



State of Rhode Island

Caseload Estimating Conference

Room 117, STATE HOUSE, PROVIDENCE, RI 02903

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May 2022 Conference Chair

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MEMORANDUM

To: The Honorable Dominick J. Ruggerio, President of the Senate
The Honorable K. Joseph Shekarchi, Speaker of the House
The Honorable Daniel McKee, Governor

From: Stephen H. Whitney, Senate Fiscal Advisor
Sharon Reynolds Ferland, House Fiscal Advisor
Joseph M. Codega Jr., State Budget Officer

Date: May 18, 2022

Subject: **May 2022 Caseload Estimating Conference**

SUMMARY

The Caseload Estimating Conference convened on May 6, 2022, in an open public meeting to estimate cash assistance caseload, costs for private community providers serving individuals with developmental disabilities, and medical assistance expenditures for FY 2022 and FY 2023.

Compared to the November 2021 conference, the adopted estimate for FY 2022 decreases funding by \$131.5 million. This includes general revenue savings from the extension of the public health emergency for all of FY 2022, adjustments to managed care program expenses and decreased expenditures in long term care services and supports and other adjustments based on trends to date. Estimated expenditures for cash assistance also decline for most of the programs, including lower than projected enrollment in subsidized child care.

For FY 2023, the conferees adopted total expenses of \$3,583.6 million, which is \$158.8 million more than the adopted November consensus. This includes \$183.6 million more for medical assistance, \$16.0 million less for cash assistance and \$8.8 million less for community based services to adults with developmental disabilities. This estimate includes general revenues savings in the first quarter from extension of the Public Health Emergency (PHE) and the delayed resumption of redetermination activity. It also includes medical benefits inflation, provider rate increases and enrollment trends offset by a reduction in nursing home expenses. Expenditures funded from general revenues decrease by \$19.5 million compared to November. Decreased expenditures are anticipated for child care assistance and services for developmentally disabled adults. General revenue expenditures are expected to total \$1,283.6 million, an increase of \$221.4 million compared to the FY 2022 revised estimate.

May 2022 Consensus Caseload Estimates	2021 Nov CEC FY2022 Consensus	2022 May CEC FY2022 Consensus	2022 May CEC v. 2021 Nov CEC	2021 Nov CEC FY2023 Consensus	2022 May CEC FY2023 Consensus	2022 May CEC v. 2021 Nov CEC
Cash Assistance						
All Funds	\$ 99,521,928	\$ 92,928,010	\$ (6,593,918)	\$ 128,017,276	\$ 112,049,820	\$ (15,967,456)
General Revenues	27,444,369	26,588,498	(855,871)	28,114,179	27,825,057	(289,122)
Private Community Developmentally Disabled Services						
All Funds	\$ 294,848,889	\$ 276,296,505	\$ (18,552,384)	\$ 306,948,889	\$ 298,147,500	\$ (8,801,389)
General Revenues	122,257,919	109,607,065	(12,650,854)	142,753,189	132,243,324	(10,509,865)
Medical Assistance						
All Funds	\$ 2,981,993,980	\$ 2,875,593,980	\$ (106,400,000)	\$ 2,989,793,980	\$ 3,173,379,877	\$ 183,585,897
General Revenues	978,933,470	926,047,757	(52,885,713)	1,132,336,243	1,123,559,350	(8,776,893)
CEC Consensus Total						
All Funds	\$ 3,376,364,797	\$ 3,244,818,495	\$ (131,546,302)	\$ 3,424,760,145	\$ 3,583,577,197	\$ 158,817,052
General Revenues	1,128,635,758	1,062,243,320	(66,392,438)	1,303,203,611	1,283,627,731	(19,575,880)

Cash Assistance

Cash assistance programs for FY 2022 are estimated to total \$92.9 million, a decrease of \$6.6 million from the November consensus. Activities funded by general revenues are estimated to be \$26.6 million, \$855,871 less than the November consensus. FY 2023 expenditures are estimated to total \$112.0 million, \$16.0 million less than the November consensus. For FY 2023, general revenues are estimated at \$27.8 million, or \$289,122 less than the November conference.

