



OCTOBER 27, 2023

CASELOAD ESTIMATING CONFERENCE

EXECUTIVE OFFICE OF HEALTH AND HUMAN SERVICES
MEDICAL ASSISTANCE

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I. General Considerations

		Medical Benefits	
		All Funds	General Revenue
FY 2020	Final	\$2,377,144,841	\$871,590,802
FY 2021	Final	\$2,603,689,919	\$875,796,936
FY 2022	Final	\$2,944,836,477	\$953,563,288
FY 2023	Prelim Final	\$3,121,504,644	\$1,038,020,679
FY 2024	Enacted	\$3,519,199,630	\$1,266,858,335
	Current	\$3,382,638,872	\$1,237,851,747
	<i>Surplus over Enacted</i>	<i>\$136,560,758</i>	<i>\$29,006,588</i>
FY 2025	Current	\$3,665,838,872	\$1,360,015,746

For FY 2024, Rhode Island’s Executive Office of Health and Human Services (EOHHS) anticipates benefits expenditures of \$3.383 billion, including **\$1.238 billion General Revenue (GR)** among the Caseload Estimating Conference budget lines. This is a \$136.6 million (\$29.0 million GR) surplus compared to the Enacted.

For FY 2025, EOHHS projects expenditures of \$3.665 billion, including **\$1.360 billion GR**, reflecting a \$282.6 million All Funds (8.1%), including a \$122.2 million GR (9.9%) increase over the revised estimate for the current fiscal year.

Table I-1 compares EOHHS’ All Funds closing position for FY 2023, the revised forecast for FY 2024 and initial estimate for FY 2025.

Table I-2 compares these estimates by fund source. To provide a historical baseline, preliminary actuals for FY 2023 are included in most exhibits.

Attachment 1a and **Attachment 1b** provide summaries of EOHHS’ current forecast by budget program/category and funding source and include a comparison against FY 2022 Final and FY 2023 Preliminary Final.

As shown in **Table I-3**, with respect to FY 2024, EOHHS has revised the estimate of the average number of Medicaid clients with Full Medical Assistance Benefits, from 359,898 to **359,469**. Compared to FY 2023, this average monthly census represents a decline of 6,579 members. With the resumption of redetermination activity beginning in April 2023 and proceeding through to the end of FY 2024, the average monthly enrollment in FY 2025 is expected to decline further, to **348,898**, in SFY 2025.

A summary of caseload in limited benefits programs is shown in **Table I-4**.

Details of EOHHS’ revised caseload forecast for FY 2024 and FY 2025 are included in **Attachment 5b** and **Attachment 5c**, respectively. EOHHS has also included various historical caseload metrics in **Attachment 5a** as well as a new summary of month-end actuals in **Attachment 5d**. A discussion of the trend assumptions is included in **Major Developments**.

Table I-1. Summary of Rhode Island Medicaid – Caseload Medical Benefits, by Budget Line

CEC Budget Line	SFY 2023			SFY 2024			SFY 2025	
	Revised	Final	Surplus/(Deficit)	Enacted	Current	Surplus/(Deficit)	Current	FY24 → FY25
Managed Care	\$ 960,162,012	\$ 1,002,517,992	(\$42.4 M)	\$ 1,069,954,164	\$ 1,020,800,000	\$49.2 M	\$ 1,072,800,000	\$52.0 M
Rhody Health Partners	301,600,000	295,544,851	6.1 M	326,797,579	303,100,000	23.7 M	347,100,000	44.0 M
Rhody Health Options	165,700,000	169,726,696	(4.0 M)	175,204,060	179,900,000	(4.7 M)	194,500,000	14.6 M
Expansion	810,013,001	772,579,592	37.4 M	821,728,732	755,800,000	65.9 M	765,500,000	9.7 M
Hospitals - Regular	64,800,000	65,245,378	(0.4 M)	346,927,024	347,900,000	(1.0 M)	346,400,000	(1.5 M)
Hospitals - DSH	158,921,348	153,817,621	5.1 M	14,738,872	14,738,872	0.0 M	14,738,872	0.0 M
Nursing and Hospice Care	302,000,000	295,967,375	6.0 M	344,790,000	328,800,000	16.0 M	402,700,000	73.9 M
Home and Community Care	124,400,000	126,666,701	(2.3 M)	133,400,000	152,200,000	(18.8 M)	174,100,000	21.9 M
Pharmacy	1,300,000	(2,218,124)	3.5 M	1,300,000	(300,000)	1.6 M	(700,000)	(0.4 M)
Clawback	79,200,000	81,272,876	(2.1 M)	95,700,000	98,000,000	(2.3 M)	107,800,000	9.8 M
Other Services	162,000,000	160,383,687	1.6 M	188,659,199	181,700,000	7.0 M	240,900,000	59.2 M
Subtotal - CEC Benefits	\$ 3,130,096,361	\$ 3,121,504,644	\$8.6 M	\$ 3,519,199,630	\$ 3,382,638,872	\$136.6 M	\$ 3,665,838,872	\$283.2 M
Health System Transformation Project	24,036,649	23,460,890	0.6 M	20,880,047	17,130,047	3.8 M	1,097,227	(16.0 M)
Special Education	19,538,580	17,536,038	2.0 M	19,538,580	20,000,000	(0.5 M)	20,000,000	0.0 M
ARPA HCBS Investments	1,182,146	(8,344,789)	9.5 M	1,864,248	13,151,814	(11.3 M)	1,600,000	(11.6 M)
Total - Benefits	\$ 3,174,853,736	\$ 3,154,156,784	\$20.7 M	\$ 3,561,482,505	\$ 3,432,920,733	\$128.6 M	\$ 3,688,536,099	\$255.6 M

Table I-2. Summary of Rhode Island Medicaid - Caseload Medical Benefits, by Funding Source

Funding Source	SFY 2023			SFY 2024			SFY 2025	
	Revised	Final	Surplus/(Deficit)	Enacted	Current	Surplus/(Deficit)	Current	FY24 → FY25
General Revenue	\$ 1,032,625,473	\$ 1,038,020,679	(\$5.4 M)	\$ 1,266,858,335	\$ 1,237,851,747	\$29.0 M	\$ 1,360,015,746	\$122.2 M
Federal Funds	2,121,776,136	2,107,259,998	14.5 M	2,276,073,864	2,174,395,629	101.7 M	2,318,687,209	144.3 M
Restricted Receipts	20,452,127	8,876,107	11.6 M	18,550,306	20,673,357	(2.1 M)	9,833,144	(10.8 M)
Total - Benefits	\$ 3,174,853,736	\$ 3,154,156,784	\$20.7 M	\$ 3,561,482,505	\$ 3,432,920,733	\$128.6 M	\$ 3,688,536,099	\$255.6 M

Table I-3. Summary of Rhode Island Medicaid Caseload (Full Medical Assistance Only)

Enrolled - Full Benefits:	SFY 2023			SFY 2024			SFY 2025	
	Revised	Final	Change	Enacted	Current	Change	Current	FY24 → FY25
Rite Care Core	174,100	174,175	75	178,437	178,657	220	173,406	-5,251
Rite Care CSHCN	9,950	9,943	-7	10,159	10,176	17	10,402	226
Expansion	110,141	110,122	-19	99,794	99,006	-788	92,313	-6,693
Rhody Health Partners	14,166	14,102	-64	14,225	13,822	-403	13,976	154
Rhody Health Options (Phase II)	13,305	13,243	-62	13,605	13,342	-263	13,677	335
PACE	410	407	-3	463	424	-39	467	43
Rite Share	2,723	2,687	-36	2,698	2,485	-213	2,543	58
Subtotal Enrolled	324,795	324,679	-116	319,381	317,912	-1,469	306,784	-11,128
Remaining in FFS - Full Benefits:								
Children and Families	6,145	6,162	17	5,325	4,950	-375	4,964	14
Children with Special Healthcare Need:	2,362	2,396	34	2,343	1,755	-588	1,638	-117
Expansion	2,955	3,078	123	2,811	3,548	737	3,637	89
Aged, Blind, and Disabled	29,366	29,733	367	30,038	31,304	1,266	31,875	571
Subtotal Fee-for-Service	40,828	41,369	541	40,517	41,557	1,040	42,114	557
Grand Total - Full Benefits:	365,623	366,048	425	359,898	359,469	-429	348,898	-10,571
Composite PMPM	\$713	\$711	-\$3	\$815	\$784	-\$31	\$873	\$89

Table I-4. Summary of Other Rhode Island Medicaid Caseload Metrics (Limited Benefits)

Other Capitated Arrangements:	SFY 2023			SFY 2024			SFY 2025	
	Revised	Final	Change	Enacted	Current	Change	Current	FY24 → FY25
Rite Smiles	138,731	138,350	-381	145,743	147,883	2,140	153,438	5,555
Rite Care EFP	1,103	1,092	-11	956	959	3	969	10
SOBRA	4,533	4,502	-31	4,672	4,709	37	4,716	7
Transportation Broker	360,738	360,773	35	355,444	358,517	3,073	351,327	-7,190
Medicare Premium Payments:								
Part A (Hospital)	2,557	2,559	2	3,295	3,312	17	3,394	82
Part B (Professional Services)	40,023	40,034	11	40,211	40,514	303	41,249	735
Part D (Prescription Drugs)	42,335	43,414	1,079	43,153	44,387	1,234	45,022	635

II. Major Developments

EOHHS' budget update for FY 2024 and preliminary forecast for FY 2025 are reflected in the subsequent sections and attachments. This section highlights major developments that contribute to the current fiscal year's \$136.6 million (\$29.0 million GR) favorable variance across EOHHS' CEC Benefits budget lines, that represent a meaningful fiscal or policy change anticipated for FY 2024 or FY 2025, or that involve programs that cross several budget lines.

A. Summary of FY 2023 Close

EOHHS' preliminary close for FY 2023 reflected a \$8.6 million surplus (CEC Benefits) including a deficit of \$5.4 M million GR.

The major drivers of the variance to the final enacted are differences in risk share/gain share actuals compared to assumptions used to develop the May estimate. In FY 2023, EOHHS had three fiscal periods of risk share/gain share that were open for at least part of the year. For the prior periods, EOHHS had assumed accrual parity – i.e., that accruals made at the end of FY 2022 for those years that were reversed in FY 2023 were accurate and as such there would be no impact on the current period. There were also variances between assumed risk/gain share in May based upon two quarters of plan reporting compared to the three quarters that was available for fiscal close.

At FY 2022 close, EOHHS accrued for an estimated final settlement for FY 2022 using three quarters of preliminary reporting from the plans and issued an interim settlement equal to 80% of the anticipated payment/(recoupment). In May, EOHHS relied upon reporting through Q2 2022 for both FY 2023 and FY 2022 risk share settlement. This reflected six months of claims runout for FY 2022 but did not reflect final AE TCOC results. Those results were available at fiscal close and incorporated into reporting, which resulted in significant increases in reported medical expense vs. prior reporting for the FY 2022 period.

Additionally, at FY 2023 close, EOHHS accrued for an estimated final settlement for FY 2023 using three quarters of preliminary reporting from the plans compared to the two quarters that was available for May testimony.

Table II-1. Summary of Variances Between Revised Enacted and Preliminary Close, FY 2023

Summary - Expenditures by Budget Line	SFY 2023		
	Revised	Final	Surplus/(Deficit)
CEC Budget Line			
Managed Care	\$ 960,162,012	\$ 1,002,517,992	(\$42.4 M)
Rhody Health Partners	301,600,000	295,544,851	6.1 M
Rhody Health Options	165,700,000	169,726,696	(4.0 M)
Expansion	810,013,001	772,579,592	37.4 M
Hospitals - Regular	64,800,000	65,245,378	(0.4 M)
Hospitals - DSH	158,921,348	153,817,621	5.1 M
Nursing and Hospice Care	302,000,000	295,967,375	6.0 M
Home and Community Care	124,400,000	126,666,701	(2.3 M)
Pharmacy	1,300,000	(2,218,124)	3.5 M
Clawback	79,200,000	81,272,876	(2.1 M)
Other Services	162,000,000	160,383,687	1.6 M
Subtotal - CEC Benefits	\$ 3,130,096,361	\$ 3,121,504,644	\$8.6 M

In terms of favorable variances, estimated gain share for the Expansion population greater than enacted and accrued for prior periods contributed \$22.3 million and \$10.3 million respectively to the closing surplus. Differences between the EOHHS accrual for FY 2022 FFS claims expected to be paid during FY 2023 contributed another \$9.6 million towards the surplus position.

Offsetting unfavorable variances include estimated risk share payments for Managed Care and Partners in the current year, which contributed -\$28.9 M and -\$0.8 M respectively towards the closing position. Additionally, prior

period risk share for Managed Care contributed another -\$6.4 M towards the closing position while prior period risk share for Partners contributed -\$0.8 M.

Major sources of variance to the FY 2023 Revised is summarized below:

Figure II-1a. Summary of Variance between FY 2023 Revised Enacted and Preliminary Close

Favorable Variances	Surplus/(Deficit)
SFY 23 Risk Share - ME	\$22.3 M
Prior SFY Risk Share - ME	\$10.3 M
DSH	\$5.1 M
Drug Rebates	\$1.7 M
SOBRA Births	\$1.6 M
Partners Enrollment	\$1.6 M
Expansion Enrollment	\$0.7 M
SFY 23 Risk Share - RHP	\$0.7 M
FFS Activity: SFY 23 Accrual vs. Enacted	\$0.4 M
FFS Activity: Prior Year - Accruals in Excess of Actual	\$0.4 M
Other Capitated Payments	\$0.1 M
All Other	\$4.6 M
Subtotal Favorable	\$49.4 M
Unfavorable Variance	
SFY 23 Risk Share - MCO	(\$28.9 M)
Prior SFY Risk Share - MCO	(\$6.4 M)
RHO II	(\$2.5 M)
Medicare Premium Payments	(\$2.2 M)
Prior SFY Risk Share - RHP	(\$0.8 M)
Rite Care Enrollment	(\$0.1 M)
Subtotal Unfavorable	(\$40.9 M)
Total CEC Benefits	\$8.6 M
By Funding Source:	Surplus/(Deficit)
General Revenue	(\$5.4 M)
Federal Funds	\$14.5 M
Restricted Receipts	(\$0.6 M)
Total	\$8.6 M

Note that EOHHS plans to propose an adjusting entry to the Auditor General that will significantly reduce the size of the estimated risk share payment for Managed Care in FY 2023 based upon a full year of reporting from the health plans for FY 2023, plus reporting that reflects 12 months of run-out for the FY 2022 final settlement. Additionally, the OAG will revise the accounting treatment of the DSH prior period recoupment, which will eliminate the \$5.1 M AF surplus on the DSH budget line. The proposed adjustment and resulting impact on the EOHHS closing position is summarized below.

Potential Adjustments to FY 2023 Preliminary Close

As part of the State’s fiscal close, EOHHS prepares accruals for payments from the prior fiscal year’s activity that have been incurred but not yet paid. Of note, some accruals represent items that are known with certainty (or near-certainty) and simply not invoiced and/or paid by the end of the fiscal year, like withhold payments owed to the MCOs and capitation adjustments; others are general estimates of liabilities that EOHHS thinks it has incurred, like certain claims’ activity or rebates not yet received.

This year, EOHHS prepared its accruals for FY 2023 in July and the accruals reflected the limited information available for the last quarter of the fiscal year at that time. For example, EOHHS had not yet received any invoicing (let alone collections) for DRE/J-Codes for the last quarter and so estimated its accrual with invoices for claims through March 2023 and collections for activity incurred through December 2022.

During the subsequent weeks, EOHHS will work with the OAG to assess the completeness and accuracy of EOHHS' accruals and consider restatements if necessary. As of the November testimony, EOHHS is preparing potential journal entries to capture several adjustments to its FY 2023 fiscal close as currently reported in RIFANS that would have a net favorable impact to agency's closing position for FY 2023.

The potential journal entry adjustments and their impact on the currently reported fiscal close position are summarized below in Figure II-1b and include:

- Managed Care – FY 2022/2023 Risk Share: Reduction of \$14.6 M AF / \$5.7 M GR.
- Expansion – FY 2022/2023 Risk Share: Increase of \$357K AF, including a reduction of \$293K GR
- Partners – FY 2022/2023 Risk Share: An increase of \$1.0 M AF / \$0.5M GR
- Proper recording of DSH recoupment and payable associated with FY 2019 DSH audit

Figure II-2b. Summary of Variance between FY 2023 Revised Enacted and Preliminary Close

	<i>Decrease/(Increase) to Expenditures</i>		
<i>Proposed Adjustments</i>	All Funds	General Revenue	Federal Funds
Risk Share Prior Period	(\$6.1 M)	(\$1.4 M)	(\$4.7 M)
Risk Share SFY 2023	\$16.5 M	\$7.0 M	\$9.5 M
DSH	(\$5.1 M)	(\$2.4 M)	(\$2.7 M)
Total, Proposed Adjustments	\$5.3 M	\$3.2 M	\$2.1 M
Adjusted Closing Position			
By Funding Source:	Surplus/(Deficit)		
General Revenue	(\$2.2 M)		
Federal Funds	\$16.6 M		
Restricted Receipts	(\$0.6 M)		
Total	\$13.9 M		

In each of the sections that follow, EOHHS establishes the FY 2023 baseline reflective of the activities that incurred within the fiscal year. These baselines use the latest data available to EOHHS and therefore reflect the adjustments noted above. The FY 2023 incurred financial transactions are reflected in each of the budget line sections by separating out prior period activities and any updates and/or errors in EOHHS' accruals that may impact the preliminary final. These estimates are intended to offer a basis for an apples-to-apples comparison for EOHHS' revised estimates for FY 2024. As necessary, EOHHS offers additional commentary to support each of the summary tables.

B. Summary of Changes in EOHHS Revised Forecasts

EOHHS forecasts of \$3,383 million for FY 2024 represents a \$136.6 million (3.9%) All Funds, including a \$29.0 million (2.4%) GR surplus against Enacted.¹ This surplus is driven, primarily, by lower-than-anticipated increases in EOHHS' contracted capitation payments to its managed care plans thereby reducing the average cost per member. For the most part, EOHHS' revised caseload forecast is consistent with its prior estimate. Other savings are attributed to a delay in full implementation of certain FY 2024 initiatives (i.e., Certified Community Behavioral Health Clinics (CCBHC) and Conflict Free Case Management), reduced FFS spending associated with nursing facilities and at the NICU, and modestly improving drug rebates.

Table II-2 summarizes the components of the major variances of EOHHS' revised estimates compared to the Nov CEC for FY 2024. **Table II-3.** summarizes the composite price-volume variance of EOHHS revised estimate for FY 2024 as well between FY 2023 and FY 2025.

¹ **Attachment 1a** and **Attachment 1b** includes total spending by Budget Line and compares to Nov CEC and Enacted. The attachments also include spending for Medicaid benefits not included in the Caseload Estimating Conference's adopted estimates.

Table II-2. Summary of Changes to FY 2024 Compared to the Enacted (excludes non-CEC Benefits)

	FY 2024:		
	Enacted	Current	Surplus/(Deficit)
Favorable Variances			
Expansion Enrollment	\$828.1 M	\$760.9 M	\$67.2 M
Rite Care Enrollment	\$918.8 M	\$881.3 M	\$37.5 M
Other Capitated Payments	\$627.3 M	\$609.8 M	\$17.5 M
Conflict Free Case Management	\$14.4 M	\$6.6 M	\$7.8 M
Nursing Home & Hospice	\$343.5 M	\$327.8 M	\$15.8 M
Certified Community BH Clinic PPS	\$20.3 M	\$11.4 M	\$8.9 M
Drug Rebates	(\$166.7 M)	(\$175.5 M)	\$8.8 M
NICU Stays	\$30.9 M	\$27.1 M	\$3.8 M
Supplemental Hospital Payments	\$322.3 M	\$321.7 M	\$0.6 M
Other/Miscellaneous	(\$10.2 M)	(\$19.5 M)	\$9.3 M
Subtotal Favorable	\$2,928.6 M	\$2,751.5 M	\$177.1 M
Unfavorable Variance			
HCBS FFS	\$109.6 M	\$129.1 M	(\$19.6 M)
SOBRA Births	\$82.9 M	\$87.4 M	(\$4.5 M)
Medicare Premium Payments	\$198.3 M	\$201.0 M	(\$2.7 M)
Other FFS	\$199.8 M	\$213.6 M	(\$13.8 M)
Subtotal Unfavorable	\$590.6 M	\$631.1 M	(\$40.6 M)
Total	\$3,519.2 M	\$3,382.6 M	\$136.6 M

Table II-3. Summary of Price-Volume Analysis, All Funds

	Price	Volume	Net
FY 2023 over FY 2022	\$12.7 M	\$164.0 M	\$176.7 M
	0.4%	5.6%	6.0%
FY 2023: Final over Revised Enacted	(\$12.2 M)	\$3.6 M	(\$8.6 M)
	-0.4%	0.1%	-0.3%
FY 2024: Current over Enacted	(\$132.4 M)	(\$4.2 M)	(\$136.6 M)
	-3.8%	-0.1%	-3.9%
FY 2024 over FY 2023	\$317.2 M	(\$56.1 M)	\$261.1 M
	10.3%	-1.8%	8.4%
FY 2025 over FY 2024	\$382.7 M	(\$107.6 M)	\$275.1 M
	11.7%	-2.9%	8.4%

Although the current year surplus, and in particular the \$29.0 million GR surplus, when measured against the Enacted is fortunate, the magnitude of the change in state spending for Medicaid, from \$1,038 million in FY 2023 to \$1,238 million in FY 2024 and increasing to \$1,360 million in FY 2025 remains significant.

Figure II-2 and **Figure II-3** intend to put these increases in historical context, summarizing the main drivers behind the change in state spending for Rhode Island’s Medicaid program between the pre-Covid era (i.e., FY 2019) through to FY 2024 and then onto EOHHS’ current estimates for FY 2024 and FY 2025. Please note that these figures do not include state spending for Medicaid services at BHDDH, DCYF, DHS, or within EOHHS’ Central Management program, that may exhibit different cost pressures.

Over the course of the public health emergency, total Medicaid expenditures grew from \$2.4 billion in FY 2019 to \$3.1 billion in FY 2023, a 29.5% increase equivalent to a 6.7% compounding annual growth rate over the same period. And while state spending also increased significantly the additional federal financial participation beginning in January 2020 greatly reduced what otherwise would have been state liabilities. Over the course of public health emergency, Rhode Island collected an additional \$490.9 million in federal financing (see **Table II-6**). In FY 2023 alone, Medicaid saved \$145.6 million in state funds as a direct result of the additional 6.20%² provided to the states. As a result of this enhanced rate as well as changes to Rhode Island’s underlying FMAP rate, state spending increased at a more modest average annual rate of 2.4% between FY 2019 and FY 2023, inclusive.

² Rhode Island received 6.20% for its Regular Medicaid and 4.31% for its CHIP expenditures through Q3 of FY 2023. During the last quarter these enhanced rates dropped to 5.0% and 3.5%, respectively.

Estimated at \$106.5 million, less than half of the underlying increases to Rhode Island costs are attributed to the enrollment of an additional 82,914 Rhode Islanders in Medicaid between February 2020 and the end of the continuous coverage period in May 2023. Despite this growth, most of the increases in spending was for changes in price and reimbursements for hospitals, home care providers, general health care inflation factors and Medicare that are generally less sensitive to changes in caseload.

And while EOHHS' unwinding and its return-to-normal operations reduce caseload-related expenditures, the state's persistent health care cost inflation that have compounded over the prior four fiscal years continue into the current fiscal year; for example, a 6.6% increase to home care providers, increase in supplemental payments for hospitals in addition to the current law 4.1% rate increase, the implementation of CCBHC investments. Such changes combine with the phase out of the additional federal financial participation that have reduced state spending since January 2020 and moderated the fiscal impact of policy decisions. Overall, EOHHS direct state spending, with respect to its Medicaid benefits, is forecast to increase by \$199.9 million GR over FY 2024 compared to the preliminary close for FY 2023.

