

# Governor's FY 2018 Budget: Articles

Staff Presentation to the House Finance  
Committee  
February 15, 2017

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# Introduction

- Article 5 – Government Reorganization
  - Public Safety
  - Health Plans
  - Unclassified Positions
- Article 6 - Government Reform
  - Director Salaries
  - Employee Protections
  - Tax Information Disclosure

# Article 5

- Article 5 – Government Reorganization
  - Department of Public Safety
  - Emergency Management Agency
  - Unclassified Service
  - Health Care Plan Utilization Review
    - Department of Health
    - Office of the Health Insurance Commissioner

# Article 5 – Public Safety

- Department was created by 2008 Assembly
  - E-911, State Fire Marshal, Justice Commission, Capitol Police, Municipal Police Training Academy and State Police
  - Sheriffs was added in by 2011 Assembly
- Under current law, Superintendent of State Police also serves as director of Department

# Article 5 – Public Safety

- Replaces Director with Commissioner
  - Oversee policy & management of all divisions
  - Appointed by Governor with Senate advice & consent
- State Police
  - Ends Superintendent dual role as DPS director
    - Appointed by and serves at pleasure of Governor
  - No other changes to State Police statutes
    - Entity remains under control of DPS

# Article 5 – Public Safety

- Proposal is effective July 1, 2017
- FY 2018 Budget includes \$0.2 million for commissioner position and \$0.3 million for two support staff
  - Policy director and an executive assistant
- Governor's revised FY 2017 budget also includes 3 months of funding
  - Separate legislation?

# Article 5 – EMA

- Establishes Emergency Management Agency as a division within the Department of Public Safety
  - Previously with Military Staff
  - Became a stand-alone agency in 2015
- EMA director would still be appointed by Governor
  - Commissioner may prescribe other duties and responsibilities

# Divisions of State Service

- Classified
- Unclassified
  - Positions specifically established by RIGL 36-4-2 or elsewhere in statutes
    - Employees of elected officials, courts, dept. directors and their admin assistants, independent agencies, or public authorities
    - Employees involved in policy making
- Non-classified
  - Positions covered under Board of Education
    - Incl. senior administrative staff and faculty



# Divisions of State Service

- Classified Service
  - Competitive - civil service examinations
  - Non-Competitive
    - Positions include routine, laboring, custodial, or domestic tasks; subject to continuing supervision
    - Require licenses, certificates, or registrations
- Current law requires all positions be classified unless otherwise specified in the general laws

# Article 5 – Unclassified Service

- Section 3 adds 11 positions to the unclassified service
  - DEM, DOH, DPS, DHS & EOHHS
    - Policy director, deputy director, chief of staff, leg. liaison, Medicaid director, commissioner, communications/legislative coordinator and chief public affairs officer
  - Third year of a similar request from current Administration
  - Also requested by prior administration

# Article 5 – Unclassified Service

	DOH	DEM	DHS	OHHS	DPS
Leg Liaison	X				
Chief of Staff		X	X		
Chief Public Affairs Officer		X			
Policy Director		X	X		X
Deputy Director			X		
Communications/Leg Coordinator			X		
Medicaid Director				X	
Commissioner					X

# Article 5 – Health Plan Review

- Sections 6 -10 transfer responsibility for Health Care Plan Quality and Utilization Review from the Department of Health to the Office of the Health Insurance Commissioner
- Appears to align DOH responsibilities with similar OHIC functions

# Article 5 – Health Plan Review

- Office of Managed Care Regulation
  - “..protect Rhode Island healthcare consumers and providers by ensuring that Health Plans and Utilization Review agencies provide quality, continuity, and access related to healthcare service”
    - Certify Health Plan & Utilization Review agencies operating in RI
      - Ensure those agencies are following applicable legal requirements

# Article 5 – Health Plan Review

- Office of the Health Insurance Commissioner
  - Oversees activities of licensed insurers
  - Reviews prices of plans
  - Examines health plans
    - Review compliance with state and federal laws
  - Investigates consumer complaints
  - Created in 2004 segregating health insurance from other insurance regulation via Department of Business Regulation

# Article 5 – Health Plan Review

- Affordable Care Act mandates tighter controls on independent review organizations
  - Transfers would coincide with efforts to meet that standard
  - December 31, 2017 deadline

# Article 5 – Health Plan Review

- Adopt federal external appeal requirements
  - External reviews are conducted by independent review organizations
- Streamline state's internal appeal requirements
- Adopt state law with federal rules for pharmacy and non-formulary denials and appeals



# Article 5 – Health Plan Review

- FY 2018 budget transfers two positions
  - Funded from an assessment of staff time used during certification or recertification process
  - There are currently 79 health care plan utilization review companies
    - Their reports are monitored quarterly
  - There are 110 health plans certified
  - Recertification is done every 2 years

# Article 5 – Health Plan Review

- New England Comparison
  - Certification of utilization review companies is a function of insurance division/department
  - Rhode Island appear to be outlier
    - Massachusetts – Division of Insurance
    - Connecticut – Insurance Department
- DOH research suggests majority of states are through insurance related entities

# Article 6

- Article 6 – Government Reform
  - Directors' Salaries
  - Employee Protection
  - Disclosure of Tax Information

# Article 6 – Directors' Salaries

- Directors' salaries
  - Repeals legislation that requires Administration to refer proposed salaries for cabinet directors to Assembly by the last day in April following a March public hearing
    - If Assembly does not act, goes into effect
  - Compensation would be determined by Governor
- Budget does not assume any raises for FY 2018

# Article 6 – Directors' Salaries

- FY 2016 proposal: would be determined by the director of DOA
- Not approved by 2015 Assembly
  - Provided one-time extension
  - July 2015 approved raises for 6 cabinet directors
- FY 2017 proposal: similar to Office of Governor staff and receive COLA

# Article 6 – Directors' Salaries

Received Raises	No Raises
BHDDH	Administration
Business Regulation	Children, Youth & Families
Environmental Management	Corrections
Human Services	Emergency Management
Labor & Training	Health
Transportation	Health & Human Services
	Public Safety
	Revenue

# Article 6 – Employee Protection

- Current law provides employee protection in new positions
  - If dismissed during probationary period, can return to former position
- Article subjects return to the prior position at the discretion of that position's appointing authority
  - Excludes positions covered by CBA

# Article 6 – Disclosure of Tax Info.

- Section 4 permits tax administrator to share information with the Office of Internal Audit
  - For purpose of detecting and preventing fraud
- Information may be from:
  - Tax reports
  - Returns
  - Audits



# Article 6 – Disclosure of Tax Info.

- 2016 Assembly consolidated internal auditing functions in Office of Management and Budget
  - FY 2017 enacted budget assumes revenues of \$5.0 million from fraud and waste detection
  - FY 2018 recommended budget assumes expenditure credit of \$3.5 million

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