



# WHY MEDICAID MATTERS TO RHODE ISLAND





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- I Introduction
  - II Medicaid Provides Comprehensive Health Insurance for One Third of Rhode Island's Children and Almost One in Five Rhode Islanders
  - III Medicaid Supports Diverse Populations
  - IV Medicaid Supports A Broad Range of Services
  - V Medicaid Supports the Health Care Delivery System
  - VI Medicaid Supports Cities and Towns



# Introduction

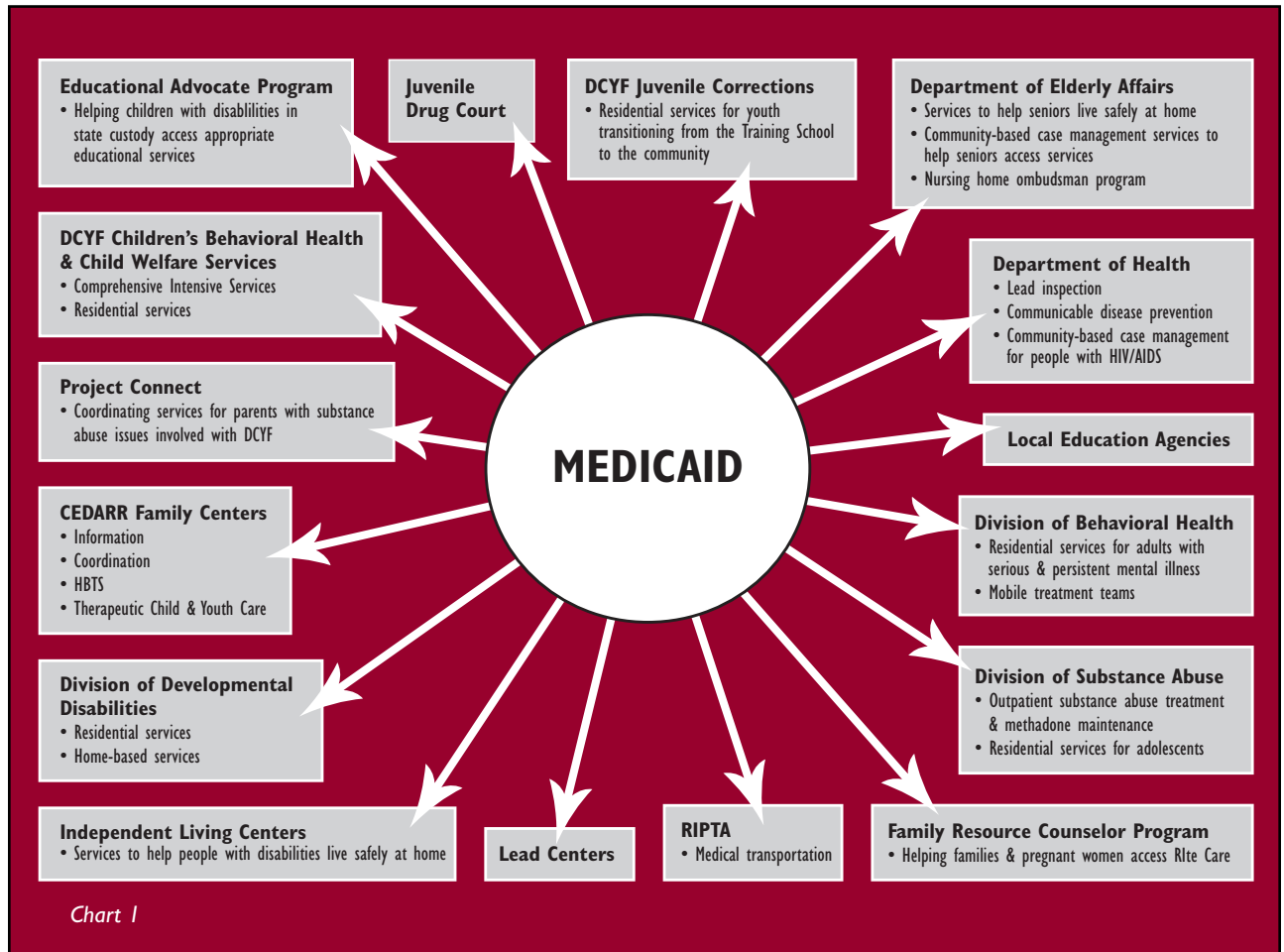
The Medicaid Program is best known for the comprehensive health care coverage it provides to families, people with disabilities and seniors in Rhode Island. But Medicaid funding filters throughout the Rhode Island health care system in many other important ways.

Medicaid funds services that allow adults with disabilities and seniors to live at home and enjoy a high quality of life. Many children with special health care needs receive Medicaid-funded services that enable them to remain at home with their families instead of living in institutional settings and other children and youth are supported in a range of residential settings with funding from Medicaid. Medicaid assures that children in foster care have access to high

quality health care and is vital to assuring that children in state custody who have special needs are able to find permanent homes.

