



# **November 2024**

## **CASELOAD ESTIMATING CONFERENCE**

Executive Office of Health and Human Services  
Medical Assistance Testimony

OCTOBER 25, 2024

## Table of Contents

TABLE OF CONTENTS .....	2
ATTACHMENTS.....	3
I. GENERAL CONSIDERATIONS .....	4
II. MAJOR DEVELOPMENTS.....	6
A. Summary of FY 2024 Close.....	6
B. Summary of Changes in EOHHS Revised Forecasts Compared to Enacted.....	8
C. Caseload Growth and Trend Development .....	9
D. Procurement of Managed Care Contracts.....	14
E. FY 2025 Budget Initiative Implementation .....	14
F. Disproportionate Share Hospitals.....	17
G. 1115 Waiver Update.....	18
H. Sickie Cell Therapies .....	20
I. Cross Budget Line Summaries: Rebates and NEMT .....	20
III. MANAGED CARE .....	23
IV. RHODY HEALTH PARTNERS .....	27
V. RHODY HEALTH OPTIONS .....	29
VI. EXPANSION .....	31
VII. HOSPITALS – REGULAR .....	34
VIII. HOSPITALS - DSH.....	37
IX. NURSING AND HOSPICE CARE .....	38
X. HOME AND COMMUNITY CARE.....	41
XI. PHARMACY .....	45
XII. PHARMACY CLAWBACK (MEDICARE PART D) .....	46
XIII. OTHER SERVICES.....	47
ATTACHMENTS.....	49

## **Attachments**

### **1. FY 2025 and FY 2026 Forecast**

- a. FY 2025 Revised Projection – Medical Benefits
- b. FY 2026 Projection – Medical Benefits
- c. FMAP Rates
- d. CY 2024 Federal Poverty Level (FPL Guidelines by Family Size)

### **2. Budget Initiatives**

- a. FY 2025 Budget initiatives
- b. Proposals – EOHHS Rebase for Testimony

### **3. Hospitals**

- a. Hospital Discharges – Fee-for-Service Inpatient Only (Excludes Crossover)

### **4. Nursing Facilities**

- a. Fee-for-Service Nursing Facility Days and Hospice Days

### **5. Caseload**

- a. FY 2024 Enrollment, Actual
- b. FY 2025 Enrollment, Actual and Projected, as of September 30, 2024
- c. FY 2026 Enrollment, Projected, as of September 30, 2024
- d. Summary Monthly Medicaid Population Report

### **6. Gainwell Medicaid Reports**

- a. FY 2025 Monthly Medicaid Expenditure Report through September 2024 (RIFANS)
- b. FY 2025 Expanded Monthly Medicaid Expenditure Report (MMIS)
- c. FY 2025 Additional Monthly Medicaid Caseload Indicators through August 2024 (MMIS)
- d. FY 2025 Medicaid Caseload Indicators (MMIS)

### **7. Summary of Caseload + PMPM**

### **8. Impact of Rate Changes on Provider Reimbursements**

### **9. Responses to Conferees' Questions for RI EOHHS – Medical Assistance**

## I. General Considerations

		Medical Benefits	
		All Funds	General Revenue
<b>FY 2023</b>	Final	\$3,091,906,522	\$1,030,498,350
<b>FY 2024</b>	Revised Enacted	\$3,314,538,872	\$1,226,923,273
	Prelim Final	<b>\$3,344,247,275</b>	<b>\$1,249,703,264</b>
	<i>Deficit over Revised Enacted</i>	<i>(\$29,708,403)</i>	<i>(\$22,779,990)</i>
<b>FY 2025</b>	Enacted	\$3,667,919,390	\$1,358,081,619
	Current	<b>\$3,635,438,872</b>	<b>\$1,338,646,652</b>
	<i>Surplus over Enacted</i>	<i>\$32,480,518</i>	<i>\$19,434,967</i>
<b>FY 2026</b>	Current	<b>\$3,968,275,872</b>	<b>\$1,427,758,147</b>

For FY 2025, Rhode Island's Executive Office of Health and Human Services (EOHHS) anticipates benefits expenditures of **\$3.635 billion**, including **\$1.339 billion in General Revenue (GR)**, among the Caseload Estimating Conference budget lines. This is a **\$32.5 million surplus**, including a **\$19.4 million GR surplus**, compared to the Enacted.

For FY 2026, EOHHS projects expenditures to increase by 9.2% to \$3.978 billion, including **\$1.428 billion GR**.

**Table I-1** compares EOHHS' All Funds closing position for FY 2024 and the revised forecasts for FY 2025 and preliminary forecast for FY 2026. The FY 2024 field in tables throughout the testimony represents the unaudited close with the adjustments that the agency intends to propose to the auditor general for the FY 2024 Final.

**Table I-2** compares these estimates by fund source.

**Attachments 1a and 1b** summarize EOHHS' current forecast by budget program/category and funding source and include a comparison against FY 2024 Preliminary Final.

As shown in **Table I-3**, with respect to FY 2025, EOHHS has revised the estimate of the average number of Medicaid clients with Full Medical Assistance Benefits from **331,487** to **321,885**. Compared to the Enacted, this average monthly census represents a decline of 9,602 members. The average monthly enrollment in FY 2026 is expected to increase by just 1.1% to **325,339**, a net increase of just 3,514 members compared to current fiscal year.

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

Details of EOHHS' revised caseload forecast for FY 2025 and FY 2026 are included in **Attachments 5b and 5c**, respectively. EOHHS has also included various historical caseload metrics in **Attachment 5a** and 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

	SFY 2024		SFY 2025			SFY 2026	
	Final	Surplus/ (Deficit)	Enacted	Current	Surplus/ (Deficit)	Current	FY25 → FY26
<b>CEC Budget Line</b>							
Managed Care	\$ 1,017,570,491	\$22.9 M	\$ 1,070,082,576	\$ 1,063,700,000	\$6.4 M	\$ 1,141,300,000	\$77.6 M
Rhody Health Partners	317,741,782	(25.5 M)	338,533,764	309,500,000	29.0 M	339,900,000	30.4 M
Rhody Health Options	182,550,700	(6.4 M)	220,508,737	215,000,000	5.5 M	235,500,000	20.5 M
Expansion	685,141,546	3.5 M	733,026,212	716,300,000	16.7 M	764,500,000	48.2 M
Hospitals - Regular	354,175,364	(2.2 M)	345,400,001	350,300,000	(4.9 M)	369,500,000	19.2 M
Hospitals - DSH	14,738,872	(0.0 M)	21,738,872	21,738,872	0.0 M	21,738,872	0.0 M
Nursing and Hospice Care	354,530,496	(19.8 M)	393,800,000	427,300,000	(33.5 M)	473,637,000	46.3 M
Home and Community Care	164,738,168	(7.2 M)	221,203,676	228,400,000	(7.2 M)	270,400,000	42.0 M
Pharmacy	1,734,617	(2.2 M)	(300,000)	1,900,000	(2.2 M)	2,000,000	0.1 M
Clawback	91,920,942	0.4 M	96,800,000	91,900,000	4.9 M	98,400,000	6.5 M
Other Services	159,404,297	6.9 M	227,125,552	209,400,000	17.7 M	251,400,000	42.0 M
<b>Subtotal - CEC Benefits</b>	<b>\$ 3,344,247,275</b>	<b>(\$29.7 M)</b>	<b>\$ 3,667,919,390</b>	<b>\$ 3,635,438,872</b>	<b>\$32.5 M</b>	<b>\$ 3,968,275,872</b>	<b>\$332.8 M</b>
Health System Transformation Project	22,010,148	(4.9 M)	1,097,227	3,524,773	(2.4 M)	0	(3.5 M)
Special Education	19,476,156	0.5 M	29,450,000	29,450,000	0.0 M	29,450,000	0.0 M
ARPA HCBS Investments	900,459	12.3 M	2,868,053	1,600,000	1.3 M	0	(1.6 M)
<b>Total - Benefits</b>	<b>\$ 3,386,634,038</b>	<b>(\$21.8 M)</b>	<b>\$ 3,701,334,670</b>	<b>\$ 3,670,013,645</b>	<b>\$31.3 M</b>	<b>\$ 3,997,725,872</b>	<b>\$327.7 M</b>

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

	SFY 2024		SFY 2025			SFY 2026	
	Final	Surplus/ (Deficit)	Enacted	Current	Surplus/ (Deficit)	Current	FY25 → FY26
<b>Funding Source</b>							
General Revenue	\$ 1,249,703,264	(\$22.8 M)	\$ 1,358,081,619	\$ 1,338,646,652	\$19.4 M	\$ 1,427,758,147	\$89.1 M
Federal Funds	2,122,705,624	(5.5 M)	2,333,444,377	2,320,103,277	13.3 M	2,561,652,725	241.5 M
Restricted Receipts	14,225,151	6.4 M	9,808,674	11,263,716	(1.5 M)	8,315,000	(2.9 M)
<b>Total - Benefits</b>	<b>\$ 3,386,634,038</b>	<b>(\$21.8 M)</b>	<b>\$ 3,701,334,670</b>	<b>\$ 3,670,013,645</b>	<b>\$31.3 M</b>	<b>\$ 3,997,725,872</b>	<b>\$327.7 M</b>

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

	SFY 2024		SFY 2025			SFY 2026	
	Final	Change	Enacted	Current	Change	Current	FY25 → FY26
<b>Enrolled - Full Benefits:</b>							
Rite Care Core	175,495	-1,349	168,235	162,085	-6,150	163,142	1,057
Rite Care CSHCN	10,229	-121	10,519	9,929	-590	10,174	245
Expansion	93,194	7	84,745	84,155	-590	84,348	193
Rhody Health Partners	13,275	-75	13,260	12,667	-593	12,943	276
Rhody Health Options (Phase II)	12,855	-89	12,931	11,787	-1,144	11,900	113
PACE	406	2	433	433	0	470	37
Rite Share	2,080	-200	2,126	1,581	-545	2,777	1,196
<b>Subtotal Enrolled</b>	<b>307,534</b>	<b>-1,825</b>	<b>292,249</b>	<b>282,637</b>	<b>-9,612</b>	<b>285,754</b>	<b>3,117</b>
<b>Remaining in FFS - Full Benefits:</b>							
Children and Families	4,800	29	4,395	3,822	-573	2,940	-882
Children with Special Healthcare Needs	1,950	190	1,563	1,811	248	1,887	76
Expansion	4,111	64	4,198	4,395	197	4,552	157
Aged, Blind, and Disabled	29,721	-97	29,082	29,221	139	30,271	1,050
<b>Subtotal Fee-for-Service</b>	<b>40,582</b>	<b>186</b>	<b>39,238</b>	<b>39,249</b>	<b>11</b>	<b>39,650</b>	<b>401</b>
<b>Grand Total - Full Benefits:</b>	<b>348,116</b>	<b>-1,639</b>	<b>331,487</b>	<b>321,886</b>	<b>-9,601</b>	<b>325,404</b>	<b>3,518</b>
<b>Composite PMPM</b>	<b>\$801</b>	<b>\$11</b>	<b>\$922</b>	<b>\$941</b>	<b>\$19</b>	<b>\$1,016</b>	<b>\$75</b>

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

	SFY 2024		SFY 2025			SFY 2026	
	Final	Change	Enacted	Current	Change	Current	FY25 → FY26
<b>Other Capitated Arrangements:</b>							
Rite Smiles	141,230	-458	138,298	135,341	-2,957	137,595	2,254
Rite Care EFP	1,074	71	1,131	2,129	998	2,204	75
SOBRA	4,258	-290	4,525	4,416	-109	4,622	206
Transportation Broker	345,929	-1,984	333,103	316,057	-17,046	320,448	4,391
<b>Medicare Premium Payments:</b>							
Part A (Hospital)	3,336	-1	3,445	3,400	-45	3,470	70
Part B (Professional Services)	40,373	39	40,580	40,681	101	41,606	925
Part D (Prescription Drugs)	42,036	146	40,426	38,359	-2,067	39,081	722

## II. Major Developments

This section highlights major developments that represent a meaningful fiscal or policy change anticipated for FY 2025 or FY 2026 or that involve programs that cross several CEC budget lines.

### A. Summary of FY 2024 Close

Table II-1. Summary of Variances Between Revised Enacted and Preliminary Close, FY 2024

**Summary - Expenditures by Budget Line**

CEC Budget Line	SFY 2024		
	Revised	Final	Surplus/(Deficit)
Managed Care	\$ 1,040,500,000	\$ 1,017,570,491	\$22.9 M
Rhody Health Partners	292,200,000	317,741,782	(25.5 M)
Rhody Health Options	176,200,000	182,550,700	(6.4 M)
Expansion	688,600,000	685,141,546	3.5 M
Hospitals - Regular	352,000,000	354,175,364	(2.2 M)
Hospitals - DSH	14,738,872	14,738,872	(0.0 M)
Nursing and Hospice Care	334,700,000	354,530,496	(19.8 M)
Home and Community Care	157,500,000	164,738,168	(7.2 M)
Pharmacy	(500,000)	1,734,617	(2.2 M)
Clawback	92,300,000	91,920,942	0.4 M
Other Services	166,300,000	159,404,297	6.9 M
<b>Subtotal - CEC Benefits</b>	<b>\$ 3,314,538,872</b>	<b>\$ 3,344,247,275</b>	<b>(\$29.7 M)</b>

Major drivers of the \$29.7 million All Funds deficit as reflected in the FY 2024 preliminary closing are summarized below, grouped by favorable and (unfavorable) variances. Positive amounts indicate that the final expenditures for the category were lower than included in the FY 2024 Revised. Negative amounts indicate spending more than funded amounts. Additional detail, organized by Budget Line, is included in an Excel file embedded in the EOHHS Questions file. The single largest source of variance to FY 2024 Revised is EOHHS' estimate of fee for service activity in the current year, which contributes \$38.1 million to the deficit, which is offset by a variety of smaller favorable variance, including lower than anticipated enrollment and lower than anticipated risk share payments.

Overall Drivers of Surplus/(Deficit)	Amount
<b>Favorable:</b>	
Risk Share Current Year	\$ 7,974,250
Enrollment	\$ 7,477,616
FFS Activity: Prior Year	\$ 3,140,126
Risk Share Prior Year	\$ 2,455,738
Prior Year SOBRA Activity	\$ 2,304,019
Recoveries, Premium Collections, Tax Intercepts	\$ 821,038
Medicare Premium Payments Part A & B	\$ 673,319
QI Offset: Final vs. May CEC	\$ 103,162
<b>Unfavorable</b>	
Retroactive Premium Adjustments - Prior Year	\$ (4,482,407)
All Other	\$ (5,296,115)
Rebates	\$ (6,776,106)
FFS Activity: Current Year	\$ (38,103,043)
<b>Total Surplus/(Deficit), CEC Medical Benefits</b>	<b>\$ (29,708,403)</b>

#### **Potential Adjustments to FY 2024 Preliminary Close**

EOHHS will be submitting closing adjustments to the RI Auditor General that will significantly impact the FY 2024 closing with respect to GR. Specifically, EOHHS anticipates that the FY 2024 Final expenditures from GR will be restated downwards by \$21.1 million—reducing EOHHS' GR deficit for FY 2024 from \$22.7 million to \$2.7 million—

with a corresponding increase in federal and restricted expenditures. This is the result of several adjustments, each of which is discussed below.

The table below summarizes the closing position for CEC Medical Benefits as reflected in the preliminary closing, followed by a restatement of those expenses after accounting for each of the proposed audit adjustments.

CEC Medical Benefits	General Revenue	Federal Funds	Restricted Receipts	Total
FY 2024 Revised	\$ 1,226,923,273	\$ 2,079,100,599	\$ 8,515,000	\$ 3,314,538,872
FY 2024 Preliminary Close	\$ 1,249,703,264	\$ 2,088,263,201	\$ 6,280,810	\$ 3,344,247,275
Surplus/(Deficit)	\$ (22,779,991)	\$ (9,162,602)	\$ 2,234,190	\$ (29,708,403)
<b>Proposed Adjustments:</b>				
Cover All Kids Journal Entry Correction	\$ (7,573,798)	\$ 7,573,798	\$ -	\$ -
Erroneous Journal Entry: Provider Type Misstatement MMIS	\$ (8,239,104)	\$ 8,239,104	\$ -	\$ -
Expansion UPL Journal Entry Correction	\$ (2,316,104)	\$ 2,316,104	\$ -	\$ -
Children's Health Account	\$ (2,968,321)	\$ -	\$ 2,968,321	\$ -
Equality in Abortion Coverage Act	\$ 1,057,833	\$ -	\$ -	\$ 1,057,833
Total Adjustments	\$ (20,039,494)	\$ 18,129,006	\$ 2,968,321	\$ 1,057,833
<b>FY 2024 Adjusted Actual</b>	<b>\$ 1,229,663,770</b>	<b>\$ 2,106,392,207</b>	<b>\$ 9,249,131</b>	<b>\$ 3,345,305,108</b>
<i>Adjusted Surplus/(Deficit)</i>	<i>\$ (2,740,497)</i>	<i>\$ (27,291,608)</i>	<i>\$ (734,131)</i>	<i>\$ (30,766,236)</i>

- Cover All Kids.** At fiscal close, EOHHS posted a journal entry intended to shift costs previously charged as state only for members previously assigned to the Cover All Kids program, but later determined eligible for full benefit medical assistance eligible for federal financial participation. The entry was posted backwards. Correcting this entry will shift \$7.8 million from GR to federal funds and impacts the managed care budget line.
- Provider Type Misstatement.** At fiscal close, EOHHS posted a journal entry after being advised by its fiscal intermediary that risk share recoupments for one of the health plans had been processed under an incorrect provider ID. EOHHS incorrectly assumed that this meant the recoupment had also posted in the MMIS to an incorrect funding source (which crosswalks to a budget line). Upon review of the MMIS cycles, this was not the case and the recoupments posted to the correct funding source in both MMIS and RIFANS. This journal entry will be reversed, resulting in a shift of \$8.2 million from GR to federal funds and impacts the Managed Care, Medicaid Expansion, and Rhody Health Partners budget lines.
- Expansion UPL.** At fiscal close, EOHHS posted a journal entry intended to shift a portion of the UPL payment to the Medicaid Expansion population. The entry was posted backwards. Correcting this entry will shift \$2.3 million from GR to federal funds and impacts the hospital budget line.
- Children's Health Account.** EOHHS posted a journal entry in August 2024 shifting \$2.9 million from GR to the Children's Health Account that should have been posted to the FY 2024 period. Adjusting this entry will reduce GR by \$2.9 million and increase restricted receipts by an equivalent amount. This impacts the Other Services budget line.
- Equality in Abortion Coverage Act.** At fiscal close, EOHHS erroneously excluded a payable to reimburse the health plans for abortion services not eligible for FFP pursuant to the Hyde Amendment. EOHHS will be reimbursing the health plans for this cost outside of the managed care rates using state-only funding. The total payable in FY 2024 is \$1.1 million, which includes \$940K in FY 2024 claims activity and \$116K in FY 2023 claims activity (for the May and June months of service following passage of the Act) for this newly permitted service.

In each of the following sections, EOHHS establishes the FY 2024 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 2024 incurred financial transactions are reflected in each of the budget line sections by separating out prior period activities and updates and/or errors in EOHHS' accruals that may impact the preliminary final. These estimates are intended to offer a basis for a reasonable comparison for EOHHS' revised estimates for FY 2025. As necessary, EOHHS offers additional commentary to support each of the summary tables.

## B. Summary of Changes in EOHHS Revised Forecasts Compared to Enacted

The EOHHS forecast of \$3.635 billion for FY 2025 represents a surplus of \$32.5 million (0.9%) All Funds, including a \$19.4 million GR (1.4%) surplus against the Enacted.<sup>1</sup> This surplus is primarily driven by reduced enrollment resulting from a greater number of closures in the final quarter of FY 2024 through July 2024. Noteworthy, this downward revision to the Department's caseload forecast for FY 2025 follows a similar downward revision—and of similar magnitude—as presented in May 2024. The most significant variance against the prior forecast is among Expansion adults, but the pace and volume of closures exceeded expectations across all products and populations.

Despite the overall surplus, there are significant swings—some favorable while others unfavorable—in the various components of the budget. **Table II-2** summarize the components of the major variances of EOHHS' revised estimates compared to FY 2025 Enacted. Error! Reference source not found. summarizes the composite price-volume variance of EOHHS' revised estimate for FY 2025 compared to Enacted and compared to FY 2024. Please note that for comparative purposes, the fiscal impact of the CCBHC investment and OHIC rate review are isolated from the underlying increases in managed care premiums and other fee-for-service changes.

In general, enrollment is down across all the programs – overall the reduction of 9,584 average monthly enrollment across the managed care products contributed to the \$105.5 million reduction in capitated payments (prior to impact of the OHIC rate review and CCBHC investment). Over estimation of the initial year of the OHIC rate review offers approximately \$30.0 million in financial relief and is driven by lower enrollment, an elimination of the assumption of across-the-board utilization increases for all OHIC-impacted rates in FFS, and a refined application of different recommended rates for the same procedure code but different programs and our modifiers.

Enrollment in the Medicare Savings Program (i.e., Medicare Buy-In and Clawback programs) is also below November CEC adopted estimates, which had assumed continued growth. Other savings are reduced spending on newborns with savings from fewer SOBRA payments exceeding the additional cost of much higher NICU costs, and revised estimate of conflict free case management as implementation continues to face staffing challenges.

Noteworthy, although the CCBHC investment appears overbudget, the revised estimate of this new program is expected to cost less GR than originally assumed in the Enacted. In its revised request for FY 2025, EOHHS is now estimating at least \$12.3 million GR savings because of the Enhanced FMAP available to Rhode Island under the CMS Demonstration for all non-Expansion expenditures at a CCBHC. This GR savings was not previously reflected in EOHHS' budget. In FY 2026, this additional federal funding is estimated to provide \$18.9 million GR savings.

