

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, M/S S3-13-15
Baltimore, MD 21244-1850



Center for Medicaid, CHIP and Survey & Certification

Mr. Michael P. Starkowski, Commissioner
Department of Social Services
25 Sigourney Street
Hartford, CT 06106-5033

MAY 13 2010

RE: TN 08-011

Dear Mr. Starkowski:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 08-011. This amendment modifies section 15 of the State plan that provides for additional disproportionate share hospital (DSH) payments to hospitals serving low-income persons. Specifically, it increases the budget for state fiscal year (SFY) 2009 to \$59,833,000 for the portion of section 15 of the state plan pertaining to inpatient and outpatient hospital services, excluding outpatient clinic services and associated ancillary services.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), and 1903(a) of the Social Security Act and the implementing Federal regulations at 42 CFR 447 Subpart C. We are pleased to inform you that Medicaid State plan amendment 08-011 is approved effective July 1, 2008. We are enclosing the CMS-179 and the amended plan pages.

If you have any questions, please call Novena James-Hailey at (617) 565-1291.

Sincerely,



Y Cindy Mann
Director
(CMCS)

**TRANSMITTAL AND NOTICE OF APPROVAL
OF STATE PLAN MATERIAL
FOR: HEALTH CARE FINANCING ADMINISTRATION**

1. TRANSMITTAL NUMBER: 08-011	2. STATE: CT
3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
4. PROPOSED EFFECTIVE DATE: 7-01-08	

TO: NATIONAL INSTITUTIONAL REIMBURSEMENT TEAM
CMS/CMSO
DEPARTMENT OF HEALTH AND HUMAN SERVICES

5. TYPE OF STATE PLAN MATERIAL (Check One):

NEW STATE PLAN AMENDMENT TO BE CONSIDERED AS NEW PLAN AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)


6. FEDERAL STATUTE/REGULATION CITATION: Section 1923 (c) and (d) of the Social Security Act	7. FEDERAL BUDGET IMPACT: a. FFY 2009 \$600,000 b. FFY 2010 \$600,000
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: pages 24, 25, and 26 to Attachment 4.19A	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If applicable) pages 24, 25, and 26 to Attachment 4.19A

10. SUBJECT OF AMENDMENT: The Department intends to modify Attachment 4.19A, Section 15, of the Medicaid State Plan pertaining to additional disproportionate share payments (DSH) for hospitals serving low-income persons under SSA Section 1923 (c) (3). This section provides for additional DSH payments to DSH providers including those lawfully operated general hospitals in Connecticut and certain comparable out-of-state hospitals that provide services to low-income persons and that meet the requirements of Section 1923 (d) of the Social Security Act. The authorized budget for SFY 2009 is up to \$59,833,000 for the portion of Section 15 of the state plan pertaining to inpatient and outpatient hospital services, excluding outpatient clinic services and associated ancillary services, and paid for by the Department through Electronic Data Services. The authorized budget for subsequent state fiscal years will increase by up to 2% annually. The proposed changes are projected to result in an increase in hospital disproportionate share expenditures of approximately \$ 1.2 million in SFY 2009 and \$ 1.2 million in SFY 2010.

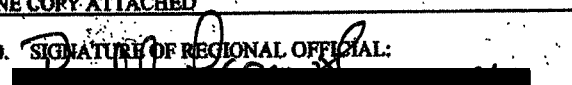
11. GOVERNOR'S REVIEW (Check One):

GOVERNOR'S OFFICE REPORTED NO COMMENT
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL Comments, if any, to follow.

OTHER, AS SPECIFIED:

12. SIGNATURE OF STATE AGENCY OFFICIAL: 	16. RETURN TO: State of Connecticut Department of Social Services - 11 th floor 25 Sigourney Street Hartford, CT 06106-5033 Attention: Ginny Mahoney
13. TYPED NAME: Michael P. Starkowski	
14. TITLE: Commissioner	
15. DATE SUBMITTED: September 19, 2008	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:	18. DATE APPROVED: 5-13-10
PLAN APPROVED -- ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL: JUL - 1 2008	20. SIGNATURE OF REGIONAL OFFICIAL: 
21. TYPED NAME: William Lasowski	22. TITLE: Deputy Director, CMCS
23. REMARKS:	

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State Connecticut

- (15) Additional Disproportionate Share payments for Hospitals Serving Low-income Persons Under SSA Section 1923 (c) (3).

CRITERIA – In addition to the mandatory disproportionate share hospital (DSH) payment adjustment to inpatient hospital rates, DSH providers are those lawfully operated general hospitals in Connecticut and comparable out-of-state border hospitals that provide services to low-income persons.

In addition, each hospital in order to be eligible must meet the requirements of Section 1923 (d) of the Social Security Act.

