

# Governor's FY 2018 Budget: Articles

Staff Presentation to the House Finance  
Committee  
March 9, 2017

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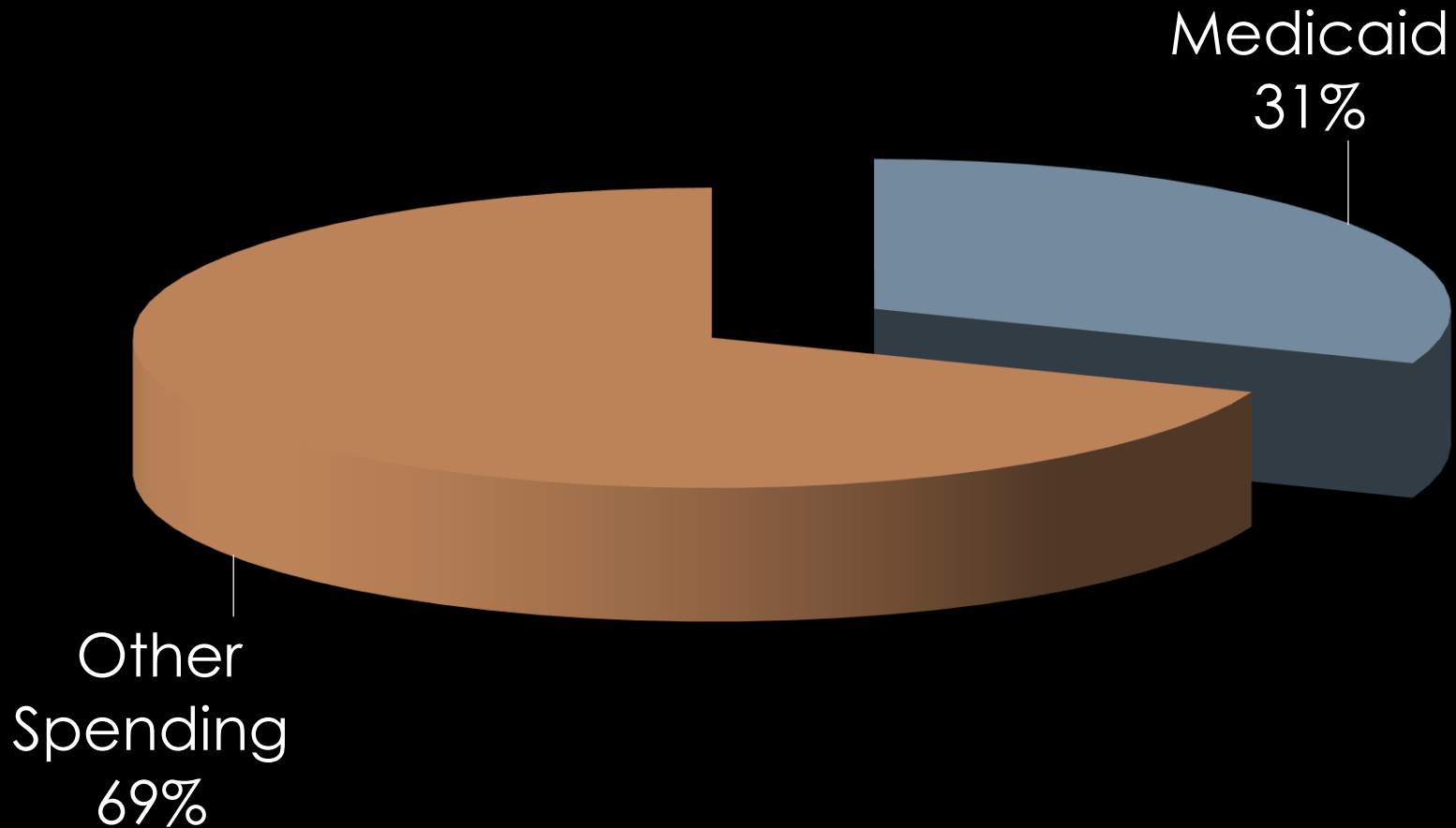
# Introduction

- **Article 12 – Medicaid Resolution**
  - Section 1 (a) (i) & (iii) – March 7<sup>th</sup>
  - **All other components being heard tonight**
- **Article 13 – Medical Assistance Programs**
  - Section 1 (Hospitals only), 2, 5 – March 7<sup>th</sup>
  - **Section 1 (all others), 3, 4 - March 9<sup>th</sup>**
    - Managed Care/Long Term Care/Health Insurers

