

## Governor Carcieri's FY2011 Budget Proposals Impacting Human Service Programs

February 2010

This document summarizes the major proposals that affect the services provided by the five Health and Human Services agencies. Spending in the five agencies is reduced by over \$84 million. Expenditures for systems of care for at-risk children, adults with developmental disabilities and adults with behavioral health needs are reduced by \$22 million. Funding for Medicaid managed care for children and families (Rite Care) and for seniors and people with disabilities (Rhody Health) is proposed to be reduced by \$43 million. Another \$12 million is proposed to be saved by implementing a new managed care system for seniors and people with disabilities who rely on long term care services. The budget assumes that the increased federal Medicaid matching rate (FMAP) which is scheduled to expire in December 2010, will be extended for another six months. The extension is included in President Obama's budget, but requires Congressional approval. The budget assumes \$95 million in federal funds from the FMAP extension.

### Department of Children, Youth, and Families (DCYF)

**Family Care Community Partnerships:** Implement Phase Two of the Family Care Community Partnerships (FCCP) for families with children and youth who are at risk for DCYF involvement due to abuse, neglect or serious emotional disturbance and youth returning to the community from the training school. In Phase Two, DCYF will contract with one or more operational and fiscal partners that will be responsible for building a comprehensive network of services and support including residential and home based services. Savings are expected from the lower cost of home-based care versus residential services.

**Savings:** Total of \$10 million; \$6.7 million in General Revenues

### Department of Elderly Affairs (DEA)

**Home and Community Care Program:** Increases budget for assisted living by \$1.5 million.

**Expenditure:** Total of \$1.5 million; \$600,000 in General Revenue

### Department of Health (DOH)

**HIV/AIDS:** Reduce funding for HIV/AIDS case management services.

**Savings:** \$1.2 million in General Revenues

### Department of Human Services (DHS)

**GPA Hardship Contingency (Article 17):** Authorizes funding for the GPA Hardship Contingency fund that provides monthly payment of \$200 to temporarily disabled individuals and to disabled individuals who are pending a decision on eligibility for federal SSI benefits.

**Expenditure:** \$478,000 in General Revenues

**"Fraud" Detection:** DHS anticipates savings by allowing the "Front End Detection Unit" (FRED) to conduct a data match with the Department of Motor Vehicles. FRED conducts investigations of applications for SNAP, RI Works, Medical Assistance and Child Care for potential fraud. The savings assume that by conducting a data match with DMV, FRED would increase the number of cases where it recommends that an application be denied.

**Savings:** \$364,821 in General Revenues

**Child Care:** Five percent reduction in rates paid to providers for the first quarter of 2011 (July - September). The authority for the provider rate reduction is included in the Governor's 2010 Supplemental Budget, Article 5.  
**Savings:** \$498,586 in General Revenues

**Child Care:** Reduction in general revenue spending for child care by substituting federal funds from the TANF emergency contingency fund. Total General Revenue spending for child care for FY 2011 would be \$8.3 million.  
**Savings:** \$596,350 in General Revenues

**Child Support Enforcement:** Reduction in general revenue spending by shifting expenses to federal reimbursement for child support enforcement services provided by Family Court.  
**Savings:** \$1.2 million in General Revenues

**Medicaid:** Federal Cost Sharing - ARRA: Under the American Recovery and Reinvestment Act (ARRA), states are provided with an increased federal matching rate (FMAP) through December 2010. The Governor's budget assumes that this increased FMAP will continue through June 2011 providing the state with \$95.3 million in federal funds for Medicaid funded services provided by DHS, MHRH, DCYF, DOH and DEA. The extension of the increased FMAP is included in President Obama's budget but requires Congressional approval.  
**Savings:** \$95.3 million in General Revenue savings from receipt of federal funds from Medicaid

**Medicaid:** Federal Cost Sharing - Global Waiver/CNOM : CNOM's (Costs Not Otherwise Matchable) are services/programs for which federal Medicaid funds are generally not allowed. Under the Global Waiver, Rhode Island is authorized to claim a Medicaid match for certain programs and services that were previously paid for with only state funds. For FY 2011, the eligible CNOM services/programs and the General Revenue savings DHS expects are for: GPA Medical (\$936,382), Early Intervention (\$1.9m), Community Health Centers (\$600,000), RIDE Transportation Program (\$623,138), Home Modification (\$105,770), Personal Care Attendants (\$186,856), Social Services for the Blind (\$146,129). Some services in other state agencies are also eligible CNOMs under the Global Waiver and qualify for federal matching funds.  
**Savings:** \$4,498,275 in General Revenues

**Children's Health Account (Article 19):** The Children's Health Account is a restricted receipt account funded through an assessment on health insurers. The funds in this account can only be used to offset Medicaid expenditures for certain home-based services. The funds offset Medicaid expenditures for certain home services provided to children with disabilities. The assessment is increased from \$5,000 to \$6,000 per child per service per year under a proposed change to the current law. In addition, statutory amendments are proposed that define the services covered by the CHA.  
**Savings:** \$900,000 in General Revenues

**Rite Care (Article 31):** Amends state law to allow DHS to charge premiums to families with income between 133% and 150% of the Federal Poverty Level beginning July 1, 2011 (Fiscal Year 2012). The state is precluded from imposing the premium as long as the ARRA enhanced FMAP is in effect (under current law, through 12/10).  
**Savings:** No impact in FY2011.

