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State/Territory Name: CT

State Plan Amendment (SPA) #: 22-0025

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 & HUMAN SERVICES

Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S3-14-28
Baltimore, Maryland 21244-1850



Financial Management Group

December 20, 2022

Deidre S. Gifford, Commissioner
Department of Social Services
55 Farmington Avenue, 9th Floor
Hartford, CT 06105-3730

RE: Connecticut 22-0025

Dear Commissioner Gifford:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid State plan submitted under transmittal number (TN) 22-0025. Effective July 1, 2022, this amendment implements an acuity-based reimbursement methodology for nursing facilities phased in over a three-year period.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30) and 1903(a) of the Social Security Act and the implementing Federal regulations at 42 CFR 447 Subpart C.

This is to inform you that Medicaid State plan amendment TN 22-0025 is approved effective July 1, 2022. The CMS-179 and the amended plan page(s) are attached.

If you have any additional questions or need further assistance, please contact Novena James-Hailey at (617) 565-1291 or Novena.JamesHailey@cms.hhs.gov.

Sincerely,

A solid black rectangular box redacting the signature of the sender.

Rory Howe
Director

Enclosures

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER <u>2 2 — 0 0 2 5</u>	2. STATE <u>CT</u>
3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT <input checked="" type="radio"/> XIX <input type="radio"/> XXI	

TO: CENTER DIRECTOR
CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
July 1, 2022

5. FEDERAL STATUTE/REGULATION CITATION
Social Security Act Sections 1905(a)(4) and 1919 and 42 CFR 440.40(a) and 447.253(a) and (b)

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 2022 \$ 2,478,502
b. FFY 2023 \$ 17,658,891

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Attachment 4.19-D, Pages 59(c)(5) and (6)

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)
NEW

9. SUBJECT OF AMENDMENT
Three-year transition to acuity-based reimbursement for nursing homes, which makes quarterly case-mix adjustments to the direct care component of the per diem rate, including rebasing costs to the fiscal year ending 9/30/2019. Years one and two include specified stop-gain and stop-loss provisions. Years one through three are subject to specified case mix growth limits.

10. 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. TYPED NAME
Deidre S. Gifford, MD, MPH

13. TITLE
Commissioner

14. DATE SUBMITTED
September 29, 2022

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

FOR CMS USE ONLY

16. DATE RECEIVED
September 29, 2022

17. DATE APPROVED
December 20, 2022

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
July 1, 2022

APPROVING OFFICIAL

20. TYPED NAME OF APPROVING OFFICIAL
Rory Howe

OFFICIAL
Director, Financial Management Group

22. REMARKS

State: ConnecticutMethods and Standards for Establishing Payment Rates for Nursing Facilities

Transition to Acuity-Based Nursing Home Reimbursement for Direct Costs

1. Two geographic peer groupings shall be established for nursing facilities for the purpose of determining allowable direct costs. One peer grouping shall be comprised of those facilities located in Fairfield County. The other peer grouping shall be comprised of facilities located in all other counties.
2. For fiscal years ending June 30, 2023, and beyond, the department shall determine facility rates based upon 2019 cost report filings subject to the provisions of this section.
3. For fiscal years ending June 30, 2023, and beyond, Direct cost will incorporate an acuity-based component. An inflation multiplier, based on the Gross Domestic Product (GDP), will be applied to total Direct costs to inflate costs from the mid-point of the cost year to the mid-point of the rate year. Inflated Direct cost will be divided by the greater of actual resident days or imputed resident days at 90% occupancy, the established minimum occupancy, resulting in a per diem Direct cost. Direct costs will then be subject to a cost normalization process, in which per Diem Direct costs will be divided by the all-payer total facility cost report period case mix index average which corresponds to the base cost reporting period utilized for reimbursement rates, resulting in normalized Direct costs. The normalized Direct costs will be compared to the established direct cost maximum, which is established at 135% of the base year median normalized Direct cost for each peer group. There are two peer groups for Connecticut, nursing facilities residing in Fairfield county and non-Fairfield county nursing facilities. The lesser of each facility's normalized Direct costs or the applicable peer grouping direct cost maximum will be multiplied by the facility's Medicaid case mix index in effect for the applicable rate quarter to establish Medicaid direct cost for the reimbursement rate. Medicaid reimbursement rates will be updated quarterly to account for changes in each facility's quarterly Medicaid case mix index.
4. The Resource Utilization Group-IV (RUG-IV) 48 grouper nursing-only weight resident classification system (or its successor) will be utilized to calculate the all-payer total facility cost report period case mix index average applied to the base cost reporting period for cost normalization purposes, as well as the quarterly Medicaid case mix index. Each index is a calendar day weighted average, carried to four decimal places, of all indices for MDS assessments transmitted and accepted by CMS that are considered active within the applicable time period.

TN # 22-0025Approval Date December 20, 2022Effective Date 07/01/2022

Supersedes

TN # NEW

State: Connecticut

Methods and Standards for Establishing Payment Rates for Nursing Facilities

Transition to Acuity-Based Nursing Home Reimbursement for Direct Costs (cont'd)

5. For fiscal years ending June 30, 2023, and beyond, for direct costs the maximum shall be equal one hundred thirty-five percent of the median allowable normalized direct costs of that peer grouping.
6. For fiscal years ending June 30, 2023, through June 30, 2025, a phase-in of reimbursement rates will be applied. Facility reimbursement rates will be subject to a corridor relating to the allowed maximum gain or maximum loss from each facility's reimbursement rate for June 30, 2022.

Fiscal Year End	June 30, 2023	June 30, 2024	June 30, 2025
Maximum Gain	\$6.50	\$20.00	None
Maximum Loss	\$0.00	\$5.00	None

7. Additionally, Medicaid reimbursement rates will be subject to a case mix growth limitation. The statewide average Medicaid case mix index for the July 1, 2022, reimbursement rates will serve as the baseline to determine growth. The statewide average Medicaid case mix index will be subject to the following maximum growth limits:

Fiscal Year End	June 30, 2023	June 30, 2024	June 30, 2025
Maximum Gain	0.75%	1.51%	2.27%

8. Any quarter in which the statewide average Medicaid case mix index exceeds the allowed maximum growth limit will result in all facility Medicaid case mix indices being reduced by a uniform percentage until the statewide average Medicaid case mix index is equal to the maximum growth limit.

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Supersedes

TN # NEW