



State of Rhode Island

Caseload Estimating Conference

JOSEPH M. CODEGA JR.
State Budget Officer
November 2024 Conference Chair

SHARON REYNOLDS FERLAND
House Fiscal Advisor

STEPHEN H. WHITNEY
Senate Fiscal Advisor

MEMORANDUM

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

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

Date: November 18, 2024

Subject: **November 2024 Caseload Estimating Conference**

SUMMARY

The Caseload Estimating Conference convened on November 6, 2024, 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 2025 and FY 2026.

Compared to the enacted budget, the adopted estimate for FY 2025 decreases expenses by \$64.6 million from all funds, including \$23.3 million less from general revenues, \$41.2 million less from federal funds and \$0.2 million more from restricted receipts.

FY 2026 program costs are estimated to total \$4,487.9 million, increases of \$333.7 million and \$269.1 million over the revised estimate and enacted budget, respectively. The general revenue components of those increases are \$86.2 million and \$62.9 million.

The following table summarizes the adopted estimates.

November 2024 Caseload Estimating Conference	FY 2025 Enacted	FY 2025 November Adopted	Change to Enacted	FY 2026 November Adopted	Change to FY 2025 November Adopted
FY 2025 Cash Assistance					
All Funds	\$ 126,339,948	\$ 125,684,017	\$ (655,931)	\$ 130,232,860	\$ 4,548,843
General Revenue	\$ 28,831,122	\$ 28,666,774	\$ (164,348)	\$ 28,772,178	\$ 105,404
FY 2025 Private Community Developmentally Disabled Services					
All Funds	\$ 424,477,305	\$ 431,747,564	\$ 7,270,259	\$ 440,598,719	\$ 8,851,155
General Revenue	\$ 187,842,041	\$ 191,588,574	\$ 3,746,533	\$ 190,217,319	\$ (1,371,255)
FY 2025 Medical Assistance					
All Funds	\$ 3,667,919,390	\$ 3,596,738,872	\$ (71,180,518)	\$ 3,917,038,872	\$ 320,300,000
General Revenue	\$ 1,358,081,619	\$ 1,331,205,602	\$ (26,876,017)	\$ 1,418,653,511	\$ 87,447,909
Consensus Caseload Total					
All Funds	\$ 4,218,736,643	\$ 4,154,170,453	\$ (64,566,190)	\$ 4,487,870,451	\$ 333,699,998
General Revenue	\$ 1,574,754,782	\$ 1,551,460,950	\$ (23,293,831)	\$ 1,637,643,008	\$ 86,182,058

Cash Assistance

Cash assistance programs for FY 2025 are estimated to total \$125.7 million, a decrease of \$0.7 million from the enacted budget. Activities funded by general revenues are estimated to be \$28.7 million, which is \$0.2 million less than enacted. FY 2026 expenditures are estimated to total \$130.2 million, \$4.5 million more than the FY 2025 revised estimate, of which \$0.1 million are general revenues.