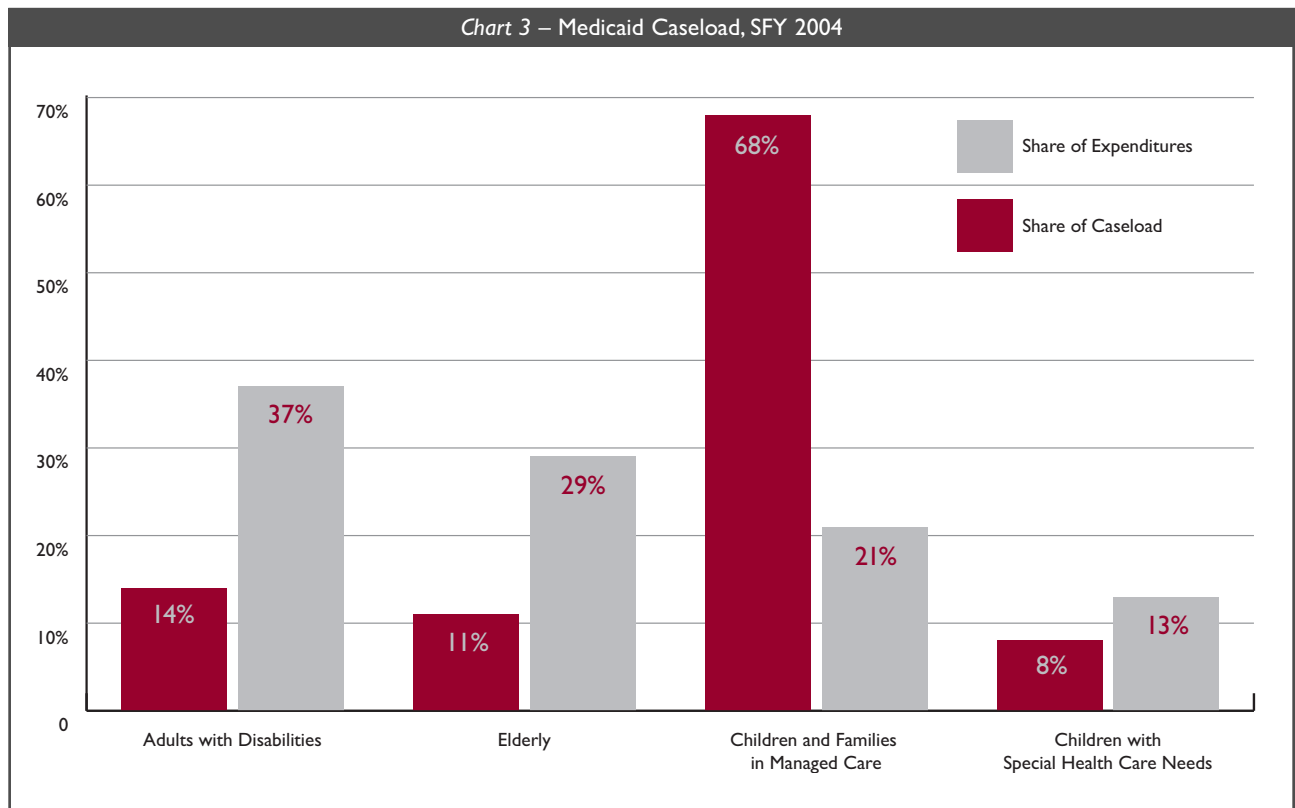
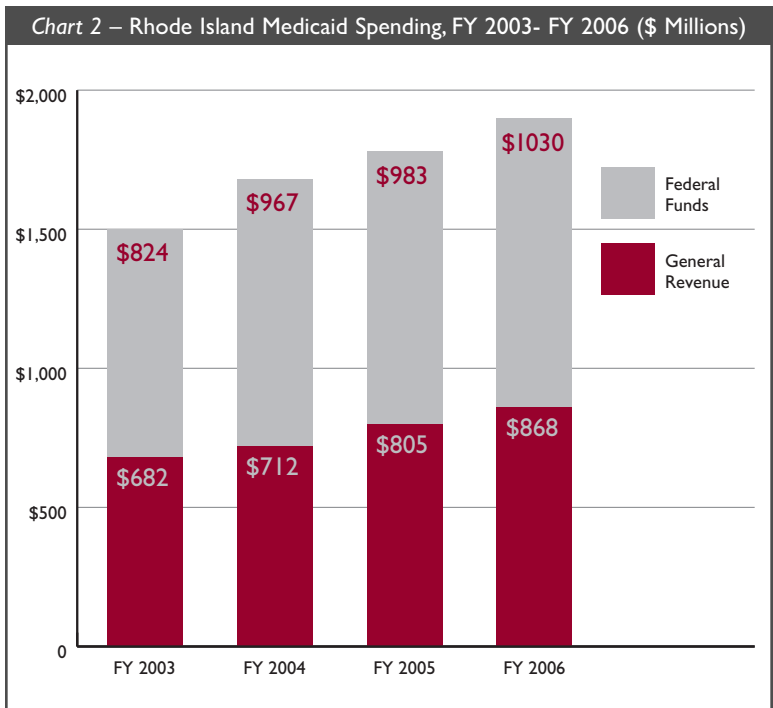
Medicaid supports public health initiatives such as lead inspections and disease prevention and control. It is the major source of revenue for the network of community health centers and mental health centers, helping to assure that these safety net providers are available for all residents in their communities. School districts rely on federal Medicaid funds to pay for a range of services for students receiving special education services.