Figure II-3. Major drivers of change in General Revenue expenditures between pre-Covid FY 2019 and FY 2023

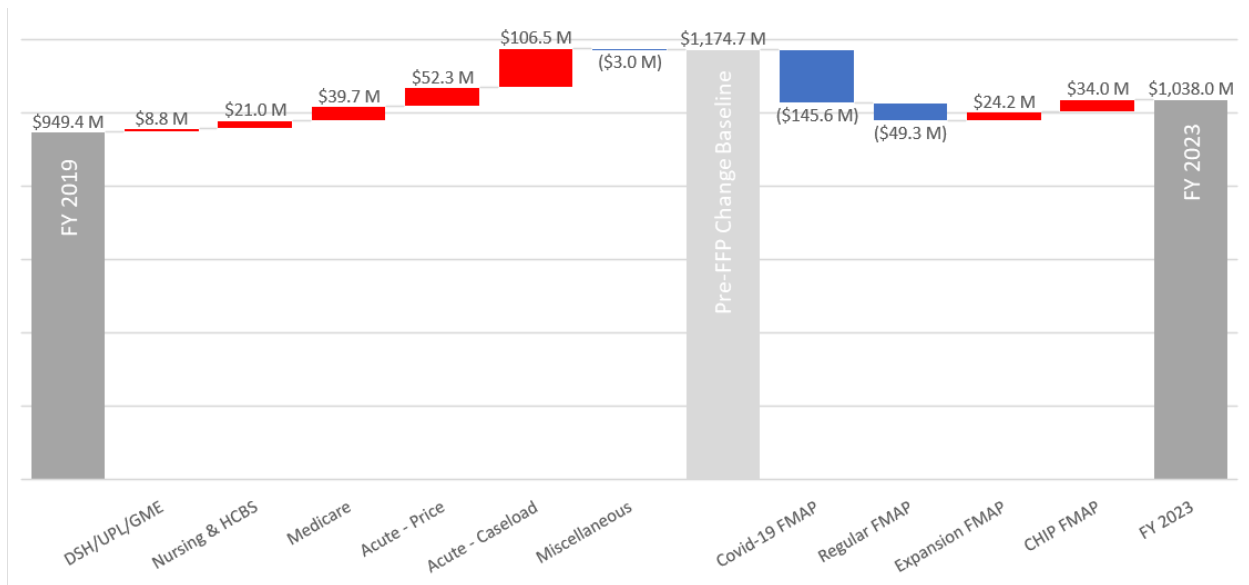
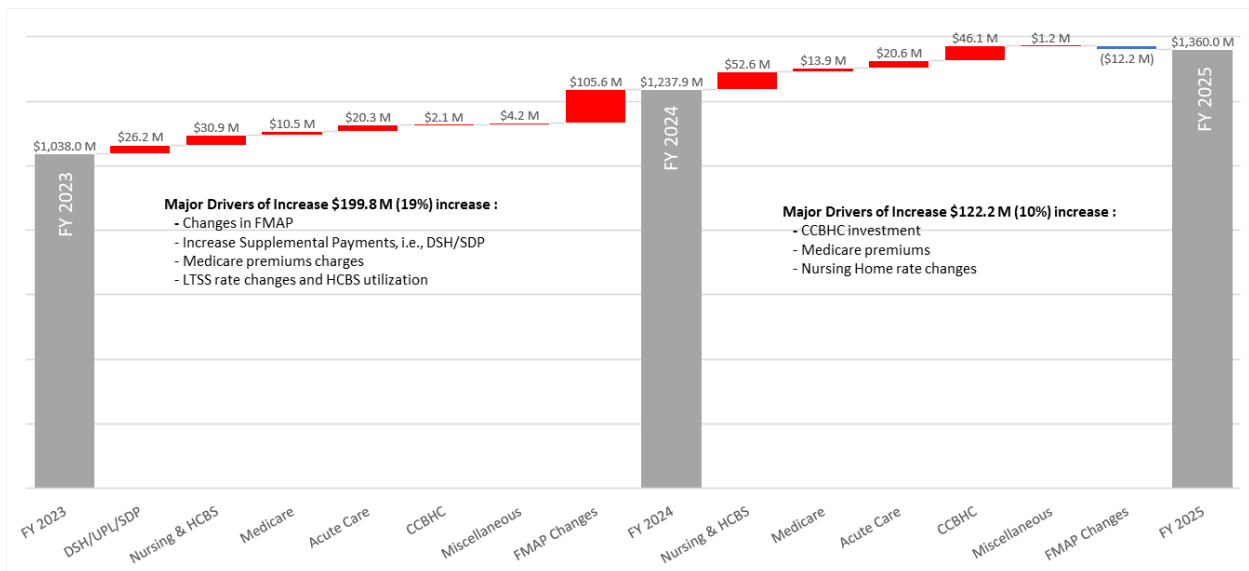


Figure II-4. Major drivers in General Revenue expenditures through FY 2024 and FY 2025



C. Public Health Emergency, Enhanced FMAP Rate and GR Savings

On March 18, 2020, the Families First Coronavirus Response Act (FFCRA; Pub. L. 116-127) was enacted. Section 6008 of the law provided for a temporary 6.2 percentage point increase to the Federal Medical Assistance Percentage (FMAP) under section 1905(b) of the Social Security Act, effective January 1, 2020, and extending through the last day of the calendar quarter in which the Public Health Emergency (PHE) declared by the Secretary of Health and Human Services terminates, if states meet the requirements set out in that law.

On December 29, 2022, the Consolidated Appropriations Act, 2023 (P.L. 117-328) (CAA, 2023) was enacted. The CAA makes significant changes to the continuous enrollment condition and availability of the temporary increase in the FMAP under section 6008 of FFCRA and establishes new state reporting requirements and enforcement authorities for CMS. Namely, the act decouples the Medicaid continuous enrollment requirement from the declared COVID-19 Public Health Emergency, enabling states to terminate Medicaid enrollment of individuals who no longer meet Medicaid eligibility requirements on or after April 1, 2023. It also amends the conditions states must meet to claim and extends the availability of the temporary FMAP increase beginning April 1, 2023, gradually phasing down the increase until December 31, 2023, as shown in **Table II-4**.

The enhanced rate does not apply to the Expansion FMAP rate or the Family Planning FMAP (both presently 90%). However, the increased FMAP does apply to CHIP expenditures. Based on the formulary for calculating the states' CHIP Enhanced FMAP, Rhode Island will get an additional 4.34% general revenue relief for CHIP expenditures claimed through March 31, 2023, and will be phased out through December 31, 2023.

The requirements for receiving the enhanced FMAP that are included in the FFCRA, including the amended requirements, are summarized in **Table II-5**. These conditions apply to renewals that are conducted during any quarter during the period beginning April 1, 2023, and ending December 31, 2023, in states claiming the temporary FMAP increase for that quarter. State's not in compliance with the conditions may be eligible by implementing an approved mitigation plan. EOHHS continues to meet all requirements to confirm Medicaid's ability to claim the enhanced FMAP through December. EOHHS and DHS meet on a regular basis to discuss the status of renewal operations and reporting of data, to ensure the state remains in compliance with the conditions to receive the enhanced FMAP through December.

Table II-4. FMAP Enhancement Rates Through Transition Period

Transition Period	FMAP Enhancement	CHIP Enhancement
Through March 31, 2023	6.2 percentage points (as under FFCRA)	4.34 percentage points (as under FFCRA)
April 1, 2023, thru June 30, 2023	5.0 percentage points	3.50 percentage points
July 1, 2023, thru Sept 30, 2023	2.5 percentage points	1.75 percentage points
Oct 1, 2023, thru Dec 31, 2023	1.5 percentage points	1.05 percentage points
January 1, 2024	FFCRA FMAP bump expires	FFCRA FMAP bump expires

Table II-5. Conditions of Family First Coronavirus Relief Act for 6.2% FMAP Increase and Phase Out³

FFCRA 6008(b) Condition	Termination Date of Condition	May CEC	Nov CEC
6008(b)(1): Maintenance of Effort i.e. maintain eligibility standards, methodologies, procedures	Must continue to during each quarter in which the state claims the FMAP increase	December 31, 2023	December 31, 2023
6008(b)(2): Premium Restrictions Rhode Island does not presently charge any premiums	Must continue to during each quarter in which the state claims the FMAP increase	n/a	n/a
6008(b)(3): Continuous Coverage this prevents most terminations	March 31, 2023	March 31, 2023	March 31, 2023
6008(b)(4): Cost sharing exemption for Testing and Treatment	Must continue to during each quarter in which the state claims the FMAP increase	March 31, 2023	March 31, 2023
Amended Conditions of FFCRA and Consolidated Appropriation Act of 2023:			
6008(f)(2)(A): Federal Redetermination Requirements i.e., conduct Medicaid eligibility redeterminations in accordance with all applicable federal requirements, including but not limited to, Ex Parte Renewals, Renewal Forms, Reasonable timeframes and modalities.			

³ January 27, 2023 State Health Official Letter RE: Medicaid Continuous Enrollment Condition Changes, Conditions for Receiving the FFCRA Temporary FMAP Increase, Reporting Requirements, and Enforcement Provisions in the Consolidated Appropriations Act, 2023 <https://www.medicaid.gov/federal-policy-guidance/downloads/sho23002.pdf>

6008(f)(2)(B): Beneficiary Contact Information Attempt to ensure that they have up-to-date contact information for a beneficiary before redetermining eligibility for such beneficiary
6008(f)(2)(C): Contacting Individuals Undertake a good-faith effort to contact an individual using more than one modality prior to terminating their enrollment based on returned mail
Monthly data reporting to CMS. Data requirements include, but are not limited to, the number of beneficiaries for whom a renewal was initiated, number of beneficiaries whose coverage is renewed, number whose coverage was terminated. States not in compliance with reporting requirements are subject to an FMAP penalty, not to exceed one percentage point, calculated at 0.25 times the number of quarters in which the program was not compliant.

Covid-19 FMAP Savings

The May CEC estimate assumed that the enhanced FMAP would provide general revenue relief through December 31, 2023. This is still accurate and the updated estimate of the value of the enhanced FMAP in FY 2024 is \$23.6 million relief in FY 2024, consistent with assumptions in May CEC. Overall, Rhode Island received an additional \$490.9 million in federal financial participation over the course of the public health emergency. These amounts include reduced state spending in the **Clawback** budget line that is not reflected in the separate Covid-19 Enhanced FMAP line sequences (as it is a state-only payment). **Table II-6** compares GR savings attributed to the PHE between FY 2020 and FY 2024.

Table II-6. Covid-19 Related GR savings, FY 2020 through FY 2024

CEC Budget Line	SFY 2020	SFY 2021	SFY 2022	SFY 2023	SFY 2024	Total
Managed Care	\$ 19,290,260	\$ 45,032,803	\$ 48,568,137	\$ 55,976,965	\$ 9,550,597	\$178.4 M
Rhody Health Partners	6,288,961	17,795,203	18,069,889	17,437,146	3,031,000	62.6 M
Rhody Health Options Expansion	3,650,392	8,528,379	7,872,415	10,013,875	1,686,000	31.8 M
Hospitals - Regular	0	0	0	0	0	0.0 M
Hospitals - DSH	2,228,540	2,993,388	3,743,531	3,444,571	544,048	13.0 M
Nursing and Hospice Care	0	0	26,649,506	9,536,692	0	36.2 M
Home and Community Care	20,934,648	13,604,145	18,405,383	17,462,075	3,262,000	73.7 M
Pharmacy	3,549,580	4,972,921	6,309,995	7,399,585	1,509,500	23.7 M
Clawback	(261,050)	(23,241)	(64,876)	(130,869)	(3,000)	(0.5 M)
Other Services	4,573,886	10,009,498	10,992,479	12,014,782	2,214,689	39.8 M
Subtotal - CEC Benefits	\$ 64,435,858	\$ 111,202,397	\$ 149,173,705	\$ 142,482,682	\$ 23,596,470	\$490.9 M

D. Caseload Growth and Trend Development

Caseload growth through conclusion of period of continuous coverage and immediate aftermath

Rhode Island’s caseload continued to grow through May 2023, when Medicaid enrollment peaked at 374,434 residents with full Medicaid benefits,⁴ including 2,667 in the state-only Cover-All-Kids program. Overall, this represents a net increase of 80,189 members, or 27.2%, between the pre-Covid 19 level of 294,245 members in the first quarter of CY 2020. This is equivalent to an annualized growth rate of 7.5% over those three and a half years.

Most of the increase was exclusive to the Children and Families (i.e., Rite Care Core) and Expansion eligibility groups, which have seen compounded annual growth rates of 5.7% and 14.7%, respectively. While the growth rate peaked in FY 2021 at 10.1%, the growth was persistent throughout the period, with the annualized rate over the past 12- and 6-month time periods averaging 6.1% and 3.4%, respectively, within Medicaid’s managed care delivery system. Noteworthy, as redeterminations among children and any household with children are delayed to the second half of the renewal schedule, EOHHS continues to see growth within Rite Care Core, albeit at a modest annualized rate of 2.6 percent: from 176,966 in March 2023 to 181,561 in September 2023. This trend is anticipated to reverse in February 2024 as the first significant wave of closures are effectuated.

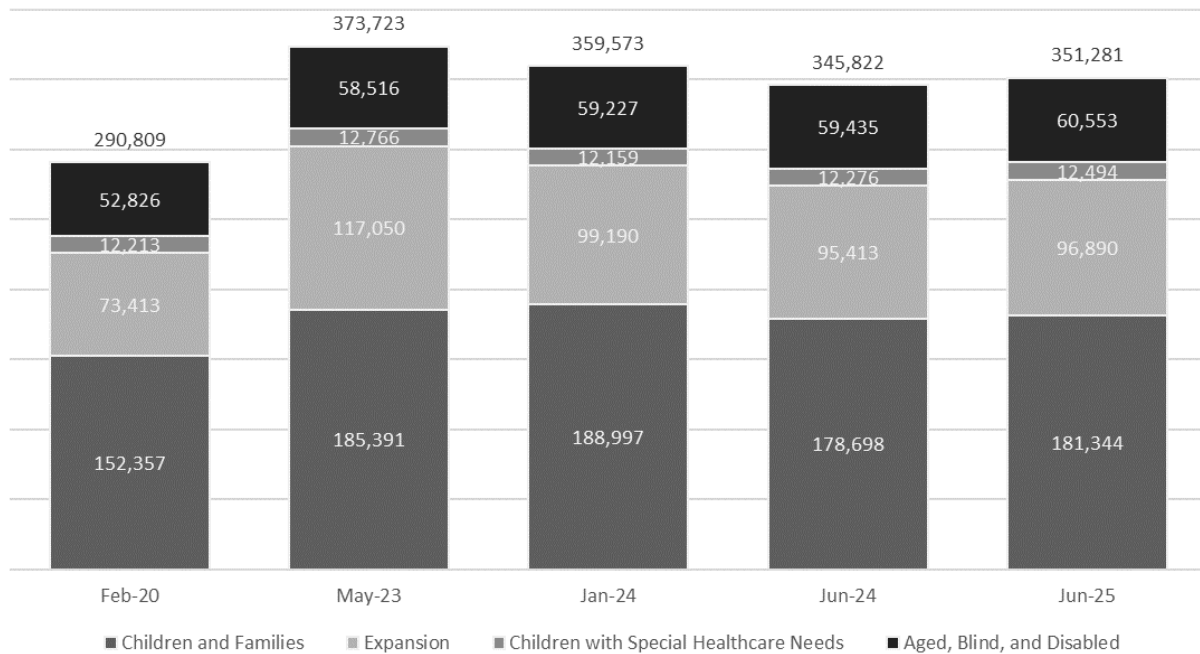
Rhode Island’s overall growth through June 2023 as reported to CMS is unprecedented from a historical perspective, yet not unexpected due to the PHE, increasing by 28% between February 2020 and March 2023. This

⁴ This is 1,411 higher than the 373,023-member peak estimated in EOHHS’ May 2023 testimony; half of the unanticipated increase is associated with the Cover-All-Kids eligibility group.

growth rate is equivalent to the New England average, but lower than the national average growth rate for both states that have Expanded (+31%) and those that have not (+36%).⁵ Since the end of the continuous coverage period, enrollment has declined by 2% among New England states, with New Hampshire reporting a reduction of 21% in total enrollment between March 2023 and June 2023. Enrollment trends have varied among the other New England States, ranging from increase of 1% in RI and ME, flat enrollment in MA, and reductions of 2% and 3% in CT and VT, respectively.

Figure II-4 reflects the increase over the period of the PHE through May 2023 and snapshots for June 2024 and June 2025 as incorporated into EOHHS' current estimates. **Table II-7** shows annualized trends for the various periods of historical data, as well as EOHHS' projections. **Figure II-5** shows growth by eligibility group from Feb-20 through May-23. **Figure II-6** compares EOHHS' current estimate to its May 2023 CEC estimate as incorporated into the FY 2024 Enacted. The data reflects updated actuals, adjusted for completion, through September 2023.

Figure II-5 Select caseload snapshots between February 2020 and June 2025



⁵ CMS data is through June 2023. EOHHS analysis of total Medicaid and CHIP enrollment data retrieved on October 23, 2023, from: <https://data.medicaid.gov/dataset/6165f45b-ca93-5bb5-9d06-db29c692a360/data>

Figure II-6. Growth by Eligibility Group during Period of Continuous Coverage, Feb-20 through May-23

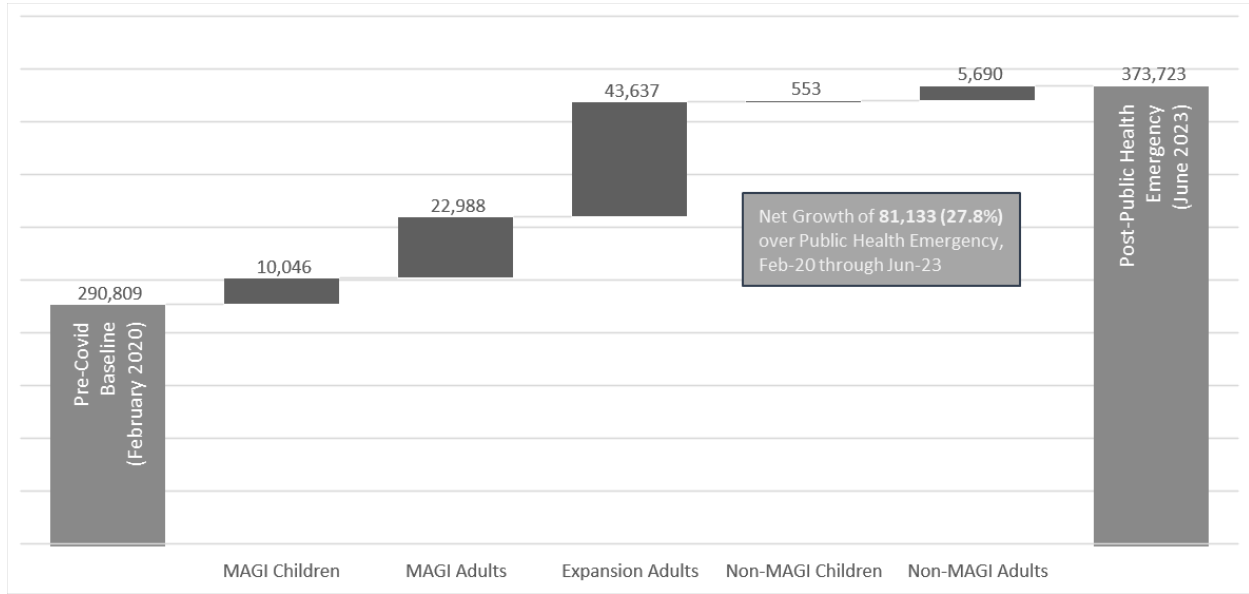


Table II-7. Current Annualized Trends for Enrollment Activity based on Actuals through Mar-22

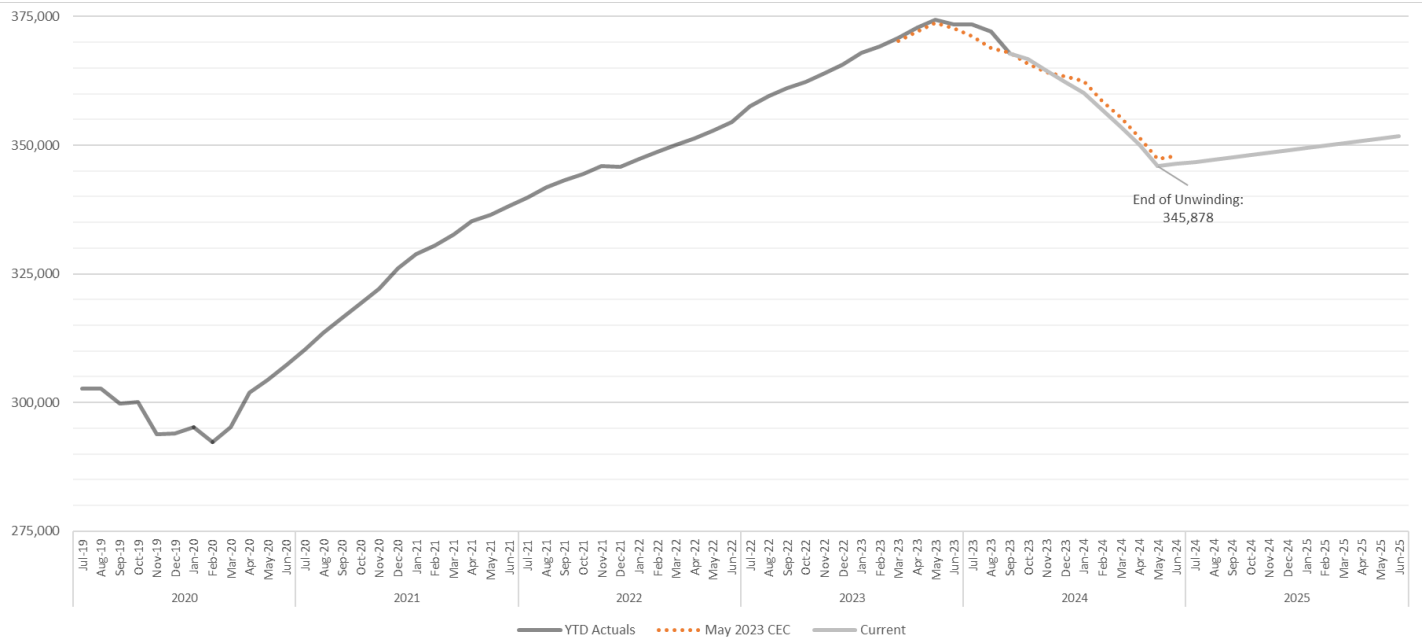
	Continuous Coverage Period:			Unwinding Period:		FY 2025
	Historical	Entire PHE	Last 12-Months	Stage 1	Stage 2	
	Mar-19 → Mar-20	Mar-20 → May-23	May-22 → May-23	May-23 → Jan-24	Jan-24 → Jun-24	
Managed Care						
RC Core	-6.7%	6.5%	5.7%	3.7%	-13.0%	1.5%
RC CSHCN	1.1%	1.6%	2.0%	2.9%	2.7%	1.8%
Expansion	-3.8%	16.9%	8.5%	-26.1%	-9.3%	1.5%
Rhody Health Partners	-1.9%	-1.0%	-3.3%	-2.0%	0.5%	1.7%
RHO II	-14.5%	0.6%	3.3%	0.7%	2.1%	2.8%
PACE	10.7%	6.1%	8.9%	3.3%	13.5%	8.1%
Total Managed Care	-5.9%	8.7%	6.0%	-7.4%	-10.2%	1.6%
Overall						
Children and Families	-6.3%	5.7%	5.1%	3.4%	-12.6%	1.5%
Children with Special Healthcare Need	0.5%	1.4%	1.9%	-8.0%	2.3%	1.8%
Expansion	-0.7%	14.4%	8.8%	-24.7%	-8.9%	1.5%
Aged, Blind, and Disabled	-1.8%	3.2%	4.6%	2.1%	0.8%	1.9%
All Eligibility Groups (Full MA)	-3.8%	7.5%	6.0%	-6.4%	-8.9%	1.6%

Note 1. All trends are annualized.

