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State/Territory Name: RI

State Plan Amendment (SPA) #: 17-0007

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

OCT 31 2017

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

RE: Rhode Island 17-0007

Dear Director Tigue:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid state plan submitted under transmittal number (TN) 17-0007. This amendment removes the three specified DSH pools and pool payment amounts for all inpatient hospitals, state operated hospitals, and woman and infant specialty hospitals and consolidates them into 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%. This SPA also revises the pool amount to be equal to the federal allotted amount for DSH payments to providers.



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 17-0007 is approved effective July 1, 2017. 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: 17-007	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, 2017	
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: Section 1902(a)(80) of the Social Security Act, P.L. 111-148 (Section 1605)		7. FEDERAL BUDGET IMPACT: FFY 17: \$159,000 FFY 18: \$ 16,617,000	
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): <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:	
13. TYPED NAME: Eric Beane		EOHHS	
14. TITLE: Secretary		74 West Rd, Bldg. 74	
15. DATE SUBMITTED: September 8, 2017		Cranston, RI 02920	
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED:		18. DATE APPROVED: OCT 31 2017	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: JUL 01 2017		20. SIGNATURE OF REGIONAL OFFICIAL: 	
21. TYPED NAME: Kristin Fan		22. TITLE: Director, FMC	
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

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

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 2017 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 1 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.
 - 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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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).

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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.