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

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Newly Eligible</td>
<td>80,983</td>
</tr>
<tr>
<td>Assume initial enrollment of 25%</td>
<td>20,170</td>
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<tr>
<td>Per Member/Per Year Cost</td>
<td>$6,929</td>
</tr>
<tr>
<td>Annual Cost</td>
<td>$139.8 million</td>
</tr>
<tr>
<td>Cost beginning January 1, 2014</td>
<td>$68.9 million</td>
</tr>
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</table>
# Federal Match for Extended Benefits

<table>
<thead>
<tr>
<th></th>
<th>Starts</th>
<th>Ends</th>
<th>Federal</th>
<th>State</th>
</tr>
</thead>
<tbody>
<tr>
<td>CY 2017</td>
<td>1/1/2017</td>
<td>12/31/2017</td>
<td>95%</td>
<td>5%</td>
</tr>
<tr>
<td>CY 2018</td>
<td>1/1/2018</td>
<td>12/31/2018</td>
<td>94%</td>
<td>6%</td>
</tr>
<tr>
<td>CY 2019</td>
<td>1/1/2019</td>
<td>12/31/2019</td>
<td>93%</td>
<td>7%</td>
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<tr>
<td>CY 2020 &amp; later</td>
<td>1/1/2020</td>
<td></td>
<td>90%</td>
<td>10%</td>
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</table>
## Governor’s Out-Year Projections

<table>
<thead>
<tr>
<th>SFY</th>
<th>FMAP Rate</th>
<th>Total</th>
<th>General Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>2.5%</td>
<td>$180.0</td>
<td>$4.5</td>
</tr>
<tr>
<td>2018</td>
<td>5.5%</td>
<td>$194.0</td>
<td>$10.8</td>
</tr>
<tr>
<td>Uninsured - Participation Rate</td>
<td>General Revenues</td>
<td>All Funds</td>
<td></td>
</tr>
<tr>
<td>-------------------------------</td>
<td>------------------</td>
<td>-----------</td>
<td></td>
</tr>
<tr>
<td>50%</td>
<td>$70.0</td>
<td>$1,629.0</td>
<td></td>
</tr>
<tr>
<td>70%</td>
<td>$100.0</td>
<td>$1,868.0</td>
<td></td>
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</tbody>
</table>
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)
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
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
$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
<table>
<thead>
<tr>
<th>Activity</th>
<th>General Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Substance Abuse Treatment</td>
<td>($610,318)</td>
</tr>
<tr>
<td>Mental Health Treatment</td>
<td>($526,930)</td>
</tr>
<tr>
<td>CMAP Program</td>
<td>($212,314)</td>
</tr>
<tr>
<td>HIV Treatment</td>
<td>($486,086)</td>
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### CNOM Savings – DHS

<table>
<thead>
<tr>
<th>Activity</th>
<th>General Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home &amp; Day co-pay programs</td>
<td>($844,997)</td>
</tr>
<tr>
<td>GPA Medical</td>
<td>($433,859)</td>
</tr>
<tr>
<td>Community Health Centers</td>
<td>($167,324)</td>
</tr>
<tr>
<td>Home Modification</td>
<td>($20,057)</td>
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</tbody>
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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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