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State/Territory Name: RI

State Plan Amendment (SPA) #19-0008

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



Financial Management Group

November 05, 2019

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

RE: Rhode Island SPA 19-0008

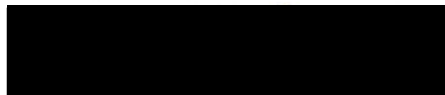
Dear Secretary Jones:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid State plan submitted under transmittal number (TN) 19-0008. Effective October 1, 2019, this amendment revises reimbursement for nursing facility services. Specifically, it provides for a one percent increase to the base per diem rate in lieu of inflation adjustment.

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 19-0008 is approved effective October 1, 2019. 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

cc:

Avery Stahlecker
Novena James-Hailey

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL	1. TRANSMITTAL NUMBER: 19-008	2. STATE RI
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
FOR: CENTERS FOR MEDICARE AND MEDICAID SERVICES		4. PROPOSED EFFECTIVE DATE October 1, 2019
TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE AND MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES		

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: a. FFY 2019 \$ 0 b. FFY 2020 \$ 2,025,834
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-D page 9-10	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Attachment 4.19-D page 9-10

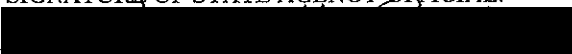
10. SUBJECT OF AMENDMENT:

Nursing Facility Rates


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: 	16. RETURN TO: EOHHS 3 West Rd, Virks Building Cranston, RI 02920
13. TYPED NAME: Womazetta Jones	
14. TITLE: Secretary	
15. DATE SUBMITTED: August 15, 2019	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:	18. DATE APPROVED: NOV 05 2019
PLAN APPROVED -- ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL: OCT 01 2019	20. SIGNATURE OF REGIONAL OFFICIAL: 
21. TYPED NAME: Kristin Fan	22. TITLE: Director, FMO

23. REMARKS:

Exceptions to price increases

Annual adjustments to the base per diem rates stated above will not occur in the following years, and will instead be adjusted as noted below:

-2015 no increase

-2017 no increase

-2018 base rates increased by 1.5% effective July 1 and 1% effective October 1

-2019 base rates increased by 1% effective October 1

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: 19-008

Supersedes

TN: 17-010

NOV 05 2019

Approved: _____

Effective: October 1, 2019

TN: 19-008
Supersedes
TN: 17-010

Approved: NOV 05 2019

Effective: October 1, 2019

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

Unless otherwise stated, the components of the base per diem rate will be increased annually, effective October 1 of each year, 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:
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.

TN:19-0008

Supersedes

TN: 18-010

Approved: NOV 05 2019

Effective: October 1, 2019