This report provides information about the breadth and scope of Medicaid funding in Rhode Island.



In FY 2004, Rhode Island's Medicaid program spent a total of \$1.679 billion. State spending of \$712 million on Medicaid brought in matching funds from the federal government of \$967 million. The federal matching rate for Medicaid has ranged from approximately 54–57% during FY 03–06, bringing in millions of federal dollars each year.<sup>i</sup>

The majority of Medicaid recipients are low-income children and parents covered through the Rlte Care managed care program. However, the bulk of Medicaid dollars funds services for the elderly and for adults and children with disabilities. In FY 2004, Rlte Care recipients comprised 68 percent of the Medical Assistance caseload in Rhode Island but accounted for only 21 percent of the program's costs. Elders and adults and children with disabilities accounted for 33 percent of the caseload and 79 percent of program costs.



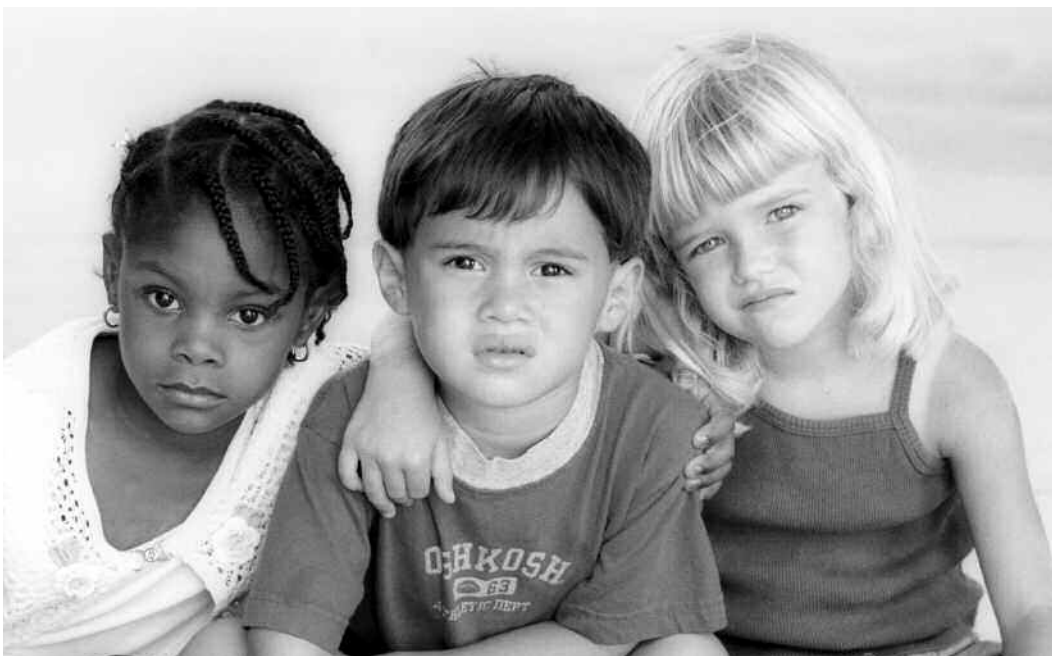
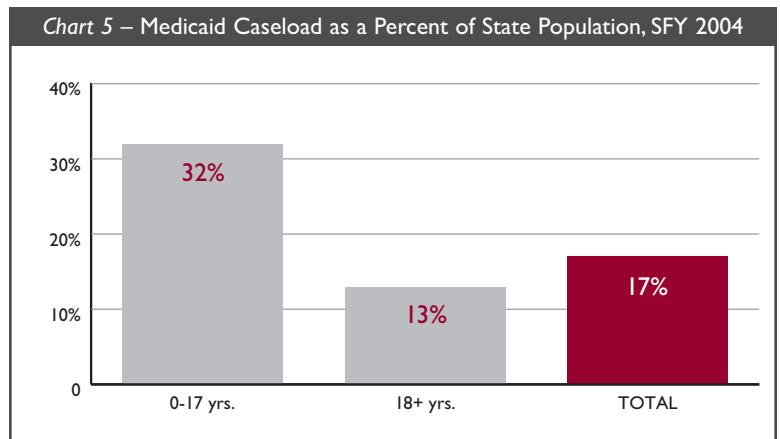
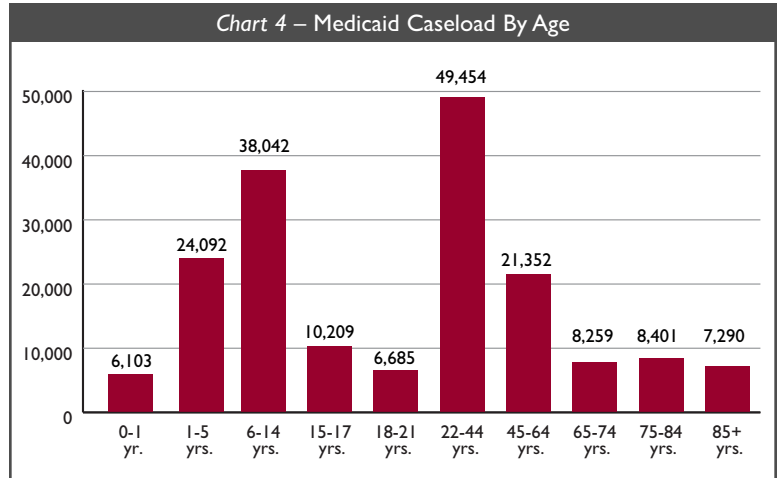


# Medicaid Provides Comprehensive Health Insurance for One Third of Rhode Island's Children and Almost One in Five Rhode Islanders

Medicaid provides health insurance and access to quality health care for low income children and parents, pregnant women, adults and children with disabilities, and senior citizens.



