

Governor's FY 2020 Budget: Articles

Staff Presentation to the House Finance
Committee
March 13, 2019

Introduction

- Article 16 – Medicaid
 - Excluding Section 4
 - Employer Assessment – 3/19
- Article 17 – Medicaid Resolution
- Article 18 – Hospital License Fee
- Article 19 – Uncompensated Care Payment to Hospitals

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 76,000 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 2020 Budget by Department

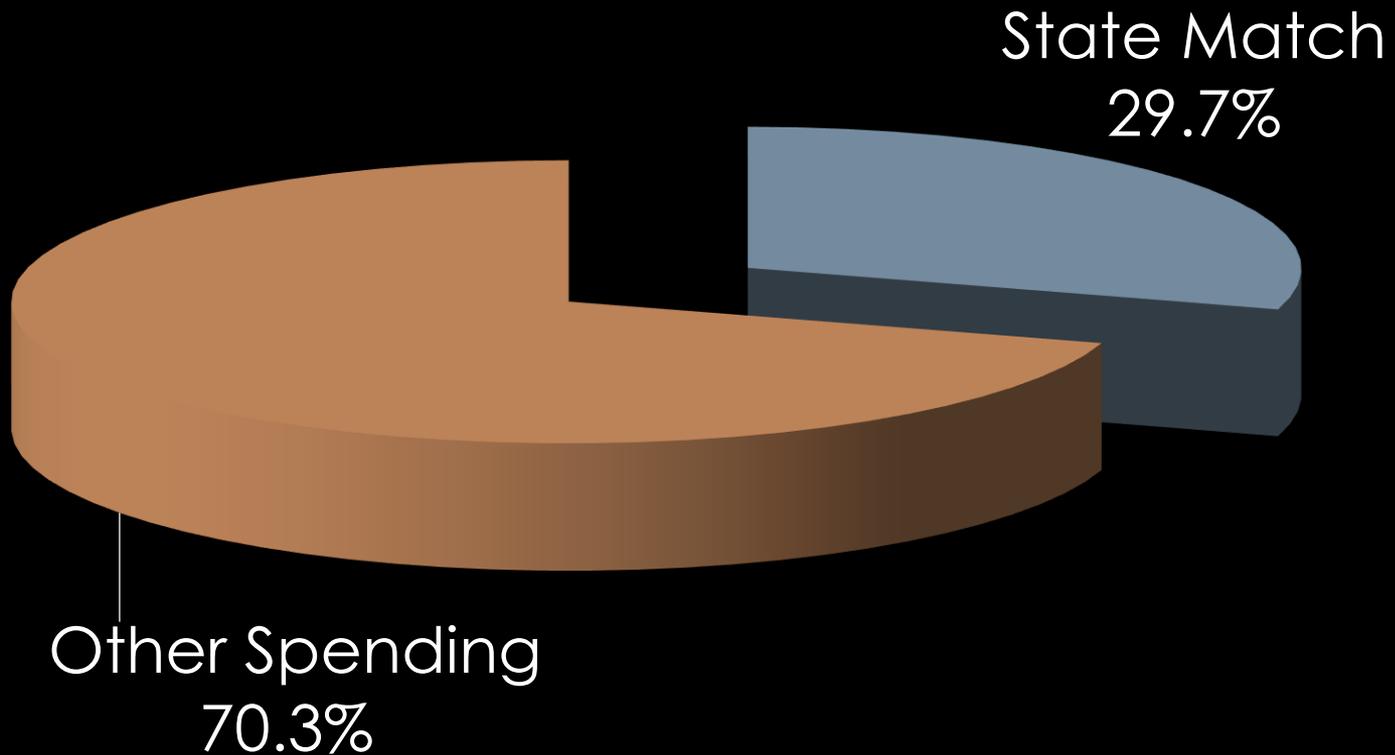
Department	General Revenues	All Funds
EOHHS	\$1,029.0	\$2,738.2
BHDDH	187.9	434.1
Children, Youth & Families	164.2	222.7
Human Services	72.4	576.4
Health	28.4	182.4
Total	\$1,482.0	\$4,154.8
Total State Budget	\$4,075.1	\$9,930.0
EOHHS Agencies % of Total	36.4%	41.8%

\$ in millions

Governor's FY 2020 Budget Medicaid by Department

Department	General Revenues	All Funds	% of Medicaid
EOHHS	\$996.8	\$2,646.8	85.3%
BHDDH	188.4	401.2	12.9%
Children, Youth & Families	21.4	44.7	1.4%
Human Services	4.6	9.0	0.3%
Health	0.9	1.1	0.0%
Medicaid Total	\$1,212.1	\$3,102.7	100%
Total State Budget	\$4,075.1	\$9,930.0	
Medicaid % of Total	29.7%	31.3%	\$ in millions

Medicaid % of FY 2020 Budget - General Revenues



Medicaid Programs

- EOHHS:
 - Low income children and parents
 - Elderly/Disabled/Non-Disabled with 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
- 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
- Convenes twice a year, November and May
- Estimates based on current law only
- Starting point for the Governor's revised and recommended budgets

