State of Rhode Island and Providence Plantations

Caseload Estimating Conference

Room 305, STATE HOUSE, PROVIDENCE, RI 02903

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MEMORANDUM

To: The Honorable Nicholas A. Mattiello, Speaker of the House
The Honorable Gina M. Raimondo, Governor
The Honorable M. Teresa Paiva Weed, President of the Senate

From: Sharon Reynolds Ferland, House Fiscal Advisor
Thomas A. Mullaney, State Budget Officer
Stephen H. Whitney, Senate Fiscal Advisor

Date: November 18, 2016

Subject: **November 2016 Caseload Estimating Conference**

SUMMARY

The Caseload Estimating Conference convened on November 7, 2016, in an open public meeting to estimate cash assistance caseload and medical assistance expenditures for FY 2017 and FY 2018. In comparison to the FY 2017 enacted budget, the adopted estimate for FY 2017 increases total funding by $83.7 million, with a total estimate of $2,410.6 million. This includes $88.4 million more for the medical assistance programs, with $59.1 million attributable to the Medicaid Expansion program, and $4.6 million from savings in the cash assistance programs.

FY 2018 program costs are estimated to total $2,542.9 million, an increase of $198.1 million from the FY 2017 enacted budget, with $113.1 million attributed to Medicaid Expansion. Expenditures increase by $114.3 million from the FY 2017 November revised conference estimate reflecting $111.7 million for expected medical inflation and continuing increased enrollment in medical assistance programs and $2.6 million more for cash assistance programs.

November 2016 Caseload Estimates	FY 2017 Enacted	FY 2017 Nov. CEC	Change to Enacted	FY 2018 Nov. CEC	Change to FY 2017 Nov.
Cash Assistance					
All Funds	$ 112,820,658	$ 108,196,863	$ (4,623,795)	$ 110,846,089	$ 2,649,226
General Revenues	34,616,954	29,762,480	(4,854,475)	33,434,948	3,672,468
Medical Assistance					
All Funds	$ 2,214,041,333	$2,302,404,971	$ 88,363,638	$ 2,414,084,343	$ 111,679,372
General Revenues	904,442,625	914,014,776	9,572,151	952,338,395	38,323,619
Consensus Caseload Total					
All Funds	$ 2,326,861,991	$2,410,601,834	$ 83,739,843	$ 2,524,930,432	$ 114,328,598
General Revenues	939,059,579	943,777,256	4,717,676	985,773,342	41,996,087

Cash Assistance

Cash assistance programs for FY 2017 are estimated to total $108.2 million, a decrease of $4.6 million from the FY 2017 enacted budget. General revenue expenditures are estimated to be $29.8 million, $4.9 million less than the enacted budget. FY 2018 expenditures are estimated to total $110.8 million, $2.6 million more than the November estimate. The FY 2018 general revenue estimate of $33.4 million is $3.7 million more than the November estimate.

Rhode Island Works

The estimators project a caseload of 10,044 persons, or 124 more than enacted, at an average monthly per person cost of $178.05 or $0.25 less than enacted. Revised expenditures total $23.3 million for FY 2017. For FY 2018, the estimate includes 9,600 individuals at an average monthly cost per person of $178.05. Total program costs of $22.3 million are funded entirely by the federal Temporary Assistance to Needy Families block grant.

The FY 2017 estimate reflects a slight increase in caseload of 124 individuals in the current year with a $0.25 decrease in monthly costs. For FY 2018, there is a projected decrease of 444 individuals receiving the monthly payment compared to the revised estimate. The estimates assume that approximately 3,000 of those beneficiaries are from a family where the child is the only one receiving the payment and that no more than 20 percent of the overall Rhode Island Works caseload will retain their benefits through the hardship provision. This limit is consistent with federal guidelines allowing a state to exempt a portion of its caseload from the time limits, for hardship reasons, while continuing to pay the benefits from federal funds.

Child Care Assistance

The FY 2017 caseload estimate for child care assistance includes $65.0 million to provide 9,023 children with subsidized care at an average yearly cost of $7,200 per subsidy. The revised estimate assumes use of $55.1 million in federal Temporary Assistance to Needy Families and Child Care Development Block Grant funds and $9.9 million from general revenues. Projected program expenses are anticipated to decrease by $4.9 million from the FY 2017 enacted budget based on updated enrollment data and monthly costs.

