

DEPARTMENT OF SOCIAL SERVICES

Special Notice of Proposed Medicaid State Plan Amendment 14-027 Public Chronic Disease Hospital

Date: June 12, 2014

On May 27th, 2014, the Department issued public notice of its intent to submit a Medicaid State Plan Amendment (SPA) to amend reimbursement methodology for public chronic disease hospitals. The proposed State Plan language is below.

The Department has extended the time frame for the submission of comments to June 27, 2014.

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 # 14-027 Public Chronic Disease Hospital Reimbursement.

Please find below the original public notice followed by the State Plan language for SPA 14-027.

CT Law Journal – May 27, 2014 Notice

PUBLIC CHRONIC DISEASE HOSPITAL REIMBURSEMENT (SPA # 14-027)

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 clarify the Department’s reimbursement methodology for public chronic disease hospitals.

Changes to Medicaid State Plan

Effective July 1, 2014, the State Plan will be updated to detail the reimbursement methodology for public chronic disease hospitals.

Fiscal Information – Estimated Annual Change to Medicaid Expenditures

This Medicaid State Plan Amendment will not have a financial impact.

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”.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State Connecticut

Methods for Establishing Payment Rates for Public Chronic Disease Hospitals

1) Public Chronic Disease Hospital Services:

a. Definition of Public Chronic Disease Hospital Services (CDH)

The CDH services provided by the Connecticut State Department of Veteran's Affairs (CT DVA) shall be inclusive of hospital-based professional services, both routine and ancillary services. A public CDH billing will be triggered when a Medicaid-eligible client had a recorded inpatient day in a public CDH. A Medicaid public chronic disease hospital service "Unit" is defined when a client is present at midnight for the census count. Costs of the facilities are determined in accordance with the Medicare cost identification principles described in PRM-15-2 and OMB Circular A-87. Documentation of a recorded inpatient day shall be maintained in facility's records. A payment for CDH services will not duplicate payments made under Medicaid for other services covered under the program.

b. Interim Rates

Interim rates for public CDH services provided by CT DVA shall be updated annually. Initial interim rates for public CDH services will be computed using settled costs from the prior fiscal year for public CDH services provided to Medicaid clients in public CDH rounded to the nearest \$10. The prescribed methodology for the calculation of the interim rates is described in section "d. Cost Reimbursement Methodology" and the timing of settlement is described in section "e. Settlement". Interim rates are provisional in nature, pending the completion of cost reconciliation and cost settlement for that period, as noted in section "e. Settlement". Payments for public CDH services provided by CT DVA will not duplicate payments made under Medicaid for other services covered under the program

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c. Cost Reports

Final reimbursement is based on the certified cost reports that are submitted by the Connecticut Office of the State Comptroller on the behalf of the Connecticut Department of Veterans Affairs. Cost reports will include detailed cost data including direct costs, operating expenses related to direct services, indirect costs, and general and administrative costs in support of public chronic disease hospital services. The public CDH Per Capita Rate Calculation prepared by the Office of the State Comptroller shall be based on the facility's Medicare cost report. The expenses and costs included in the Per Capita Rate Calculation Report prepared by the Office of the State Comptroller adhere to the Medicare cost guidelines used to complete Form CMS-2552-10.

The Department of Veterans Affairs will annually complete and certify a Cost Report for public CDH services for the period from July 1 through June 30. Cost reports are due to the Department of Social Services no later than 8 months following the close of the state fiscal year during which the costs included in the Cost Report were incurred. The annual cost report shall include the certification of funds. Cost reports are subject to desk review by the Department of Social Services or its designee. Desk review will be completed within 8 months following the receipt of the cost reports.

d. Cost Reimbursement Methodology

In determining Medicaid allowable costs for providing services at public chronic disease hospitals, the following elements are included and calculations made:

- i. Direct costs of providing public CDH services shall include salary, wage, fringe benefits and worker's compensation that can be directly charged to public CDH services, including costs that are integral to the delivery of public CDH services.
- ii. Other direct costs are determined using PRM 15-2 guidelines as used to identify allowable costs included in Form CMS2552-10. These costs are directly attributable to activities performed by personnel who are approved to deliver public CDH services and costs necessary to support the delivery of public CDH services.

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- iii. Total direct costs include the sum of items (i) and (ii) above. Total direct costs are reduced by any federal payments for those costs, resulting in adjusted direct costs for public ICF/IID services.
- iv. Indirect costs shall include a portion of central office costs, a Statewide Cost Allocation Plan (SWCAP) allocation, building and equipment depreciation, and bond interest.
- v. Medicaid reimbursable public CDH costs are the sum of item iii and iv above.
- vi. The per diem rate for public CDH services is calculated by dividing the Medicaid reimbursable public CDH costs (item (vi)) by the total Medicaid paid days for the same period.

e. Settlement

Public CDH claims (defined as claims paid at the interim rate for public CDH services delivered by DVA during the reporting period, as documented in the MMIS), will be compared to the total Medicaid reimbursable cost based on the CMS approved Cost Report identified in subsection (b). The Department of Veteran Affairs' interim rate claims for public CDH services will on the basis of this comparison then be adjusted in aggregate. This process results in cost reconciliation. Reconciliation will occur within 24 months of the end of the reporting period contained in the submitted cost report. Connecticut will not modify the CMS-approved scope of costs or the annual cost report methodology without CMS approval. If it has been determined that an overpayment has been made, the Department of Social Services will return the federal share of the overpayment pursuant to 42 CFR 433 Subpart F. If the actual, certified Medicaid reimbursable costs of public CDHs exceed the interim Medicaid rates, the Department of Social Services will submit claims to CMS for the underpayment. Cost settlement will occur within the timelines set forth in 42 CFR 433 Subpart F.

f. Audit

All supporting accounting records, statistical data and all other records related to the provision of public CDH services delivered by the Department of Veteran Affairs may be subject to audit. If an audit discloses discrepancies in the accuracy and/or allowances of actual direct or indirect costs or statistical data as submitted for each fiscal year by the DVA, the Department of Social Services' payment rate for the said period shall be subject to adjustment.

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