



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Department of Administration
BUDGET OFFICE
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MEMORANDUM

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

The Honorable Daniel Da Ponte
 Chairman, Senate Finance Committee

From: Thomas A. Mullaney *Thomas A. Mullaney*
 Executive Director/State Budget Officer

Date: March 7, 2017

Subject: Amendments to Article 12 of the FY 2018 Appropriations Act
 (17-H-5175)

The Governor requests that the original Article 12 entitled "Relating to Medicaid Reform Act of 2008 Resolution" be amended to add some clarifying language to several sections and to eliminate two sections: (e) entitled "Adult Dental Services – Delivery System Reform"; and (g) entitled Asthma Treatment – Home Asthma Response Program (HARP). Requested changes are highlighted in grey in the attached version of the article.

The first addition of new language is in section (d) entitled "Healthy Aging Initiative and LTSS System Reform". The requested language provides further clarification of the authority being requested in the resolution to implement reforms associated with the Healthy Aging Initiative.

The second addition of new language is in section (d) (ii) entitled "Process Review and Reform". The requested language includes program reforms details.

The third addition of new language is a new section (iii) under section (d) entitled "Co-Pay Program Expansion". The requested language would authorize the expansion of the Division of Elderly Affairs co-pay program. The Healthy Aging Initiative furthers the state's ongoing commitment to rebalance the long-term care system from institutional-based care to less restrictive home and community-based settings. Toward this end, the EOHHS proposes to reinvest savings from changes in managed long-term care enrollment to expand eligibility for the Division of Elderly Affairs' copay program to two groups of low-income Rhode Islanders who do not otherwise qualify for Medicaid: (1) adults between the ages of 19 and 64 who have been diagnosed with dementia related conditions, including Alzheimer's disease; and (2) elders 65 years of age or older with income from 200 to 250 percent of the federal poverty level. The copay program currently plays an important role in providing services and supports to seniors which enable them to obtain the care they need to optimize their health, retain their independence, and avoid high cost nursing facility care paid

for by Medicaid. The State has the authority under its Section 1115 demonstration waiver to obtain federal matching funds for the general revenue reinvestments for this expansion of the copay program.

The final changes to the Article request the deletion of two sections as follows:

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(e) *Adult Dental Services – Delivery system reform.* The Executive Office proposes to change the payment and delivery system for adult dental services, including rates for oral surgery. Changes to the Medicaid State Plan and the Section 1115 waiver are required to implement these reforms. New and/or amended rules, regulations and procedures may also be necessary.

This language was originally requested by the Office of Health and Human Services (OHHS) in preparation for a potential change to Adult Dental Services in FY 2019. Since no decision has been made by the Governor on changes to dental services and no official request to the Center for Medicaid Services (CMS) will occur during FY 2018, it has been determined that this language is not needed at this time.

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(g) *Asthma Treatment -- Home Asthma Response Program (HARP).* HARP is an evidence-based asthma intervention program designed to reduce preventable asthma emergency department visits and hospitalization among high risk pediatric asthma patients. To obtain Medicaid financial participation for implementation of HARP, the Executive Office may be required to adopt State Plan amendments and/or additional authorities under the terms of the Rhode Island's Section 1115 demonstration waiver.

This language was requested by OHHS as part of a proposal to change the delivery of services for high risk asthma patients. However, the proposal has a fiscal impact that was not accounted for in the Governor's recommended FY 2018 budget and therefore should not have been included in the resolution.

Lastly, we are aware there have been some questions concerning the funding requirements for the opioid treatment centers of excellence. EOHHS/BHDDH is reassessing its projections related to the cost of the program and intends to structure the program to remain within available appropriations.

If you have any questions regarding these amendments, please feel free to call me or my staff at 222-6300.

