



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Department of Administration  
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**Memorandum**

**To:** The Honorable Marvin L. Abney  
Chairman, House Finance Committee  
  
The Honorable Daniel DaPonte  
Chairman, Senate Finance Committee

**From:** Thomas A. Mullaney *Thomas A. Mullaney*  
Executive Director/State Budget Officer

**Date:** May 17, 2016

**Subject:** Amendment Article 7 - Relating to Medicaid Reform Act of 2008 Resolution

The Governor requests that amendments be made to Article 7 entitled "Relating to Medicaid Reform Act of 2008 Resolution".

The proposed amendment to Article 7, subsection (g) adds authority to the Rhode Island Medicaid Reform Act of 2008 Resolution to implement the R.I. Health System Transformation Program which will utilize newly authorized federal match for Costs Not Otherwise Matchable (CNOMS) and Designated State Health Programs (DSHPs) to make payments to health care providers participating in Alternative Payment Arrangements including but not limited to accountable entities to accelerate the transformation of Rhode Island's health care system to value based payment.

If you have any questions regarding this amendment, please feel free to call me (222-6300).

TAM: 17-Amend-16  
Attachment

cc: Sharon Reynolds Ferland, House Fiscal Advisor  
Stephen Whitney, Senate Fiscal Advisor  
Michael DiBiase, Director of Administration  
Jonathan Womer, Director, Office of Management and Budget  
John Raymond, Supervising Budget Analyst  
Gregory Stack, Supervising Budget Analyst



1 amount the beneficiary is obligated to pay is referred to as a *liability* or *cost-share* and must be used solely  
2 for the purpose of offsetting the agency's payment for the LTSS provided. The EOHHS is seeking to  
3 implement new methodologies that will make it easier for beneficiaries to make these payments and  
4 enhance the agency's capacity to collect them in a timely and equitable manner. The EOHHS may require  
5 federal state plan and/or waiver authority to implement these new methodologies. Amended rules,  
6 regulations and procedures may also be required.

7 (c) *Medicaid Managed Care Organizations (MCO) – Administrative Rate-Setting.* The EOHHS  
8 seeks to alter the manner in which administrative rates are set for Medicaid MCOs from a variable to a  
9 fixed approach. Changes in rate-setting methodology may require section 1115 waiver or Medicaid State  
10 Plan authorities.

11 (d) *Managed Care Plan Re-procurement.* The EOHHS is re-procuring its managed care delivery  
12 system by September 1, 2016. The re-procurement includes RItE Care plans for children and families and  
13 Rhody Health Partners plans for low-income elders and persons with disabilities and adults ages nineteen  
14 (19) to sixty-four (64) eligible under the federal Affordable Care Act of 2010. The re-procurement process  
15 will take into account a range of initiatives affecting the delivery system such as accountable care entities,  
16 STOP and CEDARR direct services which will change the organization and financing of certain Medicaid  
17 services and various performance-based payment incentives and rewards. Therefore, the re-procurement  
18 process may require state plan and/or waiver amendments as well as actuarial analyses. Any  
19 reconfiguration of in-plan and out-of-plan benefits will also necessitate amendments to agency rules,  
20 processes and procedures.

21 (e) *Increase in LTSS Home Care Provider Wages.* To further the goal of rebalancing the long-term  
22 care system to promote home and community based alternatives, the EOHHS proposes to establish a wage-  
23 pass through program targeting certain home health care professionals. Implementation of the program may  
24 require amendments to the Medicaid State Plan and/or section 1115 demonstration waiver due to changes  
25 in payment methodologies.

1 (f) *Integrated Care Initiative (ICI) – Enrollment.* The EOHHS proposes to establish mandatory  
2 enrollment for all Medicaid beneficiaries including but not limited to beneficiaries receiving LTSS through  
3 the ICI, including those who are dually eligible for Medicaid and Medicare. Implementation of mandatory  
4 enrollment requires section 1115 waiver authority under the terms and conditions of the demonstration.  
5 New and/or amended rules, regulations and procedures are also necessary to implement this proposal.

