

Governor's FY 2021 Budget Articles

Staff Presentation to the House Finance
Committee
July 8, 2020

Introduction

- Medicaid related articles 14,17,18, 20 over 2 hearings
 - Article 14 – Medicaid
 - Including Medicaid Resolution
 - EOHHS programs – March 10 and July 8
 - BHDDH/DD wage increase – July 8
 - Article 17 – Hospital Uncompensated Care
 - July 8
 - Article 18 – Hospital License Fee
 - July 8
 - Article 20 – Sec.13 – Rite Share – March 10

Medicaid Overview

- Major part of state budget & economy
 - Over 300,000 state residents receive some kind of Medicaid funded benefit
 - Majority of costs on small % of population
- Federal requirements and limitations
 - Can expand programs through waivers
 - To cover populations & provide services through different pathways
 - RI Global Consumer Choice Compact Waiver

EOHHS

- Principal agency to manage the 4 health and human service agencies
 - Behavioral Healthcare, Developmental Disabilities and Hospitals
 - Children, Youth and Families
 - Human Services
 - Health
- Medicaid funded programs in each of the agencies

EOHHS

- Governor appoints the directors of the 4 agencies under the EOHHS umbrella
 - EOHHS is responsible for managing and providing strategic leadership and direction to the 4 departments
 - Ideally, issues and impacts are coordinated across agencies
 - Directors retain statutory authority

Governor's FY 2021 Budget by Department

Department	General Revenues	All Funds
EOHHS	\$1,010.7	\$2,682.2
BHDDH	207.8	487.1
Children, Youth & Families	186.8	263.6
Human Services	117.9	635.2
Health	33.0	186.7
Total	\$1,556.1	\$4,254.8
Total State Budget	\$4,247.8	\$10,195.0
EOHHS Agencies % of Total	36.6%	41.7%

\$ in millions

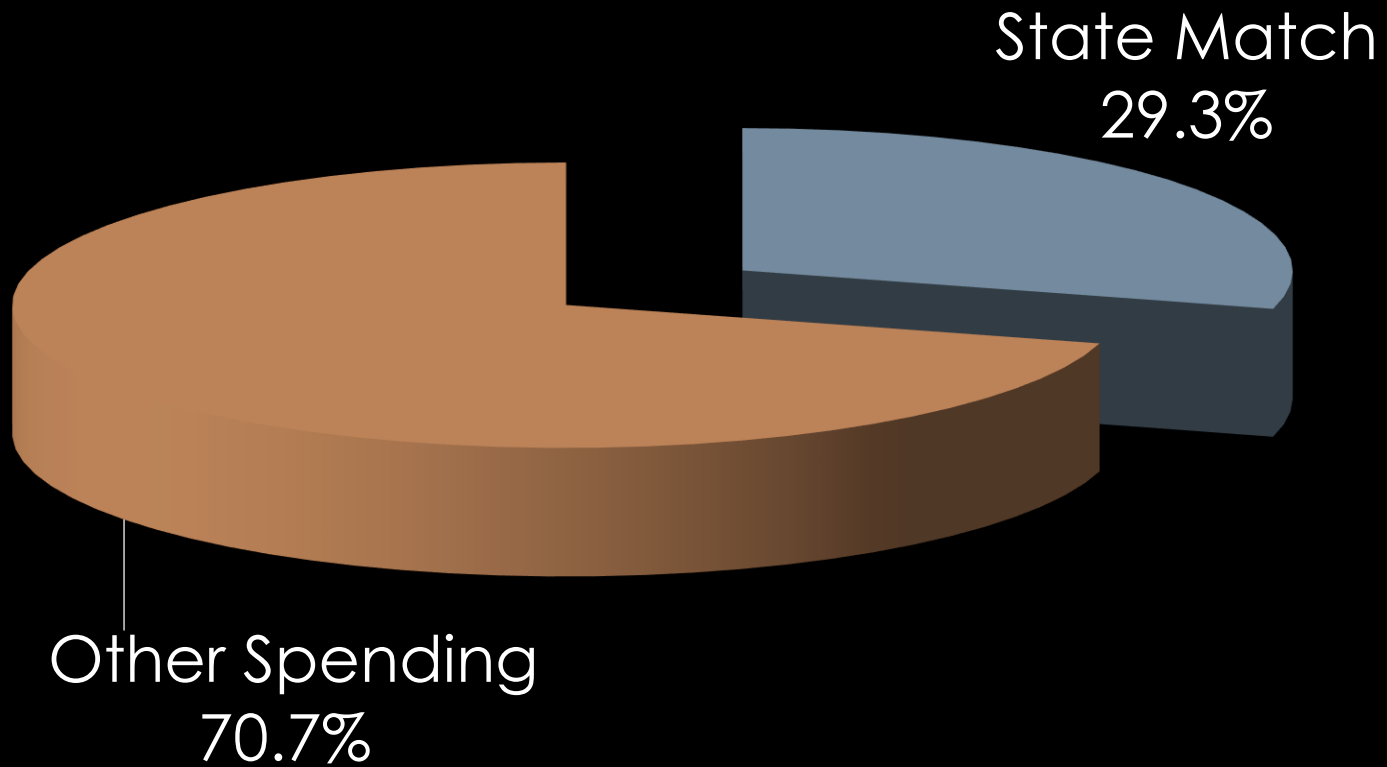
Governor's FY 2021 Budget

Medicaid by Department

Department	General Revenues	All Funds	% of Medicaid
EOHHS	\$1,003.8	\$2,640.4	83.3%
BHDDH	199.3	435.4	13.7%
DCYF	30.0	62.9	2.0%
Human Services	12.3	29.7	0.9%
Health	1.0	3.2	0.1%
Medicaid Total	\$1,246.4	\$3,171.6	100%
Total State Budget	\$4,247.8	\$10,195.0	
Medicaid % of Total	29.3%	31.1%	

