EOHHS Governor's FY22 Recommended Budget

Senate Finance Committee

April 26, 2021

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Agenda

1. EOHHS Priorities and Overview of Governor McKee's FY 22 EOHHS Budget Proposal
2. EOHHS Infrastructure Investments
3. Initiatives Focused on Hospitals
4. LTSS Resiliency and Rebalancing
5. Community Health Workers
6. Family Home Visiting / First Connections
7. Doula Coverage

FY 2022 Governor's Recommendation

The FY 2022 budget seeks to protect Rhode Island through the current public health emergency and lay the foundation for a durable recovery by focusing on the following priorities for EOHHS:

- **Access, Quality, Cost:** Preserve and Improve Access to Quality, Cost-Effective Healthcare
- **System Transformation:** Shift Systems and Investments to Prevention, Value, Choice, and Equity
- **Address Behavioral Health:** Curb the Opioid Epidemic, Address Addiction, and Improve Mental Health
- **Effective and Efficient:** Promote Efficient, Effective and Fair Delivery of Services and Operations
- **COVID-19 Recovery:** Focus Investments on Rhode Island's Recovery from the COVID-19 Public Health Emergency

FY 2022 Infrastructure Investments

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EOHHS Analytics

Additional funding for existing, core data functionality at EOHHS is provided to account for a loss in federal funding ($600K GR). This includes the EOHHS Data Ecosystem and the All-Payer Claims Database.

- The Governor's budget includes $600,000 in state match to support EOHHS Analytics.
- In addition to directly supporting the Data Ecosystem and APCD, these dollars will also be used to fund the people and platform infrastructure supporting these systems.
- Without additional funding to offset losses in federal match, EOHHS will be unable to continue analytics at EOHHS more broadly – this includes our performance management (PULSE) activities, public reporting on cross-agency data, and assisting with the development of innovative budget proposals.

FY22 Health Information Technology Initiatives

Governor's budget provides approximately $1.1M from all fund sources for HIT-related initiatives. Components of that investment are outlined below, which also includes funding from the Opioid Stewardship Fund.

Item	Description	Gov Recommendation
Current Care	Provides additional funds for the State's Health Information Exchange given reduction in federal match rate.	$520,383
QRS	Provides additional funds for the Quality Reporting System for increased availability of outcome data to support healthcare transformation efforts. These additional funds are needed to account for a reduction in federal match rate for this project.	$416,000
PDMP	An investment to enable prescribers and pharmacists to log onto the Prescription Drug Monitoring Program (PDMP) through their electronic health record systems to help stem the opioid epidemic.	Allocates $135,000 from the Opioid Stewardship Fund.
Roadmap Projects	Roadmap projects to be determined based on input from public/private steering committee.	$0 – Recommends EOHHS apply for ISF technology funds ($800,000 est.)

Staffing Resources

The Governor's recommended budget also recognizes the need to make some adjustments in terms of staffing resources (FTE and contractual) within the department to reflect current operations.

- Transfers the Office of Medical Review from EOHHS/Medicaid to DHS (10 FTE), which is responsible for reviewing the level of care portion of the long-term care application process to speed up the LTSS eligibility process.
- Continues to ensure EOHHS-wide legal positions are centralized within the department by shifting 2.0 FTE into the EOHHS FTE cap and budget.
- Adds 3.0 new FTE to support LTSS (2 FTE) and Program Integrity (1 FTE) efforts, the cost of which is anticipated to be offset through their implementation support of various savings initiatives and the execution of EOHHS policy priorities.
- Assumes EOHHS will complete the Medicaid Expenditure Report in-house, resulting in $138,000 in savings.
- Provides support for a new SaaS vendor to assist with Third Party Liability (TPL) data management.

EOHHS/Medicaid Initiatives: Hospitals, LTSS and Community Investments

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Initiatives Focused on Hospitals

Several initiatives are proposed that impact hospitals including the elimination of the UPL for outpatient services, the elimination of the GME payment, and a restoration of a 6% hospital licensing fee in FY21 and FY22.