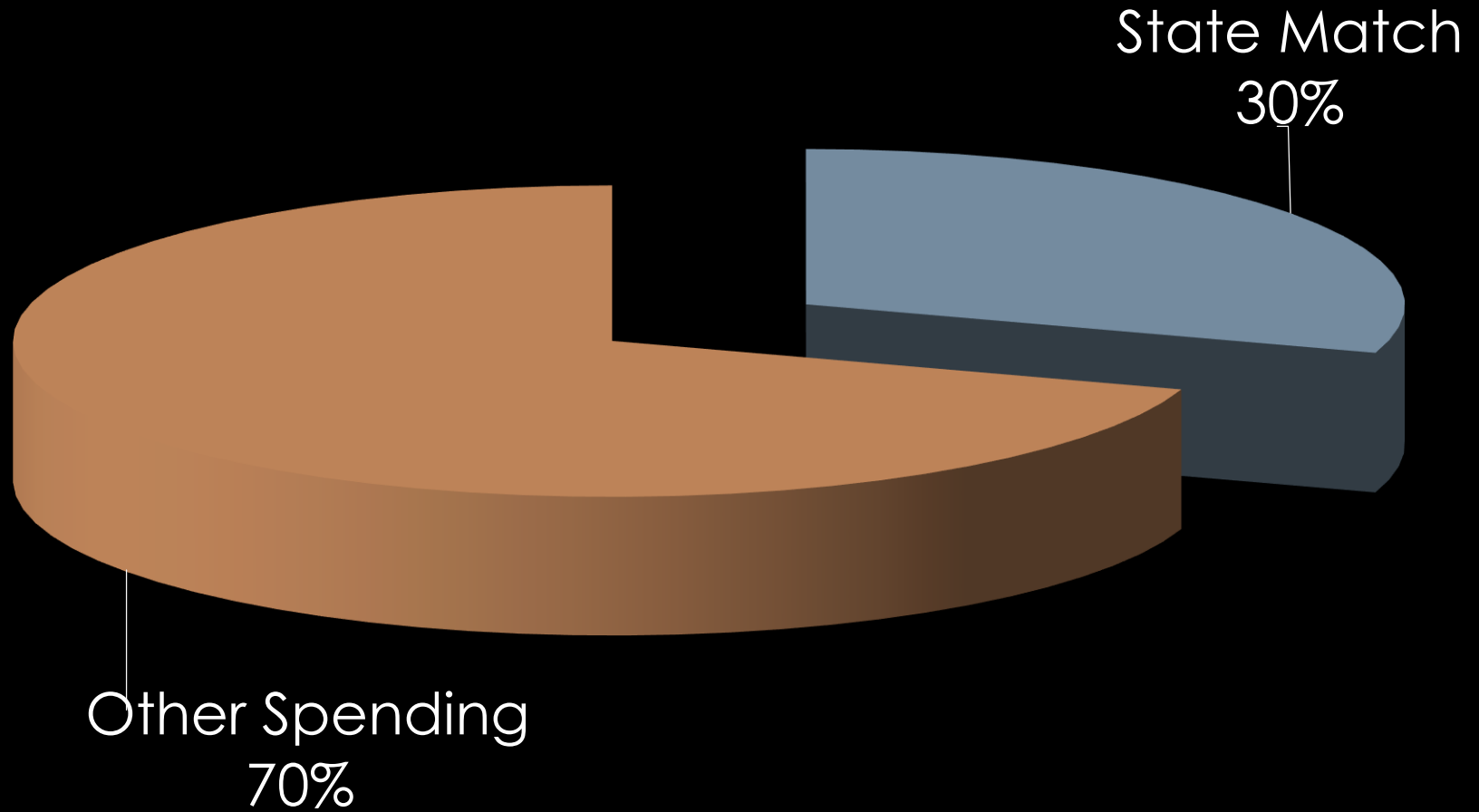
# Medicaid Overview

- Major part of state budget and economy
  - 1/4th of state residents receive Medicaid
  - Majority of costs on small % of population
- Federal requirements and limitations
  - Can expand programs through waivers
    - to cover populations & provide services through different pathways
    - RI Global Consumer Choice Compact Waiver
- ACA - state expanded Medicaid to approximately 70,000 individuals

