

**Budget Narrative – Rhode Island SIM Model Test Proposal**

The State of Rhode Island is requesting \$20,000,000 for its State Innovation Model Test proposal and attests that no funds requested will supplant funding from other sources.

**Rhode Island State Innovation Model Test Project Budget**

	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Total</b>
Personnel	\$378,622	\$609,165	\$609,165	\$365,089	\$1,962,041
Fringe	\$214,058	\$349,887	\$349,888	\$215,710	\$1,129,543
Travel	\$5,460	\$5,460	\$5,460	\$5,460	\$21,840
Equipment					
Supplies					
Contractual	\$4,219,144	\$4,219,144	\$4,219,144	\$4,219,144	\$16,876,576
Construction					
Other	\$2,500	\$2,500	\$2,500	\$2,500	\$10,000
Indirect					
<b>Total</b>	<b>\$4,819,784</b>	<b>\$5,186,156</b>	<b>\$5,186,157</b>	<b>\$4,807,903</b>	<b>\$20,000,000</b>

A detailed cost breakdown follows by applicable object class category.

**Personnel.** The state is requesting the support of 6 full-time equivalent positions to support both the administration of the Model Test project and to support transformation in the health care system through analysis, regulatory changes and contract modernization. The total salaries requested for the four-year performance period is \$1,962,041.

12/3/2014

Position	Year 1	Year 2	Year 3	Year 4	Total
EOHHS Project Director	\$48,142	\$96,283	\$96,283	\$96,283	\$336,991
EOHHS HIT Specialist		\$96,000	\$96,000	\$96,000	\$288,000
DOH Sr. Public Health Epidemiologist	\$38,262	\$76,523	\$76,523	\$76,523	\$267,831
OHIC Principal Policy Associate	\$48,142	\$96,283	\$96,283	\$96,283	\$336,991
HSRI Health System Data Analyst	\$122,038	\$122,038	\$122,038		\$366,114
BHDDH Chief of Transformation	\$122,038	\$122,038	\$122,038		\$366,114
	\$378,622	\$609,165	\$609,165	\$365,089	\$1,962,041

Justifications for the positions are included in the table below

Title	Name	Commitment	Salary
<i>Agency: Executive Office of Health and Human Services (EOHHS)</i>			
<b>Director of Health Systems Transformation</b> (Project Director)	Vacant	100% 3.5 years	\$336,991
The Director of Health Systems Transformation will oversee the work of the Model Test effort, staff the Steering Committee, oversee the contracts, budgets and deliverable of all contractors and have primary responsibility for grant reports and administration.			
<b>Health Information Technology</b>	Vacant	100%	\$288,000

<b>Specialist</b>		3 years	
<p>The HIT Specialist will assist the state’s HIT Coordinator in the management of the state’s HIT plan and the contracted vendors conducting HIT work.</p>			
<p><i>Agency: Department of Health</i></p>			
<b>Senior Public Health Epidemiologist</b>	Vacant	100% 3.5 years	\$267,831
<p>The Senior Public Health Epidemiologist will oversee the population health measurement, aggregation and reporting function for the Department of Health under the direction of the Population Health Plan.</p>			
<p><i>Agency: Office of the Health Insurance Commissioner (OHIC)</i></p>			
<b>Principal Policy Associate</b>	Vacant	100% 3.5 years	\$336,991
<p>The Principal Policy Associate will have primary oversight for the adoption of value-based care paradigm payment models among commercial payers under the auspices of the Office of Health Insurance Commissioner.</p>			
<p><i>Agency: HealthSource RI</i></p>			
<b>Health System Data Analyst</b>	Vacant	100% 3 years	\$336,114
<p>The Health System Data Analyst will serve as the analytic lead for value-based care paradigm models in Qualified Health Plans and their impact on premiums and consumer</p>			

behavior.			
<i>Agency: Department of Behavioral Health, Developmental Disabilities &amp; Hospitals</i>			
<b>Chief of System Transformation</b>	Vacant	100%	\$336,114
		3 years	
The Chief of System Transformation will lead the agency's policy development and implementation of innovation and integrated models as informed by the behavioral health system transformation plan.			

