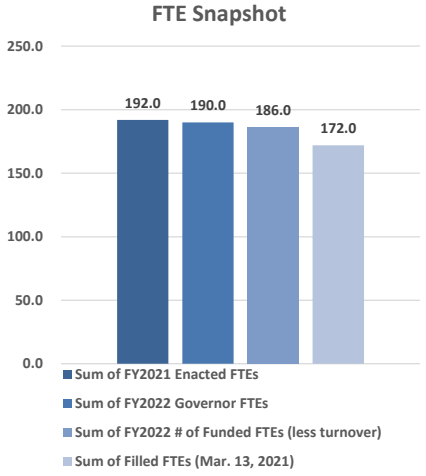
Executive Office of Health and Human Services

Expenditures by Program	FY2020 Actual	FY2021 Enacted	FY2021 Governor	*Change from Enacted*		FY2022 Governor	*Change from Enacted*	
Central Management	$183.5	$181.4	$217.2	*$35.8*	*19.7%*	$186.2	*$4.8*	*2.6%*
Medical Assistance	2,420.3	2,802.2	2,817.0	*14.8*	*0.5%*	2,849.7	*47.5*	*1.7%*
Total	**$2,603.8**	**$2,983.6**	**$3,034.2**	***$50.6***	***1.7%***	**$3,035.9**	***$52.2***	***1.8%***
Expenditures by Source								
General Revenue	$896.3	$974.9	$945.8	*($29.1)*	*-3.0%*	$1,023.8	*$48.9*	*5.0%*
Federal Funds	1,645.5	1,969.2	2,048.9	*79.7*	*4.0%*	1,970.4	*1.2*	*0.1%*
Restricted Receipts	61.9	39.5	39.5	-	-	41.6	*2.1*	*5.4%*
Total	**$2,603.8**	**$2,983.6**	**$3,034.2**	***$50.6***	***1.7%***	**$3,035.9**	***$52.2***	***1.8%***
$ in millions. Totals may vary due to rounding.								
Authorized FTE Levels	186.0	192.0	192.0	-	-	190.0	*(2.0)*	*-1.0%*

The Executive Office of Health and Human Services (EOHHS) is the umbrella agency which oversees the Departments of Health (DOH); Human Services (DHS); Children, Youth, and Families (DCYF); and Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH). EOHHS coordinates the organization, finance, and delivery of publicly-funded health and human services programs and serves as the single State agency for Medicaid. Its mission is to ensure access to high quality and cost effective services which foster the health, safety, and independence of all Rhode Islanders.

MAJOR ISSUES AND TRENDS

The Governor's Budget typically focuses on cost containment measures within the Medical Assistance (Medicaid) program. The FY2022 Budget contains considerably fewer initiatives compared to a typical budget year and instead seeks general revenue savings primarily through an enhanced federal match due to COVID-19, which is available through at least the first half of FY2022. The proposed savings are applied against the November 2020 Caseload Estimating Conference estimate, which projected the need for an additional $69.1 million from general revenues to fund the Medicaid program in FY2022 compared to the FY2021 Enacted level. The Budget contains a net general revenue increase of $45.1 million for the Medicaid program in FY2022.



The Governor's Budget authorizes 190.0 FTE positions for EOHHS in FY2022, a reduction of 2.0 FTEs relative to the FY2021 Enacted level. The Budget transfers the Office of Medical Review and 10.0 FTE positions to DHS. The Budget transfers 1.0 Deputy Chief of Legal Services from DHS to EOHHS, consistent with the State's consolidation of health and human services legal staff within the Executive Office. The Budget authorizes and adds funding for 3.0 new FTE positions for Medicaid initiative implementation and adds, but does not fund, 4.0 other new FTE positions for data analytics and financial management.

COVID-19

The federal Coronavirus Aid, Relief, and Economic Security (CARES) Act passed on March 27, 2020, included a $1,250.0 million federal Coronavirus Relief Fund (CRF) allocation for Rhode Island to navigate the impacts of the COVID-19 pandemic. States are permitted to use the funds under guidance from the United States Treasury. The FY2021 Budget as Enacted included $38.9 million from this funding stream for EOHHS to provide financial relief and other support programs for an array of health and human services

providers. The Executive Office also spent $17.4 million in CRF funds in the last quarter of FY2020 for a workforce stabilization program that provided hazard pay for front-line workers. The FY2021 Revised updates the costs associated with these programs and adds $33.3 million in CRF funds for a total of $72.2 million. However, of this increase, $19.6 million is double-counted in the Governor's Budget; the actual change is $13.7 million. The FY2021 Revised Budget also includes $2.9 million in 100.0 percent federal disaster relief funding through the Federal Emergency Management Agency (FEMA) for COVID data support. The FY2022 Budget removes most COVID-related funding, as these were primarily time-limited funds. The provider support programs are discussed in more detail within the Medical Assistance program.

Analyst Note: The Governor's Budget Amendment dated April 19, 2021, removes the $19.6 million that was double-counted in the FY2021 Revised recommendation.

Unified Health Infrastructure Project

In September 2016, the State launched Phase II of the Unified Health Infrastructure Project (UHIP), the largest scale IT project the State has undertaken. The project, renamed RI Bridges, integrates more than 15 health and human services eligibility-determination systems into one. The system has been troublesome and expensive for the State, far exceeding the initial general revenue projections of $89.3 million. In July 2020, the State submitted an Implementation Advanced Planning Document Update (IAPD-U) to the federal government, which projected total project costs of $154.2 million in State funds ($681.2 million all funds) through September 30, 2021. These costs are shared across EOHHS, DHS, and HealthSource RI.

EOHHS UHIP Funding

	Pre FY2019	FY2019 Actual	FY2020 Actual	FY2021 Governor	FY2022 Governor	Grand Total
General Revenue	$35,914,263	$4,921,729	$1,958,043	$9,714,306	$11,408,246	**$63,916,587**
Federal Funds	236,386,854	40,143,291	36,146,322	42,653,372	40,480,735	**$395,810,574**
Restricted Receipts	-	-	25,742,877	-	-	**$25,742,877**
Total	**$272,301,117**	**$45,065,020**	**$63,847,242**	**$52,367,678**	**$51,888,981**	**$485,470,038**

Phase II of the UHIP project has been plagued with technical failures resulting in delays and errors in eligibility processing and payments to service providers. The State continues to make "offline" payments to nursing facilities for applications they have submitted but which RI Bridges has not fully processed. While advances are being made, the State has begun reconciling payments previously made to nursing facilities in order to properly claim a Medicaid match. The State continues to negotiate with the developer, Deloitte, to ensure that a functional eligibility system is procured.

The initial Deloitte contract was set to expire on March 31, 2019. On March 15, 2019, the State announced plans to extend the contract through June 30, 2021, with revisions to reflect a settlement with Deloitte. Under the terms of the extended contract, the State agreed not to sue the company in exchange for a 25.0 percent rate reduction for fixed-price services through FY2021, reducing the cost of services by an estimated $75.0 million, as well as a direct cash payment of $50.0 million. The settlement payment was received in February 2020 and the full $50.0 million was included in restricted accounts in the FY2020 Budget as Enacted. The Deloitte contract was extended for an additional four months, through October 31, 2021, and the Request for Proposals (RFP) process is currently underway to procure a new contract beginning November 1, 2021.

Health System Transformation Project

The Governor's Budget includes $25.2 million from federal funds and $22.1 million from restricted receipts to reflect the approved level of funding for the Health System Transformation Project (HSTP) in FY2022.

The Health System Transformation Project is an ongoing initiative that began in FY2017. It was a product of the Governor's Working Group to Reinvent Medicaid, which established a model to reform the State's Medicaid program to shift to value-based payments; coordinate physical, behavioral, and long-term

healthcare; rebalance the care delivery system away from high-cost settings; and promote efficiency, transparency, and flexibility in publicly-funded healthcare.