Medical Assistance: CEC

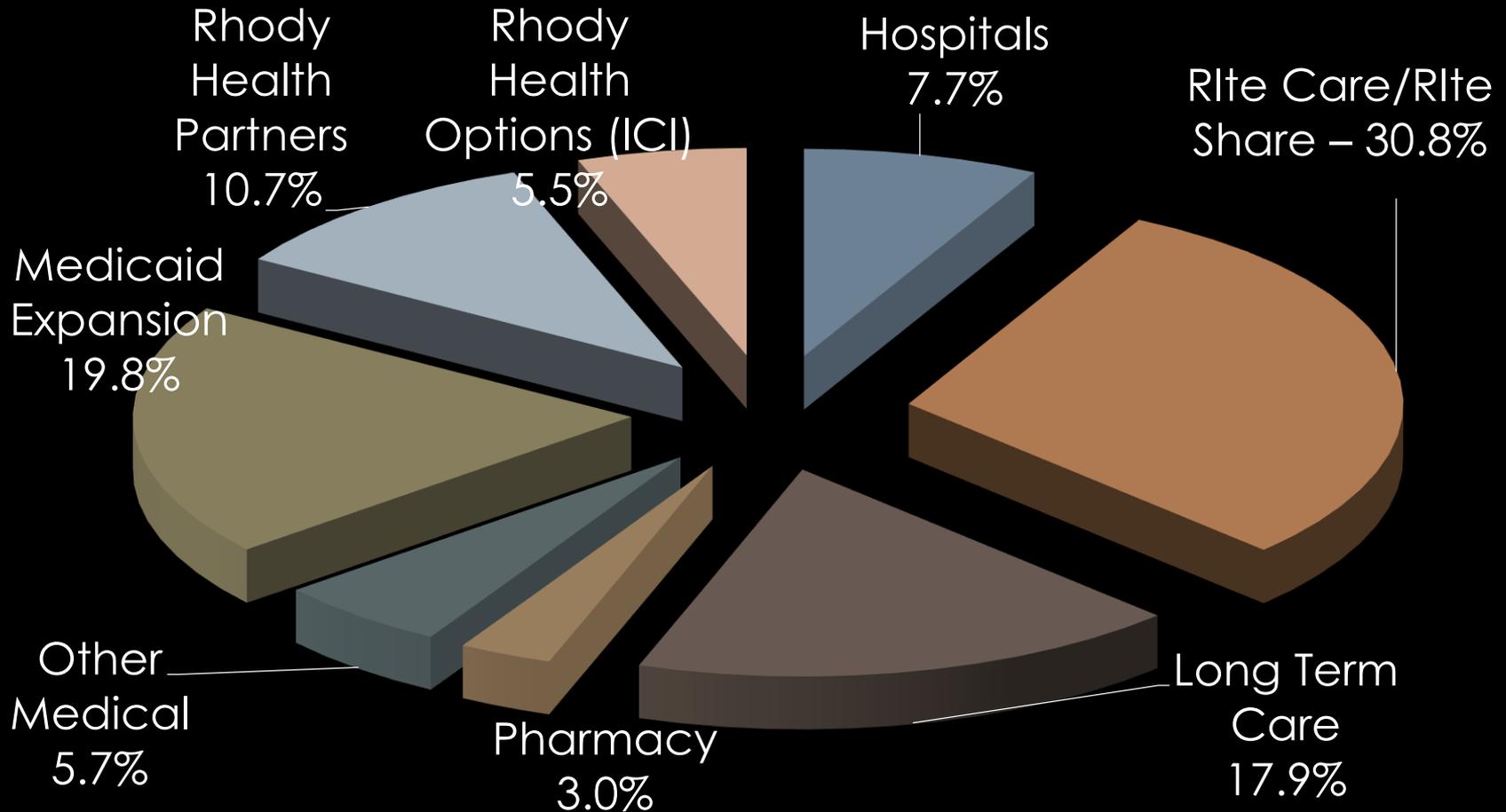
Program	FY 2019 Enacted	FY 2020 Nov CEC	FY 2020 Gov. Rec.
Hospitals	\$191.2	\$199.0	\$187.6
Long Term Care	396.3	454.3	438.3
Managed Care	732.1	744.0	727.9
Expansion	469.2	498.2	483.7
Rhody Health Partners	258.1	274.0	262.9
Rhody Health Options	192.6	140.0	134.6
Pharmacy	65.5	74.2	74.2
Other Medical	122.6	140.1	138.6
Total	\$2,427.5	\$2,523.8	\$2,447.8