Note 2. The continuous coverage requirement ended April 30, 2023. However, first closures related to the return to normal operations were effective May 30, 2023

Note 3. Overall trends by eligibility group are for members with full Medicaid benefits and includes those remaining in FFS, in Rite Share, or in managed care.

Figure II-7. Current full Medicaid forecast compared to May 2023 CEC



Trend Development

EOHHS’ revised caseload forecast, for FY 2024 is generally consistent with May CEC: with a current average enrollment of 359,444 compared to 359,898 in EOHHS’ May estimate. Renewal assumptions also remain generally consistent with EOHHS’ May estimate; albeit with some redeterminations being moved out to later in the original 12-month timeline. EOHHS continues to assume that approximately 75% of net growth among Expansion population, 50% of net increase among Rite Care parents, and 25% of increase among children, will lose Medicaid coverage after being determined ineligible. No net terminations are anticipated among Children with Special Healthcare Needs or the Aged, Blind, and Disabled populations. Concurrent with the closure activity, EOHHS anticipates continued enrollment of new members during the unwinding. Unless negative, EOHHS selected trends consistent with the observed trends over the past 12 months.

Beginning in June 2024, EOHHS applies a long-term trend of 1.5% across all managed care products except Rhody Health Options, that continued to see a 2.5% trend applied given ongoing passive enrollment of members currently residing in FFS.

Because members currently eligible for Medicaid cannot be subjected to the traditional (i.e., pre-Covid) post-eligibility verification processes, such as routine income verification, until they have gone through a full renewal process, EOHHS anticipates a depressed level of churn among existing members until at least a majority of all MAGI eligible members have been renewed. As such, EOHHS imposes an underlying trend that is equivalent to the annualized growth factor observed over the past 6 months. This adjustment will effectively reduce the number of net terminations during the unwinding period. This assumption primarily impacts certain Rite Care Core and Medicaid Expansion pay levels.

In summary, EOHHS’ projections as reflected in **Attachment 5b** and **Attachment 5c**, assume that:

- Through May 2024, all populations except for newborns, reflect an underlying trend that is consistent with the observed trend over the past 12 months, unless the trend is negative, in which case, the assumed growth is 0%.
- The resulting estimate is reduced by any anticipated closures associated with the Return to Normal operations, the volume of closures reflects a percentage of net growth that occurred during the period of

continuous coverage (i.e., between March 2020 and May 2023) and the pace of these closures are expected to align with the renewal dates prospectively assigned to each member.

- For example, 12.2% percent of renewals of Expansion members under the age of 65 are scheduled for November 2023. As such, 12.2% percent of the total 21,425 anticipated closures will be realized in the December 2023 estimate. The resulting 2,613 closures are proportionally spread across the different rating categories within Expansion.
- Rite Smiles follows this same trend pattern as Rite Care with an adjustment for the ageing of 500 members each month. However, any Rite Care member losing coverage will also lose Rite Smiles coverage.
- Related to the CSHCN and ABD populations, it is important to note that DHS does not renew members with SSI as those members' eligibility is validated by the Social Security Administration (SSA). This population accounts for a majority of Rhode Island's Aged, Blind and Disabled population as well as a subset of Children with Special Healthcare Needs and typically does not experience, to any significant degree of churn. Further, those among these groups that were enrolled in managed care did not experience significant growth during the PHE. As such EOHHS does not assume any meaningful level of terminations among those enrolled in Rite Care CSHCN, RHP, or RHO.
 - Rite Care CSHCN grew from 9,451 to just 10,022 during the entire PHE. This is a comparatively small program and so any growth may be unrelated to the 3+ years without renewals. Given the new 12-month continuous coverage requirement and the delay of redetermining children until January, no deviation from the observed trends is assumed.
 - Rhody Health Partners experienced a net decline in caseload over the PHE: from 14,522 in February 2020 to 13,985 in May 2023 (although some of reduction is likely due to a shift of members to Expansion under the previously eligible aid category group).
 - EOHHS, however, does not presume this trend will persist for the remaining months of the PHE and holds enrollment flat except for the I/DD rating category carries forward a 2.7% through FY 2024.
- RHO's underlying trend is positive due to passive enrollment and this growth is not expected to be meaningfully impacted by the cessation of the PHE and resumption of regular redeterminations.
 - EOHHS expects that it will continue to passively enroll 150 members per month and so the model assumes continuity with the observed trends. The exception is the Nursing Home pay level which assumes a decline of 10 members per month during the current fiscal year.

Overall, EOHHS' projections assume a total of 38,449 terminations during the unwinding and a net decline (i.e., net of new additions from any underlying growth) of 28,881 members between June 2023 and May 2024.

Forecasting the Overall Price Factors

In addition to the enrollment forecasts for the rest of the current fiscal year and next fiscal year, EOHHS' overall estimate is driven by its price factors.

With respect to EOHHS' managed care expenditures—spending that account for nearly three quarters of total budget—EOHHS assumes a simple 5.0% trend factor for FY 2025. The exception is Medicare Premium Payments, and EOHHS' non-emergency transportation broker that use alternative price factors. In general, the 5.0% trend reflects a combination of pricing and utilization changes and Rhode Island statute and contracting provisions that limit the ability of our managed care partners to negotiate alternative payments arrangements with providers.

The 5.0% trend factor for FY 2025 compares to an overall composite price factor of -1.5% for FY 2024. With respect to the current fiscal year, the -1.5% pricing adjustment was driven by a 3.1% decrease to the Expansion rates and a relative change in the mix of members across the different products and rating categories, with a greater number of lower-costing Rite Care Core and Expansion members losing coverage compared to higher costing newborns and enrollees in Rite Care CSHCN, Rhody Health Partners, Rhody Health Options, and PACE.

The 5.0% trend is consistent with the 4.8% for FY 2022 and 4.9% for FY 2021. These composite trends exclude SOBRA payments that saw an increase of 22.7% in FY 2023 (and another 11.4% in FY 2024) due to the legislatures' mandated increase to maternity-related hospital charges.

It is worth noting that a significant drop in enrollment could adversely affect the average acuity of members enrolled and therefore necessitate an upward adjustment to the price factors applied to the rates. This was unnecessary in FY 2024 given the performance of the health plans in FY 2022 and FY 2023. The delay in terminating certain eligibility groups (i.e., most of Rite Care Core) as well as the changes to the State's eligibility criteria and provision of 12-months of continuous coverage for children and postpartum women also helped smooth out year-over-year changes in the overall count of member months and thereby mitigated expectation for a sharp acuity increase.

The conferees can manually estimate changes to EOHHS' estimates by calculating the costs associated with a marginal increase or decrease in the number of member months paid for by Medicaid and/or changes to the average PMPM. To assist the conferees, **Table II-8** and **Attachment 7a** consolidates discrete information included in multiple tables across the subsequent sections. The PMPM in the table reflects the composite monthly premium for each product line.

Table II-8. FY 2022 through FY 2024: Caseload and Composite PMPM with Trends

	Caseload:			Price:			Caseload Trend		Price Trend	
	2023	2024	2025	2023	2024	2025	FY23→FY24 Trend	FY24→FY25 Trend	FY23→FY24 Trend	FY24→FY25 Trend
Full Benefits:										
Rite Care Core	174,175	178,632	173,298	\$330	\$332	\$346	2.6%	-3.0%	0.6%	4.1%
Rite Care CSHCN	9,943	10,176	10,402	\$1,339	\$1,373	\$1,441	2.3%	2.2%	2.6%	4.9%
Expansion	110,122	99,006	92,313	\$661	\$640	\$670	-10.1%	-6.8%	-3.1%	4.6%
Rhody Health Partners	14,102	13,822	13,976	\$1,994	\$2,032	\$2,132	-2.0%	1.1%	1.9%	4.9%
CMS Demonstration	13,243	13,342	13,677	\$1,038	\$1,033	\$1,094	0.7%	2.5%	-0.5%	5.9%
PACE	407	424	467	\$4,083	\$4,258	\$4,486	4.2%	10.1%	4.3%	5.4%
Rite Share [1]	2,687	2,485	2,543	\$68	\$70	\$73	-7.5%	2.3%	2.4%	5.0%
Subtotal	324,679	317,887	306,676	\$577	\$568	\$599	-2.1%	-3.5%	-1.5%	5.5%
Other Capitated Arrangements:										
Rite Smiles	138,350	147,883	153,438	\$17	\$17	\$18	6.9%	3.8%	2.3%	2.1%
Rite Care EFP	1,092	959	969	\$18	\$17	\$18	-12.2%	1.0%	-5.2%	5.0%
SOBRA Payment	375	392	393	\$16,692	\$18,551	\$19,479	4.5%	0.3%	11.1%	5.0%
Non-Emergency Transportation [2]	360,773	366,939	365,059	\$9	\$10	\$10	1.7%	-0.5%	10.4%	3.6%
Medicare Premium Payment:										
Part A (Hospital)	2,559	3,312	3,394	\$515	\$485	\$510	29.4%	2.5%	-5.7%	5.0%
Part B (Professional Services)	40,034	40,514	41,249	\$171	\$172	\$182	1.2%	1.8%	0.9%	5.5%
Part D (Prescription Drugs)	43,414	44,387	45,022	\$156	\$184	\$200	2.2%	1.4%	18.0%	8.5%

Notes:

1. Rite Share PMPM includes employee premium payments only and does not include wrap-around payments.
2. Non-Emergency Medical Transportation includes enrollment of OHA Copay clients funded by the Office of Healthy Aging.

E. FY 2024 Budget Initiative Implementation

As outlined in **Attachment 2**, initiatives are in progress, though there have been some delays in effective dates. Major implementation changes since the Enacted Budget are detailed below.

- **Abortion Coverage.** Managed care organizations are reimbursing providers for the newly permitted service; however, at EOHHS' request the plans are delaying the submission of the associated claims pending an update to MMIS, so no claims activity is currently available for review. EOHHS expects the MMIS updates will be complete in December. The updates will allow for a modifier to differentiate between federally allowed services and those that are permissible for reimbursement under state law and paid with state-only funding.
- **Personal Needs Allowance.** Emergency rules and regulations are in effect. Permanent rules and regulations are going through the approval process. DHS implemented the system update to change the PNA for all new LTSS requests for Institutional/Nursing Facility setting from \$50 to \$75. 80% of all existing nursing facility cases have been updated to reflect the updated PNA from 7/1 onward. DHS continues to work to finalize the remaining cases that required manual updates by a DHS eligibility staff.

- **Conflict Free Case Management (CFCM).** The FY 2024 Enacted budget assumed a July 2023 implementation for CFCM among the I/DD population managed by BHDDH and a January 2025 implementation for all other populations. The updated FY 2024 estimate assumes the OHA populations will start April 2024, with all other populations being phased in through December 2024. The Katie Beckett population—which has been moved into managed care for its case management services—is no longer included in EOHHS’ cost estimate for FY 2024 and 2025.

EOHHS is forecasting costs of \$1.5 million in the current year due to the delayed implementation of the CFCM—a savings of \$12.8 million over the Enacted amount of \$14.4 million. The full cost of the program is estimated to be \$18.8 million in FY 2025; however, \$16.9 million is reflected in EOHHS’ FY 2025 estimate due to the delayed implementation within Rhody Health Options.

- **Certified Community Behavioral Health Clinics.** Fiscal estimates for FY 2024 and FY 2025 have been updated to reflect PPS rate development and cost reporting work to date, for those providers who are contingently certified as of October 2023 (to begin providing services in FY 2024), along with those EOHHS assumes will be ready to provide services beginning in July 2024.

EOHHS estimates new spending of \$11.4 million in FY 2024—less than the additional \$20.3 million included in Enacted. This will finance the new payment and service delivery model at the three contingently certified CCBHCs, assuming a February 2024 start date. New spending is expected to increase to \$122.6 million in FY 2025 when all CCBHC are anticipated to be operational for the full year. This estimate includes \$7.5 million for managed care expenditures including administration, margin, and premium taxes. Overall, on an estimated base of \$71.2 million in FY 2023, the full-year CCBHC investment of \$115.1 million will bring total spending to \$190.0 million, a 166% increase. Please note that this spending does not subsume approximately \$27.3 million in existing payments to the CMHCs for SUD residential and MHPRR services that are not part of the CCBHC PPS rate.

A detailed update on the implementation and continued uncertainty in the fiscal estimates is in the responses to Conferees’ questions.

- **Ticket to Work (TTW)** As described in a September 20, 2023, memo to the Conferees, there are several decisions required to operationalize TTW and ensure a client’s transition to the Sherlock program at age 65. This memo identified the decisions made and described the operational and authority steps needed to implement the program as well as provided the associated timeline. While the FY 2024 Enacted assumed a July 2023 implementation the earliest effective date for retroactive eligibility will be October 1, 2023, with a likely implementation date being at the end of FY 2024 or early FY 2025.
- **Hospital Payment Program.** EOHHS submitted the required pre-print on June 2, 2023. On June 8, CMS asked clarifying questions to support their review, and on June 9 CMS acknowledged they had enough information to move the Rhode Island’s proposal into the review stage. On September 17, CMS indicated they were working on drafting questions for Medicaid, of which were received October 17. Payments are intended to be made quarterly, and once approved, EOHHS will retroactively make payments at the next applicable quarter.

F. LTSS Interim Payments and Recoupments

EOHHS made interim payments to nursing facilities, assisted living, home care, and hospice facilities. As with nursing facilities and assisted living providers, EOHHS will offset interim payments owed to the state from nursing facilities’ ongoing fee-for-service claims activity for hospice and homecare providers. EOHHS has collected \$134.0 million in recoveries against the \$154.6 million in interim payments. Outstanding collections total \$20.6 million.

G. Disproportionate Share Hospitals

FFY 2019 DSH Audit

The independent audit of Rhode Island’s FFY 2019 DSH payments was completed in January 2023. The audit found that one hospital received a DSH payment that exceeded its total eligible uncompensated care costs (UCC). Estimated DSH limits are based on prior year data updated for inflation. This prior year data can differ from actual data available after the close of the rate year and lead to overpayment.

Pursuant to the Rhode Island Medicaid State Plan, EOHHS must recoup from the affected hospital the amount by which the DSH payment exceeded eligible UCC and redistribute these funds to the other qualifying hospitals. CMS mandates that the recoupment and redistribution be completed within one year of discovery, which is January 20, 2024. EOHHS entered into a legal agreement to recoup the overpayment in monthly installments between March 2023 through December 2023. CMS will not permit us to redistribute the money to the remaining hospitals until we have fully recouped.⁶

Table II-9 below details the recoupment and redistribution of the FFY 2019 DSH payments.

Table II-9. FFY 2019 DSH (Paid in FY 2020) Adjustment – Recoupment and Redistribution by Hospital

Hospital	Recoupment	Redistribution
Kent Hospital	\$ -	\$ 605,799
Landmark Hospital	8,506,212	-
Miriam Hospital	-	133,802
Newport Hospital	-	470,053
Rhode Island Hospital	-	3,304,246
Roger Williams Medical Center	-	898,200
Our Lady of Fatima Hospital	-	747,527
South County Hospital	-	313,307
Westerly Hospital	-	238,205
Women & Infants Hospital	\$ -	\$ 1,795,072
	\$ 8,506,212	\$ 8,506,212

FFY 2024 Hospital State Directed Payment Impact on DSH

EOHHS’ FY 2024 DSH estimate remains at the enacted amount of \$14.7 million. In modeling the new state directed payment (SDP) that pays hospitals a percentage of their average commercial rates (referred to hereafter as hospital SDP), it appeared that only Roger Williams Hospital would remain eligible for DSH in FY 2024 because the new hospital SDP would reduce all other hospitals’ uncompensated care to the hospital specific limit. The modeling assumed that the FY 2024 hospital SDP would be factored into the FY 2024 DSH estimate, but according to the current law and Rhode Island’s State Plan, the FFY 2022 hospital calculated uncompensated care costs (used to estimate the FY 2024 DSH payment) cannot factor in future hospital SDP payments.

The FY 2024 DSH payment will be audited in 2027, pursuant to federal law, using hospitals’ actual FFY 2024 data—which will include the new hospital SDP. When a hospital exceeds its hospital specific uncompensated care limits (which is likely due to the new hospital SDP), EOHHS will need to recoup the money paid to the unqualifying hospital and redistribute that money to only the qualifying hospitals. To prevent future large recoupments and redistributions that can disrupt a hospital’s cash flow and normal operations, EOHHS is pursuing a change to its State Plan to add in the current year’s hospital SDP into their historical base data to better estimate each hospital’s specific DSH limit. If the State Plan Amendment is approved, all Rhode Island hospitals will need to resubmit to EOHHS new uncompensated care workbooks to EOHHS showing the impact of the hospital SDP to verify last year’s modeling assumptions. EOHHS anticipates this will be completed in time for its April testimony.

⁶ In FY 2023, EOHHS collected \$3.4 million from Landmark. EOHHS’ year-end accruals for FY 2023 are misstated and staff has worked with Rhode Island’s Office of the Auditor General to correct its DSH accruals to reflect this YTD collections and outstanding recoupment and payables. The recommended adjustments proposed by the RIOAG will fully account for the offsetting \$8.5 million payable and \$8.5 million receivable such that they will not impact EOHHS’ FY 2024 estimates.

FY 2024 DSH Allotment and Delayed Reductions

In late September, EOHHS received the state’s preliminary allotment for the FY 2024 DSH payment. The allotment is \$24.4 million. This will allow for a \$44.3 million All Funds DSH payment. This is substantially higher than MACPAC’s updated FFY 2024 allotments⁷ that estimated the impact of the DSH reductions on each state, and projected \$8.8 million federal allotment for Rhode Island, allowing for a total DSH payment of \$16.0 million. *H.R. 5860 (Continuing Appropriations Act, 2024 and Other Extensions Act)*⁸ passed in October 2023 further delayed the scheduled disproportionate share cuts through at least November 18, 2023.

Despite the allotment and delay, the new hospital SDP payment is expected to make the majority of hospitals ineligible for DSH payments. EOHHS has retained the enacted amount of \$14.7 million for FY 2024. **Table II-10** summarizes the FY 2024 DSH amounts.

Table II-10. FFY 2024 / FY 2024 DSH Summary

Scenario	Federal Funds	General Revenue	All Funds	General Revenue Variance to Enacted	All Funds Variance to Enacted	Effective FMAP
Enacted Budget	\$ 8,107,853	\$ 6,631,019	\$ 14,738,872	\$ -	\$ -	55.01%
EOHHS Testimony	8,107,853	6,631,019	14,738,872	\$ -	\$ -	55.01%
DSH at Max	\$ 24,385,555	\$ 19,943,758	\$ 44,329,313	\$ 13,312,739	\$ 29,590,441	55.01%

FY 2025 Allotment

EOHHS has not yet received its preliminary FFY 2025 federal allotment. Absent the allotment, EOHHS maintains the FY 2024 Enacted in FY 2025.

H. Enhanced FMAP for Home and Community Based Services

Through Section 9817 of the American Rescue Plan Act, Rhode Island was eligible for enhanced FMAP of 10% on certain Home and Community Based Services, as defined by CMS in Appendix B of their guidance “SMD# 21-003 RE: Implementation of American Rescue Plan Act of 2021 Section 9817.” This enhanced FMAP was available for eligible spending incurred between April 1, 2021, and March 31, 2022.^{9,10} (Services paid for Expansion-eligible members are entitled for an enhanced FMAP of 5%.)

The enhanced FMAP provides federal funds that must be re-invested to enhance, expand, or strengthen HCBS as defined by CMS in Appendix C and D of SMD #21-003.¹¹ Rhode Island is implementing this requirement with Restricted Receipt accounts. Into these accounts EOHHS deposited this new federal revenue to finance the state share of investments made through March 31, 2025.¹² To qualify for these new revenues Rhode Island cannot reduce its spending on any HCBS service below the rate in effect as of April 1, 2021.

As shown in Rhode Island’s Spending Plan,¹³ the State has approximately \$71.9 million in restricted receipts to reinvest in home and community-based services in a manner approved by CMS. As spending occurs out of the Restricted Account, additional federal match is drawn down per federal regulations and outlined in Appendix E of

⁷ Medicaid and CHIP Payment Commission. (March 2022) “March 2023 Report to Congress on Medicaid and CHIP” Internet: https://www.macpac.gov/wp-content/uploads/2023/03/MACPAC_March-2023-Report-WEB-Full-Booklet_508.pdf. Table 4A-2.

⁸ <https://www.congress.gov/bill/118th-congress/house-bill/5860>

⁹ CMS (2021, May 13) “SMD No. 21-003 Re. Implementation of ARPA Section 9817: Additional Support for Medicaid HCBS during COVID-19 Emergency” Retrieved on April 20, 2022, from: <https://www.medicare.gov/federal-policy-guidance/downloads/smd21003.pdf>

¹⁰ Of note, Appendix B included with CMS’ guidance affirms that “Rehabilitative Services” are defined by a State’s State Plan which includes a significant proportion of Rhode Island’s behavioral health spending at community mental health centers. See **f.n. 9**.

¹¹ See **f.n. 9**.

¹² In June 2022, CMS notified states that they have an additional year to spend the revenue. CMS (2022, June 3) “HHS Extends American Rescue Plan Spending Deadline for States to Expand and Enhance Home- and Community-Based Services for People with Medicaid” Press Release. Retrieved October 11, 2022, from: <https://www.cms.gov/newsroom/press-releases/hhs-extends-american-rescue-plan-spending-deadline-states-expand-and-enhance-home-and-community>.

¹³ Rhode Island EOHHS. “Home and Community-Based (HCBS) Enhancement” website Last accessed on April 19, 2023, from: <https://eohhs.ri.gov/initiatives/home-and-community-based-services-hcbs-enhancement>.

the CMS Guidance. Based on the most recently submitted spending plan (October 18, 2023) and assumptions about the eligible federal match rates, EOHHS projects spending \$147.6 million All Funds on new investments.

Overall, EOHHS has made investments worth \$74.7 million using \$34.2 million in Restricted Receipts, leaving a cash balance of \$37.7 million in its ARPA HCBS restricted accounts (through 9/30). EOHHS is tracking all claiming and expenditures (state and federal share) out of the below Restricted Receipts and Federal Fund accounts—for relevant Medical Assistance and Central Management expenditures—to ensure compliance with the CMS guidelines and to finance the state share with the restricted receipt balance. Enhanced FMAP funds focus on four key project areas: HCBS workforce recruitment and retention; LTSS No Wrong Door enhancements; children’s behavioral health system capacity enhancements; and supports for the State’s homeless and unhoused.

