



State of Rhode Island and Providence Plantations

Caseload Estimating Conference

Room 305, STATE HOUSE, PROVIDENCE, RI 02903

SHARON REYNOLDS FERLAND  
House Fiscal Advisor  
November 2010 Conference Chair

PETER M. MARINO  
Senate Fiscal Advisor

THOMAS A. MULLANEY  
Executive Director/Budget Officer

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

From: Sharon Reynolds Ferland, House Fiscal Advisor  
Peter M. Marino, Senate Fiscal Advisor  
Thomas A. Mullaney, State Budget Officer

Date: November 19, 2010

Subject: November 2010 Caseload Estimating Conference

The Caseload Estimating Conference convened on November 8, 2010 in an open public meeting to review and estimate cash assistance caseloads and related expenses and medical assistance expenditures for FY 2011 and FY 2012.

November 2010 Caseload Estimates	FY 2011 Enacted	FY 2011 Nov CEC	Change to Enacted	FY 2012 Nov CEC	Change to FY 2011 CEC
<b>Cash Assistance</b>					
All Funds	\$ 109,822,403	\$ 113,431,924	\$ 3,609,521	\$ 111,546,732	\$ (1,885,192)
General Revenues	30,267,568	33,877,089	3,609,521	31,869,675	(2,007,414)
<b>Medical Assistance</b>					
All Funds	\$ 1,612,118,339	\$ 1,592,367,220	\$ (19,751,119)	\$ 1,668,067,998	\$ 75,700,778
General Revenues	614,441,892	633,267,836	18,825,944	806,036,276	172,768,439
<b>Consensus Caseload Total</b>					
All Funds	\$ 1,721,940,742	\$ 1,705,799,144	\$ (16,141,598)	\$ 1,779,614,730	\$ 73,815,586
General Revenues	644,709,460	667,144,925	22,435,465	837,905,951	170,761,025

In comparison to the FY 2011 enacted budget, the Caseload Estimating Conference decreases total financing for these programs by \$16.1 million in FY 2011 and increases financing by \$57.7 million in FY 2012. The FY 2012 estimate is \$73.8 million above the FY 2011 revised estimate.

General revenue funded expenditure estimates increase by \$22.4 million for FY 2011 and \$193.2 million for FY 2012. The FY 2011 estimate includes a lower than anticipated enhanced Medicaid reimbursement rate accounting for \$28.3 million of the change. The enhanced Medicaid rate expires June 30, 2011 and the FY 2012 estimate adds \$191.6 million from general revenues to reflect this change, of which \$165.2 million is for the lower Medicaid reimbursement rate.

### **Cash Assistance**

The cash assistance programs estimate for FY 2011 totals \$113.4 million, an increase of \$3.6 million compared to the enacted budget. The general revenue share is estimated at \$33.9 million, an increase of \$3.6 million from the enacted level. The FY 2012 estimate totals \$111.5 million, \$1.7 million more than the FY 2011 enacted budget and \$1.9 million less than the FY 2011 estimate. The FY 2012 general revenue share is \$31.9 million, an increase of \$1.6 million compared to the enacted budget. Each program is discussed separately below.

**Rhode Island Works.** Caseload expenses decrease by \$2.0 million for FY 2011 compared to the enacted level and \$2.3 million for FY 2012 compared to the enacted, \$0.3 million less than revised FY 2011. Program costs totaling \$39.8 million for FY 2011 and \$39.5 million for FY 2012 are entirely supported by federal Temporary Assistance to Needy Families block grant funds. The estimate includes 16,255 persons receiving average monthly benefits of \$186.00 in FY 2011 and 16,100 persons receiving average monthly benefits of \$186.50 for FY 2012.

Both the FY 2011 and FY 2012 estimates reflect caseload shifts resulting from various time limitations imposed on families receiving assistance through the Rhode Island Works program. The estimates further assume that approximately 15 percent of these households will temporarily retain their benefits through the hardship provision consistent with federal requirements that allow a state to exempt a portion of its caseload from the time limits while continuing to pay the benefits from federal funds.

The FY 2011 estimate does not include federal funds savings from an initiative to verify an applicant's residency through the Department of Revenue's Division of Motor Vehicles. The proposal has been delayed until the Division's new computer system is fully operational. The FY 2012 estimate does include the \$0.4 million in savings.