*Personnel Costs*

*Provide an employment chart with the salary for all employees dedicated to SIM project. The chart should include annual salary; percentage of time budgeted for this program; total months of salary budgeted; and total salary requested. Additionally, the proposal should clearly distinguish new staff from current State employees.*

<b>Agency and Employee</b>	<b>Existing/ New</b>	<b>Annual Salary</b>	<b>% on SIM</b>	<b>% salary attributed to SIM</b>
Office of Lt. Governor – Chief of Staff	Existing	\$166,000	15%	In-kind
Office of Lt. Governor – Deputy Chief of Staff	Existing	\$93,000	15%	In-kind
BHDDH – Deputy Director	Existing	\$99,000	15%	In-kind
BHDDH – Chief of System Transformation	New	\$112,038	100%	100%
DOA – HSRI Deputy Director	Existing	\$153,000	10%	In-kind
DOA - HSRI Health System Data Analyst	New	\$112,038	100%	100%
DOA – Chief of Employee Benefits	Existing	\$100,000	2%	In-kind
DOH – Director	Existing	\$135,000	25%	In-kind
DOH – Chief of Staff	Existing	\$84,000	10%	In-kind
DOH – Senior Public Health Epidemiologist	New	\$76,523	100%	100%
EOHHS – Assoc. Director for Policy and Innovation	Existing	\$122,000	30%	In-kind
EOHHS – SIM HIT Specialist	New	\$84,028	100%	100%
EOHHS – HIT Coordinator	Existing	\$122,000	20%	In-kind
EOHHS – Assoc. Director of Medicaid Programs	Existing	\$131,000	5%	In-kind
OHIC – Principal Policy Associate	Existing	\$99,000	10%	In-kind
OHIC – Delivery System Analyst	Existing	\$88,000	10%	In-kind
OHIC – Policy Associate	New	\$96,283	100%	100%

In addition to the staff detailed above, the state had committed a number of its division and department heads to the SIM Model Test process, including the Secretary of Health and

Human Services, the Director of Health, the Health Insurance Commissioner, the Director of Behavioral Health, Developmental Disabilities and Hospitals, the Director of Administration and the Health Benefits Exchange Director. While their contribution to the process is not detailed as the staff, it is significant.

**Fringe Benefits.** The state of Rhode Island calculates fringe benefits based on a percentage of salary, with the exception of medical benefits which are budgeted at a per employee per year cost. The state’s request for the Model Test performance period is \$839,363 for fringe and \$290,180 for medical.

Position	Year 1	Year 2	Year 3	Year 4	Total
Project Director	\$20,595	\$41,190	\$41,190	\$41,190	\$144,165
HIT Specialist		\$41,069	\$41,069	\$41,069	\$123,206
Sr. Public Health Epidemiologist	\$16,368	\$32,737	\$32,737	\$32,737	\$114,579
OHIC Principal Policy Associate	\$20,595	\$41,190	\$41,190	\$41,190	\$144,165
HSRI Health System Data Analyst	\$52,208	\$52,208	\$52,208	\$	\$156,624
BHDDH Chief of Transformation	\$52,208	\$52,208	\$52,208	\$	\$156,624
	\$161,975	\$260,601	\$260,602	\$156,186	\$839,363

Fringe Benefits	Percent of Salary Charged
Retirement	24.33%
Retiree Health Insurance	6.75%
FICA	7.45%
Assessed Fringe	4.25%

<b>TOTAL</b>	<b>42.78% of Salary</b>
<b>\$1,962,041 (Salaries) x 0.4278 = \$839,363</b>	
<b>Medical Benefits - \$14,881per year x 6 employees = \$290,180</b>	
<b>Total Fringe Benefits = \$1,129,543</b>	

The Assessed Fringe is also known in Rhode Island as the Statewide Benefit Assessment. This is a biweekly assessment that is applied to the amount of salaries and wages paid from all accounts and funds, effective August 1999 (Office of Management and Budget Circular A-87). This assessment is to pay for the following employee fringe benefits: services provided by the Donley Center; services of the Workers' Compensation Court; and the Division of Workers' Compensation administrative costs related to workers' compensation activities. The assessment was applied to: the above employee benefits; payments to Workers' Compensation providers; Workers' Compensation benefit payments to employees; the cost of operating the internal service fund; Unemployment Compensation payments; the Employee Assistance program; and payments to employees for unused leave upon their termination from state service.<sup>1</sup>

**Justification:** These fringe benefit costs are required of all employees of the state of Rhode Island.

**C. Travel.** The detailed cost breakdown for this object class category is as follows.

Year 1	Year 2	Year 3	Year 4	Total
\$5,460	\$5,460	\$5,460	\$5,460	<b>\$21,840</b>

