

Governor's FY 2022 Budget: Articles

Staff Presentation to the House Finance
Committee
April 14, 2021

Introduction

- Medicaid Related Articles: 6,12,14,15
 - Article 12 – Medicaid
 - Article 14 – Hospital Uncompensated Care
 - Article 6 – Hospital License Fee
 - Section 5
- Proposed changes to employer reporting on Rlte Share
 - Article 15 – Sec. 9 & 10 — April 15
- H 5929 Doulas
- H 6193 GME

Medicaid Overview

- Major part of state budget & economy
 - Approximately 1/3 of state residents receive some Medicaid funded service
 - Majority of costs on small % of population
- Federal requirements and limitations
 - Can expand programs through waivers
 - To cover populations & provide services through different pathways
 - RI Global Consumer Choice Compact Waiver
- ACA - state expanded Medicaid to approximately 90,000 individuals

EOHHS

- Principal agency to manage the 4 health and human service agencies
 - Behavioral Healthcare, Developmental Disabilities and Hospitals
 - Children, Youth and Families
 - Human Services
 - Health
- Medicaid funded programs in each of the agencies

EOHHS

- Governor appoints the directors of the 4 agencies under the EOHHS umbrella
 - EOHHS is responsible for managing and providing strategic leadership and direction to the departments
 - Ideally, issues and impacts are coordinated across agencies
 - Directors retain statutory authority

Governor's FY 2022 Budget by Department

Department	General Revenues	All Funds
EOHHS	\$1,023.8	\$3,035.9
BHDDH	220.3	415.9
Children, Youth & Families	183.4	264.5
Human Services	124.7	645.9
Health	30.6	367.4
Total	\$1,582.9	\$4,726.5
Total State Budget	\$4,371.3	\$11,170.5
EOHHS Agencies % of Total	36.2%	42.3%

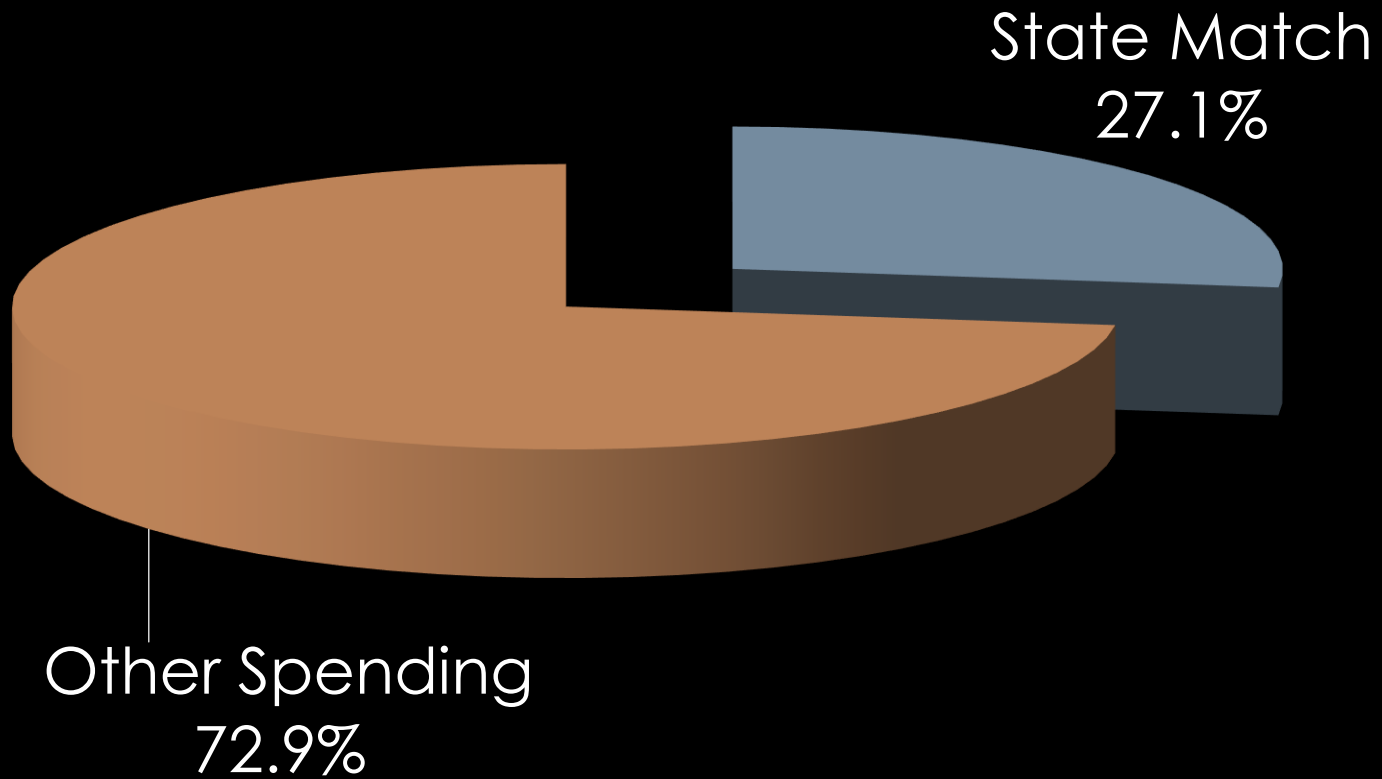
\$ in millions

Governor's FY 2022 Budget Medicaid by Department

Department	General Revenues	All Funds	% of Medicaid
EOHHS	\$1,015.5	\$2,987.7	88.5%
BHDDH	128.8	293.0	8.7%
DCYF	27.6	66.6	2.0%
Human Services	10.8	23.9	0.7%
Health	1.0	3.8	0.1%
Medicaid Total	\$1,183.7	\$3,374.9	100%
Total State Budget	\$4,371.3	\$11,170.5	
Medicaid % of Total	27.1%	30.2%	

