



State of Rhode Island

Caseload Estimating Conference

JOSEPH M. CODEGA JR.
State Budget Officer
May 2023 Conference Chair

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MEMORANDUM

To: The Honorable Daniel McKee, Governor
The Honorable Dominick J. Ruggiero, President of the Senate
The Honorable K. Joseph Shekarchi, Speaker of the House

From: Joseph M. Codega Jr., State Budget Officer
Stephen H. Whitney, Senate Fiscal Advisor
Sharon Reynolds Ferland, House Fiscal Advisor

Date: May 17, 2023

Subject: **May 2023 Caseload Estimating Conference**

SUMMARY

The Caseload Estimating Conference convened on May 5, 2023, in an open public meeting to estimate cash assistance caseload, costs for private community providers serving individuals with developmental disabilities, and medical assistance expenditures for FY 2023 and FY 2024.

The Conference heard testimony related to the process of returning to normal Medicaid eligibility and enrollment operations. These estimates assume that enhanced Medicaid reimbursement will phase down through the end of the CY 2023, and the Department of Human Services will undertake a twelve-month resumption of normal eligibility and enrollment operations, with the first redeterminations becoming effective on June 1, 2023.

Compared to the November 2022 Caseload Estimating Conference, the adopted estimate for FY 2023 decreases funding by \$111.7 million to \$3,536.1 million. This assumes costs associated with increased caseload in managed care are more than offset by reduced managed care plan expenditures, long-term care

expenses, and other adjustments. Estimated expenditures for cash assistance also decline for most of the programs, including lower than projected enrollment in subsidized child care.

For FY 2024, the conferees adopted total expenses of \$3,641.5 million, which is \$85.1 million less than the adopted November consensus. This includes \$72.9 million less for medical assistance, \$18.0 million less for cash assistance, and \$5.9 million more for community-based services for adults with developmental disabilities. The estimate reflects a significantly lower Disproportionate Share Hospital (DSH) payment to account for a federally scheduled reduction understated in the November testimony. The estimate also generally includes medical benefits inflation, provider rate increases, and enrollment trends, offset by a reduction in nursing home expenses. Decreased expenditures are anticipated for child care assistance while expenditures for services for developmentally disabled adults are increasing. General revenue expenditures are expected to total \$1,341.2 million, an increase of \$160.1 million compared to the May estimate for FY 2023.

The following table summarizes the adopted estimates.

May 2023 Consensus Caseload Estimates	2022 Nov. CEC FY 2023 Consensus	2023 May CEC FY 2023 Consensus	2023 May CEC v. 2022 Nov. CEC	2022 Nov. CEC FY 2024 Consensus	2023 May CEC FY 2024 Consensus	2023 May CEC v. 2022 Nov. CEC
Cash Assistance						
All Funds	\$ 111,369,450	\$ 102,938,198	\$ (8,431,252)	\$ 130,876,000	\$ 112,839,556	\$ (18,036,444)
General Revenues	\$ 27,666,797	\$ 27,306,121	\$ (360,676)	\$ 29,007,774	\$ 28,933,901	\$ (73,873)
Private Community Developmentally Disabled Services						
All Funds	\$ 323,933,312	\$ 321,230,000	\$ (2,703,312)	\$ 338,631,588	\$ 344,530,000	\$ 5,898,412
General Revenues	\$ 133,605,041	\$ 128,492,000	\$ (5,113,041)	\$ 153,464,588	\$ 152,707,500	\$ (757,088)
Medical Assistance						
All Funds	\$ 3,212,579,879	\$ 3,111,979,879	\$ (100,600,000)	\$ 3,257,038,847	\$ 3,184,097,091	\$ (72,941,756)
General Revenues	\$ 1,073,105,301	\$ 1,025,309,496	\$ (47,795,806)	\$ 1,214,315,390	\$ 1,159,587,192	\$ (54,728,199)
CEC Consensus Total						
All Funds	\$ 3,647,882,641	\$ 3,536,148,077	\$ (111,734,564)	\$ 3,726,546,435	\$ 3,641,466,647	\$ (85,079,788)
General Revenues	\$ 1,234,377,139	\$ 1,181,107,617	\$ (53,269,523)	\$ 1,396,787,752	\$ 1,341,228,593	\$ (55,559,160)

