NOTICE OF PROPOSED CHANGES TO THE MEDICAID STATE PLAN GOVERNING PAYMENTS TO ACUTE CARE HOSPITALS

The State Department of Social Services (DSS) proposes to implement supplemental hospital payments for acute care hospitals in the Medicaid State Plan. The State Plan Amendment (SPA) will be submitted to the Federal Centers for Medicare and Medicaid Services (CMS) within the Department of Health and Human Services.

Changes to Medicaid State Plan

Based upon the Legislative Budget for the SFY 2012 and SFY 2013 biennium and actions to date by the General Assembly, it is anticipated that the Medicaid State Plan will be amended to implement supplemental Medicaid payments to specified acute care hospitals effective July 1, 2011. While implementing legislation is still being drafted, public notice is required at this time under federal regulations.

Fiscal Information

Based upon preliminary estimates, it is anticipated supplemental payments to acute care hospitals will total between $95,000,000 and $131,000,000 annually.

Additional Information

In accordance with federal requirements governing the Medicaid program, the department will provide upon request: copies of the proposed amendments to the Medicaid State Plan; proposed hospital rates for SFY 2012 and SFY 2013; explanation of rate setting methodologies; and justifications related to the State Plan revisions. Written, phone and email requests should be directed to Christopher A. 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, christopher.lavigne@ct.gov). In addition, copies of the proposed amendment may be obtained at each of the DSS regional offices and on the DSS web site: www.dss.state.ct.us. Go to "Publications" and then to "News and Updates". Written comments must be received by the Department on or before by July 1, 2011.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State Connecticut

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

(2 A) Supplemental Reimbursement for Inpatient Hospital Services. Supplemental payments to eligible hospitals shall be made from a pool of funds in the amount of $131 million per year. The payments shall be made periodically on a lump-sum basis throughout each fiscal year. The supplemental payment program shall be in effect for services furnished from July 1, 2011 through and including June 30, 2013.

(a) Hospitals eligible for supplemental payments under this paragraph are short-term general hospitals other than short-term Children's General Hospitals and short-term acute care hospitals operated exclusively by the State, other than a short-term acute care 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 inpatient revenues of all eligible hospitals in the aggregate. For purposes of this supplemental payment, "Medicaid inpatient revenues" means payments for Medicaid inpatient hospital services provided in federal fiscal year 2009 to each eligible hospital up to $20 million per year per hospital as reported in each hospital's filing with the State of Connecticut Office of Health Care Access.

(c) In the event that distribution of the entire supplemental payment pool in any year would cause total inpatient hospital payments to private hospitals to exceed the upper payment limit established under federal regulations, the supplemental payments to each eligible hospital will be reduced pro rata as necessary so that the total supplemental payments made do not cause total inpatient hospital payments to private hospitals to exceed the federal upper payment limit. Any reduction in the aggregate supplemental payments in state fiscal year 2012 as a result of this subparagraph shall be added to the supplemental payment pool for state fiscal year 2013 and distributed in accordance with the provisions of this paragraph, to the extent that such additional distributions from the pool for that year do not cause total inpatient hospital payments for that year to exceed the federal upper payment limit applicable to that year.