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DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, M/S S3-14-28
Baltimore, MD 21244-1850

CMS
CENTERS for MEDICARE & MEDICAID SERVICES

**Center for Medicaid and CHIP Services (CMCS)**

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

MAY - 8 2012

RE: TN 11-012

Dear Mr. Bremby:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 11-012. This amendment ends the current Uncompensated Care and Urban DSH programs effective June 30, 2011 and implements a new DSH program, with a redistribution methodology, for private acute care hospitals effective July 1, 2011. Additionally, it makes technical changes to the entire DSH section under attachment 4.19-A to eliminate obsolete DSH pools.

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 Subpart C. We are pleased to inform you that Medicaid State plan amendment 11-012 is approved effective July 1, 2011. 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,

Cindy Mann
Director, CMCS

RECEIVED
State of Connecticut

MAY 14 2012

Dept. of Social Services
Commissioner's Office

DEPARTMENT OF HEALTH AND HUMAN SERVICES
HEALTH CARE FINANCING ADMINISTRATION

FORM APPROVED
OMB NO. 0938-0193

# TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER: 11-012

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, 2011

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

___ NEW STATE PLAN ___AMENDMENT TO BE CONSIDERED AS NEW PLAN _X__AMENDMENT

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

6. FEDERAL STATUTE/REGULATION CITATION:
42 CFR 447.253(a) and (b)

7. FEDERAL BUDGET IMPACT:
a. FFY 2011 $ 23.1 million (costs)
b. FFY 2012 $ 92.6 million (costs)

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19A, pages 7 through 14
Attachment 4.19A pages 29 through 32

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If applicable)

Attachment 4.19A, pages 7 through 14
(New)

10. SUBJECT OF AMENDMENT:

Methods and Standards for Establishing Payment Rates - DSH

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
_X_OTHER, AS SPECIFIED:
Comments, if any, to follow.

12. SIGNATURE OF STATE AGENCY OFFICIAL:

TYPED NAME: Roderick L. Bremby

14. TITLE: Commissioner

15. DATE SUBMITTED:
September 29, 2011

16. RETURN TO:

State of Connecticut
Department of Social Services
25 Sigourney Street
Hartford, CT 06106-5033
Attention: Ginny Mahoney, Director, Medical Policy

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED:

18. DATE APPROVED: MAY - 8 2012

PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:
JUL - 1 2011

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME: Penny Thompson

22. TITLE: Deputy Director, CMCS

23. REMARKS:

FORM HCFA-179 (07-92)

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State Connecticut

(c) Year End Settlement – Each chronic disease hospital reimbursed in accordance with this section shall submit to the Department, within sixty (60) days following the end of the hospital's fiscal year, a verified statement of actual utilization of hospital services by patients paid for by the Department. Services shall be paid for based on upon rates approved by the Commission and in consideration of the cost elements set forth in Section 17-312(c) of the of the General Statutes. Any amount owed to the Department or owing to the provider will be calculated by comparing actual services utilized during the period to the interim all-inclusive per diem rate. Within sixty (60) days of receipt of the data submitted by the hospital, the Commissioner shall determine, based upon the data and upon such reviews of it as he shall deem necessary, the amount owed either by the Department to the hospital or by the hospital to the Department and shall forward to the hospital a statement reflecting that determination. That amount shall be paid within sixty (60) days of the hospital's receipt of the statement of balance owed.

(4) Disproportionate Share Payment Adjustment

This section will define the criteria for deeming hospital's eligible for the disproportionate share payment adjustment and will further define the payment adjustment to be made to the hospitals that qualify.

A. Minimum Requirement

1. In order to qualify as a disproportionate share hospital the criteria stated and defined in Sections 1923(b)(1), 1923(b)(2) or 1923(b)(3) of the Social Security Act must be met; and

2. The hospital must have at least two obstetricians with staff privileges at the hospital who have agreed to provide obstetric services to individuals entitled to such services under a State Medicaid plan. In the case of a hospital located in a rural area (that is, an area outside of a Metropolitan Statistical Area, as defined by the Executive Office of Management and Budget), the term "obstetrician" includes any physician with staff privileges at the hospital to perform non-emergency obstetric procedures.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State Connecticut

3. Subsection A.2. does not apply to a hospital which:

   - Does not offer non-emergency obstetric services as of 12/21/87.