\$ in millions

Medicaid % of FY 2022 Budget - General Revenues



Medicaid Programs

- EOHHS
 - Low income children and parents
 - Elderly/Disabled/Non-Disabled without dependent children
 - Medical benefits for those receiving community based services
 - Through BHDDH or DCYF
- BHDDH
 - Services to developmentally disabled adults
 - Patients at Eleanor Slater Hospital

Medicaid Programs

- DCYF
 - Non-medical services for children
 - Residential and community based services
- DHS
 - Medical services administration
 - Office of Health Aging programs
- DOH
 - Inspections
 - Administrative expenses

Caseload Estimating Conference

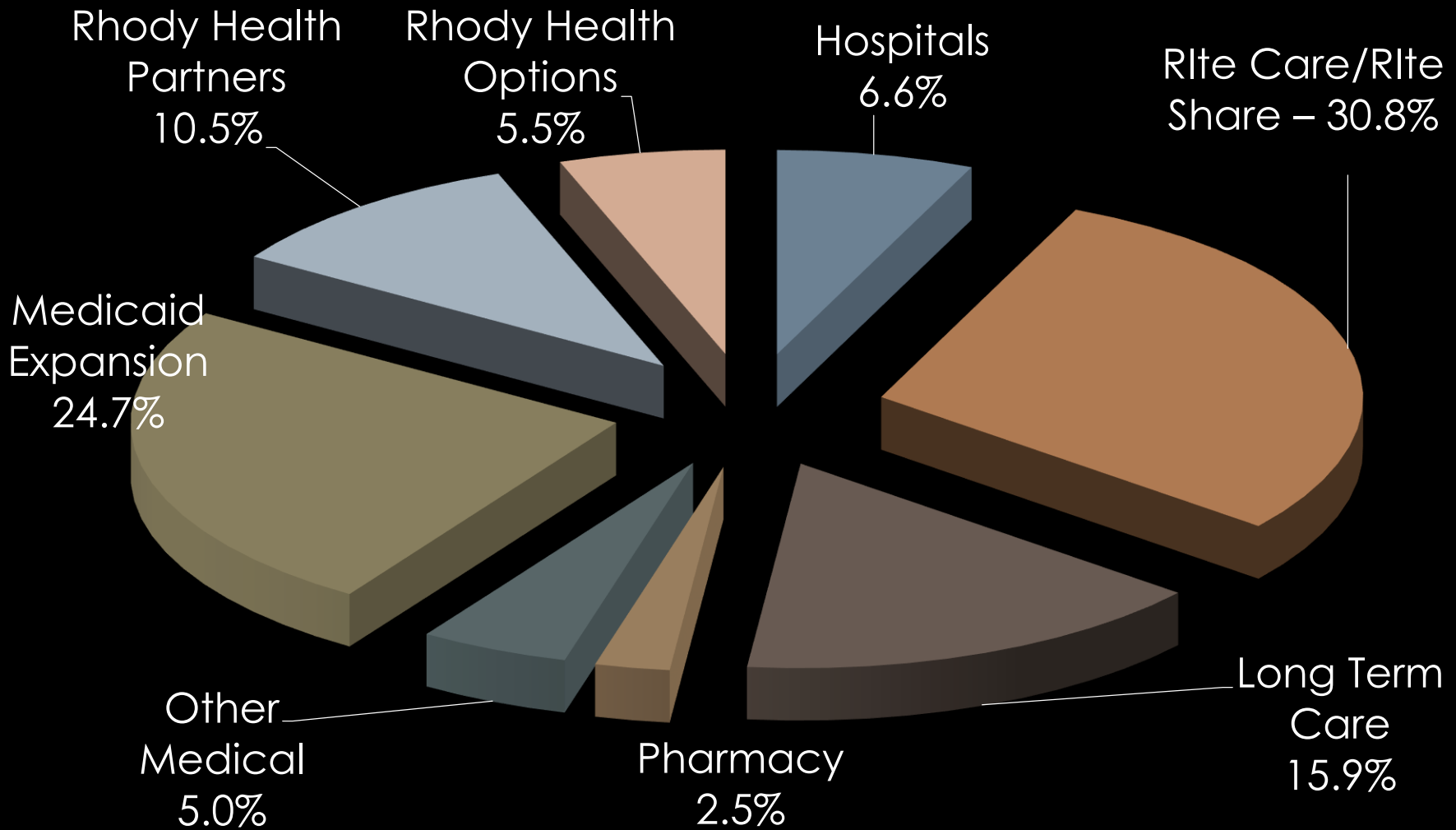
- House Fiscal, Senate Fiscal and State Budget Office staff estimate
 - Expenditures for medical benefits and cash assistance programs in EOHHS & DHS
- Estimates based on current law only
- Convenes 2X a year November & May
 - November is starting point for the Governor's revised and recommended budgets
 - FY 2021 Enacted after November
 - Enacted budget reflects May estimates