\$ in millions

Medicaid % of FY 2021 Budget - General Revenues



Medicaid Programs

- EOHHS:
 - Low income children and parents
 - Elderly/Disabled/Non-Disabled without dependent children
 - Medical benefits for those receiving community based services through BHDDH or DCYF
- BHDDH:
 - Services to developmentally disabled adults
 - Patients at Eleanor Slater Hospital

Medicaid Programs

- DCYF
 - Non-medical services for children
 - Residential and community based services
- DHS
 - Medical services administration
- DOH
 - Inspections
 - Administrative expenses

Caseload Estimating Conference

- House Fiscal, Senate Fiscal and State Budget Office staff estimate expenditures for medical benefits and cash assistance programs in EOHHS & DHS
- Convenes November & May each year
- Estimates based on current law only
- Starting point for the Governor's revised and recommended budgets

Medical Assistance: CEC

Program	FY 2021 Nov CEC	FY 2021 Gov. Rec.	Change to Nov CEC
Hospitals	\$132.7	\$192.3	\$59.6
Long Term Care	457.5	450.1	(7.4)
Managed Care	740.0	705.0	(35.0)
Expansion	500.0	462.1	(37.9)
RH Partners (disabled)	267.0	262.5	(4.5)
RH Options (elderly)	149.3	146.2	(3.1)
Pharmacy	74.7	74.7	-
Other Medical	147.0	148.6	1.6
Total	\$2,468.2	\$2,441.6	\$(26.6)

\$ in millions

Medical Assistance

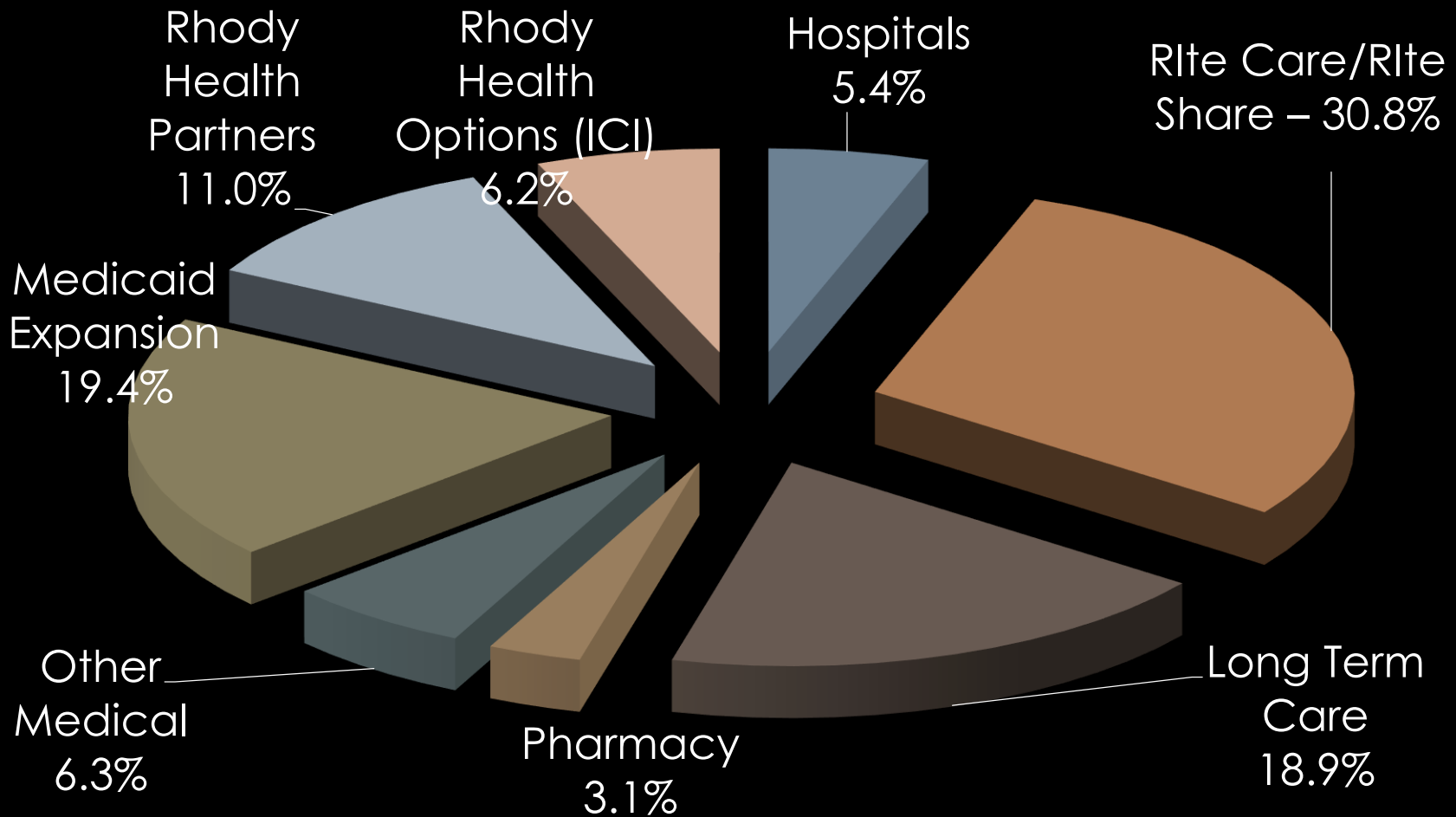
- Governor's budget proposes numerous changes to the CEC estimate
 - Require a change to current law
 - Notification to the Assembly
 - Less formal changes
 - One item essentially re-estimated enrollment
- Value of Governor's proposals changed with May caseload estimate
 - New enrollment & rate projections
 - Updated federal impacts