Cash Assistance

Cash assistance programs for FY 2023 are estimated to total \$102.9 million, a decrease of \$8.4 million from the November consensus. Activities funded by general revenues are estimated to be \$27.3 million, \$0.4 million less than the November consensus.

FY 2024 expenditures are estimated to total \$112.8 million, \$18.0 million less than the November consensus. For FY 2024, general revenues are estimated at \$28.9 million, or \$73,873 less than the November Conference.

Caseload Estimating Conference

May 17, 2023- Report on the May 2023 Conference

Page 3

May 2023 Consensus Caseload Estimates	2022 Nov. CEC FY 2023 Consensus	2023 May CEC FY 2023 Consensus	2023 May CEC v. 2022 Nov. CEC	2022 Nov. CEC FY 2024 Consensus	2023 May CEC FY 2024 Consensus	2023 May CEC v. 2022 Nov. CEC
Rhode Island Works						
Persons	8,800	8,215	(585)	9,600	8,500	(1,100)
Monthly Cost per Person	\$ 226.50	\$ 229.50	\$ 3.00	\$ 240.00	\$ 232.00	\$ (8.00)
Cash Payments	\$ 23,918,400	\$ 22,624,110	\$ (1,294,290)	\$ 27,648,000	\$ 23,664,000	\$ (3,984,000)
Monthly Bus Passes	\$ 593,360	\$ 554,048	\$ (39,312)	\$ 808,400	\$ 716,000	\$ (92,400)
Supportive Services	\$ 800,000	\$ 838,000	\$ 38,000	\$ 800,000	\$ 850,000	\$ 50,000
Clothing - Children	\$ 685,000	\$ 685,000	\$ -	\$ 750,000	\$ 700,000	\$ (50,000)
Catastrophic	\$ 2,400	\$ 2,400	\$ -	\$ 2,400	\$ 2,400	\$ -
Total Costs (TANF)	\$ 25,999,160	\$ 24,703,558	\$ (1,295,602)	\$ 30,008,800	\$ 25,932,400	\$ (4,076,400)
Child Care						
Subsidies	6,300	5,640	(660)	7,725	6,400	(1,325)
Annual Cost per Subsidy	\$ 10,624	\$ 10,650	\$ 26	\$ 10,624	\$ 10,650	\$ 26
Total Costs	\$ 66,931,200	\$ 60,066,000	\$ (6,865,200)	\$ 82,070,400	\$ 68,160,000	\$ (13,910,400)
Federal Funds	\$ 57,703,493	\$ 50,928,519	\$ (6,774,974)	\$ 71,859,426	\$ 57,973,255	\$ (13,886,171)
General Revenue	\$ 9,227,707	\$ 9,137,481	\$ (90,226)	\$ 10,210,974	\$ 10,186,745	\$ (24,229)
SSI						
Persons	32,050	31,680	(370)	32,000	31,900	(100)
Monthly Cost per Person	\$ 44.25	\$ 44.00	\$ (0.25)	\$ 44.40	\$ 44.00	\$ (0.40)
Cash Payments	\$ 17,018,550	\$ 16,727,040	\$ (291,510)	\$ 17,049,600	\$ 16,843,200	\$ (206,400)
Transaction Fees	\$ 53,500	\$ 53,500	\$ -	\$ 58,500	\$ 58,500	\$ -
Total Costs	\$ 17,072,050	\$ 16,780,540	\$ (291,510)	\$ 17,108,100	\$ 16,901,700	\$ (206,400)
GPA						
Persons	340	355	15	475	558	83
Monthly Cost per Person	\$ 188.00	\$ 185.00	\$ (3.00)	\$ 191.00	\$ 186.00	\$ (5.00)
Total Payments	\$ 767,040	\$ 788,100	\$ 21,060	\$ 1,088,700	\$ 1,245,456	\$ 156,756
Burials	\$ 600,000	\$ 600,000	\$ -	\$ 600,000	\$ 600,000	\$ -
Total Costs	\$ 1,367,040	\$ 1,388,100	\$ 21,060	\$ 1,688,700	\$ 1,845,456	\$ 156,756
Cash Assistance Total						
Total Costs	\$ 111,369,450	\$ 102,938,198	\$ (8,431,252)	\$ 130,876,000	\$ 112,839,556	\$ (18,036,444)
Federal Funds	\$ 83,702,653	\$ 75,632,077	\$ (8,070,576)	\$ 101,868,226	\$ 83,905,655	\$ (17,962,571.00)
General Revenue	\$ 27,666,797	\$ 27,306,121	\$ (360,676)	\$ 29,007,774	\$ 28,933,901	\$ (73,873)

