

Governor's FY 2021 Budget: Articles

Staff Presentation to the House Finance
Committee
March 10, 2020

Introduction

- Medicaid Related Articles: 14,17,18, 20
 - HFC to cover over 2 hearings
 - Article 14 – Medicaid
 - Including Medicaid Resolution
 - EOHHS programs – both hearings
 - BHDDH/DD wage increase – Scheduled March 17th
 - Article 17 – Hospital Uncompensated Care
 - Scheduled for March 17th
 - Article 18 – Hospital License Fee
 - Scheduled for March 17th
 - Article 20 – Sec.13 – Rlte Share – March 10

Medicaid Overview

- Major part of state budget & 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 74,000 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 2021 Budget by Department

Department	General Revenues	All Funds
EOHHS	\$1,010.7	\$2,682.2
BHDDH	207.8	487.1
Children, Youth & Families	186.8	263.6
Human Services	117.9	635.2
Health	33.0	186.7
Total	\$1,556.1	\$4,254.8
Total State Budget	\$4,247.8	\$10,195.0
EOHHS Agencies % of Total	36.6%	41.7%

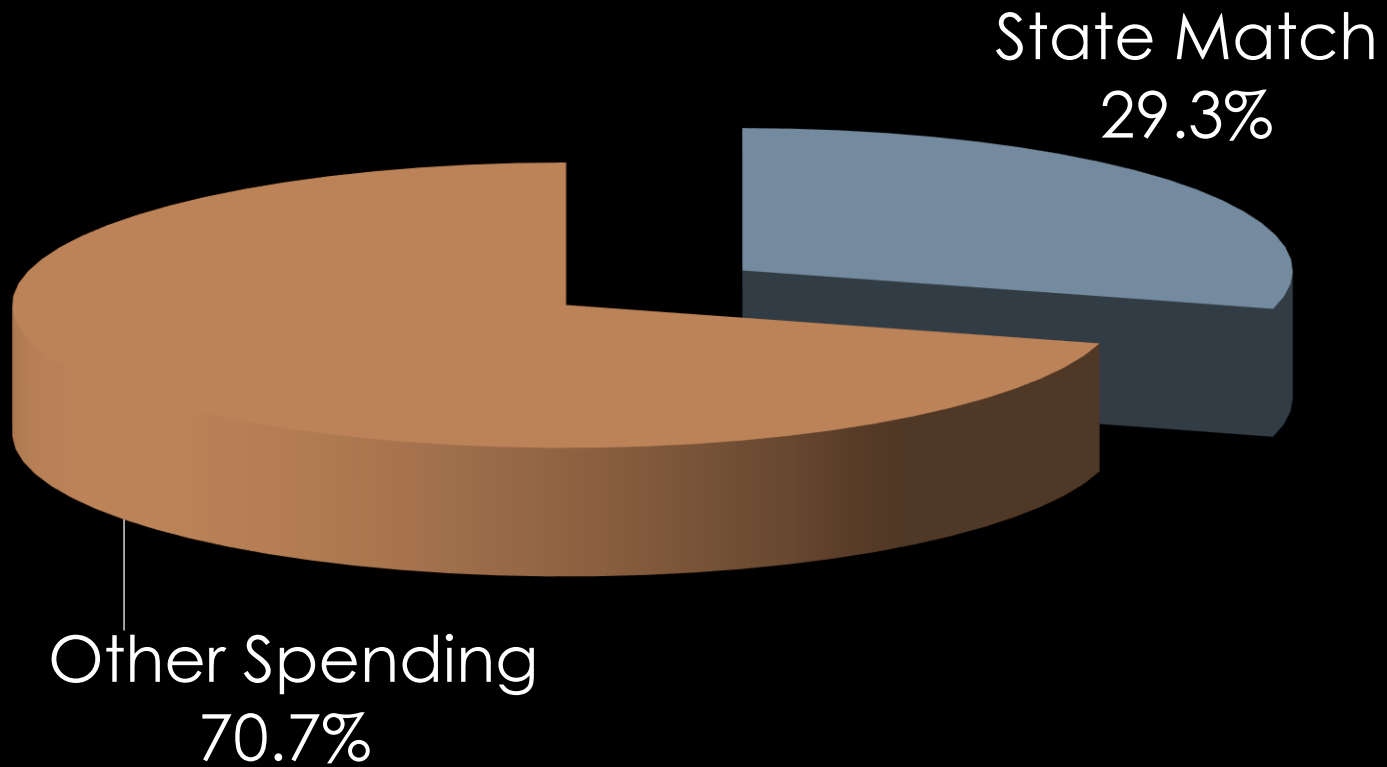
\$ in millions

Governor's FY 2021 Budget Medicaid by Department

Department	General Revenues	All Funds	% of Medicaid
EOHHS	\$1,003.8	\$2,640.4	83.3%
BHDDH	199.3	435.4	13.7%
DCYF	30.0	62.9	2.0%
Human Services	12.3	29.7	0.9%
Health	1.0	3.2	0.1%
Medicaid Total	\$1,246.4	\$3,171.6	100%
Total State Budget	\$4,247.8	\$10,195.0	
Medicaid % of Total	29.3%	31.1%	

\$ in millions

Medicaid % of FY 2021 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
- 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
 - Enacted budget reflects May estimates

Medical Assistance: CEC

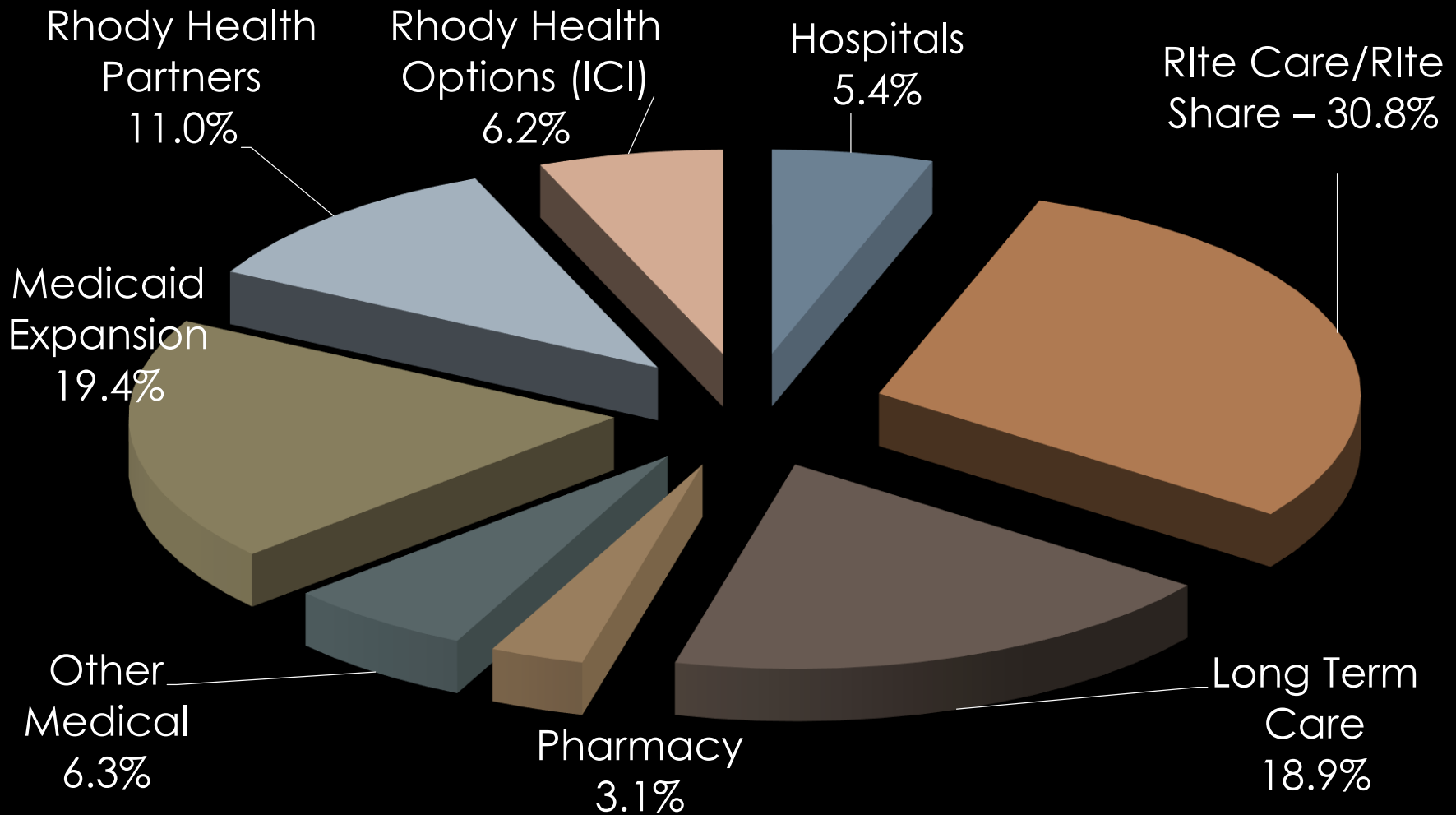
Program	FY 2020 Enacted	FY 2021 Nov CEC	FY 2021 Gov. Rec.
Hospitals	\$194.9	\$132.7	\$192.3
Long Term Care	428.1	457.5	450.1
Managed Care	747.7	740.0	705.0
Expansion	483.1	500.0	462.1
Rhody Health Partners	249.5	267.0	262.5
Rhody Health Options	152.6	149.3	146.2
Pharmacy	74.1	74.7	74.7
Other Medical	136.3	147.0	148.6
Total	\$2,466.3	\$2,468.2	\$2,441.6

