



State of Rhode Island

Caseload Estimating Conference

Room 117, STATE HOUSE, PROVIDENCE, RI 02903

STEPHEN H. WHITNEY
Senate Fiscal Advisor
November 2020 Conference Chair

SHARON REYNOLDS FERLAND
House Fiscal Advisor

THOMAS A. MULLANEY
State Budget Officer

MEMORANDUM

To: The Honorable Dominick J. Ruggerio, President of the Senate
The Honorable Nicholas A. Mattiello, Speaker of the House
The Honorable Gina M. Raimondo, Governor

From: Stephen H. Whitney, Senate Fiscal Advisor
Sharon Reynolds Ferland, House Fiscal Advisor
Thomas A. Mullaney, State Budget Officer

Date: November 17, 2020

Subject: **November 2020 Caseload Estimating Conference**

SUMMARY

The Caseload Estimating Conference convened on November 2, 2020, in an open public meeting to estimate cash assistance caseload and medical assistance expenditures for FY 2021 and FY 2022. In comparison to the May 2020 conference estimate, the adopted estimate for FY 2021 reduces funding by \$90.8 million to \$2,801.0 million. This includes a reduction of \$10.5 million for cash assistance and \$80.3 million less for medical assistance. FY 2022 program costs are estimated to total \$2,793.7 million, or \$7.3 million less than the November estimate for FY 2021. The reduction from the FY 2021 estimate includes \$644,340 more for cash assistance and \$7.9 million less for medical assistance.

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November 2020 Consensus Caseload Estimates	FY 2021 May CEC	FY 2021 Nov CEC	Change to FY 2021 May	FY 2022 Nov CEC	Change to FY 2021 Nov
Cash Assistance					
All Funds	\$114,218,208	\$103,758,160	(\$10,460,048)	\$104,402,500	\$644,340
General Revenues	\$29,564,632	\$28,358,054	(\$1,206,578)	\$28,738,742	\$380,688
Medical Assistance					
All Funds	\$2,777,568,525	\$2,697,232,986	(\$80,335,539)	\$2,689,314,759	(\$7,918,227)
General Revenues	\$1,067,786,630	\$938,036,034	(\$129,750,596)	\$1,009,281,230	\$71,245,196
Total					
All Funds	\$2,891,786,733	\$2,800,991,146	(\$90,795,587)	\$2,793,717,259	(\$7,273,887)
General Revenues	\$1,097,351,262	\$966,394,088	(\$130,957,174)	\$1,038,019,972	\$71,625,884

The reductions in FY 2021 are driven primarily by changes in assumptions related to the COVID-19 global pandemic and resulting economic fallout. The May 2020 conference assumed a significant increase in Medicaid enrollment from March through September 2020, with a gradual decline thereafter. Although enrollment has trended upwards since the onset of the pandemic and is expected to continue growing, the impact has not been as aggressive as the May estimates assumed. For cash assistance, the May estimates assumed an increase in enrollment when, in fact, caseload has largely declined since March 2020. These changes in assumptions based on actual experience contribute to the all funds reduction in FY 2021.

The favorable general revenue variance in FY 2021 is primarily related to a temporary 6.2 percentage point increase to the Federal Medical Assistance Percentage (FMAP) under Section 1905(b) of the Social Security Act. The increase was authorized as part of the Families First Coronavirus Response Act (FFCRA) on March 18, 2020, and is effective January 1, 2020, through the last day of the calendar quarter in which the public health emergency terminates. The May conference assumed two quarters of savings in FY 2020 but did not carry any savings into FY 2021 because, at the time, the public health emergency was set to expire prior to the start of the fiscal year. However, the public health emergency was later extended, most recently until January 21, 2021. The FY 2021 estimates assume that the enhanced rate will be available until March 31, 2021, or for three quarters of FY 2021, accordingly. While receiving the enhanced FMAP, states are not allowed to terminate an individual's enrollment unless they are deceased, move out of state, or request a voluntary termination. Estimates for most programs include a continued upward trend through March 2021, after which enrollment will decline as terminations resume and the economy rebounds. The enhanced FMAP contributes an estimated \$92.1 million in general revenue savings within the medical assistance program in FY 2021, as well as a reduction of nearly \$350,000 in child care matching funds within the cash assistance program.

