

Medicaid & Human Services Issues

Staff Presentation to the House Finance Committee
February 4, 2015

Introduction

Briefings

- January 28 – *Budget Update*
- **Today – Medicaid and Human Services programs and issues**
- *February 11* – Personnel and related issues
- *February 25* – Local Aid and other issues of interest

Process

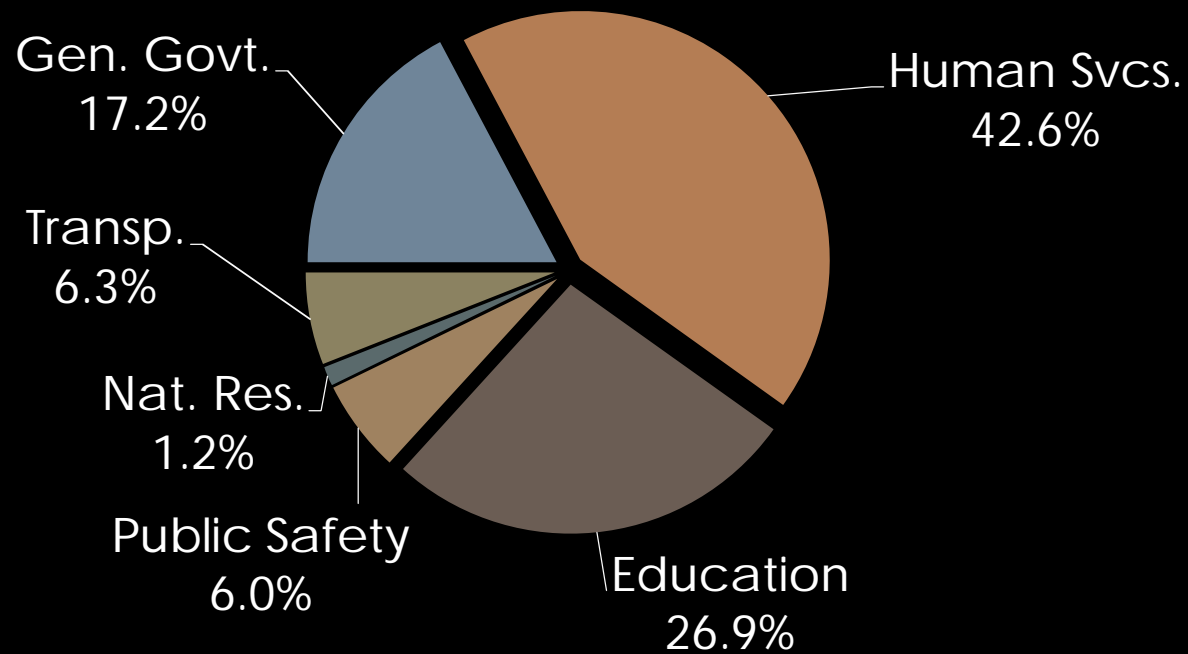
- HFC consideration of Gov.'s budget on human services issues two-fold
 - Proposed law changes addressed by the full committee in article hearings
 - Subcommittee will hold individual agency hearings in March and April
- All include staff presentations of proposals followed by agency and public testimony