Reauthorization of the federal Child Care and Development Block Grant requires changes that are effective October 1, 2016. This includes a 12-month recertification period; at least three months of continued eligibility for families who lose their jobs; and expanded outreach to homeless families. Rhode Island applied for a one-year extension for several of the requirements including: 12-month recertification, three months of continued eligibility and expanded outreach. The state's

Transitional Child Care Pilot program which allows families to receive subsidized child care until income exceeds 225 percent of poverty expires September 30, 2017.

For FY 2018, program costs are estimated to be $68.5 million, for 9,386 subsidies at an average yearly cost of $7,300 per subsidy. Expenses would be funded using $55.1 million from federal Temporary Assistance to Needy Families and Child Care Development Block Grant funds and $13.4 million from general revenues. The total cost is $3.6 million more from general revenues than the FY 2017 revised estimate, but $1.3 million less than enacted from general revenues. The FY 2018 estimate funds the required provisions under the federal reauthorization for child care funding; as noted the state has asked for a one-year waiver to those changes.

Supplemental Security Income
The caseload for the Supplemental Security Income program is revised to 33,677 individuals, 53 fewer than the FY 2017 enacted budget. The estimated monthly cost per person is revised to $45.65 for total costs of $18.5 million. For FY 2018, an estimated 33,777 individuals will receive payments averaging $45.65, for total costs of $18.6 million. The state pays the federal government to administer a small portion of these state supplemental payments these fees, included in the total cost, are expected to total $52,000 in FY 2017 and $51,000 in FY 2018.

General Public Assistance
The Conference revised its FY 2017 estimate to include 400 individuals at a monthly cost of $142.00. For FY 2018, the estimate includes 400 individuals at a monthly cost of $142.31. Total expenditures are estimated to be $1.4 million in FY 2017 and $1.5 million in FY 2018.

Medical Assistance

The Conference estimates total medical assistance program spending of $2,302.4 million in FY 2017, including $1,378.8 million from federal funds, $914.0 million from general revenues, and $9.6 million from restricted receipts, which is $88.4 million more than the enacted from all sources.

For FY 2018, the Conference estimates spending of $2,414.1 million including $1,452.1 million from federal funds, $952.3 million from general revenues, and $9.6 million from restricted receipts. The estimate is $111.7 million more than the revised November estimate of which $73.4 million is federal funds, largely reflecting updated costs for the expansion population.

Expenditures funded from general revenues are expected to increase by $9.6 million for FY 2017 compared to the enacted budget. The FY 2018 estimate is $38.3 million higher than the FY 2017 revised estimate. The FY 2017 increase includes $2.4 million of unachieved savings from the delay in Phase II of the Unified Health Infrastructure Project.

Hospitals
FY 2017 hospital expenditures are estimated to be $199.6 million, and include a disproportionate share hospital payment totaling $140.5 million and $2.0 million for graduate medical education activities. This is $10.3 million more than the enacted budget, including $3.7 million from general revenues.

FY 2018 hospital expenditures are estimated to be $199.7 million including disproportionate share hospital (DSH) payments of $139.7 million and $2.0 million for the graduate medical education

activities. The estimate increases spending by $11.2 million from all funds and $2.3 million from general revenues from the enacted and $0.1 million from the revised estimate.

Both FY 2017 and FY 2018 estimates add $6.2 million to pay Our Lady of Fatima Hospital $850 a day for up to 20 individuals to reside in a long term care psychiatric unit; this funding was not included in the enacted budget. In May 2016, the Executive Office of Health and Human Services entered into agreement with the community hospital to open the new unit to mitigate capacity problems at the Eleanor Slater Hospital's psychiatric unit.

Long Term Care

Long term care expenditures, including costs for services provided in nursing facilities and in community and home settings, are estimated to be $233.4 million for FY 2017 and $243.7 million for FY 2017. Decreases of $1.4 million for FY 2017 and $2.1 million for FY 2018 compared to the enacted budget reflect the shift of resources to the Rhody Health Options program as enrollment continues to shift to the managed care program.

The Conference estimates include reductions of $11.0 million in FY 2017 and $6.7 million in FY 2018 in fee-for-service expenses for home and community-based services. This also reflects the shift of resources and service delivery to the Rhody Health Options managed care program.

The Conference estimate adds $4.7 million from all sources, $2.4 million in the fee-for-service long term care program, to reflect the current law requirement that resources be added to the home and community care program if there has been a reduction in nursing home days. There was a 25,373 bed-day reduction from FY 2016 compared to FY 2015 at a projected cost of $184.02 a day. The Executive Office reports that unlike prior years, the verification of the bed day reduction through Rhody Health Options will not be finalized for at least the next few months. The May Caseload Conference estimate will consider finalized data and adjust the home and community care allocation as necessary.

