

# Office of Health and Human Services

Staff Presentation to the House Finance Committee  
FY 2015 Revised and FY 2016 Budgets  
May 19, 2015

## OHHS

- Principal agency to manage the 4 health and human service agencies
  - Department of Behavioral Healthcare, Developmental Disabilities and Hospitals
  - Department of Children, Youth and Families
  - Department of Human Services
    - Division of Elderly Affairs
  - Department of Health

## OHHS

- Governor appoints the directors of the 4 agencies under the OHHS umbrella
- OHHS is responsible for managing and providing strategic leadership and direction to the 4 departments
- Directors retain statutory authority
- Change made in new article expanding OHHS responsibilities

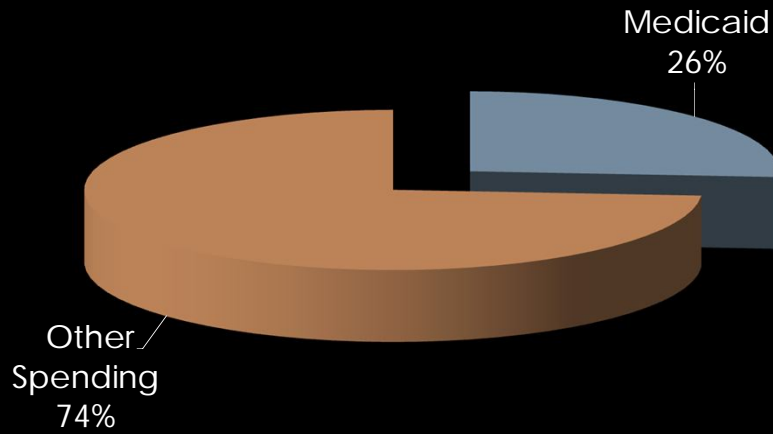
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## OHHS Responsibilities

- Section 15 – Adds to responsibilities
- Directors of 4 health and human service agencies will be directly accountable to the secretary for effective execution of policy and budget priorities
- Eliminates dates to transfers certain function to the Office
- Makes the transfer effective upon passage

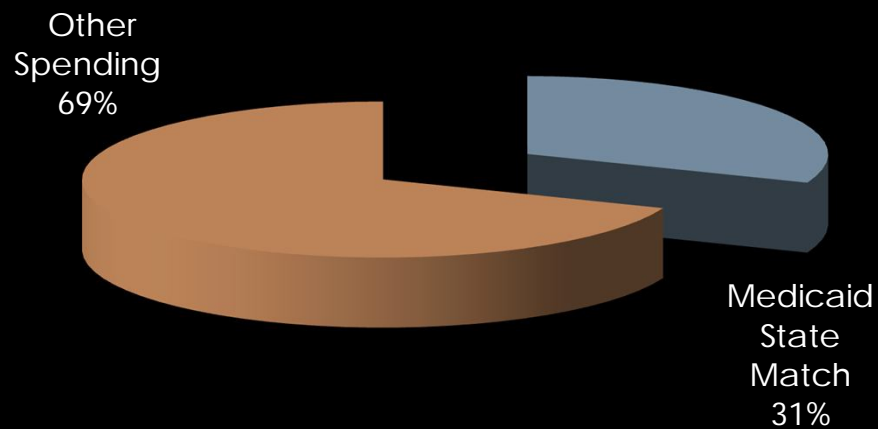
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## Medicaid % of Budget – All Funds



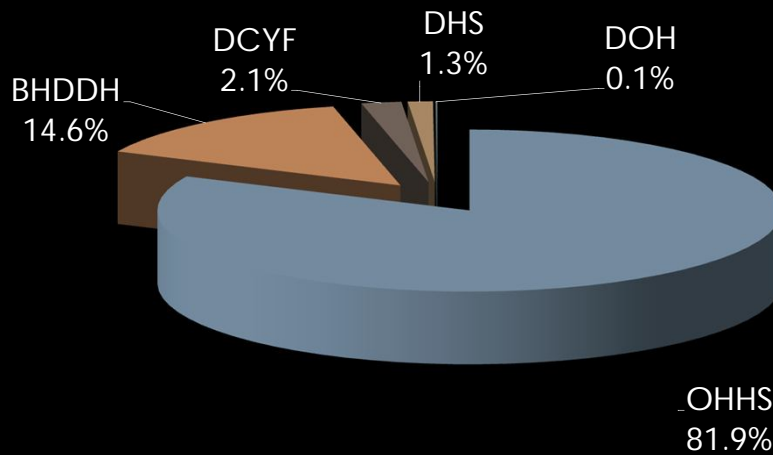
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## Medicaid % of Budget - General Revenue Spending



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## Medicaid Spending by Department



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## Medicaid Beneficiaries

| Elderly & Disabled        | OHHS | BHDDH |
|---------------------------|------|-------|
| Acute Care                | X    |       |
| Mental Health Treatment   | X    | X     |
| Substance Abuse Treatment | X    | X     |
| Long Term Care            | X    |       |
| Other Community Supports  | X    | X     |
| Other Residential         | X    | X     |

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## Medicaid Beneficiaries

| Children & Parents        | OHHS | DCYF |
|---------------------------|------|------|
| Medical Benefits          | X    |      |
| Mental Health Treatment   | X    |      |
| Substance Abuse Treatment | X    |      |
| Other Community Supports  |      | X    |
| Other Residential         | X    | X    |

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## OHHS Summary

| (Millions)          | Enacted   | FY 2015<br>Gov. Rev. | Chg.    | FY 2016<br>Gov.<br>Rec. | Chg.     |
|---------------------|-----------|----------------------|---------|-------------------------|----------|
| General Revenues    | \$904.6   | \$941.8              | \$37.1  | \$889.5                 | (\$15.1) |
| Federal Funds       | 1,470.9   | 1,561.0              | 90.1    | 1,524.4                 | 53.6     |
| Restricted Receipts | 15.9      | 15.8                 | (0.1)   | 15.9                    | -        |
| Total               | \$2,391.4 | \$2,518.6            | \$127.2 | \$2,429.8               | \$38.4   |
| FTEs                | 184.0     | 184.0                | -       | 202.0                   | 18.0     |

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## OHHS by Program

| (millions)         | Enacted          | FY 2015<br>Gov. Rev. | Chg.           | FY 2016<br>Gov. Rec. | Chg.          |
|--------------------|------------------|----------------------|----------------|----------------------|---------------|
| Medical Assistance | \$2,265.5        | \$2,382.9            | \$117.4        | \$2,301.2            | \$35.7        |
| Central Mgt.       | 125.9            | 135.7                | 9.8            | 126.5                | 0.6           |
| Div. Of Advocacy   | -                | -                    | -              | 2.1                  | 2.1           |
| <b>Total</b>       | <b>\$2,391.4</b> | <b>\$2,518.6</b>     | <b>\$127.2</b> | <b>\$2,429.8</b>     | <b>\$38.4</b> |
| FTEs               | 184.0            | 184.0                | -              | 202.0                | 18.0          |

