



State of Rhode Island and Providence Plantations

Caseload Estimating Conference

Room 305, STATE HOUSE, PROVIDENCE, RI 02903

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May 2015 Conference Chair

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MEMORANDUM

To: The Honorable Nicholas A. Mattiello, Speaker of the House
The Honorable Gina M. Raimondo, Governor
The Honorable M. Teresa Paiva Weed, President of the Senate

From: Sharon Reynolds Ferland, House Fiscal Advisor
Thomas A. Mullaney, State Budget Officer
Stephen H. Whitney, Senate Fiscal Advisor

Date: May 19, 2015

Subject: May 2015 Caseload Estimating Conference

SUMMARY

The Caseload Estimating Conference convened on May 4, 2015, in an open public meeting to estimate cash assistance caseload and medical assistance expenditures for FY 2015 and FY 2016. In comparison to the 2015 November conference estimate, the adopted estimate for FY 2015 lowered total funding by \$156.2 million, primarily due to lower than projected costs for the Medicaid expansion populations and costs related to new treatments for hepatitis C. FY 2016 program costs are estimated to total \$2,460.4 million, a decrease of \$106.0 million from the November estimate and an increase of \$145.7 million over the FY 2015 revised conference estimate, primarily due to expected medical inflation offset by decreases in the medical costs for persons enrolled in the Medicaid expansion program and the lower than projected usage of the new treatment protocol for Hepatitis C.

General revenue expenditures are expected to be \$16.9 million less in FY 2015 than estimated in November and \$13.4 million less than the November estimate for FY 2016 for a two-year program decrease of \$30.3 million compared to November conference. The total FY 2016 general revenue funding of \$965.1 million is \$38.7 million more than the May FY 2015 estimate.

May 2015 Caseload Estimates	FY 2015 Nov CEC	FY 2015 May CEC	Change to Nov CEC	FY 2016 Nov CEC	FY 2016 May CEC	Change to Nov CEC
Cash Assistance						
All Funds	\$ 105,965,053	\$ 104,252,245	\$ (1,712,808)	\$ 108,740,457	\$ 107,936,846	\$ (803,611)
General Revenues	29,544,942	29,347,381	(197,561)	29,819,602	29,522,673	(296,929)
Medical Assistance						
All Funds	\$2,364,919,281	\$2,210,466,776	\$ (154,452,505)	\$2,457,657,754	\$2,352,480,243	\$ (105,177,511)
General Revenues	913,746,691	897,035,988	(16,710,703)	948,688,863	935,608,801	(13,080,062)
Consensus Caseload Total						
All Funds	\$2,470,884,334	\$2,314,719,021	\$ (156,165,313)	\$2,566,398,211	\$2,460,417,089	\$ (105,981,122)
General Revenues	943,291,633	926,383,369	(16,908,264)	978,508,465	965,131,474	(13,376,991)

Cash Assistance

Cash assistance programs for FY 2015 are estimated to total \$104.3 million, a decrease of \$1.7 million from the November estimate. General revenue expenditures are estimated to be \$29.3 million, \$0.2 million less than the FY 2015 November estimate. FY 2016 expenditures are estimated to total \$107.9 million, \$0.8 million less than the November estimate. The FY 2016 general revenue estimate of \$29.5 million is \$0.3 million less than the November estimate.

Rhode Island Works

The estimators project a caseload of 13,014 persons or 461 less than the November estimate, at an average monthly per person cost of \$181.75 or \$1.25 less than November for total expenditures of \$31.0 million in FY 2015. For FY 2016, the estimate includes 12,216 individuals at an average monthly cost per person of \$181.71 for total program costs of \$29.2 million. Program expenses are funded entirely by the federal Temporary Assistance to Needy Families block grant.

The estimates assume that no more than 15 percent of the overall Rhode Island Works caseload will retain their benefits through the hardship provision, consistent with federal requirements allowing a state to exempt that portion of its caseload from the time limits while continuing to pay the benefits from federal funds.

Child Care Assistance

The FY 2015 caseload estimate for child care assistance includes \$53.6 million to provide 7,820 children with subsidized care at an average yearly cost of \$6,856 per subsidy. Projected program expenses are anticipated to increase by \$0.9 million over the November estimate based on updated enrollment projections, primarily for the pilot program that allows a family whose income increases above 180 to up to 225 percent of the federal poverty level to continue to receive child care subsidies.

For FY 2016, program costs are estimated to be \$58.9 million, or 8,600 subsidies at an average yearly cost of \$6,850 per subsidy. The estimate for FY 2016 assumes continued program growth. General revenues for child care assistance are estimated to be \$9.7 million or 18.0 percent of total child care costs in FY 2015 and 16.4 percent in FY 2016. General revenue funding for the Child Care Assistance Program reflects fulfillment of the maintenance of effort requirement under the federal Child Care Development Fund.