**Rhode Island State Innovation Models Model Test Project Travel Detail**

Category	Amount
Air Travel (8 trips x 3 people x \$500.00 round trip airfare)	\$12,000.00

<sup>1</sup>[http://www.budget.ri.gov/Documents/CurrentFY/TechAppendix/OTHER/4\\_Personnel%20Supplement%20Glossary%202014.pdf](http://www.budget.ri.gov/Documents/CurrentFY/TechAppendix/OTHER/4_Personnel%20Supplement%20Glossary%202014.pdf) Page 7

Lodging (8 trips x 2 people x 2 nights x \$125.00 per night)	\$6,000.00
Ground Transportation (8 trips x 3 people x \$100.00 per trip)	\$2,400.00
Per Diem (8 trips x 3 people x 2 days x \$30.00 per day)	\$1,440.00

**Justification** The state requests \$21,840.00 in travel. Funding is requested for out-of-state travel for three state staff working on the project to participate and travel to two relevant learning collaboratives, workshops or other relevant learning and diffusion opportunities per year. All travel funding for state staff will be spent in accordance with GSA standards and practices for out-of-state travel. No funding is requested for any travel that may be undertaken by contractors. Any travel expenses for contractors will be funded as a part of their overall contracts (outlined in object class category F).

**D. Equipment.** The state is not requesting any funds in this object class category.

**E. Supplies.** The state is not requesting any funds in this object class category.

**F. Contractual.** The detailed cost breakdown for this object class category is as follows.

Year 1	Year 2	Year 3	Year 4	Total
\$4,219,144	\$4,219,144	\$4,219,144	\$4,219,144	<b>\$16,876,576</b>

***Additional Information Provided in Response to Application Review – Budget Negotiation Questions:***

1. Contract and Consultant – The proposal should list all contract staff positions dedicated to the SIM program including the annual salary, percentage of time budgeted for, and total number of months. The revised proposal should clearly state the tasks, deliverables and the Expected Rate of Compensation.
2. When the contractors are formerly selected, provide the missing required information for the following contracts:

- Project Management Office
- Behavioral Health Transformation Plan
- Population Health Plan
- Transformation Network
- Health Information Technology
- State Data and Analytics Capacity Planning and Development
- State Evaluation Contractor

*Response: When the above contracts are procured, the additional information will be provided. Please note the expenditures for Health Information Technology are summarized in the project narrative revisions.*

3. Please provide a summary table that outlines the indirect cost per project year for each contractor/consultant in the format below.

Contract/Consultant	Rate	Year1	Year 2	Year 3	Year 4	Total
Project Management Office	Not to exceed 10%	\$20,000	\$20,000	\$20,000	\$20,000	\$80,000
Behavioral Health Transformation Vendor	Not to exceed 10%	\$18,750	\$18,750	\$18,750	\$18,750	\$75,000
Population Health Plan Vendor	Not to exceed 10%	\$18,750	\$18,750	\$18,750	\$18,750	\$75,000
Transformation Network*	Not to exceed 10%	\$15,000	\$15,000	\$15,000	\$15,000	\$60,000
State Data and Analytics Capacity Vendor	Not to exceed 10%	\$75,000	\$75,000	\$75,000	\$75,000	\$300,000
State Evaluation Contractor	Not to exceed 10%	\$6,250	\$6,250	\$6,250	\$6,250	\$25,000

\*The Transformation Network will comprise several different contracts.

**Note:** Please omit all equipment related costs from the contractual budget. All equipment for the SIM project **must** be purchased by the prime recipient/applicant.

*Response: There are no equipment related costs included in the estimated contractual budgets.*

### Rhode Island State Innovation Models Model Test Project Contractual Detail

**Justification.** The state requests \$16,876,576 in contractual expenses.

#### Project Management Office.

Year 1	Year 2	Year 3	Year 4	Total
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\$200,000	\$200,000	\$200,000	\$200,000	<b>\$800,000</b>
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The project management office contractor will manage the overall project under the supervision of EOHHS and the Healthy Rhode Island Steering Committee. The contractor will create and maintain workflow maps and tracking manage reporting requirements to the steering committee and provide general project support. The contract will last through the entire performance period.

**The Behavioral Health Transformation Plan**

Year 1	Year 2	Year 3	Year 4	Total
\$375,000	\$375,000	0	0	<b>\$750,000</b>

The Behavioral Health Transformation Plan will be developed as described in the Operational Plan. The state intends to procure a contract with expert skill in the behavioral health systems to identify the strategies and activities for integrating the behavioral health system with the physical health system.

