

Hospital Rate Improvement Program: *Ensuring Access and Better Quality*



Representative
Brandon Reed

HB 75 sponsored by Representative Brandon Reed

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- ▶ **The Hospital Rate Improvement Program (HRIP)** allows the state to draw down federal funds to pay a supplemental Medicaid payment to Kentucky hospitals. Hospitals pay an assessment to fund the state match.
- ▶ **No state funds are used** in the program.
- ▶ **HRIP Payments are made quarterly**, by applying a per discharge add-on to each inpatient claim that was paid in the prior quarter.
- ▶ **CMS will permit an adjustment to HRIP to also cover outpatient treatment**, which will allow rural hospitals to stabilize their finances.
- ▶ Currently, **HRIP supplemental payments fill the gap between Medicaid rates and 90% of the average commercial rate**. This applies to claims paid by MCOs.
- ▶ HRIP is a **value-based program with a portion of the funds tied to quality improvement** based on metrics **agreed to by the hospitals, CMS, and the Cabinet for Health and Family Services**.
- ▶ **Hospitals have been achieving the required quality goals**.
- ▶ **Payment amounts vary from quarter to quarter** based on changes in the number of patients treated.
- ▶ **CMS must give approval each year for this enhancement to be continued**.
- ▶ **Legislation is needed to end the hospital assessment if CMS terminates the program**.



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