2018 | Final | \$224,352,130 | \$110,047,728 |
| FY 2019 | Final | \$239,753,270 | \$115,465,870 |
| FY 2020 | Enacted | \$249,544,362 | \$118,962,432 |
| | November CEC | \$255,100,000 | \$121,066,895 |
| | Current | \$273,610,150 | \$121,759,246 |
| | <i>Deficit over Nov CEC</i> | <i>(\$18,510,150)</i> | <i>(\$692,351)</i> |
| FY 2021 | November CEC | \$267,000,000 | \$124,140,650 |
| | Current | \$310,178,550 | \$144,086,981 |
| | <i>Deficit over Nov CEC</i> | <i>(\$43,178,550)</i> | <i>(\$19,946,331)</i> |

EOHHS' revised FY 2020 forecast for Rhody Health Partners reflects a deficit of \$18.5 million over Nov CEC for total expenditures of \$273.6 million. Overall, EOHHS forecasts an average fiscal year enrollment of 14,709 members in RHP in FY 2020, an increase of 106 members over Nov CEC.

EOHHS revised FY 2021 budget of \$310.2 million for RHP reflects a \$43.2 million deficit relative to Nov CEC and an increase of 1,202 full-time equivalent members. This revised budget reflects a 13.4% increase over FY 2020 which is primarily driven by 6.3% price trend and a 6.7% annual caseload trend.

The primary drivers for these deficits are significant risk share liabilities owed to the health plans and an increase in membership resulting from the COVID-19 crises.

The following tables summarize EOHHS' revised forecasts for Rhody Health Partners for FY 2020 and FY 2021.

Table III-1 summarizes all expenditures by capitated payments by product line to the health plans as well as various fee-for-service payments. EOHHS' revised average caseload forecast and a comparison to prior estimates is summarized **Table III-2**, with additional month-by-month detail provided in **Attachment 5a** and **Attachment 5b**. **Table III-3** considers the changes in spending and caseload to summarize the price and volume variances for FY 2021 over FY 2020. The average monthly RHP capitation rate, by pay level, is summarized in **Table III-4**.

Rhody Health Partners Highlights – FY 2020

- The Rhody Health Partners forecast reflects increased spending of \$18.5 million when compared to the Nov CEC. This increase consists of \$11.5 million for plan payments and an overall increase of \$7.0 million for other plan expenses.
- The primary drivers of the increase are:
 - An overall decrease of \$2.7 million for capitation payments and a \$14.8 million in Risk Share liabilities
 - A reduction in pharmacy rebates of 6.8 million as rebates appear to be allocated to different product lines
- These unfavorable changes are offset by a \$6.0 million reduction to EOHHS' Stop Loss estimate due to reduced Hepatitis C treatments.
- The enhanced FMAP associated with the COVID-19 emergency period provides an \$8.0 million in GR relief against this budget line in FY 2020

Rhody Health Partners Highlights – FY 2021

- The Rhody Health Partners forecast reflects an increase of \$43.2 million when compared to the Nov CEC. This increase consists of a \$39.5 million for plan payments and an overall increase of \$3.7 million for other payments.
- The primary drivers of the deficit are:
 - An overall increase of \$46.4 million for capitation payments for the additional 1,202 average enrollees and an additional \$0.2 million for associated withhold payments
- Favorable offset is the \$7.1 million reduction to estimated Hepatitis C expenditures for lower reported utilization through January as supported by EOHHS’ review of claims experience through March 2020

Table III-1. Summary of RHP Expenditures

| | SFY 2019: | | SFY 2020: | | | SFY 2021: | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | Final | Enacted | Nov CEC | Current | Surplus/ (Deficit) | Nov CEC | Current | Surplus/ (Deficit) |
| Payments to Plans | | | | | | | | |
| Rhody Health Partners | \$ 254,046,689 | \$ 277,777,772 | \$ 281,073,575 | \$ 283,763,615 | (\$2.7 M) | \$ 288,579,928 | \$ 335,003,744 | (\$46.4 M) |
| Risk Share | 15,981,507 | - | - | 14,826,769 | (\$14.8 M) | - | - | \$0.0 M |
| Stop Loss - Hepatitis C | 6,511,537 | 15,024,722 | 9,080,145 | 3,041,597 | \$6.0 M | 10,168,478 | 3,041,597 | \$7.1 M |
| Health Insurer Fee | - | - | - | - | \$0.0 M | 3,746,200 | 3,674,729 | \$0.1 M |
| Withhold and Incentives | 3,517,653 | 1,556,562 | 1,413,760 | 1,420,298 | (\$0.0 M) | 1,441,529 | 1,678,821 | (\$0.2 M) |
| Subtotal Payments to Plans | \$ 280,057,386 | \$ 294,359,056 | \$ 291,567,479 | \$ 303,052,279 | (\$11.5 M) | \$ 303,936,135 | \$ 343,398,891 | (\$39.5 M) |
| Other Payments: | | | | | | | | |
| Non-Emergency Transportation | \$ 3,543,825 | \$ 3,088,892 | \$ 3,303,281 | \$ 3,323,561 | (\$0.0 M) | \$ 3,131,818 | \$ 3,496,315 | (\$0.4 M) |
| RHP FFS | 57,218 | 205,358 | 47,085 | 225,036 | (\$0.2 M) | 48,262 | 234,488 | (\$0.2 M) |
| Rebates | (36,900,658) | (38,538,827) | (39,817,846) | (32,990,726) | (\$6.8 M) | (40,116,215) | (36,951,144) | (\$3.2 M) |
| Subtotal Other Payments | \$ (33,299,615) | \$ (35,244,577) | \$ (36,467,479) | \$ (29,442,129) | (\$7.0 M) | \$ (36,936,135) | \$ (33,220,341) | (\$3.7 M) |
| Prior Period Activity/Other Adjustments | (7,004,500) | | | | | | | |
| Total Rhody Health Partners | \$ 239,753,270 | \$ 259,114,479 | \$ 255,100,000 | \$ 273,610,150 | (\$18.5 M) | \$ 267,000,000 | \$ 310,178,550 | (\$43.2 M) |
| General Revenue | \$ 115,465,870 | \$ 118,962,432 | \$ 121,066,895 | \$ 121,759,246 | (\$0.7 M) | \$ 124,140,650 | \$ 144,086,981 | (\$19.9 M) |

Table III-2. RHP Average Enrollment

| | SFY 2019: | | SFY 2020: | | | SFY 2021: | | |
|--------------------------------|------------|------------|------------|------------|------------------|------------|------------|------------------|
| | Final | Enacted | Nov CEC | Current | Over/ (Under) | Nov CEC | Current | Over/ (Under) |
| Enrollment by Pay Level | | | | | | | | |
| SSI 21-44 y.o. | 3,619 | 3,614 | 3,657 | 3,703 | 45 | 3,631 | 3,967 | 336 |
| SSI 45+ y.o. | 7,316 | 7,291 | 7,225 | 7,306 | 80 | 7,168 | 7,809 | 641 |
| SPMI | 2,805 | 2,814 | 2,758 | 2,749 | -9 | 2,733 | 2,900 | 167 |
| ID/DD | 937 | 951 | 962 | 952 | -10 | 956 | 1,015 | 59 |
| Total RHP | 14,677 | 14,670 | 14,603 | 14,709 | 106 | 14,488 | 15,690 | 1,202 |
| Overall PMPM | \$1,361.32 | \$1,471.91 | \$1,455.80 | \$1,550.13 | \$94.33 | \$1,535.72 | \$1,647.41 | \$111.69 |

Table III-3. RHP Price-Volume Comparison to November CEC

| | Price | Volume | Net |
|---------------------------------|--------------|--------------|--------------|
| FY 2020: May 2020 over Nov 2019 | \$16,650,553 | \$1,859,597 | \$18,510,150 |
| | 6.5% | 0.7% | 7.3% |
| FY 2021: May 2020 over Nov 2019 | \$21,028,632 | \$22,149,918 | \$43,178,550 |
| | 7.3% | 8.3% | 16.2% |
| FY 2021 over FY 2020 | \$18,315,632 | \$18,252,768 | \$36,568,399 |
| | 6.3% | 6.7% | 13.4% |

Table III-4. RHP Monthly Premiums

| | SFY 2019 | SFY 2020 | SFY 2021 Est. ¹ | FY20→FY21 Trend |
|------------------------------|-------------------|-------------------|----------------------------|--------------------|
| Rhody Health Partners | | | | |
| SSI 21-44 y.o. | \$939.55 | \$994.05 | \$1,103.40 | 11.0% |
| SSI 45+ y.o. | \$1,422.18 | \$1,592.92 | \$1,768.14 | 11.0% |
| SPMI | \$2,380.65 | \$2,625.73 | \$2,914.56 | 11.0% |
| ID/DD | \$1,048.42 | \$1,199.29 | \$1,331.21 | 11.0% |
| Composite | \$1,462.45 | \$1,609.70 | \$1,783.71 | 10.8% |

Note:

1. SFY 2021 PMPM does not reflect HIF liability. The September 2019 liability for Expansion is estimated to be \$3.7 million and is included in SFY 2021 forecast.