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May 2022 Consensus Caseload Estimates	2021 Nov CEC FY2022 Consensus	2022 May CEC FY2022 Consensus	2022 May CEC v. 2021 Nov CEC	2021 Nov CEC FY2023 Consensus	2022 May CEC FY2023 Consensus	2022 May CEC v. 2021 Nov CEC
Rhode Island Works						
Persons	6,300	6,094	(206)	8,845	7,850	(995)
Monthly Cost per Person	\$ 235.45	\$ 233.00	\$ (2.45)	\$ 238.00	\$ 236.00	\$ (2.00)
Cash Payments	\$ 17,800,020	\$ 17,038,824	\$ (761,196)	\$ 25,261,320	\$ 22,231,200	\$ (3,030,120)
Monthly Bus Passes	848,720	565,086	(283,634)	1,487,960	991,100	(496,860)
Supportive Services	600,000	640,000	40,000	800,000	800,000	-
Clothing - Children	400,000	385,000	(15,000)	400,000	500,000	100,000
Catastrophic	2,000	2,000	-	2,400	2,400	-
Total Costs (TANF)	\$ 19,650,740	\$ 18,630,910	\$ (1,019,830)	\$ 27,951,680	\$ 24,524,700	\$ (3,426,980)
Child Care						
Subsidies	6,272	5,500	(772)	8,500	6,960	(1,540)
Annual Cost per Subsidy	\$ 9,700	\$ 10,140	\$ 440	\$ 9,500	\$ 9,825	\$ 325
Total Costs	\$ 60,838,400	\$ 55,770,000	\$ (5,068,400)	\$ 80,750,000	\$ 68,382,000	\$ (12,368,000)
Federal Funds	52,426,819	47,708,602	(4,718,217)	71,951,417	59,700,063	(12,251,354)
General Revenue	8,411,581	8,061,398	(350,183)	8,798,583	8,681,937	(116,646)
SSI						
Persons	33,000	32,735	(265)	33,343	33,000	(343)
Monthly Cost per Person	\$ 46.14	\$ 45.00	\$ (1.14)	\$ 46.14	\$ 45.00	\$ (1.14)
Cash Payments	\$ 18,271,440	\$ 17,676,900	\$ (594,540)	\$ 18,461,352	\$ 17,820,000	\$ (641,352)
Transaction Fees	63,000	63,000	-	66,000	66,000	-
Total Costs	\$ 18,334,440	\$ 17,739,900	\$ (594,540)	\$ 18,527,352	\$ 17,886,000	\$ (641,352)
GPA						
Persons	61	115	54	83	296	213
Monthly Cost per Person	\$ 189.00	\$ 190.00	\$ 1.00	\$ 189.00	\$ 185.00	\$ (4.00)
Total Payments	\$ 138,348	\$ 262,200	\$ 123,852	\$ 188,244	\$ 657,120	\$ 468,876
Burials	560,000	525,000	(35,000)	600,000	600,000	-
Total Costs	\$ 698,348	\$ 787,200	\$ 88,852	\$ 788,244	\$ 1,257,120	\$ 468,876
Cash Assistance Total						
Total Costs	\$ 99,521,928	\$ 92,928,010	\$ (6,593,918)	\$ 128,017,276	\$ 112,049,820	\$ (15,967,456)
Federal Funds	72,077,559	66,339,512	(5,738,047)	99,903,097	84,224,763	(15,678,334)
General Revenue	27,444,369	26,588,498	(855,871)	28,114,179	27,825,057	(289,123)

Rhode Island Works

The conferees project a caseload of 6,094 at an average monthly cost of \$233.00 in FY 2022, which is 206 individuals fewer than the November consensus estimate and a \$2.45 lower monthly cost. For FY 2023, the conferees adopt a caseload of 7,850 at an average monthly cost of \$236.00, which is 995 fewer individuals than adopted in November and a \$2.00 lower monthly cost. Expenditures for Rhode Island Works, including monthly bus passes and other supportive services, total \$18.6 million for FY 2022 and \$24.5 million for FY 2023. Program expenses are funded entirely by the federal Temporary Assistance for Needy Families (TANF) block grant.