Medical Assistance: CEC

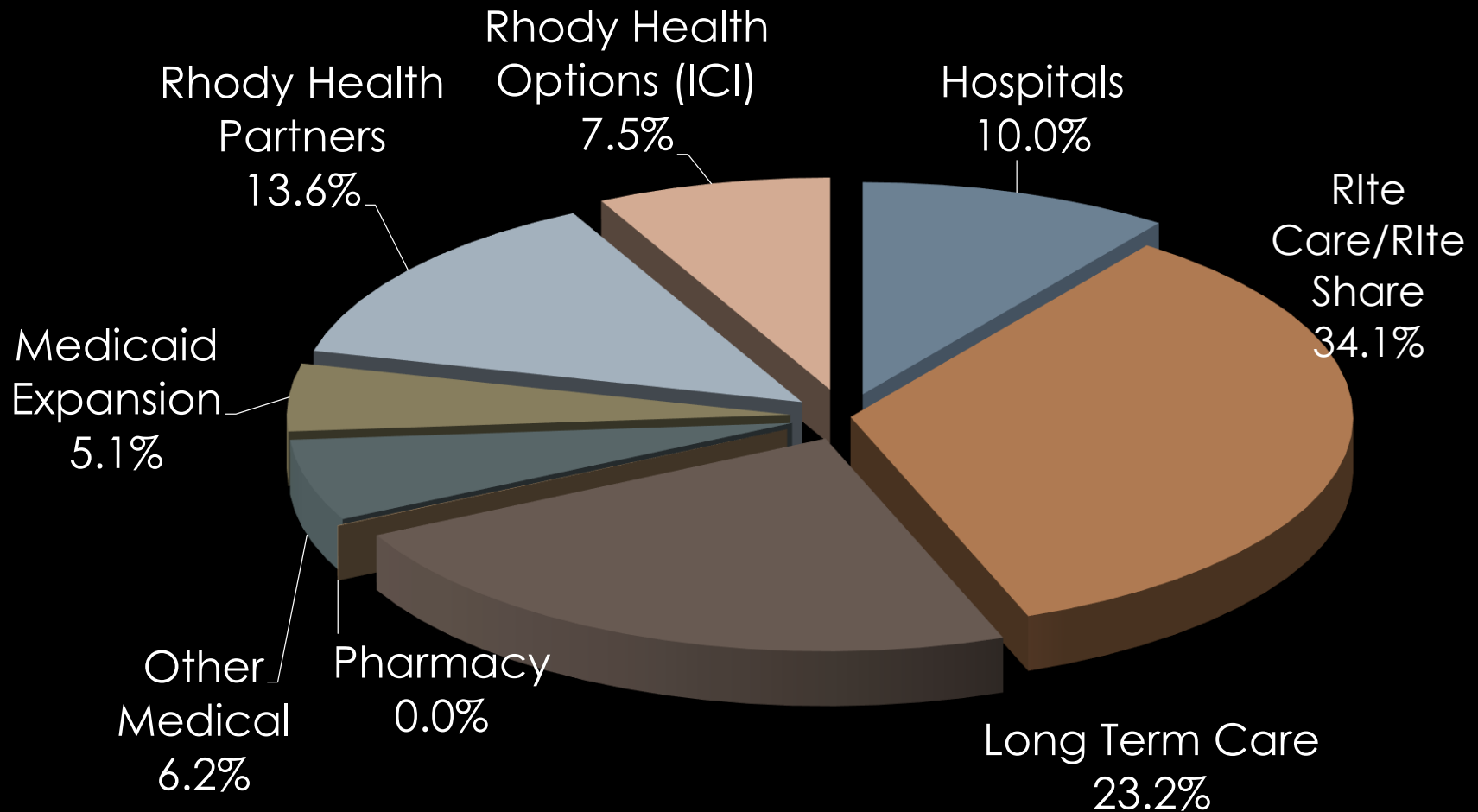
Program	FY 2021 Gov	May CEC	Adjusted	Adj. to May CEC
Hospitals	\$192.3	\$192.6	\$188.0	\$(4.6)
Long Term Care	450.1	455.3	449.9	(5.4)
Managed Care	705.0	838.0	813.6	(24.4)
Expansion	462.1	623.0	600.9	(22.1)
RH Partners (disabled)	262.5	309.5	309.0	(0.5)
RH Options (elderly)	146.2	140.8	139.9	(0.9)
Pharmacy	74.7	74.9	74.9	-
Other Medical	148.6	143.5	145.1	1.6
Total	\$2,441.6	\$2,777.6	\$2,721.3	\$(56.2)