**Child Care.** The number of children in subsidized child care increases by 520 to 7,000 in FY 2011 compared to the enacted level and decreases slightly by 22 to 6,978 in FY 2012 when comparing to the revised estimate, 498 more than enacted. FY 2011 total costs of \$50.1 million include \$39.0 million from federal funds and \$11.1 million from general revenues. Estimated FY 2012 total costs of \$49.9 million include \$39.3 million from federal funds and \$10.6 million from general revenues.

As with the Rhode Island Works program changes, the FY 2011 estimate does not include the savings from verifying residency through the Division of Motor Vehicles database. The proposal has been delayed until the Division's new computer system is fully operational. The FY 2012 estimate does include the \$0.9 million in savings.

**Supplemental Security Income.** For FY 2011, the estimators project an increase in the number of recipients to 32,850, 200 above the enacted level. The average monthly cost per person is \$47.00, \$0.28 above the enacted level.

The estimators include 33,400 recipients for FY 2012, 550 recipients more than the revised estimate and 750 more than enacted. The monthly cost per person of \$47.00 is consistent with the revised estimate and \$0.28 above the enacted level.

The estimates include \$1.2 million from general revenues for two unachieved savings proposals. The Department of Human Services has reported that there will be a three month delay to the state takeover of the monthly state supplemental security income program which now starts January 1, 2011. This delay also prevents the enrollment of individuals in a new, less expensive, residential category.

Adding anticipated transaction costs in both years yields total expenditures of \$20.6 million for FY 2011, \$1.3 million more than enacted, and \$18.9 million for FY 2012, \$1.7 million less than the revised estimate and \$0.4 million less than enacted.

**General Public Assistance.** The estimators project an increase in the number of general public assistance recipients to 573 in FY 2011, 23 above the enacted level. FY 2011 includes a higher average monthly cost per case of \$122.00, \$3.00 more than enacted. FY 2011 program expenditures are \$3.0 million, \$6,528 less than the enacted level, for the various expenses comprising general public assistance, including monthly cash payments, burials, and certain medical costs.

For FY 2012, the estimate includes 580 recipients, 7 more than revised and 30 more than enacted. The average monthly cost per person decreases by \$1.50 to \$120.50 when comparing to the revised estimate, \$1.50 more than enacted. FY 2012 program expenditures are \$3.2 million, \$0.3 million more than the revised estimate and enacted budget.

The estimators recognize the state's continued ability to leverage Medicaid financing for medical services and include \$819,718 from federal funds for FY 2011, which is consistent with the enacted level and \$941,940 for FY 2012, offsetting a portion of the costs that were previously state-only.

### **Medical Assistance**

The medical assistance programs estimate is \$1,592.4 million for FY 2011, a decrease of \$19.8 million from the enacted level. This includes general revenue expenditures of \$633.3 million, an increase of \$18.8 million over the enacted budget. Federal expenditures are set at

\$952.2 million, \$38.6 million less than enacted. Restricted receipts are at the enacted level of \$6.9 million for FY 2011.

The FY 2011 estimate includes a lower enhanced Medicaid match than the rate used in the enacted budget based on final action taken by the federal government. The enhanced rate was extended to June 30, 2011 but the updated formula produces a lower rate. Accordingly, federal expenditures are set at \$952.2 million in FY 2011, \$28.4 million less than if the extended rate had continued unchanged.

The estimators project FY 2012 expenditures of \$1,668.1 million, an increase of \$55.9 million from the enacted level and \$75.7 million more than the November adopted estimate for FY 2011. This figure includes general revenues totaling \$806.0 million, an increase of \$172.8 million more than the FY 2011 estimate and \$191.6 more than enacted. Restricted receipts are at the enacted level of \$6.9 million for FY 2012, consistent with FY 2011 revised funding.

**Hospitals.** The estimators include FY 2011 hospital expenditures of \$244.2 million, \$4.6 million less than the enacted level. The FY 2012 hospital expenditures are set at \$222.4 million, \$26.4 million less than enacted and \$21.8 million less than the FY 2011 estimate.

The FY 2011 estimate includes \$122.0 million in hospital fee-for service claims payments and \$122.2 million for the disproportionate share payments made to the state and community hospitals. The FY 2011 estimate also takes into consideration FY 2010 hospital expenses that resulted in savings of \$3.5 million compared to the final appropriation. The FY 2012 hospital estimate includes \$92.6 million for hospital fee-for-service payments and \$129.8 million for disproportionate share payments.

The 2010 General Assembly passed Article 15 of 2010-H 7397 Substitute A, as amended, which authorized \$26.5 million for upper payment limit reimbursements and state-only payments for additional unqualified expenses in FY 2011. The FY 2011 estimate includes these expenditures, but the FY 2012 estimate for hospitals excludes these payments due to the absence of statutory authority.

