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State/Territory Name: Rhode Island

State Plan Amendment (SPA) #: RI 24-0001

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, MD 21244-1850



Financial Management Group

March 13, 2024

Richard Charest, Secretary
Executive Office of Health and Human Services
State of Rhode Island
3 West Road, Virks Building
Cranston, RI 02920

RE: Rhode Island State Plan Amendment (SPA) 24-0001

Dear Secretary Charest:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid state plan submitted under transmittal number (TN) 24-0001 effective January 1, 2024. The proposed amendment incorporates estimated hospital state directed payments for the state fiscal year in which the disproportionate share hospital payment is made.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903(a), and 1923 of the Social Security Act and the regulations at 42 CFR 447 Subpart C. We hereby inform you that Medicaid State plan amendment 24-0001 is approved effective January 1, 2024. We are enclosing the CMS-179 and the amended plan pages.

If you have any questions, please contact Diana Dinh at Diana.Dinh@cms.hhs.gov.

Sincerely,

A solid black rectangular box used to redact the signature of the sender.

Rory Howe

Director

Enclosure

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER

2 4 — 0 0 0 1

2. STATE

RI

3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT

XIX XXI

TO: CENTER DIRECTOR
CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

January 1, 2024

5. FEDERAL STATUTE/REGULATION CITATION

42 CFR 447 and Sec. 1923 of the SSA

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY 2024 \$ 0
b. FFY 2025 \$ 0

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Supplement 1 to Attachment 4.19-A page 1

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)

Supplement 1 to Attachment 4.19-A page 1 TN17-007

9. SUBJECT OF AMENDMENT

Disproportionate Share Hospitals

10. GOVERNOR'S REVIEW (Check One)

- GOVERNOR'S OFFICE REPORTED NO COMMENT
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

OTHER, AS SPECIFIED:

11. SIGNATURE OF STATE AGENCY OFFICIAL

12. TYPED NAME
Richard Charest

13. TITLE
Secretary, EOHHS

14. DATE SUBMITTED
2/1/24

15. RETURN TO

EOHHS
3 West Road, Virks Building
Cranston, RI 02920

FOR CMS USE ONLY

16. DATE RECEIVED
February 1, 2024

17. DATE APPROVED
March 13, 2024

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL

January 1, 2024

19. SIGNATURE OF APPROVING OFFICIAL

20. TYPED NAME OF APPROVING OFFICIAL

Rory Howe

21. TITLE OF APPROVING OFFICIAL

FMG, Director

22. REMARKS

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACTState: Rhode Island

Disproportionate Share Hospital Policy

Disproportionate Share Hospitals

I. Criteria

For purposes of complying with Section-1923 of the Social Security Act, the Executive Office of Health and Human Services, the designated Single State Agency for the Title XIX Medical Assistance Program, will determine which hospitals can be deemed eligible for a disproportionate share payment adjustment.

1. Rhode Island defines disproportionate share hospitals as those licensed hospitals within the State providing inpatient and outpatient services meeting the following criteria:
 - A. A Medical Assistance inpatient utilization rate at least one (1) standard deviation above the mean medical assistance -Inpatient utilization-rate for hospitals receiving medical-assistance payments .in the State; or
 - B. A low-income inpatient utilization rate exceeding twenty five (25) percent; or
 - C. Medical Assistance inpatient utilization rate of not less than one (1) percent, and
 - D. The hospital has at least two (2) obstetricians with staff privileges at the hospital who have agreed to provide obstetric services to individuals entitled to such services under the Rhode Island Medical Assistance Program. This requirement does not apply to a hospital where: a) the inpatients are predominantly individuals under eighteen (18) years of age; or b) did not offer non-emergency obstetric services as of 12/22/87.