\$ in millions

FY 2021 Governor's Budget: EOHHS All Funds

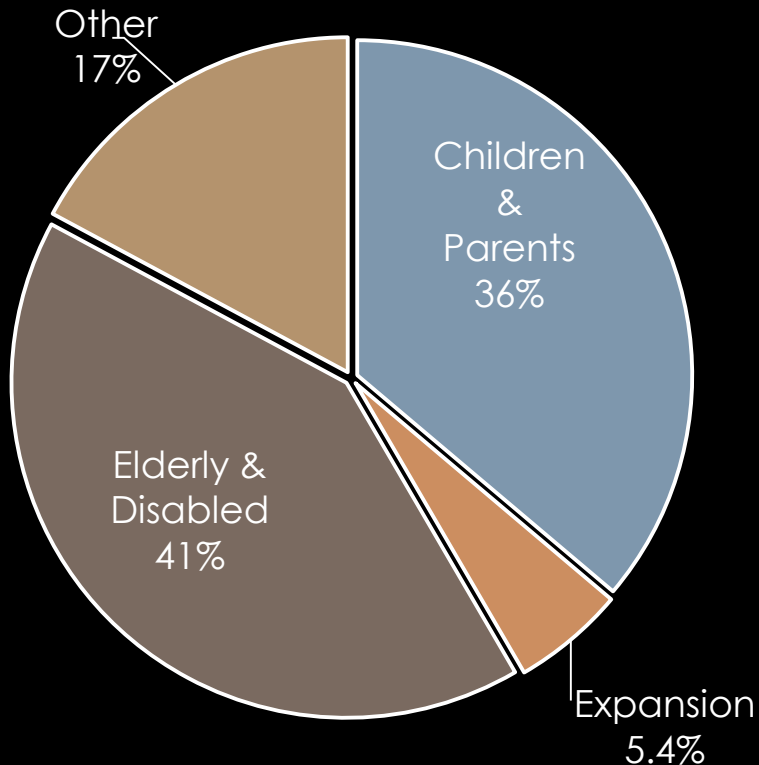


FY 2021 Governor's Budget: EOHHS General Revenues

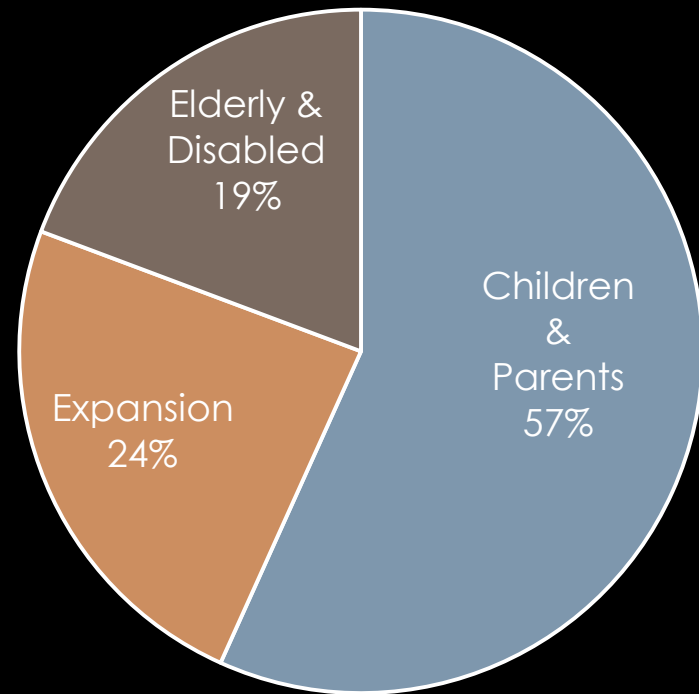


FY 2021 Governor's Budget: EOHHS by Population

PROGRAM EXPENSES: GENERAL REVENUES

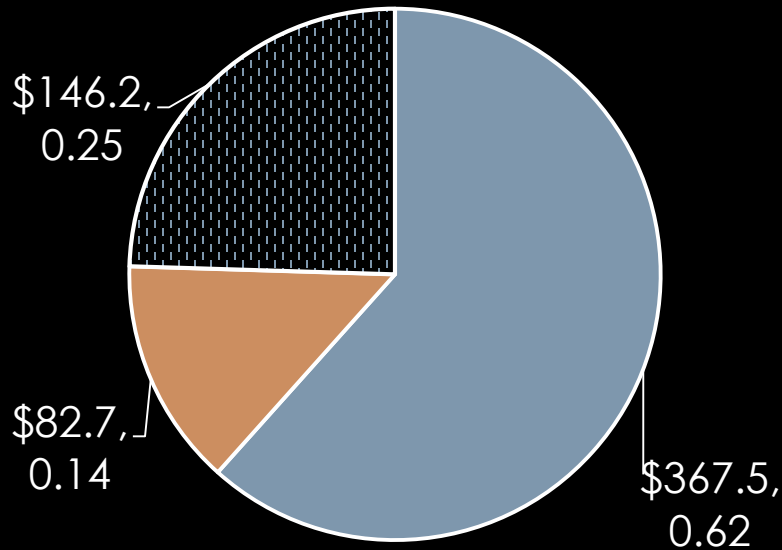


ENROLLMENT

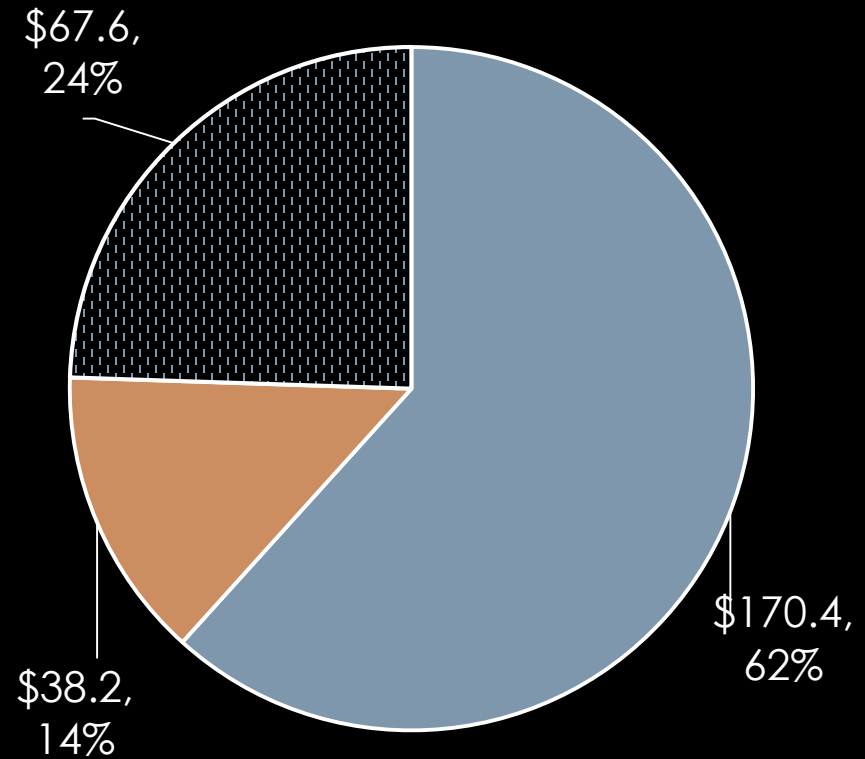


FY 2021 Governor: Long Term Care

All Funds = \$596.4 million



Gen. Rev. = \$276.2 million



- Nursing Homes
- Home & Community Care
- Rhody Health Options (ICI)

Articles 14 & 20

Provider Impact*	Gen Rev	Total
Hospitals	\$(14.7)	\$(25.5)
Long Term Care Services & Supports	(2.1)	(5.1)
Managed Care Plans	(3.1)	(17.5)
Total	\$(20.0)	\$(48.2)

\$ in millions *adjusted savings

Article 14 – Resolution

Proposal *	General Revenues	All Funds	FTE
(a) Provider Rates	\$(1.9)	\$(6.1)	-
(b) Perinatal Doula Services	0.1	0.2	-
(c) Co-Payments	(3.6)	(16.2)	2.0
(d) Rite Share Program (also Sec 13/Art 20)	(5.2)	(19.0)	-
(e) BHDDH Wage Increase	1.0	2.2	-
(f) Federal Financing Opportunities	N/A	N/A	-
Total	\$(9.6)	\$(38.9)	2.0

\$ in million *adjusted savings

Articles 14 (e)– BHDDH

- Governor's budget adds \$2.2 million to increase wages paid to direct care workers
 - Direct support professional (DSP) wage estimated to increase 13 cents to \$13.31
