

Governor's FY 2016 Budget: Articles

Staff Presentation to the House Finance
Committee
May 19, 2015

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Introduction

- Articles in Governor's FY 2016 Budget
- New Article – Reinventing Medicaid
- Replaces Article 3, 4, & 5
- Committee has heard:
 - Article 3 – Hospital License Fee
 - Article 4 – Hospital Payments
 - Article 5 – Medical Assistance Programs
 - In the new article w/ some notable changes

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Governor's Amended Proposals

FY 2016 Governor Rec	State Savings
Medicaid Identified	(\$45.0)
Workgroup Savings	(49.0)
<i>Reinventing Medicaid – Total</i>	(\$94.0)
Governor's Amended Proposals	(\$78.2)
FY 2016 May Caseload Savings	(\$13.1)
Total (millions)	(\$91.3)

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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

Issue	Section
Hospitals	1, 5, 9 & 10
Health Insurers	2, 3 & 16
Nursing Facilities	7, 13 & 18
Estate Recovery	6
Long Term Care/State SSI Payment	4, 11 & 13
OHHS Functions	8, 12, 15 & 17
BHDDH Authorizations	14
Medicaid Resolution	19

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Hospitals

Sec	Action	State Impact
1	License Fee at 5.846%	\$13.0
5	Freezes & reduces rates by 2.5% & seeks authorization for Hospital Incentive Program	(\$11.1)
9	Uncompensated Care	(\$0.4)
10	Eliminates FY 2015 & FY 2016 GME Payment	(\$2.0)

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Health Insurers

Sec	Action	State Impact
2	Removes Early Intervention coverage cap of \$5,000	Not identified
3	Removes health insurance cap of \$32,000 for applied behavioral analysis	Not identified
16	Increases threshold from \$7,500 to \$11,000 for services assessed through the Children's Health Account	(\$2.7)

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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)

Hospital Incentive Program

- Allows OHHS to seek federal authority for a Hospital Incentive Program (HIP)
- Provide participating hospitals the ability to obtain certain payments for achieving performance goals established by the Secretary
- Payments made no earlier than 7/1/2016
- Details on how this would operate not contained in the article

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Hospital Incentive Program

- May 1 – Working Group Report – Item #2
- Hospitals would have the opportunity to “earn back” a portion of the \$31.0 million by achieving defined performance goals
 - Reduce unnecessary utilization and avoidable readmissions
 - Improve coordination of care
- It appears the funding earned back would be from *additional* savings or the savings are not structural

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Nursing Facilities

Sec	Action	State Impact
7	Eliminates Oct , 2015 rate increase & further reduces rates by 2.5%	(\$9.3)
13	Eliminates benefit choice & ICI language for fee for service payments	-
18	Increases nursing home assessment from 5.5% to 6.0%	\$1.7

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Nursing Facilities Incentive Program

- Allows OHHS to seek authority for a Nursing Facilities Incentive Program (NFIP)
- Provide facilities the ability to obtain certain payments for achieving performance goals established by the OHHS Secretary
- Payments made no earlier than 7/1/2016
- Details on how this would operate not contained in the article

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Nursing Facilities Incentive Program

- May 1 –Working Group Report – Item #3
- Savings would be “reinvested” in 2 programs
 - 1) Measure discharges to the community and re-hospitalization & offer incentives to facilities that achieve high rating on both scores
 - 2) Base incentive payments on achieving above average scores in several quality metrics
- FY 2017 impact of “reinvestment”?

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Estate Recovery

Sec	Action	State Impact
6	Expands definition of assets that are recoverable*	(\$1.0)
	Adds 12% interest charge to any outstanding debt owed to the state	
	Medicaid eligibility tied to asset transfer	

**has a technical drafting error - expecting an amendment*

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Estate Recovery

Current Law	Section 6
Liens apply to property included or includable in a probate estate	Expand to other assets whether or not included or includable in a probate estate
Any debt owed to the state no interest charged	Charge 12% interest starting 6 mths from appointment of administrator for estate
A lien on an estate of a Medicaid recipient – post death	Place a lien during the life of an individual receiving long term care services

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Long Term Care/SSI

Sec	Action	State Impact
4	Adds new \$465 SSI payment category	\$0.3 million
11	Certification Standards for Community Based Services	Not identified
13	Community Based Supportive Living Program	Not Identified

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Section 4: SSI Payment

- Adds new \$465 state payment for a Medicaid eligible individual receiving long term care supports & in a Medicaid certified assisted living residence or adult supportive housing residence
- Designed to enhance non-nursing home options
- Amendment expected
 - Restrict payment to those with certain income

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Section 4: SSI Payment

- Adult supportive housing residence already defined in state law as: Publicly or privately operated home that provides assistance, housing & meals to 2–5 adults
 - Adults cannot be related to the provider or manager
 - Excludes facilities licensed by BHDDH or DCYF or any other state agency
 - Rules and regulations need to be developed by the Department of Health

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Section 11: Standards & Services

Certification Standards for Community Based Services

- New standards for adult day, assisted living and adult supportive care homes
 - Acuity-based, tiered system and payments tied to need, services and supports & quality and outcome measures
- Rules and regulations needed
- Impact?
- Winners and losers?

