STATE OF RHODE ISLAND
DEPARTMENT OF ADMINISTRATION

OFFICE OF MANAGEMENT & BUDGET

State Budget Office

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State Fiscal Note for Bill Number: *2024-H 7205*

Date of State Budget Office Approval: Friday, May 31, 2024
Date Requested: Wednesday, January 17, 2024
Date Due: Monday, March 25, 2024

Impact on Expenditures		Impact on Revenues	
FY 2024	N/A	FY 2024	N/A
FY 2025	See Below	FY 2025	N/A
FY 2026	See Below	FY 2026	$1,079,100

Explanation by State Budget Office:

This bill sets forth a new chapter of Title 42 of the RIGL entitled "The Medicaid Reentry Act", requiring Medicaid enrollment be maintained or provided to all inmates in the first and lasty thirty days of incarnation at an adult or juvenile correctional institution.

Additionally, the bill directs the Executive Office of Health and Human Services (EOHHS) to apply for an 1115 Demonstration Waiver to offer the program providing the Medicaid benefits outlined in this bill.

The bill takes effect on January 1, 2026.

Summary of Facts and Assumptions:

Currently, when a Medicaid enrollees enter a correctional institution their Medicaid coverage is suspended after five days of incarceration. Federal Medicaid statue prohibits federal spending for services provided to inmates of public institutions. If an inmate were to remain enrolled in Medicaid while incarcerated all Medicaid expenditures must be fully paid for by general revenue. To avoid inadvertently billing federal funds for services provided to an inmate, Medicaid enrollment is suspended, and all medical expenditures are paid by general revenue in the Department of Corrections for individuals in the Adult Correctional Institutions and the Department of Children, Youth, & Families for individuals in the Rhode Island Training School.

Medicaid enrollment is only suspended while a member is incarcerated in a correctional institution, upon release Medicaid coverage is automatically reinstated. Members can immediately receive fee-for-service care, but there is a three-to-four-week processing delay before a member can receive services provide through managed care organizations. In the event of a medical emergency, Medicaid will pay for the costs immediately upon release. But there will be a delay of a few weeks before a member can receive services such as behavioral health or substance use disorder.

This bill will eliminate the service gap from the time an inmate leaves a correctional facility to the time the inmate can receive services through managed care organizations.

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Section 5121 of The Consolidated Appropriations Act (CAA) of 2023 requires Medicaid to cover certain screening, diagnostic services, and target case management in the 30 days before release from incarceration. Coverage must be given to the following populations defined as "juveniles" in the CAA:

1. Medicaid-eligible individuals under age 21; and
2. Individuals under 26 eligible for Medicaid under the former foster care children group.

States must comply with this new requirement beginning January 1, 2025, and the Department of Corrections (DOC) and the Department of Children, Youth & Families (DCYF) will likely need to enroll as Medicaid providers and bill Medicaid for the these newly covered services by this date.

This fiscal note will present the fiscal impact of this bill in three categories 1. The operating cost needed to implement and manage the proposal, 2. The benefit costs of just the federal requirement to provide Medicaid coverage to juveniles 30 days prior to release, and 3. The additional cost of providing Medicaid coverage to all eligible incarcerated individuals for the first and last 30 days of the individual's incarceration.

1. **Operating Costs**

<u>Medicaid Management Information System (MMIS) Costs:</u>

EOHHS will need to make MMIS modifications to implement the proposed initiative. EOHHS estimates approximately $1,575,000 will be needed to make all necessary changes to the MMIS. EOHHS expects to be able to claim 90 percent federal match for this work resulting in the following fiscal impact,

FY 2024: N/A
FY 2025: $1,575,00 ($157,500 GR/$1,417,500 FF)
FY 2026: $0

<u>Staffing:</u>

To successfully implement and manage the proposed initiatives, EOHHS estimates the need for an additional 2.0 FTE positions. EOHHS will need 1.0 Director of Policy and Programs, with an annual cost of $161,705 ($101,510 salary/$60,195 benefits), who will manage the program. The Department of Human Services will need 1.0 Eligibility Technician, with an annual cost of $87,786 ($49,928 salary/$37,858 benefits), to support the applications of individuals who were not enrolled in Medicaid prior to incarceration.

The positions are anticipated to be filled in January 2025, resulting in the following fiscal impact by year:

FY 2025: $124,745 ($75,719 salary/$49,026 benefits)
FY 2026: $249,491 ($151,438 salary/$98,053 benefits)

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DOC and DCYF System Support:

It is anticipated both DOC and DCYF will incur additional expenditures to upgrade the agencies systems to enable direct billing to Medicaid. The scope of work needed to upgrade the agency systems are unknown to the Budget Office at the time of this analysis, and for this reason it is assumed there will be an indeterminate increase in expenditures to support the necessary upgrades in DOC and DCYF.

2. Medicaid coverage to juveniles 30 days prior to release

The federal requirement to provide Medicaid coverage to juveniles 30 days prior to release begins on January 1, 2025, which is 1 year earlier than the start date of January 1, 2026, outlined in this bill. This analysis is based on the start date in the bill and assumes Medicaid coverage will begin on January 1, 2026.