\$ in millions

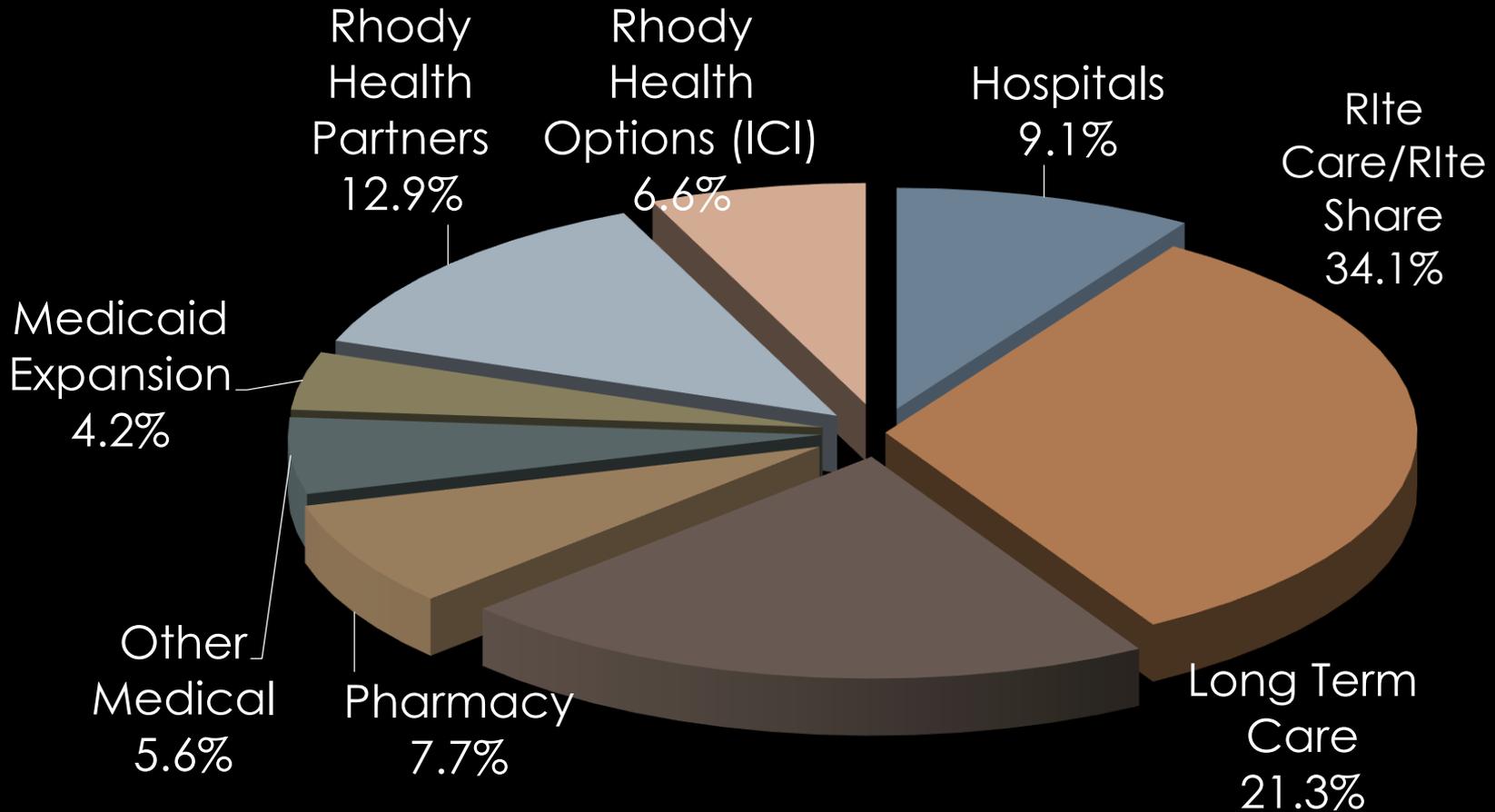
Medical Assistance

- Governor's budget includes changes to the CEC estimate
 - Require a change to current law
 - Notification to the Assembly
 - Less formal changes
- Included in Article 16 & 17
 - Impacts FY 2019 revised & FY 2020 budgets
- Some savings different from CEC estimate
 - Hospitals and nursing homes