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## OHHS by Category

| (millions)          | FY 2014<br>Spent | Enacted          | FY 2015<br>Gov.  | Chg to<br>Spent | Chg<br>to En |
|---------------------|------------------|------------------|------------------|-----------------|--------------|
| Salaries/Ben        | \$20.2           | \$22.7           | \$22.4           | \$2.2           | (\$0.2)      |
| Contracted Services | 72.4             | 66.9             | 84.5             | 12.1            | 17.3         |
| Operating           | 9.4              | 4.6              | 6.1              | (3.3)           | 1.5          |
| Grants              | 1,840.3          | 2,293.9          | 2,404.1          | 563.8           | 110.2        |
| Capital             | 3.4              | 3.3              | 1.4              | (2.0)           | (1.8)        |
| <b>Total</b>        | <b>\$1,945.6</b> | <b>\$2,391.4</b> | <b>\$2,518.6</b> | <b>\$573.0</b>  | <b>\$6.5</b> |

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## OHHS by Category

| (millions)             | Enacted          | FY 2016<br>Gov.  | Chg. To<br>Enacted | Chg. to<br>FY 2014 |
|------------------------|------------------|------------------|--------------------|--------------------|
| Salaries/Ben           | \$22.7           | \$25.6           | \$3.0              | \$5.5              |
| Contracted<br>Services | 66.9             | 76.4             | 9.4                | 4.0                |
| Operating              | 4.6              | 5.4              | 0.8                | (4.0)              |
| Grants                 | 2,293.9          | 2,322.0          | 28.1               | 481.8              |
| Capital                | 3.3              | 0.3              | (2.9)              | (3.0)              |
| <b>Total</b>           | <b>\$2,391.4</b> | <b>\$2,429.8</b> | <b>\$38.4</b>      | <b>\$484.2</b>     |

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## Target Budget

- Budget Office provided a target of \$881.1 million
- Current service adjustments of \$47.9 million
  - Entitlements - \$42.9 million
  - Non-recurring & other expenses – \$4.4 million reduction
  - Statewide Adjustments - \$0.6 million
- 7.5% reduction of \$71.4 million
- Request is \$63,238 below the target

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## Target Budget: Current Service Adjustments

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Entitlements - \$42.9 million

- \$30.6 million - managed care
  - \$6.2 million - nursing and home & community care services
  - \$2.2 million – behavioral health services
  - \$1.2 million – hospitals
  - \$3.4 million – all other services (including pharmacy)
  - (\$0.7 million)- updated Medicaid rate
- Nov Caseload conf. added \$24.8 million

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## Medical Assistance

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## Caseload Estimating Conference

- House Fiscal, Senate Fiscal and State Budget Office staff estimate expenditures for medical benefits and cash assistance programs in OHHS & DHS
- Convenes twice a year, November and May
- Estimates based on current law only

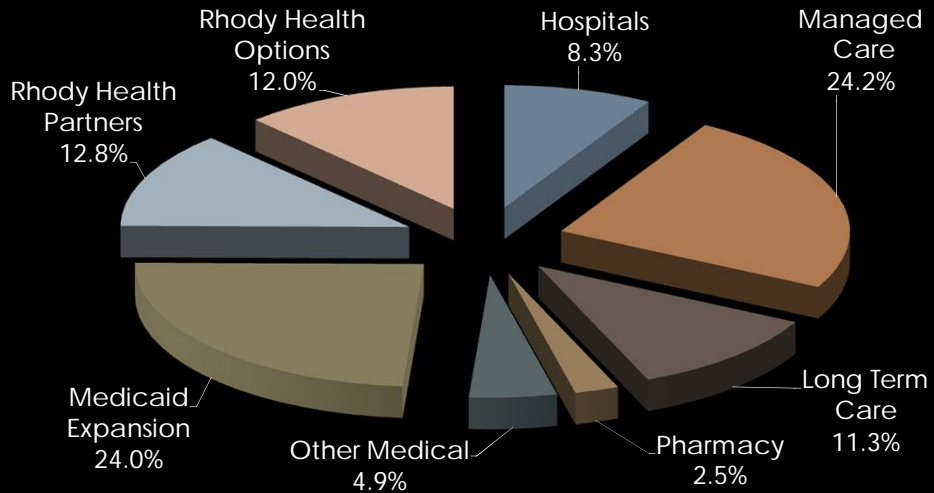
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## Caseload Estimating Conference

- Governor includes Article 14 to make changes to the conference
- Eliminates cash assistance as part of the estimate
- Adds a February Conference
- Allows coordinated staff interaction with Office before adopting official estimate
- Allows OHHS to rebut the estimate which the conferees can accept or reject

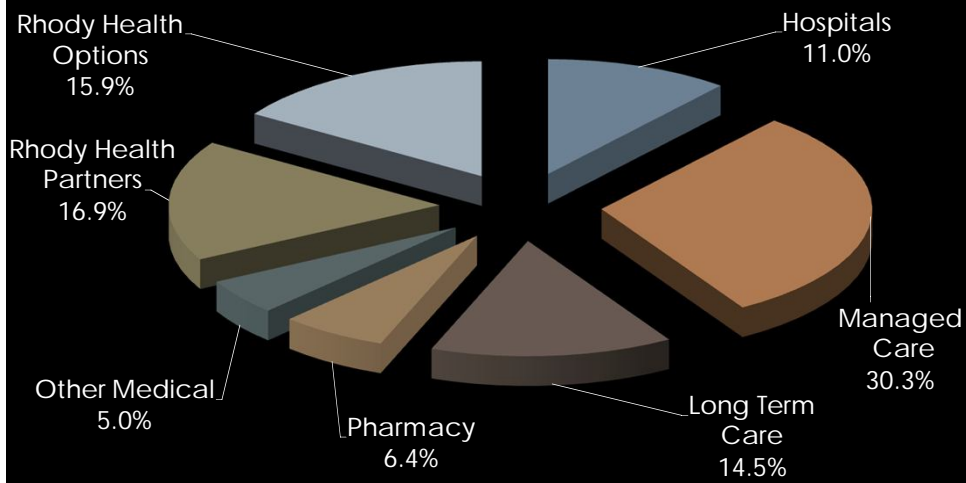
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## Governor's FY 2016 Recommendation: All Funds



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## Gov FY 2016 Rec.: General Revenues



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## Reinventing Medicaid

- The Governor signed Executive Order 15-08, establishing the Working Group to Reinvent Medicaid, on 2/26/2015
- Medicaid stakeholders who will conduct a comprehensive review of the Medicaid program & make recommendations for short & long-term plans to transform the program