Line Sequence	Description
2013107.02	ARPA-Enhanced HCBS – Claiming
2013108.02	ARPA-Enhanced HCBS Federal – Benefits Investments
2014104.03	ARPA-Enhanced HCBS Benefits
2018162.02	ARPA-Enhanced HCBS Federal – Admin Support
2019115.03	ARPA-Enhanced HCBS Admin Support

I. 1115 Waiver Update

In December 2022, Rhode Island submitted an extension request for its 1115 waiver. Section 1115 waivers are utilized to implement experimental, pilot, or demonstration projects found to be likely to assist in promoting the objectives of the Medicaid program. Rhode Island’s 1115 waiver has been in place since 2009. The Demonstration offers a complete array of services, including medical, behavioral health, and HCBS, to multiple eligibility groups. EOHHS requested federal approval to provide the following new services, subject to state authorization and appropriations:

1. Enhanced Home Stabilization Service: An expansion of the scope of home stabilization services to include one-time transition-related payments such as utility set-up costs, first and last months’ rent and security deposits, Healthy Home Goods, and up to six months of rent payments. EOHHS requested to make this service available to families, youth aging out of state care, and those impacted by a criminal record, in addition to individuals with a mental health or complex physical health need.
2. Restorative and Recuperative Care Pilot: Establishment of a pilot program to provide short-term residential care to individuals experiencing homelessness in a Recuperative Care Center, so that such individuals can rest and recuperate from illness or injury in a safe environment.
3. Remote Supports: EOHHS requested authority for remote supports as a new core HCBS service. Remote supports uphold a member’s independence by combining technology for service delivery with limited contact with trained staff when the individual requires assistance. Technology, including equipment such as motion sensors, door sensors and two-way communication devices, can be leveraged to aid the individual in completing necessary daily activities and tasks with minimal direct interventions to support the individual in retaining maximum levels of independence.
4. Pre-Release Coverage: To support individuals who are transitioning back to the community following release from custody, especially individuals with a substance use disorder or mental illness. EOHHS requested authority to provide Medicaid coverage prior to their release from state custody, including the provision of “reach-in” services provided by the MCOs. This authority would allow the state to access federal Medicaid matching funds while the client is incarcerated. CMS guidance that came out following the submission of the waiver extension request clarified that the new federal funds received for services currently paid for by the Department of Corrections must be reinvested rather than used as budget savings for a state. Reinvestment can be in new services not currently provided as well as for improving access to quality of care in the carceral setting and/or the community.
5. Expand financial eligibility for a specific population: EOHHS requested to increase the financial eligibility limits for adults living with disabilities to receive home and community-based services allowed under Rhode Island’s 1115 waiver. This population is currently composed of those with incomes at or below 300 percent of the Social Security Federal Benefit Rate (FBR) but with income and resource levels above the

Medicaid limits. The state requested to increase the income level to 400 percent of the FBR, equivalent to \$45,285 per year for an individual and \$67,921 per year for a couple. Because other eligibility categories have expanded to reach the 300 percent level, individuals are not able to qualify for and benefit from this group. Increasing the income level to 400 percent will capture the intended population.

In July, CMS alerted Medicaid of a delay in approval of our waiver. CMS formally issued a 12-month extension of the State’s current 1115 Demonstration Waiver, ensuring that all existing authorities will be maintained while the State waits for approval of the new waiver. With respect to new authorities sought in the new waiver, EOHHS identified specific priority items for which the State strongly requested approval on an earlier timeline, ideally by January 2024.

This list included certain authorities currently in place via Attachment K Public Health Emergency authority that the State requested to retain permanently in the 1115 Waiver. In general, Attachment K authorities will expire November 11, 2023, so the State had asked for permanent approval in time to avoid a gap in authority. CMS has since issued guidance that for all states seeking to retain Attachment K authority in their waivers permanently, the Attachment K authority will remain active and in place until the state’s waiver is approved. This ensures that Rhode Island will not experience gaps in authority for these items, regardless of CMS’s timing in approving the Waiver.

The other items on Rhode Island’s priority list include:

- New HCBS remote monitoring service
- Updated LTSS level of care criteria
- Updated education requirements for home stabilization services
- Increased eligibility threshold to 400% of the Social Security federal benefit rate for adults living with disabilities who are at risk of needing long-term care (i.e., Budget Population 15). Under this authority, this population can receive HCBS waiver-like services.
- Updated language to be consistent with the 12-month postpartum coverage included in the State Plan.

In addition, EOHHS submitted a Waiver Amendment to allow the provision of personal care services to HCBS-eligible members while they are in an acute inpatient hospital setting, consistent with the directive included in Article 9 FY 2024 Enacted Budget. EOHHS expressed to CMS that the State requests that this change also be prioritized for earlier approval, ideally by early CY 2024. While CMS staff cannot commit to a specific timeline, they are aiming to support the State by approving these priority items by early CY 2024.

J. Family Home Visiting Programs

The table below summarizes estimated expenditures for family home visiting programs eligible for Medicaid match. These expenditures appear in the Managed Care section of testimony and are included with the Early Intervention CNOM fee-for-service activity.

Program	Actuals [1]:			Estimated:		
	2020	2021	2022	2023	2024 [2]	2025 [3]
First Connections (FC)	\$ 575,546	\$ 599,930	\$ 453,623	\$ 939,653	\$ 1,200,000	\$ 550,000
Healthy Families America (HFA)				\$ 449,858	\$ 900,000	\$ 900,000
Nurse Family Partnerships (NFP)				\$ 76,488	\$ 150,000	\$ 150,000
Parents as Teachers (PAT)				\$ -	\$ 400,000	\$ 400,000
Total, Family Home Visiting	\$ -	\$ -	\$ -	\$ 1,465,998	\$ 2,650,000	\$ 2,000,000
<i>ARPA e-FMAP Offset</i>				\$ (650,000)	\$ (650,000)	

The FY 2020 through FY 2023 data reflects incurred actuals paid through October 15, 2023, not adjusted for incurred but not paid claims. The FY 2024 and FY 2025 estimates reflect anticipated expenditures. Providers began billing for HFA and NFP in January 2023 and so EOHHS annualized the FY 2023 activity. Providers did not submit claims for PAT in FY 2023, so funding for this service in both FY 2024 and FY 2025 is based upon RIDOH estimates as of October 2023 using overall activity of the program and the anticipated share of that activity that will be billed to Medicaid. Funding for First Connections in FY 2025 decreases due to the elimination of the ARPA-funded rate

increase that is set to expire absent legislative action. Rates for this program were included under the scope of the Office of the Health Insurance Commissioner’s (OHIC) Social and Human Services Program rate review.

K. Cross Budget Line Summaries: Rebates and NEMT

Drug Rebates and J-Code Collections

Rebates on prescriptions provided in a pharmacy (i.e., DRE) and in an outpatient setting (i.e., J-Code) significantly offset the federal and state costs of most prescription drugs dispensed to Medicaid patients. EOHHS’ Medicaid rebate collections reduce the program’s gross pharmacy spend by over 40%. **Table II-11** summarizes EOHHS’ current DRE and J-Code invoices for FY 2023 and provides forecasts for FY 2024 and FY 2025.

Overall, rebates are continuing to trend upwards.

With respect to its revised estimates, EOHHS derived its rebate forecast by dividing the average quarterly rebate amounts invoiced to the drug manufacturers in the four quarters through FY 2022 Q2 by the average managed care enrollment for the same period. The resulting PMPM multiplier, calculated by product line, was then applied to EOHHS’ current enrollment forecast for FY 2024 and FY 2025. The decline in FY 2024 over FY 2023 is attributed to the winddown of the PHE and reduction in caseload. Due to general uncertainty in this estimate no price factor was applied.

Noteworthy, in addition to the drug rebates directly collected by EOHHS’ fiscal intermediary, the health plans also maintain their own financial arrangements with the pharmaceutical manufacturers. These rebates are not included above and instead are reflected in the health plans’ medical expenses used to establish their capitation rates. Over the last few fiscal years, these collections have totaled approximately \$12 million per year.

FFS rebates and J-Code are not converted to a PMPM and instead treated as a monthly average that is only adjusted for increasing unit cost and therefore increased rebate collections.

Table II-11. Summary of Drug Rebate Collections

DRE	SFY 2023			SFY 2024			SFY 2025	
	Revised	Final	Surplus/(Deficit)	Enacted	Current	Surplus/(Deficit)	Current	FY24 → FY25
Managed Care	\$ (46,112,209)	\$ (46,479,100)	\$0.4 M	\$ (47,175,959)	\$ (50,055,104)	\$2.9 M	\$ (51,128,232)	(\$3.6 M)
Rhody Health Partners	(38,426,692)	(38,179,416)	(0.2 M)	(38,585,379)	(39,293,419)	0.7 M	(41,717,863)	(1.1 M)
Rhody Health Options	0	0	0.0 M	0	0	0.0 M	0	0.0 M
Expansion	(76,451,879)	(75,785,960)	(0.7 M)	(69,292,743)	(71,545,575)	2.3 M	(70,043,285)	4.2 M
Fee-for-Service	(4,027,898)	(5,583,621)	1.6 M	(4,120,035)	(6,054,262)	1.9 M	(6,460,263)	(0.5 M)
Subtotal DRE	\$ (165,018,677)	\$ (166,028,098)	\$1.0 M	\$ (159,174,115)	\$ (166,948,360)	\$7.8 M	\$ (169,349,643)	(\$0.9 M)
J-Code								
Managed Care	(2,595,408)	(2,728,936)	0.1 M	(2,659,551)	(2,934,402)	0.3 M	(2,986,747)	(0.2 M)
Rhody Health Partners	(783,663)	(964,554)	0.2 M	(786,899)	(993,531)	0.2 M	(1,054,896)	(0.0 M)
Expansion	(3,132,398)	(3,422,592)	0.3 M	(2,838,132)	(3,231,550)	0.4 M	(3,168,176)	0.2 M
Fee-for-Service	(1,198,150)	(1,259,472)	0.1 M	(1,225,557)	(1,393,650)	0.2 M	(1,491,750)	(0.1 M)
Subtotal J-Code	\$ (7,709,619)	\$ (8,375,554)	\$0.7 M	\$ (7,510,140)	\$ (8,553,133)	\$1.0 M	\$ (8,701,569)	(\$0.2 M)
Total Rebates	\$ (172,728,296)	\$ (174,403,652)	\$1.7 M	\$ (166,684,255)	\$ (175,501,493)	\$8.8 M	\$ (178,051,212)	(\$1.1 M)
QROA								
Managed Care	1,000,000	1,187,335	(0.2 M)	1,000,000	1,275,000	(0.3 M)	1,275,000	0.1 M
Rhody Health Partners	1,000,000	969,695	0.0 M	1,000,000	1,100,000	(0.1 M)	1,100,000	0.1 M
Rhody Health Options	0	0	0.0 M	0	0	0.0 M	0	0.0 M
Expansion	300,000	482,757	(0.2 M)	300,000	500,000	(0.2 M)	500,000	0.0 M
Fee-for-Service	250,000	0	0.3 M	250,000	0	0.3 M	0	0.0 M
QROA	\$ 2,550,000	\$ 2,639,788	(\$0.1 M)	\$ 2,550,000	\$ 2,875,000	(\$0.3 M)	\$ 2,875,000	\$0.2 M

Non-Emergency Medical Transportation (NEMT)

Medical Transportation Management, Inc (MTM) provides services to Medicaid members and seniors using the State’s Elderly Transportation Program. Additionally, MTM issues RIPTA bus passes to Temporary Assistance for Needy Families (TANF) recipients.

EOHHS allocates spending for the members in its Aged, Blind, and Disabled eligibility groups based on whether the member is enrolled in Rhody Health Options, Rhody Health Partners, or remains in FFS.

EOHHS retained MTM as its transportation broker after a competitive RFP with the new contract effective July 1, 2023. The rates included in EOHHS' testimony reflect the rates calculated by EOHHS staff and included in the RFP. However, these PMPM remain subject to change in future years based on enrollment and utilization.

The overall forecast for the Medicaid budget for the NEMT services is reflected in **Table II-12** and average monthly enrollment shown in **Table II-13**.

Table II-12. Non-Emergency Transportation - Capitation

Budget Line	SFY 2023				SFY 2024			SFY 2025	
	Enacted	Revised	Final	Surplus/(Deficit)	Enacted	Current	Surplus/(Deficit)	Current	FY24 → FY25
Managed Care	\$ 9,598,211	\$ 10,344,952	\$ 10,389,012	(\$0.0 M)	\$ 12,133,931	\$ 12,400,518	(\$0.3 M)	\$ 12,565,047	\$0.2 M
Expansion	13,137,417	15,131,621	15,151,276	(0.0 M)	15,084,354	15,124,641	(0.0 M)	14,710,611	(0.4 M)
Rhody Health Partners	3,446,428	3,364,573	3,367,380	(0.0 M)	3,266,371	3,254,238	0.0 M	3,383,199	0.1 M
Rhody Health Options	3,190,433	3,174,504	3,172,190	0.0 M	3,140,843	3,152,695	(0.0 M)	3,324,950	0.2 M
Other Services	5,948,554	6,375,322	6,421,825	(0.0 M)	6,567,462	7,112,500	(0.5 M)	7,533,284	0.4 M
Subtotal	\$ 35,321,042	\$ 38,390,971	\$ 38,501,684	(\$0.1 M)	\$ 40,192,961	\$ 41,044,592	(\$0.9 M)	\$ 41,517,091	\$0.5 M
TANF Charge Back	(784,214)	(475,000)	(475,000)	0.0 M	(500,000)	(500,000)	0.0 M	(500,000)	0.0 M
MTM Liquidated Damages	0	(700,000)	(700,000)	0.0 M	0	0	0.0 M	0	0.0 M
Subtotal Medicaid	\$ 34,536,828	\$ 37,215,971	\$ 37,326,684	(\$0.1 M)	\$ 39,692,961	\$ 40,544,592	(\$0.9 M)	\$ 41,017,091	\$0.5 M

Table II-13. Non-Emergency Transportation - Average Monthly Enrollment

Medicaid	SFY 2023			SFY 2024			SFY 2025	
	Revised	Final	Change	Enacted	Current	Change	Current	FY24 → FY25
Children and Families	193,291	193,248	-43	196,724	199,070	2,346	196,302	-2,768
Expansion	112,086	112,132	46	101,455	109,559	8,104	109,070	-489
Rhody Health Partners	14,097	14,066	-31	14,104	13,738	-366	13,882	144
Rhody Health Options	13,300	13,251	-50	13,562	13,309	-252	13,643	333
Other ABD	26,711	26,825	114	28,357	30,026	1,669	30,910	884
Subtotal Medicaid	359,485	359,521	36	354,201	365,702	11,501	363,805	-1,897
<i>Overall PMPM</i>	<i>\$8.63</i>	<i>\$8.65</i>	<i>\$0.02</i>	<i>\$9.34</i>	<i>\$9.52</i>	<i>\$0.18</i>	<i>\$9.87</i>	<i>\$0.87</i>
Department of Human Services								
OHA Co-Pay	1,253	1,252	0	1,243	1,238	-6	1,254	17
Elderly Transportation Program	\$375k per month	\$375k per month			\$395k per month	\$395k per month		

III. Managed Care

		Managed Care	
		All Funds	General Revenue
FY 2022	Final	\$838,985,622	\$312,073,159
FY 2023	Final	\$1,002,517,992	\$380,743,636
FY 2024	Enacted	\$1,069,954,164	\$452,752,540
	Current	\$1,020,800,000	\$437,643,161
<i>Surplus over Enacted</i>		<i>\$49,154,164</i>	<i>\$15,109,379</i>
FY 2025	Current	\$1,072,200,000	\$458,840,517

FY 2024

The revised forecast of \$1.021 billion for FY 2024 reflects a \$49.2 million surplus over the Enacted. Overall, EOHHS forecasts an average fiscal year enrollment of 198,022 Rite Care eligible members in FY 2024, a decrease of 940 members (0.5%) compared to the Enacted. This includes: 178,657 members enrolled in Rite Care Core, 10,176 in Rite Care CSHCN, 2,485 enrolled in Rite Share, and an average of 6,705 remaining in fee-for-service each month.

The current year surplus is attributed to the following changes in EOHHS’ forecast:

- \$43.0 million for reduced Rite Care Core premium payments
 - The savings is attributed to the modest 0.6% composite rate increase that compares favorably to the 5.0% trend factor assumed in May CEC.
- \$3.2 million savings in Rite Care CSHCN.
 - Savings similarly attributed to a lower composite rate increase of 2.6% over FY 2023 than the 5.0% assumed in May CEC.
- \$3.8 million for lower NICU spending, based on current ratio of NICU admissions to births and cost per admission (adjusted for hospital IP rate increase of 4.10%)
- \$12.2 million in savings due to the delayed full implementation of the CCBHC investment
 - Related, the Enacted over-allocated funding for CCBHC to **Managed Care**. EOHHS’ revised forecasts for FY 2024 and FY 2025 reallocates its revised CCBHC estimates across the different budget lines based on existing utilization of select Community Mental Health Organization services.
- The elimination of the \$1.3 million for conflict free case management within this budget line as the financing is shifted to the **Home and Community Care** budget line.
- Increased rebate collections of \$3.2 million
 - Note this increase understates change as EOHHS is not shifting \$0.5 million in FFS rebate collections to this budget line as it intends to fully report its FFS rebates within the **Pharmacy** budget line.

Despite the overall surpluses, noteworthy cost increases include:

- \$8.1 million increase for SOBRA payments, i.e., the bundled reimbursement rate paid to the health plans for each delivery. Although EOHHS is forecasting a marginal increase in births over Enacted (+69 paid in Rite Care) this increased spending is primarily attributed to a 11.1 percent increase—compounding upon last year’s 22.6 percent increase—to the SOBRA payment. Noteworthy, Rhode Island’s SOBRA rate has increased from \$11,316 in 2019 to \$18,551 in FY 2024. This represents a 64% increase (equivalent to a 10.4% compounding annual growth rate over the past 5 years).

- \$5.1 million in additional payments for the new Cover-All-Kids eligibility pathway that enrolls all undocumented children under 19 into state-funded Medicaid-like managed care program. Despite the lower-than-anticipated Rite Care premiums, a 75% increase in enrollment since March 2023—from 1,998 in March to an anticipated 3,505 in October 2023—exceeds EOHHS’ forecast for this program as adopted in the Enacted.
 - Although enrollment growth is expected to moderate, EOHHS has seen no indication to suggest the new eligibility group has stabilized and so is applying a 6-month trailing average (that is equivalent to approximately 4.0% per month) through the end of the fiscal year. EOHHS estimates children to be enrolled 4,906 in June 2023.
- \$4.2 million in additional FFS spending. This is consistent with the higher than anticipated FFS spending in FY 2023 compared to Revised Enacted for FY 2023 and application of legislatively mandated increases to specific provider groups such as hospitals.

Please note that in FY 2024, the total expenditure amount does not include \$650,000 in spending for a rate increase for providers participating in the First Connections program. These expenditures are transferred to the ARPA HCBS and paid using federal funds and restricted receipts.

While declining, the enhanced FMAP associated with the Covid-19 emergency period provides a further \$9.6 million in GR relief in FY 2024.

FY 2025

The **Managed Care** forecast of \$1.072 billion is a \$51.4 million (5.0%) increase over the current year’s revised estimate. The drivers behind the net increase in spending over FY 2024, as summarized in **Table III-4**, are due to the items below.

- \$24.8 million for the CCBHC initiative. FY 2025 will be the first full operational FY for this initiative.
- As in May CEC, EOHHS assumes a 5.0% price increase for all managed care products, including Rite Care. Although EOHHS experienced a 0.6% increase for Rite Care Core and 2.3% increase for Rite Care CSHCN in FY 2024 (over FY 2023), EOHHS does not anticipate such continued moderation on a per-member basis in FY 2025. The results are:
 - \$12.4 million increase for Rite Care CSHCN
 - \$5.5 million increase for Rite Care Core despite a reduction in the average monthly enrollment of 5,251 (2.9%)

Rite Share Enrollment

Due to the PHE and provisions contained in FFCRA, EOHHS is prohibited from “sanctioning” individuals who are eligible for Rite Share and have not enrolled in Employer Sponsored Insurance (ESI). Sanctioning means suspending Medicaid coverage. As such, sanctioning serves as an important prompt for individuals to enroll in ESI. EOHHS’s inability to sanction led to depressed Rite Share enrollment during the PHE. After an individual is renewed, EOHHS, will be able to recommence sanctioning individuals with ESI; however, there are no immediate plans to do so.

EOHHS is not proactively making any adjustments to its underlying trends for Rite Care Core as timing of such transitions to Rite Share with cessation of PHE will be difficult to forecast with any degree of confidence. Further, these members with active ESI may be the members most likely to lose their underlying Medicaid eligibility with the resumption of redeterminations and therefore will never be moved from Rite Care Core to Rite Share.

Katie Beckett Care Management Only Rating Category

In May 2022, the State entered into a Settlement Agreement with the Department of Justice with regards to children eligible for Medicaid under the “Katie Beckett” waiver.¹⁴ Katie Beckett eligibility is for children who have, or are suspected of having a severe mental illness, severe emotional disturbance, or a chronic health condition(s). As a result of this settlement agreement, EOHHS is bringing all Katie Beckett youth in-plan for case management services. Only 80 of the 830 Katie Beckett eligible children were previously enrolled in Rite Care for the delivery of Medicaid services. The vast majority of Katie Beckett youth have access to alternative health insurance coverage, such as a parent’s employer sponsored family coverage. As such these children were excluded from Rite Care enrollment as they received their acute care services (e.g., hospital coverage, primary care services, pharmaceuticals, etc.) from their household’s commercial plan. Medicaid fee-for-service provided coverage for certain long-term home and community-based care not traditionally covered under commercial insurance.

In compliance with the Settlement Agreement, Katie Beckett youth will continue to receive their direct community-based services as a Medicaid FFS benefit; but will be enrolled in one of the managed care health plans to receive case management services. A separate rate cell was created for this limited benefit. The rate of this rating category is \$119.19 per month (in contrast to the \$4,141 paid for the subset of Katie Beckett without commercial insurance.)

Table III-1 summarizes all expenditures by capitated payments by product line to the health plans as well as various fee-for-service payments. EOHHS’ revised average caseload forecast and a comparison to prior estimates is summarized in **Table III-2** and the forecast for the number of births and NICU stays are presented in **Table III-3**.

Table III-4 reflects a variance analysis of the changes between EOHHS’ current forecasts for this year and next and in comparison to FY 2023 Final. The average monthly Rite Care and Rite Smiles capitation rates paid to the health plans are summarized in **Table III-5** and **Table III-6**. The FY 2025 capitation rates reflect a 5.0% price.

Table III-7 and **Table III-8** identify changes to total CHIP and EFP claiming activities that provide general revenue savings through enhanced federal claiming.

Additional month-by-month details are provided in **Attachment 5**.

