



State of Rhode Island and Providence Plantations

Caseload Estimating Conference

Room 305, STATE HOUSE, PROVIDENCE, RI 02903

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To: The Honorable Lincoln D. Chafee, Governor
The Honorable Gordon D. Fox, Speaker of the House
The Honorable M. Teresa Paiva Weed, President of the Senate

From: Sharon Reynolds Ferland, House Fiscal Advisor
Stephen H. Whitney, Senate Fiscal Advisor
Thomas A. Mullaney, State Budget Officer

Handwritten signatures of Sharon Reynolds Ferland, Stephen H. Whitney, and Thomas A. Mullaney.

Date: November 14, 2013

Subject: November 2013 Caseload Estimating Conference

Summary

The Caseload Estimating Conference convened on November 4, 2013 in an open public meeting to review and revise cash assistance caseload and medical assistance expenditures for FY 2014 and FY 2015. In comparison to the enacted budget, the adopted estimate decreased total funding for FY 2014 by \$3.1 million. The FY 2015 budget for caseload programs is estimated to be \$291.1 million more than FY 2014 enacted funding levels and \$294.5 million more the FY 2014 revised estimate. Over three fourths of the increase relates to the extension of Medicaid coverage to certain low income adults as allowed under the Affordable Care Act.

Table with 6 columns: November 2013 Caseload Estimates, FY 2014 Enacted, FY 2014 Nov CEC, Change to Enacted, FY 2015 Nov CEC, Change to FY 2014 Nov CEC. Rows include Cash Assistance (All Funds, General Revenues), Medical Assistance (All Funds, General Revenues), and Consensus Caseload Total (All Funds, General Revenues).

Expenditures funded from general revenues are expected to be \$0.1 million more than enacted in FY 2014, including \$0.3 million more for cash assistance offset by savings of \$0.2 million in the medical benefits program. Expenditures funded from general revenues are expected to be \$46.0 million more than the FY 2014 revised estimate in FY 2015.

Cash Assistance

Cash assistance programs for FY 2014 are estimated to total \$108.5 million, a decrease of \$1.7 million from the enacted budget. General revenue expenditures are estimated to be \$29.9 million, \$0.3 million more than enacted. Expenditures for FY 2015 are estimated to total \$108.0 million, \$2.2 million less than enacted and \$0.5 million less than the FY 2014 revised estimate. Estimated general revenues of \$29.8 million are \$0.4 million more than enacted and \$0.2 million less than revised for FY 2014.

Rhode Island Works. The estimators project a caseload of 15,125 persons for FY 2014 or 375 less than enacted, at an average monthly per-person cost of \$183.00 or \$4.00 less than enacted. Total program expenses are estimated to be \$37.3 million, \$1.6 million less than enacted. For FY 2015, total costs are estimated to be \$37.2 million, \$1.7 million less than enacted, with a caseload of 15,125 persons at an average monthly cost of \$182.50 each. In both years, Rhode Island Works program expenditures are funded entirely from the federal Temporary Assistance to Needy Families block grant.

The estimate for FY 2014 reflects a modest reduction in caseload and a leveling off in FY 2015. This trend is the result of the slow economic recovery in Rhode Island and statutory time limits on assistance; Rhode Island Works imposes a lifetime benefit limit of 48 months, and limits assistance to 24 months in any five-year time period. The estimates assume that no more than 20 percent of the overall Rhode Island Works caseload will temporarily retain their benefits through the hardship provision, consistent with federal requirements allowing a state to exempt that portion of its caseload from the time limits while continuing to pay the benefits from federal funds.

Child Care Assistance. The caseload estimate includes \$50.6 million in FY 2014 to provide 7,170 children with subsidized care at an average yearly cost of \$7,060 each. Projected program expenses are lowered by \$0.5 million compared to the enacted budget based on updated enrollment projections for the pilot program that allows a family whose income increases above 180 to up to 225 percent of the federal poverty level to continue to receive subsidized child care until September 30, 2014.

For FY 2015, program costs are estimated to be \$50.7 million, or 7,145 subsidies at an average yearly cost of \$7,100. Neither estimate includes adjustment for the recent unionization of certain child care providers.

