

2012 -- S 2720

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2012

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A N A C T

RELATING TO HUMAN SERVICES - MEDICAL ASSISTANCE - NURSING FACILITIES
RATE REFORM

Introduced By: Senators Goodwin, Pichardo, and Ruggerio

Date Introduced: March 06, 2012

Referred To: Senate Health & Human Services

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. section
8 1396a(a)(13). The department of human services shall promulgate or modify the principles of
9 reimbursement for nursing facilities in effect as of July 1, 2011 to be consistent with the
10 provisions of this section and Title XIX, 42 U.S.C. section 1396 et seq., of the Social Security
11 Act.

12 (2) The department of human services shall review the current methodology for
13 providing Medicaid payments to nursing facilities, including other long-term care services
14 providers, and is authorized to modify the principles of reimbursement ~~to replace the current cost~~
15 ~~based methodology rates with rates based on a price based methodology to be paid to all facilities~~
16 ~~with recognition of the acuity of patients and the relative Medicaid occupancy.~~

17 ~~(3) By no later than January 1, 2012, under the direction of the Secretary of Health and~~
18 ~~Human Services, the Department of Human Services shall modify the principles of~~

1 ~~reimbursement to include the acuity needs of patients and the relative Medicaid occupancy as a~~
2 ~~factor in determining the reimbursement rates to nursing facilities.~~

3 ~~(b) Phase I Implementation.—The department shall file a state plan amendment with the~~
4 ~~U.S. Department of Health and Human Services on or before November 1, 2011 to modify the~~
5 ~~principles of reimbursement for nursing facilities, to be effective on January 1, 2012, or as soon~~
6 ~~thereafter as is authorized by an approved state plan amendment, to establish price-based payment~~
7 ~~rates for nursing facilities, recognizing patient acuity and Medicaid occupancy.~~ to include the
8 acuity needs of patients as a factor in determining the reimbursement rates to nursing facilities
9 and to include the following elements:

10 (i) A direct labor cost center comprised of allowable direct care costs to be established by
11 the department, subject to a ceiling of one hundred ten percent 110%, and adjusted for resident
12 case-mix.

13 (ii) An indirect care rate comprised of a base per diem for all facilities equal to ninety
14 three and forty-eight hundredths percent (93.48%) of statewide average.

15 (iii) Rerarray of costs for all facilities in the direct labor cost center every three (3) years
16 beginning in October, 2013.

17 (iv) Application of a fair rental value system to be developed by the department.

18 (v) Application of a pass through system to be developed by the department.

19 (vi) Adjustment of costs and ceiling maximums by the increase in a recognized national
20 nursing home inflation index for the direct labor cost center and the indirect care rate for any year
21 between array years; such adjustments to be applied on October 1st of each year beginning
22 October 1, 2012.

23 (3) Implementation: The department shall file a state plan amendment with the United
24 States department of health and human services on or before July 1, 2012 to modify the principles
25 of reimbursement for nursing facilities, to be effective on January 1, 2013.

26 (4) The department is further directed to develop a methodology to incorporate into the
27 reimbursement methodology an incentive payment component, and a component to reflect
28 individuals with behavioral health needs, and report to the general assembly on the plan by
29 December 31, 2012.

30 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

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- 1 This act would make various changes to the methodology of computing nursing facility
- 2 reimbursement rates.
- 3 This act would take effect upon passage.

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