Governor’s FY 2019 Budget: Articles

Staff Presentation to the House Finance Committee
March 15, 2018
Introduction

- Tonight – 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
March 14th – Managed Care Plans, Transportation & BHDDH programs

- Managed Care Payments
- Co-payments
- Rlte Share expansion
- Non-emergency transportation
- Alternative payments for at risk youth
- Criteria for direct services & case mgmt.
  - Adults with developmental disabilities
- Opioid and BH crisis management
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
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

<table>
<thead>
<tr>
<th>Department</th>
<th>General Revenues</th>
<th>All Funds</th>
<th>% of Medicaid</th>
</tr>
</thead>
<tbody>
<tr>
<td>EOHHS</td>
<td>$955.0</td>
<td>$2,427.7</td>
<td>85.0%</td>
</tr>
<tr>
<td>BHDDH</td>
<td>172.2</td>
<td>361.9</td>
<td>12.7%</td>
</tr>
<tr>
<td>Children, Youth &amp; Families</td>
<td>18.0</td>
<td>36.5</td>
<td>1.3%</td>
</tr>
<tr>
<td>Human Services</td>
<td>10.5</td>
<td>26.5</td>
<td>0.9%</td>
</tr>
<tr>
<td>Health</td>
<td>0.8</td>
<td>2.5</td>
<td>0.1%</td>
</tr>
<tr>
<td><strong>Medicaid Total</strong></td>
<td><strong>$1,156.5</strong></td>
<td><strong>$2,855.1</strong></td>
<td><strong>100%</strong></td>
</tr>
<tr>
<td><strong>Total State Budget</strong></td>
<td><strong>$3,829.3</strong></td>
<td><strong>$9,377.7</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Medicaid % of Total</strong></td>
<td><strong>30.2%</strong></td>
<td><strong>30.4%</strong></td>
<td></td>
</tr>
</tbody>
</table>

*in millions*
Medicaid % of Governor’s FY 2019 Budget – All Funds

- Medicaid: 30.4%
- Other Spending: 69.6%
Medicaid % of Governor’s FY 2019 Budget - General Revenues

State Match 30.2%

Other Spending 69.8%
FY 2019 Governor’s Rec: EOHHS
All Funds

- Medicaid Expansion: 19.1%
- Medicaid: 19.1%
- Rhody Health Options (ICI): 15.8%
- Rhody Health Partners: 10.3%
- Long Term Care: 10.4%
- Other Medical: 4.6%
- Pharmacy: 2.7%
- Hospitals: 6.3%
- Rite Care/Rite Share: 30.8%
FY 2019 Governor’s Rec:
EOHHS General Revenues

- Rlte Care/Rlte Share: 34.1%
- Rhody Health Options (ICI): 19.1%
- Rhody Health Partners: 12.5%
- Long Term Care: 12.3%
- Pharmacy: 7.0%
- Medicaid Expansion: 3.2%
- Other Medical: 4.2%
- Hospitals: 7.6%
FY 2019 Governor’s Rec: EOHHS by Population

PROGRAM EXPENSES: GENERAL REVENUES

$461.29, 51%
$308.70, 34%
$107.24, 12%
$28.56, 3%

ENROLLMENT

Children & Parents
57,225, 18%
181,475, 58%
76,782, 24%
Children & Parents
Expansion
Elderly & Disabled
Other

Children & Parents
Expansion
Elderly & Disabled
FY 2019 Gov. Rec.: Long Term Care

All Funds = $601.4 million

- Nursing Homes: $362.3 million (60%)
- Home & Community Care: $54.1 million (9%)
- Rhody Health Options (ICI): $185 million (31%)

Gen. Rev. = $284.2 million

- Nursing Homes: $88.3 million (31%)
- Home & Community Care: $22.9 million (8%)
- Rhody Health Options (ICI): $173 million (61%)
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

