

Governor's FY 2014 Budget: Articles



Staff Presentation to the House
Finance Committee
February 13, 2013

Introduction

- Articles in Governor's FY 2014 Budget
- Four articles today
- Office of Health and Human Services
- Department of Behavioral Healthcare, Developmental Disabilities and Hospitals

Introduction

- Article 12 – Hospital DSH Payment
- Article 13 – Hospital License Fee
- Article 19 – Medical Assistance
- Article 20 – Medicaid Resolution

Article 12 – Uncompensated Care

- Federal formula determines state allocation
 - then must be matched w/general revenues
- Distribution based on hospitals' share of statewide uncompensated care total
 - RI uncompensated care total is \$260.2 million, but allocation is \$128.3 million or 49.3% of total
 - Individual hospital will receive 49.3% of its costs

Article 12– Uncompensated Care

- Annual Article
- Provides for FY 2015 payment to the community hospitals
- Equates to hospital FY 2014
 - State did not make a payment in FY 2007
 - Did include legislation for payment in FY 2008

Article 12– Uncompensated Care

- Payment not to exceed \$128.3 million
 - \$65.7 million federal payment matched by general revenues
 - Current FY 2012 federal allotment
 - FY 2013 allotment not yet determined by the Centers for Medicare and Medicaid Services

Uncompensated Care - ACA

- Affordable Care Act – phases in a lower federal allotment to states
- Based on number of uninsured individuals in a state beginning with the FY 2014 cap

Article 13 – Hospital Licensing Fee

- Extends current licensing fee of 5.35%
- Two-tiered fee with South County and Westerly paying 3.37 percent
- Plan still waiting for federal approval
- If not approved the 2 hospitals will pay an additional \$3.5 million in FY 2013

Article 13 – Hospital Licensing Fee

- Fee expires every year and therefore extensions are done annually
- Budget includes revenue of \$141.3 million
 - \$136.0 million from community hospitals
 - \$5.3 million from Eleanor Slater Hospital

Medical Assistance

- Article 19 – Medical Assistance
 - Nursing Home and Hospital Rates
 - Coverage for non-disabled, childless adults, age 19 through 64
- Article 20 - Resolution
 - Necessary changes under global waiver
 - Statutory changes in Article 19

Article 20 – Medicaid Resolution

- Makes changes to Medicaid program affecting:
 - Nursing Home Rates
 - Hospital Payments
 - Programs in Department of BHDDH
 - Costs not otherwise matchable (CNOM) programs – impact with ACA

Article 20 – Medicaid Resolution

- Allows Medicaid agency to proceed with Integrated Care Initiative for those eligible for Medicare/Medicaid (duals)
- Extends the authority for the Medicaid agency to pursue any opportunities under ACA that does not adversely impact FY 2014 budget
 - Same language as used for FY 2013 budget

Article 20 – Medicaid Resolution

- Global Waiver requires Category II or III changes to receive Assembly approval
- May also require statutory change
- Category II: change to payment methodology, service definition
- Category III: requires state plan amendment, CMS approval and public hearing

Article 19/20 – Nursing Home Rates

- Eliminate scheduled October 1, 2013 rate increase for nursing homes
- Savings of \$7.8 million from all funds
 - \$3.9 million from general revenues
- Statutory change in Article 19

Article 19/20 – Hospital Payments

- Freezes FY 2014 rates at FY 2013 levels
 - Fee-for-service and managed care plans
 - Outpatient and Inpatient Services
 - Savings of \$10.5 million; \$5.2 million from general revenues
 - Aligns with Medicare payments from prior fiscal year – consistent with UPL payment
- Statutory change in Article 19

Article 19/20 – Hospital Payments

- Potential Impact on Outpatient Upper Payment Limit Reimbursement
 - Payment made for outpatient fee-for-service claims to pay closer to Medicare rate
 - FY 2013 – payment is \$11.8 million
 - Lower payments could increase the UPL made in the FY 2015 budget

