



SENATE FISCAL OFFICE  
ISSUE BRIEF

**Rite Care and Rite Share**

JANUARY 24, 2011

Rite Care is Rhode Island’s Medicaid managed care program for children and families. Rite Care provides health insurance to families in the Rhode Island Works program as well as children, pregnant women, and families that meet income eligibility requirements. Rite Care was originally implemented as a Section 1115 Medicaid Demonstration Waiver in August 1994, and is codified at RIGL 40-8.4.

As a Medicaid program, Rite Care is jointly financed by the federal government and the state through the Rhode Island Department of Human Services (DHS). The total Rite Care budget for FY2011 is \$602.0 million, of which \$226.6 million is General Revenue. The program covered an average of 120,894 people in FY2010.

Managed care refers to any of a variety of techniques designed to reduce the cost of providing health care while improving the quality of care. In Rite Care, each insurer is paid a flat per member per month (PMPM) rate for each enrollee; the rate varies depending on the member’s age, sex, and disability status. The PMPM payment is often referred to as a capitation payment; because the insurer receives the same capitated payment each month regardless of the health care services actually used, the plan has an incentive to manage the care used by the enrollee.

Age group	FY2011 Rite Care PMPM Rate <sup>1</sup>
Under age 1	\$652.16
Age 1 to 5	\$167.14
Age 6 to 14	\$152.30
Males 15-44	\$247.77
Females 15-44	\$345.21
Over age 44	\$527.46
<b>Average</b>	<b>\$265.20</b>

Rite Care provides the mandatory services required by Medicaid as well as a number of “optional” services. Covered services include: doctor’s visits, hospital and emergency care, dental care, prescription drugs, immunizations, mental health services (including drug and alcohol treatment), parenting classes, smoking cessation, home health care, skilled nursing care, and transportation services.

The program is operated by private insurers. Currently, two insurers offer Rite Care plans: Neighborhood Health Plan of Rhode Island and United Healthcare of New England. Rhode Island’s Rite Care health plans historically have exceeded national Medicaid benchmarks on a number of quality indicators, including breast cancer screening, controlling high blood pressure, and managing diabetes. All of the Medicaid health plans in Rhode Island have been highly ranked by U.S. News and World Report and the National Committee for Quality Assurance. For 2009-10, Neighborhood and United Healthcare were ranked seventh and eleventh nationally, respectively.

**ELIGIBILITY**

Parents earning less than 175 percent of the federal poverty level (FPL) are eligible for Rite Care. Children and pregnant women in families earning up to 250 percent of the FPL are also eligible for individual coverage.<sup>2</sup>

Families with income up to 150 percent of the FPL receive RItE Care coverage at no cost. Those with incomes above 150 percent of the FPL pay a monthly premium based on their income.

Income	Monthly Premium
< 150% FPL	\$0
150 – 185% FPL	\$61
185 – 200% FPL	\$77
> 200% FPL	\$92

As of June 2010, 5,376 RItE Care families paid cost-sharing premiums due to their income. These families comprised 12,194 individuals, or 9.3 percent of the total RItE Care enrollment.

**Comparison of Medicaid eligibility in Rhode Island (% of federal poverty level)**

Eligibility category	CT	ME	MA	NH	RI	VT
Low-income working families	191%	206%	133%	49%	175%	191%
Pregnant women	250%	200%	200%	185%	250%	200%
Children (age 0-1)	185%	200%	200%	300%	250%	300%
Children (age 1-19)	185%	150%	150%	185%	250%	300%
Income at which cost-sharing is required	235%	151%	150%	186%	150%	186%
Cost-sharing at 151% FPL	-	\$16	\$24	-	\$61	-

**CHILDREN WITH SPECIAL HEALTH CARE NEEDS**

Children with special health care needs (CSHCN) are a separate enrollment category within RItE Care. The largest CSHCN category includes children who are determined to be eligible for Supplemental Security Income (SSI) due to a disability.

Children receiving RItE Care coverage as part of an adoption subsidy and children in “substitute care,” that is, in the custody of the Department of Children, Youth, and Families (DCYF), are also eligible for RItE Care.

