

DEPARTMENT OF SOCIAL SERVICES

Notice of Proposed Medicaid State Plan Amendment (SPA)

SPA 20-0001: Inpatient Hospital Reimbursement

The State of Connecticut Department of Social Services (DSS) proposes to submit the following Medicaid State Plan Amendment (SPA) to the Centers for Medicare & Medicaid Services (CMS) within the U.S. Department of Health and Human Services (HHS).

Changes to Medicaid State Plan

Based on the anticipated adoption of state legislation in an upcoming special session, SPA 20-0001 will amend Attachment 4.19-A of the Medicaid State Plan effective for discharges on or after January 1, 2020 to change inpatient hospital reimbursement as follows: (1) one or more inpatient hospital rates will be increased by a specified percentage for one or more years and (2) the methodology for using wage index values in setting inpatient hospital payments will be modified.

Although the implementing legislation has not yet been adopted by the General Assembly, federal regulations require DSS to submit public notice at this time. Accordingly, this SPA is subject to change, in whole or in part, as necessary to comply with the final enacted legislation from the special session.

Fiscal Impact

DSS estimates that this SPA will increase annual aggregate expenditures for State Fiscal Year (SFY) 2020 and SFY 2021 with the value of the increases in expenditures dependent on the extent of the rate increases and wage index methodology changes to be provided.

Obtaining SPA Language and Submitting Comments

This SPA is posted on the DSS web site at this link: <http://portal.ct.gov/dss>. Scroll down to the bottom of the webpage and click on “Publications” and then click on “Updates.” Then click on “Medicaid State Plan Amendments”. The proposed SPA may also be obtained at any DSS field office or the Town of Vernon Social Services Department, or upon request from DSS (see below).

To request a copy of the SPA from DSS or to send comments about the SPA, please email: Public.Comment.DSS@ct.gov or write to: Medical Policy Unit, Department of Social Services, 55 Farmington Avenue, 9th Floor, Hartford, CT 06105 (Phone: 860-424-5067). Please reference “SPA 20-0001: Inpatient Hospital Reimbursement”.

Anyone may send DSS written comments about the SPA. Written comments must be received by DSS at the above contact information no later than December 27, 2019.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State Connecticut

C.1 Phase-in of State-Wide Base Rate/Peer Groups

The department shall move from the hospital-specific 2015 base rates under Section C. to state-wide base rates for the following designated peer groups: privately operated acute care hospitals, publicly operated acute care hospitals, and acute care children's hospitals licensed by the Department of Public Health.

Phase-in of the base rates for the privately operated acute care hospitals will be based on the weighted average statewide base rate using 2015 claims data and will occur over four years under the following time table:

<u>Admissions on or after:</u>	<u>Hospital-Specific %</u>	<u>Statewide %</u>
01/01/2017	75%	25%
01/01/2018	50%	50%
01/01/2019	25%	75%
01/01/2020	0%	100%

No phase-in is needed for the other two peer groups as there is only one hospital in each group. However, the following adjustments will be made to the base rates for all peer groups with payments remaining the same in the aggregate:

1. Acuity for 2015 was calculated in accordance with Section B. If the statewide case mix index (CMI) was greater than 0.8356, no refund of the Documentation and Coding Improvement Reserve Recover was necessary. Actual CMI was 0.8797 therefore the starting base rates for 01/01/2017 will be adjusted to account for the differential and maintain revenue neutrality.
2. Original wage index adjustments assigned by Medicare will be incorporated to account for differences in labor cost among counties and will be updated annually effective January 1st of each year for discharges on or before December 31, 2019. The wage index adjustments will be applied to the labor-related share percentage of the base rate established by Medicare, which will be updated annually effective January 1st of each year except as otherwise provided in this paragraph. Effective for discharges on or after January 1, 2020, the methodology for using wage index values will be modified after anticipated legislation providing for such changes is approved in special session.
3. Indirect medical education will be included for the applicable hospitals using Medicare's formula of $c \times [(1+r).405-1]$ where "r" is a hospital's ratio of residents to

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C.1 Phase-in of State-Wide Base Rate/Peer Groups (continued)

beds and “c” is a multiplier set by Congress. The calculation will be updated annually using the most recent Medicare cost report as filed by the prior July 1st with the Office of Health Care Access, i.e. the 2015 cost report will be used for the 2017 rates.