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## Reinventing Medicaid

- Executive Order 15-08
  - Signed February 26, 2015
  - established Working Group to Reinvent Medicaid
- Working Group includes 27 members - Medicaid stakeholders
  - Conduct comprehensive review of the Medicaid program
  - Make recommendations for short & long-term plans to transform the program

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## Reinventing Medicaid

- 27 members of the workgroup
- 4 working group meetings: March 2<sup>nd</sup>, April 6<sup>th</sup>, April 22<sup>nd</sup> & April 30<sup>th</sup>
- 4 four town hall meetings: March 16<sup>th</sup>, March 18<sup>th</sup>, March 23<sup>rd</sup> & April 1<sup>st</sup>
- Report submitted May 1<sup>st</sup>
- Hearing at the rise to review new replacement budget article

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## Reinventing Medicaid

- 4 Work Group meetings
  - March 2<sup>nd</sup>, April 6<sup>th</sup>, April 22<sup>nd</sup> & April 30<sup>th</sup>
- 4 four town hall meetings:
  - March 16<sup>th</sup>, March 18<sup>th</sup>, March 23<sup>rd</sup> & April 1<sup>st</sup>
- Report submitted May 1<sup>st</sup>
- Hearing May 19<sup>th</sup> at the rise to review new replacement budget article

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## Reinventing Medicaid

| Original Budget     | Identified |           | Work Group |           |
|---------------------|------------|-----------|------------|-----------|
|                     | Gen. Rev.  | All Funds | Gen Rev.   | All Funds |
| Eff/Oversight       | (\$9.5)    | (\$19.2)  | (\$8.0)    | (\$16.1)  |
| Program Admin       | -          | -         | (1.5)      | (3.0)     |
| LTC Transition      | (8.9)      | (17.9)    | -          | -         |
| Hospital Transition | (27.9)     | (55.2)    | (15.0)     | (30.2)    |
| High Utilizers      | -          | -         | (18.5)     | (37.2)    |
| Coordinated Care    | -          | -         | (3.0)      | (6.0)     |
| Total               | (\$46.2)   | (\$92.3)  | (\$46.0)   | (\$92.6)  |

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## Reinventing Medicaid

| Governor's Budget | Identified      |                 | Work Group      |                 |
|-------------------|-----------------|-----------------|-----------------|-----------------|
|                   | Gen. Rev.       | All Funds       | Gen Rev.        | All Funds       |
| Department        | Gen. Rev.       | All Funds       | Gen Rev.        | All Funds       |
| <b>OHHS</b>       | <b>(\$45.0)</b> | <b>(\$89.6)</b> | <b>(\$43.0)</b> | <b>(\$86.6)</b> |
| BHDDH             | (1.2)           | (2.7)           | (2.0)           | (4.0)           |
| DCYF              | -               | -               | (0.8)           | (1.5)           |
| DHS/DEA           | -               | -               | (0.3)           | (0.5)           |
| Total             | (\$46.2)        | (\$92.3)        | (\$46.0)        | (\$92.6)        |

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## Reinventing Medicaid

| Working Group Report           | Gen. Rev. | All Funds |
|--------------------------------|-----------|-----------|
| Payment & Delivery Reform      | (\$64.0)  | (\$104.3) |
| Targeting Fraud, Waste & Abuse | (6.1)     | (12.1)    |
| Administrative & Operational   | (23.1)    | (30.6)    |
| Total                          | (\$91.1)  | (\$143.0) |

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## Governor's Amendment

| Theme                          | Gen. Rev. | All Funds |
|--------------------------------|-----------|-----------|
| Payment & Delivery Reform      | (\$41.0)  | (\$90.2)  |
| Targeting Fraud, Waste & Abuse | (3.8)     | (7.7)     |
| Administrative & Operational   | (18.4)    | (28.6)    |
| May CEC Savings                | (13.1)    | (105.2)   |
| Subtotal                       | (\$76.3)  | (\$231.7) |
| Revenue                        | (15.0)    | (15.0)    |
| Total                          | (\$91.3)  | (\$246.7) |

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## Reinventing Medicaid

| Governor's Proposals – New Amendments |           |           |
|---------------------------------------|-----------|-----------|
| Department                            | Gen. Rev. | All Funds |
| OHHS                                  | (\$88.5)  | (\$241.1) |
| BHDDH                                 | (2.3)     | (4.6)     |
| DHS/DEA                               | (0.5)     | (1.0)     |
| DCYF                                  | -         | -         |
| Total*                                | (\$91.3)  | (\$246.7) |

\*does not include est. \$1.9 million revenue loss on provider tax

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## Reinventing Medicaid

| Governor's Proposals – New Amendments |           |           |
|---------------------------------------|-----------|-----------|
| Provider                              | Gen. Rev. | All Funds |
| Hospitals                             | (\$28.7)  | (\$52.1)  |
| Nursing Facilities                    | (12.5)    | (23.1)    |
| Managed Care Plans                    | (5.7)     | (11.2)    |
| Health Insurers                       | (2.7)     | -         |
| Others Providers                      | (28.7)    | (55.1)    |
| May Caseload Adj.                     | (13.1)    | (105.2)   |
| Total                                 | (\$91.3)  | (\$246.7) |

## Medical Assistance

| (millions)  | FY 2015   |         | FY 2016  |           |         |            |
|-------------|-----------|---------|----------|-----------|---------|------------|
|             | Gov. Rev. | May CEC | Nov. CEC | Gov. Rec. | May CEC | Gov. Amend |
| Mgd Care    | 636.5     | 622.5   | 660.4    | 553.0     | 650.7   | 610.6      |
| RH Partners | 280.3     | 269.0   | 301.0    | 292.2     | 293.4   | 275.5      |
| RH Options  | 277.5     | 270.7   | 290.1    | 274.9     | 275.5   | 253.8      |

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## Medical Assistance

| (millions)       | FY 2015   |         | FY 2016  |           |         |            |
|------------------|-----------|---------|----------|-----------|---------|------------|
|                  | Gov. Rev. | May CEC | Nov. CEC | Gov. Rec. | May CEC | Gov. Amend |
| Nursing          | 176.0     | 180.5   | 191.0    | 183.8     | 195.0   | 179.2      |
| Home & Comm Care | 70.3      | 70.0    | 75.6     | 73.2      | 73.0    | 73.1       |
| Hospitals        | 216.1     | 214.5   | 218.8    | 189.9     | 221.3   | 212.7      |

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## Medical Assistance

| (millions)    | FY 2016   |           |           |           |
|---------------|-----------|-----------|-----------|-----------|
|               | Nov. CEC  | Gov. Rec. | May CEC   | Gov Amend |
| Expansion     | 547.1     | 547.1     | 474.4     | 468.9     |
| Pharm.        | 56.0      | 56.0      | 55.7      | 54.7      |
| Other Medical | 117.6     | 111.9     | 113.5     | 105.7     |
| Total         | \$2,457.7 | \$2,282.2 | \$2,352.5 | \$2,253.2 |