Rhode Island Works

The conferees project a caseload of 8,215 at an average monthly cost of \$229.50 in FY 2023, which is 585 individuals fewer than the November consensus estimate and a \$3.00 increase in monthly cost per person. For FY 2024, the conferees adopt a caseload of 8,500 at an average monthly cost of \$232.00, which is 1,100 fewer individuals than adopted in November and a \$8.00 lower monthly cost. Expenditures for Rhode Island Works, including monthly bus passes and other supportive services, total \$24.7 million for FY 2023 and \$25.9 million for FY 2024. Program expenses are funded entirely by the federal Temporary Assistance for Needy Families (TANF) block grant.

Child Care Assistance

The FY 2023 caseload estimate for child care assistance includes \$60.1 million to provide 5,640 children with subsidized care at an average yearly cost of \$10,650 per subsidy. The revised estimate assumes use of \$50.9 million from federal block grant funds and \$9.1 million from general revenues. Projected program expenses are anticipated to decrease by \$6.9 million from the November consensus based on updated enrollment data. The estimate also reflects the most recent agreement between the State of Rhode Island and SEIU District 1199 New England covering Child Care Assistance Program family child care providers for the time period of January 2022 through June 30, 2025. Pursuant to R.I. Gen. Laws § 40-6.6-7, economic aspects of this contract are subject to legislative appropriation. Among notable changes per the agreement is a change in the compensation structure of family child care providers from a rating based on “steps” to one based on their BrightStars rating mirroring that of center-based child care providers.

Caseload Estimating Conference

May 17, 2023- Report on the May 2023 Conference

Page 4

For FY 2024, program costs are estimated to be \$68.2 million, for 6,400 subsidies at an average yearly cost of \$10,650 per subsidy. This represents 1,325 fewer subsidies and \$26.00 more per subsidy than adopted in November to account for continued quality improvements through assumed movement in BrightStars ratings. The estimate assumes \$58.0 million from federal block grant funds and \$10.2 million from general revenues. The total cost is \$13.9 million less than the November consensus.

Supplemental Security Income

The caseload for the Supplemental Security Income program is estimated to be 31,680 persons in FY 2023 and 31,900 in FY 2024. The estimated monthly cost per person is \$44.00 in each year for total funding of \$16.8 million from general revenues in FY 2023 and \$16.9 million from general revenues in FY 2024, inclusive of transaction costs.

General Public Assistance

For FY 2023, the Conference assumes 355 individuals at a monthly cost of \$185.00, which is 15 more individuals than November and a \$3.00 lower monthly cost. The FY 2024 estimate assumes 558 individuals at \$186.00 per month; this is \$0.2 million more than the November consensus and assumes 83 more participants at a \$5.00 lower monthly cost. The recent increase in participants primarily results from the Department ending the requirement for enhanced review deemed to be redundant. Total expenditures for payments in FY 2023 and FY 2024 are estimated to be \$0.8 million and \$1.2 million, respectively. Total costs for burials are estimated to be \$600,000 in each year.