General revenues are estimated to be \$9.7 million, or 19.1 percent of total child care costs for both FY 2014 and FY 2105. General revenue financing for the Child Care Assistance Program reflects fulfillment of the Maintenance of Effort requirement under the federal Child Care Development Fund.

Supplemental Security Income. The caseload for the Supplemental Security Income program is estimated to be 33,590 in FY 2014, 75 above the enacted estimate. The estimated monthly cost per person is revised upward by \$0.43 to \$45.62 for total costs of \$18.4 million. In FY 2015, an estimated 33,951 individuals will receive payments averaging \$45.62, for total costs of \$18.6 million.

The state pays transaction fees to the federal government to administer a small portion of these state supplemental payments. These fees are expected to total \$53,000 in both FY 2014 and FY 2015.

General Public Assistance. Based upon recent program trends, the estimators project a slight decrease in persons receiving general public assistance in FY 2014 and increasing in FY 2015 back to the enacted level. Expenditures, including monthly “bridge” program, indigent burials, and limited medical benefits, are estimated to be \$2.2 million in FY 2014 and \$1.5 million in FY 2015.

The conference recognizes the state’s continued ability to leverage Medicaid funding through the Global Waiver for medical services provided to these clients, and included \$0.4 million from federal funds in FY 2014. Beginning January 1, 2014, individuals will have access to Medicaid benefits as part of the state expansion which provides coverage to certain adults at or below 138 percent of federal poverty and the general public assistance/medical benefits will no longer be needed.

Medical Assistance

The conference projects total medical assistance spending of \$1,730.3 million in FY 2014, \$1.4 million less than enacted. General revenue expenditures in FY 2014 are estimated to be \$815.3 million or \$0.2 million less than enacted. For FY 2015, the estimators project spending of \$2,025.3 million, \$293.6 million more than enacted and \$249.5 million more than the FY 2014 estimate; general revenues are expected to increase by \$45.8 million over the enacted base and \$46.0 million over the FY 2014 estimate totaling \$861.3 million.

Most medical assistance expenditures are matched at the state’s base federal medical assistance percentage (FMAP). The effective rate is 50.40 percent for FY 2014 and 50.0 percent for FY 2015.

Rhody Health Options. The FY 2014 and FY 2015 estimates include the new Rhody Health Options program, the state’s integrated care initiative to provide acute care and residential services to individuals eligible for both Medicare and Medicaid, commonly referred to as “dual eligibles” through a health plan.

The estimate includes \$126.3 million in FY 2014 and \$330.0 million in FY 2015 and is funded through a redistribution of resources from the other medical assistance programs, including nursing homes, home and community care, managed care, Rhody Health Partners, pharmacy and hospitals. The change within each program is shown in the following table and also noted separately.

November Caseload Estimating Conference Integrated Care Initiative							
Programs	FY 2014 Base	ICI	FY 2014 Adjusted		FY 2015 Base	ICI	FY 2015 Adjusted
Hospitals	\$ 86.4	\$ (17.1)	\$ 69.3		\$ 91.8	\$ (45.6)	\$ 46.2
Nursing & Hospice Care	362.9	(77.1)	285.8		380.8	(205.3)	175.5
Home & Community Care	98.5	(20.3)	78.2		97.6	(54.1)	43.5
Managed Care	591.7	(0.7)	591.0		623.6	(2.0)	621.6
Rhody Health Partners	202.1	(4.1)	198.0		216.9	(10.9)	206.0
Rhody Health Options*	-	126.3	126.3		-	330.0	330.0
Other Medical Services	123.0	(4.1)	118.9		124.5	(10.9)	113.6
Pharmacy	1.2	(0.4)	0.8		1.4	(1.2)	0.2
Total	\$ 1,465.9	\$ 2.4	\$ 1,468.3		\$ 1,536.6	\$ -	\$ 1,536.6
<i>*Includes 2% for gross premiums tax</i>		\$ 2.4				\$ 6.5	

Hospitals. Hospital expenditures in FY 2014, excluding payment for services provided to Medicaid enrollees in a managed care plan, are estimated to be \$199.1 million with \$17.1 million reallocated to Rhody Health Options. These expenditures include a disproportionate share hospital payment totaling \$129.8 million, reimbursing a portion of hospitals' cost of providing uncompensated and charity care. Expenditures for FY 2015 are estimated to be \$46.2 million after a \$45.6 million shift for Rhody Health Options and include \$131.2 million in anticipated uncompensated care payments for total program costs of \$177.4 million. Medicaid payments to hospitals in each year also include a supplemental outpatient "Upper Payment Limit" (UPL) reimbursement of \$11.1 million.