IV. Rhody Health Options

| | | Rhody Health Options | |
|----------------|-----------------------------|----------------------|---------------------|
| | | All Funds | General Revenue |
| FY 2018 | Final | \$358,238,576 | \$174,393,976 |
| FY 2019 | Final | \$200,503,385 | \$96,179,681 |
| FY 2020 | Enacted | \$152,572,443 | \$71,997,995 |
| | November CEC | \$145,200,000 | \$68,529,540 |
| | Current | \$142,496,941 | \$63,060,857 |
| | <i>Surplus over Nov CEC</i> | <i>\$2,703,059</i> | <i>\$5,468,683</i> |
| FY 2021 | November CEC | \$149,300,000 | \$69,044,135 |
| | Current | \$141,496,599 | \$65,439,354 |
| | <i>Surplus over Nov CEC</i> | <i>\$7,803,401</i> | <i>\$3,604,781</i> |

The revised FY 2020 forecast of \$142.5 million for Rhody Health Options reflects a surplus of 2.7 million over Nov CEC with average monthly caseload down 481 over Nov CEC. This surplus carries forward into FY 2021, with EOHHS forecasting a surplus of \$7.8 million over Nov CEC on a total of \$141.5 million in expenditures.

EOHHS does not presently forecast any significant change to RHO Phase II, also known as the Financial Alignment Demonstration, for FY 2021.

The following tables summarize EOHHS' revised forecasts for Rhody Health Options for FY 2020 and FY 2021. EOHHS' revised average caseload forecast and a comparison to prior estimates is summarized in **Table IV-2**, with additional month-by-month detail provided in **Attachment 5a** and **Attachment 5b**. And **Table IV-3** calculates the price and volume related changes between FY 2020 and FY 2021.

The average monthly Rhody Health Option capitation rates, by pay level, are summarized in **Table IV-4**.

Rhody Health Options Highlights – FY 2019

- The Rhody Health Options forecast reflects an overall reduction in expenditures of \$2.7 million when compared to the Nov CEC. This decrease consists of a total reduction of \$3.3 million for plan payments and an overall increase of \$0.6 million for other plan expenses.
- The primary drivers of the \$2.7 million surplus are:
 - Improved performance by the health plan that has eliminated the reported risk share liability of \$2.0 million
 - Reduction of 1.2 million in plan payments for reduced enrollment and change in mix
- Pharmacy rebates have been eliminated and shifted to other budget lines given this population is strictly duals
- The enhanced FMAP associated with the COVID-19 emergency period provides an \$4.2 million in GR relief against this budget line in FY 2020

Rhody Health Options Highlights – FY 2020

- The Rhody Health Options forecast reflects a \$7.8 million increase over the Nov CEC. This surplus consists of a total savings of \$8.6 million for plan payments and a \$0.8 increase for other plan expenses.
- The primary driver of the savings are:

- A rebasing of the long-term care rate cells that more accurately reflects the actual distribution of members residing in a nursing home compared to those remaining in the community
- A reduction in the Medicaid portion of the rates for the Demonstration on the expectation that Medicare is expected to adjust its rates to fully finance the cost of providing SUD health home treatment to duals
 - These two adjustments will result in a 2.9 percent decrease in the effective PMPM paid to NHPRI, despite otherwise maintaining the assumption of an underlying price increase of 3.5%

Table IV-1. Summary of Rhody Health Options Expenditures

| | SFY 2019: | | SFY 2020: | | Surplus/ (Deficit) | SFY 2021: | | Surplus/ (Deficit) |
|---------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | Final | Enacted | Nov CEC | Current | | Nov CEC | Current | |
| Payments to Plans | | | | | | | | |
| RHO Phase II | \$ 124,415,763 | \$ 146,026,120 | \$ 136,373,818 | \$ 135,158,352 | \$1.2 M | \$ 140,537,770 | \$ 131,619,956 | \$8.9 M |
| Risk Share | 7,110,878 | 1,988,243 | 2,045,746 | - | \$2.0 M | 2,083,213 | 2,100,687 | (\$0.0 M) |
| Stop Loss - Hepatitis C | - | - | - | - | \$0.0 M | - | - | \$0.0 M |
| Withholds | 2,741,987 | 4,655,359 | 4,217,751 | 4,179,885 | \$0.0 M | 4,294,996 | 4,590,542 | (\$0.3 M) |
| Subtotal Payments to Plans | \$134,268,629 | \$152,669,722 | \$142,637,315 | \$139,338,238 | \$3.3 M | \$146,915,979 | \$138,311,185 | \$8.6 M |
| Other Payments: | | | | | | | | |
| Non-Emergency Transportation | \$ 4,411,609 | \$ 3,213,154 | \$ 3,253,833 | \$ 3,158,703 | \$0.1 M | \$ 3,079,058 | \$ 3,185,414 | (\$0.1 M) |
| Rebates | - | - | (691,149) | - | (\$0.7 M) | (695,037) | - | (\$0.7 M) |
| Other | - | (3,310,433) | - | - | \$0.0 M | - | - | - |
| Subtotal Other Payments | \$4,411,609 | -\$97,279 | \$2,562,685 | \$3,158,703 | (\$0.6 M) | \$2,384,021 | \$3,185,414 | (\$0.8 M) |
| <i>RHO Phase I¹</i> | <i>66,096,167</i> | | | | | | | |
| <i>Prior Period Activity/Accruals</i> | <i>(4,273,020)</i> | | | | | | | |
| Total Rhody Health Options | \$ 200,503,385 | \$ 152,572,443 | \$ 145,200,000 | \$ 142,496,941 | \$2.7 M | \$ 149,300,000 | \$ 141,496,599 | \$7.8 M |
| <i>General Revenue</i> | <i>\$ 96,179,681</i> | <i>\$ 71,997,995</i> | <i>\$ 68,529,540</i> | <i>\$ 63,060,857</i> | <i>\$5.5 M</i> | <i>\$ 69,044,135</i> | <i>\$ 65,439,354</i> | <i>\$3.6 M</i> |

Note:

1. EOHHS transitioned the members enrolled in RHO Phase I out of the program on October 1, 2018.

Table IV-2. Rhody Health Options Average Enrollment

| | SFY 2019: | | SFY 2020: | | Over/ (Under) | SFY 2021: | | Over/ (Under) |
|--------------------------------|---------------|---------------|---------------|---------------|------------------|---------------|---------------|------------------|
| | Final | Enacted | Nov CEC | Current | | Nov CEC | Current | |
| Enrollment by Pay Level | | | | | | | | |
| RHO Phase I¹ | 3,166 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| RHO Phase II | 14,720 | 16,012 | 14,401 | 13,980 | -421 | 14,328 | 14,296 | -32 |
| MMP SPMI | 1,446 | 1,531 | 1,340 | 1,271 | -69 | 1,331 | 1,269 | -62 |
| MMP ID/DD | 1,330 | 1,473 | 1,377 | 1,381 | 4 | 1,373 | 1,473 | 100 |
| MMP Community LTSS | 1,509 | 1,706 | 1,615 | 1,647 | 31 | 1,608 | 1,746 | 138 |
| MMP NH > 90 days | 459 | 500 | 411 | 405 | -6 | 410 | 448 | 38 |
| MMP Community Non-LTSS | 9,976 | 10,802 | 9,658 | 9,276 | -381 | 9,606 | 9,360 | -246 |
| Total | 17,886 | 16,012 | 14,401 | 13,980 | -421 | 14,328 | 14,296 | -32 |
| Overall PMPM | \$934.16 | \$794.05 | \$840.24 | \$849.42 | \$9.18 | \$868.36 | \$824.82 | -\$43.53 |

Note:

1. EOHHS transitioned the members enrolled in RHO Phase I out of the program on October 1, 2018.

Table IV-3. RHO Price-Volume Comparison to November CEC Adopted

| | Price | Volume | Net |
|---------------------------------|-----------------------|-----------------------|-----------------------|
| FY 2020: May 2020 over Nov 2019 | \$1,540,668 1.1% | -\$4,243,727 -2.9% | -\$2,703,059 -1.9% |
| FY 2021: May 2020 over Nov 2019 | -\$7,468,247 -5.0% | -\$335,154 -0.2% | -\$7,803,401 -5.2% |
| FY 2021 over FY 2020 | -\$4,220,511 -2.9% | \$3,220,169 2.3% | -\$1,000,342 -0.7% |

Table IV-4. Summary of Rhody Health Options Monthly Premiums

| | SFY 2019 | SFY 2020 | SFY 2021 Est. | FY20→FY21 Trend |
|-----------------------------|------------|------------|---------------|--------------------|
| Rhody Health Options | | | | |
| Phase I | \$1,739.51 | n/a | n/a | n/a |
| Phase II | | | | |
| MMP SPMI | \$1,121.67 | \$1,159.04 | \$1,216.99 | 5.0% |
| MMP ID/DD | \$165.73 | \$208.79 | \$219.23 | 5.0% |
| MMP Community LTSS | \$3,227.27 | \$3,456.90 | \$3,136.59 | -9.3% |
| MMP NH > 90 days | \$3,228.05 | \$3,456.90 | \$3,136.59 | -9.3% |
| MMP Community Non-LTSS | \$240.99 | \$297.41 | \$312.28 | 5.0% |
| Composite | \$719.87 | \$830.60 | \$816.37 | -1.7% |

V. Medicaid Expansion

| | | Medicaid Expansion | |
|----------------|-----------------------------|---------------------------|------------------------|
| | | All Funds | General Revenue |
| FY 2018 | Final | \$453,927,457 | \$25,363,931 |
| FY 2019 | Final | \$474,972,127 | \$29,877,910 |
| FY 2020 | Enacted | \$483,138,365 | \$41,085,936 |
| | November CEC | \$481,000,000 | \$41,010,000 |
| | Current | \$500,660,797 | \$43,651,658 |
| | <i>Deficit over Nov CEC</i> | <i>(\$19,660,797)</i> | <i>(\$2,641,658)</i> |
| FY 2021 | November CEC | \$500,000,000 | \$50,125,000 |
| | Current | \$620,281,051 | \$63,107,517 |
| | <i>Deficit over Nov CEC</i> | <i>(\$120,281,051)</i> | <i>(\$12,982,517)</i> |

EOHHS' revised forecast for Expansion of \$500.7 million for FY 2020 reflects a deficit of \$19.7 million compared to Nov CEC. Overall, EOHHS forecasts an average fiscal year enrollment of 75,905 members in Expansion in FY 2020, an increase of 1,408 over the Nov CEC estimate.