Managed Care

FY 2017 expenditures for managed care (including the RIte Care and RIte Share programs) are estimated to be $657.1 million, a $9.1 million increase over the enacted budget. The general revenue increase of $0.1 million reflects higher than anticipated claiming through enhanced Medicaid match. Higher than anticipated monthly capitated rates offset by a projected decrease in enrollment accounts for $4.1 million of the increase. Payments to the federally qualified health centers add $4.9 million, and the estimate includes higher than anticipated rebates.

Costs for FY 2018 are estimated to total $672.5 million, $15.4 million over the revised FY 2017 November estimate, reflecting a 2.3 percent increase in monthly capitated payments, 0.8 percent increase in enrollment and increased payment to the federally qualified health centers. The estimate includes savings associated with enhancements available from the second phase of the Unified Health Infrastructure Project that began in September 2016 totaling $25.9 million, $12.7 million from general revenues.

Rhody Health Partners

The Rhody Health Partners program is estimated to cost $240.4 million in FY 2017, $10.6 million less than enacted, including $5.4 million from general revenues. Testimony by the Executive Office reallocates $17.9 million in behavioral healthcare services included in the enacted budget

to the other medical services program to reflect services provided to individuals not enrolled in the managed care plan. The estimate also increases capitated payments by less than one percent offset by a slight reduction in enrollment.

FY 2018 expenditures are estimated to be $247.0 million, $6.6 million more than the November estimate, and $4.0 million less than the enacted budget. The FY 2018 estimate increases capitated payment by 3.1 percent and enrollment by 0.6 percent. The estimate includes program savings associated with enhancements available from the second phase of the Unified Health Infrastructure Project that began in September 2016 totaling $2.6 million, $1.3 million from general revenues.

Rhody Health Options

Expenses for Rhody Health Options, the state's integrated care initiative that provides acute care and long term care services to individuals eligible for both Medicare and Medicaid, are estimated to be $347.9 million in FY 2017. This represents an increase of $9.3 million compared to the enacted budget due to increased enrollment as well as the transition of fee-for-service benefits into the Rhody Health Options program.

The FY 2018 estimate of $363.6 million is $15.7 million more than November estimate and $24.9 million more than the FY 2017 revised November estimates to reflect continued enrollment in the managed care plan. The enhancement savings total $3.7 million, including $1.8 million from general revenues for FY 2018.

The Conference estimate adds $4.7 million from all sources, $2.4 million in the Rhody Health Options program, to reflect the current law requirement that resources be added to the home and community care program if there has been a reduction in nursing home days. As noted in the prior section, this is subject to adjustment in May based on verification of preliminary bed-day counts.

Medicaid Expansion

The Rhode Island Medicaid program was expanded as of January 1, 2014, as part of the state's implementation of the Affordable Care Act. Adults with an income less than 138 percent of the federal poverty level and without dependent children were added as a new covered population. Costs related to this expansion are fully federally-funded through January 1, 2017 with federal support phased down to 90.0 percent by January 1, 2021.

For FY 2016, 64,852 individuals were enrolled in the expansion program. In FY 2017, enrollment is projected to average 70,033 at a cost of $450.0 million. This is $59.1 million above the enacted budget based on a 9.3 percent increase in enrollment offset by a 3.7 percent decrease in the monthly capitated payment. In FY 2018, enrollment is projected to average 73,143 at a cost of $504.0 million. The state's contribution is $11.2 million for FY 2017 and $27.8 million for FY 2018.

Other Medical Services

Expenditures for other medical services are estimated to be $115.6 million in FY 2017 and $119.8 million in FY 2018. The estimate includes Medicare Part B payments for certain individuals, fee-for-services payments for rehabilitation, and other medical services and payments to Tavares pediatric facility. Compared to the enacted budget, the estimate reallocates $18.7 million for FY 2017 and $19.2 million for FY 2018 in behavioral health care spending for those not enrolled in a managed care plan to the fee for service program.

Pharmacy

Pharmacy expenses are estimated to be $58.4 million in FY 2017 and $63.9 million in FY 2018. Nearly all of it relates to the Medicare Part D clawback payment funded solely from general revenues. The payment is the state's portion of the federal Medicare pharmacy costs for its population that are enrolled in both Medicare and Medicaid (commonly referred to as "dual-eligibles"). This is a 3.0 percent increase in the revised estimate and 12.5 percent increase in FY 2018 compared to the enacted budget to reflect updated federal projections to reflect state costs.

