

DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S3-14-28
Baltimore, Maryland 21244-1850



Financial Management Group

May 15, 2020

Kathleen Brennan, Deputy Commissioner
Department of Social Services
55 Farmington Avenue, 9th Floor
Hartford, CT 06105-3730

RE: Connecticut 19-0017

Dear Deputy Commissioner Brennan:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 19-0017. Effective July 1, 2019, this amendment implement Medicaid supplemental payments for inpatient hospital services to specified acute care hospitals.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1923 and 1903(a) of the Social Security Act and the implementing Federal regulations at 42 CFR 447 Subpart C.

This is to inform you that Medicaid State plan amendment TN 19-0017 is approved effective July 1, 2019. The CMS-179 and the amended plan page(s) are attached.

If you have any additional questions or need further assistance, please contact Novena James-Hailey at (617) 565-1291 or Novena.JamesHailey@cms.hhs.gov.

Sincerely,

A handwritten signature in black ink that reads "Jeremy Silanskis". The signature is written in a cursive, flowing style.

Kristin Fan
Director

Enclosures

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE AND MEDICAID SERVICES	1. TRANSMITTAL NUMBER: 19-0017	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, 2019	
5. TYPE OF STATE PLAN MATERIAL (Check One): <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT		

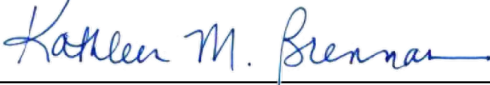
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION: Section 1905(a)(1) of the Social Security Act and 42 CFR 440.10 and 447.253(a), (b), and (c)	7. FEDERAL BUDGET IMPACT: FFY 2019 \$69.4 million FFY 2020 \$276.9 million
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-A, Page 1(x) Attachment 4.19-A, Page 1(x)a Attachment 4.19-A, Pages 1(xi) and (xii) Attachment 4.19-A, Pages 1(xii)(a) and (xii)(b)	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If applicable) Attachment 4.19-A, Page 1(x) NEW Attachment 4.19-A, Pages 1(xi) and (xii) NEW


10. SUBJECT OF AMENDMENT: Effective July 1, 2019, this SPA amends Attachment 4.19-A of the Medicaid State Plan to implement Medicaid inpatient supplemental payments for inpatient hospital services to specified licensed short-term general hospitals. As described in the SPA, the supplemental payments largely follow the same criteria as the supplemental payments in the approved state plan for the prior state fiscal year (SFY), with the following changes, which are required by the state's settlement agreement with in-state non-governmental licensed short-term general hospitals and implementing state legislation in Public Act 19-1 of the December 2019 special session: (1) the amount of each pool has changed in accordance with the total available for hospital supplemental payments; (2) the general uncapped pool has been replaced with a large hospital pool; (3) some eligibility and payment distribution criteria have been modified as described in the SPA pages; and (4) general language was added to clarify the effect on supplemental payments of hospital mergers/acquisitions and dissolutions. Aggregate totals are \$411.65 million each year for SFY 2020 and SFY 2021, \$424.15 million for SFY 2022 and \$419.65 million for SFY 2023 through SFY 2026. Unless modified by the legislature, the amount in effect in SFY 2026 will continue for SFY 2027 and future years; if modified, the state will submit a new SPA.

11. GOVERNOR'S REVIEW (Check One):

GOVERNOR'S OFFICE REPORTED NO COMMENT OTHER, AS SPECIFIED:
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL: 	16. RETURN TO: State of Connecticut Department of Social Services 55 Farmington Avenue – 9th floor Hartford, CT 06105 Attention: Ginny Mahoney
13. TYPED NAME: Kathleen M. Brennan	
14. TITLE: Deputy Commissioner	
15. DATE SUBMITTED: September 30, 2019	

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17. DATE RECEIVED: 09/30/2019	18. DATE APPROVED: 5/15/20
PLAN APPROVED – ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL: 07/01/2019	20. SIGNATURE OF REGIONAL OFFICIAL: 
21. TYPED NAME: Kristin Fan	22. TITLE: Director

23. REMARKS:

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

(2) Supplemental Reimbursement for Inpatient Hospital Services.

