



CASELOAD ESTIMATING CONFERENCE

To: The Honorable Lincoln D. Chafee, Governor
The Honorable M. Teresa Paiva Weed, President of the Senate
The Honorable Gordon D. Fox, Speaker of the House

From: Thomas A. Mullaney, State Budget Officer
Sharon Reynolds Ferland, House Fiscal Advisor
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Date: November 16, 2012

Subject: November 2012 Caseload Estimating Conference

The Caseload Estimating Conference convened on November 5, 2012, in an open public meeting to review and revise cash assistance caseload and medical assistance expenditures for FY 2013 and FY 2014. In comparison to the enacted budget, the adopted estimate decreased total funding for FY 2013 by \$44.1 million. The FY 2014 budget for caseload programs is estimated to be \$34.3 million more than FY 2013 enacted funding levels.

Expenditures funded from general revenues are expected to be \$24.3 million less than enacted in FY 2013 due primarily to lower enrollment and reduced medical services utilization in managed care programs. Expenditures funded from general revenues are expected to be \$35.7 million more than enacted in FY 2014, an increase primarily attributable to a rise in nursing facility bed-days, coupled with annual rate increases.

All funds	FY2013 Enacted	FY2013 Adopted	Change to Enacted	FY2014 Adopted	Change to Enacted
Cash Assistance	\$111,276,040	\$111,487,277	\$211,237	\$112,804,005	\$1,527,965
Medical Assistance	\$1,632,343,517	\$1,588,058,597	(\$44,284,920)	\$1,665,141,518	\$32,798,001
Total	\$1,743,619,557	\$1,699,545,874	(\$44,073,683)	\$1,777,945,523	\$34,325,966

General revenue

Cash Assistance	\$30,271,893	\$30,331,654	\$59,761	\$30,629,973	\$358,080
Medical Assistance	\$799,631,035	\$775,303,642	(\$24,327,393)	\$834,937,075	\$35,306,040
Total	\$829,902,928	\$805,635,296	(\$24,267,632)	\$865,567,048	\$35,664,120

CASH ASSISTANCE

Cash assistance programs for FY 2013 are estimated to total \$111.5 million, an increase of \$0.2 million from the enacted budget. General revenue expenditures are estimated to be \$30.3 million, \$59,761 more than enacted. Expenditures for FY 2014 are estimated to total \$112.8 million, \$1.5 million more than enacted. Estimated general revenues of \$30.6 million are \$0.4 million more than enacted.

Rhode Island Works

The estimators project a caseload of 16,195 persons for FY 2013 or 95 more than enacted, at an average monthly per-person cost of \$190.00 or \$2.00 less than enacted. Total program expenses are estimated to be \$40.8 million, \$14,105 less than enacted. For FY 2014, total costs are estimated to be \$41.3 million, \$0.4 million more than enacted, with a caseload of 16,300 persons at an average monthly cost of \$191.00 each. In both years, Rhode Island Works program expenditures are funded entirely from the federal Temporary Assistance to Needy Families block grant.

The estimates for both years reflect modest caseload growth due to continued negative economic circumstances, a relatively slack labor market, and a commensurate increase in hardship extension applications. Offsetting this trend are caseload decreases due to statutory time limits on assistance; Rhode Island Works imposes a lifetime benefit limit of 48 months, and limits assistance to 24 months in any five-year time period. The estimates assume that no more than 20 percent of the overall Rhode Island Works caseload will temporarily 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

The Child Care Assistance Program is projected to spend \$49.4 million in FY 2013, reflecting 6,985 children receiving subsidies at an average yearly cost of \$7,070 each. This is an increase of \$0.3 million compared to the enacted budget, reflecting an increase in the number of children receiving subsidized child care services and an expected decrease in the average cost per subsidy. For FY 2014, program costs are estimated to be \$49.9 million, or 7,055 subsidies at an average yearly cost of \$7,077.

General revenues are estimated to be \$9.7 million in FY 2013, 19.6 percent of total child care costs, and \$9.7 million or 19.4 percent of total costs in FY 2014. General revenue financing 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 33,260 in FY 2013, 540 below the enacted estimate. The estimated monthly cost per person is revised upward by \$1.60 to \$46.35 for total costs of \$18.5 million. In FY 2014, an estimated 33,677 individuals will receive payments averaging \$46.35, for total costs of \$18.7 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 \$62,000 in FY 2013 and \$60,000 in FY 2014.

General Public Assistance

Based upon recent program trends, the estimators project a decline in persons receiving general public assistance in FY 2013. Expenditures, including monthly "bridge" program, indigent burials, and limited medical benefits, are estimated to be \$2.7 million in FY 2013 and \$2.8 million in FY 2014. The conference recognizes the state's continued ability to leverage Medicaid funding through the Global Waiver for medical services provided to these clients, and included \$0.6 million and \$0.7 million of federal funds in FY 2013 and FY 2014, respectively.