B. Once a hospital is deemed to be eligible for a disproportionate share payment adjustment, additional payment will be calculated by multiplying the hospital's maximum cost per discharge amount by the hospital's Medicare disproportionate share adjustment percentage developed under the rules established under Section 1886 (d) (5) (F) (iv) of the Act that can be paid to eligible hospitals.

The DSS will test the calculated disproportionate share payments allocated to each hospital in each year to ensure that payments do not exceed federal limits established under the Omnibus Budget Reconciliation Act of 1993 or Section 1923 of the Social Security Act using protocols established in the DSH Audit procedures developed by CMS.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State Connecticut

(5) 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 and psychiatric hospitals in Connecticut and comparable out-of-state 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 – Payments are made to the above qualified hospitals at the per diem rate for hospital inpatient services and the per unit rate for hospital outpatient services established under State law to be the same as the rates paid under Medicaid. For the purpose of this DSH designation, low-income population is defined as children under the age of 21 who are uninsured or under-insured and are under the jurisdiction of the State Commissioner of Children and Families.

The methodology used to calculate these payments is the number of days of inpatient services provided to the uninsured or under-insured children under the age of 21 who are under the jurisdiction of the State Commissioner of Children and Families multiplied by the Medicaid per diem rate plus the number of units of outpatient services provided to uninsured and under-insured children under the age of 21 who are under the jurisdiction of the State Commissioner of Children and Families multiplied by the corresponding Medicaid rate equals the disproportionate share payment.

The DSS will test the calculated disproportionate share payments allocated to each hospital in each year to ensure that payments do not exceed federal limits established under the Omnibus Budget Reconciliation Act of 1993 or Section 1923 of the Social Security Act using protocols established in the DSH Audit procedures developed by CMS.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State Connecticut

(6) Additional Disproportionate Share payments for Psychiatric 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 psychiatric hospitals in Connecticut which provide a disproportionate share of services to low-income populations as demonstrated by revenues generated from billings which are less than 40% of charges

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

PAYMENT ADJUSTMENTS – DSH Payments are made to hospitals which qualify under this section in an amount which is reasonably related to their services to low-income patients. For the purpose of this DSH designation, low-income population is defined as patient who is at or below 200% of the federal poverty level and is not eligible for Medicare or Medicaid coverage of psychiatric hospital services.

Hospitals that qualify for disproportionate share payments under sections (4) and (5) shall be entitled to the payments prescribed by each paragraph for which they qualify. Hospitals that qualify for disproportionate share payments under section 6 shall be entitled to the payment prescribed by that paragraph or the payment prescribed by section (5) whichever is larger. In addition, such hospitals will be entitled to the payments prescribed under paragraph (4).

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State Connecticut

Payments are made to each qualifying psychiatric hospital on a pro rata basis as follows:

1. The State will calculate for each qualifying psychiatric hospital the ratio of the cost of low-income services it provides to the cost of all low-income services provided by qualifying psychiatric hospitals.

   This percentage shall be the low-income ratio.

2. The State will multiply the amount of funds allocated for psychiatric DSH payments by the low-income ratio for each qualifying psychiatric hospital.

The total annual allocation for payments to qualifying psychiatric hospitals under the disproportionate share adjustment shall not exceed $600,000,000, subject to appropriations each fiscal year. The amount will be adjusted within this range, as necessary, to remain at or below the State's disproportionate share cap, as determined by the Secretary of Health and Human Services.

The DSS will test the calculated disproportionate share payments allocated to each hospital in each year to ensure that payments do not exceed federal limits established under the Omnibus Budget Reconciliation Act of 1993 or Section 1923 of the Social Security Act using protocols established in the DSH Audit procedures developed by CMS.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State Connecticut

(7) Additional Disproportionate Share Payments for Private Acute Care Hospitals (short-term General Hospitals) which provide Uncompensated Care under section 1923 of the Social Security Act.

