The Economic Progress Institute

MEDICAID MATTERS IN RHODE ISLAND

2018

The Economic
Progress Institute

600 Mt. Pleasant Avenue, Building #9, Providence, RI 02908
telephone (401) 456-8512 | fax (401) 456-9550 | info@economicprogressri.org | www.economicprogressri.org
LIKE US EconomicProgressRI | FOLLOW US @EconProgressRI

We are deeply appreciative of the Rhode Islanders who agreed to share their stories in this report. Understanding "why Medicaid matters to them", brings life to the data and charts presented here.

We'd also like to thank staff at the Executive Office of Health and Human Services and the Department of Behavioral Health Disabilities and Hospitals, the Division of Intellectual and Developmental Disabilities and the Division of Behavioral Health for providing data and information and graciously answering our questions.

Finally, thank you to Karen Malcolm, Organizer for the Protect Our Health Care Coalition, who facilitated the interviews and summarized the stories and to staff at the RI Organizing Project for helping with this process.

For more information about the Protect Our Health Care Coalition visit www.protecthealthri.org

Table of Contents

Introduction

Rhode Island's Medicaid Program serves approximately one in three Rhode Islanders, providing access to primary and preventive health care services for children, parents, adults, seniors and people with disabilities. Medicaid is the primary funder for long-term care services that children and adults with significant disabilities and seniors need to live safely at home or to pay for care in a nursing facility or other facility when that level of care is needed.

Medicaid supports children in state custody by providing health coverage while they are in care and encouraging adoption of children with special health care needs by providing on-going Medicaid coverage. Young adults who are exiting the foster care system receive Medicaid health insurance coverage until they turn 26, just as they would be entitled to health insurance coverage through their parents' coverage.

Medicaid supports the network of community health centers, helping to assure that these safety net providers are available to all residents in their communities. Hospitals receive significant funding from Medicaid including payments to offset uncompensated care. School districts can receive federal Medicaid funds to pay for a range of health services for Medicaid-enrolled students, primarily those receiving special education services.

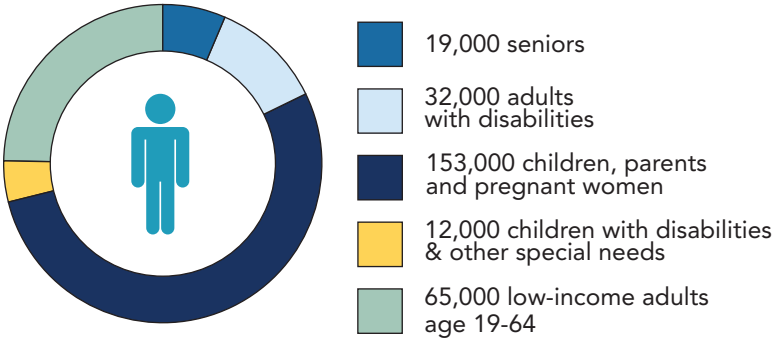
In state fiscal year 2018, Medicaid spending of $2.8 billion comprised 30 percent of the total state budget.[1] Over half ($1.6 billion) of the expenses were paid for with federal funds. This report provides information about the breadth and scope of the Medicaid program in Rhode Island and includes stories from Rhode Islanders for whom Medicaid provides access to health care and for some, access to services that allow them to remain at home and in the community.

It is the intent of the general assembly to assure access to comprehensive health care by providing health insurance to all Rhode Islanders who are uninsured; Universal comprehensive coverage for all Rhode Islanders is a goal to be achieved over the course of several years...

Rhode Island General Laws 42-12.3-2.

Section 1: Who Medicaid Covers

In 2016, Medicaid provided health insurance to 281,645 Rhode Island residents, including 19,198 seniors (age 65+); 32,080 adults with disabilities; 153,342 children, parents, and pregnant women; 12,025 children with special health care needs; and 65,000 low-income adults without dependent children.[2]



At its inception in 1965, Medicaid provided health insurance only to people receiving cash assistance which included very poor families, seniors and adults with disabilities. Over the years, the federal government expanded populations that states were required to cover to participate in the Medicaid program (e.g., low income children and pregnant women) and also allowed states to provide coverage to other populations (e.g., children in foster care, children with special health care needs), as well as to provide coverage for residents with higher income than the federally-mandated minimums.

In 1993, Rhode Island policy makers made a commitment to provide health insurance to all Rhode Islanders, beginning with health insurance for all lower-income pregnant women and children under age 6. (RIGL 42-12.3)

Over the subsequent years, Rhode Island expanded Medicaid coverage to children up to age 18, and increased the income limits for seniors, people with disabilities and parents. By adopting the opportunity to cover adults without children (the expansion population) provided under the Affordable Care Act[3], Rhode Island made Medicaid available to all residents who meet the federal citizen/immigrant status criteria and the federal/state financial eligibility rules. Current income limits in Rhode Island vary by population as shown in Figure 1.

Rhode Island's Medicaid Population (based on Federal Poverty Level)

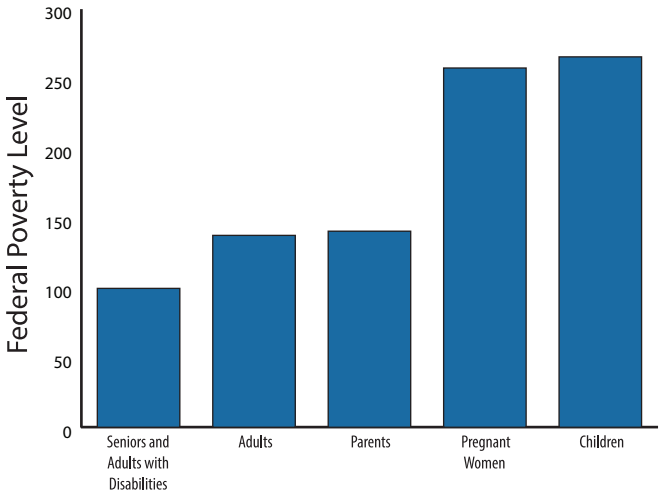


Figure 1

Children, parents and pregnant women

In 2016, Medicaid provided health insurance to 153,342 low-income children, parents and pregnant women through the RIte Care program. The majority of beneficiaries are children under age 19 living in families with income below 266% FPL ($66,766 for a family of 4). Parents are eligible if family income is less than 141% FPL ($35,391 for a family of 4) and pregnant women can obtain coverage if income is below 258% FPL ($53,612 for a first-time pregnant woman and spouse).[4]

"Medicaid matters because it was there for me and for my daughter during my pregnancy and her first months of life. It helped keep us healthy, and I'm thankful."