FY 2020 Governor's Budget: EOHHS All Funds

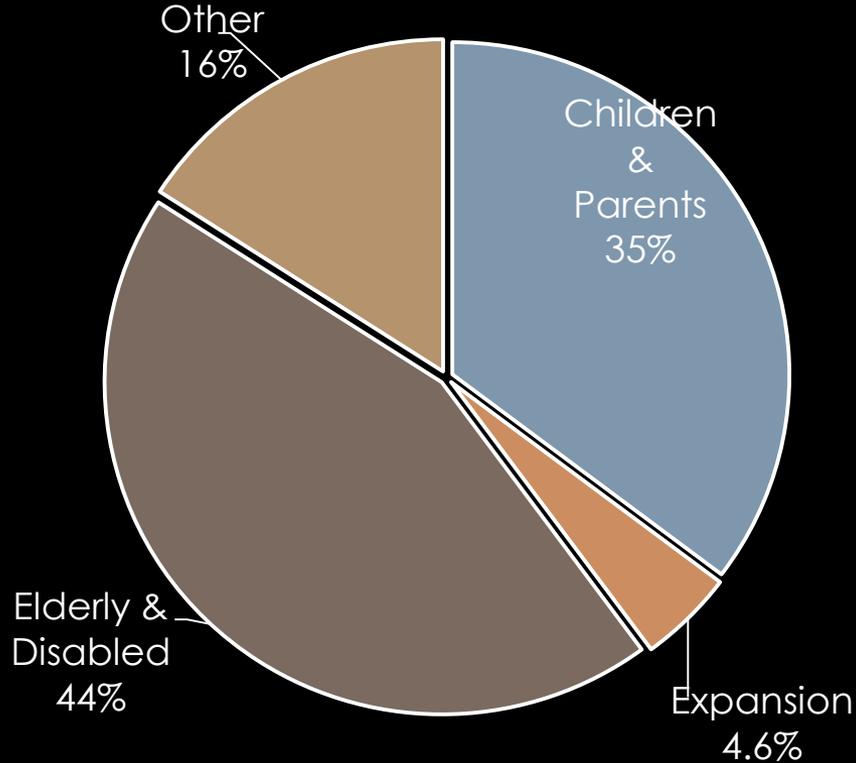


FY 2020 Governor's Budget: EOHHS General Revenues

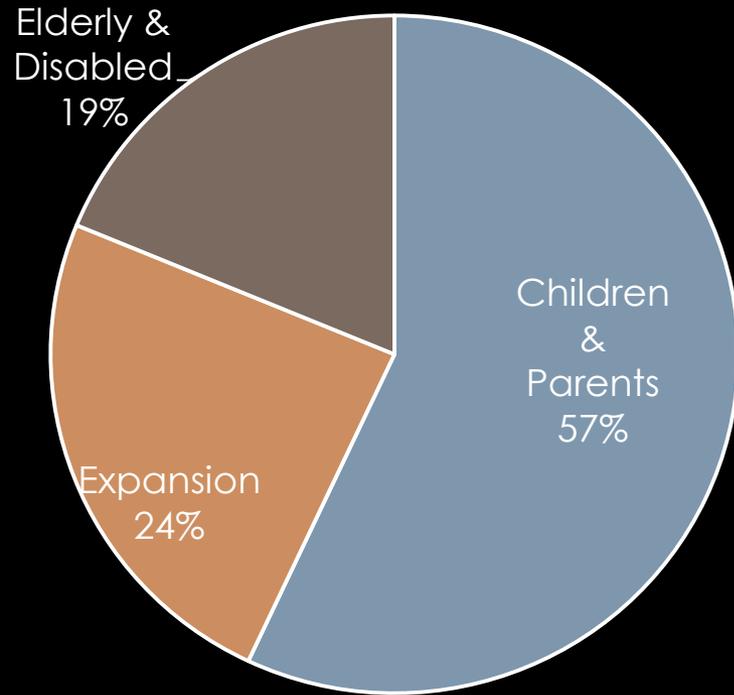


FY 2020 Governor's Budget: EOHHS by Population

PROGRAM EXPENSES: GENERAL REVENUES

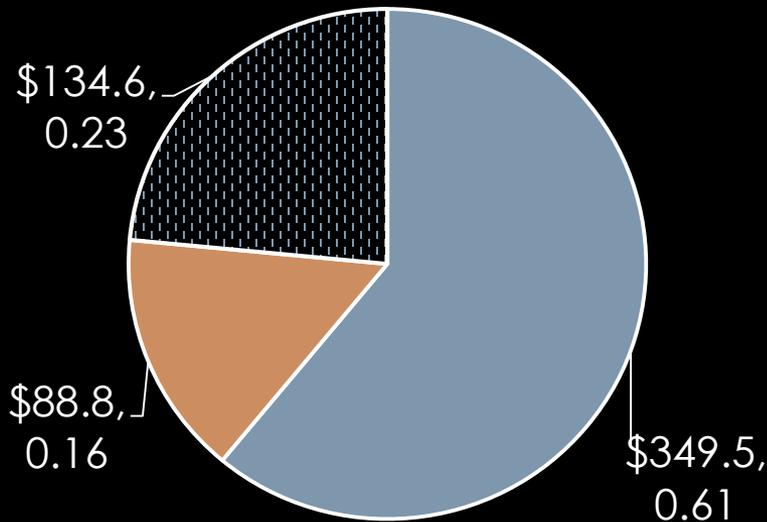


ENROLLMENT



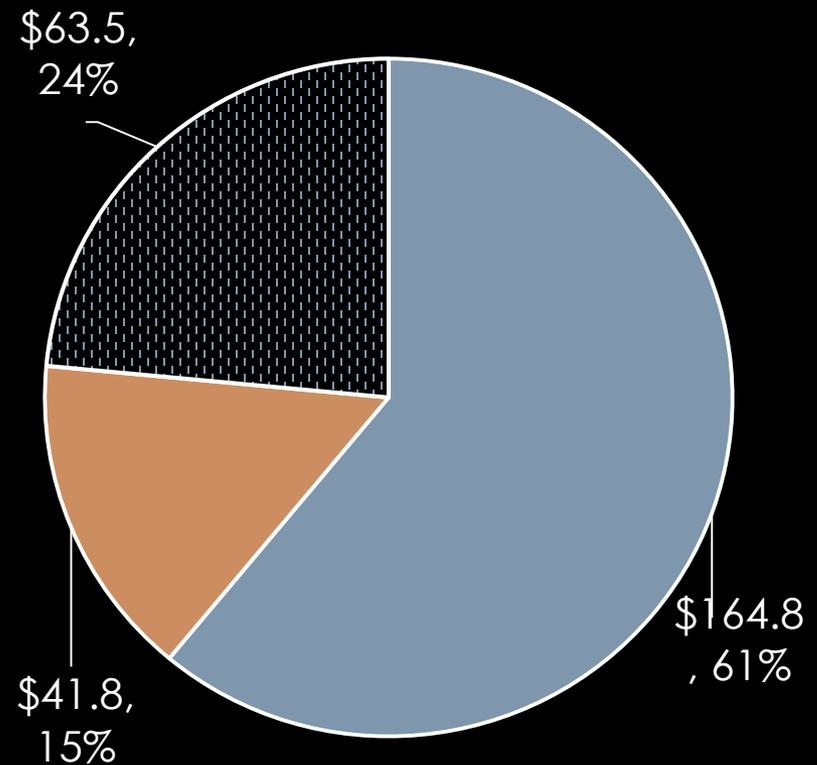
FY 2020 Governor: Long Term Care

All Funds = \$572.9 million



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

Gen. Rev. = \$270.1 million



Articles 16 & 17

- Articles 16 & 17 impact services in several programs
 - Hospitals
 - Long Term Care Services and Supports
 - Nursing Facilities
 - Home and Community Based Programs
 - Direct Support Professional Wage Increase
 - Providing services to developmentally disabled adults
 - Managed Care Plans

Articles 16 & 17

Providers	Gen Rev	Total	UHIP Reliant?
Hospitals	(\$9.9)	(\$25.4)	No
Long Term Care Services and Supports	(4.6)	(13.0)	Partial
Managed Care Plans	(1.0)	(5.4)	No
Total	(\$19.0)	(\$47.9)	

\$ in millions

Article 17 – Resolution

Proposal	General Revenues	All Funds	UHIP Reliant ?
(a) Provider Rates	(\$17.6)	(\$41.9)	No
(b) Fiscal Intermediary for Self-Directed Plans	(\$-)	(\$-)	No
(c) Co-Pay Program Expansion	\$0.6	\$1.3	No
(d) BHDDH Wage Increase Direct Support Professionals	\$3.0	\$6.2	No
(e) Federal Financing Opportunities	N/A	N/A	No
Total	\$15.6	\$43.8	

\$ in millions

Hospitals

- Article 16 & 17
 - Hospital Rates
 - Upper Payment Limit Reimbursement
 - Graduate Medical Education
- Article 18
 - Uncompensated Care Payment
- Article 19
 - Hospital License Fee

Article 16/17 – Hospital Payments

- Current law increases hospital payment rates based on a national index
 - November CEC assumed \$13.6 million
 - \$5.3 million is from general revenues
- Article 16 freezes rates at FY 2019 level
 - Payments reduced by \$15.1 million