The average monthly caseload in FY 04 of 182,625 represented 17 percent of the state's population. Coverage was provided to 123,761 children, parents and pregnant women; 25,330 adults with disabilities; 19,665 elders and 13,869 children with special health care needs. One-third of children under 18 and 13 percent of adults in Rhode Island are covered by Medicaid, an important reason why Rhode Island ranks 2nd among states in health coverage for children and 6th in health coverage for all residents.





## **ADULTS WITH DISABILITIES AND ELDERS.**

In FY 04, close to 45,000 adults with disabilities and elders were covered by Medicaid. In addition to providing primary and preventive care for 25,330 people with disabilities, Medicaid funds services that address the unique needs of people with developmental disabilities, mental illness, physical and other disabilities. Services help people with disabilities live at home and maintain a high quality of life.<sup>ii</sup>

In FY04, 19,665 people age 65 or older were covered by Medical Assistance.<sup>iii</sup> Over 9,000 people living in nursing facilities had their care funded by Medicaid. Seventy percent of residents were over age 75 and forty-three percent were over age 85.<sup>iv</sup> In addition to the basic health care services covered by Medicaid, several thousand seniors received special services designed to enable them to live safely in their communities.<sup>v</sup>

## **Adults with Developmental Disabilities.**

Medicaid provides the funding that enables approximately 4,000 people with mental retardation and other developmental disabilities to live in community settings such as group homes (4–6 residents), supervised apartments (housing 1–2 adults) or at home with their families.

There are 286 group homes and 111 apartments providing housing to approximately 1,300 people. Medicaid does not cover room and board, but pays for staff, daily activities, supported employment, recreational and social activities and other services that help people maintain independence and enjoy a high quality of life.

Another 2,684 adults with developmental disabilities live with their families and receive services such as home modifications, respite services, homemaker services, skill development and supported employment.

Over 30 agencies in Rhode Island provide residential and/or day services to people with developmental disabilities.

**Adults with Mental Illness.** Medicaid funds a range of services for people with serious and persistent mental illness. These include day program services, vocational and educational assessment, supportive work, medication management, case management and residential services. In FY 04 close to 4,500 Rhode Islanders relied on Medicaid for access to these services provided by 10 community-based providers.<sup>vi</sup> This included outreach and services by sixteen mobile treatment teams to about 850 adults who are at high risk due to reasons such as homelessness, substance abuse, or prior involvement with the criminal justice system.<sup>vii</sup>

At least 300 people received residential services in 34 supervised settings including group homes and apartments.<sup>viii</sup>



Another 5,000 people with significant mental health problems relied on Medicaid for counseling, medication and other behavioral health services provided by the network of community mental health organizations.

## **Adults with Physical Disabilities and**

**Elders.** In FY 04, 2,700 Rhode Islanders with physical disabilities or age-related needs received a range of Medicaid-funded services to help them remain at home or live in assisted living facilities and stay out of larger institutional settings.

Depending on the program and the person's needs, services that Medicaid covers include: case management, personal care, modifications to the home, special medical equipment, emergency response services, and rehabilitative services. These programs are administered by the Department of Human Services in conjunction with the Department of Elderly Affairs (for seniors) and PARI Independent Living Center (for people with quadriplegia and other significant disabilities).

### **BREAST AND CERVICAL CANCER PROGRAM.**

Rhode Island provides Medicaid coverage to uninsured women with breast or cervical cancer or pre-cancerous symptoms. To be eligible, a woman must be screened by the Department of Health's Women's Cancer Screening Program which provides free exams to uninsured low-income women. In FY 2004, 140 new participants received coverage. Forty-two women had either breast or cervical cancer and ninety-eight had a pre-cancerous condition. In 2004 two-hundred and sixteen women—who would not otherwise have had access to live-saving cancer treatment or to comprehensive health care—participated in the program.

### **CHILDREN WITH SPECIAL HEALTH CARE NEEDS.**

In FY 04, an average of 13,869 children with special health care needs were covered by Medicaid. These included 9,306 children with disabilities who were eligible based on receipt of SSI benefits or through the Katie Beckett program. SSI eligibility is based on the child's health status and the family's income. Under the Katie Beckett program, eligibility is based on the child's income. To qualify, the child must have a serious disability and require a level of care provided by a hospital or other institutional setting. The Katie Beckett program is designed to assure that children with significant disabilities are able to remain at home with their families.

All children in substitute care (foster care) have health insurance through Medicaid. In FY 04, Medicaid provided coverage to 2,173 children in substitute care.