Partially offsetting unfavorable changes compared to EOHHS' prior estimate include a \$33.4 million increase in nursing home fee-for-service expenditures as the state's nursing home census continues to rebound from its lowest point during the Covid-19 pandemic and transition of new enrollees into Rhody Health Options slows. Home and community-based services is also increasing by \$16.8 million prior to the application of OHIC rate. The increase is driven in part by a 33.6% increase in spending on home care services in FY 2024 compared to FY 2023 that was not fully realized in the Enacted and application of a 5.0% utilization assumption applied in FY 2025 and FY 2026. This cost of this utilization growth is then compounded by the greater than 40% increase in the State's average reimbursement rate for home care services resulting from OHIC.

The other fee-for-service spending items are also increasing relative to prior assumption. These increases are likely attributed to the additional churn among members following their temporary closure during the Unwinding and increase in FFS spending by newly enrolled clients in the period that immediately follows their eligibility determination and is prior to their transition into managed care. Relatedly, while overall costs on newborns is declining due to reduced number of SOBRA payments, a jump in the average cost of NICU stays is increasing FFS spending.

---

<sup>1</sup> **Attachment 1a** and **Attachment 1b** includes total spending by Budget Line and compares to November 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 for FY 2025 compared to Enacted (excludes non-CEC Benefits)

	FY 2025:		
	Enacted	Current	Surplus/(Deficit)
<b>Favorable Variances</b>			
OHIC Rate Review	\$159.0 M	\$114.2 M	\$44.8 M
Expansion [1]	\$678.8 M	\$649.7 M	\$29.1 M
Medicare Premium Payments	\$219.2 M	\$201.1 M	\$18.1 M
Rite Care [1]	\$875.6 M	\$863.0 M	\$12.6 M
RHP [1]	\$327.4 M	\$304.0 M	\$23.4 M
RHO II [1]	\$199.9 M	\$194.8 M	\$5.2 M
PACE [1]/Rite Smiles/NEMT/Rite Share	\$95.4 M	\$91.9 M	\$3.4 M
SOBRA	\$89.0 M	\$82.9 M	\$6.1 M
Conflict Free Case Management [2]	\$5.7 M	\$4.8 M	\$0.9 M
<b>Subtotal Favorable</b>	<b>\$2,650.0 M</b>	<b>\$2,506.3 M</b>	<b>\$143.7 M</b>
<b>Unfavorable Variance</b>			
Nursing Home & Hospice FFS	\$393.8 M	\$427.2 M	(\$33.4 M)
HCBS FFS	\$188.3 M	\$194.8 M	(\$6.5 M)
NICU FFS	\$26.6 M	\$34.2 M	(\$7.6 M)
Other FFS (Excl. NH/HCBS/NICU)	\$163.7 M	\$203.5 M	(\$39.8 M)
Drug Rebates	(\$170.1 M)	(\$152.4 M)	(\$17.7 M)
CCBHC Demonstration	\$110.8 M	\$113.2 M	(\$2.4 M)
Other/Miscellaneous	(\$16.2 M)	(\$12.6 M)	(\$3.6 M)
Supplemental Hospital Payments	\$321.0 M	\$321.1 M	(\$0.1 M)
<b>Subtotal Unfavorable</b>	<b>\$1,017.9 M</b>	<b>\$1,129.1 M</b>	<b>(\$111.2 M)</b>
<b>Total</b>	<b>\$3,667.9 M</b>	<b>\$3,635.4 M</b>	<b>\$32.5 M</b>
<b>By Funding Source:</b>			
General Revenue	\$1,358.1 M	\$1,338.6 M	\$19.4 M
Federal Funds	\$2,301.5 M	\$2,288.3 M	\$13.2 M
Restricted Receipts	\$8.3 M	\$8.5 M	(\$0.2 M)
<b>Total</b>	<b>\$3,667.9 M</b>	<b>\$3,635.4 M</b>	<b>\$32.5 M</b>

Note 1. Capitation amounts exclude the separately quantified cost of OHIC rate review and CCBHC investment.

Note 2. Conflict Free Case Management reflects FFS only. Included I/DD clients but excludes RHO II enrollees.

Table II-3 Summary of price-volume analysis, All Funds

	Price	Volume	Net
FY 2025: Current over Enacted	\$73.8 M 2.1%	(\$106.2 M) -2.9%	(\$32.5 M) -0.9%
FY 2025 over FY 2024	\$543.2 M 17.6%	(\$252.0 M) -7.5%	\$291.2 M 8.7%
FY 2026 over FY 2025	\$293.1 M 8.0%	\$39.7 M 1.1%	\$332.8 M 9.2%

## C. Caseload Growth and Trend Development

On May 31, 2023, Rhode Island reached a peak enrollment of 373,517 clients with full Medicaid benefits. The next month the first closures associated with the State's Return to Normal Operations (RTNO) and resumption of redetermination took effect. Over the subsequent 15 months, through September 2024, a net of 56,340 clients lost coverage. However, this significant reduction hides the underlying churn experienced during this period: with a total of 96,683 clients losing coverage and 40,343 clients becoming newly eligible between May 2023 and September 2024.

Among Expansion-eligible clients, as of September 2024, 28,838, or 66.1% percent of the net growth during the entirety of the continues coverage period during the Public Health Emergency (PHE), have since closed. This brings the total number of eligible Expansion adults down to 87,549, including 83,923 enrolled in managed care in September 2024—from a peak of 116,387 eligible, including 113,511 enrolled in managed care as of May 31, 2023.

Excluding family planning only, Rite Care Core clients were generally not part of the redetermination schedule until January 2024, but since then closures have exceeded original projections. Overall, from a peak of 183,565 enrolled in January 2024, a total of 37,942 closures have resulted in a net decline of 21,835 in Rite Care Core. In May, EOHHS noted that "the initial redeterminations suggest that these closures will exceed EOHHS' prior expectations;" the magnitude of the subsequent activity has exceeded EOHHS' prior estimates. These reductions translate into a significant decrease in total member months of capitation paid in FY 2025. Rite Care CSHCN also

saw a greater number of closures than anticipated, albeit a more modest variance of 619 clients. This latter figure remains noteworthy, however, given the general stability in this eligibility group is less susceptible to changes in economic conditions.

Unexpectedly, EOHHS has seen net closures among its Aged, Blind, and Disabled (ABD) populations. Within RHP enrollment has declined 1,079 members (7.7%) between May 2023 and September 2024 and, RHO has also experienced a reduction in its enrollments totaling 1,606 members (12.1%) over the course of the Unwinding through last month. The remaining ABD clients in fee-for-service has also decreased 1,638 (5.4%): from 30,425 in May 2023 to 28,787 in September 2024.

With respect to the number of undocumented children receiving comprehensive health coverage under the Cover All Kids program, EOHHS continues to see enrollment growth. However, the count of clients is generally overstated due to the need to retroactively assign some clients to a Medicaid-eligible aid category following receipt of additional documentation. During FY 2024, EOHHS and the Department of Human Services (DHS) responded to findings from the Department of Administration's (DOA) Office of Internal Auditors evaluation of RI Bridges data associated with the Cover all Kids program. As part of FY 2024 fiscal close, EOHHS staff made prior period adjustments to claim Medicaid funds where a child was later determined to be a citizen or documented resident eligible for Medicaid. There is no expectation for this process to change; EOHHS will continue to make year-end adjustments to its claiming. EOHHS' revised forecast of \$10.3 million in state only spending for the Cover All Kids program (a \$4.4 million reduction compared to Enacted) reflects this retroactive claiming for Medicaid and assumes that approximately one-third of initial claiming will ultimately be identified as eligible for Medicaid. Overall, EOHHS assumes it is at a steady caseload state with respect to this non-Medicaid eligibility group.

**Figure II-1** reflects the increase over the period of the PHE through March 2024 and snapshots for June 2024 and June 2025 as incorporated into EOHHS' current estimates.

**Figure II-2** shows the increase in enrollment and costs for the Cover All Kids program since its implementation in FY 2023.

**Table II-4** summarizes the churn—i.e., closures and new determinations—both during the PHE and the Unwinding. (Please note that counts will differ from other metrics in EOHHS' testimony, as this extract was completed in mid-October and reflects a preliminary snapshot for September 30, 2024, with no adjustments for retroactive eligibility). It is noteworthy that more than half of all closures since the commencement of the unwinding were for clients who had eligibility prior to the PHE. Thus far, only 40,000 of the 112,000 Rhode Islanders who gained eligibility during the PHE have lost coverage, while over 70,000 still retain their coverage.

**Figure II-3** compares EOHHS' current estimate to its May 2024 Adopted. The data reflects updated actuals, adjusted for completion, through August 2024 – with a 3-month lag for newborns on SOBRA payments.

Figure II-1. Select caseload snapshots between February 2020 and June 2026

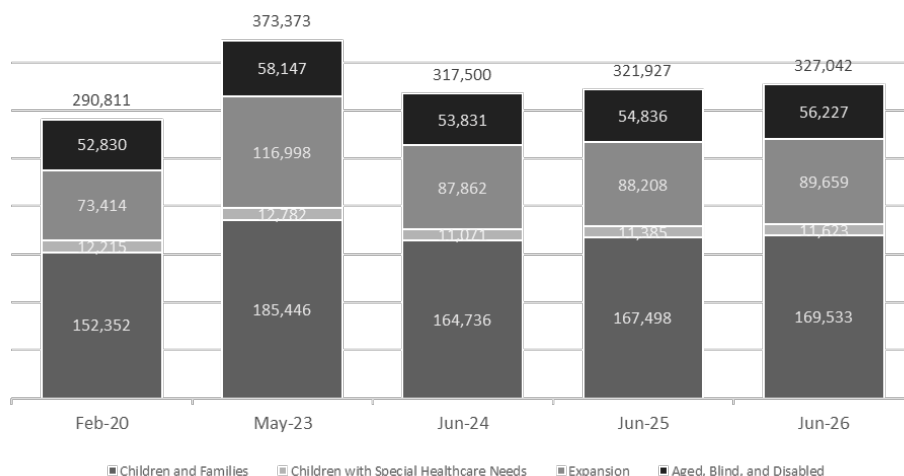


Figure II-2. Cover all Kids Eligibility and State Only Costs (Capitation and FFS Activity)

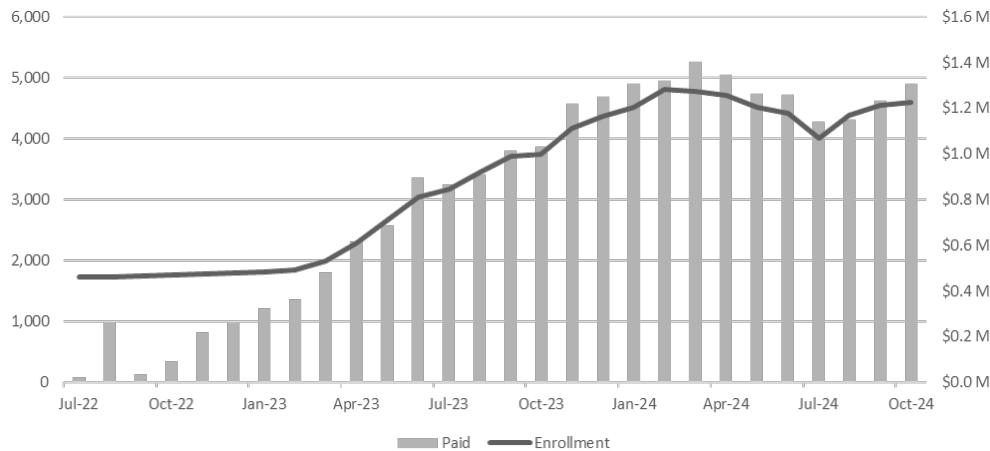


Table II-4. Churn during periods of continuous coverage and subsequent unwinding between Feb-20 and Sep-24

		Change during PHE			Change since end of PHE				
					Gross closures since start of Unwinding				Gained eligibility during Unwinding
		Feb-20 Snapshot	Lost coverage during PHE	Gained coverage during PHE	May-23 Snapshot	Client closed was eligible prior to PHE	Client closed gained eligibility during PHE	Subtotal closures	
Rite Care	154,686	(29,045)	63,171	188,812	(27,806)	(18,141)	(45,947)	28,788	171,653
Expansion	67,454	(13,226)	59,230	113,458	(22,162)	(28,948)	(51,110)	21,568	83,916
Rhody Health Partners	14,429	(3,831)	3,335	13,933	(1,934)	(902)	(2,836)	1,453	12,550
Rhody Health Options	13,138	(4,720)	4,779	13,197	(1,982)	(1,595)	(3,577)	1,924	11,544
PACE	339	(192)	255	402	(46)	(76)	(122)	134	414
Remaining in FFS	41,889	(21,060)	22,890	43,719	(7,723)	(11,649)	(19,372)	12,753	37,100
Unduplicated	291,934	(31,043)	112,628	373,517	(57,618)	(39,065)	(96,683)	40,343	317,177

### Overview of Nationwide Enrollment and Projected Enrollment<sup>2</sup>

Rhode Island's overall growth during the PHE as reported to CMS increased by 28% between February 2020 and April 2023. This growth rate is equivalent to the New England average, but lower than the national average growth rate for both states that have Expanded (+31%) Medicaid and those that have not (+37%). Overall enrollment trends have declined across all New England states since the end of the PHE. The intensity of this decline varied among the New England states, ranging from a reduction of 3% in ME to a 19% decrease in New Hampshire. Rhode Island is in the middle with a 15% decline in enrollment in the post PHE period. Expansion states and non-expansion states experienced a 13% and 24% decrease respectively in the same period.

### National Forecasts of Medicaid Enrollment/Expenditures

The Congressional Budget Office (CBO) projects stable average monthly enrollment for most populations between FY 2026 and FY 2030. During this period, enrollment levels generally stabilize, with only one notable increase within the five-year projection. Overall, the average monthly enrollment growth across populations is anticipated to reflect a modest 1% annual increase.

Regarding federal spending on benefit payments per enrollee, the five-year projection indicates positive growth across all populations. Except for a 2% increase in 2026, the CBO forecasts a steady 5% average annual growth rate. However, the projected growth rates vary among the different populations. For example:

- Aged and Blind/Disabled Populations: Spending growth is expected to range from 1% to 4% annually, reflecting moderate adjustments in response to service needs.
- Children Population: Projected spending growth is higher, ranging between 4% and 5% annually.

<sup>2</sup> See <https://www.cbo.gov/system/files/2024-06/51301-2024-06-medicaid.pdf>

- Traditional Adult Eligibility Population: Growth rates are projected to remain within the 3% to 5% range annually.
- Expansion Adult Population: This group has the highest projected annual growth, between 4% and 7%, due to anticipated increases in service utilization and policy adjustments.

This forecast reflects both anticipated stabilization in enrollment and varied growth in spending across population groups, driven by differing healthcare needs and policy influences within each demographic.

The CBOs forecast is generally consistent with projections published by CMS' Office of the Actuary in June 2024, which anticipates a continued reduction in enrollment of -11.2% in 2024, -0.2% in 2025, followed by average annual enrollment growth of 0.9% in composite across all populations. CMS estimates that per member expenditures will grow 5.8% in 2026 and 5.2% per year through 2032.<sup>3</sup>

### ***Trend Development***

EOHHS' revised caseload forecast for FY 2025 is significantly lower than its prior estimate in May, with a current projected average monthly enrollment of 321,914 compared to a prior forecast of 331,487. The reduction is attributed to the greater-than-anticipated number of closures during RTNO and actuals through September 2024. EOHHS anticipates enrollment to increase to an average of 325,595 for FY 2026.

While the resulting caseload total for FY 2025 remains 30,585 (10.4%)—including 32,289 more clients enrolled in managed care products and 1,704 fewer clients remaining in fee for service—higher than the pre-COVID snapshot of 290,373 there is no immediate indication that it should trend further downward, given all clients had gone through a full redetermination as of June 2024 and the State has since seen a modest increase in caseload. The resumption of regular redeterminations and post-eligibility verification checks for changes in household income should help maintain modest levels of growth going forward, absent any major economy shift. As such, for the remaining part of FY 2025, EOHHS applied a long-term trend of 2.5% for Rite Care and Expansion, 1.5% trend to Rhody Health Options, and 1.0% to Rhody Health Partners. A 2.5% trend was applied to the number remaining in FFS that helps inform but not determine utilization trends applied to FFS spending. For FY 2026, the trend factors for Rite Care and Expansion are reduced to 1.5%.

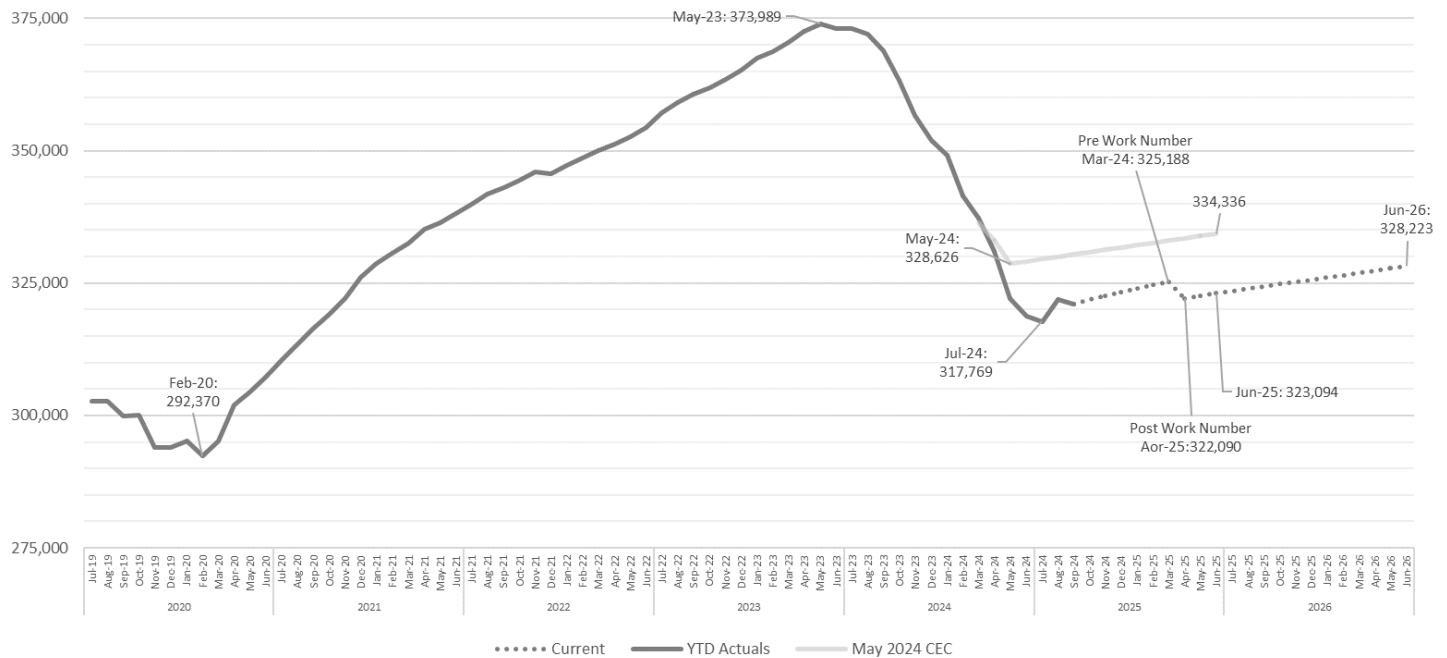
These trend factors are prior to a reduction of 11,388 member months associated with the implementation of The Work Number savings initiative and application of additional income verification checks. From a modeling perspective, this reduction is assumed to be a one-time drop in enrollment, effective April 2025. Total member months saved in FY 2025 compared to enacted were reduced to one-third of the original estimate based on this delay. Note that while savings in FY 2025 are below targets, the effective savings associated with the April closures will exceed the original estimates when annualized in FY 2026. Further, additional savings attributed to this robust post-eligibility income verification process will be realized as cost avoidance from having avoided excess member months of enrollment. This cost avoidance is used to justify the muted caseload trends applied in FY 2026.

EOHHS' projections are reflected in **Attachment 5b** and **Attachment 5c**. Please note that these figures reflect full-time equivalent members and not distinct members as they have been adjusted for partial month enrollment.

---

<sup>3</sup> See <https://www.healthaffairs.org/doi/10.1377/hlthaff.2024.00469>

Figure II-3. Current full Medicaid forecast compared to May 2024 CEC (i.e., FY 2025 Enacted)



### 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, EOHHS revised forecast reflects current rates as provided by the state's certifying actuary and presented to the health plans. However, while these rates have been communicated to the health plans, they remain in draft form and are subject to final contract execution with respect to the implementation and accounting for CCBHC and OHIC rate increases.

The composite price increases—prior to application of nursing facility rebasing in Rhody Health Options, CCBHC investment and OHIC rate increases—vary widely: 9.2% for Rite Care Core, 0.2% for Expansion, 3.2% in Rhody Health Partners to 9.9% in Rhody Health Options, and 13.9% in PACE. Overall, the composite price factor among all the managed products was 4.5% excluding Rite Smiles and non-emergency transportation. These changes reflect a combination of pricing and utilization changes, as well as Rhode Island statute and contracting provisions that limit the ability of our managed care partners to negotiate alternative payment arrangements with providers. After the application of the FY 2025 budget changes, as well as the nursing facility rebasing, the composite rate change increases to 10.6% increase over the FY 2024 rates inclusive of a 5.9 % increase over the July 1 rates that were effective for the first quarter of FY 2025.

The 5.0% trend factor for FY 2026 reflects a return to normal and is in line with the trend factors of 4.8% for FY 2022 and 4.9% for FY 2021 that did not yet take into consideration the effect of Covid. However, the OHIC rate increases may have an inflationary pressure on utilization and rebasing of CCBHC rates could materially affect these trends.