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Section 13: Community Based Living Program

- Eliminates beneficiary choice in long term care arrangements
- CMS allows states to enroll individuals in managed care plans as long as there is more than one option
 - Rite Care and Rhody Health Partners
- Rhody Health Options – Integrated Care Initiative – one option
 - Neighborhood Health Plan of RI

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Section 13: Community Based Living Program

- Creates Community Based Supportive Living Program
- Only accessible to those enrolled in a managed care plan under the ICI
- Establishes new standards
- Increase the cap on room and board for those in a single room and a double

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Section 13: Community Based Living Program

- Cost effectiveness provision: in the first year the cost is not to exceed the cost for the same number of beneficiaries with the same need as those in a nursing home
- Program will be terminated if this target is not met

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Section 13 – Integrated Care Initiative

- Eliminates the language included in Article 18 of 2014 - H 7133 for duals demonstration project – ICI
 - Mandates that the managed care plans pay no less to nursing homes enrolled in Rhody Health Options than what those homes would have received through fee-for-service program

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OHHS Functions/BHDDH

Sec	Action	State Impact
8	Medical Assistance Fraud – Office of Program Integrity	No impact
12	Eliminates Assessment & Coordination Unit	No Impact
14	BHDDH - Annual authorizations	N/A
15	Responsibilities & Oversight	\$1.0
17	Children’s Cabinet	-

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Office of Program Integrity

- Section 8 – establishes Office as a unit in OHHS –
- Coordinate state & local agencies, law enforcement and investigative units
- Increase program effectiveness in dealing with prevention, detection & prosecution of Medicaid and public assistance fraud
- Develop strategies to investigate and eliminate fraud and recover funds

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Assessment & Coordination Unit

- Section 12 – Eliminates Assessment & Coordination Unit
- Never operational

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Sec 14 - BHDDH Authorized Services

- Eliminates the individual program plan that provides services by function & category for individuals w/ developmental disabilities
- Eliminates quarterly authorizations
- Unclear on billing and staffing ratios changes

FY	Authorizations	Payments	Not in Budget
2014	\$222.8	\$196.2	\$26.6
2013	\$208.1	\$180.1	\$28.0
(in millions)			

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Sec 14 - BHDDH Authorized Services

- Current spending approximately \$198.0 million based on \$232 million in authorizations
- As drafted and without additional controls there is a potential FY 2016 budget impact of \$15.0 million from general revenues
- Not accounted for in any budget documents

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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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OHHS Responsibilities

Date	Function	Transferred?
7/1/07	Fiscal & Legal	Yes
9/1/07	Communications	No
3/1/08	Policy Analysis & Planning	No
6/30/08	Information Systems & Data Mgt	No
10/1/09	Assessment & Coordination /Program Integrity, Quality Control & Recovery	No
1/1/11	Protective Services	No
7/1/12	HIV/AIDS treatment programs	No

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OHHS Responsibilities

- Eliminates references to 2 completed studies: Medicaid program study & Human Services Call Study
- Retains blanket authority for category II and III changes under the waiver
 - Also included in Section 19 with specific details of the changes

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OHHS Responsibilities

- Program Integrity Division – adds language to pursue any opportunities to enhance efforts available under federal or state law
- With Secretary's approval, will make recommendations to assure that departments implement corrective actions plans to remediate any federal and/or state audit findings
 - State has TANF, SNAP federal penalties need to address & state audit findings

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Children's Cabinet

- Section 17 – updates Cabinet composition
- Adds OHHS Secretary, child advocate and Governor or designee
- Eliminates chief information officer, Governor's director of policy and director of Department of Elderly Affairs
- Updates from 7/1/1992 to 12/12/2015 a comprehensive 5-year plan & submission
- Appears to reflect current cabinet roles and plan submission

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Resolution - Medicaid Waiver

- Medicaid waiver classifies proposed changes into 3 categories
- Each requires a different level of approval to make a change
 - Approval by the Centers for Medicare and Medicaid Services (CMS)
 - Formal approval
 - Written or oral notification of a change
 - Approval by the General Assembly
 - Statutory change & resolution allowing the change

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Resolution - Medicaid Waiver

Cat	Change	Approval	Example
I	Administrative	CMS (notification only)	General operating procedures, prior authorization change
II	Payments and optional benefits	Assembly & CMS	Payment change & adding benefits
III	Eligibility/New Benefit	Assembly & CMS	Lowering Rlte Care parents threshold

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Section 19 – Resolution

Action	Section	State Impact
(a,b) Nursing Facility Rates, Incentive Program & Assessment	7	(\$11.1)
(c) Hospital Payments, Incentive Program & License Fee	5	(\$13.0)
(d) Pilot Coordinated Care Program	N/A	(\$3.0)
(e) Managed Care Contracts	N/A	(\$2.8)
(f) Long Term Care Arrangements	11	

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Section 19 – Resolution

Action	Section	State Impact
(g) Integrated Care Initiative	13	-
(h) Behavioral Health – Coordinated Care Mgt.	N/A	(\$3.0)
(i) Community Health Teams & Targeted Services	N/A	(\$1.0)
(j) Health and Home Stabilization Services	N/A	(\$1.8)
(k) STOP Program	N/A	(\$0.5)

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Section 19 – Resolution

Action	Section	State Impact
(l) Eligibility Criteria & System Processes – Review & Realignment	N/A	(\$1.5)
(m) LTC – Eligibility Criteria	N/A	(\$1.0)
(n) Estate Recovery & Liens	6	
(o) Alternative Payments	N/A	
(p) Approved Authorities – Waiver	N/A	-
(q) ACA Opportunities	N/A	-

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Issues to Consider

- Which proposals are stand alone?
 - Resolutions – STOP program, community health teams
- How many are interdependent?
 - Example – eliminating benefit choice impacts community based supportive living program and SSI changes

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Issues to Consider

- Article is effective upon passage
 - With exception of Section 10 – GME payment
- Timeframe for the changes? What does state have to do to implement?
 - Federal approval, state rules and regulations
 - State public hearing process can be 2 - 3 mo.

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Issues to Consider

- Are the savings for a full year? 6 months?
 - Rate changes are effective 7/1/2015
 - Several assume 1/1/2016 – adult day changes
- How does incentive pools affect out year savings?

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