In addition to the disproportionate share payments set forth in previous sections, disproportionate share payments are made to any qualifying short-term General hospital lawfully operating within the state which provides uncompensated care. Short-term Children's General Hospitals as defined at Section 19-13-D(b)(A) of the Public Health Code of the State of Connecticut 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 are specifically excluded under this Section in accordance with Public Act 97-2 Public Act 99-173, respectively, of the Connecticut General Assembly.

CRITERIA – In order to qualify as a disproportionate share hospital under this section, a hospital must meet the two following conditions.

1. Be lawfully operating acute care hospital within the State providing uncompensated care services.

2. Each hospital must meet the requirements of Section 1923(d) of the Social Security Act.

PAYMENT ADJUSTMENT – Uncompensated care includes the actual cost of care provided free of charge as either bad debt or charity care and the difference between the costs incurred and the payments received by disproportionate share hospitals in provided services to patients eligible for the State Medical Assistance Program and the General Assistance Program. The single state agency makes payments to qualified disproportionate share hospital based upon the costs they incurred for uncompensated services, any residual obligations or settlements outstanding from the Connecticut Uncompensated Care Program, the federal upper limit on aggregate state disproportionate share payments which are eligible for federal matching payments, and the amount determined to be available under state law.

The Commissioner of DSS determines the amount of the disproportionate share payments to be made under this section based on information provided by the office of Health Care Access (OHCA). The source data for calculating payments is based on data from OHCA.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State Connecticut

1. For the period April 1, 1994 through June 30, 1994 and for the period July 1, 1994 through September 30, 1994, CHHC shall calculate and recommend to DSS of the interim disproportionate share payment distribution to be made to each hospital under this section which shall be determined as follows:

   I. (A) Determine the amount of uncompensated care pool payments for the hospital in the previously authorized budget for the fiscal year commencing October 1, 1993.

   (B) Calculate the sum of the result of subdivision (a) for all hospitals.

   (C) Divide the result of (A) by the result of (B)

   (D) The disproportionate share payment shall be the result of multiplying the amount available for disproportionate share payment adjustments by the result of (C).

2. For the fiscal year commencing October 1, 1994 through June 30, 2011, the interim disproportionate share payment to each hospital under this section shall be calculated as follows:

   I. (A) For each hospital determine the difference between the costs incurred and the payments received by disproportionate share hospitals in provided services to patient eligible for the State Medical Assistance Program and the General Assistance Program, plus the authorized amount of uncompensated care plus the cost of initiatives to expand primary care and improve costs effectiveness of hospital care.

(B) Calculate the sum of the result of subdivision (A) of this subsection for all hospitals.

(C) Divide the result (A) by result (B).

(D) The disproportionate share payment shall be the result of multiplying the amount available for disproportionate share payment adjustments by the result of (c).

II. Any residual payments which may be made for audit adjustments and other payment adjustments pursuant to the termination of the uncompensated care pool.

III. Interim payments will be made on a periodic basis. All interim disproportionate share payments made under this section shall be subject to final settlement following the close of the fiscal year as calculated by the Office of Health Care Access and recommended to DSS based on audited data. Interim disproportionate share payments made under this section may be reallocated to hospitals as a result of this process. Adjustments may also be made to individual hospital payments at the discretion of the Commissioner as result of failure to meet state statutory requirements.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State Connecticut

3. For the fiscal year commencing October 1, 1999 through June 30, 2011, the disproportionate share payment to each hospital under this section shall be calculated as follows:

I. (A) For each hospital, using actual audited data for the most recently completed federal fiscal year, determine the difference between the costs incurred and the payments received by disproportionate share hospitals in providing services to patients eligible for the State Medical Assistance Program, and the General Assistance Program, plus the cost of uncompensated care.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State Connecticut

(B) Calculate the sum of the result of subdivision (A) of this subsection for all hospitals.

(C) Divide the result of (A) by the result of (B).

(D) The disproportionate share payment shall be the result of multiplying the amount available for disproportionate share payment adjustments by the result of (C).

II. Any residual payments which may be made for audit adjustments and other payment adjustment pursuant to the termination of the uncompensated care pool.