For FY 2021, EOHHS' revised forecast reflects a \$120.3 million deficit and total expenditures of \$620.3 million compared to the prior forecast. This revised forecast includes an average enrollment of 87,387 or an additional 14,048 members over the prior forecast.

The following tables summarize EOHHS' revised forecasts for Expansion for FY 2020 and FY 2021. **Table V-1** summarizes all expenditures by capitated payments by product line to the health plans as well as various fee-for-service payments. EOHHS' revised average caseload forecast and a comparison to prior estimates is summarized in **Table V-2** with additional month-by-month detail provided in **Attachment 5a** and **Attachment 5b**. **Table V-3** calculates the price and volume related changes for FY 2020 and FY 2021. The average monthly Expansion capitation rates, by pay level, is summarized in **Table V-4**

A five-year forecast that takes into consideration the impact of the changing FMAP rate for the Expansion population is presented in **Table V-5**.

Medicaid Expansion Highlights – FY 2020

- The Medicaid Expansion forecast reflects an overall deficit of \$19.7 million when compared to the Nov CEC. This deficit consists of an increase of \$18.3 million in net payments to the plans and an additional \$1.3 million in other payments.
- The primary drivers of the deficit are:
 - An increase of \$19.2 million for reported risk share liabilities and higher FQHC wrap payments
 - A \$3.6 million increase in premium payments for the additional 447 average enrollees
 - Other factors include an increase in FFS expense of \$3.5 million
- Favorable changes include:
 - A decrease of \$4.2 million in Hepatitis C payments.
 - Improved rebate collections of \$2.1 million
- The enhanced FMAP associated with the COVID-19 emergency period does not impact the Medicaid Expansion budget line

Medicaid Expansion Highlights – FY 2021

- The Medicaid Expansion forecast reflects a \$116.8 million deficit when compared to the Nov CEC, consisting of a \$119.9 million increase in payments to plans and a \$3.1 million reduction in other payments.
- The primary drivers of the deficit are:
 - A \$123.7 million increase in capitation payments that is being primarily driven by an overall increase in caseload of 15.1% over FY 2020 and a 7.6% increase in effective PMPM cost

Table V-1. Summary of Medicaid Expansion Expenditures

| | SFY 2019: | | SFY 2020: | | | SFY 2021: | | |
|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | Final | Enacted | Nov CEC | Current | Surplus/ (Deficit) | Nov CEC | Current | Surplus/ (Deficit) |
| Payments to Plans | | | | | | | | |
| Expansion | \$ 423,368,105 | \$ 442,976,148 | \$ 459,496,262 | \$ 463,097,956 | (\$3.6 M) | \$ 470,230,334 | \$ 593,960,863 | (\$123.7 M) |
| SOBRA | 5,737,212 | 8,127,752 | 7,381,808 | 7,144,892 | \$0.2 M | 7,433,680 | 8,414,513 | (\$1.0 M) |
| Risk Share | 28,458,871 | - | - | 19,160,961 | (\$19.2 M) | - | - | \$0.0 M |
| Stop Loss - Hepatitis C | 6,615,766 | 17,335,565 | 9,583,481 | 5,346,287 | \$4.2 M | 10,732,548 | 5,346,287 | \$5.4 M |
| Health Insurer Fee | - | - | - | - | \$0.0 M | 5,893,753 | 5,838,738 | \$0.1 M |
| Withhold and Incentives | 5,792,448 | 5,853,640 | 2,304,480 | 2,331,557 | (\$0.0 M) | 2,328,049 | 3,001,087 | (\$0.7 M) |
| Subtotal Payments to Plans | \$ 469,972,401 | \$ 474,293,105 | \$ 478,766,032 | \$ 497,081,653 | (\$18.3 M) | \$ 496,618,364 | \$ 616,561,488 | (\$119.9 M) |
| Other Payments: | | | | | | | | |
| Non-Emergency Transportation | \$ 6,951,468 | \$ 7,668,379 | \$ 8,180,292 | \$ 8,115,574 | \$0.1 M | \$ 7,679,039 | \$ 9,016,125 | (\$1.3 M) |
| Expansion FFS | 44,480,866 | 54,403,602 | 49,765,739 | 53,285,160 | (\$3.5 M) | 54,821,041 | 55,622,536 | (\$0.8 M) |
| FQHC PPS Wrap Payment | 8,069,373 | - | - | - | \$0.0 M | - | - | \$0.0 M |
| Rebates | (56,705,203) | (53,226,721) | (55,712,063) | (57,821,590) | \$2.1 M | (55,646,108) | (60,919,098) | \$5.3 M |
| Subtotal Other Payments | \$ 2,796,504 | \$ 8,845,260 | \$ 2,233,968 | \$ 3,579,144 | (\$1.3 M) | \$ 6,853,971 | \$ 3,719,563 | \$3.1 M |
| SFY 2019 UPL | 4,087,361 | | | | | | | |
| Prior Period UPL | 9,088,736 | | | | | | | |
| Prior Period Accruals/Adjustments | (10,972,876) | | | | | | | |
| Total Expansion | \$ 474,972,127 | \$ 483,138,365 | \$ 481,000,000 | \$ 500,660,797 | (\$19.7 M) | \$ 503,472,335 | \$ 620,281,051 | (\$116.8 M) |
| General Revenue | \$ 29,877,910 | \$ 41,085,936 | \$ 41,010,000 | \$ 43,651,658 | (\$2.6 M) | \$ 50,125,000 | \$ 63,107,517 | (\$13.0 M) |

Table V-2. Summary Medicaid Expansion Average Enrollment

| | SFY 2019: | | SFY 2020: | | | SFY 2021: | | |
|---------------------------------------|---------------|---------------|---------------|---------------|------------------|---------------|---------------|------------------|
| | Final | Enacted | Nov CEC | Current | Over/ (Under) | Nov CEC | Current | Over/ (Under) |
| Enrollment by Delivery System: | | | | | | | | |
| Expansion | 71,658 | 69,708 | 70,184 | 70,630 | 447 | 69,385 | 80,130 | 10,745 |
| Rlte Share | 285 | 334 | 332 | 112 | (221) | 322 | 74 | (248) |
| Remaining in FFS | 4,421 | 5,824 | 3,981 | 5,163 | 1,182 | 3,632 | 7,183 | 3,551 |
| Total | 76,363 | 75,866 | 74,497 | 75,905 | 1,408 | 73,339 | 87,387 | 14,048 |
| Overall PMPM | \$518.32 | \$530.69 | \$538.05 | \$549.66 | \$11.61 | \$572.08 | \$591.50 | \$19.42 |
| % Enrolled in Managed Care | 94% | 92% | | 93% | | | 92% | |

Table V-3. Expansion Price-Volume Comparison

| | Price | Volume | Net |
|---------------------------------|--------------|--------------|---------------|
| FY 2020: May 2020 over Nov 2019 | \$10,571,814 | \$9,088,983 | \$19,660,797 |
| | 2.2% | 1.9% | 4.1% |
| FY 2021: May 2020 over Nov 2019 | \$20,368,722 | \$96,439,994 | \$116,808,715 |
| | 3.4% | 19.2% | 23.2% |
| FY 2021 over FY 2020 | \$43,882,266 | \$75,737,988 | \$119,620,254 |
| | 7.6% | 15.1% | 23.9% |

Table V-4. Summary of Medicaid Expansion Effective Monthly Premiums

| Expansion | SFY 2019 | SFY 2020 | SFY 2021 Est. ¹ | FY20→FY21 Trend |
|---------------|-------------|-------------|----------------------------|-----------------|
| F 19-24 y.o. | \$266.86 | \$265.40 | \$299.90 | 13.0% |
| F 25-29 y.o. | \$371.03 | \$415.08 | \$469.04 | 13.0% |
| F 30-39 y.o. | \$577.54 | \$580.33 | \$655.77 | 13.0% |
| F 40-49 y.o. | \$659.27 | \$758.70 | \$857.33 | 13.0% |
| F 50-64 y.o. | \$646.96 | \$725.72 | \$820.06 | 13.0% |
| M 19-24 y.o. | \$202.29 | \$204.67 | \$231.28 | 13.0% |
| M 25-29 y.o. | \$342.68 | \$360.06 | \$406.87 | 13.0% |
| M 30-39 y.o. | \$488.72 | \$538.93 | \$608.99 | 13.0% |
| M 40-49 y.o. | \$660.01 | \$735.51 | \$831.13 | 13.0% |
| M 50-64 y.o. | \$721.10 | \$820.73 | \$927.42 | 13.0% |
| Composite | \$499.09 | \$550.34 | \$624.39 | 13.5% |
| SOBRA Payment | \$11,316.00 | \$12,469.27 | \$12,905.69 | 3.5% |

Note:

1. SFY 2021 PMPM does not reflect HIF liability. The September 2019 liability for Expansion is estimated to be \$5.9 million and is included in SFY 2021 forecast.

