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ARTICLE 18

RELATING TO HOSPITAL UNCOMPENSATED CARE

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

40-8.3-2. Definitions.

As used in this chapter:

(1) "Base year" means, for the purpose of calculating a disproportionate share payment for any fiscal year ending after September 30, ~~2017~~ 2018, the period from October 1, ~~2015~~ 2016, through September 30, ~~2016~~ 2017, and for any fiscal year ending after September 30, ~~2018~~ 2019, the period from October 1, 2016, through September 30, 2017.

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

(3) "Participating hospital" means any nongovernment and nonpsychiatric hospital that:

(i) Was licensed as a hospital in accordance with chapter 17 of title 23 during the base year and shall mean the actual facilities and buildings in existence in Rhode Island, licensed pursuant to § 23-17-1 et seq. on June 30, 2010, and thereafter any premises included on that license, regardless of changes in licensure status pursuant to chapter 17.14 of title 23 (hospital conversions) and § 23-17-6(b) (change in effective control), that provides short-term, acute inpatient and/or outpatient care to persons who require definitive diagnosis and treatment for injury, illness, disabilities, or pregnancy. Notwithstanding the preceding language, the negotiated Medicaid managed-care payment rates for a court-approved purchaser that acquires a hospital through receivership, special mastership, or other similar state insolvency proceedings (which court-approved purchaser is issued a hospital license after January 1, 2013) shall be based upon the newly negotiated rates between the court-approved purchaser and the health plan, and such rates shall be effective as of the date that the court-approved purchaser and the health plan execute the initial agreement containing the newly negotiated rate. The rate-setting methodology for inpatient hospital payments and outpatient hospital payments set forth in §§ 40-8-13.4(b)(1)(ii)(C) and 40-8-13.4(b)(2), respectively, shall thereafter apply to negotiated increases for each annual twelve-month (12) period as of July 1

1 following the completion of the first full year of the court-approved purchaser's initial Medicaid
2 managed-care contract;

3 (ii) Achieved a medical assistance inpatient utilization rate of at least one percent (1%)
4 during the base year; and

5 (iii) Continues to be licensed as a hospital in accordance with chapter 17 of title 23 during
6 the payment year.

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

14 (5) "Uncompensated-care index" means the annual percentage increase for hospitals
15 established pursuant to § 27-19-14 for each year after the base year, up to and including the payment
16 year; provided, however, that the uncompensated-care index for the payment year ending
17 September 30, 2007, shall be deemed to be five and thirty-eight hundredths percent (5.38%), and
18 that the uncompensated-care index for the payment year ending September 30, 2008, shall be
19 deemed to be five and forty-seven hundredths percent (5.47%), and that the uncompensated-care
20 index for the payment year ending September 30, 2009, shall be deemed to be five and thirty-eight
21 hundredths percent (5.38%), and that the uncompensated-care index for the payment years ending
22 September 30, 2010, September 30, 2011, September 30, 2012, September 30, 2013, September
23 30, 2014, September 30, 2015, September 30, 2016, September 30, 2017, ~~and~~ September 30, 2018,
24 [September 30, 2019, and September 30, 2020](#) shall be deemed to be five and thirty hundredths
25 percent (5.30%).

26 **40-8.3-3. Implementation.**

27 ~~(a) For federal fiscal year 2017, commencing on October 1, 2016, and ending September~~
28 ~~30, 2017, the executive office of health and human services shall submit to the Secretary of the~~
29 ~~U.S. Department of Health and Human Services a state plan amendment to the Rhode Island~~
30 ~~Medicaid DSH Plan to provide:~~

31 ~~(1) That the DSH Plan to all participating hospitals, not to exceed an aggregate limit of~~
32 ~~\$139.7 million, shall be allocated by the executive office of health and human services to the Pool~~
33 ~~D component of the DSH Plan; and~~

34 ~~(2) That the Pool D allotment shall be distributed among the participating hospitals in direct~~

1 ~~proportion to the individual, participating hospital's uncompensated care costs for the base year,~~
2 ~~inflated by the uncompensated care index to the total uncompensated care costs for the base year~~
3 ~~inflated by uncompensated care index for all participating hospitals. The disproportionate share~~
4 ~~payments shall be made on or before July 11, 2017, and are expressly conditioned upon approval~~
5 ~~on or before July 5, 2017, by the Secretary of the U.S. Department of Health and Human Services,~~
6 ~~or his or her authorized representative, of all Medicaid state plan amendments necessary to secure~~
7 ~~for the state the benefit of federal financial participation in federal fiscal year 2017 for the~~
8 ~~disproportionate share payments.~~

