



State of Rhode Island and Providence Plantations

Caseload Estimating Conference

Room 306, STATE HOUSE, PROVIDENCE, RI 0290

MICHAEL F. O'KEEFE
House Fiscal Advisor

ROSEMARY BOOTH GALLOGLY
Executive Director/Budget Officer

PETER M. MARINO
Senate Fiscal Advisor

MEMORANDUM

To: The Honorable Donald L. Carcieri, Governor
The Honorable William J. Murphy, Speaker of the House
The Honorable M. Teresa Paiva Weed, President of the Senate

From: Michael F. O'Keefe, House Fiscal Advisor
Rosemary Booth Gallogly, State Budget Officer
Peter M. Marino, Senate Fiscal Advisor

Date: May 19, 2009

Subject: May 2009 Caseload Estimating Conference

The Caseload Estimating Conference convened on May 8, 2009 in an open public meeting to review and revise cash assistance caseload and medical assistance expenditures for FY 2009 and FY 2010. The Caseload Estimating Conference lowered the FY 2009 November estimates by \$90.9 million and the FY 2010 estimates \$83.8 million.

Table with 5 columns: May 2009 Estimates, FY 2009 May CEC, Change to November, FY 2010 May CEC, Change to November. Rows include Cash Assistance, Medical Assistance, and Consensus Caseload Total.

General revenue funded expenditure estimates were lowered by \$151.1 million for FY 2009 and \$183.7 million for FY 2010, for a total of \$334.8 million over both years compared to the November estimate.

For FY 2009, the May caseload estimate includes savings of \$5.5 million from general revenues compared to 2009-H 5019 Substitute A, as amended. Accounting for the estimated general revenues savings included in the Governor's FY 2010 budget, general revenue expenses are reduced by \$4.7 million for FY 2010.

Cash Assistance

The cash assistance programs for FY 2009 are estimated to total \$132.1 million, an increase of \$3.9 million compared to the November caseload estimate. The general revenue share is estimated at \$34.3 million, a decrease of \$12.1 million from the November caseload estimate. The Assembly passed 2009-H 5019 Substitute A as amended which included cash assistance program costs of \$128.7 million, \$45.7 million from general revenues. Compared to the May estimate, the costs are increased by \$2.1 million, \$11.4 million less from general revenues.

The programs for FY 2010 are estimated to total \$116.7 million, \$2.2 million more than the November caseload estimate. The general revenue share is \$30.7 million, a decrease of \$2.1 million from the November caseload estimate. Each program is discussed separately.

Rhode Island Works. Caseload expenses are increased by \$7.3 million for FY 2009 and \$4.1 million for FY 2010 compared to the November conference. The increase in both years is primarily the result of a slow economy which the estimators believe will increase the number of people who apply for cash assistance benefits in the Rhode Island Works program.

Program costs totaling \$55.4 million for FY 2009 are primarily supported by federal temporary assistance to needy families block grant funds. Estimated costs of \$41.6 million for FY 2010 are fully funded through the federal block grant. The estimate includes 23,000 persons receiving monthly benefits at \$177.93 in FY 2009 and 16,170 persons receiving benefits at \$182.50 a month for FY 2010.

The FY 2009 caseload estimate includes individuals who, as a result of eligibility changes in the Rhode Island Works program, should not be receiving cash assistance benefits but continue to do so without any legislative authority.

The FY 2010 caseload estimate assumes that approximately 3,000 households will no longer be eligible for cash assistance resulting from time limits included in Article 16 of 2008-H 7390 Substitute A as amended. The estimate also assumes that the Department will allow 20 percent of the eligible caseload to retain their benefits through the hardship provision that is consistent with federal requirements allowing a state to exempt that portion of its caseload from the time limits while continuing to pay the benefits from federal funds.

The estimate also includes \$6.0 million from temporary assistance to needy families funding for payments to be made to Rhode Island Public Transit Authority for monthly bus passes for cash assistance recipients for FY 2009 and FY 2010.

Child Care. Child care slots are projected to decrease in both FY 2009 and FY 2010 for adopted totals of 6,833 and 6,810, respectively. The estimated general revenue reduction in child care costs compared to the November estimate is \$1.2 million for FY 2009 and \$0.8 million for FY 2010 and assumes the use of all available federal funds. FY 2009 total costs of \$48.9 million include \$42.4 million from federal funds and \$6.5 million from general revenues.

FY 2010 total costs of \$50.1 million include \$43.6 million from federal funds. This is \$1.7 million less than the November estimate cost and recognizes the reduced need for child care as employment opportunities remain limited.

Supplemental Security Income. The estimators decreased the number of program recipients for both years to include 31,850 for FY 2009 and 32,200 for FY 2010. The estimate includes a monthly cost per person of \$55.22 for FY 2009 expenses of \$25.1 million and a \$46.75 monthly state supplement resulting in total FY 2010 program expenses of \$22.2 million.