November 2024 Caseload Estimating Conference					
	FY 2025 Enacted	FY 2025 November Adopted	Change to Enacted	FY 2026 November Adopted	Change to FY 2025 November Adopted
Rhode Island Works					
Persons	9,278	9,400	122	9,700	300
Monthly Cost per Person	\$ 274.95	\$ 295.00	\$ 20.05	\$ 300.50	\$ 5.50
Cash Payments	\$ 30,612,050	\$ 33,276,000	\$ 2,663,950	\$ 34,978,200	\$ 1,702,200
Monthly Bus Passes	\$ 441,891	\$ 515,240	\$ 73,349	\$ 531,620	\$ 16,380
Supportive Services	\$ 920,000	\$ 980,000	\$ 60,000	\$ 1,025,000	\$ 45,000
Clothing - Children	\$ 690,000	\$ 685,000	\$ (5,000)	\$ 780,000	\$ 95,000
Catastrophic	\$ 3,600	\$ 1,800	\$ (1,800)	\$ 2,400	\$ 600
Total Costs (TANF)	\$ 32,667,541	\$ 35,458,040	\$ 2,790,499	\$ 37,317,220	\$ 1,859,180
Child Care					
Subsidies	6,571	6,400	(171)	6,500	100
Annual Cost per Subsidy	\$ 11,411	\$ 11,200	\$ (211)	\$ 11,390	\$ 190
Total Costs	\$ 74,981,187	\$ 71,680,000	\$ (3,301,187)	\$ 74,035,000	\$ 2,355,000
Federal Funds	\$ 64,841,285	\$ 61,559,203	\$ (3,282,082)	\$ 64,143,462	\$ 2,584,259
General Revenue	\$ 10,139,902	\$ 10,120,797	\$ (19,105)	\$ 9,891,538	\$ (229,259)
SSI					
Persons	30,608	30,655	47	30,700	45
Monthly Cost per Person	\$ 45.00	\$ 45.09	\$ 0.09	\$ 45.00	\$ (0.09)
Cash Payments	\$ 16,528,320	\$ 16,586,807	\$ 58,487	\$ 16,578,000	\$ (8,807)
Transaction Fees	\$ 60,000	\$ 60,000	\$ 0	\$ 60,000	\$ 0
Total Costs	\$ 16,588,320	\$ 16,646,807	\$ 58,487	\$ 16,638,000	\$ (8,807)
GPA					
Persons	725	650	(75)	790	140
Monthly Cost per Person	\$ 167.00	\$ 160.15	\$ (6.85)	\$ 168.00	\$ 7.85
Total Payments	\$ 1,452,900	\$ 1,249,170	\$ (203,730)	\$ 1,592,640	\$ 343,470
Burials	\$ 650,000	\$ 650,000	\$ 0	\$ 650,000	\$ 0
Total Costs	\$ 2,102,900	\$ 1,899,170	\$ (203,730)	\$ 2,242,640	\$ 343,470
Cash Assistance Total					
Total Costs	\$ 126,339,948	\$ 125,684,017	\$ (655,931)	\$ 130,232,860	\$ 4,548,843
Federal Funds	\$ 97,508,826	\$ 97,017,243	\$ (491,583)	\$ 101,460,682	\$ 4,443,439
General Revenue	\$ 28,831,122	\$ 28,666,774	\$ (164,348)	\$ 28,772,178	\$ 105,404

Rhode Island Works

The conferees project a caseload of 9,400 at an average monthly cost per person of \$295.00 for FY 2025, which is 122 more individuals, and \$20.05 more per month, per case, than enacted. For FY 2026, the estimated caseload is 9,700 at an average monthly cost of \$300.50 per person. This adds 300 individuals and \$5.50 to the monthly cost compared to the FY 2025 revised estimate. Expenditures for Rhode Island

Works, funded entirely by the federal Temporary Assistance for Needy Families block grant, total \$35.5 million in FY 2025 and \$37.3 million in FY 2026. This total includes \$2.2 million in FY 2025 and \$2.3 million in FY 2026 for monthly bus passes and other supportive services. The FY 2025 Enacted Budget made policy changes to the RI Works program including increasing the monthly cash assistance payments by 20 percent; increasing the income disregard from \$300 to \$525; and eliminating the full family sanction.

Child Care Assistance

The FY 2025 caseload estimate for child care assistance includes \$71.7 million to provide 6,400 children with subsidized child care at an average yearly cost of \$11,200 per subsidy. The revised estimate assumes use of \$61.6 million from federal block grant funds and \$10.1 million from general revenues. Total expenses are anticipated to decrease by \$3.3 million from the enacted budget. The FY 2025 Budget as Enacted extended the childcare educators pilot program an additional year, which exempts qualified participants from copayments and includes \$5.3 million in FY 2025.