Long Term Care. Long term care expenditures, including costs for services provided in nursing facilities and in community settings, are now estimated to be \$364.0 million in FY 2014 and FY 2015 expenditures are estimated to be \$219.0 million. The estimate shifts long term care resources of \$97.4 million in FY 2014 and \$259.4 million in FY 2015 to the Rhody Health Options program. Long term care funding represents 77.1 percent and 78.6 percent of the redistribution of resources in FY 2014 and FY 2015, respectively to the Rhody Health Options program.

The Office of Health and Human Services has contracted with Neighborhood Health Plan of Rhode Island to provide services to individuals eligible for Medicare and Medicaid and that includes funding for nursing home care. As of November 1, 2013, 40 of the state's 82 nursing homes have signed contracts with the managed care plan.

Nursing facility costs are estimated to be \$285.8 million in FY 2014 and \$175.5 million in FY 2015. Home and community based services are estimated to be \$78.1 million in FY 2014 and \$43.5 million in FY 2015.

Because the number of nursing home bed-days decreased from FY 2012 to FY 2013, there is a \$0.1 million formula adjustment pursuant to the provision of the long term care service and finance reform contained in Rhode Island General Law 40-8.9-4.

Managed Care. FY 2014 expenditures for managed care (including the RItE Care and RItE Share programs) are estimated to be \$591.0 million, \$2.2 million less than enacted. Costs for FY 2015 are estimated to increase by 5.1 percent over the FY 2014 estimate, to \$621.6 million. The estimate shifts \$0.7 million in FY 2014 and \$2.0 million in FY 2015 to the Rhody Health Options. The FY 2015 estimate continues to include funding the premium assistance program for RItE Care parents transitioning to the health benefits exchange beginning January 1, 2014.

Rhody Health Partners. FY 2014 costs of \$198.0 million for the Rhody Health Partners program are projected to be \$4.3 million less than enacted. FY 2015 expenditures are estimated to be \$206.0 million, \$3.7 million more than enacted. These modifications incorporate monthly costs per member and more updated enrollment data. The estimate shifts \$4.1 million in FY 2014 and \$10.9 million in FY 2015 for Rhody Health Options.

Pharmacy. Expenses are estimated to be \$0.8 million in FY 2014 and \$0.2 million for FY 2015. This includes a shift of \$0.4 million in projected pharmacy funding reallocated to Rhody Health Options in FY 2014 and \$1.2 million in FY 2015.

The Medicare Part D clawback payment is estimated to be \$50.8 million, or \$0.6 million more than enacted in FY 2014 and \$50.4 million, or \$0.3 million more than enacted in FY 2015. Clawback payments consist solely of general revenues.

Other Medical Services. Expenditures for other medical services are estimated to be \$200.3 million in FY 2014 and \$420.7 million in FY 2015. The estimate includes a \$4.1 million shift to Rhody Health Options in FY 2014 and \$10.9 million in FY 2015.

The estimate includes \$81.4 million from federal funds to expand Medicaid to approximately 16,000 adults without dependent children whose income is at or below \$15,800 in FY 2014. For FY 2015, the costs increase to \$307.1 million to provide benefits to approximately 94,000 adults, also entirely federally funded.

The estimate also includes the Medicare Part B payment for certain individuals, fee-for-services payments for rehabilitation and other medical services and payments to Tavares pediatric facility. It also includes funding for the Connect Care Choice Community Partners program which is also part of the integrated care initiative along with the Rhody Health Options program.

The following table shows the November caseload conference estimates for cash and medical assistance benefits for FY 2014 and FY 2015.