PAYMENT ADJUSTMENTS – When the admitting diagnosis is medical and for dates of service on or after January 1, 2004, monthly payments are made to the above-qualified hospitals as a percentage of the cost incurred by each hospital in rendering inpatient and outpatient services to low-income persons. For the purpose of this DSH designation, low-income population is defined as persons eligible for the State Administered General Assistance medical program.

The Commissioner of Social Services determines the amount of the disproportionate share payments to be made under this section based on the authorized budget for the current fiscal year and claims submitted by hospitals for processing with dates of service on or after January 1, 2004.

Part A: The authorized budget for SFY 2009 is \$59.833 million and may increase by 2% annually in subsequent State fiscal years, for the portion of Section 15 of the state plan pertaining to inpatient and outpatient hospital services, excluding outpatient clinic services and associated ancillary services.

Payments shall be made to each of the qualifying short-term general hospitals beginning April 2004 and thereafter on a monthly basis as follows:

- (A) Determine the cost of inpatient and outpatient hospital services rendered by each hospital by calculating the number of days of inpatient services provided to recipients of the State Administered General Assistance program multiplied by the Medicaid per diem rate plus the number of units of outpatient services provided to recipients of the State Administered

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General Assistance program multiplied by the corresponding Medicaid rate. Include only days and units of service with dates of service January 1, 2004 through July 31, 2004. Exclude days and units of service included in the calculation of cost for previous monthly payments under this provision.

- (B) Determine the cost of inpatient and outpatient hospital services, excluding outpatient clinic services and associated ancillary services, rendered by each hospital by calculating the number of days of inpatient services provided to recipients of the State Administered General Assistance program multiplied by the Medicaid per diem rate plus the number of units of outpatient services provided to recipients of the State Administered General Assistance program multiplied by the corresponding Medicaid rate. Include only days and units of service with dates of service on or after August 1, 2004. Exclude days and units of service included in the calculation of cost for previous monthly payments under this provision.
- (C) Calculate the sum of the result of (A) and (B) for all hospitals.
- (D) Divide the result of the sum of (A) and (B) for each hospital by the result of (C).
- (E) Multiply the amount available for disproportionate share payments by the result of (D).

Part B: Additional payments for hospital outpatient clinic services and associated ancillary services shall be made to each of the qualifying short-term general hospitals beginning August 2004 and thereafter on a monthly or more frequent basis. The methodology used to calculate the payments is determined by calculating the number of units of hospital outpatient clinic services and associated ancillary services provided to recipients of the State Administered General Assistance program multiplied by the corresponding Medicaid rate. The calculation shall include only units of service with dates of service on or after August 1, 2004.

Medicaid payments for hospital outpatient clinic services (500 series revenue center codes) are made based upon a fixed fee (\$55.70/visit). Fee increases are

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subject to legislative budget approval. Medicaid payments for hospital outpatient ancillary services are a combination of fixed fees and ratio of cost charges. Forty-three services are paid for based upon fixed fees including, for example, magnetic resonance imaging (\$141.57/test), CT scan (\$141.57/test) and EKG (\$51.94). As with the clinic fee, increases are subject to legislative budget approval. Other ancillary services are updated each July 1 based upon a ratio of costs to charges (RCC) for each service. RCC's are hospital specific. Annual cost report filings by hospitals are used to determine the Medicaid payment ratio (RCC) for each service category (e.g. pharmacy, recovery room, ambulatory surgery). Hospitals are provided with rate letters on an annual basis.

Section 5 of Attachment 4.19A will continue to apply for dates of service prior to January 1, 2004.

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OS Notification

State/Title/Plan Number: Connecticut 08-011

Type of Action: SPA Approval

Required Date for State Notification: July 4, 2010

Fiscal Impact: FFY 2008 \$150,000.00 FFP
FFY 2009 \$600,000.00 FFP

Number of Services Provided by Enhanced Coverage, Benefits or Retained Enrollment: 0

Number of Potential Newly Eligible People: 0

Eligibility Simplification: No

Provider Payment Increase: Yes

Delivery System Innovation: No

Number of People Losing Medicaid Eligibility: 0

Reduces Benefits: No

Detail: This amendment modifies section 15 of the State plan that provides for additional disproportionate share hospital (DSH) payments to hospitals serving low-income persons. Effective July 1, 2008 it increases DSH payments for State fiscal year 2009 to \$59,833,000 for the portion of section 15 of the State plan pertaining to inpatient and outpatient hospital services, excluding hospital outpatient clinic services and associated ancillary services. The State share for these additional DSH payments is funded through appropriations to the Medicaid agency.

Other Considerations: This amendment has not generated significant outside interest and we do not recommend the Secretary contact the governor. This OSN has been reviewed in the context of the ARRA and approval of the OSN is not in violation of ARRA provisions.

CMS Contact: Novena James-Hailey, (617) 565-1291