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State/Territory Name: Rhode Island

State Plan Amendment (SPA) 21-0020

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
7500 Security Boulevard, Mail Stop S3-14-28
Baltimore, Maryland 21244-1850



Financial Management Group

June 7, 2022

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

RE: Rhode Island 21-0020

Dear Secretary Jones:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid State plan submitted under transmittal number (TN) 21-0020. Effective December 1, 2021, this amendment proposes to codify payment methodology for Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICFs/IID) under Attachment 4.19-D of the RI state plan.

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 21-0020 is approved effective December 1, 2021. 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 Novena James-Hailey at (617) 565-1291 or Novena.JamesHailey@cms.hhs.gov.

Sincerely,



Rory Howe
Director

Enclosures

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

| | |
|---|-----------------------|
| 1. TRANSMITTAL NUMBER <u>2 1 — 0 0 2 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
12/1/2021

5. FEDERAL STATUTE/REGULATION CITATION
1902(a)(30)(A)

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 2022 \$ 0
b. FFY _____ \$ _____

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
**Attachment 4.19D Page 3
Attachment 4.19D Page 27
Attachment 4.19D Page 27a
Attachment 4.19D Page 27b**

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (if Applicable)
Attachment 4.19D Page 3

9. SUBJECT OF AMENDMENT

Payment methodology for Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICFs/IID)

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
Womazetta Jones

13. TITLE
Secretary

14. DATE SUBMITTED
12/23/21

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

FOR CMS USE ONLY

| | |
|--|-----------------------------------|
| 16. DATE RECEIVED December 23, 2021 | 17. DATE APPROVED June 7, 2022 |
|--|-----------------------------------|

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
December 1, 2021

19. SIGNATURE OF APPROVING OFFICIAL
[Redacted]

20. TYPED NAME OF APPROVING OFFICIAL
Rory Howe

21. TITLE OF APPROVING OFFICIAL
Director, Financial Management Group

22. REMARKS

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Payment for Intermediate Care Facility for Individuals with Intellectual Disabilities (ICF/IID) will be paid on a cost bases as follows:

a. Cost-Based Payment

From January 1 through December 31st, providers will be reimbursed using interim rates that are calculated using data that is from the cost report of the prior calendar year (January 1 through December 31). Cost reports for the prior calendar year (January 1 through December 31) are due to the state by March 31. Rates from those cost reports are also used for the final settlements of the prior calendar year (January 1 – December 31).

1. To determine total eligible Medicaid expenditures, EOHHS shall use the total expenses as reported in Schedule 2 of the cost report, reflecting applicable adjustments. Applicable adjustments include, but are not limited to:
 - Reductions for the patient’s clothing allowance (Schedule 1)
 - Interest Income (Schedule 2)
 - Depreciation (Schedule 9)
 - One-time sources of revenue or expenditures (for example, grants given by the State to the facility during states of emergency)
2. To determine the Medicaid per diem rate, divide total Medicaid reimbursable expenditures by the total inpatient days. Inpatient days are based on MMIS data obtained from the State’s intermediary fiscal agent.
3. To this amount, \$1.00 is added for allowable clothing allowance, which becomes the actual rate for the previous calendar year. This rate will be used in the reconciliation for the previous calendar year (January 1 – December 31).

Settlement for Previous Calendar Year

The total amount owed by Medicaid will be compared to the total sum of interim payments made in aggregate to the facility in the corresponding calendar year. If the total amount owed by Medicaid is greater than the sum of the interim payments, EOHHS will reimburse the provider via a reconciliation payment in an amount that is equal to that difference. If the revenue owed by Medicaid to the facility is less than the sum of the interim payments, the provider shall return to EOHHS (via a reconciliation payment) the amount that is equal to that difference. This

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reconciliation of interim to final rates will occur within one year past the end of the applicable calendar year (i.e., reconciliation for CY 2020 rates will be reconciled by December 31, 2021).

Determination of Prospective Rate for Current Calendar Year

1. Determination of total Medicaid-eligible expenses is the same way as detailed above, except that EOHHS adjusts total expenditures by an inflationary factor. The inflationary factor used is the CMS Actual Inpatient Hospital PPS Market Basket without productivity adjustment for the federal fiscal year aligned with the current state fiscal year in which a prospective rate is calculated.
2. Total Medicaid-eligible expenses are then divided by projected inpatient days.
 - a. To determine this amount, EOHHS examines the most recent monthly census reports to determine an average daily census then multiplies the average monthly census by 365 (or 366 for leap years).
3. To this amount is added \$1.00 for allowable clothing allowance, which becomes the interim reimbursement rate for the current calendar year (January 1 through December 31).

Any such payment or recoupment resulting from the reconciliation will be added to Medicaid payments in the UPL demonstration that utilizes that year's base year data.

b. Prior Authorizations and Description of Service Provided

All admissions require prior authorization by the Department of Human Services, Long Term Care unit, however prior authorization of the length of stay is not required. The services provided in the setting are acknowledged to be inclusive of a variety of State Plan approved benefits, and levels of intensity of services. Services that are provided are based on the beneficiaries' plan of care/ treatment plan and differ in intensity based on the beneficiaries' acuity. Services that are provided encompass a complete continuum of care.

c. Annual review

EOHHS will review the cost-based payment method at least annually, making updates as appropriate through the state plan amendment process.

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d. Posted Information

Beneficiaries, and other interested parties can find interim rates on the Executive Office of Health and Human Services website here: <https://eohhs.ri.gov/providers-partners/provider-directories/icfid> which will be updated annually.