



State of Rhode Island and Providence Plantations

Caseload Estimating Conference

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MEMORANDUM

To: The Honorable Gina M. Raimondo, Governor
The Honorable Dominick J. Ruggerio, President of the Senate
The Honorable Nicholas A. Mattiello, Speaker of the House

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

Date: May 18, 2020

Subject: **May 2020 Caseload Estimating Conference**

SUMMARY

The Caseload Estimating Conference convened on May 5, 2020, in an open public meeting to estimate cash assistance caseload and medical assistance expenditures for FY 2020 and FY 2021. In comparison to the November 2019 conference estimate, the adopted estimate for FY 2020 increases expenses by \$45.3 million to \$2,606.6 million. This includes \$1.4 million less for cash assistance and \$46.7 million more for medical assistance. FY 2021 program costs are estimated to total \$2,891.8 million, or \$305.7 million more than the November estimate. The increase from the November estimate for FY 2021 includes \$309.3 million more for medical assistance and \$3.6 million less for cash assistance.

May 2020 Consensus Caseload Estimates		FY 2020 Nov CEC		FY 2020 May CEC		Change to Nov CEC		FY 2021 Nov CEC		FY 2021 May CEC		Change to Nov CEC
Cash Assistance												
All Funds	\$	115,686,097	\$	114,313,726	\$	(1,372,371)	\$	117,757,215	\$	114,218,208	\$	(3,539,007)
General Revenues	\$	29,160,907	\$	29,432,421	\$	271,514	\$	28,984,072	\$	29,564,632	\$	580,560
Medical Assistance												
All Funds	\$	2,445,539,356	\$	2,492,276,742	\$	46,737,386	\$	2,468,245,949	\$	2,777,568,525	\$	309,322,576
General Revenues	\$	965,339,057	\$	921,566,174	\$	(43,772,883)	\$	970,912,642	\$	1,067,786,630	\$	96,873,988
Total												
All Funds	\$	2,561,225,453	\$	2,606,590,468	\$	45,365,015	\$	2,586,003,164	\$	2,891,786,733	\$	305,783,569
General Revenues	\$	994,499,964	\$	950,998,595	\$	(43,501,369)	\$	999,896,714	\$	1,097,351,262	\$	97,454,548

The increases in medical assistance are driven primarily by the impact of the COVID-19 global pandemic and resulting economic fallout. As of April 29, 2020, the IHS Economics forecast for Rhode Island projected unemployment rates of nearly 20 percent for the last quarter of FY 2020 and the first quarter of FY 2021. This is a significant increase over the unemployment rate of 3.5 percent for Rhode Island during the third quarter of FY 2020. With the unprecedented numbers of individuals becoming unemployed and projections of a lengthy recovery, it is reasonable to assume that Medicaid enrollment will be impacted. In addition to caseload increases resulting from the economic fallout, the updated estimates for FY 2020 also include \$10.4 million for temporary long term care provider rate increases authorized by the Governor for the last quarter of FY 2020 to account for increased expenses.

FY 2020 increases are offset by a 6.20 percentage point increase to the Federal Medical Assistance Percentage (FMAP) passed as part of the Families First Coronavirus Response Act (FFCRA). While the increase is effective January 1, 2020, through the last day of the calendar quarter in which the public health emergency terminates, estimates assume the enhanced rate will impact only FY 2020. Should the emergency extend beyond July 1, the estimates for FY 2021 will need to be revisited. While receiving the enhanced FMAP, states are not allowed to make changes to benefits or terminate an individual's enrollment unless they are no longer a resident of the State or request a voluntary termination.

Underlying trends in the current year included lower than anticipated caseload through March 2020, reduced nursing home expenditures, and a continued decline in the number of members being treated for Hepatitis C. Updated data from the health plans required funding for projected risk share payments as utilization and acuity experience suggest costs exceeding established capitated payments. These trends also impact FY 2021.

CASH ASSISTANCE

Cash assistance programs for FY 2020 are estimated to total \$114.3 million, a reduction of \$1.4 million from the November estimate. General revenue expenditures for FY 2020 are estimated to be \$29.4 million, or an increase of \$271,514 relative to the November estimate. FY 2021 expenditures are estimated to total \$114.2 million, \$3.5 million less than the November estimate. The FY 2021 general revenue estimate of \$29.6 million is \$580,560 more than the November estimate.

