

**DEPARTMENT OF SOCIAL SERVICES**

**SPECIAL NOTICE OF PROPOSED MEDICAID STATE PLAN AMENDMENT # 13-031**

**Date: September 10, 2013**

On May 28th, 2013, the Department issued public notice of its intent to submit a Medicaid State Plan Amendment (SPA) to revise payment rates for nursing facilities. The proposed State Plan language is below.

**The Department has extended the time frame for the submission of comments to September 25, 2013.**

Please mail or e-mail your comments to: Christopher LaVigne, Office of Reimbursement & Certificate of Need, Department of Social Services, 25 Sigourney Street, Hartford, CT 06106-5033, Telephone: (860) 424-5719, Fax: (860) 424-4812, Email: Christopher.Lavigne@ct.gov. Please reference the SPA TN # 13-031 Nursing Facility Reimbursement.

Please find below the original public notice followed by the State Plan language for SPA 13-031.

**CT Law Journal – May 28, 2013 Notice**

**NURSING FACILITY REIMBURSEMENT (SPA # 13-031)**

The State of Connecticut Department of Social Services (the “Department”) proposes to submit an amendment to the Medicaid State Plan to the Centers for Medicare & Medicaid Services (CMS) within the U.S. Department of Health and Human Services. The proposed Medicaid State Plan Amendment (SPA) will revise payment rates for nursing facilities.

Changes to Medicaid State Plan

Based upon the most recent version of the draft Legislative Budget for the State Fiscal Year 2014 and State Fiscal Year 2015 biennium and actions to date by the General Assembly, it is anticipated that the Medicaid State Plan will be amended to include the rebasing of rates and the implementation of any rate increases or decreases. While implementing legislation is still pending in the General Assembly, federal regulations require the Department to submit public notice at this time.

Fiscal Information – Estimated Annual Change to Medicaid Expenditures

Based upon preliminary estimates, it is anticipated that annual aggregate expenditures for payments to nursing facilities will decrease by approximately \$11.1 million for State Fiscal Year 2014 and \$14.8 million for State Fiscal Year 2015.

Additional Information

In accordance with federal requirements governing the Medicaid program, upon request, the Department will provide copies of the proposed amendment to the Medicaid State Plan. In addition, copies of the proposed amendment may be obtained at each of the Department’s regional offices and on the Department’s web site: <http://www.ct.gov/dss>. Go to “Publications” and then to “Updates”.

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facility that would have been issued a lower rate effective July 1, 2007, than for the rate period ending June 30, 2007, due to interim rate status or agreement with the department, shall be issued such lower rate effective July 1, 2007. For the fiscal year ending June 30, 2009, rates in effect for the period ending June 30, 2008 shall remain in effect until June 30, 2009, except for any facility that would have been issued a lower rate effective July 1, 2008, than for the rate period ending June 30, 2008, due to interim rate status or agreement with the department, shall be issued such lower rate effective July 1, 2008. For the fiscal years ending June 30, 2010, June 30, 2011, June 30, 2012 and June 30, 2013, rates in effect for the period ending June 30, 2009, shall remain in effect until June 30, 2013, except any facility that would have been issued a lower rate, due to interim rate status or agreement with the department, shall be issued such lower rate. Notwithstanding the provisions of this section, for the fiscal year ending June 30, 2012, the Commissioner of Social Services shall provide each facility a rate increase three and seven tenths per cent greater than the rate in effect for the period ending June 30, 2011. Notwithstanding the provisions of this section, for the fiscal year ending June 30, 2013, the Commissioner of Social Services shall, within available appropriations, provide each facility a rate increase thirty-three hundredths of a per cent greater than the rate in effect for the period ending June 30, 2012. Increases in allowable fair rent based upon annual cost filings shall be added to any other rate increases for a facility which has undergone a material change in circumstances related to fair rent, except for the fiscal years ending June 30, 2010, June 30, 2011, and June 30, 2012, such fair rent increases shall only be provided to facilities with an approved certificate of need for capital project expenditures. Effective January 1, 2013, the Commissioner of Social Services shall provide pro rata fair rent increases for 39.95% of fair rent additions placed in service in cost report periods ending September 30, 2008 to September 30, 2011, inclusive, and not otherwise included in rates issued. For the fiscal year ending June 30, 2014, rates shall be based upon 2011 cost report filings in accordance with part (8) of this section. For the fiscal year ending June 30, 2014, rates may not exceed the rate in effect as of June 30, 2013 and may not decrease more than 1 per cent than the rate in effect as of June 30, 2013, except for any facility that would have been issued a lower rate due to interim rate status or agreement with the department. Notwithstanding the provisions of this section, the Commissioner of Social Services shall implement a 0.842 per cent rate decrease for the period from September 1, 2013 through June 30, 2014, and a 0.039 per cent decrease for the period from July 1, 2014 through June 30, 2015.

For the purpose of determining allowable fair rent, a facility with allowable fair rent less than the twenty-fifth percentile of the state-wide allowable fair rent shall be reimbursed as having allowable fair rent equal to the twenty-fifth percentile of the state-wide allowable fair rent, provided for the rate years ending June 30, 1996 and June 30, 1997, the reimbursement may not exceed the twenty-fifth percentile of the state-wide allowable fair rent for the rate year ending June 30, 1995. Beginning with the rate year ending June 30, 1996, any facility with a rate of return on real property other than land in excess of eleven per cent shall have such allowance revised to eleven per cent. Any facility or its related realty affiliate which

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finances or refinances debt through bonds issued by the State of Connecticut Health and Education Facilities Authority shall after reporting the terms and conditions of such financing or refinancing have the fair rent component of its rate adjusted to account for a share of, on a case-by-case basis the financial benefit the facility or its related realty affiliate received as a result of such financing or refinancing, including but not limited to, reductions in the amount of debt service payments or period of debt repayment. For good cause actual allowable debt service costs for bonds issued by the State of Connecticut Health and Educational Facilities Authority shall be allowed if such costs do not exceed allowable reimbursement component of the rate for a not-for-profit facility shall be as follows; first, fair rent as defined in the State Plan shall be calculated and second, to reflect the requirements of the State Plan which limit a not-for-profit facility's aggregate total allowable property costs. For facilities which first open on or after October 1, 1992, allowable fair rent shall be determined for real property other than land based on the rate of return for the cost year in which such bonds were issued. The methodology used to determine the property costs, the Department in its rate computation shall include the lower of fair rent or the Facility's actual allowable property costs comprised of allowable depreciation and interest plus those costs not allowed in the cost component categories of administrative and general, indirect and direct as a result of per day costs in excess of established cost component maximums plus amounts disallowed for salaries (including managerial), fees and dues in excess of reimbursement guidelines, and interest expenses related to movable equipment.

(6) A facility shall receive cost efficiency adjustments for indirect costs and for administrative and general costs if such costs are below the state-wide median costs. The cost efficiency adjustments shall equal twenty-five percent of the difference between allowable reported costs and the applicable median allowable cost.

(7) For the rate year ending June 30, 1992, allowable operating costs, excluding fair rent, shall be inflated using the Regional Data Resources Incorporated McGraw-Hill Health Care Costs: Consumer Price Index (all urban) - All Items minus one and one-half per cent. For the rate year ending June 30, 1993, allowable operating costs, excluding fair rent, shall be inflated using the Regional Data Resources Incorporated McGraw-Hill Health Care Costs: Consumer Price Index (all urban) - All Items minus one and three quarters percent. For the rate year ending June 30, 1994, and June 30, 1995,

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