The estimate for FY 2026 is \$74.0 million, assuming 6,500 subsidies at \$11,390 per subsidy. This represents 100 more subsidies and \$190.00 more than the FY 2025 adopted estimate. By source the estimate assumes \$64.1 million from federal block grant funds and \$9.9 million from general revenues. The total cost for FY 2026 is \$0.9 million less than the FY 2025 enacted budget and \$2.4 million more than the FY 2025 revised estimate. The estimate also assumes the costs associated with the child care educators pilot is \$2.9 million.

Supplemental Security Income

The Supplemental Security Income program is estimated to cover 30,655 persons in FY 2025 and 30,700 in FY 2026 at a monthly cost per person of \$45.09 and \$45.00, respectively. The total cost of \$16.6 million in FY 2025 is \$58,487 more than enacted. The total cost in FY 2026 is \$16.6 million, \$8,807 less than the FY 2025 revised estimate.

General Public Assistance

Total expenditures for general public assistance are estimated to be \$1.9 million in FY 2025 and \$2.2 million for FY 2026, with \$650,000 for burials adopted for both fiscal years. For FY 2025, the Conference estimates 650 individuals at a monthly cost of \$160.15; this is \$0.2 million less than enacted and assumes 75 fewer participants and \$6.85 less per month. The FY 2026 estimate assumes 790 individuals at \$168.00 per month.

Private Services for Individuals with Developmental Disabilities

The Conference projects total costs for private services for individuals with developmental disabilities of \$431.7 million in FY 2025, including \$240.2 million from federal funds and \$191.6 million from general revenues. This is \$7.3 million more than enacted, including \$3.8 million more from general revenues.

For FY 2026, the Conference projects spending of \$440.6 million, including \$250.4 million from federal funds and \$190.2 million from general revenues. This is \$8.9 million more than the revised estimate, including \$1.4 million less from general revenues. The following subsections describe the service categories selected for estimating purposes. Of note, the Conference has updated the categories and their groupings for FY 2026 to reflect changes resulting from the new rates and billing structure.

November 2024 Caseload Estimating Conference				
	FY 2025	FY 2025 November		
Residential & Community Based Services	Enacted	Adopted	Change to Enacted	
Residential	\$ 217,000,000	\$ 212,800,000	\$ (4,200,000)	
Day Program	\$ 146,599,097	\$ 150,000,000	\$ 3,400,903	
Case Mgmt. & Other Support Services	\$ 7,400,000	\$ 8,700,000	\$ 1,300,000	
Support Services Expansion	\$ 4,140,000	\$ 4,200,000	\$ 60,000	
Transportation	\$ 14,000,000	\$ 14,600,000	\$ 600,000	
RIPTA Contract	\$ 2,120,000	\$ 2,310,800	\$ 190,800	
Total Costs	\$ 391,259,097	\$ 392,610,800	\$ 1,351,703	
Other Services				
Employment	\$ 7,359,000	\$ 9,800,000	\$ 2,441,000	
Targeted Employment	\$ 2,541,000	\$ 3,100,000	\$ 559,000	
L-9 Supplemental Funding	\$ 22,000,000	\$ 24,000,000	\$ 2,000,000	
DD State Subsidies	\$ 26,430	\$ 23,506	\$ (2,924)	
Non-Medicaid Placements	\$ 1,291,778	\$ 2,213,258	\$ 921,480	
Total Costs	\$ 33,218,208	\$ 39,136,764	\$ 5,918,556	
Developmental Disabilities Total				
Total Costs	\$ 424,477,305	\$ 431,747,564	\$ 7,270,259	
Federal Funds	\$ 236,635,264	\$ 240,158,990	\$ 3,523,726	
General Revenue	\$ 187,842,041	\$ 191,588,574	\$ 3,746,533	