**Rite Care/Rhody Health Partners Managed Care Reprocurement (Article 21):** DHS is planning to issue new contracts for the Rite Care managed care programs (for children, families, pregnant women and children with special health care needs) as well as the Rhody Health Partner program (for seniors and adults with disabilities). DHS proposes to reduce spending on these managed care programs by \$42.6 million, or 5.3% of the currently anticipated expenditures. Spending reductions could be achieved through: "generic first" for prescriptions for children with special health care needs and adults enrolled in Rhody Health Partner; selective contracting, reduction of covered benefits, hospital payment rate reform, implementation of "communities of care" for individuals with high medical needs/costs. These changes would require amendments to the Global Waiver and approval by the federal Centers for Medicare and Medicaid Services (CMS). The state Medicaid Reform Act requires DHS to obtain approval from the General Assembly prior to seeking amendments to the Global Waiver. In Article 21, DHS seeks authority from the General Assembly to proceed with the reprocurement of the managed care contracts.

**Savings:** Total \$42.6 million; \$15.3 in General Revenues

**Care Management for Long Term Care for seniors and adults with disabilities (Articles 20 and 21).** DHS proposes to enter into a contract with one provider to manage primary, acute and long term care services for Medical Assistance recipients. In addition, the provider would manage long term care services for elders and people with disabilities who receive both Medicaid and Medicare. Article 20 proposes the statutory changes to authorize these service delivery changes. These changes would require amendments to the Global Waiver and approval by CMS. The state Medicaid Reform Act requires DHS to obtain approval from the General Assembly for Global Waiver changes. In Article 21, DHS seeks authority from the General Assembly to proceed with implementation of care management.

**Savings:** Total \$12 million; \$4.3 in General Revenues

**Medicaid: - Seniors and people with disabilities - Recovery of Medical Assistance payments (Articles 18 and 21):** Amends state law to increase DHS authority to recover the cost of Medical Assistance provided to an individual age 55 or older. Under current law, DHS can recover costs from the probated estate. Under the proposal, DHS could also recover costs from assets which do not go through probate. (For example, a house jointly owned by a parent and an adult child.) Also, requires recipients to notify DHS of any sale or transfer of real or personal property. In addition, authorizes DHS to put a lien on the property of a Medical Assistance recipient who is an inpatient at a nursing facility, ICF-MR or other medical institution when DHS determines that the individual is not expected to return home. DHS could recover costs if the property is sold during the recipient's lifetime. These changes would require amendment to the Global Waiver and approval by CMS. The state Medicaid Reform Act requires DHS to obtain approval from the General Assembly for Global Waiver changes. In Article 21, DHS seeks authority from the General Assembly to proceed with the implementation of care management.

**Savings:** \$1.1 million; \$400,000 of which is retained by the state (the remainder is reimbursed to the federal government)

**Personal Choice and Habilitation Services:** The Personal Choice Services Program allows individuals with severe disabilities to contract for services to meet their home care needs. The Habilitation program provides community based services to people with disabilities who require a hospital level of care. DHS proposes to reduce payments to providers in the Personal Care program and more closely monitor the Habilitation Services program.

**Savings:** \$400,000, including \$200,000 in General Revenues

**Hospital Payment Reform (Article 20):** Amends state law to limit rates that hospitals can charge Medicaid Managed Care plans for inpatient and outpatient services.

*Budget impact not specified.*

**Selective Contracting (Article 20):** Amends state law to allow DHS to use selective contracting for purchasing non-emergency transportation for Medical Assistance recipients.

*Budget impact not specified.*

## **Department of Mental Health, Retardation, and Hospitals (MHRH)**

### ***Services for people with developmental disabilities***

**Contracting for services (Article 21):** MHRH proposes to restructure the network of providers serving people with developmental disabilities by contracting with one or more network of providers, headed by a lead agency. This change would require amendment to the Global Waiver and approval by CMS. The state Medicaid Reform Act requires DHS to obtain approval from the General Assembly for Global Waiver changes. In Article 21, DHS seeks authority from the General Assembly to proceed with the restructuring of the service delivery system.

**Savings:** Total \$7 million; \$2.5 in General Revenues

**Group homes:** Close two RICLAS group homes and move clients into other homes. RICLAS group homes are state-run facilities.

**Savings:** Total \$810,000; \$242,281 in General Revenues

### ***Behavioral Health Care Services***

**Payments to community mental health centers (Article 21):** Restructure payment system for community mental health centers. This change would require amendment to the Global Waiver and approval by CMS. The state Medicaid Reform Act requires DHS to obtain approval from the General Assembly for Global Waiver changes. In Article 21, DHS seeks authority from the General Assembly to proceed with the restructuring of the payment system.

**Savings:** Total \$4 million; \$1.3 million in General Revenues

**Payments for employment and treatment programs (Article 21):** Modify payment system for supportive employment and day treatment programs (\$1 million/\$358,000 General Revenue) and for Multi-disciplinary treatment planning (\$430,000/\$154,000 GR). This change would require amendment to the Global Waiver and approval by CMS. The state Medicaid Reform Act requires DHS to obtain approval from the General Assembly for Global Waiver changes. In Article 21, DHS seeks authority from the General Assembly to proceed with the payment modification.

**Savings:** Total \$1.4 million, \$500,000 in General Revenues

**Costs Not Otherwise Matchable (Article 21):** Add state funded methadone maintenance and treatment as "CNOM" under the Global Waiver, allowing the state to receive federal funds for these services. This change would require amendment to the Global Waiver and approval by CMS. The state Medicaid Reform Act requires DHS to obtain approval from the General Assembly for Global Waiver changes. In Article 21, DHS seeks authority from the General Assembly to add state funded methadone maintenance as a CNOM service.

**Savings:** \$438,000 in General Revenues