General criteria applicable to all inpatient hospital supplemental payments made under this section 2 of Attachment 4.19-A (Attachment 4.19-A, Pages 1(x) through 1(xii)(b)).

(a) If a hospital is merged with or acquired by another hospital, the supplemental payments that would have been paid to the merging hospital shall instead be paid to the acquiring hospital starting with the first calendar quarter that begins on or after the effective date of the merger or acquisition.

(b) If a hospital dissolves or ceases to exist, the supplemental payments that would have been paid to the dissolved hospital shall not be made to any other hospital for the remainder of the state fiscal year (SFY) in which the effective date of the dissolution occurred. Effective starting with the beginning of the SFY after the dissolution, the supplemental payments that would have been made to the dissolved hospital will be distributed in accordance with each supplemental payment pool's distribution methodology.

(c) All figures in supplemental payment eligibility and/or distribution methodologies based on each hospital's filings with the State of Connecticut, Office of Health Strategy (OHS), formerly Department of Public Health, Office of Health Care Access (OHCA), are subject to adjustment if the applicable OHS report is adjusted upon audit by OHS. There shall be no further redistribution of inpatient hospital supplemental payments after adjustments are made based on such audit.

(d) For all of the pools described below, effective for dates of service from SFY 2027 and forward (July 1, 2026 forward), the amounts shall continue at the levels in effect during SFY 2026 unless this section is modified by a future SPA.

(2a) Supplemental Payments for General Inpatient Hospital Services

Supplemental payments to eligible hospitals shall be made from a pool of funds in the amount of \$305 million for each of the state fiscal years ending June 30, 2020 (SFY 2020) and June 30, 2021 (SFY 2021), \$285 million for SFY 2022, and \$261 million per SFY for SFY 2023 through SFY 2026. The payments shall be made quarterly throughout each fiscal year except that the payment for the first quarter of SFY 2020 shall be made as an interim payment that is reconciled to the actual amount before the end of the SFY.

(a) Hospitals eligible for supplemental payments under this paragraph are non-governmental licensed short-term general hospitals located in the state other than short-term children's general hospitals, but including a short-term general hospital operated by the State as a receiver.

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- (b) Each eligible hospital's share of the supplemental payment pool shall be equal to that hospital's pro rata share of the total Medicaid inpatient revenues of all eligible hospitals in the aggregate. For purposes of this supplemental payment, "Medicaid inpatient revenues" means payments for Medicaid inpatient hospital services provided in federal fiscal year 2016 to each eligible hospital up to a maximum of \$160 million per hospital as reported as Medicaid inpatient accrued payments in each hospital's filing with OHS.
- (c) Any remaining funds in the mid-sized pool due to one or more hospitals becoming ineligible for the additional supplemental payment described in items (c), (d) and (e) of subsection (2b.i) shall be transferred to this pool and allocated to eligible hospitals in accordance with the distribution methodology in (b) above.

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(2b) Supplemental Reimbursement to Small Hospitals for Inpatient Hospital Services.

Supplemental payments to eligible hospitals shall be made from a pool of funds in the amount of \$25 million per state fiscal year (SFY) for SFY 2020 through SFY 20212026. The payments shall be made quarterly throughout each fiscal year in accordance with the following paragraphs except that the payment for the first quarter of SFY 2020 shall be made as an interim payment that is reconciled to the actual amount before the end of the SFY:

- (a) Hospitals eligible for supplemental payments under this section are non-governmental licensed short-term general hospitals located in the state that have 180 or fewer licensed beds as reported in each hospital's FFY 2016 filing with OHS.
- (b) Each eligible hospital's share of the supplemental payment pool shall be equal to that hospital's pro rata share of the total Medicaid inpatient revenues, subject to a cap of \$5 million for SFY 2020 through SFY 2022 and a cap of \$7 million for SFY 2023 and each SFY thereafter, of all eligible hospitals in the aggregate as reported in each hospital's Federal Fiscal Year 2016 filing with OHS.