¹⁴ <https://www.justice.gov/usao-ri/press-release/file/1506926/download>

Table III-1. Summary of Managed Care Expenditures

	SFY 2023			SFY 2024			SFY 2025	
	Revised	Final	Surplus/(Deficit)	Enacted	Current	Surplus/(Deficit)	Current	FY24 → FY25
Payments to Plans								
Rite Care Core	\$ 687,882,680	\$ 682,517,163	\$5.4 M	\$ 738,732,337	\$ 695,770,359	\$43.0 M	\$ 701,236,661	\$55.5 M
Rite Care Cover-All-Kids	2,950,000	4,720,357	(1.8 M)	7,450,000	12,500,000	(5.1 M)	14,500,000	2.0 M
Rite Care Postpartum Extension	0	0	0.0 M	792,929	800,000	(0.0 M)	840,000	0.0 M
Rite Care CSHCN	158,987,565	158,911,250	0.1 M	170,868,882	167,648,559	3.2 M	180,036,643	12.4 M
Rite Care EFP	240,324	237,838	0.0 M	218,590	198,087	0.0 M	210,124	0.0 M
SOBRA	64,819,445	67,051,402	(2.2 M)	69,716,220	77,784,972	(8.1 M)	81,810,572	4.0 M
Withhold	4,253,692	4,254,041	(0.0 M)	4,578,586	4,396,941	0.2 M	4,495,288	0.1 M
Risk Share	(13,655,302)	7,296,512	(21.0 M)	0	0	0.0 M	0	0.0 M
Rite Smiles	26,181,877	26,032,609	0.1 M	28,281,809	28,423,249	(0.1 M)	30,122,782	1.7 M
CCBHC Investment	0	0	0.0 M	14,347,049	2,100,000	12.2 M	26,900,000	24.8 M
Conflict Free Case Management	0	0	0.0 M	1,291,706	0	1.3 M	0	0.0 M
Subtotal - Payments to Plans	\$ 931,660,281	\$ 951,021,171	(\$19.4 M)	\$ 1,036,278,108	\$ 989,622,167	\$46.7 M	\$ 1,040,152,069	\$50.5 M
Other Payments								
Non-Emergency Transportation	\$ 10,344,952	\$ 10,389,012	(\$0.0 M)	\$ 12,133,931	\$ 12,400,518	(\$0.3 M)	\$ 12,565,047	\$0.2 M
TANF Offset	(475,000)	(475,000)	0.0 M	(500,000)	(500,000)	0.0 M	(500,000)	0.0 M
Liquidated Damages	(700,000)	(700,000)	0.0 M	0	0	0.0 M	0	0.0 M
Rite Share	2,210,723	2,196,189	0.0 M	2,299,662	2,079,228	0.2 M	2,234,156	0.2 M
Premium Assistance Program	50,000	50,000	0.0 M	50,000	43,929	0.0 M	46,956	0.0 M
Core FFS	30,737,894	34,580,355	(3.8 M)	31,433,734	35,609,350	(4.2 M)	36,621,138	1.0 M
CSHCN FFS	2,706,322	3,184,085	(0.5 M)	2,455,617	3,395,296	(0.9 M)	3,593,091	0.2 M
Early Intervention FFS	3,631,769	3,150,330	0.5 M	4,707,897	4,800,330	(0.1 M)	4,150,330	(0.7 M)
NICU	28,811,328	24,904,125	3.9 M	30,926,153	27,081,156	3.8 M	28,191,483	1.1 M
Rebates	(48,707,616)	(49,208,036)	0.5 M	(49,835,510)	(52,996,668)	3.2 M	(54,146,803)	(1.2 M)
DRE	(46,112,209)	(46,479,100)	0.4 M	(47,175,959)	(50,061,869)	2.9 M	(51,158,300)	(1.1 M)
J-Code	(2,595,408)	(2,728,936)	0.1 M	(2,659,551)	(2,934,799)	0.3 M	(2,988,503)	(0.1 M)
Premium Collection	(50,000)	(53,585)	0.0 M	(50,000)	(50,000)	0.0 M	(50,000)	0.0 M
Tax Intercept	(100,000)	(112,790)	0.0 M	(100,000)	(100,000)	0.0 M	(100,000)	0.0 M
Subtotal - Other Payments	\$ 28,460,372	\$ 27,904,685	\$0.6 M	\$ 33,521,484	\$ 31,763,139	\$1.8 M	\$ 32,605,398	\$0.8 M
Subtotal - Managed Care	\$ 960,120,653	\$ 978,925,856	(\$18.8 M)	\$ 1,069,799,592	\$ 1,021,385,306	\$48.4 M	\$ 1,072,757,468	\$51.4 M
ARPA-funded First Connections	0	0	0.0 M	0	(650,000)	0.7 M	0	0.7 M
Balance to RIFANS/Accruals/Rounding	41,359	23,592,136	(23.6 M)	154,572	64,694	0.1 M	42,532	(0.0 M)
Total - Managed Care	\$ 960,162,012	\$ 1,002,517,992	(\$42.4 M)	\$ 1,069,954,164	\$ 1,020,800,000	\$49.2 M	\$ 1,072,800,000	\$52.0 M

Table III-2. Average Managed Care Caseload

	SFY 2023			SFY 2024			SFY 2025	
	Revised	Final	Change	Enacted	Current	Change	Current	FY24 → FY25
Full Benefits by Delivery System								
Rite Care Core	174,100	174,175	75	178,437	178,657	220	173,406	-5,251
Rite Care CSHCN	9,950	9,943	-7	10,159	10,176	17	10,402	226
Rite Share	2,723	2,687	-36	2,698	2,485	-213	2,543	58
Remaining in FFS - Core	6,145	6,162	17	5,325	4,950	-375	4,964	14
Remaining in FFS - CSHCN	2,362	2,396	34	2,343	1,755	-588	1,638	-117
Total - Full Benefits	195,280	195,363	82	198,962	198,022	-940	192,952	-5,070
Overall PMPM	\$410	\$428	\$18	\$448	\$430	(\$19)	\$463	\$33
% Enrolled in Managed Care	94.2%	94.2%		94.8%	95.4%		95.3%	
Other Caseload Factors								
EFP Only	1,103	1,092	-11	956	959	3	969	10
Rite Smiles	138,731	138,350	-381	145,743	147,883	2,140	153,438	5,555
Non-Emergency Transportation	193,291	193,248	-43	196,724	198,726	2,002	195,717	-3,009

Table III-3. Medicaid Births and NICU Stays

	SFY 2023			SFY 2024			SFY 2025	
	Revised	Final	Change	Enacted	Current	Change	Current	FY24 → FY25
SOBRA Births								
Rite Care	4,026	4,017	-9	4,124	4,193	69	4,200	7
Expansion	507	485	-22	548	516	-32	516	0
Total - SOBRA Births	4,533	4,502	-31	4,672	4,709	37	4,716	7
Cost per SOBRA Birth	\$16,100	\$16,692	\$592	\$16,905	\$18,551	\$1,646	\$19,479	\$928
NICU Stays								
Rite Care	546	471	-75	563	492	-71	492	0
Cost per NICU Stay	\$52,768	\$52,875	\$107	\$54,931	\$55,043	\$112	\$57,300	\$2,257

Table III-4. Managed Care Price-Volume Comparison to May CEC and Prior FY

Price-Volume Comparison - Managed Care			
	Price	Volume	Net
FY 2023 over FY 2022	\$127.9 M 14.6%	\$35.7 M 4.3%	\$163.5 M 19.5%
FY 2024: Current over Enacted	(\$44.1 M) -4.1%	(\$5.1 M) -0.5%	(\$49.2 M) -4.6%
FY 2024 over FY 2023	\$4.6 M 0.5%	\$13.6 M 1.4%	\$18.3 M 1.8%
FY 2025 over FY 2024	\$78.1 M 7.9%	(\$26.1 M) -2.6%	\$52.0 M 5.1%

Table III-5. Summary of Rite Care Core and CSHCN Monthly Premiums

	SFY 2023	SFY 2024	SFY 2025	FY23→FY24 Trend	FY24→FY25 Trend
Rite Care Core					
MF < 1 y.o.	\$650	\$784	\$823	20.6%	5.0%
MF 1-4 y.o.	\$232	\$238	\$250	2.7%	5.0%
MF 5-14 y.o.	\$214	\$218	\$229	1.6%	5.0%
M 15-44 y.o.	\$274	\$268	\$281	-2.5%	5.0%
F 15-44 y.o.	\$423	\$408	\$428	-3.6%	5.0%
MF 45+ y.o.	\$602	\$628	\$659	4.3%	5.0%
Composite	\$330	\$332	\$346	0.6%	4.1%
<i>Average Member Months</i>	\$174,175	\$178,657	\$173,406	2.6%	-2.9%
Rite Care CSHCN					
Substitute Care	\$956	\$1,031	\$1,082	7.8%	5.0%
SSI <15	\$2,022	\$2,035	\$2,136	0.6%	5.0%
SSI 15-20	\$1,407	\$1,436	\$1,508	2.1%	5.0%
Katie Beckett	\$4,568	\$4,141	\$4,348	-9.4%	5.0%
Adoption Subsidy	\$774	\$815	\$856	5.3%	5.0%
Composite	\$1,339	\$1,373	\$1,441	2.6%	4.9%
<i>Average Member Months</i>	9,943	10,176	10,402	2.3%	2.2%
SOBRA Payment	\$16,692	\$18,551	\$19,479	11.1%	5.0%
EFP Only	\$18	\$17	\$18	-5.2%	5.0%
Katie Beckett - Care Management	\$0	\$119	\$125	n/a	5.0%
Rite Share	\$68	\$70	\$73	2.4%	5.0%

Table III-6. Summary of Rite Smiles Monthly Premiums

	SFY 2023	SFY 2024	SFY 2025	FY23→FY24 Trend	FY24→FY25 Trend
Rite Smiles					
MF 0-2	\$4.07	\$4.46	\$4.68	9.6%	5.0%
MF 3-5	\$15.28	\$15.23	\$15.99	-0.3%	5.0%
MF 6-10	\$21.86	\$22.98	\$24.13	5.1%	5.0%
MF 11-15	\$23.21	\$25.22	\$26.48	8.7%	5.0%
MF 16-19	\$15.08	\$16.85	\$17.69	11.7%	5.0%
MF 20+	\$15.08	\$16.85	\$17.69	11.7%	5.0%
Composite	\$17.02	\$17.41	\$17.78	2.3%	2.1%
<i>Average Member Months</i>	138,350	147,883	153,438	6.9%	3.8%

Enhanced Claiming: CHIP and EFP Activity

Table III-7 and **Table III-8** summarize the enhanced federal financial participation that Rhode Island claims against medical benefits for overall CHIP activity and Family Planning Services.

EOHHS continues to make manual retroactive adjustments to its CHIP claiming at the end of each fiscal year to capture the enhanced rate as it applies to children between the age of one and 18 in households with incomes between 138% and 155% of the FPL. With respect to its family planning claiming, EOHHS makes a year-end adjustment to its prior period claiming based on overall capitation payments and an allocation methodology based

on enrollment and the certified managed care rates. Any adjustment that is not completed within the fiscal year will be included in EOHHS' accrual and the amounts budgeted reflect this accrual basis accounting.

Table III-7. CHIP Offsets

	SFY 2023			SFY 2024			SFY 2025	
	Revised	Final	Change	Enacted	Current	Change	Current	FY24 → FY25
CHIP Offset	\$ 141,500,000	\$ 138,093,137	(\$3.4 M)	\$ 152,500,000	\$ 144,000,000	(\$8.5 M)	\$ 146,000,000	(\$2.0 M)
<i>Additional GR Relief</i>	\$16.9 M	\$16.5 M	(\$0.4 M)	\$20.3 M	\$19.1 M	(\$1.1 M)	\$19.3 M	(\$0.1 M)
<i>CHIP FMAP</i>	72.06%	72.06%		69.03%	69.03%		69.19%	

Table III-8. EFP Claiming

	SFY 2023			SFY 2024			SFY 2025	
	Revised	Final	Change	Enacted	Current	Change	Current	FY24 → FY25
Family Planning Offset	\$ 12,300,000	\$ 10,400,000	(\$1.9 M)	\$ 13,300,000	\$ 10,400,000	(\$2.9 M)	\$ 10,400,000	\$0.0 M
<i>Additional GR Relief</i>	\$3.7 M	\$3.1 M	(\$0.6 M)	\$4.6 M	\$3.6 M	(\$1.0 M)	\$3.5 M	\$0.0 M
<i>Family Planning FMAP</i>	90.00%	90.00%		90.00%	90.00%		90.00%	

IV. Rhody Health Partners

		Rhody Health Partners	
		All Funds	General Revenue
FY 2022	Final	\$291,464,547	\$114,895,519
FY 2023	Final	\$295,544,851	\$117,343,869
FY 2024	Enacted	\$326,797,579	\$145,833,523
	Current	\$303,100,000	\$135,221,750
		<i>Surplus over Enacted</i>	<i>\$23,697,579</i>
FY 2025	Current	\$347,100,000	\$153,858,710

FY 2024

The Rhody Health Partners forecast of \$303.1 million in FY 2024 is a \$23.7 million (7.3%) surplus compared to the Enacted. Overall, EOHHS forecasts an average fiscal year enrollment of 13,822 members in FY 2024, a decrease of 402 average member months over the Enacted.

The surplus is primarily attributed to the following changes in EOHHS' forecast:

- Composite rate increases of 1.9% to the contracted capitation rates, instead of a 5.0% price increase.
- The lower caseload equates a reduction of 4,829 member months.
 - Overall, changing per member costs contribute \$14.5 million in savings with lower caseload providing 9.2 million in savings.
- More specifically, EOHHS projects \$1.7 million in savings related to FY 2024 initiatives.
 - Exclusive to FY 2024, the delay in CCBHC and subset of providers provides \$0.7 million fiscal relief.
 - Additionally, a delay in Rhode Islanders gaining Medicaid via the new Ticket-to-Work eligibility pathway reduces anticipated spending by \$0.9 million.

FY 2025

The Rhody Health Partners forecast of \$347.1 million is an increase of \$44.0 million (14.5%) over EOHHS' revised estimate for FY 2024. The increase is due to an additional \$25.7 million related to FY 2024 budget initiatives and \$20.6 million for increase payments to plans for existing benefits.

- The \$20.5 million in additional payments to the plans results from a projected increase in eligible members from 13,822 predicted in FY 2024 to 13,976 in FY 2025; an increase of 154 members.
- In addition to the utilization increase, EOHHS included a 5% inflationary factor on FY 2025.
- The \$25.6 million for initiatives include:
 - \$1.3 million for the full annualized cost of the Ticket-to-Work program assumed in FY 2024 Enacted. Because these members are expected to be enrolled in managed care, a 5.0% price trend was applied to the original estimate of the initiative.
 - \$24.7 million for marginal new spending associated with the new CCBHC payment and service delivery model vestment.

The following tables summarize EOHHS' revised forecasts for Rhody Health Partners for FY 2024 and FY 2025. **Table IV-1** summarizes all expenditures by capitated payments by product line to the health plans as well as various fee-for-service payments. EOHHS' revised average caseload forecast and a comparison to prior estimates is summarized in **Table IV-2**, with additional month-by-month detail provided in **Attachment 5a** and **Attachment 5b**. **Table IV-3** considers the changes in spending and caseload to summarize the price and volume variances for FY 2023 through FY 2025. The average monthly RHP capitation rate, by pay level, is summarized in **Table IV-4**.

Table IV-1. Summary of RHP Expenditures

	SFY 2023			SFY 2024			SFY 2025	
	Revised	Final	Surplus/(Deficit)	Enacted	Current	Surplus/(Deficit)	Current	FY24 → FY25
Payments to Plans								
Rhody Health Partners	\$ 337,250,982	\$ 335,672,481	\$1.6 M	\$ 356,648,595	\$ 335,376,254	\$21.3 M	\$ 355,848,199	\$20.5 M
Withhold	1,694,849	1,686,852	0.0 M	1,782,188	1,684,957	0.1 M	1,787,811	0.1 M
Stop Loss	0	0	0.0 M	0	0	0.0 M	0	0.0 M
Risk Share	(2,014,629)	(12,301)	(2.0 M)	0	0	0.0 M	0	0.0 M
CCBHC	0	0	0.0 M	2,740,429	2,000,000	0.7 M	26,700,000	24.7 M
Subtotal - Payment to Plans	\$ 336,931,202	\$ 337,347,031	(\$0.4 M)	\$ 361,171,212	\$ 339,061,211	\$21.4 M	\$ 384,336,010	\$45.3 M
Other Payments								
Non-Emergency Transportation	3,364,573	3,367,380	(0.0 M)	3,266,371	3,254,238	0.0 M	3,383,199	0.1 M
FFS	471,979	739,548	(0.3 M)	482,787	756,483	(0.3 M)	773,807	0.0 M
Rebates	(39,210,355)	(39,143,970)	(0.1 M)	(39,372,278)	(40,286,950)	0.9 M	(42,772,759)	(2.5 M)
DRE	(38,426,692)	(38,179,416)	(0.2 M)	(38,585,379)	(39,293,419)	0.7 M	(41,717,863)	(2.4 M)
J-Code	(783,663)	(964,554)	0.2 M	(786,899)	(993,531)	0.2 M	(1,054,896)	(0.1 M)
Ticket-to-Work			0.0 M	1,238,700	309,675	0.9 M	1,300,635	1.0 M
Subtotal - Other Payments	\$ (35,373,804)	\$ (35,037,042)	(\$0.3 M)	\$ (34,384,421)	\$ (35,966,554)	\$0.7 M	\$ (37,315,118)	(\$1.3 M)
Subtotal - Rhody Health Partners	\$ 301,557,399	\$ 302,309,989	(\$0.8 M)	\$ 326,786,792	\$ 303,094,657	\$22.0 M	\$ 347,020,892	\$43.9 M
Prior period Rebate collections		(4,674,498)						
Balance to RIFANS/Accruals/Rounding	42,601	(2,090,640)	2.1 M	10,787	5,343	0.0 M	79,108	
Total - Rhody Health Partners	\$ 301,600,000	\$ 300,219,349	\$1.4 M	\$ 326,797,579	\$ 303,100,000	\$22.0 M	\$ 347,100,000	\$44.0 M
General Revenue	\$121.6 M	\$117.3 M	\$4.3 M	\$145.8 M	\$135.2 M	\$10.6 M	\$153.9 M	\$18.6 M
Federal Funds	\$180.0 M	\$178.2 M	\$1.8 M	\$181.0 M	\$167.9 M	\$13.1 M	\$193.2 M	\$25.4 M

Table IV-2. RHP Average Enrollment

	SFY 2023			SFY 2024			SFY 2025	
	Revised	Final	Change	Enacted	Current	Change	Current	FY24 → FY25
Rhody Health Partners								
SSI 21-44	3,824	3,818	-6	3,837	3,789	-48	3,829	39
SSI 45+	6,935	6,892	-44	6,937	6,717	-219	6,785	68
SPMI	2,401	2,388	-14	2,380	2,279	-101	2,298	19
I/DD	1,006	1,004	-1	1,071	1,037	-34	1,065	28
Total	14,166	14,102	-64	14,225	13,822	-402	13,976	154
Overall PMPM	\$1,774	\$1,747		\$1,915	\$1,827	-\$87	\$2,070	\$242
Other Caseload Factors								
Non-Emergency Transportation	14,097	14,066	-31	14,104	13,738	-366	13,882	144

Table IV-3. RHP Price-Volume Comparison to May CEC and Prior FY

Price-Volume Comparison - RHP			
	Price	Volume	Net
FY 2023 over FY 2022	\$18.3 M	(\$9.5 M)	\$8.8 M
	6.5%	-3.3%	3.0%
FY 2024: Current over Enacted	(\$14.5 M)	(\$9.2 M)	(\$23.7 M)
	-4.6%	-2.8%	-7.3%
FY 2024 over FY 2023	\$8.8 M	(\$6.0 M)	\$2.9 M
	3.0%	-2.0%	1.0%
FY 2025 over FY 2024	\$40.6 M	\$3.4 M	\$44.0 M
	13.3%	1.1%	14.5%

Table IV-4. RHP Monthly Premiums

	SFY 2023	SFY 2024	SFY 2025	FY23→FY24 Trend	FY24→FY25 Trend
Rhody Health Partners					
SSI 21-44	\$1,370	\$1,448	\$1,521	5.8%	5.0%
SSI 45+	\$2,024	\$2,076	\$2,180	2.6%	5.0%
SPMI	\$3,175	\$3,161	\$3,319	-0.5%	5.0%
I/DD	\$1,346	\$1,397	\$1,467	3.8%	5.0%
Composite	\$1,994	\$2,032	\$2,132	1.9%	4.9%
Average Member Months	14,102	13,822	13,976	-2.0%	1.1%

V. Rhody Health Options

		Rhody Health Options	
		All Funds	General Revenue
FY 2022	Final	\$132,512,312	\$52,308,794
FY 2023	Final	\$169,726,696	\$67,593,063
FY 2024	Enacted	\$175,204,060	\$77,471,432
	Current	\$179,900,000	\$79,605,750
		<i>Deficit over Enacted</i>	<i>(\$4,695,940)</i>
FY 2025	Current	\$194,500,000	\$85,599,450

FY 2024

The forecast of \$179.9 million is a deficit of \$4.7 million (2.7%) above the Enacted. Overall, EOHHS forecasts an average fiscal year enrollment of 13,342 members in Rhody Health Options (also known as the CMS Demonstration or Integrated Care Initiative) in FY 2024, a decrease of 263 average member months over the Enacted.

- A 6.1% increase to the composite rate paid to NHPRI, with rate changes varying from 1.4% for SPMI to 25.5% for I/DD. This compares unfavorably to the uniform 5.0% rate increase assumed in May CEC.
 - The blended LTSS pay level itself even increased by 6.3% despite a decreasing proportion of nursing facility residents expected to be enrolled.
- Partially off-setting savings are attributed to:
 - \$1.5 million savings related to implementation timeline and carve-out of the CCBHC initiative in FY 2024.
 - Reduction of 263 members per months as despite the continued passive enrollment of new members the natural attrition is contributing to a relatively stable caseload. EOHHS does not anticipate this product being adversely impacted by the return to normal operations and resumption of terminations.

Please note that additional payments of up to \$3.9 million may be paid to NHPRI as part of the LTSS alternative payment mechanism (APM) for home health agencies; however, this is a non-risk-based payment under its own separate payment terms and is to be financed with HSTP resources. These cost estimates are included in the non-CEC benefits line for **Health System Transformation Project**.

The enhanced FMAP associated with the COVID-19 emergency period provides \$1.8 million in GR relief against this budget line in FY 2024.

FY 2025

For FY 2025, EOHHS is forecasting spending of \$194.5 million, an increase of \$14.6 million (8.1%) above FY 2024. The increase is largely due to an additional \$13.0 million in expected payments to NHPRI. In FY 2025, EOHHS projects an additional 335 average members per month for a total of 13,677.

- For FY 2025, EOHHS assumes a 5% inflationary increase for managed care rates.
 - Although, the rate increase for nursing facilities is 6.6%, there is no projected increase for home care services and these two services do not encompass the entirety of the total premium payments. As such a composite rate of 5.0% remains reasonable.
- Separate from this underlying price factor, EOHHS added \$8.7 million to account for the cost of the rate review that the agency is regulatory required to undertake. EOHHS anticipates this accounting could increase its nursing home per diems by approximately 11% with additional costs associated with declining

patient share as a percentage of total reimbursements. Due to the general parity in nursing facility reimbursements between managed care and FFS this increase is included.

- However, offsetting this underlying growth, EOHHS expects to exclude the CCBHC benefit from the contract for CMS Demonstration. This exclusion will result in a \$9.4 million reduction to the premium payments as this represents the existing expenditures at CMHO subject to the PPS rate development.
 - This “savings” to the Rhody Health Options will be offset with a \$24.2 million increase to **Other Services** that includes the underlying \$9.4 million baseline spending and associated \$14.8 million CCBHC investment.

The following tables summarize EOHHS’ revised forecasts for RHO for FY 2024 and FY 2025. **Table IV-1** summarizes RHO expenditures. EOHHS’ revised average caseload forecast and a comparison to prior estimates is summarized in **Table V-2**, with additional month-by-month detail provided in **Attachment 5a** and **Attachment 5b**. **Table V-3** calculates the price and volume related changes between FY 2023 and FY 2025.

The average monthly Rhody Health Option capitation rates, by pay level, reflected rates certified in September 2023 are summarized in **Table V-4**.