The primary focus of HSTP has been to partner with the State's institutions of higher education to bolster the health workforce and with the State's managed care organizations (MCOs) to establish Accountable Entities (AEs). Accountable Entities are integrated provider organizations responsible for improving quality of care and outcomes for patients while also managing costs. This delivery system provides coordinated care and reduces unnecessary and ineffective utilization of services. Currently, the State has approved the operation of six certified Accountable Entities: Blackstone Valley Community Health Care, Coastal Medical, Integrated Healthcare Partners, Integra Community Care Network, Providence Community Health Centers, and Prospect Health Services.

On October 20, 2016, the federal government approved an amendment to the State's Section 1115 Waiver to provide funding for HSTP. This amendment brought in up to $130.0 million in federal funding. The amount was determined by matching 50.0 percent of the State's existing investment in health professional education at the time the amendment was submitted, which totaled approximately $260.0 million. The federal match enabled the State to free up $130.0 million, which was deposited into a restricted receipt account to be invested in the development of Accountable Entities. The federal government also agreed to match these restricted receipt expenditures. Because the State did not have a program fully developed in the first year, the full federal match originally approved will not be used. The State expects to use approximately $110.0 million in federal funds and $130.0 million in restricted receipts, for a total of approximately $240.0 million, for the duration of the Health System Transformation Project.

CENTRAL MANAGEMENT

EOHHS' Central Management division is responsible for consolidating and coordinating major programmatic and administrative functions of the four health and human services agencies, including budget, finance, and legal services.

Central Management	**General Revenue**
FY2021 Enacted	$34,993,486
Target and Other Adjustments	*(54,925)*
UHIP Contracts	1,689,495
Personnel	965,606
Medicaid Initiative Implementation	811,082
Health Information Technology/APCD	702,162
RIPIN Contract	(279,000)
Medicaid Report	(138,000)
Clinical Evaluator	90,000
FY2022 Governor	**$38,779,906**

Central Management	**Other Fund Changes**
Adult Use Marijuana (restricted receipts)	$1,433,333
Health Care Cost Trends (restricted receipts)	502,752

Unified Health Infrastructure Project (UHIP) Contracts *$1.7 million*

The Budget includes $1.7 million more from general revenues relative to the FY2021 Enacted Budget for contracted services to support the ongoing development and maintenance of the RI Bridges system. The Governor's Budget is consistent with the State's July 2020 IAPD-U, less $422,656 in proposed reductions to the Deloitte, KPMG, and CSG contracts. The Governor also eliminates $263,608 that was included for the procurement of a maintenance planning vendor. Following its budget submission, the Executive Office noted that this work could be done with existing funding.

UHIP Contracts - General Revenue	FY2021 Enacted	FY2022 IAPD-U	Proposed Reductions	FY2022 Governor	*Change to Enacted*
Deloitte Consulting LLP	$4,741,775	$6,392,595	($146,000)	$6,246,595	*$1,504,820*
Automated Health Systems, Inc.	2,345,745	2,619,077	-	2,619,077	*273,332*
KPMG	784,134	786,654	(260,456)	526,198	*(257,936)*
Faulkner Consulting Group	557,420	735,596	-	735,596	*178,176*
Knowledge Services/ Guidesoft Inc.	381,351	448,674	-	448,674	*67,323*
CSG Government Solutions Inc.	73,668	156,494	(16,200)	140,294	*66,626*
TBD - Maintenance Planning Vendor	-	263,608	(263,608)	-	-
All Other	190,229	47,383	-	47,383	*(142,846)*
Total	**$9,074,322**	**$11,450,081**	**($686,264)**	**$10,763,817**	***$1,689,495***

The majority of the increase in general revenue expenditures is attributable to the Deloitte contract. The change reflects the expiration of the 25.0 percent rate discount. As noted previously, the 2019 settlement with Deloitte included a rate reduction through June 30, 2021. The Deloitte contract was later extended for an additional four months, through October 31, 2021. The 25.0 percent discount is not included in the four-month extension; therefore, the FY2022 Budget is predicated on an undiscounted contract. A new contract beginning November 1, 2021, will be procured through a competitive bidding process. The State anticipates that Deloitte will bid and likely be awarded the new contract; however, if the contract is awarded to a different vendor, the funding currently allocated to Deloitte will be utilized for the alternative contract.

UHIP expenditures are primarily federally-funded. Design components are eligible for a 90.0 percent federal Medicaid match, maintenance components are eligible for a 75.0 percent match, and a small portion of the UHIP infrastructure is funded through a Children's Health Insurance Program (CHIP) match of approximately 70.0 percent. Non-IAPD funding is matched at 50.0 percent. In total, the Governor's Budget funds UHIP contract expenses at an effective general revenue match rate of 22.7 percent.

Personnel ***$965,606***

Excluding the 3.0 FTE positions added for proposed Medicaid initiatives, which are accounted for separately below, the Governor's Budget includes $13.5 million from general revenues ($31.5 million all funds) for personnel costs in FY2022. This represents an increase of $965,606 from general revenues relative to the FY2021 Enacted level.

EOHHS Salaries and Benefits	FTEs	General Revenue	Federal Funds	Restricted Receipts
Base Budget	192.0	$13,129,575	$14,457,050	$1,734,756
Transfer In		415,671	2,564,357	116,205
New Positions	4.0	-	-	-
Transfer Legal	1.0	-	-	-
Transfer OMR	(10.0)	(479,614)	(1,100,672)	-
Adjustments		466,780	194,081	-
Subtotal	**187.0**	**$13,532,412**	**$16,114,817**	**$1,850,961**
Medicaid Positions (separate)	*3.0*	*186,212*	*186,212*	*-*
Total	**190.0**	**$13,718,624**	**$16,301,029**	**$1,850,961**

- **Base Budget:** Based on its cost allocation plan, the Executive Office's request included $13.1 million from general revenues, $14.5 million from federal funds, and $1.7 million from restricted receipts to fully fund its existing 192.0 FTE positions. This represents a general revenue increase of $562,769 relative to the FY2021 Enacted level. The cost allocation plan determines the percentage of staffing costs that are allocable to federal and restricted fund sources. The base budget also contemplates the restoration of one-time savings that were included in the Enacted Budget and updates expenses for employee benefits in FY2022.
- **Transfer In:** A number of positions are cost allocated from other agencies to federal grants and other programs that are housed in EOHHS. The Budget includes transfers from the Office of the Health

Insurance Commissioner as well as the Department of Administration, RIDOH, DHS, and DCYF. Most of these positions are allocated to UHIP, HSTP, and the Prescription Drug Monitoring Program (PDMP). The Budget adds $415,671 from general revenues ($3.1 million all funds) to allocate these positions to EOHHS.

- **New Positions:** The Governor's Budget adds, but does not fund, 4.0 FTE positions for data management and finance in FY2022. This includes 1.0 Assistant Director for Financial and Contract Management, 1.0 Chief Data Analyst, 1.0 Chief of Family Health Systems, and 1.0 Senior Human Services Policy and Systems Specialist.
- **Transfer Legal:** The Governor's Budget transfers 1.0 Deputy Chief of Legal Services from DHS to EOHHS. All health and human services legal staff are centralized within the Executive Office; however, DHS has one lawyer that is not properly accounted for. Supporting documentation indicates that there is no additional funding required to transfer the position because it is already cost allocated to EOHHS; however, it appears that the funding for the position was excluded from the Executive Office's request. The Governor's Budget does not contemplate additional funding for the position.
- **Transfer OMR:** The Governor's Budget transfers the Office of Medical Review from the Executive Office to the Department of Human Services in FY2022. OMR completes the medical eligibility process for Medicaid long-term services and supports (LTSS). DHS is responsible for financial eligibility determination for all Medicaid benefits, including LTSS. The transfer is intended to streamline the Medicaid eligibility determination process for LTSS applications by consolidating the functions within one agency. The shift eliminates 10.0 FTE positions and $479,614 in general revenue expenses from EOHHS but adds an equivalent amount to DHS; there is no net impact to the State.
- **Adjustments:** The Governor's Budget adds $466,780 from general revenues to make other adjustments to EOHHS' personnel budget. This includes additional benefit updates as well as a $280,000 general revenue addition for turnover.