CASH ASSISTANCE

Expenditures for the cash assistance program are estimated to total \$103.8 million in FY 2021, a reduction of \$10.5 million from the May estimate. General revenue expenditures for FY 2021 are estimated to be \$28.4 million, or a reduction of \$1.2 million compared to the May estimate. FY 2022 expenditures are estimated to total \$104.4 million, \$644,340 more than the November estimate for FY 2021. The FY 2022 general revenue estimate of \$28.7 million is \$380,688 more than the FY 2021 estimate.

Relative to the May estimate, the adopted figures for FY 2021 reflect a reduction in caseload estimates across all programs, due to changes in the forecasted impact of the COVID-19 pandemic. Since the onset of the pandemic in March 2020, enrollment has drastically declined compared to prior year levels. Departmental testimony indicated that this is due in large part to Pandemic Unemployment Assistance (PUA), included in the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act, which has temporarily increased many individuals' income levels above allowed limits and has resulted in a significant decline in enrollment. PUA is expected to end on December 26, 2020. Therefore, the adopted

estimates assume that eligibility will begin increasing to historical levels over the last half of FY 2021 and into FY 2022.

Cash Assistance

November 2020 Consensus Caseload Estimates	FY 2021 May CEC	FY 2021 Nov CEC	Change to FY 2021 May	FY 2022 Nov CEC	Change to FY2021 Nov
Rhode Island Works					
Persons	9,390	7,200	(2,190)	7,500	300
Monthly Cost per Person	\$183.00	\$183.50	\$0.50	\$183.50	-
Cash Payments	\$20,620,440	\$15,854,400	(\$4,766,040)	\$16,515,000	\$660,600
Monthly Bus Passes	\$1,421,768	\$909,200	(\$512,568)	\$1,262,000	\$352,800
Supportive Services	\$692,000	\$700,000	\$8,000	\$660,000	(\$40,000)
Clothing - Children	\$150,000	\$361,700	211,700	\$383,000	\$21,300
Catastrophic	\$9,000	\$5,400	(\$3,600)	\$7,000	\$1,600
Total Costs (TANF)	\$22,893,208	\$17,830,700	(\$5,062,508)	\$18,827,000	\$996,300
<i>Federal Funds</i>	<i>\$22,893,208</i>	<i>\$17,830,700</i>	<i>(\$5,062,508)</i>	<i>\$18,827,000</i>	<i>\$996,300</i>
Child Care					
Subsidies	9,232	6,900	(2,332)	8,500	1,600
Annual Cost per Subsidy	\$7,700	\$9,645	\$1,945	\$7,775	(\$1,870)
Total Costs	\$71,086,400	\$66,550,500	(\$4,535,900)	\$66,087,500	(\$463,000)
<i>Federal Funds</i>	<i>\$61,760,368</i>	<i>\$57,569,406</i>	<i>(\$4,190,962)</i>	<i>\$56,836,758</i>	<i>(\$732,648)</i>
<i>General Revenue</i>	<i>\$9,326,032</i>	<i>\$8,981,094</i>	<i>(\$344,938)</i>	<i>\$9,250,742</i>	<i>\$269,648</i>
SSI					
Persons	34,500	33,500	(1,000)	33,750	250
Monthly Cost per Person	\$46.40	\$46.00	(\$0.40)	\$46.00	-
Cash Payments	\$19,209,600	\$18,492,000	(\$717,600)	\$18,630,000	\$138,000
Transaction Fees	\$70,000	\$66,000	(\$4,000)	\$66,000	-
Total Costs	\$19,279,600	\$18,558,000	(\$721,600)	\$18,696,000	\$138,000
<i>General Revenue</i>	<i>\$19,279,600</i>	<i>\$18,558,000</i>	<i>(\$721,600)</i>	<i>\$18,696,000</i>	<i>\$138,000</i>
GPA					
Persons	105	88	(17)	100	12
Monthly Cost per Person	\$150.00	\$160.00	\$10.00	\$160.00	-
Cash Payments	\$189,000	\$168,960	(\$20,040)	\$192,000	\$23,040
Burials	\$770,000	\$650,000	(\$120,000)	\$600,000	(\$50,000)
Total Costs	\$959,000	\$818,960	(\$140,040)	\$792,000	(\$26,960)
<i>General Revenue</i>	<i>\$959,000</i>	<i>\$818,960</i>	<i>(\$140,040)</i>	<i>\$792,000</i>	<i>(\$26,960)</i>
Cash Assistance Total	\$114,218,208	\$103,758,160	(\$10,460,048)	\$104,402,500	\$644,340
<i>Federal Funds</i>	<i>\$84,653,576</i>	<i>\$75,400,106</i>	<i>(\$9,253,470)</i>	<i>\$75,663,758</i>	<i>\$263,652</i>
<i>General Revenue</i>	<i>\$29,564,632</i>	<i>\$28,358,054</i>	<i>(\$1,206,578)</i>	<i>\$28,738,742</i>	<i>\$380,688</i>