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-5** and **Attachment 7** consolidate 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-5. FY 2024 through FY 2026: Caseload and Composite PMPM with Trends

	Caseload:			Price:			Caseload Trend		Price Trend	
	2024	2025	2026	2024	2025	2026	FY24 → FY25	FY25 → FY26	FY24 → FY25	FY25 → FY26
<b>Full Benefits:</b>										
Rite Care Core	175,495	162,085	163,142	\$332	\$371	\$392	-7.6%	0.7%	11.9%	5.6%
Rite Care CSHCN	10,229	9,929	10,174	\$1,314	\$1,428	\$1,524	-2.9%	2.5%	8.7%	6.7%
Expansion	93,194	84,155	84,348	\$640	\$680	\$723	-9.7%	0.2%	6.2%	6.4%
Rhody Health Partners	13,275	12,667	12,943	\$2,031	\$2,236	\$2,400	-4.6%	2.2%	10.1%	7.3%
CMS Demonstration	12,855	11,787	11,900	\$1,148	\$1,499	\$1,628	-8.3%	1.0%	30.6%	8.6%
PACE	406	433	470	\$4,206	\$5,525	\$6,073	6.7%	8.5%	31.3%	9.9%
Rite Share [1]	2,080	1,581	2,777	\$79	\$121	\$127	-24.0%	75.6%	53.7%	5.0%
<b>Subtotal</b>	<b>307,534</b>	<b>282,637</b>	<b>285,754</b>	<b>\$569</b>	<b>\$637</b>	<b>\$679</b>	<b>-8.1%</b>	<b>1.1%</b>	<b>12.1%</b>	<b>6.6%</b>
<b>Other Capitated Arrangements:</b>										
Rite Smiles	141,230	135,341	137,595	\$18	\$18	\$19	-4.2%	1.7%	-0.6%	5.0%
Rite Care EFP	1,074	2,129	2,204	\$17	\$14	\$14	98.2%	3.5%	-21.6%	5.0%
SOBRA Payment	355	368	385	\$18,551	\$18,770	\$19,708	3.7%	4.6%	1.2%	5.0%
Non-Emergency Transportation [2]	345,929	316,057	320,448	\$9	\$9	\$10	-8.6%	1.4%	7.3%	2.8%
<b>Medicare Premium Payment:</b>										
Part A (Hospital)	3,336	3,400	3,470	\$476	\$487	\$511	1.9%	2.1%	2.4%	5.0%
Part B (Professional Services)	40,373	40,681	41,606	\$173	\$183	\$192	0.8%	2.3%	5.8%	5.0%
Part D (Prescription Drugs)	42,036	38,359	39,081	\$184	\$199	\$210	-8.7%	1.9%	8.7%	5.1%

**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.

## D. Procurement of Managed Care Contracts

In December 2023, the State posted a solicitation seeking proposals from qualified Bidders to provide Medicaid Managed Care Services to Rhode Island Medicaid beneficiaries for the Rhode Island Medicaid Managed Care Program. After tentative award, bid protests were filed, requiring all planning work to cease until the protest is complete. As such, this testimony does not reflect the shift to the new contracts, previously anticipated to begin with the start of FY 2026.

## E. FY 2025 Budget Initiative Implementation

As outlined in **Attachment 2**, initiatives are implemented or in progress. Status updates and/or major implementation changes since the Enacted Budget are detailed below.

- **Rite Share:** *In process.* Estimated savings in FY 2025 have been adjusted downward to 2,500 member months, or 250 members moving to Rite Share each month starting in March 2025. Total savings anticipated in FY 2025 is \$0.6 million (\$0.3 million GR). Savings in FY 2026 is projected at \$4.1 million, including \$1.8 million GR. The estimate in FY 2026 assumes an additional 50 members per month are transitioned to Rite Share starting in July. Coupled with the members transitioned in FY 2025, EOHHS estimates 15,900 total member months of savings in FY 2026.

The savings were adjusted to reflect the status of hiring as they are dependent on the new positions included in the enacted budget. As of October 4, three of the five positions have been hired (conversion of contractors to state positions). The two new positions are in process of being hired, with expected start dates by the end of the calendar year.

- **The Work Number:** *Delayed.* Estimated savings have been adjusted downwards to reflect delayed implementation of this data source into annual renewals and post eligibility verification of income as of April 2025. The estimated total member months saved have accordingly been reduced to 1/3 of the original amount. Total member months avoided in the first year have been reduced to 11,388 (from 33,974), which translates to savings of \$8.2 million from all funds, \$2.0 million of which is from GR.
- **Certified Community Behavioral Health Clinics (CCBHC):** *Implemented.* In early June 2024, Rhode Island received notification of acceptance into the CCBHC demonstration.<sup>4</sup> This Demonstration provides authority for the program (i.e., Rhode Island does not have a SPA for CCBHC services) and allows the State to receive an enhanced matching rate—equivalent to Rhode Island CHIP rate—on CCBHC services not eligible for the Expansion FMAP. The demonstration lasts for four years, and the State must follow all

<sup>4</sup> <https://www.hhs.gov/about/news/2024/06/04/biden-harris-administration-expands-access-mental-health-substance-use-services-addition-10-new-states-ccbhc-medicare-demonstration-program.html>

demonstration rules to maintain our status and receive the enhanced FMAP. Fiscal estimates for FY 2025 and FY 2026 have been updated to reflect final PPS rates, demonstration status (enhanced FMAP), and attribution assumptions for demonstration year one.

Overall, EOHHS estimates CCBHC-related spending of \$113.2 million, net of \$4.8 million in Medicare collections, in FY 2025—an increase of \$2.4 million compared to the Enacted—supplanting \$43.1 million in existing spending at the CCBHCs. This more than doubling of the participating providers' revenues represents a transformative investment in the state's behavioral health safety net. The Enhanced FMAP against the non-Expansion spending provides \$14.9 million GR savings not assumed in the Enacted.

EOHHS anticipates potential expansion within the CMS Demonstration to EBCAP in October 2025. Further, EOHHS will likely see growth at the initial sites in FY 2026 as they complete their original hiring goals and expand outreach. New spending is estimated to be as much as \$197.2 million—including \$11.2 million for increased managed care expenditures, including administration, margin, and premium taxes—in FY 2026 as the initial providers' utilization is annualized, they continue to fill their vacancies, and as new CCBHC's are certified. The fiscal impact of this expansion is offset by \$7.5 million in Medicare collections and an assumption of \$16.1 million in lower total cost of care for members being served by CCBHCs—through reduced visits to emergency departments and lower inpatient hospital charges. The enhanced FMAP for the CCBHC is estimated to provide \$22.7 million GR savings in FY 2026, as reflected in EOHHS' estimate.

- **OHIC Rate Review Recommendations:** *In process.* The fiscal estimate of the cost of the increase for FY 2025 is updated to \$113.2 million for providers. This is \$45.8 million less than EOHHS' original estimate. The reduction is due to a moderation of utilization in FY 2024 (the original estimate used FY 2022/2023 data trended to FY 2025), refined application of variable rate recommendations by program (the original estimate applied the greatest recommended rate across all programs), and modified trend assumptions in some situations. The annualized cost is expected to increase to \$163.4 million in FY 2026 inclusive of taxes and fees for managed care. However, depending on emerging experience, the increase in FY 2026 could be higher if utilization expands.

EOHHS is working to obtain approval from the Centers for Medicare and Medicaid Services (CMS) for the OHIC rate review rate increases, through both the State Plan and the 1115 Waiver. All SPAs related to the OHIC rate review have gone through the required 30-day public comment period and were submitted to CMS. CMS has 90 days to approve, deny or place the SPA in request for additional information (RAI) status. Medicaid finance and policy staff met with CMS to discuss all SPA submissions; no concerns were raised by CMS and several are recommended for approval and moving through the CMS leadership sign off process. EOHHS anticipates approval from CMS by the end of the 2024 calendar year.

EOHHS sent CMS the state's request to increase rates for services authorized by the 1115 Waiver on August 16, 2024. In early October, CMS asked and Medicaid staff responded to preliminary questions about the rate methodology used. There is no standard timeline for CMS to process requests to update rates for services authorized by the 1115 Waiver. CMS acknowledged the state is working on implementation efforts; while it is most likely that CMS will accept as is, they did indicate the state would have to retroactively update if changes are requested to any services where the methods have changed (applicable to any changes requested by CMS for services where OHIC used an "IRM" to develop new rates - i.e., Personal care and/or Homemaker, Nursing Assessment, and Private Duty Nursing).

To expeditiously implement the rate increases and avoid negative impacts on client access to care, EOHHS initiated the process to update rates in fee-for-service and has provided amended rates to all managed care organizations (MCOs). For transparency, EOHHS created a web page<sup>5</sup> that describes all aspects of implementation required to effectuate rate updates.

- **Adult dental to Medicaid Managed Care:** *Delayed.* The authority to bring adult dental in plan is under review in our 1115 waiver renewal. Given the delay in waiver approval and status of the core managed care procurement, EOHHS submitted a request to extend the current Rite Smiles contract for an

---

<sup>5</sup> <https://eohhs.ri.gov/FY25-Medicaid-Rates>

additional year. If granted, a new contract with the addition of adult dental services would be effective beginning on July 1, 2026.

- **Ambulatory Dental Rates:** *In process.* MCOs must reimburse at no less than the Medicaid FFS minimum fee schedule as of July 1, 2024. MMIS implementation is in progress and once completed, ambulatory surgical centers (ASC) will receive retro-claiming back start of the fiscal year. Note, **Attachment 2** reflects a lower cost estimate than the FY 2025 Enacted Budget. This savings is attributable to the actual rate, determined by the CMS' ACS March Release, being lower than the proxy used during the budget estimating process. The FFS estimate includes an additional \$40,000 (budgeted to Other Services) for the FFS portion of these expenses in FY 2025 and FY 2026.
- **Chiropractic Rates:** *In process.* CMS approved the SPA and providers can submit claims with dates of service on or after July 1, 2024. MCOs not already providing this benefit as an in-lieu of service must pay claims for medically necessary services with dates of service on or after July 1, 2024. The FFS estimate includes an additional \$70,000 (budgeted to Other Services) for the FFS portion of these expenses in FY 2025 and FY 2026.
- **Hospital Care Transition Initiative (HCTI):** *Implemented.* EOHHS engaged CMS and confirmed that certain HCTI activities, if undertaken for individuals likely to be eligible for LTSS, would be eligible for Medicaid administrative claiming. This includes outreach, referrals, coordination, and monitoring eligibility. EOHHS revised the previous HCTI contractor scope of work and updated the contract accordingly. The new contract was effective July 1, 2024. Note that this program's spending does not appear in EOHHS' caseload testimony because it is an administrative activity. This is consistent with proviso language for HCTI in Article 1 of the Enacted that appears under Central Management.
- **Medicare Savings Program Expansion - QI only:** *Unable to implement as enacted.* The Enacted included language directing Medicaid to seek federal authority to increase the income limits for the Qualifying Individual (QI) program from 135% FPL to 185%, without exceeding the state's annual allotment set by the Centers for Medicaid and Medicare Services (CMS). Upon continued consultation with CMS, EOHHS found that to adjust the QI income limit, the state would apply income disregards. Section 1902(r)(2)(A) authorizes states to apply income disregards to MSP groups. However, the scope of that section is limited to the Qualified Medicare Beneficiary (QMBs) group. As a result, CMS has taken the position that disregards for Specified Low-Income Medicare Beneficiaries (SLMBs) and QIs must be no greater than the income disregard for QMBs.

Given the above, EOHHS is unable to gain authority to increase the income limit for the QI group to 185% unless we were to also increase the income disregard for the QMB group. Since the budget did not authorize any additional state funding for this initiative and CMS has stated we cannot obtain federal approval for the increase, EOHHS adjusted FYs 2025 and 2026 estimates to \$0.

- **Equality in Abortion Coverage Act (FY 2024):** *Implemented.* MCOs are reimbursing providers for the newly permitted service; MMIS updates were completed in January 2024 to 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. EOHHS' estimate includes \$1.0 million GR in both FYs 2025 and 2026 for this coverage expansion. Please note that this expenditure was previously budgeted to the State Only account within Other Services but will be recorded against the State Only account in Managed Care.
- **DSH Payment – Eleanor Slater Hospital (ESH):** *In process.* EOHHS retained Myers and Stauffer to determine ESH DSH eligibility. Slater is eligible for a DSH payment, based on available FY 2023 data ESH submitted to Myers and Stauffer. ESH's estimated uncompensated care amount is \$12.9 million; \$7.0 million was included in the Enacted and reflected in EOHHS' revised budget. EOHHS will prepare any SPA and RIGL changes as needed for the Governor's Recommended Budget. EOHHS anticipates making a DSH payment to ESH in June 2025 and June 2026.
- **Eliminate Graduate Education Payments:** *Implemented.* As enacted, EOHHS did not make GME payments.



- **Skilled Home Care Services - Rates:** *In process.* EOHHS included the implementation of the X0043 and G0156 rate updates with the OHIC rate review implementation. Our MMIS vendor is actively working on system updates and preparing instructions to all applicable providers on how to update their billing. All MCOs have amended rates and details needed to update contracts with providers.
- **Conflict Free Case Management (FY 24):** *In process.* The FY 2025 Enacted budget assumed 11,709 people were eligible for CFCM with 5,518 receiving services at the new rate by June 2025. \$7.8 million was included in the FY 25 Enacted Budget. The revised FY 2025 estimate assumes 11,585 people are eligible for CFCM with 8,685 received services at the new rate by June 2025. The revised estimate totals \$6.4 million. The model does not account for 1,754 IDD clients who are anticipating receiving case management through BHDDH staff and Independent Facilitators. Although more individuals are anticipated to bill the new rate in the revised estimate, their phase in occurs primarily in the latter part of FY 25, which caused the decrease of \$1.3 million in the current year. In FY 2026, EOHHS projects \$20.3 million. By June 2025, EOHHS anticipated that all non-IDD clients will be billing the new rate. Most IDD clients (3,199) will be billing the new rate, while 768 will be case managed by BHDDH FTEs.
- **Ticket to Work (FY 2024):** *Implemented.* The Ticket to Work program went live, and by September, all Sherlock members under age 65 were transitioned to the new program. The EOHHS forecast projects an additional 10 members enrolling each month from October to June 2026, increasing to 20 members per month throughout FY 2026. Over the two years, EOHHS expects 90 additional members by the end of FY 2025, and another 240 by the end of FY 2026, resulting in a total of 340 new members gaining coverage by June 2026. This compares to the original EOHHS estimate, which anticipated a population size of 388 to 776, with an annual cost ranging between \$2.5 million and \$5.7 million. The enacted FY 2025 budget includes \$1.3 million for this expansion. Total expenditures for this population are expected to be \$0.9 million in FY 2025 and \$4.1 million in FY 2026.

## F. Disproportionate Share Hospitals

### FFY 2020 DSH Audit

The independent audit of Rhode Island's FFY 2020 DSH payments was completed in December 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 and 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 December 13, 2024. EOHHS entered into a legal agreement to recoup the overpayment in ten monthly installments between February and November 2024. CMS will not permit the State to redistribute the money to the remaining hospitals until the overpayment is fully recouped. **Table II-6** shows the FFY 2020 recoupment and redistribution by hospital.

Table II-6. FFY 2020 DSH Recoupment and Redistribution

Hospital	Recoupment	Redistribution
Kent Hospital	\$ -	\$ 1,244,283
Landmark Hospital	9,469,206	
Miriam Hospital	-	684,892
Newport Hospital	-	368,805
Rhode Island Hospital	-	3,693,560
Roger Williams Medical Center	-	664,882
Our Lady of Fatima Hospital	-	795,611
South County Hospital	-	248,007
Westerly Hospital	-	338,870
Women & Infants Hospital	\$ -	\$ 1,430,297
	\$ 9,469,206	\$ 9,469,206

### ***FY 2025 Hospital State Directed Payment Impact on DSH***

EOHHS' FY 2025 DSH testimony remains at the Enacted level of \$21.7 million, including \$14.7 million for private hospitals and \$7.0 million for ESH. For FY 2025, EOHHS assumes four private hospitals will receive a DSH payment, consistent with the FY 2024 payment made in June 2024. These hospitals include Roger Williams (\$6.6 million), Rhode Island Hospital (\$6.1 million), Westerly Hospital (\$1.5 million), and Kent Hospital (\$609,374). Additionally, FY 2025 DSH payment will be audited in 2028, pursuant to federal law, using the hospitals' actual FFY 2025 data—which will include the hospital SDP.

To prevent large recoupments/redistributions that can disrupt a hospital's cash flow and normal operations, EOHHS submitted, and CMS approved in March 2024, a SPA to add in the current year's hospital SDP into the historical base data to better estimate each hospital's specific DSH limit. Hospital specific modeling will be updated and included in the May CEC considering the actual SDP payments being made in FY 2025.

### ***FY 2025 DSH Allotment and Anticipated Reductions***

The Consolidated Appropriations Act (CAA) 2024, enacted in March 2024, eliminated the DSH allotment reductions for FFY 2024 and postponed them until January 1, 2025. The State's preliminary unreduced federal allotment for FY 2025 DSH payment is \$93.4 million, which would allow for a maximum DSH payment at the prevailing FMAP of \$165.8 million. Note, the hospital SDP payment has made the majority of hospitals ineligible for DSH payments. EOHHS retained the enacted amount of \$14.7 million for FY 2025. **Table II-7** summarizes FY 2025 DSH amounts.

CMS has not released the impact of the January 2025 DSH allotment reduction as of 10/15, and MACPAC, the resource EOHHS utilizes to project outyear DSH, stated that they anticipate the reduction to be delayed until FFY 2026.<sup>6</sup> For reference, if applying the 70.2% DSH reduction MACPAC anticipates for FFY 2026 to the current year, EOHHS estimates a federal funds allotment of \$27.8 million which would allow a maximum DSH payment of \$49.3 million. This more than supports the current DSH appropriation in the enacted budget.

Table II-7. FFY 2025 / FY 2025 DSH Summary

SFY 2025	Federal Funds	General Revenue	Total DSH	General Revenue vs. Enacted	Total DSH vs. Enacted	Effective FMAP
Enacted Budget	\$ 12,241,159	\$ 9,497,713	\$ 21,738,872	\$ -	\$ -	56.31%
EOHHS Testimony	\$ 12,241,159	\$ 9,497,713	\$ 21,738,872	\$ -	\$ -	56.31%
Max DSH - No Reduction	\$ 93,361,193	\$ 72,437,409	\$ 165,798,602	\$ 62,939,696	\$ 144,059,730	56.31%

### ***FY 2026 Allotment***

EOHHS has not yet received its preliminary FFY 2026 federal allotment. Per the 2024 CAA, the DSH reductions are expected to resume on January 1, 2025 (FY 2025). Absent the allotment, EOHHS maintains the FY 2025 Enacted amount for FY 2026.

## **G. 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 home and community-based services, to multiple eligibility groups. EOHHS requested federal approval to provide several new services, subject to state authorization and appropriations.

In July 2023, 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. In September, EOHHS submitted a Waiver Amendment to allow the provision of personal care services to HCBS-

<sup>6</sup> MACPAC. "March Report to Congress" Internet: [https://www.macpac.gov/wp-content/uploads/2024/03/MACPAC\\_March-2024-WEB-Final-508.pdf](https://www.macpac.gov/wp-content/uploads/2024/03/MACPAC_March-2024-WEB-Final-508.pdf)

eligible members while they are in an acute inpatient hospital setting, consistent with the directive included in Article 9 of the FY 2024 Enacted Budget.

CMS approved a waiver amendment on March 21, 2024 that includes the state's priority items from the December 2022 submission as well as the personal care services provisions. The following items were included in the March 2024 approval:

1. Authority to deliver personal care services to recipients in acute hospital settings, in accordance with the FY 2024 Enacted.
2. Authority to permanently retain certain "Attachment K" HCBS authorities first granted during the PHE, including authority: for parents/guardians of (adult) self-direction participants to provide services to these participants; to conduct certain personal care and case management services via telehealth; to conduct level of care evaluations, functional assessments, and person-centered planning meetings remotely rather than in-person; and to use electronic signatures for person-centered plans.
3. Authority for a new HCBS service, Remote Monitoring and Support, that the state is adding in relation to the Consent Decree.
4. Changes to the education requirement for Home Stabilization providers, to facilitate greater access to the service.
5. Changes to the waiver language to reflect the 12-month postpartum continuous eligibility policy established in the Medicaid State Plan.
6. Increase of the income eligibility threshold (from 300% to 400% of the SSI benefit rate) for adults with disabilities who are at risk of needing institutional care to access a limited set of HCBS services.

In addition to pursuing the above waiver amendment, EOHHS also used the time since the CMS delay to develop an addendum to the original renewal request to maximize the state's opportunities arising from more recent federal guidance, submitted in May 2024. EOHHS will continue to negotiate with CMS to develop terms for the following outstanding waiver renewal requests, inclusive of items remaining from December 2022 and of items newly requested in the May 2024 addendum:

1. Housing Supports: EOHHS requested to expand eligibility for home stabilization to include all beneficiaries who are homeless or at risk for homelessness and to expand the home stabilization benefit to include one-time transitional supports, including move-in costs as well as up to six months of rent payment.
2. Medical Respite/Recuperative Care for Homeless Individuals: EOHHS requested authority to create a Recuperative Care Pilot Program, which would provide short term residential care to individuals experiencing homelessness to allow individuals the opportunity to rest and recover from illness or injury in a safe environment while accessing medical care and other supportive services. EOHHS began a pilot program using federal ARPA/enhanced FMAP funds; waiver authority would support program sustainability after March 2025 (if state appropriation is made).
3. Pre-Release Supports for Incarcerated Individuals: EOHHS requested authority to provide Medicaid coverage, including enrollment in managed care, to incarcerated individuals before their release to support reintegration and improve access to care upon release. Note that while EOHHS originally requested thirty days of pre-release coverage, other states have received approval for ninety days and stakeholders have identified that this is operationally and fiscally highly favorable for the state. For those reasons, in the Request Addendum currently posted for public comment, EOHHS requested to update the request to ninety (90) days.
4. Managed Dental Benefits for Adults: EOHHS requested authority to include adult dental benefits into the existing Rite Smiles managed care program. The request is limited to the nature of the delivery system (managed care rather than FFS) and does not propose to change the scope of adult dental benefits.
5. Nutrition services: EOHHS requested authority to provide Healthy Food Prescriptions and Medically Tailored Meals to targeted populations.
6. Contingency management: This is a behavioral intervention to treat substance-use disorder, including opioid and stimulant use disorders. Note that this program is already operational, funded with Opioid Settlement funds. Waiver support would enhance sustainability by bringing in new federal funds.