Analyst Note: It appears that the turnover amount should be a savings. Turnover is typically reflected as a savings to recognize that some positions may be fully or partially vacant throughout the fiscal year. As indicated above, the base budget reflects the amount required to fully fund all staff; a positive turnover value appears to add funding that is not necessary. This may provide funding for the 4.0 FTE positions that are supposed to be unfunded.

Medicaid Initiative Implementation ***$811,082***

The Governor's Budget includes $811,082 from general revenues ($1.8 million all funds) to support implementation of several Medicaid budget initiatives. These initiatives are described in detail in the Medical Assistance program.

Initiative	General Revenue	Federal Funds	All Funds
RIte Share - Contracts	$361,855	$434,355	$796,210
Third Party Liability - Contracts	189,800	189,800	379,600
LTSS Resiliency - Contracts and Staff (2.0 FTE)	180,723	326,883	507,606
Program Integrity - Staff (1.0 FTE)	78,704	78,704	157,409
Total - Medicaid Initiatives	**$811,082**	**$1,029,742**	**$1,840,824**

- **RIte Share:** The Governor adds $361,855 from general revenues to support the changes to the RIte Share program included in Article 15. This includes $86,250 from general revenues and $258,750 from federal funds to support changes to the RI Bridges system at the 75/25 maintenance match rate. The Budget also adds $275,605 from general revenues for contracted support. This includes $175,605 from general revenues and $175,605 from federal funds for a contract with Automated Health Systems to provide additional administrative support to implement the program changes. The Budget also adds $100,000 from general revenues for health services support staff. Supporting documentation indicates

that this contract should be funded at a 50/50 administrative match rate; however, the Budget appears to exclude the $100,000 in federal funds.

- **Third Party Liability:** The Governor adds $189,800 from general revenues and $189,800 from federal funds to procure a single-source contract for the Third Party Liability (TPL) optimization initiative. This involves eliminating two existing TPL contracts, funded with $187,250 from general revenues, and adding a new contract funded with $377,050 from general revenues.
- **LTSS Resiliency and Rebalancing:** The Governor adds $180,723 from general revenues to implement the Medicaid Long-Term Services and Supports (LTSS) Resiliency and Rebalancing initiative included in Article 12. This includes funding for 2.0 Implementation Director of Policy and Programs FTE positions funded at a 50/50 match rate. These positions will administer and oversee the various programmatic changes associated with the initiative. The Budget includes $107,508 from general revenues and $107,508 to fund the positions, assuming an October 1, 2021, start date. The Budget also includes $73,215 from general revenues and $219,375 from federal funds for contracted IT support to provide the necessary system upgrades to implement the home care rate modifiers and tiered reimbursement rates for assisted living facilities.
- **Program Integrity:** The Governor adds 1.0 Implementation Director of Policy and Programs FTE position to implement the program integrity enhancements included in the Medical Assistance program. The Budget includes $78,704 from general revenues and $78,704 from federal funds to finance the salaries and benefit expenses associated with the position.

Health Information Technology/APCD ***$702,162***

The Budget adds $702,162 from general revenues for the Executive Office's Health Information Technology (HIT) and All Payer Claims Database (APCD) projects. This includes an additional $664,871 from general revenues for HIT and $37,291 for APCD as follows:

- **Health Information Technology:** Health Information Technology (HIT) refers to a group of projects to incorporate technology into health and human services programming in order to improve the quality, safety, and efficiency of healthcare in Rhode Island. This infrastructure includes CurrentCare, which allows medical professionals to securely access their patients' health information. CurrentCare is operated by the Rhode Island Quality Institute and is funded by a $1 per member per month (PMPM) enrollment fee from all health insurers in the State, including approximately $370,000 per month paid by the State for Medicaid enrollees. The HIT infrastructure also includes the Quality Reporting System (QRS), which simplifies reporting and creates a single solution for quality measurement needs among State programs and providers, and the Prescription Drug Monitoring Program (PDMP), which collects dispensing data for controlled substances to assist providers in making informed prescribing decisions.

  HIT projects have historically been funded through a 90.0 percent federal match, with a 100.0 percent federal match for some activities, including the PDMP. Beginning October 1, 2021, the cost allocation methodology will change significantly, reducing the federal share of HIT expenses to 75.0 percent. The Executive Office requested additional general revenue funding to maintain HIT infrastructure.

  The Executive Office's current services budget included reductions to the HIT infrastructure relative to the FY2021 Enacted level to reflect the expiration of one-time funding, resulting in $271,512 in general revenue savings. The Executive Office then requested an additional

HIT Budget - General Revenue	FY2022 Request	FY2022 Governor
FY2021 Enacted	$807,435	$807,435
Current Service Savings	(271,512)	(271,512)
CurrentCare PMPM	685,602	520,383
CurrentCare Update	160,000	-
PDMP Integration	135,200	-
Quality Reporting System	416,000	416,000
TBD - Roadmap Projects	800,000	-
Total	**$2,732,725**	**$1,472,306**
Change to Enacted	*1,925,290*	*664,871*

$2.2 million from general revenues to fund the HIT infrastructure at the new match rate in FY2022. This included $685,602 to fund the CurrentCare PMPM for Medicaid beneficiaries, $160,000 for a CurrentCare update, $135,200 for PDMP integration, $416,000 for the Quality Reporting System, and $800,000 for long-term planning roadmap projects. The Governor's Budget incorporates part of the request, but corrects an error in the calculation for the CurrentCare PMPM, shifts the funding requested for PDMP integration to restricted Opioid Stewardship funds, and excludes the $960,000 requested for roadmap projects and the CurrentCare update. The Governor's Budget represents a net general revenue increase of $664,871 relative to the FY2021 Enacted Budget.

- **All Payer Claims Database:** The All Payer Claims Database (APCD), known as HealthFacts RI, is a statewide database that provides claims data information from all payers, public and private, to promote transparency surrounding health care cost data. This initiative also includes the State's Data Ecosystem which is a data analytics tool for all health and human services programming in Rhode Island that focuses on outcomes data and the social determinants of health.

  The APCD and Data Ecosystem have historically been funded primarily through a 90.0 percent federal match for development activities. In FY2022, because projects will transition towards maintenance, the federal match will be reduced to 75.0 percent for most activities. The Executive Office requested additional general revenue funding to maintain the APCD and Data Ecosystem infrastructure.

  The Executive Office's current services budget did not include general revenue funding for the APCD and Data Ecosystem in FY2022, resulting in $396,305 in general revenue savings relative to the FY2021 Enacted level. The Executive Office then requested an additional $600,262 from general revenues to fund the systems at the new match rate. This included $564,592 for the two maintenance vendors, Freedman Healthcare and OnPoint Health Data, and $31,500 to transition the systems to a cloud-based infrastructure. The Governor's Budget includes funding as requested, but shifts $166,666 of the general revenue request to restricted receipts related to the Adult Use Marijuana proposal included in Article 11. These changes result in a net general revenue increase of $37,291 for the APCD and Data Ecosystem relative to the FY2021 Enacted Budget.

APCD Budget - General Revenue	FY2022 Request	FY2022 Governor
FY2021 Enacted	$396,305	$396,305
Base Budget	(396,305)	(396,305)
OnPoint Health Data	288,663	213,948
Freedman Healthcare	275,929	183,978
Cloud Maintenance	31,500	31,500
Other	4,170	4,170
Total	**$600,262**	**$433,596**
Change to Enacted	*203,957*	*37,291*

  The Governor's Budget adds another $166,666 from restricted receipts, for a total of $333,333, to finance additional Adult Use Marijuana data analytics that were not contemplated in the Executive Office's request. The Governor's Budget also adds $2.3 million in federal funds for ongoing data analytics work related to COVID-19 in FY2022. These funds are provided through a FEMA workstream that is 100.0 percent federally-funded but restricted to work related to COVID-19. The Governor's Budget recognizes the additional expenses associated with COVID data analytics but does not assume general revenue savings by adding these funds.