Overview

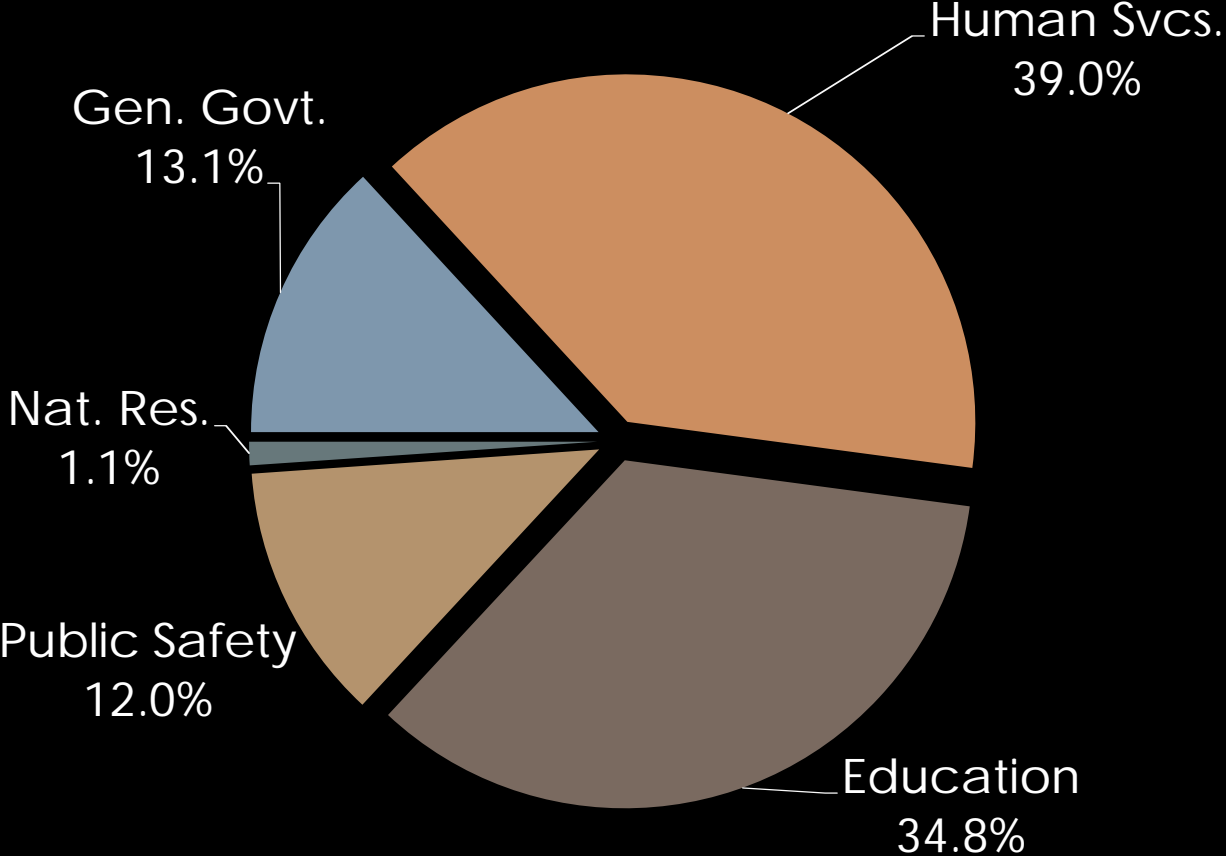
Overview

- Major part of state budget and economy
- One fourth of state residents receive Medicaid
- Majority of spending on smallest populations
- Federal requirements and limitations
- Impact of Affordable Care Act
 - Hospital uncompensated care
 - Changes in health care environment and delivery methods
 - Fate of pre- ACA state programs