 - \$5.3 million from general revenues
 - \$5.1 million impact net of provider tax loss
 - Exceeds estimate in CEC by \$1.4 million

Hospital Rates

FY	Inpatient	Outpatient	Disposition of Scheduled Increase
2019	2.8%	1.8%	Gov.: Proposed eliminating increase Assembly: kept rate increase
2018	3.0%	1.6%	Gov: no increase & reduced rates by 1% Assembly: kept increase
2017	2.7%	1.9%	No rate increase
2016	2.4%	1.7%	Rate freeze & further rate reduction
2015	2.5%	2.2%	No rate increase
2014	2.6%	1.7%	No rate increase
2013	2.6%	1.9%	Rate increase as scheduled

Statutory adjustments source: Inpatient Rates adjusted by CMS Prospective Payment System national index; Outpatient by Global Insight index

Article 16 Sec. 3 - Hospital Payments

- Upper Payment Limit (UPL)
 - State makes payments to hospitals to match fee-for-service rates paid by Medicare if Medicaid pays less for same services
 - First made in FY 2009 budget
- Article 16 eliminates the *inpatient* piece
 - Savings of \$9.4 million - \$3.6 million general revenues
 - Keeps the \$6.3 million outpatient payment

Article 16 Sec. 11– GME Payment

- Graduate Medical Education (GME)
 - Provided to Level I Trauma Center
 - Lifespan is the only one in RI
 - Level I trauma center certified by the Committee on Trauma of the American College of Surgeons
 - Law authorizes up to \$4.0 million
- FY 2019 enacted budget
 - \$1.0 million payment
- Section 11 eliminates the payment
 - Effective date issues

Article 19 – Hospital Licensing Fee

Hospital License Fee	FY 2019 Enacted	FY 2020 Gov. Rec.
Base Year	2017	2017
Tax Rate	6.0%	6.0%
Hospital Revenue	\$2,979.9	\$2,979.9
Community Hospital License Fee	\$178.8	\$178.8
Washington County Waiver	(4.7)	(4.7)
Community Hospitals Total	\$174.0	\$174.0
Eleanor Slater Hospital Revenue	\$112.7	\$112.7
Eleanor Slater License Fee	\$6.8	\$6.8
Total Hospital License Fee	\$180.8	\$180.8