TAM:-Amend-10

cc: Sharon Reynolds Ferland, House Fiscal Advisor
Stephen Whitney, Senate Fiscal Advisor
Michael DiBiase, Director of Administration
Jonathan Womer, Director, Office of Management and Budget
Gregory Stack, Supervising Budget Analyst
Carmela Corte, Supervising Budget Analyst

1 **ARTICLE 12**

2 **RELATING TO MEDICAID REFORM ACT OF 2008 RESOLUTION**

3 SECTION 1. Rhode Island Medicaid Reform Act of 2008 Resolution.

4 WHEREAS, the General Assembly enacted Chapter 12.4 of Title 42 entitled “The Rhode Island
5 Medicaid Reform Act of 2008”; and

6 WHEREAS, a legislative enactment is required pursuant to Rhode Island General Laws 42-12.4-1,
7 et seq.; and

8 WHEREAS, Rhode Island General Law 42-7.2-5(3)(a) provides that the Secretary of the Executive
9 Office of Health and Human Services (“Executive Office”) is responsible for the review and coordination
10 of any Medicaid section 1115 demonstration waiver requests and renewals as well as any initiatives and
11 proposals requiring amendments to the Medicaid state plan or category II or III changes as described in the
12 demonstration, “with potential to affect the scope, amount, or duration of publicly-funded health care
13 services, provider payments or reimbursements, or access to or the availability of benefits and services
14 provided by Rhode Island general and public laws”; and

15 WHEREAS, in pursuit of a more cost-effective consumer choice system of care that is fiscally
16 sound and sustainable, the Secretary requests legislative approval of the following proposals to amend the
17 demonstration:

18 (a) *Provider Rates -- Adjustments.* The Executive Office proposes to:

19 (i) Eliminate hospital payments by the projected increases in hospital rates that would otherwise
20 take-effect during the state fiscal year 2018 and reduce the hospital payments by one percent on January 1,
21 2018.

22 (ii) Adjust acuity-based payment rates to nursing facilities and eliminate the annual increase in
23 rates that would otherwise take-effect on October 1, 2017;

24 (iii) Change the acuity-based policy adjustor for payments to hospitals for behavioral health
25 services; and

26 (iv) Reduce rates for Medicaid managed care plan administration.

1 Implementation of adjustments may require amendments to the Rhode Island's Medicaid State Plan
 2 and/or Section 1115 waiver under the terms and conditions of the demonstration. Further, adoption of new
 3 or amended rules, regulations and procedures may also be required.

4 (b) *Beneficiary Liability Collection Enhancements* – Federal laws and regulations require
 5 beneficiaries who are receiving Medicaid-funded long-term services and supports (LTSS) to pay a portion
 6 of their income toward in the cost of care. The Executive Office is seeking to enhance the agency's capacity
 7 to collect these payments in a timely and equitable manner. The Executive Office may require federal State
 8 Plan and/or waiver authority to implement these enhancements. Amended rules, regulations and procedures
 9 may also be required.

10 (c) *Community Health Centers – Alternative payment methodology*. To pursue more transparent,
 11 better coordinated, and cost-effective care delivery, the Executive Office proposes to revise the *Rhode*
 12 *Island's Principles of Reimbursement for Federally Qualified Health Centers*, as amended July 2012, to
 13 include in its monthly capitation payments to the health plans the total cost of providing care to the Medicaid
 14 plan members the Community Health Centers serve. Pursuing such revisions may also require amendments
 15 to the Medicaid state plan and/or other federal authorities.

16 (d) *Healthy Aging Initiative and LTSS System Reform*. The Executive Office proposes to further the
 17 goals of the Healthy Aging Initiative and LTSS system rebalancing by pursuing the necessary authorities
 18 under §40-8.9-5 for the following innovations in system navigation service access, design and delivery for
 19 persons eligible for Medicaid LTSS, and at risk for Medicaid LTSS as appropriate:

20 (i) *Integrated Care Initiative (ICI) – Demonstration amendment*. New enrollment patterns in
 21 managed care and fee-for-services Medicaid that will promote the Healthy Aging Initiative goals of
 22 achieving greater utilization of home and community-based long-term services and supports options.

23 (ii) *Process Review and Reform*. A review of access to Medicaid-funded LTSS for the purpose of
 24 reforming existing processes to streamline eligibility determination procedures, facilitate system
 25 navigation, promote options counseling, information and referral services, and person-centered planning,

1 and to further the goals of rebalancing the LTSS system established in §40-8.9 of Rhode Island general laws
2 while preserving service quality, choice and cost-effectiveness.

