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**ARTICLE 12 AS AMENDED**

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, ~~2011~~ 2012, the period from October 1, ~~2009~~ 2010 through September 30, ~~2010~~ 2011, and for any fiscal year ending after September 30, ~~2012~~ 2013, the period from October 1, ~~2010~~ 2011 through September 30, ~~2011~~2012.

(2) "Medical assistance 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; (ii) achieved a medical assistance inpatient utilization rate of at least one percent (1%) during the base year; and (iii) continues to be licensed as a hospital in accordance with chapter 17 of title 23 during the payment year.

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

(5) "Uncompensated care index" means the annual percentage increase for hospitals established pursuant to § 27-19-14 for each year after the base year, up to and including the payment year, provided, however, that the uncompensated care index for the payment year ending 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, ~~and~~, September 30, 2013 and  
6 September 30, 2014 shall 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, 2010 and~~  
8 ~~ending September 30, 2011, 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 \$125.4 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 18, 2011 and are expressly conditioned upon~~  
19 ~~approval on or before July 11, 2011 by the Secretary of the U.S. Department of Health and~~  
20 ~~Human Services, or his or her authorized representative, of all Medicaid state plan amendments~~  
21 ~~necessary to secure for the state the benefit of federal financial participation in federal fiscal year~~  
22 ~~2011 for the disproportionate share payments.~~

23 ~~(b)~~(a) For the fiscal year commencing on October 1, 2011 and ending September 30,  
24 2012, the executive office of health and human services shall submit to the Secretary of the U.S.  
25 Department of Health and Human Services a state plan amendment to the Rhode Island Medicaid  
26 state plan for 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 \$126.2 million, shall be allocated by the executive office of health  
29 and human services to the Pool A, Pool C and Pool D components of the DSH Plan; and,

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 16, 2012 and are expressly conditioned upon

1 approval on or before July 9, 2012 by the Secretary of the U.S. Department of Health and Human  
2 Services, or his or her authorized representative, of all Medicaid state plan amendments necessary  
3 to secure for the state the benefit of federal financial participation in federal fiscal year 2012 for  
4 the disproportionate share payments.

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

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

13 (2) That the Pool D allotment shall be distributed among the participating hospitals in  
14 direct proportion to the individual participating hospital's uncompensated care costs for the base  
15 year, inflated by the uncompensated care index to the total uncompensated care costs for the base  
16 year inflated by uncompensated care index for all participating hospitals. The disproportionate  
17 share payments shall be made on or before July 15, 2013 and are expressly conditioned upon  
18 approval on or before July 8, 2013 by the Secretary of the U.S. Department of Health and Human  
19 Services, or his or her authorized representative, of all Medicaid state plan amendments necessary  
20 to secure for the state the benefit of federal financial participation in federal fiscal year 2013 for  
21 the disproportionate share payments.

22 (c) For federal fiscal year 2014, commencing on October 1, 2013 and ending September  
23 30, 2014, the executive office of health and human services shall submit to the Secretary of the  
24 U.S. Department of Health and Human Services a state plan amendment to the Rhode Island  
25 Medicaid state plan for disproportionate share hospital payments (DSH Plan) to provide:

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

29 (2) That the Pool D allotment shall be distributed among the participating hospitals in  
30 direct proportion to the individual participating hospital's uncompensated care costs for the base  
31 year, inflated by the uncompensated care index to the total uncompensated care costs for the base  
32 year inflated by uncompensated care index for all participating hospitals. The disproportionate  
33 share payments shall be made on or before July 14, 2014 and are expressly conditioned upon  
34 approval on or before July 7, 2014 by the Secretary of the U.S. Department of Health and Human

1 [Services, or his or her authorized representative, of all Medicaid state plan amendments necessary](#)  
2 [to secure for the state the benefit of federal financial participation in federal fiscal year 2014 for](#)  
3 [the disproportionate share payments.](#)

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

7 SECTION 2. This article shall take effect upon passage.

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