

Governor's FY 2019 Budget: Articles

Staff Presentation to the House Finance
Committee
March 14, 2018

Introduction

- Tonight – Managed Care Plans, Transportation & BHDDH programs
 - Managed Care Payments
 - Co-payments
 - Rite Share expansion
 - Non-emergency transportation
 - Alternative payments for at risk youth
 - Criteria for direct services & case mangmnt.
 - Adults with developmental disabilities
 - Opioid and BH crisis management

Introduction

- March 15th – Hospitals & Long Term Care
 - Hospital Payments
 - Inpatient & outpatient rates
 - UPL/Graduate Medical Education Payments
 - Hospital License Fee
 - Long Term Care
 - Eligibility & Asset Verification/Transfers
 - Integrated Care Initiative Redesign
 - Services & Supports & Community First Choice

Medicaid Overview

- Major part of state budget and economy
 - 30% of state residents receive Medicaid
 - 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 70,000 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

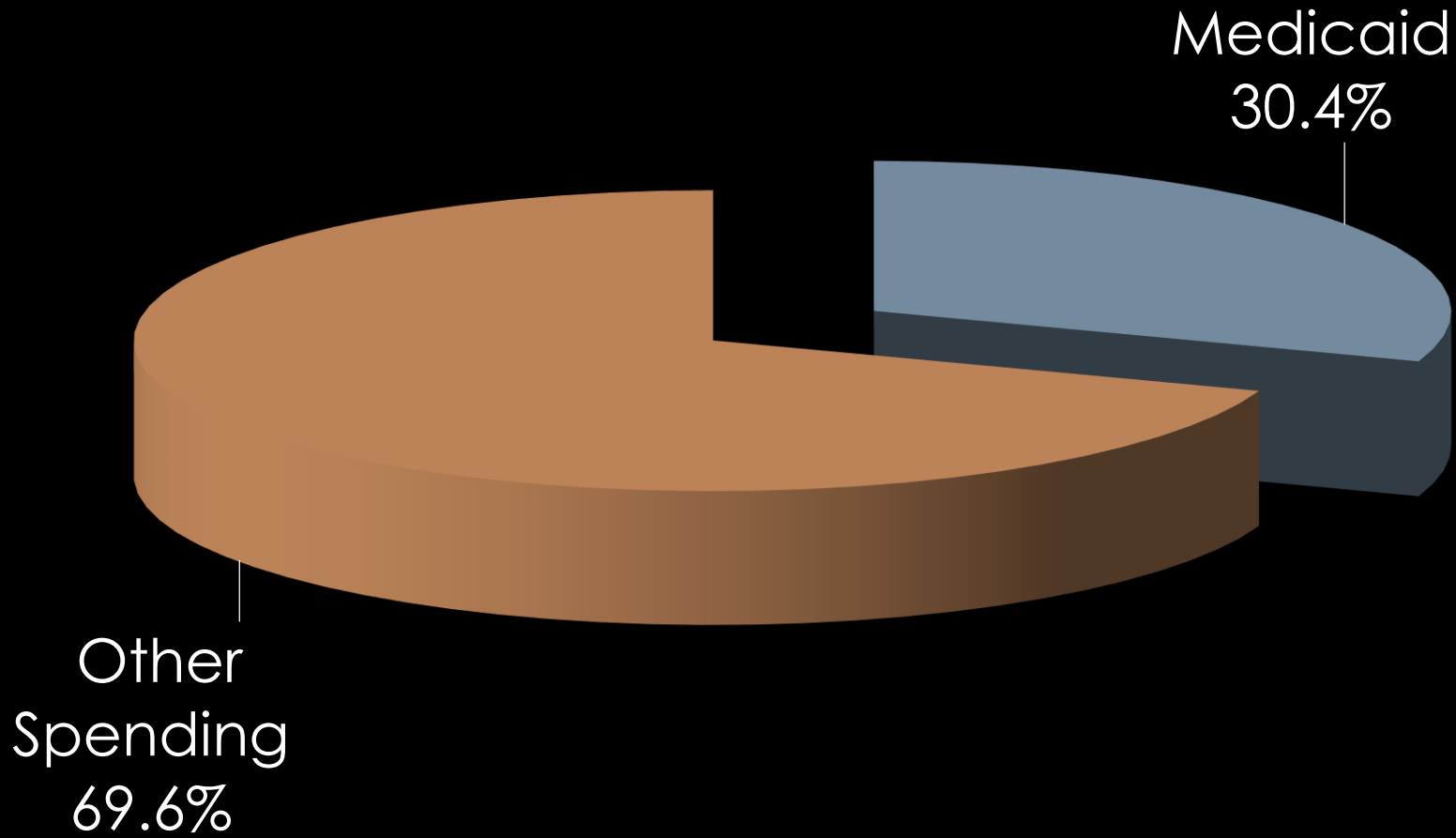
EOHHS

- 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 4 departments
 - Ideally issues and impacts are coordinated across agencies
 - Directors retain statutory authority

