

## **PROPOSED CHANGES TO THE MEDICAID STATE PLAN**

On December 1st, 2011, the State Department of Social Services (DSS) published notice of its proposal to submit the following Medicaid State Plan Amendments to the Centers for Medicare & Medicaid Services:

12-002                      General and Psychiatric Hospital Inpatient Reimbursement  
   Methodology

**The Department has extended the time frame for the submission of comments to March 30<sup>th</sup> 2012.**

Written, phone, and e-mail requests should be directed to Christopher LaVigne, Office of Certificate of Need and Rate Setting, Department of Social Services, 25 Sigourney Street, Hartford, CT 06106-5033.

(Phone: 860-424-5719, Fax: 860-424-4812, E-mail: [con-ratesetting.dss@ct.gov](mailto:con-ratesetting.dss@ct.gov)).

Please reference the SPA heading listed above (e.g., “General and Psychiatric Hospital Inpatient Reimbursement Methodology”).

**Please note that draft fees contained in the State Plan Amendment Pages may be subject to change.**

## STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

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## Methods and Standards for Establishing Payment Rates - Inpatient Hospital Care (continued)

(with addition of ten percent incentive, if applicable) increased by 6.5%; or (2) 80% of the cost per discharge per the 2005 cost report filings, but not to exceed \$10,750 per discharge or 142.5% of the 2007 Medicaid Cost Per Discharge (with addition of ten percent incentive, if applicable). Hospitals qualifying for an allowable cost per discharge increase under (1) or (2), shall not receive the ten per cent incentive identified in Section 4005 of Public Law 101-508.

Effective April 1, 2009, general acute care hospital inpatient rates shall be adjusted for admissions that meet the criteria established in section 1(k) of the Addendum to Attachments 3.1-A and 3.1-B, Page 1(b). The methodology is as follows:

1. Hospitals are required to run all Medicaid claims through a Medicare diagnosis-related grouper to determine the Medicare payment amount with and without the present on admission indicator.
2. Hospitals are required to report to the Department all Medicaid claims with a present on admission indicator where Medicare payment was reduced. The report shall include the payment amount with the indicator and the payment amount without the indicator.
3. The Department will calculate the Medicare payment reduction percentage and apply this same percentage reduction to the Medicaid allowed amount per discharge during the annual cost settlement.

Effective January 1, 2012, inpatient hospital target amounts per discharge shall be:

	Target
BACKUS	\$4,201.23
BRIDGEPORT	\$7,025.24
BRISTOL	\$3,590.39
DANBURY	\$5,377.29
DAY KIMBALL	\$3,866.90
DEMPSEY	\$10,142.98
GREENWICH	\$5,874.16
GRIFFIN	\$4,225.19
HARTFORD	\$6,694.01
HOSP OF CEN. CT	\$4,170.67
HUNGERFORD	\$4,100.33
JOHNSON	\$3,225.21
LAWRENCE MEM.	\$4,520.92
MANCHESTER	\$4,842.67
MIDSTATE	\$3,900.75
MIDDLESEX	\$4,546.39
MILFORD	\$3,822.82

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NEW MILFORD	\$5,975.37
NORWALK	\$5,803.77
ROCKVILLE	\$3,679.08
SAINT FRANCIS	\$5,598.69
SAINT MARY	\$5,052.14
SAINT RAPHAEL	\$5,350.00
SAINT VINCENT	\$5,190.27
SHARON	\$3,447.13
STAMFORD	\$4,568.92
WATERBURY	\$4,868.02
WINDHAM	\$3,828.28
YALE-NEW HAVEN	\$5,900.20

Effective January 1, 2012, the per diem rate for general acute care children's hospitals, defined as any hospital which, on January 1, 2012, is within the class of hospitals licensed by the Department of Public Health as children's general hospitals, shall be:

