

# The Reinventing Medicaid Act of 2015

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**The Reinventing Medicaid Act of 2015 reflects the recommendations from the Working Group to Reinvent Medicaid**, as well as input from other stakeholders, including members of the General Assembly and business community.

**The individual initiatives in the Reinventing Medicaid Act of 2015 set Rhode Island on a path toward better care, cost control and more predictability.** The savings achieved in this Act will help eliminate the FY16 structural deficit and lay a strong foundation for long-term, sustainable Medicaid reforms that shift the system from a volume-based structure to one that pays for outcomes.

## The Challenges and Opportunities of Medicaid

**Medicaid is an integral component of Rhode Island's health care system.** As many as one out of four Rhode Islanders, including low-income children and families, developmentally-disabled residents, elders and individuals with severe and persistent mental illness, rely on Medicaid coverage.

**Governor Raimondo's Medicaid reforms achieve \$91 million in immediate FY16 state revenue savings and create structural reforms that move the Medicaid system toward an outcome-based payment structure.** The Reinventing Medicaid Act of 2015 reinvests savings from hospital and nursing home reimbursement rate reforms into newly-created incentive pools that reward providers for meeting quality standards.

## Key Initiatives

**Hospital and nursing home incentive programs:** These initiatives move from a structure of straight cuts to a proposal that incentivizes better care. The initiative reinvests savings achieved through reimbursement rate reforms into newly-created incentive pools that reward providers for meeting certain quality standards that shift Medicaid away from fee-for-service and focus on patient care and outcomes.

**Pilot coordinated care program:** This initiative establishes a pilot coordinated care program that focuses on keeping patients healthy and establishes person-centered care and payment methods.

**Targeted community-based programs for individuals who need intensive services:** This initiative builds on already-existing programs to help the most vulnerable patients in Rhode Island. This includes bringing community health team pilot programs to scale and implementing an innovative home and health stabilization program that targets Medicaid beneficiaries who have complex medical or behavioral conditions and are either homeless or at risk of homelessness.

**Managed care for Rhode Islanders with severe and persistent mental illness:** This initiative creates a managed care program that will reduce medical, pharmacy and behavioral health expenses for Rhode Islanders with severe and persistent mental illness. All members will be enrolled in an accountable patient-centered health home that will coordinate their care based on the individual's needs.

<b>Reinventing Medicaid Act of 2015 Savings Initiatives</b>	<b>State General Revenue Savings (FY16)</b>	<b>Total Medicaid Savings – All Funds (FY16)</b>
Align Medicaid with commercial and federal value-based purchasing targets	Future savings	Future savings
Implement incentive program to reduce unnecessary hospital utilization	\$11.1 million	\$30.9 million
Implement an incentive program to reduce long stays and improve care quality in nursing homes	\$11.6 million	\$21.1 million
Increase hospital license fee to fund the inpatient and outpatient UPL supplemental payments	\$13.4 million	Revenue Side
Pilot coordinated care program	\$3.0 million	\$6.0 million
Coordinate care management for those with severe and persistent mental illness (SPMI)	\$3.0 million	\$6.0 million
Targeted programs for Medicaid high-utilizers living in the community	\$2.8 million	\$5.5 million
Expand opportunities to encourage delivery of long term service and supports in the community	\$3.3 million	\$6.5 million
Improve management and coordination of care for children with special health care needs	\$2.1 million	\$4.2 million
Move towards bundled payment arrangements for maternity and childbirth, including NICU services	\$1.9 million	\$3.9 million
Refine FQHC incentive programs	\$1.7 million	\$3.5 million
Identify alternate settings for appropriate Eleanor Slater residents	\$1.0 million	\$2.0 million
Eliminate automatic Graduate Medical Education (GME) funding	\$1.0 million	\$1.0 million
Fund STOP program for chronic inebriation	\$0.5 million	\$1.0 million
Develop a state policy around tele-health services	Future savings	Future savings
Improve claims analytics and tracking systems to catch waste, fraud, and abuse earlier	\$2.5 million	\$5.1 million
Improve communication with Medicare	\$1.0 million	\$2.0 million
Enhance eligibility determinations	\$0.3 million	\$0.6 million
Improve the efficiency of managed care contracts	\$5.6 million	\$11.2 million
Increase Children’s Health Account attachment point	\$2.7 million	--
Convert RICLAS homes to private sector operation	\$2.0 million	\$4.0 million
Streamline the Medicaid eligibility criteria	\$1.5 million	--
Align hospital and community-based laboratory rates	\$1.2 million	\$2.5 million
Operational efficiencies and administrative simplification	\$1.0 million	\$2.0 million
Evaluate and reform long-term care financial eligibility criteria and estate recovery policies	\$1.0 million	\$2.0 million
Align commercial insurance mandates with requirements of the Affordable Care Act	\$1.0 million	\$2.0 million
Improve the administration of home- and community-based services	\$0.7 million	\$1.4 million
Ensure Medicaid purchases “best price” drugs	\$0.5 million	\$1.0 million
Coordinate care for veterans	\$0.5 million	\$0.9 million
Closure of two group homes	\$0.4 million	\$0.9 million
Consolidate some services at Eleanor Slater Hospital	\$0.3 million	\$0.6 million
<b>Subtotal – Savings from Reinventing Medicaid Initiatives</b>	<b>\$78.6 million</b>	<b>\$128.8 million</b>
Additional Revenue from Hospital Licensing Increase (UPL)		\$13.4 million
Revised Caseload Estimating Conference anticipated Medicaid expenditures for FY16	\$13.1 million	\$105.2 million
<b>Total Reinventing Medicaid Savings (FY16)</b>	<b>\$91.7 million</b>	<b>\$247.4 million*</b>

\*All funds figure may change modestly based on federal match rates