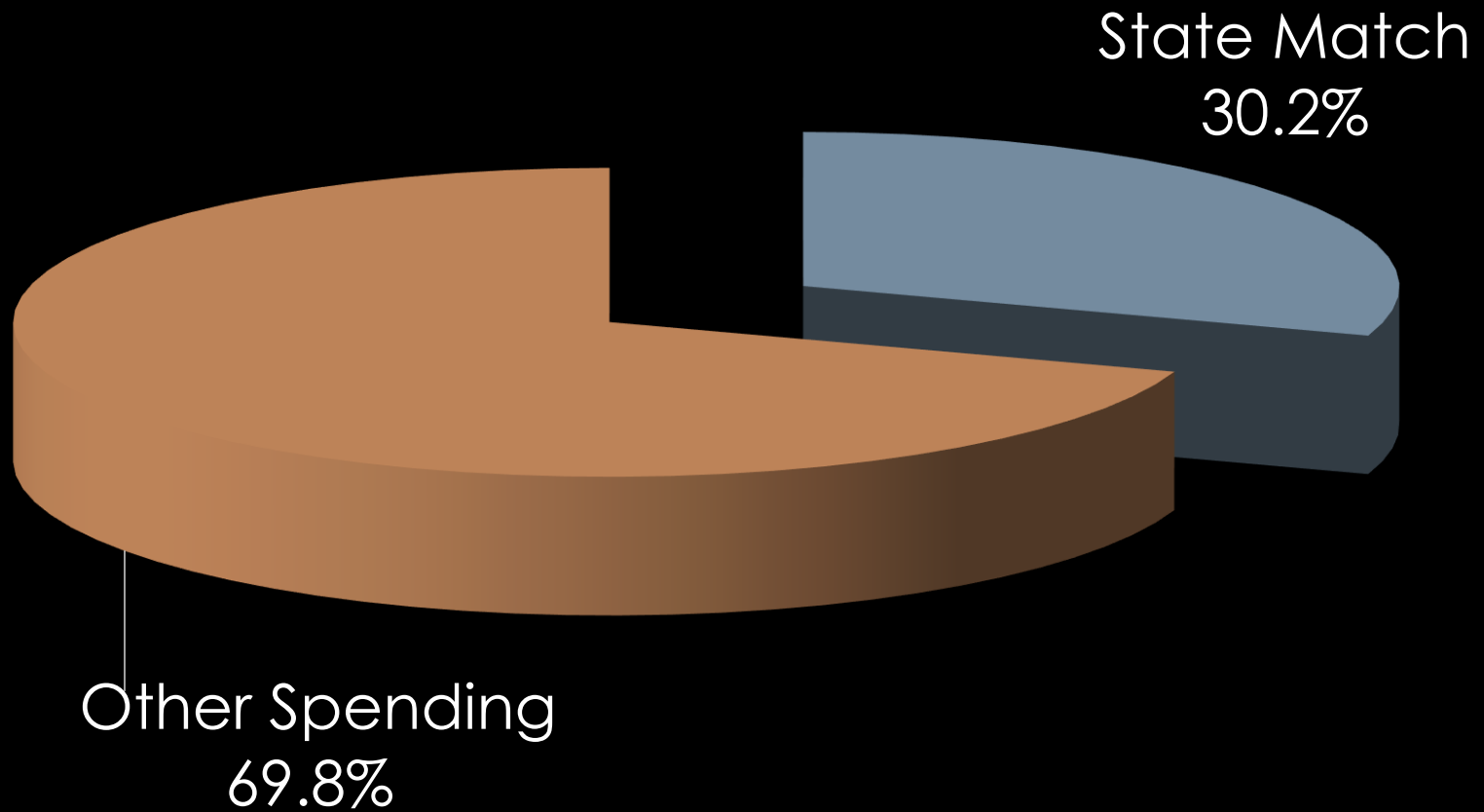
Governor's FY 2019 Budget Medicaid by Department

Department	General Revenues	All Funds	% of Medicaid
EOHHS	\$955.0	\$2,427.7	85.0%
BHDDH	172.2	361.9	12.7%
Children, Youth & Families	18.0	36.5	1.3%
Human Services	10.5	26.5	0.9%
Health	0.8	2.5	0.1%
Medicaid Total	\$1,156.5	\$2,855.1	100%
Total State Budget	\$3,829.3	\$9,377.7	
<i>Medicaid % of Total</i>	30.2%	30.4%	<i>\$ in millions</i>