<table>
<thead>
<tr>
<th>Cat</th>
<th>Change</th>
<th>Approval</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>Administrative</td>
<td>Notify CMS</td>
<td>General operating procedures, prior authorization change</td>
</tr>
<tr>
<td>II</td>
<td>Payments and optional benefits</td>
<td>Assembly &amp; CMS</td>
<td>Payment change &amp; adding benefits</td>
</tr>
<tr>
<td>III</td>
<td>Eligibility/New Benefit</td>
<td>Assembly &amp; CMS</td>
<td>Lowering Rite Care threshold for parents</td>
</tr>
</tbody>
</table>
## Articles 13 & 14

<table>
<thead>
<tr>
<th>Providers</th>
<th>Gen Rev</th>
<th>Total</th>
<th>UHIP Reliant?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Hospitals</strong></td>
<td>($14.2)</td>
<td>($32.0)</td>
<td>No</td>
</tr>
<tr>
<td><strong>Nursing Homes &amp; Comm. Care</strong></td>
<td>(18.2)</td>
<td>(31.9)</td>
<td>Partial</td>
</tr>
<tr>
<td><strong>Managed Care Plans</strong></td>
<td>(57.0)</td>
<td>(83.2)</td>
<td>Partial</td>
</tr>
<tr>
<td><strong>Transportation</strong></td>
<td>(3.8)</td>
<td>(9.5)</td>
<td>No</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>($93.3)</td>
<td>($156.7)</td>
<td></td>
</tr>
</tbody>
</table>

($ in millions)
## Medicaid – March 15

<table>
<thead>
<tr>
<th>Providers</th>
<th>Art. 7 Sec.</th>
<th>Art.13 Sec.</th>
<th>Art. 14 Sec. 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospitals</td>
<td>2</td>
<td>1,2,4</td>
<td>(a) (i)</td>
</tr>
<tr>
<td>Long Term Care</td>
<td>N/A</td>
<td>1</td>
<td>(a) (ii)/(b) (i) (ii) (c) (i)/(d) (e) (i)/(g)</td>
</tr>
<tr>
<td>Providers</td>
<td>Art. 13 Section</td>
<td>Art. 14 Sec. 1</td>
<td></td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>-----------------</td>
<td>----------------</td>
<td></td>
</tr>
<tr>
<td>Managed Care</td>
<td>3</td>
<td>(a)(iii)</td>
<td></td>
</tr>
<tr>
<td>Transportation</td>
<td>N/A</td>
<td>(f)</td>
<td></td>
</tr>
<tr>
<td>BHDDH - Level of Care</td>
<td>N/A</td>
<td>(b)(iii)</td>
<td></td>
</tr>
<tr>
<td>Alternative Payment Methods (BHDDH)</td>
<td>N/A</td>
<td>(h)</td>
<td></td>
</tr>
<tr>
<td>Behavioral Healthcare Link</td>
<td>N/A</td>
<td>(i)</td>
<td></td>
</tr>
</tbody>
</table>
## Proposal

<table>
<thead>
<tr>
<th>Proposal</th>
<th>General Revenues</th>
<th>All Funds</th>
<th>UHIP Reliant?</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Provider Rates</td>
<td>($17.6)</td>
<td>($41.9)</td>
<td>No</td>
</tr>
<tr>
<td>(i) Hospitals*</td>
<td>($5.2)</td>
<td>($15.1)</td>
<td>No</td>
</tr>
<tr>
<td>(ii) Nursing Facilities*</td>
<td>($10.8)</td>
<td>($22.2)</td>
<td>No</td>
</tr>
<tr>
<td>(iii) Managed Care Plans**</td>
<td>($23.7)</td>
<td>($70.3)</td>
<td>No</td>
</tr>
<tr>
<td>(b) Long Term Services &amp; Supports</td>
<td>-</td>
<td>-</td>
<td>No</td>
</tr>
<tr>
<td>(c) Alternative Payments</td>
<td>-</td>
<td>-</td>
<td>No</td>
</tr>
</tbody>
</table>