Rhode Island Works

The Conference revised its FY 2021 estimate for Rhode Island Works to include 7,200 individuals at a monthly cost of \$183.50. This is a reduction of 2,190 persons and a \$0.50 increase in monthly costs compared to the May estimate. The adopted estimate assumes that enrollment will remain constant at the current level of 6,500 individuals through December 2020, when PUA expires, and will increase by approximately 5.0 percent per month through June 2021 as the number of eligible individuals returns to more historical levels. The estimate assumes that 15.0 percent of members will utilize the transportation benefit, compared to the 18.0 percent assumed in May, based on actual utilization over the last six months. Finally, the estimate includes a clothing allowance of \$100 per child, rather than \$30 that was provided in prior years and assumed at the May conference. The Governor proposed this payment increase as part of

the FY 2021 budget and the Department of Human Services implemented it through its rules and regulations during the first quarter of FY 2021.

In FY 2022, the conference estimates 7,500 persons, at a monthly cost of \$183.50. This is an increase of 300 persons, or 4.2 percent, from the FY 2021 estimate, as enrollment returns to historical levels. The monthly cost per person remains flat relative to FY 2021. The FY 2022 estimate assumes that 20.0 percent of individuals will utilize the transportation benefit, consistent with prior years, and also includes a \$100 clothing allowance.

Total expenditures, including monthly bus passes and other Rhode Island Works programs, are estimated to be \$17.8 million in FY 2021 and \$18.8 million in FY 2022. Program expenses are funded entirely by the federal Temporary Assistance for Needy Families block grant.

Child Care Assistance

The FY 2021 caseload estimate for child care assistance includes \$66.6 million to provide 6,900 children with subsidized care at an average annual cost of \$9,645 per subsidy. Historically, enrollment in the child care assistance program has been near 9,000 with average annual costs of \$7,700. Since the onset of the COVID-19 pandemic, with mandatory closures and other complicating factors relating to individuals' child care needs, enrollment has averaged closer to 6,500 in FY 2021. The current estimate assumes that enrollment will gradually increase over the remainder of the fiscal year, resulting in a significantly lower average enrollment. However, the estimate also assumes that temporary enhanced child care reimbursements, which are currently in place, will remain through the end of FY 2021. This results in an increase in the annual cost per subsidy of approximately 25.0 percent compared to the May estimate. The FY 2021 estimate assumes the use of \$57.6 million in federal block grant funds and \$9.0 million from general revenues. The favorable general revenue variance of \$344,938 is related to the temporary 6.2 percentage point increase in the FMAP, as previously noted.

For FY 2022, program costs are estimated to be \$66.1 million for 8,500 subsidies at an average annual cost of \$7,775 per subsidy. This is an increase of 1,600 enrollees and a cost reduction of \$1,870 per subsidy relative to FY 2021. The estimate assumes that enrollment will continue stabilizing in FY 2022 and includes reimbursement rates consistent with current law. The estimate assumes the use of \$56.8 million in federal block grant funds and \$9.3 million from general revenues. The total cost is a decrease of \$463,000 relative to the FY 2021 estimate.