Medicaid % of Governor's FY 2019 Budget – All Funds

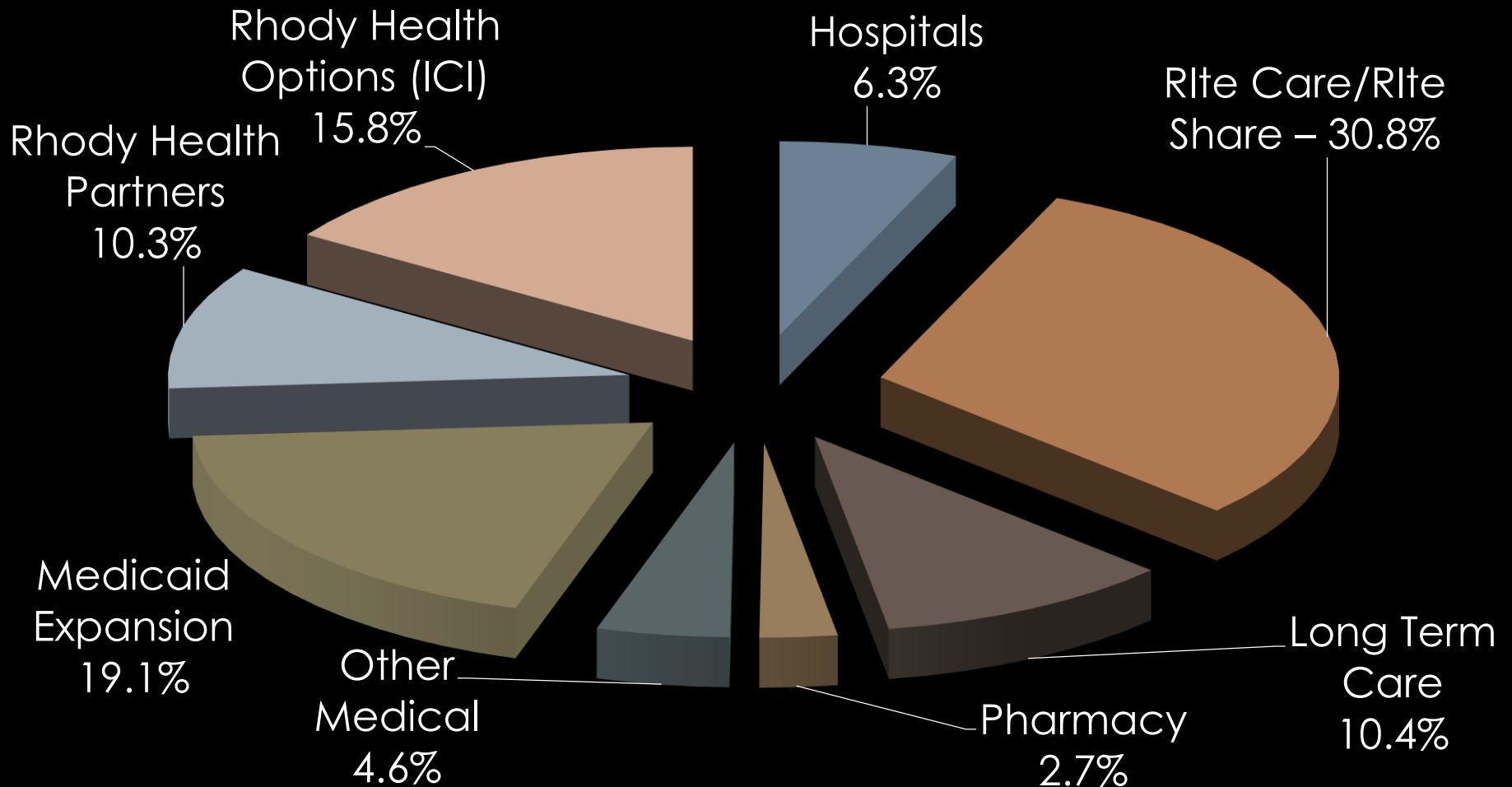


Medicaid % of Governor's FY 2019 Budget - General Revenues

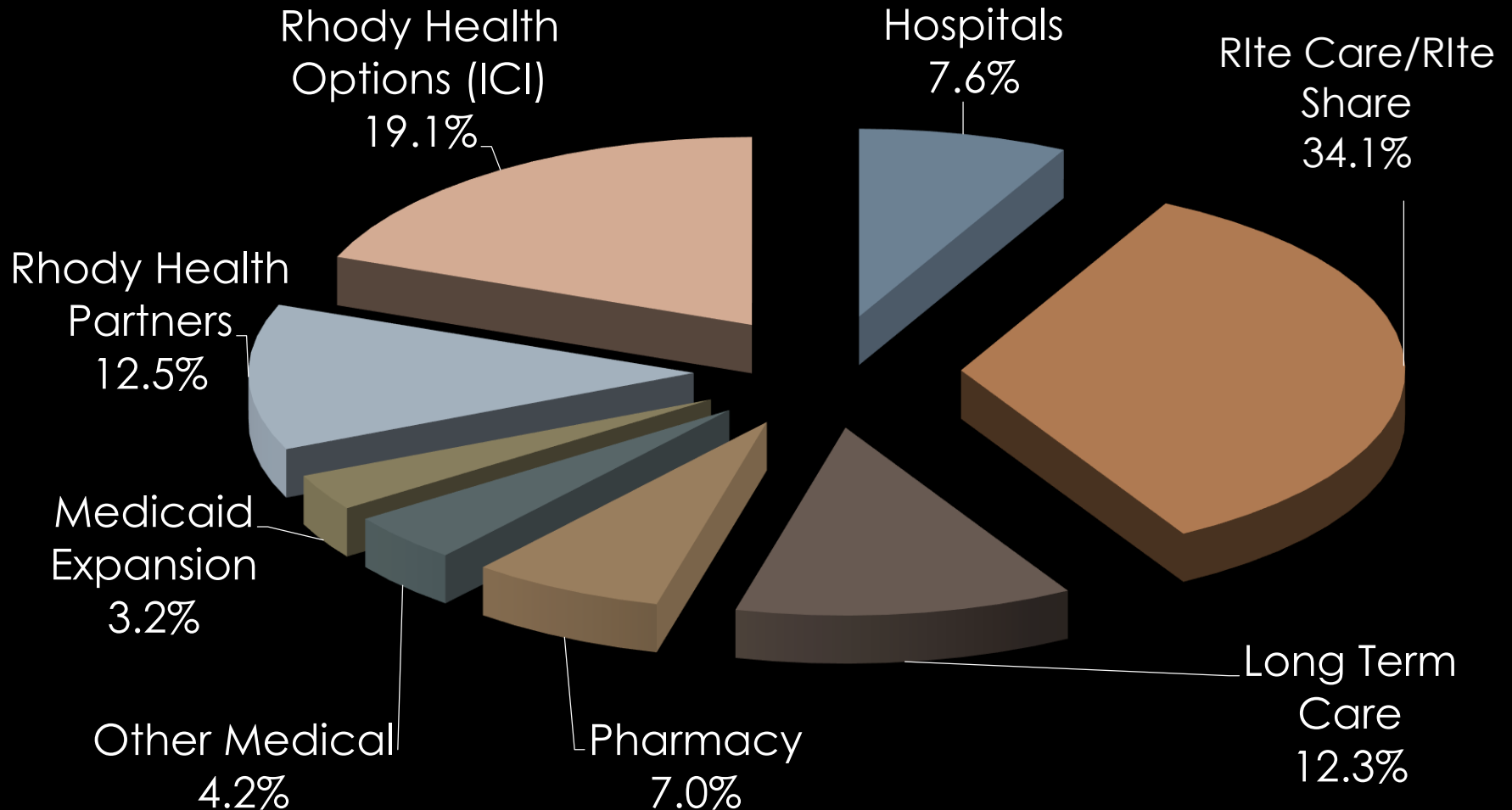


