



*State of Rhode Island
Caseload Estimating Conference*

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May 2021 Conference Chair

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MEMORANDUM

To: The Honorable K. Joseph Shekarchi, Speaker of the House
The Honorable Daniel McKee, Governor
The Honorable Dominick J. Ruggerio, President of the Senate

From: Sharon Reynolds Ferland, House Fiscal Advisor
Jonathan Womer, State Budget Officer
Stephen H. Whitney, Senate Fiscal Advisor

Date: May 17, 2021

Subject: **May 2021 Caseload Estimating Conference**

SUMMARY

The Caseload Estimating Conference convened on May 5, 2021, in an open public meeting to estimate cash assistance caseload and medical assistance expenditures for FY 2021 and FY 2022. Compared to the FY 2021 enacted budget, the adopted estimate for FY 2021 decreases expenses by \$26.9 million. This assumes general revenue savings from the extension of the public health emergency through the end of calendar year 2021, increased payments to the managed care plans, and decreased expenditures in long term care services and supports. Estimated expenditures for cash assistance also decline across all programs, including lower than projected enrollment in subsidized child care.

FY 2022 program costs are estimated to total \$2,989.8 million, an increase of \$196.1 million over the November caseload conference estimate. This includes \$197.6 million more for medical assistance and \$1.5 million less for cash assistance. The estimate includes updated disproportionate share payment to hospitals based on a delay in anticipated federal changes, medical benefits inflation, provider rate increases and enrollment trends offset by a reduction in

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nursing home expenses. Increased expenditures are also anticipated for child care assistance. General revenue expenditures are expected to total \$1,029.4 million, an increase of \$106.1 million compared to the FY 2021 revised estimate.

May 2021 Caseload Estimates	FY 2021 Enacted	FY 2021 May CEC	Change to Enacted	FY 2022 Nov. CEC	FY 2022 May CEC	Change to Nov. CEC
Cash Assistance						
All Funds	\$ 103,758,160	\$ 90,474,128	\$(13,284,032)	\$ 104,402,500	\$ 102,900,055	\$ (1,502,445)
General Revenues	28,358,054	27,583,491	(774,563)	28,738,742	27,995,733	(743,009)
Medical Assistance						
All Funds	\$2,703,894,827	\$2,690,301,035	\$(13,593,792)	\$2,689,314,579	\$2,886,893,980	\$197,579,401
General Revenues	939,951,700	895,705,768	(44,245,932)	1,009,281,231	1,001,427,597	(7,853,634)
Consensus Caseload Total						
All Funds	\$2,807,652,987	\$2,780,775,163	\$(26,877,824)	\$2,793,717,079	\$2,989,794,035	\$196,076,956
General Revenues	968,309,754	923,289,259	(45,020,495)	1,038,019,973	1,029,423,330	(8,596,643)

The FY 2021 and FY 2022 cash and medical assistance estimates include general revenue relief from the temporary 6.2 percent increase to the Medicaid match rate for services provided from January 1, 2020, until December 31, 2021.

At the November 2021 Caseload Estimating Conference, the public health emergency was authorized through January 21, 2021, meaning that the Medicaid enhanced rate would be available for three quarters in FY 2021 with a return to the traditional match rate for FY 2022. The Biden Administration later announced plans to continue renewing the public health emergency through at least the end of calendar 2021 or the first two quarters of FY 2022. While receiving the enhanced match, states are not allowed to make changes to benefits or terminate an individual's enrollment unless they are deceased, move out of state, or request a voluntary termination. Estimates for most programs include a continued upward trend through December 31, 2021, after which enrollment will decline as terminations resume and the economy improves.

FY 2021 includes an additional quarter of the enhanced Medicaid rate for general revenue savings of \$30.0 million. The FY 2022 estimate includes general revenue savings of \$65.3 million from two quarters of the enhanced rate assuming the end of the public health emergency in December 2021. It also accounts for a nearly \$0.9 million reduction in child care matching funds within the cash assistance program for FY 2021 and \$0.6 million for FY 2022.

Other changes include the impact of the pandemic on nursing home utilization which reduces expenses for FY 2021 and FY 2022. There is also another delay in the federal law change on the disproportionate share payment to hospitals, restoring the total cost to \$142.5 million which is \$76.5 million more than the November estimate.

