



**CASELOAD ESTIMATING CONFERENCE
MAY 2013**

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

From: Eugene I. Gessow, Senate Fiscal Advisor
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Date: May 21, 2013

Subject: May 2013 Caseload Estimating Conference

Following public testimony presented by both the Executive Office of Health and Human Services and the Department of Human Services on April 29, 2013, the Caseload Estimating Conference convened on May 6, 2013, in an open public meeting to review and revise cash assistance caseload and medical assistance expenditures for FY 2013 and FY 2014. In comparison to the November estimate, the adopted estimate decreased total funding for FY 2013 by \$35.1 million. The FY 2014 budget for caseload programs is estimated to be \$0.1 million more than estimated in November.

FY 2013 caseload expenditures funded from general revenues are expected to be \$20.2 million less than previously estimated due primarily to reduced nursing home residency, lower hospital utilization, and savings in managed care programs. FY 2014 expenditures funded from general revenues are expected to be \$8.9 million less than previously estimated, as lower nursing home, hospital and pharmacy utilization is partially offset by increased cost among all managed care lines.

All funds	FY2013	FY2013	Change to	FY2014	FY2014	Change to
	Nov Adopted	May Adopted	Nov Adopted	Nov Adopted	May Adopted	Nov Adopted
Cash assistance	\$111,487,277	\$108,438,824	(\$3,048,453)	\$112,804,005	\$109,194,894	(\$3,609,111)
Medical assistance	1,588,058,597	1,555,997,188	(32,061,409)	1,665,141,518	1,668,813,927	3,672,409
Total	\$1,699,545,874	\$1,664,436,012	(\$35,109,862)	\$1,777,945,523	\$1,778,008,821	\$63,298
General revenue						
Cash assistance	\$30,331,654	\$29,705,415	(\$626,239)	\$30,629,973	\$29,841,749	(\$788,224)
Medical assistance	775,303,642	755,723,780	(19,579,862)	834,937,075	826,840,136	(8,096,939)
Total	\$805,635,296	\$785,429,195	(\$20,206,101)	\$865,567,048	\$856,681,885	(\$8,885,163)

CASH ASSISTANCE

Cash assistance programs for FY 2013 are estimated to total \$108.4 million, a decrease of \$3.0 million from the November estimate. General revenue expenditures are estimated to be \$29.7 million, \$0.6 million less than November. Expenditures for FY 2014 are estimated to total \$109.2 million, \$3.6 million less than the November estimate. Estimated general revenues of \$29.8 million are \$0.8 million less than the November estimate.

Rhode Island Works

The estimators project a caseload of 15,775 persons for FY 2013, 420 less than the November estimate, at an average monthly per-person cost of \$186.00, \$4.00 less than estimated in November. Total program expenses are estimated to be \$39.4 million, \$1.4 million less than estimated in November. For FY 2014, total costs are estimated to be \$38.9 million, \$2.4 million less than the November estimate, with a caseload of 15,500 persons at an average monthly cost of \$187.00 each. In both years, Rhode Island

Works program expenditures are funded entirely from the federal Temporary Assistance to Needy Families block grant.

The estimates for both years reflect relatively stable to slightly reduced caseload due to improving economic conditions as well as to an initiative to work more intensely with parents with hardship extensions of benefits, according to the Department's testimony. 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

The Child Care Assistance Program is projected to spend \$48.5 million in FY 2013, reflecting 6,870 children receiving subsidies at an average yearly cost of \$7,060 each. This is a decrease of \$0.9 million compared to November, reflecting lower estimates in the number of children receiving subsidized child care services as the anticipated improvement in employment has not materialized and the resultant increased childcare benefits not required. For FY 2014, program costs are estimated to be \$49.6 million, or 7,025 subsidies at an average yearly cost of \$7,060.

General revenues are estimated to be \$9.7 million in FY 2013, 19.9 percent of total child care costs, and \$9.7 million in FY 2014, 19.5 percent of total costs. General revenue financing for the Child Care Assistance Program reflects fulfillment of the Maintenance of Effort (MOE) requirement under the federal Child Care Development Fund (CCDF).