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## Medical Assistance FY 2015 Revised

| Program (millions)   | Enacted | Gov.    | Gov to enact | May CEC | May to Gov |
|----------------------|---------|---------|--------------|---------|------------|
| Mgd Care             | \$615.4 | \$636.5 | \$21.1       | \$622.5 | (\$14.0)   |
| Rhody Health Options | 297.0   | 277.5   | (19.5)       | 270.7   | (6.8)      |
| Nursing              | 162.1   | 176.0   | 13.9         | 180.5   | 4.5        |
| Home & Comm Care     | 53.8    | 70.3    | 16.5         | 70.0    | (0.3)      |

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## Medical Assistance FY 2015 Revised

| Program (millions) | Enacted   | Gov.      | Gov to enact | May CEC   | May to Gov |
|--------------------|-----------|-----------|--------------|-----------|------------|
| RH Partners        | 252.3     | 280.3     | 28.0         | 269.0     | (11.3)     |
| Expansion          | 492.4     | 539.1     | 46.7         | 424.6     | (114.5)    |
| Hospitals          | 206.6     | 216.1     | 9.5          | 214.5     | (2.6)      |
| Pharmacy           | 51.8      | 54.1      | 2.3          | 49.1      | (5.0)      |
| Other              | 115.1     | 114.0     | (1.1)        | 109.5     | (4.5)      |
| Total              | \$2,246.5 | \$2,363.9 | \$117.4      | \$2,210.5 | (\$154.5)  |

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## Presentation Guide

- 6 references points in slide
  - FY 2015 Enacted Budget
  - Budget Office current services (CS) adjustment
  - November 2014 Caseload Conference - CEC
  - Governor's recommended budget – Mar 12
    - Starting point is Nov CEC & includes workgroup savings in general programs for later refinement
  - May 2015 CEC – update Nov; current law only
  - Governor amended budget proposals
    - Includes May CEC adjustment & revised proposals

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## Medical Assistance: Programs

- **Managed Care**
- Rhody Health Options
- Long Term Care: Nursing Facilities & Home and Community Care
- Rhody Health Partners
- Hospitals
- Pharmacy: Drugs & Clawback
- Expansion
- Other Medical Services
- Reinventing Medicaid – Amendment

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## Managed Care Plans

- Rlte Care: Benefits through either Neighborhood Health or UnitedHealth
  - Payments made to hospitals, community health centers, physicians and other providers
- Fee-for-Service
  - Also receive “wrap around” services through the Medicaid fee for service system
- Rlte Share: Participants have access to employer sponsored benefits
  - State pays monthly cost sharing & deductibles

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## Managed Care

| (millions)                    | Gen Rev         | All Funds       |
|-------------------------------|-----------------|-----------------|
| FY 2015 Enacted               | \$297.7         | \$615.4         |
| Nov CEC Change                | 16.6            | 45.0            |
| Nov CEC Estimate              | 314.3           | 660.4           |
| Governor's Initiatives        | (53.7)          | (107.4)         |
| FY 2016 Governor's Rec        | \$260.6         | \$553.0         |
| <b>May CEC</b>                | 308.3           | 650.7           |
| <b>FY 2016 Gov as amended</b> | <b>\$288.4</b>  | <b>\$610.6</b>  |
| <b>Gov to Nov CEC</b>         | <b>(\$25.9)</b> | <b>(\$49.8)</b> |

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## Managed Care: FY 2016 Initiatives

| Identified Proposals<br>(millions) | General Revenues | All Funds | Gov Rec |
|------------------------------------|------------------|-----------|---------|
| 5% Hospital Rate Reduction         | (\$5.9)          | (\$11.9)  | Yes*    |
| Freeze Hospital Rates              | (\$2.8)          | (\$5.6)   | Yes*    |
| Capitated Rate Freeze              | (\$1.7)          | (\$3.3)   | Yes*    |
| FQHC Enhanced Medicaid Rate        | (\$0.4)          | -         | Yes*    |

\*plan altered in final amendment

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## Medical Assistance: Programs

- Managed Care
- **Rhody Health Partners**
- Long Term Care: Nursing Facilities & Home and Community Care
- Rhody Health Options
- Hospitals
- Pharmacy: Drug Expenses & Clawback
- Expansion
- Other Medical Services
- Reinventing Medicaid – Workgroup

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## Rhody Health Partners

- 21 years or older w/only Medicaid coverage
- Receive benefits through managed care plans
- Access to:
  - Primary care physician
  - Specialty providers & behavioral health providers
  - Care coordination & management

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## Rhody Health Partners

| (millions)                    | Gen. Rev.       | All Funds       |
|-------------------------------|-----------------|-----------------|
| FY 2015 Enacted               | \$126.1         | \$252.3         |
| Nov CEC                       | \$150.0         | \$301.0         |
| Nov CEC Change                | 24.0            | 48.7            |
| Governor's Initiatives        | (4.3)           | (8.8)           |
| FY 2016 Governor's Rec        | \$145.7         | \$292.2         |
| <b>May CEC</b>                | <b>\$146.3</b>  | <b>\$293.4</b>  |
| <b>FY 2016 Gov as amended</b> | <b>\$137.4</b>  | <b>\$275.5</b>  |
| <b>Gov amended to Nov CEC</b> | <b>(\$12.6)</b> | <b>(\$25.5)</b> |

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## Rhody Health Partners: FY 2016 Initiatives

| Item<br>(millions)            | General<br>Rev | All<br>Funds | Gov.<br>Rec. |
|-------------------------------|----------------|--------------|--------------|
| 5% Hospital Rate<br>Reduction | (\$2.4)        | (\$4.8)      | Yes*         |
| Freeze Hospital Rates         | (\$1.2)        | (\$2.5)      | Yes*         |
| Capitated Rate Freeze         | (\$0.7)        | (\$1.5)      | Yes*         |

*\*plan altered in final amendment*

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## Medical Assistance: Programs

- Managed Care
- Rhody Health Partners
- **Long Term Care: Nursing Facilities & Home and Community Care**
- Rhody Health Options
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## Long Term Care

- Nursing Facilities and Hospice Care
  - Fee for service payments system
    - Adjusts for acuity that phased out incrementally
    - Annual cost of living adjustment
- Home and Community Care
  - Fee-for-service system payment

