

2016 -- H 7547

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LC004622  
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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2016

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A N A C T

RELATING TO HUMAN SERVICES -- MEDICAL ASSISTANCE

Introduced By: Representatives Slater, Diaz, Carnevale, O'Brien, and Palangio

Date Introduced: February 10, 2016

Referred To: House Finance

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. §  
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. § 1396 et seq., of the Social Security Act.

11 (2) The executive office of health and human services ("Executive Office") shall review  
12 the current methodology for providing Medicaid payments to nursing facilities, including other  
13 long-term care services providers, and is authorized to modify the principles of reimbursement to  
14 replace the current cost based methodology rates with rates based on a price based methodology  
15 to be paid to all facilities with recognition of the acuity of patients and the relative Medicaid  
16 occupancy, and to include the following elements to be developed by the executive office:

17 (i) A direct care rate adjusted for resident acuity;

18 (ii) An indirect care rate comprised of a base per diem for all facilities;

19 (iii) A ~~rearray~~ reassessment of costs for all facilities every three (3) years beginning

1 October, 2015, which may or may not result in automatic per diem revisions;

2 (iv) Application of a fair rental value system;

3 (v) Application of a pass-through system; and

4 (vi) Adjustment of rates by the change in a recognized national nursing home inflation  
5 index to be applied on October 1st of each year, beginning October 1, 2012. This adjustment will  
6 not occur on October 1, 2013 or October 1, 2015, but will occur on April 1, 2015. Said inflation  
7 index shall be applied without regard for the transition factor in subsection (b)(2) below.

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

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

16 (2) No facility shall lose or gain more than five dollars (\$5.00) in its total per diem rate  
17 the first year of the transition. An adjustment to the per diem loss or gain may be phased out by  
18 twenty-five percent (25%) each year; except, however, for the year beginning October 1, 2015,  
19 there shall be no adjustment to the per diem gain or loss, but the phase out shall resume  
20 thereafter; and

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

24 (4) Notwithstanding any law to the contrary, for the twelve (12) month period beginning  
25 July 1, 2015, Medicaid payment rates for nursing facilities established pursuant to this section  
26 shall not exceed ninety-eight percent (98%) of the rates in effect on April 1, 2015.

27 (5) For the state fiscal year ending June 30, 2017, the executive office of health and  
28 human services shall establish a supplemental rate add-on to the Medicaid payment rates for  
29 nursing facilities in the amount of two million, five thousand, nine hundred seventy-eight dollars  
30 (\$2,005,978) with the express intent that the monies appropriated pursuant to this section be  
31 dedicated to increase wages for direct care workers. Not less than one million, nine hundred five  
32 thousand, six hundred seventy-nine dollars and ten cents (\$1,905,679.10) or ninety-five percent  
33 (95%) of this supplemental rate, shall be expended to fund a rate add-on for wages, benefits and  
34 related employee costs of direct care staff of nursing homes. For purposes of this section, direct

1 care staff shall include, but not be limited to, certified nurse aids (CNA) certified medical  
2 technicians (CMT) housekeeping staff, laundry staff, and dietary staff. As defined herein, any  
3 amount of this supplemental Medicaid payment rate not expended for these reasons shall be  
4 subject to retroactive repayment to the state during the two (2) six (6) month base periods  
5 described herein. In order to determine that the amounts provided in the interim per diem are  
6 expended on labor related costs, each participating nursing facility shall submit a six (6) month  
7 labor report, on forms provided by the rate setting unit of the executive office of health and  
8 human services, for the six (6) month periods ending December 31, 2016 and June 30, 2017. Said  
9 six (6) month report(s) shall be filed no later than ninety (90) days from the date in which the six  
10 (6) month period is to be completed.

11 SECTION 2. This act shall take effect on July 1, 2016.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
A N A C T  
RELATING TO HUMAN SERVICES -- MEDICAL ASSISTANCE

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1           This act would establish a supplemental rate add on to the Medicaid payment rates for  
2 nursing facilities in the amount of two million, five thousand, nine hundred seventy-eight dollars  
3 (\$2,005,978), of which not less than ninety-five percent (95%) shall be used to increase wages for  
4 direct care workers, including certified nurse aides, certified medical technicians, housekeeping,  
5 laundry staff and dietary staff. Any amount of the supplemental Medicaid payment rate not  
6 expended would be subject to retroactive repayment to the state. Nursing facilities participating  
7 would be required to submit reports to the office of health and human services. It would also  
8 replace the word "rearray" in section (a)(1)(iii) with "reassessment."

9           This act would take effect on July 1, 2016.

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