 - Supervisors, job development & support coordinators also linked to the DSP worker rate

Fiscal Year	General Revenues*	Total*	DPS Wage
2021	\$1.0	\$2.2	\$13.31
2020	\$3.0	\$6.4	\$13.18
2018	\$3.0	\$6.2	\$12.27
2017	\$4.5	\$9.2	\$11.91

* in millions

Articles 14 (e)– BHDDH

- Other professional supports
 - Direct Care Supervisors, Support Coordinators, Job Developers
 - Professional: physical, speech & occupational therapy

Staff	FY 2017	FY 2018-FY 2020	FY 2021
Direct Care Supervisor	\$17.87	\$18.41	\$19.97
Support Coordinator	\$20.84	\$21.47	\$23.29
Job Developer	\$20.84	\$21.47	\$23.29
Professional	\$27.52		\$29.84

BHDDH-Division of Developmental Disabilities

- RI provides services for developmentally disabled adults under Medicaid Waiver:
 - Residential/Community Supports
 - Day Programs/Supported Employment
 - Approximately 3,700 individuals receiving services

Private Agencies	General Revenues	All Funds
FY 2018 Actuals	\$114.9	\$238.9
FY 2019 Actuals	\$113.7	\$233.3
FY 2020 Final	\$110.7	\$254.9
FY 2021 Gov. Rec.*	\$130.5	\$290.2

*Assumes privatization of RICLAS

BHDDH-Division of Developmental Disabilities

Benefit	Options	Eligibility Determination
Residential	24-hour group home	BHDDH
	Shared living arrangement	
	Independent Living	
	Home with Family	
Community	Day Program	
	Supported Employment	
Medical	RH Partners or Options	EOHHS

