



3 West Road, Virks Building, Cranston, RI 02920

Nursing Facility Fair Rental Value (FRV) Rate Adjustment Guidelines

The Executive Office of Health and Human Services (EOHHS) may evaluate FRV rate adjustment requests based on criteria detailed in Rhode Island General Law (RIGL) [40-8-20.1](#) and the Rhode Island Medicaid State Plan, [Attachment 4.19D, Page 2](#), Nursing Facility Principles of Reimbursement.

Facilities may request a Fair Rental Value rate adjustment for significant increases in operating costs resulting from capital renovations, expansion, or replacement required for compliance with fire safety codes and/or certification requirements of the Rhode Island Department of Health, as well as increased energy costs that the facility can demonstrate are a result of the facility having expended funds for heating, lighting, hot water, and similar costs associated with the consumption of energy provided by public utilities.

RIGL limits requests to one request per nursing facility, however additional requests involving a per diem increase in excess of one percent of the nursing facility's previously assigned aggregate per diem rate shall also be reviewed.

Increases in operating costs must have been incurred for a period of not less than three (3) months to establish proof of the increase.

Submission Requirements

Please email all requests for a FRV rate adjustment review to OHHS.MedicaidFinance@ohhs.ri.gov. Requests must include the items below.

1. **Cover letter** addressed to the Medicaid CFO and signed by the Administrator or an authorized officer of the corporation such as the CFO. The cover letter must include the items below.
 - Facility name and NPI
 - Project plan with timeline
 - If changes in licensed bed capacity, please include dates.
 - Detailed information on the reason for the capital improvement project and impact on Medicaid beneficiaries, including any expansion or reduction of services.
 - Total project cost
 - Specific costs related to capital improvements must be identified.
 - All sources of funding for the project, including amounts, must be detailed. This includes loans and grants.

2. Supporting documents

- Copy of RIDOH issued active Nursing Facility license.
- [Certificate of Need](#) (CON), if required
 - If a project exceeded the CON criteria established by RIDOH and a CON was not submitted, explain, in writing, why the CON was not obtained and provide supporting documentation that the requirement was waived by RIDOH. [216 RICR-40-10-22](#) details the requirements.
- RIDOH approvals of occupancy, if required.
- Completion of **Invoice Tracker** (Facilities must use provided template)
 - If the vendor is a related party, two estimates from unrelated vendors for precisely the same scope of work is required. Related parties include, and are not limited to, parent companies, subsidiaries, associate firms, joint ventures, pass-through entities for transactions or services and/or by a company or entity controlled or significantly influenced or managed by a person connected with the transaction and/ or service rendered.
 - For asset additions, depreciation must be recorded on the BM-64 cost report of the RI facility, not a parent company.
 - EOHHS will require copies of invoices and proof of paid invoices. Please list invoices in order of chronological date (oldest to newest)

A checklist is available at the end of this document to assist facilities in submitting the required elements.

EOHHS reserves the right to request additional information throughout the review process.

EOHHS Review and Decision

1. EOHHS will review the request and supporting data. EOHHS may consider project plans, project cost, invoice detail, licensed beds, bed days, risk, the 20-year daily treasury bond rate, and other factors that affect the adjustment (such as EOHHS's approved budget).
2. EOHHS will inform the provider of the rate adjustment decision via email.
3. Provider may appeal EOHHS's decision within fifteen (15) days of FRV decision notification by filing a written request for a review conference to be conducted by the Medicaid Director, or other designee assigned by the EOHHS Secretary of the Executive
 - a. This written request must be sent to OHHS.MedicaidFinance@ohhs.ri.gov and must identify the rate assignment issue(s).
 - b. The Medicaid Director or designee shall schedule a review conference within fifteen (15) days of receipt of the request.
 - c. As a result of the review conference, the Medicaid Director or designee may modify the rate of reimbursement.
 - d. The Medicaid Director or designee shall provide the provider with a written decision within thirty (30) days from the date of the review conference.

- e. Appeals beyond the Medicaid Director or the designee appointed by the EOHHS Secretary will be in accordance with the [Administrative Procedures Act](#).
- f. The provider must file a written request for an Administrative Procedures Act hearing no later than fifteen (15) days of the decision noted in (d).

Questions

If you have questions on the FRV rate review process, please contact the Medicaid Finance Team via an email to OHHS.MedicaidFinance@ohhs.ri.gov.

FRV Rate Review Submission Checklist

Item	Facility Check			
Cover Letter	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
Facility name and NPI included	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
Project plan with timeline	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
Detailed project information	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
Reason for capital improvement project	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
Impact on Medicaid beneficiaries, including expansion or reduction of services	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
Total project cost	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
Capital costs related to FRV adjustment broken out	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
Funding sources and amounts	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
Supporting Documents				
Copy of RIDOH nursing facility license	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
Certificate of Need, if required	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
RIDOH occupancy approvals, if required	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
Completed Invoice Tracker (invoices in chronological order)	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
Invoice copies	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
Proof of payment	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
Related party estimates, if applicable	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No