Medical Assistance: CEC

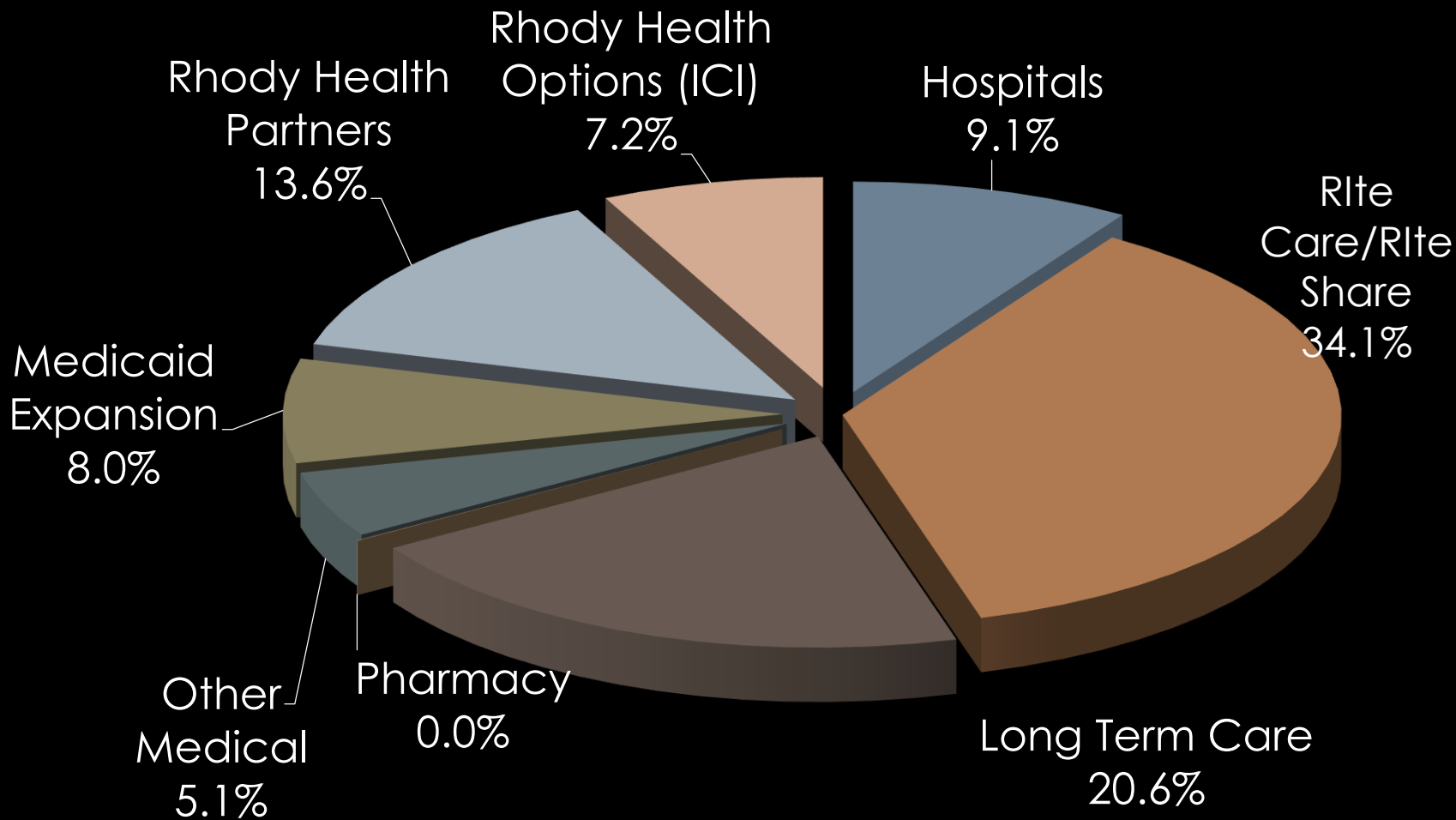
Program	FY 2021 Enacted	FY 2021 Gov. Rec.	FY 2022 Nov CEC	FY 2022 Gov. Rec.
Hospitals	\$198.2	\$198.2	\$120.6	\$184.6
Long Term Care	448.0	448.0	459.5	446.5
Managed Care	795.2	799.1	806.3	821.0
Expansion	640.8	652.6	642.0	693.9
RH Partners	285.6	285.7	294.3	294.1
RH Options	132.6	132.6	151.7	155.6
Pharmacy	64.9	62.7	75.0	69.8
Other Medical	138.5	138.5	140.0	139.8
Total	\$2,703.9	\$2,717.5	\$2,689.3	\$2,805.1