III. Payments will be made on a periodic basis. For federal fiscal years beginning October 1, 1999 through June 30, 2011 all disproportionate share payments made under this section including reallocation of payments to hospitals in order to comply with the upper payment limit on hospital disproportionate share payments adjustments, shall be deemed final except that disproportionate share payments made under this section may be adjusted in order to comply with other federal requirements. Adjustments may also be made to individual hospital payments at the discretion of the Commissioner as a result of failure to meet state statutory requirements.

IV. For the quarter ending September 30, 2001, no negative adjustment to the disproportionate share payments to hospitals for purposes of implementing the final one-quarter of the disproportionate share final settlement for the hospital fiscal year commencing October 1, 1998 shall be made. Any hospital with a positive adjustment to the disproportionate share payments for purposes of implementing the remaining one-quarter of the hospital fiscal year 1999 disproportionate share final settlement shall receive payment of the adjustment through funds appropriated for said purpose.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State Connecticut

V. For the fiscal quarter ending September 30, 1998, or the hospital fiscal year ending September 30, 1999, the Department may, within available appropriations, make payment of any final settlement amount determined to represent any and all claims arising out of any incorrect payments to any teaching hospital located in a distressed municipality, as defined in section 32-9p of the Connecticut General Statutes. For the purpose of this section, a teaching hospital is defined as a short-term General Hospital that has an on-site accredited university curriculum for the training of physicians, which is not also a state facility.

The DSS will test the calculated disproportionate share payments allocated to each hospital in each year to ensure that payments do not exceed federal limits established under the Omnibus Budget Reconciliation Act of 1993 or Section 1923 of the Social Security Act using protocols established in the DSH Audit procedures developed by CMS.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State Connecticut

(8) Additional Disproportionate Share Payments to short-term General Hospitals located in distressed municipalities and targeted investment communities with enterprise zones.

In addition to the disproportionate share payments set forth in previous sections, disproportionate share payments are made to any qualifying short-term General Hospital lawfully operating within the state that provides uncompensated care within a distressed municipality, as defined in section 32-9p of the Connecticut General Statutes, with a population greater than seventy thousand or within a targeted investment community with an enterprise zone, as defined in section 32-70 of the Connecticut General Statutes, with a population greater than one hundred thousand.

CRITERIA – In order to qualify as a disproportionate share hospital under this section, a hospital must meet the three following conditions:

1. Be a lawfully operating short-term General Hospital within the state providing uncompensated care services.
2. Be located within a distressed municipality as defined in section 32-9p of the Connecticut General Statutes, with a population greater than seventy thousand or be located in a targeted investment community with an enterprise zone, as defined in section 32-70 of the Connecticut General Statutes, with a population greater than one hundred thousand.
3. Each hospital must meet the requirements of Section 1923(d) of the Social Security Act.

PAYMENT ADJUSTMENT – Any payment under this section, together with payments under other sections of Attachment 4.19A of the Medicaid State Plan pertaining to disproportionate share payments to hospitals shall not exceed a hospital's uncompensated care costs. Uncompensated care includes the actual cost of care provided free of charge as either uninsured bad debt or charity care and the difference between the costs incurred and the payments received by disproportionate share hospitals in providing services to patients eligible for the State Medical Assistance Program and the State Administered General Assistance Program.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State Connecticut

Payments shall be made to each of the qualifying short-term general hospitals on a quarterly basis through June 30, 2011, as follows:

1. For each of the qualifying hospitals based on the most recently filed cost report period, calculate a ratio of the number of inpatient hospital discharges paid for by Medicaid on a fee-for-service basis to the total number of inpatient hospital discharges paid for by Medicaid on a fee-for-service basis.

2. For each qualifying hospital, multiply the amount appropriated for payment under this section by the ratio calculated in (1) above.

The DSS will test the calculated disproportionate share payments allocated to each hospital in each year to ensure that payments do not exceed federal limits established under the Omnibus Budget Reconciliation Act of 1993 or Section 1923 of the Social Security Act using protocols established in the DSH Audit procedures developed by CMS.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State Connecticut

(9) Additional Disproportionate Share Payments for Private Freestanding short-term Children's General Hospitals which provide Uncompensated Care under Section 1923 of the Social Security Act.

