Article 15: Relating to Healthcare Reform

SECTIONS 9 AND 10: RITE SHARE

Article 15 amends RIGL 40-8.4-12 to promote enrollment in the RIte Share program, Rhode Island's premium assistance program for working Medicaid beneficiaries, by ensuring that the State has the requisite eligibility information from employers. The article requires for-profit, non-government employers with 50 or more employees to submit employee eligibility information to the State and establishes penalties for non-compliance, modeled after a penalty in Massachusetts. The article also amends the duties of the Tax Administrator to collect the penalties established by the article. The Budget assumes $367,273 in general revenue savings and $111,675 in new revenue collections in FY2022 related to these changes.

The Rhode Island Health Reform Act of 2000 established the RIte Share premium assistance program to subsidize the costs of enrolling working Medicaid beneficiaries in employer-sponsored health insurance (ESI) plans. The program is an alternative to RIte Care or Medicaid Expansion, Rhode Island's primary managed care plans that provide health insurance coverage to low-income children, pregnant women, families, and non-disabled adults. Instead of enrolling individuals in either RIte Care or Expansion, the RIte Share program pays all or a portion of an individual or family's premium on an approved ESI plan, which is significantly more cost-effective. RIte Share participants are also eligible to receive any services and benefits that would be available through RIte Care or Expansion that are not available through the employer's plan, known as wraparound services. On average, the all funds cost avoided by enrolling one individual in RIte Share instead of RIte Care or Expansion is approximately $1,600 per year.

In order to enroll in the program, the Executive Office of Health and Human Services (EOHHS) must first approve the ESI plan to ensure that it meets specific criteria. EOHHS must determine that the benefits offered by the ESI plan are substantially similar to the benefits offered by the Medicaid program. EOHHS must also determine that an ESI plan is cost-effective, meaning that the portion of the ESI subsidized by the State (including premiums, wraparound services, and cost sharing), on average, costs less to the State than enrolling the same individual or family in a managed care delivery system. Once EOHHS determines that an ESI plan conforms to RIte Share requirements, any Medicaid-eligible employee working for the same employer is required to participate.

Average RIte Share enrollment has steadily declined over the last decade, although overall participation in Medicaid has increased. This is partly attributable to the current RIte Share enrollment process, which Article 15 seeks to amend. Currently, the State requires employees to furnish information about available ESI plans and EOHHS must confirm with their employers. This puts the burden of enrollment on employees and is inefficient for employers, who often respond to EOHHS on a per-employee basis.

Article 15 shifts the burden of ESI data collection from the employee to the employer to efficiently enroll all eligible employees from a single employer at the same time. In order to accomplish this, the article requires for-profit employers with 50 or more employees to provide EOHHS and the Division of Taxation with sufficient and necessary information for EOHHS to determine employee eligibility for RIte Share. Submissions would be required from employers who had an average of 50 or more employees at any time during the preceding calendar year (CY), with the first submission applying to CY2020. The forms must be filed with the Division of Taxation between November 15 and December 15 during the year in which they are due, with the first reports due at the end of CY2021. Employers that do not file on time would be assessed a $2,500 penalty, and employers that falsify or omit information would be assessed a $5,000 penalty. Assuming that 1.0 percent of employers will file late and 0.5 percent will not comply, the Budget includes $165,675 in new penalty revenue in FY2022.

By streamlining the RIte Share eligibility determination process, the Budget assumes that approximately 3,500 members will be enrolled in RIte Share instead of either RIte Care or Expansion starting in January 2022, resulting in $729,128 in general revenue savings ($2.7 million all funds) to the Medicaid program in

FY2022 relative to the November 2020 caseload estimate. This would result in a $54,000 loss in insurance premium tax revenues, as the $2.7 million in savings would otherwise be subject to a 2.0 percent tax. The savings in FY2022 are offset by $361,855 in implementation costs within EOHHS, including $275,605 for contracted staff and $86,250 for system enhancements. The net favorable general revenue impact, due to new revenues and reduced expenses, is $478,948 in FY2022.

General Revenue Impact

RIte Share	Expenditures	Collections
Medicaid Savings	($729,128)	-
Premium Tax Impact	-	(54,000)
Contracted Staff	275,605	-
System Upgrades	86,250	-
Noncompliance Penalty	-	165,675
Total	**($367,273)**	**$111,675**

Analyst Note: Supporting documentation provided by the Office of Management and Budget (OMB) indicates that the majority of the revenue generated by the noncompliance penalty is intended to fund the additional personnel costs required to implement the penalty within the Division of Taxation. The Budget does not include funding for implementation. The Governor's Budget Amendment dated April 12, 2021, adds 1.0 Business Analyst FTE position and $103,091 in general revenue funding to the Department of Revenue's Division of Taxation to correct this exclusion. The amendment reduces the net favorable impact to the State from $478,948 to $375,857. However, it appears that the funding and FTE position should be added to the Department of Labor and Training (DLT), as the Governor's Budget simultaneously shifts Taxation's Employer Tax Unit to DLT in Article 3.