	Per Diem
CONNECTICUT CHILDREN'S MEDICAL CENTER (CCMC)	\$2,172.85

Effective January 1, 2012, inpatient hospital psychiatric per diem rates for children under 19 years of age will differentiate between medically necessary acute days and medically necessary discharge delay days. Such rates shall be as follows:

	Child Psychiatric Inpatient Per Diem	
	Medically Necessary Acute Days	Medically Necessary Discharge Delay Days
BACKUS	\$680.16	\$578.14
BRIDGEPORT	\$765.56	\$650.72
BRISTOL	\$720.88	\$612.75
DANBURY	\$742.72	\$631.31
DAY KIMBALL	\$624.12	\$530.50
DEMPSEY	\$777.76	\$661.09
GREENWICH	\$649.78	\$552.31
GRIFFIN	\$728.08	\$618.87
HARTFORD	\$854.67	\$726.47
HOSP OF CEN. CT	\$734.75	\$624.54

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HUNGERFORD	\$753.33	\$640.33
JOHNSON	\$770.70	\$655.09
LAWRENCE MEM.	\$699.77	\$594.80
MANCHESTER	\$722.74	\$614.33
MIDSTATE	\$816.63	\$694.14
MIDDLESEX	\$777.27	\$660.68
NORWALK	\$784.11	\$666.49
SAINT FRANCIS	\$718.33	\$610.58
SAINT MARY	\$665.68	\$565.83
SAINT RAPHAEL	\$773.84	\$657.76
SAINT VINCENT	\$822.52	\$699.14
STAMFORD	\$781.52	\$664.29
WATERBURY	\$831.35	\$706.65
YALE-NEW HAVEN	\$1,003.38	\$852.87

Such per diem rates are inclusive of all hospital service fees and hospital-based professional services. Payment shall continue as long as placement in this level of care is appropriate. Pediatric psychiatric inpatient payments and patient days shall be excluded from Medicaid Cost Per Discharge settlement.

Effective January 1, 2012, per diem rates for intermediate Child and Adolescent Rapid Emergency Stabilization Services (CARES) provided in a designated general hospital unit with an approved Certificate of Need that specifically provides for the operation of a CARES unit for such services shall be:

Evaluation:	\$450
Days 1-3:	\$1,175

Such per diem rates are inclusive of all hospital service fees and hospital-based professional services. Payment shall be limited to 3 days, except that for those children authorized by the Department for admission to the Connecticut state operated psychiatric residential treatment facility or to a specialized out-of-state residential or hospital facility, payment shall be permitted beyond the 3-day limit. The Department may otherwise authorize payment beyond the 3-day limit on an exception basis.

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STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

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Effective January 1, 2012, supplemental reimbursement for general acute care hospitals, private psychiatric hospitals and children's hospitals shall be made on a quarterly basis throughout the fiscal year.

- (a) General acute care hospital and private psychiatric hospital supplemental payments shall be equal to the hospital's differential between the uniform outpatient fee-for-service reimbursement and the reimbursement that would have been received for the population formerly covered under the 1915(b) waiver that ceased on December 31, 2011.
- (b) General acute care children's hospital, defined as any hospital which, on January 1, 2012, is within the class of hospitals licensed by the Department of Public Health as children's general hospitals, supplemental payments shall be equal to the hospital's differential between the uniform outpatient and uniform physician and other professional fee-for-service reimbursement (provided by affiliated physician practices) and the reimbursement that would have been received for the population formerly covered under the 1915(b) waiver that ceased on December 31, 2011.

Effective January 1, 2012, supplemental reimbursement for general acute care hospitals, private psychiatric hospitals and children's hospitals shall be made on a one-time lump sum basis.

- (a) A supplemental payment will be made to in-state general and psychiatric hospital providers of child psychiatric inpatient services. One-time supplemental payments to eligible providers shall be made from a pool of funds in the amount of \$934,000. 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 of all eligible hospitals in the aggregate for CY 2011. Payments will be made on a lump-sum basis in the quarter ending June 30, 2012.

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Effective January 1, 2012, supplemental reimbursement for general acute care hospitals, private psychiatric hospitals and children's hospitals shall be made on a one time lump sum.