MEDICAL ASSISTANCE

The conference projects total medical assistance spending of \$1,588.1 million in FY 2013, \$44.3 million less than enacted. General revenue expenditures in FY 2013 are estimated to be \$24.3 million less than enacted. For FY 2014, the estimators project spending of \$1,665.1 million, \$32.8 million more than enacted and \$77.1 million more than the FY 2013 estimate; general revenues are expected to increase by \$35.3 million over the enacted base and \$59.6 million over the FY 2013 estimate.

Most medical assistance expenditures are matched at the state's base federal medical assistance percentage (FMAP). The effective rate is 51.48 percent for FY 2013 and 50.40 percent for FY 2014.

Hospitals

Hospital expenditures in FY 2013, excluding payment for services provided to Medicaid enrollees in a managed care plan, are estimated to be \$220.3 million, \$2.6 million less than enacted. These expenditures

include a disproportionate share hospital (DSH) payment totaling \$127.7 million, reimbursing a portion of hospitals' cost of providing uncompensated and charity care. Expenditures for FY 2014 are estimated to be \$224.0 million, \$1.2 million greater than the enacted level, and inclusive of the enacted level of \$129.8 million in anticipated DSH payments.

Medicaid payments to hospitals in each year also include a supplemental outpatient "Upper Payment Limit" (UPL) reimbursement of \$11.8 million, pursuant to Rhode Island General Law 40-8.3-10.

Long Term Care

Long term care expenditures, including costs for services provided in nursing facilities and in community settings, are now estimated to be \$440.1 million in FY 2013, \$7.5 million more than enacted. FY 2014 expenditures are estimated to be \$462.4 million. These increases are primarily attributable to a higher than anticipated level of nursing facility bed-days, coupled with annual per diem rate increases as set forth in Rhode Island General Law 40-8-19. Home and community based services are estimated to be \$76.1 million in FY 2013 and \$79.4 million in FY 2014. These represent 17.3 percent and 17.2 percent of long-term care expenses, respectively.

Because the number of nursing home bed-days increased from FY 2011 to FY 2012, there is no formula adjustment pursuant to the provision of the long term care service and finance reform contained in Rhode Island General Law 40-8.9-4.

Managed Care

FY 2013 expenditures for managed care (including the RIte Care and RIte Share programs) are estimated to be \$570.0 million, \$25.7 million less than enacted. In explaining this surplus, the Executive Office of Health and Human Services cited lower enrollment than originally anticipated when estimates were revised during the May 2012 conference, as well as significant downward revisions to capitation rates in recognition of diminishing trends in medical services utilization. Costs for FY 2014 are estimated to increase by 5.6 percent over the FY 2013 estimate, to \$601.8 million.

The managed care estimate includes enhanced federal financial participation through the Children's Health Insurance Program (CHIP) of \$34.3 million in FY 2013 and \$36.6 million in FY 2014.

Rhody Health Partners

FY 2013 costs of \$190.2 million for the Rhody Health Partners program are projected to be \$19.5 million less than enacted. FY 2014 expenditures are estimated to be \$201.7 million, \$8.0 million less than enacted. These modifications incorporate actual FY 2013 monthly costs per member and more updated enrollment data, both of which are trending lower than those embedded in enacted estimates.

Pharmacy

Pharmaceutical expenses are estimated to be \$2.8 million in FY 2013, \$1.2 million less than enacted. The decrease is due primarily to greater substitution of generics for brand name drugs, combined with lower than anticipated pharmaceutical claims experience. Expenditures for FY 2014 are projected to be \$3.0 million.

The Medicare Part D clawback payment is estimated to be \$50.2 million, or \$0.5 million more than enacted in FY 2013 and \$53.2 million, or \$3.5 million more than enacted in FY 2014. Clawback payments consist solely of general revenues.

Other Medical Services

Expenditures for other medical services are estimated to be \$114.5 million in FY 2013, \$3.3 million less than enacted, and \$119.0 million in FY 2014, which is \$1.2 million more than enacted. The estimators include enhanced federal funding through the Health Homes initiative for CEDARR Family Centers, which permits a portion of state funding to be shifted to federal funds.

Grand Total	FY2013 Enacted	FY2013 Adopted	Change to Enacted	FY2014 Adopted	Change to Enacted
Total Costs	\$1,743,619,557	\$1,699,545,874	(\$44,073,683)	\$1,777,945,523	\$34,325,966
Federal Funds	\$902,201,629	\$881,995,578	(\$20,206,051)	\$903,363,475	\$1,161,846
General Revenue	\$829,902,928	\$805,635,296	(\$24,267,632)	\$865,567,048	\$35,664,120
Restricted Receipts	\$11,515,000	\$11,915,000	\$400,000	\$9,015,000	(\$2,500,000)