General Public Assistance. The estimators projected an increase in the number of general public assistance recipients in both FY 2009 and FY 2010. Expenditures were decreased \$0.1 million in FY 2009 and \$0.2 million in FY 2010 for the bridge program. The estimators recognized the ability to leverage Medicaid funding for the medical expenses provided to clients receiving services through the global waiver and included \$0.5 million from federal funds for FY 2009 and \$0.9 million for FY 2010, offsetting a portion of the state costs.

Medical Assistance

The medical assistance programs are estimated at \$1,313.2 million for FY 2009, a decrease of \$94.8 million from the November estimate. This includes a general revenue decrease of \$139.0 million compared to the November estimate and includes the adjustment for the increased federal funds based on the enhanced Medicaid rate included in the federal stimulus package. Federal expenditures were set at \$760.7 million or \$44.2 million more than the November estimate. The Assembly passed 2009-H 5019 to adjust for current year funding and compared to the May conference, the estimate is \$2.9 million more than 2009-H 5019 Substitute A, as amended, adding \$5.9 million from general revenues.

The estimators project FY 2010 expenditures of \$1,415.3 million, a decrease of \$86.0 million from the November estimate. This is a general revenue decrease of \$181.6 million to the November estimate which recognizes the enhanced Medicaid rate included in the federal stimulus package as well as including \$106.0 million in savings assumed in the Governor's recommended budget. Federal expenditures were set at \$860.1 million or \$92.6 million more than the November estimate.

Hospitals. The estimators adopted the FY 2009 hospital expenditures at \$203.4 million or \$39.9 million less than November. The FY 2010 hospital expenditures are set at \$190.4 million or \$58.9 million less than estimated at the November conference. The estimate continues to assume shifting expenses to the Rhody Health managed care program.

The November estimate included \$31.4 million for two upper payment limit reimbursements and a state only payment for additional unqualified expenses that were scheduled to be made in FY 2009. The Assembly passed Article 39 of 2009-H 5019, Substitute A, as amended eliminating the FY 2009 payment. For FY 2010, the payment should not have been included in the November estimate and the estimate is adjusted accordingly.

Long Term Care. Caseload estimators set the revised FY 2009 expenditures at \$345.7 million which is \$10.1 million less than the November estimate. The estimators adopted the FY 2010 expenditures at \$361.0 million which is \$6.8 million less than the November estimate. The estimate includes home and community care expenses of \$63.2 million for FY 2009 and \$66.0 million for FY 2010. The estimators recognized a cost shift that provided more funding to home and community programs based on year to date expenses.

Managed Care. Expenditures for managed care are estimated at \$504.8 million, from all sources of funds for FY 2009, a \$52.8 million reduction compared to the November adopted levels. FY 2010 managed care expenditures are estimated at \$564.3 million or \$46.7 million less than the November estimate. The November estimate for both years includes \$37.5 million in managed care expenses that were shifted to the Department of Children, Youth and Families. The estimate also includes \$7.9 million in transportation expenses for FY 2009 and \$3.3 million in Medicaid match expenses for services in FY 2010.

Rhody Health. The estimators \$99.4 million for Rhody Health expenses for FY 2009, \$3.3 million less than the November estimate and \$148.0 million for FY 2010, \$28.5 million more than November to reflect increased enrollment on the managed care plan. The increase assumes shifting costs from the fee-for-service reimbursements into the managed care plan.

Pharmacy. FY 2009 pharmacy expenditures are estimated at \$17.3 million or \$1.1 million less than the November estimate. FY 2010 pharmacy expenditures are \$11.1 million or \$8.3 million less than November and includes shifting fee-for-services expenses to Rhody Health.

Pharmacy Clawback. The May estimate for the pharmacy clawback payment of \$41.6 million is \$1.6 million less than November. Clawback expenses of \$35.5 million, included in 2009-H 5019 Substitute A, as amended, assumed the enhanced Medicaid rate applied to clawback payment. It does not apply and the estimate includes the correct clawback payment. The estimators did not make an adjustment to the FY 2010 November estimate of \$44.7 million.

Other Medical Services. FY 2009 expenditures for other medical services are estimated at \$101.0 million for FY 2009, \$14.0 million more than November and \$95.8 million for FY 2010, an increase of \$6.2 million compared to the November estimate.

The following table summarizes the adopted changes for cash and medical caseloads.