FY 2019 Governor's Rec : EOHHS

All Funds

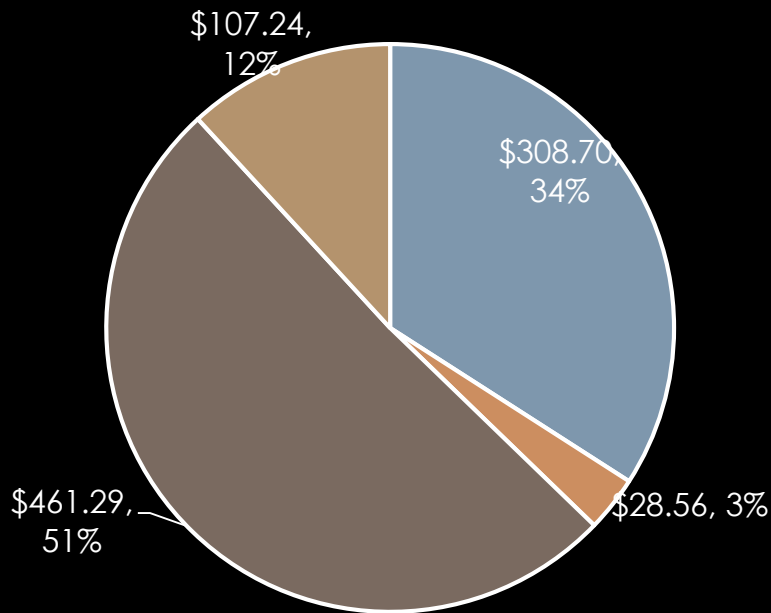


FY 2019 Governor's Rec: EOHHS General Revenues



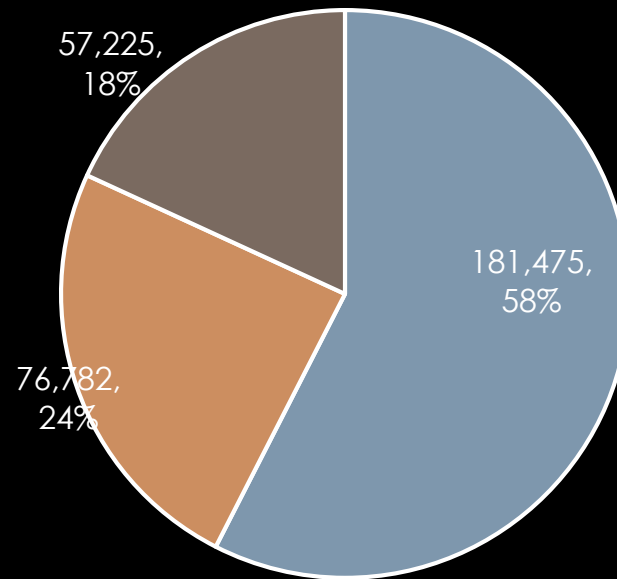
FY 2019 Governor's Rec: EOHHS by Population

