



OFFICE OF MANAGEMENT & BUDGET

State Budget Office

One Capitol Hill
Providence, RI 02908-5890

Office: (401) 222-6300

State Fiscal Note for Bill Number:

2026-H 7631

Date of State Budget Office Approval: Monday, May 18, 2026

Date Requested: Monday, April 27, 2026

Date Due: Thursday, May 7, 2026

<i>Impact on Expenditures</i>	<i>Impact on Revenues</i>
FY 2026 N/A	FY 2026 N/A
FY 2027 \$3,359,596 - \$10,429,715	FY 2027 N/A
FY 2028 \$6,519,193 - \$20,659,429	FY 2028 N/A

Explanation by State Budget Office:

This act would require the executive office of health and human services (EOHHS) to disregard an individual's assets or resources, when determining an individual's eligibility for any Medicare beneficiary program, contingent on federal approval. This act would take effect upon passage.

Summary of Facts and Assumptions:

The act would take effect upon passage, which the Budget Office assumes to be July 1, 2026.

This act would require the executive office of health and human services (EOHHS) to disregard an individual's assets or resources, when determining an individual's eligibility for any Medicare beneficiary program. Prior to implementing the provisions described above, EOHHS is required to obtain all required federal approvals including amending its state plan and promulgating regulations to implement the bill. Implementation of this bill is contingent upon receiving federal approvals.

Background:

The Medicare savings programs (MSP), established in the Social Security Act, pay the monthly Medicare Part B premium for enrollees and provide certain enrollees with help paying for out-of-pocket costs. For individuals who are disabled and working, the program pays the Part A premium only. The MSP in Rhode Island is comprised of three primary groups as mandated by federal law: Qualified Medicare Beneficiary (QMB), Specified Low-Income Medicare Beneficiary (SLMB) and Qualified Individual (QI) programs. The QMB program covers Medicare Part A and Part B premiums as well as Medicare cost sharing, while the SLMB and QI programs cover Part B premiums only. The programs are designed to improve access to necessary medical services and to address financial insecurity of low-income Medicare enrollees: people age sixty-five (65) and older and people with severe disabilities. States are allowed to set income and asset limits for the Medicare savings programs that exceed the federally mandated minimum levels. The federal government pays all or some of the costs for those enrolled in the Medicare savings programs.



OFFICE OF MANAGEMENT & BUDGET

State Budget Office

One Capitol Hill
Providence, RI 02908-5890

Office: (401) 222-6300

State Fiscal Note for Bill Number:

2026-H 7631

The FY 2026 Budget as Enacted directed EOHHS to implement income disregards to effectively increase the income limits for the QMB and QI groups to 125% federal poverty level (FPL) and 168% FPL, respectively. This change does not impact the resource limit for these programs. The purpose of this initiative was to increase access to QMB benefits and maximize the federal allotment for QI. CMS approved this change on April 13, 2026. This change provides coverage to all previous QMB and SLMB beneficiaries under the QMB group and provides additional access to the QI group for additional beneficiaries. Since the change was implemented, EOHHS has not seen a net increase in overall MSP population as people have shifted from QI to the QMB/SLMB programs.

QMB and SLMB program expenditures would be matchable at the standard federal medical assistance percentage (FMAP), while QI is 100 percent federally reimbursed, but subject to a fixed annual allotment beyond which a state must cover the costs. Total national QI funding is an annual fixed amount, which is initially allocated to states proportionally based on each state's federally-eligible population. While federal allotments vary over time, for the federal fiscal year ending September 2026, the allotment to Rhode Island is \$9.6 million. Rhode Island anticipates spending approximately \$2 million with current eligibility thresholds. Following the initial allotments, Centers for Medicare & Medicaid Services (CMS) uses a re-allocation process to move funding from states not expected to need their full initial allotment to states with a "need" in excess of their allotments. Increasing eligibility could demonstrate a need for increased re-allocation to Rhode Island.

Fiscal Impact:

The Budget Office consulted EOHHS to determine the impact of expanded eligibility in the MSP programs which are outlined below. Due to limited time and information available, various assumptions were made to provide a scope of impact to aid in the fiscal analysis of this bill.

EOHHS notes that a realistic effective date for implementation is January 1, 2027 in order to secure federal approval and deploy system changes, and therefore the analysis assumes a six month impact in FY 2027. The analysis looks at four categories of individuals: Full Dual Eligibles, QMB only, SLMB only, and QI. Using an enrollment snapshot as of March 2026 in each category, the analysis assumes 2.5% utilization growth as a baseline for FY 2027 analysis which also accounts for utilization increases from the recent change in state law that may have yet to materialize. Assumed enrollment in each category is as follows: 34,439 Full Dual Eligibles, 5,655 QMB only, 588 SLMB only, and 2,538 QI.