Table V-1. Summary of Rhody Health Options Expenditures

	SFY 2023			SFY 2024			SFY 2025	
	Revised	Final	Surplus/(Deficit)	Enacted	Current	Surplus/(Deficit)	Current	FY24 → FY25
Payments to Plans								
CMS Demonstration (RHO II)	\$ 155,939,573	\$ 158,371,767	(\$2.4 M)	\$ 163,665,002	\$ 169,938,690	(\$6.3 M)	\$ 184,456,284	\$14.5 M
Withhold	6,497,898	6,599,238	(0.1 M)	6,819,826	6,797,208	0.0 M	7,377,883	0.6 M
CCBHC	0	0	0.0 M	1,504,060	0	1.5 M	(9,400,000)	(9.4 M)
Nursing Home Rate Review	0	0	0.0 M	0	0	0.0 M	8,671,906	8.7 M
Subtotal - Payment to Plans	\$ 162,437,472	\$ 164,971,005	(\$2.5 M)	\$ 171,988,888	\$ 176,735,898	(\$6.3 M)	\$ 191,106,073	\$14.4 M
Other Payments								
Non-Emergency Transportation	\$ 3,174,504	\$ 3,172,190	\$0.0 M	\$ 3,140,843	\$ 3,152,695	(\$0.0 M)	\$ 3,324,950	\$0.2 M
Subtotal - Rhody Health Options	\$ 165,611,975	\$ 168,143,194	(\$2.5 M)	\$ 175,129,732	\$ 179,888,593	(\$4.8 M)	\$ 194,431,023	\$14.5 M
Balance to RIFANS/Accruals/Rounding	88,025	1,583,501	(1.5 M)	74,328	11,407	0.1 M	68,977	0.1 M
Total - Rhody Health Options	\$ 165,700,000	\$ 169,726,696	(\$4.0 M)	\$ 175,204,060	\$ 179,900,000	(\$4.7 M)	\$ 194,500,000	\$14.6 M
<i>General Revenue</i>	<i>\$66.1 M</i>	<i>\$67.6 M</i>	<i>(\$1.5 M)</i>	<i>\$77.5 M</i>	<i>\$79.6 M</i>	<i>(\$2.1 M)</i>	<i>\$85.6 M</i>	<i>\$6.0 M</i>
<i>Federal Funds</i>	<i>\$99.6 M</i>	<i>\$102.1 M</i>	<i>(\$2.6 M)</i>	<i>\$97.7 M</i>	<i>\$100.3 M</i>	<i>(\$2.6 M)</i>	<i>\$108.9 M</i>	<i>\$8.6 M</i>

Table V-2. Rhody Health Options Average Enrollment

	SFY 2023			SFY 2024			SFY 2025	
	Revised	Final	Change	Enacted	Current	Change	Current	FY24 → FY25
Rhody Health Options								
SPMI	1,139	1,117	-22	1,109	1,002	-107	1,020	17
I/DD	1,459	1,432	-27	1,505	1,330	-175	1,350	20
Community LTSS	1,775	1,827	52	1,882	1,959	76	2,071	112
Institutional LTSS	710	719	9	593	616	23	601	-15
Community Non-LTSS	8,222	8,148	-74	8,515	8,434	-80	8,637	202
Total	13,305	13,243	-62	13,605	13,342	-263	13,677	335
<i>Overall PMPM</i>	<i>\$1,038</i>	<i>\$1,068</i>		<i>\$1,073</i>	<i>\$1,124</i>	<i>\$50</i>	<i>\$1,177</i>	<i>\$53</i>
Other Caseload Factors								
Non-Emergency Transportation	13,300	13,251	-50	13,562	13,309	-252	13,643	333

Table V-3. RHO Price-Volume Comparison to Enacted and Prior FY

Price-Volume Comparison - RHO			
	Price	Volume	Net
FY 2023 over FY 2022	\$33.5 M	\$3.7 M	\$37.2 M
	24.6%	2.8%	28.1%
FY 2024: Current over Enacted	\$8.1 M	(\$3.4 M)	\$4.7 M
	4.7%	-1.9%	2.7%
FY 2024 over FY 2023	\$8.9 M	\$1.3 M	\$10.2 M
	5.2%	0.7%	6.0%
FY 2025 over FY 2024	\$10.1 M	\$4.5 M	\$14.6 M
	5.5%	2.5%	8.1%

Table V-4. Summary of Rhody Health Options Monthly Premiums

	SFY 2023	SFY 2024	SFY 2025	FY23→FY24 Trend	FY24→FY25 Trend
Rhody Health Options					
SPMI	\$1,124	\$1,141	\$1,198	1.4%	5.0%
I/DD	\$142	\$179	\$188	25.5%	5.0%
Community LTSS	\$4,176	\$4,429	\$4,651	6.1%	5.0%
Institutional LTSS	\$4,176	\$4,429	\$4,651	6.1%	5.0%
Community Non-LTSS	\$203	\$230	\$242	13.2%	5.0%
Composite	\$1,038	\$1,104	\$1,169	6.3%	5.9%
<i>Average Member Months</i>	13,243	13,342	13,677	0.7%	2.5%

VI. Expansion

		Expansion	
		All Funds	General Revenue
FY 2022	Final	\$722,725,480	\$77,590,502
FY 2023	Final	\$772,579,592	\$82,410,424
FY 2024	Enacted	\$821,728,732	\$89,264,623
	Current	\$755,800,000	\$80,738,000
		<i>Surplus over Enacted</i>	<i>\$65,928,732</i>
FY 2025	Current	\$765,500,000	\$81,573,330

FY 2024

EOHHS' revised forecast for Expansion of \$755.8 million for FY 2024 is a \$65.9 million (8.0%) decrease compared to the Enacted, including a \$8.5 million general revenue surplus. The surplus is driven by a reduction of \$64.8 million in payments to the plan. Overall, EOHHS forecasts an average fiscal year enrollment of 102,805 members in Expansion in FY 2024, consistent with the Enacted.

- Compared to Enacted, the \$65.9 million surplus is driven almost exclusively by a reduction in price, with the composite managed care premium declining by 8.0% instead of increasing by 5.0%, as assumed by EOHHS in May.
- Please note that the \$2.1 million budgeted in FY 2024 for CCBHC investments was originally included in **Managed Care** budget line in the Enacted.
 - For FY 2024, EOHHS is underspending in relationship to this specific initiative due to its delayed full implementation. Costs are expected to increase significantly in FY 2025.

FY 2025

For FY 2025, EOHHS projects expenditures for Expansion to increase 1.3% over FY 2024 to \$765.5 million, an increase of \$9.7 million. Despite a 6.8% decrease in member months—with average enrollment in managed care falling from 99,006 in FY 2024 to 92,313 in FY 2025—total payments to the health plans are estimated to increase by \$5.8 million due to a combined impact of a 5.0% underlying price trend and \$23.9 million in new spending at the CCBHCs.

Previously Eligible Expansion-Eligible Members

Both FY 2024 and FY 2025 include an adjustment for Expansion members who would have been previously eligible for Medicaid under criteria in place prior to January 1, 2014 (e.g., individuals who meet specific disability standards but otherwise meet Expansion eligibility criteria). These members are not eligible for the enhanced 90% federal financial participation and Rhode Island must return any enhanced FMAP claimed on behalf of these members. Until the eligibility system is properly configured to prospectively identify these members, EOHHS fiscal staff must make adjusting entries at the end of each fiscal year.

As noted above, much of the GR deficit in FY 2024 is attributed to a higher proportion of these previously eligible members within the Expansion population. EOHHS' revised estimate includes \$13.6 million and \$13.3 million in FY 2024 and FY 2025, respectively, as being not eligible for 90/10 match. This estimate is based on review of expenditures and anticipated claiming through September 2023.

Rite Smiles Adjustment

EOHHS projections include spending on Rite Smiles for Expansion-eligible members in the Expansion budget line. EOHHS' estimate includes \$2.5 million in FY 2024 and \$2.6 million in FY 2025, respectively, based on current Rite

Smiles spending allocated to the Expansion funding source. As the Rite Smiles program continues to enroll older young adults (born April 2000 or later) a greater proportion of membership will be eligible as Expansion Adults.

This adjustment is modeled as a shift in funding sources and budget line for EOHHS' overall Rite Smiles enrollment.

The following tables summarize EOHHS' revised forecasts for Expansion for FY 2024 and FY 2025. **Table VI-1** summarizes all expenditures by capitated payments by product line to the health plans as well as various fee-for-service payments. EOHHS' revised average caseload forecast and a comparison to prior estimates is summarized in **Table VI-2** with additional month-by-month detail provided in **Attachment 5**. **Table VI-3** calculates the price and volume related changes for FY 2023 Final, FY 2024 Enacted and Revised, and FY 2025 over FY 2024. The average monthly Expansion capitation rates, by pay level, are summarized in **Table VI-4**.

A five-year forecast that takes into consideration the impact of the changing FMAP rate for the Expansion population is presented in **Table VI-5**.

Table VI-1. Summary of Medicaid Expansion Expenditures

	SFY 2023			SFY 2024			SFY 2025	
	Revised	Final	Surplus/(Deficit)	Enacted	Current	Surplus/(Deficit)	Current	FY24 → FY25
Payments to Plans								
Expansion	\$ 849,466,293	\$ 853,265,263	(\$3.8 M)	\$ 804,887,178	\$ 743,474,194	\$61.4 M	\$ 725,099,622	(\$18.4 M)
Expansion - Previously Eligible	20,100,000	15,596,374	4.5 M	19,100,000	13,600,000	5.5 M	13,300,000	(0.3 M)
Rite Smiles	2,122,855	2,227,922	(0.1 M)	2,459,288	2,471,587	(0.0 M)	2,619,372	0.1 M
SOBRA	8,162,806	8,095,576	0.1 M	9,263,940	9,572,393	(0.3 M)	10,051,013	0.5 M
Withhold	4,364,518	4,363,319	0.0 M	4,135,453	3,805,084	0.3 M	3,711,191	(0.1 M)
Risk Share	(45,925,214)	(93,033,696)	47.1 M	0	0	0.0 M	0	0.0 M
Certified Community BH Clinic (CCBHC) Inv	0	0	0.0 M	0	2,100,000	(2.1 M)	26,000,000	23.9 M
Subtotal - Payments to Plans	\$ 838,291,259	\$ 790,514,759	\$47.8 M	\$ 839,845,860	\$ 775,023,258	\$64.8 M	\$ 780,781,199	\$5.8 M
Other Payments								
Non-Emergency Transportation	\$ 15,131,621	\$ 15,151,276	(\$0.0 M)	\$ 15,084,354	\$ 15,124,641	(\$0.0 M)	\$ 14,710,611	(\$0.4 M)
Expansion FFS	36,156,489	37,804,766	(1.6 M)	38,898,629	40,330,516	(1.4 M)	42,273,620	1.9 M
Rebates	(79,584,277)	(79,208,552)	(0.4 M)	(72,130,875)	(74,777,125)	2.6 M	(73,211,461)	1.6 M
DRE	(76,451,879)	(75,785,960)	(0.7 M)	(69,292,743)	(71,545,575)	2.3 M	(70,043,285)	1.5 M
J-Code	(3,132,398)	(3,422,592)	0.3 M	(2,838,132)	(3,231,550)	0.4 M	(3,168,176)	0.1 M
Nursing Home Rate Review	0	0	0.0 M	0	0	0.0 M	888,493	0.9 M
Subtotal - Other Payments	\$ (28,296,167)	\$ (26,252,510)	(\$2.0 M)	\$ (18,147,891)	\$ (19,321,968)	\$1.2 M	\$ (15,338,737)	\$4.0 M
Subtotal - Expansion	\$ 809,995,091	\$ 764,262,248	\$45.7 M	\$ 821,697,969	\$ 755,701,291	\$66.0 M	\$ 765,442,461	\$9.7 M
Balance to RIFANS/Accruals/Rounding	17,910	8,317,344	(8.3 M)	30,763	98,709	(0.1 M)	57,539	(0.0 M)
Total - Expansion	\$ 810,013,001	\$ 772,579,592	\$37.4 M	\$ 821,728,732	\$ 755,800,000	\$65.9 M	\$ 765,500,000	\$9.7 M

Table VI-2. Summary Medicaid Expansion Average Enrollment

Enrolled	SFY 2023			SFY 2024			SFY 2025	
	Revised	Final	Change	Enacted	Current	Change	Current	FY24 → FY25
F 19-24	10,756	10,758	2	9,646	9,580	-66	9,020	-560
F 25-29	6,904	6,906	2	6,256	6,189	-67	5,793	-396
F 30-39	7,454	7,457	4	6,976	6,804	-172	6,385	-419
F 40-49	6,244	6,239	-5	5,697	5,672	-25	5,350	-322
F 50-64	18,515	18,512	-3	15,551	16,183	632	14,772	-1,411
M 19-24	11,639	11,649	9	10,606	10,649	43	10,060	-588
M 25-29	9,268	9,253	-15	8,575	8,174	-401	7,656	-518
M 30-39	14,675	14,676	1	14,115	13,542	-573	12,731	-811
M 40-49	8,901	8,910	9	8,541	8,370	-171	7,908	-462
M 50-64	15,785	15,762	-23	13,831	13,845	13	12,638	-1,207
Subtotal - Enrolled	110,141	110,122	-19	99,794	99,006	-788	92,313	-6,693
Rite Share	212	216	3	229	251	22	264	13
Remaining in FFS	2,955	3,078	124	2,811	3,548	738	3,637	89
Total - Expansion	113,308	113,416	108	102,833	102,805	-28	96,213	-6,591
Overall PMPM	\$596	\$568	-\$28	\$666	\$613	-\$53	\$663	\$50
% Enrolled in Managed Care	97.2%	97.1%		97.0%	96.3%		95.9%	
Other Caseload Factors								
Non-Emergency Transportation	112,086	112,132	46	101,455	101,480	25	95,922	-5,558
SOBRA Births	507	485	-22	548	516	-32	516	0

Table VI-3. Expansion Price-Volume Comparison to May CEC and Prior FY

Price-Volume Comparison - Expansion			
	Price	Volume	Net
FY 2023 over FY 2022	(\$11.0 M) -1.4%	\$60.8 M 8.4%	\$49.9 M 6.9%
FY 2024: Current over Enacted	(\$65.7 M) -8.0%	(\$0.2 M) 0.0%	(\$65.9 M) -8.0%
FY 2024 over FY 2023	\$55.5 M 7.9%	(\$72.3 M) -9.4%	(\$16.8 M) -2.2%
FY 2025 over FY 2024	\$58.2 M 8.2%	(\$48.5 M) -6.4%	\$9.7 M 1.3%

Table VI-4. Summary of Medicaid Expansion Effective Monthly Premiums

Expansion	SFY 2023	SFY 2024	SFY 2025	FY23→FY24 Trend	FY24→FY25 Trend
F 19-24	\$334	\$346	\$364	3.7%	5.0%
F 25-29	\$486	\$501	\$526	3.1%	5.0%
F 30-39	\$737	\$660	\$693	-10.5%	5.0%
F 40-49	\$880	\$811	\$852	-7.9%	5.0%
F 50-64	\$834	\$893	\$938	7.1%	5.0%
M 19-24	\$255	\$241	\$253	-5.3%	5.0%
M 25-29	\$421	\$387	\$406	-8.2%	5.0%
M 30-39	\$663	\$591	\$621	-10.7%	5.0%
M 40-49	\$861	\$823	\$865	-4.3%	5.0%
M 50-64	\$960	\$926	\$972	-3.6%	5.0%
Composite	\$661	\$640	\$670	-3.1%	4.6%
<i>Average Member Months</i>	110,122	99,006	92,313	-10.1%	-6.8%

5-Year Extended Forecast

- EOHS’s extended five-year forecast assumes moderate growth of 1.5% in FY 2026 and FY 2027, respectively.
- The composite PMPM trend reflects a 5.0% overall price factor each year.
- In January 2020, the FMAP rate transitioned to 90 percent for this population; however certain members who are identified as also meeting prior eligibility criteria are ineligible for the enhanced FMAP and are eligible for the state’s regular FMAP.

Table VI-5. Medicaid Expansion FY 2022 + Extended 5-Year Fiscal Year Forecast

	Eligible	PMPM	All Funds	FMAP	General Revenue
FY 2023 - Final	113,416	\$568	\$772.6 M	11%	\$82.4 M
FY 2024 - Current	102,805	\$613	\$755.8 M	11%	\$80.7 M
FY 2025 - Current	96,213	\$663	\$765.5 M	11%	\$81.7 M
FY 2026	96,213	\$696	\$803.8 M	11%	\$85.8 M
FY 2027	97,657	\$731	\$856.6 M	11%	\$91.4 M
FY 2028	99,121	\$768	\$912.9 M	11%	\$97.4 M

Note: The state share illustrated in this exhibit reflects an adjustment for previously eligible members for which the State must pay the regular FMAP. This group includes individuals who would have been eligible under pre-Affordable Care Act (ACA) eligibility criteria in Rhode Island, but who gained eligibility under a pathway utilizing the streamlined modified adjusted gross income (MAGI) counting rules made available under the ACA. The effective FMAP for the expansion population is slightly greater than 10% due to the previously eligible group that does not receive the expansion FMAP.

VII. Hospitals – Regular

		Hospitals - Regular	
		All Funds	General Revenue
FY 2022	Final	\$68,908,529	\$26,266,303
FY 2023	Final	\$65,245,378	\$26,609,493
FY 2024	Enacted	\$346,927,024	\$114,702,828
	Current	\$347,900,000	\$117,271,988
		<i>Deficit over Enacted</i>	<i>(\$972,976)</i>
FY 2025	Current	\$346,400,000	\$116,116,724

FY 2024

EOHHS' **Hospital – Regular** expenditure estimate of \$347.9 million for FY 2024 represents a \$1.0 million (2.2%) deficit against the Enacted. The deficit is caused by increased utilization across the hospital budget lines. The deficit is partially offset by savings due to reduced FY 2024 UPL payments due to updated Medicare cost reports received since the Enacted Budget.

EOHHS' methodology for revising its current year estimate looked at the average of the FY 2023 claims activity adjusted for IBNR and application of the FY 2024 Enacted Budget inflationary increase of 4.10% for inpatient and outpatient hospital services. EOHHS added a 2.5% utilization (\$1.0 million) increase in the current year across the FFS hospital budget lines to reflect increased utilization seen in the last quarter of FY 2023.

Note that EOHHS maintained the \$0.5 million adjustment for a required MMIS system update to outpatient hospital claims. The system changes which was effective August 2023, and the base claims experience does not yet reflect the changes.¹⁵

FY 2025

FY 2025 spending is expected to decrease by \$1.5 million (0.4%) to \$346.4 million. The decrease exclusively attributed to a reduction in the new managed care state direct payment (SDP) to hospitals, or "State Directed Payment" in **Table VII-1**, which is a federal funds reduction of \$4.4 million in FY 2025. This payment is projected to decrease due the expansion population losing Medicaid eligibility, which affects the blended FMAP rate; the share of the payment financed by general revenues was held consistent with the FY 2024 enacted amount. The decrease is partially offset by rate and utilization increases in the hospital budget lines. The projected annual rate change of 3.3%,¹⁶ pursuant to current law, is estimated to be \$1.4 million. EOHHS also assumed a 2.5% utilization increase in FY 2025 given the increased activity in the hospital budget lines, which added \$1.0 million. EOHHS also maintained the \$0.5 million adjustment for MMIS outpatient claims system change.

Please note that inflationary index EOHHS uses for outpatient services hospital increase is not yet available. Given this absence, EOHHS' forecast reflects the same price factor for outpatient services as it uses for inpatient services. Historically, both inpatient and outpatient have mirrored each other despite the different periodization of the

¹⁵ Since October 2009, EOHHS has reimbursed outpatient hospital services using Medicare's Ambulatory Payment Classifications (APC) methodology, consistent with the requirements contained in RIFL §40-8-13.4. In November 2021, CMS issued a notice of final rulemaking for claims reimbursed under APC rates to be paid under Medicare OPPS for CY 2022. OPPS methodology which included the addition of various status indicators, and revisions to existing status indicators used in the APC pricing. Because Rhode Island General Law requires EOHHS to reimburse hospitals for outpatient services using a rate methodology that aligns with Medicare and complies with federal regulations, EOHHS directed Gainwell to update the pricing logic to align with Medicare's payment methodology. In general, the new indicators and modified indicators result in changes in reimbursement based upon the procedures included on a particular claim, including changes regarding whether to pay zero or to pay as part of a bundle (including changes to existing payment bundle logic).

¹⁶ Source: <https://www.cms.gov/research-statistics-data-and-systems/statistics-trends-and-reports/medicareprogramratesstats/marketbasketdata>. Accessed 10/2/2023.

estimates (i.e., federal fiscal year for inpatient versus calendar year for outpatient). If necessary, EOHHS will update its FY 2024 estimate in April based on regulated market basket updates.

A summary of the revised estimates for FY 2023 and preliminary forecast for FY 2024 are shown in **Table VII-2**. A summary of the price changes for FY 2024 are included in **Table VII-3**.

Table VII-2. Summary of Hospital – Regular Expenditures

	SFY 2023			SFY 2024			SFY 2025	
	Revised	Final	Surplus/(Deficit)	Enacted	Current	Surplus/(Deficit)	Current	FY24 → FY25
Supplemental Payments								
Inpatient UPL	\$ 16,805,529	\$ 16,805,529	\$0.0 M	\$ 9,910,346	\$ 9,545,062	\$0.4 M	\$ 9,545,062	\$0.0 M
Regular	13,646,090	13,646,090	0.0 M	8,047,201	7,750,590	0.3 M	7,750,590	0.0 M
Expansion	3,159,439	3,159,439	0.0 M	1,863,145	1,794,472	0.1 M	1,794,472	0.0 M
Outpatient UPL	6,575,860	6,575,860	0.0 M	7,232,513	6,959,932	0.3 M	6,959,932	0.0 M
Regular	5,372,478	5,372,478	0.0 M	5,908,963	5,686,264	0.2 M	5,686,264	0.0 M
Expansion	1,203,382	1,203,382	0.0 M	1,323,550	1,273,668	0.0 M	1,273,668	0.0 M
GME	2,500,000	2,500,000	0.0 M	2,500,000	2,500,000	0.0 M	2,500,000	0.0 M
State Directed Payment	0	0	0.0 M	287,927,025	287,927,025	0.0 M	283,988,216	(3.9 M)
Subtotal - Supplemental Payments	\$ 25,881,389	\$ 25,881,389	\$0.0 M	\$ 307,569,884	\$ 306,932,019	\$0.6 M	\$ 302,993,210	(\$3.9 M)
FFS Activity								
Inpatient FFS	\$ 31,479,880	\$ 32,420,333	(\$0.9 M)	\$ 31,937,755	\$ 33,739,686	(\$1.8 M)	\$ 35,724,423	\$2.0 M
Outpatient FFS	6,258,004	6,493,860	(0.2 M)	6,806,382	7,215,706	(0.4 M)	7,610,757	0.4 M
Subtotal - FFS Activity	\$ 37,737,883	\$ 38,914,193	(\$1.2 M)	\$ 38,744,137	\$ 40,955,391	(\$2.2 M)	\$ 43,335,180	\$2.4 M
Subtotal - Hospitals - Regular	\$ 63,619,272	\$ 64,795,582	(\$1.2 M)	\$ 346,314,021	\$ 347,887,410	(\$1.6 M)	\$ 346,328,390	(\$1.6 M)
Balance to RIFANS/Accruals/Rounding	1,180,728	449,797	0.7 M	613,003	12,590	0.6 M	71,610	0.1 M
Total - Hospitals - Regular	\$ 64,800,000	\$ 65,245,378	(\$0.4 M)	\$ 346,927,024	\$ 347,900,000	(\$1.0 M)	\$ 346,400,000	(\$1.5 M)
General Revenue	\$26.1 M	\$26.6 M	(\$0.6 M)	\$114.7 M	\$117.3 M	(\$2.6 M)	\$116.1 M	(\$1.2 M)
Federal Funds	\$38.7 M	\$38.6 M	\$0.1 M	\$232.2 M	\$230.6 M	\$1.6 M	\$230.3 M	(\$0.3 M)

Table VII-3. FY 2025 Hospital Trend Assumptions (Excludes Managed Care and Expansion FFS)

Inpatient	Percent	Dollar Impact	Source
Price	3.30%	\$1,113,410	FFY 24 Actual Inpatient Hospital PPS Market Basket - No Productivity Adjustment
Utilization	2.50%	\$871,327	EOHHS
Subtotal Inpatient		\$1,984,737	
Outpatient	Percent	Dollar Impact	Source
Price	3.30%	\$221,618	FFY 24 Actual Inpatient Hospital PPS Market Basket - No Productivity Adjustment.
Utilization	2.50%	\$173,433	EOHHS
Subtotal Outpatient		\$395,051	
TOTAL		\$2,379,788	

Upper Payment Limit (UPL)

FY 2024

The FY 2024 estimate totals \$16.5M, comprised of \$7.0 million for outpatient and \$9.5 for inpatient. This is a decrease of \$0.6 million below the Enacted Budget. At the time of the Enacted Budget, EOHHS did not yet have Medicare cost reports from three hospitals. The updated modeling reflects the receipt and impact of the updated cost reports.