November 2013 Consensus Caseload Estimates	FY 2014 Enacted	FY 2014 CEC	Change to Enacted	FY 2015 CEC	Change to FY 2014 CEC
Cash Assistance					
TANF/RI Works					
Persons	15,500	15,125	(375)	15,125	-
Monthly Cost per Person	\$ 187.00	\$ 183.00	\$ (4.00)	\$ 182.50	\$ (0.50)
Total Costs	38,870,880	37,259,820	(1,611,060)	37,172,570	(87,250)
TANF Block Grant	38,870,880	37,259,820	(1,611,060)	37,172,570	\$ (87,250)
General Revenues	-	-	-	-	-
Child Care					
Subsidies	7,025	7,170	145	7,145	(25)
Annual Cost per Subsidy	\$ 7,060	\$ 7,060	\$ -	\$ 7,100	\$ 40
Total Costs	\$ 51,096,500	\$ 50,620,200	\$ (476,300)	\$ 50,729,500	\$ 109,300
Federal Funds	41,427,865	40,951,565	(476,300)	41,060,865	109,300
General Revenues	9,668,635	9,668,635	-	9,668,635	-
SSI					
Persons	33,515	33,590	75	33,951	361
Monthly Cost per Person	\$ 45.19	\$ 45.62	\$ 0.43	\$ 45.62	\$ -
Total Costs	\$ 18,234,514	\$ 18,441,510	\$ 206,995	\$ 18,639,135	\$ 197,626
GPA Bridge					
Persons	550	524	(26)	550	26
Monthly Cost per Person	\$105.00	\$105.00	\$ -	\$105.13	\$ 0.13
Total Costs	\$ 2,005,500	\$ 2,201,240	\$ 195,740	\$ 1,453,858	\$ (747,382)
General Revenues	1,696,800	1,805,600	108,800	1,453,858	(351,742)
Federal Funds	308,700	395,640	86,940	-	(395,640)
Total Cash Program	\$ 110,207,394	\$ 108,522,770	\$ (1,684,624)	\$ 107,995,063	\$ (527,707)
General Revenues	29,599,949	29,915,745	315,796	29,761,628	\$ (154,117)
Medical Assistance					
Hospitals*	\$ 89,100,000	\$ 69,300,000	\$(19,800,000)	\$ 46,200,000	\$ (23,100,000)
Hospitals - DSH	129,848,841	129,846,056	(2,785)	131,159,449	1,313,393
Nursing Facilities*	361,418,987	285,800,000	(75,618,987)	175,500,000	(110,300,000)
Home & Comm Care*	98,075,043	78,200,000	(19,875,043)	43,500,000	(34,700,000)
Managed Care*	593,246,591	591,000,000	(2,246,591)	621,600,000	30,600,000
Rhody Health Partners*	202,319,803	198,000,000	(4,319,803)	206,000,000	8,000,000
Rhody Health Options*	-	126,300,000	126,300,000	330,000,000	203,700,000
Pharmacy*	1,853,514	752,495	(1,101,019)	190,320	(562,175)
Pharmacy Part D Clawback	50,111,572	50,755,865	644,293	50,436,380	(319,485)
Other Medical*	205,683,871	200,300,000	(5,383,871)	420,700,000	220,400,000
Total Medical Assistance	\$ 1,731,658,222	\$ 1,730,254,416	\$ (1,403,806)	\$ 2,025,286,149	\$ 295,031,733
Federal Funds	\$ 907,114,762	\$ 905,905,555	\$ (1,209,207)	\$ 1,155,453,950	\$ 249,548,395
General Revenues	815,528,460	815,333,861	(194,599)	861,317,199	45,983,338
Restricted Receipts	9,015,000	9,015,000	-	8,515,000	(500,000)
Total Expenditures	\$ 1,841,865,616	\$ 1,838,777,186	\$ (3,088,430)	\$ 2,133,281,212	\$ 294,504,026
General Revenues	\$ 845,128,409	\$ 845,249,606	\$ 121,197	\$ 891,078,827	\$ 45,829,221
<i>*Rhody Health Options is funded through a redistribution of resources from separate programs including: hospitals, nursing facilities, home and community care, managed care, Rhody Health Partners, pharmacy and other medical services</i>					