FY 2015: All Funds by Function



FY 2015: General Revenues by Function

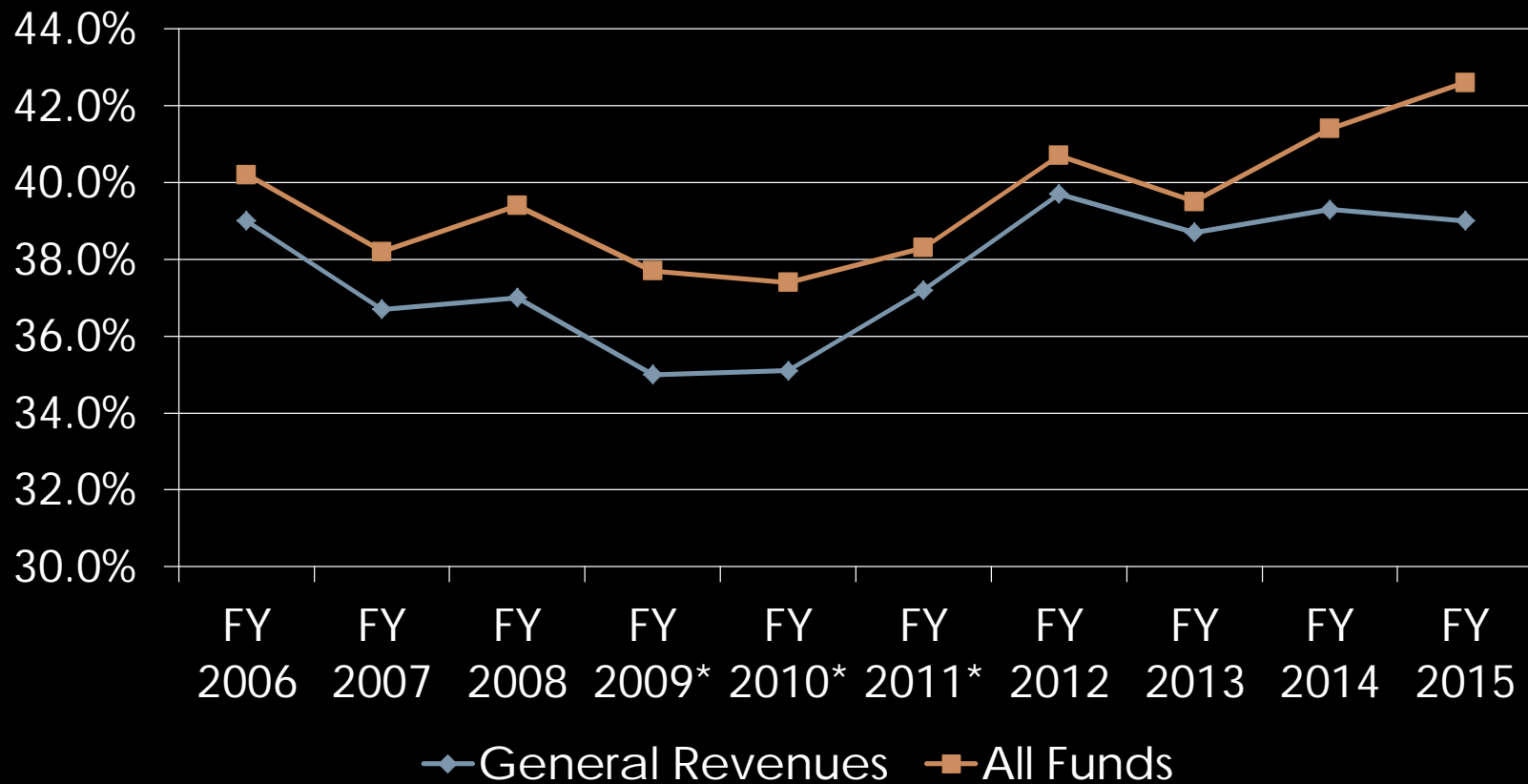


Human Services Function

- Health & Human Services (OHHS)
- Behavioral Healthcare, Developmental Disabilities & Hospitals (BHDDH)
- Children, Youth & Families (DCYF)
- Human Services (DHS)
- Health
- Advocates
 - Mental Health Advocate; Child Advocate
 - Commissions on Disabilities & Deaf & Hard of Hearing

Does not include housing funds in DOA's budget

Human Services: Share of total Budget



**2009-2011 temporary increase in federal share - ARRA*

Human Services

- Programs and services for:
 - Children and their parents
 - Children with special health care needs
 - Elderly
 - Adults with disabilities
 - Certain low income adults (ACA Medicaid expansion)
 - Veterans
 - Other Low Income Individuals and families (SNAP)

Human Services – FY 2015 Enacted

FY 2015	General Rev	All Funds
OHHS	\$904.6	\$2,391.4
DHS	96.3	649.8
BHDDH	167.5	365.5
DCYF	148.7	210.6
DOH	23.0	122.6
Advocates	1.9	3.1
Total	\$1,342.0	\$3,743.0

Populations

Medicaid Service Groups	# of individuals
Children & Parents	157,733
Elderly	22,341
Disabled Adults	30,990
Low Income Adults	54,782
Total	265,848

OHHS Medicaid Dec. 2014 monthly report

FY 2016 Budget Gap

FY 2015 Enacted Budget (millions)	Total	S/B in total
Education Aid	\$961.0	-
Local Aid	77.3	-
Medicaid Programs	1,083.8	72.2
Other Human Service Programs	258.2	112.5
Public Safety	413.2	336.0
Environment	37.7	29.8
Higher Education (incl. debt)	191.0	105.1
Other Education	47.3	31.6
Debt Service (excl. higher ed.)	168.1	-
Other State Government	207.6	141.3
Total FY 2015 General Revenues	\$3,445.2	\$828.6

FY 2016 Budget Gap

FY 2016 Budget Gap Calculation	Total	S/B in Total
FY 2015 General Revenues	\$3,445.2	\$828.6
Statewide Benefit Adj.(no COLA)	5.4	5.4
COLA	37.4	37.4
Caseload & Medicaid Match Adj.	45.6	-
Debt Service	3.9	-
Local Aid	(3.5)	-
Education Aid	46.0	-
Nonrecurring and Other Items	15.5	-
Subtotal: Current Service Adjust.	\$150.3	\$42.8
FY 2015 Current Services	\$3,595.5	\$871.4
FY 2016 Revenues (BO Estimate)	\$3,428.9	
Budget Gap	(\$166.6)	

Entitlements

- Benefits secured through meeting eligibility conditions specified by law
 - Includes age, income and/or disability
- Programs include:
 - Medicaid
 - Rhode Island Works
 - Subsidized child care
 - Supplemental Security Income program
 - Supplemental Nutrition Assistance program

Entitlements

- Income: many programs tied to the federal poverty level
- Rite Care
 - Child - family income up to 250%
 - Parent - income up to 133%
- Child Care - income up to 180%*
- SSI - income at or below 78%
- Medicaid Expansion - up to 138%

**Corrected from original version*

Poverty Level – 2015 Guidelines

Family Size	100%	133%	138%	185%	250%
1	\$11,770	\$15,654	\$16,243	\$21,775	\$29,425
2	15,930	21,187	21,983	29,471	39,825
3	20,090	26,720	27,724	37,167	50,225
4	24,250	32,253	33,465	44,863	60,625