Susannah Cotter

Virtually all parents, children, pregnant women and adults who are eligible for Medicaid are required to enroll in one of the managed care plans that contract with the Executive Office of Health and Human Services (EOHHS). Until recently, participants could enroll in one of two plans: Neighborhood Health Plan of RI or United Healthcare. Beginning in July 2017, Tufts Health Care became a participating plan.

Neighborhood Health Plan and UnitedHealthcare's Medicaid plans have consistently ranked in the top ten in national NCQA (National Committee for Quality Assurance) rankings for Medicaid managed care organizations.

Health plans are paid a per member capitated rate by EOHHS and are responsible for contracting with providers for all health care services for their members. The plans pay providers on a fee-for-service basis. In an effort to improve quality and further control costs, EOHHS is promoting the creation of Accountable Entities (AE), integrated provider organizations that are responsible for the total cost of care and healthcare quality and outcomes for their patients. The AEs are charged with addressing the social determinants of health that impact their patients' well-being. The three managed care plans are required to contract with these newly formed entities.

Medicaid is an especially appropriate insurance plan for children and adolescents, requiring that plans implement Early Periodic Screening Diagnosis and Treatment (EPSDT) for its younger members. This assures that all children and adolescents receive appropriate preventive dental, mental health and developmental and specialty services.

Dental care is not part of the contract with the health plans, but is a Medicaid covered benefit. Adults access dental services through the fee-for-service system and finding a provider is often difficult because of low reimbursement rates. As of 2006, dental services for children and youth are provided through a managed care system (RIte Smiles) which has significantly improved access to dental care for these populations.

Beneficiaries who have access to affordable and comprehensive health coverage through their employer may be required to enroll in their employers' plan. In this RIte Share part of Medicaid, the state reimburses the employee for her/his share (less a co-payment in some circumstances) and provides the family with Medicaid coverage to pay for services that Medicaid covers, but the commercial plan does not, such as medical transportation and interpreter services.

Melissa's Story

"Medicaid matters to me because I can get medical care for my daughter when she needs it without the stress of figuring out how to cover the costs."

When my daughter was born ten years ago, I was working for a company that offered health insurance coverage. I purchased the coverage for my family because I knew it was important to have it, but it cost almost half my paycheck and the co-pays and deductibles were hard on our family's budget. When I was laid off from my job, I had health insurance for only 15 days and I worried about being without health insurance – especially for my daughter. Then I found out about Medicaid and that my daughter and I were eligible for RIte Care. It is such a relief to know that I can keep my daughter healthy by making sure she gets check-ups and shots. And, if there is a medical emergency, I can get her the care she needs without worrying that we won't have the money to pay the hospital. Having Medicaid also is allowing me to build a better future for my family by starting a new business without the worry of having to take a job just for health coverage. Medicaid is a blessing.

Adults

Rhode Island extended coverage to low-income individuals age 19 through 64 beginning in January 2014 under the Affordable Care Act. In 2016, 65,000 expansion population Rhode Islanders with income below 138% FPL ($16,753) were insured by Medicaid. One of those members was Sara.

Sara's Story

"Medicaid matters because it saves peoples' lives. It saved mine."

I'm a cancer survivor, and now work as a youth program coordinator at a nonprofit agency. It's because of Medicaid that I'm well and working today, with a college degree and able to focus on building a career that will let me give back to my community.

I lost my employer-based health insurance after a company-wide lay off. At the same time, I was showing symptoms that concerned my doctor and so had appointments set up for some tests. I found out I was eligible for Medicaid. In January 2016, my doctor told me that I had stage 3B colon cancer. During the first weeks after my diagnosis, there were so many tests to have done and so many doctors to see. Cancer grows fast and it affects you for the rest of your life. In someone as young as me, it's important early on to set up for the best possible outcome. The freedom to do all of this without having to second-guess whether I could afford it was huge. I was able to focus on addressing my health. Between January and November 2016, I went through chemotherapy, radiation and two abdominal surgeries. It was a long year! I can't imagine what this time would have been like, and the huge bills I would have faced, if not for Medicaid.

Seniors

Over 19,000 seniors had Medicaid coverage in 2016, the majority of whom also had Medicare coverage. To be eligible for full Medicaid coverage a senior's income must be less than the federal poverty level and resources must be less than $4,000.

Seniors who have higher resources and/or income may be eligible for the "Medicare Premium Payment Program" (MPPP), a Medicaid program designed to help seniors with limited resources and income at or just above the poverty level retain more of their social security benefit to help meet basic needs. For MPPP beneficiaries, the monthly Medicare part B premium of $134, is not deducted from their social security benefit. Seniors with poverty-level income are also eligible to have Medicaid cover their co-pays and deductibles.

Seniors who require full-time care in a nursing facility or at home, can be eligible for Medicaid if their income is just above twice the federal poverty level.

Seniors who have both Medicare and Medicaid coverage (i.e., "dually eligible") are some of the most vulnerable Medicaid recipients, with multiple health conditions and living on very limited

income. Medicare pays for primary, specialty, hospital, short term rehabilitation. Medicaid covers long term services and supports (LTSS) – in home or in a facility. Integrating LTSS and 'regular care' is important for individuals' health and well-being and also has the potential to reduce Medicaid costs by providing less costly services in the community.

Two programs offer seniors (and adults with disabilities) the opportunity for integrated care across Medicaid and Medicare services as well as care management to address non-medical needs, and allow the person to live in his/her community and stay connected to family and friends as long as possible.

The older of the two programs, PACE, is a nonprofit health plan that provides the medical and other services that a senior needs through a team approach to care. PACE services include primary care, prescription drugs, 24/7 medical emergency services, home care, rehabilitation therapies, transportation to all medical appointments, vision, dental, and other services.

In 2016, EOHHS implemented an Integrated Care Initiative for seniors and people with disabilities. Individuals can enroll in one of two Neighborhood Health Plan Programs: "Integrity" or "Unity". Both programs coordinate the care provided by the member's primary care doctors and specialists as well as long term services and supports. Members have a personal care plan based on their specific health and support needs and have no co-payments for medication or other services. In the Integrity program, the member has one health insurance card from NHPRI which they use to access both Medicare and Medicaid services.

