

**Date of State Budget Office Approval:** Tuesday, June 15, 2021

**Date Requested:** Tuesday, May 25, 2021

**Date Due:** Friday, June 4, 2021

**Impact on Expenditures**

FY 2021 \$0  
 FY 2022 \$22,031,352  
 FY 2023 \$22,711,332

**Impact on Revenues**

FY 2021 N/A  
 FY 2022 N/A  
 FY 2023 N/A

**Explanation by State Budget Office:**

This bill authorizes the Executive Office of Health and Human Services (EOHHS) to increase the income disregards utilized in determining eligibility for the Medicare Premium Payment Program (MPPP, also referred to as the "Medicare Savings Program") such that the effective income limit is increased (or "equalized") to 185 percent of the federal poverty level (FPL). This program, a special subdivision of the Medical Assistance (Medicaid) program, subsidizes the monthly premium charged under Medicare Part B for certain elderly or disabled individuals. These beneficiaries, who are considered "dual-eligibles" but are not eligible for full-benefit Medical Assistance, are classified into three separate categories: Qualified Medicare Beneficiaries (QMBs), Specified Low-Income Beneficiaries (SLIMBs), and Qualifying Individuals (QI). The major distinction between these classifications relates to the income level of the recipient. QMBs are those with incomes at or below 100 percent of FPL. SLIMBs share the characteristics of QMBs, but have incomes above the FPL, up to 120 percent of FPL. Likewise, those designated under QI have incomes above the SLIMB maximum, up to 135 percent of FPL (i.e. between 120 percent and 135 percent of FPL).

This bill proposes eliminating the current asset test that applies to these eligibility categories and proposes restructuring of MPPP income disregards in such a way as to increase the income limit to 185 percent of FPL throughout all beneficiary classifications.

**Comments on Sources of Funds:**

Medicaid expenditures are jointly financed by general revenues and federal funds according to the prevailing (blended) Federal Medicaid Assistance Percentage (FMAP), which is 53.81 percent and 54.68 percent in FY 2021 and FY 2022, respectively. On March 18, 2020, the President signed into law the Families First Coronavirus Response Act (FFCRA), which provided a temporary 6.2 percentage point enhancement to each qualifying state's Federal Medical Assistance Percentage (FMAP) effective January 1, 2020, and extending through the last day of the calendar quarter in which the public health emergency declared by the Secretary of Health and Human Services for COVID-19 terminates. As of this writing, federal authorizations have signaled their intent for the PHE to remain in effect until December 31, 2022 (first half of FY 2022). The FY 2023 (blended) preliminary FMAP estimate is 55.38 percent.

**Summary of Facts and Assumptions:**

The Secretary of the Executive Office of Health and Human Services shall increase income disregards used to determine eligibility by the Department of Human Services for the federal Qualified Medicare Beneficiary, the Specified Low-Income

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Medicare Beneficiary and the Qualifying Individual Programs, administered in accordance with the provisions of 42 U.S.C. 1396d(p), by an amount that equalizes the income levels used to determine eligibility for said programs to income levels at or below one hundred eighty-five percent (185%) of the federal poverty level.

Estimates assume legislation is put into effect as of July 1, 2021 (FY 2022).

*Summary of Fiscal  
Impact:*

According to estimates published by the American Association of Retired Persons (AARP) in the 2018 Across the States Report, based on the 2016 American Community Survey (taken from available public use microdata), there are approximately 61,000 individuals in Rhode Island aged 65 and over at or below 250% FPL.

Based on estimates from the U.S Census Bureau published in the 2019 Annual Social and Economic Supplement, approximately 26.8% of the U.S population that is age 65 or older is also at or below 200% FPL. As the intent of the bill is to increase the income limit to 185% FPL, the budget office scales this estimate down by 7.5% (growth percentage difference between 200 and 185, to 19.3% of the U.S population.

To estimate the portion of the RI population age 65 and older at or below 185% FPL, the Budget Office applies this proportion to the estimated total population of Rhode Islanders age 65 and older, or 177,889 based on the 2015-2019 American Community Survey. This results in a total estimated population of Rhode Islanders age 65 and older at or below 185% FPL of 34,333. Of these, approximately 23,000 are enrolled in full Medicaid, leaving a current beneficiary population of approximately 11,333. The Budget Office utilizes the average Medicare Premium Payments by FTE by month for the estimated price.

FY 2022 =  $\$162.00 * 11,333 * 12 = \$22,031,352$  (39.12% =  $\$8,618,665$  GR) – Accounts for the enhanced FMAP in place for first half of FY 2022.

FY 2023 =  $\$167.00 * 11,333 * 12 = \$22,711,332$  (44.62% =  $\$10,133,796$  GR)

**Summary**

**Expenses**

FY 2021: No fiscal impact reported due to timing of passage.

FY 2022:  $\$22,031,352$  AF/ $\$8,618,665$  GR

FY 2023:  $\$22,711,332$  AF/ $\$10,133,796$  GR

*Budget Office Signature:*

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*Fiscal Advisor Signature:*

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