Supplemental Security Income

The caseload for the Supplemental Security Income program is estimated to be 33,780 in FY 2015, 120 individuals below the November estimate. The estimated monthly cost per person is revised downward by \$0.40 to \$44.85 for total costs of \$18.2 million. In FY 2016, an estimated 34,101 individuals will receive payments averaging \$44.85, for total costs of \$18.4 million. The state pays transaction fees to the federal government to administer a small portion of these state supplemental payments. These fees are expected to total \$53,000 in FY 2015 and \$52,000 in FY 2016.

General Public Assistance

Based upon recent program trends, the Conference revised its FY 2015 estimate of the number of persons receiving general public assistance from 455 to 438 and the FY 2016 estimate from 465 to 434. Total expenditures are estimated to be \$1.5 million in FY 2015 and \$1.4 million in FY 2016 and include increased costs per person in both years from reductions in recoveries from the Social Security Administration. Some residual costs totaling \$11,523 for the now-discontinued medical benefit program are included in the FY 2015 estimate.

Medical Assistance

The Conference projects total medical assistance spending of \$2,210.5 million in FY 2015, \$154.5 million less than the November estimate from all sources which includes \$114.5 million less from federal funds for updated costs for persons enrolled in the Medicaid expansion program. General revenue expenditures in FY 2015 are estimated to be \$897.0 million or \$16.7 million less than the November estimate.

For FY 2016, the Conference projects spending of \$2,352.5 million, \$105.2 million less than the November estimate for FY 2016 and \$142.0 million above the May FY 2015 estimate. The estimate also includes updated costs for the expansion population lowering federal fund expenses by \$72.7 million. General revenues are expected to decrease by \$13.1 million from the November estimate and increase \$38.6 million from the May FY 2015 estimate.

Costs for Sovaldi and Harvoni, newly approved medications for the treatment of chronic Hepatitis C, are included in the FY 2015 and FY 2016 estimates. The Medicaid program is required to provide these treatments despite their unprecedented high cost, which is about \$90,000 for a full course of treatment. The November estimate included the Office's estimate for potential costs of \$110.8 million, including \$26.5 million general revenues, over both FY 2015 and FY 2016 for the treatments, based on the incidence of Hepatitis C infections and the potential pool of patients that may qualify under the treatment protocols the Office established.

The May estimate includes \$46.1 million, \$13.1 million general revenues, based on utilization and known requests.

Most medical assistance expenditures are matched at the state's base federal medical assistance percentage (FMAP). The effective rate is 50.03 percent in FY 2015 and 50.32 percent in FY 2016.

Hospitals

FY 2015 hospital fee-for-service expenditures are estimated to be \$214.5 million including disproportionate share hospital (DSH) payments of \$138.3 million. The estimate includes \$22.6 million in Upper Payment Limit (UPL) payments and \$1.0 million for a Graduate Medical Education Program. The estimate lowers spending by \$2.6 million resulting from lower than anticipated hospital days.

FY 2016 hospital expenditures are estimated to be \$221.3 million, and includes a DSH payment totaling \$138.3 million and updated UPL payments totaling \$27.9 million, including \$13.8 million from general revenues. This includes \$5.2 million more from all sources for the updated UPL payment, including \$2.6 million from general revenues.

Long Term Care

Long term care expenditures, including costs for services provided in nursing facilities and in community and home settings, are estimated to be \$250.5 million in FY 2015 and \$268.0 million in FY 2016. Increases of \$4.2 million in FY 2015 and \$1.4 million in FY 2016 compared to the November estimate reflect the shift of resources from the Rhody Health Options program as enrollment levels off in the managed care program.

Based upon the decrease from FY 2013 to FY 2014 in the number of fee-for-service nursing home and hospice days, and pursuant to the long term care finance reform contained in Rhode Island General Law 40-8.9-4, the Conference estimate increased FY 2016 funding for home and community-based services by \$600,000. This funding was included in the November estimate and is included in the May estimate.

Managed Care

FY 2015 expenditures for managed care (including the RItE Care and RItE Share programs) are estimated to be \$622.5 million, \$14.0 million less than November, primarily due to the lower than anticipated enrollment in the new treatment protocol for Hepatitis C and changes to the caseload demographics. Costs for FY 2016 are estimated to increase to \$650.7 million or by 4.5 percent over the FY 2015 estimate, based on expected medical inflation.