*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

<table>
<thead>
<tr>
<th>Proposal</th>
<th>General Revenues</th>
<th>All Funds</th>
<th>UHIP Reliant?</th>
</tr>
</thead>
<tbody>
<tr>
<td>(d) LTC – Asset verification &amp; transfer</td>
<td>($5.3)</td>
<td>($11.1)</td>
<td>?</td>
</tr>
<tr>
<td>(e) Restructure ICI</td>
<td>(7.3)</td>
<td>(15.4)</td>
<td>?</td>
</tr>
<tr>
<td>(f) Non-Emergency Transp.</td>
<td>(3.8)</td>
<td>(9.5)</td>
<td>?</td>
</tr>
<tr>
<td>(g) Community First Choice</td>
<td>(3.0)</td>
<td>-</td>
<td>?</td>
</tr>
<tr>
<td>(h) Alternative Payment Model</td>
<td>-</td>
<td>-</td>
<td>?</td>
</tr>
<tr>
<td>(i) Opioid &amp; BH Crisis Mgt.</td>
<td>-</td>
<td>-</td>
<td>?</td>
</tr>
<tr>
<td>(j) Federal Opportunities</td>
<td>-</td>
<td>-</td>
<td>Maybe</td>
</tr>
</tbody>
</table>
## Hospitals

<table>
<thead>
<tr>
<th>Art/Sec</th>
<th>Proposal</th>
<th>State Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>13-1/14 - 1(a)(i)</td>
<td>Rate Freeze</td>
<td>($5.1)</td>
</tr>
<tr>
<td>13-2</td>
<td>UPL Payments</td>
<td>($5.6)</td>
</tr>
<tr>
<td>13-4</td>
<td>GME Payment</td>
<td>($3.3)</td>
</tr>
<tr>
<td>7-2</td>
<td>License Fee at 5.856%</td>
<td>$182.0</td>
</tr>
</tbody>
</table>
Article 13 Sec. 1 – Hospital Payments

- Article 13 freezes hospital rates at FY 2018 level
  - Payments reduced by $15.5 million - $5.4 million from general revenues
    - $5.1 million impact net of provider tax revenue loss
  - Rates are tied to national index
  - Governor requested an amendment to clarify date of rate freeze
## Hospital Rates

<table>
<thead>
<tr>
<th>FY</th>
<th>Inpatient</th>
<th>Outpatient</th>
<th>Disposition of Scheduled Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>2.8%</td>
<td>1.8%</td>
<td>Gov.: Eliminate increase</td>
</tr>
<tr>
<td>2018</td>
<td>3.0%</td>
<td>1.6%</td>
<td>Gov.: no increase &amp; reduce rates by 1%/Assembly - did not concur</td>
</tr>
<tr>
<td>2017</td>
<td>2.7%</td>
<td>1.9%</td>
<td>Eliminated rate increases</td>
</tr>
<tr>
<td>2016</td>
<td>2.4%</td>
<td>1.7%</td>
<td>Rate freeze &amp; further rate reduction</td>
</tr>
<tr>
<td>2015</td>
<td>2.5%</td>
<td>2.2%</td>
<td>Eliminated rate increases</td>
</tr>
<tr>
<td>2014</td>
<td>2.6%</td>
<td>1.7%</td>
<td>Eliminated rate increases</td>
</tr>
<tr>
<td>2013</td>
<td>2.6%</td>
<td>1.9%</td>
<td>Included rate increase</td>
</tr>
</tbody>
</table>

Statutory adjustments source: Inpatient Rates adjusted by CMS Prospective Payment System national index; Outpatient by Global Insight index
Article 13 Sec. 2 - 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 13 eliminates the inpatient (UPL) reimbursements
  - Savings of $14.1 million - $5.6 million general revenues
    - Keeps the $6.4 million outpatient 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