Child Care Assistance

The FY 2022 caseload estimate for child care assistance includes \$55.8 million to provide 5,500 children with subsidized care at an average yearly cost of \$10,140 per subsidy. The revised estimate assumes use of \$47.7 million from federal block grant funds and \$8.1 million from general revenues. Projected program expenses are anticipated to decrease by \$5.1 million from the November consensus based on updated enrollment data. The estimates reflect the enacted rates, which began in January 2022 and capping copays at seven percent of income starting in March 2022. The estimate also assumes that the enrollment vs. attendance policy will continue through June 30, 2022.

For FY 2023, program costs are estimated to be \$68.4 million, for 6,960 subsidies at an average yearly cost of \$9,825 per subsidy. The estimate assumes \$59.7 million from federal block grant funds and \$8.7 million from general revenues. The total cost is \$12.4 million less than the November consensus. The FY 2023 estimate includes 1,540 fewer than November.

Supplemental Security Income

The caseload for the Supplemental Security Income program is estimated to be 32,735 in FY 2022 and 33,000 in FY 2023. The estimated monthly cost per person is \$45.00 in each year for total funding of \$17.7 million from general revenues in FY 2022 and \$17.9 million from general revenues in FY 2023.

General Public Assistance

For FY 2022, the Conference assumes 115 individuals at a monthly cost of \$190.00, which is 54 more individuals than November and a \$1.00 higher monthly cost. The FY 2023 estimate assumes 296 individuals at \$185.00 per month. Total expenditures for payments in FY 2022 are estimated to be \$262,200 and \$657,120 in FY 2023. Total costs for burials are estimated to be \$525,000 and \$600,000 for FY 2022 and FY 2023, respectively.

Private Services for Individuals with Developmental Disabilities

In compliance with R.I. Gen. Laws §§35-17-1(f) and (g) as amended in the FY 2022 Appropriations Act (2021-H 6122 Substitute A as Amended), the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH) provided testimony and projections regarding the cost of private services for individuals with developmental disabilities for the first time at the November 2021 Caseload Estimating Conference.

Caseload Estimating Conference projections are based on current law; therefore, the FY 2022 estimate includes the enacted assumption of raising direct support hourly wages to at least an average of \$15.75, which is reflected in the estimate. BHDDH also presented testimony recognizing that the state had agreed to an “Action Plan” related to an ongoing federal consent decree. Many elements of the Action Plan require action through the state budget process and are not yet current law. As a result, the FY 2023 estimates represent a baseline projection and exclude the costs of a technology fund, a transformation fund, and a rate increase that supports additional increases to the direct support wage in FY 2023 and FY 2024. Although estimating the costs of these items are not within the scope of the Conference, the conferees assume that the State intends to maintain good faith compliance with all elements of the Action Plan.

The Conference projects total costs for private services for individuals with developmental disabilities of \$276.3 million in FY 2022, including \$166.7 million from federal funds and \$109.6 million from general revenues. This is \$18.6 million less than the November consensus, including \$12.7 million less from general revenues, based on spending through three quarters.

For FY 2023, the Conference projects spending of \$298.1 million including \$165.9 million from federal funds and \$132.2 million from general revenues. This is \$30.7 million more than the revised estimate for FY 2022. The following subsections describe the service categories selected for estimating purposes.