\$ in millions

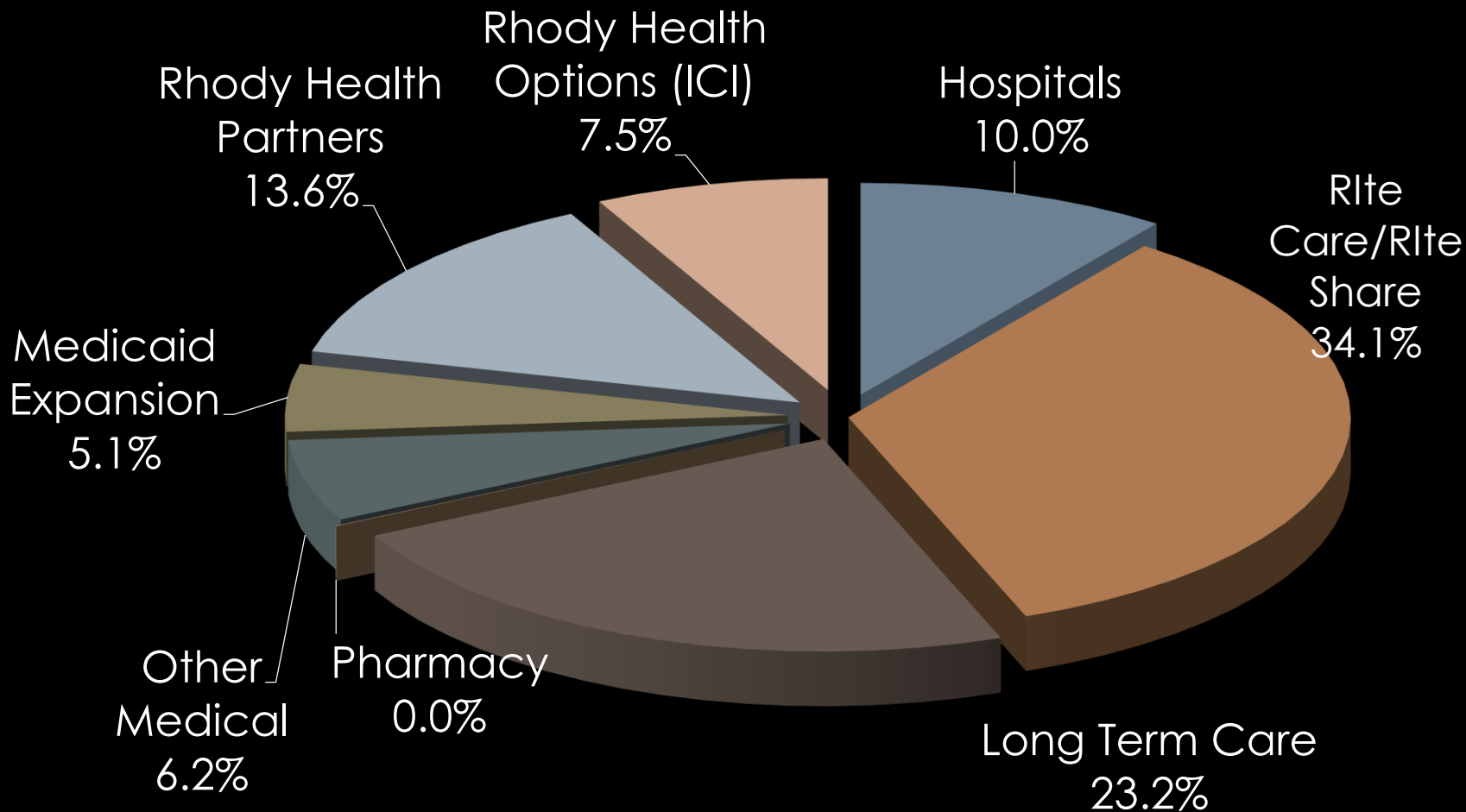
Medical Assistance

- Governor's budget includes proposals that change the CEC estimate
 - Require a change to current law
 - Notification to the Assembly
 - Less formal changes