Both the December 2022 request and the May 2024 Addendum seek to make technical changes to the waiver to align with current program operations and enhance transparency.

CMS has informed EOHHS that Rhode Island's waiver is on track for approval by the end of March 2025.

## H. Sickle Cell Therapies

In December 2023, the FDA approved the first cell and gene therapy treatment for sickle cell disease (SCD).<sup>7</sup> In January 2024, the Biden-Harris Administration announced that SCD would be the first focus of the Cell and Gene Therapy (CGT) Access Model, led by the Centers for Medicare & Medicaid Services (CMS).<sup>8</sup> Under the program, CMS will negotiate outcome-based agreements with manufacturers, linking pricing to health outcomes, and provide states with an option to access these drugs at a negotiated rate.

Sickle cell disease (SCD) is a painful condition that disproportionately affects Black Americans more often than others. SCD has limited treatment options, which can result in high healthcare costs. Nationally, Medicaid covers around half of SCD patients. There was an average of 250 Rhode Islanders enrolled in Medicaid over the last three years with SCD, with an annual total cost of care of approximately \$29,000 each.<sup>9</sup> EOHHS has identified eight enrollees with claims totaling more than \$0.1 million in treatment costs for SCD. From FY 2023 through the beginning of FY 2025, 57 fee-for-service Medicaid beneficiaries qualified for new gene therapy treatments (meeting the criteria of four or more vaso-occlusive crises [VOC]). It should be noted that the manufacturer of one treatment (costing \$2.2 million per patient) was denied a HCPCS code, leaving one treatment option at a cost of \$3.1 million per patient. This cost is not inclusive of transportation, lodging, and other supporting medical costs associated with the treatment. At minimum, to treat all of these patients in a single fiscal year would cost \$167.4 million all-funds plus additional supporting costs. Rebate arrangements at this time are unclear; CMS plans to release this information in December 2024. There is also no information to date on whether FMAP for these treatments will be impacted.

The current managed care rates do not include an explicit provision for these drugs, but EOHHS is actively monitoring plan experience and is in discussions with the state actuary regarding the treatment of these drugs in the managed care rates for FY 2025 and beyond. Like how Rhode Island treated the introduction of new treatments for Hepatitis C, it may be prudent for EOHHS to establish a separate stop-loss arrangement or other risk mitigation strategy for such a potentially high-cost treatment. EOHHS also signed a non-binding, letter of intent to explore participation in the CMS Cell and Gene Therapy (CGT) Access Model,<sup>10</sup> as it may lead to lower costs. The CGT Access Model is a voluntary model for states and manufacturers that tests whether a CMS-led approach to developing and administering outcomes-based agreements (OBAs) for cell and gene therapies improves Medicaid beneficiaries' access to innovative treatment, improves their health outcomes, and reduces health care costs and burdens to state Medicaid programs.

## I. 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-8** summarizes EOHHS' DRE and J-Code invoices for FY 2024 and provides updated forecasts for FY 2025 and FY 2026. In FY 2025, DRE rebates total \$144.5 million and J-Codes total \$7.9 million, including \$43.1 million GR and \$2.5 million GR, respectively.

---

<sup>7</sup> <https://www.fda.gov/news-events/press-announcements/fda-approves-first-gene-therapies-treat-patients-sickle-cell-disease#:~:text=Casgevy%2C%20a%20cell%2Dbased%20gene,type%20of%20genome%20editing%20technology.>

<sup>8</sup> <https://www.cms.gov/newsroom/press-releases/biden-harris-administration-announces-action-increase-access-sickle-cell-disease-treatments>

<sup>9</sup> Based on application of the Chronic Conditions Data Warehouse (CCW) algorithm for identifying people with SCD. The CCW algorithm classifies people as having SCD if they had at least 3 claims with a diagnosis of SCD over a 5-year period.

<sup>10</sup> <https://www.cms.gov/priorities/innovation/innovation-models/cgt#:~:text=The%20CGT%20Access%20Model%20is%20a%20voluntary%20model,care%20costs%20and%20burdens%20to%20state%20Medicaid%20programs.>

EOHHS projects a total of \$150.1 million in DRE rebates for FY 2026 and \$8.2 million in J-Code rebates for FY 2026, with respective GR savings of \$43.9 million and \$2.6 million.

EOHHS derived its revised rebate forecast by dividing the average quarterly rebate amounts invoiced to the drug manufacturers in the four quarters through FY 2025 Q1 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 2025 and FY 2026. The decline in FY 2025 over FY 2024 is attributed to the unwinding of the PHE and reduction in caseload. Due to general uncertainty in this estimate, no price factor was applied.

Notably, 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 in EOHHS' direct collections and instead are reflected as offsets to the health plans' medical expenses used to establish their capitation rates. Over the last few fiscal years, these collections have totaled approximately \$16.5 million per year.

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

Table II-8. Summary of Drug Rebate Collections

	SFY 2024		SFY 2025			SFY 2026	
	Final	Surplus/ (Deficit)	Enacted	Current	Surplus/ (Deficit)	Current	FY25 → FY26
<b>DRE</b>							
Managed Care	\$ (46,005,657)	(\$3.4 M)	\$ (49,475,711)	\$ (43,638,900)	(\$5.8 M)	\$ (45,056,435)	(\$1.4 M)
Rhody Health Partners	(34,782,500)	(3.1 M)	(39,498,854)	(34,019,791)	(5.5 M)	(35,629,897)	(1.6 M)
Expansion	(65,064,149)	(2.1 M)	(64,179,147)	(60,218,190)	(4.0 M)	(61,864,380)	(1.6 M)
Fee-for-Service	(6,533,259)	(1.4 M)	(8,072,874)	(6,614,911)	(1.5 M)	(6,948,439)	(0.3 M)
<b>Subtotal DRE</b>	<b>\$ (152,385,565)</b>	<b>(\$10.0 M)</b>	<b>\$ (161,226,586)</b>	<b>\$ (144,491,792)</b>	<b>(\$16.7 M)</b>	<b>\$ (149,499,151)</b>	<b>(\$5.0 M)</b>
<b>J-Code</b>							
Managed Care	(2,636,700)	(0.6 M)	(3,233,498)	(2,500,474)	(0.7 M)	(2,581,231)	(0.1 M)
Rhody Health Partners	(1,323,758)	0.3 M	(1,097,942)	(1,295,066)	0.2 M	(1,355,865)	(0.1 M)
Expansion	(2,985,928)	(0.4 M)	(3,193,195)	(2,767,027)	(0.4 M)	(2,844,223)	(0.1 M)
Fee-for-Service	(1,323,186)	(0.0 M)	(1,371,507)	(1,332,481)	(0.0 M)	(1,416,683)	(0.1 M)
<b>Subtotal J-Code</b>	<b>\$ (8,269,572)</b>	<b>(\$0.7 M)</b>	<b>\$ (8,896,142)</b>	<b>\$ (7,895,048)</b>	<b>(\$1.0 M)</b>	<b>\$ (8,198,002)</b>	<b>(\$0.3 M)</b>
<b>Total Rebates</b>	<b>\$ (160,655,137)</b>	<b>(\$10.7 M)</b>	<b>\$ (170,122,728)</b>	<b>\$ (152,386,840)</b>	<b>(\$17.7 M)</b>	<b>\$ (157,697,153)</b>	<b>(\$5.3 M)</b>
<b>QROA</b>							
Managed Care	1,275,000	(0.3 M)	1,000,000	1,350,211	(0.4 M)	1,394,075	\$0.0 M
Rhody Health Partners	1,100,000	(0.1 M)	1,000,000	973,980	0.0 M	1,020,077	0.0 M
Expansion	500,000	(0.2 M)	300,000	459,309	(0.2 M)	471,865	0.0 M
Fee-for-Service	0	0.3 M	250,000	313,379	(0.1 M)	332,761	0.0 M
<b>QROA</b>	<b>\$ 2,875,000</b>	<b>(\$0.3 M)</b>	<b>\$ 2,550,000</b>	<b>\$ 3,096,879</b>	<b>(\$0.5 M)</b>	<b>\$ 3,218,778</b>	<b>\$0.1 M</b>

### 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 original rates included rates with annual inflationary factors applied, but with the proviso that they remain subject to change in future years based on enrollment and utilization. After reviewing emerging experience in the second half of FY 2024 and consideration of the impact of the unwinding on reasonability of the rates, EOHHS staff concluded that no change beyond that stipulated within the contract was warranted for FY 2025.

The overall forecast for the Medicaid budget for the NEMT services is reflected in **Table II-9** and average monthly enrollment is shown in **Table II-10**.

Table II-9. Non-Emergency Transportation - Capitation

	SFY 2024		SFY 2025			SFY 2026	
	Final	Change	Enacted	Current	Change	Current	FY25 → FY26
<b>Medicaid</b>							
Children and Families	194,687	-1,418	188,697	177,044	-11,653	180,301	3,257
Expansion	95,921	-31	88,476	86,499	-1,977	86,638	140
Rhody Health Partners	13,223	-79	13,184	12,606	-578	12,871	265
Rhody Health Options	12,820	-97	12,901	11,752	-1,149	11,873	121
Other ABD	28,061	-347	28,618	27,038	-1,580	27,643	606
<b>Subtotal Medicaid</b>	<b>344,712</b>	<b>-1,972</b>	<b>331,875</b>	<b>314,938</b>	<b>-16,937</b>	<b>319,326</b>	<b>4,388</b>
Overall PMPM	\$9.25	\$0.00	\$9.67	\$9.22	(\$0.45)	\$9.48	\$0.26
<b>Department of Human Services</b>							
OHA Co-Pay	1,217	-11	1,228	1,119	-109	1,122	3
Elderly Transportation Program	\$393.8k per month		\$412.5k per month	\$412.5k per month		\$431.5k per month	

Table II-10. Non-Emergency Transportation - Average Monthly Enrollment

	SFY 2024		SFY 2025			SFY 2026	
	Final	Surplus/ (Deficit)	Enacted	Current	Surplus/ (Deficit)	Current	FY25 → FY26
<b>Budget Line</b>							
Managed Care	\$ 12,148,484	\$0.1 M	\$ 12,114,358	\$ 9,879,069	\$2.2 M	\$ 10,342,065	\$ 462,996
Expansion	14,296,091	0.0 M	13,568,667	12,798,318	0.8 M	13,193,235	394,917
Rhody Health Partners	3,132,205	0.0 M	3,213,204	3,108,599	0.1 M	3,265,115	156,517
Rhody Health Options	3,036,841	0.0 M	3,144,110	2,898,023	0.2 M	3,011,943	113,920
Other Services	6,647,109	0.1 M	6,974,738	6,667,448	0.3 M	7,012,476	345,029
<b>Subtotal</b>	<b>\$ 39,260,731</b>	<b>\$0.2 M</b>	<b>\$ 39,015,077</b>	<b>\$ 35,351,456</b>	<b>\$3.7 M</b>	<b>\$ 36,824,834</b>	<b>\$ 1,473,378</b>
TANF Charge Back	(500,000)	0.0 M	(500,000)	(500,000)	0.0 M	(500,000)	0
MTM Liquidated Damages	(500,000)	0.0 M	0	0	0.0 M	0	0
<b>Subtotal Medicaid</b>	<b>\$ 38,260,731</b>	<b>\$0.2 M</b>	<b>\$ 38,515,077</b>	<b>\$ 34,851,456</b>	<b>\$3.7 M</b>	<b>\$ 36,324,834</b>	<b>(\$1.5 M)</b>

### III. Managed Care

Managed Care		All Funds	General Revenue
<b>FY 2023</b>	Final	\$971,485,566	\$369,188,121
<b>FY 2024</b>	Revised Enacted	\$1,040,500,000	\$445,737,338
	Prelim Final	<b>\$1,017,570,491</b>	<b>\$439,078,983</b>
	<i>Surplus over Revised Enacted</i>	<i>\$22,929,509</i>	<i>\$6,658,355</i>
<b>FY 2025</b>	Enacted	\$1,070,082,576	\$456,944,195
	Current	<b>\$1,063,700,000</b>	<b>\$452,571,178</b>
	<i>Surplus over Enacted</i>	<i>\$6,382,576</i>	<i>\$4,373,017</i>
<b>FY 2026</b>	Current	<b>\$1,141,300,000</b>	<b>\$471,469,369</b>

#### **FY 2025**

The revised forecast of \$1.063 billion in FY 2025 reflects a \$6.4 million surplus over the Enacted. Overall, EOHHS forecasts an average enrollment of 179,227 Rite Care eligible members in FY 2025, a decrease of 7,611 members (4.1%) compared to Enacted. This includes 162,085 members enrolled in Rite Care Core, 9,929 in Rite Care CSHCN, 1,581 enrolled in Rite Share, and an average of 5,633 remaining in FFS each month.

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

- \$30.6 million reduction in premium payments for Rite Care Core, including \$4.4 million for Cover-All-Kids. This reduction can be linked to a 6,151 decrease in enrollment for Rite Care Core.
- \$5.0 million decline in Rite Care CSHCN expenditures associated with a 590 decline in the revised enrollment forecast of 9,929 compared to Enacted.
- Rite Care SOBRA premiums payments decreased by \$2.6 million.
  - Current projections forecast a drop in overall number of SOBRA births of 109 but a changing allocation of births from Expansion to Rite Care. The result is an increase of 58 births within Rite Care Core. This increase, however, is offset by a \$895 reduction to the cost per birth compared to Enacted as the cost per birth increased by less than 2.0% over FY 2024.
- Rite Smiles expenditures declined by \$1.9 million due to a 2,957 change in average monthly enrollment.

In contrast to the surplus in payments to the health plans there is a \$29.3 million deficit in Managed Care other payments. Most of this deficit comes from increased spending for various FFS activities. Spending on core FFS (i.e., MAGI eligible clients not yet enrolled in Rite Care Core) exceeds EOHHS' prior forecast by \$12.6 million. In addition, there was also \$7.6 million increases for costs associated with NICU stays – the cost per stay increased by \$14,064 to an average cost of \$72,410 per NICU stay based on updated data from the prior fiscal year. An unexpected increase in the cost per stay is driving the deficit significant deficit on this item. Other fiscal pressures come from lower rebate collections that are down \$6.6 million compared to Enacted.

Please note that the revised estimate of managed care payments in FY 2025 includes \$5.3 million in additional FQHC wrap payments to Providence Community Health Center. This cost, however, is not yet incorporated into the managed care rates and includes adjustments for portion of encounters in FY 2024. It represents a partial allocation (to Managed Care) of an anticipated liability that is estimated to total \$8.7 million for a rate increase that was agreed to in September 2024.

#### **FY 2026**

The **Managed Care** forecast of \$1.141 billion is a \$77.6 million (7.3%) increase over the current year's revised estimate. The revised forecast reflects an increase of 1,682 members per month across the Rite Care products.

The drivers behind the net increase in spending are summarized below and in **Table III-4**.

- \$67.5 million increase in payments to health plans across Rite Care Core, Rite Care CSHCN and Rite Smiles.
  - a 12.9% increase in the composite PMPM for Rite Care Core inclusive of the annualization of the CCBHC investment and a 5.0% price increase over the draft October 1 rate certification.
  - Increase of 142 SOBRA births with a corresponding \$938 increase in cost per SOBRA birth.
    - This totals a total increase of \$7.7 million for Rite Care SOBRA births.
  - Please note the managed care payments includes the annual cost of the Providence Community Health Center FQHC rate increase of \$3.7 million (of a total cost of \$6.1 million).
- \$3.8 million expenditure increase for NICU stays and \$4.7 million increase for Rite Care Core FFS.

**Table III-1** summarizes all expenditures to the health plans by product line as well as various FFS payments made on behalf of members eligible for managed care. 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 2024 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 2026 capitation rates reflect a 7.6% price trend for Rite Care Core, 5.0% for Rite Smiles, and a 6.7% price trend for Rite Care CSHCN.

**Table III-7, Table III-8, and Table III-9** identify changes to total CHIP, EFP, and CCBHC claiming activities that provide GR savings through enhanced federal claiming. Additional month-by-month details are provided in **Attachment 5**.

#### ***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 applied to children between ages 1 - 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.

**Table III-1. Summary of Managed Care Expenditures**

	SFY 2024		SFY 2025			SFY 2026	
	Final	Surplus/ (Deficit)	Enacted	Current	Surplus/ (Deficit)	Current	FY25 → FY26
<b>Payments to Plans</b>							
Rite Care Core	\$ 685,335,779	\$4.5 M	\$ 739,130,799	\$ 712,922,189	\$26.2 M	\$ 753,221,083	\$40.3 M
Rite Care Cover-All-Kids	9,361,193	4.3 M	14,720,000	10,313,700	4.4 M	10,829,385	0.5 M
Rite Care CSHCN	160,442,154	2.0 M	174,297,641	169,277,533	5.0 M	185,560,627	16.3 M
Rite Care EFP	221,785	(0.0 M)	247,589	344,871	(0.1 M)	374,815	0.0 M
Rite Care SOBRA	74,037,640	3.0 M	81,409,867	78,794,739	2.6 M	85,533,022	6.7 M
Withhold	4,289,693	0.0 M	4,316,150	4,449,889	(0.1 M)	4,753,405	0.3 M
Risk Share	39,157,980	0.0 M	0	0	0.0 M	1,525,022	1.5 M
Rite Smiles	28,050,048	(0.3 M)	28,579,071	26,651,423	1.9 M	28,444,932	1.8 M
<b>Subtotal - Payments to Plans</b>	<b>\$ 1,000,896,272</b>	<b>\$13.5 M</b>	<b>\$ 1,042,701,117</b>	<b>\$ 1,002,754,344</b>	<b>\$39.9 M</b>	<b>\$ 1,070,242,291</b>	<b>\$67.5 M</b>
CCBHC (reflected in "Payments to Plans")	0	0.0 M	19,320,000	21,735,332	(2.4 M)	30,500,443	8.8 M
<b>Other Payments</b>							
Non-Emergency Transportation	\$ 12,148,484	\$0.1 M	\$ 12,114,358	\$ 9,879,069	\$2.2 M	\$ 10,342,065	\$0.5 M
TANF Offset	(500,000)	0.0 M	(500,000)	(500,000)	0.0 M	(500,000)	0.0 M
Liquidated Damages	(500,000)	0.0 M	0	0	0.0 M	0	0.0 M
Rite Share	1,966,664	0.0 M	1,977,093	2,296,266	(0.3 M)	4,235,659	1.9 M
Premium Assistance Program	39,625	(0.0 M)	39,632	42,125	(0.0 M)	0	(0.0 M)
Core FFS	37,408,699	(2.8 M)	37,002,000	49,567,981	(12.6 M)	54,275,641	4.7 M
CSHCN FFS	3,087,628	0.3 M	3,604,000	4,057,130	(0.5 M)	4,484,840	0.4 M
Early Intervention FFS	3,036,466	(0.2 M)	3,518,000	6,600,818	(3.1 M)	7,339,758	0.7 M
NICU	34,182,298	(9.5 M)	26,605,584	34,249,828	(7.6 M)	37,711,016	3.5 M
State Only FFS (Non Medicaid)	0	0.0 M	0	950,000	(1.0 M)	950,000	0.0 M
Rebates	(48,642,357)	(4.0 M)	(52,709,209)	(46,139,374)	(6.6 M)	(47,637,666)	(1.5 M)
Premium Collection	(51,000)	0.0 M	(50,000)	(51,000)	0.0 M	(50,000)	0.0 M
Tax Intercept	(105,000)	0.0 M	(100,000)	(105,000)	0.0 M	(100,000)	0.0 M
<b>Subtotal - Other Payments</b>	<b>\$ 42,071,508</b>	<b>(\$16.0 M)</b>	<b>\$ 31,501,459</b>	<b>\$ 60,847,844</b>	<b>(\$29.3 M)</b>	<b>\$ 71,051,314</b>	<b>\$10.2 M</b>
<b>Subtotal - Managed Care</b>	<b>\$ 1,042,967,779</b>	<b>(\$2.5 M)</b>	<b>\$ 1,074,202,576</b>	<b>\$ 1,063,602,188</b>	<b>\$10.6 M</b>	<b>\$ 1,141,293,605</b>	<b>\$77.7 M</b>
Balance to RIFANS/Rounding	(26,339,321)	26.4 M	(4,120,000)	97,812	(4.2 M)	6,395	(0.1 M)
<b>Total - Managed Care</b>	<b>\$ 1,016,628,458</b>	<b>\$23.9 M</b>	<b>\$ 1,070,082,576</b>	<b>\$ 1,063,700,000</b>	<b>\$6.4 M</b>	<b>\$ 1,141,300,000</b>	<b>\$77.6 M</b>
General Revenue	\$439.1 M	\$6.7 M	\$456.9 M	\$452.6 M	\$4.4 M	\$471.5 M	\$18.9 M
Federal Funds	\$578.5 M	\$16.3 M	\$613.1 M	\$611.1 M	\$2.0 M	\$669.8 M	\$58.7 M



Table III-2. Average Managed Care Caseload

	SFY 2024		SFY 2025			SFY 2026	
	Final	Change	May CEC	Current	Change	Current	FY25 → FY26
<b>Full Benefits by Delivery System</b>							
Rite Care Core	175,495	-1,349	168,235	162,085	-6,151	163,142	1,058
Rite Care CSHCN	10,229	-121	10,519	9,929	-590	10,174	245
Rite Share	2,080	-199	2,126	1,581	-545	2,777	1,196
Remaining in FFS - Core	4,800	30	4,395	3,822	-573	2,940	-882
Remaining in FFS - CSHCN	1,950	190	1,563	1,811	248	1,887	76
<b>Total - Full Benefits</b>	<b>194,555</b>	<b>-1,450</b>	<b>186,838</b>	<b>179,227</b>	<b>-7,611</b>	<b>180,920</b>	<b>1,693</b>
Overall PMPM	\$435	-\$7	\$477	\$495	\$17	\$525	\$30
% Enrolled in Managed Care	95.5%		95.7%	96.0%		95.8%	
<b>Other Caseload Factors</b>							
EFP Only	1,074	71	1,131	2,129	998	2,204	75
Rite Smiles	141,230	-458	138,298	135,341	-2,957	137,595	2,255
Non-Emergency Transportation	194,687	-1,418	188,697	177,044	-11,653	180,301	3,257