- FY 2018 enacted budget includes a $4.0 million payment
  - Article 10 eliminates the $4.0 million payment
  - Budget indicates reduction is to help achieve $25.0 million in undistributed savings
FY 2019 – Budget includes $1.5 million from all funds - $0.8 million general revenues

- New pool for all teaching hospitals

Governor requested an amendment to correct continued limitation to hospitals with Level 1 trauma centers
Article 7 – Hospital Licensing Fee

- Extends current licensing fee of 5.856%
  - Same two-tiered fee with South County & Westerly paying 3.55%
- FY 2019 budget assumes same $182.0 million as FY 2018
- Revenues based on 2016 base year
  - Article changes to 2017 base year
    - Governor requested an amendment to correct drafting error
Article 7 – Hospital Licensing Fee

- FY 2019 - fee charged on $3.2 billion in revenues using 2016 base year
  - Same rate as FY 2018 until receive updated 2017 revenues
  - Rate and base year updated annually
- License fee revenues total $182.0 million
  - $175.2 million – community hospitals
  - $6.8 million – Eleanor Slater Hospital
## Hospitals – FY 2018 Data

<table>
<thead>
<tr>
<th>Hospital/Network</th>
<th>Revenue</th>
<th>Uncomp. Care</th>
<th>License Fee</th>
<th>DSH</th>
<th>UPL</th>
<th>GME</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lifespan</td>
<td>$1,626.2</td>
<td>$106.8</td>
<td>$95.2</td>
<td>$63.5</td>
<td>$8.4</td>
<td>$4.0</td>
</tr>
<tr>
<td>Care New England</td>
<td>832.1</td>
<td>77.5</td>
<td>48.7</td>
<td>46.1</td>
<td>8.7</td>
<td>-</td>
</tr>
<tr>
<td>CharterCare</td>
<td>286.0</td>
<td>27.8</td>
<td>16.7</td>
<td>16.5</td>
<td>2.2</td>
<td>-</td>
</tr>
<tr>
<td>Landmark</td>
<td>117.4</td>
<td>10.0</td>
<td>6.9</td>
<td>6.0</td>
<td>0.7</td>
<td>-</td>
</tr>
<tr>
<td>So. County</td>
<td>142.9</td>
<td>5.7</td>
<td>5.3</td>
<td>3.4</td>
<td>0.3</td>
<td>-</td>
</tr>
<tr>
<td>Westerly</td>
<td>63.2</td>
<td>5.2</td>
<td>2.3</td>
<td>3.1</td>
<td>0.1</td>
<td>-</td>
</tr>
<tr>
<td>Eleanor Slater</td>
<td>115.7</td>
<td>-</td>
<td>6.8</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$3,183.4</strong></td>
<td><strong>$233.0</strong></td>
<td><strong>$182.0</strong></td>
<td><strong>$138.5</strong></td>
<td><strong>$20.5</strong></td>
<td><strong>$4.0</strong></td>
</tr>
</tbody>
</table>

$ in millions/based on CY 2016 data
Articles 13 and 14 – Long Term Care

- Long Term Care Changes
  - Nursing Facility payment rates
  - Services and Supports
    - Estate Recovery
    - Eligibility
    - Community First Choice
Article 13 Sec 1: Nursing Facility Rates

- Limits October 1, 2018 rate increase to 1%
  - November CEC assumed 2.7% increase
  - Savings of $5.4 million, $2.6 million from GR
  - Governor’s recommended budget includes the $0.2 million revenue loss from nursing home assessment, net savings $2.4 million
- Change also included in Section 1(a)(ii) of Article 14 – resolution
## Reimbursements

