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State/Territory Name: RI

State Plan Amendment (SPA) #: 22-0010

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 & HUMAN SERVICES

Centers for Medicare & Medicaid Services
Center for Medicaid & CHIP Services
233 North Michigan Ave., Suite 600
Chicago, Illinois 60601



Financial Management Group

November 18, 2022

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

RE: TN 22-0010

Dear Ms. Novais,

We have reviewed the proposed Rhode Island State Plan Amendment (SPA) to Attachment 4.19-B, RI-22-0010, which was submitted to the Centers for Medicare & Medicaid Services (CMS) on September 8, 2022 to increase outpatient hospital rates by 5% effective July 1, 2023 and each state fiscal year thereafter, rates shall increase based on the change in the market basket as reflected in the CMS Outpatient Hospital Prospective Payment System Market Basket Update without productivity adjustment for the calendar year that contains the start of the current state fiscal year.

Based upon the information provided by the State, we have approved the amendment with an effective date of July 1, 2022. We are enclosing the approved CMS-179 and a copy of the new state plan pages.

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 Lindsay Michael at 410-786-7197 or Lindsay.Michael@cms.hhs.gov.

Sincerely,



Todd McMillion
Director
Division of Reimbursement Review

Enclosures

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

1. TRANSMITTAL NUMBER <u>2 2</u> — <u>0 0 1 0</u>	2. STATE <u>RI</u>
3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT <input checked="" type="radio"/> XIX <input type="radio"/> XXI	

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

4. PROPOSED EFFECTIVE DATE
7/1/2022

5. FEDERAL STATUTE/REGULATION CITATION
42 CFR Part 447 Subpart F

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 2022 \$ 66 000
b. FFY 2023 \$ 144 500

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Attachment 4.19-B, 1
Attachment 4.19-B, 2

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (if Applicable)
Attachment 4.19-B, 1
Attachment 4.19-B, 2


9. SUBJECT OF AMENDMENT

Outpatient Hospital 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


12. TYPED NAME
Ana Novais

13. TITLE
Acting Secretary

14. DATE SUBMITTED
September 8, 2022

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


FOR CMS USE ONLY

16. DATE RECEIVED
9/8/22

17. DATE APPROVED
November 18, 2022

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
7/1/22

19. SIGNATURE OF APPROVING OFFICIAL


20. TYPED NAME OF APPROVING OFFICIAL
Todd McMillion

21. TITLE OF APPROVING OFFICIAL
Director, DRR

22. REMARKS

STATE OF RHODE ISLAND

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES – OTHER TYPES OF CARE
PAYMENT FOR MEDICAL AND REMEDIAL CARE AND SERVICES

1. Fee structures will be established which are designed to enlist participation of a sufficient number of providers of services in the program so that eligible persons can receive the medical care and services included in the plan at least to the extent they are available.
2. Participation in the program will be limited to providers of service who accept, as payment in full, the amounts paid in accordance with the fee structure.
3. Payment for physician, dentist and other individual practitioner services will be equal to the lesser of the billed charge or the State's fee for that service. Fee schedules are posted on the Executive Office of Health and Human Services web site under the Providers and Partners tab:
<http://www.eohhs.ri.gov/ProvidersPartners/GeneralInformation/ProviderDirectories/Hospitals.aspx>. All governmental and private service providers are reimbursed according to the same published fee schedule. The Medical Assistance Program rates were set as of July 1, 2017 and are effective for services on or after that date.
4. The following is a description of the payment structure by items of service.
 - a. Inpatient hospital services: as described in attachment 4.19A.
 - b. Outpatient hospital services: The Medical Assistance Program will pay for outpatient hospital services using a fee schedule approach based on, but necessarily identical to, the Medicare outpatient prospective payment system. Specific provisions are as follows:
 1. In general, payment will be by fee schedule, with the fee multiplied by the number of allowable units on the claim line. Fees will be derived as follows:

For visits, surgeries, imaging procedures, drugs, and other services where Medicare pays hospitals using Ambulatory Payment Classification (APC) groups, except as otherwise noted in the plan, state-developed fee schedule rates are the same for both governmental and private providers of outpatient hospital services. The agency's fee schedule rate was set as of July 1, 2019 and is effective for services provided on or after that date. All rates are published on the EOHHS website at the address listed above. For the period of July 1, 2019 through June 30, 2020 outpatient rates will be increased by 7.2%. For the period of July 1, 2022 through June 30, 2023, outpatient rates will be increase by 5.0%. For each state fiscal year thereafter, rates will be increased based on the change in the 'actual regulation market basket' as reflected in the CMS Outpatient Hospital Prospective Payment System Market Basket Update without productivity adjustment for the calendar year that contains the start of the current state fiscal year.

