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State/Territory Name: CT

State Plan Amendment (SPA) #: 16-0033

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, MD 21244-1850



Financial Management Group

Roderick L. Bremby, Commissioner
Department of Social Services
25 Sigourney Street
Hartford, CT 06106-5033

AUG 01 2017

RE: Connecticut 16-0033

Dear Mr. Bremby:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 16-0033. This amendment provides for reimbursement to publicly owned psychiatric hospitals operated by the Department of Children and Families (DCF).

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903(a) and 1923 of the Social Security Act and the implementing Federal regulations at 42 CFR 447. We are pleased to inform you that Medicaid State plan amendment 16-0033 is approved effective October 7, 2016. We are enclosing the CMS-179 and the amended plan pages.

If you have any questions, please call Novena James-Hailey at (617) 565-1291.

Sincerely,


Kristin Fan
Director

**TRANSMITTAL AND NOTICE OF APPROVAL
OF STATE PLAN MATERIAL
FOR: HEALTH CARE FINANCING ADMINISTRATION**

1. TRANSMITTAL NUMBER:
16-0033

2. STATE: CT

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE
SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
CENTERS FOR MEDICARE AND MEDICAID SERVICES
~~DEPARTMENT OF HEALTH AND HUMAN SERVICES~~

4. PROPOSED EFFECTIVE DATE:
October 7, 2016

5. TYPE OF STATE PLAN MATERIAL (Check One):

☐ NEW STATE PLAN

☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:
Sections 1905(a)(16) and 1905(h) of the Social Security Act
42 C.F.R. § 440.160

7. FEDERAL BUDGET IMPACT:
a. FFY 2017 \$11.35 million (costs)
b. FFY 2018 \$12.23 million (costs)

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
Attachment 4.19-A, Pages 36 through 37

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR
ATTACHMENT (if applicable)
New

10. SUBJECT OF AMENDMENT: Effective October 7, 2016, SPA 16-0033 amends Attachment 4.19-A of the Medicaid State Plan to clarify the description of the reimbursement methodology for public inpatient psychiatric hospitals. The previous language specifically referenced only the Department of Mental Health and Addiction Services (DMHAS), while this SPA adds language for hospitals operated by the Department of Children and Families (DCF).

11. GOVERNOR'S REVIEW (Check One):

☒ GOVERNOR'S OFFICE REPORTED NO COMMENT
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☐ OTHER, AS SPECIFIED:

12. SIGNATURE OF OFFICIAL:

13. TYPED NAME: Roderick L. Bremby

14. TITLE: Commissioner

15. DATE SUBMITTED: December 29, 2016

16. RETURN TO:

State of Connecticut
Department of Social Services – 9th Floor
55 Farmington Avenue
Hartford, CT 06105-3724

Attention: Ginny Mahoney

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

18. DATE APPROVED:

AUG 01 2017

PLAN APPROVED ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

OCT 07 2016

20. SIGNATURE:

21. TYPED NAME:

Kristen FAM

22. TITLE:

Director, FMC

23. REMARKS: Len and ink change in box 7 per state RAI response

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5) Public Psychiatric Hospitals operated by the Department of Children and Families (DCF):

- a. Public psychiatric hospital services are provided by a public psychiatric hospital and include: psychiatric, medical and ancillary services, including, but not limited to, therapeutic services; active treatment services, including, but not limited to, individual, group and family therapy; diagnostic testing and assessment; room and board; and case management, discharge planning, rehabilitative services and treatment planning. A Medicaid public psychiatric hospital service "Unit" is defined when a client is present at midnight for the census count.
- b. Interim rates for Medicaid public psychiatric hospital services provided by DCF shall be updated annually. Interim rates are based on the previous year finalized replacement rates for Medicaid public psychiatric hospital services provided to Medicaid clients by DCF based upon the cost settlement, as determined in the subsections below, rounded up to the nearest \$10. When interim rates are updated, all claims for the interim rate period shall be reprocessed to reflect the change in the interim rate. Interim rates are provisional in nature, pending the completion of cost reconciliation and cost settlement for that period. Payments for Medicaid public psychiatric hospital services provided by DCF will not duplicate payments made under Medicaid for other services covered under the program.

The initial interim rate for the period of October 7, 2016 through June 30, 2017 interim rate shall be based on the Per Capita Rate Calculation Report prepared by the Office of the State Comptroller for the costs of fiscal year 2015 inflated by a factor of 0.12 percent and shall exclude any educational costs. The initial interim rate for the period of October 7, 2016 until the interim replacement rate is issued pursuant to this section shall be \$2,017.

- c. For each public psychiatric hospital, DCF will file annual cost reports for services described in item a. delivered during the interim rate period. The State will report costs by facility in a complete Medicare CMS 2552-10 Cost Report. Allowable costs shall be determined in accordance with the Medicare cost identification principles described in PRM-15-1 and cost principles detailed in 2 CFR 200.

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Reports will correspond to the state fiscal year of July 1 through June 30. Cost reports are due to the Department of Social Services (DSS) no later than 15 months following the close of the year during which the costs included in the Cost Report were incurred.

d. Cost Reimbursement Methodology

DCF will certify on an annual basis through its completed public psychiatric hospital Cost Report its total actual, incurred Medicaid allowable costs, including the federal share and the nonfederal share. Certified cost reports will include detailed cost data including direct costs, operating expenses related to direct services, indirect costs, and general and administrative costs in support of public psychiatric hospital services. The public psychiatric hospital costs included in the cost reports shall be based upon the public psychiatric hospital Per Capita Rate Calculation Report prepared by the Office of the State Comptroller. The expenses and costs included in the Per Capita Rate Calculation Report prepared by the Office of the State Comptroller adhere to the Medicare cost guidelines used to complete Form CMS-2552-10.

