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State/Territory Name: RI

State Plan Amendment (SPA) #: 25-0013

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

March 26, 2026

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) 25-0013

Dear Secretary Charest:

The Centers for Medicare & Medicaid Services (CMS) has reviewed the proposed Rhode Island state plan amendment (SPA) to Attachments 4.19-A and 4.19-B TN 25-0013, which was submitted to CMS on August 29, 2025. This plan amendment reimburses hospitals for Selected carved-out drugs separately from the inpatient All Patient Refined Diagnosis Related Group (APR-DRG) payment when the drugs are approved under the Cell and Gene Therapy Access Model. A separate outpatient claim will be submitted by the hospital for the reimbursement of these drugs at the Acquisition Cost (AAC).

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) 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 July 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 or Lindsay Michael at 410-786-7197 or via email at Lindsay.Michael@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 1 3

2. STATE

RI

3. 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

July 1, 2025

5. FEDERAL STATUTE/REGULATION CITATION

42 CFR Part 447, 42 CFR Part 440.10

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY 2025 \$ ~~0~~ 1,289,149
b. FFY 2026 \$ ~~0~~ 5,222,222

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19-A page 4 Attachment 4.19-A page 4a (New)
Attachment 4.19-B page 8

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)

Attachment 4.19-A page 4 (TN # 21-0016)
Attachment 4.19-B page 8 (TN # 24-0010)

9. SUBJECT OF AMENDMENT

~~High Investment Drugs~~ Selected Carve-out Drug

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
8/29/25

15. RETURN TO

EOHHS
3 West Road
Cranston, RI 02920

FOR CMS USE ONLY

16. DATE RECEIVED
08/29/2025

17. DATE APPROVED
March 26, 2026

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
07/01/2025

19. SIGNATURE OF APPROVING OFFICIAL

20. TYPED NAME OF APPROVING OFFICIAL
Rory Howe

21. TITLE OF APPROVING OFFICIAL
Director, Financial Management Group

22. REMARKS

Pen and ink changes above per state

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

STATE: Rhode Island

productivity adjustment for the current federal fiscal year; technical corrections to offset changes in DRG Relative Weights or policy adjustors; changes in how hospitals provide diagnosis and procedure codes on claims; and budget allocations.

- q. Select carve-out drugs are excluded from the DRG payment and will be paid at 100% of the Actual Acquisition Cost (AAC). A separate claim will be submitted by the hospital for the reimbursement of these drugs in the manner specified on the listing of selected carve-out drugs that can be found at <https://eohhs.ri.gov/providers-partners/provider-directories/pharmacy> effective July 1, 2025.
- r. Posted information. Hospitals, beneficiaries and other interested parties can find current versions of a DRG Calculator (including the DRG Base Payment rate for each APR-DRG) on the Executive Office of Health and Human Services website, updated as of July 1, 2019:
<http://www.eohhs.ri.gov/ProvidersPartners/GeneralInformation/ProviderDirectories/Hospitals.aspx>

Payment for inpatient hospital care provided by government-owned and -operated hospitals will be paid on a cost basis as follows:

a. Cost-Based Payment

From January 1 through December 30, providers will be reimbursed using interim rates that are calculated using data that is from the cost report of the prior state fiscal year (July 1 – June 30). Cost reports for the prior state fiscal year (July 1 – June 30) are due to the state November 30. Rates from these cost reports are also used for the final settlements of the prior state fiscal year (July 1 – June 30). The Medicaid rate is equal to the per diem found on the Cost Report at Worksheet D-1 Line 38 plus an amount equal to adding the costs on Worksheet A-8-2, Column 4, Line 200 and dividing by inpatient days found on Worksheet D-1, Column 1, Line 2.

These final rates will be used in a reconciliation for the previous state fiscal year (July 1 – June 30) and become the interim rates for the following calendar year (January 1 – December 30).

For each state fiscal year (July 1 – June 30), the final per diem rates (that are calculated using the cost reports that are due the following November 30) will be multiplied by the number of paid Medicaid inpatient days for dates of service in the relevant state fiscal year, to generate the amount owed by Medicaid for that state fiscal year.

The total amount owed by Medicaid will be compared to the total sum of interim payments made in aggregate to the hospital in the corresponding state fiscal 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 the amount that is equal to that difference. If the revenue owed by Medicaid to the hospital 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 reconciliation of interim to final rates will occur within one year post the end of the applicable state fiscal year (i.e. reconciliation for SFY2019 rates will be reconciled by June 30, 2020).