Medicaid provided health insurance for 2,390 children who participated in the adoption subsidy program. The financial assistance provided to help the family meet the child's needs and the health insurance provided through Medicaid helps the Department of Children Youth and Families find permanent homes for children in state custody who have special needs and for whom finding adoptive families would otherwise be difficult.



Children with special health care needs not only receive comprehensive health care coverage through Medicaid, but can receive special services designed to meet their unique needs.

Children with physical, developmental, behavioral or emotional conditions can receive home-based therapeutic services designed to maintain or improve the child's functioning. In FY 04, about 416 children received these services.<sup>ix</sup>

Through the CIS program (Children's Intensive Services) children with serious emotional disabilities who are at risk for out of home placement can receive an array of services designed to help prevent a psychiatric or other residential placement. At any time an average of 2,100 children participate in a 6-month CIS program through one of the community mental health organizations.

Medicaid also pays for services that support children with behavioral health needs in a range of residential settings. This includes children transitioning from hospitals to the community, youth transitioning out of DCYF care, youth discharged from the training school and children who require 24 hour care. About 1,000 children receive residential services provided by over 90 community providers.<sup>x</sup>



# IV

## Medicaid Supports A Broad Range of Services

Medicaid expenditures are spread over a number of state agencies in Rhode Island, including the Department of Human Services (DHS), the Department of Children Youth and Families (DCYF), the Department of Health (DOH), the Department of Elderly Affairs (DEA), and the Department of Mental Health, Retardation and Hospitals (MHRH). Medicaid dollars also flow to local educational authorities (LEA) for health-related special education services.

Half of DCYF's budget derives from state and federal Medicaid funds, as does the majority of the funding for DHS and MHRH. Medicaid funds comprise a smaller, but important, portion of the budgets of the Departments of Health and Elderly Affairs.

**Department of Health.** In FY 2004, the Rhode Island Department of Health received \$8.8 million or 7.9 percent of its budget from state and federal Medicaid funds. This money helped pay for:

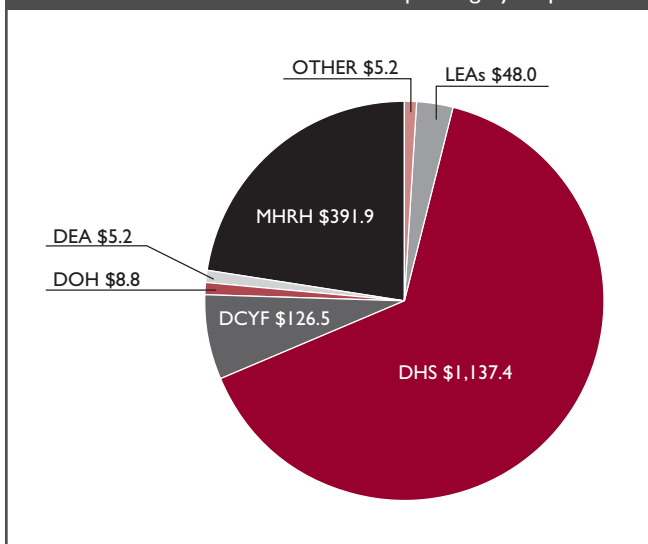
- Inspecting buildings for lead (27 percent of lead inspection funds are provided through the federal Medicaid program).
- Monitoring and addressing environmental risks.
- Inspecting nursing homes to assure safety of residents and quality of care.
- Detecting, controlling and preventing communicable diseases.
- Community-based case management services to coordinate care and services for people living with AIDS/HIV.
- Linking children and families to systems of care.
- Screening families and pregnant women for Rte Care eligibility at hospitals and community health centers and providing application assistance.

**Department of Elderly Affairs.** In FY 2004, Elderly Affairs received \$5.2 million in Medicaid funds or 11.3 percent of its budget. This money helped pay for:

- The nursing home ombudsman program.

- Community-based case management services for elders to help them access services and benefits.
- Homemaker, personal care, home modification, case management and other services to help seniors live safely at home.
- Transportation to medical appointments including door-to-door transportation through the RIDE Program.

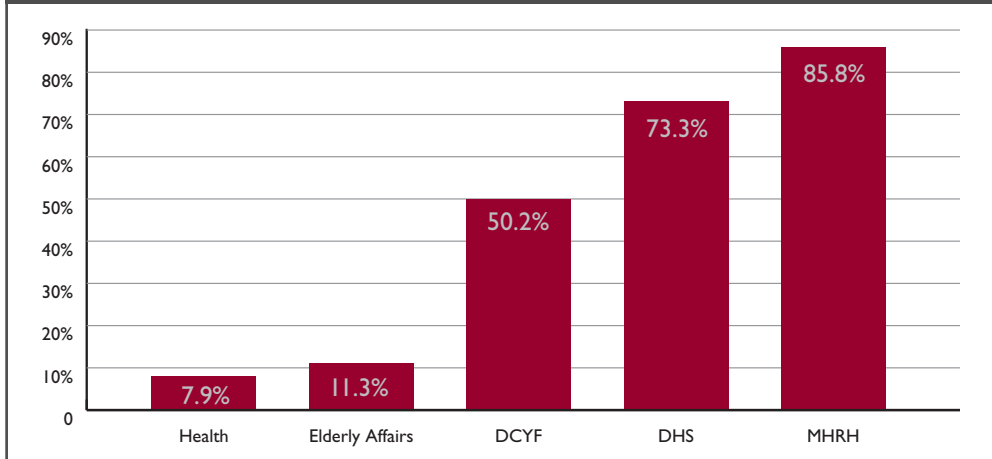
Chart 6 – State and Federal Medicaid Spending By Department