Analyst Note: If the Adult Use Marijuana initiative does not move forward and the restricted receipt funds are not available, the request will not be fully funded and may need to be supplanted by general revenues.

RIPIN Contract ***($279,000)***

The Governor's Budget includes $846,000 from general revenues and $846,000 from federal funds for the Rhode Island Parent Information Network (RIPIN) call center contract in FY2022. This represents a general revenue savings of $279,000 ($558,000 all funds) compared to the FY2021 Enacted Budget.

The FY2019 Budget as Enacted included a Medicaid savings initiative that involved redesigning the Rhody Health Options (RHO) program, a Medicaid delivery system for dual eligible beneficiaries (those eligible for both Medicare and Medicaid). The initiative shifted beneficiaries from the RHO Phase I managed care plan to either RHO Phase II, Rhody Health Partners, or fee-for-service on October 1, 2018. RIPIN provides case management services for high-risk individuals in the Rhody Health Options (RHO) transition population. The contract was initially funded with $937,500 from general revenues and $937,500 from federal funds. The FY2021 Budget as Enacted increased general revenue funding to $1.1 million as requested. The Executive Office noted that it could achieve savings in FY2022 by reducing the general revenue portion of the contract to $846,000. The all funds reductions include: $279,000 to reduce the number of new fee-for-service clients the State refers to RIPIN who, if referred would enroll in preventive services and potentially avoid higher levels of care in the future; $186,000 to eliminate renewal outreach that provides individuals with support in navigating the LTSS renewal process and helps them submit required information to maintain coverage; and $93,000 to lower the intensity of ongoing care management for 175 individuals by reducing the current contract requirements regarding home visits. The Governor's Budget includes the reductions.

Medicaid Report ***($138,000)***

RIGL 42-7.2-5 requires that the Executive Office of Health and Human Services submit an annual, comprehensive overview of all Medicaid expenditures, outcomes, administrative costs, and utilization rates for each fiscal year. The Medicaid report includes spending and trends by population and major service area, including populations served by other departments within the Secretariat.

Under current law, the report is due by March 15 of each year. According to EOHHS, because of the timing and requirements of the report as is, State staff do not compile the report in-house. It is completed by a contractor, Milliman, which already provides other claims data analysis and rate setting support for the Medicaid program. The report is generated at an annual expense of $138,000 from general revenues and $138,000 from federal funds.

Article 12 shifts the deadline for the annual Medicaid report from March 15 to September 15 of each year. This would shift the next deadline from March 15, 2022, to September 15, 2022. As a result, a report would not be completed during FY2022 and the next report would be submitted during FY2023. The Governor's Budget removes funding for the report in FY2022, accordingly.

Analyst Note: This report has not been completed since September 2019, when it was submitted six months late. It is unclear why EOHHS has continued funding this portion of the Milliman contract since then.

Clinical Evaluator ***$90,000***

The Governor adds $90,000 from general revenues ($180,000 all funds) to contract a full-time clinician with expertise in children's intellectual and developmental disabilities and children's behavioral health. The clinician's primary focus will be to assess the current structure of the State's home-based services model, conduct clinical oversight of the agencies involved, research best practices across the country, and develop a plan for restructuring programs to best meet the needs of children served under the health and human services umbrella.

Adult Use Marijuana (restricted receipts) ***$1.4 million***

The Budget includes $1.4 million in a new restricted receipt account in EOHHS related to the Governor's proposed legal Adult Use Marijuana program included in Article 11. Oversight and regulation of the program is centralized in the Office of Cannabis Regulation within the Department of Business Regulation, with multi-agency cooperation from law enforcement, health, and revenue agencies.

As noted above, the $1.4 million allocation to EOHHS includes $333,333 for the All Payer Claims Database and Data Ecosystem to assess the public health impacts of legalization. The Budget also provides $1.1 million in assistance and grants funding for substance abuse disorder prevention, treatment, and recovery

services as well as training and education. The funds will be directed to the State's health equity zones to address these community needs.

Health Care Cost Trends (restricted receipts) ***$502,752***

The Governor's Budget includes $502,752 in restricted receipts to finance the data analytics component of the Health Care Cost Trends project.

In August 2018, the Governor convened the Cost Trend Steering Committee to advise the Rhode Island Health Care Cost Trends project. The project's goal is to provide all Rhode Islanders with access to high-quality, affordable healthcare while ensuring that spending does not increase at a rate higher than the consumer price index. Key stakeholders including hospital systems, health insurers, physicians' groups, advocates, and researchers agreed to a voluntary target of 3.2 percent total healthcare cost growth.

EOHHS and the Office of the Health Insurance Commissioner (OHIC) partnered on the project to work with community stakeholders. The project has historically been funded by the Peterson Center, however, funding for the project ends in August 2021. Article 15 establishes a fee of up to $1 per commercially covered individual in the State to establish a funding stream for the project. The fee will raise $502,752 in restricted receipts in FY2022 to fund the program and the data analysis required to track and steer healthcare spending.

Analyst Note: The Governor's Budget accounts for $502,752 in restricted receipts from the fee. Of this amount, $330,980 (65.8 percent) is paid through Medicaid to cover the fee on behalf of Medicaid beneficiaries. It appears that the State is indirectly funding the majority of this project, although only one-third of insured individuals in the State are covered by Medicaid.

MEDICAL ASSISTANCE

The Medical Assistance (Medicaid) program provides medical benefits to low-income, elderly, and disabled individuals. The State pays for a growing portion of Medicaid services through *managed care*, whereby the State contracts with managed care organizations (Neighborhood Health Plan of Rhode Island, Tufts Health Plan, and United Healthcare) and pays a fixed monthly fee, or capitation rate, for each enrolled beneficiary. A smaller portion of Medicaid services continue to be financed through *fee-for-service* arrangements, whereby providers bill the Medicaid program directly based on the specific services utilized.

Medical Assistance	**General Revenue**
FY2021 Enacted	$939,951,700
Target and Other Adjustments	-
November 2020 Caseload Estimating Conference	69,329,531
Enhanced FMAP	(46,669,826)
Hospital Payments	29,405,188
LTSS Resiliency and Rebalancing	(4,517,203)
Managed Care Risk Margin	(1,244,186)
RIte Share	(729,128)
Program Integrity	(700,938)
Home Stabilization	660,000
Third Party Liability	(575,791)
Health Care Cost Trends	150,000
Community Health Workers	(115,082)
Perinatal Doula Services	112,252
FY2022 Governor	**$985,056,517**

Medical Assistance	**Other Fund Changes**
COVID Programs (federal funds)	($38,784,000)

November 2020 Caseload Estimating Conference ***$69.3 million***

November 2020 CEC	FY2021 Enacted GR	FY2021 Enacted AF	FY2022 CEC GR	FY2022 CEC AF	Change to Enacted GR	Change to Enacted AF
Hospitals - Regular	$22,478,338	$55,937,481	$22,044,615	$49,000,000	*($433,723)*	*($6,937,481)*
Hospitals - DSH	66,290,193	142,301,035	32,855,159	71,564,276	*(33,435,034)*	*(70,736,759)*
Nursing and Hospice Care	150,808,350	363,000,000	169,260,863	373,500,000	*18,452,513*	*10,500,000*
Home and Community Care	35,313,250	85,000,000	38,973,050	86,000,000	*3,659,800*	*1,000,000*
Managed Care	311,503,420	795,200,000	347,879,341	806,300,000	*36,375,921*	*11,100,000*
Rhody Health Partners	119,564,936	285,600,000	134,169,403	294,300,000	*14,604,467*	*8,700,000*
Rhody Health Options	55,163,670	132,600,000	68,821,648	151,700,000	*13,657,978*	*19,100,000*
Medicaid Expansion	68,508,350	640,790,064	68,562,743	642,000,000	*54,393*	*1,209,936*
Pharmacy	(78,856)	(791,566)	(122,700)	(822,420)	*(43,844)*	*(30,854)*
Clawback	65,723,517	65,723,517	75,772,723	75,772,723	*10,049,206*	*10,049,206*
Other Medical Services	44,676,532	138,534,296	51,064,386	140,000,000	*6,387,854*	*1,465,704*
Total	**$939,951,700**	**$2,703,894,827**	**$1,009,281,231**	**$2,689,314,579**	***$69,329,531***	***($14,580,248)***

Each November and May, the Caseload Estimating Conference (CEC) estimates expenditures for human services and medical entitlement programs for the current and budget year. These adopted expenditure levels determine the appropriations for the Governor's and Enacted Budgets. Projections are based on enrollment trends as well as inflation-based price adjustments.

