STATE OF RHODE ISLAND
EXECUTIVE OFFICE OF HEALTH AND HUMAN SERVICES

7/20/2015 PUBLIC NOTICE OF PROPOSED AMENDMENT TO DHS 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:

DISPROPORTINATE SHARE HOSPITAL POLICY

EOHHS will 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 Disproportionate Share Hospital payments to:

1. Change the base year for determining qualifying uncompensated care costs for non-government and state-operated hospitals to hospital fiscal year 2014;
2. Revise the limit on payments to state-operated hospitals (Pool B);
3. Revise the limit on payments to non-government hospitals (Pool D); and

Fiscal Impact: Subject to CMS approval of this state plan amendment, EOHHS estimates that the above revisions will result in an increase of approximately $2.2 million to the aggregate expenditures by the Rhode Island Medical Assistance Program for the disproportionate share hospital payments in federal fiscal year 2016 when compared to estimated aggregate expenditures in federal fiscal year 2015.

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 August 19, 2015 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 PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State: Rhode Island

Disproportionate Share Hospital Policy

Disproportionate Share Hospitals

I. Criteria

For purposes of complying with Section 1923 of the Social Security Act, the Executive Office of Health and Human Services, the designated Single State Agency for the Title XIX Medical Assistance Program, will determine which hospitals can be deemed eligible for a disproportionate share payment adjustment.

1. Rhode Island defines disproportionate share hospitals as those licensed hospitals within the State providing inpatient and outpatient services meeting the following criteria:

A. A Medical Assistance inpatient utilization rate at least one (1) standard deviation above the mean medical assistance inpatient utilization rate for hospitals receiving medical assistance payments in the State; or

B. A low-income inpatient utilization rate exceeding twenty five (25) percent; or

C. A Medical Assistance inpatient utilization rate of not less than one (1) percent, and

D. The hospital has at least two (2) obstetricians with staff privileges at the hospital who have agreed to provide obstetric services to individuals entitled to such services under the Rhode Island Medical Assistance Program. This requirement does not apply to a hospital where: a) the inpatients are predominantly individuals under eighteen (18) years of age; or b) did not offer non-emergency obstetric services as of 12/22/87.

II. Definitions

1. Medical Assistance inpatient utilization rate means, for a hospital, a fraction (expressed as a percentage), the numerator of which is the hospital's number of inpatient days attributable to patients who (for such days) were eligible for Rhode Island Medical Assistance Program in a period (regardless of whether the services were furnished on a fee-for-service basis or through a managed-care entity), and the denominator of which is the total number of the hospital's inpatient days in that period.

2. Low-income utilization rate means, for a hospital, the sum of

A. A fraction (expressed as a percentage), the numerator of which is the sum (for the hospital's fiscal year designated in Section 111,1,F) of the total medical

assistance revenues paid to the hospital for patient services (regardless of whether the services were furnished on a fee-for-service basis or through a managed-care entity), and the amount of the cash subsidies for patient services received directly from state and local governments, the denominator of which is the total amount of revenues of the hospital for patient services (including the amount of such cash subsidies) in that period; and

B. A fraction (expressed as a percentage), the numerator of which is the total amount of the hospital's charge for inpatient hospital services which are attributable to charity care in the hospital's fiscal year designated in Section 111,1,F less the portion of any cash subsidies described in subparagraph (A) in that period reasonably attributable to inpatient hospital services, and the denominator of which is the total amount of revenues of the hospital's charges for inpatient hospital services in the hospital in that period.
The numerator under subparagraph (6) shall not include contractual allowances and discounts (other than for indigent patients not eligible for medical assistance).

III. Payment Adjustment

1. For Federal fiscal year 2015 and for Federal fiscal years thereafter, the State shall make payment on or after July 1 to each qualifying facility in accordance with the following formula:

A. For all licensed hospitals within Rhode Island that meet or exceed the criteria set forth in section 1923(b) of the Social Security Act, $1,000 plus the proportional share of $232,379. That sum shall be distributed among the qualifying facilities in the direct proportion that the low-income utilization rate in each facility exceeds 25 percent.

B. For state-operated hospitals that exceed the Medical Assistance inpatient utilization rate by more than one standard deviation, there shall be an additional payment of $10,000 plus the proportional share of $1,396,940. That sum shall be distributed among the qualifying facilities in the direct proportion of the weighted average yielded by the multiplication of the percentage points that the Medical Assistance utilization rate exceeds one standard deviation unit above the mean, times the total dollars expended for Medical Assistance care.

C. For women and infant specialty hospitals licensed within Rhode Island (i.e., hospitals with more than 5,000 births annually and a neo-natal intensive care unit) that exceed the Medical Assistance inpatient utilization rate by more than one standard deviation unit or whose low-income utilization exceeds 25%, $1,000

plus the proportional share of $3,409,058. That sum shall be distributed among the qualifying facilities in direct proportion to the weighted average yielded by the multiplication of the percentage points that the low-income utilization rate exceeds 25% times the dollars expended for low-income care.

D. For non-government hospitals licensed within Rhode Island, whose Medicaid inpatient utilization rate exceed 1.0%, there shall be an additional payment not to exceed $140.0 million to compensate hospitals for uncompensated care (as defined below) distributed among the qualifying hospitals in direct proportion to the individual qualifying hospital's uncompensated care to the total uncompensated care costs for all qualifying hospitals. To the extent that audit findings demonstrate that DSH payments exceeded the documented hospital-specific limit, the excess DSH payments are distributed by the State to other qualifying hospitals in direct proportion to the individual qualifying hospital's uncompensated care to the total uncompensated care costs for all qualifying hospitals as an integral part of the audit process.

E. Women and infant specialty hospitals that qualify shall be paid only in accordance with sections A, C, and D. Psychiatric hospitals that qualify shall be paid only in accordance with A. State hospitals that qualify shall be paid only in accordance with sections A and B.

F. Uncompensated care is defined as stated in Section 1923 of the Social Security Act and issued by CMS in the Medicaid DSH reporting and auditing final regulation on December 19, 2008 (Federal Register/Vol. 73, No. 245).

   The utilization rates, costs, and uncompensated care for the most recently completed hospital fiscal year for which data is available (hospital fiscal year 2014 will be utilized to determine each hospital's payment). 2014 uncompensated care costs shall be indexed by the uncompensated care index as defined in Rhode Island General Law 40-8.3-2(5) for each subsequent year to calculate the costs for the year in which payments are made. The total payment to a qualifying facility will not exceed the facility specific caps described in Section 1923(g).

G. Rhode Island's share of any national disproportionate share allocation in addition to the amounts authorized under Section III and any undistributed monies from section A, C, and D (should no hospitals qualify in those categories) shall be added to section B and distributed by the same proportion and methodology.

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State: Rhode Island

Disproportionate Share Hospital Policy

For purposes of applying and allocating the State DSH allotments established under Section 1923 (I) of the Social Security Act, the Executive Office of Health and Human Services shall allocate the allotment ratably to the pools established under sections A, B, C, D, and H.

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The state has in place a public process, which complies with the requirements of Section 1902(a)(13)(A) of the Social Security Act.