CASH ASSISTANCE

Cash assistance programs for FY 2021 are estimated to total \$90.5 million, \$13.3 million less than the FY 2021 enacted budget. General revenue expenditures for FY 2021 are estimated to be \$27.6 million, \$0.8 million less than enacted. FY 2022 expenditures are estimated to total \$102.9

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million, \$1.5 million less than the November estimate. The FY 2022 general revenue estimate of \$28.0 million is \$0.7 million less than the November estimate and \$0.4 million more than the revised estimate for FY 2021.

Rhode Island Works

The estimators project a caseload of 6,000 at an average monthly cost of \$182.93 for FY 2021, 1,200 fewer persons than enacted. Enrollment declined as expanded federal unemployment benefits, made available in response to the COVID-19 pandemic, continued. Projected FY 2022 caseload includes 6,565 persons, also at a monthly cost of \$182.93, 935 fewer persons than the November estimate. This assumes participation in the program will increase after expiration of those temporary benefits. Expenditures for Rhode Island Works, including monthly bus passes and other supportive services, total \$14.7 million for FY 2021 and \$16.3 million for FY 2022. Program expenses are funded entirely by the federal Temporary Assistance for Needy Families block grant.

The following table shows the May Caseload Conference estimates for cash assistance benefits for FY 2021 and FY 2022.

May 2021 Consensus Caseload Estimates	FY 2021 Enacted	FY 2021 May CEC	Change to Enacted	FY 2022 Nov. CEC	FY 2022 May CEC	Change to Nov. CEC
Cash Assistance						
TANF/RI Works						
Persons	7,200	6,000	(1,200)	7,500	6,565	(935)
Monthly Cost per Person	\$ 183.50	\$ 182.93	\$ (0.57)	\$ 183.50	\$ 182.93	\$ (0.57)
Cash Payments	15,854,400	13,170,960	(2,683,440)	16,515,000	14,411,225	(2,103,775)
Monthly Bus Passes	909,200	556,400	(352,800)	1,262,000	939,482	(322,518)
Supportive Services	700,000	585,300	(114,700)	660,000	585,300	(74,700)
Clothing - Children	361,700	371,158	9,458	383,000	350,000	(33,000)
Catastrophic	5,400	300	(5,100)	7,000	4,000	(3,000)
Total /TANF Funds	\$ 17,830,700	\$ 14,684,118	\$ (3,146,582)	\$ 18,827,000	\$ 16,290,007	\$ (2,536,993)
Child Care						
Subsidies	6,900	5,725	(1,175)	8,500	7,400	(1,100)
Annual Cost per Subsidy	\$ 9,645	\$ 9,882	\$ 237	\$ 7,775	\$ 9,091	\$ 1,316
Total	\$ 66,550,500	\$ 56,574,450	\$ (9,976,050)	\$ 66,087,500	\$ 67,273,400	\$ 1,185,900
Federal Funds	\$ 57,569,406	\$ 48,206,519	\$ (9,362,887)	\$ 56,836,758	\$ 58,614,315	\$ 1,777,557
General Revenues	\$ 8,981,094	\$ 8,367,931	\$ (613,163)	\$ 9,250,742	\$ 8,659,085	\$ (591,657)
SSI						
Persons	33,500	33,237	(263)	33,750	33,400	(350)
Monthly Cost per Person	\$ 46.00	\$ 46.18	\$ 0.18	\$ 46.00	\$ 46.18	\$ 0.18
Total/General Revenues	\$ 18,558,000	\$ 18,484,616	\$ (73,384)	\$ 18,696,000	\$ 18,574,944	\$ (121,056)
GPA Bridge						
Persons	88	62	(26)	100	64	(36)
Monthly Cost per Person	\$ 160.00	\$ 176.00	\$ 16.00	\$ 160.00	\$ 178.00	\$ 18.00
Total/General Revenues	\$ 818,960	\$ 730,944	\$ (88,016)	\$ 792,000	\$ 761,704	\$ (30,296)
Total Cash Assistance	\$ 103,758,160	\$ 90,474,128	\$ (13,284,032)	\$ 104,402,500	\$ 102,900,055	\$ (1,502,445)
General Revenues	\$ 28,358,054	\$ 27,583,491	\$ (774,563)	\$ 28,738,742	\$ 27,995,733	\$ (743,009)

Child Care Assistance

The FY 2021 caseload estimate for child care assistance includes \$56.6 million to provide 5,725 children with subsidized care at an average yearly cost of \$9,882 per subsidy. The revised estimate

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assumes use of \$48.2 million from federal block grant funds and \$8.4 million from general revenues. Projected program expenses are anticipated to decrease by \$10.0 million from the enacted budget based on declining enrollment and an updated cost per subsidy.