\$ in millions

FY 2022 Governor's Budget: EOHHS All Funds

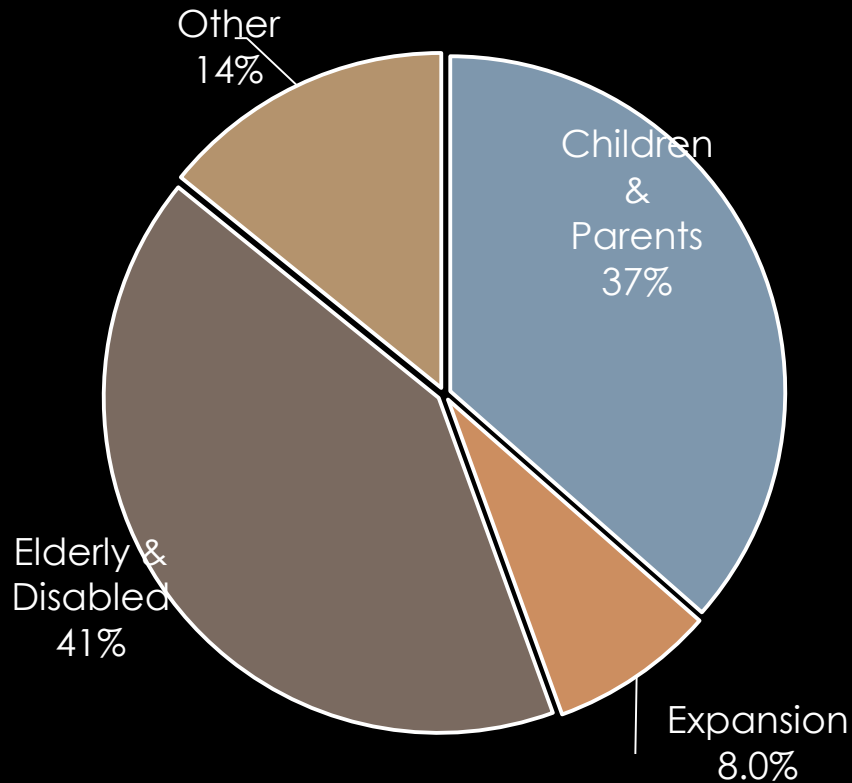


FY 2022 Governor's Budget: EOHHS General Revenues

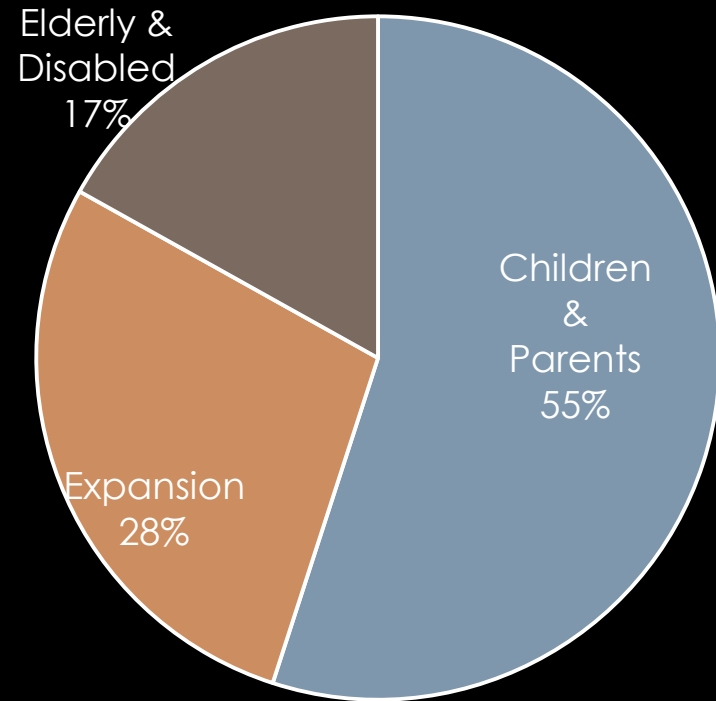


FY 2022 Governor's Budget: EOHHS by Population

PROGRAM EXPENSES: GENERAL REVENUES

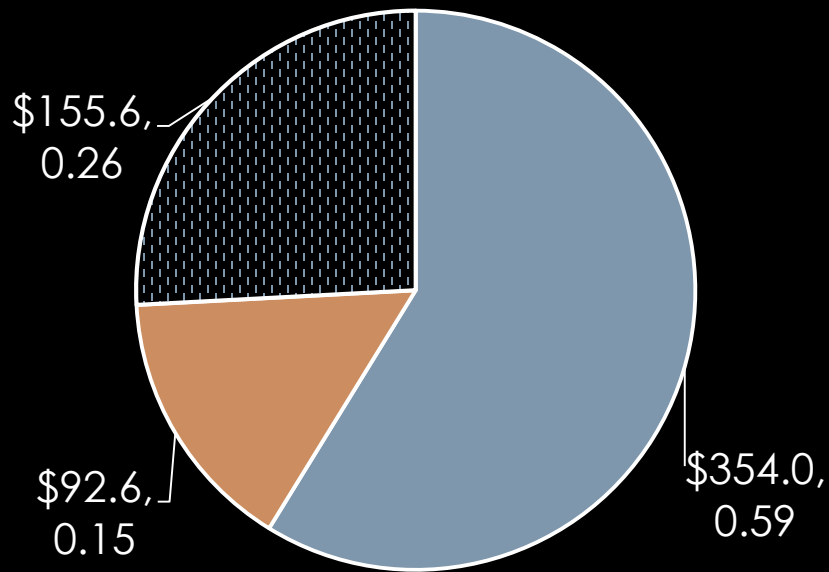


ENROLLMENT

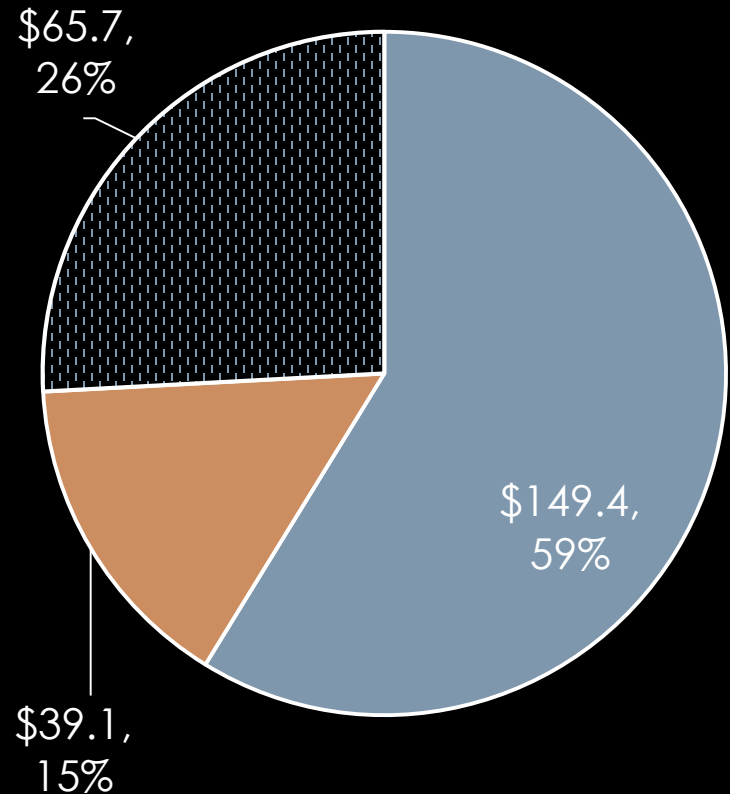


FY 2022 Governor: Long Term Care

All Funds = \$602.1 million



Gen. Rev. = \$254.2 million



- Nursing Homes
- Home & Community Care
- Rhody Health Options

Resolution - Medicaid Waiver

January 1, 2019 to December 31, 2023

Prior Category	Change	Approval	Example
I	Administrative	Notify CMS	General operating procedures, prior authorization change
II	Payments and optional benefits	Assembly/State Plan Amendment	Rate or payment change & adding benefits
III	Eligibility/ New Benefit	Assembly & CMS	Lowering Rlte Care threshold for parents