	FY 2020 Nov CEC	FY 2020 May CEC	Change to Nov CEC	FY 2021 Nov CEC	FY 2021 May CEC	Change to Nov CEC
Rhode Island Works						
Persons	9,275	9,200	(75)	9,275	9,390	115
Monthly Cost per Person	\$ 186.05	\$ 183.00	\$ (3.05)	\$ 186.05	\$ 183.00	\$ (3.05)
Cash Payments	20,707,365	20,203,200	(504,165)	20,707,365	20,620,440	(86,925)
Monthly Bus Passes	1,636,110	1,393,040	(243,070)	1,636,110	1,421,768	(214,342)
Supportive Services	590,000	692,000	102,000	590,000	692,000	102,000
Clothing - Children	150,000	146,190	(3,810)	150,000	150,000	-
Catastrophic	10,000	9,000	(1,000)	10,000	9,000	(1,000)
Total Costs (TANF)	\$ 23,093,475	\$ 22,443,430	\$ (650,045)	\$ 23,093,475	\$ 22,893,208	\$ (200,267)
Child Care						
Subsidies	9,294	9,232	(62)	9,550	9,232	(318)
Annual Cost per Subsidy	\$ 7,840	\$ 7,785	\$ (55)	\$ 7,854	\$ 7,700	\$ (154)
Total Costs	\$ 72,864,960	\$ 71,871,120	\$ (993,840)	\$ 75,005,700	\$ 71,086,400	\$ (3,919,300)
Federal Funds	63,431,715	62,437,875	(993,840)	65,679,668	61,760,368	(3,919,300)
General Revenue	9,433,245	9,433,245	-	9,326,032	9,326,032	-
SSI						
Persons	33,887	34,070	183	33,800	34,500	700
Monthly Cost per Person	\$ 46.40	\$ 46.40	\$ -	\$ 46.40	\$ 46.40	\$ -
Cash Payments	18,868,282	18,970,176	101,894	18,819,840	19,209,600	389,760
Transaction Fees	70,000	70,000	-	70,000	70,000	-
Total Costs	\$ 18,938,282	\$ 19,040,176	\$ 101,894	\$ 18,889,840	\$ 19,279,600	\$ 389,760
GPA						
Persons	115	105	(10)	104	105	1
Monthly Cost per Person	\$ 151.00	\$ 150.00	\$ (1.00)	\$ 150.00	\$ 150.00	\$ -
Total Payments	208,380	189,000	(19,380)	187,200	189,000	1,800
Burials	581,000	770,000	189,000	581,000	770,000	189,000
Total Costs	\$ 789,380	\$ 959,000	\$ 169,620	\$ 768,200	\$ 959,000	\$ 190,800
Cash Assistance Total						
Total Costs	\$ 115,686,097	\$ 114,313,726	\$ (1,372,371)	\$ 117,757,215	\$ 114,218,208	\$ (3,539,007)
Federal Funds	86,525,190	84,881,305	(1,643,885)	88,773,143	84,653,576	(4,119,567)
General Revenue	29,160,907	29,432,421	271,514	28,984,072	29,564,632	580,560

COVID-19 Impact

The adopted figures reflect increased estimates, relative to November, due to the COVID-19 global pandemic and resulting economic fallout. Absent the onset of the pandemic and related changes to attributed caseload and expenditures, trends in most cash assistance programs, relative to the November estimate, were projected to decrease more than the adopted figures reflect.

Rhode Island Works

The Conference revised its FY 2020 estimate for Rhode Island Works to include 9,200 individuals at a monthly cost of \$183.00. This is a reduction of 75 persons compared to the FY 2020 November estimate. In FY 2021, the conference revised estimates to 9,390 persons, at a monthly cost of \$183.00. This is an increase of 115 persons from the November estimate. Total expenditures, including monthly bus passes and other Rhode Island Works programs, are estimated to be \$22.4 million in FY 2020 and \$22.9 million in FY 2021. Program expenses are funded entirely by the federal Temporary Assistance for Needy Families block grant.

Child Care Assistance

The FY 2020 caseload estimate for child care assistance includes \$71.9 million to provide 9,232 children with subsidized care at an average annual cost of \$7,785 per subsidy. The revised estimate assumes the use of \$62.4 million in federal block grant funds and \$9.4 million from general revenues. Projected program expenses are anticipated to decrease by \$993,840 relative to the November estimate based on updated enrollment data and a reduction in the cost per subsidy.

