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**State/Territory Name:** Rhode Island

**State Plan Amendment (SPA) #:**19-003

This file contains the following documents in the order listed:

1) Approval Letter

2) CMS 179 Form

4) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
JFK Federal Building, Government Center
Room 2275
Boston, Massachusetts 02203

**Division of Medicaid and Children's Health Operations / Boston Regional Office**

June 25, 2019

Lisa Vura-Weis, Acting Secretary
Executive Office of Health and Human Services
State of Rhode Island and Providence Plantations
3 West Road
Cranston, RI 02920

Dear Secretary Vura-Weis:

On April 1, 2019 the Centers for Medicare and Medicaid Services (CMS) received Rhode Island State Plan Amendment (SPA) transmittal number 19-003 proposing to expand RIteShare to the new adult group.

We greatly appreciate your staff's hard work during this employer-sponsored insurance (ESI) program review process and are pleased to inform you that RI 19-003 was approved on June 25, 2019 with an effective date of July 1, 2019. We look forward to reviewing the RIteShare member information materials once they are finalized; please remit a copy at that time.

To help maintain continuity and access to care, Rhode Island will ensure that members seeking care from, an ESI provider who does not participate in Medicaid, are instructed to contact EOHHS so the State may negotiate the cost sharing wrap with the provider. If an agreement cannot be reached with the provider, the State will consider disenrolling the member from ESI. This disenrollment occurs so that the member may either enroll in a Medicaid Managed Care Organization (MCO) in which the preferred provider participates, or when the provider does not participate with any Medicaid MCOs, the beneficiary may choose an MCO that may work to contract with the provider.

If you have any questions regarding this matter you may contact Lynn DelVecchio (401) 380-5604 or by e-mail at Lynn.DelVecchio@cms.hhs.gov

Sincerely,

Francis T. Mccullough -S

Digitally signed by Francis T. Mccullough -S
Date: 2019.06.25 17:14:38 -04'00'

Francis T. McCullough
Director, Division of Medicaid Field Operations East
Regional Operations Group
Center for Medicaid and CHIP Services

cc: Patrick Tigue, Medicaid Director
Melody Lawrence, Interdepartmental Project Manager

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

FORM APPROVED
OMB No. 0938-0193

# TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

**FOR: CENTERS FOR MEDICARE AND MEDICAID SERVICES**

1. TRANSMITTAL NUMBER: 19-003

2. STATE: RI

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
January 1, 2019
RI agreed to revise effective date to 7/1/2019 (LAD- 6/25/19)

5. TYPE OF PLAN MATERIAL *(Check One)*:

☐ NEW STATE PLAN ☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN XX☐ AMENDMENT

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

6. FEDERAL STATUTE/REGULATION CITATION:

Section 1906 of the Social Security Act

7. FEDERAL BUDGET IMPACT:
a. FFY 2019 - $ 1,057,131
b. FFY 2020 - $ 5,532,256

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.22-C, pg. 1-4

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*:

Attachment 4.22-C, pg. 1-4

10. SUBJECT OF AMENDMENT:
RIte Share Premium Assistance Program

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:
/s/

13. TYPED NAME: Lisa Vura-Weis

14. TITLE: Acting Secretary

15. DATE SUBMITTED: March 29, 2019

16. RETURN TO:

EOHHS
3 West Rd, Virks Building
Cranston, RI 02920

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED: April 1, 2019

18. DATE APPROVED: June 25, 2019

PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL: July 1, 2019

20. SIGNATURE OF REGIONAL OFFICIAL:
/s/

21. TYPED NAME: Francis T. McCullough

22. TITLE: Director, Regional Operations Group (Boston)

23. REMARKS:

FORM CMS-179 (07/92)

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

| Citation | Condition or Requirement |
|---|---|
| Section 1906 of the Act | State Method on Cost-Effectiveness of Employer-based Group Health Plans |

Mandatory Premium Assistance Program

The following methodology is used to determine the cost effectiveness of an employer-based group health plan for individuals and families subject to enrollment in Medicaid Managed Care.

**Introduction**

RIte Share is the State's premium assistance program established under the authority of Section 1906 of the Act. Beneficiaries subject to RIte Share include: children, families, parents and caretakers eligible for Medicaid, or the Children's Health Insurance Program (CHIP) covered under the CHIP State Plan, and childless adults between the ages of nineteen (19) and sixty-four (64) who are not receiving or eligible to receive Medicare. All beneficiaries eligible for RIte Share must be enrolled, or be eligible for enrollment, in one of the State's Medicaid Managed Care delivery systems. The state provides a subsidy payment for qualified health insurance plans offered by employers. A qualified plan must meet minimum benefit requirements and maximum cost sharing requirements (deductibles, co-payments and coinsurance), and be determined cost effective.