6 (g) *Alternative Payment Arrangements –* The EOHHS proposes to leverage all available resources  
7 by repurposing funds derived from various savings initiatives and obtaining federal financial participation  
8 for costs not otherwise matchable to expand the reach and enhance the effectiveness of alternative payment  
9 arrangements that maximize value and cost-effectiveness, and tie payments to improvements in service  
10 quality and health outcomes. EOHHS proposes to fund the R.I. Health System Transformation Program  
11 by seeking federal authority for federal financial participation (FFP) in financing both Costs Not Otherwise  
12 Matchable (CNOMS) and Designated State Health Programs (DSHPs) that either not previously utilized  
13 although authorized or were not authorized for federal financial participation prior to June 1, 2016 and for  
14 which authority is obtained after June 1, 2016. Utilizing the funds made available by this new authority for  
15 federal financial participation, the R.I. Health System Transformation Program will make payments to  
16 health care providers to reward and encourage improvements in clinical quality, patient experience and  
17 health system integration. Eligibility for these Health System Transformation Program payments will be  
18 made to health care providers participating in Alternative Payment Arrangements including but not limited  
19 to accountable entities and to those engaged in electronic exchange of clinical information necessary for  
20 optimal management of patient care. Any funds newly authorized and/or utilized for federal financial  
21 participation for Costs Not Otherwise Matchable and Designated Stated Health Programs after June 1, 2016  
22 for purposes of implementing the R.I. Health System Transformation Incentive Program shall be used in  
23 lieu of reductions to the uncompensated care payments referred to as disproportionate share hospital (DSH)  
24 payments otherwise provided for in Article 9, Section 3 of this Act and in lieu of reductions to the hospital  
25 adjustment payments referred to as upper payment limit (UPL) payments otherwise provided for in Article  
26 9, Section 4 of this Act. Amendments to the section 1115 waiver and/or the Medicaid state plan including

1 alternations to the section 1115 waiver and/or the Medicaid state plan as it relates to payments made  
2 pursuant to R.I.G.L. 40-8.3-3 (DSH) and R.I.G.L. 40-8.3-10 (UPL), may be required to implement any  
3 alternative payment arrangements the EOHHS is authorized to pursue.

4 (h) *Implementation of Approved Authorities: Section 1115 Waiver Demonstration Extension and*  
5 *Amendments.* The EOHHS, in conjunction with the departments of Human Services, Children, Youth and  
6 Families, Health, Behavioral Healthcare, Developmental Disabilities and Hospitals, proposes to implement  
7 the authorities approved under the section 1115 waiver demonstration extension and subsequent  
8 amendments as follows: (1) the Division of Elderly Affairs of DHS plans to obtain federal financial  
9 participation for costs-otherwise not matchable for certain Medicaid dementia care services provided to  
10 otherwise ineligible participants in its copay program with income up to two-hundred and fifty (250) percent  
11 of the Federal Poverty Level ; (2) the EOHHS is continuing efforts to re-balance the LTSS system by  
12 instituting, with the assistance of the DHS, an expedited eligibility pathway for applicants seeking care in  
13 the home or community-based setting who meet certain income and clinical criteria; (3) all EOHHS  
14 agencies are pursuing waiver authorities promoting the utilization of care management models that offer a  
15 “health home”, promote access to preventive care, and provide an integrated system of services; and (4) the  
16 EOHHS plans to use waiver authorized program refinements that recognize and assure access to the non-  
17 medical services and supports, such as peer navigation and housing stabilization services, that optimize a  
18 person’s health, wellness and safety, reduce or delay the need for long term services and fill gaps in the  
19 integrated system of care;

20 (i) *Federal Financing Opportunities.* The EOHHS proposes to review Medicaid requirements and  
21 opportunities under the U.S. Patient Protection and Affordable Care Act of 2010 and various other recently  
22 enacted federal laws and pursue any changes in the Rhode Island Medicaid program that promote service  
23 quality, access and cost-effectiveness that may warrant a Medicaid State Plan Amendment or amendment  
24 under the terms and conditions of Rhode Island’s section 1115 Waiver, its successor, or any extension  
25 thereof. Any such actions the EOHHS takes shall not have an adverse impact on beneficiaries or cause an  
26 increase in expenditures beyond the amount appropriated for state fiscal year 2017; now, therefore, be it

1           RESOLVED, that the general assembly hereby approves proposals (a) through (i) listed above to  
2 amend the demonstration; and be it further

3           RESOLVED, that the Secretary is authorized to pursue and implement any waiver amendments,  
4 state plan amendments, and/or changes to the applicable department's rules, regulations and procedures  
5 approved herein and as authorized by § 42-12.4-7; and be it further

6           RESOLVED, that this joint resolution shall take effect upon passage.

7           SECTION 2. This article shall take effect upon passage.

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