FY 2021 Governor's Budget: EOHHS All Funds

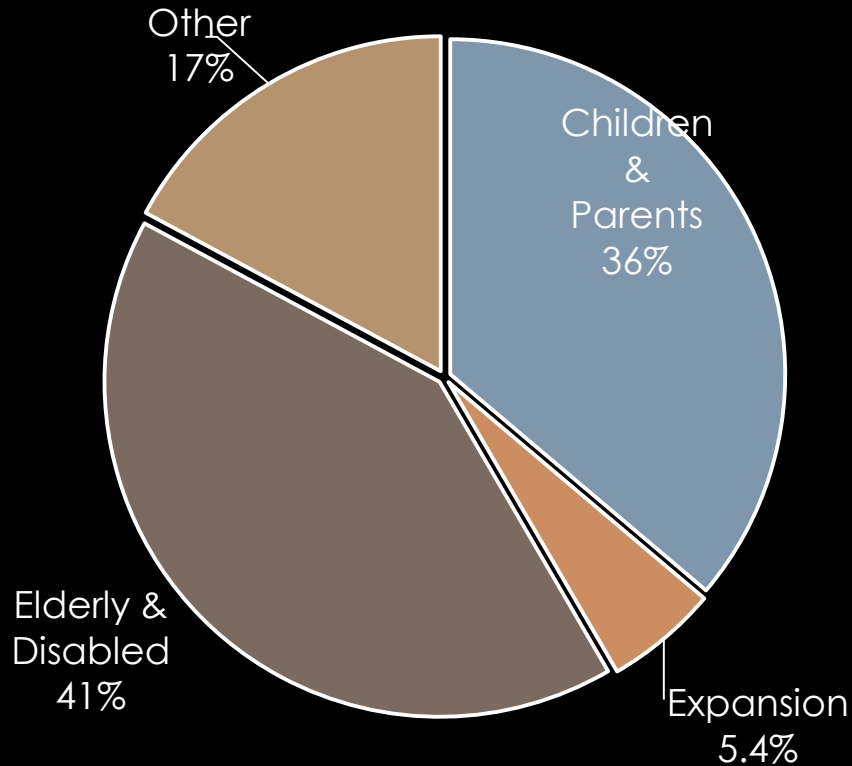


FY 2021 Governor's Budget: EOHHS General Revenues

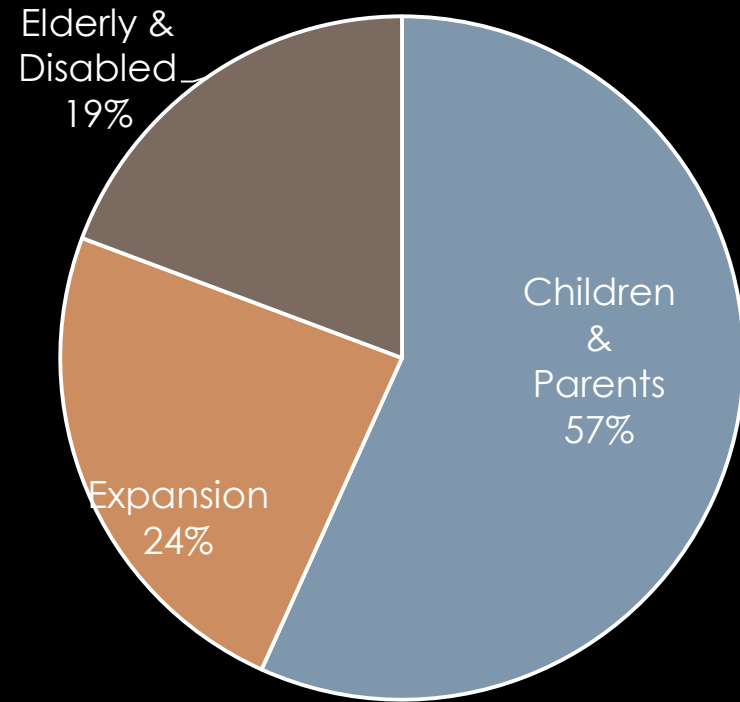


FY 2021 Governor's Budget: EOHHS by Population

PROGRAM EXPENSES: GENERAL REVENUES

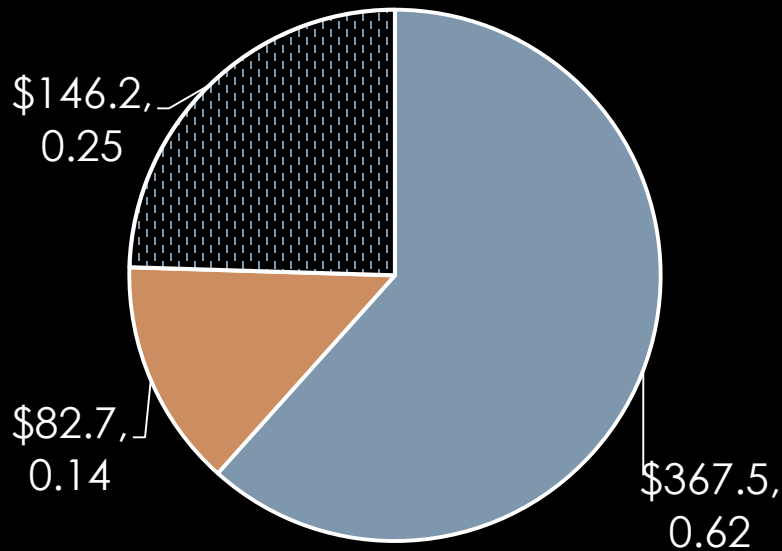


ENROLLMENT

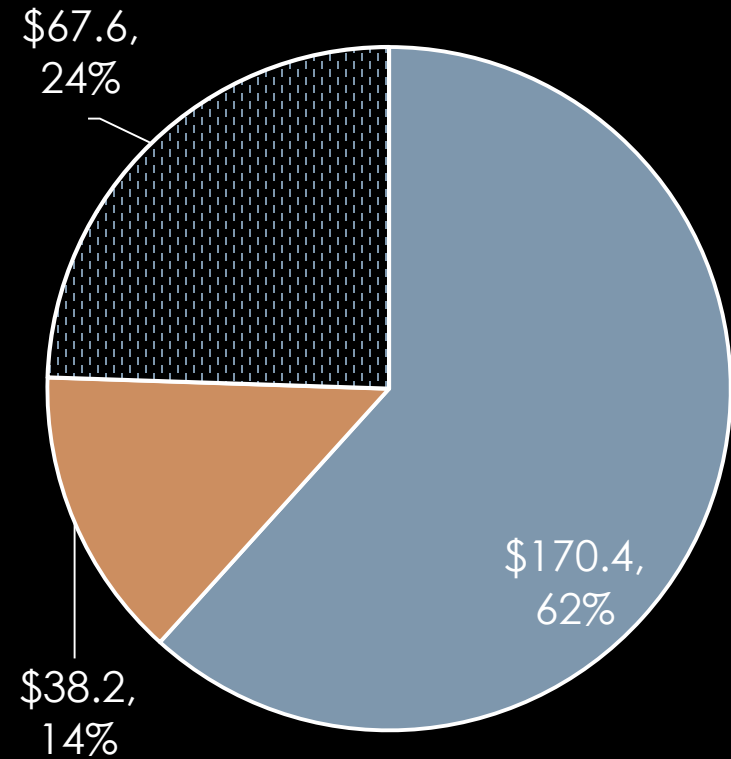


FY 2021 Governor: Long Term Care

All Funds = \$596.4 million



Gen. Rev. = \$276.2 million



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

Articles 14 & 20

Providers	Gen Rev	Total
Hospitals	\$(14.9)	\$(19.7)
Long Term Care Services & Supports	(3.1)	(7.5)
Managed Care Plans	(4.5)	(21.1)
Total	\$(22.4)	\$(48.3)

\$ in millions

Article 14 – Resolution

Proposal	General Revenues	All Funds	FTE
<i>(a) Provider Rates</i>	\$(3.6)	\$(4.6)	-
(b) Perinatal Doula Services	0.1	0.2	-
(c) Co-Payments	(4.3)	(17.8)	2.0
(d) Rite Share Program (also Sec 13/Art 20)	(5.2)	(19.0)	-
<i>(e) BHDDH Wage Increase</i>	1.0	2.2	-
(f) Federal Financing Opportunities	N/A	N/A	-
Total	\$(12.0)	\$(39.0)	2.0

\$ in millions

Articles 14 & 20

- Specific items for tonight's agenda relate to services in several programs
 - Managed Care Plans
 - Adult Co-payments
 - Full Risk Arrangement