Issues

Issues

- **Medicaid**
 - **Populations: Mandatory & Optional**
 - **Services: Mandatory & Optional**
- Who Gets What
- Other Programs
- How RI Compares
- UHIP
- Other

Medicaid

- Title XIX of Social Security Act
- Citizen or legally present for 5 years
- Federal/State Partnership
 - Mandatory populations & services
 - Optional populations & services states may provide with approval from the Centers for Medicare and Medicaid Services (CMS)
 - Different pathways for that approval

Medicaid: Federal Cost Share

- Medicaid match rate -FMAP
 - Based on states' relative per capita income
 - FY 2015 – 50.03%/FY 2016 – 50.32%
- Children's Health Ins. Program - CHIP
 - Higher match to cover certain optional populations – age and income
 - RI – children 133% to 250% of poverty level
- Admin 50%; Technology 75%
- Special/Limited Programs 90%
 - Expansion phases down from 100% to 90%

Medicaid - Populations

- Mandatory:
 - Disability (SSI or SSDI) recipients
 - Low Income Medicare Beneficiaries
 - At or below 135% of poverty
 - Parents & children 1-19 at or below 133%
 - Children under 1 up to 185%
 - Pregnant women at or below 133%
 - Children in adoption assistance or who live in foster care (federal Title IV-E)

Medicaid - Populations

- Optional: Rhode Island
 - Low income elderly or adults with disabilities
 - Individuals eligible for home & community based waiver services
 - Need care to delay nursing home placement
 - Children and parents above federal minimum
 - Adults age 19 through 64 without dependent children

Medicaid: Mandatory vs Optional

- Feds require that both mandatory and optional populations receive all mandatory benefits
 - Cannot do limited benefit for optional population
- All optional benefits must be available to all covered populations
 - Cannot eliminate an optional benefit for a single covered group

Medicaid – Mandatory Acute Care Benefits

- Physician Services
- Lab & X-ray
- In/Outpatient Hospital
- EPSDT
- Family Planning Services & Supplies
- Federally Qualified Health Centers
- Behavioral Healthcare Services
- Rural Health Clinic Services
- Nurse Midwife Services as state law permits
- Certified Pediatric & family nurse practitioner services

Medicaid – Optional Acute Care Benefits

- Prescription Drugs
- Rehabilitation & Other therapies
- Clinic Services
- Dental, dentures
- Prosthetic devices, eyeglasses
- Case management
- Durable medical equipment
- TB – related services
- Medical/ remedial care provided by other licensed professionals

Medicaid - Long Term Care Benefits

Mandatory	Optional
<i>Institutional</i>	
<ul style="list-style-type: none"> ▪ Nursing facility services for those 21 or older needing that level of care 	<ul style="list-style-type: none"> ▪ Intermediate Care Facility ▪ 65+ at inst. of mental disease ▪ Inpatient psych hospital services for under 21
<i>Home and Community Services</i>	
<ul style="list-style-type: none"> ▪ Home health care services for those entitled to nursing home care 	<ul style="list-style-type: none"> ▪ Home & comm. based ▪ Targeted case mgt. ▪ Hospice - personal care ▪ PACE program

Medicaid - Long Term Care Benefits

- Nursing Home Care
 - Meet 3 deficiencies in activities of daily living
- Intermediate Care Facility (ICF)
 - Need of active health and rehabilitative services
 - 4* facilities in state
 - Tavares Pediatric
 - 3 group homes operated through Department of BHDDH