Based on EOHHS’ analysis of the proportion of hospital fee-for-service expenditures attributed to Expansion-eligible members, approximately one third of EOHHS outpatient UPL payments are eligible for 90% federal financial participation. This allocation is reflected in the state-federal splits for the Hospital budget line with the Expansion share of the supplemental payments assigned to the newly created line sequences.

FY 2025

The FY 2025 estimate for UPL payments remain consistent with current year levels.

Graduate Medical Education (GME)

FY 2024

EOHHS caseload testimony assumes \$2.5 million GR for GME: \$1.0 million each to Rhode Island Hospital and Women & Infants Hospitals, and \$0.5 million to Landmark Hospital. This is unchanged from the Enacted Budget. GME payments are state-only because Rhode Island’s supplemental payments to hospitals are already maxed at 100% of the UPL allowed by CMS.

FY 2025

EOHHS estimates \$2.5 million GR for GME payments in FY 2025.

Managed Care State Direct Payment (SDP) to Hospitals

FY 2024

EOHHS caseload testimony assumes \$287.9 million in all funds financing for the managed care hospital SDP, consistent with the FY 2024 Enacted. Of this total, EOHHS assumes \$88.6 million in GR financing, an approximate increase of \$0.3 million above the enacted level, attributable to the revised enrollment forecast and its impact on EOHHS’ allocation of expenditure to different eligibility groups that have different federal matching funds.

Table VII-4 and **Table VII-5** summarize, respectively, the FY 2023 and FY 2024 supplemental payments to each hospital.

FY 2025

For FY 2025, EOHHS maintains general revenue support consistent with the FY 2024 Enacted, or \$88.3 million. The total SDP will be adjusted accordingly based on the FY 2025 FMAP rates and utilization mix across the different eligibility groups, i.e., Expansion, CHIP, and Regular Medicaid. With current enrollment forecasts, EOHHS estimates \$88.3 million general revenue will support \$284.1 million for SDP in FY 2025, a reduction of \$3.9 million compared to FY 2024. This reduction is attributed to the return to normal operations that assumes an uneven share of members losing coverage will be Expansion members, the population eligible for the highest federal match (i.e., 90%).

Table VII-4. Supplemental Payments by Hospital, FY 2023

	SFY 2023:						Total Supplemental
	DSH		UPL		GME		
	Mar-23	Jun-23	Inpatient	Outpatient			
Rehab	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Bradley Hospital	-	-	-	-	-	-	
Butler Hospital	-	-	-	-	-	-	
Kent	12,176,938	\$1,161,751	992,895	631,861	-	14,963,445	
Landmark	5,755,044	\$549,065	515,164	407,176	500,000	7,726,449	
Miriam	8,657,133	\$825,941	1,634,706	1,023,029	-	12,140,809	
Newport	3,251,151	\$310,179	347,690	202,747	-	4,111,767	
Rhode Island	58,877,537	\$5,617,261	5,252,708	2,639,628	1,000,000	73,387,134	
Roger Williams	14,762,430	\$1,408,422	903,203	537,575	-	17,611,630	
Our Lady of Fatima	10,053,134	\$959,128	1,132,083	263,099	-	12,407,444	
South County	3,706,432	\$353,615	103,653	167,420	-	4,331,120	
Westerly	3,870,730	\$369,290	87,452	69,649	-	4,397,121	
Women & Infants	23,969,351	\$2,286,816	5,835,975	633,676	1,000,000	33,725,818	
Total	\$ 145,079,879	\$ 13,841,468	\$ 16,805,529	6,575,860	\$ 2,500,000	\$ 184,802,736	

Table VII-5. Supplemental Payments by Hospital, FY 2024

	SFY 2023		SFY 2024:				Total		FY23 → FY24
	Total Supplemental	DSH	SDP	UPL		GME	Supplemental		
				Inpatient	Outpatient				
Rehab	\$ -	\$ -	\$ 122,587	\$ 10,979	\$ -	\$ -	\$ 133,566	\$ 133,566	
Bradley Hospital	-	-	21,230,033	-	-	-	21,230,033	\$ 21,230,033	
Butler Hospital	-	-	21,356,931	-	-	-	21,356,931	\$ 21,356,931	
Kent	14,963,444.68	-	26,574,161	434,388	696,860	-	27,705,409	\$ 12,741,964	
Landmark	7,726,449.25	-	14,453,583	304,094	284,407	500,000	15,542,084	\$ 7,815,635	
Miriam	12,140,808.62	-	27,352,415	849,552	1,206,265	-	29,408,232	\$ 17,267,423	
Newport	4,111,767.20	-	8,389,506	178,355	236,935	-	8,804,796	\$ 4,693,029	
Rhode Island	73,387,134.43	-	110,490,289	2,725,538	2,950,585	1,000,000	117,166,412	\$ 43,779,278	
Roger Williams	17,611,630	14,738,872	3,499,116	452,720	432,892	-	19,123,600	\$ 1,511,970	
Our Lady of Fatima	12,407,443.56	-	9,721,660	547,828	338,163	-	10,607,651	\$ (1,799,793)	
South County	4,331,119.84	-	5,840,935	110,735	112,508	-	6,064,178	\$ 1,733,058	
Westerly	4,397,120.77	-	3,220,242	28,890	62,354	-	3,311,486	\$ (1,085,635)	
Women & Infants	33,725,818	-	35,675,567	3,901,983	638,963	1,000,000	41,216,513	\$ 7,490,695	
Total	\$ 184,802,736	\$ 14,738,872	\$ 287,927,025	\$ 9,545,062	\$ 6,959,932	\$ 2,500,000	\$ 321,670,891	\$ 136,868,155	

VIII. Hospitals - DSH

		Hospitals - DSH Payments	
		All Funds	General Revenue
FY 2022	Final	\$287,529,717	\$104,872,045
FY 2023	Final	\$153,817,621	\$61,059,665
FY 2024	Enacted	\$14,738,872	\$6,631,019
	Current	\$14,738,872	\$6,631,019
		<i>Deficit over Enacted</i>	<i>\$0</i>
FY 2025	Current	\$14,738,872	\$6,439,413

FY 2024

EOHHS estimates a \$14.7 million DSH payment in FY 2024, the same as the Enacted Budget. The new hospital SDP is expected to make the majority of hospitals ineligible for a DSH payments. EOHHS is working with CMS to pursue a State Plan Amendment to incorporate the estimated the new hospital SDP into the DSH modeling. EOHHS will update the conferees in April of the status and provide a revised DSH estimate, if necessary.

FY 2025

EOHHS has not yet received its preliminary FFY 2025 / SFY 2025 federal allotment. Absent the allotment, EOHHS maintains the FY 2024 enacted amount as its FY 2025 estimated DSH payment.

Table VIII-1. Summary of Hospital – DSH Expenditures

	SFY 2023			SFY 2024			SFY 2025	
	Revised	Final	Surplus/(Deficit)	Enacted	Current	Surplus/(Deficit)	Current	FY24 → FY25
DSH	\$ 158,921,348	\$ 158,921,348	\$0.0 M	\$ 14,738,872	\$ 14,738,872	\$0.0 M	\$ 14,738,872	\$0.0 M
Accrual	0	(5,103,728)	5.1 M	0	0	0.0 M	0	5.1 M
Total - Hospitals - DSH	\$ 158,921,348	\$ 153,817,621	\$5.1 M	\$ 14,738,872	\$ 14,738,872	\$0.0 M	\$ 14,738,872	\$5.1 M
<i>General Revenue</i>	<i>\$63.5 M</i>	<i>\$61.1 M</i>	<i>\$2.4 M</i>	<i>\$6.6 M</i>	<i>\$6.6 M</i>	<i>\$0.0 M</i>	<i>\$6.4 M</i>	<i>(\$0.2 M)</i>
<i>Federal Funds</i>	<i>\$95.4 M</i>	<i>\$92.8 M</i>	<i>\$2.7 M</i>	<i>\$8.1 M</i>	<i>\$8.1 M</i>	<i>(\$0.0 M)</i>	<i>\$8.3 M</i>	<i>\$0.2 M</i>

IX. Nursing and Hospice Care

		Nursing and Hospice Care	
		All Funds	General Revenue
FY 2022	Final	\$291,421,463	\$111,217,434
FY 2023	Final	\$295,967,375	\$118,736,182
FY 2024	Enacted	\$344,790,000	\$152,569,575
	Current	\$328,800,000	\$145,494,000
		<i>Surplus over Enacted</i>	<i>\$7,075,575</i>
FY 2025	Current	\$402,700,000	\$177,228,270

FY 2024

The FY 2024 estimate totals \$328.8 million represents a \$16.0 million surplus compared to Enacted. The reduced spending is due to the following items.

- A \$17.2 million reduction in FFS spending for nursing facilities attributed to:
 - \$3.1 million reduction for service claims activity compared to Enacted.
 - Elimination of a \$11.8 million below-the-line adjustment for RHO passive enrollment.
 - The FY 2024 budget included this funding to compensate for the end of passive enrollment of nursing home residents into Rhody Health Options (149 members × \$6,289 × (1 + 6.9% × 0.75) × 12); however, with 6-months of experience—i.e., January through June 2023—this increase has not appeared to materialize and so an adjustment seemed unwarranted.
 - A \$2.0 million reduction related to the nursing facility \$175 initiative. EOHHS has no participating providers.
 - A \$0.2 million reduction in the impact of the personal needs assessment estimate.

Despite the surplus in the current year, compared to FY 2023, EOHHS' revised estimate for FY 2024 reflects a \$32.8 million increase.

The FY 2024 estimate takes the FY 2023 average from the October 2022 through June 2023 and inflates it by the 6.90% rate increase reflected in the FY 2024—this rate increase includes a 5.4% inflationary increase and a 1.5% increase to finance minimum staffing requirements. EOHHS retained the additional 2.5% utilization projected in May to reflect increased utilization seen during the last quarter of FY 2023 and appears to be continuing through the first quarter of FY 2024.

Because the Social Security Administration (SSA) announced a 3.5% COLA adjustment for Social Security, it is unlikely that the average patient share will keep pace with the rate of growth in costs. As such, an additional 0.8% is applied to Medicaid's nursing and hospice expenditures to account for the changing rate of growth in residents' cost sharing and gross cost of a nursing home stay.

The components of EOHHS' estimate are summarized in **Table IX-1**.

Table IX-2 shows the average nursing facility per diem before and after patient share.

Rate and utilization assumptions used are presented in **Table IX-4**. Additional information on paid days is presented in **Attachment 4**.

FY 2025

The FY 2025 estimate totals \$402.7 million, an all funds increase of \$73.9 million (22.5%), including a \$31.7 million GR increase (21.8%) above EOHHS' revised FY 2024 estimate. The increase is driven by the following items:

- \$24.4 million for price and utilization increases across the nursing facility and hospice lines.
 - The FY 2025 estimate takes the monthly average for the FY 2024 revised estimate, after the October 1 price adjustment, and assumes three months at the October 1, 2023, rate and then nine months with an additional 6.6% price factor, applicable October 1, 2024.
 - The 6.6% represents the CMS Actual Regulation Skilled Nursing Facility Prospective Payment System (PPS) Market Basket for FFY 2024 as posted on the CMS Market Basket Data website¹⁷ and summarized in **Table IX-3** below. The table clarified that the previously published estimate was in error, and should be increased by 3.6%, for a net market basket without productivity adjustment of 6.6%. The official regulation detailing the forecast error is available in the Federal Register.¹⁸ The value of the price adjustment is estimated to be \$16.4 million. FY 2025 includes no further adjustment for minimum staffing.
 - EOHHS assumed a 2.5% utilization in the nursing facility budget line increase valued at \$8.0 million to reflect increase in nursing facility utilization.
- \$37.7 million due to the nursing facility rate review. A review of EOHHS' nursing facility rates is currently underway pursuant to RIGL 40-8-19 (a)(2)(iii):
 - (iii) Revision of rates as necessary based on increases in direct and indirect costs beginning October 2024 utilizing data from the most recent finalized year of facility cost report. The per diem rate components deferred in subsections (a)(2)(i) and (a)(2)(ii) of this section shall be adjusted accordingly to reflect changes in direct and indirect care costs since the previous rate review.
- Although rates are annually increased in accordance with CMS' market basket, the direct, other direct, and indirect base rates have not been reviewed for over ten years. While EOHHS does not know the results of its rate review at this time, the agency anticipates the review will result in higher rates. In anticipation of the need to increase rates effective October 2024, EOHHS' FY 2025 forecast includes an additional \$41.9 million for nine months of utilization: including \$37.7 million in **Nursing and Hospice Care** and \$7.4 million in **Rhody Health Options**).
- EOHHS calculated this estimate based on an analysis completed by MACPAC in January 2023¹⁹ that compared Medicaid reimbursement rates to a facility's associated acuity-adjusted Medicaid costs.
 - MACPAC reported that, in 2019, Rhode Island's reimbursements reflects 0.90 of a facility's actual acuity-adjusted costs, i.e., \$226.79 paid per diem (inclusive of patient share) compared to an average cost of care of \$252.59.
 - Therefore, to get to 100%, an 11.0% rate increase would, theoretically, be required. This increase would be applied to the rate prior to patient share, and it can be assumed that its full cost would be financed by EOHHS as a member's patient share would not change accordingly.
- Some additional consideration for the conferees:

¹⁷ Actual Regulation Market Basket Updates, Summary Web Table – Actual 2022 Q2. Internet: <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/MedicareProgramRatesStats/MarketBasketData> (Accessed 10/2/2023)

¹⁸ Internet: <https://www.govinfo.gov/content/pkg/FR-2023-08-07/pdf/2023-16249.pdf> (Accessed 10/13/2023)

¹⁹ MACPAC. January 2023. "Estimates of Medicaid Nursing Facility Payments Relative to Costs" Internet: <https://www.macpac.gov/wp-content/uploads/2023/01/Estimates-of-Medicaid-Nursing-Facility-Payments-Relative-to-Costs-1-6-23.pdf>

- Per statute, Medicaid does not depress the application of its CMS market basket for any efficiencies and productivity adjustment.
- Rhode Island’s current cost-to-charge ratio is consistent with other states in New England. Only 40% of states (including Rhode Island) had a ratio that was 90% or higher and only 19% had a ratio of 100% or more.
- Based on the per diems in effect in September 2023, the average annual Medicaid reimbursement for a long-term nursing home resident was \$94,869. After application of the compounding FY 2024 and FY 2025 price increases and the estimated results of this mandated rate review, the average annual cost for a Medicaid stay is forecasted to increase to \$120,121, a 26.6% increase over the rates in place as of last month.
- In interpreting reports a facility’s reported acuity-adjusted Medicaid costs, MAPAC notes:

“Medicaid payments are not intended to cover all costs for all facilities because states set limits on which costs are allowable and set ceilings on the amount of costs that can be reimbursed for particular cost centers (e.g., a fixed percentage of the median or average costs for a particular cost center among similar facilities in the state).”²⁰
- Additionally, in comparing reimbursement rates, any direct comparison to Medicare cost reports and Medicare reimbursements (which are significantly higher than Medicaid) is generally spurious given the different level of acuity of these patients and therefore direct care services needed. Again, as MAPAC reminds its reader:

“In general, the costs of care for long-stay residents whose primary support is Medicaid is lower than the costs of care for short-stay residents who are primarily covered by Medicare. Long-stay residents generally receive less intensive nursing and therapy services, and the therapy services that Medicaid-covered residents do receive are typically paid for by Medicare rather than Medicaid.”²¹

- An additional \$9.1 million–\$2.4 million associated with EOHHS’ 6.6% rate increase and \$6.7 million associated with the concurrent rate review—for patient share implications.

Please note that current law references “direct-care” and “indirect-care.” Since 2013, the State has applied the annual inflationary adjustments to three components: “direct-care”, “indirect-care”, and an “other direct care” component. EOHHS included in its FY 2025 budget submission a technical change to insert the reference to “other direct care” to ensure that this rate component is included in the rate review and adjusted accordingly. More importantly, it makes the current language more transparent and aligned with the current Medicaid State Plan.

Table IX-1: Summary of Nursing Home and Hospice Expenditures

FFS Activity	SFY 2023			SFY 2024			SFY 2025	
	Revised	Final	Surplus/(Deficit)	Enacted	Current	Surplus/(Deficit)	Current	FY24 → FY25
Hospice	\$ 23,717,109	\$ 23,022,581	\$0.7 M	\$ 25,961,857	\$ 24,558,645	\$1.4 M	\$ 26,197,028	\$1.6 M
Nursing Home	286,724,696	282,969,189	3.8 M	318,828,143	301,626,767	14.6 M	329,721,154	34.6 M
Patient Share Adjustment	0	0	0.0 M	0	2,601,083		9,087,648	
Nursing Home Rate Review	0	0	0.0 M	0	0	0.0 M	37,672,100	37.7 M
Subtotal FFS	\$ 310,441,805	\$ 305,991,770	\$4.5 M	\$ 344,790,000	\$ 328,786,496	\$16.0 M	\$ 402,677,930	\$73.9 M
Overstatement of FY 2022 Accrual	(8,500,000)	(6,500,000)	(2.0 M)	0	0	0.0 M	0	0.0 M
Unreported Recoupment [1]	0	(3,402,485)	3.4 M	0	0	0.0 M	0	0.0 M
Balance to RIFANS/Rounding	58,195	(121,911)	0.2 M	0	13,504	(0.0 M)	22,070	0.0 M
Total - Nursing and Hospice Care	\$ 302,000,000	\$ 295,967,375	\$6.0 M	\$ 344,790,000	\$ 328,800,000	\$16.0 M	\$ 402,700,000	\$73.9 M
General Revenue	\$120.5 M	\$118.7 M	\$1.8 M	\$152.6 M	\$145.5 M	\$7.1 M	\$177.2 M	\$31.7 M
Federal Funds	\$181.5 M	\$177.2 M	\$4.2 M	\$192.2 M	\$183.3 M	\$8.9 M	\$225.5 M	\$42.2 M

Note 1. During FY 2023, EOHHS deposited a recoupment (related to the FY 2019 DSH audit) into the state-only Nursing Home account. These funds will be redistributed in January 2024. An accrual was not included for this future liability and so the FY 2023 was understated by the \$3.4 million collectioned. The RIOAG is aware and recommends an adjustment to the FY 2023 Final.

²⁰ Ibid., 2.

²¹ Ibid., 5.

Table IX-2. Nursing Home Medicaid Per Diem (Average)

Rate Effective Date	Average Per Diem	Less Patient Share
1-Oct-20	\$239	\$198
1-Oct-21	\$245	\$205
1-Oct-22	\$250	\$209
1-Oct-23	\$267	\$223
1-Oct-24	\$285	\$242
1-Oct-24 (inc. Rate Review)	\$316	\$273

Table IX-3. Skilled Nursing Facility PPS Market Basket Data for SFY 2025

Skilled Nursing Facility PPS	SFY 2025 Proposed Based on FFY 2024
(A) Market Basket Update	3.0%
(B) Productivity Adjustment	0.2%
(C) CMS Forecast Error	3.6%
Market Basket Update (A + C)	6.6%

Table IX-4. FY 2025 Nursing and Hospice Care Trend Assumption (Excludes Managed Care and Expansion Lines)

	Percent	Dollar Impact ^{1,2}	Source
Price Factor	6.60%	\$16,358,168	FFY 2024 Skilled Nursing Facility PPS and RIGL 40-8-19
Utilization	2.50%	\$8,015,729	EOHHS – Nursing Facility Only
Rate Review	11.00%	\$37,672,100	EOHHS
Patient Share	2.30%	\$9,087,648	EOHHS
Total		\$71,133,615	

Note 1. The value of the rate change pertains to the Nursing and Hospice Care baseline only. Additional nursing home spending is in Expansion, Managed Care, and included in each of the managed care products.

Note 2. The “Price Factor” illustrates the impact of the annual rate increase to the State and not the full value of the rate increase received by the nursing facility. All else equal, the component of the rate paid by Medicaid (i.e., not paid by the resident) will increase by a larger percentage than the rate increase seen by the facility, as patient share collections do not necessarily increase by the same percentage as the nursing home rate increase each year.

Q4. EOHHS also included an additional \$240,000 to capture the projected home delivered meals annual inflationary increase and increased utilization seen in FY 2024 and 2025.

For all HCBS categories the FY 2025 estimate annualizes the monthly average of the projected FY 2024 spend adjusted for any necessary price and utilization changes. Select personal care services are eligible for an annual rate increase on July 1st of each year. Pursuant to the Medicaid State Plan, EOHHS uses the March release, containing the February data, of the New England CPI-U for Medical Care. This data is not yet available and so EOHHS used the September 2022 release that showed a decrease of 1.9%, as shown in **Table X-4**. Therefore, EOHHS did not build in a price adjustment to Personal Care services at this time. EOHHS will update the conferees in its April testimony of March 2024's projections.

Home delivered meal services are also eligible for a July 2024 increase. Like Personal Care, the data was not yet available, so EOHHS used the September release which showed a 3.78% increase, which adds \$37,855. The inflationary increases are shown in **Table X-4**.

Table X-5 shows the estimated value of these statutorily mandated rate increases.

Program of All Inclusive Care for the Elderly (PACE)

FY 2024

EOHHS' revised FY 2024 forecast for PACE of \$21.7 million is a surplus of \$2.2 million compared to the Enacted. Overall, EOHHS forecasts an average fiscal year enrollment of 424 members in PACE in FY 2024, a decrease of 39 members per month on average over FY 2024. This includes a 4.0% rate increase based on the change in the CMS Home Health Agency less productivity adjustment for CY 2023.

FY 2025

EOHHS' forecast for PACE of \$25.1 million for FY 2025 is an increase of \$3.5 million above the enacted due to a projected increase in monthly enrollment from 424 to 467, combined with an estimated increase of 5.0% to monthly premiums, consistent with the assumptions used for other managed care products.

Under EOHHS' approved SPA for PACE,²³ the rates are rebased every three years and trended by the change in the CMS Home Health Agency Market Basket during the intervening years. Under the CMS methodology,²⁴ rates for PACE organizations are set based on an estimate of the amount the state otherwise would have paid (AWOP), had the PACE program not existed. This amount is calculated based on what Medicaid would have paid for these members under Medicaid Fee for Service. Rates were rebased for the FY 2022 rating period and will be rebased again for the FY 2025 rating period. Note that to the extent to which the nursing facility rate review results in increased costs under FFS in FY 2025, the PACE rates would be adjusted to reflect these heightened levels of nursing facility reimbursement. However, given nursing charges are only a modest component of the PACE rates and other elements may be adjusted by less than 5.0%, the 5.0% placeholder remains a reasonable proxy for FY 2025.

Table X-6 summarizes PACE monthly caseload and premiums. **Table X-7** summarizes the price-volume comparison for PACE expenditures between FY 2022 and FY 2025.

Perry Sullivan Appropriation

RIGL Chapter 40-8.9 "Medical Assistance – Long-Term Care Service and Finance Reform" also known as the Perry Sullivan or Sullivan Perry statute requires the conferees to include an additional appropriation for Medicaid HCBS in the subsequent fiscal year (i.e., FY 2025) that is equivalent to the reduction in nursing home days, if any, over the prior two completed fiscal years (i.e., FY 2023 days over FY 2022 days), multiplied by the average per diem assumed in the subsequent fiscal year (i.e., FY 2025 per diem). This appropriation is intended to support additional investments in home and community-based services necessary to sustain the desired reduction in institutional-based care.

