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State/Territory Name: CT

State Plan Amendment (SPA) #: 18-0001

This file contains the following documents in the order listed:

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

CMS
CENTERS FOR MEDICARE & MEDICAID SERVICES
CENTER FOR MEDICAID & CHIP SERVICES

Financial Management Group

Roderick L. Bremby, Commissioner
Department of Social Services
55 Farmington Avenue 9th Floor
Hartford, CT 06105

JUN 19 2018

RE: Connecticut 18-0001

Dear Commissioner Bremby:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 18-0001. Effective January 1, 2018, this amendment revises reimbursement for inpatient hospital services to implement: (1) a rate increase to the diagnosis related group (DRG) base rate for privately operated acute care general hospitals and (2) supplemental payments to specified mid-sized acute care hospitals. In addition, this SPA also adds language to clarify that the labor-related share to which the geographic area wage index is applied to each hospital is updated annually to reflect any changes by Medicare.

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 18-0001 is approved effective January 1, 2018. 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,

[redacted]

Kristin Fan,
Director

DEPARTMENT OF HEALTH AND HUMAN SERVICES
HEALTH CARE FINANCING ADMINISTRATION

FORM APPROVED
OMB NO. 0938-0193

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

1. TRANSMITTAL NUMBER: 18-0001
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: January 1, 2018

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

___ NEW STATE PLAN ___ AMENDMENT TO BE CONSIDERED AS NEW PLAN _X_ AMENDMENT

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

6. FEDERAL STATUTE/REGULATION CITATION:
Section 1905(a)(1) of the Social Security Act and
42 CFR 440.10 and 447.253(a), (b), and (c)

7. FEDERAL BUDGET IMPACT:
FFY 2018 $116.9 million
FFY 2019 $102.0 million

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
Attachment 4.19-A, Pages 1(iii)a and 1(xii)

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If applicable)
Attachment 4.19-A, Pages 1(iii)a and 1 (xii)

10. SUBJECT OF AMENDMENT: Effective January 1, 2018, this SPA amends Attachment 4.19-A of the Medicaid State Plan to implement: (1) a Medicaid rate increase to the diagnosis-related group (DRG) base rate for privately operated acute care general hospitals of 31.65% and (2) Medicaid supplemental payments for inpatient hospital services to specified mid-sized acute care hospitals. In addition, this SPA also adds language to clarify that the labor-related share to which the geographic area wage index is applied to each hospital is updated annually to reflect any changes by Medicare. Mid-sized hospital supplemental payments will total $65 million each year for SFYs 2018 and 2019. Qualifying hospitals are acute care general hospitals that, as reported in each hospital's Federal Fiscal Year (FFY) 2016 filing with the Department of Public Health, Office of Health Care Access (OHCA), have: (1) staffed beds of not less than 150 but not more than 300 and (2) Medicaid gross revenue of not less than 6% but not more than 18% of total revenue. Payments will be calculated using each hospital's pro rata share of Medicaid inpatient revenue, subject to a cap of $14.5 million, of all eligible hospitals in the aggregate as reported in each hospital's FFY 2016 filing with OHCA. Collectively, DSS estimates that this SPA will increase federal expenditures by approximately $116.9 million in FFY 2018 and $102.0 million in FFY 2019.

11. GOVERNOR'S REVIEW (Check One):

_X_ 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 STATE AGENCY OFFICIAL:
[redacted]

13. TYPED NAME: Roderick L. Bremby

14. TITLE: Commissioner

15. DATE SUBMITTED: December 29, 2017

16. RETURN TO:
State of Connecticut
Department of Social Services
55 Farmington Avenue – 9th floor
Hartford, CT 06105
Attention: Ginny Mahoney

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

18. DATE APPROVED: JUN 19 2018

PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL: JAN 01 2018

20. SIGNATURE OF REGIONAL OFFICIAL:
[redacted]

21. TYPED NAME: Kristin Fan

22. TITLE: FMG Director

23. REMARKS: Pen and ink change in box 9 per state request. Remove page 1 (ix)

FORM HCFA-179 (07-92)

Attachment 4.19-A

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

(2b) Supplemental Reimbursement to Mid-Sized Hospitals for Inpatient Hospital Services.

Supplemental payments to eligible hospitals shall be made from a pool of funds in the amount of $65 million for each of the state fiscal years ending June 30, 2018 and June 30, 2019. The payments shall be made periodically throughout each fiscal year in accordance with the following paragraphs:

(a) Hospitals eligible for supplemental payments under this section are privately operated short-term general acute care hospitals that, as reported in each hospital's Federal Fiscal Year 2016 filing with the Department of Public Health, Office of Health Care Access (OHCA), have: (1) staffed beds of not less than 150 but not more than 300 and (2) Medicaid gross revenue of not less than 6% but not more than 18% of total revenue.

(b) Each eligible hospital's share of the supplemental payment pool shall be equal to that hospital's pro rata share of the total Medicaid inpatient revenues, subject to a cap of $14.5 million, of all eligible hospitals in the aggregate as reported in each hospital's Federal Fiscal Year 2016 filing with OHCA.

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:

Admissions on or after:	Hospital-Specific %	Statewide %
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. 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.

3. Indirect medical education will be included for the applicable hospitals using Medicare's formula of c x [(1+r).405-1] where "r" is a hospital's ratio of residents to 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%.