**Total number verbally corrected during briefing*

Medicaid - Long Term Care Benefits

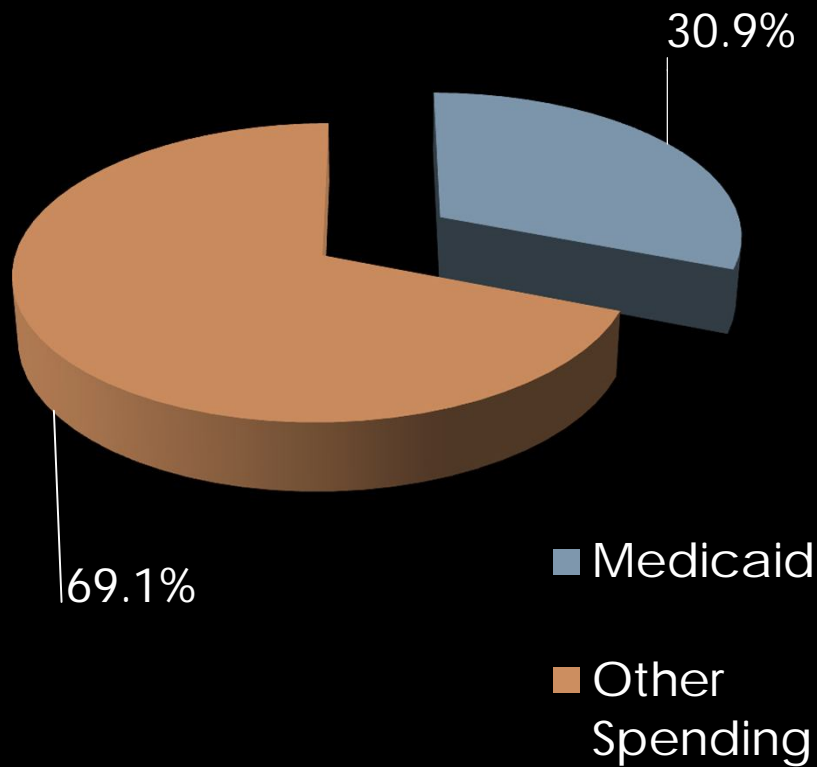
- Hospital
 - Intensive medical needs
- Community Based Services
 - Those require Nursing Home or ICF level of care
 - Includes adults with developmental disabilities

Medicaid - Long Term Care Benefits

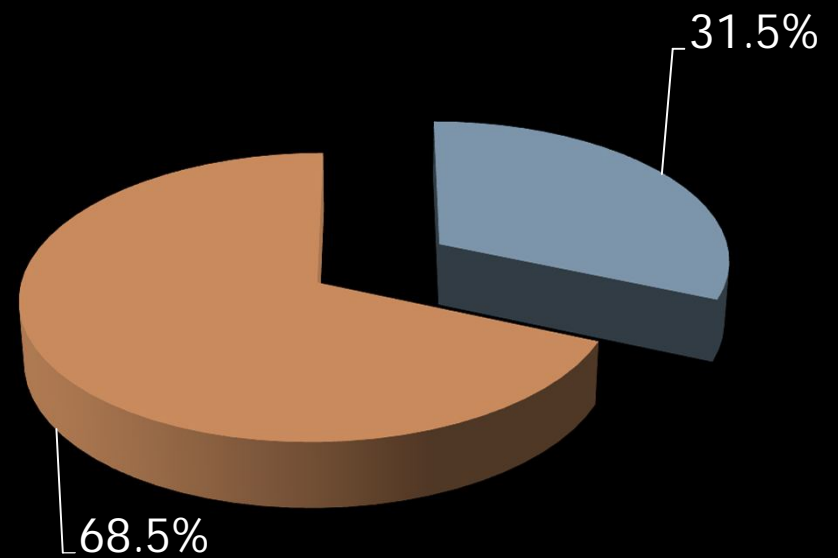
Residential & Community Based Care	Mandatory/ Optional
Nursing Home	Mandatory
Intermediate Care Facility	Optional
Hospice	Optional
Community Based Care	Optional
State Operated Hospital	Optional

Medicaid Share of total FY 2015 Enacted Budget

ALL FUNDS



GENERAL REVENUES



Issues

- Medicaid
 - Populations: Mandatory & Optional
 - Services: Mandatory & Optional
- ***Who Gets What***
- Other Programs
- How RI Compares
- UHIP
- Other

Who Gets What

Population	Benefit	Department
Elderly	Acute & LTC	OHHS/DHS
Developmentally Disabled Adults	Acute & LTC	OHHS/ BHDDH
Disabled Adults	Acute & LTC	OHHS
RtE Care Families	Acute Care	OHHS
Sp. Needs Children	Acute/CBS	OHHS/DCYF
Low Income Adults	Acute Care	OHHS

LTC = long term care; CBS = community based services

Who Gets What

Population	Service/Payment Method
Elderly	Managed Care & Fee For Service (FFS)
Developmentally Disabled Adults	
Disabled Adults	Managed Care
Rtite Care Families	
Low Income Adults	
Sp. Needs Children	Managed Care & FFS

Who Gets What: Elderly

- Nursing home services
- Home & community based services
 - Assisted Living & Adult day care
 - Home & Hospice Care
 - Delay nursing home placement
- Other services – transportation, medical services not covered by Medicare
- State has begun to transition some to managed care model
 - Currently optional

Who Gets What: Disabled Adults

- Medical Benefits
 - Access to physicians
 - Hospitalization
 - Pharmacy benefit
 - Dental benefit
 - Rehabilitation Services
 - Residential (Short or Long Term Care)
 - Transportation
- All must be in managed care plans
 - Began in FY 2009

Who Gets What: Disabled Adults

Most qualify through federal program

- Social Security Insurance Disability Income (SSDI)
 - Federal payment
 - Individual has a work history
- Supplemental Security Income Program (SSI)
 - Monthly payment supplemented by state
 - Considered public assistance
 - Individual may be eligible for SSI/SSDI