The November 2020 CEC projected general revenue expenditures of $1,009.3 million in the medical assistance program in FY2022, or $69.3 million more than the FY2021 Budget as Enacted. The FY2022 estimate is $14.6 million less from all funds compared to the Enacted Budget. The projected increase in general revenue expenditures is the net of a $92.1 million addition to account for the anticipated expiration of an enhanced federal match, an expected $33.4 million cut to the Disproportionate Share Hospital (DSH) program, and a $10.6 million increase for all other changes.

- **Enhanced Federal Match:** In March 2020, the federal government authorized a temporary 6.2 percentage point increase to the Federal Medical Assistance Percentage (FMAP) for the duration of the COVID-19 public health emergency. This reduces the State's share of Medicaid expenditures by shifting expenses to the federal government. The enhanced rate provides an estimated $30.7 million in general revenue relief per quarter within the Medical Assistance program, with additional savings of approximately $5.4 million per quarter across BHDDH, DCYF, and DHS.

FMAP Savings Per Quarter	General Revenue
Hospitals - Regular	($782,116)
Hospitals - DSH	-
Nursing and Hospice Care	(5,626,500)
Home and Community Care	(1,317,500)
Managed Care	(11,848,404)
Rhody Health Partners	(4,389,328)
Rhody Health Options	(2,055,300)
Medicaid Expansion	-
Pharmacy	-
Clawback	(2,413,562)
Other Medical Services	(2,272,533)
Total	**($30,705,243)**

  At the time of the November 2020 CEC, the enhanced FMAP was authorized through March 31, 2021, or for three quarters of FY2021. The FY2021 Budget as Enacted contemplated $92.1 million in general revenue savings in the Medicaid program, accordingly. Because caseload estimates are based on current law, the FY2022 estimates did not carry forward any savings attributable to the enhanced FMAP, thereby adding back $92.1 million from general revenues compared to the Enacted Budget.

- **Disproportionate Share Hospital (DSH) Program:** The DSH program is jointly funded by the State and federal government and compensates community hospitals for uncompensated care that they provide to uninsured or underinsured patients. The adopted caseload estimate assumed a significant reduction in the DSH payment in response to pending cuts at the federal level, reducing the all funds DSH payment from $142.3 million in FY2021 to $71.6 million in FY2022. This assumption resulted in a $33.4 million reduction in general revenue expenditures captured in the caseload estimate.

- **Other Changes:** The November 2020 CEC estimate also includes $10.6 million in additional general revenue expenditures to adjust for all other program enrollment and price trends. The conference

typically includes price increases ranging from 2.5 to 3.5 percent to account for medical benefits inflation and statutory rate increases to hospitals, nursing homes, and home care providers. The impact of inflation is mitigated in the FY2022 estimate by an expected reduction in Medicaid enrollment. Prior to the onset of the COVID-19 pandemic, Medicaid enrollment was gradually declining; however, in order to be eligible for the enhanced federal match, the State cannot terminate any beneficiaries during the public health emergency. This results in a number of enrollees remaining on Medicaid that would have otherwise been terminated. With the current law expiration of the enhanced rate in March 2021, the conference assumed that terminations would resume again at the end of FY2021 and continue into FY2022, contributing to large reductions in program caseloads.

The savings attributable to the Governor's proposed Medicaid initiatives, described below, are calculated relative to the caseload estimate, rather than the Enacted Budget.

Enhanced FMAP ***($46.7 million)***

The Governor's Budget includes $46.7 million in general revenue savings to reflect the extension of the 6.2 percent enhanced federal match into FY2022. As noted above, the November 2020 CEC assumed that the enhanced rate would be available only through March 31, 2021, and did not include savings in the FY2022 adopted estimate. Following the conference, federal guidance indicated that the enhanced FMAP would be available through at least December 31, 2021, or for the first half of FY2022. The Governor's Budget assumes significant savings from this updated guidance, however, the enhanced rate is still conditioned on the assumption that states still may not terminate beneficiaries until the end of the public health emergency. This means that individuals will remain on Medicaid caseload for an additional 9 months compared to the November conference. The $46.7 million general revenue savings included in the Governor's Budget accounts for the expenses associated with retaining additional beneficiaries.

Hospital Payments ***$29.4 million***

The Budget increases general revenue payments to hospitals by $29.4 million ($64.0 million all funds) relative to the adopted caseload estimate by restoring the DSH payment and eliminating the supplemental upper payment limit (UPL) and Graduate Medical Education (GME) payments.

- **Disproportionate Share Hospital Payment:** The Governor's Budget restores the aggregate DSH payment to $142.5 million in FY2022, consistent with prior year DSH payments. This increases general revenue funding by $32.6 million ($70.9 million all funds) compared to the November estimate. As previously noted, the November CEC estimate reduced the State's DSH payment by approximately half based on planned federal cuts in current law at the time. These cuts were later delayed by the Coronavirus Response and Relief Supplemental Appropriations Act in December 2020. The Governor's Budget includes the full payment, accordingly.

Analyst Note: The American Rescue Plan (ARP) passed on March 11, 2021, included a provision which allows states to claim the 6.2 percent enhanced FMAP for the DSH payment. Previous guidance exempted DSH payments from the enhanced rate. The ARP provision is not accounted for in the Governor's Budget. This change will not amend the cap, but will reduce the general revenue share of the FY2022 DSH payment by $8.8 million and increase federal funds by an equivalent amount.

- **Outpatient Upper Payment Limit:** Upper Payment Limit (UPL) payments compensate hospitals for the difference between what hospitals receive for Medicaid services and what they are paid under Medicare reimbursement principles. These payments are authorized, but not required, by federal law. A portion of the payments are eligible for the favorable Expansion federal match rate; the State pays approximately one-third of the total cost. Currently, the State only makes UPL payments for outpatient services; the inpatient portion was eliminated in the FY2020 Enacted Budget. Article 12 eliminates the outpatient portion.

  The November 2020 CEC estimate includes a total of $4.9 million for outpatient UPL payments in FY2022, of which $1.7 million is from general revenues. The Governor's Budget removes funding for the UPL payment in FY2022; however, the Budget applies an incorrect federal match and takes more general revenues than were included in the estimate. The Budget includes $2.2 million in general revenue savings, which is overstated by $418,808.

Outpatient UPL

Hospital	FY2022 Adopted
Butler	-
Kent	488,429
Women and Infants	526,493
Care New England	**$1,014,923**
Bradley	-
Miriam	550,548
Newport	160,290
Rhode Island Hospital	2,247,859
Lifespan	**$2,958,696**
Roger Williams	346,164
St. Joseph's	220,956
Prospect - CharterCARE	**$567,120**
Landmark	149,008
South County	119,590
Westerly	36,232
Rehabilitation	6,670
Other	**$311,500**
Total	**$4,852,239**
General Revenue	*$1,739,831*

- **Graduate Medical Education:** Article 12 eliminates the Graduate Medical Education (GME) payment to Rhode Island Hospital in FY2022. The GME program, created in 2014, provides funding for academic Level I trauma center hospitals that have a minimum of 25,000 inpatient discharges and provide training for at least 250 interns and residents per year. Rhode Island Hospital is the only hospital that qualifies for this funding. The payment is made in June of each year.