In addition to the disproportionate share payments set forth in previous sections, disproportionate share payments are made to any qualifying private freestanding short-term Children's General Hospital lawfully operating in the state, which provides uncompensated care. Short-term Children's General Hospitals are defined at Section 19-13-D1(b)(A) of the Public Health Code of the State of Connecticut.

CRITERIA – In order to qualify as a disproportionate share hospital under this section, a hospital must meet the two following conditions.

1. Be a lawfully operating short-term Children's General Hospital within the State providing uncompensated care services.

2. Each hospital must meet the requirements of Section 1923(d) of the Social Security Act.

Payment Adjustment – Uncompensated care includes the actual cost of care provided free of charge as either bad debt or charity care and the difference between the costs incurred and the payments received by disproportionate share hospitals in providing services to patient eligible for the State Medical Assistance Program, the General Assistance Program, and payment received under any other sections of Attachment 4.19A of the Medicaid State Plan pertaining to disproportionate share payments to hospitals.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State Connecticut

Payments shall be made to each of the qualifying short-term children's hospitals as follows:

1.

(A) Determine the amount appropriated for payments under this section during the current state fiscal year.

(B) Determine the amount of uncompensated care reported by each of the qualifying hospitals during the most recent fiscal year for which audited information is available.

(C) Add up the total amount of uncompensated care for all of the qualifying hospitals described in (B).

(D) Divide the result of (B) by the result of (C).

(E) Multiply (A) by the results of (D).

(F) Make up to four (4) quarterly payments to each qualifying hospital in each state fiscal year, the sum of which does not exceed 100% of the amount described in (A). These payments shall be considered to be final payments, subject to the federal hospital specific limits on disproportionate share payment adjustments.

II. Any amount paid that is subsequently determined to exceed the amount of allowable costs for uncompensated care shall be deducted from subsequent payments.

The DSS will test the calculated disproportionate share payments allocated to each hospital in each year to ensure that payments do not exceed federal limits established under the Omnibus Budget Reconciliation Act of 1993 or Section 1923 of the Social Security Act using protocols established in the DSH Audit procedures developed by CMS.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State Connecticut

(10) Additional Disproportionate Share Payments for Public Acute Care Hospitals (short-term General Hospitals) which provide Uncompensated Care under Section 1923 of the Social Security Act.

In addition to the disproportionate share payments set forth in other sections of the Medicaid State Plan, disproportionate share payments are made to any qualifying public acute care hospital lawfully operating within the state that provides uncompensated care that is not otherwise covered by any disproportionate share payments made under the Medicaid State Plan.

**CRITERIA** – In order to qualify as a disproportionate share hospital under this section, a hospital must meet the following conditions:

1. Be a lawfully operating acute care hospital within the state providing uncompensated care services.

2. Each hospital must meet the requirements of Section 1923(d) of the Social Security Act.

3. Each hospital must be publicly owned and operated.

**PAYMENT ADJUSTMENT** – Uncompensated care includes the actual cost of care provided free of charge as either uninsured bad debt or charity care and the difference between the costs incurred and the payments received by disproportionate share hospitals in providing services to patients eligible for the State Medical Assistance Program. The single state agency makes payments to qualified disproportionate share hospitals based upon the costs they incurred for uncompensated services, the federal upper limit on aggregate state disproportionate share payments which are eligible for federal matching payments, and the amount determined to be available under state law.

The Commissioner of Social Services determines the amount of the disproportionate share payments to be made under this section based on information provided by the Office of Health Care Access (OHCA). The source data for calculating payments is based on data from OHCA.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State Connecticut

The state shall make a quarterly disproportionate share payment to each publicly owned and operated acute care hospital based on the cost of uncompensated care as follows:

(A) Determine the cost of uncompensated care during the most recent fiscal year for which audited information is available, excluding disproportionate share payments made under other sections of the Medicaid State Plan.

(B) Divide (A) by 4.

The DSS will test the calculated disproportionate share payments allocated to each hospital in each year to ensure that payments do not exceed federal limits established under the Omnibus Budget Reconciliation Act of 1993 or Section 1923 of the Social Security Act using protocols established in the DSH Audit procedures developed by CMS.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State Connecticut

(11) Additional Disproportionate Share Payments for Public Chronic Disease Hospitals that provide Uncompensated Care under Section 1923 of the Social Security Act.

