

1 **ARTICLE 17**

2 **RELATING TO HOSPITAL UNCOMPENSATED CARE**

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

5 **40-8.3-2. Definitions.** As used in this chapter:

6 (1) "Base year" means, for the purpose of calculating a disproportionate share payment for
7 any fiscal year ending after September 30, ~~2018~~ 2019, the period from October 1, ~~2016~~ 2017,
8 through September 30, ~~2017~~ 2018, and for any fiscal year ending after September 30, ~~2019~~ 2020,
9 the period from October 1, ~~2016~~ 2017, through September 30, ~~2017~~ 2018.

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

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

15 (i) Was licensed as a hospital in accordance with chapter 17 of title 23 during the base year
16 and shall mean the actual facilities and buildings in existence in Rhode Island, licensed pursuant to
17 § 23-17-1 et seq. on June 30, 2010, and thereafter any premises included on that license, regardless
18 of changes in licensure status pursuant to chapter 17.14 of title 23 (hospital conversions) and § 23-
19 17-6(b) (change in effective control), that provides short-term, acute inpatient and/or outpatient
20 care to persons who require definitive diagnosis and treatment for injury, illness, disabilities, or
21 pregnancy. Notwithstanding the preceding language, the negotiated Medicaid managed-care
22 payment rates for a court-approved purchaser that acquires a hospital through receivership, special
23 mastership, or other similar state insolvency proceedings (which court-approved purchaser is issued
24 a hospital license after January 1, 2013), shall be based upon the newly negotiated rates between
25 the court-approved purchaser and the health plan, and such rates shall be effective as of the date
26 that the court-approved purchaser and the health plan execute the initial agreement containing the
27 newly negotiated rate. The rate-setting methodology for inpatient hospital payments and outpatient
28 hospital payments set forth in §§ 40-8-13.4(b)(1)(ii)(C) and 40-8-13.4(b)(2), respectively, shall
29 thereafter apply to negotiated increases for each annual twelve-month (12) period as of July 1
30 following the completion of the first full year of the court-approved purchaser's initial Medicaid
31 managed-care contract;

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

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

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

10 (5) "Uncompensated-care index" means the annual percentage increase for hospitals
11 established pursuant to § 27-19-14 for each year after the base year, up to and including the payment
12 year; provided, however, that the uncompensated-care index for the payment year ending
13 September 30, 2007, shall be deemed to be five and thirty-eight hundredths percent (5.38%), and
14 that the uncompensated-care index for the payment year ending September 30, 2008, shall be
15 deemed to be five and forty-seven hundredths percent (5.47%), and that the uncompensated-care
16 index for the payment year ending September 30, 2009, shall be deemed to be five and thirty-eight
17 hundredths percent (5.38%), and that the uncompensated-care index for the payment years ending
18 September 30, 2010, September 30, 2011, September 30, 2012, September 30, 2013, September
19 30, 2014, September 30, 2015, September 30, 2016, September 30, 2017, September 30, 2018,
20 September 30, 2019, ~~and~~ September 30, 2020, and September 30, 2021 shall be deemed to be five
21 and thirty hundredths percent (5.30%).

22 **40-8.3-3. Implementation.** ~~(a) For federal fiscal year 2018, commencing on October 1,~~
23 ~~2017, and ending September 30, 2018, the executive office of health and human services shall~~
24 ~~submit to the Secretary of the U.S. Department of Health and Human Services a state plan~~
25 ~~amendment to the Rhode Island Medicaid DSH Plan to provide:~~

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

29 ~~(2) That the Pool D allotment shall be distributed among the participating hospitals in direct~~
30 ~~proportion to the individual participating hospital's uncompensated care costs for the base year,~~
31 ~~inflated by the uncompensated care index to the total uncompensated care costs for the base year~~
32 ~~inflated by uncompensated care index for all participating hospitals. The disproportionate share~~
33 ~~payments shall be made on or before July 10, 2018, and are expressly conditioned upon approval~~
34 ~~on or before July 5, 2018, by the Secretary of the U.S. Department of Health and Human Services,~~