**Long Term Care.** Caseload estimators include revised FY 2011 expenditures at \$407.9 million, which is \$16.2 million more than the enacted budget. The estimate includes nursing and hospice care services expenses of \$336.0 million, \$14.3 million more than enacted and home and community based services expenses of \$71.9 million, \$1.9 million more than enacted.

The estimators include FY 2012 expenditures of \$422.3 million which is \$30.6 million more than enacted and \$14.4 million more than the FY 2011 estimate. The estimate includes nursing and hospice care services expenses of \$343.3 million, \$21.6 million more than enacted and \$7.6 million more than the revised estimate. The FY 2012 estimate for home and community based services expenses is \$79.0 million, \$9.0 million more than enacted and \$7.1 million more than the revised estimate. There is no additional funding for FY 2012 from the long term care financing reform calculation because the number of nursing home and hospice days did not decline in FY 2010 compared to FY 2009.

The Department testified that it would not achieve the \$12.0 million in savings from all funds from the state entering into a managed care contract to provide acute and primary care benefits to its long term care residents. The estimators add back the funding including \$4.3 million from general revenues.

**Managed Care.** The estimate for managed care is \$602.0 million from all sources of funds for FY 2011, a \$20.0 million reduction compared to the enacted budget. FY 2012 managed care expenditures are estimated at \$660.0 million or \$38.0 million more than enacted and \$58.0 million more than the FY 2011 estimate. The FY 2011 estimate also takes into consideration FY 2010 managed care expenses that resulted savings of \$13.5 million compared to the final appropriation.

Managed care includes financing through the federal Children's Health Insurance Program (CHIP) of \$42.8 million and \$45.7 million for FY 2011 and FY 2012, respectively. The estimate also includes \$3.4 million in Medicaid-matched transportation expenses in FY 2011 and \$4.6 million in FY 2012.

**Rhody Health.** The estimators adopt expenditures of \$176.0 million in FY 2011, \$4.6 million less than enacted. The estimators also include \$187.1 million in FY 2012, \$6.5 million more than enacted and \$11.1 million more than the FY 2011 estimate, reflecting anticipated enrollment increases and expected cost increases.

**Pharmacy.** The FY 2011 pharmacy expenditures estimate is \$10.9 million which is \$0.3 million less than the enacted level. The FY 2012 pharmacy expenditures estimate is \$11.3 million, \$0.1 million more than enacted and \$0.4 more than the FY 2011 estimate.

**Pharmacy Clawback.** The November estimate for the FY 2011 pharmacy clawback payment of \$36.4 million is \$1.2 million more than the enacted level to adjust for the updated federal medical assistance percentage rate. Clawback expenses of \$46.5 million are adopted for FY 2012, \$11.3 million more than enacted and \$10.1 million more than the FY 2011 estimate. Expenditures for the Medicare Part D premium clawback payment consist solely of general revenues.

**Other Medical Services.** The FY 2011 expenditures estimate for other medical services is \$115.0 million for FY 2011, \$7.8 million less than enacted, and \$118.5 million for FY 2012, \$4.3 million less than enacted and \$3.5 million more than the FY 2011 estimate. Medical benefits are provided on a fee-for-service basis to the elderly, adults with disabilities who are not enrolled in Rhody Health, and certain children with special health care needs who are not enrolled in Rite Care.

The FY 2011 estimate also includes \$42.2 million for Medicare premium payments that the state makes on behalf of individuals who are eligible for both Medicare and Medicaid, \$38.1 million for rehabilitation services, \$16.7 million for physician services and \$14.5 million for transportation services.

The FY 2012 estimate also includes \$43.3 million for Medicare premium payments that the state makes on behalf of individuals who are eligible for both Medicare and Medicaid, \$39.5 million for rehabilitation services, \$16.9 million for physician services and \$14.9 million for transportation services.

The following table summarizes the adopted changes for cash and medical caseloads.

