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State/Territory Name: RI

State Plan Amendment (SPA) #: 15-0013

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

APR 05 2016

Elizabeth Roberts, Secretary
Executive Office of Health and Human Services
State of Rhode Island
Louis Pasteur Building
57 Howard Avenue
Cranston, RI 02920

RE: Rhode Island 15-0013

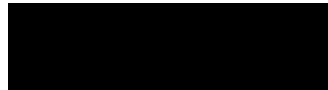
Dear Ms. Roberts:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid state plan submitted under transmittal number (TN) 15-0013. This amendment revises APR-DRG inpatient hospital reimbursement rates for neonatal intensive care services. Specifically, it reduces the current 1.45% policy adjustment, applied to the relative weights, to 1.25%.



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 implementing Federal regulations at 42 CFR 447 Subpart C. We are pleased to inform you that Medicaid State plan amendment 15-0013 is approved effective October 1, 2015. We are enclosing the CMS-179 and the amended plan pages.

If you have any questions, please call Novena James-Hailey at (617) 565-1291.

Sincerely,



Kristin Fan
Director

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL		1. TRANSMITTAL NUMBER: 15-013	2. STATE RI
FOR: CENTERS FOR MEDICARE AND MEDICAID SERVICES		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE AND MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE October 1, 2015	
5. TYPE OF PLAN MATERIAL (Check One): <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR 447 subpart C		7. FEDERAL BUDGET IMPACT: a. FFY 2016 - \$1,947,225 b. FFY 2017 - \$1,970,428	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-A, page 1		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Attachment 4.19-A, page 1	
10. SUBJECT OF AMENDMENT: Reduction of Neonatal Intensive Care Unit Adjustment			
11. GOVERNOR'S REVIEW (Check One): <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED See Attached Letter <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL: 		16. RETURN TO: EOHHS Policy Office 600 New London Avenue, Bldg. 57 Cranston, RI 02920	
13. TYPED NAME: Elizabeth H. Roberts			
14. TITLE: Secretary			
15. DATE SUBMITTED: December 14, 2015			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED:		18. DATE APPROVED: APR 05 2016	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: OCT 01 2015		20. SIGNATURE OF REGIONAL OFFICIAL: 	
21. TYPED NAME: Kristin Fan		22. TITLE: Director, FMG	
23. REMARKS:			

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

Payment for inpatient hospital care provided by Rhode Island and out-of-state hospitals under fee-for-service arrangements is as follows:

- a. DRG Base Payment. In general, payment will be by diagnosis related group, using the All Patient Refined Diagnosis Related Group (APR-DRG) algorithm. The DRG Base Payment will equal the DRG Relative Weight specific to APR-DRG times the DRG Base Price times an age adjustor (if applicable).
- b. APR-DRG algorithm. Effective May 5, 2015, the Executive Office of Health and Human Services (EOHHS) will use Version 31 of the APR-DRG algorithm. It is EOHHS's intention to update the version each year so that it uses either the current version or the version prior to the current version, depending on the time necessary to implement the update.
- c. DRG Relative Weights. Effective May 5, 2015, EOHHS will use Version 31 of the national APR-Relative Weights as published by 3M Health Information Systems. For certain services where Medicaid represents an important share of the Rhode Island market, policy adjustors will be used to increase the Relative Weights in order to encourage access to care. These services (defined by APR-DRG) and policy adjustors are: neonatal intensive care, 1.25; normal newborns, 1.15; obstetrics, 1.15; mental health, 1.45; and rehabilitation, 1.45. Policy adjustors are intended to be budget-neutral; because payment for services with policy adjustors is higher than it otherwise would have been, payment for other services is lower than it otherwise would have been. Budget neutrality is achieved through the level of the DRG Base Price.
- d. Age adjustor. To facilitate access to mental health care for children, calculation of the DRG Base Payment will include an "age adjustor" to increase payment for these stays. Effective May 5, 2015, the value of the pediatric mental health age adjustor will be 2.50. This value was calculated so that, overall, payment for pediatric mental health stays would exceed the hospitals' estimated costs of providing this care.
- e. DRG Payment. The DRG Payment equals the DRG Base Payment plus the DRG Cost Outlier Payment plus the DRG Day Outlier Payment.
- f. Outlier payments. "Outlier" payments will be payable for medically necessary inpatient hospital services involving exceptionally high costs or exceptionally long lengths of stay. All mental health stays will be eligible for day outlier payments and all physical health (i.e., non-mental health) stays will be eligible for cost outlier payments. This paragraph is intended to meet the requirements of the Social Security Act §1902(s) (1) and to extend outlier protections to all other stays.
- g. Day Outlier Payment. Day outlier payments will be made at a per diem rate for all days in a mental health stay after a day outlier threshold. Effective May 5,