Article 14 – Hospital Payments

- Current law requires hospital payment rates to increase based on a national index
 - May CEC adopted 2.6% for inpatient & outpatient services
- Section 2 freezes rates at FY 2020 level
 - Payments reduced by \$20.9 million
 - \$7.0 million from general revenues
 - \$6.6 million impact net of provider tax loss

Article 14 – Hospital Payments

- 2019 Assembly did not enacted similar Governor's proposal for FY 2020
 - Adopted a plan that increased rates by 4.5% above the scheduled 2.7%
 - Eliminated inpatient upper payment limit reimbursement payment to maximize federal match
 - Brought hospital payments closer to costs
 - Among Reinventing Medicaid changes, FY 2016 base rates were reduced by \$26.4 million percent

Hospital Rates

FY	Inpatient	Outpatient	Disposition of Scheduled Increase
2019	2.8%	1.8%	Gov: Proposed eliminating increase Assembly: kept rate increase
2018	3.0%	1.6%	Gov: no increase & reduced rates by 1% Assembly: kept increase
2017	2.7%	1.9%	No increase
2016	2.4%	1.7%	No increase & base reduction of 2.5%
2015	2.5%	2.2%	No increase
2014	2.6%	1.7%	No increase
2013	2.6%	1.9%	Rate increase as scheduled

Statutory adjustments source: Inpatient Rates adjusted by CMS Prospective Payment System national index; Outpatient by Global Insight index

Article 14 - Hospital Payments

- Outpatient Upper Payment Limit (UPL)
 - State makes payments to hospitals to match fee-for-service rates paid by Medicare if Medicaid pays less for same services
 - First made in FY 2009 budget
- Article eliminates the payment
 - Savings of \$4.6 million
 - \$1.5 million general revenues
- Inpatient UPL eliminated in FY 2020 as part of rate reform

Article 17– Uncompensated Care

- Payment for Uncompensated Care
 - Also referred to as: Disproportionate Share Payments (DSH)
 - Made to hospitals serving a high volume of Medicaid or low-income patients
- Hospital costs minus payments made
 - Can include “underinsured” or “uninsured”
 - Does include cases where Medicaid payments do not cover actual cost

Article 17– Uncompensated Care

- Federal formula determines state allocation – w/general revenue match
- Distribution based on hospitals' share of statewide uncompensated care total
 - RI uncompensated care totals \$249.0 million
 - 7.8% of hospital expenses
 - 2018 data
 - DSH payments: \$142.3 million – 57.2% of total
 - Same share to each Individual hospital

Article 17– Uncompensated Care

- Annual article sets future payment
 - 2019 Assembly included a \$142.4 million payment for FY 2021
 - Alignment of years is different because of previous action to close a budget gap
 - State did not make a payment in FY 2007
 - Did include legislation for payment in FY 2008
 - Article 17 - \$142.3 million for FY 2022

Article 17– Uncompensated Care

- Affordable Care Act – phases in a lower federal allotment to states
 - Originally to be based on # of uninsured individuals in a state beginning with FY 2014
 - Delayed in previous fiscal years
 - Congress extended the delay to December 1, 2020
- RI's 2020 allotment is \$73.1 million, matched by general revenues
 - Total - \$142.3 million

Article 18 – Hospital Licensing Fee

- Previously adopted annually
- 2019 Assembly adopted 2-year rate
 - 6% for FY 2020 and 5% for FY 2021
 - Same two-tiered fee with South County & Westerly paying proportionally less
- 2018 base year revenues - \$3.2 billion is basis for fee
 - FY 2020 at 6% = \$193.8 million
 - FY 2021 at 5% = \$161.5 million
- Overall rate reform and UCC issues

Article 18 – Hospital Licensing Fee

- Revenue and Caseload estimates based on current law
 - Nov. UCC estimate based on federal phase down
 - May estimate includes updated fed law=Gov.