November 2024 Caseload Estimating Conference				
	* FY 2025	FY 2026 November	Change to FY 2025	
Fixed Authorization Services	November Adopted	Adopted	Adopted	
Residential Habilitation (Non-L9)	\$ 212,800,000	\$ 218,200,000	\$ 5,400,000	
Residential Habilitation (L9 Supplemental)	\$ 16,888,800	\$ 15,600,000	\$ (1,288,800)	
Total Costs	\$ 229,688,800	\$ 233,800,000	\$ 4,111,200	
Flexible and Add-On Authorization Services				
Community-Based Supports	\$ 147,185,000	\$ 147,600,000	\$ 415,000	
Day Program	\$ 7,669,503	\$ 7,800,000	\$ 130,497	
Employment	\$ 10,931,785	\$ 10,800,000	\$ (131,785)	
Transportation	\$ 14,616,800	\$ 15,500,000	\$ 883,200	
Professional & Other Supports	\$ 14,008,112	\$ 17,500,000	\$ 3,491,888	
Total Costs	\$ 194,411,200	\$ 199,200,000	\$ 4,788,800	
Contract and Non-Medicaid Services				
Transformation Phase III	\$ 3,100,000	\$ 3,100,000	\$ 0	
Contract Transportation	\$ 2,310,800	\$ 2,310,800	\$ 0	
DD State Subsidies	\$ 23,506	\$ 22,520	\$ (986)	
Non-Medicaid Placements	\$ 2,213,258	\$ 2,165,399	\$ (47,859)	
Total Costs	\$ 7,647,564	\$ 7,598,719	\$ (48,845)	
Developmental Disabilities Total				
Total Costs	\$ 431,747,564	\$ 440,598,719	\$ 8,851,155	
Federal Funds	\$ 240,158,990	\$ 250,381,400	\$ 10,222,410	
General Revenue	\$ 191,588,574	\$ 190,217,319	\$ (1,371,255)	

**The FY 2025 November Adopted column in this table adjusts the adopted service category estimates to align with the new FY 2026 November Adopted categories for ease of comparison. The official FY 2025 November Adopted estimates can be found on the previous table using the previous version of categories.*

Residential Habilitation

Residential habilitation includes congregate and non-congregate living supports. FY 2025 residential habilitation expenditures are estimated to be \$212.8 million, which is \$4.2 million less than enacted. Beginning in FY 2026, the residential habilitation estimate is broken out into standard and L9 supplemental estimates based on the type of authorization used for the provision of the service. Previously, the residential L9 supplemental estimate was incorporated within the overall L9 Supplemental Funding estimate, which will no longer be used effective FY 2026. FY 2026 standard residential habilitation expenditures are estimated to be \$218.2 million, which is \$5.4 million more than the revised estimate, and L9 supplemental

residential expenditures are estimated to be \$15.6 million. Combined, the total for residential expenditures is \$233.8 million.

Community-Based Services

Newly defined for the beginning of FY 2026, this category captures services offered at community-based day programs, including the provision of education and training. Previously, the estimate for these services was incorporated under the Day Program category. The Conference estimates \$147.6 million for FY 2026 expenditures.

Day Program

Day program captures services offered at center-based day programs, including the provision of education and training. The FY 2025 day program estimate also captures expenditures for community-based services and professional services, which are separated out into other respective categories beginning in FY 2026. Day program expenditures are estimated to be \$150.0 million in FY 2025, \$3.4 million more than enacted. FY 2026 expenditures are estimated to be \$7.8 million, \$0.1 million more than the adjusted revised estimate, accounting for the separation of community-based services and professional services from the estimate.

Case Management and Other Support Services / Professional and Other Supports

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. Beginning in FY 2026 this category will be renamed to “Professional and Other Supports” and capture the provision of professional services such as medical and psychiatric care. For FY 2025, the Conference estimates \$8.7 million, an increase of \$1.3 million compared to the enacted budget. For FY 2026, the Conference estimates \$17.5 million, an increase of \$3.5 million from the adjusted revised estimate, with the adjustment accounting for the inclusion of professional services.