Supplemental Security Income

The caseload for the Supplemental Security Income program is estimated to be 33,500 in FY 2021, a reduction of 1,000 persons compared to the May estimate. Enrollment in the program was declining prior to the onset of the COVID-19 pandemic and has continued declining since March 2020. The FY 2021 estimate continues this trend for the remainder of the calendar year, but includes a slight increase beginning in January 2021. Consultations have resumed in recent months and applications are being processed more efficiently, which will result in additional enrollees, but there is a delay in processing claims that results in a delayed onset for enrollment increases. The estimated monthly cost per person also declined by \$0.40 to \$46.00 per individual. The total cost of the program in FY 2021 is estimated to be \$18.6 million.

In FY 2022, an estimated 33,750 persons will receive payments of \$46.00 per month, for total costs of \$18.7 million. The program is funded entirely through general revenues.

General Public Assistance

The Conference revised its FY 2021 estimate for General Public Assistance to include 88 individuals at a monthly cost of \$160.00. This is a reduction of 17 members compared to the May estimate, based on low enrollment since the onset of the COVID-19 pandemic. In addition to changes in enrollment, the FY 2021 estimate also includes \$120,000 less for burials compared to the May estimate, for a total of \$650,000. The

May estimate assumed that additional funds would be necessary to adjust for the impact of COVID-19 on the death rate and eligible burial cases, although these funds have not been necessary. The FY 2021 estimate includes funds for burials consistent with prior years.

The FY 2022 estimate includes 100 members at a monthly cost of \$160.00. This is an increase of 12 members from the FY 2021 estimate, assuming that enrollment returns to pre-pandemic levels. The FY 2022 estimate includes \$600,000 for burials.

Total expenditures are estimated at \$818,960 in FY 2021 and \$792,000 in FY 2022. The program is funded entirely through general revenues.

MEDICAL ASSISTANCE

The Conference projects total medical assistance spending of \$2,697.2 million in FY 2021, including \$1,749.2 million from federal funds, \$938.0 million from general revenues, and \$10.0 million from restricted receipts. This is \$80.3 million less than the May conference estimate from all sources. General revenues are expected to decrease in FY 2021 by \$129.8 million relative to the May 2020 estimate. The temporary FMAP increase contributes approximately \$92.1 million of the savings in FY 2021.

The COVID-19 global pandemic has significantly affected FY 2021 enrollment. Prior to its onset, enrollment was declining in FY 2020 and was expected to continue declining in FY 2021. Since March, the program has seen increases in enrollment associated with the growth in unemployment, coupled with the inability to terminate beneficiaries as a condition of the enhanced Medicaid rate. The majority of enrollment increases have been realized in the Managed Care and Expansion programs. While enrollment has increased compared to prior years, changes in enrollment are less significant than projected in May, contributing to the overall reduction in estimated expenditures in FY 2021.

The FY 2021 estimate also reflects the end of the two-year federal moratorium on the collection of the health insurer fee included in the Affordable Care Act. This increases the rates the state pays to United Healthcare and Tufts for those enrolled in the managed care plans. The estimate includes \$11.1 million to account for the fee, which is \$5.8 million less than the May estimate.

For FY 2022, the Conference projects spending of \$2,689.3 million, including \$1,670.0 million from federal funds, \$1,009.3 million from general revenues, and \$10.0 million from restricted receipts. The FY 2022 estimate is \$7.9 million less than the FY 2021 estimate, of which there is \$79.2 million less from federal funds and \$71.2 million more from general revenues. The change in the general revenue position relative to FY 2021 is primarily related to the assumption that the enhanced Medicaid rate will not be available.

FY 2022 estimates assume that managed care enrollment will decline from FY 2021 levels, but also factors in price increases to account for medical benefits inflation. These price increases, consistent with prior year assumptions, range from 2.5 to 3.5 percent and are noted in each program. Changes in utilization, coupled with price increases, result in a slight increase in all funds expenditures in FY 2022 over FY 2021. The FY 2022 estimates also exclude the \$11.1 million in health insurer fee payments included in FY 2021, as the moratorium was reinstated in December 2019.

Importantly, the FY 2022 estimate assumes a significant reduction in uncompensated care payments to hospitals in accordance with current federal law. The Affordable Care Act included a phase-down of federal disproportionate share hospital payments which has been postponed by Congress in previous fiscal years. The reductions have recently been delayed through December 2020; therefore, under current federal law, the reduction will affect the July 2021, or FY 2022, payment. This means the impact to Rhode Island hospitals is a \$70.7 million reduction in the payment, including \$33.4 million in state matching funds. The FY 2022 caseload estimate reflects that loss. The expectation is that any federal action to delay the reduction

would result in a restoration of the state match that goes with it. Absent this change, medical assistance expenditures would increase by \$62.8 million in FY 2022.