Rhody Health Partners

FY 2015 costs of \$269.0 million for the Rhody Health Partners program are projected to be \$11.3 million less than the November estimate. FY 2016 expenditures are estimated to be \$293.4 million, \$7.6 million less than the November estimate and \$24.4 million more than the FY 2015 revised estimate. The revised estimate includes updated costs of new treatments for Hepatitis C and caseload demographics.

The Rhody Health Partners estimate includes the Medicaid-funded fee-for-service behavioral health benefits that were transferred from the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals in the FY 2015 enacted budget. The May conference estimate is consistent with November and includes \$65.0 million in the FY 2015 estimate and \$69.0 million in the FY 2016 estimate.

Rhody Health Options

Expenses for Rhody Health Options, the state's integrated care initiative that provides acute care and long term care services to individuals eligible for both Medicare and Medicaid, are estimated to be \$270.7 million in FY 2015. This represents a decrease of \$6.8 million compared to the November estimate due to lower than anticipated enrollment rates in the program.

The FY 2016 estimate of \$275.5 million is \$14.6 million less than November and \$4.8 million less than the FY 2015 revised estimate; it includes the September 1, 2015 state date for Phase II of the Integrated Care Initiative.

Medicaid Expansion

The Rhode Island Medicaid program was expanded as of January 1, 2014, as part of the state's implementation of the Affordable Care Act. Adults with an income less than 138 percent of the federal poverty level and without dependent children were added as a new covered population to the state's medical assistance program. Costs related to this expansion are fully federally-funded through CY 2016 with federal support phased down to 90.0 percent by CY 2020.

As of March 31, 2015, 61,896 individuals had enrolled in the expansion program. In FY 2015, enrollment is projected to average 54,201 at a cost of \$424.6 million. This is \$114.5 million less than the November estimate based on lower than projected costs for those enrolled in the program. In FY 2016, enrollment is projected to average 58,264 at a cost of \$474.4 million. There is no general revenue cost in either year.

Other Medical Services

Expenditures for other medical services are estimated to be \$109.5 million in FY 2015 and \$113.5 million in FY 2016. The estimate includes Medicare Part B payments for certain individuals, fee-for-services payments for rehabilitation and other medical services and payments to Tavares pediatric facility. It also includes case management costs associated with Connect Care Choice Community Partners.

Pharmacy

Pharmacy expenses are estimated to be a savings of \$1.0 million in FY 2015 based on updated rebates and expenditures of \$1.9 million for FY 2016. The Medicare Part D clawback payment is estimated to be \$50.2 million in FY 2015 and \$53.8 million in FY 2016 and consists solely of general revenues. The payment is the state's portion of the federal Medicare pharmacy costs for its population that are enrolled in both Medicare and Medicaid (commonly referred to as dual-eligibles).

The following tables show the May Caseload Conference estimates for cash and medical assistance benefits for FY 2015 and FY 2016.

Conference Total

	FY 2015	FY 2015	Change to	FY 2016	FY 2016	Change to
Conference Total	Nov Adopted	May Adopted	Nov Adopted	Nov Adopted	May Adopted	Nov Adopted
Total Costs	\$2,470.9	\$2,314.7	(\$156.2)	\$2,566.4	\$2,460.4	(\$106.0)
Federal Funds	1,517.0	1,377.7	(139.3)	1,577.3	1,484.7	(92.6)
General Revenues	943.3	926.4	(16.9)	978.5	965.1	(13.4)
Restricted Receipts	10.6	10.6	-	10.6	10.6	-

in millions

Cash Assistance

Rhode Island Works	FY 2015 Nov Adopted	FY 2015 May Adopted	Change to Nov Adopted	FY 2016 Nov Adopted	FY 2016 May Adopted	Change to Nov Adopted
Persons	13,475	13,014	(461)	13,475	12,216	(1,259)
Monthly Cost per Person	\$183.00	\$181.75	(\$1.25)	\$183.00	\$181.71	(\$1.29)
Cash Payments	\$29,591,100	\$28,383,534	(\$1,207,566)	\$29,591,100	\$26,637,232	(\$2,953,868)
Monthly Bus Passes	3,508,890	2,323,780	(1,185,110)	3,508,890	2,272,176	(1,236,714)
Tax Intercepts	(200,000)	(150,000)	50,000	(200,000)	(150,000)	50,000
Supportive Services	200,000	171,000	(29,000)	200,000	200,000	-
Clothing - Children	205,949	205,400	(549)	207,000	187,000	(20,000)
Catastrophic	28,000	19,500	(8,500)	28,000	24,000	(4,000)
Work Supplementation	2,000	600	(1,400)	2,000	2,400	400
Total Costs	\$33,335,939	\$30,953,814	(\$2,382,125)	\$33,336,990	\$29,172,808	(\$4,164,182)
TANF Block Grant	33,335,939	30,953,814	(2,382,125)	33,336,990	29,172,808	(4,164,182)
General Revenues	-	-	-	-	-	-

