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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2013

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A N A C T

RELATING TO HUMAN SERVICES - MEDICAL ASSISTANCE

Introduced By: Senators Lynch, Doyle, and Gallo

Date Introduced: March 13, 2013

Referred To: Senate Health & Human Services

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 40-8-19 of the General Laws in Chapter 40-8 entitled "Medical  
2 Assistance" is hereby amended to read as follows:

3 **40-8-19. Rates of payment to nursing facilities.** -- (a) Rate reform.

4 (1) The rates to be paid by the state to nursing facilities licensed pursuant to chapter 17  
5 of title 23, and certified to participate in the Title XIX Medicaid program for services rendered to  
6 Medicaid-eligible residents, shall be reasonable and adequate to meet the costs which must be  
7 incurred by efficiently and economically operated facilities in accordance with 42 U.S.C. section  
8 1396a(a)(13). The executive office of health and human services shall promulgate or modify the  
9 principles of reimbursement for nursing facilities in effect as of July 1, 2011 to be consistent with  
10 the provisions of this section and Title XIX, 42 U.S.C. section 1396 et seq., of the Social Security  
11 Act.

12 (2) The executive office of health and human services ("Executive Office") shall review  
13 the current methodology for providing Medicaid payments to nursing facilities, including other  
14 long-term care services providers, and is authorized to modify the principles of reimbursement to  
15 replace the current cost based methodology rates with rates based on a price based methodology  
16 to be paid to all facilities with recognition of the acuity of patients and the relative Medicaid  
17 occupancy, and to include the following elements to be developed by the executive office:

18 (i) A direct care rate adjusted for resident acuity;

19 (ii) An indirect care rate comprised of a base per diem for all facilities;

1 (iii) A rearray of costs for all facilities every three (3) years beginning October, 2015,  
2 which may or may not result in automatic per diem revisions;

3 (iv) Application of a fair rental value system;

4 (v) Application of a pass-through system; and

5 (vi) Adjustment of rates by the change in a recognized national nursing home inflation  
6 index to be applied on October 1st of each year, beginning October 1, 2012. Said inflation index  
7 shall be applied without regard for the transition factor in subsection (b)(2) below.

8 (b) Stability and predictability of acuity adjustment. - In order to assure that nursing  
9 facility reimbursement is directly and predictably tied to fluctuations in resident acuity levels, the  
10 acuity adjustment described in section (a)(2)(i) above shall be applied using a fixed standard, that  
11 is applied uniformly, from month to month, without being subject to variation for purposes of  
12 spending levels or budget neutrality.

13 ~~(b)~~ (c) Transition to full implementation of rate reform. - For no less than four (4) years  
14 after the initial application of the price-based methodology described in subdivision (a)(2) to  
15 payment rates, the department shall implement a transition plan to moderate the impact of the rate  
16 reform on individual nursing facilities. Said transition shall include the following components:

17 (1) No nursing facility shall receive reimbursement for direct care costs that is less than  
18 the rate of reimbursement for direct care costs received under the methodology in effect at the  
19 time of passage of this act; and

20 (2) No facility shall lose or gain more than five dollars (\$5.00) in its total per diem rate  
21 the first year of the transition. The adjustment to the per diem loss or gain may be phased out by  
22 twenty-five percent (25%) each year; and

23 (3) The transition plan and/or period may be modified upon full implementation of  
24 facility per diem rate increases for quality of care related measures. Said modifications shall be  
25 submitted in a report to the general assembly at least six (6) months prior to implementation.

26 SECTION 2. This act shall take effect upon passage.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
A N A C T  
RELATING TO HUMAN SERVICES - MEDICAL ASSISTANCE

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1           This act would require that a fixed standard be used to nursing facilities for Medicaid  
2 reimbursement.

3           This act would take effect upon passage.

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