**PROGRAM EXPENSES:
GENERAL REVENUES**



- Children & Parents
- Elderly & Disabled
- Expansion
- Other

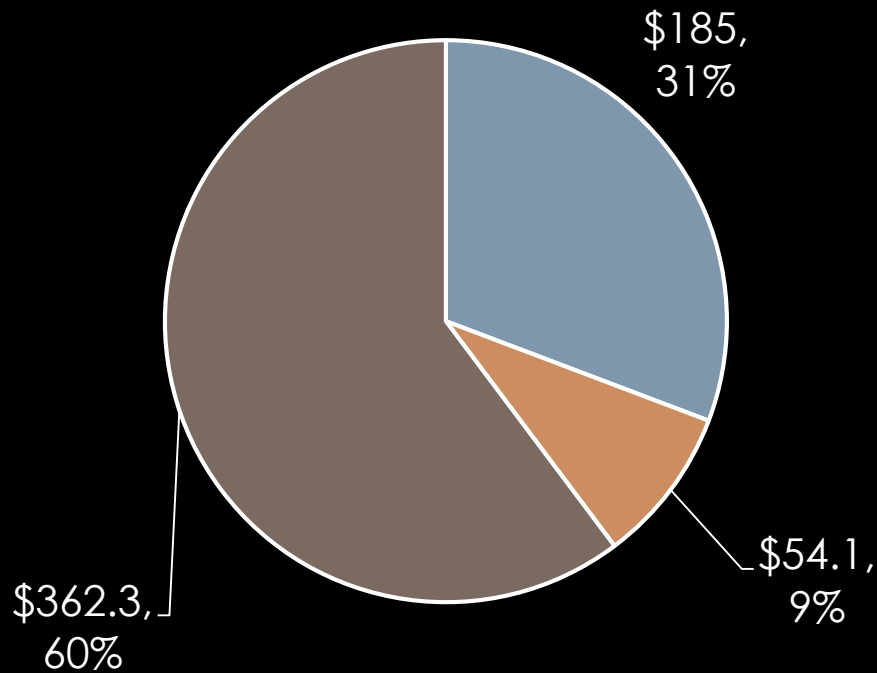
ENROLLMENT



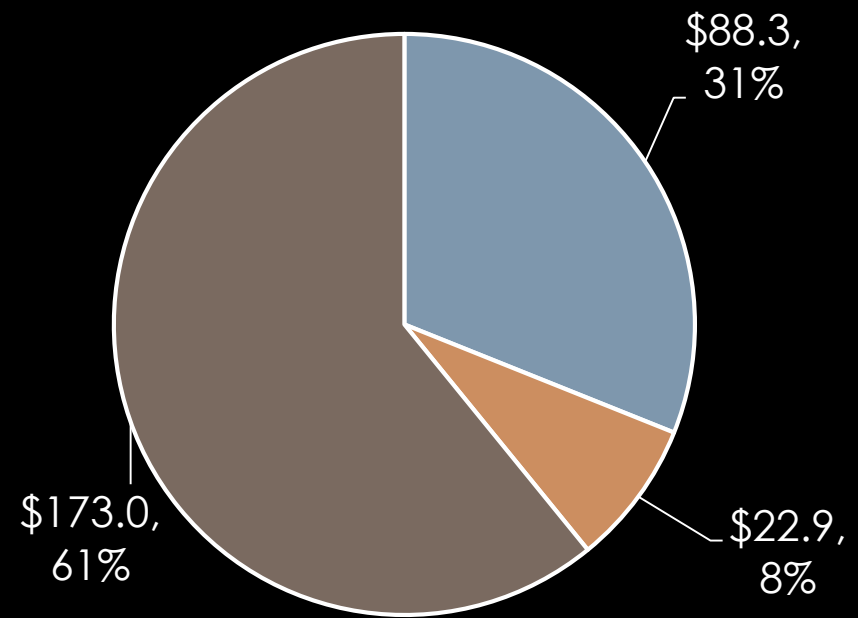
- Children & Parents
- Elderly & Disabled
- Expansion

FY 2019 Gov. Rec.: Long Term Care

All Funds = \$601.4 million



Gen. Rev. = \$284.2 million



- Nursing Homes
- Home & Community Care
- Rhody Health Options (ICI)

Resolution - Medicaid Waiver

- Current waiver classifies proposed changes into 3 categories
- Approval for each follows different process with state & federal authorities
 - Centers for Medicare & Medicaid Services
 - Formal approval
 - Written or oral notification of a change
 - General Assembly
 - Statutory change & resolution allowing the change

Resolution - Medicaid Waiver

Cat	Change	Approval	Example
I	Administrative	Notify CMS	General operating procedures, prior authorization change
II	Payments and optional benefits	Assembly & CMS	Payment change & adding benefits
III	Eligibility/New Benefit	Assembly & CMS	Lowering Rlte Care threshold for parents

Articles 13 & 14

Providers	Gen Rev	Total	UHIP Reliant?
Hospitals	(\$14.2)	(\$32.0)	No
Nursing Homes & Comm. Care	(18.2)	(31.9)	Partial
Managed Care Plans	(57.0)	(83.2)	Partial
Transportation	(3.8)	(9.5)	No
Total	(\$93.3)	(\$156.7)	
<i>(\$ in millions)</i>			