Articles 6, 12 & 14

- **Hospitals**
- Long Term Care Services
 - Home Care Providers
 - Assisted living Facilities
 - Shared Living
 - Nursing Homes
- Other
 - MCO Payments
 - Expanded benefits
 - Administrative and technical

Articles 6,12 & 14

Hospitals	Gen Rev	Total
Uncompensated Care	\$32.6	\$70.9
Outpatient Upper Payment Limit	(2.2)	(4.8)
Graduate Medical Education	(1.0)	(2.2)
License Fee (2 years)	(53.2)	(53.2)
Total	\$(23.8)	\$(10.7)

\$ in millions

Article 14 – Uncompensated Care

- Payment for Uncompensated Care
 - Also referred to as: Disproportionate Share Payments (DSH)
 - Made to hospitals serving a high volume of Medicaid or low-income patients
- Hospital costs minus payments made
 - Can include “underinsured” or “uninsured”
 - Includes cases where Medicaid payments do not cover actual cost

Article 14 – Uncompensated Care

- Federal formula determines allocation
 - States match with general revenues
- Distribution based on hospitals' share of statewide uncompensated care total
 - RI uncompensated care totals \$258.0 million
 - 8.1% of all hospital expenses
 - 2018 data
 - DSH payments: \$142.5 million – 55.2% of total
 - Same share to each Individual hospital

Article 14 – Uncompensated Care

- Article 14 establishes maximum FY 2022 payment of \$142.5 million
 - \$65.4 million from general revenues
 - \$32.6 million more than Nov CEC
 - Reflected reduction that has since been delayed
- Article also lowers FY 2021 maximum payment to \$142.3 million
 - Enacted payment slightly higher
 - Current law is not to exceed \$142.4 million
 - Change not necessary

Article 14 – Uncompensated Care

- Enhanced Medicaid match (6%) has not applied to this payment
 - Works as federal dollar cap matched by state funds so fixed amount of federal funds available regardless of match rate
 - American Rescue Plan Act passed in March fixes this issue allowing states to get match savings without reducing payments to hospitals
 - Will mean savings to the state for FY 2020 and FY 2021 and possibly FY 2022

Article 14– Uncompensated Care

- Affordable Care Act – phases in a lower federal allotment to states
 - Originally to be based on # of uninsured individuals in a state beginning with FY 2014
 - Delayed in previous fiscal years
 - Congress extended to December 11, 2023
- RI's 2021 allotment is \$76.0 million, matched by general revenues
 - Total - \$142.5 million
 - Will increase with ARPA fix noted

Article 14– Uncompensated Care

- Caseload estimates based on current law
 - Nov. UCC estimate based on federal phase down
 - May estimate will include updated fed law that will match the Governor's recommendation

	FY 2021 Enacted	FY 2021 Gov. Rec.	Nov 2022 CEC	FY 2022 Gov. Rec
UCC/DSH Payments	\$142.3	\$142.3	\$77.6	\$142.5

\$ in millions

Article 12 - Hospital Payments

- Outpatient Upper Payment Limit (UPL)
 - State makes payments to hospitals to match Medicare fee-for-service rates if Medicaid pays less for same services
 - Article 12 eliminates the payment
 - Savings of \$4.8 million, \$2.2 million general revenues
- Graduate Medical Education Payment
 - Made Level 1 Trauma hospital (Lifespan)
 - Article eliminates the payment
 - \$2.2 million, \$1.0 million from general revenues
 - H 6193 expands to level 4 NICU

Article 6 – Hospital Licensing Fee

- Adopted annually – except once
 - 2019 Assembly adopted 2-year rate
 - 6% for FY 2020 and 5% for FY 2021
 - Two-tiered fee with South County & Westerly paying less
 - 2018 base year revenues - \$3.2 billion is basis for fee
 - FY 2020 at 6% = \$193.8 million
 - FY 2021 at 5% = \$161.5 million
- Governor's original budget proposed increasing FY 2021 to 6%
 - Not adopted

Article 6 – Hospital Licensing Fee

- Governor proposes raising the fee for FY 2021 and establishing FY 2022 fee at 6%
 - Base year updated for FY 2022 fee from 2018 to 2020
 - REC estimates exclude fee because not current law
 - Deficit estimates usually assume same yield as prior year - \$161.5 million – Gov is \$16.7 million more
 - Change to how fee applies to ESH – eliminating most of it

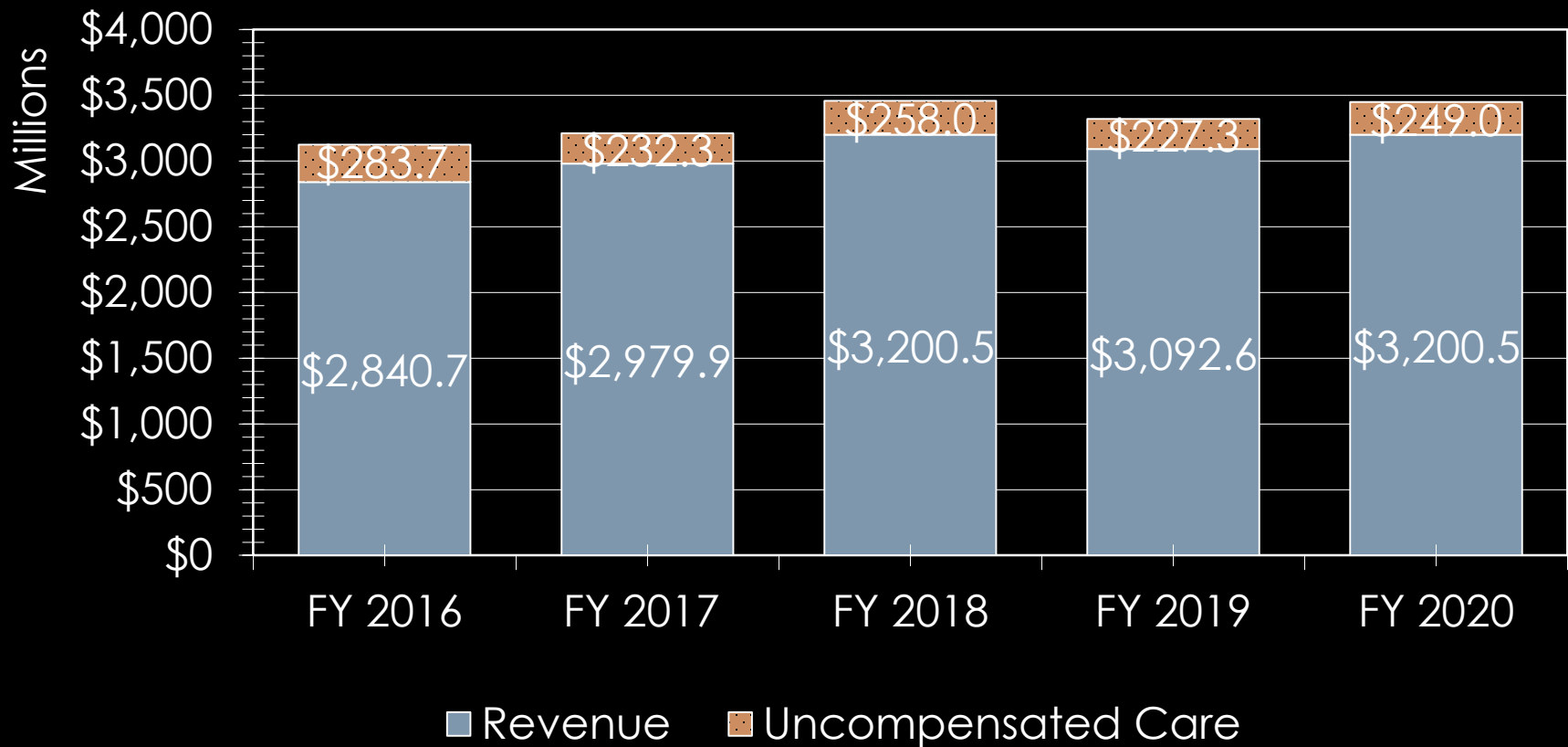
	FY 2021 Enacted	FY 2021 Gov. Rec.	FY 2022 Gov. Rec
License Fee	\$161.5	\$193.8	\$178.2

Article 6 – Hospital Licensing Fee

Hospital License Fee	FY 2021 Enacted	FY 2021 Gov. Rec.	FY 2022 Gov. Rec.
Base Year	2018	2018	2020
Tax Rate	5.0%	6.0%	6.0%
Hospital Revenue	\$3,200.5	\$3,200.5	\$3,004.1
Community Hospital License Fee	\$160.0	\$192.0	\$180.2
Washington County Waiver	(4.2)	(5.0)	(2.4)
Community Hospitals Total	\$155.9	\$187.0	\$177.9
Eleanor Slater Revenue	\$113.8	\$113.8	6.4
Eleanor Slater License Fee	\$5.7	\$6.8	\$0.4
Total Hospital License Fee	\$161.5	\$193.8	\$178.2

\$ in millions

Hospitals



Hospitals – FY 2021 Enacted

Hospital/ Network	Revenue	Uncomp. Care	DSH Payment	UPL	GME	License Fee
Lifespan	\$1,800.3	\$138.8	\$78.6	\$2.8	\$2.2	\$90.0
Care New England	754.2	42.2	25.5	1.0	-	37.7
CharterCare	297.4	34.8	19.7	0.5	-	14.9
Landmark	122.9	22.0	12.2	0.1	-	6.1
South County	160.4	6.9	3.8	0.1	-	5.1
Westerly	65.3	4.4	2.5	0.3	-	2.1
Eleanor Slater	113.8	-	-	-	-	5.7
Total	\$3,314.3	\$249.0	\$142.3	\$4.7	\$2.2	\$161.5

\$ in millions

Hospitals – FY 2021 Revised

Hospital/ Network	Revenue	License Fee 5%	License Fee 6%	Change
Lifespan	\$1,800.3	\$90.0	\$108.0	\$18.0
Care New England	754.2	37.7	45.3	7.6
CharterCare	297.4	14.9	17.8	2.9
Landmark	122.9	6.1	7.4	1.3
South County	160.4	5.1	6.1	1.0
Westerly	65.3	2.1	2.4	0.3
Eleanor Slater	113.8	5.7	6.8	1.1
Total	\$3,314.3	\$161.5	\$193.8	\$32.2

\$ in millions

Articles 6,12 & 14

- Hospitals
- **Long Term Care Services**
 - Home Care Providers
 - Assisted living Facilities
 - Shared Living
 - Nursing Homes
- Other
 - MCO Payments
 - Expanded benefits
 - Administrative and technical

Article 12 – Long Term Care Services

- Assisted living facilities & shared living
 - Alternatives to nursing home placement
- Home & Community Based Services
 - Home care services
 - Adult day services
- Budget includes savings of \$9.2 million
 - \$4.5 million from general revenues
 - 11 separate proposals impacting services
- Governor includes 2.0 new FTEs

Article 12 – Long Term Care Services

Home Care Providers	Gen Rev	Total
Shift Differential Rate Increase	\$0.3	\$0.5
Behavioral Healthcare Rate Increase	0.4	0.9
Maintenance of Need Allowance	2.4	5.4
Total	\$3.1	\$6.8

\$ in millions

Article 12 – Long Term Care Services

- Section 4 increases rates paid to home care workers who work overnight shifts and weekends by \$0.76/hr.
 - Billings are by 15 min. increments - \$0.19
 - Certified Nursing Assistants
 - Effective 7/1/2021
 - Passed through to the worker