\$ in millions

Hospitals – FY 2019 Enacted

Hospital/ Network	Revenue	Uncomp. Care	DSH Payment	UPL	GME	License Fee
Lifespan	\$1,701.7	\$118.9	\$73.1	\$8.2	\$1.0	\$102.1
Care New England*	675.6	44.7	27.5	6.8	-	40.5
CharterCare	291.1	29.7	18.3	1.9	-	17.5
Landmark	97.6	21.8	13.4	0.3		5.9
South County	152.4	6.8	4.2	0.2	-	5.8
Westerly	61.5	5.3	3.3	0.1	-	2.3
Eleanor Slater	112.7	-	-	-	-	6.8
Total	\$3,092.6	\$227.3	\$139.7	\$17.5	\$1.0	\$180.8

\$ in millions

Article 18– 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”
 - Does include cases where Medicaid payments do not cover actual cost

Article 18– Uncompensated Care

- Federal formula determines state allocation – w/general revenue match
- Distribution based on hospitals' share of statewide uncompensated care total
 - RI uncompensated care totals \$227.3 million
 - 7.6% of hospital expenses
 - 2017 data
 - DSH payments: \$139.7 million - 42.9% of total
 - Same share to each Individual hospital

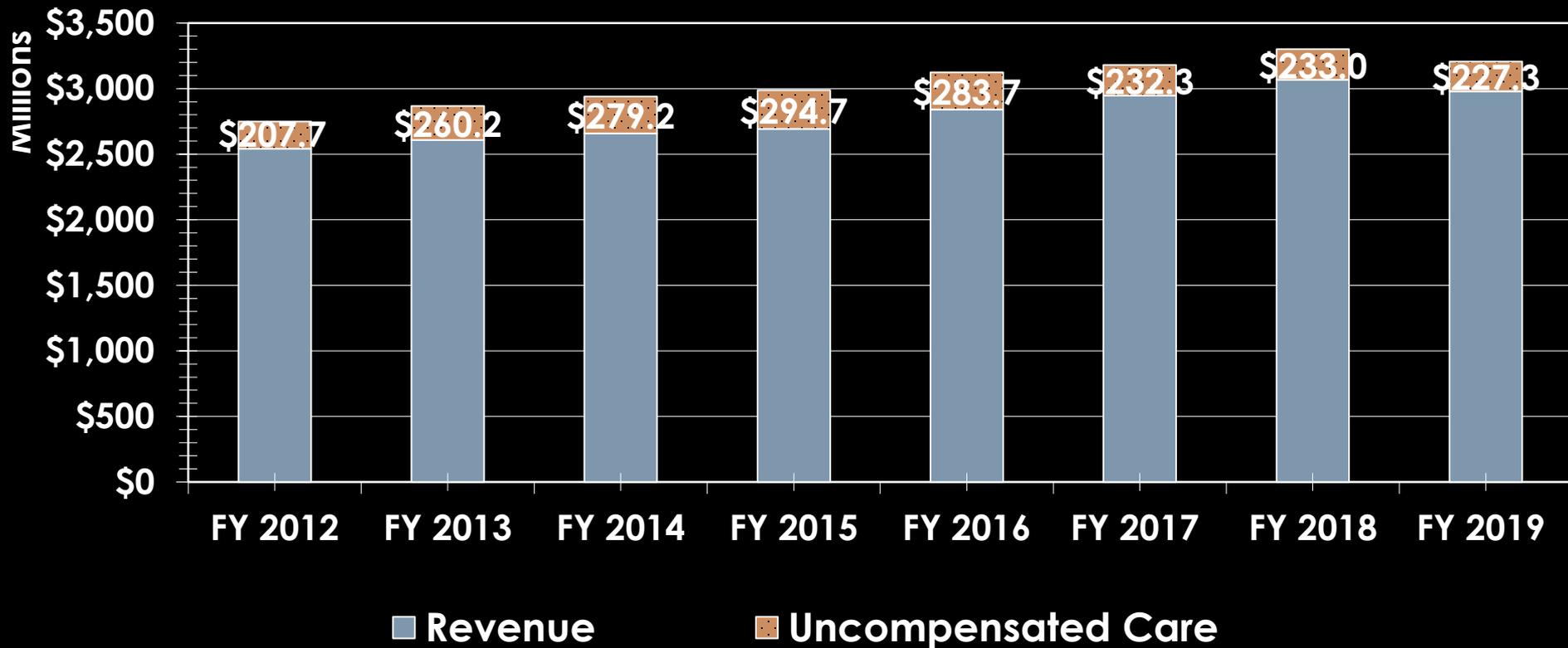
Article 18– Uncompensated Care

- Annual article
 - 2018 Assembly included a \$139.7 million payment for FY 2020
 - Made to the community hospitals
 - Previously included state hospital
 - Alignment of years is different because of previous action to close a budget gap
 - State did not make a payment in FY 2007
 - Did include legislation for payment in FY 2008
 - Article 18 - \$139.7 million for FY 2021

Article 18– Uncompensated Care

- Affordable Care Act – phases in a lower federal allotment to states
 - Originally to be based on number of uninsured individuals in a state beginning with FY 2014
 - Reduction has been delayed to FY 2021
- RI's 2019 allotment is \$73.1 million, matched by general revenues
 - Total - \$139.7 million