Kim's Story

Kim is 65 years young and has an incredibly infectious smile. Prior to joining PACE, Kim's family hadn't seen that smile in many years. Complications of post-traumatic stress disorder followed her in life after surviving the Khmer Rouge genocide in Cambodia. Surviving, thriving, and building a new family in the U.S. was Kim's focus for many years, until she was diagnosed with dementia. The combination of her physical and mental illnesses manifested in aggressive behaviors and led to numerous hospitalizations. At only 64, Kim's family was looking to place her in a nursing home, fearing no other safe option. Then they found PACE.

The PACE team met with Kim and her family, and learned about her behavioral challenges, her health concerns, and the goals of the family to keep her living in the community as long as possible. The team learned the best way to keep Kim safe was to work through their care partners and find her a place in a Dementia Specific Assisted Living Facility. The PACE bus picks Kim up in the morning and brings her into the center for socialization, medical appointments, a nutritious meal and enriching activities. PACE Providence recently became a Music & Memory certified program, and Kim was one of the first participants to take part. The team knows if she appears anxious that day they can pull out her specific playlist, curated by her family, and watch as the music improves her mood.

This program has transformed Kim from a young candidate for long term placement, into a community-based Rhode Islander who is able to stay connected to family and friends.

Adults with Disabilities

Thirty-two thousand adults with disabilities had Medicaid coverage in 2016, many of whom also had Medicare coverage. This population includes adults with developmental disabilities who have either an intellectual or severe, chronic disability that began before the person turned twenty-two, is attributable to a mental or physical impairment or combination of impairments, and results in substantial functional limitations in three or more areas of major life activity. Individuals whose disabilities onset later in life, including for example, a person who suffered a traumatic brain injury or was diagnosed with cancer, are also included in this population. People with serious and persistent mental illness including bi-polar disorder and major depression and adults with significant substance use disorder make up another segment of adults eligible for Medicaid based on disability.

Adults with Intellectual and Developmental Disabilities[5]

Over four thousand (4,382) adults with intellectual and development disabilities (IDD) whose services are coordinated and provided through the Department of Behavioral Health Disabilities and Hospitals (BHDDH) were enrolled in Medicaid in 2016. Approximately 1,100 of the people served by the Division of Intellectual and Developmental Disabilities within BHDDH have serious, significant and complex medical and behavioral needs. Close to 1,300 have complex needs requiring a high level of care and the balance require a moderate range of services to help them live safe and fulfilling lives in their communities.

Approximately forty percent (1,600) of the individuals served by BHDDH/IDD live in community settings including 1,250 individuals living in group homes (4-6 residents), 84 living in supervised apartments (1-2 adults) and 362 people in shared living. Shared living is a model in which an adult care provider or family provide a supportive, individualized relationship. 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 enjoy a high quality of life.

Other adults (1,610) live with their families and benefit from an array of community based supports including day, transportation, respite and employment services.

Thirty-six licensed agencies provide a range of services and supports to people with IDD. Twenty-three of the agencies provide residential services, 29 provide employment readiness and employment, and 30 agencies provide family support/day services. In addition to agency delivered services, Rhode Islanders with IDD have access to self-directed models of support. Self-direction provides individuals with the flexibility to select and design an array of supports and services unique to their strengths, preferences, and needs. Currently, 562 individuals self-direct their long-term services and supports through BHDDH.

Emily's Story

"Medicaid matters; because it allows Emily to be a healthy and valued member of her community."

Our daughter, Emily, who was born with multiple disabilities is now 44 years old. With the support of Medicaid, as a young adult, Emily was able to move into an apartment with a roommate and staff to help her and her friend. Medicaid pays for the caring, creative staff that assist her with her daily needs as well as help her plan out her days of volunteering in her community. Because of Medicaid funding, these individuals who have been with Emily, in some cases for 20 years, have kept Emily firmly in her community making personal connections and contributions to the elderly.

With Medicaid coverage for Emily, we have been able to access a primary care physician who is caring, thoughtful and respectful. We also have been very lucky to find a neurologist who has been treating Emily's seizure disorder for 10 years. Working with the neurologist, we found a neurosurgeon that implanted a device in the hope of lessening the severity of her seizures. Again, this surgeon was sensitive to Emily's limited understanding of the procedure, while helping us, her very anxious parents, through the experience. Medicaid also covered the cost of a breast biopsy during a cancer scare. Again, we found a wonderful female surgeon who was gentle and intuitive while treating Emily.

Without the medical care and the staff support that is provided through Medicaid, Emily would not have the opportunity to be a healthy and valued member of her community.

Joseph, Doreen and Emily

Vincent's Story

"Medicaid matters; it gives me the ability to live in my community and provides the assistance I need to be independent."

I'm in my 30's and for the past 20 years I have lived with acquired ataxia, caused by brain tumor surgery that I needed just after high school. After the surgery I spent one year in inpatient rehabilitation and an additional year in outpatient rehab. I applied for Medicare and Medicaid during outpatient rehab. I began classes at CCRI, then matriculated to URI Kingston. While in college, a physical therapist evaluated my new home and recommended adaptations to meet my specific needs. This made getting around easier and improved my quality of life.

Medicaid benefits are critical to the long term support I need to live as independently as possible. Medicaid pays for assistance with day living (ADL) help and support that makes my everyday life possible. I have a personal care attendant (PCA) about 4 hours a day in the afternoons, seven days a week (26.25 hours total). The weekend is especially important since the assistance allows me to organize for the upcoming week. Food preparation for the upcoming week, laundry, setting up my medications and other household chores are all performed on Saturday and Sunday. I also have a service dog trained to assist me.

Without Medicaid it would be really tough for me to live independently. My quality of life would be very different. I currently work two days a week, but my biggest goal is to find a full time job.

Adults with Severe and Persistent Mental Illness[6]

Medicaid funds a range of services for people with serious and persistent mental illness. In addition to basic health care, these services include counseling, day program services, vocational and educational assessment, supportive work, medication management, case management and congregate living/residential services. In 2016, over 7,259 Rhode Islanders relied on Medicaid for access to these services provided by eight community-based providers that are licensed by BHDDH.

Seven Assertive Community Treatment teams provided outreach and services to approximately 700 adults who are at high risk due to homelessness, substance use or prior involvement with the criminal justice system. Approximately 6,509 individuals relied on Medicaid-funded coordinated care for physical and behavioral health needs through Integrated Health Home services.

At least 506 people received services in supervised apartments (169), congregate living (292 beds) or day-support apartments (approximately 45 beds).

Melissa's Story

"Without Medicaid I don't know that I'd still be here"

I was in and out of hospitals growing up. I have schizophrenia and OCD. Medicaid makes it possible for me to live at Nashua Street assisted living. The staff helps me with medication management, shopping, keeping appointments, and counseling to help me with my decision making. My success in combating my disease has come from this support. I haven't had any hospitalizations since I moved here at the beginning of 2017.