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## Long Term Care – Nursing Facilities

| (millions)                    | Gen. Rev.      | All Funds       |
|-------------------------------|----------------|-----------------|
| FY 2015 Enacted               | \$81.0         | \$162.1         |
| Nov CEC Change                | 13.9           | 28.9            |
| Nov CEC                       | \$94.9         | \$191.0         |
| Governor's Initiatives        | (3.6)          | (7.2)           |
| FY 2016 Governor's Rec        | \$91.3         | \$183.8         |
| <b>May CEC</b>                | <b>\$96.9</b>  | <b>\$195.0</b>  |
| <b>FY 2016 Gov as amended</b> | <b>\$89.0</b>  | <b>\$179.2</b>  |
| <b>Gov amended to Nov CEC</b> | <b>(\$5.9)</b> | <b>(\$11.8)</b> |

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## Long Term Care: FY 2016 Initiatives

| Proposal<br>(millions)                     | General<br>Revenues | All<br>Funds | Gov<br>Rec |
|--|---------------------|--------------|------------|
| 3% Rate Reduction                          | (\$2.2)             | (\$4.4)      | Yes*       |
| Eliminate October 1,<br>2015 rate increase | (\$1.4)             | (\$2.8)      | Yes*       |
| Electronic Visit Verify                    | (\$1.0)             | (\$2.0)      | Yes        |
| Personal Choice<br>Program Payments        | (\$0.2)             | (\$0.4)      | Yes        |

*\* plan altered in final amendment*

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## Long Term Care – Home & Community Based Services

| (millions)                    | Gen. Rev. | All Funds |
|-------------------------------|-----------|-----------|
| FY 2015 Enacted               | \$23.8    | \$53.8    |
| Nov CEC Change                | 34.5      | 75.6      |
| Governor's Initiatives        | (1.2)     | (2.4)     |
| FY 2016 Governor's Rec        | \$33.3    | \$73.2    |
| <b>May CEC</b>                | 36.2      | 73.0      |
| <b>FY 2016 Gov as amended</b> | \$36.3    | \$73.1    |
| <b>Gov amended to Nov CEC</b> | \$1.8     | (\$2.5)   |

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## Medical Assistance: Programs

- Managed Care
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- Other Medical Services
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## Integration of Medicare & Medicaid

- Rhody Health Options Program
  - Managed Care program
- Pace Program
- Connect Care Choice Community Partners Program
  - Fee-for service – other medical services
  - Primary care/nurse case management teams
  - Access to primary, preventive, behavioral health & specialty care allowing person to stay in the community

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## Integrated Care Initiative

| Individual   | RHO    | CCCCP | Not Enrolled |
|--|--------|-------|--------------|
| Lives in Community w/long term care supports           | 10,084 | 1,991 | 3,962        |
| Living in Nursing Home                                 | 2,903  | 291   | 1,617        |
| Developmentally Disabled Adult                         | 1,630  | 448   | 471          |
| Individual with a severe and persistent mental illness | 1,164  | 541   | 731          |
| Living in Community w/long term care supports          | 1,155  | 425   | 1,396        |
| Individuals – Medicaid Only                            | 470    | 633   | 185          |
| Total  | 17,406 | 4,329 | 8,362        |

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## Rhody Health Options

| (millions)                    | Gen. Rev. | All Funds |
|-------------------------------|-----------|-----------|
| FY 2015 Enacted               | \$147.9   | \$297.0   |
| Nov CEC Change                | (3.7)     | (6.9)     |
| Nov CEC                       | 144.2     | 290.1     |
| Governor's Initiatives        | (7.5)     | (15.2)    |
| FY 2016 Governor's Rec        | \$136.6   | \$274.9   |
| <b>May CEC</b>                | 136.9     | 275.5     |
| <b>FY 2016 Gov as amended</b> | \$126.2   | \$253.8   |
| <b>Gov amended to Nov CEC</b> | (18.0)    | (36.3)    |

## Rhody Health Options: FY 2016 Initiatives

| Identified Proposals<br>(millions)   | General Revenues | All Funds | Gov Rec |
|--------------------------------------|------------------|-----------|---------|
| 3% Nursing Facilities Rate Reduction | (\$3.2)          | (\$6.5)   | Yes*    |
| Nursing Fac. Rate Freeze             | (\$2.1)          | (\$4.2)   | Yes*    |
| 5% Hospital Rate Red.                | (\$2.4)          | (\$4.8)   | Yes*    |
| Freeze Hospital Rates                | (\$1.2)          | (\$2.5)   | Yes*    |

\*plan altered in final amendment

## Medical Assistance: Programs

- Managed Care
- Rhody Health Partners
- Long Term Care: Nursing Facilities & Home and Community Care
- Rhody Health Options
- **Hospitals**
- Pharmacy: Drugs & Clawback
- Expansion
- Other Medical Services
- Reinventing Medicaid – Amendment

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## Hospitals

| (millions)                    | Gen. Rev. | All Funds             |
|-------------------------------|-----------|-----------------------|
| FY 2015 Enacted               | \$103.6   | \$206.6               |
| Nov CEC Change                | 6.0       | 12.2                  |
| Nov CEC                       | \$109.7   | \$218.8               |
| Governor's Initiatives        | (14.9)    | (28.9)                |
| FY 2016 Governor's Rec        | \$94.8    | \$189.9               |
| <b>May CEC</b>                | 110.9     | 221.3                 |
| <b>FY 2016 Gov as amended</b> | \$106.1   | \$212.7               |
| <b>Gov amend to Nov CEC</b>   | (\$3.6)   | (\$6.1) <sub>36</sub> |

# Hospitals

| Proposals     | FY 2016 Gov Rec |           | Gov Amended |           |
|---------------|-----------------|-----------|-------------|-----------|
|               | Gen Rev         | All Funds | Gen Rev     | All Funds |
| Rate Changes  | (\$15.7)        | (\$31.6)  | (\$11.1)    | (\$30.9)  |
| UPL           | (11.2)          | (22.6)    | 13.8        | 27.9      |
| GME           | (1.0)           | (1.0)     | (1.0)       | (1.0)     |
| NICU Rates    | (1.9)           | (3.9)     | (1.9)       | (3.9)     |
| Lab Rates     | (1.2)           | (2.5)     | (1.2)       | (2.5)     |
| License Fee** | -               | -         | (13.0)      | (13.0)    |
| Total         | (\$31.1)        | (\$61.6)  | (\$14.4)    | (\$23.3)  |

\*Governor recommended 5% lowered to 2.5% in amendment/\*\* shown as a loss to the hospitals

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# Medical Assistance: Programs

- Managed Care
- Rhody Health Partners
- Long Term Care: Nursing Facilities & Home and Community Care
- Rhody Health Options
- Hospitals
- **Pharmacy: Drugs & Clawback**
- Expansion
- Other Medical Services
- Reinventing Medicaid – Amendment

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## Pharmacy Expenditures

- Two categories of pharmacy expenses
  - Medicare Part D payment – Governor includes estimate of \$52.0 million from general revenues in FY 2016
  - Governor includes \$4.0 million for pharmacy expenses for elderly & disabled individuals not enrolled in Rhody Health in FY 2016

