

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

**12/4/23 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:

Disproportionate Share Hospital (DSH) Policy

EOHHS is seeking approval from the Centers for Medicare and Medicaid Services (CMS) to update Rhode Island's Medicaid State Plan to incorporate the estimated hospital state directed payments 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. This change will reduce the frequency of large recoupments and redistributions from hospitals, which can disrupt cash flow and normal operations.

This change is proposed to take effect on January 1, 2024, and is not anticipated to have any fiscal impact.

This proposed amendment is accessible on the EOHHS website (www.eohhs.ri.gov) or available in hard copy upon request (401-462-2407 or RI Relay, dial 711). Interested persons should submit data, views, or written comments by January 3, 2024 to Brittany Church, Executive Office of Health and Human Services, 3 West Rd, Cranston, RI, 02920, or Brittany.Church@ohhs.ri.gov or via phone at (401) 462-2407.

In accordance with the Rhode Island General Laws 42-35-2.8, 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 Richard Charest, Secretary, Rhode Island Executive
Office of Health and Human Services
Signed this 4th day of December, 2023**

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
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Disproportionate-Share Hospital-Policy

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

- 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 ~~2017~~ 2024 end and for federal fiscal years thereafter, the State shall make payment to each-qualifying facility in accordance with the following formula:
 - A. 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 not to exceed the total computable DSH allotment as reported on Form CMS-64.9D Column G, Line I 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. For federal fiscal year 2024 and for fiscal years thereafter, the State of Rhode Island shall incorporate the estimated hospital state directed payments 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 reflect the impact of the estimated SFY 24 state directed payment to be received by the hospital. Doing so will help to reduce the frequency of large recoups 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.

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- B. 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).
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The utilization rates, costs, and uncompensated care for the most recently completed hospital fiscal year for which data is available (hospital fiscal year 2014 will be utilized to determine each hospital's payment). 2014 uncompensated care costs shall be indexed by the uncompensated-care index as defined in Rhode Island General Law 40-8.3-2(5) for each subsequent year to calculate the costs for the year in which payments are made. The total payment to a qualifying facility will not exceed the facility-specific caps described in Section 1923(g).

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The state has in place a public process, which complies with the requirements of Section 1902(a)(13)(A) of the Social Security Act.