All of my physical therapy, psychiatrists, psychologists and medications are paid for by Medicaid.

Medicaid has changed my life. With the support I need I'm ready to make the next years of my life successful. I'm setting goals for myself: staying safe, learning Spanish and writing more music for the piano. I'd like to go back to school for a higher degree. For two years I've also worked as a volunteer peer specialist at Butler Hospital. I want to "pay it forward". Even as I struggle myself I want to help others. I'm hoping to become a paid member of the hospital staff.

Adults with Substance Use Disorder[7]

Medicaid funds a wide range of services for people with substance use disorders. These services include basic healthcare and a variety of clinical services for substance use disorder, including outpatient and inpatient or residential services. During calendar year 2016, 18,582 Rhode Islanders relied on Medicaid for access to these services. A significant portion of clinical services related to treatment of substance use disorder were delivered by BHDDH licensed providers.

Within BHDDH's network of licensed providers, there were 9,131 treatment episodes where individuals accessed the following treatment modalities/programs: detoxification services 287 (3.14%), opioid treatment programs 4,898 (53.64%), outpatient services 3,689 (40.4%) and 257 (2.8%) residential programs. Individuals may have accessed more than one treatment modality.

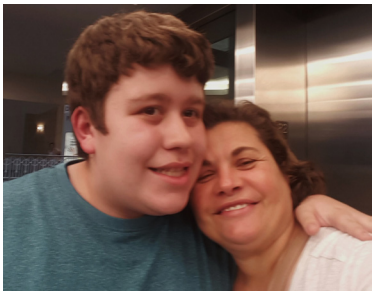
Children with Special Health Care Needs

In 2016, Medicaid provided services to 12,025 children with special health care needs. These included around 5,200 children with severe disabilities living in low-income families who received SSI benefits, nearly 2,000 children in foster care, around 2,400 adopted children with special needs and nearly 1,000 children with serious disabilities who receive Medicaid services so they can live at home with their families instead of in an institution (Katie Beckett).[8]

Most children with special health care needs are required to enroll in a managed care plan. Children who have Medicaid and SSI enroll in one of the three managed care plans. Children in foster care and children with adoption subsidy are enrolled in NHPRI. Most children who qualify for Katie Beckett coverage have insurance through their parent's commercial coverage. Medicaid pays for services that a commercial plan does not cover but are vital to allowing the child to live with her family. The cost of providing these services through the Medicaid program cannot be more than the cost of caring for the child in an institution.

Alex and Cristina's Story

"For me, Medicaid matters because it has contributed to my son's ability to speak and to become more integrated and a contributor in our community."



In 2001 my son Alex was born prematurely with a rare condition called 'Partial Androgen Insensitivity Syndrome (PAIS).' Otherwise healthy, his condition meant that by the age of two, Alex had gone through three major surgeries and twelve smaller procedures.

Then, at about the age of two, although his physical health was improved, I noticed that he had started to regress in his talking. Sometimes he would just sit and look at a wall like there was something there that was capturing him, but there was nothing there; just a wall. He also started exhibiting a lot of repetitive behavior.

My husband and I had him tested at Meeting Street. They sent him to the NeuroDevelopment Center at RI Hospital where he was diagnosed with autism.

At the time, we were told he qualified to be institutionalized and that he would likely never speak. But I refused to believe that. So, we enrolled him in the Warwick School Department's 'Child Inc.' and have kept him at home and attending the Warwick schools ever since. At school he gets therapy, and we also enrolled him in an after-school social group therapy program six days a week.

When we found that the therapy he needed wasn't covered by our traditional insurance, we enrolled him in the Katie Beckett Medicaid program. Had it not been for Katie Beckett, we would not have been able to afford the types of therapy that have helped Alex speak, interact, and engage in society. But also, Medicaid helped connect our family to broader support networks in the community – other moms and dads – through programs like the Autism Project. It's done more than just pay providers, it provides coordination of care and wrap around services and programs that have helped Alex and our family to thrive.

Michele and Joshua's Story

"Medicaid matters because it supports adoptive families in providing a thriving family home, including for kids with special needs."

Joshua first came into my life as a foster care special risk placement. He was just one year old. He was about two when I adopted him. He hadn't been diagnosed, that came later. In fact, my adoption decree states "healthy baby boy." But, when he was about three I began noticing some issues. Joshua's adoption provides his insurance coverage under Medicaid. He's got his own policy, under his own name. I don't have to fight for it or worry about how to get him what he needs. That means that from the start, immediately when he was diagnosed, Medicaid was there for him, providing the testing and interventions and the home based therapy services he needed.

The fact that Joshua's coverage was guaranteed under his adoption didn't influence me, but it has meant so much knowing that he would always be covered, regardless of whether I lost my own insurance or not. When adopting a child, parents often don't know their children's full biological medical history. In Joshua's case, I only had medical history for his birth mother. Knowing at the time that his medical needs would be met was very reassuring. And, since his diagnosis, Medicaid has paid for the kinds of comprehensive treatments and interventions that will have a real and positive impact on his whole life.

Even with early intervention, Joshua has had challenges, including an extended hospital stay. During that time, I saw so many kids whose treatment was interrupted because their private insurance wouldn't pay. They would come and go from the hospital program with real setbacks just because of insurance. Medicaid provides quality management of services for the best possible outcomes. When Joshua was first admitted I immediately got a call from a case manager at Neighborhood Health Plan. They became an important part of Joshua's team. They checked in with me every week and even attended meetings and appointments as we coordinated his release. I can't imagine living through the same scenario without that support like I've seen other parents have to do.

Despite the challenges, Joshua is making progress. He's growing up. He has his own hopes and dreams, including going to college. He wants to develop computer software and games. Medicaid coverage has helped make sure he gets the treatments and therapy he needs now so that he can realize those dreams in the future.