5-Year Extended Forecast

- EOHS’s extended five-year forecast assumes a 5.0 percent caseload decline in FY 2022 followed by moderate growth of 2.5% and 1.5% in FY 2023 and FY 2024, respectively.
- In January 2020 the FMAP rate will transition to 90 percent for this population.
- In FY 2021, Rhode Island’s General Revenue fiscal liability for this population will exceed \$60 million, a greater than 100% increase over FY 2019

Table V-5. Medicaid Expansion FY 2019 + Extended 5-Year Fiscal Year Forecast

| | Eligible | PMPM | All Funds | FMAP | General Revenue |
|-------------------|----------|-------|-----------|------|-----------------|
| FY 2019 - Final | 76,078 | \$518 | \$475.0 M | 6% | \$29.9 M |
| FY 2020 - Current | 75,793 | \$550 | \$500.7 M | 9% | \$43.7 M |
| FY 2021 - Current | 87,313 | \$592 | \$620.3 M | 10% | \$63.1 M |
| FY 2022 | 82,948 | \$612 | \$609.4 M | 10% | \$60.9 M |
| FY 2023 | 81,621 | \$634 | \$620.6 M | 10% | \$62.1 M |
| FY 2024 | 82,845 | \$656 | \$652.0 M | 10% | \$65.2 M |

VI. Hospitals - Regular

| | | Hospitals - Regular | |
|----------------|-----------------------------|---------------------|---------------------|
| | | All Funds | General Revenue |
| FY 2018 | Final | \$52,656,964 | \$27,648,375 |
| FY 2019 | Final | \$66,805,603 | \$32,144,027 |
| FY 2020 | Enacted | \$52,629,456 | \$24,674,144 |
| | November CEC | \$52,800,000 | \$24,744,823 |
| | Current | \$49,729,152 | \$21,355,535 |
| | <i>Surplus over Nov CEC</i> | <i>\$3,070,848</i> | <i>\$3,389,287</i> |
| FY 2021 | November CEC | \$54,900,000 | \$25,265,693 |
| | Current | \$52,679,439 | \$23,701,854 |
| | <i>Surplus over Nov CEC</i> | <i>\$2,220,562</i> | <i>\$1,563,838</i> |

EOHHS' Hospital expenditure estimate of \$49.8 million for FY 2020 reflects a \$3.0 million surplus against the November Adopted. A summary of the FY 2020 and FY 2021 hospital expenditure forecasts are shown in **Table VI-1**. The price and caseload factors used in the calculation of the FY 2020 forecast are presented in **Table VI-3**.

The enhanced FMAP associated with the COVID-19 emergency period contributes \$1.4 million in GR relief in FY 2020.

Table VI-1. Summary of Hospital – Regular Expenditures

| | SFY 2019: | SFY 2020: | | | SFY 2021: | | | Surplus/ (Deficit) |
|---|----------------------|----------------------|----------------------|----------------------|----------------|----------------------|----------------------|-----------------------|
| | Final | Enacted | Nov CEC | Current | Nov CEC | Current | | |
| Hospitals - Regular | | | | | | | | |
| Total FFS | \$ 40,298,375 | \$ 46,977,627 | \$ 47,157,598 | \$ 44,086,750 | \$3.1 M | \$ 49,257,598 | \$ 47,037,037 | \$2.2 M |
| Inpatient | 34,953,397 | 41,170,227 | 40,376,196 | 37,385,763 | \$3.0 M | 42,191,645 | 39,887,619 | \$2.3 M |
| Outpatient | 5,344,978 | 5,807,400 | 6,781,402 | 6,700,988 | \$0.1 M | 7,065,953 | 7,149,418 | (\$0.1 M) |
| Upper Payment Limit | \$ 15,671,754 | \$ 4,651,829 | \$ 4,642,402 | \$ 4,642,402 | \$0.0 M | \$ 4,642,402 | \$ 4,642,402 | \$0.0 M |
| Inpatient UPL | 9,350,481 | - | - | - | \$0.0 M | - | - | \$0.0 M |
| Outpatient UPL | 6,321,273 | 4,651,829 | 4,642,402 | 4,642,402 | \$0.0 M | 4,642,402 | 4,642,402 | \$0.0 M |
| Graduate Medical Education | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 | \$0.0 M | \$ 1,000,000 | \$ 1,000,000 | \$0.0 M |
| <i>Prior Period Activity/Accruals¹</i> | <i>9,835,474</i> | | | | | | | |
| Total Hospitals - Regular | \$ 66,805,603 | \$ 52,629,456 | \$ 52,800,000 | \$ 49,729,152 | \$3.1 M | \$ 54,900,000 | \$ 52,679,439 | \$2.2 M |
| <i>General Revenue</i> | <i>\$ 32,144,027</i> | <i>\$ 24,674,144</i> | <i>\$ 24,744,823</i> | <i>\$ 21,355,535</i> | <i>\$3.4 M</i> | <i>\$ 25,265,693</i> | <i>\$ 23,701,854</i> | <i>\$1.6 M</i> |

Note:

1. EOHHS accrued \$5.7 million in FY 2018; however, there was \$12.7 million of prior period activity paid in FY 2019.

Hospital Supplemental Payments – Upper Payment Limit (UPL)

Total UPL payments in FY 2020 will be \$4.6 million. No change in UPL payments is forecast for FY 2021. Information necessary to determine the actual UPL payments for FY 2021 was not available at the time of publication. EOHHS' will work to have this information gathered and calculated prior to the conferees adopting a caseload estimate.

Based on EOHHS' analysis of the proportion of hospital fee-for-service expenditures attributed to Expansion-eligible members, 38.0 percent of outpatient UPL payments are assumed eligible for enhanced federal financial participation.

Please refer to **Table VI-2** for additional information on UPL payments. By hospital estimates for FY 2021 will be made once the data necessary to estimate this becomes available.

Table VI-2. Upper Payment Limit (UPL) Spending by Hospital, FY 2019 and FY 2020

| | FY 2019 UPL | | | FY 2020 UPL |
|----------------------------|--------------------|--------------------|---------------------|--------------------|
| | Outpatient | Inpatient | Total | Outpatient |
| Rehab Hospital | \$1,047 | \$0 | \$1,047 | \$6,382 |
| Bradley Hospital | \$0 | \$0 | \$0 | \$0 |
| Butler Hospital | \$0 | \$0 | \$0 | \$0 |
| Kent Hospital | \$611,364 | \$588,005 | \$1,199,369 | \$467,307 |
| Landmark Hospital | \$186,570 | \$76,434 | \$263,004 | \$142,564 |
| Memorial Hospital | \$0 | \$0 | \$0 | \$0 |
| Miriam Hospital | \$691,185 | \$664,447 | \$1,355,632 | \$526,739 |
| Newport Hospital | \$211,092 | \$128,214 | \$339,306 | \$153,358 |
| Rhode Island Hospital | \$2,850,982 | \$2,880,767 | \$5,731,749 | \$2,150,649 |
| Roger Williams Medical Cen | \$429,876 | \$370,413 | \$800,289 | \$331,194 |
| St Joseph Hospital | \$334,929 | \$613,408 | \$948,337 | \$211,401 |
| South County Hospital | \$139,075 | \$49,816 | \$188,891 | \$114,418 |
| Westerly Hospital | \$57,284 | \$31,992 | \$89,276 | \$34,665 |
| Women & Infants Hospital | \$807,869 | \$3,946,986 | \$4,754,855 | \$503,725 |
| Total | \$6,321,273 | \$9,350,482 | \$15,671,755 | \$4,642,402 |

Note:

1. Payments made quarterly: July 20, October 20, January 20, & April 20.

Hospital Supplemental Payments – Graduate Medical Education (GME)

A Graduate Medical Education (GME) payment of \$1.0 million is included in both the FY 2020 and FY 2021 forecasts.

