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DEPARTMENT OF SOCIAL SERVICES
NOTICE OF PROPOSED CHANGES TO THE STATE MEDICAID PLAN

The State of Connecticut Department of Social Services (the Department) proposes to submit the following amendments to the Medicaid State Plan to the Centers for Medicare and Medicaid Services (CMS) within the U.S. Department of Health and Human Services.

PHARMACY SERVICES REIMBURSEMENT (SPA 13-005)

Under State Plan Amendment 13-005, the Department will revise the reimbursement provisions for pharmacy services. This change is contingent upon CMS approval and will take effect on or after January 1, 2013.

Changes to Medicaid State Plan

Pursuant to HB 7001, Section 22(a) (Dec. Sp. Sess.), Attachment 4.19-B of the Medicaid State Plan will be amended to reflect a new reimbursement methodology for brand name drugs dispensed by independent pharmacies. The Department intends to amend Attachment 4.19-B of the Connecticut Medicaid State Plan pertaining to pharmacy services as directed by the Connecticut Legislature. This amendment represents a slight adjustment to 2012 legislation that increased the reimbursement to independent pharmacies from AWP minus 16% to AWP minus 14%, and results in a new independent pharmacy reimbursement rate of AWP minus 15%.

DSS Department will also reduce its professional fee to licensed pharmacists from two dollars ($2.00) to one dollar and seventy cents ($1.70) for each prescription. This change is required by HB 7001, Section 22(a).

These changes will take effect on or after January 1, 2013.

Fiscal Information - Estimated Annual Medicaid Expenditures

The Department estimates that these changes in pharmacy reimbursement will result in gross savings of $ 1.215 million in SFY 2013. Savings have not yet been determined for SFY 2014.

CHIROPRACTOR SERVICES (SPA 13-006)

Pursuant to HB 7001, Section 9(e), under State Plan Amendment 13-006, the Department will amend Attachments 3.1-A and 3.1-B of the Medicaid State Plan to eliminate coverage of chiropractic services for clients under twenty-one years of age. The reason for this change is that DSS does not believe that across-the-board coverage of chiropractic treatment is medically indicated in pediatric populations.

Fiscal Information - Estimated Annual Medicaid Expenditures

The Department estimates that the elimination of this coverage will result in gross savings of $30,000 in SFY 2013. Savings have not yet been determined for SFY 2014.

These changes will take effect on or after January 1, 2013.

NON-EMERGENCY AMBULANCE (SPA 13-007)

Effective on or after January 1, 2013, under SPA 13-007, the Department will reduce reimbursement for non-emergency ambulance transportation. Effective July 1, 2011, the Department reduced emergency ambulance rates pursuant to SPA 11-023. As a result, the rates for non-emergency services have been greater than the rates for emergency services. This amendment is necessary to bring the non-emergency rates in line with the emergency rates.

Fiscal Information -Estimated Annual Medicaid Expenditures

The Department estimates that this rate change will result in gross savings of $500,000 in SFY 2013. Savings have not yet been determined for SFY 2014.

FOHC PCMH REIMBURSEMENT (SPA 13-008)

Effective on or after January 1, 2013, the Department will amend the Medicaid state plan to eliminate all payments to Federally Qualified Health Centers (FQHCs) under the PCMH program, including payments to FQHCs participating as both Glide Path and PCMH providers. The PCMH-related payments proposed to be eliminated by this SPA include: (1) rate add-ons to the encounter rate for each Federally Qualified Health Center participating as a Glide Path or PCMH provider, (2) supplemental payments for quality performance incentives for FQHCs participating as PCMH providers, and (3) supplemental payments for quality performance improvement for FQHCs participating as PCMH providers. The final fiscal impact for SFY 2013 and SFY 2014 has not yet been determined, although a savings is projected.

The Department will implement this change either under a new SPA, or alternatively, through a revision to SPA 12-005, which is currently pending with CMS.

ASO TRANSITIONAL PAYMENTS - OUTPATIENT HOSPITAL SERVICES (SPA 13-009)

General Acute Care and Private Psychiatric Hospital Supplemental Payments

Effective on or after January 1, 2013, the Department will reduce the supplement payments that were developed during the Department's conversion from a managed care to a fee-for-service structure on January 1, 2012, including certain amounts carried forward from SFY 2012. Section 4 of HB 7001 permits the Department to consider utilization in setting hospital outpatient rates. The Department will reduce the proposed outpatient supplemental payments by $22.8 million, generating a gross savings of that amount. The reason for the change is that outpatient hospital utilization rose significantly during the transition to the ASO, resulting in increased outpatient hospital revenues. This supplemental payment reduction reflects that increase and will mitigate the financial effect of the transition for the Department.

The final fiscal impact for SFY 2013 and SFY 2014 has not yet been determined, although a savings is projected.

The Department will implement this change either under a new SPA, or alternatively, through a revision to SPA 12-005, which is currently pending with CMS.

General Acute Care Children's Hospital Supplemental Payments

Effective on or after January 1, 2013, the Department will also reduce supplemental payments for general acute care children's hospitals, by $4.2 million, including certain amounts carried forward from SFY 2012, generating a gross savings of that amount. This change is also necessary to mitigate the increases in utilization and expenditures that developed under the new ASO payment structure.

The Department will implement this change either under a new SPA, or alternatively, through a revision to SPA 12-005, which is currently pending with CMS.

The final fiscal impact for SFY 2013 and SFY 2014 has not yet been determined, although a savings is projected.

BEHAVIORAL HEALTH - ASO TRANSITIONAL PAYMENTS (SPAs 13-010 and 13-011)

Revisions to Attachment 4.19-B (SPA 13-010)

Effective on or after January 1,2013, the Department will amend the Medicaid state plan to eliminate certain supplemental and performance pool incentives for behavioral health services. First, the Department will withdraw SPA 12-018-A and 12-018-B, which are currently pending with CMS and propose to make supplemental payments to certain private residential treatment facilities (PRTFs) and emergency mobile psychiatric services (EMPS), which will result in gross savings of approximately $1.3 million, including certain amounts carried forward from SFY 2012. The Department will implement this change either by withdrawing SPA 12-018-A and 12-018-B or by submitting a new SPA (TN # 13-010).

The final fiscal impact for SFY 2013 and SFY 2014 has not yet been determined, although a savings is projected.

Revisions to Attachment 4.19-A (SPA 13-011)

Second, the Department will amend its inpatient hospital reimbursement methodology to eliminate a child psychiatric hospital performance pool of $934,000, which had been established through SPA 12-002.

The final fiscal impact for SFY 2013 and SFY 2014 has not yet been determined, although a savings is projected.

ADDITIONAL INFORMATION
(for all proposed State Plan Amendments described in this Notice)

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 DSS regional offices and on the DSS web site: http://www.ct.gov/dss. Go to "Publications" and then to "Updates".

Written, phone, and e-mail requests should be directed to: Patricia McCooey, Department of Social Services, 25 Sigourney Street, Hartford, CT 06106-5033 (phone: 860-424-4873, Fax: 860-424-5799, E-mail: patricia.mccooey@ct.gov.) Please reference the relevant SPA number(s).

Members of the public may also submit written comments on the SPAs, by mail or email. Written comments must be submitted by January 15, 2013. Please reference the relevant SPA number(s).