Section 2: Understanding Medicaid Funding and Spending

In 2016, Medicaid expenditures totaled $2.4B, with 84% of expenditures ($2,044M) by EOHHS, 14% of expenditures ($340M) by BHDDH and 2% (38M) by DCYF. (Figure 2)

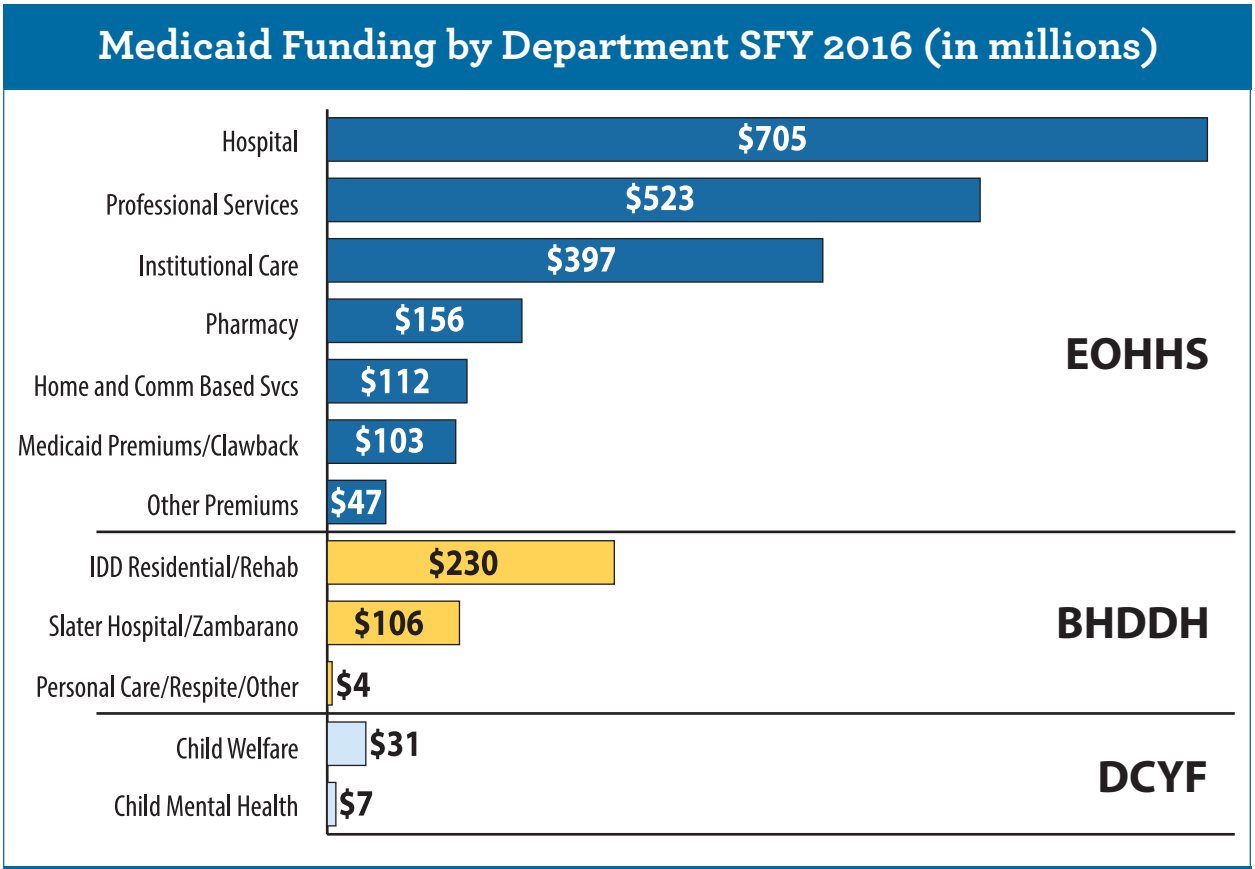


Figure 2

Source: EOHHS, RI Medicaid Expenditure Report SFY 2016, May 2017

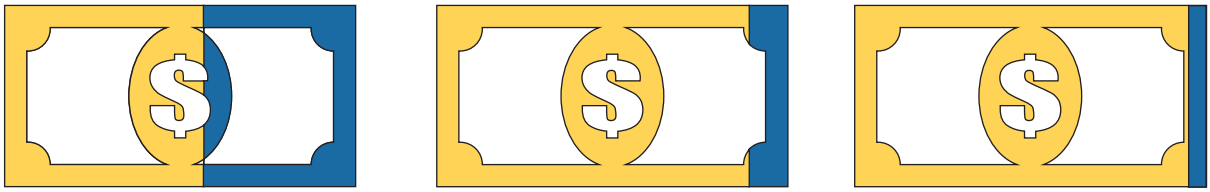
Within EOHHS, hospitals (35%) and institutional care (19%) comprise over half of expenditures. Professional services, including primary care, specialty care and behavioral health care comprise 26% of costs; home and community based services 6% of expenditures and pharmacy 8%.

Within BHDDH, two-thirds of expenditures are for residential and rehabilitation services for people with intellectual and developmental disabilities, 31% for services at Slater Hospital and Zambarano facility and the balance for personal care, respite and other services.

At DCYF, the majority of funds (82%) are for child welfare services including Medicaid coverage for children in care and residential services. The balance is for children's mental health services.

The federal government shares the cost of the Medicaid program with states. The federal share is determined by the federal medical assistance percentage (FMAP), a formula that is based on state per capita income. The lower the state's per capita income, the higher the FMAP. The FMAP can be no lower than 50%. Rhode Island's basic FMAP for SFY 2018 is 51.34%.[9] To encourage states to expand health insurance to children, the Children's Health Insurance Program (CHIP), provides a higher FMAP to states for children in higher income families. Rhode Island's current FMAP for these beneficiaries is 88.94%. The Affordable Care Act provided for 100% FMAP for the first few years of coverage for the expansion population. The FMAP for these adults declines to no lower than 90% beginning in 2020. The current FMAP for the expansion population in Rhode Island is 94.5% (Figure 3).

Federal and State Medicaid Funding SFY 2018



Regular FMAP
51.3% Federal
48.7% State

CHIP FMAP
88.9% Federal
11.1% State

Expansion FMAP
94.5% Federal
5.5% State

Figure 3

Put another way, for every dollar the state invests in Medicaid, it receives $17 for the expansion population (65,000 beneficiaries), $8 for CHIP-eligible children and adults (27,000 beneficiaries) and $1 for services provided to the other 92,000 beneficiaries (Figure 4).

