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State/Territory Name: Rhode Island

State Plan Amendment (SPA) #: RI 23-0003

This file contains the following documents in the order listed:

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

Financial Management Group

April 24, 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 23-0003

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) 23-0003. Effective January 1, 2023, this amendment proposes a revision to the State's internal rate review and financial review of provider costs.

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 23-0003 is approved effective January 1, 2023. 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 Diana Dinh at (667) 290-8857 or Diana.Dinh@cms.hhs.gov.

Sincerely,

[redacted]

Rory Howe
Director

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 & MEDICAID SERVICES

1. TRANSMITTAL NUMBER: 23-0003

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
January 1, 2023

5. FEDERAL STATUTE/REGULATION CITATION
42 CFR 447 Subpart C

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 2023 $ 0
b. FFY 2024 $ 0

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Attachment 4.19-D Page 11
Attachment 4.19-D Page 13

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*
Attachment 4.19-D Page 11
Attachment 4.19-D Page 13

9. SUBJECT OF AMENDMENT

Nursing Facility Rate Methodology

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]

12. TYPED NAME
Ana P. Novais

13. TITLE
Acting Secretary

14. DATE SUBMITTED
January 30, 2023

15. RETURN TO
EOHHS
3 West Road, Virks Building
Cranston, RI 02920

FOR CMS USE ONLY

16. DATE RECEIVED
January 30, 2023

17. DATE APPROVED
April 24, 2023

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
January 1, 2023

19. SIGNATURE OF APPROVING OFFICIAL
[redacted]

20. TYPED NAME OF APPROVING OFFICIAL
Rory Howe

21. TITLE OF APPROVING OFFICIAL
Director, FMG

22. REMARKS

Instructions on Back

E. Periodic Rate Review

Beginning in October 2024, the state may revise rates as necessary based on increases in direct and indirect costs utilizing data from the most recent finalized year of facility cost report. The direct care and indirect care components will be adjusted accordingly to reflect changes in direct and indirect care costs since the previous rate revision. Nursing homes are required to submit cost reports annually.

Rates for Newly Constructed Facilities

Newly constructed facilities will be paid a rate determined in the manner described for all facilities under these Principles. The initial Fair Rental Value component shall be calculated using the methodology described on pages 15-18. The Tax component will use an occupancy rate equal to 98% of the statewide average.

Appeals Process

Any provider who is not in agreement with the reimbursement rate assigned for the applicable rate period, may within fifteen (15) days from the date of notification of rate assignment file a written request for a review conference to be conducted by the Medicaid Director, or other designee assigned by the Secretary of the Executive Office of Health and Human Services. This written request must identify the rate assignment issue(s). The Medicaid Director or designee shall schedule a review conference within fifteen (15) days of receipt of the request. As a result of the review conference, the Medicaid Director or designee may modify the rate of reimbursement. The Medicaid Director or designee shall provide the provider with a written decision within thirty (30) days from the date of the review conference.

Appeals beyond the Medicaid Director or the designee appointed by the Secretary of the Executive Office of Health and Human Services will be in accordance with the Administrative Procedures Act. The provider must file a written request for an Administrative Procedures Act hearing no later than fifteen (15) days of the decision noted in the paragraph above.

Appeal Requests For Prospective Rate Increments

The Executive Office of Health and Human Services may consider the granting of a prospective rate that reflects demonstrated cost increases in excess of the rate that has been established by the application of the percentage increase, that are the result of:

1. Demonstrated errors made during the rate determination process.

2. Significant increases in operating costs resulting from the implementation of new or additional programs, services, or staff specifically mandated by the Rhode Island Department of Health.

3. Significant increases in operating costs resulting from capital renovations, expansion, or replacement required for compliance with fire safety codes and/or certification requirements of the Rhode Island Department of Health.

4. Extraordinary circumstances including, but not limited to, acts of God, provided that such increases will be rescinded immediately upon cessation of the extraordinary circumstance.

RECORD KEEPING

Adequacy of Cost Information

Long-term care providers under the state Medicaid Program are required to maintain detailed records supporting the expenses incurred for services provided to Medicaid patients. The underlying records must be auditable and capable to substantiating the reasonableness of specific reported costs. Records include all ledgers, books, and source documents (invoices, purchase orders, time cards, or other employee attendance data, etc.). All records must be physically maintained within Rhode Island and/or be made readily available to the state upon request.

Census Data

Statistical records supporting both Medicaid and total patient days must be maintained in a clear and consistent manner for all reporting periods. The detailed record of all patient days must be in agreement with monthly attendance reports. In calculating patient days the date of admission is counted as one day, however, the date of death or discharge is not counted as a day.

Financial Reviews of Provider Costs

The state can conduct reviews of the financial and statistical records of each participating provider in operation. Examples in which financial reviews could be necessary are:

- Oversight by state agencies;
- Evaluation due to emergency or extraordinary situations;
- Examination or review for purposes of program integrity;
- Assessment of evolving adverse financial condition;
- Fair rental value adjustment requests;
- Establishing rates for newly constructed facilities;
- Appeal requests for prospective rate increments;
- Evaluating hardship requests
- Compliance with reimbursement for staffing;
- Assessment of potential changes to the rate setting methodology.

Financial reviews include any tests of the provider's records deemed necessary to ascertain that costs are proper and in accordance with Medicaid principles of reimbursement and that personal needs accountability are in compliance with existing regulations. The knowing and willful inclusion on non-business related expenses, non-patient related expenses, or costs incurred in violation of the prudent buyer concept may be subject to criminal and/or civil sanctions. Failure of auditors of EOHHS to identify the above items or their adjustment of same shall not constitute a waiver of any civil or criminal penalty.