 - Rite Share Enrollment
 - Fee for Service
 - Perinatal Doula Services
 - Non-Emergency Transportation

Article 14 – Co-Payments

- Section 1 imposes co-payments for pharmacy and inpatient hospital stays
 - Does not include
 - Most disabled individuals
 - Those in long-term care facilities
 - Women who are pregnant
 - Proposed co-payments
 - \$1.00 for selected drugs
 - High blood pressure/cholesterol/diabetes
 - \$3.65 for all other drugs
 - \$3.00/a day for inpatient hospital stay

Article 14 – Co-Payments

- Co-payments also proposed as part of Governor's FY 2019 budget
 - Prescription drugs
 - Non-emergency visits to an ER
 - Non-preventative visits to a physician
- Requested an amendment to clarify intent of the proposal
 - Co-pays did not apply to individuals with a federal or state disability determination

Article 14 – Co-Pays

- FY 2021 budget - \$17.8 million savings
 - \$4.3 million from general revenues
 - About half of savings is decrease in utilization
 - Effective July 1, 2020
- Proposed legislation requires services be delivered even if payment is not made
 - Savings to be implemented by reducing payments to the managed care plans
 - Impact to providers?

Article 14 – Co-Pays

- 36 states have some form of a pharmacy co-payment
 - 2018 data from Kaiser Family Foundation
 - Massachusetts – \$1.00 selected generic/\$3.65 other generic and brand name/up to \$250/a year
 - Connecticut does not
- Regional comparison for hospital co-pay
 - Massachusetts & Maine - \$3

Article 14 – Co-Pays

- As drafted proposed legislation would make co-pay applicable to certain individuals with severe and persistent mental illness
 - Not on SSI but have high enough medical bills to qualify them for Medicaid
- Savings detail by component shows this accounts for \$1.3 million of total
 - \$0.6 million from general revenues

Article 14 – Managed Care Plans

Population (February)	NHP	UnitedHealth	Tufts	Total
Children & Families	101,958	49,856	4,636	156,450
Expansion	37,085	26,676	3,845	67,606
Elderly & Disabled	20,632	6,537	579	27,748
Total*	159,675	83,069	9,060	251,804

**does not include those in Rlte Share or fee-for service*

Article 14 – Co-Pays

Benefit	Children & Families	Expansion	Disabled	Total
Co-payments	\$(3.2)	\$(5.0)	\$(0.6)	\$(8.8)
Drugs – Utilization	(3.2)	(5.0)	(0.6)	(8.8)
Inpatient Hospital Visits	(.03)	(0.1)	(0.1)	(0.2)
Total Savings	\$(6.5)	\$(10.0)	\$(1.3)	\$(17.8)
<i>Gen. Rev.</i>	\$(3.1)	\$(1.0)	\$(0.6)	\$(4.7)

