

Rhode Island's FY 2011 Budget:

Implications for Health Insurance Coverage for Children and Families in Rhode Island

The General Assembly approved Rhode Island's State Fiscal Year 2011 budget (H-7397Aaa), which runs from July 1, 2010 to June 30, 2011. The Supplemental FY10 budget was not addressed as a separate bill, but was included as part of the FY11 budget (Article 11). The General Assembly sent the budget to the Governor, who allowed it to become law without his signature.

Medicaid Funds in the American Recovery and Reinvestment Act

Like all other states, Rhode Island has received significant Medicaid funds as part of the American Recovery and Reinvestment Act (ARRA/federal stimulus package). As part of ARRA, states receive a higher federal share of the Federal Medical Assistance Percentage (FMAP). The FMAP provision of ARRA decreases the amount of general revenues that a state spends on Medicaid. In exchange, states must protect eligibility and premium levels for all populations. Other eligibility protections for Medicaid also are in place as part of health care reform.

The enhanced federal share of FMAP through ARRA is scheduled to end on December 31, 2010. Rhode Island's FY11 budget assumes that the FMAP provision will be extended for six months to June 30, 2011. The FMAP extension was included in President Obama's budget submission, but is still awaiting Congressional approval.

A total of \$95.3M in state general revenue savings is assumed for FY11. If the FMAP provision in ARRA is extended, eligibility and premium levels for all children, parents and pregnant women enrolled in RItE Care would be protected by ARRA through the end of FY11 (June 30, 2011). If the FMAP provision is not extended by the U.S. Congress, the FY11 budget includes language that allows the Governor to institute across the board reductions of equal percentage in general revenue appropriations equivalent to but not to exceed the unrealized FMAP resources. The General Assembly also reserved the authority to alter the appropriations to achieve similar reductions in the FY11 budget.

FY11 Budget (H-7397Aaa)	Details
Article 21 Passed	<p>Contracts for RItE Care Health Plans will be Re-Bid – The RItE Care and Rhody Health programs will be re-procured, and health plans will be paid lower rates to manage the programs. In February 2010, DHS collected information through a Request for Information (RFI) from managed care organizations (MCOs) and other interested parties to glean suggestions and cost estimates for a variety of potential program changes. A Letter of Intent (LOI) for MCOs for RItE Care and Rhody Health Partners was released on June 16, 2010. Responses from MCOs are due on July 16, 2010 and new contracts will start on September 1, 2010. All MCOs will be required to cover all RItE Care and Rhody Health populations (although all children in substitute care will be covered by a single health plan). The following program changes will be included as part of the RItE Care re-procurement:</p> <ol style="list-style-type: none"> 1) A “generics first” pharmacy requirement will be required for children with special health care needs and children in substitute care who enrolled in RItE Care. A “generics first” requirement was put into place for the core RItE Care population of children and parents on February 1, 2009. 2) During the first contract period, Home Based Therapeutic Services (HBTS) will be moved from being an “out-of-plan” benefit to be covered “in-plan” by RItE Care health plans. 3) Some outpatient procedures will be moved from institutional to community-based settings (including X-rays, labs, Ear-Nose-Throat (ENT), Durable Medical Equipment (DME), and certain outpatient surgeries).
Article 19 Passed	<p>Children's Health Account – Increases the annual assessment ceiling applied to all private/commercial insurers for home health services, Children and Adolescent Intensive Treatment Services (CAITS) and Comprehensive Evaluation, Diagnosis, Assessment, Referral and Re-Evaluation Services (CEDARRS) from \$5,000 to \$6,000 per child for each service.</p>
Article 20 Passed	<p>Hospital Payment Changes – The Rhode Island Department of Human Services (DHS) will change the ways that it pays hospitals for treating persons with Medicaid coverage, including RItE Care, other managed care programs and in the fee-for-service system. Article 20 also directs DHS to establish an independent study commission charged with developing recommendations on how to improve the access and affordability of hospital care, with a report due to the General Assembly by December 2010.</p>
Article 31 Did Not Pass	<p>RItE Care Premiums will NOT be Re-Instituted for Low-Income Families – RItE Care will remain an affordable option for Rhode Island families in FY11.</p>