

1 **ARTICLE 15**

2 RELATING TO HOSPITAL UNCOMPENSATED CARE

3 SECTION 1. Sections 40-8.3-2 and 40-8.3-3 of the General Laws in Chapter 40-8.3
4 entitled "Uncompensated Care" are hereby amended to read as follows:

5 **40-8.3-2. Definitions.** -- As used in this chapter:

6 (1) "Base year" means for the purpose of calculating a disproportionate share payment for
7 any fiscal year ending after September 30, ~~2010~~ 2011, the period from October 1, ~~2008~~ 2009
8 through September 30, ~~2009~~ 2010, and for any fiscal year ending after September 30, ~~2011~~ 2012,
9 the period from October 1, ~~2009~~ 2010 through September 30, ~~2010~~ 2011.

10 (2) "Medical assistance inpatient utilization rate for a hospital" means a fraction
11 (expressed as a percentage) the numerator of which is the hospital's number of inpatient days
12 during the base year attributable to patients who were eligible for medical assistance during the
13 base year and the denominator of which is the total number of the hospital's inpatient days in the
14 base year.

15 (3) "Participating hospital" means any nongovernment and nonpsychiatric hospital that:
16 (i) was licensed as a hospital in accordance with chapter 17 of title 23 during the base year; (ii)
17 achieved a medical assistance inpatient utilization rate of at least one percent (1%) during the
18 base year; and (iii) continues to be licensed as a hospital in accordance with chapter 17 of title 23
19 during the payment year.

20 (4) "Uncompensated care costs" means, as to any hospital, the sum of: (i) the cost
21 incurred by such hospital during the base year for inpatient or outpatient services attributable to
22 charity care (free care and bad debts) for which the patient has no health insurance or other third-
23 party coverage less payments, if any, received directly from such patients; and (ii) the cost
24 incurred by such hospital during the base year for inpatient or out-patient services attributable to
25 Medicaid beneficiaries less any Medicaid reimbursement received therefor; multiplied by the
26 uncompensated care index.

27 (5) "Uncompensated care index" means the annual percentage increase for hospitals
28 established pursuant to § 27-19-14 for each year after the base year, up to and including the
29 payment year, provided, however, that the uncompensated care index for the payment year ending
30 September 30, 2007 shall be deemed to be five and thirty-eight hundredths percent (5.38%), and

1 that the uncompensated care index for the payment year ending September 30, 2008 shall be
2 deemed to be five and forty-seven hundredths percent (5.47%), and that the uncompensated care
3 index for the payment year ending September 30, 2009 shall be deemed to be five and thirty-eight
4 hundredths percent (5.38%), and that the uncompensated care index for the payment years ending
5 September 30, 2010, September 30, 2011, ~~and~~ September 30, 2012 and September 30, 2013 shall
6 be deemed to be five and thirty hundredths percent (5.30%).

7 **40-8.3-3. Implementation.** ~~-- (a) For the fiscal year commencing on October 1, 2009 and~~
8 ~~ending September 30, 2010, the department of human services shall submit to the Secretary of the~~
9 ~~U.S. Department of Health and Human Services a state plan amendment to the Rhode Island~~
10 ~~Medicaid state plan for disproportionate share hospital payments (DSH Plan) to provide:~~

11 ~~(1) That the disproportionate share hospital payments to all participating hospitals not to~~
12 ~~exceed an aggregate limit of \$117.8 million, to be allocated by the department to the Pool A, Pool~~
13 ~~C and Pool D components of the DSH Plan;~~

14 ~~(2) That the Pool D allotment shall be distributed among the participating hospitals in~~
15 ~~direct proportion to the individual participating hospital's uncompensated care costs for the base~~
16 ~~year, inflated by the uncompensated care index to the total uncompensated care costs for the base~~
17 ~~year inflated by uncompensated care index for all participating hospitals. The disproportionate~~
18 ~~share payments shall be made on or before July 12, 2010 and are expressly conditioned upon~~
19 ~~approval on or before July 5, 2010 by the Secretary of the U.S. Department of Health and Human~~
20 ~~Services, or his or her authorized representative, of all Medicaid state plan amendments necessary~~
21 ~~to secure for the state the benefit of federal financial participation in federal fiscal year 2010 for~~
22 ~~the disproportionate share payments.~~

23 ~~(b)~~(a) For the fiscal year commencing on October 1, 2010 and ending September 30,
24 2011, the department of human services shall submit to the Secretary of the U.S. Department of
25 Health and Human Services a state plan amendment to the Rhode Island Medicaid state plan for
26 disproportionate share hospital payments (DSH Plan) to provide:

27 (1) That the disproportionate share hospital payments to all participating hospitals not to
28 exceed an aggregate limit of \$125.4 million, to be allocated by the department to the Pool A, Pool
29 C and Pool D components of the DSH Plan;

30 (2) That the Pool D allotment shall be distributed among the participating hospitals in
31 direct proportion to the individual participating hospital's uncompensated care costs for the base
32 year, inflated by the uncompensated care index to the total uncompensated care costs for the base
33 year inflated by uncompensated care index for all participating hospitals. The disproportionate
34 share payments shall be made on or before July 18, 2011 and are expressly conditioned upon

1 approval on or before July 11, 2011 by the Secretary of the U.S. Department of Health and
2 Human Services, or his or her authorized representative, of all Medicaid state plan amendments
3 necessary to secure for the state the benefit of federal financial participation in federal fiscal year
4 2011 for the disproportionate share payments.