Supplemental Security Income

The caseload for the Supplemental Security Income program is estimated to be 33,150 in FY 2013, 110 below the November estimate. The estimated monthly cost per person is revised downward by \$0.75 to \$45.60 for total costs of \$18.1 million. In FY 2014, an estimated 33,515 individuals will receive payments averaging \$45.19, for total costs of \$18.2 million, exclusive of transaction fees.

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 \$62,000 in FY 2013 and \$60,000 in FY 2014.

General Public Assistance

Based upon recent program trends, the estimators project a decline in persons receiving general public assistance in FY 2013. Expenditures, including monthly "bridge" program, indigent burials, and limited medical benefits, are estimated to be \$2.3 million in FY 2013 and \$2.5 million in FY 2014. The conference recognizes the state's continued ability to leverage Medicaid funding through the Global Waiver for medical services provided to these clients, and includes \$0.5 million of federal funds in FY 2013 and \$0.6 million in FY 2014.

MEDICAL ASSISTANCE

The conference projects total medical assistance spending of \$1,556.0 million in FY 2013, \$32.1 million less than projected in November. General revenue expenditures in FY 2013 are estimated to be \$19.6 million less than November estimates. For FY 2014, the estimators project total spending of \$1,668.8 million, \$3.7 million more than November estimates while general revenues expenditures are expected to decrease by \$8.1 million compared to the November estimates.

Most medical assistance expenditures are matched at the state's base federal medical assistance percentage (FMAP). The effective rate is 51.48 percent for FY 2013 and 50.40 percent for FY 2014.

Hospitals

Hospital expenditures in FY 2013, excluding payment for services provided to Medicaid enrollees in a managed care plan, are estimated to be \$216.2 million, \$4.1 million less than estimated in November.

These expenditures include a disproportionate share hospital (DSH) payment totaling \$127.7 million, reimbursing a portion of hospitals' cost of providing uncompensated and charity care. Expenditures for FY 2014 are estimated to be \$220.6 million, \$3.4 million less than the November estimate, and inclusive of \$129.8 million in anticipated DSH payments.

Medicaid payments to hospitals in each year also include a supplemental outpatient "Upper Payment Limit" (UPL) reimbursement of \$11.8 million in FY 2013 and \$11.1 million in FY 2014, pursuant to Rhode Island General Law 40-8.3-10.

Long Term Care

Long term care expenditures, including costs for services provided in nursing facilities and in community settings, are now estimated to be \$431.3 million in FY 2013, \$8.8 million less than estimated in November due primarily to a downward trend in nursing home days. FY 2014 expenditures are estimated to be \$455.5 million, a decrease of \$6.9 million from the adopted FY 2014 estimate as this lower utilization is trended forward. Home and community based services (HCBS) are estimated to be \$80.8 million in FY 2013 and \$87.0 million in FY 2014, 18.7 percent and 19.1 percent of long-term care expenses, respectively, as the Office's efforts to rebalance the State's long term care system appear to be effectively shifting caseload from facility-based care (nursing homes) to community-based care.

Managed Care

FY 2013 expenditures for managed care (including the RItE Care and RItE Share programs) are estimated to be \$556.2 million, \$13.8 million less than November estimates as enrollment in RItE Care core is lower than anticipated at the November 2012 CEC. Costs for FY 2014 are estimated to increase by 9.8% over the FY 2013 estimate, to \$610.5 million, due to increased federal funding for the Affordable Care Act mandated primary care physician rate increase as well as to an increase in the anticipated average capitation rate from \$230 per member per month to \$250 per member per month in FY 2014.

The managed care estimate includes enhanced federal financial participation (FMAP) through the Children's Health Insurance Program (CHIP) of \$31.1 million in FY 2013 and \$33.3 million in FY 2014.

Rhody Health Partners

Projected FY 2013 costs of \$185.4 million for the Rhody Health Partners program are \$4.8 million less than November projections. FY 2014 expenditures are estimated to be \$207.7 million, \$6.0 million more than November. These revisions incorporate increased rates for primary care physicians and updated risk share/gain share payments, while maintaining a fairly stable caseload.

Pharmacy

Pharmaceutical expenses are estimated to be \$0.1 million in FY 2013, \$2.7 million less than the November estimate. The decrease is due primarily to changes in the preferred drug list, increased availability of generic drugs, and lower drug utilization. Expenditures for FY 2014 are projected to be \$1.9 million.