Table VI-3. FY 2020 Hospital Trend Assumptions

| Hospitals | Percent | Dollar Impact | Comments |
|--------------------------------|---------|---------------------|--|
| Price | | | |
| Inpatient | 2.6% | \$ 933,149 | CMS FFY 2020 IPPS Less Productivity Adjustment |
| Outpatient | 2.6% | \$ 167,257 | CMS CY 2020 OPPS Less Productivity Adjustment |
| | | \$ 1,100,406 | |
| Utilization | | | |
| Inpatient | 2.00% | \$ 717,807 | EOHHS |
| Outpatient | 2.00% | \$ 128,659 | EOHHS |
| | | \$ 846,466 | |
| Subtotal, Price/Volume* | | \$ 1,946,872 | |

*Excludes estimated COVID-19 expenditures, which are shown below

| COVID-19 | FY 2020 | FY 2021 | Comments |
|------------------|-----------|------------------|------------------------------------|
| Inpatient | 1,495,431 | 2,346,331 | FY 2020: 25% increase for 2-months |
| Outpatient | 268,040 | 420,554 | FY 2021: 25% increase for 3-months |
| <i>Change</i> | | 1,003,415 | |
| Total Change Y/Y | | 2,950,287 | |

VII. Hospitals - DSH

| | | Hospitals - DSH Payments | |
|----------------|-----------------------------|---------------------------------|------------------------|
| | | All Funds | General Revenue |
| FY 2018 | Final | \$139,686,367 | \$68,418,383 |
| FY 2019 | Final | \$138,519,196 | \$67,251,069 |
| FY 2020 | Enacted | \$142,301,035 | \$67,483,497 |
| | November CEC | \$142,293,259 | \$67,489,693 |
| | Current | \$142,083,257 | \$67,489,693 |
| | <i>Surplus over Nov CEC</i> | <i>\$210,002</i> | <i>(\$0)</i> |
| FY 2021 | November CEC | \$77,800,000 | \$36,604,900 |
| | Current | \$142,301,035 | \$66,952,637 |
| | <i>Deficit over Nov CEC</i> | <i>(\$64,501,035)</i> | <i>(\$30,347,737)</i> |

Projected DSH payments totaling \$142.3 million for FY 2020 are consistent with Nov CEC. This includes **\$189,470** in state-only expenditures as a result of exceeding DSH limit; As described in **Major Developments**, EOHHS recouped from the hospitals the federal share of the amount exceeding the limit and returned this to CMS.

The current fiscal year disbursement by hospital is presented in **Table VII-1**.

EOHHS' FY 2021 forecast includes funding for maximum DSH allotment under current law, at **\$142,301,035**, contributing \$30.3 million GR to EOHHS' overall deficit reported for FY 2021. This exceeds the amount included by the conferees in November CEC. In November, Rhode Island's DSH allotment was set to decline, by federal statute, to \$77.8 million. The conferees adopted this lower amount.

However, the Families First Coronavirus Response Act passed in March 2020 further delayed the DSH reduction. Rhode Island's preliminary DSH allotment is **\$143,552,110**.

The maximum amount in current State law, the original reduced amount from CMS and reflected in November, and the unreduced preliminary FFY 2020 DSH allotment amounts, also received by CMS, are presented in **Table VII-2**.

Recommendation to Prepay SFY 2021 DSH Payment in June 2020

While EOHHS typically makes its DSH payments to Rhode Island hospitals each July, EOHHS further recommends that Treasury consider making these DSH payments in June if it appears that the President, or Secretary of HHS, will declare a cessation of the emergency period associated with COVID-19 prior to July 1, 2020; and Congress either elects to not extend the 6.2% increase to the Regular FMAP or if new legislation somehow moderates the amount of fiscal relief beyond the original emergency period.

This early DSH payment is possible because Rhode Island's July DSH payment is associated with the prior FFY DSH Plan Year. For example, Rhode Island's SFY 2021 DSH payments will reflect the State's FFY 2020 DSH allotment that has been available to Rhode Island since October 1, 2019 and was increased by the CARES Act in March 2020. Rhode Island could make this payment at any time through September 30, 2020.

Making the SFY 2021 DSH payment a few days earlier, in June, would guarantee that Rhode Island can benefit from the enhanced FMAP available through the duration of the COVID-19 emergency period. Applied to the current \$142.3 million DSH payment, paying the DSH in June would reduce general revenue expenditures by **\$8,822,664** against the Governor's Recommend. EOHHS would accrue the amount paid in June as a SFY 2021 expenditure and so aside from the significant General Revenue savings there would be no impact on the State's SFY 2021 budget.

Table VII-1. SFY 2020 DSH Payments by Hospital (FFY 2019 DSH Plan Year)

| | Plan Year 2019 ¹ | Recoupment | Plan Year 2019 ¹ | Plan Year 2020 ² |
|------------------------------------|-----------------------------|------------|-----------------------------|-----------------------------|
| Kent Hospital | \$ 8,341,202 | \$ 12,310 | \$ 8,328,892 | |
| Landmark Hospital | 13,546,816 | 19,993 | 13,526,823 | |
| Miriam Hospital | 11,589,326 | 17,104 | 11,572,222 | |
| Newport Hospital | 6,098,423 | 9,000 | 6,089,423 | |
| Rhode Island Hospital | 56,626,145 | 83,571 | 56,542,574 | |
| Roger Williams Medical Center | 9,657,073 | 14,252 | 9,642,821 | |
| St Joseph Hospital | 8,933,869 | 13,185 | 8,920,684 | |
| South County Hospital | 4,224,852 | 6,235 | 4,218,617 | |
| Westerly Hospital | 3,307,871 | 4,882 | 3,302,989 | |
| Women & Infants Hospital | 19,967,682 | 29,469 | 19,938,213 | |
| | \$ 142,293,259 | \$ 210,001 | \$ 142,083,258 | \$ 142,301,035 |
| DSH Cap | \$ 141,893,788 | | \$ 141,893,788 | \$ 143,552,110 |
| SFY Budget Over/(Under) Cap | \$ 399,471 | | \$ 189,470 | \$ (1,251,075) |

Notes:

1. Paid in July 2019 (SFY 2020). \$210,002 recouped in February 2020.
2. Paid by July 2020 (SFY 2021). Distribution by hospital is not final.

Table VII-2. SFY 2020 DSH Allotment (based upon FFY 2019 Plan Year)

| | Nov CEC <i>based on FFY 2020 Reduced</i> | Current <i>based on Current R.I. Statute</i> | FFY 20 Unreduced <i>based on CMS estimate</i> |
|---------------------------------------|---|---|--|
| <i>All Funds</i> | \$ 77,800,000 | \$ 142,301,035 | \$ 143,552,110 |
| <i>Federal Funds</i> | 41,195,100 | 75,348,398 | 76,010,842 |
| <i>General Revenue</i> | 36,604,900 | 66,952,637 | 67,541,268 |
| <i>FMAP (FFY 2020)</i> | 0.5295 | 0.5295 | 0.5295 |
| <i>GR Relief if Paid in June 2020</i> | \$4,823,600 | \$8,822,664 | \$8,900,231 |

VIII. Nursing and Hospice Care

| | | Nursing and Hospice Care | |
|----------------|-----------------------------|---------------------------------|------------------------|
| | | All Funds | General Revenue |
| FY 2018 | Final | \$176,749,877 | \$85,150,631 |
| FY 2019 | Final | \$316,748,108 | \$154,022,945 |
| FY 2020 | Enacted | \$352,504,239 | \$166,188,054 |
| | November CEC | \$362,000,000 | \$171,457,725 |
| | Current | \$362,804,016 | \$161,230,242 |
| | <i>Deficit over Nov CEC</i> | <i>(\$804,016)</i> | <i>\$10,227,483</i> |
| FY 2021 | November CEC | \$375,000,000 | \$173,876,910 |
| | Current | \$365,435,873 | \$169,458,762 |
| | <i>Surplus over Nov CEC</i> | <i>\$9,564,127</i> | <i>\$4,418,148</i> |

EOHHS' estimate of \$362.8 million for FY 2020 reflects a \$0.8 million deficit against Nov CEC. For FY 2021, EOHHS is forecasting \$365.4 million in Nursing and Hospice Care, a 0.7% increase over current fiscal year. The enhanced FMAP associated with the COVID-19 emergency period contributes \$10.6 million in GR relief in FY 2020.

The muted year-over-year growth is attributed to the removal of the time limited nursing home rate increase as of July 1, 2020. In response to the COVID-19 epidemic, the Governor exercised her statutory authority to respond to the emergency period to implement a 10% rate increase for the months of April, May and June. Excluding those additional costs, the year-over-year change is 3.7% and EOHHS' forecast for FY 2020 would have been \$352,434,476. The 10% rate adjustment is not included in the estimate for FY 2021. For both years, EOHHS' maintains its assumption that 10 percent of advances will remain entirely state only expenses. The fiscal impact of this assumption is \$792,825 in FY 2020 and \$645,660 in FY 2021 compared to the scenario in which all advances pay as claims and are recouped, and so would ultimately be expenses that are eligible for federal financial participation.

A delineation of the nursing home and hospice expenditure forecasts, and associated trend assumptions are presented in **Table VIII-1**, **Table VIII-2** and **Table VIII-3**, respectively. Additional information on paid days is presented in **Attachments 4a**, **4b**, and **4c**.

Information on total nursing home days as required for reporting purposes under the Perry-Sullivan law is not available at this time. It will be furnished to the conferees under separate cover.

The \$2.6 million increase in fee-for-service nursing home and hospice expenditures for FY 2021 over FY 2020 is comprised of the following components:

- Removal of temporary rate increase: -\$10.4 million
- 10/1/2020 nursing home rate increase: \$7.8 million
- 10/1/2020 hospice rate Increase: \$0.6 million
- Utilization/Acuity \$4.5 million

For information specific to EOHHS' interim payments and reconciliation process please see **Major Developments** and responses provided in **Attachment 8**.