# Medicaid % of Governor's FY 2018 Budget – All Funds



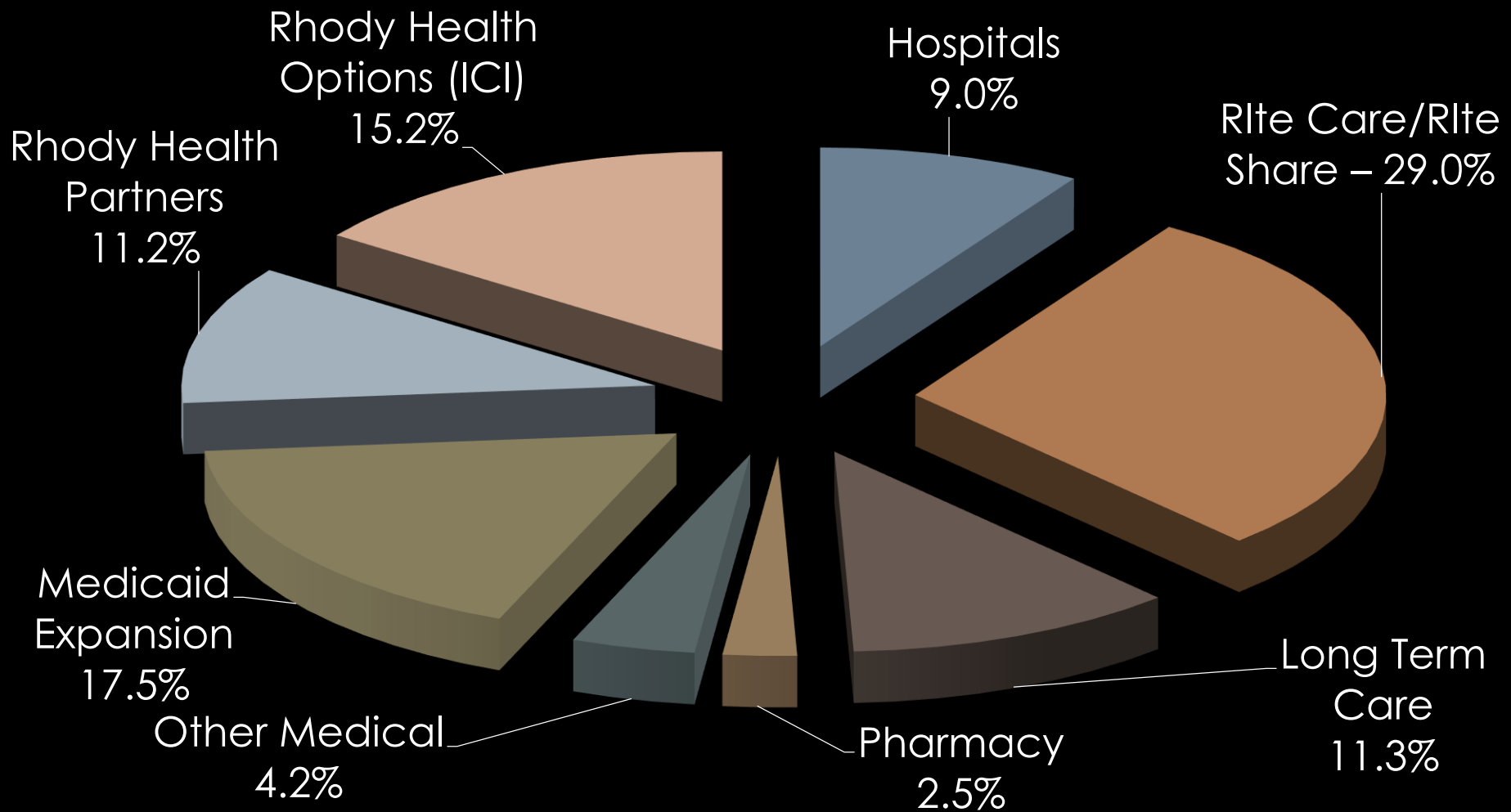
# Medicaid % of Governor's FY 2018 Budget - General Revenues