Note that fee-for service pharmaceutical expenses as estimated by the Conferees represent the net result of pharmaceutical claims offset by various rebates received from drug companies. Therefore, the extent of anticipated rebates in a given fiscal year can significantly affect the adopted estimate. For example, the FY 2013 adopted estimate represents anticipated claims expenditures of \$14.4 million, offset by estimated rebates totaling \$14.3 million for a net pharmacy estimate of \$0.1 million.

The Medicare Part D clawback payment is estimated to be \$49.8 million, \$0.4 million less than the November estimate, in FY 2013 and \$50.1 million, \$3.1 million less than the November estimate in FY 2014. Clawback payments consist solely of general revenues.

Other Medical Services

Expenditures for other medical services are estimated to be \$117.0 million in FY 2013, \$2.5 million more than estimated in November due in part to increased federal funding for a primary care physician rate increase as mandated by the Affordable Care Act. In its testimony, the Executive Office of Health and Human Services noted it will not achieve anticipated savings associated with increased estate recoveries and insurance intercepts as included in the November adopted FY 2013 estimate.

Expenditures for other medical services are estimated to be \$122.5 million in FY 2014, which is \$3.5 million more than estimated in November, due to a continuation of the Affordable Care Act mandated primary care physician rate increase and to an increase in projected Medicare premiums. Also adding to general revenue expenditures in FY 2014, the enhanced FMAP (90.0%) for the CEDARR Health Home initiative expires after the first quarter of FY 2014, after which expenditures will be matched at the state's regular FMAP (50.4%).

Cash Assistance

Rhode Island Works	FY2013 Nov Adopted	FY2013 May Adopted	Change to Adopted	FY2014 Nov Adopted	FY2014 May Adopted	Change to Adopted
Persons	16,195	15,775	(420)	16,300	15,500	(800)
Monthly Cost per Person	\$190.00	\$186.00	(\$4.00)	\$191.00	\$187.00	(\$4.00)
Cash Payments	36,924,600	35,209,800	(1,714,800)	37,359,600	34,782,000	(2,577,600)
Monthly Bus Passes	3,735,215	3,990,444	255,229	3,759,432	3,920,880	161,448
Supportive Services	(265,000)	(265,000)	-	(265,000)	(265,000)	-
Tax intercepts	122,000	159,000	37,000	122,000	156,000	34,000
Clothing - Children	240,000	238,800	(1,200)	240,000	225,000	(15,000)
Catastrophic	40,000	47,000	7,000	36,000	45,000	9,000
Work Supplementation	7,200	5,000	(2,200)	7,200	7,000	(200)
Total Costs	\$40,804,015	\$39,385,044	(\$1,418,971)	\$41,259,232	\$38,870,880	(\$2,388,352)
TANF Block Grant	40,804,015	39,385,044	(1,418,971)	41,259,232	38,870,880	(2,388,352)
General Revenue	-	-	-	-	-	-

Child Care

Subsidies	6,985	6,870	(115)	7,055	7,025	(30)
Annual Cost per Subsidy	\$7,070	\$7,060	(\$10)	\$7,077	\$7,060	(\$17)
Total Costs	\$49,383,950	\$48,502,200	(\$881,750)	\$49,928,235	\$49,596,500	(\$331,735)
Federal Funds	39,715,315	38,833,565	(881,750)	40,259,600	39,927,865	(331,735)
General Revenue	9,668,635	9,668,635	-	9,668,635	9,668,635	-

Supplemental Security Income (SSI)

Persons	33,260	33,150	(110)	33,677	33,515	117
Monthly Cost per Person	\$46.35	\$45.60	(\$0.75)	\$46.35	\$45.19	(\$1.16)
Cash Payments	18,499,212	18,139,680	(359,532)	18,731,147	18,174,514	(556,633)
Transaction Fees	62,000	62,000	-	60,000	60,000	-
Total Costs	\$18,561,212	\$18,201,680	(\$359,532)	\$18,791,147	\$18,234,514	(\$556,633)

General Public Assistance (GPA)