**Department of Children Youth and Families.** In FY 2004, DCYF received \$126.5 million, or 50.2 percent of its budget, from Medicaid to pay for children's behavioral health services, juvenile corrections and child welfare services. This money helped pay for:

- Community based services for children at risk of out-of-home placement due to serious emotional disabilities.
- Residential services (other than room and board) for children and adolescents who are transitioning to the community from hospitals, the training school or who need intensive services that cannot be provided at home.
- Behavioral health services for children with special health care needs including children in substitute care (foster care) and children receiving adoption subsidy.

Chart 7 – Total State and Federal Medicaid Funds as a Percent of Agency Budgets, SFY 2004



**Department of Human Services.** DHS received \$1,137.4 million, or 73.3 percent of its budget, from Medicaid funds. Among the programs and services this provided:

- Personal care services, case management, home modifications, special medical equipment and other services that allow people with physical disabilities to live safely at home.
- Home-based services for adults with disabilities and for seniors.
- Connect CARRE linking people with chronic health problems to a medical home and care coordinators.
- CEDARR Family Centers helping families of children with special health care needs access appropriate services.
- Home-based Therapeutic Services for children with special health care needs to maximize cognitive, communication, psychosocial and physical functioning.
- Therapeutic Child and Youth Care providing supports to allow children with physical, developmental, behavioral or emotional conditions to participate in child and youth care settings.
- Community-based case management services for pregnant and parenting teens, families of children enrolled in Head Start, children and adolescents who have been victims of sexual abuse.
- Lead Centers that provide case management, relocation assistance, education and other services.

- Juvenile Drug Court providing therapeutic services to nonviolent adolescents whose involvement in Family Court is due to their dependency on alcohol and other drugs.
- Management of the Family Resource Counselor Network.

**Department of Mental Health Retardation and Hospitals.**

In FY 04, MHRH received \$391.9 million, or 85.8 percent of its budget, from Medicaid for the Division of Developmental Disabilities, the Division of Mental Health Services, the Division of Hospitals and Community Rehabilitative Services and the Division of Substance Abuse. These funds helped pay for:

- Residential services (other than room and board) and day program services for adults with developmental disabilities.
- Respite services, homemaker services, day treatment services, home modifications and other services to help adults with developmental disabilities live at home with their families.
- Day program services, medication management, case management and residential services (other than room and board) for adults with serious and persistent mental illness.
- Outpatient substance abuse treatment, methadone maintenance treatment and detox and adolescent substance abuse residential services.
- Long term care for elders and people with disabilities.



# Medicaid Supports the Health Care Delivery System

Medicaid funding is a critical source of revenue for hospitals, nursing facilities, community mental health centers and community health centers. In 2004, ninety-eight nursing facilities provided care to 11,647 residents. Seventy-five to eighty-five percent were covered by Medicaid. Medicaid payments accounted for 62% of patient revenue at these facilities.<sup>xi</sup> In 2004, Medicaid payments to hospitals comprised 23.2% of patient revenue, including \$107,000,000 in payments for uninsured patients.<sup>xii</sup>

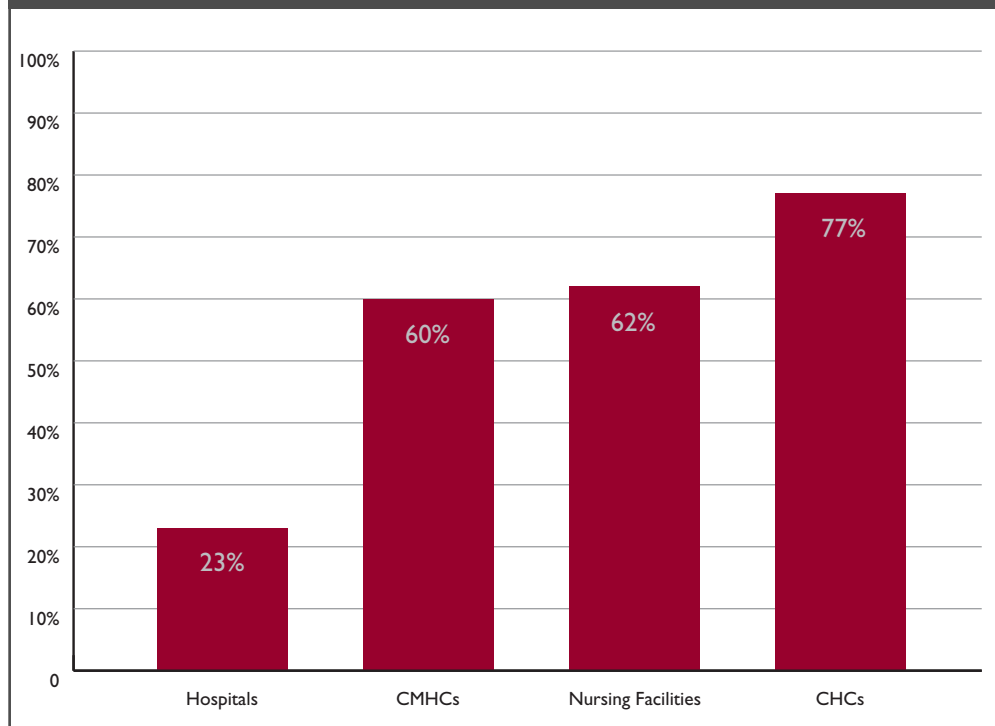
Community health centers and community mental health centers serve thousands of Rhode Islanders each year, including hundreds of residents who are uninsured. Without Medicaid funding these safety-net providers could not keep their doors open.