Any such payment or recoupment resulting from the reconciliation will be added to Medicaid

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

STATE: Rhode Island

payments in the UPL demonstration that utilizes that year's base year data.

b. Prior Authorization and Description of Service Provided

All admissions require prior authorization, 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 the levels of intensity of services. Services that are provided are

STATE OF RHODE ISLAND

- E. First Data Bank Consolidated Price 2 (SWD)— 19%; or
- F. Submitted price; or
- G. The providers' usual and customary (U & C) charge to the public, as identified by the claim charge
- iii) 340B Covered Entities
- 340B covered entities that fill Medicaid beneficiaries' prescriptions with drugs purchased at the prices authorized under Section 340B of the Public Health Services Act will be reimbursed at the actual acquisition cost for the drug plus a \$8.96 professional dispensing fee. Drugs acquired by a covered entity under the 340B program and dispensed by the covered entity's contract pharmacy are not reimbursed.
- Facilities purchasing drugs through the Federal Supply Schedule (FSS) or drug pricing program under 38 U.S.C. 1826, 42 U.S.C. 256b, or 42 U.S.C. 1396-8, other than the 340B drug pricing program will be reimbursed no more than the actual acquisition cost for the drug plus \$8.96 professional dispensing fee.
- iv) Facilities purchasing drugs at Nominal price (outside of 340B or FSS) will be reimbursed no more than the actual acquisition cost (as defined in defined in "47.502) for the drug plus a \$8.96 professional dispensing fee. Nominal Price as defined in {447.502 of the Code of Federal Regulations, Part 42 means a price that is less than 10 percent of the average manufacturer price (AMP) in the same quarter for which the AMP is computed.
- v) Physician administered drugs (PADs) submitted under the medical benefit will be reimbursed at 106 percent of the Average Sales Price (ASP). PADs without an ASP on the CMS reference file will be reimbursed at the provider's acquisition cost. Covered entities using drugs purchased at the prices authorized under Section 340B of the Public Health Services Act for Medicaid members must bill Medicaid their actual acquisition cost (as defined in defined in "47.502).
- vi) All Indian Health Service, tribal, and urban Indian pharmacies are paid at the encounter rate (also known as the "OMB Rate" or "IHS All-inclusive Rate").
- vii) Investigational drugs are not a covered service.
- *The output for First Data Bank's Consolidated Price 2 (SWD) is based on the application of the following criteria:
1. If Suggested Wholesale Price (SWP) is available, SWP will be output.
 2. If SWP is not available, WAC will be output.
 3. If neither SWP nor WAC are available, Direct Price will be output.
- viii) Select carve-out drugs are excluded from the DRG payment and paid at 100% of the Actual Acquisition Cost (AAC). A separate outpatient claim will be submitted by the hospital for the reimbursement of these drugs in the manner specified on the listing of selected carve-out drugs that can be found at <https://eohhs.ri.gov/providers-partners/provider-directories/pharmacy-effective-july-1-2025>.
- a. Dentures: on the basis of a negotiated fee schedule.
- b. Surgical and prosthetic devices: all payments are made for covered
- c. Eyeglasses prescribed by a physician skilled in diseases of the eye or by an optometrist, except as otherwise noted in the State Plan, state-developed fee schedule rates are the same for both governmental and private providers of eyeglasses. The agency's fee schedule rate was set as of April 1993 for frames and March 2009 for lenses and is effective for services provided on or after those dates. All rates are published at <https://eohhs.ri.gov/providers-partners/fee-schedules>
- 13.
- d. Rehabilitative services: except as otherwise noted in the State Plan, state-developed fee schedule rates are the same for both governmental and private providers of rehabilitative services. The agency's fee schedule rate was set as of October 1, 2024 and is effective for services provided on or after that date. All rates are published at <http://www.eohhs.ri.gov/ProvidersPartners/FeeSchedule.aspx>.
17. Nurse midwife services: except as otherwise noted in the State Plan, state-developed fee schedule rates are the same for both governmental and private providers of nurse mid-wife services. The agency's fee schedule rate was set as of 2000 and is effective for services provided on or after that date. All rates are published at <http://www.eohhs.ri.gov/Portals/0/Uploads/Documents/Fee%20Schedules/Medicaid%20Fee%20Schedule.pdf>

TN No: 25-00013

Supersedes

TN No: 24-0010Approval Date: March 26, 2026Effective Date: July 1, 2025