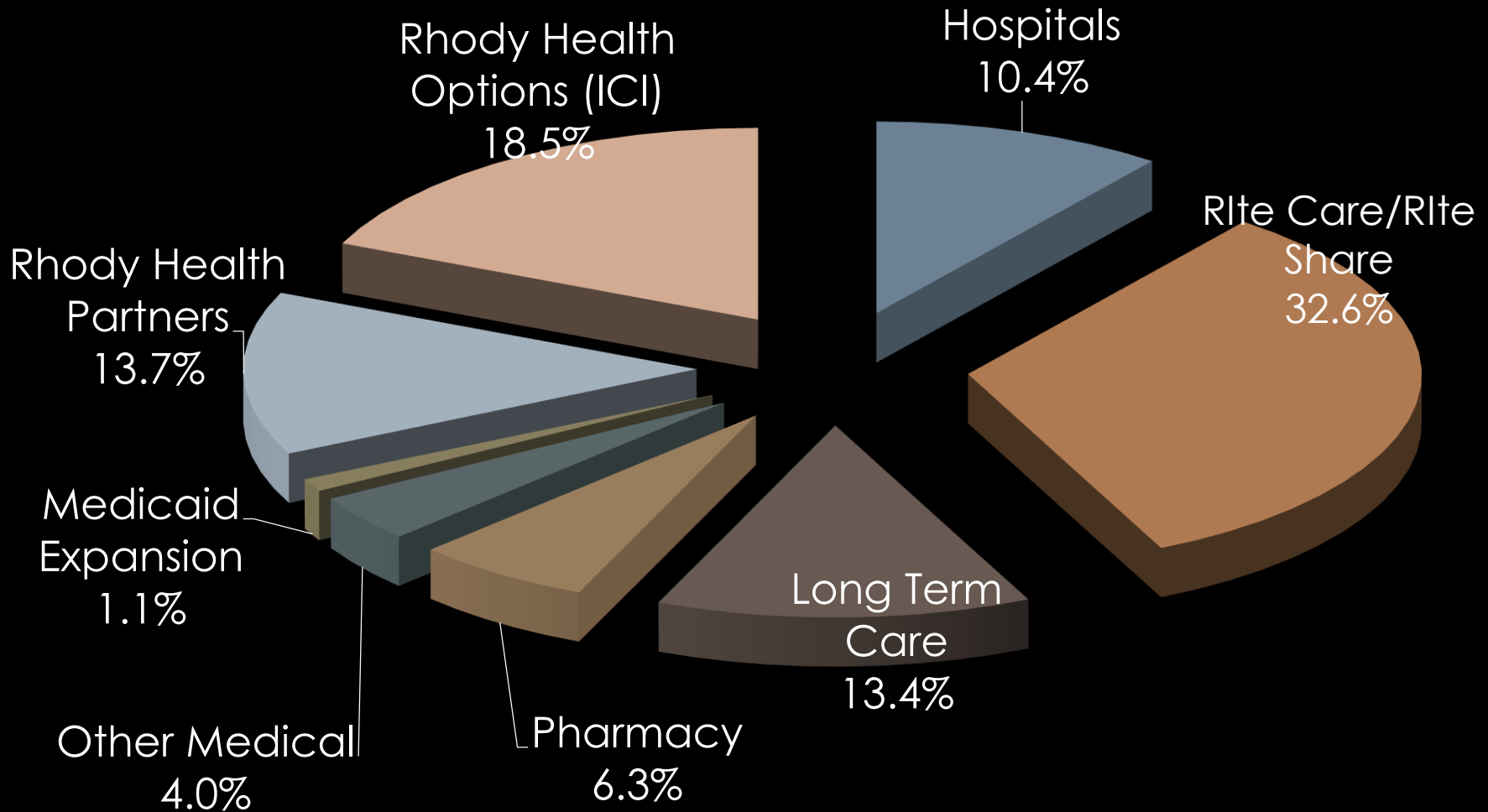
# Governor's FY 2018 Budget Medicaid by Department

Department	General Revenues	All Funds
EOHHS	\$931.2	\$2,428.9
BHDDH	172.2	351.9
Children, Youth and Families	18.9	39.0
Human Services	16.6	37.2
Health	0.5	1.5
Medicaid Total	\$1,139.5	\$2,858.4
<b>Total State Budget</b>	<b>\$3,792.7</b>	<b>\$9,248.1</b>

# FY 2017 Enacted: EOHHS All Funds



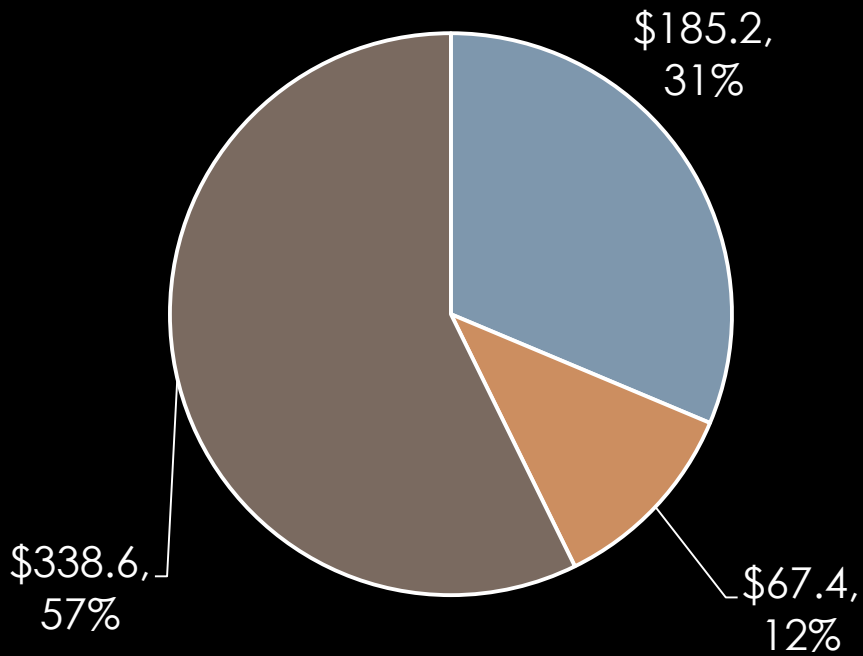
# FY 2017 Enacted: EOHHS General Revenues



