

Governor's FY 2015 Budget: Articles

Staff Presentation to the House Finance Committee
February 12, 2014

1

Introduction

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

2

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

3

Article 26 – DCYF

- Article would authorize Director of DCYF to transfer eligible developmentally disabled 19-21 year olds to BHDDH for \$0.5 million from general revenue savings
- DCYF: 29 youth eligible for transfer
- Governor: Assumes 12 will be transferred to BHDDH
 - Still must meet eligibility requirements

4

Article 26 – DCYF

- RIGL 42-72-5 (b) – DCYF provides residential and education services if emotionally disturbed or developmentally delayed from ages 18 to 21
- RIGL 42-21-4.3 – Defines a developmentally disabled adult as a person 18 or older and not under the jurisdiction of DCYF

5

Article 26 – DCYF

- Budget Assumes:
 - DCYF : \$362 per day residential services
 - Residential and day programs
 - BHDDH: \$192 per day residential services
 - Assumes youth could benefit from adult learning and vocational training

6

Article 26 – DCYF

- Savings reflect lower per diem costs

Agency	Gen. Rev.	Federal	Total
DCYF	(\$1.1)	(\$0.5)	(\$1.5)
BHDDH	0.6	0.2	0.8
Total (millions)	(\$0.5)	(\$0.2)	(\$0.7)

7

Article 27 –Medical Assistance Recoveries

- Addresses the state's ability to make certain recoveries in its medical benefits program
- Federal government requires states to recover costs made on behalf of Medicaid recipients
 - estates and third party payors

8

Article 27 –Medical Assistance Recoveries

- Estate Recoveries
 - RI General Law 40-8-15
- Medical Assistance Intercept Act
 - RI General Law 27-57.1-1
 - Intercept 3rd party payors
 - Including insurance payments & workers' compensation settlements

9

Article 27 –Medical Assistance Recoveries

- Article preserves recovery efforts & includes new Medicaid eligibility requirement for long term care recipients relating to assets
- Governor does not include any savings in FY 2015

10

Article 27 –Estate Recoveries

- Federal government requires that at a minimum states recover long term care & other costs for those 55 and older
- May use the narrow federal definition
 - Estate is only those assets that pass through “probate” – Rhode Island
- Broader definition includes life insurance payouts, life estates and living trusts

11

Article 27 – Medicaid Estate Recoveries

- Probate – is process by which a will is proved valid
- Includes all property owned by a person at the time of death which does not pass directly to others through right of survivorship, or a trust established prior to death, or life insurance payable to a named beneficiary

12

Article 27 – Medicaid Estate Recoveries

- Does not pass through probate
 - Trusts – arrangement in which a grantor transfers property to a trustee with the intention that it be held, managed or administered for the benefit of the grantor or certain designated beneficiaries
 - Life Estates – an asset a person has the right to possess & use only for as long as the person lives

13

Article 27 – Medicaid Estate Recoveries

- Rhode Island does not include trust or life estate for purposes of recovery
 - Passes to the beneficiary/no probate
- Does include them for purposes of determining if property was transferred before applying for Medicaid
 - potential to offset state costs

14

Long Term Care

Costs

- FY 2013 totaled \$434.4 million
 - \$211.8 million from general revenues
 - About 20,000 long term care recipients
- Nursing & hospice care - \$354.2 million
 - \$172.9 million from general revenues
- Nursing homes – Medicaid rate of \$200/day - state paying \$167/day

15

Long Term Care

- Eligibility
 - Institutional Level of Care & Financial Need
 - May keep primary residence but subject to examination for transfer to others
 - Federal 5 year look back period for asset transfers to determine Medicaid eligibility
 - Those age 55 and older
 - FY 2013 – state recovered \$3.0 million

16

Long Term Care

Property	State Recovery
(#1) Person did not transfer own home	Eligible/Subject to recovery – lien on home
(#2) Person transferred 5 years prior to application	Eligible for Medicaid/ No recovery
(#3) Person transferred w/in 5 years of applying	Penalty Period/Not eligible for Medicaid/No Recovery

17

Long Term Care

- Purposes of probate – life estate is not considered property but is subject to recovery if there is transfer
- Example #3 applies to someone with a life estate
- Example #3 does not apply to someone with a life estate with powers or “Lady Bird” deed

18

Application for Long Term Care

Life Estate	Life Estate w/Powers
Property is not a countable asset	Property is not a countable asset
If transfer property – penalty applies/then Medicaid eligible	Eligible for Medicaid/ No recovery
Upon death – no probate/no recovery	Upon death – immediate transfer – no probate

19

Example – Life Estate

- Person has \$150,000 in equity & transfers property from a life estate
- Based on life expectancy & \$30,000 of equity interest in property, person pays 3 months
 - \$30,000 in equity/\$8,643 (private pay nursing home cost)
 - Savings to the state

20

Example – Life Estate with Powers – “Lady Bird” deed

- Person has \$150,000 in equity & transfers property from a life estate with powers deed
- Not counted as recovery and does not affect eligibility
- No offsetting state costs

21

Article 27 – Estate Recoveries

- Section 1 – establishes life estate with enhanced powers in real estate section of the RI General Laws
- Section 3 – mandates that an individual with a “Lady Bird” deed will not be eligible for Medicaid unless convey interest back to themselves
- If have one – not eligible for Medicaid

22

Other Recoveries

- Section 2 conforms to new federal requirements allowing states to recover certain resources for medical assistance recipients from 3rd party settlements
- Currently state recoveries limited to judgment
- FY 2013 state realized about \$10.0 million from all available recoveries

23

Other Recoveries - Example

- Individual is involved in car accident and state incurs costs for hospital stay and rehabilitation = \$6,000
- If receive a settlement for \$8,000 with \$5,000 for medical
 - State can only recover up to \$5,000
- Federal change allows \$6,000 recovery

24

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