The twelve community health centers provided health and/or dental services to 86,226 patients, forty-six percent of whom were funded by

Medicaid. In 2003, Medicaid represented an average of 77% of total patient revenue for the community health centers.

The eight community mental health centers served an average monthly caseload of 14,786 clients. Almost forty percent (5,792) were community support clients requiring intensive services and the balance (9,024) were general outpatient clients with significant behavioral health problems. One third of the clients were under age seventeen. Nearly all of the children served by the community mental health centers were covered by Medicaid while seventy-eight percent of the community support clients and fifty-three percent of the general outpatient clients relied on Medicaid for their access to services. In 2004, the percent of Medicaid revenue ranged from 42% to 75% with the smaller centers relying more heavily on Medicaid income.

Chart 8 – Percent of Patient Revenue from Medicaid



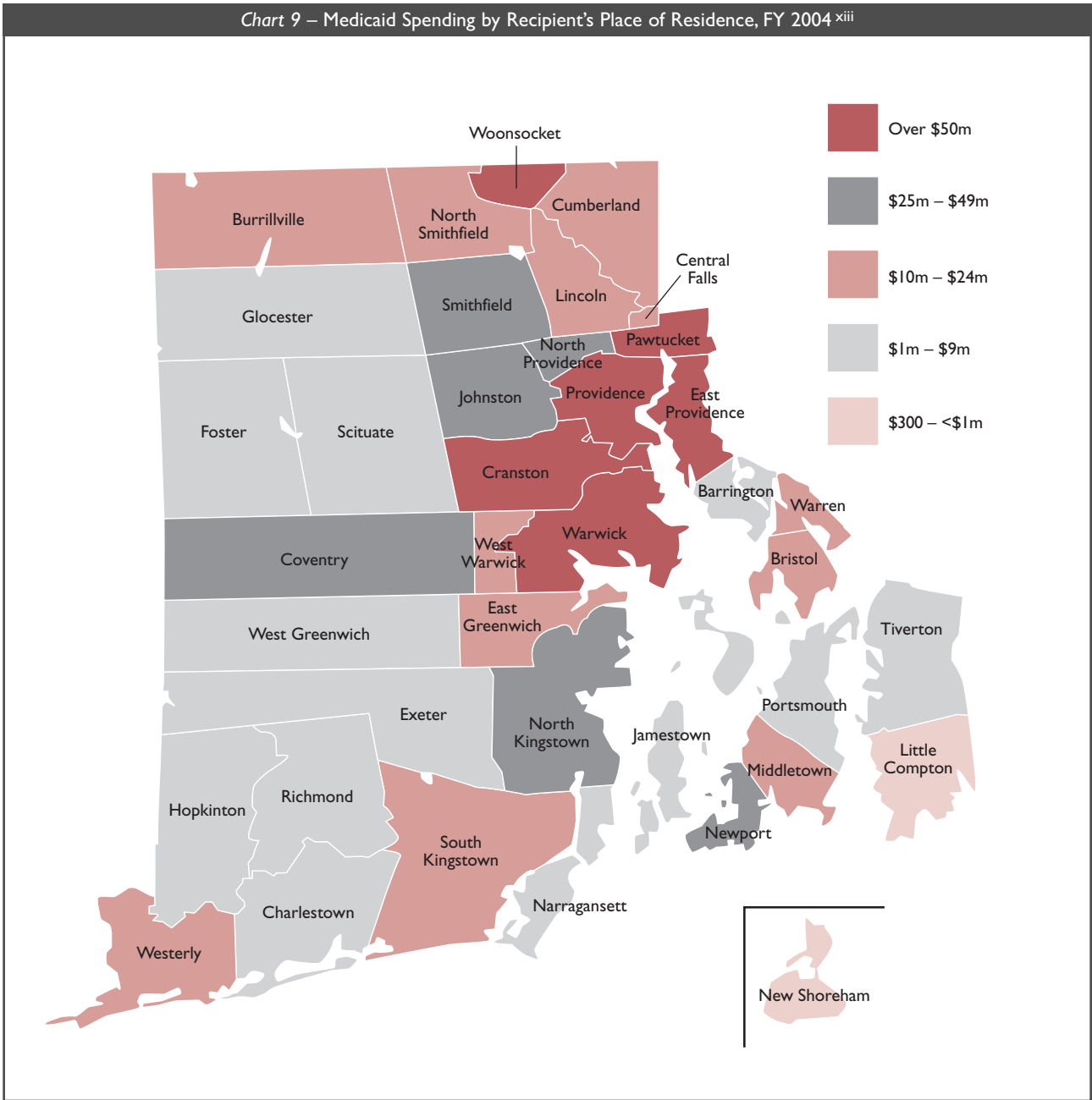


# VI

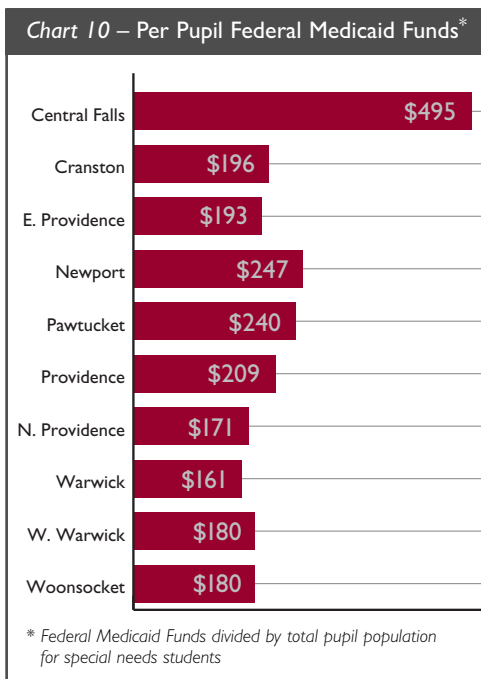
## Medicaid Supports Cities and Towns

Medicaid funding impacts cities and towns through at least two channels. First, Medicaid improves the health care of local residents who are covered by the program. Second, federal Medicaid funds flow to local education agencies to help pay for school-based health services for Medicaid-covered children with special needs. School districts also receive Medicaid funding for the cost of administering these services.

Residents of all towns and cities are impacted strongly by Medicaid programs. Medicaid expenditures on behalf of local residents range from a high of \$272 million in Providence to a low of \$318,692 in New Shoreham. In all but four of the state's cities and towns, residents received Medicaid benefits of \$1 million or more. Over two-thirds (68 percent) of Medicaid expenditures are made on behalf of recipients in the state's ten urban communities.



In FY 2004, \$27,751,579 in federal Medicaid dollars (\$20,256,600 for direct services and \$7,494,979 in administrative support) flowed directly to local school agencies to help pay for school-based health services for 17,000 Medicaid-covered children with special needs.