In addition to the disproportionate share payments set forth in other sections of the Medicaid State Plan, disproportionate share payments are made to any qualifying public chronic disease hospital lawfully operating within the state that provides uncompensated care that is not otherwise covered by any disproportionate share payments made under the Medicaid State Plan.

**CRITERIA** – In order to qualify as a disproportionate share hospital under this section, a hospital must meet the following conditions:

1. Be a lawfully operating chronic disease hospital within the state providing uncompensated care services.

2. Each hospital must meet the requirements of Section 1923(d) of the Social Security Act.

3. Each hospital must be publicly owned and operated.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State Connecticut

**PAYMENT ADJUSTMENT** – Uncompensated care includes the actual cost of care provided free of charge as either uninsured bad debt or charity care and the difference between the costs incurred and the payments received by disproportionate share hospitals in providing services to patients eligible for the State Medical Assistance Program. The single state agency makes payments to qualified disproportionate share hospitals based upon the costs they incurred for uncompensated services, the federal upper limit on aggregate state disproportionate share payments which are eligible for federal matching payments, and the amount determined to be available under state law.

The Commissioner of Social Services determines the amount of the disproportionate share payments to be made under this section based on 1) the most recently available Final Settled Medicare Cost Report; 2) Medicaid dates of service and payments for the same time period provided by the Connecticut Department of Administrative Services; and 3) days not reimbursable under Medicaid or Medicare, actual direct patient receipts other than the Department of Veteran's Affairs per diem payments made on behalf of the patient to State Home for Veterans, and any other third party payments for the same time period provided by the Connecticut Department of Veteran's Affairs.

The state shall make a quarterly disproportionate share payment to each publicly owned and operated chronic disease hospital based on the cost of uncompensated care as follows:

(A) Determine the cost of uncompensated care during the most recent fiscal year for which audited information is available, excluding disproportionate share payments made under other sections of the Medicaid State Plan.

(B) Divide (A) by 4.

The DSS will test the calculated disproportionate share payments allocated to each hospital in each year to ensure that payments do not exceed federal limits established under the Omnibus Budget Reconciliation Act of 1993 or Section 1923 of the Social Security Act using protocols established in the DSH Audit procedures developed by CMS.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State Connecticut

(12) [NEW] Additional Disproportionate Share Payments for Acute Care Hospitals (short-term General Hospitals) which provide Uncompensated Care under Section 1923 of the Social Security Act.

In addition to the disproportionate share payments (DSH) set forth in previous sections, disproportionate share payments are made to any qualifying short-term General Hospital lawfully operating within the state which provides uncompensated care. Short-term Children's General Hospitals as defined in Section 19-13D(1)(b)(A) –of the Public Health Code of the State of Connecticut 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 are specifically excluded under this Section in accordance with Public Act 11- 6 of the Connecticut General Assembly.

Criteria – In order to qualify as a disproportionate share hospital under this section, a hospital must meet the two following conditions.

1. Be a lawfully operating acute care hospital within the State providing uncompensated care services.
2. Each hospital must meet the requirements of Section 1923 (d) of the Social Security Act (Act).

DEFINITIONS – For purposes of the section of the State Plan

1. DSH final payments – means DSH interim payments plus reductions and recalculations based on the recalculation of a state plan rate year upper payment limit using the actual final data for the state plan rate year, consistent with the methodology required by Section 1923(g) of the Act and CMS – 2198-F.

2. DSH interim payments – means prospective DSH payments using estimates of eligible hospital's uncompensated care costs.

3. DSH Settlement –means the difference between each hospital's DSH final payments and DSH interim payment. This is the retrospective reconciliation to actual uncompensated care costs in order to apply the statutory hospital-specific limits.

4. Eligible patients – means patients eligible for the State Medical Assistance Program and the uninsured.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State Connecticut

5. Hospital-specific upper limit – means the uncompensated care costs of furnishing inpatient and outpatient hospital services to Medicaid eligible individuals and individuals with no source of third party coverage for the inpatient and outpatient hospital services they receive.

