



State Fiscal Note for Bill Number: 2023-H-5648

Date of State Budget Office Approval: Friday, June 2, 2023

Date Requested: Wednesday, April 5, 2023

Date Due: Saturday, April 15, 2023

<i>Impact on Expenditures</i>		<i>Impact on Revenues</i>	
FY 2023	N/A	FY 2023	N/A
FY 2024	\$0	FY 2024	N/A
FY 2025	\$0	FY 2025	N/A

*Explanation by State
Budget Office:*

This Act would introduce a joint resolution to amend Medicaid Section 1115 Demonstration Waiver Requests and Renewals to implement a pilot proposal for a behavioral health per diem add-on rate of \$175 for up to 100 complex patients with behavioral conditions who reside in a nursing facility, have a history or frequent utilization of acute care facilities and are Medicaid recipients with medically-based mental health or behavioral disorders demonstrating significant behaviors as shown in a minimum of 30 days of clinical behavioral documentation of behavioral health conditions, and the nursing facility is Medicaid certified to provide or facilitate enhanced levels of behavioral healthcare.

*Comments on
Sources of Funds:*

Medicaid expenditures are jointly financed by general revenues and federal funds according to the prevailing (blended) Federal Medicaid Assistance Percentage (FMAP), which is 54.19 percent in FY 2023 and 54.75 in FY 2024. These rates are further augmented by both the Families First Coronavirus Response Act (FFCRA) and the Fiscal Year 2023 Omnibus Appropriations Bill resulting in an enhanced FMAP (eFMAP) of 60.09 percent and 55.75 in FY 2023 and FY 2024 respectively. For FY 2025, this fiscal note utilizes the FY 2024 blended FMAP, 54.75 percent, noting all eFMAP opportunities will conclude December 2023 (FY 2024).

*Summary of Facts
and Assumptions:*

This bill is similar to the resolution and budget appropriations passed by the General Assembly in session 2021 which authorized EOHHS to change rates for nursing facility services to more effectively compensate nursing facilities for the costs of providing care to members who required behavioral healthcare. EOHHS is revising the fee-for-service Medicaid payment rate for nursing facilities by implementing a behavioral health per-diem add-on for particularly complex patients, who have been hospitalized for six months or more, are clinically appropriate for discharge to a nursing facility and where the nursing facility is Medicaid certified to provide or facilitate enhanced levels of behavioral healthcare.

FY 2022 Appropriations Act Section 9, Rhode Island Medicaid Reform Act of 2008 Resolution:

“(i) Re-weighting towards behavioral health care, such that the average Resource Utilization

Group (RUG) weight is not increased as follows:

1. Increase the RUG weights related to behavioral healthcare; and
 2. Decrease all other RUG weights
- (ii) Increase the RUG weight related to ventilators; and

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(iii) Implement a behavioral health per-diem add-on for particularly complex patients, who have been hospitalized for six months or more, are clinically appropriate for discharge to a nursing facility, and where the nursing facility is Medicaid certified to provide or facilitate enhanced levels of behavioral healthcare.”

This bill keeps the same \$175 add on but removes the 6 months or more requirement in lieu of symptoms for 30 days and a history of acute care facility utilization. This would result in an increase for additional caseload. The bill also caps this to 100 people.

Please note limiting the program to 100 residents may not be approvable in the State Plan due to its impact of limiting services to a Medicaid population. If CMS views the issue as more of a payment method rather than a benefit/coverage issue it could be approved. It is unlikely that this would be added to the 1115 Waiver due to the administrative requirements being more burdensome than the very small authority benefit.

EOHHS and BHDDH developed certification standards to operationalize the current program so that it does not violate the IMD provision incorporating CMS’ Preadmission, Screening and Resident Review (PASRR) suggestions. The PASRR process as customary will be utilized to provide additional services that extend beyond the traditional Resource Utilization Group (RUG) based methodology, to support behavioral health acuity for these patients.

Please note that it is unclear if this legislation would allow the state to limit the number of beds eligible for the add-on to 16 per facility, which would be a requirement for avoiding turning any nursing facility into an IMD if more than 16 beds is for residents with psychiatric disorders. IMD facilities would disallow federal match funding and if nursing facilities begin turning into IMDs it would not allow the State to seek federal reimbursement on the entire institution. In the current system, a facility would need to be approved to participate in the program and then each facility can have no more than 16 beds. If this bill were to become law EOHHS would seek to retain the 16-bed limit even if the program expanded.

At the May 2023 Caseload Estimating Conference, EOHHS testified to a delay in the implementation of this initiative due to the lack of participating facilities. The initiative was implemented January 2023 with an FY 2023 Enacted Budget estimate of \$2,778,526 all funds and \$1,272,843 general revenue. The revised estimate based on projected utilization is now \$2,099,782 all funds and \$934,193 general revenue.

Since this bill is only a resolution granting the authority for EOHHS to seek federal approval and an appropriation would be required to implement this initiative this fiscal note would have no fiscal impact.

If this legislation did have authority to allow spending it would be estimated to cost at least \$15.0 million all funds and \$6.7 million general revenue in FY 24 assuming an October implementation date with 100 caseload per month through the end of the

fiscal year. The October implementation date would be feasible with 100 users since the MMIS system is already prepared to meet the demands of the current program. This would assume that the State would obtain CMS approval for the authority for the October start date. Price assumptions include the \$175 add on and additional \$80 CMHC billing plus \$293.98 for the nursing home per diem which includes an October 1, 2023, 6.90% rate increase from Market Basket plus 1.5%. The CMHC bills \$80 per session for additional medically necessary services as indicated by PASRR that supersedes the nursing facility RUG rate., e.g. counseling.

The nursing facility payment schema is the most complex in the MMIS system and changes to it take substantially longer to implement. MMIS implementation costs are assumed to be minimal due to the MMIS system already being set up to pay facilities for the current program. With that said it remains a manual process. The current system is also set up to not process more than 16 residents in each nursing facility due to IMD limitations. System changes will likely be needed in the future if the program were to become permanent with much more utilization requiring a more automated system.

Please note that effective 10/1/2025, CMS will cease system support of the RUG IV grouper, which RI Medicaid uses to pay facilities. Although CMS is not requiring states to switch from RUG to the Patient Driven Payment Model PDPM payment model; CMS will no longer provide the data that States need to calculate a RUG score to make acuity-based payments. As a result of this, RI Medicaid is moving towards the adoption of a PDPM payment model effective 10/1/2025.

*Summary of Fiscal
Impact:*

FY 2023: No fiscal impact reported due to timing of passage.
FY 2024: \$0
FY 2025: \$0

Budget Office Signature:

Fiscal Advisor Signature:


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