Article 19 – Expanded Medicaid

- On 1/1/2014: Benefits to non-disabled, childless adults, ages 19 through 64
- Consistent with opportunity under ACA
- Adds \$68.9 million from federal funds
- 100% federal funds until January 1, 2017

Medicaid Benefits

Newly Eligible	80,983
Assume initial enrollment of 25%	20,170
Per Member/Per Year Cost	\$6,929
Annual Cost	\$139.8 million
Cost beginning January 1, 2014	\$68.9 million

Federal Match for Extended Benefits

	Starts	Ends	Federal	State
CY 2017	1/1/2017	12/31/2017	95%	5%
CY 2018	1/1/2018	12/31/2018	94%	6%
CY 2019	1/1/2019	12/31/2019	93%	7%
CY 2020 & later	1/1/2020		90%	10%

Governor's Out-Year Projections

SFY	FMAP Rate	Total	General Revenues
2017	2.5%	\$180.0	\$4.5
2018	5.5%	\$194.0	\$10.8

Kaiser Commission on Medicaid and the Uninsured Report

CY 2014 through CY 2019

Uninsured - Participation Rate	General Revenues	All Funds
50%	\$70.0	\$1,629.0
70%	\$100.0	\$1,868.0

Article 20 – Employment First Initiative

- Department of Behavioral Healthcare, Developmental Disabilities and Hospitals
- 2 Programs -
 - Developmental Disabilities
 - Behavioral Healthcare

Article 20 – Employment First

- Engage w/DHS' Office of Rehabilitation Services
- Offer participants an employment first option
- Incentivize community-based integrated employment opportunities

Article 20 – Employment First

- Review rates for job development and/or assessment – consider revising to encourage participation
- Savings projected by reductions in other areas and reinvest in Employment First
 - \$1.0 million; \$0.5 million from general revenues
 - Limited participation in other activities

Article 20 –Employment First

- Partner w/state & community agencies for employment & training opportunities
 - Amos House
 - Opportunities Industrialization Center of Rhode Island (OIC of Rhode Island)
 - Labor and Training/Human Services
 - Sherlock Center
 - Access Point of Rhode Island (Cranston ARC)

Article 20 – Housing First

- Eliminate funding for in-patient psychiatric hospitalization
 - \$1.9 million all funds; \$0.9 million general rev
- Use \$1.0 million to address housing needs
- Proposed savings of \$0.9 million
 - \$0.4 million in general revenues
- Global waiver extension addresses housing

Article 20 – CNOM Programs

- Global Waiver allows the state to leverage Medicaid for state only programs
- With health care reform individuals at or below 138% - access to full Medicaid benefits
- Resolution allows changes to be made to the waiver to transition newly eligible Medicaid recipients to full coverage

Article 20 – CNOM Programs

- \$4.2 million in general revenue savings
 - Savings separate from the resolution
- Budgeted in OHHS, BHDDH and DHS
- Standard calculation was taken across all CNOM eligible programs to achieve savings
 - Savings may be not be achieved where shown in Governor's budget

Article 20 – CNOM Programs

- Budget Office & OHHS review to determine what changes need to be made to savings
- Currently appear in programs that will not be impacted by ACA – for elderly in DHS
- Savings that were not taken that can be – methadone maintenance in BHDDH

CNOM Savings - BHDDH & OHHS

Activity	General Revenues
Substance Abuse Treatment	(\$610,318)
Mental Health Treatment	(\$526,930)
CMAP Program	(\$212,314)
HIV Treatment	(\$486,086)

CNOM Savings – DHS

Activity	General Revenues
Home & Day co-pay programs	(\$844,997)
GPA Medical	(\$433,859)
Community Health Centers	(\$167,324)
Home Modification	(\$20,057)

Article 20 – Integrated Care Initiative

- Integrated Care for Medicare and Medicaid Beneficiaries Proposal
 - Submitted - May 2012
- Plan to address needs of dual eligibles
 - Enter into a managed care plan

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