Persons	575	525	(50)	585	550	(35)
Monthly Cost per Person	\$109.00	\$103.00	(\$6.00)	\$109.03	\$105.00	(\$4.03)
Total Payments	752,100	648,900	(103,200)	765,391	693,000	(72,391)
Burials	750,000	701,000	(49,000)	760,000	700,000	(60,000)
Medical	1,236,000	1,000,000	(236,000)	1,300,000	1,100,000	(200,000)
Total Costs	\$2,738,100	\$2,349,900	(\$388,200)	\$2,825,391	\$2,493,000	(\$332,391)
Federal Funds	636,293	514,800	(121,493)	655,200	554,400	(100,800)
General Revenue	2,101,807	1,835,100	(266,707)	2,170,191	1,938,600	(231,591)

Cash Assistance Total

Total Costs	\$111,487,277	\$108,438,824	(\$3,048,453)	\$112,804,005	\$109,194,894	(\$3,609,111)
Federal Funds	81,155,623	78,733,409	(2,422,214)	82,174,032	79,353,145	(2,820,887)
General Revenue	30,331,654	29,705,415	(626,239)	30,629,973	29,841,749	(788,224)

Medical Assistance

	FY2013 Nov Adopted	FY2013 May Adopted	Change to Adopted	FY2014 Nov Adopted	FY2014 May Adopted	Change to Adopted
Hospitals						
Regular	\$92,600,000	\$88,500,000	(\$4,100,000)	\$94,200,000	\$90,800,000	(\$3,400,000)
Disproportionate Share	127,715,725	127,715,725	-	129,848,841	129,848,841	-
Total	\$220,315,725	\$216,215,725	(\$4,100,000)	\$224,048,841	\$220,648,841	(\$3,400,000)

Long Term Care

Nursing and Hospice Care	\$364,000,000	\$350,500,000	(\$13,500,000)	\$383,000,000	\$368,500,000	(\$14,500,000)
Home and Community Care	76,100,000	80,800,000	4,700,000	79,400,000	87,000,000	7,600,000
Total	\$440,100,000	\$431,300,000	(\$8,800,000)	\$462,400,000	\$455,500,000	(\$6,900,000)

Managed Care and Other Acute Care Services

Managed Care	\$570,000,000	\$556,200,000	(\$13,800,000)	\$601,800,000	\$610,500,000	\$8,700,000
Rhody Health	190,200,000	185,400,000	(4,800,000)	201,700,000	207,700,000	6,000,000
Other Medical Services	114,500,000	117,000,000	2,500,000	119,000,000	122,500,000	3,500,000
Total	\$874,700,000	\$858,600,000	(\$16,100,000)	\$922,500,000	\$940,700,000	\$18,200,000

Pharmacy

Pharmacy	\$2,762,392	\$101,082	(\$2,661,310)	\$2,976,843	\$1,853,514	(\$1,123,329)
Clawback	50,180,480	49,780,381	(400,099)	53,215,834	50,111,572	(3,104,262)
Total	\$52,942,872	\$49,881,463	(\$3,061,409)	\$56,192,677	\$51,965,086	(\$4,227,591)

Medical Assistance Total

Total Costs	\$1,588,058,597	\$1,555,997,188	(\$32,061,409)	\$1,665,141,518	\$1,668,813,927	\$3,672,409
Federal Funds	800,839,955	788,358,408	(12,481,548)	821,189,443	832,958,791	11,769,347
General Revenue	775,303,642	755,723,780	(19,579,862)	834,937,075	826,840,136	(8,096,939)
Restricted Receipts	11,915,000	11,915,000	-	9,015,000	9,015,000	-

	FY2013 Nov Adopted	FY2013 May Adopted	Change to Adopted	FY2014 Nov Adopted	FY2014 May Adopted	Change to Adopted
Grand Total						
Total Costs	\$1,699,545,874	\$1,664,436,012	(\$35,109,862)	\$1,777,945,523	\$1,778,008,821	\$63,298
Federal Funds	881,995,578	867,090,969	(14,904,610)	903,363,475	912,311,936	8,948,460
General Revenue	805,635,296	785,429,195	(20,206,101)	865,567,048	856,681,885	(8,885,163)
Restricted Receipts	11,915,000	11,915,000	-	9,015,000	9,015,000	-