May 2009 Consensus Caseload Estimates	FY 2009 Nov CEC	FY 2009 May CEC	Change to Nov
<i>Cash Assistance</i>			
TANF/RI Works			
Persons	22,600	23,000	400
Monthly Cost per Person	\$ 176.00	\$ 177.93	\$ 1.93
Total Costs	\$ 48,116,200	\$ 55,381,680	\$ 7,265,480
TANF Block Grant	37,290,310	54,881,680	17,591,370
General Revenues	\$ 10,825,890	\$ 500,000	\$ (10,325,890)
Child Care			
Subsidies	7,050	6,833	(217)
Annual Cost per Subsidy	\$ 7,400	\$ 7,160	\$ (240)
Total Costs	\$ 52,170,000	\$ 48,924,280	\$ (3,245,720)
Federal Funds	44,512,500	42,424,280	(2,088,220)
General Revenues	\$ 7,657,500	\$ 6,500,000	\$ (1,157,500)
SSI			
Persons	32,200	31,850	(350)
Monthly Cost per Person	\$ 54.62	\$ 55.22	\$ 0.60
Total Costs	\$ 25,094,748	\$ 25,051,299	\$ (43,449)
GPA Bridge			
Persons	430	440	10
Monthly Cost per Person	\$ 118.00	\$ 118.70	\$ 0.70
Total Costs	\$ 2,818,880	\$ 2,711,127	\$ (107,753)
Federal Funds	-	459,569	459,569
General Revenues	\$ 2,818,880	\$ 2,251,558	\$ (567,322)
Total Cash Program	\$ 128,199,828	\$ 132,068,386	\$ 3,868,558
General Revenues	\$ 46,397,018	\$ 34,302,857	\$ (12,094,161)
<i>Medical Assistance</i>			
Hospital	\$ 243,300,000	\$ 203,400,000	\$ (39,900,000)
Long Term Care	355,800,000	345,700,000	(10,100,000)
Managed Care	557,600,000	504,800,000	(52,800,000)
Rhody Health	102,700,000	99,400,000	(3,300,000)
Pharmacy	18,400,000	17,300,000	(1,100,000)
Pharmacy Part D Clawback	43,200,000	41,600,000	(1,600,000)
Other Medical	87,000,000	101,000,000	14,000,000
Total Medical Assistance	\$ 1,408,000,000	\$ 1,313,200,000	\$ (94,800,000)
Federal Funds	\$ 716,500,000	\$ 760,700,000	\$ 44,200,000
General Revenues	686,300,000	547,300,000	(139,000,000)
Restricted Receipts	5,200,000	5,200,000	-
Total Expenditures	\$ 1,536,199,828	\$ 1,445,268,386	\$ (90,931,442)
General Revenues	\$ 732,697,018	\$ 581,602,857	\$ (151,094,161)

May 2009 Consensus Caseload Estimates	FY 2010 Nov CEC	FY 2010 May CEC	Change to Nov
<i>Cash Assistance</i>			
TANF/RI Works			
Persons	17,525	16,170	(1,355)
Monthly Cost per Person	\$ 177.00	\$ 182.50	\$ 5.50
Total Costs	37,493,100	41,620,300	\$ 4,127,200
TANF Block Grant	\$ 37,290,310	\$ 41,620,300	4,329,990
General Revenues	202,790	\$ -	\$ (202,790)
Child Care			
Subsidies	7,000	6,810	(190)
Annual Cost per Subsidy	\$ 7,400	\$ 7,350	\$ (50)
Total Costs	\$ 51,800,000	\$ 50,053,500	\$ (1,746,500)
Federal Funds	44,512,500	43,553,500	(959,000)
General Revenues	\$ 7,287,500	\$ 6,500,000	\$ (787,500)
SSI			
Persons	32,730	32,200	(530)
Monthly Cost per Person	\$ 46.00	\$ 46.75	\$ 0.75
Total Costs	\$ 22,318,587	\$ 22,246,980	\$ (71,607)
GPA Bridge			
Persons	430	450	20
Monthly Cost per Person	\$ 118.00	\$ 118.50	\$ 0.50
Total Costs	\$ 2,928,280	\$ 2,769,900	\$ (158,380)
Federal Funds	-	852,444	852,444
General Revenues	\$ 2,928,280	\$ 1,917,456	\$ (1,010,824)
Total Cash Program	\$ 114,539,967	\$ 116,690,680	\$ 2,150,713
General Revenues	\$ 32,737,157	\$ 30,664,436	\$ (2,072,721)
<i>Medical Assistance</i>			
Hospital	\$ 249,300,000	\$ 190,400,000	\$ (58,900,000)
Long Term Care	367,800,000	361,000,000	(6,800,000)
Managed Care	611,000,000	564,300,000	(46,700,000)
Rhody Health	119,500,000	148,000,000	28,500,000
Pharmacy	19,400,000	11,100,000	(8,300,000)
Pharmacy Part D Clawback	44,700,000	44,700,000	-
Other Medical	89,600,000	95,800,000	6,200,000
Total Medical Assistance	\$ 1,501,300,000	\$ 1,415,300,000	\$ (86,000,000)
Federal Funds	\$ 767,500,000	\$ 860,100,000	\$ 92,600,000
General Revenues	728,600,000	547,000,000	(181,600,000)
Restricted Receipts	5,200,000	5,200,000	-
Total Expenditures	\$ 1,615,839,967	\$ 1,531,990,680	\$ (83,849,287)
General Revenues	\$ 761,337,157	\$ 577,664,436	\$ (183,672,721)