EOHHS expects this section is not likely to have a significant impact on spending because the 30-day pre-release benefit package is limited to any necessary screening and diagnostic services and targeted case management. DOC and DCYF currently provide necessary screening and diagnostic services.

RIDOC does not have internal fee schedules and they have very few youths in custody. The impact will be negligible.

DCYF has a $1.2 million Lifespan contract for medical expenditures. EOHHS estimates that the required screening and diagnostic would be a very small portion of this contract. An exact percentage of the contract dedicated to screening and diagnostic was unavailable, and it was assumed one percent for a total of $12,000 which would be eligible for new federal funds. Half year expenditures total $6,000. This will not impact expenditures on an all funds level but will enable DCYF to receive federal match on expenditures that were historically financed exclusively by general revenue. Applying the FFY 2025 FMAP of 56.31% would yield general revenue savings of $3,379 per year.

The resulting fiscal impact by year is as follows:

FY 2024: N/A
FY 2025: N/A
FY 2026: $0 (-$1,690 GR/$1,690 FF)

3. Medicaid coverage to incarcerated individuals of all ages

With an approved 1115 Demonstration Waiver it is anticipated that Rhode Island will be able to bill Medicaid for medical services that are currently provided, and are financed exclusively by state funds, to incarcerated individuals who are actively enrolled in Medicaid. The federal funds received cannot be used to offset general revenue expenditures at the correctional facilities and must be used to finance new services and programs offered to incarcerated individuals.

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This section will address the fiscal impact of providing Medicaid coverage to juveniles for the first 30 days of incarceration (the last 30 days was addressed in section 2) and providing Medicaid coverage to adults for the first and last 30 days of incarceration.

DCYF:

Using data provided by DCYF in CY 2022 a total of 180 juveniles were in the Rhode Island Training School, 136 were admitted once, 34 were admitted twice, and 10 were admitted 3 or more times, resulting in 234 admittances in CY 2022.

To determine a Per Member Per Month (PMPM) cost EOHHS used DCYF's $1.2 million Lifespan contract for medical expenditures. ($1.2 million / 12 months / average census of 40 youth = $2,500 per month per child). This results in an annual cost of $585,000, or $292,500 for a half year implementation. Applying the preliminary FY 2026 FMAP of 56.93 percent results in a total of $1 in general revenue savings in FY 2026.

As noted earlier, the new federal funds received cannot be used to offset general revenue expenditures at the correctional facilities and must be used to finance new services and programs offered to incarcerated individuals. Therefore, it is assumed the bill will not result in general revenue savings and all $166,520 in federal matching received will be reinvested into new health programs.

The resulting fiscal impact by year is as follows:

FY 2024: N/A
FY 2025: N/A
FY 2026: $166,530 in federal funds

DOC:

According to RIDOC population reports, there were 6,400 releases from the awaiting trial population. RIDOC data noted that half of these individuals were there no longer than five days, Medicaid coverage is suspended after six days of coverage and any individual incarcerated for five or less days are not impacted by this bill. As a result, it is assumed the bill will provide Medicaid coverage to 3,200 individuals for the first and last 30 days of incarceration. This results in an assumed 6,400 additional months of Medicaid coverage from the provisions of this bill.

EOHHS examined RIDOC healthcare contract data available in RIFANs to derive a per member per month medical expenditure rate of $544. This results in an annual cost of $3.2 million, or $1.6 million for a half year implementation. Applying the preliminary FY 2026 FMAP of 56.93 percent results in a total of $910,880 in general revenue savings in FY 2026.

As noted earlier, the new federal funds received cannot be used to offset general revenue expenditures at the correctional facilities and must be used to finance new services and programs offered to incarcerated individuals. Therefore, it is assumed the bill will not result in general revenue savings and all $910,880 in federal matching received will be reinvested into new health programs. The resulting fiscal impact by year is as follows:

FY 2024: N/A
FY 2025: N/A
FY 2026: $910,880 in federal funds

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 54.75 percent in FY 2024 and 55.99 in FY 2025. 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 55.75 in FY 2024. For FY 2026, the preliminary FMAP is 56.93 percent, noting all eFMAP opportunities will conclude December 2023 (FY 2024).

Operating expenditures in the Executive Office of Health and Human services and the Department of Children, Youth, & Families are financed by general revenue and federal funds.

Operating expenditures in the Department of Corrections are financed by general revenue.

Summary of Fiscal Impact:
Operating Fiscal Impact:

FY 2024: N/A
FY 2025: $1,699,745
FY 2026: $249,491

Benefits Fiscal Impact:

(Revenue)

FY 2024: N/A
FY 2025: N/A
FY 2026: $1,079,100

(Expenditures)

FY 2024: N/A
FY 2025: N/A
FY 2026: $1,079,100

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Total:

(Revenue)

FY 2024: N/A
FY 2025: N/A
FY 2026: $1,079,100

(Expenditures)

FY 2024: N/A
FY 2025: $1,699,745
FY 2026: $1,328,591

Budget Office Signature: Digitally signed by Joseph Codega Jr. Date: 2024.06.03 08:38:59 -04'00'

Fiscal Advisor Signature: