ARTICLE 24
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, 2012, the period from October 1, 2010 through September 30, 2011, and for any fiscal year ending after September 30, 2013, the period from October 1, 2011 through September 30, 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
that the uncompensated care index for the payment year ending September 30, 2008 shall be
deemed to be five and forty-seven hundredths percent (5.47%), and that the uncompensated care
index for the payment year ending September 30, 2009 shall be deemed to be five and thirty-eight
hundredths percent (5.38%), and that the uncompensated care index for the payment years ending
September 30, 2014 and September 30, 2015 shall be deemed to be five and thirty hundredths
percent (5.30%).

40.8-3.3, Implementation. -- (a) For the fiscal year commencing on October 1, 2011 and
ending September 30, 2012, the executive office of health and human services shall submit to the
Secretary of the U.S. Department of Health and Human Services a state plan amendment to the
Rhode Island Medicaid state plan for disproportionate share hospital payments (DSH Plan) to
provide:

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

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

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

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

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

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

(1) That the disproportionate share hospital payments to all participating hospitals, not to
exceed an aggregate limit of $128.3 million, shall be allocated by the executive office of health
and human services to the Pool A, Pool C and Pool D components of the DSH Plan; and,
(2) That the Pool D allotment shall be distributed among the participating hospitals in
direct proportion to the individual participating hospital's uncompensated care costs for the base
year, inflated by the uncompensated care index to the total uncompensated care costs for the base
year inflated by uncompensated care index for all participating hospitals. The disproportionate
share payments shall be made on or before July 14, 2014 and are expressly conditioned upon
approval on or before July 7, 2014 by the Secretary of the U.S. Department of Health and Human
Services, or his or her authorized representative, of all Medicaid state plan amendments necessary
to secure for the state the benefit of federal financial participation in federal fiscal year 2014 for
the disproportionate share payments.

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

(1) That the disproportionate share hospital payments to all participating hospitals, not to
exceed an aggregate limit of $128.3 million, shall be allocated by the executive office of health
and human services to the Pool A, Pool C and Pool D components of the DSH Plan; and,
(2) That the Pool D allotment shall be distributed among the participating hospitals in
direct proportion to the individual participating hospital's uncompensated care costs for the base
year, inflated by the uncompensated care index to the total uncompensated care costs for the base
year inflated by uncompensated care index for all participating hospitals. The disproportionate share payments shall be made on or before July 13, 2015 and are expressly conditioned upon approval on or before July 6, 2015 by the Secretary of the U.S. Department of Health and Human Services, or his or her authorized representative, of all Medicaid state plan amendments necessary to secure for the state the benefit of federal financial participation in federal fiscal year 2015 for the disproportionate share payments.

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

SECTION 2. Section 40-8.3-10 of the General Laws in Chapter 40-8.3 entitled “Uncompensated Care” is hereby repealed.

40-8.3-10. Outpatient adjustment payments. — Effective July 1, 2012 and for each subsequent year, the executive office of health and human services is hereby authorized and directed to amend its regulations for reimbursement to hospitals for outpatient services as follows:

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

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

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

(3) Multiply the sum of all Medicaid payments as determined in subdivision (2) by seventy-four and ninety-seven hundredths percent (74.97%) and then multiply that result by each hospital’s percentage of the state’s total Medicaid outpatient and emergency department services as determined in subdivision (1) to obtain the total outpatient adjustment for each hospital to be paid each year;

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

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

SECTION 3. This article shall take effect as of July 1, 2014.