9 (b)(a) For federal fiscal year 2018, commencing on October 1, 2017, and ending September
10 30, 2018, the executive office of health and human services shall submit to the Secretary of the
11 U.S. Department of Health and Human Services a state plan amendment to the Rhode Island
12 Medicaid DSH Plan to provide:

13 (1) That the DSH Plan to all participating hospitals, not to exceed an aggregate limit of
14 \$138.6 million, shall be allocated by the executive office of health and human services to the Pool
15 D component of the DSH Plan; and

16 (2) That the Pool D allotment shall be distributed among the participating hospitals in direct
17 proportion to the individual participating hospital's uncompensated care costs for the base year,
18 inflated by the uncompensated care index to the total uncompensated care costs for the base year
19 inflated by uncompensated care index for all participating hospitals. The disproportionate share
20 payments shall be made on or before July 10, 2018, and are expressly conditioned upon approval
21 on or before July 5, 2018, by the Secretary of the U.S. Department of Health and Human Services,
22 or his or her authorized representative, of all Medicaid state plan amendments necessary to secure
23 for the state the benefit of federal financial participation in federal fiscal year 2018 for the
24 disproportionate share payments.

25 (c)(b) For federal fiscal year 2019, commencing on October 1, 2018, and ending September
26 30, 2019, 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 DSH Plan to provide:

29 (1) That the DSH Plan to all participating hospitals, not to exceed an aggregate limit of
30 \$139.7 million, shall be allocated by the executive office of health and human services to the Pool
31 D component of the DSH Plan; and

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

1 inflated by uncompensated care index for all participating hospitals. The disproportionate share
2 payments shall be made on or before July 10, 2019, and are expressly conditioned upon approval
3 on or before July 5, 2019, by the Secretary of the U.S. Department of Health and Human Services,
4 or his or her authorized representative, of all Medicaid state plan amendments necessary to secure
5 for the state the benefit of federal financial participation in federal fiscal year ~~2018~~ 2019 for the
6 disproportionate share payments.

7 (c) For federal fiscal year 2020, commencing on October 1, 2019, and ending September
8 30, 2020, the executive office of health and 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 DSH Plan to provide:

11 (1) That the DSH Plan to all participating hospitals, not to exceed an aggregate limit of
12 \$139.7 million, shall be allocated by the executive office of health and human services to the Pool
13 D component of the DSH Plan; and

14 (2) That the Pool D allotment shall be distributed among the participating hospitals in direct
15 proportion to the individual participating hospital's uncompensated care costs for the base year,
16 inflated by the uncompensated care index to the total uncompensated care costs for the base year
17 inflated by uncompensated care index for all participating hospitals. The disproportionate share
18 payments shall be made on or before July 13, 2020, and are expressly conditioned upon approval
19 on or before July 6, 2020, by the Secretary of the U.S. Department of Health and Human Services,
20 or his or her authorized representative, of all Medicaid state plan amendments necessary to secure
21 for the state the benefit of federal financial participation in federal fiscal year 2020 for the
22 disproportionate share payments.

23 (d) No provision is made pursuant to this chapter for disproportionate-share hospital
24 payments to participating hospitals for uncompensated-care costs related to graduate medical
25 education programs.

26 (e) The executive office of health and human services is directed, on at least a monthly
27 basis, to collect patient-level uninsured information, including, but not limited to, demographics,
28 services rendered, and reason for uninsured status from all hospitals licensed in Rhode Island.

29 (f) Beginning with federal FY 2016, Pool D DSH payments will be recalculated by the
30 state based on actual hospital experience. The final Pool D payments will be based on the data from
31 the final DSH audit for each federal fiscal year. Pool D DSH payments will be redistributed among
32 the qualifying hospitals in direct proportion to the individual, qualifying hospital's uncompensated-
33 care to the total uncompensated-care costs for all qualifying hospitals as determined by the DSH
34 audit. No hospital will receive an allocation that would incur funds received in excess of audited

1 uncompensated-care costs.

2 SECTION 2. This article shall take effect as of July 1, 2019.