Article 12 – Long Term Care Services

- Section 4 add behavioral health care enhancement rate for home care workers
 - Certified nursing assistants and personal care attendants (direct care workers)
 - Effective 1/1/2022
 - \$1.56 hourly – 15 min increment (\$0.39)
 - 100% of the increase will go to the worker
 - Only apply to providers who have at least 30% of direct care workers certified in behavioral healthcare training

Article 12 – Long Term Care Services

- Behavioral healthcare training
 - 30 hour training program offered by Rhode Island College
 - Or one approved by EOHHS
- By January 1, 2023
 - Agency must provide a annual compliance statement to EOHHS
 - Show amounts received and adherence to the pass through
 - Behavioral healthcare training program used

Article 12 – Long Term Care Services

- Maintenance of Need Allowance
 - Article 12 changes calculation of patient share or cost of care for home care recipients
 - Beneficiary has to pay a portion of monthly services before eligible for Medicaid
 - Change allows them to keep more of their income
 - Intended to make home care better option
 - Governor's budget adds \$5.4 million for added cost
 - GBA shifts some of the funding to BHDDH
 - Impact to DD community based providers

Article 12 – Long Term Care Services

Assisted Living & Shared Living	Gen Rev	Total
Assisted Living Rates	\$1.1	\$2.5
Assisted Living Medicaid Payment	0.6*	1.3
Shared Living Rates	0.1	0.3
Total	\$1.8	\$4.4

\$ in millions *GBA adds GR funding

Article 12 Sec 1 & 5: SSI/Assisted Living

- The state makes two payments to assisted living facilities for eligible individuals
 - State supplemental SSI payment through DHS
 - Payment for room and board
 - Net of \$50 for personal needs allowance to resident
 - Medicaid payment rate of \$69 a day
 - For all other services
 - Medicaid does not pay room and board
 - Recent changes made in these supplemental payments are being reversed in Article 12 and overall rates are being increased

Article 12 Sec 1: SSI/Assisted Living

- Higher payment authorized in FY 2016 for those enrolled in Rhody Health Options (RHO) Phase I
 - To reduce nursing home placements through managed care plan
 - New payment - category F

SSI Payment – Assisted Living (AL)	State	Federal	Total
Living in AL Facility (Cat D)	\$332.00	\$749.70	\$1,081.70
Living in AL enrolled in RHO – income <u>above</u> 120% (Cat F)	\$465.00	\$749.70	\$1,214.70
Living in AL enrolled in RHO – income <u>below</u> 120% (Cat F)	\$797.00	\$749.70	\$1,546.70

Article 12 Sec 1 & 5: SSI/Assisted Living

- In FY 2019 category F was expanded with changes to RHO
 - Those in assisted living kept the Category F higher payment
 - Assembly included language to allow the higher payment to be made in other supportive living programs
 - Basically a way to pay the higher rate for anyone in assisted living who met the criteria

Article 12 : SSI

Payment/Assisted Living

- Sections 1 & 5
 - Eliminate the enhanced Category F payments
 - Individuals will get the Category D payment
 - Eliminates a separate \$206 additional payment made only to facilities financed by Rhode Island Housing
 - The increase in rates paid through Medicaid will offset these losses
 - Based on acuity

Article 12 – Assisted Living

- Current daily rate is \$69
- Article 12 creates a 3 tiered system
 - Based on level of need and help with activities of daily living (ADL) - Eating, bathing, toileting
 - Budget adds \$2.5 million, \$1.1 million from gen rev

Tier	Rate	Description
A - Core	\$78	Asst. w/at least 1.5 ADL
B – Enhanced	\$98	Asst. with 2 or more ADL/need for enhanced care
C – Intensive/Highly Specialized	\$121	Asst. with 3 or more ADL/serious cognitive decline and/or co-morbidities

Article 12 – Shared Living Services

- Article 12 authorizes 10% rate increase
 - Adds \$0.3 million/\$0.1 million from gen. rev.
- About 180 individuals living w/caregivers through Medicaid LTSS
 - Payment is made to the caregiver
 - Neighbor, friend or relative other than a spouse
 - 8 categories depending on level of care and # of individuals in the home (can have 2)

Shared Living Services – Examples	Current Per Diem	Article 12
High level of care – attending adult day center	\$32.30	\$35.53
High level of care - not attending adult day center	\$48.11	\$52.92

Article 12 – Long Term Care Services

- Nursing Homes
 - 80 licensed nursing homes
 - 8,700 licensed beds
- FY 2022 budget funds current law Oct.1 rate increase - 3%
 - \$8.4 million from all sources
 - Prior year froze or limited it to 1%
- Payments are made using a base rate - adjusted for a resident's level of need
 - RUG system (Resource Utilization Group)

Article 12 – Long Term Care Services

Nursing Homes	Gen Rev	Total
Per diem add on for Behavioral Health	\$1.7	\$4.1
Behavioral Health Care Acuity increase	0.5	1.1
<i>Decrease other RUG rates</i>	<i>(0.5)</i>	<i>(1.1)</i>
Ventilated Acuity Adjustment	0.9	2.1
Projected Census Reduction Savings	(8.9)	(19.6)
Total – As adjusted for GBA	\$(6.3)	\$(13.4)

\$ in millions

Article 12 – Long Term Care Services

- Behavioral Health Care rate changes in Article 12
 - Opportunity to move patients out of ESH
- Acuity Adjustment
 - Governor's budget adds \$1.1 million all funds
 - Also takes like reduction within other rates
- Per Diem Add on for complex patients
 - GBA adds \$4.1 million all funds to account for this cost

Article 12 – Long Term Care Services

- Article 12 authorizes rate adjustment for patients on ventilators
 - Governor's original budget does not fund this change – GBA notes \$2.1 million
- Allows for options for discharging current patients of Eleanor Slater Hospital
 - Budget assumes savings from reorganization proposal

Article 12 – Long Term Care Services

- Census Reduction
 - Governor's budget includes savings of \$19.6 million from a reduction in nursing home census
 - Expected to result from the combination of all long term care proposals
 - 6% reduction to the daily census assumption of 4,582
 - Retain at pandemic levels
 - Not clear how this was calculated

