

**DEPARTMENT OF HEALTH & HUMAN SERVICES**

Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop S3-14-28  
Baltimore, Maryland 21244-1850



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**Financial Management Group**

February 8, 2023

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

RE: Rhode Island 22-0018

Dear Acting Secretary Novais:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid State plan submitted under transmittal number (TN) 22-0018. Effective October 1, 2022, this amendment proposes a three percent (3%) increase to base per diem rates for nursing facility services.

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.

This is to inform you that Medicaid State plan amendment TN 22-0018 is approved effective October 1, 2022. The CMS-179 and the amended plan page(s) are attached.

As described in the state's letter to CMS dated April 29, 2022 regarding its Hospital Licensing Fee (HLF) and in CMS's response letter dated May 19, 2022, please note that CMS's approval of this State Plan Amendment (SPA) whose non-federal share source may include the HLF relates only to the requested change in payment methodology, not the source of non-federal share. Approval of this SPA does not relieve the state of its responsibility to comply with federal laws and regulations, and to ensure that claims for federal financial participation are consistent with all applicable requirements.

If you have any additional questions or need further assistance, please contact Novena James-Hailey at (617) 565-1291 or [Novena.JamesHailey@cms.hhs.gov](mailto:Novena.JamesHailey@cms.hhs.gov).

Sincerely,



Rory Howe  
Director

Enclosures

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL  
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER

2 2 — 0 0 1 8

2. STATE

RI

3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT

XIX  XXI

TO: CENTER DIRECTOR  
CENTERS FOR MEDICAID & CHIP SERVICES  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

October 1, 2022

5. FEDERAL STATUTE/REGULATION CITATION

42 CFR 447 Subpart C

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY 2023 \$ 2,461,567  
b. FFY 2024 \$ 2,373,130

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19-D, Page 10

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)

Attachment 4.19-D, Page 10 (TN #19-0008)

9. SUBJECT OF AMENDMENT

Nursing facility rate increase

10. 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:

11. SIGNATURE OF STATE AGENCY OFFICIAL

[Redacted Signature]

12. TYPED NAME

Ana Novais

13. TITLE

Acting Secretary

14. DATE SUBMITTED

November 18, 2022

15. RETURN TO

EOHHS  
3 West Road, Virks Building  
Cranston, RI 02920

**FOR CMS USE ONLY**

16. DATE RECEIVED

November 18, 2022

17. DATE APPROVED

February 8, 2023

**PLAN APPROVED - ONE COPY ATTACHED**

18. EFFECTIVE DATE OF APPROVED MATERIAL

October 1, 2022

19. SIGNATURE OF APPROVING OFFICIAL

[Redacted Signature]

20. TYPED NAME OF APPROVING OFFICIAL

Rory Howe

21. TITLE OF APPROVING OFFICIAL

Director, Financial Management Group

22. REMARKS

Exceptions to price increases

Annual adjustments to the base per diem rates for Direct Nursing, Other Direct Care, and Indirect Care 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

-2022 base rates increased by 3% 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

TN: 22-0018

Supersedes

TN: 19-0008

Approved: February 8, 2023

Effective: October 1, 2022