

NOTICE OF PROPOSED CHANGES TO THE MEDICAID STATE PLAN GOVERNING NURSING FACILITY REIMBURSEMENT

The State Department of Social Services (DSS) proposes to revise Attachment 4.19-D of the Connecticut Medicaid State Plan effective on or after January 1, 2013. The proposed amendment, SPA 13-002, is subject to approval by the Federal Centers for Medicare and Medicaid Services (CMS).

Changes to Medicaid State Plan

For the fiscal year ending June 30, 2013, the Commissioner of the Department of Social Services may, within available appropriations, provide pro rata fair rent increases for nursing facilities which have undergone a material change in circumstances related to fair rent additions placed in service in cost report years ending September 30, 2008, to September 30, 2011, inclusive, and not otherwise included in rates issued.

Fiscal Information

The federal fiscal impact has not been fully determined at this time.

Additional Information

In accordance with federal requirements governing the Medicaid program, DSS will provide upon request a copy of the proposed amendment to the Medicaid State Plan. Copies of the proposed changes may be obtained at each of the DSS's regional offices and on the DSS web site: www.dss.state.ct.us. Go to "Publications" and then to "News and Updates". Requests for copies or comments may be sent 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, christopher.lavigne@ct.gov). Comments must be sent by December 31, 2012.

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agreement with the department shall be issued such lower rate effective July 1, 2002, and have such rate increased two per cent effective January 1, 2003. For the fiscal year ending June 30, 2004, rates in effect for the period ending June 30, 2003, shall remain in effect, except any facility that would have been issued a lower rate effective July 1, 2003, than for the fiscal year ending June 30, 2003, due to interim rate status or agreement with the department shall be issued such lower rate effective July 1, 2003. For the fiscal year ending June 30, 2005, rates in effect for the period ending June 30, 2004, shall remain in effect until December 31, 2004, except any facility that would have been issued a lower rate effective July 1, 2004, than for the fiscal year ending June 20, 2004, due to interim rate status or agreement with the department shall be issued such lower rate effective July 1, 2004. Effective January 1, 2005, each facility shall receive a rate that is one per cent greater than the rate in effect December 31, 2004. For the fiscal year ending June 30, 2006, the department shall compute the rate for each facility based upon its 2003 cost report filing or, a subsequent cost year filing for facilities having an interim rate for the period ending June 30, 2005. For each facility not having an interim rate for the period ending June 30, 2005, the rate for the period ending June 30, 2006 shall be determined beginning with the higher of the computed rate based upon its 2003 cost report filing or the rate in effect for the period ending June 30, 2005. Such rate shall then be increased by \$11.80 per day except that in no event shall the rate for the period ending June 30, 2006 be \$32.00 more than the rate in effect for the period ending June 30, 2005 and for any facility with a rate below \$195.00 per day for the period ending June 30, 2005 such rate for the period ending June 30, 2006 shall not be greater than \$217.43 per day and for any facility with a rate equal to or greater than \$195.00 per day for the period ending June 30, 2005 such rate for the period ending June 30, 2006 shall not exceed the rate in effect for the period ending June 30, 2005 increased by eleven and one-half per cent. For each facility with an interim rate for the period ending June 30, 2005, the interim replacement rate for the period ending June 30, 2006 shall not exceed the rate in effect for the period ending June 30, 2005 increased by \$11.80 per day plus the per day cost of resident day user fee payments divided by annual resident service days, except for any facility with an interim rate below \$195.00 per day for the period ending June 30, 2005 the interim replacement rate for the period ending June 30, 2006 shall not be greater than \$217.43 per day and for any facility with an interim rate equal to or greater than \$195.00 per day for the period ending June 30, 2005 the interim replacement rate for the period ending June 30, 2006 shall not exceed the rate in effect for the period ending June 30, 2005 increased by eleven and one-half per cent. For the fiscal year ending June 30, 2007, each facility shall receive a rate that is three per cent greater than the rate in effect for the period ending June 30, 2006, except for any facility that would have been issued a lower rate effective July 1, 2006, than for the period ending June 30, 2006, due to interim rate status or agreement with the department, shall be issued such lower rate effective July 1, 2006. For fiscal year ending June 30, 2008, each facility shall receive a rate that is two and nine-tenths per cent greater than the rate in effect for the period ending June 30, 2007, except for any

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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 through June 30, 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 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 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

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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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