



State Fiscal Note for Bill Number: 2021-H-5754

Date of State Budget Office Approval: Thursday, April 15, 2021

Date Requested: Friday, March 5, 2021

Date Due: Monday, March 15, 2021

<i>Impact on Expenditures</i>		<i>Impact on Revenues</i>	
FY 2021	N/A	FY 2021	N/A
FY 2022	186,975,288	FY 2022	N/A
FY 2023	196,324,052	FY 2023	N/A

**Explanation by State
Budget Office:**

This act would amend the Rhode Island Medicaid statute to allow for “permanently and totally disabled” individuals below 300% of the federal poverty level (FPL) to enroll in the medical assistance program without being subject to the income and resource eligibility rules, regulations, and limits. The eligibility expansion would result in increased caseload for the Medicaid program, financed solely with general revenues given the limitations of the current income eligibility rules established by the Centers for Medicare and Medicaid Services (CMS).

**Comments on
Sources of Funds:**

Medicaid caseload is traditionally financed with both state and federal resources according to the SFY 2022 and SFY 2023 Federal Medicaid Assistance Percentage (FMAP) levels. The Secretary of the U.S. Department of Health and Human Services has confirmed that the temporary 6.2 percentage point enhancement that has been in place since March 2020 will continue through the end of calendar year 2021. Therefore, for SFY 2022, OMB assumes the increased FMAP rate for the first six months of FY 2022 (July 2021 – December 2021). The blended rate for SFY 2022 assumed by OMB is 57.78% federal contribution, 42.22% state match.

However, RI Executive Office of Health and Human Services (EOHHS) has confirmed that CMS would not allow for federal resources to be used for any population with an income level above 250% FPL. Eligibility is normally capped at 225% FPL or 300% SSI, but the Sherlock Plan (outlined in the Facts and Assumptions) expands eligibility to 250% FPL with assets less than or equal to \$10,000 individual and \$20,000 for a couple.

Given the restrictions confirmed by EOHHS, OMB assumes the entire population that H-5754 expands eligibility to would be financed solely with state general revenues, with no federal share.

**Summary of Facts
and Assumptions:**

Eligible population

According to 210-RICR-40-00-1, there are currently seven ways for elders, adults with disabilities, and certain individuals who qualify as medically needy (MN) due to high health care expenses to qualify for Medicaid coverage and or supplemental benefits:

1. Elders and Adults with Disabilities (EAD) - Low-income elders who are 65 and older, and people living with disabilities who have income at or below one hundred percent 100% FPL with assets at or under \$4,000 for an individual or \$6,000 for a

Prepared by:

Reily Connaughton / 4012226421 / reily.connaughton@budget.ri.gov

Thursday, April 15, 2021

Page 1 of 3

couple.

2. Medically Needy (MN) - Elders, persons with disabilities, children, parents and caretakers of Medicaid-eligible children, and pregnant women who do not qualify for eligibility on the basis of income but have high health expenses and must spend down income and or assets to obtain or retain Medicaid eligibility.

3. Supplemental Security Income (SSI) Recipients - All persons receiving SSI cash assistance based on age or as an adult with a disability, as determined by the federal Social Security Administration (SSA) are automatically eligible and enrolled in Medicaid.

4. State Supplement Payment (SSP) - Persons who qualify to receive the optional state-funded supplemental payment are automatically eligible for Medicaid health coverage under the Medicaid State Plan.

5. SSI Protected Status Beneficiaries – Persons who meet the age or disability criteria for SSI but are ineligible for full SSI cash benefits or qualify for “special treatment”, as determined by the SSA.

6. Medicaid Premium Payment Program (MPPP) – a supplementary benefit for Medicare beneficiaries with income at or below 135% of the FPL. The MPPP provides financial help through Medicaid to assist in paying Medicare Part A and Part B costs including premiums, deductibles, and coinsurance in amounts that vary depending on income and assets.

7. Sherlock Plan for Working Adults with Disabilities - The Sherlock Plan provides Medicaid coverage, services, and supports to persons with disabilities who are working, and who otherwise meet the SSI disability criteria for Community Medicaid or, based on a functional and health status review, have the level of need required for Medicaid LTSS. Beneficiaries in this group may have countable income at or below 250% of the FPL and assets less than or equal to \$10,000 individual and \$20,000 for a couple.

H-5754 would create an eighth eligibility pathway for disabled individuals with incomes above the 250% FPL level established through the Sherlock Plan (number 7 above) but below 300% FPL, regardless of the applicant’s asset/resource level. The legislation would also allow for individuals in the other categories listed above who do not qualify due to asset limits to enroll in the program.

To estimate the newly eligible population, OMB utilized data from the U.S. Census Bureau American Community Survey (ACS) to find the total disabled population in Rhode Island (52,229). Of that population, using the FY 2019 Expenditure Report published by EOHHS in March 2021, 32,235 are currently eligible under the various pathways outlined above (1-7).

52,229 total disabled persons in RI – 32,235 currently eligible = 19,994 potentially eligible

ACS data shows 39.1% of Rhode Islanders (398,450) are at or below 300% FPL. To account for individuals who are part of the potentially eligible population and have incomes below 300% FPL, OMB assumes 39.1% would fall below the require income level.

19,994 potentially eligible * 39.1% fall below 300% FPL = 7,818 newly eligible for Medicaid under H-5754

Cost per enrollee

OMB assumes a monthly cost of \$1,993 per each newly eligible ABD enrollee. The November 2020 CEC adopted ABD PMPM is \$1,854.98 but because long term care costs under Rhody Health Partners are paid under fee-for-service (FFS) the total cost is understated. The monthly cost assumed by OMB matches the FY 2019 Expenditure Report published by EOHHS in March 2021. To account for rising PMPM costs since 2019, OMB assumes a 5% increase in the monthly cost for the newly eligible ABD population (\$2,092.65).

Total

7,818 newly eligible population * \$1,993 cost per enrollee * 12 months =
\$186,975,288 in general revenue

To account for the 5% increase in FY 2023, OMB estimates the outyear cost to be \$196,324,052 in general revenue.

--

OMB assumes a July 1st enactment date of the proposed legislation.

*Summary of Fiscal
Impact:*

FY 2021: N/A
FY 2022: \$186,975,288 in general revenue
FY 2023: \$196,324,052 in general revenue

Budget Office Signature:

Fiscal Advisor Signature:

Digitally signed by Joseph
Codega
Date: 2021.04.15 12:25:47 -04'00'