Private Services for Individuals with Developmental Disabilities

The Conference projects total costs for private services for individuals with developmental disabilities of \$321.2 million in FY 2023, including \$192.7 million from federal funds and \$128.5 million from general revenues. This is \$2.7 million less than the November consensus, including \$5.1 million less from general revenues.

For FY 2024, the Conference projects spending of \$344.5 million including \$191.8 million from federal funds and \$152.7 million from general revenues. This is \$5.9 million more than the November consensus, including \$0.8 million less from general revenues. The following subsections describe the service categories selected for estimating purposes.

The estimated splits in adopted all funds expenditures between federal funds and general revenue reflects updated assumptions regarding the phasedown of enhanced FMAP, described in detail in the Medical Assistance section below.

May 2023 Consensus Caseload Estimates	2022 Nov. CEC FY 2023 Consensus	2023 May CEC FY 2023 Consensus	2023 May CEC v. 2022 Nov. CEC	2022 Nov. CEC FY 2024 Consensus	2023 May CEC FY 2024 Consensus	2023 May CEC v. 2022 Nov. CEC
Residential Habilitation						
Total costs	\$ 192,200,000	\$ 192,500,000	\$ 300,000	\$ 204,300,000	\$ 205,000,000	\$ 700,000
Day Program						
Day Program	\$ 76,300,000	\$ 77,000,000	\$ 700,000	\$ 81,000,000	\$ 82,300,000	\$ 1,300,000
Shared Living Item	\$ 5,100,000	\$ 5,000,000	\$ (100,000)	\$ 5,100,000	\$ 5,000,000	\$ (100,000)
Total costs	\$ 81,400,000	\$ 82,000,000	\$ 600,000	\$ 86,100,000	\$ 87,300,000	\$ 1,200,000
Employment						
Total costs	\$ 7,300,000	\$ 5,000,000	\$ (2,300,000)	\$ 7,300,000	\$ 8,000,000	\$ 700,000
Transportation						
Transportation	\$ 6,700,000	\$ 7,000,000	\$ 300,000	\$ 7,200,000	\$ 7,100,000	\$ (100,000)
RIPTA Contract	\$ 900,000	\$ 900,000	\$ -	\$ 1,100,000	\$ 1,200,000	\$ 100,000
Total costs	\$ 7,600,000	\$ 7,900,000	\$ 300,000	\$ 8,300,000	\$ 8,300,000	\$ -
Case Management and Other Support Services						
Total costs	\$ 12,300,000	\$ 11,700,000	\$ (600,000)	\$ 12,300,000	\$ 13,100,000	\$ 800,000
L9 Supplemental Funding						
Total costs	\$ 22,800,000	\$ 21,800,000	\$ (1,000,000)	\$ 20,000,000	\$ 22,500,000	\$ 2,500,000
Non Medicaid Funded						
DD State Subsidies	\$ 31,724	\$ 30,000	\$ (1,724)	\$ 30,000	\$ 30,000	\$ -
Out-of-state placements	\$ 301,588	\$ 300,000	\$ (1,588)	\$ 301,588	\$ 300,000	\$ (1,588)
Total costs	\$ 333,312	\$ 330,000	\$ (3,312)	\$ 331,588	\$ 330,000	\$ (1,588)
Developmental Disabilities Total						
Total Costs	\$ 323,933,312	\$ 321,230,000	\$ (2,703,312)	\$ 338,631,588	\$ 344,530,000	\$ 5,898,412
Federal Funds	\$ 190,328,271	\$ 192,738,000	\$ 2,409,729	\$ 185,167,000	\$ 191,822,500	\$ 6,655,500
General Revenue	\$ 133,605,041	\$ 128,492,000	\$ (5,113,041)	\$ 153,464,588	\$ 152,707,500	\$ (757,088)

Residential Habilitation

Residential habilitation includes congregate and non-congregate living supports. FY 2023 residential habilitation expenditures are estimated to be \$192.5 million, which is \$0.3 million more than the November consensus. FY 2024 residential habilitation expenditures are estimated to be \$205.0 million, which is \$0.7 million more than the November consensus.

