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DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
JFK Federal Building, Government Center
Room 2275
Boston, Massachusetts 02203



Division of Medicaid and Children's Health Operations / Boston Regional Office

July 9, 2018

Roderick Bremby, Commissioner
Department of Social Services
55 Farmington Avenue
Hartford, CT 06105

Dear Commissioner Bremby:

We are pleased to enclose via email, a copy of approved Connecticut State Plan Amendment (SPA) No. 18-002, submitted to my office on December 29, 2017 and approved on June 27, 2018. This SPA amends Attachment 4.19-B of the Medicaid State Plan to implement: (1) a Medicaid rate increase to the ambulatory payment classification (APC) conversion factor for acute care general hospitals and (2) Medicaid supplemental payments for outpatient hospital services to specified acute care hospitals.

As described in the SPA, the APC conversion factor for acute care general hospitals other than children's hospitals will be increased by 6.5%, which is estimated to increase aggregate expenditures by approximately \$14.6 million for state fiscal year (SFY) 2018 and \$35 million for SFY 2019. Supplemental payments will total \$85.4 million for SFY 2018 and \$65 million for SFY 2019.

This SPA also adds language to clarify that the labor-related share percentage to which the geographic wage index is applied is updated annually to reflect any changes by Medicare.

This SPA has been approved effective January 1, 2018, as requested by the State.

Changes are reflected in the following sections of your approved State Plan:

- Addendum Page 1a to Attachment 4.19B, Page 1
- Addendum Page 1f to Attachment 4.19B, Page 1

If you have any questions regarding this matter you may contact Marie DiMartino (617) 565-9157 or by e-mail at Marie.DiMartino@cms.hhs.gov

Sincerely,

/S/

Richard R. McGreal

Associate Regional Administrator

**TRANSMITTAL AND NOTICE OF APPROVAL
OF STATE PLAN MATERIAL
FOR: CENTERS FOR MEDICARE AND MEDICAID SERVICES**1. TRANSMITTAL NUMBER:
18-0002

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 SERVICES4. PROPOSED EFFECTIVE DATE:
January 1, 2018

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:
Section 1905(a)(2)(A) of the Social Security Act and
42 CFR 440.20(a)7. FEDERAL BUDGET IMPACT:
FFY 2018 \$81.1 million
FFY 2019 \$48.5 million8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
Addendum Pages 1a and 1f to Attachment 4.19-B, Page 19. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR
ATTACHMENT (If applicable)
Addendum Pages 1a and 1f to Attachment 4.19-B, Page 1

10. SUBJECT OF AMENDMENT: Effective January 1, 2018, this SPA amends Attachment 4.19-B of the Medicaid State Plan to implement: (1) a Medicaid rate increase to the ambulatory payment classification (APC) conversion factor for acute care general hospitals and (2) Medicaid supplemental payments for outpatient hospital services to specified acute care hospitals. As described in the SPA, the APC conversion factor for acute care general hospitals other than children's hospitals will be increased by 6.5%, which is estimated to increase aggregate expenditures by approximately \$14.6 million for state fiscal year (SFY) 2018 and \$35 million for SFY 2019. Supplemental payments will total \$85.4 million for SFY 2018 and \$65 million for SFY 2019. This SPA also adds language to clarify that the labor-related share percentage to which the geographic wage index is applied is updated annually to reflect any changes by Medicare.

11. GOVERNOR'S REVIEW (Check One):

☒ GOVERNOR'S OFFICE REPORTED NO COMMENT☐ OTHER, AS SPECIFIED:☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL:

/S/

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: December 29 2017

18. DATE APPROVED: June 27 2018

PLAN APPROVED – ONE COPY ATTACHED19. EFFECTIVE DATE OF APPROVED MATERIAL:
January 1 2018

20. SIGNATURE OF REGIONAL OFFICIAL:

/S/

21. TYPED NAME: Richard R. McGreal

22. TITLE: Associate Regional Administrator
Division of Medicaid & Children's Health Operations

23. REMARKS:

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State Connecticut**Payment Rate and Limitations for Hospitals Reimbursed Using APCs**

The CMAP APC system is based on Medicare's Addendum B (OPPS payment by HCPCS code as modified and reflected in CMAP Addendum B), Addendum A (list of APCs) and Addendum D1 (list of payment status indicators) and uses Medicare's APC grouper software. Effective July 1, 2016, APC IOCE Version 17.1 will be used. When Medicare issues subsequent APC IOCE versions, the CMAP APC system will adopt such version with the same effective date as Medicare. In order to implement each such new version, the department will update Addendum B in accordance with such version and in conformance with the existing methodology and policy as reflected in the current version of CMAP Addendum B, including any new or deleted codes that were included by Medicare.

CMAP Addendum B also includes a column entitled "Payment Type" that indicates whether an item is reimbursable based on the APC methodology, the applicable fee schedule or other prospective payment methodology.

1. Effective for services provided on or after July 1, 2016, for applicable services as specified in CMAP Addendum B, the department pays for outpatient hospital services on a fully prospective per service basis using an APC payment methodology in accordance with this section.
2. Effective for services provided on or after July 1, 2016, the statewide conversion factor established by the department is \$82.25 for acute care general children's hospitals and \$71.76 for acute care general hospitals, private chronic disease hospitals, and private psychiatric hospitals. Effective for services provided on or after January 1, 2018, the statewide conversion factor established by the department for acute care general hospitals is \$76.42.
3. The conversion factor is adjusted for the hospital's wage index based on the original Medicare assignment. Medicare reclassifications of the geographic wage index will not be recognized. The wage index is updated annually effective January 1st of each year. The wage index is applied to the labor-related share percentage of the conversion factor established by Medicare and is updated annually effective January 1st of each year.
4. Hospitals located outside of Connecticut shall be paid the statewide conversion factor of \$71.76, with no adjustment for the wage index for services reimbursed using APCs, except that if a hospital requests to have the conversion factor adjusted for the hospital's actual wage index, the department may grant such request on a case-by-case basis if the department determines that such adjustment is necessary to ensure access to medically necessary services for a beneficiary. For services reimbursed using a non-APC methodology, hospitals located outside of Connecticut shall be reimbursed in the same manner as hospitals located in Connecticut. However, if the department determines that a service is not available in Connecticut, the department may negotiate payment rates and conditions with such provider, up to, but not exceeding, the provider's usual and customary charges.
5. Observation Services. Observation services shall include not less than eight hours but not greater than forty-eight hours of continuous care. Observation services are reimbursed using APCs. The hospital may bill for ancillary services related to observation only if such services are ordered during the observation stay.

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

Supplemental Reimbursement to Privately Owned or Operated Acute Care General Hospitals for Providing Outpatient Hospital Services

Supplemental payments to eligible hospitals shall be made from a pool of funds in the amount of \$85.4 million for the state fiscal year ending June 30, 2018 and \$65 million for the state fiscal year ending 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 short-term acute care general hospitals other than short-term children's general hospitals and short-term acute care general hospitals operated exclusively by the State, other than a short-term acute care general hospital operated by the State as a receiver.
- (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 outpatient revenues of all eligible hospitals in the aggregate as reported in each hospital's Federal Fiscal Year 2016 filing with the State of Connecticut, Department of Public Health, Office of Health Care Access (OHCA).