The subsidy payment is equal to the employee's share of the monthly premium and is generally paid directly to the member. EOHHS ensures that individuals enrolled in RIte Share have access to all Medicaid covered services by directly paying Medicaid enrolled providers for services and cost sharing requirements (generally up to the Medicaid allowable amount) not covered in the commercial plans, as well as services that exceed the coverage limitations of commercial plans.

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**Cost Effectiveness – Concept**

On average, the total cost for providing Medicaid covered services through RIte Share must be less than the cost of providing such services through Medicaid Managed Care.

Cost effectiveness is determined in the aggregate by Medicaid Managed Care plan type (i.e., individual, individual pregnant woman, child only, or family). This reduces the administrative burden for the applicant, the employer, and the state. This method is effective in ensuring that the cost to EOHHS for those enrolled in the premium assistance program is less than enrolling those same individuals or families in Medicaid Managed Care.

In order for the state to determine that an employer plan is cost effective, the employee's monthly premium share plus any Medicaid covered services not covered in the commercial plan (all cost sharing wrap and benefits/services covered under Medicaid Managed Care) plus administrative costs, must be less than the average capitation payment (based on age, sex, and average family size) for a Medicaid Managed Care individual. There are (4) four coverage types and income thresholds that the state utilizes to evaluate cost effectiveness for an employer plan:

1. Family coverage where all family members are Medicaid eligible (income less than or equal to one hundred thirty six percent (136%) of the federal poverty guidelines (FPL)- where entire family is Medicaid eligible);
2. Family coverage where children in the family are Medicaid eligible (income greater than one hundred and thirty-six percent (136% FPL), and less than or equal to two hundred and sixty one percent (261% FPL) for families with children provided cost effective to also pay for parents;

3. Family coverage where pregnant women are eligible, i.e., income greater than one hundred and thirty-six percent (136%), and less than or equal to two hundred fifty three percent (253%) of FPL);



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4. Individual coverage where only the employee is Medicaid eligible (133% FPL) (Medicaid Expansion).

All the above listed FPL guidelines are not inclusive of the five percent (5%) income disregard.

**Methodology**

The state uses a calculator to determine cost effectiveness for each type of coverage. The calculator takes into account the actuarial values of all applicable premiums, cost sharing wrap (including deductibles and coinsurances amounts), benefits wrap (based on ESI benefits maximums and Medicaid Managed Care only benefits) and RIte Share administrative costs, compared to an Employer Sponsored Insurance (ESI) plan when determining cost effectiveness.

The process for determining cost effectiveness is outlined below:

1. Prospectively determine the average value (cost) of Medicaid Managed Care capitation for the time period and population under consideration;
2. Identify and determine the average actuarial value(s) of the cost sharing and benefit differences between Medicaid Managed Care and RIte Share approved employer sponsored insurance (ESI) plans– including differences in copays, deductibles, coinsurances amounts, benefit maximums and Medicaid Managed Care only benefits to determine the benefits to be wrapped.
3. Determine and allocate net operational costs to administer RIte Share.
4. Calculate the subsidy threshold, as the average Medicaid Managed Care value minus the actuarial value of the benefit difference determined in step 2 and the net operational costs determined above in step 3.

Cost Sharing Wrap

RIte Share ensures that members do not need to pay out of pocket costs that exceed nominal cost sharing in the following ways:



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

| Citation | Condition or Requirement |
|---|---|
| Section 1906 of the Act | State Method on Cost-Effectiveness of Employer-based Group Health Plans |

1. If a member obtains care from a provider that is both a Medicaid participating provider and participating in the ESI network, Medicaid pays secondarily to the ESI plan up to the Medicaid negotiated rate
2. If a member intends to obtain care from an ESI provider that is not participating with Medicaid, members are instructed to:
    a. Contact EOHHS so that EOHHS may negotiate with such provider to cover cost sharing wrap.
    b. If the state cannot reach agreement with such provider through the fee-for-service network, the state will review the case to determine if the member meets "good cause" for disenrolling from the ESI plan in order to maintain continuity or access to care and ensure that the beneficiary does not incur out-of-pocket costs for cost sharing. The state ensures continuity of care for these individuals when disenrolled from RIteshare by enrolling them with a Medicaid Managed Care Organization (MCO) that may be able to contract with the provider at issue. Reasons for "good cause" may include, but are not limited to the following:
        i. the member is being treated for a condition by this provider,
        ii. there is a long-standing provider/beneficiary relationship
        iii. the member cannot access medically necessary care.
    c. In the case that good cause is determined, the member will be notified and enrolled in the MCO in which the provider in question participates. In the case that none of the Medicaid MCOs contract with the provider in question, the member may choose an MCO, and the MCO may work to contract with the provider.