The following table shows the November Caseload Conference estimates for cash and medical assistance benefits for FY 2017 and FY 2018.

November 2016 Consensus Caseload Estimates	FY 2017 Enacted	FY 2017 Nov. CEC	Change to Enacted	FY 2018 Nov. CEC	Change to FY 2017 Nov.	Change to Enacted
Cash Assistance						
TANF/RI Works						
Persons	9,920	10,044	124	9,600	(444)	(320)
Monthly Cost per Person	$ 178.30	$ 178.05	$ (0.25)	$ 178.05	$ -	$ (0.25)
Total Costs	$ 23,098,723	$ 23,329,402	$ 230,679	$ 22,306,160	$ (1,023,242)	$ (792,563)
TANF Block Grant	23,098,723	23,329,402	230,679	22,306,160	(1,023,242)	(792,563)
General Revenues	-	-	-	-	-	-
Child Care						
Subsidies	9,603	9,023	(580)	9,386	363	(217)
Annual Cost per Subsidy	$ 7,274	$ 7,200	$ (74)	$ 7,300	$ 100	$ 26
Total Costs	$ 69,852,222	$ 64,965,600	$ (4,886,622)	$ 68,517,800	$ 3,552,200	$ (1,334,422)
Federal Funds	55,104,981	55,104,981	-	55,104,981	-	-
General Revenues	14,747,241	9,860,619	(4,886,622)	13,412,819	3,552,200	(1,334,422)
SSI						
Persons	33,730	33,677	(53)	33,777	100	47
Monthly Cost per Person	$ 45.57	$ 45.65	$ 0.08	$ 45.65	$ -	$ 0.08
Total Costs	$ 18,496,913	$ 18,500,261	$ 3,347	$ 18,554,041	$ 53,780	$ 57,127
GPA Bridge						
Persons	400	400	-	400	-	-
Monthly Cost per Person	$ 136.00	$ 142.00	$ 6.00	$ 142.31	$ 0.31	$ 6.31
Total Costs	$ 1,372,800	$ 1,401,600	$ 28,800	$ 1,468,088	$ 66,488	$ 95,288
Total Cash Assistance	$ 112,820,658	$ 108,196,863	$ (4,623,795)	$ 110,846,089	$ 2,649,226	$ (1,974,570)
General Revenues	34,616,954	29,762,480	(4,854,475)	33,434,948	3,672,468	(1,182,007)
Medical Assistance						
Hospitals	$ 48,800,000	$ 59,100,000	$ 10,300,000	$ 60,000,000	$ 900,000	$ 11,200,000
Hospitals - DSH	140,548,916	140,548,916	-	139,703,581	(845,335)	(845,335)
Nursing Facilities	178,400,000	177,000,000	(1,400,000)	183,000,000	6,000,000	4,600,000
Home & Comm Care	67,391,113	56,400,000	(10,991,113)	60,700,000	4,300,000	(6,691,113)
Managed Care	648,008,657	657,100,000	9,091,343	672,500,000	15,400,000	24,491,343
Rhody Health Partners	251,000,000	240,400,000	(10,600,000)	247,000,000	6,600,000	(4,000,000)
Rhody Health Options	338,637,028	347,900,000	9,262,972	363,550,000	15,650,000	24,912,972
Pharmacy	(1,257,775)	(885,068)	372,707	(858,790)	26,278	398,985
Pharmacy Part D Clawback	57,525,000	59,241,123	1,716,123	64,739,552	5,498,429	7,214,552
Medicaid Expansion	390,888,394	450,000,000	59,111,606	504,000,000	54,000,000	113,111,606
Other Medical	94,100,000	115,600,000	21,500,000	119,800,000	4,200,000	25,700,000
Total Medical Assistance	$ 2,214,041,333	$ 2,302,404,971	$ 88,363,638	$ 2,414,084,343	$ 111,679,372	$ 200,043,010
Federal Funds	$ 1,299,983,708	$ 1,378,775,195	$ 78,791,487	$ 1,452,130,948	$ 73,355,753	$ 152,147,240
General Revenues	904,442,625	914,014,776	9,572,151	952,338,395	38,323,619	47,895,770
Restricted Receipts	9,615,000	9,615,000	-	9,615,000	-	-
Total Expenditures	$ 2,326,861,991	$ 2,410,601,834	$ 83,739,843	$ 2,524,930,432	$ 114,328,598	$ 198,068,440
General Revenues	$ 939,059,579	$ 943,777,256	$ 4,717,676	$ 985,773,342	$ 41,996,087	$ 46,713,763