**Population Health Plan**

Year 1	Year 2	Year 3	Year 4	Total
\$375,000	\$375,000	0	0	<b>\$750,000</b>

The development of the population health plan is a core activity of the Model Test. Rhode Island intends to supplement its stakeholder facilitation with plan development and epidemiological support from an expert contractor.

**The Transformation Network**

Year 1	Year 2	Year 3	Year 4	Total
\$1,142,500	\$1,142,500	\$1,142,500	\$1,142,500	<b>\$4,570,000</b>

The Transformation Network is a series of contracted services directed at the health care system and the community to facilitate and accelerate transformation to the value-based care paradigm. Each of these items will be performed by contracted services, procured through the state purchasing system. These initiatives are described in the Project Narrative and include:

- Practice Assistance \$650,000
- Community Health Teams \$1,000,000
- Patient Centered Medical Home Expansion to pediatrics \$500,000
- Child Psychiatry Access Program \$750,000
- Advanced Illness Care Initiative \$420,000
- Behavioral Health Transformation , including SBIRT \$1,250,000

**Health Information Technology**

Year 1	Year 2	Year 3	Year 4	Total
\$1,689,144	\$1,689,144	\$1,689,144	\$1,689,144	<b>\$6,756,576</b>

Health Information Technology is a foundation of the transformation to the value-based care paradigm. Rhode Island intends to invest, along with partners in reform efforts, in the following

Health Information Technology projects as described in the Project Narrative:

- Health Care Quality Measurement, Reporting and Feedback System: \$2,216,903
- Statewide Common Provider Directory: \$1,500,000
- Patient engagement tools: \$1,000,000
- All Payer Claims database: \$2,039,673

### State Data and Analytics Capacity Planning and Development

Year 1	Year 2	Year 3	Year 4	Total
\$750,000	\$750,000	\$750,000	\$750,000	<b>\$3,000,000</b>

The state recognizes that oversight of the value-based care paradigm, as well as the move of state-based programs, including Medicaid and the State Employees Health Plan, to value-based designs will require a thoughtful approach to data systems modernization and analytic capacity building. This will include the development of capacity for rapid cycle evaluation and continuous quality improvement. The state intends to engage a contractor to assist in the development of a data and analytics modernization plan in year 1, to be implemented over the course of the Model Test performance period.

### State Evaluation Contractor

Year 1	Year 2	Year 3	Year 4	Total
\$62,500	\$62,500	\$62,500	\$62,500	<b>\$250,000</b>

As required under the SIM Model Test application, the state will contract with an independent

external evaluator who will provide data to CMMI and the SIM project evaluator, as well as complete internal evaluation.

Please note that these figures are purely estimations and the actual contractor costs will be determined through a competitive bid process and contract negotiation. The process for procuring the services will be conducted in accordance with state and federal law. The state will conform to the requirements of the FY 2012 Consolidated Appropriations Act, 2012, regarding salary limitations. Language to that effect will be included in procurement requests. Additionally, any procurement shall be review for reasonable, prevailing rates that the state would otherwise pay for services being procures. Upon execution of any contract, the state shall submit an itemized breakdown of salaries and fringe benefits for contracted services. Additionally, the state commits to submit any and all relevant information as a revision to the budget once contractors are formally chosen.

**I. Other.** The detailed cost breakdown for this object class category is as follows.

**State Audit Fees**

Year 1	Year 2	Year 3	Year 4	Total
\$2,500	\$2,500	\$2,500	\$2,500	<b>\$10,000</b>

**Justification.** The state requests \$10,000 due to mandatory state audit fees that are estimated at 0.05% of \$20,000,000 (the total of all requested funding other than the state audit fees themselves).

**J. Indirect Charges.** The state is not requesting any funds in this object class category.

### **K. Sustainability & Attestation of No Supplantation**

Rhode Island recognizes that the lasting power of the Model Test is the ability to continue the efforts at the end of the funding period. For that reason, as described in the narrative and the operational plan, very little of the funding supports on-going programming. Rather a co-investment with transformation partners in infrastructure and one-time expenses will lead to a health system transformation effort that can live off of the substantial savings expected, highlighted in this applications financial analysis.

No funding requested in this application supplants otherwise assigned, appropriated or attributed funds.