Table III-3. Medicaid Births and NICU Stays

	SFY 2024		SFY 2025			SFY 2026	
	Final	Change	May CEC	Current	Change	Current	FY25 → FY26
<b>SOBRA Births</b>							
Rite Care	3,991	-164	4,140	4,198	58	4,340	142
Expansion	267	-126	385	218	-167	282	64
<b>Total - SOBRA Births</b>	<b>4,258</b>	<b>-290</b>	<b>4,525</b>	<b>4,416</b>	<b>-109</b>	<b>4,622</b>	<b>206</b>
<i>Cost per SOBRA Birth</i>	<i>\$18,551</i>	<i>\$0</i>	<i>\$19,664</i>	<i>\$18,770</i>	<i>-\$895</i>	<i>\$19,708</i>	<i>\$938</i>
<b>NICU Stays</b>							
	467	19	456	473	17	496	23
<i>Cost per NICU Stay</i>	<i>\$73,195</i>	<i>\$18,152</i>	<i>\$58,346</i>	<i>\$72,410</i>	<i>\$14,064</i>	<i>\$76,030</i>	<i>\$3,620</i>

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

	Price	Volume	Net
FY 2025: Current over Enacted	\$37.2 M	(\$43.6 M)	(\$6.4 M)
	3.6%	-4.1%	-0.6%
FY 2025 over FY 2024	\$127.2 M	(\$80.1 M)	\$47.1 M
	13.6%	-7.9%	4.6%
FY 2026 over FY 2025	\$65.5 M	\$10.0 M	\$75.5 M
	6.1%	0.9%	7.1%

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

	SFY 2024	SFY 2025		SFY 2026	FY24 → FY25	FY25 (Oct-24)
		Jul-24 - Sep-24	Oct-24 - Jun-25		(Oct-24)	→ FY26
<b>Rite Care Core</b>						
MF < 1 y.o.	\$784	\$876	\$877	\$921	11.9%	5.0%
MF 1-4 y.o.	\$238	\$296	\$308	\$323	29.3%	5.0%
MF 5-14 y.o.	\$218	\$239	\$251	\$264	15.5%	5.0%
M 15-44 y.o.	\$267	\$293	\$307	\$322	14.6%	5.0%
F 15-44 y.o.	\$408	\$442	\$462	\$485	13.3%	5.0%
MF 45+ y.o.	\$628	\$650	\$675	\$709	7.5%	5.0%
Composite	\$332	\$360	\$374	\$392	12.9%	4.6%
Average Enrollment	175,495	160,737	162,534	163,142	-7.4%	0.4%
<b>Rite Care CSHCN</b>						
Substitute Care	\$1,031	\$995	\$1,063	\$1,116	3.1%	5.0%
SSI <15	\$2,034	\$2,298	\$2,446	\$2,568	20.3%	5.0%
SSI 15-20	\$1,437	\$1,519	\$1,626	\$1,707	13.2%	5.0%
Katie Beckett	\$4,158	\$4,266	\$4,398	\$4,617	5.8%	5.0%
Adoption Subsidy	\$815	\$770	\$809	\$849	-0.8%	5.0%
Composite	\$1,314	\$1,362	\$1,449	\$1,524	10.3%	5.1%
Average Enrollment	10,229	9,791	9,975	10,174	-2.5%	2.0%
<b>SOBRA Payment</b>						
	\$18,551	\$18,770	\$18,770	\$19,708	1.2%	5.0%
EFP Only	\$17	\$14	\$14	\$14	-21.6%	5.0%
Katie Beckett - Care Management	\$119	\$125	\$125	\$131	5.0%	5.0%
Rite Share	\$79	\$121	\$121	\$127	53.7%	5.0%

Table III-6. Summary of Rite Smiles Monthly Premiums

	SFY 2024	SFY 2025	SFY 2026	FY24 → FY25	FY25 → FY26
<b>Rite Smiles</b>					
MF 0-2	\$4.46	\$4.33	\$4.55	-2.9%	5.0%
MF 3-5	\$15.23	\$15.03	\$15.78	-1.3%	5.0%
MF 6-10	\$22.98	\$22.09	\$23.19	-3.9%	5.0%
MF 11-15	\$25.22	\$25.01	\$26.26	-0.8%	5.0%
MF 16-19	\$16.85	\$17.46	\$18.33	3.6%	5.0%
MF 20+	\$16.85	\$17.46	\$18.33	3.6%	5.0%
<b>Composite</b>	<b>\$17.76</b>	<b>\$17.66</b>	<b>\$18.54</b>	<b>-0.5%</b>	<b>5.0%</b>
<b>Average Enrollment</b>	<b>141,230</b>	<b>135,341</b>	<b>137,595</b>	<b>-4.2%</b>	<b>1.7%</b>

Table III-7. CHIP Offsets

	SFY 2024		SFY 2025		SFY 2026	
	Final	Change	Enacted	Current	Change	FY25 → FY26
<b>CHIP Offset</b>	<b>\$ 137,203,838</b>	<b>(\$17.5 M)</b>	<b>\$ 146,933,333</b>	<b>\$ 133,382,152</b>	<b>(\$13.6 M)</b>	<b>\$ 139,936,791</b>
Additional GR Relief	\$18.2 M	(\$2.3 M)	\$19.4 M	\$17.6 M	(\$1.8 M)	\$18.0 M
CHIP FMAP	69.03%		69.19%	69.19%		70.04%
Regular FMAP	55.75%		55.99%	55.99%		57.20%

Note 1. CHIP offset does not reflect additional CHIP claiming against State Directed Payment that is reflected in Hospitals - Regular.

Table III-8. EFP Claiming

	SFY 2024		SFY 2025		SFY 2026	
	Final	Change	Enacted	Current	Change	FY25 → FY26
<b>Family Planning Offset</b>	<b>\$ 10,908,729</b>	<b>\$0.6 M</b>	<b>\$ 10,000,000</b>	<b>\$ 9,300,000</b>	<b>(\$0.7 M)</b>	<b>\$ 9,800,000</b>
Additional GR Relief	\$3.3 M	\$0.2 M	\$3.4 M	\$3.2 M	(\$0.2 M)	\$3.3 M
Family Planning FMAP	90.00%		90.00%	90.00%		90.00%
Regular FMAP	60.09%		55.75%	55.75%		55.99%

Table III-9. CCBHC Claiming

	SFY 2024		SFY 2025		SFY 2026	
	Final	Change	Enacted	Current	Change	FY25 → FY26
<b>CCBHC Offset</b>	<b>\$ 0</b>	<b>\$0.0 M</b>	<b>\$ 0</b>	<b>\$ 21,735,332</b>	<b>\$21.7 M</b>	<b>\$ 32,559,223</b>
Additional GR Relief	\$0.0 M	\$0.0 M	\$0.0 M	\$2.9 M	\$2.9 M	\$4.2 M
CHIP FMAP	69.03%		69.19%	69.19%		70.04%
Regular FMAP	55.75%		55.99%	55.99%		57.20%

## IV. Rhody Health Partners

Rhody Health Partners			
		All Funds	General Revenue
<b>FY 2023</b>	Final	\$292,200,000	\$130,398,500
<b>FY 2024</b>	Revised Enacted	\$292,200,000	\$130,398,500
	Prelim Final	<b>\$317,741,782</b>	<b>\$138,650,185</b>
	<i>Deficit over Revised Enacted</i>	<i>(\$25,541,782)</i>	<i>(\$8,251,685)</i>
<b>FY 2025</b>	Enacted	\$338,533,764	\$150,069,004
	Current	<b>\$309,500,000</b>	<b>\$132,996,894</b>
	<i>Surplus over Enacted</i>	<i>\$29,033,764</i>	<i>\$17,072,110</i>
<b>FY 2026</b>	Current	<b>\$339,900,000</b>	<b>\$140,015,419</b>

### FY 2025

The Rhody Health Partners (RHP) forecast of \$309.5 million in FY 2025 is a \$29.0 million (8.6%) surplus compared to the Enacted. Overall, EOHHS forecasts an average fiscal year enrollment of 12,695 in FY 2025, a decrease of 566 average members per month over the Enacted.

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

- \$34.3 million in savings (9.2%) from lower payments to the health plans due to:
  - a projected decrease of 593 average monthly enrollment (4.5%) from 13,260 in Enacted to 12,695 in the current forecast.
  - a \$116 reduction (4.9%) to the composite PMPM after factoring in base trends and partial year implementation of the CCBHC and OHIC rate changes. and base trends).

Partially offsetting the surpluses are the following deficits compared to the Enacted:

- a \$5.2 million deficit attributed to a reduction in estimated drug rebates driven by the lower than anticipated average monthly enrollment.

### FY 2026

The RHP forecast of \$339.9 million is an increase of \$30.4 million (9.8%) compared to current FY 2025 forecast. The increase over FY 2025 expenditures is driven exclusively by the \$27.0 million increase in premium payments to Rhody Health Partners.

The increase in FY 2026 compared to FY 2025 is primarily attributed to the following changes in EOHHS' forecast:

- EOHHS forecasts an average fiscal year enrollment of 13,144. This is an increase of 449 average monthly census compared to FY 2025.
- In addition, there is an expected \$152 increase in overall PMPM across Rhody Health Partners in FY 2026 up to \$2,189.

The following tables summarize EOHHS' revised forecasts for RHP for FY 2025 and FY 2026. **Table IV-1** summarizes all expenditures to the health plans by product line as well as various FFS payments made on behalf of members eligible for partners. EOHHS' revised average caseload forecast and comparison to prior estimates are 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 2024 through FY 2026. The average monthly RHP capitation rate by pay level, is summarized in **Table IV-4**.

Table IV-1. Summary of RHP Expenditures

	SFY 2024		SFY 2025		SFY 2026		FY25 → FY26
	Final	Surplus/ (Deficit)	Enacted	Current	Surplus/ (Deficit)	Current	
<b>Payments to Plans</b>							
Rhody Health Partners	\$ 321,904,233	\$1.9 M	\$ 373,233,561	\$ 338,974,067	\$34.3 M	\$ 368,407,850	\$29.4 M
Withhold	1,617,608	0.0 M	1,822,794	1,699,212	0.1 M	1,863,448	0.2 M
Risk Share	1,665,312	0.0 M	0	0	0.0 M	2,258,692	2.3 M
<b>Subtotal - Payment to Plans</b>	<b>\$ 325,187,153</b>	<b>\$1.9 M</b>	<b>\$ 375,056,355</b>	<b>\$ 340,673,279</b>	<b>\$34.4 M</b>	<b>\$ 372,529,990</b>	<b>\$31.9 M</b>
CCBHC (reflected in "Payments to Plans")	0	0.0 M	37,100,000	31,727,542	5.4 M	45,173,832	13.4 M
<b>Other Payments</b>							
Non-Emergency Transportation	3,132,205	0.0 M	3,213,204	3,108,599	0.1 M	3,265,115	0.2 M
FFS	960,388	(0.1 M)	861,000	1,030,000	(0.2 M)	1,056,000	0.0 M
Rebates	(36,106,258)	(2.8 M)	(40,596,796)	(35,314,857)	(5.3 M)	(36,985,762)	(1.7 M)
<b>Subtotal - Other Payments</b>	<b>\$ (32,013,665)</b>	<b>(\$2.9 M)</b>	<b>\$ (36,522,592)</b>	<b>\$ (31,176,259)</b>	<b>(\$5.3 M)</b>	<b>\$ (32,664,647)</b>	<b>(\$1.5 M)</b>
<b>Subtotal - Rhody Health Partners</b>	<b>\$ 293,173,488</b>	<b>(\$1.0 M)</b>	<b>\$ 338,533,764</b>	<b>\$ 309,497,021</b>	<b>\$29.0 M</b>	<b>\$ 339,865,343</b>	<b>(\$30.4 M)</b>
Overstatement Risk Share	(4,674,498)						
Balance to RIFANS/Accruals/Rounding	29,242,792	(29.2 M)	0	2,979	(0.0 M)	34,657	0.0 M
<b>Total - Rhody Health Partners</b>	<b>\$ 317,741,782</b>	<b>(\$30.2 M)</b>	<b>\$ 338,533,764</b>	<b>\$ 309,500,000</b>	<b>\$29.0 M</b>	<b>\$ 339,900,000</b>	<b>\$30.4 M</b>
General Revenue	\$138.7 M	(\$8.3 M)	\$150.1 M	\$133.0 M	\$17.1 M	\$140.0 M	\$7.0 M
Federal Funds	\$179.1 M	(\$17.3 M)	\$188.5 M	\$176.5 M	\$12.0 M	\$199.9 M	\$23.4 M

Table IV-2. RHP Average Enrollment

	SFY 2024		SFY 2025		SFY 2026		FY25 → FY26
	Final	Change	May CEC	Current	Change	Current	
<b>Rhody Health Partners</b>							
SSI 21-44	3,628	-22	3,631	3,470	-161	3,596	127
SSI 45+	6,436	-39	6,410	6,143	-268	6,290	148
SPMI	2,179	-15	2,166	2,016	-151	2,010	-6
I/DD	1,032	1	1,053	1,039	-14	1,046	7
<b>Total</b>	<b>13,275</b>	<b>-75</b>	<b>13,260</b>	<b>12,667</b>	<b>-593</b>	<b>12,943</b>	<b>276</b>
Composite RHP PMPM	\$2,041		\$2,357	\$2,241	-\$116	\$2,399	\$157
Overall PMPM (incl. of Other Payments)	\$1,995		\$2,128	\$2,036	-\$91	\$2,189	\$152
<b>Other Caseload Factors</b>							
Non-Emergency Transportation	13,223	-79	13,184	12,606	-578	12,871	265

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

	Price	Volume	Net
FY 2025: Current over Enacted	(\$13.9 M)	(\$15.1 M)	(\$29.0 M)
	-4.3%	-4.5%	-8.6%
FY 2025 over FY 2024	\$6.3 M	(\$14.5 M)	(\$8.2 M)
	2.1%	-4.6%	-2.6%
FY 2026 over FY 2025	\$20.6 M	\$6.7 M	\$27.4 M
	6.5%	2.2%	8.8%

Table IV-4. RHP Monthly Premiums

Rhody Health Partners	SFY 2024	SFY 2025		SFY 2026	FY24 → FY25 (Oct-24)	FY25 (Oct-24) → FY26
		Jul-24 - Sep-24	Oct-24 - Jun-25			
SSI 21-44	\$1,449	\$1,500	\$1,680	\$1,764	15.9%	5.0%
SSI 45+	\$2,078	\$2,153	\$2,321	\$2,437	11.7%	5.0%
SPMI	\$3,161	\$3,186	\$3,722	\$3,908	17.7%	5.0%
I/DD	\$1,397	\$1,307	\$1,392	\$1,461	-0.4%	5.0%
Composite	\$2,031	\$2,072	\$2,291	\$2,400	12.8%	4.7%
Average Member Months	13,275	12,734	12,644	12,943	-4.7%	2.4%

## V. Rhody Health Options

Rhody Health Options			
		All Funds	General Revenue
<b>FY 2023</b>	Final	\$165,372,979	\$66,418,897
<b>FY 2024</b>	Revised Enacted	\$176,200,000	\$77,968,500
	Prelim Final	<b>\$182,550,700</b>	<b>\$80,056,544</b>
	<i>Deficit over Revised Enacted</i>	<i>(\$6,350,700)</i>	<i>(\$2,088,044)</i>
<b>FY 2025</b>	Enacted	\$220,508,737	\$96,965,547
	Current	<b>\$215,000,000</b>	<b>\$94,621,500</b>
	<i>Surplus over Enacted</i>	<i>\$5,508,737</i>	<i>\$2,344,047</i>
<b>FY 2026</b>	Current	<b>\$235,500,000</b>	<b>\$100,794,000</b>

### FY 2025

The Rhody Health Options (RHO) forecast of \$215.0 million is a surplus of \$5.5 million (2.5%) below the Enacted. Overall, EOHHS forecasts an average enrollment of 11,787 members in RHO (known as the CMS Demonstration or Integrated Care Initiative) in FY 2025, a decrease of 1,144 members per month compared to the Enacted.

- The reduction of 1,144 members per month creates a savings of \$5.8 million (2.8%).
  - The majority of this decrease comes from the Community Non-LTSS rate cell (-1,162).
- There is a \$0.5 million increase in withholds due to a miscalculation in prior estimate.
- The enrollment savings is partially offset by an \$99 increase in the overall PMPM, driven by changes in member mix compared to Enacted.
  - Specifically, compared to Enacted, an additional 144 members per month are enrolled in the Community LTSS and Institutional LTSS rate cell. These two rate cells have the highest monthly premiums per month in RHO at a rate of \$5,076.
- EOHHS' revised estimate includes an additional 2.0% for payment of the state premium tax that was not originally assumed in the Enacted nor presently reflected in the actuarially certified rates. This amount—equivalent to \$4.2 million in FY 2025—would finance the state 2.0% premium tax that is currently disallowed from rate development but is an unfunded liability for Neighborhood. EOHHS is deliberating with CMS who has shown a potential willingness to allow for the inclusion of this statewide tax.

### FY 2026

For FY 2026, EOHHS is forecasting spending of \$235.5 million, an increase of \$20.5 million (9.5%) above FY 2025. In FY 2026, EOHHS projects a total of 11,900 members per month, an increase of 113 compared to the FY 2025 estimate but 955 members less than the average enrollment in FY 2024.

- The primary driver of the increase is \$19.6 million in premium payments attributed to the \$129 PMPM (8.5%) increase compared to FY 2026. Consistent with the other managed care products this reflects a 5.0% increase over October 1, 2024, rates and annualization of the OHIC rate review and CCBHC savings.
  - The reduction in the SPMI pay level from \$1,182 PMPM effective July 1, 2024 to \$910 PMPM in FY 2026 is the result of the exclusion of all the IHH and ACT spending from the base data prior to application of 5.0% price trend. While Neighborhood will continue to be responsible for the Medicare-related costs of providing behavioral health services, the requirement to fund the PPS-2 payment is excluded to avoid the potential for over- or under-funding the associated liability.
- Enrollment increases are distributed across the rate cells with the largest increase occurring in the lowest monthly premiums per month Community Non-LTSS. The monthly rate for Community Non-LTSS is \$294.
- The state premium tax—presently disallowed but something CMS has recently shown a willingness to finance—is valued at \$4.6 million and included in full in the FY 2026 estimate.

The current CMS Demonstration is expected to end on December 31, 2025. Clients enrolled in RHO were expected to transition to a new product as part of the managed care procurement. Given the procurement delay, the transition of these clients in CY 2026 is uncertain. EOHHS' forecast assumes RHO costs through FY 2026.

The following tables summarize EOHHS' revised forecasts for RHO for FY 2025 and FY 2026. **Table V-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 2024 and FY 2026.

The average monthly RHO capitation rates, by pay level, certified in August 2024 are summarized in **Table V-4**.

Table V-1. Summary of RHO Expenditures

	SFY 2024		SFY 2025			SFY 2026	
	Final	Surplus/ (Deficit)	Enacted	Current	Surplus/ (Deficit)	Current	FY25 → FY26
<b>Payments to Plans</b>							
CMS Demonstration (RHO II)	\$ 170,011,716	(\$3.9 M)	\$ 209,359,618	\$ 203,539,144	\$5.8 M	\$ 223,186,301	\$19.6 M
Withhold	7,083,471	(0.2 M)	7,997,580	8,480,580	(0.5 M)	9,299,238	0.8 M
<b>Subtotal - Payment to Plans</b>	<b>\$ 177,095,187</b>	<b>(\$4.0 M)</b>	<b>\$ 217,357,198</b>	<b>\$ 212,019,724</b>	<b>\$5.3 M</b>	<b>\$ 232,485,540</b>	<b>\$20.5 M</b>
<b>Other Payments</b>							
Non-Emergency Transportation	\$ 3,036,841	\$0.0 M	\$ 3,144,110	\$ 2,898,023	\$0.2 M	\$ 3,011,943	\$0.1 M
<b>Subtotal - Rhody Health Options</b>	<b>\$ 180,132,028</b>	<b>(\$4.0 M)</b>	<b>\$ 220,501,308</b>	<b>\$ 214,917,747</b>	<b>\$5.6 M</b>	<b>\$ 235,497,482</b>	<b>\$20.6 M</b>
Balance to RIFANS/Accruals/Rounding	2,418,672	(2.4 M)	7,429	82,253	(0.1 M)	2,518	(0.1 M)
<b>Total - Rhody Health Options</b>	<b>\$ 182,550,700</b>	<b>(\$6.4 M)</b>	<b>\$ 220,508,737</b>	<b>\$ 215,000,000</b>	<b>\$5.5 M</b>	<b>\$ 235,500,000</b>	<b>\$20.5 M</b>
General Revenue	\$80.1 M	(\$2.1 M)	\$97.0 M	\$94.6 M	\$2.3 M	\$100.8 M	\$6.2 M
Federal Funds	\$102.5 M	(\$4.3 M)	\$123.5 M	\$120.4 M	\$3.2 M	\$134.7 M	\$14.3 M

Table V-2. RHO Average Enrollment

	SFY 2024		SFY 2025			SFY 2026	
	Final	Change	May CEC	Current	Change	Current	FY25 → FY26
<b>Rhody Health Options</b>							
SPMI	940	-19	951	844	-107	853	9
I/DD	1,304	-4	1,311	1,291	-19	1,314	23
Community LTSS	2,120	50	2,204	2,261	57	2,288	28
Institutional LTSS	642	42	559	646	87	658	12
Community Non-LTSS	7,848	-158	7,907	6,745	-1,162	6,788	43
<b>Total</b>	<b>12,855</b>	<b>-89</b>	<b>12,931</b>	<b>11,787</b>	<b>-1,144</b>	<b>11,900</b>	<b>113</b>
Overall PMPM	\$1,183		\$1,421	\$1,520	\$99	\$1,649	\$129
<b>Other Caseload Factors</b>							
Non-Emergency Transportation	12,820	-97	12,901	11,752	-1,149	11,873	121

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

	Price	Volume	Net
FY 2025: Current over Enacted	\$14.0 M 7.0%	(\$19.5 M) -8.8%	(\$5.5 M) -2.5%
FY 2025 over FY 2024	\$47.6 M 28.4%	(\$15.2 M) -8.3%	\$32.4 M 17.8%
FY 2026 over FY 2025	\$18.4 M 8.5%	\$2.1 M 1.0%	\$20.5 M 9.5%

Table V-4. Summary of RHO Monthly Premiums

Rhody Health Options	SFY 2024	SFY 2025		SFY 2026	FY24 → FY25 (Oct-24)	FY25 (Oct-24) → FY26
		Jul-24 - Sep-24	Oct-24 - Jun-25			
SPMI	\$1,097	\$1,182	\$866	\$910	-21.0%	5.0%
I/DD	\$172	\$199	\$226	\$237	31.4%	5.0%
Community LTSS	\$4,259	\$4,495	\$5,268	\$5,531	23.7%	5.0%
Institutional LTSS	\$4,259	\$4,495	\$5,268	\$5,531	23.7%	5.0%
Community Non-LTSS	\$221	\$249	\$280	\$294	26.4%	5.0%
Composite	\$1,148	\$1,346	\$1,550	\$1,628	35.0%	5.0%
Average Member Months	12,855	11,825	11,774	11,900	-8.4%	1.1%

## VI. Expansion

		Expansion	
		All Funds	General Revenue
<b>FY 2023</b>	Final	\$685,141,546	\$74,600,069
<b>FY 2024</b>	Revised Enacted	\$688,600,000	\$73,744,000
	Prelim Final	<b>\$685,141,546</b>	<b>\$74,600,069</b>
	<i>Surplus over Revised Enacted</i>	<i>\$3,458,454</i>	<i>(\$856,069)</i>
<b>FY 2025</b>	Enacted	\$733,026,212	\$78,053,872
	Current	<b>\$716,300,000</b>	<b>\$77,462,889</b>
	<i>Surplus over Enacted</i>	<i>\$16,726,212</i>	<i>\$590,983</i>
<b>FY 2026</b>	Current	<b>\$764,500,000</b>	<b>\$82,465,065</b>

### FY 2025

EOHHS' revised forecast for Expansion of \$716.3 million for FY 2025 is a \$16.7 million (2.3%) decrease compared to the Enacted, including a \$0.6 million GR surplus. The surplus is driven by a reduction of \$45.0 million in payments to the plans. Overall, EOHHS forecasts an average fiscal year enrollment of 88,630 members in Expansion in FY 2025, a decrease of 516 members from the Enacted.