Rhode Island Investment in Medicaid Draws Down Federal Funds

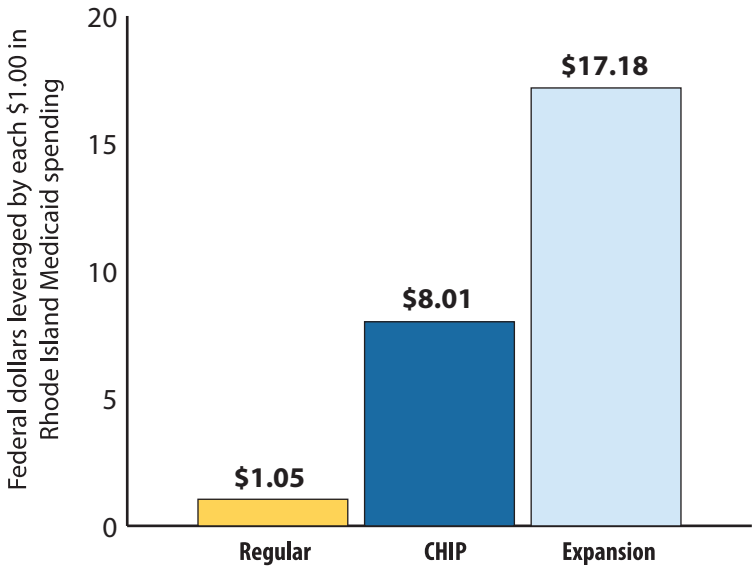


Figure 4

While over three-quarters (77%) of Medicaid recipients in 2016 were children, parents, pregnant women and adults, they accounted for only 39% of Medicaid expenditures. Seniors, adults with disabilities and children with special health care needs (CSHCN) were 23% of the Medicaid population, and accounted for 61% of costs. The higher costs are primarily due to the need for long term care services and supports (Figure 5).

Medicaid Expenditures (in millions) in Rhode Island by Population

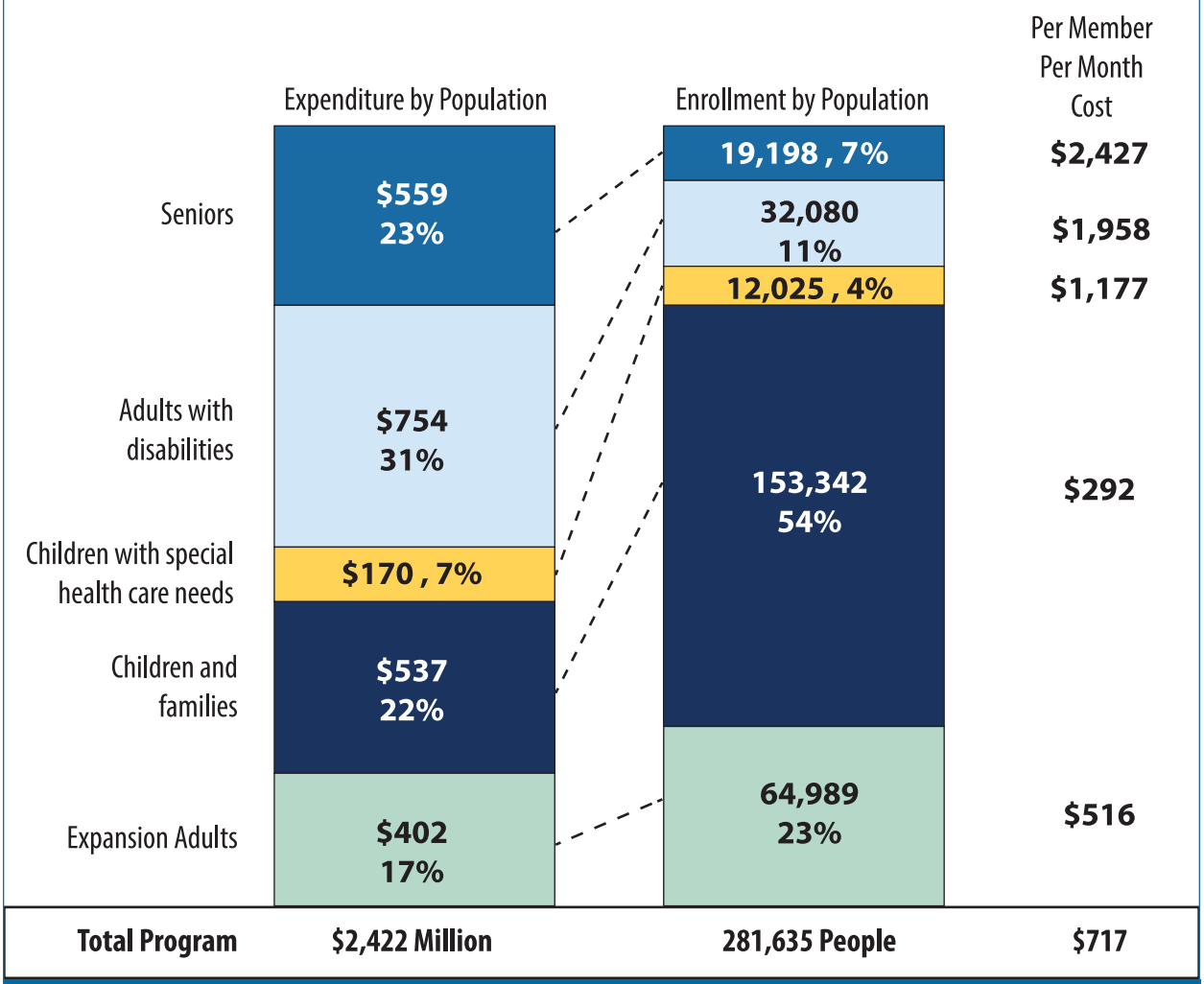


Figure 5

Source: EOHHS, RI Medicaid Expenditure Report SFY 2016, May 2017

The majority of Medicaid expenditures are for acute, chronic and preventive care ($1.6B/65%), including hospitals, professional services, and pharmacy. The balance is for long term care services provided in facilities ($503M/21%) including nursing homes, hospice, and the state hospital or in community ($348M/14%) including residential services for people with IDD, assisted living and home and community-based services.[10]

A small percentage of Medicaid users, who have multiple, complex conditions account for a large percentage of Medicaid expenditures. Six percent of users, who have expenditures of at least 25,000 per year account for nearly 62% of all expenditures (Figure 6).