Support Services Expansion

This additional category was included in FY 2025 to capture new services, including remote supports, intended to begin in that year. However, beginning with FY 2026 these new services will be regrouped into more applicable pre-existing categories, primarily the Professional and Other Supports and Employment categories. As such, there is no estimate for this category in FY 2026. The Conference estimates \$4.2 million for this category in FY 2025, an increase of \$0.1 million from the enacted budget.

Employment

Employment captures services such as job assessment and development, job coaching, and job retention for adults with developmental disabilities. For FY 2025, the Conference estimates \$9.8 million for employment services, which is \$2.4 million more than enacted. FY 2026 expenditures are estimated to be \$10.8 million, which is \$1.0 million more than the FY 2025 revised estimate.

Targeted Employment / Transformation Phase III

Targeted Employment represents a pool of funding that will be granted to providers based on submitted proposals to increase employment outcomes for the caseload population. This category will be renamed to “Transformation Phase III” beginning in FY 2026. The Conference estimates \$3.1 million in both years, which is \$0.6 million higher than the enacted budget.

Transportation

The transportation service category provides funding for transportation for individuals to and from employment and day program activities. Transportation costs are estimated to be \$14.6 million in FY 2025 and \$15.5 million in FY 2026.

RIPTA Contract / Contract Transportation

RIPTA Contract represents the anticipated cost of the contract the agency has with the Rhode Island Public Transit Authority to cover the cost of public transportation use by the caseload population. This category is referred to as “Contract Transportation” beginning in FY 2026. The Conference estimates \$2.3 million in both years, which is \$0.2 million higher than the enacted budget.

L-9 Supplemental Funding

The Conference estimates \$24.0 million for L-9 Supplemental Funding in FY 2025, which is \$2.0 million more than the enacted budget. Beginning in FY 2026, L-9 Supplemental Funding will not be adopted as an independent category, and instead the estimated L-9 supplemental expenses for each service category will be reincorporated under that category’s estimate. The sole exception to this is Residential L-9 supplemental funding, which will be adopted independently of standard Residential expenses.

Non-Medicaid Funded

This category includes items that are not currently eligible to receive Medicaid. The Conference estimates \$2.2 million in both years, which is \$0.9 million more than the enacted budget. This includes \$23,506 in FY 2025 and \$22,520 in FY 2026 for monthly stipend payments to family caregivers of individuals who formerly resided at the Ladd Center.

Medical Assistance

The Conference projects total medical assistance spending of \$3,596.7 million in FY 2025, including \$2,257.0 million from federal funds, \$1,331.2 million from general revenues, and \$8.5 million from restricted receipts. This is \$71.2 million less than enacted from all sources including \$26.9 million less from general revenues. The enacted budget assumed savings of \$21.5 million, of which \$5.8 million is from general revenues from implementing a new income verification product, which allows access to another data source to determine benefit eligibility. Technical issues have led to an implementation delay, and the Conference estimate reduces FY 2025 savings to \$8.2 million, \$2.0 million from general revenues within the programs of Managed Care, Rhody Health Partners and Medicaid Expansion.

For FY 2026, the Conference projects spending of \$3,917.0 million including \$2,490.1 million from federal funds, \$1,418.7 million from general revenues, and \$8.3 million from restricted receipts. The estimate is \$320.3 million more than the revised estimate for FY 2025, including a \$233.1 million from federal funds and \$87.4 million from general revenues.