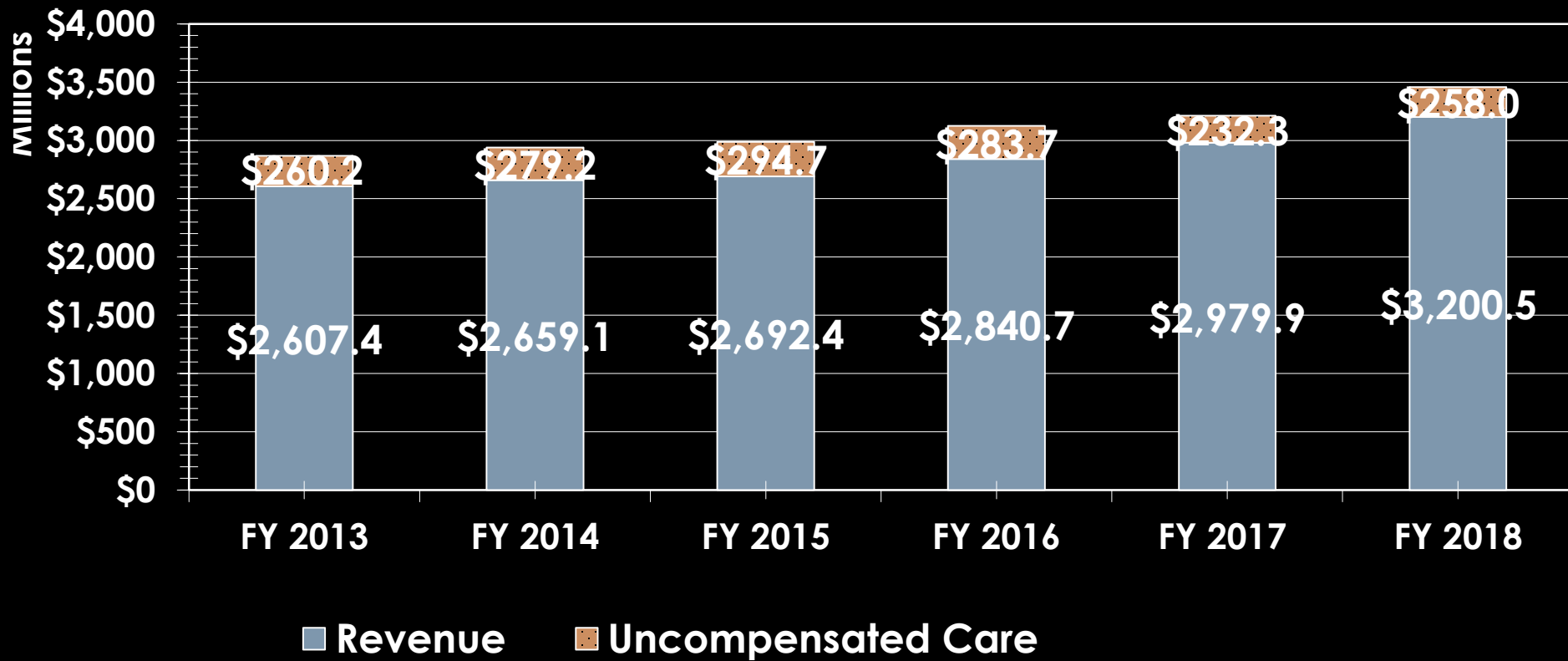
	FY 2020 Enacted	FY 2021 Nov REC/CEC	FY 2021 Gov. Rec
License Fee	\$193.8	\$161.5	\$193.8
UCC Payments	\$142.3	\$77.8	\$142.3

Article 18 – Hospital Licensing Fee

Hospital License Fee	FY 2021 Current Law	FY 2021 Gov. Rec.	W/Updated Base Year
Base Year	2018	2018	2019
Tax Rate	5.0%	6.0%	6.0%
Hospital Revenue	\$3,200.5	\$3,200.5	\$3,222.6
Community Hospital License Fee	\$160.0	\$192.0	\$193.4
Washington County Waiver	(4.2)	(5.0)	(5.6)
Community Hospitals Total	\$155.9	\$187.0	\$187.7
Eleanor Slater Revenue	\$113.8	\$113.8	113.7
Eleanor Slater License Fee	\$5.7	\$6.8	\$6.8
Total Hospital License Fee	\$161.5	\$193.8	\$194.5

\$ in millions

Hospitals



Hospitals – FY 2020 Enacted

Hospital/ Network	Revenue	Uncomp. Care	DSH Payment	UPL	GME	License Fee
Lifespan	\$1,800.3	\$138.8	\$78.6	\$2.8	\$1.0	\$90.0
Care New England	754.2	42.2	25.5	1.0	-	37.7
CharterCare	297.4	34.8	19.7	0.5	-	14.9
Landmark	122.9	22.0	12.2	0.1	-	6.1
South County	160.4	6.9	3.8	0.1	-	5.1
Westerly	65.3	4.4	2.5	0.3	-	2.1
Eleanor Slater	113.8	-	-	-	-	5.7
Total	\$3,314.3	\$249.0	\$142.3	\$4.7	\$1.0	\$161.5

\$ in millions

Eleanor Slater Hospital

- ESH pays the same fee as other hospitals
- State collects revenues but pays ½ the fee
 - Matched by Medicaid
- Recent federal compliance and billing issues changes this significantly
 - Impact is unknown – depends on future of ESH

	FY 2017	FY 2018	FY 2019
License Fee	\$6.6	\$6.7	\$6.8
State Share	\$3.2	\$3.1	\$3.2

\$ in millions

Article 14: Nursing Facility Rates

- Current law requires NH rates increase annually Oct. 1 using national index
 - May CEC assumed 2.9% increase
 - \$ 8.8 million including \$4.0 million general revenues
- Article limits rate increase to 1%
 - Savings of \$5.1 million, \$2.4 million from GR
 - Budget includes the \$0.4 million revenue loss from provider tax, net savings \$2.1 million
- FY 2020 increase also limited to 1%
 - Consistent with Governor proposal

Reimbursements

FY	Total	Previous Budget Actions
2019	\$5.9	Assembly provided a 1.5 % increase eff. July 1 to settle a lawsuit w/facilities
	(\$5.4)	Limit October rate increase to 1 %
2018	(\$10.8)	No October rate increase
2017	\$7.9	Rates increased by 3% Oct 1 & 4-year phase out of direct care adjustment
2016	(\$15.6)	Rate freeze, 2.0% reduction & acuity delay
2015	(\$4.9)	6 mo. delay on October rate increase
2014	(\$10.5)	No October rate increase

\$ In millions

Long Term Care Services & Supports

- State has 83 licensed nursing facilities
 - Approx. census of 7,700 at end of March
 - 5,500 of those are Medicaid
 - As of end of May – census is 6,800