For FY 2021, program costs are estimated to be \$71.1 million for 9,232 subsidies at an average annual cost of \$7,700 per subsidy. The estimate assumes the use of \$61.8 million in federal block grant funds and \$9.3 million from general revenues. The total cost is a decrease of \$3.9 million relative to the November estimate.

The childcare assistance cost per subsidy amounts stabilized over FY 2020 and FY 2021 due to no planned rate increase and only marginal movement among quality tier levels.

Supplemental Security Income

The caseload for the Supplemental Security Income program is estimated to be 34,070 in FY 2020, an increase 183 persons above the November estimate. The estimated monthly cost per person estimate remained unchanged from the November conference, at \$46.40. The total cost of the program in FY 2020 is estimated to be \$19.0 million. In FY 2021, an estimated 34,500 persons will receive payments of \$46.40 per month, for total costs of \$19.3 million. The program is funded entirely through general revenues.

General Public Assistance

The Conference revised its FY 2020 and FY 2021 estimates for General Public Assistance to include 105 individuals at a monthly cost of \$150.00, a decrease of 10 persons from the November conference FY 2020 estimate and an increase of 1 person from the November conference FY 2021 estimate. Total expenditures are estimated at \$869,000 in both years. The program is funded entirely through general revenues.

The increase from the November estimate in both fiscal years is due to the increase in deaths eligible for the Burial Assistance program, which is likely related to the COVID-19 pandemic. Total Burial Assistance expenditures in FY 2020 and FY 2021 are estimated at \$770,000, which is an \$189,000 more than the November conference.

MEDICAL ASSISTANCE

The Conference projects total medical assistance spending of \$2,492.3 million in FY 2020, including \$1,560.6 million from federal funds, \$921.6 million from general revenues, and \$10.1 million from restricted receipts. This is \$46.7 million more than the November conference estimate from all sources. General revenues are expected to decrease in FY 2020 by \$43.8 million relative to the November 2019 estimate, primarily as a result of the increase in the FMAP rate.

For FY 2021, the Conference projects spending of \$2,777.6 million, including \$1,699.5 million from federal funds, \$1,067.8 million from general revenues, and \$10.3 million from restricted receipts. The estimate is \$309.3 million more than the November conference estimate, of which \$212.2 million is from federal funds, \$96.9 million is from general revenues, and \$0.2 million from restricted receipts.

The COVID-19 global pandemic and resulting impact on caseload estimates is the primary driver of the all funds increase from November estimates in both FY 2020 and FY 2021. Absent this, favorable trends were expected relative to the November estimate.

