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State/Territory Name: CT

State Plan Amendment (SPA) #: 14-0027

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, MD 21244-1850



Financial Management Group

MAY 14 2015

Roderick L. Bremby, Commissioner
Department of Social Services
25 Sigourney Street
Hartford, CT 06106-5033

RE: Connecticut 14-027

Dear Mr. Bremby:

We have reviewed the proposed amendment to Attachments 4.19-A, of your Medicaid State plan submitted under transmittal number (TN) 14-027. This amendment replaces the existing plan language with a comprehensive description of the reimbursement methodology for the state's public chronic disease hospital (CDH) owned and operated by the Department of Veterans' Affairs (DVA).

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903(a) and 1923 of the Social Security Act and the implementing Federal regulations at 42 CFR 447. We are pleased to inform you that Medicaid State plan amendment 14-027 is approved effective July 1, 2014. 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,

Timothy Hill
Director

A handwritten signature in black ink, appearing to be "Timothy Hill", written over the printed name and title.

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

1. TRANSMITTAL NUMBER:
14-027

2. STATE: CT

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE
SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
CENTERS FOR MEDICARE AND MEDICAID SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE:
July 1, 2014

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 1905 (a)(1) of the Social Security Act
42 CFR 440.10 and 42 CFR 447.253(a)(b)and(c)

7. FEDERAL BUDGET IMPACT:
a. FFY 2014 \$ 0
b. FFY 2015 \$ 0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-A Page 2a, 2b, 2c, 2d, 2e

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR
ATTACHMENT (if applicable)
New

10. SUBJECT OF AMENDMENT:

Effective July 1, 2014, this SPA proposes to amend Attachment 4.19-A of the Medicaid State Plan to revise the reimbursement language for public chronic disease hospitals to set forth a reimbursement methodology for establishing payment rates. No fiscal impact is associated with this change.

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

OTHER, AS SPECIFIED:

12. SIGNATURE OF STATE AGENCY OFFICIAL:

16. RETURN TO:

13. TYPED NAME: Roderick L. Bremby

State of Connecticut
Department of Social Services - 9th floor
55 Farmington Avenue
Hartford, CT 06105

14. TITLE: Commissioner

Attention: Ginny Mahoney

15. DATE SUBMITTED: September 26, 2014

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

18. DATE APPROVED:

MAY 14 2015

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL: JUL 01 2014

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME: Kristin Fan

22. TITLE: Deputy Director, FMC

23. REMARKS:

Pen and ink change in box 8 per State request and CMS approval.

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 (CDH) Services

The CDH services provided by the State of Connecticut Department of Veteran's Affairs (CT DVA) includes hospital-based professional and facility 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 45 CFR 95. 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. CDH costs identified are Medicaid covered services provided to Medicaid eligible recipients.

b. Interim Rates

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

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c. Cost Reports

Final reimbursement is based on the Public CDH Per Capita Rate Calculation which is a CT DVA certified cost report that is completed by the Connecticut Office of the State Comptroller. 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 utilize Form CMS-2552-10 and adhere to the Medicare cost reporting guidelines. The Public CDH Per Capita Rate Calculation is due to the Department of Social Services no later than 8 months following the close of the state fiscal year during which costs were incurred. 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 a public CDH, 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 are directly identified as public CDH services, including costs that are integral to the delivery of public CDH services. For purposes of this subsection, allowable direct costs include costs from the inpatient cost center and ancillary cost centers.

Medicare Cost Center #	Description
	<i>Inpatient</i>
30	I/P Routine Services
	<i>Ancillary Services</i>
54	Radiology
60	Laboratory
65	Respiratory Therapy
66	Physical Therapy
67	Occupational Therapy
68	Speech Therapy
69	Electrocardiology

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- ii. Other direct costs, purchases and supplies necessary for CDH services, are determined using PRM 15-2 guidelines as used to identify allowable costs included in Form CMS 2552-10. These costs are directly attributable to activities performed by personnel who deliver public CDH services and costs necessary to support the delivery of public CDH services.
- 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 CDH services.
- iv. A proportional amount of administrative costs will be allocated to the direct service inpatient and ancillary cost centers. Administrative costs are captured in the following general service Medicare cost centers:

Medicare Cost Center #	
4	Employee Benefits
5	Administrative and General
6	Maintenance and Repairs
7	Operation of Plant
8	Laundry and Linen Service
9	Housekeeping
10	Dietary
12	Maintenance of Personnel
13	Nursing Administration
15	Pharmacy
16	Medical Records & Medical Records Library
17	Social Service

- v. Indirect costs shall include a portion of the Statewide Cost Allocation Plan (SWCAP) allocation, building and equipment depreciation, and bond interest, which are recorded on Worksheet A-8.
- vi. The general service administrative costs and indirect costs shall be allocated using PRM 15-2 guidelines and in accordance with Form CMS 2552-10 and cost report instructions. Following are the allocation methodologies used in the

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CMS-2552 Cost Report: Capital Related Costs for Building and Fixtures, Capital Related Costs for Moveable Equipment, Maintenance and Repairs, Operation of Plant, and Housekeeping, are allocated using square footage; Employee Benefits using salaries; Administrative and General using accumulated costs; Laundry using pounds of laundry; Dietary using number of meals; Maintenance of Personnel by number of employees housed onsite; and Nursing Administration, Pharmacy, Medical Records and Library, and Social Service using time allocations. SWCAP is allocated as part of Employee Benefits and Administrative and General and Building and Equipment depreciation and Bond Interest are allocated as part of Capital Related to Building and Fixtures.

- vii. The Medicaid reimbursable costs are recorded on Schedule B Part I of the CMS-2552 Cost Report, Column 26, lines 30,54, 60, 65, 66, 67, 68, and 69.

Medicare Cost Center	Description	Medicare Cost Report Reference
	<i>Inpatient</i>	
30	Inpatient Routine Services Ancillary Services	Worksheet B, Part I, Line 30, Column 26
54	Radiology	Worksheet B, Part I, Line 54, Column 26
60	Laboratory	Worksheet B, Part I, Line 60, Column 26
65	Respiratory Therapy	Worksheet B, Part I, Line 65, Column 26
66	Physical Therapy	Worksheet B, Part I, Line 66, Column 26
67	Occupational Therapy	Worksheet B, Part I, Line 67, Column 26
68	Speech Therapy	Worksheet B, Part I, Line 68, Column 26
69	Electrocardiology	Worksheet B, Part I, Line 69, Column 26

Additional Medicaid allowable costs are Physician services, Clinical and APRN services, and Dental services reduced from the Medicare Part A costs on the CMS-2552 CR. These cost items are reduced on Worksheet A-8-2 and Worksheet A-8 and are added back for Medicaid purposes.

- viii. The per diem rate for public CDH services is calculated by dividing the Medicaid reimbursable public CDH costs under item vii. by the total available days for the same period, as recorded on Worksheet S-3, Part I, Line 1, column 3. The Medicaid allowable costs are calculated by the per diem rate multiplied by the Medicaid days for the same period, as recorded on Worksheet S-3, Part I, Line 1, column 7.

e. Settlement

Public CDH claims paid at the interim rate for public CDH services delivered by CT DVA during the reporting period, as documented in the MMIS, will be compared to the total Medicaid reimbursable cost based on the Cost Reimbursement Methodology

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identified in subsection (d) above. CT DVA's interim rate claims for public CDH services will 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 a public CDH 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 CT DVA 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 CT DVA, the Department of Social Services' payment rate for such period shall be adjusted as necessary.

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