5 ~~(e)~~(b) For the fiscal year commencing on October 1, 2011 and ending September 30,
6 2012, the executive office of health and human services shall submit to the Secretary of the U.S.
7 Department of Health and Human Services a state plan amendment to the Rhode Island Medicaid
8 state plan for disproportionate share hospital payments (DSH Plan) to provide:

9 (1) That the disproportionate share hospital payments to all participating hospitals, not to
10 exceed an aggregate limit of ~~\$129.8~~ \$126.2 million, shall be allocated by the executive office of
11 health and human services to the Pool A, Pool C and Pool D components of the DSH Plan; and,

12 (2) That the Pool D allotment shall be distributed among the participating hospitals in
13 direct proportion to the individual participating hospital's uncompensated care costs for the base
14 year, inflated by the uncompensated care index to the total uncompensated care costs for the base
15 year inflated by uncompensated care index for all participating hospitals. The disproportionate
16 share payments shall be made on or before July 16, 2012 and are expressly conditioned upon
17 approval on or before July 9, 2012 by the Secretary of the U.S. Department of Health and Human
18 Services, or his or her authorized representative, of all Medicaid state plan amendments necessary
19 to secure for the state the benefit of federal financial participation in federal fiscal year 2012 for
20 the disproportionate share payments.

21 (c) For federal fiscal year 2013, commencing on October 1, 2012 and ending September
22 30, 2013, the executive office of health and human services shall submit to the Secretary of the
23 U.S. Department of Health and Human Services a state plan amendment to the Rhode Island
24 Medicaid state plan for disproportionate share hospital payments (DSH Plan) to provide:

25 (1) That the disproportionate share hospital payments to all participating hospitals, not to
26 exceed an aggregate limit of \$128.3 million, shall be allocated by the executive office of health
27 and human services to the Pool A, Pool C and Pool D components of the DSH Plan; and,

28 (2) That the Pool D allotment shall be distributed among the participating hospitals in
29 direct proportion to the individual participating hospital's uncompensated care costs for the base
30 year, inflated by the uncompensated care index to the total uncompensated care costs for the base
31 year inflated by uncompensated care index for all participating hospitals. The disproportionate
32 share payments shall be made on or before July 15, 2013 and are expressly conditioned upon
33 approval on or before July 8, 2013 by the Secretary of the U.S. Department of Health and Human
34 Services, or his or her authorized representative, of all Medicaid state plan amendments necessary

1 to secure for the state the benefit of federal financial participation in federal fiscal year 2013 for
2 the disproportionate share payments.

3 (d) No provision is made pursuant to this chapter for disproportionate share hospital
4 payments to participating hospitals for uncompensated care costs related to graduate medical
5 education programs.

6 SECTION 2. Chapter 40-8.3 of the General Laws entitled "Uncompensated Care" is
7 hereby amended by adding thereto the following section:

8 **40-8.3-10. Outpatient adjustment payments.** – Effective July 1, 2012 and for each
9 subsequent year, the executive office of health and human services is hereby authorized and
10 directed to amend its regulations for reimbursement to hospitals for outpatient services as
11 follows:

12 (a) Each hospital in the state of Rhode Island, as defined in subdivision 23-17-
13 38.19(b)(1), shall receive a quarterly adjustment payment each state fiscal year of an amount
14 determined as follows:

15 (1) Determine the percent of the state's total Medicaid outpatient and emergency
16 department services (exclusive of physician services) provided by each hospital during each
17 hospital's prior fiscal year;

18 (2) Determine the sum of all Medicaid payments to hospitals made for outpatient and
19 emergency department services (exclusive of physician services) provided during each hospital's
20 prior fiscal year;

21 (3) Multiply the sum of all Medicaid payments as determined in subdivision (2) by
22 seventy-four and ninety-seven hundredths percent (74.97%) and then multiply that result by each
23 hospital's percentage of the state's total Medicaid outpatient and emergency department services
24 as determined in subdivision (1) to obtain the total outpatient adjustment for each hospital to be
25 paid each year;

26 (4) Pay each hospital on or before July 20, October 20, January 20, and April 20 one
27 quarter (1/4) of its total outpatient adjustment as determined in subdivision (3) above.

28 (b) The amounts determined in subsection (a) are in addition to Medicaid outpatient
29 payments and emergency services payments (exclusive of physician services) paid to hospitals in
30 accordance with current state regulation and the Rhode Island Plan for Medicaid Assistance
31 pursuant to Title XIX of the Social Security Act and are not subject to recoupment or settlement.

32 SECTION 3. This article shall take effect upon passage.