Who Gets What: Disabled Adults

- Federal Social Security Administration's definition of a disability:
 - *"Inability to engage in any substantial gainful activity because of a physical or mental impairment which can be expected to result in death or has lasted or can be expected to last for a continuous period-not less than 12 months"*
- Must also meet income/asset tests

Who Gets What: Developmentally Disabled Adults

- Residential & Community Services
 - Group home/Apartment
 - Employment & Day Programs
 - Transportation
- Medical Benefits
 - Physician & hospital care
 - Pharmacy benefit
 - Rehabilitation Services
 - Dental coverage

Who Gets What: Developmentally Disabled Adults

- Residential & community services eligibility
 - RI uses broadest allowable thresholds
 - IQ is 70 or below or
 - A severe, chronic disability that results in substantial functional limitation in 3 or more areas of a major life activity
 - *“Attributable to a mental or physical impairment or a combination of both;*
 - *Manifested before the person turned 22 and is likely to continue”*

Who Gets What: Developmentally Disabled Adults

- Residential & community services eligibility
 - ◆ An individual is evaluated based on level of disability and services needed
 - ◆ Residential – remain with family/shared living or independent living or group homes
 - ◆ Day programs and family support
 - ◆ State pays for services provided

Population/Services: Rite Care Families

- Medical Benefits
 - Access to physicians
 - Hospitalization
 - Pharmacy benefit
 - Rehabilitation Services
 - Dental coverage
- Managed Care
 - Rite Share allows blending of parents' work coverage and requires cost sharing

Who Gets What: Children with Special Health Care Needs

- Medical Benefits
 - Access to physicians
 - Hospitalization
 - Pharmacy benefit
 - Rehabilitation Services
 - Dental coverage
- Residential Services if needed
 - DCYF children in Medicaid licensed facilities
- Generally managed care unless third party coverage

Who Gets What: Children with Special Health Care Needs

- Katie Beckett Provision
 - Parents income not considered
 - Disability requires institutional level of care
 - Receive home based services
 - 24 states (plus D.C.) provide services
 - Feds authorize states through waiver or state plan amendment
 - Option determines limitations allowed

Who Gets What: Low Income Adults

- Medical Benefits
 - Access to physician
 - Hospitals
 - Pharmacy benefit
 - Dental coverage
 - Rehabilitation Services
 - Such as substance abuse and other mental health treatment services

Who Gets What: Low Income Adults

- ACA allowed states to expand Medicaid to certain low income adults
 - 138% FPL
- 100% federal funded for 2014 through 2016
- State share increases incrementally to 10 percent by 2020

Who Gets What: Low Income Adults

Medicaid Expansion	FY 2015	FY 2016
# of individuals	54,385	55,622
Estimate - Federal Funds*	\$539.1	\$547.1

Nov 2014 Caseload conference; \$'s in millions

- Full Health care benefits replace former state programs attempting to address certain issues or populations
- ACA also provided access

“Costs not otherwise matchable” – CNOM

- Medicaid waiver allows RI to get federal match on services it provided to non-Medicaid eligibles at/below 200% of FPL
 - Individual has income or assets and/or did not have a disability meeting the federal SSI definition
 - Example – home care and adult day care services for elderly; treatment services for HIV positive individuals; behavioral health care services and day program through BHDDH

ACA Coverage Opportunities

- ACA effective: 1/1/2014
 - Subsidized private insurance through HealthSource RI
 - Access to full medical coverage through Medicaid if at or below 138% of poverty
- Better benefit than CNOM programs provided
 - Mental health, substance abuse
 - Federal block grants fill in for any coverage gaps (ex. Medicare)

Example - Medicaid Expansion

45 year old non-disabled male at 138% of poverty

Benefits	Prior to 1/1/2014	As of 1/1/2014
Acute Care	No	OHHS
Mental Health	BHDDH - CNOM	OHHS
Methadone Maintenance	BHDDH - CNOM	OHHS
Short Term Residential	BHDDH - CNOM	OHHS

Example - Medicaid Expansion

45 year old non-disabled male at 175% of poverty

Benefits	Prior to 1/1/2014	As of 1/1/2014
Acute Care	No	Obtain subsidized coverage through HealthSource RI
Mental Health	BHDDH - CNOM	
Methadone Maintenance	BHDDH - CNOM	
Short Term Residential	BHDDH - CNOM	

What it Costs: FY 2013

Mandatory Population		
	Gen Rev	All Funds
Mandatory Services	\$298.4	\$615.0
Optional Services	134.9	278.0
Optional Population		
Mandatory Services	\$311.0	\$641.0
Optional Services	121.8	251.0
Total Expenses	\$866.1	\$1,785.0