Medical Assistance

November 2020 Consensus Caseload Estimates	FY 2021 May CEC	FY 2021 Nov CEC	Change to FY 2021 May	FY 2022 Nov CEC	Change to FY 2021 Nov
Hospitals					
Regular	50,300,000	52,000,000	1,700,000	49,000,000	(3,000,000)
Disproportionate Share	142,301,035	142,301,035	-	71,564,276	(70,736,759)
Total	\$192,601,035	\$194,301,035	\$1,700,000	\$120,564,276	(\$73,736,759)
Long-Term Care					
Nursing and Hospice Care	368,000,000	363,000,000	(5,000,000)	373,500,000	10,500,000
Home and Community Care	87,300,000	85,000,000	(2,300,000)	86,000,000	1,000,000
Total	\$455,300,000	\$448,000,000	(\$7,300,000)	\$459,500,000	\$11,500,000
Managed Care					
Managed Care	838,000,000	795,200,000	(42,800,000)	806,300,000	11,100,000
Rhody Health Partners	309,500,000	285,600,000	(23,900,000)	294,300,000	8,700,000
Rhody Health Options	140,800,000	132,600,000	(8,200,000)	151,700,000	19,100,000
Other Medical Services	143,500,000	136,600,000	(6,900,000)	140,000,000	3,400,000
Medicaid Expansion	623,000,000	640,000,000	17,000,000	642,000,000	2,000,000
Total	\$2,054,800,000	\$1,990,000,000	(\$64,800,000)	\$2,034,300,000	\$44,300,000
Pharmacy					
Pharmacy	428,110	(791,566)	(1,219,676)	(822,240)	(30,674)
Clawback	74,439,380	65,723,517	(8,715,863)	75,772,723	10,049,206
Total	\$74,867,490	\$64,931,951	(\$9,935,539)	\$74,950,483	\$10,018,532
Medical Assistance Total	\$2,777,568,525	\$2,697,232,986	(\$80,335,539)	\$2,689,314,759	(\$7,918,227)
<i>Federal Funds</i>	<i>\$1,699,450,745</i>	<i>\$1,749,181,952</i>	<i>\$49,731,207</i>	<i>\$1,670,018,529</i>	<i>(\$79,163,423)</i>
<i>General Revenue</i>	<i>\$1,067,786,630</i>	<i>\$938,036,034</i>	<i>(\$129,750,596)</i>	<i>\$1,009,281,230</i>	<i>\$71,245,196</i>
<i>Restricted Receipts</i>	<i>\$10,331,150</i>	<i>\$10,015,000</i>	<i>(\$316,150)</i>	<i>\$10,015,000</i>	<i>-</i>

Hospitals

FY 2021 hospital expenditures are estimated to be \$194.3 million, or \$1.7 million more than the May estimate. This includes a disproportionate share hospital payment totaling \$142.3 million and \$4.6 million for Upper Payment Limit reimbursement (compensates hospitals for the difference between the Medicaid and Medicare fee-for-service rates of reimbursement), consistent with the May estimate. The estimate includes \$1.5 million for the Graduate Medical Education payment, an increase of \$540,900 from the May estimate, because a portion of the previously state-only payment is now eligible for federal matching funds. Inpatient and outpatient expenditures increase by \$1.1 million relative to the May conference based on utilization to date.

FY 2022 hospital expenditures are estimated at \$120.6 million, including a disproportionate share hospital payment of \$71.6 million to reflect current law. The FY 2022 hospital estimate is \$73.7 million less than FY 2021, primarily attributable to the planned reduction of \$70.7 million in the federal disproportionate share hospital allotment. The estimate for regular hospital services is \$3.0 million less than FY 2021. The estimate includes slightly more for Upper Payment Limit reimbursement and rate increases of 2.6 percent for outpatient services and 2.75 percent for inpatient services, offset by an anticipated decline in enrollment in FY 2022.