Compared to the Enacted, the \$16.7 million surplus is attributable to:

- A \$4.2 million decrease due to a reduction in average monthly enrollment of 516 members.
- A change in member mix reduces the composite PMPM for members enrolled in Expansion by \$17. This results in a surplus of \$18.5 million. The most expensive rate cell M 50-64 (\$957 composite PMPM) saw the sharpest decreases in average monthly enrollment compared to Enacted with a forecasted decrease of 458 in average monthly enrollment.

These surpluses are partially offset by the following unfavorable variances:

- A \$18.1 million deficit for Expansion FFS.
- \$3.2 million increase in premium payments for previously eligible members in Expansion.
- A reduction of \$4.4 million in anticipated drug rebates, attributable to lower than anticipated enrollment.
- An estimated risk share payment of \$1.2 million based on plan reporting through August 2024.

### FY 2026

For FY 2026, EOHHS projects expenditures for Expansion to increase by \$48.2 million (6.7%) from FY 2025 to \$764.51 million. Average monthly enrollment is forecasted to increase by 361 to 88,991.

- \$37.6 million increase in Expansion payments to plans.
- Enrollment increases create a \$2.9 million (0.4%) deficit in capitation and withhold over FY 2025.
- Overall PMPM across the rate cells increased by \$38 to \$706 for FY 2026.
- Expansion FFS is estimated to increase by \$4.5 million.

Overall, the average cost per Expansion member is increasing 5.7 percent in FY 2026 compared to FY 2025—equivalent to \$40.9 million holding enrollment constant. The primary causes for this increase include a 6.4% price trend and the increased funding of the CCBHC program (\$8.1 million).

### Previously Eligible Expansion-Eligible Members

Both FY 2025 and FY 2026 include adjustments 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.

EOHHS' revised estimate includes \$15.6 million in FY 2025 and a \$16.7 million in FY 2026, respectively, as being not eligible for a 90/10 match.

The following tables summarize EOHHS' revised forecasts for Expansion for FY 2025 and FY 2026. **Table VI-1** summarizes all expenditures by capitated payments by product line to the health plans as well as various FFS 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 2024 Final, FY 2025 Enacted and Revised, and FY 2026 over FY 2025. The average monthly Expansion capitation rates, by pay level, are summarized in **Table VI-4**.

Table VI-1. Summary of Medicaid Expansion Expenditures

	SFY 2024		SFY 2025		SFY 2026		FY25 → FY26
	Final	Surplus/ (Deficit)	Enacted	Current	Surplus/ (Deficit)	Current	
<b>Payments to Plans</b>							
Expansion	\$ 695,533,091	\$3.4 M	\$ 708,407,664	\$ 669,902,372	\$38.5 M	\$ 708,305,441	\$38.4 M
Expansion - Previously Eligible	16,381,617	(3.6 M)	12,400,000	15,800,000	(3.4 M)	16,900,000	1.1 M
Rite Smiles	2,046,445	0.4 M	2,485,137	2,036,869	0.4 M	2,173,940	0.1 M
SOBRA	4,953,157	2.3 M	7,570,724	4,091,771	3.5 M	5,557,676	1.5 M
Withhold	3,577,282	(0.0 M)	3,541,046	3,431,881	0.1 M	3,659,421	0.2 M
Risk Share	(27,498,252)	0.0 M	0	667,211	(0.7 M)	1,866,197	1.2 M
<b>Subtotal - Payments to Plans</b>	<b>\$ 694,993,339</b>	<b>\$2.6 M</b>	<b>\$ 734,404,571</b>	<b>\$ 695,930,104</b>	<b>\$38.5 M</b>	<b>\$ 738,462,675</b>	<b>\$42.5 M</b>
<i>CCBHC (reflected in "Payments to Plans")</i>	<i>0</i>	<i>0.0 M</i>	<i>27,860,000</i>	<i>26,688,453</i>	<i>1.2 M</i>	<i>39,843,309</i>	<i>13.2 M</i>
<b>Other Payments</b>							
Non-Emergency Transportation	\$ 14,296,091	\$0.0 M	\$ 13,568,667	\$ 12,798,318	\$0.8 M	\$ 13,193,235	\$0.4 M
Expansion FFS	50,004,150	(2.7 M)	52,400,678	70,476,359	(18.1 M)	74,973,145	4.5 M
Rebates	(68,050,077)	(2.5 M)	(67,372,342)	(62,985,217)	(4.4 M)	(64,708,603)	(1.7 M)
DRE	(65,064,149)	(2.1 M)	(64,179,147)	(60,218,190)	(4.0 M)	(61,864,380)	(1.6 M)
J-Code	(2,985,928)	(0.4 M)	(3,193,195)	(2,767,027)	(0.4 M)	(2,844,223)	(0.1 M)
Nursing Home Rate Review	0	0.0 M	0	0	0.0 M	0	0.0 M
<b>Subtotal - Other Payments</b>	<b>\$ (3,749,836)</b>	<b>(\$5.2 M)</b>	<b>\$ (1,402,998)</b>	<b>\$ 20,289,460</b>	<b>(\$21.7 M)</b>	<b>\$ 23,457,777</b>	<b>\$3.2 M</b>
<b>Subtotal - Expansion</b>	<b>\$ 691,243,503</b>	<b>(\$2.7 M)</b>	<b>\$ 733,001,573</b>	<b>\$ 716,219,564</b>	<b>\$16.8 M</b>	<b>\$ 761,920,452</b>	<b>\$45.7 M</b>
Balance to RIFANS/Accruals/Rounding	(6,101,957)	6.1 M	24,639	80,436	(0.1 M)	60,182	(0.0 M)
<b>Total - Expansion</b>	<b>\$ 685,141,546</b>	<b>\$3.5 M</b>	<b>\$ 733,026,212</b>	<b>\$ 716,300,000</b>	<b>\$16.7 M</b>	<b>\$ 761,980,634</b>	<b>\$45.7 M</b>
<i>General Revenue</i>	<i>\$74.6 M</i>	<i>(\$0.9 M)</i>	<i>\$78.1 M</i>	<i>\$77.5 M</i>	<i>\$0.6 M</i>	<i>\$82.5 M</i>	<i>\$5.0 M</i>
<i>Federal Funds</i>	<i>\$610.5 M</i>	<i>\$4.3 M</i>	<i>\$655.0 M</i>	<i>\$638.8 M</i>	<i>\$16.1 M</i>	<i>\$682.0 M</i>	<i>\$43.2 M</i>



Table VI-2. Summary Medicaid Expansion Average Enrollment

	SFY 2024		SFY 2025			SFY 2026	
	Final	Change	Enacted	Current	Surplus/	Current	FY25 → FY26
<b>Enrolled</b>							
F 19-24	9,185	15	8,334	8,411	77	8,511	100
F 25-29	5,703	-16	5,113	4,886	-227	4,866	-20
F 30-39	6,329	23	5,680	5,869	189	5,827	-42
F 40-49	5,261	30	4,717	4,889	172	4,776	-113
F 50-64	14,983	32	13,040	13,002	-38	13,031	28
M 19-24	10,111	-7	9,106	8,875	-232	9,012	137
M 25-29	7,649	-30	7,056	6,697	-359	6,730	33
M 30-39	12,862	26	12,022	12,193	172	12,296	103
M 40-49	8,048	8	7,641	7,755	114	7,722	-33
M 50-64	13,063	-74	12,038	11,579	-458	11,579	0
<b>Subtotal - Enrolled</b>	<b>93,194</b>	<b>6</b>	<b>84,745</b>	<b>84,155</b>	<b>-590</b>	<b>84,348</b>	<b>193</b>
Rite Share	191	-27	204	80	-124	92	12
Remaining in FFS	4,111	64	4,198	4,395	197	4,552	157
<b>Total - Expansion</b>	<b>97,496</b>	<b>44</b>	<b>89,146</b>	<b>88,630</b>	<b>-516</b>	<b>88,991</b>	<b>361</b>
Overall PMPM	\$586	-\$3	\$685	\$673	-\$12	\$714	\$40
% Enrolled in Managed Care	95.6%		95.1%	95.0%		94.8%	-0.2%
<b>Other Caseload Factors</b>							
Non-Emergency Transportation	95,921	-31	88,476	86,499	-1,977	86,638	140
SOBRA Births	267	-126	385	218	-167	282	64

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

	Price	Volume	Net
FY 2025: Current over Enacted	(\$12.5 M) -1.7%	(\$4.2 M) -0.6%	(\$16.7 M) -2.3%
FY 2025 over FY 2024	\$93.5 M 15.0%	(\$62.3 M) -9.1%	\$31.2 M 4.5%
FY 2026 over FY 2025	\$42.8 M 5.9%	\$2.9 M 0.4%	\$45.7 M 6.4%

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

Expansion	SFY 2024	SFY 2025		SFY 2026	FY24 → FY25 (Oct-24)	FY25 (Oct-24) → FY26
		Jul-24 - Sep-24	Oct-24 - Jun-25			
F 19-24	\$347	\$357	\$376	\$395	8.6%	5.0%
F 25-29	\$501	\$487	\$520	\$546	3.7%	5.0%
F 30-39	\$661	\$700	\$763	\$801	15.4%	5.0%
F 40-49	\$812	\$897	\$968	\$1,017	19.2%	5.0%
F 50-64	\$893	\$928	\$963	\$1,011	7.8%	5.0%
M 19-24	\$241	\$217	\$235	\$247	-2.6%	5.0%
M 25-29	\$387	\$379	\$418	\$438	7.9%	5.0%
M 30-39	\$592	\$569	\$625	\$656	5.6%	5.0%
M 40-49	\$824	\$814	\$884	\$928	7.3%	5.0%
M 50-64	\$926	\$937	\$976	\$1,025	5.4%	5.0%
Composite	\$640	\$648	\$690	\$723	7.9%	4.8%
Average Member Months	93,194	83,806	84,272	84,348	-9.6%	0.1%

## VII. Hospitals – Regular

Hospitals - Regular		All Funds	General Revenue
<b>FY 2023</b>	Final	\$65,245,378	\$26,609,493
<b>FY 2024</b>	Revised Enacted	\$352,000,000	\$119,350,838
	Prelim Final	<b>\$354,175,364</b>	<b>\$125,142,140</b>
	<i>Deficit over Revised Enacted</i>	<i>(\$2,175,364)</i>	<i>(\$5,791,302)</i>
<b>FY 2025</b>	Enacted	\$345,400,001	\$114,743,376
	Current	<b>\$350,300,000</b>	<b>\$113,810,471</b>
	<i>Deficit over Enacted</i>	<i>(\$4,899,999)</i>	<i>\$932,905</i>
<b>FY 2026</b>	Current	<b>\$369,500,000</b>	<b>\$117,279,766</b>

### FY 2025

In FY 2025, EOHHS' estimate for **Hospital – Regular** totals \$350.3 million. This represents a \$4.9 million (1.4%) deficit compared to the Enacted. The major changes in EOHHS' estimate include:

- \$4.9 million increase in inpatient (\$4.6 million) and outpatient (\$0.3 million) FFS activity, from \$40.3 million to \$45.2 million.
- \$0.6 million increase in outpatient UPL supplementary payments, from \$7.3 million to \$7.8 million. Four hospitals that submit Medicare cost reports on a calendar year typically submitted cost reports to EOHHS during the summer. The updated UPL payment is due to the information included in the hospital's Medicare cost report.
- \$0.5 million decrease in inpatient UPL supplementary payments, from \$11.0 million to \$10.5 million, reflecting the updated Medicare cost reports EOHHS over the summer.

EOHHS' methodology for revising its current year estimate looked at FY 2024 claims activity, specifically the impact of FY 24's last quarter, adjusted for an incurred but not reported (IBNR) factor, and application of the FY 2025 Enacted inflationary increase of 3.3% for inpatient and outpatient hospital services. EOHHS assumed a 5.0% utilization increase in the outpatient hospital activity (\$0.3 million) due to increased activity due to RTNO.

### FY 2026

FY 2026 hospital spending is expected to increase by \$19.1 million to \$369.4 million compared to the Enacted Budget. The major cost drivers include:

- \$16.3 million increase to the hospital state directed payment. For additional detail, please see the "Managed Care State Directed Payment (SDP) to Hospitals" subsection below.
- \$2.7 million increase in hospital FFS activity in fee-for-service activity, due to the projected annual rate change of 3.40%, pursuant to current law, which is estimated at \$1.6 million. EOHHS also assumed a 2.5% utilization increase in FY 2026 given the increased activity in the hospital budget lines, which added \$1.0 million.

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 inflationary scale.

A summary of the revised estimates for FY 2025 and preliminary forecast for FY 2026 are shown in **Table VII-1**. A summary of the price changes for FY 2026 are included in **Table VII-2**.

Table VII-1. Summary of Hospital – Regular Expenditures

	SFY 2024		SFY 2025			SFY 2026	
	Final	Surplus/ (Deficit)	Enacted	Current	Surplus/ (Deficit)	Current	FY25 → FY26
Supplemental Payments							
Inpatient UPL	\$ 9,545,062	\$0.0 M	\$ 10,979,257	\$ 10,487,197	\$0.5 M	\$ 10,487,197	\$0.0 M
Regular	7,750,590	0.0 M	8,915,157	8,564,274	0.4 M	8,564,274	0.0 M
Expansion	1,794,472	0.0 M	2,064,100	1,922,923	0.1 M	1,922,923	0.0 M
Outpatient UPL	6,959,932	0.0 M	7,285,065	7,846,189	(0.6 M)	7,846,189	0.0 M
Regular	5,686,264	0.0 M	5,951,898	6,219,140	(0.3 M)	6,219,140	0.0 M
Expansion	1,273,668	0.0 M	1,333,167	1,627,049	(0.3 M)	1,627,049	0.0 M
GME	2,500,000	0.0 M	0	0	0.0 M	0	0.0 M
SDP - Hospital Payments	287,927,025	0.0 M	281,032,815	281,032,814	0.0 M	297,198,199	16.2 M
SDP - MCO Tax	5,876,062	0.0 M	5,735,364	5,735,364	0.0 M	6,065,269	0.3 M
Subtotal - Supplemental Payments	\$ 312,808,081	\$0.0 M	\$ 305,032,500	\$ 305,101,564	(\$0.1 M)	\$ 321,596,854	\$16.5 M
FFS Activity							
Inpatient FFS	\$ 34,322,538	(\$1.8 M)	\$ 32,289,637	\$ 36,860,000	(\$4.6 M)	\$ 39,066,000	\$2.2 M
Outpatient FFS	7,134,354	(0.5 M)	7,995,000	8,321,000	(0.3 M)	8,819,000	0.5 M
Subtotal - FFS Activity	\$ 41,456,892	(\$2.3 M)	\$ 40,284,637	\$ 45,181,000	(\$4.9 M)	\$ 47,885,000	\$2.7 M
Subtotal - Hospitals - Regular	\$ 354,264,973	(\$2.3 M)	\$ 345,317,138	\$ 350,282,564	(\$5.0 M)	\$ 369,481,854	\$19.2 M
Balance to RIFANS/Accruals/Rounding	(89,609)	0.1 M	82,862	17,436	0.1 M	18,146	0.0 M
Total - Hospitals - Regular	\$ 354,175,364	(\$2.2 M)	\$ 345,400,000	\$ 350,300,000	(\$4.9 M)	\$ 369,500,000	\$19.2 M
General Revenue	\$125.1 M	(\$5.8 M)	\$114.7 M	\$113.8 M	\$0.9 M	\$117.3 M	\$3.5 M
Federal Funds	\$229.0 M	\$3.6 M	\$230.7 M	\$236.5 M	(\$5.8 M)	\$252.2 M	\$15.7 M

Table VII-2. FY 2026 Hospital Trend Assumptions (Excludes Managed Care and Expansion FFS)

Inpatient	Percent	Dollar Impact	Source
Price	3.40%	\$1.3 million	FFY 25 Actual Inpatient Hospital PPS Market Basket - No Productivity Adjustment
Utilization	2.50%	\$0.9 million	EOHHS
<b>Subtotal Inpatient</b>		<b>\$2.2 million</b>	
Outpatient	Percent	Dollar Impact	Source
Price	3.40%	\$0.3 million	FFY 25 Actual Inpatient Hospital PPS Market Basket - No Productivity Adjustment.
Utilization	2.50%	\$0.2 million	EOHHS
<b>Subtotal Outpatient</b>		<b>\$0.5 million</b>	
<b>TOTAL</b>		<b>\$2.7 million</b>	

**Upper Payment Limit (UPL)**

**FY 2025:** The FY 2025 estimate totals \$18.3 million, comprised of \$7.8 million for outpatient and \$10.5 for inpatient. This is an increase of \$0.1 million above the Enacted. At the time of the Enacted, 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 FFS expenditures attributed to Expansion-eligible members, approximately 18.3 percent of inpatient and 20.7 percent outpatient UPL payments are eligible for 90.0 percent federal financial participation. This allocation is reflected in the state-federal splits for the Hospital budget line.

**FY 2026:** The FY 2026 estimate for UPL payments remain consistent with the updated current year levels.

**Graduate Medical Education (GME)**

The FY 2025 Enacted Budget eliminated GME payments to hospitals, beginning in July 2025.

**Managed Care State Directed Payment (SDP) to Hospitals**

**FY 2025:** EOHHS caseload testimony assumes \$286.7 million in all funds financing for the managed care hospital SDP, consistent with the FY 2025 Enacted all funds amount. Of this total, EOHHS assumes \$87.0 million in GR financing, a savings of \$3.1 million compared to the Enacted Budget. Note, Hospitals expect to receive \$281.0 million in total payments from the MCOs, with \$5.7 million being allocated to the premium tax paid by the MCOs.

Variances compared to the enacted are attributable to the revised enrollment forecast and its impact on EOHHS' allocation of expenditures to different eligibility groups that have different federal matching rates, as well as updated PMPMs certified by the State's actuary for different pay levels.

**Table VII-1** and **Table VII-4** summarize the total SDP forecasted, as well as EOHHS' estimate of hospital specific allocations. The FY 2024 SDP allocation was forecasted by distributing the remaining funds based on the Q4 payment distribution. The FY 2025 allocations were updated based on each hospital's SDP distribution of the Q4 SDP payment, which reflects the most recent claims activity pulled for the previous fiscal year (August 2024).

**FY 2026:** For FY 2026, EOHHS maintains GR support consistent with the FY 2025 Enacted at \$90.1 million, inclusive of the tax liability incurred by the plans. The total SDP will be adjusted accordingly based on the FY 2026 FMAP rates and utilization mix across the different eligibility groups, i.e., Expansion, CHIP, and Regular Medicaid. With current enrollment forecasts, EOHHS estimates \$90.1 million GR will support SDPs of \$303.1 million in FY 2026, an increase of \$16.3 million compared to FY 2025 Enacted.

Exclusive of the premium tax, the amount to be received by hospitals is forecasted to increase by \$16.0 million from \$281.0 million to \$297.0 million.

