

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

**5/4/2015 PUBLIC NOTICE OF PROPOSED AMENDMENT TO RHODE ISLAND
MEDICAID STATE PLAN**

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

In-Patient Hospital Adjustment Payment

In accordance with Article 17 of the State Fiscal Year 2015 budget enacted by the General Assembly, EOHHS is seeking federal authority to make adjustment payments to hospitals for In-Patient Services. Adjustment payments are designed to close the gap between the hospitals' estimated costs of care and Medicaid reimbursement levels.

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 5 June 2015 to Darren J. McDonald, Office of Policy and Innovation, Executive Office of Health and Human Services, 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, 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 PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: Rhode Island

INPATIENT HOSPITAL SUPPLEMENTAL PAYMENT

For inpatient services provided for the fiscal periods beginning on and after July 1, 2014, each hospital as defined in Section 23-17-38.1(c)(1) is paid an amount determined as follows:

1. Determine the sum of all Medicaid payments from Rhode Island MMIS to hospitals made for inpatient services provided during each hospital's preceding fiscal year, including settlements,
2. Multiplying the result of (1) above by a percentage consistent with Medicare cost finding principles; and
3. The Inpatient UPL calculation is an estimate of Medicare inpatient cost for private hospitals. Specifically, a ratio of Medicare inpatient costs to Medicare inpatient charges is applied to Medicaid inpatient charges to determine total Medicaid cost (the limit). Total Medicaid inpatient payments are then subtracted to determine the UPL gap, which is the basis for the size of the inpatient supplemental payment. The UPL gap is calculated using an aggregate of the individual hospital gaps for private hospitals. The inpatient 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-1, Part 2, Line 49 (PPS services and sub-providers).

Charge information is from each providers Medicare cost report (CMS 2552), Worksheet D-3, Column 2, Lines 30-40 (PPS services and sub-providers).

The UPL is trended for inflation and utilization using Medicare Inpatient PPS market basket.

4. Pay each hospital the annual UPL gap amount determined above.