  In prior years, Rhode Island Hospital received a State-only payment because the federal government did not allow a match for GME. However, the State applied for and received approval for federal Medicaid matching funds for the program in October 2019. The approval document authorizes $548,800 in federal matching funds in FY2022 to supplement the State's $1.0 million general revenue payment. The November 2020 CEC included $1.5 million from all funds based on this approval document. The Executive Office anticipates a full federal match of $1.2 million for the FY2021 and FY2022 payments, although this has not yet been approved. Because caseload estimates are based on current law, the FY2022 estimate only includes the $548,800 federal match. The Governor's Budget removes $1.0 million from general revenues and $1.2 million from federal funds for the GME payment in FY2022 based on the Executive Office's expectations; however, this exceeds the caseload estimate and overstates the federal funds savings by $629,375.

LTSS Resiliency and Rebalancing ***($4.5 million)***

Article 12 contains a number of initiatives designed to work in tandem to rebalance the State's array of long-term care programs by shifting away from institutional settings and towards home- and community-based services (HCBS). This includes reforming program eligibility, modifying rates, and establishing a wage pass-through program for direct care workers, among other targeted investments. The Governor's Budget assumes that these investments will in turn reduce nursing home admissions, which are significantly more expensive than HCBS, thereby resulting in net savings to the State. According to the Executive Office, this initiative will result in an estimated reduction of 101,070 nursing home bed days in FY2022, resulting in $8.9 million in general revenue savings ($19.6 million all funds) in FY2022. The nursing home savings are offset by a number of investments as follows:

LTSS Resiliency and Rebalancing	General Revenue	Federal Funds	All Funds
Nursing Home Reductions	($8,894,050)	($10,730,950)	($19,625,000)
Maintenance of Need	2,433,630	2,936,251	5,369,881
Assisted Living Rates	1,121,262	2,108,461	3,229,723
Home Care Wages	662,244	799,018	1,461,262
Shared Living Rates	123,181	191,029	314,210
Nursing Home Rates	36,530	44,076	80,606
Total - Medicaid Impact	**($4,517,203)**	**($4,652,115)**	**($9,169,318)**

The Governor's Budget makes additional changes outside of the Medicaid program, including an additional $180,723 from general revenues in Central Management for implementation as well as $208,747 in general revenue savings at the Department of Human Services by eliminating the Category F Supplemental Security Income payment.

- **Maintenance of Need:** Article 12 raises the HCBS Maintenance of Need allowance from 100.0 percent of the federal poverty level plus $20 per month ($1,093 per month) to 300.0 percent of the federal standard for supplemental security income ($2,382 per month) to enable additional individuals to retain more of their income while receiving services in their homes. The intent is to make home-based services a more attractive long-term care option as an alternative to institutional care.

  Medicaid does not cover room and board expenses when individuals receive services in home- or community-based living arrangements. To ensure that beneficiaries opting for care in these settings have adequate resources to meet these and other personal needs, the State allows individuals in HCBS programs to retain part of their income. This is known as the Maintenance of Need. By increasing the allowance, individuals will be able to retain more of their income to cover more of their expenses at home. This will reduce the likelihood that individuals need move into institutional settings because staying home is cost prohibitive. The increase in the Maintenance of Need allowance means that individuals will contribute less towards their cost of care. The Budget adds $2.4 million from general revenues ($5.4 million all funds) to recognize the corresponding increase in the cost to the State for these services.

Analyst Note: The funding is added entirely to the Medicaid program; however, approximately half is for the population of individuals with intellectual or developmental disabilities whose services are funded through the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH). The Governor's Budget Amendment dated April 12, 2021, shifts half of the additional costs from EOHHS to BHDDH, which reduces the impact within the Medicaid program but is budget neutral to the State.

- **Assisted Living Rates:** Article 12 increases assisted living rates in both fee-for-service and managed care. Currently, assisted living facilities are reimbursed at $69.00 per day for all beneficiaries. The rate does not compensate facilities for the difference in costs to provide care for higher-need patients; this creates a disincentive for assisted living providers to care for patients with higher acuity. The Governor's Budget establishes a tiered rate structure to reimburse assisted living based on residents' level of need as follows:

Assisted Living Tiered Reimbursement

Tier	Description	Population	Rate	*Increase*
A	Basic	57.1%	$78.00	*13.0%*
B	Enhanced care and transition services	40.5%	$98.00	*42.0%*
C	Serious cognitive decline and co-morbidities that may require skilled care or stablization services	2.4%	$121.00	*75.4%*

The Budget adds $1.1 million from general revenues ($3.2 million all funds) to fund the rate increases, representing a composite rate increase of 23.0 percent based on the share of assisted living residents expected to be assigned to each tier. The tiered structure is effective October 1, 2021.

Analyst Note: The Governor's Budget Amendment dated April 12, 2021, increases the general revenue portion of the tiered reimbursement rates by $612,225 to $1.7 million. There is no accompanying federal funds change. The Governor's Budget originally included $612,225 in general revenue savings attributable to the elimination of the State-only Category F Supplemental Security Income payment within the assisted living budget line. These initiatives are related, as the savings are reinvested in higher assisted living rates; however, Category F is budgeted separately in DHS. The amendment shifts the savings to DHS, leaving a higher amount in EOHHS.

	FY2022 Governor		As Amended	
Assisted Living Rates - Medicaid	**General Revenue**	**Federal Funds**	**General Revenue**	**Federal Funds**
Medicaid Population	$1,145,480	$1,393,261	$1,145,480	$1,393,261
Remove Category F	(612,225)	-	-	-
Reinvest Category F in Tiered Rates	588,007	715,199	588,007	715,199
Total	**$1,121,262**	**$2,108,460**	**$1,733,487**	**$2,108,460**

- **Home Care Wages:** Article 12 establishes a targeted wage pass-through program for home care workers to bolster the State's ability to provide services to individuals in their homes.
  - **Shift Differential:** The article increases the shift differential rate modifier for Personal Care and Combined Personal Care/Homemaker services delivered by Certified Nursing Assistants (CNAs). The modifier grants extra pay to CNAs that deliver direct care services during non-standard hours (evenings, nights, weekends, and holidays). The Budget increases the existing modifier from $0.38 per 15 minutes ($1.50 per hour) to $0.56 per 15 minutes ($2.25 per hour) effective July 1, 2021. The intent is to increase the number of staff that can care for individuals in their homes during off-hours, thereby reducing the need for 24-hour residential care. The rate modifier is paid to HCBS providers (employers) through the Medicaid reimbursement rate, but the article requires that 100.0 percent of the modifier be passed directly to CNAs and imposes reporting requirements on employers to confirm that the wage is passed through. The Budget includes $259,734 from general revenues to fund the shift modifier.
  - **Behavioral Health Enhancement:** The article also adds a new behavioral healthcare rate enhancement of $0.39 per 15 minutes ($1.55 per hour) for Personal Care, Combined Personal Care/Homemaker, and Homemaker Only services for providers with at least 30.0 percent of staff with behavioral healthcare training. The enhancement applies to CNAs who have completed a required behavioral health certificate training program, effective January 1, 2022. Similar to the shift differential noted above, the rate enhancement provides extra pay for CNAs that specialize in behavioral healthcare. The article requires that 100.0 percent of the enhancement be passed directly to CNAs and imposes reporting requirements on employers to confirm that the wage is passed through. The Budget includes $402,511 from general revenues to fund the behavioral health enhancement.

Analyst Note: A portion of home care expenses are incurred by DHS' Office of Healthy Aging for the Home and Community Care Co-Pay program. There should be funds added to DHS to account for the modifiers. All costs for the direct care wage enhancements are accounted for in EOHHS in the Governor's Budget.

