

Governor's FY 2015 Budget: Articles

Staff Presentation to the House Finance Committee
February 12, 2014

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Introduction

- Articles in Governor's FY 2015 Budget
- Five articles today
- Office of Health and Human Services
- Department of Children, Youth and Families

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Introduction

2:30 pm

- Article 26 – 19 to 21 year olds to BHDDH
- Article 27 – Medical Assistance Recoveries

At the Rise:

- Article 23 – Hospital License Fee
- Article 24 – Hospital Payments
- Article 25 – Medical Assistance Programs

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Article 23 – Hospital Licensing Fee

- Extends current licensing fee of 5.246%
- Two-tiered fee with South County & Westerly paying 3.3 percent
- Fee charged to \$2.7 billion revenues (2012)
- License fee revenues total \$141.3 million
 - \$136.0 million – community hospitals
 - \$5.3 million – Eleanor Slater Hospital

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Article 24 – Section 1 Uncompensated Care

- Federal formula determines state allocation – with general revenue match
- Distribution based on hospitals' share of statewide uncompensated care total
 - RI uncompensated care total is \$284.3 million
 - 10.5% of hospital expenses
 - UCC allocation is \$128.3 million or 45.1% of total
 - Individual hospital will receive 45.1% of its costs

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Uncompensated Care

- Annual Article
- Provides for a \$128.3 million payment in FY 2016 to the community hospitals
- Equates to hospital FY 2015
 - Alignment of years is different because of an accounting adjustment to close budget gap
 - State did not make a payment in FY 2007
 - Did include legislation for payment in FY 2008

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Uncompensated Care

- Affordable Care Act – phases in a lower federal allotment to states
- Based on number of uninsured individuals in a state beginning with the FY 2014 cap
 - Reduction has been delayed to FY 2016

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Section 2 - Hospital Payments

- Eliminates the outpatient upper payment limit reimbursement to community hospitals
- Savings of \$11.1 million
 - \$5.5 million from general revenues
- Makes up the difference between what Medicare would pay for the same services
- First made in FY 2009 budget and each year after

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Article 25 - Medical Assistance

- Section 1 – Transitional Medical Assistance
- Section 2 – Medical Assistance
 - Nursing Home and Hospital Rates
- Section 3 – Resolution
 - Changes under global waiver

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Transitional Medical Assistance

- RI Works participants receive RIte Care benefits
- A parent may become employed & will be no longer eligible for either benefit because of income
- Federal government authorizes the transitional medical assistance program to continue coverage

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Transitional Medical Assistance

- Current law - 12 month of benefits or until employer paid coverage begins
- Coverage continues as long as there is a federal Medicaid match
- FY 2015 - 3,100 covered
 - \$9.3 million; \$4.7 million general revenues

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Transitional Medical Assistance

- Federal government reauthorized program until March 2014
- Article continues the program as long as there is a federal match
- Governor does not include any savings

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Article 25 – Governor’s Proposals

Proposals (in millions)	Gen. Rev.	All Funds
Nursing Home Rates*	(\$3.3)	(\$7.5)
Hospital Rates*	(3.8)	(7.9)
Managed Care Rates*	(10.4)	(21.7)
High Utilizers*	(7.8)	(16.3)
<i>*includes loss of revenue</i>	<i>continued</i>	

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Article 25 – Governor’s Proposals

Proposal	Gen. Rev.	All Funds
Katie Beckett Option	(\$1.5)	(\$2.9)
Community First Choice	(3.0)	-
Qualified Health Plan Coverage	(0.6)	(1.2)
Extended Family Planning	0.2	0.4
Total (millions)	(\$30.2)	(\$57.1)

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Article 25 – Medicaid

- Sections 2 and 3 makes changes to Medicaid program affecting:
 - Nursing Home Rates
 - Hospital Payments

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Nursing Home Rates

- Eliminates scheduled October 1, 2014 rate adjustment for nursing homes
- Expenses reduced by \$7.5 million
 - \$3.7 million from general revenues
 - Loss of \$0.4 million in revenue; \$3.3 million net savings to the state
- Change also made in FY 2014 budget
- Resolution in Section 3 to make the change

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Nursing Homes

FY	Total*	Action
2014	(\$10.5)	October 1, 2014 rate elimination
2013	\$7.8	Adjust base & transition to new method
2012	(\$6.3)	Eliminated principles of reimbursement and 5% reduction
2011	(\$5.2)	New methodology with no more than a 2.2% gain or loss
2010	(\$2.6)	Rate reduction

* In millions

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Hospital Payments

- Freezes FY 2015 rates at current levels
 - Fee-for-service and managed care plans
 - Outpatient and Inpatient Services
 - Savings of \$7.9 million; \$3.9 million from general revenues
 - Loss of \$0.1 million in revenue
 - Net savings of \$3.8 million