6. State plan rate year - means the federal fiscal year subject to the annual audit.

7. Uncompensated costs – means the costs incurred by that hospital in furnishing services during the year to Medicaid patients and the uninsured, less other Medicaid payments made to the hospital, and payments made by uninsured patients.

8. Uninsured patients - individuals with no source of third party coverage for the inpatient and outpatient hospital services they receive.

9. Uninsured payments – means self-pay revenues during the year they are received, irrespective of whether such revenues are applicable to a prior period.

PAYMENT ADJUSTMENT – Uncompensated care is the difference between the costs incurred and the payments received by disproportionate share hospital in providing inpatient and outpatient hospital services as defined in Sections 1905(a)(1) and 1905(a)(2) of the Act to patients eligible for the State Medical Assistance Program and the uninsured patients. Pursuant to Section 1923(g)(1) of the Act, costs must be calculated in accordance with Federal accounting standards. The single state agency makes payments to qualified disproportionate share hospitals based upon the costs incurred for uncompensated services, as defined in Section 1923(g), the federal upper limit on aggregate state disproportionate share payments which are eligible for federal matching payments as defined in Section 1923(f) and the amount determined to be available under state law.

The Commissioner of DSS determines the amount of the disproportionate share payments to be made under this section based on information provided by eligible short-term acute care hospitals including but not limited to the hospital's Medicare 2552-10 cost reports, audited financial statements, other hospital accounting records and data necessary to comply with Section 1923(j) of the Act, the Office of Health Care Access unit of the Department of Public Health and the State's Medicaid Management Systems (MMIS).

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State Connecticut

1. For the period July 1, 2011 through September 30, 2013, the DSH interim payment to each hospital under this section shall be calculated as follows:

   (A) For each hospital the estimated uncompensated costs of all eligible patients will be based on FFY 2009 data as filed and finalized with the Office of Health Care Access unit of the Department of Public Health, subject to adjustments made by the Department of Social Services.

   (B) Calculate the sum of the result of subdivision 1.(A) of this subsection for all hospitals.

   (C) Divide the results of 1.(A) by the result of 1.(B).

   (D) The DSH interim payment shall be the result of multiplying the amount available for disproportionate share payment adjustments, under this section, by the result of 1.(C).

2. For federal fiscal years 2011, 2012 and 2013, determine the difference between the cost incurred and payments for providing services to patients eligible for the Medical Assistance Program and uninsured patients using actual data for the State plan rate year, consistent with the methodology required by Section 1923(g) of the Act and CMS – 2198-F as follows:

   (A) Calculate each hospital's hospital-specific upper limit using the actual data for the State plan rate year.

   (B) For each hospital with a DSH interim payment that exceeds its hospital- specific upper limit, calculate its reduction by subtracting the subdivision 2.(A) amount from the subdivision 1.(D) amount. The DSH interim payment less the reduction will be the hospital's DSH final payment.

   (C) Calculate the statewide reduction by summing the results of 2.(B).

(D) For each hospital with a hospital-specific upper limit that exceeds its DSH interim payment, calculate the room under the upper limit by subtracting the subdivision 1.(D) amount from the subdivision 2.(A) amount.

(E) Sum the result of subdivision 2.(D).

(F) For each hospital with room under its upper limit, divide the results of 2.(D) by the result of 2.(E).

(G) Calculate the reallocation to hospitals with room under their upper limit by multiplying the results of 2.(F) by the results of 2.(C). The DSH interim payment plus the reallocation will be the hospital's DSH final payment.

3. Following the completion of the DSH Audit pursuant to Section 1923(j)(2) of the Act, the DSH settlement will be calculated by subtracting each hospital's DSH interim payment from its DSH final payment. In accordance with Section 1923(j)(2) of the Act, the DSH settlement will be limited to reductions for those hospitals over the hospital specific DSH limit with a reallocation to the other hospitals. Adjustments will also be made to individual hospital payments as a result of failure to meet state and federal statutory requirements.

The DSS will test the calculated disproportionate share payments allocated to each hospital in each year to ensure that payments do not exceed federal limits established under the Omnibus Budget Reconciliation Act of 1993 or Section 1923 of the Social Security Act using protocols established in the DSH Audit procedures developed by CMS.