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Residential Habilitation						
Total costs	\$ 173,800,000	\$ 167,000,000	\$ (6,800,000)	\$ 182,000,000	\$ 172,500,000	\$ (9,500,000)
Day Program						
Day Program	\$ 69,000,000	\$ 61,600,000	\$ (7,400,000)	\$ 74,000,000	\$ 72,000,000	\$ (2,000,000)
Shared Living Item	4,300,000	4,300,000	-	4,300,000	4,300,000	-
Total costs	\$ 73,300,000	\$ 65,900,000	\$ (7,400,000)	\$ 78,300,000	\$ 76,300,000	\$ (2,000,000)
Employment						
Total costs	\$ 7,500,000	\$ 4,200,000	\$ (3,300,000)	\$ 8,500,000	\$ 8,200,000	\$ (300,000)
Transportation						
Total costs	\$ 8,000,000	\$ 6,000,000	\$ (2,000,000)	\$ 10,000,000	\$ 11,400,000	\$ 1,400,000
Case Management and Other Support Services						
Total costs	\$ 12,800,000	\$ 11,700,000	\$ (1,100,000)	\$ 13,600,000	\$ 12,400,000	\$ (1,200,000)
L9 Supplemental Funding						
Total costs	\$ 15,500,000	\$ 19,000,000	\$ 3,500,000	\$ 10,600,000	\$ 17,000,000	\$ 6,400,000
Non Medicaid Funded						
DD State Subsidies	\$ 100,000	\$ 39,000	\$ (61,000)	\$ 100,000	\$ 40,000	\$ (60,000)
Out-of-state placements	307,505	307,505	-	307,505	307,500	\$ (5)
PSCEPP Program	2,541,384	1,500,000	\$ (1,041,384)	2,541,384	-	\$ (2,541,384)
Contract Transportation	1,000,000	650,000	\$ (350,000)	1,000,000	-	\$ (1,000,000)
Total costs	\$ 3,948,889	\$ 2,496,505	\$ (1,452,384)	\$ 3,948,889	\$ 347,500	\$ (3,601,389)
Developmental Disabilities Total						
Total Costs	\$ 294,848,889	\$ 276,296,505	\$ (18,552,384)	\$ 306,948,889	\$ 298,147,500	\$ (8,801,389)
Federal Funds	172,590,970	166,689,440	(5,901,530)	164,195,700	165,904,176	1,708,476
General Revenue	122,257,919	109,607,065	(12,650,854)	142,753,189	132,243,324	(10,509,865)

Residential Habilitation

Residential habilitation includes congregate and non-congregate living supports. FY 2022 residential habilitation expenditures are estimated to be \$167.0 million, which is \$6.8 million less than the November consensus. FY 2023 residential habilitation expenditures are estimated to be \$172.5 million, which is \$9.5 million less than the November consensus.

Day Program

Day Program captures services offered at a center-based day program, a community-based day program or home-based day program, including the provision of education, and training. Day Program expenditures are estimated to be \$65.9 million in FY 2022, \$7.4 million less than the November consensus. FY 2023 day program expenditures are estimated to be \$76.3 million, \$2.0 million less than the adopted November estimate.

This category includes an estimate for a Shared Living Item of \$4.3 million each year for FY 2022 and FY 2023 based on testimony from the Department. This funding supports Shared Living Arrangement contractors who are providing increased support during the pandemic for individuals who remain at home during the day instead of attending a community-based day program.

Employment

Employment captures services such as job assessment and development, job coaching, job retention, and prevocational training for adults with developmental disabilities. For FY 2022, the Conference estimates \$4.2 million for employment services, which is \$3.3 million less than November. FY 2023 expenditures are estimated to be \$8.2 million, which is \$0.3 million less than November.

Transportation

The transportation service category provides funding for round-trip transportation from an individual's residence to employment and day program activities. Transportation costs are estimated to be \$6.0 million in FY 2022, which represents a decrease of \$2.0 million the November

consensus distribution. The estimate also includes \$0.7 million in state only funds for transportation services provided by the Rhode Island Public Transit Authority (RIPTA) shown in the Non Medicaid funded section. For FY 2023, these expenses will be matched by Medicaid.

For FY 2023, the Conference estimates \$11.4 million, which is \$1.4 million more than November and includes \$1.6 million for RIPTA expenses now matched by Medicaid.

Case Management and Other Support Services

This category represents the remaining assorted services an individual can receive including but not limited to attendant care, home modifications, assistive technology, and support facilitation. Case management and other support services are estimated to be \$11.7 million for FY 2022, which represents a decrease of \$1.1 million compared to the November consensus distribution. For FY 2023, the Conference estimates \$12.4 million, which is \$1.2 million below the November consensus.

L9 Supplemental Funding

The Conference estimates \$19.0 million for L9 Supplemental Funding in FY 2022, which is \$3.5 million more than November. For FY 2023, the Conference estimates \$17.0 million for L9 Supplemental Funding, which is \$6.4 million more than November and \$2.0 million less than the revised estimate assuming individuals will utilize more of the authorizations and fewer services through this process.