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Hospital Payments

- Change also made in FY 2014 budget
 - Current rates at FY 2013 level
- Includes resolution in Section 3 to make the change

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Medicaid Resolution

- Global Waiver requires certain changes to receive Assembly approval even if a statutory change is not required
 - change to payment methodology, service definition
 - requires state plan amendment, CMS approval and public hearing

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Managed Care Payments

- Allows the state to reduce growth in costs to managed care plans
 - Nov CEC estimated a 2.95% increase
- Governor assumes no increase
- Includes savings of \$21.7 million
 - \$10.8 million with loss of \$0.4 million in revenue
 - Net state savings of \$10.4 million
- Rite Care & Rhody Health Partners

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High Cost Care & Utilizers

- Address 2 populations:
 - Children with special health care needs
 - Elderly and Disabled Adults
- Savings of \$16.3 million
 - \$8.2 million from general revenues and loss of \$0.3 million in revenue

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High Cost Care & Utilizers

Children with special health care needs

- Savings of \$11.1 million
 - \$5.5 million from general revenues
- May expand behavioral health care services instead of hospitalization
- Address use of psychotropic drugs
- No specific plan – is resolution necessary?

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High Cost Care & Utilizers

Elderly and Disabled Adults

- Savings of \$5.2 million
 - \$2.6 million from general revenues
- May address behavioral health services
- Overuse of emergency room
- Housing/employment opportunities
- No specific plan – is resolution necessary?

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Katie Beckett Option

- States have the option to provide certain benefits to disabled children who require an institutional level of care
- Institutions - hospital, nursing facility or intermediate care facility

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Katie Beckett Option

- Hospital - extensive array of health care services throughout the day
 - observation multiple times during a 24-hour period; intensive medication routine; and monitoring for life-threatening episodes
- Psychiatric Hospital – child’s behavioral health condition causes significant disruption in his or her ability to function at home, school or in the community

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Katie Beckett Option

- Nursing facility – requires complex skilled care
 - assistance with bathing, eating, dressing, mobility
- Intermediate care facility – requires active treatment provided a facility that includes health and rehabilitative services
 - Tavares pediatric and 4 Zambarano group homes

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Katie Beckett Option

- 20 states opted to do provide services through the Katie Beckett option
 - VT, NH, ME, CT
 - MA (Kaileigh Mulligan option)
- Rhode Island – FY 2013 expenses were \$27.5 million

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Katie Beckett Option

- Article does not change eligibility
 - Continues to be based on child's income
- Allows OHHS to implement a monthly payment through rules & regs process
- Savings: \$2.9 million
 - \$1.5 million general revenues
 - Assumes a \$250 monthly payment for those above 250% of poverty
 - Family of four – \$59,625

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Katie Beckett Option

- 1,100 children receiving services
 - Include: physical & occupational therapy; private duty nursing; personal care attendants
- 90% of families have private coverage
- Family income is above Rite Care limits or have access to commercial insurance
- If family income is at or below 250% - the child would be eligible for Rite Care

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Community First Choice Option

- States can provide certain services to individuals so that can stay in the community
- \$3.0 million in general revenue savings
 - Leverage a higher Medicaid rate
 - Assistance with activities of daily living (ADL)
 - Bathing, eating, mobility
 - Instrumental ADL
 - Medication management; housekeeping

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Community First Choice Option

- Individuals moving from a hospital, nursing facility or behavioral health residential facility (IMD)
 - May have an impact on expenses in the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals
- Example: pay for first and last month rent, bedding, basic kitchen supplies

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Qualified Health Plan Coverage

- Pregnant & post-partum women are eligible for Rite Care benefits if income is under 250%
- With ACA - women will have coverage through a qualified health plan
- If become pregnant will be Rite Care eligible

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Qualified Health Plan Coverage

- Proposal would pay for out of pocket premiums & wrap around services
 - Prevent full enrollment in Rite Care
 - Continued coverage through a qualified health plan
- Savings of \$1.2 million; \$0.6 million from general revenues

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Extended Family Planning

- Provide benefits to uninsured and underinsured individuals
 - at or below 250% of poverty
- Currently provided only to women for 24 months after giving birth
- Services are included as an essential benefit under ACA
- Adds \$0.4 million; \$0.2 million gen rev
 - Some of services are 90/10 Medicaid match

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Waiver Demonstration Extension

- Allows OHHS to implement the authority approved in its 1115 waiver demonstration extension request
 - Approved until December 31, 2018
- Continuing re-balancing efforts for long term care
- Utilizing health home models
- Access to non-medical services & supports: housing & employment supports

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Article 25 – Medicaid Resolution

- Agency to pursue any opportunities under ACA that does not adversely impact FY 2015 budget
 - Same language as used for FY 2013/FY 2014 budgets

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