Table VII-3. Supplemental Payments by Hospital, FY 2024

SFY 2024							
	DSH	UPL					Total
		Inpatient	Outpatient	SDP [1]	GME		Supplemental
Rehab	\$ -	\$ 10,979	-	\$ 235,403	\$ -	\$ -	246,382
Bradley	-	-	-	19,053,037	-	-	19,053,037
Butler	-	-	-	20,434,767	-	-	20,434,767
Eleanor Slater	-	-	-	-	-	-	-
Kent	609,374	434,388	696,860	24,178,216	-	-	25,918,838
Landmark	-	304,094	284,407	13,153,380	500,000	-	14,241,881
Miriam	-	849,552	1,206,265	29,083,872	-	-	31,139,689
Newport	-	178,355	236,935	7,664,903	-	-	8,080,193
Rhode Island	6,067,229	2,725,538	2,950,585	107,261,793	1,000,000	-	120,005,145
Roger Williams	6,610,600	452,720	432,892	12,384,123	-	-	19,880,335
Our Lady of Fatima	-	547,828	338,163	8,707,563	-	-	9,593,554
South County	-	110,735	112,508	5,419,645	-	-	5,642,888
Westerly	1,451,669	28,890	62,354	2,811,976	-	-	4,354,889
Women & Infants	-	3,901,983	638,963	37,538,347	1,000,000	-	43,079,293
Total	\$ 14,738,872	\$ 9,545,062	6,959,932	\$ 287,927,025	\$ 2,500,000	\$ -	\$ 321,670,891

Table VII-4. Supplemental Payments by Hospital, FY 2025

	SFY 2024	SFY 2025:						
	Total	SDP [2]	DSH [3]	UPL:		GME	Total Supplemental	FY24 → FY25
				Inpatient	Outpatient			
Rehab	\$ 246,382	\$ 197,140	\$ -	\$ 260,641	\$ -	\$ -	\$ 457,781	\$ 211,399
Bradley	19,053,037	18,736,479	-	-	-	-	18,736,479	\$ (316,558)
Butler	20,434,767	19,890,867	-	-	-	-	19,890,867	\$ (543,900)
Eleanor Slater	-	-	7,000,000	-	-	-	7,000,000	\$ 7,000,000
Kent	25,918,838	23,135,600	609,374	650,973	765,646	-	25,161,593	\$ (757,245)
Landmark	14,241,881	12,760,859	-	299,639	359,127	-	13,419,625	\$ (822,256)
Miriam	31,139,689	28,863,643	-	824,459	1,207,747	-	30,895,849	\$ (243,840)
Newport	8,080,193	7,485,481	-	176,694	232,829	-	7,895,004	\$ (185,189)
Rhode Island	120,005,145	103,456,359	6,067,229	2,781,441	3,267,735	-	115,572,764	\$ (4,432,381)
Roger Williams	19,880,335	11,854,885	6,610,600	491,783	791,709	-	19,748,977	\$ (131,358)
Our Lady of Fatima	9,593,554	8,358,527	-	590,272	289,168	-	9,237,967	\$ (355,587)
South County	5,642,888	5,266,189	-	69,716	121,228	-	5,457,133	\$ (185,755)
Westerly	4,354,889	2,667,447	1,451,669	36,076	68,613	-	4,223,805	\$ (131,084)
Women & Infants	43,079,293	38,359,339	-	4,305,503	742,387	-	43,407,229	\$ 327,936
<b>Total</b>	\$ 321,670,891	\$ 281,032,815	\$ 21,738,872	\$ 10,487,197	\$ 7,846,189	\$ -	\$ 321,105,073	\$ (565,818)

Note 1. SDP payment for FY 2024 will be reconciled and completed in last quarter of CY 2024. Amounts do not include state premium tax included in payment to MCOs.

Note 2. Total SDP payment reflects amount included in FY 2025 Enacted distributed based on FY 2024 Q4 payment. Actual distribution may vary. Does not include state premium tax paid to MCOs.

Note 3. DSH total reflect FY 2024 may change due to allowances under uncompensated care and its interaction with the State Directed Payment.

## VIII. Hospitals - DSH

Hospitals - DSH Payments			
		All Funds	General Revenue
<b>FY 2023</b>	Final	\$158,921,348	\$63,480,362
<b>FY 2024</b>	Revised Enacted	\$14,738,872	\$6,631,019
	Prelim Final	<b>\$14,738,872</b>	<b>\$6,714,937</b>
	<i>Deficit over Revised Enacted</i>	<i>(\$0)</i>	<i>(\$83,919)</i>
<b>FY 2025</b>	Enacted	\$21,738,872	\$9,497,713
	Current	<b>\$21,738,872</b>	<b>\$9,497,713</b>
	<i>Deficit over Enacted</i>	<i>\$0</i>	<i>(\$0)</i>
<b>FY 2026</b>	Current	<b>\$21,738,872</b>	<b>\$9,239,021</b>

### ***FY 2025***

EOHHS estimates a \$21.7 million DSH payment in FY 2025, no change from the Enacted Budget. This includes \$14.7 million for private hospitals and \$7.0 million for the state-run Eleanor Slater Hospital. Consistent with FY 2024, the inclusion of the hospital SDP is expected to make the majority of private hospitals ineligible for a DSH payment. Please see **Table VII-4** for a hospital specific DSH estimate, with payments not finalized until EOHHS receives each hospital's uncompensated care workbooks, Spring 2025, which determines DSH eligibility.

### ***FY 2026***

EOHHS has not yet received its preliminary FFY 2026 / SFY 2026 federal allotment. Absent the allotment, EOHHS maintains the FY 2025 enacted amount as its FY 2026 estimated DSH payment. Please see **Major Developments** for additional details on CMS's preliminary DSH allotments for FFY 2025, as well as EOHHS' forecast of future DSH reductions.

### ***Eleanor Slater Uncompensated Care***

EOHHS retained Myers and Stauffer to determine ESH DSH eligibility. Slater is eligible for a DSH payment, based on available SFY 2023 data. ESH's estimated uncompensated care amount is \$12.9M, which could allow for a higher payment beyond the \$7.0M enacted. Please note that the process of determining the uncompensated care amount is highly manual and will be audited three years after the payment is made, pursuant to federal regulation. The final uncompensated care amount will not be determined until 2028.

## IX. Nursing and Hospice Care

Nursing and Hospice Care			
		All Funds	General Revenue
<b>FY 2023</b>	Final	\$295,739,845	\$122,132,167
<b>FY 2024</b>	Revised Enacted	\$334,700,000	\$148,104,750
	Prelim Final	<b>\$354,530,496</b>	<b>\$157,303,755</b>
	Deficit over Revised Enacted	<i>(\$19,830,496)</i>	<i>(\$9,199,005)</i>
<b>FY 2025</b>	Enacted	\$393,800,000	\$173,311,380
	Current	<b>\$427,300,000</b>	<b>\$188,054,730</b>
	Deficit over Enacted	<i>(\$33,500,000)</i>	<i>(\$14,743,350)</i>
<b>FY 2026</b>	Current	<b>\$473,637,000</b>	<b>\$202,716,636</b>

### FY 2025

The FY 2025 estimate totals \$427.3 million, a \$33.5 million deficit over the Enacted. The primary drivers to the increase are increased utilization across the fee-for-services nursing and hospice lines.

Consistent with the Enacted, EOHHS' estimate includes a 14.5% adjustment effective October 1, 2024, resulting from the FY 2024 Rate Review. This was adjusted for the patient share interaction, bringing the composite rate increase to 16.6%. Please note that the Social Security Administration (SSA) implemented a 3.2% COLA on January 1, 2023, and announced a 2.5% COLA adjustment effective January 1, 2024. As a result, it is unlikely that the average patient share will keep pace with the rate of growth in costs, thereby driving the greater than 14.5% increase in Medicaid's direct costs. EOHHS also assumed a 3.5% utilization increase based on FY 2024 Q4 activity, compared to prior FY 2024 quarters.

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-3**. Additional information on paid days is presented in **Attachment 4**.

**Figure IX-1** summarizes the increase in overall spending on nursing facilities and the average monthly Medicaid census at Rhode Island nursing facilities across all payers and funding sources. Please note that this data is not completed for missing data or IBNR. **Table IX-4** provides some additional details on the nature of the stays and funding source and payers.

### FY 2026

The FY 2026 estimate totals \$473.6 million, an increase of \$46.3 million over FY 2025. The increase is due to the annualization of the October 1, 2024, rate increase, a projected rate increase of 4.2% effective October 1, 2025, and a 2.5% utilization increase.

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

	SFY 2024		SFY 2025		SFY 2026		FY25 → FY26
	Final	Surplus/ (Deficit)	Enacted	Current	Surplus/ (Deficit)	Current	
<b>FFS Activity</b>							
Hospice	\$ 26,778,938	<i>(\$3.3 M)</i>	\$ 27,714,000	\$ 33,934,000	<i>(\$6.2 M)</i>	\$ 37,620,000	\$3.7 M
Nursing Home	326,166,802	<i>(14.7 M)</i>	366,086,000	393,299,000	<i>(27.2 M)</i>	436,017,000	42.7 M
<b>Subtotal FFS</b>	<b>\$ 352,945,740</b>	<b><i>(\$18.0 M)</i></b>	<b>\$ 393,800,000</b>	<b>\$ 427,233,000</b>	<b><i>(\$33.4 M)</i></b>	<b>\$ 473,637,000</b>	<b>\$46.4 M</b>
Balance to RIFANS/Rounding	1,584,755		0	67,000	<i>(0.1 M)</i>	0	<i>(0.1 M)</i>
<b>Total - Nursing and Hospice Care</b>	<b>\$ 354,530,496</b>	<b><i>(\$19.5 M)</i></b>	<b>\$ 393,800,000</b>	<b>\$ 427,300,000</b>	<b><i>(\$33.5 M)</i></b>	<b>\$ 473,637,000</b>	<b>\$46.3 M</b>
General Revenue	\$157.3 M	<i>(\$9.2 M)</i>	\$173.3 M	\$188.1 M	<i>(\$14.7 M)</i>	\$202.7 M	\$14.7 M
Federal Funds	\$197.2 M	<i>(\$10.6 M)</i>	\$220.5 M	\$239.2 M	<i>(\$18.8 M)</i>	\$270.9 M	\$31.7 M

Table IX-2. Average Nursing Home Medicaid per diem

Effective Date [1]	Average Nursing Facility per Diem	Medicaid Cost per Day	Patient Share per Day [2]	Patient Share %
October 1, 2020	\$240	\$200	\$40	16.7%
October 1, 2021	\$249	\$207	\$42	16.9%
October 1, 2022	\$261	\$216	\$45	17.2%
October 1, 2023	\$282	\$235	\$47	16.7%
October 1, 2024 Est.	\$323	\$274	\$49	15.2%
October 1, 2025 Est.	\$337	\$286	\$51	15.1%

Note 1. Average of the 12-months following effective date. October 2024 and October 2025 estimates.

Note 2. For October 2024 and October 2025, average patient share estimated to increase by \$2 per day due to COLA increases for Social Security and/or SSI – consistent with average over prior 4 years.

Table IX-3. FY 2026 Nursing and Hospice Care Trend Assumption (Excludes Managed Care and Expansion Lines)

Personal Care	Percent	Dollar Impact <sup>1,2</sup>	Source
Price Factor	4.20%	\$13.9 million	FFY 25 Actual Skilled Nursing Facility PPS Market Basket - No Productivity Adjustment
Utilization	3.5%	\$15.9 million	EOHHS
Patient Share	0.20%	\$0.60 million	EOHHS
<b>SUBTOTAL Nursing &amp; Hospice Care</b>		<b>\$30.4 million</b>	
Annualization of Oct 1 Rebasing		\$16.0 million	Annualization of SFY 2025 14.5% increase
<b>TOTAL Nursing &amp; Hospice</b>		<b>\$46.3 million</b>	

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.

Figure IX-1. Average daily nursing home census and paid amount by month, July 2019 through December 2023

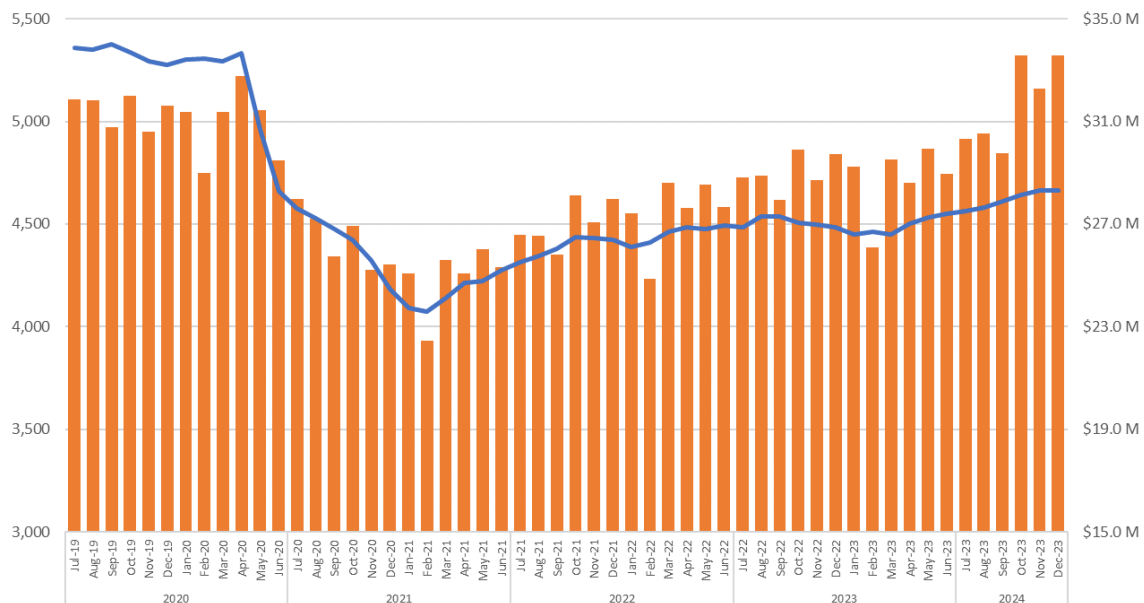


Table IX-4. Average Daily Nursing Facility Census, by Fiscal Year

	2020	2021	2022	2023	2024 thru Dec-23
Regular FFS - Medicaid Days	4,459	3,672	3,725	3,611	3,796
Regular FFS - Medicare Days	138	124	100	94	75
Expansion FFS	74	75	89	76	87
Rhody Health Options	503	374	457	669	616
Other Managed Care	63	48	49	50	46
Total	5,237	4,293	4,420	4,500	4,620



## X. Home and Community Care

Home and Community Care		All Funds	General Revenue
<b>FY 2023</b>	Final	\$123,736,441	\$52,145,668
<b>FY 2024</b>	Revised Enacted	\$157,500,000	\$69,693,750
	Prelim Final	<b>\$164,738,168</b>	<b>\$73,123,087</b>
	<i>Deficit over Revised Enacted</i>	<i>(\$7,238,168)</i>	<i>(\$3,429,337)</i>
<b>FY 2025</b>	Enacted	\$221,203,676	\$97,185,377
	Current	<b>\$228,400,000</b>	<b>\$100,518,840</b>
	<i>Deficit over Enacted</i>	<i>(\$7,196,324)</i>	<i>(\$3,333,463)</i>
<b>FY 2026</b>	Current	<b>\$270,400,000</b>	<b>\$115,731,200</b>

### FY 2025

EOHHS forecasts \$228.4 million for home and community care expenditures in FY 2025; a deficit of \$7.2 million compared to the Enacted Budget. This deficit is driven by:

- Increased FFS claims activity (\$5.6 million). EOHHS' methodology for revising its current year estimate looked at FY 2024 claims activity, specifically the impact of last quarter of FY 2024, adjusted for an INBR factor, and application of FY 2025 annual rates increase required in current law. These are 0.12% for Personal Care services and 1.32% for home delivered meals effective July 1, 2024. EOHHS continues to see increases utilization across its fee-for-service home care claims, the largest in CNA and homemaker services and assumes growth of 5.0% in FY 2025.
  - The FY 2025 estimate also includes an additional \$38.0 million to account for the significant increases recommended by OHIC for numerous home- and community-based services, including assisted living, adult day care, and home care services. Noteworthy, this includes a greater than 40% increase for home care services that is equivalent to approximately \$3.19 per unit or \$12.75 per hour across S5125, S5125 U1 and S5130.
  - The compounding impact of the OHIC rate increases and underlying utilization growth drives the \$63.7 million increase (38.7%) in spending compared to FY 2024—and this amount being prior to full annualization of the OHIC rate increases.
- Also included in the claims' activity are lesser adjustments for the following:
  - Behavioral Health HCBS Enhancement (\$890,000). EOHHS' revised estimate for the OHIC rate increase includes \$890,000 to reflect the \$0.39 (per 15-minute unit) BH enhancement as required by RIGL 40-8.9-9(g)(2) to finance an equivalent pass through to direct care workers at participating agencies. The original OHIC rates did not recommend the enhancement value of \$0.39, since OHIC estimated the cost to each home health agency participating in the program was less than \$0.05 per claim and this was included in the base rate.
 

The new base rates for S5125, S5125 U1, and S5130, as recommended by OHIC, included \$0.04 for purposes of the BH enhancement, leaving an additional \$0.35 to be added to payments to specific providers participating in the program and are thereby required to make a separate pass through to their direct care workers equivalent to \$0.39.
- Increased PACE capitation rates (\$1.4 million). EOHHS' revised estimate assumes an 37.0% increase to the composite PMPM compared to FY 2024 reflects the application of OHIC rate increases and the nursing facility rate increase. The deficit compared to Enacted, however, is largely attributed to a higher baseline trend than previously anticipated (i.e., 5.0% as assumed in May versus 13.7% when comparing the July 1, 2024 rates to FY 2024 rates).

- These deficits are offset by reduced expenditures (\$0.9 million) for conflict free case management (CFCM), due to implementation delays related to workforce challenges.
  - EOHHS continues to work with agencies to become certified to accept new referrals and by the end of FY 2025, EOHHS anticipates that 8,685 members will be billing the new rate; this is a decrease from the Enacted. Although the Enacted did not assume that all eligible CFCM clients would be phased in by June 2025; it assumed a more consistent month-over-month increase. The updated model assumes that 8,685 of an eligible 11,585 will be phased in. These members are anticipated to be phased in more quickly beginning in the second half of FY 2025.
  - Related to CFCM, please note that the savings in “Other HCBS” reflects the elimination of \$1.4 million in costs included in the historical FFS data for certain case management activities are being replaced with the new CFCM program.

**Table X-1** below shows the summary of Home and Community Care Expenditures over FY 2025 and FY 2026.

**Table X-2** summarizes changes in authorizations for HCBS services. Please note the count of people authorized for HCBS is not equivalent to the number of members utilizing LTSS services. EOHHS derives its FFS estimates from actual utilization as reflected in MMIS’ claims with prospective adjustments for any anticipated changes in price and/or utilization. This approach is unlike the PMPM basis that EOHHS uses for its managed care estimates.

### **FY 2026**

The FY 2026 forecast totals \$270.4 million, an increase of \$42.0 million above FY 2025. The increase is driven by the annualization of the OHIC rate increase and increased availability of conflict free case management (CFCM) projections.

- FFS Claims Activity (+\$36.4 million)
  - For all HCBS categories the FY 2026 estimate annualizes the monthly average of the projected FY 2025 spend adjusted for any necessary price and utilization changes.
    - Select personal care services are eligible for an annual rate increase on July 1 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 2024 release that shows an increase of 5.59% for personal care and community health workers. EOHHS will update the conferees in its April testimony with respect to the March 2024 projection.
    - Home delivered meals are eligible for an annual rate increase on July 1 of each year. EOHHS uses the March release of the New England CPI-U for Food at Home. This data is not yet available and so EOHHS used the September 2024 release that showed a decrease of 0.78%. Therefore, EOHHS did not build in a price adjustment at this time.
    - The calculation of these inflationary factors are included in **Table X-3** and the drivers of the increases are summarized in **Table X-4**.
    - EOHHS included an increase of \$560,000 for a total of \$1.5 million in FY 26 for the annualization of the behavioral health enhancement.
- Conflict Free Case Management (\$10.7 million) An additional \$10.7 million is expected to be required in FFS to fully implemented CFCM for the non-I/DD population by the end of FY 2026, bringing the total cost for CFCM in FY 2026 to \$15.5 million. (The model assumes that 768 I/DD clients will be case managed by BHDDH FTEs in FY 2026 and so these clients would not be billed the rate of \$170 per month.)
  - Please note that additional costs are reflected in the managed care payments for Rhody Health Options and PACE.
  - Ultimately, across all payers, the full cost of CFCM is estimated to be \$24.7 million in FY 2027 when the program is anticipated to be fully annualized. This estimate assumes a total of 11,290

clients, including 3,967 I/DD clients, receiving monthly case management services at a rate of \$170 per month.

**Program of All Inclusive Care for the Elderly (PACE)**

**FY 2025:** As noted above, EOHHS' revised FY 2025 forecast for PACE of \$28.7 million, a deficit of \$1.4 million compared to the Enacted that is attributed to combination of higher baseline spending prior to implementation of OHIC rate review and rebased nursing facility rates.

**FY 2026:** EOHHS' forecast for PACE of \$34.2 million for FY 2026 is \$5.5 million above FY 2025 due to a composite increase to the rates (over FY 2025) of 9.9%, coupled with an enrollment increase of 8.5%. The composite increase is attributable to the annualization of the OHIC rate review and rebased nursing facility rates, coupled with a 5% price trend over the October 1, 2024, rates, illustrated in **Table X-5**. EOHHS estimate also assumes average enrollment of 470 members per month in FY 2026, an increase of 37 members per month over FY 2025.

EOHHS has submitted a PACE state plan amendment to update the rating methodology, aligning with the direction set forth in the FY 2025 Budget as Enacted (Article 9, Section 5 of H7225 Substitute A, As Amended). In years without a full rebase, EOHHS will apply price and utilization trend adjustments to the AWOP at the service category level to account for Medicaid program changes, fee schedule updates, and changes in service mix. Under this updated methodology, FY 2025 will serve as the first rebasing year, followed by trend adjustments in FY 2026 and FY 2027.

**Table X-5** summarizes PACE monthly caseload and premiums. **Table X-6** summarizes the price-volume comparison for PACE expenditures between FY 2022 and FY 2025.