\$ in millions

Article 14 – Co-Pays

- Collection at the point of service
 - Hospitals & pharmacies
 - Savings taken through reductions to MCOs
- Patient co-pays capped at 5% of income
 - Estimate doesn't appear to account for cap
- Implementation - \$1.0 million
 - 2 new FTE - \$0.3 million
 - \$0.7 million for system changes
 - Budget includes \$0.1 million from general revenues
 - Excludes matching \$0.7 million federal funds

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

Article 14 – Medicaid Resolution

- The Article allows the state to change its current financial arrangement with managed care organizations
 - Require them to assume all risk
- State currently shares both gains and losses with the providers
 - Up front payments based on actuarial analysis
 - Reconciliation of costs & payments determines gains and losses
 - Amounts beyond 1.5% are shared

Article 14 – Medicaid Resolution

Risk/(Gain) Share Payments	FY 2017	FY 2018	FY 2019
Managed Care	\$2.9	\$4.9	\$0.8
Rhody Health Partners	1.9	1.2	15.9
Rhody Health Options	7.4	6.6	5.6
Expansion	(7.7)	(0.9)	24.5
Total	\$4.5	\$11.8	\$46.9

\$ in millions

Article 14 – Medicaid Resolution

- Recent changes to risk calculations
 - FY 2019 enacted budget assumed savings \$16.9 million from reducing MCO rates
 - EOHHS achieved the savings by changing the risk share arrangements
 - Plans would bear all risk on a higher percent of the medical costs
 - FY 2020 rates allow for 1.5 % risk
 - Costs over 101.5% are shared with state
 - Different methodology than “risk corridors”

Article 14 – Medicaid Resolution

- November CEC assumes \$21.0 million as value of risk margin to the plans
 - Equal to 1.5% of the monthly capitated payments
- Governor's budget assumes 2.5% and MCO will be responsible for any losses
 - Adds \$15.6 million for a total of \$36.6 million
 - No savings for underspending accrue to state

Article 14 – Medicaid Resolution

- Auditor General's FY 2019 audit findings noted issues with reconciliation process
 - Complexity of financial activities
 - Use of contractors for oversight
 - Certain payments based on manual calculations

Article 14 – Medicaid Resolution

- Risk Share payment often reflect unachieved savings initiatives
 - Potential impacts to MCOs from other savings proposals if not achieved
 - Example – another proposal for pharmacy savings based on utilization review by the plans
 - \$1.5 million in savings
 - Or if there are unforeseen expenses
 - NICU costs moving into plan
 - No longer paid on fee for service basis

Article 14 (a)(ii)– Transportation Rates

- Section increases rates for non-emergency transportation services
 - Impacts ambulance rates
 - Rates were increased for FY 2020 for one year using emergency rules under threat to immediate health and safety
 - EOHHS made the change in mid-July after passage of the FY 2020 budget
- Assembly approval requested for same change to be made for FY 2021

Article 14 (a)(ii) – Transportation Rates

- FY 2021 budget adds \$2.2 million for the increase
 - \$0.8 million from general revenues

Type of Service	Prior Rates	FY 2020 Revised	FY 2021 Gov. Rec.	Change
Basic Life Support	\$71.50		\$147.67	\$76.17
Advanced Life Support			\$177.20	\$105.70

Article 14 (b) – Perinatal Doula Services

- Section allows the state to establish Medicaid coverage and reimbursement rates for perinatal doula services
 - Services support women during pregnancy, childbirth & first few postpartum weeks
- Budget includes \$0.2 million
 - \$0.1 million from general revenues
 - \$0.4 million for doula services offset by \$0.2 million in hospital savings

Article 14 (b) – Perinatal Doula Services

- Budget assumes an \$850 payment for 10% of Medicaid births
 - 500 births
 - For all 5,000 births – cost could be \$4.2 million
- Other states also pay for the services
 - Minnesota - \$411 for 6 visits
 - Oregon - \$350 for 4 visits along with other costs related to the services

Article 14 (f): Federal Opportunities

- Allows EOHHS to take advantage of any federal opportunities that do not have an adverse impact on the FY 2021 budget
- Has been included in previous budgets
 - No actions have been taken under this provision

