

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

**06/30/2022 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 DRG Base Rate Increase**

EOHHS is seeking approval from the Centers for Medicare and Medicaid Services (CMS) to update Rhode Island's Medicaid State Plan to increase the Diagnosis Related Group (DRG) base rate by 5% for the period of July 1, 2022 through June 30, 2023. For each state fiscal year thereafter, rates will be increased based on the change in the "actual regulation market basket" as reflected in the CMS Inpatient Hospital Prospective Payment System Market Basket Update without productivity adjustment for the current federal fiscal year.

These changes are proposed to take effect on July 1, 2022. The projected fiscal impact for SFY23 is \$1,924,087.

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 (401-462-1501 or RI Relay, dial 711). Interested persons should submit data, views, or written comments by July 30, 2022 to Katy Thomas, Executive Office of Health and Human Services, 3 West Rd, Cranston, RI, 02920, or [Kathryn.thomas@ohhs.ri.gov](mailto:Kathryn.thomas@ohhs.ri.gov) or via phone at (401) 462-2598.

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 ten (10) 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.

**Original signed by Ana Novais, Acting Secretary, Rhode Island Executive Office of Health and Human Services**  
**Signed this 30<sup>th</sup> day of June, 2022**

## STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

STATE: Rhode Island

Payment for inpatient hospital care provided by Rhode Island and out-of-state hospitals under fee-for-service arrangements is as follows:

DRG Base Payment. In general, payment will be by diagnosis related group, using the All Patient Refined Diagnosis Related Group (APR-DRG) algorithm. The DRG Base Payment will equal the DRG Relative Weight specific to APR-DRG times the DRG Base Price times an age adjustor (if applicable as defined in section c below). For inpatient admissions on and after December 1, 2015, the DRG base rate paid to each hospital for inpatient services, as calculated pursuant to this payment methodology, will be reduced by 2.5%.

Effective July 1, 2016 the DRG base price will be increased by 3%, resulting in a base price of \$11,093.

Effective July 1, 2017, and for each state fiscal year thereafter, the DRG base price will be increased by the CMS Hospital Prospective Reimbursement Market Basket for the applicable period, as reported in the quarterly Healthcare Cost Review published by the IHS Markit.

For the period of July 1, 2019 through June 30, 2020 the DRG base rate will be increased by 7.2%. Effective July 1, 2020 the DRG base rate will be increased by the CMS national Prospective Payment System (IPPS) Hospital Input Price Index. Effective July 1, 2022, the DRG base rate will be increased by 5.0%. Effective 7/1/2023, the DRG base rate will be increased by the change in the “actual regulation market basket” as reflected in the CMS Inpatient Hospital Prospective Payment System Market Basket Update without productivity adjustment for the current federal fiscal year.

- a. APR-DRG algorithm. Effective July 1, 2016, the Executive Office of Health and Human Services (EOHHS) is using the most current version of the APR-DRG algorithm. It is EOHHS’s intention to update the version each year so that it uses the current version available as of the effective date of the rates.
- b. DRG Relative Weights. Effective July 1, 2016, EOHHS is using the most current version of the national APR-Relative Weights as published by 3M Health Information Systems. For certain services where Medicaid represents an important share of the Rhode Island market, policy adjustors will be used to increase the Relative Weights in order to encourage access to care. These services (defined by APR-DRG) and policy adjustors are: neonatal intensive care, 1.25; normal newborns, 1.15; obstetrics, 1.15; mental health, 1.45; and rehabilitation, 1.45. Policy adjustors are intended to be budget-neutral; because payment for services with policy adjustors is higher than it otherwise would have been, payment for other services is lower than it otherwise would have been. Budget neutrality is achieved through the level of the DRG Base Price.
- c. Age adjustor. To facilitate access to mental health care for children, calculation of the DRG Base Payment will include an “age adjustor” to increase payment for

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Supersedes

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Approval Date: \_\_\_\_\_

Effective Date: July 1, 2022