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State/Territory Name: RI

State Plan Amendment (SPA) #: 16-0003

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

JUN 15 2017

Mr. Patrick Tigie, Medicaid Director
Executive Office of Health & Human Services
74 West Road/Hazard Building
Cranston, Rhode Island 02920

RE: Rhode Island 16-0003

Dear Director Tigie:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid state plan submitted under transmittal number (TN) 16-0003. This amendment adjusts the DSH pool limit for non-government hospitals whose Medicaid inpatient utilization rate exceed 1.0%. This adjustment aligns the total amounts for all DSH pools with the FY 2016 federally allotted amount.

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 16-0003 is approved effective July 1, 2016. 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,

A solid black rectangular box redacting the signature of Kristin Fan.

Kristin Fan
Director

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

1. TRANSMITTAL NUMBER:
16-003

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
July 1, 2016

5. TYPE OF PLAN MATERIAL (Check One):

NEW STATE PLAN AMENDMENT TO BE CONSIDERED AS NEW PLAN AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:
Section 1902(a)(80) of the Social Security Act, P.L. 111-148 (Section
1605)

7. FEDERAL BUDGET IMPACT:
FFY 16: \$211,289
FFY 17: \$847,692

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Supplement 1 to Attachment 4.19A pages 1-5

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):
Supplement 1 to Attachment 4.19A pages 1 - 5

10. SUBJECT OF AMENDMENT:
Disproportionate Share Hospital Policy

11. 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:
See Attached Letter

12. SIGNATURE OF STATE AGENCY OFFICIAL:

16. RETURN TO:

13. TYPED NAME: Elizabeth Roberts

EOHHS
74 West Rd, Bldg. 74
Cranston, RI 02920

14. TITLE: Secretary

15. DATE SUBMITTED: September 19, 2016

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

18. DATE APPROVED:

JUN 15 2017

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

20. SIGNATURE OF REGIONAL OFFICIAL:

JUL 01 2016

21. TYPED NAME:

22. TITLE:

Kristin Faw

Director, FMO

23. 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. A 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 111,1,F) of the total medical

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Disproportionate Share Hospital Policy

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

- 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 less 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 2015 and for Federal fiscal years thereafter, the State shall make payment to each qualifying facility in accordance with the following formula:
 - A. For all licensed hospitals within the State of Rhode Island that meet or exceed the criteria set forth in section 1923(b) of the Social Security Act, \$1,000 plus the proportional share of \$232,379. That sum shall be distributed among the qualifying facilities in the direct proportion that the low-income utilization rate in each facility exceeds 25 percent.
 - B. For state-operated hospitals that exceed the Medical Assistance inpatient utilization rate by more than one standard deviation, there shall be an additional payment of \$10,000 plus the proportional share of \$1,396,940. That sum shall be distributed among the qualifying facilities in the direct proportion of the weighted average yielded by the multiplication of the percentage points that the medical assistance utilization rate exceeds one standard deviation unit above the mean, times the total dollars expended for medical assistance care.
 - C. For women and infant specialty hospitals licensed within the State of Rhode Island (i.e., hospitals with more than 5,000 births annually and a neo-natal intensive care unit) that exceed the Medical Assistance inpatient utilization rate by more than one standard deviation unit or whose low-income utilization

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exceeds 25%, \$1,000 plus the proportional share of \$3,409,058. That sum shall be distributed among the qualifying facilities in direct proportion to the weighted average yielded by the multiplication of the percentage points that the low income utilization rate exceeds 25% times the dollars expended for low-income care.

- D. For non-government hospitals licensed within the State of Rhode Island, whose Medicaid inpatient utilization rate exceed 1.0%, there shall be an additional payment not to exceed \$135.0 million 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. 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.
- E. Women and infant specialty hospitals that qualify shall be paid only in accordance with sections A, C, and D. Psychiatric hospitals that qualify shall be paid only in accordance with A. State hospitals that qualify shall be paid only in accordance with sections A and B.
- F. 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).

The utilization rates, costs, and uncompensated care for the most recently completed hospital fiscal year for which data is available (hospital fiscal year 2014 will be utilized to determine each hospital's payment). 2014 uncompensated care costs shall be indexed by the uncompensated care index as defined in Rhode Island General Law 40-8.3-2(5) for each subsequent year to calculate the costs for the year in which payments are made. The total payment to a qualifying facility will not exceed the facility specific caps described in Section 1923(g).

- G. Rhode Island's share of any national disproportionate share allocation in addition to the amounts authorized under Section III and any undistributed monies from section A, C, and D (should no hospitals qualify in those categories) shall be added to section B and distributed by the same proportion and methodology.

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For purposes of applying and allocating the State DSH allotments established under Section 1923 (I) of the Social Security Act, the Executive Office of Health and Human Services shall allocate the allotment ratably to the pools established under sections A, B, C, D, and H.

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The state has in place a public process, which complies with the requirements of Section 1902(a)(13)(A) of the Social Security Act.