



**State Fiscal Note for Bill
Number: 2023-H-5097**

Date of State Budget Office Approval: Thursday, February 9, 2023

Date Requested: Friday, January 20, 2023

Date Due: Monday, January 30, 2023

Impact on Expenditures

FY 2023	N/A
FY 2024	\$16.4M - \$32.7M
FY 2025	\$17.3M - \$34.6M

Impact on Revenues

FY 2023	N/A
FY 2024	N/A
FY 2025	N/A

Explanation by State Budget Office: This Act amends RIGL Section 40-8.5-1, entitled “Categorically Needy Medical Assistance Coverage,” increasing the income eligibility limit for the categorically needy Medicaid pathway for seniors aged 65 and older and/or disabled adults from 100.0 percent of the federal poverty level (FPL) to 138.0 percent of the FPL.

Comments on Sources of Funds: If enacted, all Medicaid expenditures associated with the increased income eligibility limit, between 100.0 percent and 138.0 percent of the FPL, will be financed entirely by general revenues. Medicaid expenditures for this newly eligible population, individuals aged 65 and over and/or disabled individuals who do not meet the SSI (Supplemental Security Income) criteria for disability, are not eligible to receive federal matching funds through the prevailing (blended) Federal Medicaid Assistance Percentage (FMAP).

Summary of Facts and Assumptions: Population: Utilizing U.S. Census data from the American Community Survey (ACS), 2019 Rhode Island micro-data, there are an estimated 152,945 aged (65+), blind, and disabled (ABD) individuals that fall between 0.0 and 222.0 percent of the FPL. Of these individuals, 30,694 fall between 100.0 and 138.0 percent of the FPL, the targeted population of this bill, including 10,852 aged 65+ non-disabled, 10,273 disabled aged 19-64, and 9,569 disabled aged 65 and older. For the purposes of this analysis, these individuals are reduced to 10,107 enrollees to reflect the current take-up rate of the ABD population from 0.0 percent to 222.0 percent of the FPL. Note, individuals up to 222.0 percent of the FPL are included to calculate this take-up rate because it is the FPL threshold for another Medicaid pathway, detailed below. Finally, to present a potential range of fiscal impact, eligible individuals are further discounted by 50.0 percent accounting for the following two factors that will likely reduce the overall participation associated with this statutory change.

1] RIGL Section 40-8.5-1 includes a resource asset test of \$4,000 per individual and \$6,000 per couple, of which if exceeded the individuals do not qualify as categorically needy. This asset test is unamended in the proposed legislation, therefore increasing the FPL threshold does not guarantee everyone in the amended income band will qualify for Medicaid.

2] Other pathways currently exist that exceed the FPL threshold expanded in the proposed legislation. The “special income” pathway permits expanding to 300.0 percent of SSI (Supplemental Security Income), or 222.0 percent of FPL as a state option, to certain adults (eligible for institutional level of care). Rhode Island offers

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this pathway both via SSI (i.e., they meet disability criteria but are over income and in an institution), as well as through Rhode Island's 1115 Waiver for members in need of Home and Community Base Services (HCBS).

Cost:

For FY 2024, utilizing FY 2022 ABD Medicaid claims data (actuals), it is estimated that each additional member will cost \$270 per month, or \$3,240 annually. This PMPM (per-member per-month) of \$270 was calculated by taking the FY 2022 claims data for ABD individuals for monthly claims expenditures between \$0 and \$15,000, which captures 68.6 percent of all ABD recipients, then inflating the PMPM total by 5.0 percent compounded over two years (age of data). This inflationary factor is consistent with adopted rate estimates from the 2022 November Caseload Estimating Conference (CEC). Monthly claims above \$15,000 were excluded based on the assumption that higher acuity individuals would already qualify through LTSS and HCBS pathways previously outlined.

For FY 2025, utilizing an identical methodology and including an additional year of 5.0 percent rate growth, it is estimated each additional member will cost \$285 per month, or \$3,420 annually.

Other Assumptions:

There is no fiscal impact anticipated in FY 2023 due to the timing of passage.

Calculation:

Annual Cost = Newly Eligible Individuals X Monthly Cost (PMPM) X 12 months

Low Range (50.0 percent take-up rate)

FY 2024 = 5,053 X \$270 X 12 = \$16.4 million general revenues

FY 2025 = 5,053 X \$285 X 12 = \$17.3 million general revenues

High Range (100 percent take-up rate)

FY 2024 = 10,107 X \$270 X 12 = \$32.7 million general revenues

FY 2025 = 10,107 X \$285 X 12 = \$34.6 million general revenues

Summary of Fiscal Impact:

FY 2023: No fiscal impact due to timing of passage

FY 2024: \$16.4 million - \$32.7 million, general revenues

FY 2025: \$17.3 million - \$34.6 million, general revenues

Budget Office Signature:



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Fiscal Advisor Signature:

