

2014 -- S 2971

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2014

A N A C T

RELATING TO HUMAN SERVICES - MEDICAL ASSISTANCE

Introduced By: Senator Michael J. McCaffrey

Date Introduced: May 01, 2014

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. This adjustment will
7 not occur on October 1, 2013, but will resume on October 1, 2014. Said inflation index shall be
8 applied without regard for the transition factor in subsection (b)(2) below.

9 (b) Transition to full implementation of rate reform. - For no less than four (4) years after
10 the initial application of the price-based methodology described in subdivision (a) (2) to payment
11 rates, the executive office of health and human services shall implement a transition plan to
12 moderate the impact of the rate reform on individual nursing facilities. Said transition shall
13 include the following components:

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

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

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

23 (c) Inflation index. – The annual adjustment to rates by the change in a recognized
24 national nursing home inflation index as described in subsection (a)(2)(vi) of this section shall be
25 applied to any and all rates of payment to nursing facilities made in return for Medicaid-covered
26 services, regardless whether those rates are paid directly by the state or by a managed care
27 organization, licensed health insurer, or other entity acting pursuant to a contract or other
28 arrangement between such entity and the state. Any such contract between the state and a
29 managed care organization, licensed health insurer, or other entity shall include a provision
30 requiring that rates of payments to nursing facilities be so adjusted.

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

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
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1 This act would require that a recognized national nursing home inflation index be applied
2 to any annual adjustment to rates of payment to nursing facilities for Medicaid-covered services
3 regardless of who the rates are paid by. The act would also provide that any contracts between the
4 state and an applicable entity provide that rates of payment to nursing facilities be adjusted as
5 such.

6 This act would take effect upon passage.

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