Day Program

Day Program captures services offered at a center-based day program, a community-based day program or home-based day program, including the provision of education, and training. Day Program expenditures are estimated to be \$82.0 million in FY 2023, \$0.6 million more than the November consensus. FY 2024 day program expenditures are estimated to be \$87.3 million, \$1.2 million more than the adopted November estimate.

This category includes an estimate for a Shared Living Item of \$5.0 million each year for FY 2023 and FY 2024 to support Shared Living Arrangement contractors who are also providing day supports at home.

Employment

Employment captures services such as job assessment and development, job coaching, job retention, and prevocational training for adults with developmental disabilities. For FY 2023, the Conference estimates \$5.0 million for employment services, which is \$2.3 million less than the November consensus. FY 2024 expenditures are estimated to be \$8.0 million, which is \$0.7 million more than the November consensus.

Transportation

The transportation service category provides funding for round-trip transportation from an individual's residence to employment and day program activities. Transportation costs are estimated to be \$7.9 million in FY 2023, which represents an increase of \$0.3 million from the November consensus. The estimate also includes \$0.9 million in funds for transportation services provided by the Rhode Island Public Transit

Authority (RIPTA). For FY 2024, the Conference estimates \$8.3 million, which is the same as the November consensus and includes \$1.2 million for RIPTA expenses.

Case Management and Other Support Services

This category represents the remaining assorted services an individual can receive, including, but not limited to, attendant care, home modifications, assistive technology, and support facilitation. Case management and other support services are estimated to be \$11.7 million for FY 2023, which represents a decrease of \$0.6 million compared to the November consensus. For FY 2024, the Conference estimates \$13.1 million, which is \$0.8 million more than the November consensus.

L9 Supplemental Funding

The Conference estimates \$21.8 million for L9 Supplemental Funding in FY 2023, which is \$1.0 million less than the November consensus. For FY 2024, the Conference estimates \$22.5 million for L9 Supplemental Funding, which is \$2.5 million more than the November consensus.

Non Medicaid Funded

This category includes items that are not currently eligible to receive Medicaid match. The Conference estimates \$330,000 in both years, which is \$3,312 less than the November consensus for FY 2023 and \$1,588 less than the November consensus for FY 2024. The estimate includes \$30,000 in both years for monthly stipend payments to family caregivers of individuals who formerly resided at the Ladd Center. The estimates also include \$300,000 for one individual in an out-of-state placement.

Medical Assistance

The Conference projects total medical assistance spending of \$3,112.0 million in FY 2023, including \$2,077.4 million from federal funds, \$1,025.3 million from general revenues, and \$9.3 million from restricted receipts. This is \$100.6 million less than the November consensus, including a general revenue reduction of \$47.8 million.

For FY 2024, the Conference projects spending of \$3,184.1 million including \$2,016.0 million from federal funds, \$1,159.6 million from general revenues, and \$8.5 million from restricted receipts. This estimate is \$72.9 million less than November, of which federal funds are decreasing by \$17.4 million, general revenues decrease by \$54.7 million, and restricted receipts decrease by \$0.8 million.

