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State/Territory Name: Rhode Island

State Plan Amendment (SPA) #: 20-0008

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 AND HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, MD 21244-1850



Financial Management Group

March 25, 2021

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

RE: State Plan Amendment (SPA) TN 20-0008

Dear Secretary Jones:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State Plan submitted under transmittal number (TN) 20-0008. This amendment adds a cost-based reimbursement methodology for state-owned inpatient hospital services.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1923 and 1903(a) of the Social Security Act and the implementing Federal regulations at 42 CFR Part 447. This letter is to inform you that Rhode Island 20-0008 is approved effective April 1, 2020. The CMS-179 and approved plan pages are enclosed.

If you have any questions, please contact Novena James-Hailey at (617) 565-1291 or Novena.JamesHailey@cms.hhs.gov.

Sincerely,

A solid black rectangular box redacting the signature of the sender.

For
Rory Howe
Acting Director

Enclosures

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

1. TRANSMITTAL NUMBER:
20-0004 0008

2. STATE
RI

FOR: CENTERS FOR MEDICARE AND MEDICAID SERVICES

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE
SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
CENTERS FOR MEDICARE AND MEDICAID SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
April 1, 2020

5. TYPE OF PLAN MATERIAL (*Check One*):

NEW STATE PLAN AMENDMENT TO BE CONSIDERED AS NEW PLAN **XX** AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (*Separate Transmittal for each amendment*)

6. FEDERAL STATUTE/REGULATION CITATION:

42 CFR 440.10, 447.253

7. FEDERAL BUDGET IMPACT:

a. FFY 2020 \$ 0
b. FFY 2021 \$ 0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19 A p.4
Attachment 4.19 A p.5 New

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (*If Applicable*):

Attachment 4.19 A p.4

10. SUBJECT OF AMENDMENT:

Payment for inpatient hospital care provided by government-owned and -operated hospitals

11. 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

XX OTHER, AS SPECIFIED:
See Attached Letter

12. SIGNATURE OF STATE AGENCY OFFICIAL:



16. RETURN TO:

EOHHS
3 West Rd, Virks Building
Cranston, RI 02920

13. TYPED NAME: Womazetta Jones

14. TITLE: Secretary

15. DATE SUBMITTED: May 5, 2020

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

18. DATE APPROVED:

3/25/21

PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

4/1/20

20.  CIAL:
For

21. TYPED NAME:

Rory Howe

Acting Director, FMG

23. REMARKS:

5/21/2020 pen and ink request to change transmittal number in box #1 from 20-0004 to 20-0008. Transmittal number 20-0004 was already assigned to a SPA on State Supplemental Payments and Medically Needy Income Limits.

02/03/2021 pen and ink change in box 8 per state request.

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changes in how hospitals provide diagnosis and procedure codes on claims; and budget allocations.

- q. 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 those 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 total 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 an 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 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, 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

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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.

d. Posted information

Hospitals, beneficiaries and other interested parties can find current interim rates on the Executive Office of Health and Human Services website, which will be updated annually in January:

<http://www.eohhs.ri.gov/ProvidersPartners/GeneralInformation/ProviderDirectories/Hospitals.aspx>.