“Katie Beckett” is an eligibility category that allows certain children under age 19 who have long term disabilities or complex medical needs to receive RItE Care coverage regardless of the family’s income. Katie Beckett eligibility enables children who require a level of care at home that is typically provided in a hospital, nursing facility or an intermediate care facility for persons with mental retardation (ICF-MR) to be cared for at home instead of in an institution. With Katie Beckett, only the child’s income and resources, not the parents’, are used to determine eligibility (as would be the case were the child to be institutionalized). There is no cost to the family for Katie Beckett coverage.

CSHCN eligibility category	Average FY2009	
	enrollment	FY2011 PMPM rate <sup>1</sup>
SSI (under age 15)	3,092	\$932.02
Substitute care	2,304	\$635.72
SSI (age 15 or older)	1,896	\$768.11
Adoption subsidy	1,613	\$335.33
Katie Beckett	159	\$1,282.79

Approximately 30 percent of CSHCNs are not enrolled in a RItE Care plan because they have access to private commercial insurance (typically through a parent’s employer). These children receive “wraparound” services (RItE Care benefits that are not offered by their third-party insurer) on a fee-for-service basis.

## ISSUE BRIEF

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#### RITE SHARE

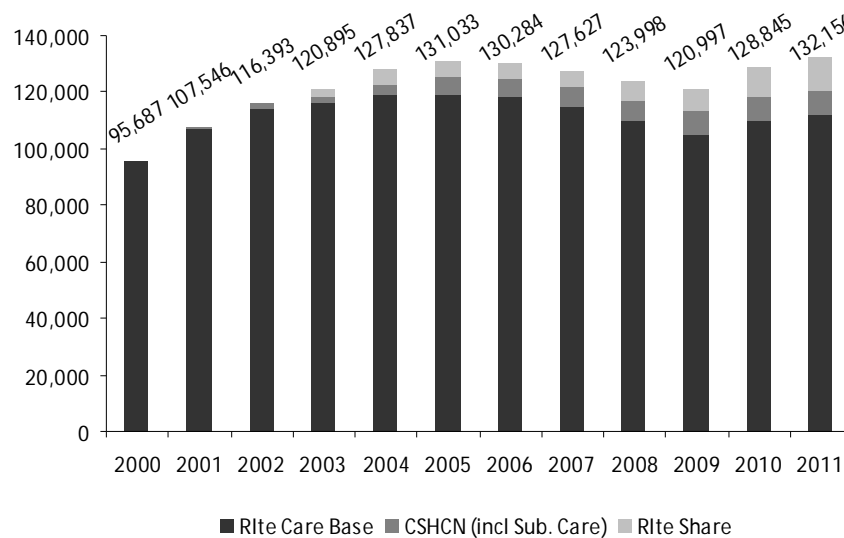
Rite Share is a premium assistance program for individuals who are Medicaid-eligible but have access to health insurance through their employers. Instead of enrolling these individuals in Rite Care, the program pays all or a portion of the eligible family's monthly premium for the employer-sponsored plan. Because the employee's share of the cost for the employer-sponsored plan is usually less than the equivalent Rite Care capitation payment, Rite Share provides savings to the Medicaid program. Rite Share participants are also eligible to receive any Rite Care services and benefits that are not provided by their employer's plan.

DHS must approve an employer sponsored health plan in order for an applicant to be eligible for Rite Share. If DHS determines that the employer's plan does not meet Rite Share standards or that providing the premium subsidy would not be cost-effective, the applicant is enrolled in Rite Care, instead.