Table VIII-1. Summary of Nursing Home and Hospice Expenditures

| | SFY 2019: | SFY 2020: | | | SFY 2021: | | | Surplus/ (Deficit) |
|---------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------|-----------------------|
| | Final | Enacted | Nov CEC | Current | Nov CEC | Current | | |
| Medicare Days | \$ 2,250,000 | \$ 2,097,743 | \$ 2,250,000 | \$ 2,250,000 | \$ 2,500,000 | \$ 2,500,000 | \$0.0 M | |
| Medicaid Days | 288,815,774 | 323,164,005 | 333,063,898 | 334,408,834 | 345,001,232 | 336,429,193 | (\$1.3 M) | |
| FFS Claims | 277,315,774 | 305,923,729 | 318,063,898 | 319,408,834 | 333,001,232 | 324,429,193 | (\$1.3 M) | |
| Advances ¹ | 11,500,000 | 17,240,276 | 15,000,000 | 15,000,000 | 12,000,000 | 12,000,000 | \$0.0 M | |
| Hospice | 27,659,387 | 27,242,491 | 26,686,102 | 26,145,181 | 27,498,768 | 26,506,680 | \$0.5 M | |
| <i>Prior Period Activity/Accruals</i> | <i>(1,977,053)</i> | | | | | | | |
| Total Nursing and Hospice Care | \$ 316,748,108 | \$ 352,504,239 | \$ 362,000,000 | \$ 362,804,016 | \$ 375,000,000 | \$ 365,435,873 | (\$0.8 M) | |
| <i>General Revenue</i> | <i>\$ 154,022,945</i> | <i>\$ 166,188,054</i> | <i>\$ 171,457,725</i> | <i>\$ 161,230,242</i> | <i>\$ 173,876,910</i> | <i>\$ 169,458,762</i> | <i>\$10.2 M</i> | |

Note:

1. Advances do not reflect total advances made in Fiscal Year. Rather, they represent the amount of advances outstanding for services incurred within the fiscal year that do not yet have an offsetting claim. For example, in SFY19 recouped more advances than is paid due to backlog of prior period advances.

Table VIII-2. Nursing Home Medicaid Per Diem before Patient Share (Average)

| Rate Effective | Avg Per Diem ¹ |
|-------------------------|---------------------------|
| 1-Oct-19 | \$230.00 |
| 4/1/2020 ^[2] | \$250.69 |
| 1-Jul-20 | \$230.00 |
| 1-Oct-20 | \$235.52 |

[1] Rate is prior to patient share.

[2] 10% increase to Direct Care, Indirect Care, Other Direct Care. No adjustment to FRV, Policy Adj, Taxes.

Table VIII-3. FY 2021 Nursing and Hospice Care Trend Assumptions

| Nursing Homes & Hospice | Percent | Dollar Impact | Comments |
|------------------------------|---------|---------------------|---------------------------------------|
| Price | 2.4% | \$8,458,427.41 | FFY 2020 Skilled Nursing Facility PPS |
| Utilization | 1.25% | \$4,542,970.09 | EOHHS |
| Subtotal | | \$13,001,398 | |
| <i>Less FY 2020 Rate Adj</i> | | <i>(10,369,540)</i> | |
| Total Change Y/Y | | \$2,631,858 | |

Derivation of FY 2020 and FY 2021 Forecast

In a “normal” fiscal year, given stability in caseload and utilization, the average paid expenditures in a month is a reasonable proxy of the anticipated level of fee-for-service activity likely to be incurred in that same month. However, with the fluctuations in nursing home claims payments as well in contingency payments and recoupments, in addition to the transition of members from Rhody Health Options to fee-for-service, it is unlikely that this assumption holds true.

Therefore, as in previous CEC testimonies for this budget line, to derive a monthly baseline from which to forecast its nursing home expenditures for FY 2020 and FY 2021 estimate, EOHHS considered both its historical nursing home claims data and its contingency payment data. Instead of relying upon what EOHHS *paid* each month, EOHHS estimated what its members *incurred* each month. To do so, EOHHS employed an approach that it used for estimating its year-end accruals and that is widely utilized by actuaries in rate development to calculate any outstanding liability of activity that is incurred but not reported (IBNR).

This approach is necessary because providers can generally submit claims up to 12-months after the date of service. While a significant proportion of claims are submitted well before this deadline, it is not uncommon for

claims to be paid many months after the date of service for cases where there is an LTSS application pending. Given the large volume of claims impacting this budget line, even with a relatively fast “completion factor” or minimal “lag,” there are millions of dollars in liability that remain outstanding several months after the month of service.

This application of an IBNR methodology that considers the average lag between when a service was provided and when the provider was paid for that service, however, is complicated in the case of nursing home payments due to the interaction of the advances and claims that would lead to an overstating of the typical lag. EOHHS’ approach addresses this concern.

Specifically, EOHHS estimated:

1. The average monthly utilization observed in MMIS following the rate change effective 10/1/2019.
2. The amount of IBNR or activity likely to be incurred but not yet observed in MMIS due to normal “claims lag.”
3. The amount of activity incurred each month for claims activity not yet in MMIS due to contingency payments being made. (Please note that this is different than the amount of spending on contingency payments made each month for a prior period.)

EOHHS combined these three figures to establish a monthly baseline for its nursing home spend and subsequently applied the appropriate price and caseload trend factors to derive its total anticipated expenditures on nursing homes for FY 2020 and FY 2021.

Of note, the above methodology does not distinguish between Medicare Days or Medicaid Days and so an allocation methodology is used to allocate these expenditures in **Table VIII-1**.

Finally, the baseline incorporates all incurred fee-for-service activity (steps 1 and 2) as well as outstanding advances (step 3) and so for reporting and budgeting purposes, a portion of the nursing home activity is classified as current period contingency payments. The FY 2020 and FY 2021 forecasts include \$15.0 million and \$12.0 million, respectively, for associated contingency payment activity incurred in the respective fiscal years. And as mentioned above, 10% of these claims are budget as unrecoverable, and so are budgeted as state-only.

IX. Home and Community Care

| | | Home and Community Care | |
|----------------|-----------------------------|-------------------------|----------------------|
| | | All Funds | General Revenue |
| FY 2018 | Final | \$49,555,320 | \$24,750,163 |
| FY 2019 | Final | \$70,243,474 | \$32,624,518 |
| FY 2020 | Enacted | \$75,600,000 | \$35,641,620 |
| | November CEC | \$78,400,000 | \$36,961,680 |
| | Current | \$83,941,123 | \$37,145,189 |
| | <i>Deficit over Nov CEC</i> | | <i>(\$5,541,123)</i> |
| FY 2021 | November CEC | \$82,500,000 | \$38,110,875 |
| | Current | \$88,090,685 | \$40,693,492 |
| | <i>Deficit over Nov CEC</i> | | <i>(\$5,590,685)</i> |

EOHHS is projecting Home and Community Based Services (HCBS) expenditures for FY 2020 to total \$83.9 million or \$5.5 million greater than the November Adopted.

In response to the COVID-19 epidemic, in FY 2020 the Governor exercised her statutory authority to implement a 10% Assisted Living rate increase for the months of April, May and June. This contributes \$214,005 in additional costs in FY 2020. The balance of the increase in expenditure is attributable to higher than estimated utilization per member, partially offset by lower than estimated enrollment in PACE. The enhanced FMAP associated with the COVID-19 emergency period contributes \$2.5 million in GR relief in FY 2020.

The FY 2021 forecast of \$88.1 million is \$5.6 million greater than the Nov CEC. The revised estimate for FY 2021 removes funding for the temporary Assisted Living rate increase but carries forward the other heightened expenditures for the current year, trended forward to FY 2021. The caseload and price trend assumptions used for the FY 2021 are shown in **Table IX-2**.

Table IX-1 delineates the FY 2020 and FY 2021 expenditures. Enrollment projections are presented in **Table IX-3**.

Table IX-1. Summary of Home and Community Care Expenditures

| | SFY 2019: | SFY 2020: | | | Surplus/ (Deficit) | SFY 2021: | | Surplus/ (Deficit) |
|---------------------------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|----------------------|----------------------|-----------------------|
| | Final | Enacted | Nov CEC | Current | | Nov CEC | Current | |
| Capitation | | | | | | | | |
| PACE | \$ 13,649,758 | \$ 15,558,527 | \$ 16,231,686 | \$ 15,672,203 | \$0.6 M | \$ 17,405,715 | \$ 17,273,219 | \$0.1 M |
| FFS Claims | | | | | | | | |
| Assisted Living | \$ 6,397,618 | \$ 8,989,283 | \$ 7,395,067 | \$ 8,774,193 | (\$1.4 M) | \$ 7,498,598 | \$ 8,731,392 | (\$1.2 M) |
| Shared Living | 1,930,238 | - | - | 3,841,680 | (\$3.8 M) | - | 4,018,398 | |
| Adult Day | 3,569,698 | | 4,018,080 | 4,814,436 | (\$0.8 M) | 4,194,876 | 5,035,901 | (\$0.8 M) |
| Personal Choice | 8,217,372 | | 9,208,938 | 9,810,360 | (\$0.6 M) | 9,614,131 | 10,261,637 | (\$0.6 M) |
| Home Care | 36,029,515 | 51,052,190 | 39,334,272 | 37,780,008 | \$1.6 M | 41,064,980 | 39,517,889 | \$1.5 M |
| Other HCBS | 2,286,028 | | 2,211,957 | 3,248,244 | (\$1.0 M) | 2,721,701 | 3,252,250 | (\$0.5 M) |
| Subtotal FFS | \$ 58,430,469 | \$ 60,041,473 | \$ 62,168,314 | \$ 68,268,920 | (\$6.1 M) | \$ 65,094,285 | \$ 70,817,467 | (\$5.7 M) |
| <i>Prior Period Activity/Accruals</i> | <i>(1,836,753)</i> | | | | | | | |
| Total Home and Community Care | \$ 70,243,474 | \$ 75,600,000 | \$ 78,400,000 | \$ 83,941,123 | (\$5.5 M) | \$ 82,500,000 | \$ 88,090,685 | (\$5.6 M) |
| <i>General Revenue</i> | <i>\$ 32,624,518</i> | <i>\$ 35,641,620</i> | <i>\$ 36,961,680</i> | <i>\$ 37,145,189</i> | <i>(\$0.2 M)</i> | <i>\$ 38,110,875</i> | <i>\$ 40,693,492</i> | <i>(\$2.6 M)</i> |