May 2020 Consensus Caseload Estimates	FY 2020 Nov CEC	FY 2020 May CEC	Change to Nov CEC	FY 2021 Nov CEC	FY 2021 May CEC	Change to Nov CEC
Hospitals						
Regular	\$ 52,800,000	\$ 43,700,000	\$ (9,100,000)	\$ 54,900,000	\$ 50,300,000	\$ (4,600,000)
Disproportionate Share	\$ 142,293,259	\$ 142,083,257	\$ (210,002)	\$ 77,800,000	\$ 142,301,035	\$ 64,501,035
Total	\$ 195,093,259	\$ 185,783,257	\$ (9,310,002)	\$ 132,700,000	\$ 192,601,035	\$ 59,901,035
Long Term Care						
Nursing and Hospice Care	\$ 362,000,000	\$ 368,000,000	\$ 6,000,000	\$ 375,000,000	\$ 368,000,000	\$ (7,000,000)
Home and Community Care	\$ 78,400,000	\$ 83,000,000	\$ 4,600,000	\$ 82,500,000	\$ 87,300,000	\$ 4,800,000
Total	\$ 440,400,000	\$ 451,000,000	\$ 10,600,000	\$ 457,500,000	\$ 455,300,000	\$ (2,200,000)
Managed Care						
Managed Care	\$ 719,000,000	\$ 734,700,000	\$ 15,700,000	\$ 740,000,000	\$ 838,000,000	\$ 98,000,000
Rhody Health Partners	\$ 255,100,000	\$ 272,500,000	\$ 17,400,000	\$ 267,000,000	\$ 309,500,000	\$ 42,500,000
Rhody Health Options	\$ 145,200,000	\$ 138,600,000	\$ (6,600,000)	\$ 149,300,000	\$ 140,800,000	\$ (8,500,000)
Other Medical Services	\$ 138,000,000	\$ 138,200,000	\$ 200,000	\$ 147,000,000	\$ 143,500,000	\$ (3,500,000)
Medicaid Expansion	\$ 481,000,000	\$ 505,000,000	\$ 24,000,000	\$ 500,000,000	\$ 623,000,000	\$ 123,000,000
Total	\$ 1,738,300,000	\$ 1,789,000,000	\$ 50,700,000	\$ 1,803,300,000	\$ 2,054,800,000	\$ 251,500,000
Pharmacy	\$ 85,312	\$ 126,049	\$ 40,737	\$ 222,357	\$ 428,110	\$ 205,753
Clawback	\$ 71,660,785	\$ 66,367,436	\$ (5,293,349)	\$ 74,523,592	\$ 74,439,380	\$ (84,212)
Total	\$ 71,746,097	\$ 66,493,485	\$ (5,252,612)	\$ 74,745,949	\$ 74,867,490	\$ 121,541
Medical Assistance Total						
Total Costs	\$ 2,445,539,356	\$ 2,492,276,742	\$ 46,737,386	\$ 2,468,245,949	\$ 2,777,568,525	\$ 309,322,576
Federal Funds	\$ 1,470,106,099	\$ 1,560,616,367	\$ 90,510,268	\$ 1,487,239,108	\$ 1,699,450,746	\$ 212,211,638
General Revenue	\$ 965,339,057	\$ 921,566,174	\$ (43,772,883)	\$ 970,912,642	\$ 1,067,786,630	\$ 96,873,988
Restricted Receipts	\$ 10,094,200	\$ 10,094,200	\$ -	\$ 10,094,200	\$ 10,331,150	\$ 236,950

Hospitals

FY 2020 hospital expenditures are estimated to be \$185.8 million. This includes a disproportionate share hospital payment totaling \$142.1 million, \$4.6 million for Upper Payment Limit reimbursement (compensates hospitals for the difference between the Medicaid and Medicare fee-for-service rates of reimbursement), and a \$1.0 million State-only payment for Graduate Medical Education. FY 2020 hospital expenditures decrease by \$9.3 million relative to the November conference estimate, based on year-to-date utilization of both inpatient and outpatient hospital services and an anticipated decline in utilization in the last quarter due to the limiting of non-emergency, elective surgeries stemming from the COVID-19 pandemic.

FY 2021 hospital expenditures are estimated at \$192.6 million, including a disproportionate share hospital payment of \$142.3 million to reflect current law. This estimate maintains the trends for inpatient and outpatient services but increases the disproportionate share hospital payment by \$64.5 million due to recent enactment of another delay of the scheduled federal payment reduction through November 2020. The FY 2021 hospital estimate is \$59.9 million more than November, primarily because of this change. The Upper Payment Limit reimbursement does not change from FY 2020. The FY 2021 estimate also includes \$1.0 million from general revenues for the Graduate Medical Education program.

Long Term Care

Long term care expenditures, which include fee-for-service payments for services provided in nursing facilities and community settings, are estimated at \$451.0 million in FY 2020 and \$455.3 million in FY 2021. This is \$10.6 million more than the November estimate for FY 2020 and \$2.2 million less than the November estimate for FY 2021.

The FY 2020 long term care expenditure includes \$10.6 million for a temporary nursing home and assisted living facility rate increase for the last quarter of FY 2020 in response to the COVID-19 pandemic and \$6.0 million for a one-time expense for previous period hospice liabilities. There is also a reduction to reflect underlying trends that offsets some of the increases.

The FY 2021 estimate for nursing facilities decreases by \$7.0 million relative to the November estimate. This reflects the trends in nursing facility utilization offset by the scheduled 2.6 percent rate increase effective October 1, 2020. The state also makes interim advance payments to the long-term care facilities, which require eventual reconciliation. The caseload estimate assumes that 2.2 percent of the advance payments made in both FY 2020 and 2021 will be state-only expenses and assumes a \$3.0 million reduction in advances for FY 2021 compared to FY 2020. This compares with prior assumption that 10.0 percent would be state-only.

Long term care estimates also include additions of \$4.6 million in FY 2020 and \$4.8 million in FY 2021 for home- and community-based services, relative to the November estimate based on utilization and payments to date.