Cash Assistance

Rhode Island Works	FY2013 Enacted	FY2013 Adopted	Change to Enacted	FY2014 Adopted	Change to Enacted
Persons	16,100	16,195	95	16,300	200
Monthly Cost per Person	\$192.00	\$190.00	(\$2.00)	\$191.00	(\$1.00)
Cash Payments	\$37,094,400	\$36,924,600	(\$169,800)	\$37,359,600	\$265,200
Monthly Bus Passes	\$3,593,520	\$3,735,215	\$141,695	\$3,759,432	\$165,912
Supportive Services	(\$265,000)	(\$265,000)	-	(\$265,000)	-
Tax intercepts	\$117,000	\$122,000	\$5,000	\$122,000	\$5,000
Clothing - Children	\$235,000	\$240,000	\$5,000	\$240,000	\$5,000
Catastrophic	\$36,000	\$40,000	\$4,000	\$36,000	-
Work Supplementation	\$7,200	\$7,200	-	\$7,200	-
Total Costs	\$40,818,120	\$40,804,015	(\$14,105)	\$41,259,232	\$441,112
TANF Block Grant	\$40,818,120	\$40,804,015	(\$14,105)	\$41,259,232	\$441,112
General Revenue	-	-	-	-	-

Child Care

Subsidies	6,860	6,985	125	7,055	195
Annual Cost per Subsidy	\$7,150	\$7,070	(\$80)	\$7,077	(\$73)
Total Costs	\$49,049,000	\$49,383,950	\$334,950	\$49,928,235	\$879,235
Federal Funds	\$39,380,365	\$39,715,315	\$334,950	\$40,259,600	\$879,235
General Revenue	\$9,668,635	\$9,668,635	-	\$9,668,635	-

Supplemental Security Income (SSI)

Persons	33,800	33,260	(540)	33,677	(123)
Monthly Cost per Person	\$44.75	\$46.35	\$1.60	\$46.35	\$1.60
Cash Payments	\$18,150,600	\$18,499,212	\$348,612	\$18,731,147	\$580,547
Transaction Fees	\$90,000	\$62,000	(\$28,000)	\$60,000	(\$30,000)
Total Costs	\$18,240,600	\$18,561,212	\$320,612	\$18,791,147	\$550,547

General Public Assistance (GPA)

Persons	650	575	(75)	585	(65)
Monthly Cost per Person	\$109.40	\$109.00	(\$0.40)	\$109.03	(\$0.37)
Total Payments	\$853,320	\$752,100	(\$101,220)	\$765,391	(\$87,929)
Burials	\$750,000	\$750,000	-	\$760,000	\$10,000
Medical	\$1,565,000	\$1,236,000	(\$329,000)	\$1,300,000	(\$265,000)
Total Costs	\$3,168,320	\$2,738,100	(\$430,220)	\$2,825,391	(\$342,929)
Federal Funds	\$805,662	\$636,293	(\$169,369)	\$655,200	(\$150,462)
General Revenue	\$2,362,658	\$2,101,807	(\$260,851)	\$2,170,191	(\$192,467)

Cash Assistance Total

Total Costs	\$111,276,040	\$111,487,277	\$211,237	\$112,804,005	\$1,527,965
Federal Funds	\$81,004,147	\$81,155,623	\$151,476	\$82,174,032	\$1,169,885
General Revenue	\$30,271,893	\$30,331,654	\$59,761	\$30,629,973	\$358,080

Medical Assistance

Hospitals	FY2013 Enacted	FY2013 Adopted	Change to Enacted	FY2014 Adopted	Change to Enacted
Regular	\$95,164,749	\$92,600,000	(\$2,564,749)	\$94,200,000	(\$964,749)
Disproportionate Share	\$127,715,725	\$127,715,725	-	\$129,848,841	\$2,133,116
Total	\$222,880,474	\$220,315,725	(\$2,564,749)	\$224,048,841	\$1,168,367
Long Term Care					
Nursing and Hospice Care	\$358,500,000	\$364,000,000	\$5,500,000	\$383,000,000	\$24,500,000
Home and Community Care	\$74,100,000	\$76,100,000	\$2,000,000	\$79,400,000	\$5,300,000
Total	\$432,600,000	\$440,100,000	\$7,500,000	\$462,400,000	\$29,800,000
Managed Care and Other Acute Care Services					
Managed Care	\$595,723,751	\$570,000,000	(\$25,723,751)	\$601,800,000	\$6,076,249
Rhody Health	\$209,720,000	\$190,200,000	(\$19,520,000)	\$201,700,000	(\$8,020,000)
Other Medical Services	\$117,775,113	\$114,500,000	(\$3,275,113)	\$119,000,000	\$1,224,887
Total	\$923,218,864	\$874,700,000	(\$48,518,864)	\$922,500,000	(\$718,864)
Pharmacy					
Pharmacy	\$3,944,179	\$2,762,392	(\$1,181,787)	\$2,976,843	(\$967,336)
Clawback	\$49,700,000	\$50,180,480	\$480,480	\$53,215,834	\$3,515,834
Total	\$53,644,179	\$52,942,872	(\$701,307)	\$56,192,677	\$2,548,498
Medical Assistance Total					
Total Costs	\$1,632,343,517	\$1,588,058,597	(\$44,284,920)	\$1,665,141,518	\$32,798,001
Federal Funds	\$821,197,482	\$800,839,955	(\$20,357,527)	\$821,189,443	(\$8,039)
General Revenue	\$799,631,035	\$775,303,642	(\$24,327,393)	\$834,937,075	\$35,306,040
Restricted Receipts	\$11,515,000	\$11,915,000	\$400,000	\$9,015,000	(\$2,500,000)