Long Term Care

Long term care expenditures, which include fee-for-service payments for services provided in nursing facilities and community settings, are estimated at \$448.0 million in FY 2021 and \$459.5 million in FY 2022. This is \$7.3 million less than the May estimate for FY 2021 and \$11.5 million more than the FY 2021 estimate for FY 2022.

Projected expenses for FY 2021 are \$7.3 million less than the May estimate, including \$5.0 million less for nursing facilities and \$2.3 million less for home and community care. The change in nursing facilities is primarily related to a \$9.1 million reduction in estimated interim payments, due to the amount of advances with a paid claim in FY 2020. The Executive Office continues to make interim payments to nursing facilities as a result of functionality issues with the United Health Infrastructure Project (UHIP). At the same time, the state is also reconciling advances made in prior years, mitigating the impact of these advances. Prior conferences assumed that a portion of the advances would not be eligible for Medicaid reimbursement; however, the current estimate assumes that all claims will be eligible for federal matching funds. The reduction in interim payments is offset by an increase in hospice utilization based on year-to-date expenses. The reduction in home and community care is based on lower utilization across all programs than anticipated at the May conference.

The FY 2022 estimate is \$11.5 million more than the FY 2021 estimate, including \$10.5 million more for nursing facilities and \$1.0 million more for home and community care. The nursing home estimate assumes that utilization will remain consistent with FY 2021, but includes rate increases of 3.0 percent for nursing homes and hospice providers in October 2021. The home and community care estimate assumes a slight reduction in PACE enrollment and consistent utilization across other services as well as a price inflator of 3.4 percent for the PACE program and personal care services. The Conference estimate adds \$1.0 million from all sources to reflect the current law requirement that resources be added to the home and community care program if there has been a reduction in nursing home days. There was a 4,682 bed-day reduction in FY 2020 compared to FY 2019 at a projected cost of \$203.00 a day.

Managed Care

FY 2021 expenditures for managed care (including the RItE Care and RItE Share programs) are estimated at \$795.2 million, a \$42.8 million reduction from the May estimate. As previously noted, the May conference assumed more significant increases in Medicaid enrollment due to COVID-19 than have occurred. The May estimate included average enrollment of approximately 175,000 members in FY 2021. The current estimate lowers this assumption to approximately 166,000 members based on actual enrollment since March 2020. The estimate includes a steady increase through March 2021 with a subsequent decline in the last three months of FY 2021 as terminations resume. The FY 2021 estimate also includes \$4.6 million for the health insurer fee in FY 2021, a reduction of \$2.8 million from the May estimate.

Costs for FY 2022 are estimated at \$806.3 million, or \$11.1 million more than the FY 2021 estimate. The estimate assumes that enrollment will continue to decline by approximately 2.5 percent as terminations are reinstated. The estimate also includes a 3.5 percent price increase, consistent with prior assumptions for year-over-year price changes, and removes the \$4.6 million liability for the health insurer fee.

Rhody Health Partners

Rhody Health Partners program expenses are estimated at \$285.6 million for FY 2021, which is \$23.9 million less than the May estimate. The May estimate assumed a substantial increase in enrollment due to COVID-19; however, the Rhody Health Partners population has not been as responsive to economic changes as other managed care programs. The estimate assumes a slight increase through March, though not as significant as other populations, with a decline in the last three months of FY 2021. The current projection revises the year-end average downward by approximately 1,000 members. The FY 2021 estimate also includes \$2.5 million for the health insurer fee, a reduction of \$1.2 million from the May estimate.

FY 2022 expenditures are estimated at \$294.3 million, which is \$8.7 million more than the FY 2021 estimate. The FY 2022 estimate assumes a continued reduction in caseload with a 1.25 percent annual trend, but assumes a price increase of 3.5 percent, consistent with medical benefits inflation in prior years. The FY 2022 estimate also excludes the \$2.5 million health insurer fee that is included in FY 2021.

Rhody Health Options

Expenses for Rhody Health Options, the state's integrated care initiative that provides acute care and long-term care services to individuals eligible for both Medicare and Medicaid, are estimated at \$132.6 million for FY 2021. This represents a decrease of \$8.2 million compared to the May estimate.