II. Definitions

1. Medical Assistance inpatient utilization rate means, for a hospital, a fraction (expressed as a percentage), the numerator of which is the hospital's number of inpatient days attributable to patients who (for such days) were eligible for Rhode Island Medical Assistance Program in a period (regardless of whether the services were furnished on a fee-for-service basis or through a managed-care entity), and the denominator of which is the total number of the hospital's inpatient days in that period.
2. Low Income utilization rate means, for a hospital, the sum of
 - A. A fraction (expressed as a percentage), the numerator of which is the sum (for the hospital's fiscal year designated in Section 1 I I,1,F) of the total medical assistance revenues paid to the hospital for patient services (regardless of whether the services were furnished on a fee-for-service basis or through a managed-care entity), and the amount of the cash subsidies for patient services received directly from State-and local governments, the denominator of which is the total -amount of revenues of the hospital for patient services (including the amount of such cash subsidies) in that period; and

A fraction (expressed as a percentage), the numerator of which is the total amount of the hospital's charge for inpatient hospital services which are attributable to charity care in-the hospital's fiscal year designated in Section

TN # 24-0001

Supersedes

TN # 17-007Approved: March 13, 2024Effective: January 1, 2024

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACTState: Rhode Island

Disproportionate Share Hospital Policy

111,1,F Jess the portion of any cash subsidies described in subparagraph (A) in that period reasonably attributable to inpatient hospital services, and the denominator of which is the total amount of revenues of the hospital's charges for inpatient hospital services in the hospital in that period. The numerator under subparagraph (6) shall not include contractual allowances and discounts (other than for indigent patients not eligible for medical-assistance).

- B. A fraction (expressed as a percentage), the numerator of which is the total amount of the hospital's charge for inpatient hospital services which are attributable to charity care in the hospital's fiscal year designated in Section 111,1,F Jess the portion of any cash subsidies described in subparagraph (A) in that period reasonably attributable to inpatient hospital services, and the denominator of which is the total amount of revenues of the hospital's charges for inpatient hospital services in the hospital in that period. The numerator under subparagraph (6) shall not include contractual allowances and discounts (other than for indigent patients not eligible for medical-assistance).

III. Payment Adjustment

1. For Federal fiscal year 2024 end and for federal fiscal years thereafter, the State shall make payment to each-qualifying facility in accordance with the following formula:
 - A. Pool D: For non-government and non-psychiatric hospitals licensed within the State of Rhode Island, whose Medical Assistance inpatient utilization rate exceed 1.0%, there shall be a payment not to exceed the total computable DSH allotment as reported on Form CMS-64.9D Column G, Line I to compensate hospitals for uncompensated care (as defined below) distributed among the qualifying hospitals in direct proportion to the individual qualifying hospital's uncompensated care to the total uncompensated care costs for all qualifying hospitals. For federal fiscal year 2024 and for fiscal years thereafter, the State of Rhode Island shall incorporate the estimated hospital state directed payment for payments as a percentage of commercial equivalent rates for the current SFY in which the DSH payment is made into the calculation of the hospital specific limit used to estimate the current SFY DSH payment. For example, the SFY 24 DSH payment will be based on estimated 2022 hospital reported uncompensated care costs adjusted to reflect the impact of the estimated SFY 24 state directed payment for payments as a percentage of commercial equivalent rates to be received by the hospital. Doing so will help to reduce the frequency of large recoupments and redistributions from hospitals, which can disrupt cash flow and normal operations, and will be identified in the independent audit three years after the SFY 24 DSH payment is made. To the extent that audit findings demonstrate that DSH payments exceeded the documented hospital-specific limit, the excess DSH payments are distributed by the State to other qualifying hospitals in direct proportion to the individual qualifying hospital's uncompensated care to the total uncompensated care costs for all qualifying hospitals as an integral part of the audit process.
 - B. Uncompensated care is defined as stated in Section 1923 of the Social Security Act and issued by CMS in the Medicaid DSH reporting and auditing final regulation on December 19, 2008 (Federal Register/Vol. 73, No. 245).

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