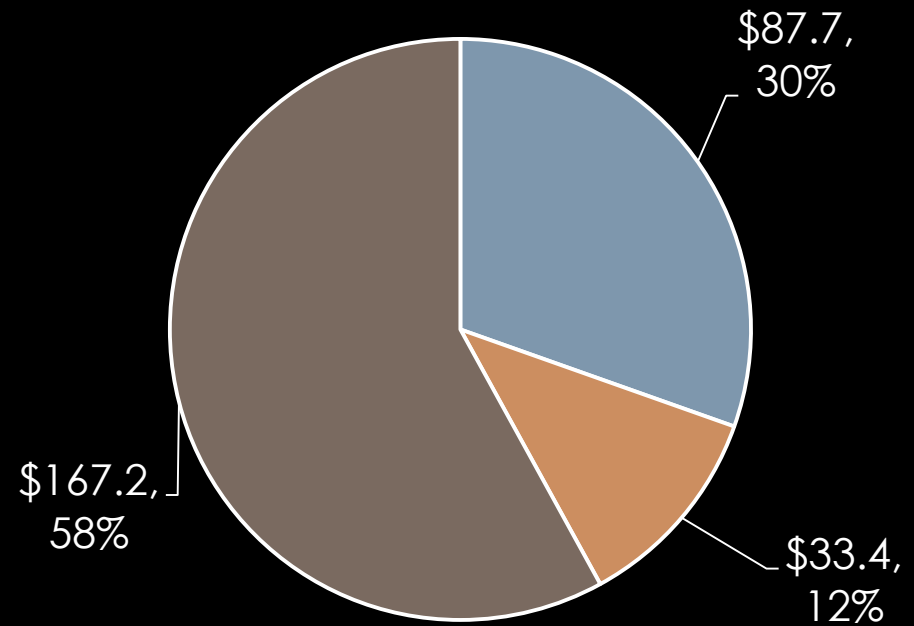


# FY 2017 Enacted: Long Term Care

All Funds = \$591.2 million



Gen. Rev. = \$278.0 million



- Nursing Homes
- Home & Community Care
- Rhody Health Options (ICI)

# Articles 12 & 13

<i>Providers</i>	<i>Gen Rev</i>	<i>Total</i>	<i>UHIP Reliant?</i>
<i>Hospitals</i>	<i>(\$12.1)</i>	<i>(\$29.5)</i>	<i>No</i>
<b>Nursing Homes &amp; Comm. Care</b>	<b>(4.2)</b>	<b>(8.7)</b>	<b>Partial</b>
<b>Managed Care Plans</b>	<b>(14.4)</b>	<b>(30.6)</b>	<b>No</b>
<b>Health Insurers</b>	<b>(3.6)</b>	<b>-</b>	<b>No</b>
<b>Total</b>	<b>(\$34.3)</b>	<b>(\$68.8)</b>	
<i>(\$ in millions)</i>			

# Medicaid

Providers	Article 12 Section 1	Article 13 Section
Hospitals	(a)	1, 2, 5
<b>Long Term Care</b>	<b>(a),(b),(d)&amp; (f)</b>	<b>1, 3</b>
<b>Managed Care</b>	<b>(a),(c),(e), (g)&amp;(h)</b>	<b>1</b>
<b>Health Insurers</b>	<b>-</b>	<b>4</b>

# Resolution - Medicaid Waiver

- Current waiver classifies proposed changes into 3 categories
- Approval for each follows different process with state & federal authorities
  - Centers for Medicare & Medicaid Services
    - Formal approval
    - Written or oral notification of a change
  - General Assembly
    - Statutory change & resolution allowing the change

# Resolution - Medicaid Waiver

Cat	Change	Approval	Example
I	Administrative	CMS (notification only)	General operating procedures, prior authorization change
II	Payments and optional benefits	Assembly & CMS	Payment change & adding benefits
III	Eligibility/New Benefit	Assembly & CMS	Lowering Rlte Care threshold for parents

# Article 12 – Resolution

Proposal	Gen. Rev.	All Funds	UHIP Reliant?
(a) Provider Rates	(\$17.6)	(\$41.9)	No
<i>(i) Hospitals*</i>	(\$5.2)	(\$15.1)	No
<i>(ii) Nursing Facilities*</i>	(\$10.8)	(\$22.2)	No
<i>(iii) Behavioral Health Inpatient Rates</i>	(\$0.9)	(\$2.2)	No
<i>(iv) Managed Care Plans</i>	(\$0.8)	(\$2.5)	No
(b) Patient Liability Collections	(\$1.2)	(\$2.5)	Yes
(c) Community Health Centers*	(\$1.2)	(\$3.0)	No