November 2024 Caseload Estimating Conference					
	FY 2025 Enacted	FY 2025 November Adopted	Change to Enacted	FY 2026 November Adopted	Change to FY 2025 November Adopted
Medical Assistance					
Hospitals					
Regular	\$ 345,400,000	\$ 351,400,000	\$ 6,000,000	\$ 370,500,000	\$ 19,100,000
Disproportionate Share	\$ 21,738,872	\$ 21,738,872	\$ 0	\$ 21,738,872	\$ 0
Total Costs	\$ 367,138,872	\$ 373,138,872	\$ 6,000,000	\$ 392,238,872	\$ 19,100,000
Long Term Care					
Nursing and Hospice Care	\$ 393,800,000	\$ 421,000,000	\$ 27,200,000	\$ 467,800,000	\$ 46,800,000
Home and Community Care	\$ 221,203,676	\$ 228,500,000	\$ 7,296,324	\$ 270,500,000	\$ 42,000,000
Total Costs	\$ 615,003,676	\$ 649,500,000	\$ 34,496,324	\$ 738,300,000	\$ 88,800,000
Managed Care and Acute Care Services					
Managed Care	\$ 1,070,082,576	\$ 1,058,500,000	\$ (11,582,576)	\$ 1,134,100,000	\$ 75,600,000
Rhody Health Partners	\$ 338,533,764	\$ 309,700,000	\$ (28,833,764)	\$ 340,300,000	\$ 30,600,000
Rhody Health Options	\$ 220,508,737	\$ 214,600,000	\$ (5,908,737)	\$ 234,900,000	\$ 20,300,000
Other Medical Services	\$ 227,125,552	\$ 209,400,000	\$ (17,725,552)	\$ 251,400,000	\$ 42,000,000
Medicaid Expansion	\$ 733,026,212	\$ 688,100,000	\$ (44,926,212)	\$ 725,400,000	\$ 37,300,000
Total Costs	\$ 2,589,276,841	\$ 2,480,300,000	\$ (108,976,841)	\$ 2,686,100,000	\$ 205,800,000
Pharmacy					
Pharmacy	\$ (300,000)	\$ 1,900,000	\$ 2,200,000	\$ 2,000,000	\$ 100,000
Clawback	\$ 96,800,000	\$ 91,900,000	\$ (4,900,000)	\$ 98,400,000	\$ 6,500,000
Total Costs	\$ 96,500,000	\$ 93,800,000	\$ (2,700,000)	\$ 100,400,000	\$ 6,600,000
Medical Assistance Total					
Total Costs	\$ 3,667,919,390	\$ 3,596,738,872	\$ (71,180,518)	\$ 3,917,038,872	\$ 320,300,000
Federal Funds	\$ 2,301,272,771	\$ 2,257,018,270	\$ (44,254,501)	\$ 2,490,070,361	\$ 233,052,091
General Revenue	\$ 1,358,081,619	\$ 1,331,205,602	\$ (26,876,017)	\$ 1,418,653,511	\$ 87,447,909
Restricted Receipts	\$ 8,315,000	\$ 8,515,000	\$ 200,000	\$ 8,315,000	\$ (200,000)

Hospitals

FY 2025 hospital expenditures are estimated to be \$373.1 million including disproportionate share hospital payments of \$21.7 million. The estimate is \$6.0 million more than enacted primarily due to an increase in fee-for-service activity. The estimate includes adjustments to the inpatient and outpatient UPL supplementary payments based upon Medicare cost report submissions. The total includes the enacted amount of \$286.8 million for the hospital state directed care (SDP) payment originally established through Article 9 of the FY 2024 Budget.

FY 2026 hospital expenditures are estimated to be \$392.2 million including disproportionate share hospital payments of \$21.7 million. The estimate is \$19.1 million more than the revised FY 2025 estimate including \$16.2 million more for the SDP holding constant to the FY 2025 enacted general revenue budget of \$90.1 million. The estimate also includes \$18.3 million for upper payment limit reimbursements consistent with FY 2025 revised levels. The estimate also assumes a 3.4 percent increase to hospital rates effective July 1, 2025. The DSH payment to Eleanor Slater Hospital remains as in the FY 2025 Enacted Budget.

Long Term Care

Long term care expenditures are estimated to be \$649.5 million in FY 2025 and \$738.3 million in FY 2026. The FY 2025 estimate of \$421.0 million for nursing and hospice care is \$27.2 million more than enacted. In FY 2026, the nursing facility estimate increases by \$46.8. million to \$467.8 million. The increases are primarily due to higher utilization across fee-for-service nursing and hospice services.