Table X-1. Summary of Home and Community Care Expenditures

	SFY 2024		SFY 2025			SFY 2026	
	Final	Surplus/ (Deficit)	Enacted	Current	Surplus/ (Deficit)	Current	FY25 → FY26
<b>PACE</b>	\$ 20,480,342	(\$0.1 M)	\$ 27,276,390	\$ 28,690,198	(\$1.4 M)	\$ 34,217,505	\$5.5 M
<i>Enrollment</i>	406	2	433	433	0	470	37
<b>FFS Activity</b>							
Self-Directed	\$ 26,384,792	(\$2.4 M)	\$ 28,351,471	\$ 30,292,001	(\$1.9 M)	\$ 30,866,203	\$0.6 M
Adult Day	5,371,270	0.0 M	6,963,368	6,983,571	(0.0 M)	7,531,158	0.5 M
Home Care	80,553,241	(5.3 M)	114,549,391	120,847,257	(6.3 M)	143,703,229	22.9 M
Shared Living	7,616,463	(0.5 M)	8,043,469	8,430,470	(0.4 M)	8,753,583	0.3 M
Assisted Living	21,401,720	(0.9 M)	25,736,658	25,420,751	0.3 M	26,681,335	1.3 M
Other HCBS	3,785,337	0.3 M	4,667,108	2,858,900	1.8 M	3,029,199	0.2 M
Conflict Free Case Management	0	0.0 M	5,725,000	4,808,333	0.9 M	15,525,115	10.7 M
<b>Subtotal FFS</b>	<b>\$ 145,112,823</b>	<b>(\$8.8 M)</b>	<b>\$ 194,036,465</b>	<b>\$ 199,641,283</b>	<b>(\$5.6 M)</b>	<b>\$ 236,089,823</b>	<b>\$36.4 M</b>
<b>Subtotal - Home and Community Care</b>	<b>\$ 165,593,165</b>	<b>(\$8.9 M)</b>	<b>\$ 221,312,855</b>	<b>\$ 228,331,481</b>	<b>(\$7.0 M)</b>	<b>\$ 270,307,328</b>	<b>\$42.0 M</b>
Balance to RIFANS/Rounding	(854,997)	0.9 M	(109,179)	68,519	(0.2 M)	92,672	0.0 M
<b>Total - Home and Community Care</b>	<b>\$ 164,738,168</b>	<b>(\$8.0 M)</b>	<b>\$ 221,203,676</b>	<b>\$ 228,400,000</b>	<b>(\$7.2 M)</b>	<b>\$ 270,400,000</b>	<b>\$42.0 M</b>
<i>General Revenue</i>	\$73.1 M	(\$3.4 M)	\$97.2 M	\$100.5 M	(\$3.3 M)	\$115.7 M	\$15.2 M
<i>Federal Funds</i>	\$91.6 M	(\$3.8 M)	\$124.0 M	\$127.9 M	(\$3.9 M)	\$154.7 M	\$26.8 M

Table X-2. PACE and FFS Home and Community Based Services Authorizations

	SFY 2024	SFY 2025	Current: Jun-24	FY24 → FY25 Growth
PACE	406	433	416	6.7%
<b>HCBS Authorization in FFS</b>				
Assisted Living	764	766	756	0.3%
Shared Living	324	343	338	5.9%
Self-Directed	658	690	681	4.9%
Home Care	3,309	3,599	3,551	8.8%
<b>Subtotal HCBS</b>	<b>5,055</b>	<b>5,398</b>	<b>5,326</b>	<b>6.8%</b>
<b>HCBS Enrolled in RHO</b>	<b>2,047</b>	<b>2,181</b>	<b>2,181</b>	<b>6.5%</b>
<b>% of HCBS (excl. PACE) in RHO</b>	<b>28.8%</b>	<b>28.8%</b>	<b>29.1%</b>	

Note 1. Figures represent LTSS authorizations for home-based services. There may be a lag in authorizations.

Note 2. HCBS Authorizations do not include Preventive Only authorizations and include members with full benefits only.

Table X-3. 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
2024	M08	2024 Aug.	120.716	122.414
2023	M08	2023 Aug.	114.328	123.377
<b>Annual Trend:</b>			<b>5.59%</b>	<b>-0.78%</b>

Table X-4. FY 2026 HCBS Personal Care and Home Delivered Meals Trend Assumptions

Personal Care	Percent	Dollar Impact	Source
Price Factor	5.59%	\$7.3 million	New England CPI-U for Medical Care (September Release)
Utilization	5.00%	\$6.5 million	EOHHS
<b>Subtotal – Personal Care</b>		<b>\$13.8 million</b>	
Annualization of OHIC		\$9.1 million	EOHHS
<b>TOTAL – Personal Care</b>		<b>\$22.9 million</b>	
<b>Home Delivered Meals</b>			
Price Factor	0%	\$0	New England CPI-U for Food at Home (September Release)
Utilization	2.50%	\$18,320	EOHHS
<b>TOTAL – Home Delivered Meals</b>		<b>\$18,320</b>	

Table X-5. Summary of PACE Monthly Premiums

PACE	SFY 2024	SFY 2025		SFY 2026	FY24 → FY25 (Oct-24)	FY25 (Oct-24) → FY26
		Jul-24 - Sep-24	Oct-24 - Jun-25			
Medicaid Only	\$5,398	\$6,300	\$7,367	\$7,735	36.5%	5.0%
Dual, 55-64 y.o.	\$3,824	\$4,525	\$5,401	\$5,671	41.2%	5.0%
Dual, 65+ y.o.	\$4,069	\$4,580	\$5,568	\$5,846	36.8%	5.0%
Composite	\$4,206	\$4,782	\$5,761	\$6,073	37.0%	5.4%
<b>Average Member Months</b>	<b>406</b>	<b>417</b>	<b>438</b>	<b>470</b>	<b>7.9%</b>	<b>7.2%</b>

Table X-6. PACE Price-Volume Comparison

	Price	Volume	Net
FY 2025: Current over Enacted	\$1.4 M	\$0.0 M	\$1.4 M
	5.1%	0.1%	5.2%
FY 2025 over FY 2024	\$6.8 M	\$1.4 M	\$8.2 M
	31.3%	6.7%	40.1%
FY 2026 over FY 2025	\$3.1 M	\$2.4 M	\$5.5 M
	9.9%	8.5%	19.3%

## XI. Pharmacy

Pharmacy		All Funds	General Revenue
<b>FY 2023</b>	Final	(\$2,218,124)	(\$804,506)
<b>FY 2024</b>	Revised Enacted	(\$500,000)	\$15,295
	Prelim Final	<b>\$1,734,617</b>	<b>\$1,036,313</b>
	Deficit over Revised Enacted	(\$2,234,617)	(\$1,021,018)
<b>FY 2025</b>	Enacted	(\$300,000)	\$104,515
	Current	<b>\$1,900,000</b>	<b>\$1,149,569</b>
	Deficit over Enacted	(\$2,200,000)	(\$1,045,054)
<b>FY 2026</b>	Current	<b>\$2,000,000</b>	<b>\$1,188,761</b>

### FY 2025

EOHHS' revised forecast for pharmacy in FY 2025 is \$1.9 million, a \$2.2 million deficit compared to the Enacted. This variance is primarily attributable to an increase in the number of claims paid amounting to approximately \$0.7 million and a decrease in expected rebate collections amounting to approximately \$1.5 million relative to the Enacted.

With respect to its pharmacy spend, EOHHS' projections annualized the average monthly spend during the first half of FY 2025. Rebate information is based on invoices issued to manufacturers through September 2024, for prescriptions incurred through June 30, 2024.

### FY 2026

EOHHS projects spending at \$2.0 million in FY 2026, an increase of \$0.1 million above FY 25. The increase is attributed to higher claims total. The FY 2026 forecast assumes a 2.5% increase based on the S&P Global Healthcare Cost Review 2026 Q2 forecast for pharmacy, which corresponds to the end of FY 2026. Revised FY 2025 and FY 2026 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 2024		SFY 2025			SFY 2026	
	Final	Surplus/ (Deficit)	Enacted	Current	Surplus/ (Deficit)	Current	FY25 → FY26
FFS Activity	\$ 8,625,300	\$0.1 M	\$ 9,113,000	\$ 9,844,000	(\$0.7 M)	\$ 10,342,000	\$0.5 M
Rebates	(7,856,445)	(1.4 M)	(9,444,381)	(7,947,392)	(1.5 M)	(8,365,122)	(0.4 M)
DRE	(6,533,259)	(1.4 M)	(8,072,874)	(6,614,911)	(1.5 M)	(6,948,439)	(0.3 M)
J-Code	(1,323,186)	(0.0 M)	(1,371,507)	(1,332,481)	(0.0 M)	(1,416,683)	(0.1 M)
<b>Subtotal - Pharmacy</b>	<b>\$ 768,855</b>	<b>(\$1.3 M)</b>	<b>\$ (331,381)</b>	<b>\$ 1,896,608</b>	<b>(\$2.2 M)</b>	<b>\$ 1,976,878</b>	<b>\$0.1 M</b>
Balance to RIFANS - Accruals/Rounding	965,762	(0.9 M)	31,381	3,392	0.0 M	23,122	0.0 M
<b>Grand Total - Pharmacy</b>	<b>\$ 1,734,617</b>	<b>(\$2.2 M)</b>	<b>\$ (300,000)</b>	<b>\$ 1,900,000</b>	<b>(\$2.2 M)</b>	<b>\$ 2,000,000</b>	<b>\$0.1 M</b>
General Revenue	\$1.0 M	(\$1.0 M)	\$0.1 M	\$1.1 M	(\$1.0 M)	\$1.2 M	\$0.0 M
Federal Funds	\$0.7 M	(\$1.2 M)	(\$0.4 M)	\$0.8 M	(\$1.2 M)	\$0.8 M	\$0.1 M

## XII. Pharmacy Clawback (Medicare Part D)

Pharmacy Clawback (Medicare Part D)			
		All Funds	General Revenue
<b>FY 2023</b>	Final	\$81,272,876	\$91,920,942
<b>FY 2024</b>	Revised Enacted	\$92,300,000	\$92,300,000
	Prelim Final	<b>\$91,920,942</b>	<b>\$91,920,942</b>
	<i>Surplus over Revised Enacted</i>	<i>\$379,058</i>	<i>\$379,058</i>
<b>FY 2025</b>	Enacted	\$96,800,000	\$96,800,000
	Current	<b>\$91,900,000</b>	<b>\$91,900,000</b>
	<i>Surplus over Enacted</i>	<i>\$4,900,000</i>	<i>\$4,900,000</i>
<b>FY 2026</b>	Current	<b>\$98,400,000</b>	<b>\$98,400,000</b>

EOHHS' revised FY 2025 estimate of \$91.9 million for Pharmacy Clawback is \$4.9 million (5.1%) below the Enacted. The surplus is driven by reduced number of Rhode Islanders enrolled into the Medicare Premium Payment program. This revised forecast is based on actual invoices through August 2024.

For FY 2026, EOHHS projects spending of \$98.4 million, a GR increase of \$6.5 million above the FY 2025 Revised estimate. This is attributable to a projected increase in enrollment of 721 members into FY 2026 combined with a predicted \$10 increase to the quarterly Part D multiplier relative to FY 2025.

Table XII-1. Summary of Pharmacy Claw Back Expenditures

	SFY 2024		SFY 2025			SFY 2026	
	Final	Surplus/ (Deficit)	Enacted	Current	Surplus/ (Deficit)	Current	FY25 → FY26
Part D Premium Payments	\$ 92,571,505	(\$0.3 M)	\$ 96,782,496	\$ 91,819,319	\$5.0 M	\$ 98,323,100	\$6.5 M
Balance to RIFANS/Accruals/Rounding	(650,563)	0.7 M	17,504	80,681	(0.1 M)	76,900	(0.0 M)
<b>Total - Pharmacy Clawback</b>	<b>\$ 91,920,942</b>	<b>\$0.4 M</b>	<b>\$ 96,800,000</b>	<b>\$ 91,900,000</b>	<b>\$4.9 M</b>	<b>\$ 98,400,000</b>	<b>\$6.5 M</b>
<i>General Revenue</i>	<i>\$91.9 M</i>	<i>\$0.4 M</i>	<i>\$96.8 M</i>	<i>\$91.9 M</i>	<i>\$4.9 M</i>	<i>\$98.4 M</i>	<i>\$6.5 M</i>
Part D Multiplier	\$182.23	-\$1.39	\$199.54	\$199.65	\$0.11	\$209.82	\$10.17
July - September	\$173.90		\$194.08	\$194.08		\$204.52	
October - December	\$173.70		\$194.78	\$194.78		\$204.52	
January - March	\$194.08		\$204.52	\$204.52		\$214.75	
April - June	\$194.08		\$204.52	\$204.52		\$214.75	
Average Enrollment	42,036	147	40,426	38,359	-2,067	39,081	721

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

	Price	Volume	Net
FY 2025: Current over Enacted	\$0.0 M	(\$4.9 M)	(\$4.9 M)
	0.1%	-5.1%	-5.1%
FY 2025 over FY 2024	\$8.0 M	(\$8.0 M)	(\$0.0 M)
	9.6%	-8.7%	0.0%
FY 2026 over FY 2025	\$4.8 M	\$1.7 M	\$6.5 M
	5.1%	1.9%	7.1%

### XIII. Other Services

Other Services		All Funds	General Revenue
<b>FY 2023</b>	Final	\$159,295,465	\$51,517,385
<b>FY 2024</b>	Revised Enacted	\$166,300,000	\$62,979,284
	Prelim Final	<b>\$159,404,297</b>	<b>\$62,076,309</b>
	<i>Surplus over Revised Enacted</i>	<i>\$6,895,703</i>	<i>\$902,976</i>
<b>FY 2025</b>	Enacted	\$227,125,552	\$84,406,640
	Current	<b>\$209,400,000</b>	<b>\$76,062,868</b>
	<i>Surplus over Enacted</i>	<i>\$17,725,552</i>	<i>\$8,343,772</i>
<b>FY 2026</b>	Current	<b>\$251,400,000</b>	<b>\$88,458,911</b>

#### **FY 2025**

EOHHS' current FY 2025 estimate of \$209.4 million for Other Medical Services is a \$17.7 million surplus compared to the Enacted. The surplus is largely driven by the items below.

- Lower Medicare Savings Program payments resulting from fewer Duals remaining eligible following RTNO, including a \$1.3 million reduction for Part A and \$11.8 million for Part B
- Reduced claiming of \$5.7 million for Other Practitioners that is largely driven from the revised estimate for the cost of implementing the OHIC rate review estimate, specifically the elimination of the utilization growth factor, improved application of variable rates (by procedure code modifier) for various psychotherapy codes, and the elimination of rate increases for case management codes that was originally added to Other Services and are not replaced with CFCM.
- \$1.6 million lower spending for enhanced Mental Health Psychiatric Rehabilitative Residences (MHPRR) activity. The FY 2025 Enacted assumed a second and third facility would be opened by July 2024; however, although the second facility opened in July the third is anticipated to open later this month.

The surplus was partially offset by an \$3.7 million deficit against original CCBHC estimate due to reduction to assumed Medicare savings as well as final rate setting that occurred in collaboration with providers and the State's actuarial consultant, Milliman, after FY 2025 Enacted.

#### **FY 2026**

The FY 2026 estimate totals \$251.4 million, an increase of \$42.0 million over FY 2025. The increase is largely driven by the items below.

- \$31.5 million increase in CCBHC expenditures. CCBHC implementation will have completed its first partial fiscal year and will see sustained and increased funding into future fiscal years.
- \$8.0 million increase in the Medicare Premium Payment program, including:
  - \$1.4 million increase for Part A and additional enrollment of 70 clients and higher PMPM.
  - \$6.6 million increase for Part B and the increase by 925 enrollees compared to current fiscal year.
- \$2.2 million increase for enhanced MHPRR activity.
- \$2.6 million increase in FFS expenditures for Other Practitioners.
  - This increase is driven by annualization of the OHIC rate increases and \$0.3 million for the annual increase to community health workers. Pursuant to the Medicaid State Plan, EOHHS uses the March release, containing February data of the New England CPI-U for Medical Care and Food at Home. This is not yet available; EOHHS used the September 2024 release that shows an increase of 5.59%.

These increases were partially offset by:

- a decrease of \$5.7 million for FFS activity for BHDDH Medical Services due to the continued reduction in spending on IHH/ACT that is being replaced by the CCBHC Demonstration.

A summary of expenditures for both FY 2025 and FY 2026, 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. See **Table XIII-4** for the price and utilization factors applied to FFS spending toward certified community health workers.

Table XIII-1. Summary of Other Medical Services Expenditures

	SFY 2024		SFY 2025			SFY 2026	
	Final	Surplus/ (Deficit)	Enacted	Current	Surplus/ (Deficit)	Current	FY25 → FY26
<b>Medicare Premium Payments</b>							
Part A	\$ 19,038,034	\$0.5 M	\$ 21,186,884	\$ 19,861,832	\$1.3 M	\$ 21,286,009	\$1.4 M
Part B	83,858,204	(0.3 M)	101,192,979	89,369,919	11.8 M	95,977,881	6.6 M
<b>Subtotal - Supplemental Payments</b>	<b>\$ 102,896,238</b>	<b>\$0.2 M</b>	<b>\$ 122,379,863</b>	<b>\$ 109,231,751</b>	<b>\$13.1 M</b>	<b>\$ 117,263,890</b>	<b>\$8.0 M</b>
Non-Emergency Transportation	6,647,109	0.1 M	6,974,738	6,667,448	0.3 M	7,012,476	0.3 M
Recoveries	(18,321,038)	0.8 M	(17,500,000)	(18,300,000)	0.8 M	(18,300,000)	0.0 M
<b>FFS Activity</b>							
BHDDH Medical Services	21,870,853	1.6 M	11,494,189	10,537,779	1.0 M	6,548,307	(4.0 M)
Rehab & TCM	20,221,027	(0.4 M)	20,307,000	20,274,536	0.0 M	20,784,267	0.5 M
Tavares	7,173,838	(0.2 M)	8,110,979	7,443,000	0.7 M	7,786,000	0.3 M
DME	3,380,342	(0.0 M)	3,419,000	3,609,000	(0.2 M)	3,699,000	0.1 M
Physician Services	12,928,436	(1.4 M)	11,857,000	14,193,000	(2.3 M)	14,548,000	0.4 M
Other Practitioners	5,914,425	0.3 M	19,912,363	14,295,370	5.6 M	16,898,493	2.6 M
State Only	942,033	(0.4 M)	536,384	0	0.5 M	0	0.0 M
COVID-19 Vaccinations (Federal Only)	116,080	0.9 M	250,000	0	0.3 M	0	0.0 M
Certified Community BH Clinic (CCBHC)	0	0.0 M	34,200,000	37,863,237	(3.7 M)	69,398,439	31.5 M
MHPRR Rate Increase	0	0.0 M	5,000,000	3,389,528	1.6 M	5,617,251	2.2 M
ASC Dental Facility Fee & Chiropractic			174,000	110,000	0.1 M	110,000	0.0 M
<b>Subtotal - FFS Activity</b>	<b>72,547,035</b>	<b>0.4 M</b>	<b>115,260,915</b>	<b>111,715,450</b>	<b>3.5 M</b>	<b>145,389,757</b>	<b>33.7 M</b>
<b>Subtotal - Other Services</b>	<b>\$ 163,769,344</b>	<b>\$1.5 M</b>	<b>\$ 227,115,516</b>	<b>\$ 209,314,648</b>	<b>\$17.8 M</b>	<b>\$ 251,366,123</b>	<b>\$42.1 M</b>
Balance to RIFANS/Accruals/Rounding	(4,365,047)	4.4 M	10,036	85,352	(0.1 M)	33,877	(0.1 M)
<b>Total - Other Services</b>	<b>\$ 159,404,297</b>	<b>\$5.9 M</b>	<b>\$ 227,125,552</b>	<b>\$ 209,400,000</b>	<b>\$17.7 M</b>	<b>\$ 251,400,000</b>	<b>\$42.0 M</b>
General Revenue	\$62.1 M	\$0.9 M	\$84.4 M	\$76.1 M	\$8.3 M	\$88.5 M	\$12.4 M
Federal Funds	\$91.0 M	\$3.8 M	\$134.4 M	\$124.8 M	\$9.6 M	\$154.6 M	\$29.8 M
Restricted Receipts	\$6.3 M	\$2.2 M	\$8.3 M	\$8.5 M	(\$0.2 M)	\$8.3 M	(\$0.2 M)

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

	SFY 2024		SFY 2025			SFY 2026	
	Final	Change	Enacted	Current	Change	Current	FY25 → FY26
Restricted - Children's Health Account	\$ 8,500,000	\$0.0 M	\$ 8,300,000	\$ 8,500,000	\$0.2 M	\$ 8,300,000	(\$0.2 M)
Restricted - Organ Transplant Fund	15,000	0.0 M	15,000	15,000	0.0 M	15,000	0.0 M
Enhanced FMAP - CCBHC	0	0.0 M	0	42,644,487	42.6 M	69,122,192	26.5 M
100% Federal - COVID-19 Vaccination	116,080	0.9 M	250,000	0	(0.3 M)	0	0.0 M
100% Federal - Qualifying Individuals	(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)	0.0 M	(200,000)	(200,000)	0.0 M	(200,000)	0.0 M

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

	SFY 2024		SFY 2025			SFY 2026	
	Final	Change	Enacted	Current	Change	Current	FY25 → FY26
Part A PMPM	\$ 475.52	\$ (12.69)	\$ 485.45	\$ 486.77	\$ 1.32	\$ 511.17	\$ 24.39
July-December	476.18		473.55	474.88		498.62	
January-June	474.88		497.23	498.62		523.56	
Part A - Average Enrollment	3,336	(1)	3,312	3,400	88	3,470	\$ 69.92
Part B PMPM	\$ 173.09	\$ 0.47	\$ 172.32	\$ 183.07	\$ 10.76	\$ 192.24	\$ 9.16
July-December	167.61		167.29	178.59		187.52	
January-June	178.59		177.33	187.52		196.90	
Part B - Average Enrollment	40,373	39	40,514	40,681	166	41,606	\$ 925.25

Table XIII-4. FY 2026 Price and Utilization Factors for Community Health Workers

	Percent	Dollar Impact	Source
Price	5.59%	\$225,000	New England CPI-U for Medical Care (September release)
Utilization	2.50%	\$102,819	EOHHS
Total		\$327,819	



## Attachments