

**STATE OF RHODE ISLAND
EXECUTIVE OFFICE OF HEALTH AND HUMAN SERVICES**

5/30/2014 PUBLIC NOTICE OF PROPOSED AMENDMENT TO EOHHS STATE PLAN

In accordance Rhode Island General Laws (RIGL) 42-35, notice is hereby given that the Executive Office of Health and Human Services (EOHHS) proposes to amend the following section of the Rhode Island State Plan under Title XIX of the Social Security Act:

Elimination of Hospital Upper Payment Limit

EOHHS may submit to the federal Centers for Medicare and Medicaid Services (CMS) an amendment to the State of Rhode Island's Medicaid State Plan relative to the hospital Upper Payment Limit (UPL) to be made on or after July 1, 2014.

The Rhode Island General Appropriations Act for State Fiscal Year 2015 is currently under review by the state General Assembly. Budget Article 24 of that act calls for the elimination of UPL payments to hospitals. If that article is included in the final budget, then this state plan amendment will be submitted to CMS to remove UPLs from the Medicaid State Plan. If article 24 is not part of the final budget, then EOHHS will withdraw this amendment and leave the existing UPL authorities in place.

This proposed amendment is accessible on the EOHHS website (www.eohhs.ri.gov) or available in hard copy upon request (401 462-1965 or RI Relay, dial 711). Interested persons should submit data, views, or written comments by June 30, 2014 to Darren J. McDonald, Office of Policy and Innovation, R.I. Executive Office of Health and Human Services, Louis Pasteur Building, 57 Howard Avenue, Cranston, RI 02920 or darren.mcdonald@ohhs.ri.gov.

In accordance with the Rhode Island General Laws 42-35-3, an oral hearing will be granted on the proposed State Plan Amendment if requested by twenty-five (25) persons, or an agency, or by an association having at least twenty-five (25) members. A request for an oral hearing must be made within thirty (30) days of this notice.

The Executive Office of Health and Human Services does not discriminate against individuals based on race, color, national origin, sex, gender identity or expression, sexual orientation, religious belief, political belief, or handicap in acceptance for or provision of services or employment in its programs or activities.

State: Rhode Island

METHODS AND STANDARDS FOR ESTABLISHING 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 these are available to the general population.
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 may be made up to the reasonable charge under Title XVIII. The upper limits with respect to any item of medical care and services provided under the State Plan shall not exceed the amounts established as the ceilings for the prices of such item pursuant to nationally imposed economic controls or limitations on the prices of goods and services. Fee schedules are posted on the Department of Human Services web site under Provider Services http://www.dhs.ri.gov/dhs/heacre/provsvcs/fee_schedule.htm. All governmental and private service providers are reimbursed according to the same published fee schedule. The Medical assistance Program rates were set as of January 1, 2008 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: Annually, the Medical Assistance Program and Rhode Island community hospitals agree to a state-wide inflation factor that applies to all in-state hospitals, which prospectively establishes the maximum allowable increase in expenses for the hospital's coming hospital fiscal year. Within one (1) year of the close of the hospital's fiscal year, each hospital must submit settlements to the state. Based on the results of the cost finding process and in conjunction with the hospital's charge structure and revenue budget, ratios of allowable costs to hospital charges (RCCs) are established for outpatient services. Each hospital must publish a list of Hospital Board approved charges and dates of implementation at the beginning of the hospital's fiscal year that are consistent for all payers. Hospitals are allowed to update their charges annually.
 1. Outpatient laboratory and imaging services will be paid separately using the Medicare allowable rate.
 2. Physician fees will be paid separately from fee schedules posted on the Department of Human Services web site under Provider Services http://www.dhs.ri.gov/dhs/heacre/provsvcs/fee_schedule.htm.

State: Rhode Island

METHODS AND STANDARDS FOR ESTABLISHING RATES—OTHER TYPES OF CARE

3. There are two outpatient RCCs. The outpatient surgery RCC will be established as described above. The outpatient RCC for all other services, exclusive of laboratory, imaging, and physicians, will be sixty-four percent (64%) of the outpatient surgery RCC.
4. 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
5. All in-state outpatient hospital payments are subject to a year-end settlement. Hospitals are required to submit settlement documents within twelve (12) months of the close of the hospital's fiscal year. Each hospital submits a state provided settlement document to submit outpatient charges, costs, and payments from the Medicaid program. Allowed costs from the prior year are adjusted by the agreed inflation factor for the fiscal year being settled. This information is reviewed by the state, adjusted where appropriate, and the new RCC is calculated by the state provided settlement document.
6. Hospital outpatient claims and payments are processed through MMIS.
7. Only hospitals and provider based entities, in accordance with 42 CFR 413.65, are reimbursed according to the outpatient hospital reimbursement methodology
8. ~~Outpatient Supplemental Payment and UPL Calculation~~
 - a. ~~For outpatient services provided for the period July 1, 2008 to June 30, 2009 each hospital as defined in Section 23-17-38.1(e)(1) is paid an amount determined as follows:~~
 - i. ~~Determine the sum of all Medicaid payments from Rhode Island MMIS to hospitals made for outpatient and emergency department services provided during each hospital's fiscal year ending during 2007, including settlements;~~
 - ii. ~~Multiplying the result of (1) above by a percentage consistent with Medicare cost finding principles; and~~

State: Rhode Island

METHODS AND STANDARDS FOR ESTABLISHING RATES—OTHER TYPES OF CARE

~~iii. The Outpatient UPL calculation is an estimate of Medicare outpatient cost for private hospitals. Specifically, a ratio of Medicare outpatient costs to Medicare outpatient charges is applied to Medicaid outpatient and emergency room charges to determine total Medicaid cost (the limit). Total Medicaid outpatient and emergency room payments are then subtracted to determine the UPL gap, which is the basis for the size of the outpatient supplemental payment. The UPL gap is calculated using an aggregate of the individual hospital gaps for state owned and operated, non-state owned and operated, and private hospitals. The outpatient UPL calculation is a reasonable estimate of the amount Medicare would pay for equivalent Medicaid services.~~

~~Cost information is from each providers Medicare cost report (CMS 2552), Worksheet D, Part V, Columns 9.01,9.02,9.03, Line 104 (which is equal to Line 101).~~

~~Charge information is from each providers Medicare cost report (CMS 2552), Worksheet D, Part V Columns 5.01, 5.02, 5.03, Line 104 (which is equal to Line 101).~~

~~The UPL is trended for inflation and utilization using CPI-U: Hospital and Related Service—CMS Health Care Indicators, Table 7: Percent Change in Medical Prices, and OP PPS Payment Increase and Market Basket Update~~

~~iv. Pay each hospital on July 20, October 20, January 20, and April 20 one quarter of the product created by multiplying the result of (1) above and (2) above.~~

- c. Payment will be made for rural health clinic services at the reasonable cost rate per visit established by the Medicare carrier. Payment for each ambulatory service, other than rural health clinic services, will be made in accordance with the rates or charges established for those services when provided in other settings.