Medicaid – March 15

Providers	Art. 7 Sec.	Art.13 Sec.	Art. 14 Sec. 1
Hospitals	2	1,2,4	(a) (i)
Long Term Care	N/A	1	(a) (ii)/(b) (i) (ii) (c) (i)/(d) (e) (i)/(g)

Medicaid – March 14

Providers	Art.13 Section	Art. 14 Sec. 1
Managed Care	3	(a)(iii)
Transportation	N/A	(f)
BHDDH - Level of Care	N/A	(b)(iii)
Alternative Payment Methods (BHDDH)	N/A	(h)
Behavioral Healthcare Link	N/A	(i)

Article 13 – Medicaid

Proposal	Gen. Rev.	All Funds	UHIP Reliant?	FTE
Co-payments	(\$3.2)	(\$10.9)	No	2.0
Rlte Share Expansion	(\$1.6)	(\$2.3)	Yes	2.0

Article 13 – Co-Pays

- FY 2019 budget assumes savings of \$10.9 million from instituting co-payments for certain populations & the resulting utilization decrease effective Jan 1, 2019
 - \$3.2 million from general revenues
 - More than half of savings is decrease in use
- Staff request for detail by component revealed error in savings calculation
 - 6-month savings is \$7.8 million
 - \$1.8 million from GR

Article 13 – Co-Pays

Benefit	Utilization	Co-Pay	Savings (6-Mo.)
Generic Drugs	1,854,721	\$2.50	(\$2.3)
Brand Name Drugs	177,247	\$4.00	(0.4)
Non-Emergency ER Visit	31,692	\$8.00	(0.1)
Inpatient Hospital Visits	29,576	\$3.00	(.04)
Non-preventative office visit	442,674	\$3.00	(0.6)
Subtotal Co-Pay Savings			(\$3.5)
Balance from use reduction			(\$4.1)
<i>\$ in millions</i>			

Article 13 – Co-Pays

Benefit	Utilization	10% Reduction	Cost per service	Savings (6-Mo.)
Generic Drugs	1,854,721	(233,676)	\$78.65	(\$3.3)
Brand Name Drugs	177,247			
Non-Emergency ER Visit	31,692	(3,169)	\$478.44	(0.8)
Inpatient Hospital Visits	29,576	N/A	N/A	N/A
Non-preventive office visit	442,674	N/A	N/A	N/A
<i>\$ in millions</i>		Total Savings		(\$4.1)

Article 13 – Co-Pays

- Collection at the point of service
 - Hospitals, doctor's office, pharmacy
 - Savings taken through reductions to MCOs
- Patient co-pays capped at 5% of income
 - Does estimate discount for this cap?
- Start date of January 1, 2019
- Implementation - \$1.0 million
 - 2 new FTE - \$250,000 for each one
 - \$500,000 for system changes

Co-Payments

Non-Disabled/Non-Elderly Adults		
Setting	Situation	Co-pay
Hospitals	Non-emergency services in ER	\$8
	In patient hospital visit	\$3
Physicians	Non-preventative health physical office visit	\$3
Centers of Excellence/IHH (BHDDH)	Unclear how these would be treated	
Community Mental Health Centers		
New programs – BH Link – apply when approved?		

Article 13 – Rlte Share Expansion

- For Rlte Care program if family has access to employer sponsored insurance state will pay premiums and co-pays
 - Known as Rlte Share program
- Article 13 expands assistance program
 - Individuals on the expansion program
 - Disabled adults with access to insurance through spouse

Article 13 – Rlte Share Expansion

- Only if cost effective to the state
 - Family income is at or below 133% of poverty family gets full Medicaid coverage
 - Above 133% to 250% - children are covered, parents are not
- Result is state is paying for premiums to enroll in private insurance
 - State is not paying for any other benefits for the parent

Article 13 – Rlte Share Expansion

- Section 3 extends to individuals enrolled in Medicaid expansion program
 - 70,000 enrollees with incomes at or below 138% of poverty - \$16,753
 - Coverage to uninsured and underinsured
 - Some have access to employer insurance
- Only allowed if it saves money
 - Premiums, deductibles & co-pays cannot exceed current cost
- No general revenue savings assumed

Article 13 – Rlte Share Expansion

- Section 3 also extends to disabled individuals with access to employer sponsored insurance through a spouse
 - Same as coverage for Rlte Care parents
- Budget assumes savings of \$1.4 million
 - \$0.7 million from general revenues
 - Disabled component only
 - Excludes implementation costs
 - Process for identifying potential eligible?
 - Currently at initial application

Article 14 – Resolution

Proposal	General Revenues	All Funds	UHIP Reliant?
(a) Provider Rates	(\$17.6)	(\$41.9)	No
(i) Hospitals*	(\$5.2)	(\$15.1)	No
(ii) Nursing Facilities*	(\$10.8)	(\$22.2)	No
(iii) Managed Care Plans**	(\$23.7)	(\$70.3)	No

*Related statute change included in Article 13 Section 1

**Governor requested an amendment to add 2 other managed care plan changes included in the total

Article 14 – Resolution

Proposal	General Revenues	All Funds	UHIP Reliant?
(b) Existing Authority	(\$17.6)	(\$41.9)	No
(i) Retroactive Coverage*	(\$5.2)	(\$15.1)	No
(ii) Expedited Eligibility	(\$10.8)	(\$22.2)	Yes
(iii) Multi-tiered criteria DD	(\$0.8)	(\$2.5)	No