Non Medicaid Funded

This category includes items that are not currently eligible to receive Medicaid match. While some of these items may become Medicaid eligible in the future, the Conference assumed current eligibility in the FY 2022 and FY 2023 estimates. The Conference estimates \$2.5 million in FY 2022, which is \$1.5 million below the November consensus, and \$347,500 in FY 2023, which is \$3.6 million less than November. This includes \$39,000 in FY 2022 and \$40,000 in FY 2023 for monthly stipend payments to family caregivers of individuals who formerly resided at the Ladd Center. The estimate also includes \$0.3 million for one individual in an out-of-state placement.

The Person-Centered Supported Employment Performance Program is an individualized approach to employment planning and job development and is estimated to be \$1.5 million for FY 2022, \$1.0 million less than November consensus to reflect current year spending. For FY 2023, expenses will be matched by Medicaid and now appear in the Employment section of the estimate.

Medical Assistance

The Conference projects total medical assistance spending of \$2,875.6 million in FY 2022, including \$1,940.0 million from federal funds, \$926.0 million from general revenues, and \$9.5 million from restricted receipts. This is \$106.4 million less than November, including a general revenue reduction of \$52.9 million.

For FY 2023, the Conference projects spending of \$3,173.4 million including \$2,040.5 million from federal funds, \$1,123.6 million from general revenues, and \$9.3 million from restricted receipts. This estimate is \$183.6 million more than November, of which federal funds are increasing by \$192.6 million and general revenues decreases by \$8.7 million. As noted earlier, the estimate reflects one quarter of the enhanced Medicaid rate for FY 2023 while the FY 2022 estimate includes a full year of savings.

The Conference made several critical assumptions regarding the continuation of the PHE by the U.S. Department of Health & Human Services and its associated impacts. During the PHE, the federal government has afforded Rhode Island a 6.2 percentage point enhanced reimbursement on most Medicaid expenditures and has mandated “continuous coverage.” This effectively pauses all eligibility redetermination activity such that individuals enrolled in Medicaid cannot be terminated until the end of the PHE. As of the November 2021 Conference, it was assumed that the PHE would continue through March 2022. Consistent with current federal guidance that 60-day notice will be provided to states prior to the termination of the PHE, the May 2022 Conference assumed that the PHE would remain in place through at least July 2022. While uncertainty remains as to further extensions, the conferees assumed that the enhanced Medicaid match will cease and eligibility redetermination activity will resume on October 1, 2022. Conferees assumed that eligibility redetermination would proceed at an even pace over the course of the following 12 months impacting the last three state fiscal quarters of 2023.

The adopted estimates do not include any impact of the provision of the American Rescue Plan Act (ARPA) that allows for an additional 10.0 percentage points of Medicaid reimbursement on eligible Home and Community Based Services (HCBS) provided between April 1, 2021, through March 31, 2022. The program requires that resulting general revenue savings be reinvested to fund expansionary HCBS activities, which is outside the scope of the consensus estimate.