- **Elimination of the outpatient Upper Payment Limit (UPL) – 2.2M GR Savings/$4.9M All Funds**: eliminating UPL payments would not make RI an outlier among other states.

- **Eliminate Graduate Medical Education (GME) payment – $1.0M GR Savings/$2.2M All Funds Savings:** currently Graduate Medical Education (GME) payments can be made to academic medical centers that meet specific criteria, but the current criteria allow only Rhode Island Hospital to receive payments.

- **Re-instate Hospital Licensing Fee of 6% – $62M Revenue:** the FY21 enacted budget assesses a fee of 5% on all hospitals' net patient revenue. This is a decrease from a long-standing rate of 6%. This budget recommends re-instating the 6% fee in FY21 Revised and going forward in FY22.

- **Restoration of Disproportionate Share Hospital (DSH) Payments ($65.4M GR, $142.5M All Funds):** the restoration the Disproportionate Share Hospital (DSH) funding will provide hospitals with almost $70M more than anticipated in the November 2022 caseload conference.

LTSS Resiliency and Rebalancing Vision

The State of Rhode Island invests >$297M annually to provide long-term care to approximately 11,000 beneficiaries over aged 65. Currently, 80% of those services are delivered through high-cost nursing facilities. Our vision for the LTSS system is to foster a more balanced, sustainable and responsive continuum of long term care services that delivers the right support, at the right time, and the right cost, while promoting choice, community & quality of life for R.I.'s elders & disabled.

The following principles guide our efforts:

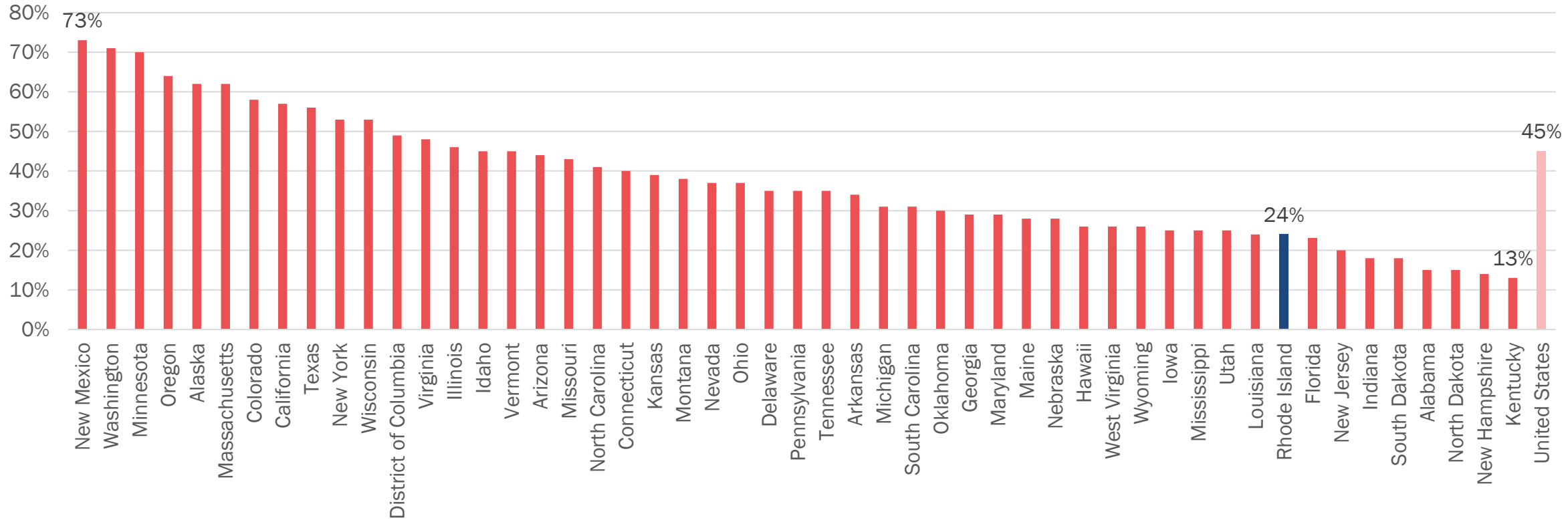
- Access: we promote choice + options + information + workforce capacity.
- Choice: we ensure that services are person-centered + conflict-free.
- Sustainability: we control costs by shifting investments toward home & community-based services.
- Quality: we are committed to improving consumer experience + quality of life.
- Accountability: we use data-driven management + clear governance to improve internal ops & drive continuous improvement.