Table IX-2. FY 2020 Home and Community Care Trend Assumptions

| HCBS | | | |
|--------------------|---------|---------------------|------------------------------------|
| | Percent | Dollar Impact | Comments |
| Price | | | |
| PACE | 3.0% | \$ 476,322 | EOHHS |
| Assisted Living | 0.0% | \$ - | N/A |
| Other HCBS | 2.6% | \$ 1,510,886 | CMS CY 2020 Home Health Agency PPS |
| | | \$ 1,987,208 | |
| Utilization | | | |
| PACE | 7.0% | \$ 1,124,694 | EOHHS |
| Assisted Living | 2.0% | \$ 171,204 | EOHHS |
| Other HCBS | 2.0% | \$ 1,162,218 | EOHHS |
| | | \$ 2,458,116 | |

Table IX-3. Home and Community Based Services Enrollment

| | SFY 2019: | | SFY 2020: | | | SFY 2021: | | |
|--------------------------|--------------|--------------|--------------|--------------|-----------------------|--------------|--------------|-----------------------|
| | Final | Enacted | Nov CEC | Current | Surplus/ (Deficit) | Nov CEC | Current | Surplus/ (Deficit) |
| PACE | 304 | 334 | 352 | 337 | -15 | 365 | 361 | -4 |
| Remaining in FFS: | | | | | | | | |
| Assisted Living | 427 | 429 | 556 | 544 | -12 | 552 | 586 | 33 |
| Shared Living | 95 | 95 | 195 | 163 | -32 | 200 | 185 | -15 |
| Personal Choice | 293 | 405 | 426 | 375 | -51 | 427 | 404 | -23 |
| Core Community Services | 1,275 | 1,683 | 1,767 | 1,558 | -209 | 1,777 | 1,668 | -109 |
| Other HCBS | 440 | 537 | 527 | 585 | 58 | 721 | 626 | -95 |
| Subtotal HCBS | 2,834 | 3,483 | 3,823 | 3,562 | -260 | 4,041 | 3,829 | -212 |
| Preventive Services Only | 553 | 356 | 481 | 592 | 111 | 717 | 635 | -82 |

Table IX-4. Summary of PACE Monthly Premiums

| | SFY 2019 | SFY 2020 | SFY 2021 Est. ¹ | FY20→FY21 Trend |
|--------------------|----------|----------|----------------------------|--------------------|
| PACE | | | | |
| MMP SPMI | \$6,565 | \$6,728 | \$6,964 | 3.5% |
| MMP ID/DD | \$3,542 | \$3,763 | \$3,895 | 3.5% |
| MMP Community LTSS | \$3,504 | \$3,585 | \$3,711 | 3.5% |
| Composite | \$3,739 | \$3,871 | \$3,988 | 3.0% |

Note.

1. Rates are net of average patient share.

X. Pharmacy

| | | Pharmacy | |
|----------------|-----------------------------|--------------------|-------------------|
| | | All Funds | General Revenue |
| FY 2018 | Final | (\$3,872,447) | (\$1,626,193) |
| FY 2019 | Final | (\$462,718) | \$6,333 |
| FY 2020 | Enacted | (\$142,168) | \$172,810 |
| | November CEC | \$85,312 | \$290,220 |
| | Current | \$126,049 | \$313,076 |
| | <i>Deficit over Nov CEC</i> | <i>(\$40,737)</i> | <i>(\$22,856)</i> |
| FY 2021 | November CEC | \$222,357 | \$352,718 |
| | Current | \$428,110 | \$447,766 |
| | <i>Deficit over Nov CEC</i> | <i>(\$205,753)</i> | <i>(\$95,048)</i> |

FY 2020 and FY 2021 Pharmacy expenditures and rebates are presented in **Table X-1** as well as in **Major Developments**. The trend assumptions used for these forecasts are shown in **Table X-2**.

EOHHS' revised forecast for FY 2020 is \$40,737 more than the November Adopted. The FY 2021 forecast is \$205,753 more than November CEC.

As previously explained, this minimal appropriation necessary for Pharmacy expenditures is due to:

- (1) CMS' rebate formula, which, for certain drugs, can compensate for significant price increases;
- (2) Medicaid being entitled to the full rebate amount even if it only pays a portion of a drug claim; and
- (3) the Pharmacy budget line reflecting J-Code rebates collected against pharmaceuticals delivered in an outpatient hospital setting.

Also, the Quarterly Rebate Offset Amount is a state remittance to CMS that is a 100 percent reduction to the general revenue savings attributed to drug rebate collections.

Table X-1. Summary of Pharmacy Expenditures

| | SFY 2019: | SFY 2020: | | SFY 2021: | | | Surplus/ (Deficit) | Surplus/ (Deficit) |
|---------------------------------------|---------------------|---------------------|-------------------|-------------------|------------------|-------------------|-----------------------|-----------------------|
| | Final | Enacted | Nov CEC | Current | Nov CEC | Current | | |
| FFS Claims | | | | | | | | |
| Pharmacy | \$ 5,722,549 | \$ 6,324,027 | \$ 6,591,517 | \$ 6,299,484 | \$0.3 M | \$ 6,874,952 | \$ 6,740,448 | \$0.1 M |
| DRE | (4,670,846) | (5,312,183) | (5,019,372) | (4,775,940) | (\$0.2 M) | (5,132,307) | (4,883,399) | (\$0.2 M) |
| J-Code | (1,366,744) | (1,154,012) | (1,486,834) | (1,397,495) | (\$0.1 M) | (1,520,287) | (1,428,939) | (\$0.1 M) |
| Subtotal Pharmacy | \$ (315,041) | \$ (142,168) | \$ 85,312 | \$ 126,049 | (\$0.0 M) | \$ 222,357 | \$ 428,110 | (\$0.2 M) |
| <i>Prior Period Activity/Accruals</i> | <i>(\$147,678)</i> | | | | | | | |
| Total Pharmacy | \$ (462,718) | \$ (142,168) | \$ 85,312 | \$ 126,049 | (\$0.0 M) | \$ 222,357 | \$ 428,110 | (\$0.2 M) |
| <i>General Revenue</i> | <i>\$ 6,333</i> | <i>\$ 172,810</i> | <i>\$ 290,220</i> | <i>\$ 313,076</i> | <i>(\$0.0 M)</i> | <i>\$ 313,076</i> | <i>\$ 447,766</i> | <i>(\$0.1 M)</i> |

Table X-2. FY 2021 Pharmacy Trend Assumptions

| Pharmacy | Percent | Dollar Impact | Comments |
|-------------------------|----------------|----------------------|-----------------|
| Price | 5.0% | \$314,975 | EOHHS |
| Utilization | 2.0% | \$125,989 | EOHHS |
| Rebates | 2.25% | (\$138,902) | EOHHS |
| Total Change Y/Y | | 302,062 | |

XI. Pharmacy Claw Back (Medicare Part D)

| | | All Funds | General Revenue |
|----------------|-----------------------------|---------------------|---------------------|
| FY 2018 | Final | \$64,346,373 | \$64,346,373 |
| FY 2019 | Final | \$72,001,485 | \$72,001,485 |
| FY 2020 | Enacted | \$74,215,807 | \$74,215,807 |
| | November CEC | \$71,660,785 | \$71,660,785 |
| | Current | \$66,367,436 | \$66,367,436 |
| | <i>Surplus over Nov CEC</i> | <i>\$5,293,349</i> | <i>\$5,293,349</i> |
| FY 2021 | November CEC | \$74,523,592 | \$74,523,592 |
| | Current | \$74,439,380 | \$74,439,380 |
| | <i>Surplus over Nov CEC</i> | <i>\$84,212</i> | <i>\$84,212</i> |

EOHHS' revised FY 2020 estimate of \$66.4 million for Pharmacy Claw Back is \$5.3 million less than November CEC. This revised forecast is based on actual caseload and Part D payments made through April 2020 as reflected in the monthly invoices from CMS to Rhode Island. This improved position includes an estimated savings of \$3.7 million GR for COVID-19 related relief that should reduce Rhode Island's multiplier for its pharmacy claw back payments.

The FY 2021 forecast is lower than November CEC by \$84,212 and based on most recent multiplier information for CY 2020 released by FSIS in March 2019. The caseload forecast reflects the April 2020 caseload trended at 2.5% percent annually for rest of FY 2020 and entirety of FY 2021. No adjustment to the trends has been assumed for purposes of COVID-19 given these members are on Medicare and likely to be retired and therefore not significantly impacted by the economic fallout.