- **Shared Living:** Article 12 authorizes a 10.0 percent rate increase for shared living caregiver stipends beginning July 1, 2021. Currently, shared living providers are paid rates ranging from $24.23 per day to $48.11 per day. Approximately 200 individuals utilize shared living arrangements. EOHHS anticipates that increasing shared living rates will provide an incentive for willing caregivers to utilize shared living as an alternative to more intensive options. The Budget includes $123,181 from general revenues ($314,210 all funds) to fund the rate increase.
- **Nursing Home Rates:** Article 12 allows the Executive Office of Health and Human Services to revise the methodology used to determine nursing home rates by re-weighting rates towards behavioral healthcare effective October 1, 2021. The resolution increases the acuity-based rates for beneficiaries

with behavioral health symptoms and cognitive performance diagnoses by 10.0 percent to recognize the additional staff time needed for behavioral health patients and adds $516,870 from general revenues ($1.1 million all funds) to fund the increase. The Budget simultaneously reduces rates for all other diagnoses categories by approximately 1.0 percent, reducing general revenues by $480,340 ($1.0 million all funds).

Analyst Note: This part of the LTSS Resiliency and Rebalancing initiative is supposed to be budget neutral per the Executive Office's request. The Governor's Budget updated the costs associated with the behavioral health increase, but did not update the savings associated with the rate reduction for other diagnoses, leaving residual funding. The Governor's Budget Amendment dated April 12, 2021, corrects the reduction for other diagnoses categories such that there is no net impact from this change.

Managed Care Risk Margin ***($1.2 million)***

Article 12 reduces the risk margin included in the State's managed care rates from 1.5 percent to 1.25 percent. The Governor includes $1.2 million in general revenue savings ($4.0 million all funds) in FY2022, offset by a $79,045 revenue loss from the 2.0 percent insurance premium tax.

Most Medicaid beneficiaries are enrolled in managed care programs, whereby the State pays a health plan a per member per month capitation rate to provide comprehensive coverage. Managed care is the alternative to fee-for-service, where the State pays providers directly based on the services each member actually uses. The managed care structure is similar to a private insurance arrangement, where beneficiaries pay a premium regardless of whether or not services are actually used. Rhode Island operates its managed care programs using risk-based managed care organizations (MCOs).

Federal actuarial soundness requirements mandate that states account for risk in managed care arrangements. Rhode Island does so by including a risk adjustment within the monthly capitation rates, which allows the State and Medicaid managed care organizations to share in aggregate gains or losses associated with insuring Medicaid beneficiaries. The arrangement provides financial protection by addressing potential claims volatility that MCOs may face by covering an array of different Medicaid coverage groups, particularly high-need populations. The margin recognizes that rates are developed prospectively and that the actual expense of providing care may vary. Federal requirements do not set the margin; according to EOHHS, most states' use margins ranging from 0.5 percent to 2.5 percent of monthly capitation rates. Rhode Island Medicaid currently uses a 1.5 percent margin; the Budget reduces the margin to 1.25 percent and includes savings to reflect a reduction in the capitation payments to the MCOs.

RIte Share ***($729,128)***

The Governor's Budget includes $729,128 in general revenue savings ($2.0 million all funds) related to an initiative to streamline the RIte Share eligibility determination process.

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 certain employers to submit employee eligibility information to the State and establishes penalties for non-compliance.

The RIte Share premium assistance program subsidizes 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 programs 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 the premium for an approved ESI plan. 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.

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.

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. 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, noted in the Central Management program, including $275,605 for contracted staff and $86,250 for system enhancements.

Program Integrity ***($700,938)***

The Governor's Budget includes $700,938 in general revenue savings ($1.5 million all funds) by expanding program integrity activities. The program integrity function at EOHHS currently reviews and monitors Medicaid fee-for-service providers and claims to ensure compliance and appropriate billing practices. This initiative adds a position to the unit to monitor managed care programs to optimize the efforts of the unit. The expenses associated with the position are noted in the Central Management program. The additional program integrity position will work collaboratively with the State's managed care organizations (MCOs) to proactively identify and take action on incidents of fraud, waste, and abuse in the Medicaid program.

Home Stabilization ***$660,000***

The Governor adds $660,000 from general revenues ($1.5 million all funds) to finance a rate increase for home stabilization services. This program provides support for Medicaid-eligible individuals in need of stable housing by identifying, applying for, and navigating housing or rental assistance, transitioning into or maintaining housing, and preventing eviction. The benefit is available for six months per individual.

The November 2020 CEC estimate included $1.1 million for the program in FY2022, including $516,620 from general revenues, to provide six months of benefits for 1,302 members. The CEC estimate is based on the current monthly rate of $145.85. The Governor's Budget increases the reimbursement rate to $331.00 and adds $660,000 from general revenues to fund the rate increase. The rate change was requested by the provider community to reflect the actual cost to provide home stabilization services.

Home Stabilization	**FY2022 Nov CEC**	**FY2022 Governor**	***Change to Nov CEC***
Beneficiaries	1,302	1,302	-
Months of Benefit	6	6	-
Rate Per Month	$145.85	$331.00	*$185.15*
Total Cost	**$1,140,000**	**$2,590,000**	***$1,450,000***
General Revenue	*516,620*	*1,176,620*	*660,000*

Third Party Liability ***($575,791)***

By law, the Medicaid fee-for-service program is the payer of last resort. This means that if another insurer or program has the responsibility to pay for medical costs incurred by a Medicaid beneficiary, that entity is required to pay all or part of the cost of the claim prior to Medicaid making any payment. This is known as third party liability (TPL). The federal government requires states to make reasonable efforts to ascertain TPL and ensure that Medicaid is the payer of last resort.

Rhode Island Medicaid's current TPL structure involves two contracts. The first is a fiscal intermediary contract with DXC Technology, which provides a monthly feed of TPL coverages for cost avoidance

purposes. The feed is not updated regularly and is not currently set up to retroactively apply TPL if it becomes known after a claim has already been paid by Medicaid. The other contract is with Stellarware, which is used to identify coverages for subrogation (other, non-medical insurance such as casualty insurance) and collects approximately $1.0 million annually.

According to EOHHS, the Medicaid program needs to make a series of improvements to TPL collection management in order to maximize cost avoidance and subrogation revenue. The Governor's Budget eliminates the two existing contracts and adds funding to procure a single-source contract with a software as a service (SaaS) vendor to ensure that TPL efforts are better coordinated. The contract expenses are noted in the Central Management program. According to EOHHS, due to the federal government's focus on Medicaid enterprise system modernization, a number of SaaS vendors have emerged in recent years to address the types of issues that Rhode Island experiences with its existing TPL structure. Importantly, SaaS vendors are paid for performance, which motivates the vendor to maximize their collections.

By enhancing the focus on TPL, EOHHS expects to shift $1.1 million in liability, including $575,791 from general revenues, to third parties in FY2022. This translates to direct savings to the Medicaid program. The estimate captures six months of savings, as some transition time will be required to procure a new contract and shift between vendors. The out-year savings are likely to be much greater.

Health Care Cost Trends ***$150,000***

The Governor's Budget includes $150,000 from general revenues ($330,980 all funds) to fund a $1 Health Care Cost Trends assessment per Medicaid beneficiary per year within State's managed care rates.

In August 2018, the Governor convened the Cost Trend Steering Committee to advise the Rhode Island Health Care Cost Trends project. The project's goal is to provide all Rhode Islanders with access to high-quality, affordable healthcare while ensuring that spending does not increase at a rate higher than the consumer price index. Key stakeholders including hospital systems, health insurers, physicians' groups, advocates, and researchers agreed to a voluntary target of 3.2 percent total healthcare cost growth.