Article 12 – Long Term Care Services

Long Term Care Rebalancing	Gen Rev	Total
Nursing Homes as submitted	\$(8.9)	\$(19.5)
GBA – additional funding	3.2	7.6
Home Care Providers	3.1	6.8
Assisted Living Facilities	1.1	3.2
Shared Living Program	0.1	0.3
Total	\$(1.4)	\$(1.6)

\$ in millions

Article 12 - Section 8

Other Proposals	General Revenues	All Funds
Managed Care Rates	\$(1.2)	\$(4.0)
Perinatal Doulas	0.1	0.3
Community Health Workers	0.9	2.7
Hospitals Savings*	(1.1)	(3.2)
Parents as Teachers	0.6	1.4
First Connections	0.1	0.2
Mental Health Residential Services	2.4	5.8
Dental Benefits	-	-
Total	\$1.8	\$3.2

\$ in millions – Savings from Doulas and CHW adds

Article 12 – Managed Care Rates

- Article allows the state to reduce the portion the managed care plans retain from administrative & medical premiums
 - Mitigates the risk on rates
 - State has risk sharing arrangement
- Reduced from 1.5 % to 1.25 %
 - Savings of \$4.0 million
 - \$1.2 million from general revenues

Article 12 – Perinatal Doula Services

- Article allows RI to establish Medicaid coverage for perinatal doula services
 - Services support women during pregnancy, childbirth & first few postpartum weeks
 - \$850 payment
 - for 10% of Medicaid births - 500 births
 - Budget includes net cost of \$0.1 million
 - Assume \$0.3 million costs is offset by \$0.2 million in hospital savings
 - H 5929 - Doula Reimbursement
 - Not limited to Medicaid

Article 12 – Community Health Workers

- Article allows the state to establish Medicaid coverage and reimbursement rates for community health workers
 - Frontline, public health workers
 - Help improve access to, quality of, and cultural responsiveness of service providers
- Currently federally funded - time-limited
- Governor includes savings of \$0.3 million
 - Adds \$2.7 million for the coverage
 - Offset by \$3.0 million hospitalization savings

Article 12 – Community Health Workers

- The Dept. of Health has a certification process for community health workers
 - Training is available through Rhode island College
 - Currently 276 certified workers
 - Employed at federally qualified health centers, hospitals, Community Action programs and other organizations

Article 12 – Community Health Workers

- Budget based on a Medicaid rate at \$48.50 for the workers
 - Includes a hourly wage of \$21.52
 - \$32.33 with benefits
- EOHHS assumes there are 7,900 “high risk” individuals who would use the service
 - The budget is based on utilization of 2,000 individuals or 25%
 - The rate proposed would support 6 teams of 6 community health workers – or 36 for a year

Article 12 – Parents as Teachers

- Article allows the state to establish Medicaid coverage & reimbursement rates for the Parents as Teachers program
 - Department of Health
- Program funded through federal grants
 - Governor includes \$1.4 million
 - Match to current state funding of \$0.6 million
 - There are 8 organizations that operate statewide

Article 12 – Parents as Teachers

- Program is available to pregnant women and parents with children up to age 4
 - Some programs are up to age 5
 - Part of Family Home Visiting Program
 - Serves about 250 families

Article 12 – First Connections

- Article allows the state to establish Medicaid coverage & reimbursement for the First Connections Program
 - Also part of the DOH's Family Home Visiting Program
- Program funded through federal grants
 - Governor includes \$0.2 million
 - \$0.1 million from general revenues
- There are 5 organizations operating statewide

Article 12 – Mental Health Residences

- Article authorizes an intensive, expanded Mental Health Psychiatric Rehabilitative Residential (MHPRR) program
 - Help to move patients out of Eleanor Slater Hospital
- It is a current residential services program
 - Placement services are made through the Dept of BHDDH
 - Payments are either \$125 or \$175 a day
 - ESH patients are discharged to these facilities

Article 12 – Mental Health Residences

- Governor submitted an amendment to add \$5.8 million
 - \$2.4 million from general revenues
 - This proposal would cover an increase the rate to \$525 a day
 - Starts September 1, 2021
 - Assumes that providers will need more intensive staffing to handle individuals coming out of Eleanor Slater Hospitals

Dental Benefits

- Article allows coverage for new dental treatments of tooth decay in children
 - Also requires a state plan amendment
 - State has a contract with UnitedHealthCare for the Rite Smiles dental program
 - This would add \$0.02 to the \$20.20 monthly payment made on behalf of 135,000 recipients
- The Governor does not fund the benefit

Article 12 - Other Changes

- Section 2
 - Federally Qualified Health Centers
 - Makes a technical correction to how EOHHS can reimburse for services provided by the centers
 - Co-payments
 - Rescinds co-payment for prescription drugs and non-emergency services provided in a hospital emergency room
 - EOHHS never implemented it

Article 12 –Medicaid Annual Report

- Section 6 moves report date from March 15 to September 15
 - Submitted to
 - Governor
 - Chairpersons of the House and Senate Finance Committees
 - Caseload Estimating Conference principals
 - Joint legislative Committee for Healthcare Oversight

Article 12 –Medicaid Annual Report

- Governor includes savings of \$0.3 million
 - \$0.1 million from general revenues
- Report is prepared by a contractor
 - FY 2020 report would be due September 15th
 - EOHHS has not turned in the 2019 report that was due March 15, 2020
- Unclear how report will be prepared/funded

Federal Opportunities

- Allows EOHHS to take advantage of any federal opportunities that do not have an adverse impact on the FY 2022 budget
- Has been included in previous budgets
 - No actions have been taken under this provision

Risks and Issues

- Expanded rates and services add known costs
 - Mostly verifiable
- Offsetting savings assumed are extensive
 - Less verifiable
- If savings are not achieved as predicted added costs still happen

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