

State of Rhode Island and Providence Plantations

Fiscal Year 2019 Budget



Volume II – Health and Human Services

Gina M. Raimondo, Governor

Health and Human Services

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Summary

The Health and Human Services function of state government engages in a broad spectrum of activities including, but not limited to, medical assistance, economic support, rehabilitation services, client subsidies, case management, residential supports, behavioral healthcare, and services for at-risk children, advocacy, and medical provider regulation.

In FY 2019, despite a continuing constrained budgetary environment, the Health and Human Services departments and agencies continue to leverage their resources so that both individuals and families achieve their maximum potential and self-sufficiency. Services to meet the social and economic needs of clients continue to be provided by the Executive Office and Health and Human Services, which oversees the Departments of Children, Youth, and Families; Health; Human Services; Behavioral Healthcare, and Developmental Disabilities, and Hospitals. The Governor is a strong advocate of building a sustainable safety net in Rhode Island, with adequate programs of medical and cash assistance for the most vulnerable populations of the State, such as low-income children, parents, pregnant women, frail elders, veterans, the medically needy, and those with physical and developmental disabilities.

Reinvent Medicaid, a large-scale reform initiative within the State's Medicaid program is currently underway. The innovations are summarized within six major categories: targeted interventions for the highest cost/highest need populations, value-based payment approaches in managed care, value-based payment in long term services and supports, value-based payment in hospitals, better coordinated care for individuals with behavioral health needs, and improved program oversight and efficiency.

The Department of Human Services is fully committed to assist low income families with child care and the back-to-work programs. The FY 2019 Budget includes new federal requirements outlined in the Child Care Development Block Grant Reauthorization Act of 2014. These new requirements include a variety of family-friendly eligibility policies, such as 12 months of uninterrupted child care benefits, 3 months of continued eligibility when families face a permeant job loss, as well as increases in the amount of funding allocated towards quality improvement activities. As included in the Governor's FY 2019 recommendation is a proposal that would implement enhanced reimbursement rates for child care providers participating in CCAP who offer higher quality care. Although Rhode Island provides strong access to child care, provider quality is very poor. 80% of children participating in CCAP are enrolled in child care centers, but reimbursement rates for care in those centers are held between the 12th and 21st percentile of current market rates for all providers (75th percentile is the federal recommended benchmark), regardless of quality of care. These low rates limit access to quality childcare for families and provide no incentive for providers to improve quality – 75% of CCAP children receive care in centers that are rated 1 or 2 stars out of 5 by the state's quality rating system.

The Department of Children, Youth, and Families is committed to ensuring that the safety, permanency and well-being of all children and youth is achieved through an integrated Networks of Care. Efforts are being made to reduce costs and improve efficiencies through new program initiatives that will ensure opportunities for children to reach their full potential. . The Department recently completed contract negotiations with its child placement providers to ensure the correct placement capacity and types of service. The Department will continue to shift its service array of child placements from higher cost out of home settings to lower cost family and home settings to create savings in FY 2019. At the close FY 2017, approximately 20% of all bed-day experienced by children in placement were in group and residential settings. DCYF intends to reduce that case mix share to its goal of 15%.

The Department of Behavioral Healthcare, Developmental Disabilities and Hospitals is transforming services provided to individuals with developmental disabilities by transitioning to a system that

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emphasizes integrated employment opportunities and shared living arrangements. This shift in services provides individuals with more integrated and less restrictive services for both employment and residential options. In addition to programmatic changes for individuals with developmental disabilities, the Eleanor Slater Hospital system is undergoing reorganization to enhance services provided to patients and achieve greater efficiencies.

The Department of Health for FY 2019 is consistent with its strategic plan and emphasizes key areas such as customer services. The Department of Health will be responsible for licensing patients and authorized purchasers while the Department of Business Regulation is the licensing agency of compassion centers, compassion center staff, cultivators, and caregivers as well as selling plant tracking tags and maintaining a tag tracking database. The Governor is also recommending utilizing the IT investment fund to upgrade to an electronic vital records system. An electronic vital records system with rapid reporting capabilities can also decrease fraudulent claims against Medicaid/Medicare, Social Security, other benefit payers and the voter registration rolls generating savings beginning in FY 2020.

The dual role of advocacy and education continues to be provided by the Offices of the Child Advocate and Mental Health Advocate, the Governor's Commission on Disabilities, and the Commission on the Deaf and Hard of Hearing.