Table XI-1. Summary of Pharmacy Claw Back Expenditures

| | SFY 2019: | SFY 2020: | | | SFY 2021: | | | Surplus/ (Deficit) |
|----------------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|----------------------|----------------------|-----------------------|
| | Final | Enacted | Nov CEC | Current | Surplus/ (Deficit) | Nov CEC | Current | |
| Medicare Premiums - Part D | \$ 69,811,567 | \$ 74,215,807 | \$ 71,660,785 | \$ 70,065,562 | \$1.6 M | \$ 74,523,592 | \$ 74,439,380 | \$0.1 M |
| COVID-19 FMAP Relief | | | | \$ (3,698,126) | \$3.7 M | | | |
| Total Clawback | \$ 69,811,567 | \$ 74,215,807 | \$ 71,660,785 | \$ 66,367,436 | \$5.3 M | \$ 74,523,592 | \$ 74,439,380 | \$0.1 M |
| PMPM | \$154.93 | \$160.33 | \$160.63 | \$158.58 | (\$2.05) | \$165.14 | \$165.17 | \$0.03 |
| Jul-Sept | \$156.16 | \$155.52 | \$155.52 | \$155.52 | | \$162.31 | \$162.31 | |
| Oct-Dec | \$152.56 | \$154.27 | \$154.27 | \$154.27 | | \$161.24 | \$161.24 | |
| Jan-Jun | \$157.14 | \$162.31 | \$162.31 | \$162.31 | | \$168.50 | \$168.50 | |
| Average Enrollment | 37,549 | 38,575 | 37,178 | 36,820 | (358) | 37,606 | 37,557 | (49) |

XII. Other Medical Services

| | | Other Services | |
|----------------|-----------------------------|-----------------------|------------------------|
| | | All Funds | General Revenue |
| FY 2018 | Final | \$110,883,431 | \$40,796,950 |
| FY 2019 | Final | \$124,318,646 | \$49,770,341 |
| FY 2020 | Enacted | \$136,300,000 | \$51,750,462 |
| | November CEC | \$138,000,000 | \$52,257,537 |
| | Current | \$143,296,454 | \$51,935,550 |
| | <i>Deficit over Nov CEC</i> | <i>(\$5,296,454)</i> | <i>\$321,987</i> |
| FY 2021 | November CEC | \$147,000,000 | \$55,110,469 |
| | Current | \$147,924,022 | \$55,652,160 |
| | <i>Deficit over Nov CEC</i> | <i>(\$924,022)</i> | <i>(\$541,691)</i> |

EOHHS' FY 2020 forecast for Other Medical Services results in a \$5.3 million deficit over November CEC. The FY 2021 forecast is \$0.9 million above the number adopted at the November Caseload Conference. A delineation for this expenditure category for both FY 2020 and FY 2021 is presented in **Table XII-1**. This deficit is due to higher fee-for-service expenditures for members remaining in fee-for-service.

Table XII-2 summarizes all Other Services expenditures subject to a non-regular matching rate.

The pricing and caseload assumptions used for the FY 2020 forecasts are shown in **Table XII-4** below.

Medicare Part A/B Premium Payments

Expenditures for FY 2020 are projected to total \$73.6 million which is \$0.5 million less than the November forecast. The decrease is due to marginally lower average monthly enrollment than EOHHS had previously estimated. For Part A, EOHHS' revised forecast assumes average Part A enrollment of 1,101 in FY 2020, increasing to an average of 1,155 in FY 2021. For Part B, EOHHS' forecast assumes average Part B enrollment of 39,265 in FY 2020 and 40,051 in FY 2021. Both forecasts reflect an annualized growth rate of 2.5% beginning in July 2020.

Recoveries

The FY 2020 forecast for recoveries is \$12.0 million or \$0.8 million greater than the November CEC. EOHHS is forecasting the same the level of recoveries in FY 2021, consistent with the November CEC.

Table XII-1. Summary of Other Medical Services Expenditures

| | SFY 2019: | | SFY 2020: | | | SFY 2021: | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|--------------------|-----------------------|-----------------------|--------------------|
| | Final | Enacted | Nov CEC | Current | Surplus/ (Deficit) | Nov CEC | Current | Surplus/ (Deficit) |
| Medicare Premium Payments - Part A/B | \$ 68,698,403 | \$ 73,600,663 | \$ 74,132,111 | \$ 73,642,865 | \$0.5 M | \$ 81,111,600 | \$ 79,782,393 | \$1.3 M |
| Non-Emergency Transportation | \$ 3,049,379 | \$ 4,494,533 | \$ 4,977,735 | \$ 5,027,390 | (\$0.0 M) | \$ 4,812,144 | \$ 5,464,347 | (\$0.7 M) |
| Other Medical Services | | | | | | | | |
| Tavares | \$ 7,134,979 | \$ 7,396,999 | \$ 8,381,909 | \$ 10,394,976 | (\$2.0 M) | \$ 8,750,713 | \$ 10,925,120 | (\$2.2 M) |
| Rehabilitation & TCM | 16,364,038 | 17,540,484 | 17,674,008 | 18,927,084 | (\$1.3 M) | 18,274,924 | 19,400,262 | (\$1.1 M) |
| BHDDH Medicaid Program | 18,667,271 | 20,838,268 | 21,445,432 | 23,329,524 | (\$1.9 M) | 22,174,577 | 23,913,108 | (\$1.7 M) |
| Medical Services | 18,334,893 | 20,903,036 | 20,467,141 | 21,478,176 | (\$1.0 M) | 21,163,024 | 22,015,132 | (\$0.9 M) |
| Refugee Program | 501,264 | 716,100 | 1,502,519 | 739,584 | \$0.8 M | 1,519,605 | 758,074 | \$0.8 M |
| Cortical Integrated Therapy | 308,000 | - | - | - | \$0.0 M | - | - | \$0.0 M |
| Other/Miscellaneous | - | 1,209,917 | 604,959 | 1,756,856 | (\$1.2 M) | 1,209,917 | (2,334,414) | \$3.5 M |
| Subtotal Other Medical Services | \$ 61,310,445 | \$ 68,604,804 | \$ 70,075,968 | \$ 76,626,200 | (\$6.6 M) | \$ 73,092,759 | \$ 74,677,282 | (\$1.6 M) |
| Recoveries | \$ (12,164,234) | \$ (10,400,000) | \$ (11,185,813) | \$ (12,000,000) | \$0.8 M | \$ (12,016,504) | \$ (12,000,000) | (\$0.0 M) |
| <i>Prior Period Activity/Accruals</i> | \$3,424,653 | | | | | | | |
| Total Other Services | \$ 124,318,646 | \$ 136,300,000 | \$ 138,000,000 | \$ 143,296,454 | (\$5.3 M) | \$ 147,000,000 | \$ 147,924,022 | (\$0.9 M) |
| <i>General Revenue</i> | \$ 49,770,341 | \$ 51,750,461 | \$ 52,257,537 | \$ 51,935,550 | \$0.3 M | \$ 55,110,469 | \$ 55,652,160 | (\$0.5 M) |

Table XII-2. General Impact of Non-Regular FMAP Sources of Funds Applied to Other Medical Services

| | SFY 2019: | | SFY 2020: | | | SFY 2021: | | |
|--|--------------|---------------|---------------|---------------|--------------------|---------------|---------------|--------------------|
| | Final | Enacted | Nov CEC | Current | Surplus/ (Deficit) | Nov CEC | Current | Surplus/ (Deficit) |
| Restricted - Children's Health Account | \$ 8,740,972 | \$ 10,079,200 | \$ 10,079,200 | \$ 10,079,200 | \$0.0 M | \$ 10,079,200 | \$ 10,316,150 | (\$0.2 M) |
| Restricted - Organ Transplant Fund | 7,780 | 15,000 | 15,000 | 15,000 | \$0.0 M | 15,000 | 15,000 | \$0.0 M |
| 100% Federal - QI Medicare | (1,768,476) | (1,825,794) | (1,750,000) | (1,750,000) | \$0.0 M | (1,750,000) | (1,750,000) | \$0.0 M |
| 100% Federal - Refugee Program | 501,264 | 716,100 | 1,502,519 | 739,584 | \$0.8 M | 1,519,605 | 773,605 | \$0.7 M |
| 100% State - BCCP | (188,427) | (250,000) | (250,000) | (250,000) | \$0.0 M | (250,000) | (250,000) | \$0.0 M |
| 100% State - CIT | 308,000 | - | - | - | \$0.0 M | - | - | \$0.0 M |

Table XII-3. Medicare Monthly Part A and Part B Premiums

| SFY | Part A | Part B | Grand Total |
|--------|--------|--------|-------------|
| 2019 | \$428 | \$140 | \$147 |
| 2020* | \$446 | \$144 | \$152 |
| 2021** | \$457 | \$153 | \$161 |

* Actuals through May Invoice; June Projected

** Projected

Table XII-4. FY 2020 Other Medical Services Trend Assumptions

| Other Services | | | |
|--------------------|---------|---------------|--|
| | Percent | Dollar Impact | Comments |
| Price | | | |
| Medical & BHDDH | 0.0% | \$ - | N/A |
| Rehab & TCM | 0.0% | \$ - | N/A |
| Tavares | 2.6% | \$ 270,269 | CMS FFY 2020 IPPS Less Productivity Adjustment |
| | | \$ 270,269 | |
| Utilization | | | |
| Medical & BHDDH | 2.5% | \$ 1,138,694 | EOHHS |
| Rehab & TCM | 2.5% | \$ 473,178 | EOHHS |
| Tavares | 2.5% | \$ 259,875 | EOHHS |
| | | \$ 1,871,747 | |

XIII. Attachments