RI Medicaid's Rebalancing Opportunity

Rhode Island has a significant opportunity to rebalance Medicaid LTSS utilization away from institutional settings and towards home and community based (HCBS) settings, as required under RIGL 40-8.9 and supported by Federal HHS and CMS.

RI has the 9th lowest share of Medicaid LTSS spending on HCBS in the nation.

Medicaid HCBS Spending as a Percent of LTSS Spending for Older People and Adults with Physical Disabilities (2016)



Source: AARP Public Policy Institute, *2018 Across the States, h*ttps://www.aarp.org/content/dam/aarp/ppi/2018/08/across-the-states-profiles-of-long-term-services-and-supports-full-report.pdf

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LTSS Rebalancing Goals and Barriers

	Nursing Facilities	Home and Community Based Services (HCBS)	
		Assisted Living	Home Settings *Home Care, Shared Living, Personal Choice*
Rebalancing Goal	Reduce utilization of nursing facilities for Medicaid members who can be appropriately served in an HCBS setting	Increase capacity and access for Medicaid members by incentivizing AL providers to participate in Medicaid LTSS	Expand home based care capacity and access for Medicaid members – overall and in specialized areas
Major Barrier	Large **supply of nursing facility beds** **48 NF beds per 1,000 people 65+**, the **9th highest rate in the country**, compared to 30 nationally[1]	**Significantly under utilized** amongst RI Medicaid beneficiaries; **limited provider participation** **10.9 Medicaid NF residents** for 1 Medicaid AL resident, compared to **5.5 nationally**[2]	**Substantial workforce shortages** – difficulty filling all authorized hours, especially for **off hours shifts, certain geographies, and complex patients**
Approach	Incentivize nursing facilities to develop specialized capacity/ repurpose beds to care for complex populations that can not be served in HCBS settings - e.g. ventilator patients and patients with BH needs	Improve rates and align with best practices by establishing an acuity-based payment system that expands ALR participation and broadens the scope of services available in ALRs Reduce administrative complexity	Improve rates and incentivize worker training/ certification to develop capacity to care for complex patients and establish career ladders/pathways that strengthen direct care workforce

[1]KFF, 2019 Nursing Home State Health Facts data, https://www.kff.org/state-category/providers-service-use/nursing-facilities/
[2]KFF. Total Number if Residents in Certified Nursing Facilities. 2019. https://www.kff.org/other/state-indicator/number-of-nursing-facility-residents. NCAL. "Rhode Island Fast Facts for Assisted Living" https://www.ahcancal.org/Assisted-Living/Facts-and-Figures/Documents/State%20Facts/Rhode%20Island-AL.pdf

LTSS Resiliency FY 22 Budget Proposal Summary

	Budget Initiatives
Home Settings	(1) Home Care Targeted Rate Increases • Increase shift differential modifier to promote home care access on nights and weekends. • Create new BH rate enhancement for HHAs that have 30% of CNAs BH certified. • Require that these targeted rate increases are passed through to workers. (2) Shared Living Stipend Rate Increase: Increase shared living rates to promote alternative HCBS options (3) HCBS Maintenance of Need Allowance Increase: from 100% of the Federal Poverty Limit plus $20 ($1,083) to 300% of the SSI standard, ($2,382) to help more LTSS clients receive care in their homes.
Assisted Living	(4) Assisted Living Payment Reforms • Establish a tiered rate structure for ALRs linked to the service array provided by an ALR and beneficiary acuity needs. • Eliminate SSP Category F and reinvest general revenue saved to increase Medicaid ALR rates.
Nursing Facilities	(5) Nursing Home BH Rate Increase (RUG Re-weight) • Increase RUG Rates specific to Behavioral Symptoms and Cognitive Performance to support higher quality care.
Supporting	(6, 7) Implementation Support: 2 FTEs and systems changes to support implementation of these initiatives

Note: Enhanced NF rates for ventilator patients, and patients with complex BH needs also included in EOHHS budget to facilitate transition from ESH and other hospitals to less restrictive settings.