Managed Care

FY 2020 expenditures for managed care (including the RIt Care and RIt Share programs) are estimated at \$734.7 million, a \$15.7 million increase from the November estimate. The increase is related to expected enrollment increases due to the COVID-19 pandemic and resulting economic fallout, a delay in usual redetermination activity for FY 2020 (a condition of the enhanced FMAP for FY 2020), increased risk share liabilities, unachieved enrollment targets for RIt Share and Federally Qualified Health Center (FQHC) wrap payments.

Costs for FY 2021 are estimated at \$838.0 million, or \$98.0 million more than the November estimate. This is also primarily related to trends resulting from the economic fallout due to the COVID-19 pandemic as well FQHC wrap payments and an expected increase in neo-natal intensive care unit expenses.

Rhody Health Partners

Rhody Health Partners program expenses are estimated at \$272.5 million for FY 2020, which is \$17.4 million more than the November estimate. This is primarily driven by the economic fallout from the COVID-19 pandemic, as well as risk share liabilities owed to the health plans. These increases are offset by a reduction in expenses for Hepatitis C treatments.

FY 2021 expenditures are estimated at \$309.5 million, which is \$42.5 million more than the November estimate. The FY 2021 estimate also includes increased caseload due to the COVID-19 pandemic and higher capitation payments offset by lower Hepatitis C treatment expenditures.

Rhody Health Options

Expenses for Rhody Health Options, the State's integrated care initiative that provides acute care and long-term care services to individuals eligible for both Medicare and Medicaid, are estimated at \$138.6 million for FY 2020. This represents a decrease of \$6.6 million compared to the November estimate due to a lower risk share liability, lower payments due to case mix, elimination of pharmacy rebates.

The FY 2021 estimate of \$140.8 million is \$8.5 million less than the November conference estimate. This reflects a rebasing of the distribution of members residing in nursing homes compared to the community-based placements and recognizing that Medicare coverage has been extended to additional services relieving Medicaid.

Medicaid Expansion

The Rhode Island Medicaid program was expanded as of January 1, 2014, as part of the State's implementation of the Affordable Care Act. Adults with income below 138 percent of the federal poverty level and without dependent children were added to the State's medical assistance program. Costs related to this expansion were fully federally funded through calendar year (CY) 2016 with federal support phased down from 95 percent in CY 2018 to 90 percent by CY 2020. The State share for this population is 8.5 percent in FY 2020 and 10 percent in FY 2021 and this is not impacted by the enhanced FMAP provisions.

The FY 2020 estimate of \$505.0 million is \$24.0 million more than the November conference estimate. This reflects the caseload increase due to the COVID-19 pandemic and an increase in the monthly cost per person. The FY 2021 estimate of \$623.0 million is \$123.0 million more than the November estimate and assumes trends based on the revised FY 2020 estimate, noted above.

Other Medical Services

Expenditures for other medical services are estimated at \$138.2 million for FY 2020 and \$143.5 million for FY 2021. The estimate includes Medicare Part A and B payments for certain individuals, fee-for-service payments for rehabilitation, and other medical services and payments to the Tavares pediatric facility.

The FY 2020 estimate is \$0.2 million more than the November conference estimate, and the FY 2021 estimate is \$3.5 million less than November. The FY 2020 estimate includes a reduction in Medicare Part A and B premium payments due to a lower average monthly enrollment trend. The FY 2020 estimate also includes slightly lower projections for other medical services. The FY 2021 estimate also projects lower Part A/B payments than assumed in November, and lower estimates for other services and a rate increase for payments to the Tavares facility.

Pharmacy

Pharmacy expenses are estimated at \$66.4 million for FY 2020 and \$74.9 million for FY 2021. Nearly all funding is for the Medicare Part D clawback payment, which is paid solely through general revenues. The payment is the State's portion of the federal Medicare pharmacy costs for its population that are enrolled in both Medicare and Medicaid (commonly referred to as "dual-eligibles"). The overall estimate decreases by \$5.3 million for FY 2020 and by \$0.1 million for FY 2021 compared to the November conference estimate. The favorable change in FY 2020 is attributable to the temporary increase in the FMAP rate.

The next required Conference meeting is November 2020.

cc: The Honorable William J. Conley, Jr., Chairman
 Senate Finance Committee

 The Honorable Marvin L. Abney, Chairman
 House Finance Committee