The Conference estimates \$228.5 million for home and community-based services in FY 2025. This is a \$7.3 million increase to the enacted budget primarily due to higher fee-for-service claims activity particularly in homemaker services. The FY 2026 estimate of \$270.5 million is \$42.0 million more than the revised FY 2025 estimate primarily due to the annualization of the OHIC rates increases and increased availability of Conflict Free Case Management. Estimates include an increase of \$0.9 million to assume the full value of the Behavioral Health HCBS Enhancement above the base rate paid to qualifying providers.

Managed Care

FY 2025 expenditures for managed care are estimated to be \$1,058.5 million, an \$11.6 million decrease from the enacted budget. The decrease is primarily attributable to lower enrollment estimates across managed care product lines offset by increasing spending in fee-for-service and the average cost of NICU stays and delays in the implementation of a new income verification software.

Costs for FY 2026 are estimated at \$1,134.1 million, which is \$75.6 million more than the revised FY 2025 consensus estimate. The estimate assumes an increase in enrollment, the annualization of the CCBHC investment, and a 5.0 percent price increase.

Rhody Health Partners

Rhody Health Partners program expenses are estimated at \$309.7 million for FY 2025, which is \$28.8 million less than enacted based on lower enrollment and a reduction in the composite PMPM which factors in the implementation of the CCBHCs and OHIC rate changes as well as the delays in the implementation of a new income verification software. FY 2026 expenditures are estimated to be \$340.3 million, which is \$30.6 million more than the FY 2025 adopted estimate and assumes increasing enrollment, and PMPM costs.

Rhody Health Options

Expenses for Rhody Health Options, the state's integrated care initiative that provides acute and long-term care services to individuals eligible for both Medicare and Medicaid, are estimated to be \$214.6 million for FY 2025. This represents a decrease of \$5.9 million compared to the enacted budget reflecting lower enrollment and a revision of \$4.2 million to incorporate additional 2.0 percent payment of the state premium tax. The FY 2026 consensus estimate of \$234.9 million is \$20.3 million more than the revised estimate which projects both enrollment and price increases including the annualization of the OHIC rate review.

Other Medical Services

Expenditures for other medical services are estimated to be \$209.4 million for FY 2025 and \$251.4 million for FY 2026. 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 2025 estimate is \$17.7 million less than the enacted budget, due primarily to exclusion of a budget proposal to expand the Medicare Savings Program payment that cannot be implemented as adopted.

The FY 2026 estimate is \$42.0 million more than the revised FY 2025 due primarily to the full annualization of the CCBHC and OHIC rate review initiatives as well as increased enrollment in the Medicare Premium Payment program offset by assumed decreases in fee-for-service spending which is being replaced by the CCBHC Demonstration.

Medicaid Expansion

The FY 2025 estimate for the Medicaid Expansion population of \$688.1 million is \$44.9 million less than the enacted budget and is primarily driven by savings in management care from decreased enrollment and changes in the member mix offset set by increases in fee-for-service and delays in the implementation of a new income verification software. In FY 2026 the estimate of \$725.4 million is \$37.3 million more than the revised FY 2025 as monthly managed enrollment and fee-for-service spending is expected to increase along with 6.4 percent price trend, and an increase of \$8.1 million for CCBHCs.

Pharmacy

Pharmacy expenses are estimated to be \$93.8 million for FY 2025 and \$100.4 million for FY 2026.

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 2025

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Pharmacy estimate is \$2.2 million more than enacted which reflects the impact of an increase in the number of claims paid coupled with a decrease in expected rebate collections, while the clawback decreases by \$4.9 million due to reduced enrollment. The FY 2026 estimate for the Pharmacy costs reflects an increase in drug costs, while the clawback is \$6.5 million more than the FY 2025 consensus estimate and assumes a combined increase of enrollment and price.

The next required meeting of the conference is May 2025.

cc: The Honorable Louis P. DiPalma, Chairman
Senate Finance Committee

The Honorable Marvin L. Abney, Chairman
House Finance Committee