<table>
<thead>
<tr>
<th>FY</th>
<th>Total</th>
<th>Previous Budget Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>($10.8)</td>
<td>No October rate increase</td>
</tr>
<tr>
<td>2017</td>
<td>$7.9</td>
<td>Rates increased by 3% Oct 1 &amp; 4-year phase out of direct care adjustment</td>
</tr>
<tr>
<td>2016</td>
<td>($17.5)</td>
<td>Rate freeze, 2.0% reduction &amp; acuity delay</td>
</tr>
<tr>
<td>2015</td>
<td>($4.9)</td>
<td>6 mo. delay on October rate increase</td>
</tr>
<tr>
<td>2014</td>
<td>($10.5)</td>
<td>No October rate increase</td>
</tr>
<tr>
<td>2013</td>
<td>$2.0</td>
<td>Adjust base &amp; transition to new method</td>
</tr>
<tr>
<td>2012</td>
<td>($6.3)</td>
<td>Replaced principles of reimbursement and 5% reduction</td>
</tr>
</tbody>
</table>

$ In millions, all funds
# Long Term Care Services

<table>
<thead>
<tr>
<th>March 2018 Enrollment – ICI Report</th>
<th>RHO</th>
<th>FFS/PACE</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community w/o long term care supports</td>
<td>16,308</td>
<td>4,150</td>
<td>20,458</td>
</tr>
<tr>
<td>Nursing Home with long term care supports</td>
<td>2,855</td>
<td>1,566</td>
<td>4,421</td>
</tr>
<tr>
<td>Community w/long term care supports</td>
<td>2,240</td>
<td>1,201</td>
<td>3,441</td>
</tr>
<tr>
<td>Developmentally Disabled Adults</td>
<td>2,077</td>
<td>469</td>
<td>2,546</td>
</tr>
<tr>
<td>Individual with a severe and persistent mental illness</td>
<td>1,878</td>
<td>524</td>
<td>2,402</td>
</tr>
<tr>
<td>Medicaid w/long term care supports</td>
<td>595</td>
<td>330</td>
<td>925</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>25,953</strong></td>
<td><strong>8,240</strong></td>
<td><strong>34,193</strong></td>
</tr>
</tbody>
</table>
## Long Term Care Services

<table>
<thead>
<tr>
<th>Article 14 Proposal</th>
<th>Gen Rev</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integrated Care Initiative (e)(i)</td>
<td>($7.3)</td>
<td>($15.4)</td>
</tr>
<tr>
<td>Retroactive Coverage (b)(i)</td>
<td>(2.3)</td>
<td>(4.8)</td>
</tr>
<tr>
<td>Expand Expedited Eligibility (b)(ii)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Alternative Payment Model (c)(1)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Asset Verification and Transfers (d)</td>
<td>(0.5)</td>
<td>(1.1)</td>
</tr>
<tr>
<td>Community First Choice (g)</td>
<td>(3.0)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>($13.1)</strong></td>
<td><strong>($21.3)</strong></td>
</tr>
<tr>
<td>5 new full-time positions</td>
<td>0.3</td>
<td>0.7</td>
</tr>
<tr>
<td>System Changes</td>
<td>0.3</td>
<td>1.8</td>
</tr>
<tr>
<td>Revenue Loss</td>
<td>0.7</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>($11.8)</strong></td>
<td><strong>($18.8)</strong></td>
</tr>
</tbody>
</table>
# Long Term Care Services

<table>
<thead>
<tr>
<th>Responsibility/Activity</th>
<th>Personnel</th>
<th>Gen Rev</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop &amp; design alternative programs, complete state plan changes &amp; customer outreach</td>
<td>2.0 FTE</td>
<td>$125,002</td>
<td>$250,004</td>
</tr>
<tr>
<td>Oversight plan for vendors, state plan changes, provider outreach</td>
<td>1.0 FTE</td>
<td>62,501</td>
<td>125,002</td>
</tr>
<tr>
<td>AVS contract oversight/design changes with UHIP &amp; MMIS</td>
<td>1.0 FTE</td>
<td>62,501</td>
<td>141,002</td>
</tr>
<tr>
<td>Financial Manager for all EOHHS initiatives</td>
<td>1.0 FTE</td>
<td>62,501</td>
<td>141,002</td>
</tr>
<tr>
<td>Asset Verification System/System Changes</td>
<td>Contracted Services</td>
<td>250,000</td>
<td>1,750,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$562,505</strong></td>
<td><strong>$2,407,010</strong></td>
<td><strong>$2,407,010</strong></td>
</tr>
</tbody>
</table>
Integrated Care Initiative