The May Conference updates the assumptions and its associated impacts regarding the Public Health Emergency (PHE). Since the November Conference, which was predicated on the PHE continuing through January 2023, the Consolidated Appropriations Act, 2023 (CAA, 2023) was signed into law on December 29, 2022, and makes significant changes to continuous enrollment condition and availability of the temporary increase of 6.2 percentage point enhanced reimbursement afforded Rhode Island under the Families First Coronavirus Response Act (FFCRA). FFCRA effectively paused all eligibility redetermination activity such that individuals enrolled in Medicaid could not be terminated until the end of the PHE. Under CAA, 2023, expiration of the continuous enrollment condition and receipt of the temporary FMAP increase are no longer linked to the end of the PHE. The continuous enrollment condition ended on March 31, 2023, and Rhode Island began the redetermination process on April 1, 2023 allowing the termination of Medicaid enrolled individuals who no longer meet Medicaid eligibility requirements.

The Department of Human Services began providing 60-day notice to individuals subject to redetermination on April 1, 2023 with the first eligibility redeterminations becoming effective on June 1, 2023. As such, the Conference recognizes that the FFCRA's temporary FMAP increase will be gradually phased down beginning April 1, 2023 and will end on December 31, 2023. The 6.2 percentage points will remain in place through CY Q1 2023, phase down to 5 percentage points in CY Q2 2023, 2.5 percentage points in CY Q3 2023, then 1.5 percentage points in CY Q4 2023 throughout state Medicaid programs. In order to continue to receive the enhanced FMAP over the redetermination period, the State must comply with new conditions

including a 12-month continuous coverage requirement and delayed redetermining of children until January 2024 and a distribution of renewals at an even pace over the course of the 12-month “unwinding period”.

May 2023 Consensus Caseload Estimates	2022 Nov. CEC FY 2023 Consensus	2023 May CEC FY 2023 Consensus	2023 May CEC v. 2022 Nov. CEC	2022 Nov. CEC FY 2024 Consensus	2023 May CEC FY 2024 Consensus	2023 May CEC v. 2022 Nov. CEC
Hospitals						
Regular	\$ 62,300,000	\$ 64,800,000	\$ 2,500,000	\$ 62,700,000	\$ 59,000,000	\$ (3,700,000)
Disproportionate Share	\$ 145,079,879	\$ 145,079,879	\$ -	\$ 136,338,847	\$ 15,997,091	\$ (120,341,756)
Total	\$ 207,379,879	\$ 209,879,879	\$ 2,500,000	\$ 199,038,847	\$ 74,997,091	\$ (124,041,756)
Long Term Care						
Nursing and Hospice Car	\$ 333,100,000	\$ 302,000,000	\$ (31,100,000)	\$ 358,000,000	\$ 343,500,000	\$ (14,500,000)
Home and Community C:	\$ 122,600,000	\$ 124,400,000	\$ 1,800,000	\$ 127,500,000	\$ 133,400,000	\$ 5,900,000
Total	\$ 455,700,000	\$ 426,400,000	\$ (29,300,000)	\$ 485,500,000	\$ 476,900,000	\$ (8,600,000)
Managed Care						
Managed Care	\$ 969,100,000	\$ 956,400,000	\$ (12,700,000)	\$ 989,000,000	\$ 1,048,100,000	\$ 59,100,000
Rhody Health Partners	\$ 305,600,000	\$ 301,600,000	\$ (4,000,000)	\$ 321,900,000	\$ 320,800,000	\$ (1,100,000)
Rhody Health Options	\$ 167,800,000	\$ 165,700,000	\$ (2,100,000)	\$ 183,500,000	\$ 173,700,000	\$ (9,800,000)
Other Medical Services	\$ 165,200,000	\$ 162,000,000	\$ (3,200,000)	\$ 174,900,000	\$ 171,400,000	\$ (3,500,000)
Medicaid Expansion	\$ 863,200,000	\$ 809,500,000	\$ (53,700,000)	\$ 811,300,000	\$ 821,200,000	\$ 9,900,000
Total	\$ 2,470,900,000	\$ 2,395,200,000	\$ (75,700,000)	\$ 2,480,600,000	\$ 2,535,200,000	\$ 54,600,000
Pharmacy						
Pharmacy	\$ 500,000	\$ 1,300,000	\$ 800,000	\$ 500,000	\$ 1,300,000	\$ 800,000
Clawback	\$ 78,100,000	\$ 79,200,000	\$ 1,100,000	\$ 91,400,000	\$ 95,700,000	\$ 4,300,000
Total	\$ 78,600,000	\$ 80,500,000	\$ 1,900,000	\$ 91,900,000	\$ 97,000,000	\$ 5,100,000
Medical Assistance Total						
Total Costs	\$ 3,212,579,879	\$ 3,111,979,879	\$ (100,600,000)	\$ 3,257,038,847	\$ 3,184,097,091	\$ (72,941,756)
Federal Funds	\$ 2,130,164,578	\$ 2,077,360,383	\$ (52,804,194)	\$ 2,033,413,457	\$ 2,015,994,899	\$ (17,418,557)
General Revenue	\$ 1,073,105,301	\$ 1,025,309,496	\$ (47,795,806)	\$ 1,214,315,390	\$ 1,159,587,192	\$ (54,728,199)
Restricted Receipts	\$ 9,310,000	\$ 9,310,000	\$ -	\$ 9,310,000	\$ 8,515,000	\$ (795,000)