*Related statute change included in Article 13 Section 1

Article 14 – Resolution

Proposal	General Revenues	All Funds	UHIP Reliant?
(c) Extension Request & Expanded Services	??	??	No
<i>(i) Long term care services & supports</i>	??	??	??
<i>(ii) Alternative payments for integrated medical and behavioral services to child and youth at risk</i>	??	??	??
(d) Asset Verification & Transfers	(\$5.3)	(\$11.1)	Yes

Article 14 – Resolution

Proposal	General Revenues	All Funds	UHIP Reliant?
(e) Restructure delivery system for duals	(7.3)	(15.4)	No
(f) Non-Emergency Transportation Services	(3.8)	(9.5)	No
(g) Community First Choice	(3.0)	-	?
(h) Opioid & BH Crisis Management	0.7	0.7	??
(i) Federal Opportunities	-	-	Maybe

Articles 14 – Managed Care Plans

- Managed Care Changes
 - Administrative Rates
 - Medical Component (added w/GBA #4)
 - Reserve (Added w/GBA #4)
- Budget includes savings of \$70.0 million
 - \$23.7 million from general revenues
 - Effective July 1, 2018
- Requires CMS approval for actuarial soundness

Article 14 – Resolution

Proposal	General Revenues	All Funds
Administrative Rates	(\$1.9)	(\$5.6)
Medical Component	(14.9)	(44.0)
Reserve	(6.9)	(20.5)
<i>Subtotal</i>	(\$23.7)	(\$70.0)
Rhody Health Options Redesign	(7.3)	(15.4)
Total	(\$31.0)	(\$85.4)
Revenue Loss – provider tax	(1.7)	
Net State Savings	(\$29.3)	\$ in millions

Article 14 (a)(iii): Managed Care Rates

- Managed Care Administrative Rates
 - Savings of \$5.6 million, including \$1.9 million from a 4.5% reduction to admin rates
 - Excluding Rhody Health Options
 - Administrative rates are portion of a capitated (per person) payment

Article 14 (a)(iii): Managed Care Rates

- Medical Component
 - Savings of \$44.0 million
 - \$14.9 million from general revenues
 - 3.75% reduction
 - Majority of costs are in medical component
 - Excludes
 - Administration
 - Other payments outside capitated payment such as neonatal intensive care

Article 14 (a)(iii): Managed Care Rates

- Medical component proposals
 - 2.75% reduction to medical rate component
 - \$34.2 million in savings/\$11.6 million from gen rev
 - 1% reduction based on new benchmarks set by EOHHS
 - \$9.8 million savings assumes health plans achieve 50% of the yet to be identified benchmarks
 - \$3.3 million from general revenues
 - May include reduction in caesarian births, ER use, reducing cost for those with co-occurring disorders

Article 14 (a)(iii): Managed Care

- Managed Care Reserve
 - Capitated payments include 1.5% reserve
 - Profit margin?
 - FY 2019 budget assumes savings of \$20.5 million, including \$6.9 million from general revenues from eliminating reserve
 - Net of provider tax loss, savings is \$6.5 million

Article 14 – BHDDH

Proposal	Gen Rev	All Funds	UHIP Reliant?
(e) Multi-tiered criteria	-	-	No
(f) Alternative payment model	-	-	??
(f) Conflict free case management	(\$3.0)	-	No
(h) Opioid & BH crisis management	\$0.7	\$0.7	No

Articles 14 (b) (iii) – BHDDH

- Level of Care & Services for Adults with Developmental Disabilities
 - Institute multi-level criteria for services
- Medicaid waiver includes level of care for nursing facilities
 - Highest/High & Preventive
- Does not include the same descriptions for services to developmentally disabled adults – ICF/DD

Current Medicaid Waiver Services

Long Term Care	Levels	Access
Nursing Facilities	Highest	Nursing Facilities & All Community Based Services (CBS)
	High	Core, Preventive CBS
	Preventive	Preventive CBS
ICF/DD	Highest	ICF/DD, Group Homes & All Community Based Services (CBS)
	High	Core & Preventive CBS
	Preventive	Preventive CBS

Current Medicaid Waiver Services

Long Term Care	Levels	Eligibility Criteria
Nursing Facilities	Highest	<ul style="list-style-type: none"> Requires extensive assistance with at least 1 activity of daily living (ADL) Lists certain conditions and impairment to meet this level of care
	High	<ul style="list-style-type: none"> Limited assistance with 2 ADL Impaired decision making that requires constant or frequent direction
	Preventive	<ul style="list-style-type: none"> Need of certain services to improve or maintain current abilities
ICF/DD	Highest	No descriptions in the current waiver
	High	
	Preventive	

Resource Levels

Tier	Description	# - Jan 2018 report
A	Low Support	544
B	Low to Moderate Support	792
C	Moderate Support	1,264
D	High Support with Medical	521
E	High Support with Behavioral	537
Not assessed		3
Total		3,661