*Source: All funds OHHS Annual Medicaid Report FY 2013 p. 27;
General revenues share from OHHS*

What it Costs: FY 2013

Population	#	% of total	Cost	% of total
Elderly	18,077	9%	\$484.0	27%
Disabled Adults	30,987	16%	667.0	37%
Children & Families	134,383	69%	464.0	26%
Children w/ spec. healthcare needs	11,935	6%	171.0	10%
Total	195,381		\$1,785.0	

What it Costs – FY 2013

- 74% of expenses for 31% of population
 - Elderly (9%) and disabled adult and children(22%)
- 26% of expenses for 69% of population
 - Rite Care children and parents

Issues

- *Medicaid*
 - *Populations: Mandatory & Optional*
 - *Services: Mandatory & Optional*
- Populations/Services
- ***Other Programs***
- How RI Compares
- UHIP
- Other

Other Programs

- Rhode Island Works
 - Temporary Assistance to Needy Families
- Subsidized Child Care
- Supplemental Security Income (SSI)
- Supplemental Nutrition Assistance Program (SNAP)
- WIC
- LIHEAP/Weatherization

Other Programs

FY 2015 Enacted	Gen Rev	All Funds	Persons
RI Works	\$ -	\$35.6	14,450
Child Care	9.7	51.1	7,146
SSI	18.6	18.6	33,930
SNAP	-	300.6	176,000
WIC	-	19.4	22,140
LIHEAP/Weatherization	-	25.9	33,000
<i>(in millions)</i>	\$27.3	\$451.2	N/A

Rhode Island Works

- Cash assistance program for families
 - Maximum of 24 months of assistance in any 60 month period
 - Lifetime limit of 48 months
- Parents must do an employment plan - Training, job search, vocational education, etc.
- Funded by federal TANF block grant

Child Care

- Subsidized child care to RI Works recipients & low income families at or below 180% FPL
 - families in approved training or employment programs who need child care to participate
- Over 3/4ths of participants are low income families who do not receive cash assistance payments
- Cost sharing based on income

Child Care - Pilot Program

- Allow families to maintain eligibility if income increases to 225%
 - Must first be eligible at 180% of poverty
- Oct. 1, 2013 - Sept. 30, 2016
- Estimated average of 250 children per month will maintain child care through this provision in FY 2015

Supplemental Security Income

- Federal program for disabled individuals as noted previously
- State provides a supplement to the federal payment
 - Supplement based on living situation of the recipient

Nutrition Assistance

- Supplemental Nutrition Assistance
 - Monthly benefits are federally funded
 - Administration is both general revenues and federal sources – 50/50
 - Special federal funding for education and training for SNAP recipients
- Women, Infants and Children
 - Children < 5; Preg./post partum; up to 185% fpl
 - Benefits and administration federally funded

Low Income Home Energy and Weatherization Assistance

- LIHEAP
 - Grants for heating & cooling assistance or energy-related home repairs
 - Benefits and admin federally funded
- Weatherization Assistance
 - Grants for energy efficiency improvements
 - Benefits and administration funded from federal funds and restricted receipts

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How RI Compares

- Costs for each group exceeds the US average
- As a percent of the total population receiving Medicaid funded services, Rhode Island's enrollment includes more disabled

How RI Compares: Medicaid Spending

- Four Categories
 - Children: Rlte Care
 - Adults: Rlte Care
 - Blind/Disabled: Includes disabled children
 - Elderly
- Most recent information available
 - 2011 state by state spending from Kaiser Family Foundation

Medicaid Share of Enrollment

	US	RI	CT	MA
Children	21.0%	22.0%	17.0%	12.0%
Adults	15.0	14.0	21.0	19.0
Disabled	42.0	45.0	34.0	44.0
Aged	21.0	19.0	27.0	25.0
Total	100.0%	100.0%	100.0%	100.0%

**Based on 2011 Kaiser Family Foundation data*

Medicaid Per Enrollee Cost

	US	RI	CT	MA
Children	\$2,492	\$4,290	\$3,158	\$4,173
Adults	4,141	5,778	4,538	4,496
Disabled	18,518	21,417	31,004	16,927
Aged	17,522	16,998	30,560	27,205
Total	\$6,502	\$9,541	\$8,122	\$11,091

**Based on 2011 Kaiser Family Foundation data*

RIPEC: How RI Compares

Per capita	Cash Payments	Rank	Vendor Payments	Rank
US	\$77.4		\$1,248	
RI	33.9	33	1,987	2
MA	63.1	22	1,965	3
CT	60.1	23	1,330	15