From general revenues, the FY 2021 estimate is \$0.6 million less than enacted reflecting revisions to the state match assumed in November and two additional quarters of enhanced Medicaid savings. Despite paying providers based on enrollment, rather than attendance, program participation has declined, primarily among preschool and school age children. While this mostly reflects a decline in recertification for assistance, the Department indicated that health and safety concerns were the most significant reason some children did not return to the program.

For FY 2022, costs are estimated to be \$67.3 million for 7,400 subsidies at an average annual cost of \$9,091 per subsidy. Expenses assume \$58.6 million from federal block grant funds and \$8.7 million from general revenues. The total cost is \$1.2 million more than the November estimate based on projected growth as the public health emergency improves. Additionally, the estimate includes the current family co-pay structure and does not reflect the Department's pending proposal to limit co-pays to 7.0 percent of income.

Supplemental Security Income

The caseload for the Supplemental Security Income program is estimated to be 33,237 in FY 2021 and 33,400 in FY 2022. The estimated monthly cost per person is \$46.18 in each year for total general revenue funding of \$18.5 million in FY 2021 and \$18.6 million in FY 2022.

General Public Assistance

For FY 2021, the Conference lowered the enacted estimate by \$0.1 million and assumes 62 individuals at a monthly cost of \$176.00. The FY 2022 estimate assumes 64 individuals at \$178.00 per month. Total expenditures are estimated to be \$0.1 million for the payments and \$0.6 million for burials in both years.

MEDICAL ASSISTANCE

The Conference projects total medical assistance spending of \$2,690.3 million in FY 2021, including \$1,784.6 million from federal funds, \$895.7 million from general revenues, and \$10.0 million from restricted receipts. This is \$13.6 million less than enacted from all sources, including \$44.2 million less from general revenues.

For FY 2022, the Conference projects spending of \$2,886.9 million including \$1,876.0 million from federal funds, \$1,001.4 million from general revenues, and \$9.5 million from restricted receipts. The estimate is \$196.6 million more than the revised May estimate for FY 2021 of which \$91.3 million is from federal funds and \$105.7 million is from general revenues, offset by \$0.5 million less from restricted receipts. As noted earlier, the estimate reflects two quarters of the enhanced Medicaid rate for FY 2022 while the FY 2021 estimate includes a full year of savings.

The FY 2022 estimates assume that enrollment in RItE Care, Rhody Health Partners and the Expansion program will decline from FY 2021 levels when the public health emergency ends and

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also reflects increasing monthly capitated payment rates by 3.5 percent. Related adjustments are reflected where appropriate by program in the paragraphs that follow. The following table shows the May Caseload Conference estimates for medical assistance benefits for FY 2021 and FY 2022.