Services for the Developmentally Disabled

Benefit	Options	Eligibility/Services Determination
Residential	24-hour group home	BHDDH
	Shared living arrangement	
	Independent Living	
	Home with Family	
Community	Day Program	
	Supported Employment	
	Respite	

Medical benefits paid for through EOHHS Medicaid program

Articles 14 (b) (iii) – BHDDH

- Resolution allows BHDDH to include criteria and descriptions for service at the highest and high levels only
- Preventive will not be in waiver
 - No change to current services

Tier	Criteria
A	High
B	
C	Highest
D	
E	

Articles 14 (b) (iii) – BHDDH

- Alternative Payment System
 - Article allows state to develop a quality & value based system that advances the goal of improving service access, quality & value
- Department intends to use:
 - Performance & encounter data
 - For more predictable spending patterns
- Limited information is available
 - Preliminary stages of planning and stakeholder engagement

Articles 14 (h) – BHDDH

- Conflict free case management
 - Allows BHDDH to create a health home model for providing conflict free case management
 - Limited information is available
 - State could leverage a 90/10 Medicaid match for 8 quarters
- Budget includes \$0.5 million from general revenues for consultants
 - No savings assumptions

Articles 14 (h)– BHDDH

- Conflict free case management
 - Federal requirement that an agency providing direct services cannot also act as the case manager that helps determine the services to be provided
 - Effective for FY 2022
- Section of the resolution addresses the need to make the change

Articles 14 (c) (ii) – EOHHS

- Alternative payments for youth at risk
 - Leveraging existing resources and flexibility of alternative payment models to provide integrated medical & behavioral services to children and youth at risk and in transition
 - Services include: targeted family visiting nurses
 - Peer supports
 - Specialized networks of care
 - EOHHS does not have any additional information on the item

Articles 14 (i) – BHDDH

- Opioid & Behavioral Health Crisis Management
 - Behavioral Health Link
 - Negotiating contract with selected vendor
- Governor's FY 2019 budget does not include any new funding for services
 - If program leads to utilization increase
 - Would appear in EOHHS caseload costs

Articles 14 (i) – BHDDH

- BHDDH issued an RFP in October 2017
 - Currently in contract negotiations
 - Program start in May 2018
 - BHDDH use its federal mental health & substance abuse funds for start-up
- Governor's FY 2019 budget does not include any funding in the medical assistance program
 - \$650,000 from general revenues in BHDDH

Articles 14 (i) – BHDDH

- Opioid & Behavioral Health Crisis Management
 - Behavioral Health Link
 - Part of the subcommittee hearings discussion of how all the programs are connected
 - Centers of Excellence
 - Recovery Navigation Program
 - Both started as BHDDH initiatives with fiscal impact on Medicaid program

Article 14 (f): Non-Emergency Transportation Program

- Budget assumes savings of \$9.5 million
 - \$3.8 million from general revenues
 - Start date of January 1, 2019
 - 1 new FTE - \$250,000/\$125,000 from gen rev
- Annualized savings of \$19.0 million
 - Over 50% reduction in current costs
 - FY 2019 caseload estimate includes \$34.5 million to support transportation services

Article 14 (f): Non-Emergency Transportation Program

- Resolution makes 2 changes
 - Expanding reimbursement methodologies
 - Paying for mileage reimbursement
 - Added cost?
 - Removing transportation restrictions
 - Current issue of transporting someone to a Medicaid “provider” instead of Medicaid “services”
- Savings based on changes to current contract or re-procuring

Article 14 (j): Federal Opportunities

- Allows EOHHS to take advantage of any federal opportunities that do not have an adverse impact on the FY 2019 budget
- Has been included in previous budgets
 - No actions have been taken under this provision

Issues to Consider

- Potential impacts to direct Medicaid services
 - Not expressly funded
 - Or reflected in the out-years
- Changes in the resolution with no explanations

Issues to Consider

- UHIP Reliant proposals?
 - How will functioning of UHIP impede or complicate implementation or availability of data for accurate financial estimates?
- Need CMS approval?
 - Approval for rate changes for actuarial soundness
 - What is the timeline for other proposals?
 - If CMS raises issues to be addressed, time is added to already months long process

Issues to Consider

- Implementation plans
 - \$4.5 million - \$1.7 million general revenues
 - Governor adds 10 positions
 - Funding for system changes
- Many FY 2018 initiatives not achieved
 - \$5.2 million from general revenues
 - 84.5 % of initiatives that were not rate reductions
 - EOHHS reported did not have the resources to make the changes

Administrative Costs

Proposal	New Positions	General Revenues	Total
Co-Pays	2.0	\$250,002	\$500,004
RHO Redesign	3.0	187,500	375,000
LTSS Eligibility	2.0	125,002	282,004
NEMT Services	1.0	125,001	250,002
Rlte Share Expansion	2.0	125,002	250,004
Total	10.0	\$812,507	\$1,657,014

Administrative Costs

Contracted Services/System Changes		
Proposal	General Revenues	Total
Co-Pays	\$50,000	\$500,000
RHO Redesign	62,500	250,000
LTSS Eligibility	187,500	1,500,000
Rite Share Expansion	150,000	500,000
Health Home - BHDDH	470,000	470,000
Total	\$920,000	\$3,220,000

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