4. Effective for admissions on or after January 1, 2018, the base rates for privately operated acute care hospitals shall increase by 31.65%.
5. Effective for discharges on or after January 1, 2020, one or more base rates will be increased by a specified percentage for one or more years after anticipated legislation providing for such changes is approved in special session.

TN# 20-0001
Supersedes
TN# NEW

Approval Date _____

Effective Date: 01-01-2020

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
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I. Inpatient Hospital Services - Non DRG Payment Methodology

1. Rehabilitation per diem rate

For dates of service on or after January 1, 2015, the per diem rate for inpatient rehabilitation services provided in an acute care hospital shall be \$1,370.00. This per diem rate is inclusive of all hospital service fees and is paid only when the claim is assigned the rehabilitation DRG and the hospital requests and is approved for a per diem prior authorization. The rate was calculated based on 80% of the weighted average cost for all hospitals with a rehabilitation distinct part unit reported on their fiscal year 2012 Medicare cost report. Effective for dates of service on or after January 1, 2020, the per diem rate will be increased by a specified percentage for one or more years after anticipated legislation providing for such changes is approved in special session.

2. Psychiatric per diem rates

For dates of service on or after January 1, 2015, the per diem rates for inpatient hospital psychiatric services for children and adults are listed in the table below. The per diem rate shall be inclusive of all hospital service fees and is paid only when the claim is assigned a psychiatric DRG and the hospital requests and is approved for a per diem prior authorization.

- a. Hospitals without a distinct part unit (DPU) are paid the tier one rate of \$975.00.
- b. For hospitals with psychiatric DPUs, each hospital is assigned a psychiatric per diem rate that will most closely match historical revenue levels for psychiatric inpatient days.
- c. For hospitals with psychiatric DPUs, psychiatric per diem rate assignment will also take into consideration psychiatric inpatient costs as reported in the hospital's fiscal year 2012 Medicare cost report. If a hospital would lose revenue under the rate assigned under step b. (above), and the assigned rate would not provide 100% of costs, then the hospital will be assigned the rate one tier higher than what it would otherwise be assigned, unless it is already assigned to the highest tier.
- d. Payment shall continue as long as placement in this level of care is appropriate.
- e. For members under 19 years of age, the department will differentiate between medically necessary acute days and medically necessary discharge delay days. Medically necessary discharge delay days are paid at 85 percent of the applicable tiered rate.

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f. Psychiatric per diem rates shall be as follows:

	Medically Necessary Acute Days	Child Medically Necessary Discharge Delay Days
BACKUS	\$975.00	\$828.75
BRIDGEPORT	\$1,050.00	\$892.50
BRISTOL	\$975.00	\$828.75
CCMC	\$975.00	\$828.75
DANBURY	\$975.00	\$828.75
DAY KIMBALL	\$1,050.00	\$892.50
DEMPSEY	\$1,125.00	\$956.25
GREENWICH	\$975.00	\$828.75
GRIFFIN	\$975.00	\$828.75
HARTFORD	\$1,050.00	\$892.50
HOSP OF CEN. CT	\$975.00	\$828.75
HUNGERFORD	\$1,125.00	\$956.25
JOHNSON	\$975.00	\$828.75
LAWRENCE MEM.	\$975.00	\$828.75
MANCHESTER	\$975.00	\$828.75
MIDSTATE	\$975.00	\$828.75
MIDDLESEX	\$1,125.00	\$956.25
MILFORD	\$975.00	\$828.75
NORWALK	\$1,125.00	\$956.25
ROCKVILLE	\$975.00	\$828.75
SAINT FRANCIS	\$975.00	\$828.75
SAINT MARY	\$975.00	\$828.75
SAINT VINCENT	\$975.00	\$828.75
SHARON	\$975.00	\$828.75
STAMFORD	\$1,125.00	\$956.25
WATERBURY	\$975.00	\$828.75
WINDHAM	\$975.00	\$828.75
YALE-NEW HAVEN	\$1,050.00	\$892.50

g. Effective for dates of service on or after January 1, 2020, the per diem rates in subsection f. will be increased by a specified percentage for one or more years after anticipated legislation providing for such changes is approved in special session.