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## Medical Assistance: Programs

- Managed Care
- Rhody Health Partners
- Long Term Care: Nursing Facilities & Home and Community Care
- Rhody Health Options
- Hospitals
- Pharmacy: Drugs & Clawback
- **Expansion**
- Other Medical Services
- Reinventing Medicaid – Amendment

60

## Medicaid Expansion

- Governor: \$424.6 million in FY 2015 & \$474.4 million in FY 2016 from federal funds - consistent with Nov CEC
- Enrolled in Rody Health Partners
- Others in fee for services; plan not chosen
- May estimate: \$424.6 million in FY 2015 & \$474.4 million in FY 2016
- FY 2016 amended to \$468.9 million
  - Reflects hospital rate freeze & reductions not reflected in original recommendation

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## Federal Match for Medicaid Expansion

|                 | Federal | State |
|-----------------|---------|-------|
| CY 2017         | 95%     | 5%    |
| CY 2018         | 94%     | 6%    |
| CY 2019         | 93%     | 7%    |
| CY 2020 & later | 90%     | 10%   |

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## Staff Out-Year Projections

| SFY  | State Share | Total   | Gen Rev | Rev    |
|------|-------------|---------|---------|--------|
| 2015 | 0.0%        | \$424.6 | -       | \$6.8  |
| 2016 | 0.0%        | \$474.4 | -       | \$8.5  |
| 2017 | 2.5%        | \$498.1 | \$12.5  | \$9.7  |
| 2018 | 5.5%        | \$523.0 | \$28.8  | \$10.1 |
| 2019 | 6.5%        | \$549.2 | \$35.7  | \$10.6 |
| 2020 | 8.5%        | \$576.6 | \$49.0  | \$11.2 |
| 2021 | 10.0%       | \$605.5 | \$60.5  | \$11.7 |

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## Medical Assistance: Programs

- Managed Care
- Rhody Health Options
- Long Term Care: Nursing Facilities & Home and Community Care
- Rhody Health Partners
- Expansion
- Hospitals
- Pharmacy: Drugs & Clawback
- **Other Medical Services**
- Reinventing Medicaid – Workgroup

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## Medical Assistance: Programs

- Managed Care
- Rhody Health Partners
- Long Term Care: Nursing Facilities & Home and Community Care
- Rhody Health Options
- Hospitals
- Pharmacy: Drugs & Clawback
- Expansion
- **Other Medical Services**
- Reinventing Medicaid – Amendment

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## Other Medical Services

- Governor recommends \$111.9 million;  
\$43.4 million general revenues
  - Medicare Part B Payments
  - Durable Medical Equipment
  - Physician Services/Rehabilitation Services
  - Payments to Tavares Pediatric Center

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## Other Medical Services

| Item (millions)               | Gen. Rev.     | All Funds      |
|-------------------------------|---------------|----------------|
| FY 2015 Enacted               | \$44.6        | \$115.1        |
| Nov CEC Change                | 1.5           | 2.5            |
| Nov CEC                       | 46.2          | 117.6          |
| Governor's Initiatives        | (2.8)         | (5.7)          |
| FY 2016 Governor's Rec        | \$43.4        | \$111.9        |
| <b>May CEC</b>                | <b>\$44.6</b> | <b>\$113.5</b> |
| <b>FY 2016 Gov as amended</b> | <b>\$37.9</b> | <b>\$105.7</b> |
| <b>Gov amend to Nov CEC</b>   | <b>(8.3)</b>  | <b>(11.9)</b>  |

## Medical Assistance: Programs

- Managed Care
- Rhody Health Options
- Long Term Care: Nursing Facilities & Home and Community Care
- Rhody Health Partners
- Hospitals
- Pharmacy: Drugs & Clawback
- Expansion
- Other Medical Services
- **Reinventing Medicaid – Amendment**

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## Reinventing Medicaid

- 37 initiatives in the amendment
  - 35 recommendations in the Working Group Report
- Impact hospitals, nursing facilities
- Impact to rates, program eligibility and operations
- Changes included in new article
  - Hearing tonight – May 19, 2015

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## Governor's Amended Proposals

| FY 2016 Governor Rec                         | State Impact    |
|--|-----------------|
| Medicaid Identified – March 12 <sup>th</sup> | (\$45.0)        |
| Workgroup Savings (TBD)                      | (49.0)          |
| <i>Reinventing Medicaid - Total (3/12)</i>   | (\$94.0)        |
| Governor's Amend Proposals – Expenses        | (\$63.2)        |
| Hospitals & Nursing Homes - Revenue          | \$15.0          |
| <b>Subtotal</b>                              | <b>(\$78.2)</b> |
| FY 2016 May Caseload Savings                 | (\$13.1)        |
| Total (millions)                             | (\$91.3)        |

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## Reinventing Medicaid

| Governor's Proposals – New Amendments |           |           |
|---------------------------------------|-----------|-----------|
| Provider                              | Gen. Rev. | All Funds |
| Hospitals                             | (\$28.7)  | (\$52.1)  |
| Nursing Facilities                    | (12.5)    | (23.1)    |
| Managed Care Plans                    | (5.7)     | (11.2)    |
| Health Insurers                       | (2.7)     | -         |
| Others Providers                      | (28.7)    | (55.1)    |
| May Caseload Adj.                     | (13.1)    | (105.2)   |
| Total                                 | (\$91.3)  | (\$246.7) |

## Reinventing Medicaid

| Nursing Facilities | FY 2016 Gov Rec |           | Gov Amended |           |
|--------------------|-----------------|-----------|-------------|-----------|
|                    | Gen Rev         | All Funds | Gen Rev     | All Funds |
| Rate Reduction*    | (\$5.4)         | (\$10.9)  | (\$5.6)     | (\$11.4)  |
| Rate Freeze        | (3.5)           | (7.1)     | (3.7)       | (7.4)     |
| Acuity Adjustor    | -               | -         | (0.4)       | (0.8)     |
| Assessment**       | -               | -         | (1.7)       | (1.7)     |
| Total              | (\$8.9)         | (\$18.0)  | (\$11.5)    | (\$21.3)  |

\* Governor recommended 3% lowered to 2.5% in amendment/\*\* shown as a loss to the nursing facilities

## Reinventing Medicaid

| Hospitals                       | Gen. Rev. | All Funds |
|---------------------------------|-----------|-----------|
| 2.5% Reduction & Freeze         | (\$11.1)  | (\$30.9)  |
| GME - Eliminates FY 2015 & 2016 | (2.0)     | (2.0)     |
| DSH                             | (0.4)     | (0.8)     |
| Hospital Incentive Program      | -         | -         |
| NICU Rate Reduction             | (1.9)     | (3.9)     |
| Lab Rates                       | (1.2)     | (2.5)     |
| Hospital License Fee            | (13.0)    | (13.0)    |
| Total (millions)                | (\$28.7)  | (\$52.1)  |