²³ <https://www.medicaid.gov/sites/default/files/State-resource-center/Medicaid-State-Plan-Amendments/Downloads/RI/RI-18-007.pdf>

²⁴ <https://www.medicaid.gov/sites/default/files/2019-12/pace-medicaid-capitation-rate-setting-guide.pdf>

Overall, there was a 1.2% increase in the number of days paid by Medicaid. See table below for a summary of the Perry Sullivan calculation. The increase in the number of nursing home days between FY 2023 and FY 2022 negates the need for any additional appropriation under the Perry Sullivan law for FY 2025.

Additional information on changing nursing home authorizations and paid days is provided in the **Nursing and Hospice Care** section.

Table X-1. Perry Sullivan Analysis - Nursing Home Days by FY and Delivery System

	FFS	Managed Care	Total Days	Increase over Prior FY
FY 2020	1,659,121	182,292	1,841,413	--
FY 2021	1,367,553	128,815	1,496,368	-18.7%
FY 2022	1,390,336	165,030	1,555,366	3.9%
FY 2023	1,330,033	243,336	1,573,369	1.2%

Table X-2. Summary of Home and Community Care Expenditures

	SFY 2023			SFY 2024			SFY 2025	
	Revised	Final	Surplus/(Deficit)	Enacted	Current	Surplus/(Deficit)	Current	FY24 → FY25
PACE	\$ 20,107,219	\$ 19,951,293	\$0.2 M	\$ 23,844,824	\$ 21,661,514	\$2.2 M	\$ 25,113,740	\$3.5 M
Enrollment	410	407	-3	463	424	-39	467	43
FFS Activity								
Self-Directed	\$ 15,908,181	\$ 14,443,432	\$1.5 M	\$ 18,826,969	\$ 17,764,427	\$1.1 M	\$ 17,878,322	\$0.1 M
Adult Day	4,440,521	4,782,002	(0.3 M)	4,440,521	5,686,588	(1.2 M)	5,828,753	0.1 M
Personal Care	54,609,369	60,775,114	(6.2 M)	55,859,924	73,207,082	(17.3 M)	75,037,259	1.8 M
Shared Living	6,773,729	7,060,603	(0.3 M)	6,773,729	7,360,327	(0.6 M)	7,544,335	0.2 M
Assisted Living	18,185,086	18,785,221	(0.6 M)	18,185,086	20,525,235	(2.3 M)	21,038,366	0.5 M
Other HCBS	5,052,935	4,416,474	0.6 M	5,252,935	4,577,987	0.7 M	4,667,987	0.1 M
Conflict Free Case Management	0	0	0.0 M	0	1,395,293	(1.4 M)	16,941,331	15.5 M
Subtotal FFS	\$ 104,969,821	\$ 110,262,845	(\$5.3 M)	\$ 109,339,163	\$ 130,516,939	(\$19.8 M)	\$ 148,936,353	\$18.4 M
Subtotal - Home and Community Care	\$ 125,077,040	\$ 130,214,138	(\$5.1 M)	\$ 133,183,987	\$ 152,178,453	(\$17.6 M)	\$ 174,050,093	\$21.9 M
Balance to RIFANS/Accruals/Rounding	(677,040)	(3,547,437)	2.9 M	216,013	21,547	0.2 M	49,907	0.0 M
Total - Home and Community Care	\$ 124,400,000	\$ 126,666,701	(\$2.3 M)	\$ 133,400,000	\$ 152,200,000	(\$17.4 M)	\$ 174,100,000	\$21.9 M
General Revenue	\$49.6 M	\$51.5 M	(\$1.9 M)	\$59.0 M	\$67.3 M	(\$8.3 M)	\$76.6 M	\$9.3 M
Federal Funds	\$74.8 M	\$75.1 M	(\$0.4 M)	\$74.4 M	\$84.9 M	(\$10.5 M)	\$97.5 M	\$12.6 M

Table X-3. PACE and FFS Home and Community Based Services Authorizations

	SFY 2021	SFY 2022	SFY 2023	Current: Jul-23	Past Trends:	
					FY21→FY23 Trend	FY22→FY23 Trend
PACE	348	359	406	409	8.0%	13.1%
HCBS Authorization in FFS						
Assisted Living	521	615	706	746	16.4%	14.8%
Shared Living	183	107	69	99	-38.6%	-35.5%
Self-Directed	298	110	134	205	-32.9%	21.8%
Home Care	2,319	2,902	3,535	3,821	23.5%	21.8%
Subtotal HCBS	3,321	3,734	4,444	4,871	15.7%	19.0%
HCBS Enrolled in RHO	1,648	1,708	1,845	1,948	5.8%	8.0%
% of HCBS (excl. PACE) in RHO	33.2%	31.4%	29.3%	28.6%		

Table X-4. Calculation of Price Factors for Personal Care Services and Home Delivered Meals

		Series Title:	Medical care in new England, all urban consumers, not seasonally adjusted	Food at home in New England, all urban consumers, not seasonally adjusted
		Series ID:	CUUR0110SAM	CUUR0110SAF11
Year	Period	Label	Observation Value	Observation Value
2022	M08	2022 Aug.	116.541	118.882
2023	M08	2023 Aug.	114.328	123.377
Annual Trend:			(1.90%)	3.78%

Table X-5. FY 2025 HCBS and Home Delivered Meals Trend Assumptions

Personal Care	Percent	Dollar Impact	Source
Price Factor	0.00%	\$0	New England CPI-U for Medical Care (September Release)

Utilization	2.50%	\$5,718,187	EOHHS
TOTAL – Personal Care		\$3,571,077	
Home Delivered Meals			
Price Factor	3.78%	\$24,396	New England CPI-U for Food at Home (September Release)
Utilization	10.00%	\$66,978	EOHHS
TOTAL – Home Delivered Meals		\$91,374	

Table X-6. Summary of PACE Monthly Premiums

	SFY 2023	SFY 2024	SFY 2025	FY22→FY23 Trend	FY23→FY24 Trend
PACE					
Medicaid Only	\$5,191	\$5,398	\$5,668	4.0%	5.0%
Dual, 55-64 y.o.	\$3,740	\$3,890	\$4,085	4.0%	5.0%
Dual, 65+ y.o.	\$3,961	\$4,120	\$4,326	4.0%	5.0%
Composite	\$4,083	\$4,258	\$4,486	4.3%	5.4%
<i>Average Member Months</i>	407	424	467	4.1%	10.0%

Table X-7. PACE Price-Volume Comparison

	Price	Volume	Net
FY 2023 over FY 2022	\$0.0 M 0.1%	\$2.3 M 13.3%	\$2.4 M 13.4%
FY 2024: Current over Enacted	(\$0.2 M) -0.8%	(\$2.0 M) -8.4%	(\$2.2 M) -9.2%
FY 2024 over FY 2023	\$0.9 M 4.3%	\$0.8 M 4.1%	\$1.7 M 8.6%
FY 2025 over FY 2024	\$1.3 M 5.4%	\$0.2 M 10.0%	\$1.5 M 15.9%

XI. Pharmacy

		Pharmacy	
		All Funds	General Revenue
FY 2022	Final	(\$991,441)	(\$148,300)
FY 2023	Final	(\$2,218,124)	(\$804,506)
FY 2024	Enacted	\$1,300,000	\$825,250
	Current	(\$300,000)	\$103,795
		<i>Surplus over Enacted</i>	\$721,455
FY 2025	Current	(\$700,000)	(\$71,525)

FY 2024

EOHHS' revised forecast for pharmacy in FY 2024 is \$300,000, a \$1.6 million surplus compared to the Enacted. The savings resulted from an increase in the amount of offsetting rebates.

With respect to actual pharmacy spend, EOHHS' projections take the average of the actual FY 2023 spend (adjusted for the IHS Markit market basket forecast of 2.30%). Unlike with hospital, home care, or nursing home trends, EOHHS does not automatically apply this retrospective trend to its pharmacy reimbursements. Actual trends will depend upon changes in wholesale prices as well as changes to EOHHS' preferred formulary that attempts to mitigate general price changes among certain manufacturers by substituting alternative drugs if appropriate.

Rebate information is based on invoices issued to manufacturers through September 2023, for prescriptions incurred through June 30, 2023.

FY 2025

EOHHS projects savings of \$700,000 in FY 2025, a decrease of \$400,000 below the savings anticipated in FY 2024. EOHHS is not statutorily required to apply an inflationary index to its pharmacy spend; however, an inflationary factor for the budget year due to the fluctuation of drug costs is reasonable for budgeting purposes. The FY 2025 forecast assumes a 2.1% increase, based on the IHS Markit 2023 Q2 forecast for pharmacy in CY 2025 Q2, which corresponds to the end of FY 2025.

Revised FY 2024 and preliminary FY 2025 pharmacy expenditures and rebates are presented in **Table XI-1**.

Generally, rebate fluctuates due to several reasons:

- (1) CMS' rebate formula, which, for certain drugs, can compensate for significant price changes;
- (2) Medicaid being entitled to the full rebate amount even if it only pays a portion of a drug claim (excluding Part D drugs); and
- (3) the Pharmacy budget line reflects J-Code rebates collected against pharmaceuticals delivered in an outpatient hospital setting which may vary dramatically with acuity of patient and amount of FFS utilization.

Table XI-1. Summary of Pharmacy Expenditures

	SFY 2023			SFY 2024			SFY 2025		
	Revised	Final	Surplus/(Deficit)	Enacted	Current	Surplus/(Deficit)	Current	FY24 → FY25	
FFS Activity	\$ 6,460,606	\$ 6,909,733	(\$0.4 M)	\$ 6,596,279	\$ 7,068,657	(\$0.5 M)	\$ 7,217,099	\$0.1 M	
Rebates	(5,226,048)	(6,843,093)	1.6 M	(5,345,592)	(7,447,912)	2.1 M	(7,952,013)	(0.5 M)	
DRE	(4,027,898)	(5,583,621)	1.6 M	(4,120,035)	(6,054,262)	1.9 M	(6,460,263)	(0.4 M)	
J-Code	(1,198,150)	(1,259,472)	0.1 M	(1,225,557)	(1,393,650)	0.2 M	(1,491,750)	(0.1 M)	
Subtotal - Pharmacy	\$ 1,234,558	\$ 66,640	\$1.2 M	\$ 1,250,686	(\$ 379,255)	\$1.6 M	\$ (734,914)	(\$0.4 M)	
Balance to RIFANS - Accruals/Rounding	65,442	(2,284,764)	2.4 M	49,314	79,255	(0.0 M)	34,914	(0.0 M)	
Grand Total - Pharmacy	\$ 1,300,000	\$ (2,218,124)	\$3.5 M	\$ 1,300,000	(\$ 300,000)	\$1.6 M	\$ (700,000)	(\$0.4 M)	
<i>General Revenue</i>	<i>\$0.8 M</i>	<i>(\$0.8 M)</i>	<i>\$1.6 M</i>	<i>\$0.8 M</i>	<i>\$0.1 M</i>	<i>\$0.7 M</i>	<i>(\$0.1 M)</i>	<i>(\$0.2 M)</i>	
<i>Federal Funds</i>	<i>\$0.5 M</i>	<i>(\$1.4 M)</i>	<i>\$1.9 M</i>	<i>\$0.5 M</i>	<i>(\$0.4 M)</i>	<i>\$0.9 M</i>	<i>(\$0.6 M)</i>	<i>(\$0.2 M)</i>	

XII. Pharmacy Clawback (Medicare Part D)

		All Funds	General Revenue
FY 2022	Final	\$69,358,996	\$69,358,996
FY 2023	Final	\$81,272,876	\$81,272,876
FY 2024	Enacted	\$95,700,000	\$95,700,000
	Current	\$98,000,000	\$98,000,000
		<i>Deficit over Enacted</i>	<i>(\$2,300,000)</i>
FY 2025	Current	\$107,800,000	\$107,800,000

EOHHS' revised FY 2024 estimate of \$98.0 million for Pharmacy Clawback is \$2.3 million (2.4%) above the Enacted. The deficit is driven by increased enrollment of Rhode Islanders into the Medicare Premium Payment program. This revised forecast is based on actual invoices through September.

For FY 2025, EOHHS projects spending of \$107.8 million, a general revenue increase of \$9.8 million (10.0%) above the FY 2024 revised estimate. This increase is due to a 8.4% increase in costs over FY 2024 and maintaining a 1.5% increase to caseload.

Table XII-1. Summary of Pharmacy Claw Back Expenditures

	SFY 2023				SFY 2024			SFY 2025	
	Enacted	Revised	Final	Surplus/(Deficit)	Enacted	Current	Surplus/(Deficit)	Current	FY24 → FY25
Part D Premium Payments	\$ 87,100,000	\$ 79,162,077	\$ 81,232,654	(\$2.1 M)	\$ 95,644,443	\$ 97,972,288	(\$2.3 M)	\$ 107,784,387	\$9.8 M
Balance to RIFANS/Accruals/Rounding	0	37,923	40,222	(0.0 M)	55,557	27,712	0.0 M	15,613	(0.0 M)
Total - Pharmacy Clawback	\$ 87,100,000	\$ 79,200,000	\$ 81,272,876	(\$2.1 M)	\$ 95,700,000	\$ 98,000,000	(\$2.3 M)	\$ 107,800,000	\$9.8 M
<i>General Revenue</i>	<i>\$87.1 M</i>	<i>\$79.2 M</i>	<i>\$81.3 M</i>	<i>(\$2.1 M)</i>	<i>\$95.7 M</i>	<i>\$98.0 M</i>	<i>(\$2.3 M)</i>	<i>\$107.8 M</i>	<i>\$9.8 M</i>
Part D Multiplier	\$174.93	\$155.90	\$156.00	\$0.10	\$184.81	\$183.99	-\$0.82	\$199.53	\$15.55
July - September	\$148.18	\$148.18	\$148.18		\$175.28	\$173.90		\$194.09	
October - December	\$175.29	\$151.69	\$151.69		\$171.28	\$173.70		\$194.78	
January - March	\$184.04	\$159.12	\$159.12		\$179.84	\$194.09		\$204.52	
April - June	\$184.04	\$163.92	\$163.92		\$179.84	\$194.09		\$204.52	
Average Enrollment	41,492	42,335	43,414	1,079	43,153	44,387	1,234	45,022	635

Table XII-2. Pharmacy Claw Back Price-Volume Comparison

	Price	Volume	Net
FY 2023 over FY 2022	\$6.4 M	\$5.5 M	\$11.9 M
	8.5%	8.0%	17.2%
FY 2024: Current over Enacted	(\$0.4 M)	\$2.7 M	\$2.3 M
	-0.4%	2.9%	2.4%
FY 2024 over FY 2023	\$14.9 M	\$1.8 M	\$16.7 M
	17.9%	2.2%	20.6%
FY 2025 over FY 2024	\$8.4 M	\$4.1 M	\$12.5 M
	8.4%	1.4%	10.0%

XIII. Other Services

		Other Services	
		All Funds	General Revenue
FY 2022	Final	\$144,989,690	\$46,706,708
FY 2023	Final	\$160,383,687	\$51,517,385
FY 2024	Enacted	\$188,659,199	\$72,078,045
	Current	\$181,700,000	\$69,793,784
		<i>Surplus over Enacted</i>	<i>\$6,959,199</i>
FY 2025	Current	\$240,900,000	\$95,745,386

FY 2024

EOHHS' revised FY 2024 estimate of \$181.7 million for Other Medical Services is a \$7.0 million (3.7%) surplus above the Enacted. The surplus is largely due to shifting \$13.1 million associated with the conflict free case management line from the Other Services budget line to the HCBS budget line where the claims will be paid. Smaller savings include \$1.2 million for enhanced MHPRRs. The FY 2024 Enacted Budget assumed \$4.2 million in enhanced MHPRR spend based on the opening of the highest tier MHPRR in June 2023. Due to building and certification delays, BHDDH now anticipates the opening of three facilities over the course of FY 2024. The FY 2024 Enacted also assumed \$0.4 million in PASRR billing related to the nursing facility \$175 add-on. No facilities are currently participating in this initiative due to challenges with compliance of state minimum staffing thresholds, so EOHHS removed the expenditure for this year.

Absent this transfer, the Other Services budget lines would be in deficit largely due to the following items.

- An additional \$7.3 million due to increased claims activity. EOHHS' methodology for revising its current year estimate looked at FY 2023 claims data adjusted for IBNR. EOHHS then took the higher of monthly average of FY 2023 and FY 2023 Q4, as some budget lines were showing increased utilization in the fourth quarter.
- An additional \$3.5 million required for the CCBHC initiative. The updated estimate stems from PPS rate development and cost reporting work to date, for those providers who are contingently certified as of October 1, 2023.
- Other savings include \$1.2 million for the new tier of MHPRRs and \$0.4 million related to the NF \$175 initiative.

FY 2025

The FY 2025 estimate totals \$240.9 million, an all funds increase of \$59.2 million (32.6%), and a general revenue increase of \$26.0 million over FY 2024. The projected increase is due to an additional \$47.2 million needed for the full-year implementation of the CCBHC initiative. Part of the CCBHC increase is offset by a \$9.4 million reduction to **Rhody Health Options** as this benefit transitions to FFS for this enrollment group. FY 2025 increases also reflect an additional \$3.8 million related to enhanced MHPRR and utilization at three open facilities and a fourth opening in FY 2025.

There is a reduction of \$0.8 million for federally-financed COVID vaccines administrations. These costs are included in the managed care capitation rates; however, a journal entry by EOHHS finance staff will shift these costs from the **Managed Care** budget line to the federal vaccine administration account within **Other Services**.

A summary of expenditures for both FY 2024 and FY 2025, by type of service, is presented in **Table XIII-1**.

Table XIII-2 summarizes all Other Medical Services expenditures subject to a non-regular matching rate.

See **Table XIII-3** for summary of EOHHS' average monthly caseload and composite PMPM for Part A and Part B.

Table XIII-1. Summary of Other Medical Services Expenditures

	SFY 2023			SFY 2024			SFY 2025	
	Revised	Final	Surplus/(Deficit)	Enacted	Current	Surplus/(Deficit)	Current	FY24 → FY25
Medicare Premium Payments								
Part A	\$ 15,801,048	\$ 15,808,044	(\$0.0 M)	\$ 19,472,849	\$ 19,293,919	\$0.2 M	\$ 20,757,433	\$1.5 M
Part B	81,918,730	82,005,438	(0.1 M)	83,211,159	83,775,610	(0.6 M)	89,982,847	6.2 M
Subtotal - Supplemental Payments	\$ 97,719,778	\$ 97,813,482	(\$0.1 M)	\$ 102,684,008	\$ 103,069,529	(\$0.4 M)	\$ 110,740,281	\$7.7 M
Non-Emergency Transportation	6,375,322	6,421,825	(0.0 M)	6,567,462	7,112,500	(0.5 M)	7,533,284	0.4 M
Recoveries	(15,000,000)	(15,000,000)	0.0 M	(15,000,000)	(15,000,000)	0.0 M	(15,000,000)	0.0 M
FFS Activity								
BHDDH Medical Services	21,334,277	22,220,031	(0.9 M)	21,334,277	24,366,398	(3.0 M)	24,366,398	0.0 M
Rehab & TCM	20,259,357	21,586,267	(1.3 M)	20,259,357	23,360,530	(3.1 M)	23,360,530	0.0 M
Tavares	6,952,551	6,527,430	0.4 M	7,095,078	7,063,638	0.0 M	7,180,188	0.1 M
DME	3,050,432	2,938,409	0.1 M	3,050,432	3,095,200	(0.0 M)	3,095,200	0.0 M
Physician Services	11,186,757	12,178,677	(1.0 M)	11,186,757	13,147,650	(2.0 M)	13,147,650	0.0 M
Other Practitioners	5,018,570	4,434,800	0.6 M	8,337,743	5,781,911	2.6 M	6,531,911	0.8 M
State Only	0	0	0.0 M	0	536,384	(0.5 M)	536,384	0.0 M
COVID-19 Vaccinations (Federal Only)	5,000,000	2,284,373	2.7 M	2,500,000	1,000,000	1.5 M	250,000	(0.8 M)
Certified Community BH Clinic (CCBHC) Inv	0	0	0.0 M	1,698,610	5,200,000	(3.5 M)	52,400,000	47.2 M
MHPRR Rate Increase	94,500	0	0.1 M	4,158,000	2,954,700	1.2 M	6,752,025	3.8 M
Cedar Case Management	0	0	0.0 M	1,219,790	0	1.2 M	0	0.0 M
Conflict Free Case Management	0	0	0.0 M	13,060,588	0	13.1 M	0	0.0 M
Subtotal - FFS Activity	72,896,443	72,169,987	0.6 M	93,900,632	86,506,411	(4.6 M)	137,620,286	51.1 M
Subtotal - Other Services	\$ 161,991,543	\$ 161,405,294	\$0.5 M	\$ 188,152,102	\$ 181,688,439	(\$5.5 M)	\$ 240,893,850	\$59.2 M
Balance to RIFANS/Accruals/Rounding	8,457	(1,021,607)	1.0 M	507,097	11,561	0.5 M	6,150	(0.0 M)
Total - Other Services	\$ 162,000,000	\$ 160,383,687	\$1.5 M	\$ 188,659,199	\$ 181,700,000	(\$5.0 M)	\$ 240,900,000	\$59.2 M
General Revenue	\$51.4 M	\$51.5 M	(\$0.1 M)	\$72.1 M	\$69.8 M	\$2.3 M	\$95.7 M	\$26.0 M
Federal Funds	\$101.3 M	\$99.0 M	\$2.3 M	\$108.1 M	\$103.4 M	\$4.7 M	\$136.6 M	\$33.2 M
Restricted Receipts	\$9.3 M	\$9.9 M	(\$0.6 M)	\$8.5 M	\$8.5 M	\$0.0 M	\$8.5 M	\$0.0 M

Table XIII-2. Non-Regular FMAP Sources of Funds Applied to Other Medical Services

	SFY 2023			SFY 2024			SFY 2025	
	Revised	Final	Surplus/(Deficit)	Enacted	Current	Surplus/(Deficit)	Current	FY24 → FY25
Restricted - Children's Health Account	\$ 9,295,000	\$ 9,865,600	(\$0.6 M)	\$ 8,500,000	\$ 8,500,000	\$0.0 M	\$ 8,500,000	\$0.0 M
Restricted - Organ Transplant Fund	15,000	15,000	0.0 M	15,000	15,000	0.0 M	15,000	0.0 M
100% Federal - COVID-19 Vaccination	5,000,000	2,284,373	2.7 M	2,500,000	1,000,000	1.5 M	250,000	(0.8 M)
100% Federal - Qualifying Individuals	(1,750,000)	(1,750,000)	0.0 M	(1,750,000)	(1,750,000)	0.0 M	(1,750,000)	0.0 M
100% State - Breast & Cervical Cancer	(200,000)	(200,000)	0.0 M	(200,000)	(200,000)	0.0 M	(200,000)	0.0 M
100% State - Refugee Adjustment	0	0	0.0 M	0	0	0.0 M	0	0.0 M

Table XIII-3. Medicare Monthly Part A and Part B Premiums

	SFY 2023			SFY 2024			SFY 2025	
	Revised	Final	Change	Enacted	Current	Change	Current	FY24 → FY25
Part A PMPM	\$ 514.94	\$ 514.79	\$ 12.89	\$ 492.48	\$ 485.45	\$(7.03)	\$ 509.74	\$ 24.28
July-December	573.34	573.34		481.02	473.55		497.23	
January-June	581.38	480.18		505.07	497.23		522.09	
Part A - Average Enrollment	2,557	2,559	(65)	3,295	3,312	(28)	3,394	82
Part B PMPM	\$ 170.32	\$ 170.70	\$ 0.38	\$ 172.45	\$ 172.32	\$ 0.43	\$ 181.79	\$ 9.47
July-December	172.97	172.90		167.68	167.29		177.33	
January-June	167.68	168.51		176.07	177.33		186.19	
Part B - Average Enrollment	40,023	40,034	(47)	40,610	40,514	(96)	41,249	735

XIV. Attachments