3 (iii) *Co-Pay Program Expansions.* Implement federal authority under the State's Section 1115
4 waiver enabling the Division of Elderly Affairs (DEA) of the Department of Human Services (DHS) to
5 obtain federal funds as costs not otherwise matchable to assist in financing an expansion of the DEA co-
6 pay program to persons who are *otherwise ineligible for Medicaid*, meet all co-pay program requirements,
7 and are: (1) ages nineteen (19) to sixty-four (64), have income at or below two-hundred and fifty (250)
8 percent of the federal poverty level (FPL), and need treatment for Alzheimer's disease and other forms of
9 dementia; and (2) are age sixty-five (65) and older and have income at or below two-hundred and fifty
10 (250) percent of the FPL.

11 With the exception of the federally authorized DEA co-pay program expansions, implementation
12 of these ~~changes~~ Healthy Aging Initiative 2017 and LTSS rebalancing proposals set forth in Article 13,
13 Section 3 amending §40-8.9-9 of Rhode Island general laws may require Section 1115 waiver authority
14 under the terms and conditions of the demonstration. New and/or amended rules, regulations and procedures
15 may also be necessary. ~~to implement this proposal. Accordingly, the Executive Office may require State~~
16 ~~Plan or the Section 1115 waiver to foster greater access to home and community based services.~~
17 ~~Implementation of such changes may also require the adoption of rules, regulations and/or procedures.~~

18 (e) ~~*Adult Dental Services—Delivery system reform.*~~ The Executive Office proposes to change the
19 ~~payment and delivery system for adult dental services, including rates for oral surgery. Changes to the~~
20 ~~Medicaid State Plan and the Section 1115 waiver are required to implement these reforms. New and/or~~
21 ~~amended rules, regulations and procedures may also be necessary.~~

22 (f) *Estate Recoveries and Liens.* Proposed changes in Executive Office policies pertaining to estate
23 recoveries and liens may require new or amended State Plan and/or Section 1115 waiver authorities.
24 Implementation of these changes may also require new and/or amended rules, regulations and procedures.

1 ~~(g) *Asthma Treatment – Home Asthma Response Program (HARP)*. HARP is an evidence based~~
2 ~~asthma intervention program designed to reduce preventable asthma emergency department visits and~~
3 ~~hospitalization among high risk pediatric asthma patients. To obtain Medicaid financial participation for~~
4 ~~implementation of HARP, the Executive Office may be required to adopt State Plan amendments and/or~~
5 ~~additional authorities under the terms of the Rhode Island’s Section 1115 demonstration waiver.~~

6 (h) *Centers of Excellence (COEs) – Opioid Treatment*. The Executive Office proposes to establish
7 a COE to promote best practices in the prevention and treatment of the Rhode Islanders who are addicted
8 to opioids. Pursuing the establishment of COEs financed in part by federal matching Medicaid funds
9 requires certain amendments to the Medicaid State Plan and may necessitate adoption of new or amended
10 waiver authorities, rules, regulations and procedures.

11 (i) *Federal Financing Opportunities*. The Executive Office proposes to review Medicaid
12 requirements and opportunities under the U.S. Patient Protection and Affordable Care Act of 2010
13 (PPACA) and various other recently enacted federal laws and pursue any changes in the Rhode Island
14 Medicaid program that promote service quality, access and cost-effectiveness that may warrant a Medicaid
15 State Plan amendment or amendment under the terms and conditions of Rhode Island’s Section 1115
16 Waiver, its successor, or any extension thereof. Any such actions by the Executive Office shall not have
17 an adverse impact on beneficiaries or cause there to be an increase in expenditures beyond the amount
18 appropriated for state fiscal year 2018.

19 Now, therefore, be it: RESOLVED, the General Assembly hereby approves proposals and be it
20 further;

21 RESOLVED, the Secretary of the Executive Office is authorized to pursue and implement any
22 waiver amendments, State Plan amendments, and/or changes to the applicable department’s rules,
23 regulations and procedures approved herein and as authorized by 42-12.4-7; and be it further

24 RESOLVED, that this Joint Resolution shall take effect upon passage.

25 Section 2. This article shall take effect upon passage