November 2010 Consensus Caseload Estimates	FY 2011 Enacted	FY 2011 CEC	Change to Enacted	FY 2012 CEC	Change to FY 2011 CEC
<i>Cash Assistance</i>					
<b>TANF/RI Works</b>					
Persons	17,075	16,255	(820)	16,100	(155)
Monthly Cost per Person	\$ 188.00	\$ 186.00	\$ (2.00)	\$ 186.50	\$ 0.50
<b>Total Costs</b>	<b>41,771,430</b>	<b>39,755,652</b>	<b>(2,015,778)</b>	<b>39,482,752</b>	<b>(272,900)</b>
<b>TANF Block Grant</b>	<b>41,771,430</b>	<b>39,755,652</b>	<b>(2,015,778)</b>	<b>39,482,752</b>	<b>\$ (272,900)</b>
<b>General Revenues</b>	-	-	-	-	-
<b>Child Care</b>					
Subsidies	6,480	7,000	520	6,978	(22)
Annual Cost per Subsidy	\$ 7,200	\$ 7,150	\$ (50)	\$ 7,150	\$ -
<b>Total Costs</b>	<b>\$ 45,744,686</b>	<b>\$ 50,050,000</b>	<b>\$ 4,305,314</b>	<b>\$ 49,892,700</b>	<b>\$ (157,300)</b>
<b>Federal Funds</b>	<b>36,963,687</b>	<b>38,979,465</b>	<b>2,015,778</b>	<b>39,252,365</b>	<b>272,900</b>
<b>General Revenues</b>	<b>8,780,999</b>	<b>11,070,535</b>	<b>2,289,536</b>	<b>10,640,335</b>	<b>(430,200)</b>
<b>SSI</b>					
Persons	32,650	32,850	200	33,400	550
Monthly Cost per Person	\$ 46.72	\$ 47.00	\$ 0.28	\$ 47.00	\$ -
<b>Total Costs</b>	<b>\$ 19,310,887</b>	<b>\$ 20,637,400</b>	<b>\$ 1,326,513</b>	<b>\$ 18,912,600</b>	<b>\$ (1,724,800)</b>
<b>GPA Bridge</b>					
Persons	550	573	23	580	7
Monthly Cost per Person	\$ 119.00	\$ 122.00	\$ 3.00	\$ 120.50	\$ (1.50)
<b>Total Costs</b>	<b>\$ 2,995,400</b>	<b>\$ 2,988,872</b>	<b>\$ (6,528)</b>	<b>\$ 3,258,680</b>	<b>\$ 269,808</b>
<b>General Revenues</b>	<b>2,175,682</b>	<b>2,169,154</b>	<b>(6,528)</b>	<b>2,316,740</b>	<b>147,586</b>
<b>Federal Funds</b>	<b>819,718</b>	<b>819,718</b>	<b>-</b>	<b>941,940</b>	<b>122,222</b>
<b>Total Cash Program</b>	<b>\$ 109,822,403</b>	<b>\$ 113,431,924</b>	<b>\$ 3,609,521</b>	<b>\$ 111,546,732</b>	<b>\$ (1,885,192)</b>
<b>General Revenues</b>	<b>30,267,568</b>	<b>33,877,089</b>	<b>3,609,521</b>	<b>31,869,675</b>	<b>\$ (2,007,414)</b>
<i>Medical Assistance</i>					
Hospitals	\$ 248,757,924	\$ 244,167,220	\$ (4,590,704)	\$ 222,367,998	\$ (21,799,222)
Long Term Care	391,680,000	407,900,000	16,220,000	422,300,000	14,400,000
Managed Care	621,974,770	602,000,000	(19,974,770)	660,000,000	58,000,000
Rhody Health	180,553,858	176,000,000	(4,553,858)	187,100,000	11,100,000
Pharmacy	11,200,000	10,900,000	(300,000)	11,300,000	400,000
Pharmacy Part D Clawback	35,156,289	36,400,000	1,243,711	46,500,000	10,100,000
Other Medical	122,795,498	115,000,000	(7,795,498)	118,500,000	3,500,000
<b>Total Medical Assistance</b>	<b>\$ 1,612,118,339</b>	<b>\$ 1,592,367,220</b>	<b>\$ (19,751,119)</b>	<b>\$ 1,668,067,998</b>	<b>\$ 75,700,778</b>
<b>Federal Funds</b>	<b>\$ 990,761,447</b>	<b>\$ 952,184,384</b>	<b>\$ (38,577,063)</b>	<b>\$ 855,116,722</b>	<b>\$ (97,067,661)</b>
<b>General Revenues</b>	<b>614,441,892</b>	<b>633,267,836</b>	<b>18,825,944</b>	<b>806,036,276</b>	<b>172,768,439</b>
<b>Restricted Receipts</b>	<b>6,915,000</b>	<b>6,915,000</b>	<b>-</b>	<b>6,915,000</b>	<b>-</b>