 - a. For physical, occupational, and speech therapy services, except as otherwise noted in the plan, state-developed fee schedule rates are the same for both governmental and private providers of outpatient hospital services. The agency's fee schedule rate was set as of July 1, 2019 and is effective for services provided on or after that date. All rates are published on the EOHHS website at the address listed above. For the period of July 1, 2019 through June 30, 2020 outpatient rates will be increased by 7.2%. For the period of July 1, 2022 through June 30, 2023, outpatient rates will be increase by 5.0%. For each state fiscal year thereafter, rates will be increased based on the change in the 'actual regulation market basket' as reflected in the CMS Outpatient Hospital Prospective Payment System Market Basket Update without productivity adjustment for the calendar year that contains the start of the current state fiscal year.
 - b. For laboratory services with dates of service on or after January 1, 2016, payment will be at the non-hospital community laboratory rate. The fees are effective for claims with a date of service on or after January 1, 2016. The fee schedule can be found on the EOHHS website at the address listed above.

STATE OF RHODE ISLAND

- c. For observation services, EOHHS will pay an hourly fee from the 8th to the 24th hour of observation. The agency's observation fee was set as of July 1, 2019 and is effective for services provided on or after that date. The observation fee is included in the fee schedule found on the EOHHS website at the address listed above. For the period of July 1, 2019 through June 30, 2023, outpatient rates will be increased by 7.2%. For the period of July 1, 2022 through June 30, 2023, outpatient rates will be increase by 5.0%. For each state fiscal year thereafter, rates will be increased based on the change in the "actual regulation market basket" as reflected in the CMS Outpatient Hospital Prospective Payment System Market Basket Update without productivity adjustment for the calendar year that contains the start of the current state fiscal year.
- d. For any remaining outpatient hospital services covered by Medical Assistance, fees will be based on fees for similar services as identified elsewhere in the State plan. For unlisted services and other rare situations where no fee can be calculated, payment will be at a percentage of charges.
2. Payment by fee will be modified in the following situations:
- For bilateral services as appropriately designated by the modifier 50, payment will be at 150% of the otherwise applicable amount.
 - For drugs covered under Section 340B of the Public Health Service Act as appropriately designated by the modifier UD, payment will be at 100% of billed charges.
3. Certain types of services are subject to discount payment when a claim contains more than one line showing procedure codes within each type of service. The line with the highest fee will be paid at 100%, the line with the second-highest fee will be paid at 50% of the otherwise-applicable fee, the line with the third highest fee will be paid at 25% of the otherwise-applicable fee, and the fourth and all subsequent lines will be paid zero. Discounting will only apply within each type of service. For example, if a claim contains three lines for an x-ray, a CT scan, and an ultrasound, each line will be paid 100%. The seven types of service are as follows:
- Significant procedures subject to discounting as designated by Medicare with APC Status "T." (In general, Medical Assistance will use the same list of procedures as Medicare, but specific exceptions may be made.)
 - Computed topography scans
 - Ultrasound
 - X-rays
 - Therapeutic radiology
 - Nuclear medicine scans
 - Magnetic Resonance Imaging
4. Some claim lines will be packaged, that is, the line will be considered paid but with a payment of zero. Packaging will apply to lines with anesthesia and recovery room codes (regardless of procedure code), lines without procedure codes, and lines with procedure codes designated as packaged under Medicare. (In general, Medical Assistance will use the same list of packaged procedures as Medicare, but specific exceptions may be made.)
5. Out-of-State hospitals will be reimbursed for outpatient surgery services provided to Rhode Island Medical Assistance Recipients at a rate equal to fifty-three (53%) of the out-of-state hospital's customary charge(s) for such services to Title XIX recipients in that state. The outpatient reimbursement for all other services, exclusive of laboratory, imaging, and physicians, will be sixty-four percent (64%) of the outpatient surgery rate.
6. Payment for all outpatient services will be final, with no year-end settlement process.
7. Hospital outpatient claims and payments are processed through MMIS.