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(2b.i) Supplemental Reimbursement to Mid-Sized Hospitals for Inpatient Hospital Services.

Supplemental payments to eligible hospitals shall be made from a pool of funds in the amount of \$36.65 million for each of the state fiscal years (SFY) ending June 30, 2020 and June 30, 2021, \$44.15 million for SFY 2022, and \$48.65 million per SFY for SFY 2023 through SFY 2026. The payments shall be made quarterly throughout each fiscal year in accordance with the following paragraphs except that the payment for the first quarter of SFY 2020 shall be made as an interim payment that is reconciled to the actual amount before the end of the SFY:

- (a) Hospitals eligible for supplemental payments under this section are non-governmental licensed short-term general hospitals located in the state that, as reported in each hospital's Federal Fiscal Year 2016 filing with OHS, have: (1) licensed beds of more than 180 but not more than 500; and (2) Medicaid gross revenue of not less than 6% but not more than 18% of total revenue.
- (b) Each eligible hospital shall receive a supplemental payment in accordance with the table below based on its level of Medicaid inpatient revenues as reported in each hospital's Federal Fiscal Year 2016 filing with OHS.

Medicaid Inpatient Accrued Payments	Supplemental Payment Per SFY for the following SFYs:		
	2020 - 2021	2022	2023 and thereafter
Less than \$7 million	\$2,750,000	\$4,250,000	\$4,250,000
Between \$7 and \$14 million	\$5,500,000	\$7,000,000	\$8,000,000
Greater than \$14 million	\$8,250,000	\$9,750,000	\$10,750,000

- (c) Independent hospitals shall receive an additional supplemental payment in accordance with the table below based on its level of Medicaid inpatient accrued payments reported in its FFY 2016 filing with OHS. Independent hospitals are defined as not affiliated with any other hospital or with any hospital system that includes two or more hospitals, as determined by OHS's Certificate of Need process.

Medicaid Inpatient Accrued Payments:	Supplemental Payment per SFY for the following SFYs:	
	SFY 2020 – 2022	SFY 2023 and thereafter
Less than \$14 million	\$500,000	\$500,000
Greater than \$14 million	\$3,150,000	\$3,650,000

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- (d) A hospital shall become ineligible for the additional supplemental payment in item (c) beginning with the quarter following the closing date of the completion of a merger or formal affiliation (i.e., a formal affiliation in which the hospital controls, is controlled by, or operates under common control, directly or indirectly) with another hospital or hospital system that includes at least one other hospital, as determined based on OHS's Certificate of Need process. A hospital that becomes ineligible shall remain ineligible for supplemental payments for calendar quarters after it became ineligible.
- (e) Any remaining funds due to one or more hospitals becoming ineligible for the additional supplemental payment described in items (c) and (d) above shall be moved to the general inpatient supplemental payment pool as described in subsection 2a, item (c).

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(2b.ii) Supplemental Reimbursement to Large Hospitals for Inpatient Hospital Services.

Supplemental payments to eligible hospitals shall be made from a pool of funds in the amount of \$45 million per SFY for each of the state fiscal years (SFY) ending June 30, 2020 and June 30, 2021, \$70 million for SFY 2022, \$85 million for SFY 2023 through SFY 2026. The payments shall be made quarterly throughout each fiscal year in accordance with the following paragraphs except that the payment for the first quarter of SFY 2020 shall be made as an interim payment that is reconciled to the actual amount before the end of the SFY:

- (a) Hospitals eligible for supplemental payments under this paragraph are non-governmental licensed short-term general hospitals located in the state other than short-term children's general hospitals but including a short-term general hospital operated by the State as a receiver, that have a minimum of \$70 million in Medicaid inpatient revenues as reported in each hospital's Federal Fiscal Year 2016 filing with OHS.
- (b) Each eligible hospital's share of the supplemental payment pool shall be equal to that hospital's pro rata share of the total Medicaid inpatient revenues of all eligible hospitals in the aggregate.

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