Hospitals



Medicaid Waiver

- Medicaid program
 - A state must provide certain services to certain populations
 - Through a waiver can expand services and populations covered
- RI - 1115 Demonstration Waiver
 - Recently approved extension until December 31, 2023
- State law maintains requirement for Assembly approval of certain changes

Resolution - Medicaid Waiver

- Until December 31, 2018 changes were classified 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

- Starting January 1, 2019 any waiver changes require a new set of processes
- Governor includes Section 9 of Article 16 to limit requirement of Assembly approval
 - Notify the Assembly of only formal waiver amendments
- Governor requested amendment today to restore comparable approval authority

Resolution - Medicaid Waiver

January 1, 2013 to December 31, 2018

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

Resolution - Medicaid Waiver

January 1, 2019 to December 31, 2023

Prior Category	Change	Article 16 - Sec 9*	Example
II	Payments and optional benefits	State Plan Amendment	Rate or payment change & adding benefits
III	Eligibility/ New Benefit	Assembly & CMS	Lowering Rlte Care threshold for parents

* Governor requested amendment today to keep Assembly oversight for State Plan Amendments

Articles 16 & 17

- Articles 16 & 17 impact services in several program
 - Hospitals
 - Long Term Care Services and Supports
 - Nursing Facilities
 - Home and Community Based Programs
 - Direct Support Professional Wage Increase
 - Providing services to developmentally disabled adults
 - Managed Care Plans

Long Term Care Services & Supports

- Nursing Facilities
 - October 1 rate increase
 - Hospice rates
- Adult Day & Home Care Co-Pay Programs
- SSI/Assisted Living Facilities
 - EOHHS & DHS
- Direct Support Professional Wage Increase & Participants' Rights
 - Dept. of BHDDH

Article 16/17: Nursing Facility Rates

- Current law increases nursing home rates annually Oct. 1 using national index
 - November CEC assumed 3.6% increase
 - \$ 7.8 million including \$3.7 million general revenues
- Article 16 limits rate increase to 1%
 - Savings of \$7.5 million, \$3.5 million from GR
 - Budget includes the \$0.4 million revenue loss from provider tax, net savings \$3.1 million

Reimbursements

FY	Total	Previous Budget Actions
2019	\$5.9	Assembly provided a 1.5 % increase eff. July 1 to settle a lawsuit w/facilities
	(\$5.4)	Limit October rate increase to 1 %
2018	(\$10.8)	No October rate increase
2017	\$7.9	Rates increased by 3% Oct 1 & 4-year phase out of direct care adjustment
2016	(\$15.6)	Rate freeze, 2.0% reduction & acuity delay
2015	(\$4.9)	6 mo. delay on October rate increase
2014	(\$10.5)	No October rate increase

\$ In millions

Article 16 Sec 5: Hospice Rates

- Hospice is paid for in different settings
 - At home, hospital, nursing home or inpatient hospice facility
 - Primary payer is Medicare
 - Medicaid also pays for direct care
 - Skilled nursing, routine home care and clinical social workers
 - Also makes a separate payment for nursing home board and care as a pass through
 - RI has 8 licensed hospice agencies

Article 16 Sec 5: Hospice Rates

Benefit	Payer	Hospital	At Home	Inpatient Hospice	Nursing Home
Direct Services	Medicare is primary payer if eligible/If Medicaid only then Medicaid (state) is primary payer				
	Medicaid is payer of last resort				
Room & Board	Medicaid		N/A		Medicaid at 95% of daily rate

Article 16 Sec 5: Hospice Rates

- 2018 Assembly increased home care rates
 - Included a 20% rate increase applied to skilled services including hospice
 - EOHHS interpreted it as also applicable to the room & board rate
 - Approved 20% increase in pass through payment
- Section 5 attempts to clarify that the rate is not applicable
 - Budget assumes FY 2019 savings of \$2.3 million and \$5.5 million for FY 2020

Article 16 Sec 5: Hospice Rates

- Section 5
 - Appears to limit payments for hospice in a nursing facility to the room and board payment only
 - Omits direct care payment that was the target of the original legislation
 - Based on incorrect understanding of the flow of payments and payers
 - If original language was unclear, simple fix is to include clarification that it is not applicable to room and board pass through

Article 17 (b): Fiscal Intermediary

- Fiscal Intermediary
 - Assembly passed legislation for a Quality Self Directed Services program
 - Independent Provider Model
- Allows access to independent home care providers
 - Claims and billings would go through a fiscal intermediary

Article 17 (b): Fiscal Intermediary

- Seeks waiver of “choice” requirement so that the state can use one fiscal intermediary for self-directed services
- BHDDH uses intermediaries for some developmental disabilities services
 - Person and family have the ability to choose own providers - contract with 5 providers
 - If approved it would give BHDDH the option to also use one fiscal intermediary

Article 16 Sec 1,5 & 6: SSI/Assisted Living

- Rhody Health Options
 - State contracts w/ Neighborhood Health to operate the managed care program
 - For individuals who are eligible for Medicare & Medicaid – “dual eligible”
 - Enrollment in the program is optional
 - Phase II – Integrity
 - Phase I – Unity – eliminated in the Governor’s recommended budget/Assembly concurred

