

Governor Carcieri's FY08 Supplemental and FY09 Budget Requests: Implications for Health Insurance Coverage for Children and Families in Rhode Island

Governor Donald L. Carcieri's proposed Supplemental Budget for State Fiscal Year 2008 is aimed at closing Rhode Island's projected \$151 million gap by the end of the current State Fiscal Year on June 30, 2008. The General Assembly is expected to vote on the FY08 Supplemental Budget before the end of March, 2008. The Governor's proposed State Fiscal Year 2009 budget (July 1, 2008 to June 30, 2009) aims to close a projected \$384 million deficit. The General Assembly is expected to vote on the FY09 Budget in June, 2008.

In both the FY08 Supplemental Budget and the FY 09 Budget proposals, there were no proposed cuts to RIte Care income eligibility levels or the benefits package for children under age 19, with the exception of two categories of immigrant children.

In his budget proposals, Governor Carcieri suggests the following cuts to health insurance programs that support children and families in Rhode Island.

Summary

FY08 Supp. Articles	FY09 Budget	Proposal	Projected FY 2008 Savings	Projected FY 2009 Savings	# of People Affected
Art. 10	Continued savings	Eliminate RIte Care eligibility as of May 1, 2008 for children who are legal permanent residents in the U.S. less than 5 years and those who are undocumented. These children are currently eligible if they were enrolled prior to January 1, 2007.	\$700,000	\$4 million in state funds	2,800 children
Art. 11	Continued Savings	Reduce RIte Care eligibility for low-income parents from 185% FPL (\$31,765 per year for a family of 3) to 133% FPL (\$22,836 per year for a family of 3), effective June 1, 2008 (but parents would not lose coverage until July 1, 2008). This cut would not include pregnant or post-partum women.	None	\$12.8 million in state funds and \$16.7 million in federal funds (\$29.5M total)	7,396 adults
Art. 11	Continued savings	Institute a \$45 monthly premium for families enrolled in RIte Care starting at 133% FPL (instead of 150%), starting July 1, 2008.	None	\$1,030,000 state funds (\$2.2M total)	2,303 families (7,165 persons)
---	Managed care savings through premium payments	In addition to implementing RIte Care premiums at 133% FPL, raise premiums paid by families between 150%-250% FPL from 3% of income to 5%, and allow RIte Care members to pay overdue premiums and be re-enrolled.	NA	\$2.2M general state funds (\$4.7M overall)	Unknown
---	Art. 17	Medicaid Reform--The Governor has proposed "restructuring the RIte Care benefit" for parents. Details are pending.	NA	Unknown	Unknown
Art.14	Elimination of program	Eliminate RIte Care eligibility for self-employed family child care providers and their children as of July 1, 2008.	\$0	\$700,000	225 child care workers and their children
Art. 14	Elimination of program	Eliminate the Starting Right Health Care Insurance Assistance Program for Child Care Assistance Program for Child Care Assistance Program Approved Center-based Child Care Providers starting July 1, 2008.	\$0	\$600,000	600 child care workers in 65 child care sites

Analysis of Proposed Cuts and Projected Cost Savings

Elimination of RItE Care Eligibility for Non-Citizen Children

- RItE Care eligibility would be revoked for an estimated 2,800 children who are legal permanent residents in the U.S. for less than five years or who are undocumented. As of January 1, 2007, no new undocumented children or legal permanent resident children in the country less than five years have been allowed to enroll in RItE Care, regardless of income. However, approximately 2,800 non-citizen children (1,300 legal permanent resident children and 1,500 undocumented children) who had ever been enrolled in RItE Care at any time prior to January 1, 2007 had been grandfathered in during 2006 and had remained eligible.
- The Governor's FY08 Supplemental budget proposal suggests that eligibility for these two group be eliminated as of April 1, 2008 (with an implementation date of May 1, 2008), for an estimated savings of \$700,000 in FY08 and \$4 million in FY09. Although there is no federal approval required for the change, there is a state approval process that may take up to two months to complete.

