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**State/TerritoryName: RI**

**State Plan Amendment(SPA)#: 25-0008**

Thisfilecontains the followingdocumentsin the orderlisted:

- 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



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**Financial Management Group**

June 17, 2025

Richard Charest, Secretary  
Executive Office of Health and Human Services  
State of Rhode Island  
Cranston, RI 02920

RE: Rhode Island State Plan Amendment Transition Number (TN) 25-0008

Dear Secretary Charest:

The Centers for Medicare & Medicaid Services (CMS) has reviewed the proposed Rhode Island state plan amendment (SPA) to Attachment 4.19-A TN 25-0008, which was submitted to CMS on March 26, 2025. This plan amendment implements a legislative mandate to establish an additional Disproportionate Share Hospital (DSH) pool in the amount of \$12.9 million, designated specifically for payments to government-owned and operated providers.

We reviewed your SPA submission for compliance with statutory requirements, including in sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903 as it relates to the identification of an adequate source for the non-federal share of expenditures under the plan, as required by 1902(a)(2), and 1923 of the Social Security Act and the applicable implementing Federal regulations.

Based upon the information provided by the state, we have approved the amendment with an effective date of March 1, 2025. We are enclosing the approved CMS-179 and a copy of the new state plan pages.

If you have any additional questions or need further assistance, please contact Novena James-Hailey at 617-565-1291 or via email at [Novena.JamesHailey@cms.hhs.gov](mailto:Novena.JamesHailey@cms.hhs.gov).

Sincerely,



Rory Howe  
Director  
Financial Management Group

Enclosures

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

1. TRANSMITTAL NUMBER

2 5 — 0 0 0 8

2. STATE

RI3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL  
SECURITY ACT

XIX



XXI

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

4. PROPOSED EFFECTIVE DATE

March 1, 2025

5. FEDERAL STATUTE/REGULATION CITATION

42 CFR 412.106

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY 2025 \$ 7,263,990b. FFY 2026 \$ 7,417,500

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Supplement 1 to Attachment 4.19-A pgs 1-2

Supplement 1 to Attachment 4.19-A pg 2a

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  
OR ATTACHMENT (If Applicable)

Supplement 1 to Attachment 4.19-A pgs 1-2 (TN 24-0001)

9. SUBJECT OF AMENDMENT

DSH Methodology

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

Richard Carest

13. TITLE

Secretary, EOHHS

14. DATE SUBMITTED

3/26/2025

15. RETURN TO

EOHHS

3 West Road

Cranston, RI 02920

**FOR CMS USE ONLY**

16. DATE RECEIVED

03/26/2025

17. DATE APPROVED

June 17, 2025

**PLAN APPROVED - ONE COPY ATTACHED**

18. EFFECTIVE DATE OF APPROVED MATERIAL

March 1, 2025

19. SIGNATURE OF APPROVING OFFICIAL

20. TYPED NAME OF APPROVING OFFICIAL

Rory Howe

21. TITLE OF APPROVING OFFICIAL

Director, Financial Management Group

22. REMARKS

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACTState: 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. 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 1 I I,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

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

TN # 25-0008

Supersedes

TN #24-0001Approved: June 17, 2025Effective: March 1, 2025

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACTState: Rhode Island

## Disproportionate Share Hospital Policy

111,1,F Jess 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).

- 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 Jess 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 2025 end and for federal fiscal years thereafter, the State shall make payment to each-qualifying facility in accordance with the following formula:
  - A. Pool C: For government-operated hospitals licensed within the state of Rhode Island, whose Medicaid inpatient utilization rate exceeds 1.0%, there shall be a payment 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 the qualifying hospitals in the pool. To the extent that audit findings demonstrate that DSH payments exceeded the documented hospital-specific DSH limit, the excess DSH payments are distributed by the State to other qualifying hospitals within this pool in direct proportion to the individual qualifying hospital's uncompensated care to the total uncompensated care costs for all qualifying hospitals. If there are no other hospitals eligible for redistribution, the State shall return the excess funds to CMS.
  - B. Pool D: For non-government and non-psychiatric hospitals licensed within the State of Rhode Island, whose Medical Assistance inpatient utilization rate exceed 1.0%, there shall be a payment 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 in the pool. For federal fiscal year 2024 and for fiscal years thereafter, the State of Rhode Island shall incorporate the estimated hospital state directed payment for payments as a percentage of commercial equivalent rates for the current SFY in which the DSH payment is made into the calculation of the hospital specific limit used to estimate the current SFY DSH payment. For example, the SFY 24 DSH payment will be based on estimated 2022 hospital reported uncompensated care costs adjusted to

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACTState: Rhode Island

## Disproportionate Share Hospital Policy

- C. reflect the impact of the estimated SFY 24 state directed payment for payments as a percentage of commercial equivalent rates to be received by the hospital. Doing so will help to reduce the frequency of large recoupments and redistributions from hospitals, which can disrupt cash flow and normal operations, and will be identified in the independent audit three years after the SFY 24 DSH payment is made. 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.
- D. The sum of payments made under A. and B. will not exceed the total computable DSH allotment as reported on Form CMS-64.9D Column G, Line I.
- E. 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).