Article 16 Sec 1,5 & 6: SSI/Assisted Living

- NHP contracts w/ long term care facilities to manage medical needs
 - Nursing homes and assisted living facilities
- In an assisted living facility, a resident may also qualify for Supplemental Security Income – pay for room & board
 - Payment made through DHS budget
 - Room and board & medical paid by 2 different agencies

Article 16 Sec 1,5 & 6: SSI/Assisted Living

- In FY 2016 the payment for assisted living facilities was increased for residents enrolled in RHO
 - To reduce nursing home placements

SSI Payment – Assisted Living (AL)	State	Federal	Total	Enrollees
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 16 Sec 1,5 & 6: SSI/Assisted Living

- Phase I – Unity – eliminated
 - Medicaid-only individuals went to fee-for-service & any dual eligible could enroll in Integrity
 - Those in assisted living who moved to fee-for-service retained the higher payment
 - Should have been reduced by DHS – it was not
 - This article change will allow them to continue to get the higher payment

Article 16 Sec 1,5 & 6: SSI/Assisted Living

- November CEC estimate includes the higher payment for 106 recipients
 - 19 providers at 20 facilities
- As of March 2019, continue to receive that higher payment
 - In conflict with state law

Article 16 Sec 1,5 & 6: SSI/Assisted Living

- Article adds “*an alternative, successor, or substitute programs, or delivery option designated by the secretary*” in addition to those in Rhody Health Options managed care program
 - Does not include any definitions of the programs and options
 - May allow for expansion beyond the apparent intent

Article 17 (c) – Co-Pay Programs

- Section expands eligibility for home care & adult day co-pay programs
 - Medicaid funded program
 - Funding in EOHHS/Elder Affairs
 - Income threshold raised from 200% to 250% of FPL
 - FY 2020 - \$7.7 million, \$3.7 million from general revenues for both programs
 - \$4.7 million for home care
 - \$2.9 million for adult day care

Article 17 (c): Co-Pay Programs

Home & Adult Day Programs	Current Program	Article
Eligible Recipients	Age 65 & older	
# of Recipients	928	300
Income Threshold	200%	250%
Co-Payment (income based)	\$4.50 or \$7.50 per hour \$7 or \$15 per day	
FY 2020 Recommendation	\$6.5 million	\$1.3 million

Articles 17 (d)– BHDDH

- Governor's adds \$6.4 million to increase wages paid for direct support professionals
- BHDDH projects wage to increase to \$12.68
 - Not funding an increase for supervisors, job development & support coordinators
 - These are usually linked to the DSP worker rate

Fiscal Year	General Revenues	Total	DPS Wage
2020	\$3.0	\$6.4	\$12.68
2018	\$3.0	\$6.2	\$12.27
2017	\$4.5	\$9.2	\$11.91

\$ in millions

Articles 16 Section 8 – BHDDH

- Participants' Rights
 - Adhere to federal changes for home and community based waiver services
 - Supports person centered planning model
 - Access to visitors at any time
 - Telephone and media
 - Removes word “reasonable” when having access – have access at any time

Articles 17 – Managed Care Plans

- Resolution makes two changes
 - Performance Goal Program
 - Savings of \$5.1 million/ \$0.9 million from gen. rev.
 - Eliminates incentive payments for meeting certain benchmarks
 - C-Section Births
 - Savings of \$0.3 million/\$0.1 million from gen rev.
 - Multi-year plan to reduce incidence
 - Specific implementation plan not provided
- Similar to savings included in FY 2019

Article 16 Section 10 – Patient Centered Medical Home

- State law created the Patient Centered Medical Home Collaborative
 - Various stakeholders that included providers, insurers, patients, hospitals and state agencies
 - Develop a payment system to provide care coordination payments to patient centered medical homes by July 2012
 - System would be in place until July 2016

Article 16 Section 10 – Patient Centered Medical Home

- Continuation would depend on the results of an evaluation
 - Due from the EOHHS Secretary and Health Insurance Commissioner
 - Comprehensive evaluation two years and four years after implementation
 - # of enrollees and health characteristics
 - Impact of PCMH on health status and health disparities
 - Savings from implementation

Article 16 Section 10 – Patient Centered Medical Home

- Section 16 eliminates the sunset date
 - Encourages alternatives to fee-for-service reimbursements to include partial and full capitated payments
- EOHHS pays for PCMH through managed care plans
 - Temporary payments to build the system
 - Providers move through the system; new providers replace those that have implemented

Article 16 Section 10 – Patient Centered Medical Home

- Appears that eliminating the sunset date may result in a sustained enhanced payment for participating providers
 - Will not have any providers “graduating” and not longer requiring the payment
 - There would be an impact on the out-years

Article 17 (e): Federal Opportunities

- Allows EOHHS to take advantage of any federal opportunities that do not have an adverse impact on the FY 2020 budget
- Has been included in previous budgets
 - No actions have been taken under this provision

Governor's FY 2020 Budget: Articles

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Committee
March 13, 2019
