

**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:

**Outpatient UPL Increase**

In accordance with Rhode Island General Law 40-8-13.4(b)(2), EOHHS is seeking approval from the Centers for Medicare and Medicaid Services (CMS) to update Rhode Island's Medicaid State Plan to incorporate a five percent (5%) rate increase for outpatient hospital services into the State's upper payment limit demonstration modeling used to determine the outpatient upper payment limit payments to eligible hospitals.

These changes are proposed to take effect on July 1, 2022. The projected fiscal impact for SFY23 is a saving of \$195,686 All Funds.

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**

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8. Only hospitals and provider based entities, in accordance with 42 CFR 413.65. are reimbursed according to the outpatient hospital reimbursement methodology.

## 9. Outpatient Supplemental Payment and UPL Calculation

- a. For the outpatient services provided for the period after July 1, 2022 each hospital licensed by the RI Department of Health, except those hospitals whose primary services and bed inventory are psychiatric, 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 outpatient payments to hospitals made for outpatient and emergency department services provided during each hospital's fiscal year, including settlements.

The Outpatient UPL calculation is a reasonable estimate of the amount Medicare would pay for equivalent Medicaid services for outpatient services for non-state-owned hospitals. Specifically, a ratio of Medicare outpatient costs to Medicare outpatient charges is applied to Medicaid outpatient and emergency room charges to determine the total Medicaid UPL amount. This is then inflated to adjust from the cost report year to the UPL year. The State uses two inflation factors:

- A the UPL Inflation factor which is a composite factor the change in the the product of the "actual regulation market basket" as reflected in the CMS Outpatient Hospital Prospective Payment System Market Basket Update without productivity adjustment for the calendar years between the base data and the demonstration year. For example, a SFY 23 demonstration due 6/30/2023 uses hospital data from Report end dates of 9/30/2021 and 12/31/2021 (CY 2021); therefore, the inflationary adjustment UPL Inflation factor would be the product of s are the CY 21 and CY 22 CMS Outpatient Hospital PPS Market Basket Updates without productivity adjustment. The amounts of these two inflationary adjustments are multiplied together to determine the total UPL inflationary adjustment factor to use in RI's UPL demonstration.
- a Medicaid Inflation factor which is the Rhode Island General Assembly's inflationary adjustment enacted for the state demonstration year multiplied by the Rhode Island General Assembly's inflationary adjustment for enacted for the prior state fiscal year.

The Medicaid Provider Tax cost is added to the Inflated UPL amount to determine the Adjusted Medicare UPL amount.

2)

Except for Bradley Hospital, Medicare routine and ancillary cost information is from each provider's as-filed Medicare cost report (CMS 2552), Worksheet D, Part V, Column 5, Line 202. 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, Part V, Column 2, Line 202. 30-40 (PPS services and subproviders)

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 II, Line 28. To determine Bradley Hospital's outpatient cost information:

- A. Identify total inpatient charges (As filed Medicare cost report 2552-10, Worksheet G-2, Part I, Column I, Line 28)
- B. Identify total outpatient charges (detailed above)
- C. Calculate total inpatient and outpatient charges (A + B)
- D. Calculate the percentage of outpatient charges to total charges (B / C)
- E. Identify total inpatient and outpatient costs from as filed Medicare Cost report 2552-20, Worksheet G-2, Part II, Column 2, Line 43.

TN No: 22-00XX

Supersedes

TN No:21-017

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

Effective Date: July 1, 2022

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## F. Calculate total amount of outpatient 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 2023 demonstration submitted in June 2023 (end of SFY 2023, within FFY 2022) would use a Medicare cost report for the hospital fiscal year beginning in FFY 2021 (10/1/2020 and 1/1/2021 report start dates, both in FFY 2021)

- 3) Total Medicaid outpatient and emergency room 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 outpatient supplemental payment. The UPL gap is calculated using an aggregate of the individual hospital gaps non-state owned hospitals.

~~Because RI's UPL calculations rely on Medicare and Medicaid data from prior periods, RI trends the base data to the current demonstration rate year using the inflationary adjustments stipulated in Rhode Island General Law for the periods between the base data and the rate demonstration year. The amounts of each statutorily required inflationary adjustment occurring between the base data and UPL rate demonstration year are multiplied together to determine the total inflationary adjustment to use in RI's UPL demonstration.~~

- 4) The aggregate UPL gap is distributed quarterly (by the 20<sup>th</sup> of July, October, January, and April) among all eligible hospitals based on the percentage relationship of each hospital's Medicaid payments to total Medicaid payments for all non-state-owned hospitals. Eligible hospitals are actual facilities and buildings in existence in Rhode Island, that provide short-term acute outpatient care to persons who require definitive diagnosis and treatment for injury, illness, disabilities, or pregnancy.

- c. Payment will be made for rural health clinic services at the reasonable cost rate per visit established by the Medicare carrier. Payment for each ambulatory service, other than rural health clinic services, will be made in accordance with the rates or charges established for those services when provided in other settings.