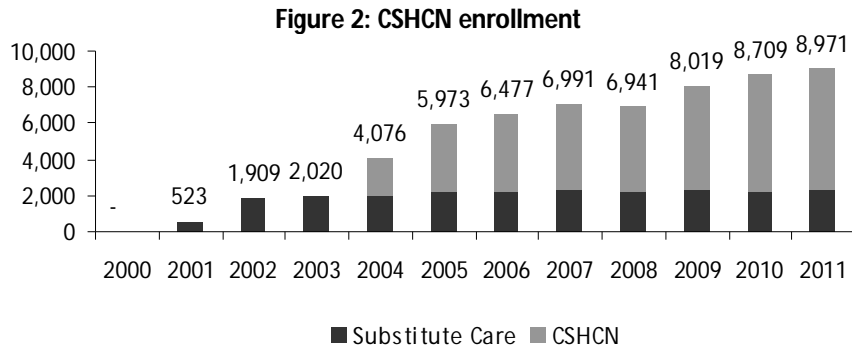
#### EXPENDITURE AND ENROLLMENT TRENDS

Since FY2000, Rite Care's base enrollment (including Rhode Island Works participants and other low-income working families) has consistently averaged approximately 111,000 members. Rite Share enrollment has grown significantly since the program's inception (to 10,314 in FY2010); without the premium assistance provided by Rite Share many of these enrollees would either have been enrolled in Rite Care or would lack insurance.

**Figure 1: Rite Care enrollment (including Rite Share)**

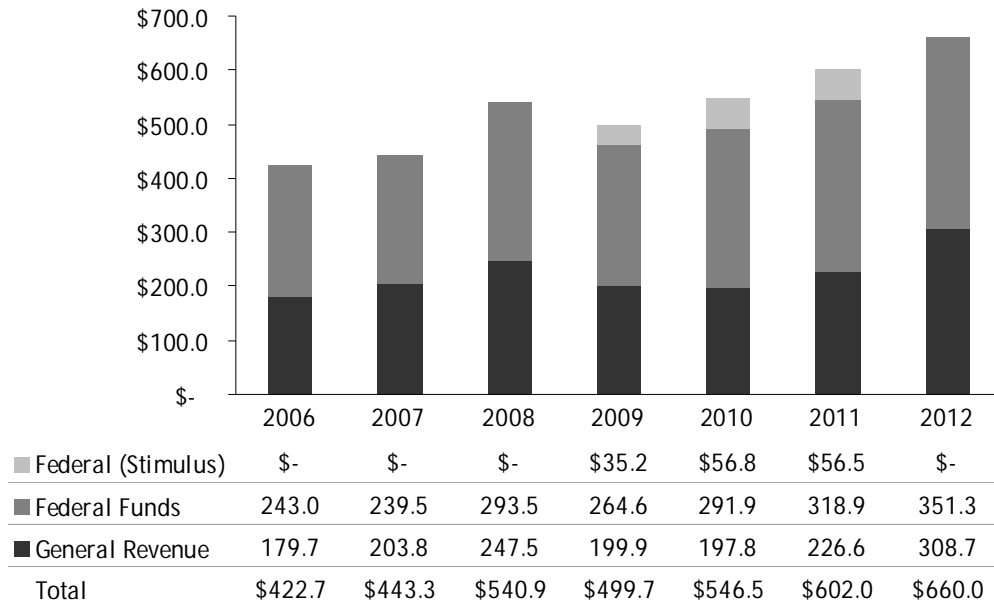


The largest enrollment growth has been in the children with special health care needs (CSHCN) population. CSHCNs were moved into managed care beginning September 1, 2003. Since that time, the special health care needs population served by Rite Care has more than tripled from 2,060 in FY2004 to 6,504 in FY2010.



DHS does not provide a breakdown of expenditure data by RItE Care eligibility category. RItE Care spending is tracked on the “Managed Care” line in the DHS budget and in the Caseload Estimating Conference estimates. This budget category includes spending for RItE Care, RItE Share, and out-of-plan services provided to RItE Care eligibles on a fee-for-service basis.

**Figure 3: RItE Care expenditures (\$ millions)**



**NOTES**

<sup>1</sup> The per-member per-month (PMPM) rate is the monthly capitation payment paid by the state to the health plan for each enrollee. The average PMPM payment for FY2011 for enrollees in core RItE Care (that is, excluding children with special health care needs) is \$265.20.

<sup>2</sup> Women who earn up to 200 percent of the FPL who would otherwise lose Medicaid eligibility after 60 days post-partum are eligible to receive extended family planning-related services for up to two years.