Two thirds (66 percent) of these funds go to the state's ten urban districts in the education budget. While not all children receive Medicaid funded services, the federal funds claimed by the state's urban districts increase overall per pupil dollars by \$180 to \$495.

- i The federal rate was increased to 58% in FY 04 under the Jobs and Growth Reconciliation Act.
- ii RI Medicaid Program Annual Report, FY 2004. RI Department of Human Services
- iii Medicaid Program Annual Report.
- iv Response to request for information from RI Department of Human Services
- v Medicaid Program Annual Report.
- vi MHRH Census and Service Report
- vii MHRH Census and Service Report
- viii MHRH Censuses and Service Report and information provided by RI Department of Mental Health Retardation and Hospitals
- ix Medicaid Program Annual Report.
- x Data provided by RI Department of Children Youth and Families
- xi Data provided by RI Department of Human Services
- xii Data provided by RI Department of Human Services
- xiii Sources: RI Department of Human Services

**Table 1 – Federal Medicaid Funds to Local Education Agencies**

Local Education Agency	Medicaid Funds FY 2004
PROVIDENCE	\$5,622,819
PAWTUCKET	\$2,416,996
CRANSTON	\$2,160,765
WARWICK	\$1,970,802
CENTRAL FALLS	\$1,727,250
EAST PROVIDENCE	\$1,273,826
WOONSOCKET	\$1,217,711
SOUTH KINGSTOWN	\$916,998
NORTH KINGSTOWN	\$825,333
JOHNSTON	\$811,928
NEWPORT	\$750,265
WEST WARWICK	\$674,276
NEWPORT COUNTY REG.	\$660,482
CUMBERLAND	\$642,289
COVENTRY	\$623,113
NORTH PROVIDENCE	\$607,115
WESTERLY	\$601,282
BRISTOL/WARREN	\$473,470
LINCOLN	\$450,300
CHARIHO	\$390,468
EAST GREENWICH	\$338,539
EXETER/WEST GREENWICH	\$330,473
BURRILLVILLE	\$319,067
SMITHFIELD	\$308,725
BARRINGTON	\$298,792
NARRAGANSETT	\$271,989
NORTH SMITHFIELD	\$198,697
GLOCESTER	\$175,654
SCITUATE	\$159,423
SCHOOL FOR THE DEAF	\$149,747
METROPOLITAN CAREER AND TECHNICAL CENTER	\$141,769
FOSTER/GLOCESTER	\$81,049
JAMESTOWN	\$73,160
FOSTER	\$68,107
EAST BAY EDUCATIONAL COLLABORATIVE	\$15,400
PAUL CUFFEE SCHOOL	\$3,500
NEW SHOREHAM	\$0
WM. M. DAVIES	\$0
KINSTON HILL ACADEMY	\$0
<b>TOTAL</b>	<b>\$27,751,579</b>