Rite Share Program

- State provides for cost sharing with employers who have employees who are eligible for Medicaid
 - Either through Rite Care or Expansion
 - Have access to qualified private insurance
 - The state pays employee's premium & cost sharing requirements
 - Either send a check to the employee or an employer if participating in the program

Rite Share Program

- State law requires employees to enroll in their employer's insurance in order to access Medicaid benefits
 - Question is asked when someone applies or is recertified for Medicaid eligibility
 - Via RI Bridges system (UHIP)

Article 20/Section 13 – Rite Share

Recent Experience

Pre-UHIP	8,400 individuals in the program
May 2019 CEC	3,400 individuals in the program
FY 2020 Governor's Budget	New assessment for employers w/ employees receiving Rite Care
2019 Assembly	No assessment but new outreach and reporting requirements to enhance Rite Share enrollment
Nov 2019 CEC	Backlogs & other issues; savings same
FY 2021 Gov.	Governor proposes Art 20 changes

Article 20/Section 13 – Rlte Share

- Governor had proposed assessing large employers \$1,500 for every Medicaid recipient employee
- Assembly instead required EOHHS to revisit existing Rlte Share program to maximize enrollment
 - Initial plan due by 10/1/2019
 - Subsequent enhanced reporting
 - Submitted 10/16/2019

Article 20/Section 13 – Rlte Share

- Rlte Share Reporting
 - Added info in monthly Medicaid report
 - # of individuals with access to ESI
 - # of plans that meet the cost effectiveness criteria
 - Rlte Share enrollment
 - FY 2020 savings from increasing enrollment
 - \$2.3 million
 - \$1.1 million from general revenues
 - Enrollment of 4,776
 - Caseload estimate assumes these savings
 - Testimony suggested significant issues with program

Article 20/Section 13 – Rlte Share

- EOHHS plan to increase enrollment
 - UHIP update from March will allow the Rlte Share unit to perform the necessary functions to begin working the employer renewal backlog - 354 to be done by 2/20
 - Continue to review new applications & answer calls from employers & employees
 - Does not include outreach plans
- CEC testimony suggested lack of specific plans and some confusion on process

Article 20/Section 13 – Rite Share

Enrollment	Rite Share	Rite Care
FY 2017	8,040	150,515
FY 2018	6,422	158,187
FY 2019	4,525	156,756
July 2019	4,249	161,616
August 2019	4,191	161,596
September 2019	4,005	159,440
October 2019	3,540	159,319
November 2019	3,392	156,233
December 2019	3,281	155,727
January 2020	3,279	156,215

Article 20 – Rite Share

If Individual has Access to Employer Sponsored Insurance (ESI)

Current Law

Coverage reported through RI Bridges when applying for Medicaid

EOHHS' Rite Share Unit receives the information to decide if coverage is acceptable

If acceptable, state pays employee costs

Section 13/Article 20

Employer with at least 50 employees, excluding non-profits, has new requirements

Penalties if do not comply

- Timely manner - \$2,500
- Non-compliance or provide false info. - \$5,000
- New revenue of \$0.2 million

Article 20 – Rite Share

Employers: For-profit 50+ workers

Report Quarterly: Employees enrolled or not enrolled in employer sponsored insurance (ESI) and who is no longer employed

Let EOHHS know when a new employee is offered insurance during open enrollment

Participate in EOHHS' employer education outreach campaign & cannot offer incentives to turn down ESI

Rite Share Program

- Savings from lower cost than full Medicaid

Program	Jan. 2020	FY 2021 Gov. Rec.	
	Enrollment	Enrollment	Total
Rite Care*	146,524	130,786	\$3,347
Rite Share	3,279	19,362	\$630
Expansion	71,027	61,271	\$6,291
Expansion – Rite Share	322	5,749	\$630

*Children & Parents excluding children in foster care & w/special health care needs

Article 20/Section 13 – Rlte Share

- FY 2021 savings of \$19.0 million from enrollment increases
 - \$5.2 million from general revenues
 - Assumes enrollment grows by 19,000 to 25,000
 - About 13,600 in the Rlte Care program
 - About 5,400 in the expansion program
 - Approximately

Article 20/Section 13 – Rlte Share

- Effective July 1
 - Savings assume six months of full enrollment target
- Implementation
 - System changes -\$600k
 - Current staffing assumed

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