

1 **ARTICLE 17**

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, ~~2012~~ 2013, the period from October 1, ~~2010~~ 2011
8 through September 30, ~~2011~~ 2012, and for any fiscal year ending after September 30, ~~2013~~ 2014,
9 the period from October 1, ~~2011~~ 2012 through September 30, ~~2012~~ 2013.

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, September 30, 2012, September 30, 2013 ~~and,~~
6 September 30, 2014 and September 30, 2015 shall be deemed to be five and thirty hundredths
7 percent (5.30%).

8 **40-8.3-3. Implementation.** ~~-- (a) For the fiscal year commencing on October 1, 2011 and~~
9 ~~ending September 30, 2012, the executive office of health and human services shall submit to the~~
10 ~~Secretary of the U.S. Department of Health and Human Services a state plan amendment to the~~
11 ~~Rhode Island Medicaid state plan for disproportionate share hospital payments (DSH Plan) to~~
12 ~~provide:~~

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

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

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

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

33 (2) That the Pool D allotment shall be distributed among the participating hospitals in
34 direct proportion to the individual participating hospital's uncompensated care costs for the base

1 year, inflated by the uncompensated care index to the total uncompensated care costs for the base
2 year inflated by uncompensated care index for all participating hospitals. The disproportionate
3 share payments shall be made on or before July 15, 2013 and are expressly conditioned upon
4 approval on or before July 8, 2013 by the Secretary of the U.S. Department of Health and Human
5 Services, or his or her authorized representative, of all Medicaid state plan amendments necessary
6 to secure for the state the benefit of federal financial participation in federal fiscal year 2013 for
7 the disproportionate share payments.

8 ~~(e)~~ (b) For federal fiscal year 2014, commencing on October 1, 2013 and ending
9 September 30, 2014, the executive office of health and human services shall submit to the
10 Secretary of the U.S. Department of Health and Human Services a state plan amendment to the
11 Rhode Island Medicaid state plan for disproportionate share hospital payments (DSH Plan) to
12 provide:

13 (1) That the disproportionate share hospital payments to all participating hospitals, not to
14 exceed an aggregate limit of ~~\$128.3~~ \$136.8 million, shall be allocated by the executive office of
15 health and human services to the Pool A, Pool C and Pool D components of the DSH Plan; and,

16 (2) That the Pool D allotment shall be distributed among the participating hospitals in
17 direct proportion to the individual participating hospital's uncompensated care costs for the base
18 year, inflated by the uncompensated care index to the total uncompensated care costs for the base
19 year inflated by uncompensated care index for all participating hospitals. The disproportionate
20 share payments shall be made on or before July 14, 2014 and are expressly conditioned upon
21 approval on or before July 7, 2014 by the Secretary of the U.S. Department of Health and Human
22 Services, or his or her authorized representative, of all Medicaid state plan amendments necessary
23 to secure for the state the benefit of federal financial participation in federal fiscal year 2014 for
24 the disproportionate share payments.

25 (c) For federal fiscal year 2015, commencing on October 1, 2014 and ending September
26 30, 2015, the executive office of health and human services shall submit to the Secretary of the
27 U.S. Department of Health and Human Services a state plan amendment to the Rhode Island
28 Medicaid state plan for disproportionate share hospital payments (DSH Plan) to provide:

29 (1) That the disproportionate share hospital payments to all participating hospitals, not to
30 exceed an aggregate limit of \$136.8 million, shall be allocated by the executive office of health
31 and human services to the Pool A, Pool C and Pool D components of the DSH Plan; and,

32 (2) That the Pool D allotment shall be distributed among the participating hospitals in
33 direct proportion to the individual participating hospital's uncompensated care costs for the base
34 year, inflated by the uncompensated care index to the total uncompensated care costs for the base

1 [year inflated by uncompensated care index for all participating hospitals. The disproportionate](#)
2 [share payments shall be made on or before July 13, 2015 and are expressly conditioned upon](#)
3 [approval on or before July 6, 2015 by the Secretary of the U.S. Department of Health and Human](#)
4 [Services, or his or her authorized representative, of all Medicaid state plan amendments necessary](#)
5 [to secure for the state the benefit of federal financial participation in federal fiscal year 2015 for](#)
6 [the disproportionate share payments.](#)

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

10 SECTION 2. Section 40-8.3-10 of the General Laws in Chapter 40-8.3 entitled
11 "Uncompensated Care" is hereby amended to read as follows:

12 **40-8.3-10. ~~Outpatient adjustment payments.~~ Hospital adjustment payments. --**

13 Effective July 1, 2012 and for each subsequent year, the executive office of health and human
14 services is hereby authorized and directed to amend its regulations for reimbursement to hospitals
15 for [inpatient and](#) outpatient services as follows:

16 (a) Each hospital in the state of Rhode Island, as defined in subdivision 23-17-
17 38.19(b)(1), shall receive a quarterly [outpatient](#) adjustment payment each state fiscal year of an
18 amount determined as follows:

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

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

25 (3) Multiply the sum of all Medicaid payments as determined in subdivision (2) by
26 ~~seventy four and ninety seven hundredths percent (74.97%)~~ [a percentage defined as the total](#)
27 [identified upper payment limit for all hospitals divided by the sum of all Medicaid payments as](#)
28 [determined in subdivision \(2\);](#) and then multiply that result by each hospital's percentage of the
29 state's total Medicaid outpatient and emergency department services as determined in subdivision
30 (1) to obtain the total outpatient adjustment for each hospital to be paid each year;

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

33 [\(b\) Each hospital in the state of Rhode Island, as defined in subdivision 3-17-38.19\(b\)\(1\),](#)
34 [shall receive a quarterly inpatient adjustment payment each state fiscal year of an amount](#)

1 determined as follows:

2 (1) Determine the percent of the state's total Medicaid inpatient services (exclusive of
3 physician services) provided by each hospital during each hospital's prior fiscal year;

4 (2) Determine the sum of all Medicaid payments to hospitals made for inpatient services
5 (exclusive of physician services) provided during each hospital's prior fiscal year;

6 (3) Multiply the sum of all Medicaid payments as determined in subdivision (2) by a
7 percentage defined as the total identified upper payment limit for all hospitals divided by the sum
8 of all Medicaid payments as determined in subdivision (2); and then multiply that result by each
9 hospital's percentage of the state's total Medicaid inpatient services as determined in subdivision
10 (1) to obtain the total inpatient adjustment for each hospital to be paid each year;

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

13 ~~(b)~~ (c) The amounts determined in subsections (a) and (b) are in addition to Medicaid
14 inpatient and outpatient payments and emergency services payments (exclusive of physician
15 services) paid to hospitals in accordance with current state regulation and the Rhode Island Plan
16 for Medicaid Assistance pursuant to Title XIX of the Social Security Act and are not subject to
17 recoupment or settlement.

18 SECTION 4. This article shall take effect as of July 1, 2014.

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