- (a) Beginning January 1, 2012, supplemental payments to in-state general and psychiatric hospital providers of psychiatric inpatient services shall be paid from a pool of funds of \$934,000 per year to hospitals that meet performance initiative measures approved by the Department. Payments will be made in the quarter ending June 30th for the previous calendar year. Payments shall be paid to hospitals based on their measured performance during the preceding calendar year.

Effective June 1, 2010, per diem rates for intermediate duration acute psychiatric care provided in a designated general hospital unit certified by the state Department of Mental Health and Addiction Services for such services shall be:

Days 1-29:	\$900
Days 30+:	\$825

Such per diem rates are inclusive of all hospital service fees and hospital-based professional services. Payment shall continue as long as placement in this level of care is appropriate. Inpatient stays that include transfer to intermediate duration acute psychiatric care beds from other inpatient psychiatric beds within a hospital shall be paid based on the intermediate duration psychiatric care rate schedule for all days. Intermediate duration psychiatric care payments and patient days shall be excluded from Medicaid Cost Per Discharge settlement.

All Medicaid cost settlement report filings shall be subject to adjustment as specified in Section 17-312-105(g) of the Regulations of Connecticut State Agencies. The department may also conduct special reviews of a hospital cost report filing to verify significant aberrations from cost year to cost year filings by a hospital or in comparison to other hospitals. Cost or statistical data that is not adequately documented or is unallowable, shall be adjusted and any cost settlements or rates established based on such data shall be revised accordingly.

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- (b) In reimbursing for inpatient hospital services to out-of-state and border hospitals the State agency will apply the following methodologies:
1. A fixed percentage shall be calculated by the State agency based on the ratio between the allowed cost for all Connecticut in-state hospitals, applying Medicare retrospective reasonable cost reimbursement principles, and total customary charges for all Connecticut instate hospitals, or
  2. Each out-of-state and border hospital may have its fixed percentage optionally determined based on its total allowable cost under Medicare principles of reimbursement pursuant to 42 CFR 413. The State agency shall determine from the hospital's most recently available Medicare cost report filed with the State agency the ratio of total allowable inpatient costs to gross inpatient revenue. The resulting ratio shall be the hospital's fixed percentage not to exceed one hundred percent (100%). For any hospital with a fixed percentage that exceeds seventy-five percent (75%), the State agency may review the supporting documentation and make any adjustment required in favor of the hospital or the State as a result of the review.
  3. The State agency shall reimburse out-of-state and border hospitals utilizing the methodology as set forth in subsection (b)1. or (b)2. above unless a different methodology is required by federal law, in which case, the required federal methodology shall be employed.

The State has in place a public process which complies with the requirements of Section 1902(a)(13)(A) of the Social Security Act.

## STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State Connecticut3) Private Psychiatric Hospitals for individuals under 22 and over 64 years of age:

- a. Effective July 1, 2011, the per diem rate for acute psychiatric care provided in a private psychiatric hospital shall be \$814.65.

Effective January 1, 2012, per diem rates for private psychiatric hospitals will differentiate between adults 19 years of age and older and children 18 years of age and younger. Additionally, the adult psychiatric per diem rates will differentiate between lengths of stays less than 30 days and stays of 30 days or more. Additionally, the child psychiatric per diem rates will differentiate between medically necessary acute days and medically necessary discharge delay days.

Effective January 1, 2012, per diem rates for private psychiatric hospitals shall be:

	<u>Adult Per Diem</u>		<u>Child Per Diem</u>	
	Days 1- 29	Days 30+	Acute Days	Discharge Delay Days
NATCHAUG	\$814.65	\$692.45	\$829.96	705.47

- b. The per diem rate is inclusive of all hospital service fees and hospital-based professional services. Payment shall continue as long as placement in this level of care is appropriate.
- c. The payments and patient days shall be excluded from Medicaid TEFRA cost per discharge settlement.

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