

2020 -- H 7168

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LC003051
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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2020

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A N A C T

RELATING TO HUMAN SERVICES -- NURSING HOME MEDICAL ASSISTANCE
PAYMENTS

Introduced By: Representatives Place, Newberry, and Quattrocchi

Date Introduced: January 16, 2020

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.**

4 (a) Rate reform.

5 (1) The rates to be paid by the state to nursing facilities licensed pursuant to chapter 17 of
6 title 23, and certified to participate in Title XIX of the Social Security Act for services rendered to
7 Medicaid-eligible residents, shall be reasonable and adequate to meet the costs that must be
8 incurred by efficiently and economically operated facilities in accordance with 42 U.S.C. §
9 1396a(a)(13). The executive office of health and human services ("executive office") shall
10 promulgate or modify the principles of reimbursement for nursing facilities in effect as of July 1,
11 2011, to be consistent with the provisions of this section and Title XIX, 42 U.S.C. § 1396 et seq.,
12 of the Social Security Act.

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

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

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

3 (iii) A rerearray of costs for all facilities every three (3) years beginning October, 2015, that
4 may or may not result in automatic per diem revisions;

5 (iv) Application of a fair-rental value system;

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

7 (vi) Adjustment of rates by the change in a recognized national nursing home inflation
8 index to be applied on October 1 of each year, beginning October 1, 2012. This adjustment will
9 not occur on October 1, 2013, October 1, 2014, or October 1, 2015, but will occur on April 1,
10 2015. The adjustment of rates will also not occur on October 1, 2017, October 1, 2018, and
11 October 1, 2019. Effective July 1, 2018, rates paid to nursing facilities from the rates approved by
12 the Centers for Medicare and Medicaid Services and in effect on October 1, 2017, both fee-for-
13 service and managed care, will be increased by one and one-half percent (1.5%) and further
14 increased by one percent (1%) on October 1, 2018, and further increased by one percent (1%) on
15 October 1, 2019. The inflation index shall be applied without regard for the transition factors in
16 subsections (b)(1) and (b)(2). For purposes of October 1, 2016, adjustment only, any rate increase
17 that results from application of the inflation index to subsections (a)(2)(i) and (a)(2)(ii) shall be
18 dedicated to increase compensation for direct-care workers in the following manner: Not less than
19 85% of this aggregate amount shall be expended to fund an increase in wages, benefits, or related
20 employer costs of direct-care staff of nursing homes. For purposes of this section, direct-care staff
21 shall include registered nurses (RNs), licensed practical nurses (LPNs), certified nursing
22 assistants (CNAs), certified medical technicians, housekeeping staff, laundry staff, dietary staff,
23 or other similar employees providing direct-care services; provided, however, that this definition
24 of direct-care staff shall not include: (i) RNs and LPNs who are classified as "exempt employees"
25 under the Federal Fair Labor Standards Act (29 U.S.C. § 201 et seq.); or (ii) CNAs, certified
26 medical technicians, RNs, or LPNs who are contracted, or subcontracted, through a third-party
27 vendor or staffing agency. By July 31, 2017, nursing facilities shall submit to the secretary, or
28 designee, a certification that they have complied with the provisions of this subsection (a)(2)(vi)
29 with respect to the inflation index applied on October 1, 2016. Any facility that does not comply
30 with terms of such certification shall be subjected to a clawback, paid by the nursing facility to
31 the state, in the amount of increased reimbursement subject to this provision that was not
32 expended in compliance with that certification.

33 (b) Transition to full implementation of rate reform. For no less than four (4) years after
34 the initial application of the price-based methodology described in subsection (a)(2) to payment

1 rates, the executive office of health and human services shall implement a transition plan to
2 moderate the impact of the rate reform on individual nursing facilities. Said transition shall
3 include the following components:

4 (1) No nursing facility shall receive reimbursement for direct-care costs that is less than
5 the rate of reimbursement for direct-care costs received under the methodology in effect at the
6 time of passage of this act; for the year beginning October 1, 2017, the reimbursement for direct-
7 care costs under this provision will be phased out in twenty-five-percent (25%) increments each
8 year until October 1, 2021, when the reimbursement will no longer be in effect; and

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

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

17 (4) Notwithstanding any law to the contrary, for the twelve-month (12) period beginning
18 July 1, 2015, Medicaid payment rates for nursing facilities established pursuant to this section
19 shall not exceed ninety-eight percent (98%) of the rates in effect on April 1, 2015. Consistent
20 with the other provisions of this chapter, nothing in this provision shall require the executive
21 office to restore the rates to those in effect on April 1, 2015, at the end of this twelve-month (12)
22 period.

23 (c) Notwithstanding any language to the contrary in this section, whenever a nursing
24 home's cost of care provided to its residents increases due to a mandatory minimum hourly wage
25 increase, the state's medical assistance payments to the nursing home shall be correspondingly
26 increased to offset any mandated minimum wage increase costs.

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

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO HUMAN SERVICES -- NURSING HOME MEDICAL ASSISTANCE
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1 This act would increase the state medical assistance payments made to nursing homes to
2 cover any increased costs resulting from a hike in the minimum hourly wage, benefitting some of
3 its employees.

4 This act would take effect upon passage.

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