Hospitals

FY 2023 hospital expenditures are estimated to be \$209.9 million, including a \$145.1 million Disproportionate Share Hospital (DSH) payment. This represents an increase of \$2.5 million compared to the November adopted estimates attributable to updated assumptions regarding inpatient and outpatient fee-for-service (FFS) activity.

FY 2024 hospital expenditures are estimated to be \$75.0 million, including \$16.0 million for the Disproportionate Share Hospital payment. This represents a decrease of \$124.0 million compared to the November adopted estimates of which \$120.3 million is associated with DSH. The newly adopted DSH total reflects the cap reductions anticipated in federal FY 2024, correcting an inaccurate interpretation of the likely impact of the federal phase-down of the DSH reflected in the November estimate. Rhode Island’s low uninsured rate is the primary reason for the magnitude of the change to the overall DSH allotment.

Long Term Care

Long term care expenditures are estimated to be \$426.4 million in FY 2023 and \$476.9 million in FY 2024. Expenditures are estimated to decrease by \$31.1 million in FY 2023 and \$14.5 million in FY 2024 for nursing facilities compared to the November consensus. The FY 2024 estimate is \$41.5 million more than the FY 2023 estimate. The program continues to experience depressed utilization. FY 2023 includes the regular October 1, 2022, rate increase of 3.0 percent as well as a 1.0 percent increase attributable to the minimum staffing law. Both years reflect the cessation of passively enrolling nursing facility residents into Rhody Health Options in October 2022. The FY 2024 estimates includes the applicable rate adjustments and assumes higher spending through an increase in census and higher acuity.

The Conference estimates \$124.4 million for FY 2023 and \$133.4 million for FY 2024 in fee-for-service funding for home and community-based services, an increase of \$1.8 million from the November consensus

in FY 2023 and an increase of \$5.9 million from the November consensus in FY 2024. This program continues to see increased fee-for-service spending when compared to pre-COVID activity. The increase in FY 2024 is primarily due to eligible annual rate increases for personal care services, home delivered meals and PACE capitation payments.

Managed Care

FY 2023 expenditures for managed care (including the RItE Care and RItE Share programs) are estimated to be \$956.4 million, which is \$12.7 million less than November. This estimate reflects savings of \$13.7 million from gain share recoupments offset by updated federal continuous coverage requirements compared to the November adopted assumptions. Redetermination activity will begin in April 2023 (terminations will begin in June 2023), noting that the bulk of RItE Care renewals happening between January 2024 and May 2024, are attributable to the new continuous coverage requirement for children under 19 dictated by the 2023 CAA. Additionally, adopted expenditures include a \$1.6 million increase for the Cover All Kids initiative for a total of \$3.0 million. This program gives medical benefit coverage to children otherwise eligible for Medicaid but for their immigration status.