Medicaid User Claims Expenditure Distribution

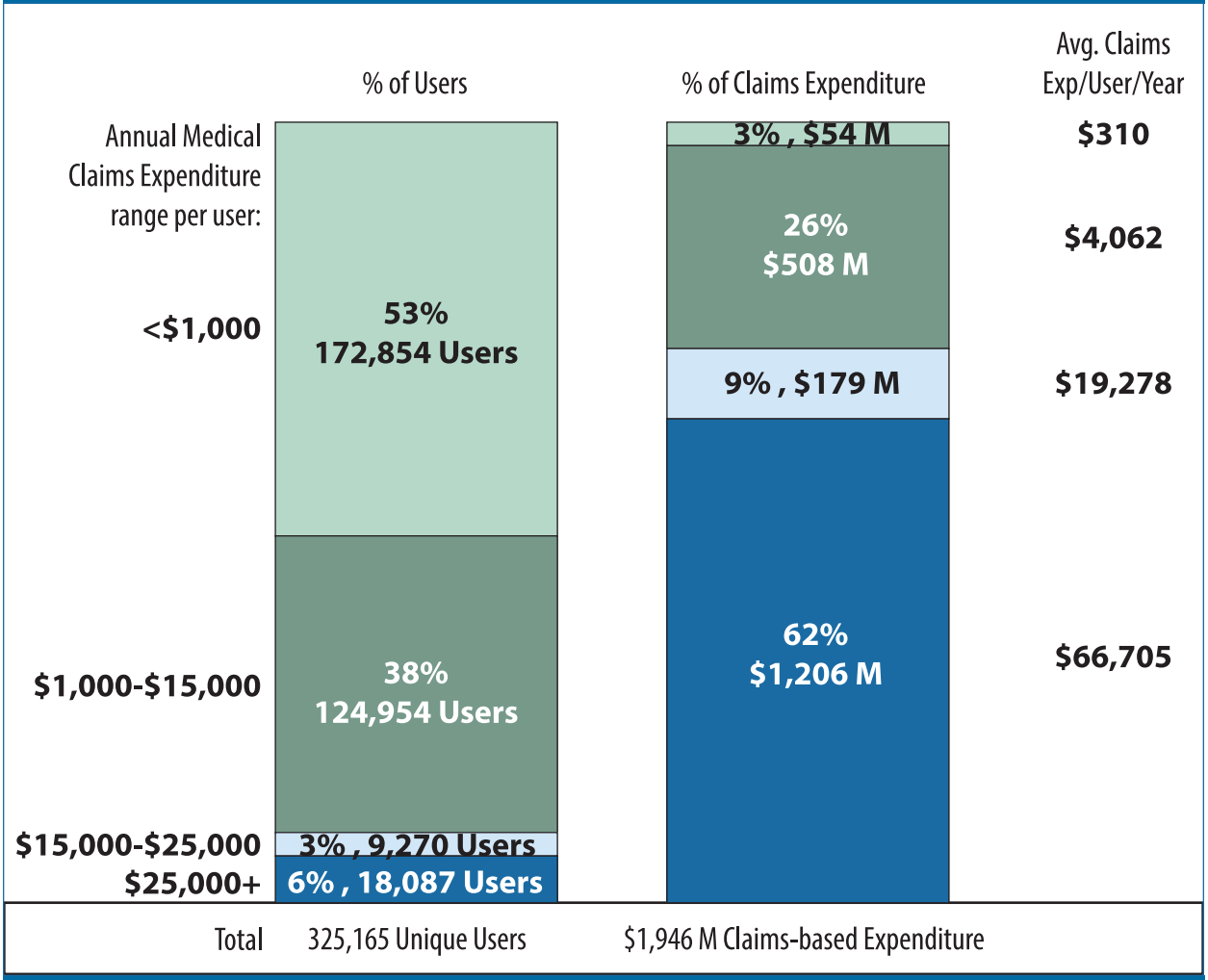


Figure 6

Source: EOHHS, RI Medicaid Expenditure Report SFY 2016, May 2017.

Section 3: Medicaid Supports the Economy, the Health Care Delivery System and Jobs

In 2016, the health care sector accounted for close to twelve percent (11.6%) of Rhode Island jobs, including employment in hospitals, nursing and residential care facilities and ambulatory health care services.[11] Medicaid is a critical source of revenue for these facilities. There are 84 nursing homes that receive Medicaid reimbursement for eligible residents. Medicaid residents were approximately 65 percent of the patient mix.[12] The network of community health centers, with over 33 delivery sites in Rhode Island served around 180,000 patients in 2016-2017, of whom 57.2 percent were insured through Medicaid.[13] Medicaid supports group homes and the participating managed care plans.

A report by the Kaiser Commission on Medicaid and the Uninsured, summarizing 29 studies in 23 states analyzing the role Medicaid plays in state and local economies, included an explanation of how Medicaid spending flows through a state's economy, as outlined in Figure 7.

Flow of Medicaid Dollars through a State's Economy

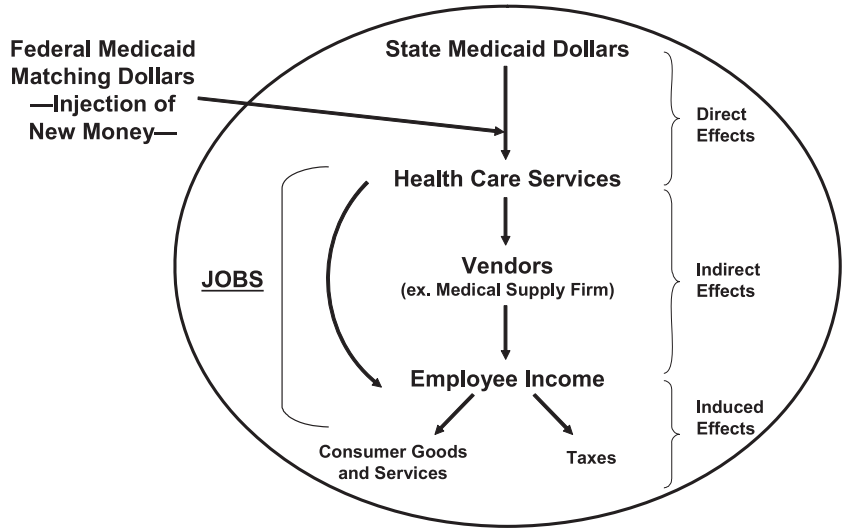


Figure 7

Source: KFF, The Role of Medicaid in State Economies: A Look at the Research, Jan. 2009

"First, Medicaid payments made on behalf of enrollees directly impact health care service providers supporting the jobs, income and purchases associated with carrying out health care services. Through the multiplier effect, new state spending creates larger impacts because of the influx of additional federal dollars. Other businesses and industries indirectly benefit from this multiplier effect. For example fluctuations in Medicaid funding may affect a Medicaid provider's supply order which would affect the medical supply firm's purchases from its vendors and so on. Finally, both the direct and indirect effects induce changes in household consumption and tax collection primarily due to household income fluctuations."[14]

Section 4: Medicaid Supports Cities and Towns

Medicaid impacts cities and towns through at least two channels. First, Medicaid improves access to health care for local residents. 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.

