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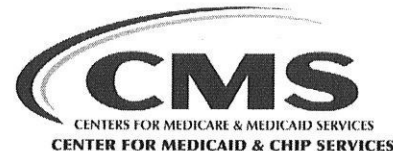
State/Territory Name: RI

State Plan Amendment (SPA) #: 17-0010

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

FEB 08 2018

Mr. Eric Beane, Secretary
Executive Office of Health & Human Services
3 West Road/ Virks Building
Cranston, Rhode Island 02920

RE: Rhode Island 17-0010

Dear Commissioner Beane:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid state plan submitted under transmittal number (TN) 17-0010. Effective October 1, 2017, this amendment makes two revisions to nursing facilities reimbursement rates: 1) phases out the Direct Care policy adjustor in increments of twenty-five (25%) percent; and 2) implements a rate freeze for a twelve (12mths) months period.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30) and 1903(a) 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 17-0010 is approved effective October 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:
17-010

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, 2017

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:
42 CFR 447 Subpart C

7. FEDERAL BUDGET IMPACT:
FFY 18: \$ (300,000)
FFY 19: \$ (300,000)

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19D pages 9 and 10

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (*If Applicable*):
Attachment 4.19D pages 9 and 10

10. SUBJECT OF AMENDMENT:
Nursing Home Rate Freeze and Direct Care Policy Adjustment Phase Out

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

XX OTHER, AS SPECIFIED:
See Attached Letter

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME: Eric Beane

14. TITLE: Secretary

15. DATE SUBMITTED: December 22, 2017

16. RETURN TO:

EOHHS
3 West Rd, Virks Building
Cranston, RI 02920

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

18. DATE APPROVED: FEB 08 2018

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL: OCT 01 2017

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME: Kristin Fan

22. TITLE: Director, FMCo

23. REMARKS:

The property tax component is facility specific, i.e. based on actual property taxes assessed and paid.

Provider Assessment

The provider assessment is an amount equal to 5.82% of the sum of the above components to recognize the state's Provider Assessment Tax. Should the state's 5.5% Provider Assessment Tax rate change, this add-on will be adjusted accordingly. Below is an example of the adjustment to the add-on in the provider tax were to be changed to 4.0%.

- | | | |
|----|--|-------------------------------------|
| 1. | Per diem base rate (excl. provider tax): | \$200.00 |
| 2. | Calculate per diem rate with 4.0% tax: | \$200.00 divided by .96 = \$208.33 |
| 3. | Calculate provider tax amount: | \$208.33 minus \$200.00 = \$8.33 |
| 4. | Calculate add-on percent: | \$8.33 divided by \$200.00 = 4.165% |
| 5. | Calculate provider tax add-on: | \$200.00 times 4.165% = \$8.33 |
| 6. | Calculate per diem rate incl. tax: | \$200.00 plus \$8.33 = \$208.33 |

B. Adjustments to Base Rate

Patient Acuity

Recognition of patient acuity in the payment methodology is being incorporated through the use of a RUG-IV case-mix classification system. The case-mix classification system uses clinical data from the MDS assessment to assign a case-mix group to each patient that is then used to adjust a portion of the per diem payment based on patient resource use. (This is similar to how Medicare reimburses for care in a skilled nursing facility.) Each patient will be assigned one of forty-eight (48) RUG categories by the grouper based on his/her MDS record. A patient's MDS record is to be updated every ninety (90) days or in the event of a significant change in condition. Acuity will be based on the patient specific RUG category, i.e. full RUG-based system. The acuity factor (RUG weight) will be applied only to the Direct Nursing Care component.

To allow for necessary modifications to the state's MMIS claims processing system, full implementation of the RUG-based process will be implemented on June 1, 2013. In the interim, a facility specific case mix index was being used.

Price Increases

The components of the base per diem rate will be increased annually, effective October 1 of each year (except in 2015 and in 2017 when no increase will occur), as follows:

1. Direct Nursing, Other Direct Care, and Indirect Care:
Global Insight/CMS Skilled Nursing Facility Market Basket
2. Fair Rental Value:
Global Insight Nursing Home Capital Cost Index
3. Property Taxes:

TN: 17-010
Supersedes
TN: 15-012

Approved: FEB 08 2018

Effective: October 1, 2017

Facility specific property tax payments

The Fair Rental Value rate for each nursing home was most recently increased effective 7/1/2012. The Property Tax rates are based on allowable tax payments and total patient days reported in each facility's most recently filed cost report.

C. Transition Adjustments

In recognition of the impact this change will have on nursing homes, the state has implemented a transition plan of at least four years in length. This change will be completed after October 1, 2016. The features of this transition are described below.

Adjustment to Direct Care (Direct Nursing Care and Other Direct Care components)

For those nursing homes whose Direct Care per diem costs are greater than the Direct Care base rates, i.e. the sum of the Direct Nursing Care and Other Direct Care base rate components, which would result in a loss in reimbursement, the state has added a policy adjustment to fully compensate for that loss. This will ensure that patient care is not adversely impacted. See example below:

Actual Direct Care cost:	\$130.00
Minus Direct Nursing Care rate:	(\$100.44)
Minus Other Direct Care rate:	(\$23.74)
Policy adjustment equals:	\$5.82

This policy adjustor will be phased out over the transition period as follows:

- 10/1/16 100%
- 10/1/17 75%
- 10/1/18 50%
- 10/1/19 25%
- 10/1/20 0%

Adjustment to Overall Care

In addition to the above policy adjustment, the state has also implemented a gain/loss policy adjustment ensuring that, exclusive of the direct care policy adjustment, no nursing home will experience a gain or loss in year one of the transition of greater than \$5.00 per day. See example below:

Direct and Indirect Care base rate:	\$177.71
Actual Direct and Indirect Care costs:	\$160.00
Rate variance:	\$17.71
Maximum gain/loss	\$5.00
Gain/loss policy adjustment	(\$12.71)

This policy adjustor will be phased out over the transition period as follows:

- 10/1/12 100% (\$12.71)
- 10/1/13 75% (\$9.53)
- 10/1/14 50% (\$6.36)
- 10/1/16 25% (\$3.18)
- 10/1/17 0% \$0.00

D. Periodic Rate Review

TN: 17-010
Supersedes
TN: 15-012

Approved: FEB 08 2018

Effective: October 1, 2017