

**STATE OF RHODE ISLAND  
EXECUTIVE OFFICE OF HEALTH AND HUMAN SERVICES**

**6/29/2021 PUBLIC NOTICE OF PROPOSED AMENDMENT TO RHODE ISLAND  
MEDICAID STATE PLAN**

In accordance Rhode Island General Laws 42-35, notice is hereby given that the Executive Office of Health and Human Services (EOHHS) proposes to make the following amendment to the Rhode Island State Plan under Title XIX of the Social Security Act:

**Inpatient Hospital Supplemental Payment**

EOHHS is seeking federal authority to add supplemental payments (otherwise known as UPL payments) to hospitals for Inpatient Services to the Medicaid State Plan. This change would result in an increase in annual expenditures of approximately \$18.5 million all funds. The proposed effective date of this change is July 1, 2021.

This proposed amendment is accessible on the EOHHS website ([www.eohhs.ri.gov](http://www.eohhs.ri.gov)) or available in hard copy upon request (401-462-6348 or RI Relay, dial 711). Interested persons should submit data, views, or written comments by July 29, 2021 to Bryan Law, Executive Office of Health and Human Services, 3 West Rd, Cranston, RI, 02920, or [Bryan.Law@ohhs.ri.gov](mailto:Bryan.Law@ohhs.ri.gov) or via phone at (401) 462-1501.

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, 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.

**Proposed Revisions to State Plan Pages:**

**INPATIENT HOSPITAL SUPPLEMENTARY PAYMENT**

Supplemental payments made to hospitals for In-Patient Services under the Medicaid State Plan are eliminated, effective July 1, 2019. For inpatient services provided on and after July 1, 2021, each acute care hospital is paid an amount determined as follows:

1. Determine the sum of gross Medicaid payments (including TPL, but excluding the cross-over claims for which Medicare is the primary payer) from Rhode Island MMIS and all other Medicaid FFS inpatient payments to hospitals made for inpatient services provided during each hospital's preceding fiscal year, including settlements
  
2. The Inpatient UPL calculation is an estimate of Medicare inpatient cost for private hospitals. Specifically, a ratio of Medicare inpatient costs to Medicare inpatient charges is applied to Medicaid inpatient charges to determine total Medicaid UPL amount. This is then inflated to adjust from the cost report year to the UPL year, and the Medicaid Provider Tax cost is added to determine the Adjusted Medicare UPL amount. Total Medicaid inpatient payments Inflated to Demonstration Year are then subtracted from the Adjusted Medicare UPL amount to determine the UPL gap, which is the basis for the size of the inpatient supplemental payment. The UPL gap is calculated using an aggregate of the individual hospital gaps for private hospitals. The inpatient UPL calculation is a reasonable estimate of the amount Medicare would pay for equivalent Medicaid services.

Except for Bradley Hospital, Medicare routine and ancillary cost information is from each provider's as-filed Medicare cost report (CMS 2552), Worksheet D-1, Part 2, Line 49 (PPS services and sub-providers).

Medicare routine and ancillary charge information is from each provider's as-filed Medicare cost report (CMS 2552), Worksheet D-3, Column 2, Lines 30-40 and 202 (PPS services and sub-providers)

For Bradley Hospital, Medicare routine and ancillary charge information is from the provider's as filed Medicare cost report (2552-10), Worksheet G-2, Part I, Column I, Line 28. To determine the Bradley Hospital's inpatient cost information:

- A. Identify total inpatient charges (detailed above)
- B. Identify outpatient charges (from filed Medicare cost report (2552-10), Worksheet G-2, Part I, Column 2, Line 28)
- C. Calculate total inpatient and outpatient charges (A + B)
- D. Calculate the percentage of inpatient charges to total charges (A / C)
- E. Identify total inpatient and outpatient costs from filed Medicare cost report (2552-10), Worksheet G-2, Part II, Column 2, Line 43)
- F. Calculate total amount of inpatient costs (D \* E)

The State shall use a Medicare cost report for the hospital's fiscal year beginning in the federal fiscal year two years prior to the state demonstration year. For example, a SFY 22 demonstration

submitted in June 2022 (end of SFY22, within FFY 22) would use a Medicare cost report for the hospital fiscal year beginning in FFY 20 (10/1/2019 and 1/1/2020 reporting start dates, both in FFY 20)

The UPL is trended for inflation using a composite factor: the Rhode Island General Assembly's inflationary adjustment enacted for the state demonstration year multiplied by the Rhode Island General Assembly's inflationary adjustment enacted for the prior state fiscal year.

The aggregate UPL gap is distributed among all the hospitals based on the percentage relationship of each hospital's Medicaid payments to total Medicaid payments for all the private hospitals. Butler and Bradley hospitals will not receive this supplemental payment.

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