Rollback in Parent Eligibility for RItE Care from 185% FPL to 133% FPL

- RItE Care eligibility would be reduced for low-income parents whose children are enrolled in RItE Care. Currently, parents who earn up to 185% of the federal poverty level (\$31,765 per year for a family of 3) are eligible for RItE Care. The Governor's budget proposal requests that eligibility for this group be reduced to 133% of FPL (\$22,836 per year for a family of 3). This would result in an estimated 7,396 adults becoming uninsured in Rhode Island, because most of these parents do not have access to health insurance through their jobs.
- This cut is scheduled to be effective on June 1, 2008. However, because this action required federal approval as well as changes to state law, parents would not lose coverage until July 1, 2008, or FY09. This would result in no savings for FY08.
- Estimated savings for FY 2009 are \$29.5 million total (\$12.8 million in state revenues and \$16.7 million in federal funds). DHS has estimated that this initiative would result in loss of 50% of the members enrolled in RItE Share. RItE Share, Rhode Island's premium assistance program, has been identified as one of the best of its kind in the country. As of January 2008, there were more than 7,500 persons enrolled in RItE Share. It is estimated that for every 1,000 persons enrolled in RItE Share, Rhode Island saves \$1 million.
- This cut would not apply to pregnant or post-partum women, who would retain current eligibility levels.

Implementation of RItE Care Premiums Starting at 133% FPL

- In addition to reducing eligibility for parents from 185% FPL to 133% FPL, the FY 08 Supplemental Budget proposal suggests instituting a monthly premium of \$45 for families enrolled in RItE Care starting at 133% FPL instead of 150% FPL. To be implemented by June 1, 2008, this would result in an estimated savings of \$85,833 in FY08 and \$1,030,000 in state general revenues in FY09.
- Premiums are currently instituted for children and families enrolled in RItE Care starting at 150% FPL. Family premiums are currently at 3% of income (\$61 for 150%-185% FPL, \$77 for 185%-200% FPL and \$92 for 200%-250% FPL). Families that fail to pay the premium two months in a row are sanctioned by the loss of RItE Care health insurance coverage for all family members for a period of 4 months.

- The Governor's budget also proposes to raise premiums paid by families between 150%-250% FPL from 3% of income to 5% and to allow RIte Care members to pay overdue premiums and be re-enrolled in RIte Care upon payment, rather than having to be uninsured for a four month sanction period.
- While there are no estimates of number of people affected provided in House Fiscal staff documents or Governor's budget documents, DHS proposed the option of implementing 3% premiums at 133% FPL in its FY09 Budget Request to the Governor. In that document, DHS estimated that 2,303 families (7,165 persons) would be affected by this budget initiative and assumed a 5% reduction in the RIte Care caseload as a result of instituting a premium at this family income level.
- If premiums are instituted starting at 133% FPL along with the budget initiative that rolls back parent eligibility, it would result in premiums being charged for children only starting at 133%, as parents would no longer be eligible over 133% FPL.
- State law would need to be changed to implement premiums at this family income level. Federal approval is already provided through existing RIte Care waiver.

Elimination of RIte Care Coverage for Family Child Care Providers and their Children

- RIte Care eligibility for self-employed family child care providers and their children would be eliminated by July 1, 2008, for an estimated savings \$700,000 million in FY09. There would be no savings in FY08, given a start date of July 1, 2008, and an estimated \$700,000 in savings in FY09. An estimated 225 family child care providers and their dependents would be affected by this cut. No federal approval is needed for this change; only a change to state law is required.

Elimination of Health Insurance Assistance for Child Care Providers who Serve Low-Income Children

- The Starting Right Health Care Insurance Assistance Program for Child Care Assistance Program (HCIAP) for Child Care Assistance Program (CCAP) Approved Center-based Child Care Providers would be eliminated starting July 1, 2008. To be eligible for the subsidy, at least 40% of the center's enrollment must be CCAP-assisted children. In this program, child care workers receive up to \$85 monthly toward their purchase of commercial insurance for their employees. Centers must match the DHS subsidy of up to \$85 per month per employee for individual coverage before passing any health care insurance costs on to employees. As of June 2007, an estimated 600 child care workers working in 65 child care sites across Rhode Island have gained access to health insurance coverage through this program. Ending this program as of July 1, 2008 (the first day of FY09) would result in no savings in FY08. An estimated \$600,000 would be saved in FY09. No federal approval is needed for this change; only a change to state law is required.

Other RIte Care Changes

The Governor's FY09 Budget also would:

- Implement co-pays for prescriptions for all RIte Care members - \$3 per brand name prescription (generic prescriptions would continue to be provided at no cost)
- Implement co-pays for emergency room use for all RIte Care members - \$3 for members under 150% FPL and \$25 for members over 150% FPL. These co-pays would be waived if the visit were found to be an appropriate use of the emergency room.

There are no specific cost savings/revenue generation estimates for these initiatives available at this time.