How Rhode Island Expenditures Compare 2013 Edition using 2011 data

RIPEC: How RI Compares

Per capita	Other Public Welfare	Rank	Total	Rank
US	\$267.9		\$1,593.6	
RI	195.0	33	2,216.1	5
MA	187.4	34	2,215.8	6
CT	332.9	14	1,722.8	16

How Rhode Island Expenditures Compare 2013 Edition using 2011 data

Elderly – Services

Residential	RI	CT	MA	Type
Nursing Home	X	X	X	Mandatory
Assisted Living	X	X	X	Optional
Adult Day	X	X	X	Optional
Home Care	X	X	X	Optional

Children & Parents

FPL Eligibility	Federal	RI	CT	MA
Children	Up to 19 to 133%	to 250%	to 300%	to 300%*
Parents	to 133%	to 133%	to 185%	to 133%

**Based on modified adjusted gross income not FPL*

Medicaid Coverage

	RI	CT	MA
Pregnant Women	250%	250%	200%
Non-Disabled Adults ages 19 to 64 up to 138%	X	X	X

SSI Beneficiaries

	RI	CT	MA
% of total population	3.1%	1.7%	3.0%
% of state Medicaid population	19.0%	17.4%	17.0%
State Supplemental to Federal Payment	Yes	Yes	Yes
Automatic Medicaid coverage	Yes	No	Yes

www.SSA.Gov 2013 data

State Supplemental to Federal Payment

	RI	MA
Own Household (Ind/Couple)	\$40/\$79	\$114 - \$128 180 - 636
Another Household	\$52/\$97	\$88 - \$374 194 - 215
Medicaid Facility	\$20	\$43/\$86
Assisted Living	\$332	\$454/\$681

State Supplemental to Federal Payment

	RI	MA
Licensed Rest Home	-	\$149 - \$293 636 - 923
Shared Living	-	\$30 - \$150 180 - 363
Total Average Beneficiaries	33,900*	187,359

**Nov CEC estimate for FY 2015*

Adults with Developmental Disabilities

	RI	CT	MA
Eligibility	IQ or Federal Definition	IQ/Related	IQ
Autism Waiver	No/not needed	Pilot program	No adults (Child to 9 th birthday)

Subsidized Child Care

	RI	CT	MA
TANF Recipients	Child care services without cost sharing requirement		
Low Income Families	At or below 180% of poverty	50% of median (about 245%)	
Payments	Statute	State Rules & Regs.	
Cost Sharing	Up to 8% of income	100% of state rate	Up to 10% of income

Temporary Assistance to Needy Families

	RI	CT	MA
Time Limit	48 months	60 months	none
Family of 3 per mo.	\$554	up to 698*	\$618
Birth of another child while on assistance	Added Payment	½ average increase	No change
Full Family Sanction (non-compliance w/work plan)	After 3 months	After 1 st non compliance	After 3 rd offense
State Only	No	Yes	Yes

(*varies by region)

Issues

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 - *Populations: Mandatory & Optional*
 - *Services: Mandatory & Optional*
- Populations/Services
- Other Programs
- How RI Compares
- **UHIP**
- Other

UHIP

- In coordination with the Health Benefits Exchange to implement ACA
- Apply through the Exchange & if Medicaid eligible directed to UHIP
- Eventually one system to apply for medical and cash assistance benefits
 - Opportunity to build a new system with federal match
 - Replace decades old systems that did not “talk” to each other

UHIP

- Phase I – operational
 - Process information for Exchange – includes Medicaid application
 - Individual enters information if eligible for Medicaid – separate process
- Phase II – operational July 2015
 - System with process RI Works, child care, SNAP applications

UHIP

- \$229.6 million project through CY 2020
 - \$51.7 million from general revenues
 - \$177.9 million from federal funds
 - Mixed Medicaid match – about 70/30
 - In coordination with the Health Benefits Exchange to implement ACA
 - Create one system to apply for benefits

UHIP

- OHHS Agencies have not specifically identified savings from new systems
 - Efficiencies
 - Staff and system costs
 - Program integrity

Other

- Predictive Modeling: BAE Enterprises
 - Improve system to identify fraud, waste and abuse
 - \$2.0 million; \$0.2 million general revenues
- Electronic Visit Verification: Sandata
 - Home health care providers
 - Call in when arrive and leave a home visit
 - \$1.1 million; \$0.2 million from general revenues

Other

- Changes in health care environment and delivery methods
- Impact of Affordable Care Act
 - Hospital uncompensated care
- Fate of state programs developed before ACA

Other

- Recent Legislative Changes
 - 2008 – Rite Care parents from 185% to 175%
 - 2011 – Project Sustainability – DD
 - 2013 – Medicaid to low income adults - ACA
 - 2013 – Rite Care Parents to 133%
 - w/premium assistance program
 - eliminated Rite Care monthly cost share
 - 2013 eliminated some CNOMs and required ACA compliance

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