- 2011 Assembly mandated development of long term managed care plan for those eligible for Medicare & Medicaid
  - Also called “dual eligible”
- Intent to integrate medical, behavioral health & long term care supports
  - Includes home and community based care and nursing homes
  - Delay entry into institutional care
  - Improve health outcomes
Integrated Care Initiative

- EOHHS entered into an agreement with Neighborhood Health Plan of RI
  - Rhody Health Options
- NHP has contracts with each of the state’s nursing facilities
  - Optional enrollment
- Two phase process
  - Phase I – Medicaid – Unity
  - Phase II – Medicare & Medicaid – Integrity
Article 14 Sec 1 (e)(1)
Integrated Care Initiative

- Article 14 calls for redesign of Rhody Health Options
  - Impact only Integrity (Medicaid only)
  - Contract thru 6/18 - 1 remaining option year
- EOHHS would re-assume responsibility for processing claims: fee-for-service again
  - About 11,000 individuals
  - Proposal assumes NHP will provide customer service & care management functions
  - No further details
Savings of $15.4 million
- $7.3 million from general revenues
- Administrative savings
Governor’s budget does not move the funding into the programs where it would appear under the new plan
- Out of managed care into fee-for-service
- Long term care, hospitals & other services
EOHHS has not provided redistribution
This section eliminates 90-day retroactive coverage for those in long term care.

State pays for outstanding medical bills for individuals who become eligible for Medicaid:

- Bills incurred prior to eligibility

Savings of $4.8 million:

- $2.3 million from general revenues
FY 2016: state paid $8.6 million from all funds as part of retroactive coverage

- Including those eligible for long term care services through Medicaid program
- What Medicare does not pay for
- Mainly for long term care services
- Small portion of hospital expenses
Mrs. Smith has $4,000 and meets the income limit for Medicaid
- Also has $1,000 in nursing home bills
- With retroactive coverage the state will pays outstanding bills ($1,000)
  - She retains her $4,000
- With no retroactive coverage, the outstanding bill must be paid by the person
This section expands expedited eligibility for long term care services for those who are transitioning to a home or community based setting from a hospital or nursing home.

- More efficient, clinical/functional expedited review process
- Shortened concise application
- Prior resolution allowed for LTC expedited eligibility – not implemented
EOHHS indicates that it would expand the benefit package to include:

- Increasing # of days for adult day care from 3 to 5 days per week
- An option for additional hours of personal care/homemaker services
  - Above 20 hours currently allowed for beneficiaries with the highest clinical/functional need for an institutional level of care
- No funding for this service expansion
Article 14 proposes to pursue alternative payment models for services

- Expand efforts to identify and provide preventive services to person at risk of long term care services and supports and other high risk interventions
- Adaptive & home based monitoring technologies
- EOHHS reports that explanatory information is not available at time
Article 14 Sec 1 (d) Asset Verification & Transfers

- Article identifies asset verification change
  - Implement automated asset verification
  - To comply with federal mandates
    - Had extension to December 2017
- Savings of $5.2 million/$2.5 million general revenues
  - Excludes system costs and positions
- EOHHS has started the process to make the change to the state plan
  - Public notice for comment
Article 14 Sec 1 (d) Asset Verification & Transfers

- Article also has separate initiative for asset transfers
  - Savings of $1.1 million, $0.5 million gen rev
- State pays for nursing home care for Medicaid eligible
  - Exhausted “countable resources”
    - Savings, stock, bonds
- One current practice used to reduce countable resources and speed eligibility
  - Irrevocable Medicaid annuity
Example