As demonstrated in Figure 8, every city and town in Rhode Island has residents enrolled in Medicaid. Expenditures for these residents range from a high of $632.7 million in Providence to a low of $1.2 million on Block Island.[15]

Table 1 shows the amount of federal Medicaid funds that school departments across the state realized in 2017. In addition to the $18.2 million flowing to these cities/towns local education agencies, another $102,705 was received by 22 charter schools, mayoral academies and career and technical schools.[16]

Table 1: Federal Medicaid Funds to City/Town Local Education Agencies

Local Education Agency	Medicaid Funds FY2017
BARRINGTON PUBLIC SCHOOLS	$434,848
BRISTOL WARREN REGIONAL SCHOOL DISTRICT	$503,671
CENTRAL FALLS SCHOOL DISTRICT	$562,357
CHARIHO REGIONAL SCHOOL DISTRICT	$285,499
CITY OF WARWICK PUBLIC SCHOOLS	$845,346
COVENTRY PUBLIC SCHOOLS	$506,544
CRANSTON PUBLIC SCHOOLS	$929,909
CUMBERLAND SCHOOL DEPARTMENT	$335,405
EAST GREENWICH PUBLIC SCHOOLS	$424,807
EAST PROVIDENCE SCHOOL DISTRICT	$1,051,422
EXETER W GREENWICH REG SCHOOL DISTRICT	$258,017
FOSTER SCHOOL DEPARTMENT	$157,499
JOHNSTON PUBLIC SCHOOLS	$784,745
LINCOLN PUBLIC SCHOOL DEPARTMENT	$632,574
NEW SHOREHAM PUBLIC SCHOOLS	$21,954
NEWPORT COUNTY REGIONAL SPECIAL ED (TIVERTON, LITTLE COMPTON, MIDDLETOWN)	$752,406
NEWPORT PUBLIC SCHOOLS	$186,069
NORTH KINGSTOWN SCHOOL DEPARTMENT	$378,647
NORTH PROVIDENCE SCHOOL DEPARTMENT	$700,023
NORTH SMITHFIELD SCHOOL DEPARTMENT	$181,804
PAWTUCKET SCHOOL DEPARTMENT	$557,388
PROVIDENCE SCHOOL DEPARTMENT	$3,088,023
RHODE ISLAND SCHOOL FOR THE DEAF	$11,833
SOUTH KINGSTOWN SCHOOL DEPARTMENT	$293,739
TOWN OF BURRILLVILLE	$295,836
TOWN OF GLOCESTER	$57,790
TOWN OF JAMESTOWN	$117,277
TOWN OF NARRAGANSETT	$253,582
TOWN OF PORTSMOUTH	$210,834
TOWN OF SCITUATE SCHOOL DEPARTMENT	$135,234
TOWN OF SMITHFIELD	$179,799
WEST WARWICK SCHOOL DEPARTMENT	$301,274
WESTERLY PUBLIC SCHOOLS	$1,104,689
WOONSOCKET EDUCATION DEPARTMENT	$1,660,550
TOTAL	**$18,201,394**

Medicaid Spending by Recipient's Place of Residence FY2017

Figure 8

Conclusion

State expenditures for the Medicaid program are an extremely worthwhile investment. Although it is a significant part of state general revenue spending, every dollar of state spending brings in at least an equal amount of federal funds, and for many Medicaid enrollees, expenditures are matched at around a 90 percent rate.

Medicaid provides one in three Rhode Islanders with a health insurance card so they can access preventive care and other health services. Thousands of Rhode Islanders rely on Medicaid for the long term care services they need to live safely in their home and community or in a nursing home when necessary.

Medicaid state and federal funds support the health care sector of the economy, which accounts for close to twelve percent of Rhode Island jobs at hospitals, nursing and residential care facilities, health centers, and other ambulatory care facilities.

Rhode Island has been proactive in many areas, taking action to control costs while maintaining coverage. Mandatory enrollment in managed care, experimenting with accountable entities, using a 'generics first' requirement for prescriptions, the "duals demonstration" for vulnerable seniors who have Medicaid and Medicare and a promise (not yet realized) of expanding access to home and community based care in lieu of institutional care, are some of the steps our state has taken.

But we still have more to do. We hope that a better understanding of how Medicaid works in our state and who benefits from its coverage will help inform discussions and decisions about the program that will insure Rhode Islanders have access to high quality, integrated care, that seniors and people with disabilities are supported in living in their communities and that we know that every state dollar invested in the Medicaid program is a dollar well spent.

Endnotes

[1] House Fiscal Analysis of 2018 Budget as Enacted, Special Reports. Medicaid general revenue spending of $1.1 Billion comprised 29.9% of all spending from general revenue.

[2] EOHHS, RI Medicaid Expenditure Report SFY 2016, May 2017.

[3] As of April 2018, 33 states including DC have implemented this coverage.

[4] Federal Poverty Levels (FPLs) are 2018 levels.

[5] Data provided by the Division of Intellectual and Developmental Disabilities, Department of Behavioral Health, Disabilities, and Hospitals.

[6] Data provided by the Division of Behavioral Health, Department of Behavioral Health, Disabilities, and Hospitals.

[7] Ibid.

[8] EOHHS, RI Medicaid Expenditure Report SFY 2016, May 2017 and 2016 RI Kids Count Fact Book.

[9] The FMAP is for the federal fiscal year which runs from October through September. Since the state fiscal year runs from July through June, the FMAP for the state budget is a blend of the applicable to federal fiscal years.

[10] EOHHS, RI Medicaid Expenditure Report SFY 2016, May 2017.

[11] Calculation by EPI based on Bureau of Economic Analysis, 2016.

[12] BlumShapiro 2016 Rhode Island Nursing Facility Trends Report.

[13] RI Community Health Center Annual Report, 2016-2017.

[14] Kaiser Commission on Medicaid and the Uninsured. The Role of Medicaid in State Economies: A Look at the Research. January 2009.

[15] Data provided by EOHHS.

[16] Data provided by EOHHS.

Thank you to our donors and philanthropic partners
who made this report possible including:

Annie E. Casey Foundation

Carter Family Charitable Trust

Rhode Island Foundation

Stoneman Family Foundation

The United Way of Rhode Island

MEDICAID MATTERS IN RHODE ISLAND

May 2018

www.economicprogressri.org/medicaidmatters2018

The Economic
Progress Institute

600 Mt. Pleasant Avenue, Building #9, Providence, RI 02908
telephone (401) 456-8512 | fax (401) 456-9550 | info@economicprogressri.org | www.economicprogressri.org
LIKE US EconomicProgressRI | FOLLOW US @EconProgressRI