## Managed Care Plans

| Proposals         | FY 2016 Gov Rec |           | Gov Amended |           |
|-------------------|-----------------|-----------|-------------|-----------|
|                   | Gen. Rev.       | All Funds | Gen Rev     | All Funds |
| Reduce Rates      | (\$2.8)         | (\$5.4)   | (\$2.8)     | (\$5.6)   |
| Modify agreements | (5.3)           | (10.6)    | (1.8)       | (3.6)     |
| Admin Rates       |                 |           | (1.0)       | (2.0)     |
| Total             | (\$8.0)         | (\$16.0)  | (\$5.6)     | (\$11.2)  |

## Reinventing Medicaid

| Item (millions)                             | Gen Rev | All Funds |
|---|---------|-----------|
| Pilot Coordinated Care Prg (5)              | (\$3.0) | (\$6.0)   |
| Coordinated Care for SPMI (6)               | (3.0)   | (6.0)     |
| Electronic Visit Verification (16)          | (1.5)   | (3.0)     |
| Managed Care Plans trends (20)              | (2.8)   | (5.6)     |
| Health Insurers Assessment (21)             | (2.7)   | -         |
| Adjustment to NICU Rates (10)               | (1.9)   | (3.9)     |
| Managed Care plans – modify agreements (20) | (1.8)   | (3.6)     |

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## Reinventing Medicaid

| Item (millions)   | Gen Rev | All Funds |
|---|---------|-----------|
| Increase assisted living access (8)                             | (\$1.5) | (\$3.3)   |
| Home Stabilization Initiatives – DCYF, homeless and elderly (7) | (1.8)   | (3.5)     |
| Eliminate Incentive Payment to Health Centers (FOHC) (11)       | (1.7)   | (3.5)     |
| Lab Services Rates (24)   | (1.2)   | (2.5)     |
| Children w/ Sp Health Care Needs – to in plan services (9)      | (1.0)   | (2.1)     |
| Alternative Setting move to Eleanor Slater Hospital (12)        | (1.0)   | (2.0)     |

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## Reinventing Medicaid

| Item (millions)  | Gen Rev | All Funds |
|--|---------|-----------|
| Redesign CEDARR Services (9)                               | (1.0)   | (2.1)     |
| Community Health Teams (7)                                 | (1.0)   | (2.0)     |
| Medicare Enhancements (17)                                 | (1.0)   | (2.0)     |
| Streamlined Eligibility (23)                               | (1.5)   | -         |
| Estate Recovery & Long Term Care Eligibility Criteria (26) | (1.0)   | (2.0)     |
| Predictive Modeling (16)                                   | (1.0)   | (2.0)     |
| Insurance Mandates (27)                                    | (1.0)   | (2.0)     |

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## Reinventing Medicaid

| Item (millions)  | Gen Rev | All Funds |
|--|---------|-----------|
| Implement STOP Program (14)  | (0.5)   | (1.0)     |
| Nursing Home Criteria (26)   | (0.5)   | (1.0)     |
| Adult Day Services – institute level of care and increase rates (29) | (0.5)   | (1.0)     |
| Redesign Connect Care Choice (29)                                    | (0.5)   | (1.0)     |
| “Best Price” drug practices (30)                                     | (0.5)   | (1.0)     |
| Coordinate Coverage - Veterans (32)                                  | (0.5)   | (0.9)     |
| Hire Consultant to evaluate HCBS (8)                                 | (0.3)   | (0.5)     |

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## Reinventing Medicaid

| Item (millions)   | Gen Rev | All Funds |
|---|---------|-----------|
| Residency Verification (18)                                       | (0.3)   | (0.6)     |
| Personal Choice Prg Admin (29)                                    | (0.2)   | (0.4)     |
| Expedite eligibility for long term care services and supports (8) | (0.2)   | (0.4)     |
| RICLAS to Private Providers (22)                                  | (2.0)   | (4.0)     |
| Operation Efficiencies – OHHS & DHS (25)                          | (1.0)   | (2.0)     |
| Eleanor Slater Hospital Services (34)                             | (0.3)   | (0.6)     |

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## Reinventing Medicaid

| Other Proposals  | Savings |
|--|---------|
| Redesign medically needy program (23)                                    | -       |
| Expand PACE program (8)  | -       |
| Automate collection of patient liability (29)                            | -       |
| Develop bundled payment model for maternity & childbirth, incl NICU (10) | -       |
| Develop policy for telehealth services (15)                              | -       |
| Enhance fraud prevention – hire contractor to screen eligibility (16)    | -       |
| Consistent payments & verification for services (29)                     | -       |

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## OHHS Agencies – FY 2015

| Gen. Rev. | Enacted | Gov Rec | BO -3Q report | 3Q to Enacted | 3Q to Gov Rec |
|-----------|---------|---------|---------------|---------------|---------------|
| BHDDH     | \$167.5 | \$168.8 | \$172.7       | \$5.2         | \$4.0         |
| DCYF      | 148.7   | 158.3   | 160.4         | 11.6          | 2.0           |
| OHHS*     | 28.0    | 26.9    | 30.6          | 2.6           | 3.7           |
| DHS*      | 66.5    | 65.1    | 66.6          | 0.1           | 1.5           |
| DOH       | 23.0    | 22.8    | 22.8          | (0.1)         | -             |
| Total     | \$433.7 | \$441.9 | \$453.1       | \$19.4        | \$11.2        |

*\*does not include medical or cash assistance programs*

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## Central Management

## Central Management

| (millions)    | Enacted        | FY 2015 Gov.   | Chge         | FY 2016 Gov.   | Chge         |
|---------------|----------------|----------------|--------------|----------------|--------------|
| Salaries/Ben  | \$22.7         | \$22.4         | (\$0.2)      | \$23.8         | \$1.1        |
| Contract Serv | 66.9           | 84.5           | 17.6         | 76.3           | 9.3          |
| Operating     | 4.6            | 6.1            | 1.5          | 5.3            | 0.7          |
| Capital       | 3.3            | 1.4            | (1.8)        | 0.3            | (3.0)        |
| Grants        | 28.4           | 21.2           | (7.2)        | 20.8           | (7.6)        |
| <b>Total</b>  | <b>\$125.9</b> | <b>\$135.7</b> | <b>\$9.8</b> | <b>\$126.5</b> | <b>\$0.6</b> |
| FTE           | 184.0          | 184.0          | -            | 185.0          | 1.0          |