The estimate assumes that enrollment will remain steady through the end of the calendar year, and will begin increasing by 150 members per month in January 2021 due to passive re-enrollment. Although enrollment is expected to increase in FY 2021, the year-end average is projected to be less than assumed at the May conference because passive enrollment will begin at a lower starting point; current enrollment is significantly lower than projected in May. The current estimate includes approximately 1,000 fewer members than assumed in May. The estimate is also reduced by \$2.1 million to eliminate the risk share payment in FY 2021.

The FY 2022 estimate of \$151.7 million is \$19.1 million more than the FY 2021 estimate. This reflects a continued increase in caseload due to updated enrollment trends as well as a 3.34 percent price increase.

Medicaid Expansion

The Rhode Island Medicaid program was expanded as of January 1, 2014, as part of the state's implementation of the Affordable Care Act. Adults with income below 138 percent of the federal poverty level and without dependent children were added to the state's medical assistance program. Costs related to this expansion were fully federally funded through calendar year (CY) 2016 with federal support phased down from 95 percent in CY 2018 to 90 percent by CY 2020 and beyond. The state share for this population is 10.0 percent for both FY 2021 and FY 2022. The enhanced FMAP is not applicable to this population.

The FY 2021 estimate of \$640.0 million is \$17.0 million more than the May conference estimate. This is the result of increased capitation payments driven by a higher caseload than anticipated due to the COVID-19 pandemic and inability to complete terminations. The May estimate assumed an average enrollment of approximately 80,000 members in FY 2021. Current enrollment is at approximately 84,000 and is expected to continue growing through the duration of the public health emergency. The estimate assumes that enrollment will continue to grow through March 2021, and then will begin declining as the state resumes termination activity, for an approximate year-end average of 88,000 members. The impact of increased enrollment is offset by a \$1.8 million reduction in the health insurer fee payment compared to May, from \$5.8 million to \$4.0 million.

The FY 2022 estimate of \$642.0 million is \$2.0 million more than the FY 2021 estimate and assumes that enrollment will continue to decline by approximately 2.2 percent, but monthly premiums will increase by 3.5 percent, consistent with prior year price assumptions. This results in a \$6.5 million increase in capitation payments over the FY 2021 estimate, mitigated by the removal of the \$4.0 million health insurer fee.

Other Medical Services

Expenditures for other medical services are estimated at \$136.6 million for FY 2021 and \$140.0 million for FY 2022. The estimate includes Medicare Part A and B payments for certain individuals, fee-for-service payments for rehabilitation and other medical services, and payments to the Tavares pediatric facility.

The FY 2021 estimate is \$6.9 million less than the May conference estimate. This includes a reduction in Medicare Part A and B premium payments due to a lower average monthly enrollment trend as well as slightly lower projections for other medical services based on reduced enrollment assumptions. The FY 2021 estimate also includes \$570,000 for a new home stabilization program, consistent with the May estimate, to provide supportive services for homeless individuals to locate and maintain housing beginning in January 2021.

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The FY 2022 estimate of \$140.0 million is \$3.4 million more than the FY 2021 estimate. The estimate assumes similar enrollment trends for Medicare Part A and B payments but includes a rate increase in January 2022, resulting in an increase of \$3.4 million from FY 2021. The FY 2022 estimate also includes \$1.1 million for the home stabilization program, or twice the amount of funding included in FY 2021, to continue providing services for the full fiscal year.

Pharmacy

Pharmacy expenses are estimated at \$64.9 million for FY 2021 and \$75.0 million for FY 2022. Nearly all funding is for the Medicare Part D clawback payment, which is paid solely through general revenues. The payment is the state's portion of the federal Medicare pharmacy costs individuals enrolled in both Medicare and Medicaid (commonly referred to as "dual-eligibles"). The overall estimate decreases by \$9.9 million in FY 2021 compared to the May estimate and increases by \$10.0 million for FY 2022 compared to the current estimate for FY 2021. The favorable change in FY 2021 is attributable to the temporary increase in the FMAP rate. The FY 2022 estimate assumes that the enhanced FMAP will not be available and is consistent with prior year clawback payments.

The next required Conference meeting is May 2021.

cc: The Honorable William J. Conley, Jr., Chairman
 Senate Finance Committee

 The Honorable Marvin L. Abney, Chairman
 House Finance Committee