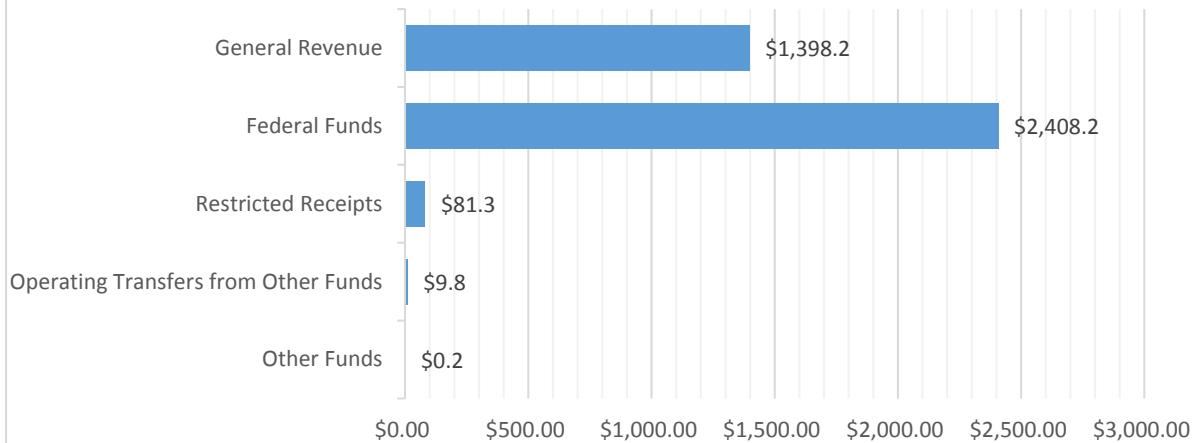
For FY 2018, the Governor recommends a revised all funds budget of \$4.039 billion for the Health and Human Services function, including \$1.452 billion from general revenue, \$2.494 billion from federal funds, \$79.5 million from restricted receipts, and \$13.1 million from other funds. Relative to the FY 2018 enacted budget, there is a net increase of \$103.6 million, including a \$47.1 million increase in general revenue financing, a \$51.2 million increase in federal funds financing, a \$5.7 million increase in restricted receipts financing, and a \$0.4 million increase in other financing funds. The Governor recommends 3,715.6 FTE positions in the FY 2018 revised budget consistent to the FY 2017 enacted budget.

The Governor's proposed funding level of \$3.897 billion for FY 2019 maintains services for the State's most vulnerable populations. This proposal consists of \$1.398 billion from general revenue, \$2.408 billion from federal funds, \$81.0 million from restricted receipts, and \$10.0 million from other funds. This reflects a net decrease of \$37.5 million, including a decrease of \$6.7 million from general revenue, a decrease of \$34.9 million from federal funds, an increase of \$7.5 million from restricted receipts, and a decrease of \$3.5 million from other funds relative to the FY 2018 enacted budget. The Governor recommends 3,740.6 FTE positions in the FY 2019 Budget, an increase of 25.0 FTE positions compared to the FY 2018 enacted budget. The new positions are to support many of the Medicaid savings initiatives and some additional grant funded positions in the Department of Health.

The FY 2019 recommendation constitutes 41.6 percent of the total proposed expenditures for the state. Social services block grants and federal financial participation for medical assistance programs constitute the primary sources of federal funding. The chart below displays funding by source for the Governor's FY 2018 recommendation for the Health and Human Service agencies and departments.

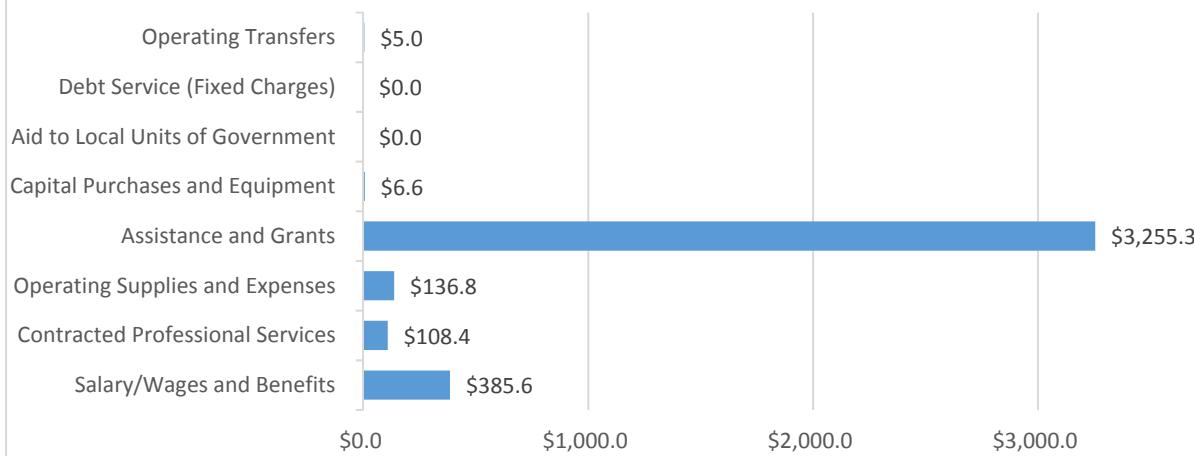
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FY 2019 Recommended Human Services Expenditures by Source
(Dollars in millions)