1 ~~or his or her authorized representative, of all Medicaid state plan amendments necessary to secure~~
2 ~~for the state the benefit of federal financial participation in federal fiscal year 2018 for the~~
3 ~~disproportionate share payments.~~

4 ~~(b)~~ (a) For federal fiscal year 2019, commencing on October 1, 2018, and ending
5 September 30, 2019, the executive office of health and human services shall submit to the Secretary
6 of the U.S. Department of Health and Human Services a state plan amendment to the Rhode Island
7 Medicaid DSH Plan to provide:

8 (1) That the DSH Plan to all participating hospitals, not to exceed an aggregate limit of
9 \$142.4 million, shall be allocated by the executive office of health and human services to the Pool
10 D component of the DSH Plan; and

11 (2) That the Pool D allotment shall be distributed among the participating hospitals in direct
12 proportion to the individual participating hospital's uncompensated care costs for the base year,
13 inflated by the uncompensated care index to the total uncompensated care costs for the base year
14 inflated by uncompensated care index for all participating hospitals. The disproportionate share
15 payments shall be made on or before July 10, 2019, and are expressly conditioned upon approval
16 on or before July 5, 2019, by the Secretary of the U.S. Department of Health and Human Services,
17 or his or her authorized representative, of all Medicaid state plan amendments necessary to secure
18 for the state the benefit of federal financial participation in federal fiscal year 2019 for the
19 disproportionate share payments.

20 ~~(b)~~ (b) For federal fiscal year 2020, commencing on October 1, 2019, and ending
21 September 30, 2020, the executive office of health and human services shall submit to the Secretary
22 of the U.S. Department of Health and Human Services a state plan amendment to the Rhode Island
23 Medicaid DSH Plan to provide:

24 (1) That the DSH Plan to all participating hospitals, not to exceed an aggregate limit of
25 ~~\$142.4~~ \$142.3 million, shall be allocated by the executive office of health and human services to
26 the Pool D component of the DSH Plan; and

27 (2) That the Pool D allotment shall be distributed among the participating hospitals in direct
28 proportion to the individual participating hospital's uncompensated care costs for the base year,
29 inflated by the uncompensated care index to the total uncompensated care costs for the base year
30 inflated by uncompensated care index for all participating hospitals. The disproportionate share
31 payments shall be made on or before July 13, 2020, and are expressly conditioned upon approval
32 on or before July 6, 2020, by the Secretary of the U.S. Department of Health and Human Services,
33 or his or her authorized representative, of all Medicaid state plan amendments necessary to secure

1 for the state the benefit of federal financial participation in federal fiscal year 2020 for the
2 disproportionate share payments.

3 (c) For federal fiscal year 2021, commencing on October 1, 2020, and ending September
4 30, 2021, the executive office of health and human services shall submit to the Secretary of the
5 U.S. Department of Health and Human Services a state plan amendment to the Rhode Island
6 Medicaid DSH Plan to provide:

7 (1) That the DSH Plan to all participating hospitals, not to exceed an aggregate limit of
8 \$142.3 million, shall be allocated by the executive office of health and human services to the Pool
9 D component of the DSH Plan; and

10 (2) That the Pool D allotment shall be distributed among the participating hospitals in direct
11 proportion to the individual participating hospital's uncompensated care costs for the base year,
12 inflated by the uncompensated care index to the total uncompensated care costs for the base year
13 inflated by uncompensated care index for all participating hospitals. The disproportionate share
14 payments shall be made on or before July 13, 2021, and are expressly conditioned upon approval
15 on or before July 6, 2021, by the Secretary of the U.S. Department of Health and Human Services,
16 or his or her authorized representative, of all Medicaid state plan amendments necessary to secure
17 for the state the benefit of federal financial participation in federal fiscal year 2021 for the
18 disproportionate share payments.

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

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

25 SECTION 2. This article shall take effect as of July 1, 2020.