\*Related statute change included in Article 13 Section 1

# Article 12 – Resolution

Proposal	Gen Rev	All Funds	UHIP Reliant?
(d) Healthy Aging & Long Term Support Services*	(\$12.3)	(\$25.2)	?
(e) Adult Dental Services*	-	-	No
(f) Estate Recoveries & Liens	(0.3)	(0.5)	??
(g) Asthma Treatment*	-	-	No
(h) Centers of Excellence – Treatment for Opioid Disorders	-	-	No
(i) Federal Opportunities	-	-	Maybe

\*GBA requested on 3/7 deletes (e) & (g), adds to (d)

# Articles 12 and 13 - Summary

- Long Term Care Changes
  - Nursing Facility payment rates
  - Healthy Aging in the Community Initiative
    - Integrated Care Initiative scope reduction
    - Home and community care expansion
  - Payment recovery enhancement
- Managed Care Changes
  - Rates and programs
- Community Health Centers
- Insurers – Children’s Health Account



# Article 13 Sec 1: Nursing Facility Rates

- Change also included in Section 1 (a) (ii) of Article 12 – resolution
- Eliminates October 1, 2017 rate increase
  - Savings of \$11.5 million, \$5.6 million from GR
  - Governor's recommended budget includes the \$0.6 million revenue loss from nursing home assessment, net savings \$5.0 million
  - Value of savings overstated by \$1.0 million GR
    - Appears to capture value of other components of the rates paid

# Reimbursements

FY	Total*	Previous Budget Actions
2017	\$7.9	Rates increased by 3% Oct 1 & 4-year phase out of direct care adjustment
2016	(\$17.5)	Rate freeze, 2.0% reduction & acuity delay
2015	(\$4.9)	6 mo. delay on October rate increase
2014	(\$10.5)	No October rate increase
2013	\$2.0	Adjust base & transition to new method
2012	(\$6.3)	Replaced principles of reimbursement and 5% reduction
2011	(\$5.2)	Acuity adjustor with no more than a 2.2% gain or loss: 4-year phase in

\*In millions, all funds

# Healthy Aging in the Community Proposal

Governor's Recommendation	General Revenues	All Funds
Integrated Care – Exclude longer term nursing home residents from managed care	(\$7.9)	(\$16.2)
NH – Acuity rate reduction	(5.2)	(10.7)
NH - Census reduction – 2.5%	(2.5)	(5.1)
Home & community based services expansion	3.3	6.8
<b>Total</b>	<b>(\$12.3)</b>	<b>(\$25.2)</b>
<i>(\$ in millions)</i>		

# Article 1 Sec 1 (d)(1)

## Integrated Care Initiative

- 2011 Assembly passed legislation to mandate enrollment in managed care plan for individuals eligible for Medicare & Medicaid
  - Also called “dual eligible”
- Intent to integrate medical, behavioral health & long term care supports
  - Includes home and community based care and nursing homes

# Article 1 Sec 1 (d)(1) Integrated Care Initiative

- EOHHS entered into an agreement with Neighborhood Health Plan of RI
  - Rhody Health Options
- Individuals enroll in the managed care plan – chose to opt out
- NHP has contracts with each of the state's nursing facilities
- Two phase process
  - Second phase includes Medicare

# Article 1 Sec 1 (d)(1)

## Integrated Care Initiative

- Proposal excludes residents who have a nursing home stay of over 90 days from enrolling in Rhody Health Options
  - Savings of \$16.2 million, \$7.9 million from general revenues
  - No payment to NHP to manage this pool
- Enrollment would only be for those living in the community or who have a short term nursing home stay

# Long Term Care Services

March 2017 Enrollment – ICI Report	RHO	FFS/PACE	Total
Community w/o long term care supports	14,397	3,845	18,242
Nursing Home with long term care supports	2,829	1,927	4,756
Community w/long term care supports	2,034	1,149	3,183
Developmentally Disabled Adults	2,095	639	2,734
Individual with a severe and persistent mental illness	1,917	520	2,437
Medicaid w/long term care supports	585	296	881
Total	23,857	8,376	32,233

# Article 12 (a) (ii): Nursing Facility Rates

- Eliminate October 1, 2017 adjustment
- Further reduce rates “acuity based payment rates”
  - Acuity is a component of rate structure made based on a resident’s need and level of care
    - Higher for those with dementia
  - Savings of \$5.1 million, \$2.5 million from GR



# Article 12 (d)(ii): Health Aging in the Community: Process Review & Reform

- Building Age Friendly Community:
  - Improving support services
    - Additional training programs, promoting volunteer programs, transportation
  - New website to promote resources available
  - Nurse delegation authority so agencies can provide services in a more cost effective manner