In determining Medicaid allowable costs for providing services at a public psychiatric hospital, the following elements are included and calculations made:

- i. Direct costs of providing public psychiatric hospital services shall include salary, wage, fringe benefits and worker's compensation costs that are directly identified as psychiatric hospital services, including costs that are integral to the delivery of public psychiatric hospital services. For purposes of this subsection, allowable direct costs include costs from the inpatient cost center and ancillary cost centers.

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Medicare Cost Center	Medicare Cost Center Description
	Inpatient Hospital Care
30	Inpatient - Routine Services
	Ancillary Services
54	Radiology
60	Laboratory
65	Respiratory Therapy
66	Physical Therapy
67	Occupational Therapy
68	Speech Therapy

- ii. Other direct costs are determined using PRM 15-2 guidelines as used to identify allowable costs included in Form CMS 2552-10. These costs are directly attributable to activities performed by personnel who are approved to deliver of public psychiatric hospital services and costs necessary to support the delivery of public psychiatric hospital services.
- iii. Total direct costs include the sum of items (i) and (ii) above.
- iv. A proportional amount of administrative costs will be allocated to the direct service inpatient and ancillary cost centers. Administrative costs are captured in the following general service Medicare cost centers:

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Medicare Cost Center	Medicare Cost Center Description
1	Capital Buildings & Fixtures
2	Capital Movable Equipment
4	Employee Benefits
5	Administrative and General
6	Maintenance and Repairs
7	Operation of Plant
8	Laundry and Linen Service
9	Housekeeping
10	Dietary
12	Maintenance of Personnel
13	Nursing Administration
15	Pharmacy
16	Medical Records and Library
17	Social Service

- v. Indirect costs shall include a portion of the Statewide Cost Allocation Plan (SWCAP) allocation, building and equipment depreciation not included in SWCAP, DCF Central Office costs, DCF payroll preparation costs, and bond interest, which are recorded on Worksheet A-8.
- vi. The general service administrative costs and indirect costs shall be allocated using PRM 15-2 guidelines and in accordance with Form CMS 2552-10 and cost report instructions. Following are the allocation methodologies used in the CMS-2552 Cost Report: Capital Related Costs for Building and Fixtures, Capital Related Costs for Moveable Equipment, Maintenance and Repairs, Operation of Plant, and Housekeeping, are allocated using square footage; Employee Benefits using salaries; Administrative and General using accumulated costs; Laundry using patient days; Dietary using number of meals; Maintenance of Personnel by number of employees housed onsite; and Nursing Administration, Pharmacy, Medical Records and Library, and Social Service using time allocations. SWCAP is allocated as part of Employee Benefits and Administrative and General; Building and Equipment depreciation and Bond Interest are allocated as part of Capital Related to Building and Fixtures.

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- vii. The Medicaid reimbursable costs are recorded on Schedule B, Part I of the CMS-2552-10 Cost Report, Column 26, lines 30, 54, 60, 65, 66, 67 and 68.

Medicare Cost Center	Medicare Cost Center Description	Medicare Cost Report Reference
	Inpatient Hospital Care	
30	Inpatient - Routine Services	Worksheet B, Part I, Line 30, Column 26
	Ancillary Services	
54	Radiology	Worksheet B, Part I, Line 54, Column 26
60	Laboratory	Worksheet B, Part I, Line 60, Column 26
65	Respiratory Therapy	Worksheet B, Part I, Line 65, Column 26
66	Physical Therapy	Worksheet B, Part I, Line 66, Column 26
67	Occupational Therapy	Worksheet B, Part I, Line 67, Column 26
68	Speech Therapy	Worksheet B, Part I, Line 68, Column 26

- viii. The per diem rate for public psychiatric hospital services is calculated by dividing the Medicaid reimbursable public psychiatric hospital costs under item vii. by the total available days for the same period, as recorded on Worksheet S-3, Part I, Line 1, column 3. The Medicaid allowable costs are calculated by the per diem rate multiplied by the Medicaid days for the same period, as recorded on Worksheet S-3, Part I, Line 1, Column 7.

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- e. The Medicaid per-diem public psychiatric hospital rate is calculated by dividing the total allowable costs by the total number of actual recorded inpatient days for the same period.
- f. DCF's claims (defined as claims paid at the interim rate for Medicaid public psychiatric hospital services delivered by DCF during the reporting period, as documented in the MMIS), will be compared to the total Medicaid reimbursable cost based on the CMS 2552.10 Cost Report. identified in subsection (d) above. When interim rates are finalized, all claims for the rate period shall be reprocessed to reflect the change from interim to final rates. The DCF interim rate claims for Public psychiatric hospital services will, on the basis of comparison, then be adjusted in aggregate. This process results in cost reconciliation.

Reconciliation will occur within 24 months of the end of the reporting period contained in the submitted cost report. Connecticut will not modify the scope of costs or the annual cost report methodology.

If it has been determined that an overpayment has been made, the Department of Social Services will return the federal share of the overpayment pursuant to 42 CFR 433, Subpart F. If the actual, certified Medicaid allowable costs of Medicaid public psychiatric hospital services exceed the interim Medicaid rates, the Department of Social Services will submit claims to CMS for the underpayment. Cost settlement will occur within the timelines set forth in 42 CFR 433, Subpart F.