The Governor's FY 2019 recommendation includes direct and purchased services for residential care, medical care, and preventive health services, cash payments to individuals, and grant funding for non-governmental agencies. The operating costs associated with the administration of these social services programs are also included. Personnel, including purchased services, accounts for \$494.0 million, or 12.7 percent, of all expenditures programmed for Health and Human Services. Grants and benefits expenditures of \$3.255 billion account for the largest outflow of identified resources, reflecting 83.5 percent of the total Health and Human Services function. The chart below shows the outflows of all resources by category of expenditure for the Health and Human Services function.

FY 2019 Recommended Human Services Expenditures by Category
(Dollars in millions)



Health and Human Services Function Summary

Expenditures by Agency	2016 Actuals	2017 Actuals	2018 Enacted Budget	2018 Revised Budget	2019 Recommended
Commission On The Deaf & Hard Of Hearing	455,950	493,573	627,910	565,882	591,467
Department Of Behavioral Healthcare, Developmental Disabilities And Hospitals	378,574,897	398,887,449	397,090,236	427,179,214	400,743,927
Department Of Children, Youth, And Families	214,952,935	222,662,113	209,049,728	214,081,089	209,152,279
Department Of Health	128,882,069	154,376,396	169,645,421	170,044,686	173,291,532
Department Of Human Services	615,305,121	626,727,849	614,682,222	629,570,505	633,824,402
Executive Office Of Health And Human Services	2,360,301,137	2,433,340,843	2,541,841,896	2,594,918,120	2,477,269,162
Governor's Commission On Disabilities	429,998	669,120	842,190	867,672	877,295
Office Of The Child Advocate	654,839	612,107	926,120	1,045,722	1,071,346
Office Of The Mental Health Advocate	545,220	540,899	549,563	628,771	639,764
Total Expenditures	3,700,102,166	3,838,310,347	3,935,255,286	4,038,901,661	3,897,461,174
Expenditures by Object					
Salary and benefits	358,890,936	360,571,390	359,104,033	372,149,832	385,609,609
Contract Professional Services	159,697,325	94,624,822	110,848,755	138,251,327	108,387,913
Operating supplies and Expenses	96,720,717	96,233,590	100,946,686	134,975,420	136,811,032
Assistance And Grants	3,075,843,366	3,224,173,496	3,335,880,979	3,367,650,248	3,255,051,450
Aid To Local Units Of Government	2,906	0	0	0	0
Subtotal: Operating	3,691,155,250	3,775,603,298	3,906,780,453	4,013,026,827	3,885,860,004
Capital Purchases And Equipment	6,106,418	56,797,220	21,269,145	21,113,847	6,595,032
Operating Transfers	2,840,498	5,909,830	7,205,688	4,760,987	5,006,138
Subtotal: Other	8,946,916	62,707,050	28,474,833	25,874,834	11,601,170
Total Expenditures	3,700,102,166	3,838,310,347	3,935,255,286	4,038,901,661	3,897,461,174
Expenditures by Source of Funds					
General Revenue	1,366,084,941	1,404,921,420	1,404,895,891	1,452,036,568	1,398,224,759
Federal Funds	2,261,159,094	2,360,615,664	2,443,053,693	2,494,234,883	2,407,931,496
Restricted Receipts	62,137,930	61,601,672	73,797,224	79,483,279	81,341,441
Operating Transfers From Other Funds	10,720,202	10,938,588	13,508,478	12,976,931	9,793,478
Other Funds	(1)	233,004	0	170,000	170,000
Total Expenditures	3,700,102,166	3,838,310,347	3,935,255,286	4,038,901,661	3,897,461,174
FTE Authorization	3,745.6	3,618.6	3,715.6	3,728.6	3,740.2