# Article 12 (d)(ii): Health Aging in the Community - Process Review & Reform

- Enhanced Community Living & Respite Supports those with dementia
  - Enhancing assisted living capacity
  - Expand adult day center capacity
  - Respite and caregiver support for those with Alzheimer's
- Strengthen & promote community living
  - Streamline eligibility process
  - Expand co-pay programs

# Article 12 (d)(iii): Co-Pay Programs

- Healthy Aging Initiative adds \$6.8 million to expand home & community based services
  - \$3.3 million from general revenues
- Recent amendment request expands home care & adult day co-pay programs
  - Funding is in DHS/Division of Elderly Affairs
  - FY 2018 - \$6.3 million, \$3.1 million from general revenues for both programs

# Article 12 (d)(iii): Co-Pay Programs

Home & Day Programs	Current Program	Amendment
Eligible Recipients	Age 65 & older	Add 19-64 with dementia
# of Recipients	378	40
Income Threshold	200%	250%
Co-Payment (income based)	\$4.50 or \$7.50 per hour \$7 or \$15 per day	Same as current program?
FY 2018 Recommendation	\$6.3 million	\$2.1 million

# Article 13 Sec. 3: Home Care Rates

- Increases rates paid for personal care attendants & home health aides
  - Serving those receiving long-term care
  - Subject to appropriation
- FY 2018 budget includes \$5.2 million, \$2.5 million gen rev
  - To be implemented by 10/1/2017
- 2<sup>nd</sup> year for similar increase

# Article 13 Sec. 3: Home Care Rates

- FY 2017 increase began on January 1, 2017
  - Retroactive payments made to cover back to 10/1/2016
    - Non managed care payments are reported to be complete and up to date
    - Payments made through managed care plans mostly made and expected to be completed by April
- Different reporting requirements

# Article 13 Sec. 3: Home Care Rates

Rate Increase	General Revenues	All Funds	Reporting
FY 2018	\$2.5	\$5.2	Implement rate increase in a manner that meets specifications and reporting as approved by the Secretary
FY 2017	\$2.0	\$4.1	By 9/1/2016 providers were to submit a written plan as to who the increase would be passed through to the workers. Provider may be required to pay back increase if not approved by the Secretary

(\$ in millions)

# Article 12 (b): Patient Liability Collections

- Some individuals who receive Medicaid benefits are required to pay towards services they receive
- Primarily those in long term care setting
  - Nursing facilities
  - At home receiving community based services
  - Developmentally disabled adults – BHDDH



# Article 12 (b): Patient Liability Collections

- Same language as passed last year
- Budget assumes savings of \$3.1 million; \$1.5 million from general revenues
  - It is not based on the number of individuals who owe and what they owe
  - Information appears incomplete
  - Can also be situation where reported patient share is different for same person
  - Automation through UHIP?

# Article 12 (b): Patient Liability Collections – Examples

- Nursing Facilities
  - A resident is obligated to pay \$400 or 2 days/per month
  - State reports what is to be collected by facility from the resident & state pays rest
- Home Care Provider
  - Beneficiary in example and owes \$400
    - Provider collects the share but the provider may change and is not told what person has to pay
    - Or might have several providers – who collects?

# Article 12 (f): Estate Recoveries

- State recovers some nursing home costs paid on behalf of Medicaid eligible residents who have certain real property assets
  - Collected \$3.0 million in FY 2016
- Article 12 allows unidentified changes to these recoveries
  - No accompanying statutory changes
- Governor assumes \$0.3 million in general revenue savings

# Article 12 (f): Estate Recoveries

- Amendment requested to expand estate notification to cover more assets
  - Adds “small estates”
    - Appears to be designed to extend recovery to non real property assets
- Amendment seeks authority for EOHHS to make changes through rules & regulations process
  - May include limits on allowable medical expenses prior determining Medicaid eligibility

# Article 12 (a)(iv): Managed Care

- Managed Care Administrative Rates
  - Savings of \$2.5 million, including \$0.8 million from a 2% reduction to administrative rates
  - Administrative rates are portion of a capitated payment - is 9.2% to 9.1% - freezing growth rate
  - \$148.5 million in anticipated payments

# Article 12 (e): Adult Dental Services

- Article proposes to change payment & delivery system for adult dental services
  - Includes change to oral surgery rates
  - Intent was to increase rates
- Governor's budget does not include funding to support rate increases
  - She requested an amendment to delete the proposal

# Article 12 (g): Home Asthma Treatment Program– HARP

- HARP
  - Started using federal funds from DOH
  - Asthma intervention program to reduce ER visits and hospitalization
- Governor does not include any additional funding for the program in FY 2018
  - She requested an amendment to remove the language from the resolution b/c there is a fiscal impact