- Individual enters a nursing home and leaves a spouse at home
  - Assets worth $200,000 are split jointly
  - Spouse at home keeps $100,000
- Nursing home spouse applying for Medicaid has $100,000
  - Which makes him ineligible for Medicaid until he spends resources
  - Must spend $96,000 keeping allowable $4,000
**Article 14 Sec 1 (d) Asset Verification & Transfers**

- One practice to shelter some of this remaining assets is to enter into an Medicaid annuity contract
  - Reduce asset through transfer to the spouse
  - $96,000 gets converted to annuity
  - No longer a countable resource for nursing home resident – now Medicaid eligible
  - Paid monthly to the community spouse
  - Generally over 3 to 5 years
Article 14 Sec 1 (d) Asset Verification & Transfers

- Upon death of spouse in nursing home the surviving spouse keeps the balance of the annuity.
- Upon death of community spouse RI is currently able to recover the balance of the annuity contract.
- Resolution does not specify what changes are being contemplated.
Article 14 Sec 1 (d) Asset Verification & Transfers

- Could seek to cap the size of the initial resource transfer
- Could begin counting resources currently excluded
  - IRA
- Extension of assets rules to expansion population eligible for long term care
- Alter treatment of medical expenses prior to eligibility
Community First Choice Option

- States can provide certain services otherwise not covered to help keep individuals in the community
  - Assistance with activities of daily living (ADL)
    - Bathing, eating, mobility
  - Instrumental ADL
    - Medication management, housekeeping
Community First Choice Option

- Individuals moving from a hospital, nursing facility or behavioral health residential facility (IMD)
  - Example: pay for first and last month rent, bedding, basic kitchen supplies
- $3.0 million in general revenue savings
  - Higher Medicaid rate for these services
  - Lower utilization of higher cost services
Long Term Care Services

- Community First Choice
  - Part of the FY 2015 enacted budget
  - Savings of $3.0 million
  - EOHHS withdrew the proposal after a year
    - Could not make the extensive changes necessary to implement the program
  - EOHHS currently evaluating the appropriate path forward in light of previous issues
    - Timeline will be based on path selected
    - Calculation of savings unclear
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

<table>
<thead>
<tr>
<th>Proposal</th>
<th>New Positions</th>
<th>General Revenues</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Co-Pays</td>
<td>2.0</td>
<td>$250,002</td>
<td>$500,004</td>
</tr>
<tr>
<td>RHO Redesign</td>
<td>3.0</td>
<td>187,500</td>
<td>375,000</td>
</tr>
<tr>
<td>LTSS Eligibility</td>
<td>2.0</td>
<td>125,002</td>
<td>282,004</td>
</tr>
<tr>
<td>NEMT Services</td>
<td>1.0</td>
<td>125,001</td>
<td>250,002</td>
</tr>
<tr>
<td>Rlte Share Expansion</td>
<td>2.0</td>
<td>125,002</td>
<td>250,004</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>10.0</strong></td>
<td><strong>$812,507</strong></td>
<td><strong>$1,657,014</strong></td>
</tr>
</tbody>
</table>
## Administrative Costs

<table>
<thead>
<tr>
<th>Contracted Services/System Changes</th>
<th>Proposal</th>
<th>General Revenues</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Co-Pays</td>
<td></td>
<td>$50,000</td>
<td>$500,000</td>
</tr>
<tr>
<td>RHO Redesign</td>
<td></td>
<td>62,500</td>
<td>250,000</td>
</tr>
<tr>
<td>LTSS Eligibility</td>
<td></td>
<td>187,500</td>
<td>1,500,000</td>
</tr>
<tr>
<td>RIte Share Expansion</td>
<td></td>
<td>150,000</td>
<td>500,000</td>
</tr>
<tr>
<td>Health Home - BHDDH</td>
<td></td>
<td>470,000</td>
<td>470,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$920,000</strong></td>
<td><strong>$3,220,000</strong></td>
</tr>
</tbody>
</table>
Governor’s FY 2019 Budget: Articles

Staff Presentation to the House Finance Committee
March 15, 2018