Child Care

Subsidies	7,590	7,820	230	7,950	8,600	650
Annual Cost per Subsidy	\$6,950	\$6,856	(\$94)	\$6,950	\$6,850	(\$100)
Total Costs	\$ 52,750,500	\$ 53,613,920	\$863,420	\$55,252,500	\$ 58,910,000	\$ 3,657,500
Federal Funds	43,081,865	43,945,285	863,420	45,583,865	49,241,365	3,657,500
General Revenue	9,668,635	9,668,635	-	9,668,635	9,668,635	-

SSI

Persons	33,900	33,780	(120)	34,239	34,101	(138)
Monthly Cost per Person	\$45.25	\$44.85	(\$0.40)	\$45.40	\$44.85	(\$0.55)
Cash Payments	\$18,407,700	\$18,180,396	(\$227,304)	\$18,653,407	\$18,353,158	(\$300,249)
Transaction Fees	52,500	53,000	500	52,000	52,000	-
Total Costs	\$18,460,200	\$18,233,396	(\$226,804)	\$18,705,407	\$18,405,158	(\$300,249)

GPA

Persons	455	438	(17)	465	434	(31)
Monthly Cost per Person	\$130.00	\$132.00	\$2.00	\$132.00	\$135.00	\$3.00
Total Payments	709,800	693,792	(\$16,008)	\$736,560	\$703,080	(\$33,480)
Burials	704,000	745,800	41,800	709,000	745,800	36,800
Medical	4,614	11,523	6,909	-	-	-
Total Costs	\$1,418,414	\$1,451,115	\$32,701	\$1,445,560	\$ 1,448,880	\$ 3,320
Federal Funds	2,307	5,765	3,458	-	-	-
General Revenues	1,416,107	1,445,350	29,243	1,445,560	1,448,880	3,320

Cash Assistance Total

Total Costs	\$105,965,053	\$104,252,245	(\$1,712,808)	\$108,740,457	\$ 107,936,846	\$ (803,611)
Federal Funds	76,420,111	74,904,864	(1,515,247)	78,920,855	78,414,173	(506,682)
General Revenues	29,544,942	29,347,381	(197,561)	29,819,602	29,522,673	(296,929)

Medical Assistance

	FY 2015 Nov Adopted	FY 2015 May Adopted	Change to Nov Adopted	FY 2016 Nov Adopted	FY 2016 May Adopted	Change to Nov Adopted
Hospitals						
Regular	78.8	76.2	(2.6)	80.5	83.0	2.5
Disproportionate Share	138.3	138.3	-	138.3	138.3	-
Total	\$217.1	\$214.5	(\$2.6)	\$218.8	\$221.3	\$2.5

Long Term Care

Nursing and Hospice Care	176.0	180.5	4.5	191.0	195.0	4.0
Home and Community Car	70.3	70.0	(0.3)	75.6	73.0	(2.6)
Total	\$246.3	\$250.5	\$4.2	\$266.6	\$268.0	\$1.4

Managed Care and Acute Care Services

Managed Care	636.5	622.5	(14.0)	660.4	650.7	(9.7)
Rhody Health Partners	280.3	269.0	(11.3)	301.0	293.4	(7.6)
Rhody Health Options	277.5	270.7	(6.8)	290.1	275.5	(14.6)
Medicaid Expansion	539.1	424.6	(114.5)	547.1	474.4	(72.7)
Other Medical Services	114.0	109.5	(4.5)	117.6	113.5	(4.1)
Total	\$1,847.4	\$1,696.3	(\$151.1)	\$1,916.2	\$1,807.5	(\$108.7)

Pharmacy

Pharmacy	3.6	(1.0)	(4.7)	4.0	1.9	(2.1)
Clawback	50.5	50.2	(0.3)	52.0	53.8	1.8
Total	\$54.1	\$49.1	(\$5.0)	\$56.0	\$55.7	(\$0.4)

Medical Assistance Total

Total Costs	\$2,364.9	\$2,210.5	(\$154.5)	\$2,457.7	\$2,352.5	(\$105.2)
Federal Funds	1,440.6	1,302.8	(137.7)	1,498.4	1,406.3	(92.1)
General Revenue	913.7	897.0	(16.7)	948.7	935.6	(13.1)
Restricted Receipts	10.6	10.6	-	10.6	10.6	-

in millions