# Article 12 (h): Centers of Excellence

- Authorizes EOHHS to seek Medicaid funding for Centers of Excellence for Opioid Use Disorders
- It appears that EOHHS has already applied for and received this approval
  - Not clear why approval not sought during the 2016 session – Category II change
  - State filed notice with CMS in October, 2016 for November 1 start



# Article 12 (h): Centers of Excellence

- Licensed through BHDDH
  - \$1.0 million federal Medication Assistance Treatment grant provided start up funding
  - Approved one for CODAC
  - Recently licensed a unit in ESH, Regan building in Cranston
- Costs for service would appear in EOHHS' Medicaid budget

# Article 12 (h): Centers of Excellence

- FY 2017 budget includes \$1.5 million assuming Medicaid match to fund Overdose Taskforce recommendations
  - Peer recovery coaches, infrastructure costs and Centers of Excellence
- FY 2018 Budget retains that funding
- Governor's requested amendment
  - EOHHS/BHDDH reassessing cost projections and intend to structure the program to remain within "available appropriations"

# Article 12 (c): Community Health Centers

- 9 community health centers
  - 8 federally qualified health centers
  - Block Island Health Center
- Expenses for insured patients paid through managed care plans
- Also separate monthly state payment based on people served
- Reconciliation process at year end
  - Applies only to federally qualified centers

# Article 12 (c): Community Health Centers

- Also statutory change in Article 13 Sec 1
- Savings of \$3.0 million, \$1.2 million GR
  - Assumes reduced visits to health centers
    - Care would be delivered in another setting
  - Managed care plans would make payments and have increased oversight over which members go to health center
- Any changes to methodology has to have agreement from each of the federally qualified health centers

# Community Health Centers Payments

## Current Law

- Managed Care plan payments
- Monthly state payment
- State does year end reconciliation compares costs to payments and covers difference

## Article 13 Sec 1

- All payment through managed care plans
- Plans reconcile costs and payments and cover difference

# Article 12 (f): Federal Opportunities

- Allows EOHHS to take advantage of any federal opportunities that do not have an adverse impact on the FY 2018 budget
- Has been included in previous budgets
  - No actions have been taken under this provision

# Article 13 Sec 4: Children's Health Account

- Assessment for services provided to children w/special health care needs who have commercial coverage
  - CEDARR services, certified private duty nursing & nursing assistant services, home based & children and adolescent intensive treatment intensive services
  - Charged to insurers up to \$7,500 per service per child
- Article 13 increases to \$12,500

# Article 13 Sec 4: Children's Health Account

- Budget assumes charges will yield \$3.6 million more in restricted receipts
  - Direct offset to state expenses
  - FY 2017 enacted budget includes \$9.6 million
  - FY 2018 recommended budget anticipates collecting \$13.2 million
- Proposed in FY 2016 and again in FY 2017
- Not accepted by the Assembly



# Health System Transformation Program

- Article and budget is silent on pending program that affects state support to hospitals and nursing facilities
- Governor announcement federal approval for about \$130 million from federal funds for the health system transformation program
- Authority for the program started in FY 2016

# Health System Transformation Program

Timeline	Action	Funding
FY 2016	<p>Art 5 of 2016 budget included hospital &amp; nursing home incentives programs.</p> <ul style="list-style-type: none"><li>• No sooner than 7/1/2016 – get paid for achieving performance goals set by the Secretary</li><li>• Part of “Reinventing Medicaid”</li></ul>	No

# Health System Transformation Program

Timeline	Action	Funding
FY 2017	<p>Article 9 of 2017 budget request federal authority to fund RI Health System Transformation Program &amp; Designated State Health Program</p> <ul style="list-style-type: none"> <li>• Medicaid match through partnerships with URI, RIC &amp; CCRI</li> </ul>	FY 2017 - \$18.8 m. from fed. funds
2017 Gov. Rev. Rec	EOHHS entered into a 2 month contract in August 2016 with UMASS Medical School to establish partnership with URI/RIC & CCRI for program	\$0.2 m all funds/ \$0.1 m gen rev

# Health System Transformation Program

Timeline	Action	Funding
FY 2017 Gov. Rev	Notified on 10/20/2016 that awarded 5 year grant totaling \$129.7 million. State to develop shared savings incentive programs between managed care health plans & certified affordable entities.	No
FY 2018 Gov. Rec	Shared savings incentive programs are: 1. Hospital & Nursing Home Incentive program - operate for 9 months 2. Accountable Entity Incentive Program – managed long term services and supports through rebalancing strategy	No

# Issues to Consider

- UHIP Reliant proposals?
  - How will functioning of UHIP impede or complicate implementation or availability of data for accurate financial estimates?
- Need CMS approval?
  - What is the timeline?
  - If CMS raises issues to be addressed, time is added to already months long process
- Affordable Care Act changes?
  - Unknown, but proposals now taking shape

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