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## OHHS Administration

| IT Projects/Systems (millions) | General Revenues | All Funds |
|--------------------------------|------------------|-----------|
| UHIP                           | \$3.1            | \$31.0    |
| MMIS System                    | \$5.2            | \$25.4    |
| Data Management                | \$0.5            | \$2.9     |
| Electronic Health Records      | -                | \$6.2     |

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## Unified Health Infrastructure Project

- In coordination with the HealthSource RI to implement ACA
- One system to apply for benefits
  - Replace existing InRhodes eligibility system
  - Process Medicaid, RI Works, child care & SNAP applications

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## Unified Health Infrastructure Project

| Submission Date                       | General Revenues | Total            |
|---------------------------------------|------------------|------------------|
| July 2013                             | \$51.9           | \$209.4          |
| July 2014                             | \$51.6           | \$221.9          |
| October 2014<br>(amended)             | \$51.7           | \$229.6          |
| October approved                      | \$51.7           | \$230.8          |
| Extension Phase II –<br>new amendment | Not available    | Not<br>available |
| (in millions)                         |                  |                  |

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## Unified Health Infrastructure Project

| (millions)                  | Gen Rev      | Fed Funds     | Res Rec      | Total         |
|-----------------------------|--------------|---------------|--------------|---------------|
| <i>FY 2015 Enacted</i>      | \$8.5        | \$29.9        | -            | \$39.1        |
| <b><i>FY 2015 Total</i></b> | <b>\$8.9</b> | <b>\$44.9</b> | <b>\$4.4</b> | <b>\$58.3</b> |
| OHHS                        | \$5.6        | \$39.5        | -            | \$45.1        |
| DHS                         | \$3.3        | \$5.5         | -            | \$8.8         |
| <b><i>FY 2016 Total</i></b> | <b>\$5.7</b> | <b>\$32.7</b> | <b>\$2.0</b> | <b>\$40.4</b> |
| OHHS                        | \$3.1        | \$27.8        | -            | \$31.0        |
| DHS                         | \$2.6        | \$4.9         | -            | \$7.5         |

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## UHIP – OHHS

| Vendor             | Project               | FY 2015       | FY 2016      |
|--------------------|-----------------------|---------------|--------------|
| Deloitte           | Systems Management    | \$31.2        | \$20.3       |
| <b>Connexions</b>  | <b>Contact Center</b> | <b>\$10.1</b> | <b>\$0.2</b> |
| Northup Grumman    | IT support            | \$3.6         | \$0.3        |
| HP Enterprise Srv. | System Modifications  | \$2.6         | \$4.0        |
| PCG Consulting     | Project Mgt.          | \$0.4         | \$0.2        |
| Total (millions)   |                       | \$47.9        | \$25.0       |

88

## Health Information Exchange

- Governor includes \$2.9 million in FY 2015 & in FY 2016 to pay the RI Quality Institute
  - For Medicaid enrollees in Health Information Exchange – *currentcare*
  - 90% Medicaid with 10% state match

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## State Innovation Model Grant

- RI awarded a 4-year, \$20.0 million federal grant
- Transform the health care delivery system
  - Value based care
  - New models of care – community health teams, behavioral health transformation
  - Themes included in the Reinventing Medicaid initiative
- Governor includes 4 positions
  - 1 each in DOA, DBR, BHDDH and OHHS

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## Governor's Recommendation

| Item                         | FY 2015   |           | FY 2016   |           |
|------------------------------|-----------|-----------|-----------|-----------|
|                              | Gen Rev   | Total     | Gen Rev   | Total     |
| Health Care Planning Council | \$150,000 | \$300,000 | \$150,000 | \$300,000 |
| Cost Allocation Plan         | \$67,758  | \$135,516 | -         | -         |
| No Wrong Door Grant          | -         | \$112,500 | -         | -         |
| RI Foundation Grant          | -         | \$259,256 | -         | -         |

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## Administration – FY 2016

| Staffing/Operations<br>(millions) | General Revenues | All Funds     |
|-----------------------------------|------------------|---------------|
| Medicaid Administration           | \$10.3           | \$28.1        |
| Central Management                | 6.9              | 9.5           |
| Race to the Top                   | -                | 0.1           |
| Special Education                 | -                | 27.0          |
| <b>Total (millions)</b>           | <b>\$17.2</b>    | <b>\$64.7</b> |

92

## HIV/AIDS Care Program

- Governor includes \$8.0 million in FY 2015 and \$7.1 million in FY 2016
- Drugs: \$5.1 million in FY 2015 & \$4.4 million in FY 2016
- Other expenses: staffing and AIDS Project Rhode Island and AIDS Care Ocean State grant awards

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## Staffing

| Full-Time Positions              | FTEs  | Chg. To Enacted |
|----------------------------------|-------|-----------------|
| Enacted Authorized               | 184.0 | -               |
| FY 2015 Request                  | 184.0 | -               |
| FY 2015 Governor                 | 184.0 | -               |
| FY 2016 Request                  | 188.0 | 4.0             |
| FY 2016 Governor                 | 202.0 | 18.0            |
| FY 2014 Average Filled           | 161.2 | (22.8)          |
| Filled as of May 2 <sup>nd</sup> | 167.0 | (17.0)          |

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## Salaries and Benefits

| (millions)                  | Gen. Rev.     | All Funds      |
|-----------------------------|---------------|----------------|
| <b>FY 2014 Spent</b>        | <b>\$10.8</b> | <b>\$20.2</b>  |
| <b>FY 2015 Enacted</b>      | <b>\$11.5</b> | <b>\$22.6</b>  |
| FY 2015 Gov Rev.            | \$12.3        | \$22.4         |
| <b>Gov. Chge to Enacted</b> | <b>\$0.8</b>  | <b>(\$0.2)</b> |
| FY 2016 Request             | \$13.4        | \$24.8         |
| FY 2016 Gov. Rec.           | \$14.3        | \$25.6         |
| <b>Gov. Chge to Enacted</b> | <b>\$2.8</b>  | <b>\$3.0</b>   |

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## Division of Advocacy

- Governor proposed Article 18 to create the Division of Advocacy in OHHS
  - Merge Mental Health Advocate, Child Advocate, Governor's Commission on Disabilities & Commission on the Deaf and Hard of Hearing with each retaining authority to serve identified population
- Budget assumes savings of \$0.1 million
- On 3/31 requested article be withdrawn

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## 2015 – H 5900

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- Article 3 – Hospital Licensing Fee
- Article 4 – Hospital Payments
- Article 5 – Medical Assistance
- Article 14 – State Budget – Changes to Caseload Estimating Conference
- Article 18 - Division of Advocacy
  - withdrawn
- New Article – Reinventing Medicaid
  - Scheduled for 5/19 hearing at the Rise

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## Office of Health and Human Services

Staff Presentation to the House Finance Committee  
FY 2015 Revised and FY 2016 Budgets  
May 19, 2015

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