May 2022 Consensus Caseload Estimates	2021 Nov CEC FY2022 Consensus	2022 May CEC FY2022 Consensus	2022 May CEC v. 2021 Nov CEC	2021 Nov CEC FY2023 Consensus	2022 May CEC FY2023 Consensus	2022 May CEC v. 2021 Nov CEC
Hospitals						
Regular	\$ 76,000,000	\$ 70,000,000	\$ (6,000,000)	\$ 77,200,000	\$ 68,500,000	\$ (8,700,000)
Disproportionate Share	142,493,980	142,493,980	-	142,493,980	145,079,877	2,585,897
Total Costs	\$ 218,493,980	\$ 212,493,980	\$ (6,000,000)	\$ 219,693,980	\$ 213,579,877	\$ (6,114,103)
Long Term Care						
Nursing and Hospice Care	\$ 320,200,000	\$ 314,300,000	\$ (5,900,000)	\$ 305,000,000	\$ 309,200,000	\$ 4,200,000
Home and Community Care	100,100,000	98,600,000	(1,500,000)	136,300,000	142,000,000	5,700,000
Total Costs	\$ 420,300,000	\$ 412,900,000	\$ (7,400,000)	\$ 441,300,000	\$ 451,200,000	\$ 9,900,000
Managed Care and Acute Care Services						
Managed Care	\$ 864,200,000	\$ 852,900,000	\$ (11,300,000)	\$ 864,000,000	\$ 925,400,000	\$ 61,400,000
Rhody Health Partners	304,000,000	303,100,000	(900,000)	315,700,000	316,700,000	1,000,000
Rhody Health Options	142,700,000	133,800,000	(8,900,000)	193,800,000	172,000,000	(21,800,000)
Other Medical Services	170,400,000	146,500,000	(23,900,000)	162,700,000	157,100,000	(5,600,000)
Medicaid Expansion	790,000,000	745,000,000	(45,000,000)	706,000,000	850,000,000	144,000,000
Total Costs	\$ 2,271,300,000	\$ 2,181,300,000	\$ (90,000,000)	\$ 2,242,200,000	\$ 2,421,200,000	\$ 179,000,000
Pharmacy						
Pharmacy	\$ (300,000)	\$ 100,000	\$ 400,000	\$ (300,000)	\$ 300,000	\$ 600,000
Clawback	72,200,000	68,800,000	(3,400,000)	86,900,000	87,100,000	200,000
Total Costs	\$ 71,900,000	\$ 68,900,000	\$ (3,000,000)	\$ 86,600,000	\$ 87,400,000	\$ 800,000
Medical Assistance Total						
Total Costs	\$ 2,981,993,980	\$ 2,875,593,980	\$ (106,400,000)	\$ 2,989,793,980	\$ 3,173,379,877	\$ 183,585,897
Federal Funds	1,993,545,511	1,940,031,223	(53,514,288)	1,847,942,737	2,040,510,527	192,567,790
General Revenue	978,933,470	926,047,757	(52,885,713)	1,132,336,243	1,123,559,350	(8,776,893)
Restricted Receipts	9,515,000	9,515,000	-	9,515,000	9,310,000	(205,000)

Hospitals

FY 2022 hospital expenditures are estimated to be \$212.5 million, including a \$142.5 million Disproportionate Share Hospital (DSH) payment as well as \$4.5 million for Graduate Medical Education (GME) programs and \$29.4 million for the Upper Payment Limit (UPL) reimbursements which compensates hospitals for the difference between the Medicaid and Medicare fee-for-service rates of reimbursement. This is \$6.0 million less than November reflecting lower utilization of both inpatient and outpatient hospital services. It also includes \$2.5 million more from Medicaid funds to match the FY 2021 GME payment.

FY 2023 hospital expenditures are estimated to be \$213.6 million, including \$145.1 million for the disproportionate share hospital payments. The estimate is \$8.7 million less than the November caseload estimate for direct services and \$2.6 million more for the uncompensated care payment.

The inpatient and outpatient expenses estimate assumes rates are increased by 2.7 percent based on Centers for Medicare and Medicaid Services market basket index with no productivity adjustment, consistent with current law. The estimate also includes \$29.4 million for the inpatient and outpatient UPL reimbursements. There is also a \$2.0 million payment for the GME program.

Long Term Care

Long term care expenditures are estimated to be \$412.9 million in FY 2022 and \$451.2 million in FY 2023. A decrease of \$5.9 million in FY 2022 for nursing facilities primarily reflects year-to-date payments based on utilization. The FY 2023 estimate for nursing facilities is \$4.2 million more than November consensus and includes the regular October 1, 2022, rate increase of 1.9 percent as well as a 1.0 percent increase attributable to the minimum staffing law. The FY 2023 estimate also assumes a reduction in the number of individuals receiving fee-for-service long-term services and supports (LTSS). Both years reflect declines related to the use of passive enrollment into Rhody Health Options.

The Conference estimates \$98.6 million for FY 2022 and \$142.0 million for FY 2023 in fee-for-service funding for home and community-based services, a decrease of \$1.5 million from the November consensus in FY 2022 and an increase of \$5.7 million from the November consensus in FY 2023.