Community Health Workers

Reimbursing for community health workers will provide a sustainable funding stream to invest in Rhode Islanders traditionally underserved by the healthcare system and address social determinants of health

Est. Cost	$115K GR Savings / $340K AF Savings
Background	CHWs are trusted individuals from the communities they serve that provide social support, care coordination, and advocacy for high risk individuals. There is mounting evidence showing the clinical benefit of CHW interventions. • Studies have demonstrated improvement in clinical outcomes, including chronic disease control, mental health, quality of care, and hospital utilization • A 2020 Health Affairs report conducted a robust financial analysis of a CHW program and found that every dollar invested in the intervention would return $2.47 to an average Medicaid payer within the fiscal year • Medicaid programs in AK, MI, MN, NY, and OR have received CMS approval on State Plan Amendments that include coverage of CHW services. Currently, the Health System Transformation Project is financing CHW services through an investment in Community Health Teams and through AE earned incentive funds. Medicaid coverage of CHW services would provide a critical funding stream to enable AEs to sustain the innovative care models they have implemented.
Initiative Summary	This initiative allows EOHHS to obtain federal authority from CMS to cover these services through a State Plan Amendment. Because of research demonstrating a return on investment (ROI) associated with community health worker services, net savings in the first year is estimated at **$(115K) GR/ $(340K) AF.** Because these estimates assume three-quarters a year of costs of providing the benefit and only half a year of savings, the annualized savings in the subsequent years is expected to be marginally higher.

Family Home Visiting and First Connections

Adding general revenue to fund Medicaid match will allow for expansion of proven programs that aid mothers young children administered through RIDOH

Est. Cost	$102K GR
Background	First Connections is a risk assessment and response home visiting program designed to ensure that families are connected to appropriate services such as food assistance, mental health, child care, long term family home visiting, Early Intervention (EI) and other programs. Parents as Teachers (PAT) is a national, evidence-based family visiting program that provides free and voluntary support to families. It builds strong communities, thriving families and children that are healthy, safe and ready to learn by matching parents and caregivers with trained professionals who make regular personal home visits during a child's earliest years in life, from prenatal through kindergarten. Parent peer educators visit families with young children to provide resources and support, and lead monthly playgroups where parents can connect with their peers.
Initiative Summary	Adding Medicaid general revenue to the 22 budget will allow us to expand access to family home visiting and parents as teachers programs while taking advantage of federal support. Without additional financing, the number of families that can be served will be lower than the demand. We expect to be able to serve an additional 60 families with additional Medicaid match.

Perinatal Doula Services Coverage

For a mere $100K investment, adding Perinatal Doula Services as a Medicaid benefit will empower women, help address infant and maternal disparities in care and lower the cost of maternity care.

Est. Cost	$100K GR / $300K AF
Background	Doula care is a practice to provide non-clinical emotional, physical and informational support before, during and after birth. Low-income women are at the highest risk of poor birth outcomes in the United States, and women of color, especially Black women, are particularly vulnerable. Doula care is considered among the most promising approaches to combating these disparities in maternal health. • 21.8% of black women received delayed or no prenatal care compared to 12.2% of white women. • 11.3% of black women have preterm births, compared to 8% of white women. • Infant mortality among black women was 12.2 per 1,000 live births compared to 3.5 for their white counterparts.
Initiative Summary	Medicaid will reimburse at a rate of up to $850 per birth and assumes ~10% of Medicaid births receive doula services. The proposed reimbursement rate of $850 per birth aligns with the bill that was submitted in the Senate two fiscal years ago (FY 2020). We expect to see C-section rates decrease by 40% for members receiving doula services, and associated maternity costs go down by -$0.1M in Rhode Island in FY22. The savings from this change are offset by the new cost of providing doula coverage which is estimated at $0.4M from all funds.