Long Term Care Services & Supports	FY 2020 Final	FY 2021 Gov. Rec.	FY 2021 May CEC
Nursing Homes	\$368.0	\$367.5	\$368.0
Home & Community Based Services	83.0	82.7	87.3
RH Options	138.6	146.2	140.8
Total	\$589.6	\$596.4	\$596.1

\$ in millions

Related Issues

- Current crisis has brought new challenges to the systems under discussion today
 - Federal Relief
 - Provider Relief Funds
 - Hospital Preparedness
 - State Relief
 - PPE
 - Wage Support
 - Revenue loss
 - Rate increases

COVID Related Relief

- Hospitals
- Congregate Care Settings
 - Nursing Homes
 - Assisted Living Facilities
 - Services to developmentally disabled adults
 - Retainer payments & rate increase
 - State & Medicaid Funds
 - Services to children & adolescents under DCYF care

COVID Related Federal Relief

Federal Funds	Provider/Purpose	Total
Provider Relief Funds	General Allocation	\$90.5
	High Impact Hospitals	19.8
	Hospital Safety Net	56.7
	Skilled Nursing Facilities	34.5
Hospital Preparedness Funds		2.9
Total		\$204.4

\$ in millions

COVID Related Relief – Hospitals

- Federal Provider Relief - \$90.5 million –
Make up for loss of revenue
 - \$19.8 million – Rhode Island Hospital
 - “Hot spot” area
- Federal Hospital Preparedness - \$2.9 million
 - Hospital Assoc. of RI & DOH
- State Programs - ?
 - Hospital Assistance Partnership Program (HAPP)
 - Phase I ~ \$100 million
 - Phase II – To be determined

COVID Related Relief – Hospitals

- HAPP: hospitals apply for funds to
 - Address business disruptions & emergency preparedness for ongoing COVID-19 impacts
 - Backfill revenue loss
 - Make necessary system changes to address avoidable hospitalizations & ER use
- Phase I:
 - Grants to partially offset short-term financial pressures due to COVID-19

COVID Related State Relief

HAPP Phase I Payments	
Care New England Network	\$39.2
Miriam Hospital	21.0
CharterCare	15.8
Emma Pendleton Bradley Hospital	3.6
Landmark Hospital	6.1
South County Hospital	9.6
Total	\$95.2

\$ in millions

COVID Related Relief – Hospitals

- Phase I grants disbursed based on:
 - Projected change in cash flow for an 8 week period
 - Plus hospital based COVID staffing and other expenses for the 8 week period
 - Minus federal funding received through the CARES Act or other COVID-related federal legislation
- Phase II disbursement – TBD
 - Take a broader look at the health care system
 - Impact on hospitals
 - Access to appropriate level of care

COVID Related State & Federal Relief

Nursing Home Support - COVID Response	Total	Month
10% Rate Increase	\$10.1	April – June
Interim Payment Recoupment Delay	13.2	
Workforce Stabilization Funds	6.4	May-June
Personal Protective Equipment	???	March – June
Federal Provider Relief Funds	39.4	April-May
Specialty Nursing Homes (2)	1.1	April- June
Total	\$70.2	

\$ in millions

COVID Related State Relief

- Nursing Homes
 - 10% rate increase for April/May & June
 - \$10.1 million from all sources
 - EOHHS stopped the automatic recoupment of advanced payments that were made from issues with UHIP
 - Did not recoup April through June
 - Federal Provider Relief Funds
 - \$34.5 million for skilled nursing facilities
 - \$50,000 for each facility & \$2,500 per licensed bed

COVID Related State Relief

- Nursing Homes – PPE
 - March 16 -June 23
 - From pre-COVID stockpile, Strategic National Stockpile, donations & state purchased
 - 1.15 million gloves
 - 175,555 N95 masks
 - 337,300 surgical masks
 - 57,136 face shields
 - 147,845 gowns
 - 568 gallons of hand sanitizer

COVID Related State Relief

- Specialty Nursing Homes
 - Contract with the Department of Health
 - \$1.1 million has been spent through June 30
 - Oak Hill & Oakland Grove Nursing Homes
 - Facilities provided services to COVID-19 positive patients discharged from a hospital
- Long term care investments -\$25 million
 - Announced July 1
 - Infection control
 - Home and community based options

COVID Related State Relief

- Workforce Stabilization
 - Payroll support to congregate care facilities workers earning under \$20 per hour
 - Servings seniors, developmentally disabled adults, those w/mental health and/or substance abuse disorders and those under DCYF Care
 - Weekly Increase:
 - \$200 for those who work 30 hours or more
 - \$150 for 22 to 29 hours
 - \$100 for 15 to 21 hours
 - Must be repaid if used for other purposes

COVID Related State Relief

- \$16.6 million in payments made in May and June
- Payments to:
 - Nursing Facilities
 - Assisted Living Facilities
 - Community based providers for adults with developmental disabilities
 - Behavioral Health Care Centers
 - Community Health Centers

COVID Related State Relief

- BHDDH

- Retainer payments made to agencies providing services to developmentally disabled adults
 - \$15.4 million from reallocated funding budgeted for employment & community based day programs
 - Closed due to the pandemic
- 10% across the board rate increase for final quarter for residential services
 - \$3.0 million from all sources
 - Medicaid & General Revenues

Governor's FY 2021 Budget: Articles

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Committee
July 8, 2020