May 2021 Consensus Caseload Estimates	FY 2021 Enacted	FY 2021 May CEC	Change to Enacted	FY 2022 Nov. CEC	FY 2022 May CEC	Change to Nov. CEC
Medical Assistance						
Hospitals	\$ 55,937,481	\$ 54,200,000	\$ (1,737,481)	\$ 49,000,000	\$ 54,600,000	\$ 5,600,000
Hospitals - DSH	142,301,035	142,301,035	-	71,564,276	142,493,980	70,929,704
Hospitals	\$ 198,238,516	\$ 196,501,035	\$ (1,737,481)	\$ 120,564,276	\$ 197,093,980	\$ 76,529,704
Nursing Facilities	363,000,000	327,600,000	(35,400,000)	373,500,000	351,000,000	(22,500,000)
Home & Comm Care	85,000,000	89,000,000	4,000,000	86,000,000	91,000,000	5,000,000
Long Term Care	\$ 448,000,000	\$ 416,600,000	\$ (31,400,000)	\$ 459,500,000	\$ 442,000,000	\$ (17,500,000)
Managed Care/RIte Care	795,200,000	802,800,000	7,600,000	806,300,000	852,200,000	45,900,000
Rhody Health Partners	285,600,000	288,800,000	3,200,000	294,300,000	296,000,000	1,700,000
Rhody Health Options	132,600,000	127,400,000	(5,200,000)	151,700,000	141,600,000	(10,100,000)
Medicaid Expansion	640,790,064	665,900,000	25,109,936	642,000,000	745,400,000	103,400,000
Pharmacy	(791,566)	(100,000)	691,566	(822,420)	100,000	922,420
Pharmacy Part D Clawback	65,723,517	58,100,000	(7,623,517)	75,772,723	69,100,000	(6,672,723)
Other Medical	138,534,296	134,300,000	(4,234,296)	140,000,000	143,400,000	3,400,000
Total Medical Assistance	\$ 2,703,894,827	\$ 2,690,301,035	\$ (13,593,792)	\$ 2,689,314,579	\$ 2,886,893,980	\$ 197,579,401
Federal Funds	\$ 1,753,928,127	\$ 1,784,580,267	\$ 30,652,140	\$ 1,670,018,348	\$ 1,875,923,587	\$ 205,905,239
General Revenues	\$ 939,951,700	\$ 895,705,768	\$ (44,245,932)	\$ 1,009,281,231	\$ 1,001,427,597	\$ (7,853,634)
Restricted Receipts	\$ 10,015,000	\$ 10,015,000	\$ -	\$ 10,015,000	\$ 9,542,796	\$ (472,204)

Hospitals

FY 2021 hospital expenditures are estimated to be \$196.5 million, and include a \$142.3 million disproportionate share hospital payment as well as \$7.9 million for upper payment limit reimbursement and \$2.5 million for Graduate Medical Education. This is \$1.7 million less than the enacted budget, reflecting lower utilization of both inpatient and outpatient hospital services.

FY 2022 hospital expenditures are estimated to be \$197.1 million including disproportionate share hospital payments of \$142.5 million to reflect the delay of the scheduled reduction. The estimate is \$1.9 million more than the November caseload estimate for direct services and \$70.9 million more for the uncompensated care payment.

The inpatient and outpatient expenses estimate assume rates are increased by 2.4 percent based on Centers for Medicare and Medicaid Services market basket index with no productivity adjustment, consistent with current law. The estimate also includes \$7.9 million for the outpatient upper payment limit reimbursement, or \$3.1 million more than the November estimate to reflect a payment consistent with FY 2021 but it is still subject to further change. The upper payment limit reimbursement compensates hospitals for the difference between the Medicaid and Medicare fee-for-service rates of reimbursement. There is also a \$2.2 million payment for the Graduate Medical Education program.

Long Term Care

Long term care expenditures are estimated to be \$416.6 million in FY 2021 and \$442.0 million in FY 2022. A decrease of \$35.4 million in FY 2021 for nursing facilities primarily reflects year to

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date payments based on utilization that is still being impacted by the pandemic and is offset by \$4.0 million more for home and community based services.

The FY 2022 estimate for nursing facilities is \$23.4 million more than the FY 2021 revised estimate but is still \$22.5 million less than November. It includes the October 1, 2021 rate increase that is assumed to be 2.2 percent based on Centers for Medicare and Medicaid Services market basket index with no productivity adjustment, consistent with current law. The estimate also assumes an increase in utilization to levels prior to the start of the pandemic by the final quarter of FY 2022.

The Conference estimates \$89.0 million for FY 2021 and \$91.0 million for FY 2022 in fee-for-service funding for home and community-based services, an increase of \$4.0 million and \$5.0 million, respectively, from the enacted budget and November caseload estimate, based on higher utilization.

Managed Care

FY 2021 expenditures for managed care (including the RItE Care and RItE Share programs) are estimated to be \$802.8 million, a \$7.6 million increase from the enacted budget. At the November conference, the monthly rates paid to the managed care plans were initially estimated at \$367.00 based on testimony, but were finalized in February 2021 at \$371.00, an increase of 1.1 percent. The estimate also includes a \$0.9 million state-only payment to Care New England for claims related to neo-natal intensive care services.