Costs for individuals in each category include Part B premiums of \$212. For QMB only, costs also include coverage of other cost-sharing assumed at \$50, for a total of \$262. For Full Dual Eligibles, costs also include \$325 PMPM and Part D (i.e. clawback) premiums of \$214, for a total of \$751.

The analysis then assumes enrollment change to each category because of the bill requiring EOHHS to disregard an individual's assets or resources when determining eligibility for any Medicare beneficiary program from a low to high scale. For Full Dual Eligibles, enrollment is assumed to grow between the low assumption of 1.5 percent to the high assumption of 5 percent; QMB only and SLMB only by 5 percent to 15 percent; and QI by 10 percent to 20 percent.



OFFICE OF MANAGEMENT & BUDGET

State Budget Office

One Capitol Hill
Providence, RI 02908-5890

Office: (401) 222-6300

State Fiscal Note for Bill Number:

2026-H 7631

Therefore, EOHHS estimates expenditures in FY 2027 to range between \$3.3 million and \$10.3 million as a result of the bill. As noted earlier, Full Dual Eligibles, QMB and SLMB expenditures are eligible for FMAP, while the QI expenditures are fully financed with federal funds. Using the FY 2027 FMAP rate of 57.73 percent for those applicable categories, \$1.6 million to \$5.2 million of the increase is general revenue and \$1.2 million to \$4.0 million is federal funds. The QI population expenditures are projected to increase \$0.5 million to \$1.1 million in federal funds.

Annualized projected costs range between \$6.5 million to \$20.7 million in FY 2028. Using the FY 2028 FMAP of 57.82 percent for those applicable categories, \$3.1 million to \$10.3 million of the increase is general revenue and \$2.5 million to \$8.1 million is federal funds. The QI population expenditure is projected to increase \$0.9 million to \$2.2 million in federal funds.

EOHHS will be required to make updates and modifications to the RIBridges system for eligibility changes. Based on recent projects of similar size and scope, the initial cost estimate is \$100,000 in FY 2027.

Bill Considerations:

EOHHS has flagged the following information and concerns for the bill's consideration:

For the QMB/SLMB group, additional program expenditures would be matchable at the standard federal medical assistance percentage (FMAP). However, because the QI program was maximized under the FY 2026 budget initiative, the fiscal impact of this additional change could be more substantial. While the agency does not project that the QI allotment would be fully spent in FY 2027 with the additional impact of this bill, EOHHS would request further clarification of expectations for enrollment after the QI program reaches the federal allotment:

If EOHHS would be expected to reject enrollment after meeting the allotment, because the program is first-come-first serve, this change could result in granting eligibility to wealthier individuals and preventing access for beneficiaries with fewer resources for whom the program is designed. Please note that the FY 2026 Budget as Enacted directed EOHHS to cease new QI enrollment upon meeting the federal allotment, though this bill does not direct the same.

If EOHHS would be expected to continue enrollment past the federal cap, EOHHS would be required to fund additional slots using state-only dollars. Under § 1933(d) of the Social Security Act, the state cannot claim any federal reimbursement for new QI enrollments beyond its cap.

Finally, the placement of this proposed section in Title 36, which relates to the enrollment of retired state employees in Medicare, is not relevant to Medicaid eligibility. EOHHS recommends a provision in Title 40 and/or the annual Medicaid budget resolution to effectuate this policy change.



OFFICE OF MANAGEMENT & BUDGET

State Budget Office

One Capitol Hill
Providence, RI 02908-5890

Office: (401) 222-6300

State Fiscal Note for Bill Number:

2026-H 7631

Comments on Sources of Funds:

Medicaid expenditures are jointly financed by general revenues and federal funds according to the prevailing Federal Medicaid Assistance Percentage (FMAP), which is 57.20 percent in SFY 2026 and 57.73 percent in FY 2027. For FY 2028, this fiscal note utilizes the preliminary rate of 57.82 percent.

The Budget Office assumes that all other expenditures will be jointly financed by general revenues and federal funds. IT upgrades assume a match rate of 75% federal share and 25% state share.

Summary of Fiscal Impact:

FY 2026: No fiscal impact reported due to timing.

FY 2027:

General Revenue: \$1,595,549 - \$5,192,265

Federal Funds: \$1,764,047 - \$5,237,450

All Funds: \$3,359,596 - \$10,429,715

FY 2028:

General Revenue: \$3,137,235 - \$10,321,940

Federal Funds: \$3,381,958 - \$10,337,489

All Funds: \$6,519,193 - \$20,659,429

Budget Office Signature: _____

Digitally signed by Joseph
Codega
Date: 2026.05.18 13:27:43
-04'00'

Fiscal Advisor Signature: _____