The FY 2023 estimate includes \$38.6 million from all sources, including \$17.1 million from general revenues, to reflect the current law requirement, referred to as Perry Sullivan, that resources be added to the home and community care program if there has been a reduction in nursing home days. There was an 187,823 bed-day reduction from FY 2021 compared to FY 2020 at a projected cost of \$205.62 a day.

Managed Care

FY 2022 expenditures for managed care (including the RItE Care and RItE Share programs) are estimated to be \$852.9 million, which is \$11.3 million less than November. The estimate reflects savings of \$21.8 million from a favorable outcome to the state in its arrangement to share in the plans' gains and losses within certain corridors. The savings is offset by the to the extension of the Public Health Emergency through FY 2022, and the federal prohibition on terminating individuals who no longer qualify for benefits until September 2022.

Costs for FY 2023 are estimated at \$925.4 million, which is \$61.4 million above the November consensus. This estimate assumes a 5.0 percent increase in the monthly cost per person and that individual redeterminations will begin in September 2022 and continue over a 12-month period.

Rhody Health Partners

Rhody Health Partners program expenses are estimated at \$303.1 million for FY 2022, which is \$0.9 million less than November. The estimate includes a higher monthly cost per person than enacted for the 14,608 individuals estimated to be enrolled in the managed care plan.

FY 2023 expenditures are estimated to be \$316.7 million, which is \$1.0 million more than November. The estimate includes a 5.2 percent increase in the monthly cost per person and slightly lower enrollment.

Rhody Health Options

Expenses for Rhody Health Options, the state's integrated care initiative that provides acute and long term care services to individual eligible for both Medicare and Medicaid, are estimated to be \$133.8 million for FY 2022. This represents a decrease of \$8.9 million compared to the November consensus reflecting fewer enrollees and a lower monthly cost per person. In January 2022, the passive enrollment of LTSS members in Rhody Health Options will begin, and result in additional costs to this program shifted from fee-for-service activity, including nursing homes, hospice, and other services.

The FY 2023 consensus estimate of \$172.0 million is \$21.8 million less than the November consensus. This reflects the continued passive enrollment into this program and a 23.4 percent increase in the monthly cost per person, which is all largely related to enrollment practices. As with FY 2022, this increase will be largely offset by reductions in fee-for-service nursing home and other long-term care services.

Medicaid Expansion

The FY 2022 estimate of \$745.0 million is \$45.0 million less than November reflecting an increase in gain share recoupments and rebate collections.

The FY 2023 estimate of \$850.0 million is \$144.0 million more than November and assumes that individual redeterminations will begin in September 2022 and continue over a 12-month period.

Other Medical Services

Expenditures for other medical services are estimated to be \$146.5 million for FY 2022 and \$157.1 million for FY 2023. The estimate includes Medicare Part A and B payments for certain individuals, fee-for-service payments for rehabilitation, and other medical services and payments to the Tavares Pediatric Center. The FY 2022 estimate is \$23.9 million less than November, which includes \$14.2 million less than projected for Covid-19 vaccination administration expenses. Other medical expenses are reduced to reflect current spending trends in addition to the \$0.6 million penalty assessed against MTM. The savings are offset by a \$3.6 million one-time state only payment for refugee services to correct for prior year expenses inadvertently charged to federal funds.

The FY 2023 estimate is \$5.6 million less than November. This includes reduced expenditures for non-emergency medical transportation services, additional recoveries, and cost projections for the Covid-19 vaccine administration.

Pharmacy

Pharmacy expenses are estimated to be \$68.9 million for FY 2022 and \$87.4 million for FY 2023. Nearly all of the funding is for the Medicare Part D clawback payment, which is funded solely from general revenues. This payment is the state's portion of the federal Medicare pharmacy costs for its population that are enrolled in both Medicare and Medicaid, commonly referred to as "dual-eligibles." The FY 2022 revised payment is \$3.4 million less than November and includes a full year of savings from the enhanced Medicaid rate. The FY 2023 estimate for clawback is \$0.2 million more than November for updated program expenses offset by one quarter of savings from the extension of the public health emergency.

The next required meeting of the conference is November 2022.

cc: The Honorable Marvin L. Abney, Chairman
House Finance Committee

The Honorable Ryan W. Pearson, Chairman
Senate Finance Committee