Costs for FY 2022 are estimated at \$852.2 million, which is \$49.4 million above the FY 2021 revised estimate. The estimate includes a 3.5 percent increase in the monthly cost per person. There is a projected decrease in enrollment starting in January 2022 assuming the end of the public health emergency. The estimate also includes a \$1.2 million state-only payment to Care New England for claims related to neo-natal intensive care services.

Rhody Health Partners

Rhody Health Partners program expenses are estimated at \$288.8 million for FY 2021, which is \$3.2 million more than enacted. Based on testimony, the November conference estimate assumed the monthly rates paid to the managed care plans would be \$1,620 but were finalized in February 2021 at \$1,644, an increase of 1.5 percent.

FY 2022 expenditures are estimated to be \$296.0 million, which is \$7.2 million more than the FY 2021 revised estimate. The estimate includes a 3.5 percent increase in the monthly cost per person and fairly stable enrollment.

Rhody Health Options

Expenses for Rhody Health Options, the state's integrated care initiative that provides acute care and long term care services to individual eligible for both Medicare and Medicaid, are estimated to be \$127.4 million for FY 2021. This represents a decrease of \$5.2 million compared to the enacted budget reflecting fewer enrollees and a lower monthly cost per person based on the projected care levels for enrollees.

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The FY 2022 estimate of \$141.6 million is \$10.1 million less than the November estimate and \$14.2 million more than the revised estimate. This reflects an increase in the monthly cost per person and increased enrollment compared to FY 2021.

Medicaid Expansion

The FY 2021 estimate of \$665.9 million is \$25.1 million more than enacted, reflecting a 5.1 percent increase in the monthly cost per person from \$581 to \$602 and increase in enrollment from the continuation of the public health emergency.

The FY 2022 estimate of \$745.4 million is \$103.4 million more than the November estimate and \$79.5 million more than the FY 2021 revised estimate. It assumes a 3.5 percent increase in the monthly per person cost and lower enrollment from the end of the public health emergency. The state match of \$79.9 million reflects the full ten percent share for these expenses. The first three years were federally-funded, after which the state share has been phased in at 2.5 percentage point increments over four years.

Other Medical Services

Expenditures for other medical services are estimated to be \$134.3 million for FY 2021 and \$143.4 million for FY 2022. 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 Center. The FY 2021 estimate is \$4.2 million less than the enacted budget. This includes \$2.0 million less for transportation expenses and \$4.0 million less for rehabilitation and other medical services to reflect current year expenses. This is offset by a \$1.5 million transfer in private duty nursing expenses for adolescents who receive home and community based services as an adult previously paid for by the managed care plans.

The FY 2022 estimate is \$3.4 million more than the November estimate and \$9.1 million more than revised FY 2021 estimate of which \$2.7 million reflects anticipated increases in Medicare payments. The estimate also includes \$2.2 million for private duty nursing services and \$0.3 million to extend annual respite service hours for parents through the Katie Beckett program from 100 to 200 hours. The estimate also includes \$2.4 million more than the revised estimate for other medical services.

Pharmacy

Pharmacy expenses are estimated to be \$58.0 million for FY 2021 and \$69.2 million for FY 2022. Nearly all of the funding is for the Medicare Part D clawback payment, which is funded solely from general revenues. The payment is the state's portion of the federal Medicare pharmacy costs for its population enrolled in both Medicare and Medicaid, commonly referred to as "dual-eligibles." The overall estimate decreases by \$6.9 million for FY 2021 compared to the enacted budget which includes the final quarter of enhanced Medicaid rate for the clawback payment and a \$5.4 million credit from the federal government related to prior period payments. FY 2022 is \$11.2 million more than the FY 2021 revised estimate to reflect two quarters of the enhanced Medicaid rate and updated enrollment and expenses.

NEXT MEETING

The next required Conference meeting is November 2021.

cc: The Honorable Marvin L. Abney, Chairman
House Finance Committee

The Honorable Ryan W. Pearson, Chairman
Senate Finance Committee