Costs for FY 2024 are estimated at \$1,048.1 million, which is \$59.1 million more than the November consensus. Additional costs include a \$48.5 million increase in RItE Care Core, largely attributable to the delay in Medicaid redetermination activity associated with the updated continuous coverage requirements associated with 2023 CAA and \$3.4 million more for higher than anticipated enrollment in the Cover All Kids initiative. RItE Care Core is Rhode Island's Medicaid managed care program for families with children, pregnant women, and children under the age of 19, with the bulk of members being redetermined between January 2024 and May 2024 as mentioned above.

Rhody Health Partners

Expenses for the Rhody Health Partners program are estimated at \$301.6 million for FY 2023, which is \$4.0 million less than November. Savings compared to November are attributable to favorable balances associated with both gain share and rebate collections of \$2.0 million and \$1.7 million, respectively.

FY 2024 expenditures are estimated to be \$320.8 million, which is \$1.1 million less than November. Savings compared to November are attributable to rebate collections, a savings of \$2.0 million, offset by increased costs associated with the 5.0 percent price factor from FY 2023 to FY 2024.

Rhody Health Options

Expenses for Rhody Health Options, the state's integrated care initiative that provides acute and long term care services to individual eligible for both Medicare and Medicaid, are estimated to be \$165.7 million for FY 2023. This represents a decrease of \$2.1 million compared to the November consensus reflecting fewer enrollees and a lower monthly cost per person. The lower monthly cost is attributable to fewer nursing home members diagnosed with SPMI (Severe and Persistent Mental Illness) which are typically more acute and costly.

The FY 2024 consensus estimate of \$173.7 million is \$9.8 million less than the November consensus. Like FY 2023, savings are attributable to an estimated lower census and a lower monthly cost per member due to fewer nursing home residents.

Medicaid Expansion

The FY 2023 estimate of \$809.5 million is \$53.7 million less than November reflecting an increase in gain share recoupments, a savings of \$45.9 million.

The FY 2024 estimate of \$821.2 million is \$9.9 million more than November and assumes that individual redeterminations will continue over a 12-month period and begin in June 2023 as opposed to April 2023 as assumed at the November Conference, noting the bulk of members will be redetermined in the first half of

Caseload Estimating Conference

May 17, 2023- Report on the May 2023 Conference

Page 9

FY 2024. The total increase was offset by reduced fee-for-service spending and higher estimated rebates compared to previously adopted figures.

Other Medical Services

Expenditures for other medical services are estimated to be \$162.0 million for FY 2023 and \$171.4 million for FY 2024. The estimate includes Medicare Part A and B payments for certain individuals, fee-for-service payments for rehabilitation, and other medical services and payments to the Tavares Pediatric Center. The FY 2023 estimate is \$3.2 million less than November. The FY 2024 estimate is \$3.5 million less than the November consensus. The decreases are primarily due to lower utilization for dental, a decrease of \$6.0 million in FY 2023 and \$5.1 million in FY 2024, and home stabilization services coupled with a lack of providers for the enhanced MHPRR and PASRR nursing facility rate initiatives. The savings are offset by increased spending in physician services, an increase of \$1.1 million in both years, as well as lower recoveries, an all funds increase of \$2.0 million in both years.

Pharmacy

Pharmacy expenses are estimated to be \$80.5 million for FY 2023 and \$97.0 million for FY 2024. Nearly all of the funding is for the Medicare Part D clawback payment, which is funded solely from general revenues. This 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 FY 2023 revised payment is \$1.1 million more than November due to an increase in caseload from the continued public health emergency. The FY 2024 estimate for clawback is \$4.3 million more than November attributable to anticipated increases in Medicaid Part D costs and the elimination of the enhanced Covid-19 FMAP.

The next required meeting of the Conference is November 2023.

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

The Honorable Louis P. DiPalma, Chairman
Senate Finance Committee