EOHHS and the Office of the Health Insurance Commissioner (OHIC) partnered on the project to work with community stakeholders. The project has historically been funded by the Peterson Center, however, funding for the project ends in August 2021. Article 15 establishes a fee of up to $1 per commercially covered individual in the State to establish a funding stream for the project. This includes Medicaid managed care beneficiaries. The Governor's Budget adds the funding to pay the assessment on their behalf.

Community Health Workers ***($115,082)***

Article 12 adds Medicaid coverage for care management services provided by community health workers. Care management refers to a comprehensive set of services and activities that support patients in managing their health conditions or risks by coordinating healthcare and connecting patients with other resources outside of the healthcare system. There is a growing evidence base which shows that addressing patients' holistic needs has significant potential to yield cost savings in Medicaid and the healthcare system generally. A study published in Health Affairs in February 2020 showed a return on investment of $2.47 for every dollar invested in community health workers. By covering community health worker services under Medicaid, EOHHS anticipates a $2.25 annual return on investment (ROI).

Based on prior year care management data, an estimated 2,000 high-risk Medicaid members will utilize community health workers each year under the new coverage group. Assuming that each community health worker can provide care management services for 55 members, this initiative requires 36 full-time community health workers per year. At an hourly rate of $48.50, this requires annual funding of $3.6 million, including $1.2 million from general revenues.

Community Health Workers	**FY2022**	**Out-Years**
Total CHWs Needed	36	36
Medicaid Rate - Hourly per CHW	$48.50	$48.50
Months Paid	9	12
Annual Cost	**$2,722,500**	**$3,630,000**
General Revenue	*920,653*	*1,227,537*
ROI Assumption	$1.125	$2.25
Annual ROI	**($3,062,813)**	**($8,167,500)**
General Revenue	*(1,035,735)*	*(2,761,959)*
Net Impact	**($340,313)**	**($4,537,500)**
General Revenue	*(115,082)*	*(1,534,422)*

The Budget assumes a three-quarter impact from this initiative in FY2022, with the coverage and reimbursement effective October 1, 2021. The Budget also assumes a $1.125 return on investment in the first year of implementation to reflect that it may take some time to see the full $2.25 return on investment. The Budget adds $920,653 from general revenues ($2.7 million all funds) to fund the 36 community health workers in FY2022. The investment is offset by an anticipated $1.0 million in general revenue savings ($3.1 million all funds) via the return on investment. The net impact to the state is a $115,082 general revenue savings ($340,313 all funds). In future years, the net general revenue savings is expected to grow to $1.5 million ($4.5 million all funds).

Perinatal Doula Services ***$112,252***

Article 12 adds Medicaid coverage for perinatal doula services. The Governor includes $112,252 from general revenues ($278,022 all funds) to cover $850 per birth for these services. This investment would generate an additional $5,560 from the 2.0 percent insurance premium tax.

Doulas are non-medical professionals trained in childbirth who provide individuals with continuous physical, emotional, and informational support before, during, and after birth. During childbirth, doulas provide breathing techniques, massages, advice, and advocacy. Studies show that one-on-one support during labor and delivery is associated with improved outcomes, particularly in communities of color, including shorter labor periods, reduced risk for costly C-section procedures and premature births, and a reduction in the use of pain medication. EOHHS anticipates that doula coverage will reduce the likelihood of higher-cost interventions in labor and delivery within Medicaid populations.

The Governor's Budget assumes that 10.0 percent of Medicaid births, or 456 births, will be assisted by a doula. The Governor's Budget assumes that providing doula services will result in 52 fewer C-section births for savings of $109,578, offset by an increase of $387,600 to cover the additional cost of providing doula services for 456 individuals. This results in a net expenditure increase of $278,022 in FY2022, including $112,252 from general revenues.

COVID Programs (federal funds) ***($38.8 million)***

The FY2021 Budget as Enacted allocated $38.8 million in federal Coronavirus Relief Funds (CRF) for the Executive Office's response to the COVID-19 pandemic. These were time-limited funds that are not available in FY2022. The Governor's Budget removes the funding, accordingly. The programs included:

- **LTSS Resiliency:** $19.6 million for the Long Term Services and Supports (LTSS) Resiliency Fund, which provided financial support to nursing homes and home- and community-based providers.
- **Pediatric Provider Rates and Immunizations:** $6.1 million for pediatric providers to address short-term cash flow concerns and maintain access to services, including immunizations.
- **Early Intervention**: $5.0 million to offset revenue losses for early intervention and children's service provider agencies that offer an array of behavioral and therapeutic services.

- **Workforce Stabilization:** $4.0 million to reflect the expenses incurred for the Workforce Stabilization Loan Fund in FY2021, which provided payroll support to frontline workers in congregate care settings earning under $20 per hour.
- **HCBS Access:** $3.0 million to support existing direct support professionals and increase the number of staff to support community-based developmental disability organizations.
- **Primary Care Technical Assistance:** $1.1 million to provide assistance with the use of telemedicine services and financial and infrastructure support with a focus on primary care providers and community health teams.

Analyst Note: The Governor's Budget Amendment dated April 12, 2021, adds $5.9 million from general revenues to the Medicaid program to reflect the additional caseload related to the transition of patients from Eleanor Slater Hospital (ESH) into community-based settings paid by Medicaid. The savings are already accounted for in the Governor's Budget recommendation for the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals. The amendment adds $2.9 million from general revenues ($6.9 million all funds) to reflect the additional Medicaid expenses associated with patients discharged from ESH. The estimate accounts for the rate increases that are included in Article 12. The amendment also includes $2.9 million from general revenues ($7.0 million all funds) to reflect that the proposed rate increases will also affect existing, non-ESH populations that may also be discharged to community-based settings as a result of the rate increases.

FY2021 Supplemental Budget

EXECUTIVE OFFICE OF HEALTH AND HUMAN SERVICES

The Governor includes $945.8 million in general revenue funding ($3,034.2 million all funds) for the Executive Office of Health and Human Services in FY2021, reducing general revenue expenditures by $29.1 million compared to the Enacted Budget.

Enhanced Federal Match ***($32.0 million)***

The Governor recommends $32.0 million in general revenue savings to reflect the extension of the enhanced Federal Medical Assistance Percentage (FMAP) for the fourth quarter of FY2021. Pursuant to the Families First Coronavirus Response Act (FFCRA), the enhanced rate shifts an additional 6.2 percent of eligible Medicaid expenses from general revenues to federal funds during the COVID-19 public health emergency. The Enacted Budget included three quarters of savings based on current law at the time. The enhanced rate was later extended for the fourth quarter.

Delayed Terminations ***$3.0 million***

As a condition of the enhanced FMAP rate noted above, states are not permitted to terminate benefits for Medicaid enrollees during the COVID-19 public health emergency except under limited circumstances. As a result, since the onset of the pandemic in March 2020, Medicaid enrollment has surged from approximately 290,000 members to nearly 330,000 members as of March 2021. The Enacted Budget assumed that termination activity would resume in the last quarter of FY2021. With the extension of the enhanced rate for the fourth quarter, this is no longer possible. The Governor's Revised Budget adds back $3.0 million from general revenues ($15.9 million all funds), accordingly.

COVID-19 Personnel ***($430,000)***

The Governor's Budget shifts $430,000 from general revenues to federal funds to reflect personnel expenses which are allocable to federal stimulus funds in response to the COVID-19 pandemic.

COVID-19 Response ***$250,000***

The Budget includes $250,000 from general revenues ($75.4 million all funds) for the Executive Office's COVID-19 response programming. The Enacted Budget included $38.9 million from federal funds to support a number of COVID-19 relief programs for health and human services providers. The Governor's Budget includes an additional $250,000 from general revenues and $36.2 million from federal funds to reflect updated expenses for existing programs and new programs that were announced after the Budget was enacted; however, the Budget appears to double-count $19.6 million in expenses associated with the Long Term Services and Support (LTSS) Resiliency program.

Analyst Note: The Governor's Budget Amendment dated April 19, 2021, removes the additional $19.6 million that was double-counted in the original submission.