

DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services

Center for Medicaid & CHIP Services

233 North Michigan Ave., Suite 600

Chicago, Illinois 60601



Financial Management Group

May 28, 2020

Kathleen M. Brennan, Deputy Commissioner

Department of Social Services

Office of the Deputy Commissioner

55 Farmington Avenue

Hartford, CT 06105-3730

RE: Connecticut State Plan Amendment (SPA) Transmittal Number 20-0002

Dear Deputy Commissioner Brennan:

We have reviewed the proposed Connecticut State Plan Amendment (SPA) to Attachment 4.19-B of your state plan, which was submitted to the Centers for Medicare & Medicaid Services (CMS) on March 31, 2020. This plan amends outpatient hospital reimbursement, which are required by the state's settlement agreement with in-state non-governmental licensed short-term general hospitals and implements state legislation in Public Act 19-1 of the December special session: (1) the ambulatory payment classification (APC) conversion factor increases to \$77.12 effective January 1, 2020 and will increase by 2.2% per year effective for dates of service each subsequent January 1st through and including January 1, 2026; (2) the outpatient hospital flat fee schedule based on Revenue Center Codes (RCCs) will increase by 2.2% per year effective January 1, 2020 and each subsequent January 1st through and including January 1, 2026; and (3) effective for dates of service from January 1, 2020 through June 30, 2026, the wage index used in calculating APC payments is 1.2563 for hospitals located in CBSA 14860 (Fairfield county) and 1.2538 for hospitals not located in CBSA 14860. The rate levels in effect on June 30, 2026 will continue at the same levels effective on and after July 1, 2026 unless modified by a future SPA. This SPA also sets the wage index at 1.2575 for in-state governmental licensed short-term general hospitals and in-state licensed short-term children's general hospitals.

Based upon the information provided by the State, we have approved the amendment with an effective date of January 1, 2020. We are enclosing the approved CMS-179 and a copy of the new state plan pages.

If you have any additional questions or need further assistance, please contact James Moreth at 206-615-2043 or James.Moreth@cms.hhs.gov.

Sincerely,

Todd McMillion

Todd McMillion

Director

Division of Reimbursement Review

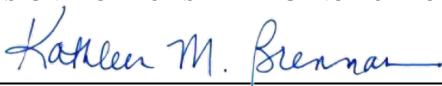
Enclosures

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE AND MEDICAID SERVICES	1. TRANSMITTAL NUMBER: 20-0002	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: January 1, 2020	
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		

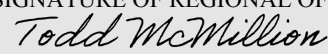
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION: Section 1905(a)(2)(A) of the Social Security Act and 42 CFR 440.20(a)	7. FEDERAL BUDGET IMPACT: FFY 2020 \$16.9 million FFY 2021 \$29.7 million
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Addendum Pages 1 and 1a to Attachment 4.19-B, Page 1 Addendum Pages 1(i), 1a(i) and 1a(ii) to Attachment 4.19-B, Page 1	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If applicable) Addendum Pages 1 and 1a to Attachment 4.19-B, Page 1 NEW

10. SUBJECT OF AMENDMENT: Effective January 1, 2020, this SPA amends Attachment 4.19-B of the Medicaid State Plan to make changes to outpatient hospital reimbursement, 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 special session: (1) the ambulatory payment classification (APC) conversion factor increases to \$77.12 effective January 1, 2020 and will increase by 2.2% per year effective for dates of service each subsequent January 1st through and including January 1, 2026; (2) the outpatient hospital flat fee schedule based on Revenue Center Codes (RCCs) will increase by 2.2% per year effective January 1, 2020 and each subsequent January 1st through and including January 1, 2026; and (3) effective for dates of service from January 1, 2020 through June 30, 2026, the wage index used in calculating APC payments is 1.2563 for hospitals located in CBSA 14860 (Fairfield county) and 1.2538 for hospitals not located in CBSA 14860. The rate levels in effect on June 30, 2026 will continue at the same levels effective on and after July 1, 2026 unless modified by a future SPA. This SPA also sets the wage index at 1.2575 for in-state governmental licensed short-term general hospitals and in-state licensed short-term children's general hospitals.

11. GOVERNOR'S REVIEW (Check One): <input checked="" type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL	_OTHER, AS SPECIFIED:
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: March 31, 2020	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: 03/31/2020	18. DATE APPROVED: 05/28/2020
PLAN APPROVED – ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL: 01/01/2020	20. SIGNATURE OF REGIONAL OFFICIAL: 
21. TYPED NAME: Todd McMillion	22. TITLE: Director, Division of Reimbursement Review

23. REMARKS:

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

Overall Payment Methodology

1. Outpatient hospital services are provided pursuant to 42 CFR 440.20(a).
2. No inflation, inflationary factor, or any other automatic increase is included in any reimbursement for outpatient hospital services except for the rate increases noted below beginning with dates of service on or after January 1, 2020 through and including June 30, 2026. Reimbursement is solely based upon the methodology described below.
3. Reimbursement for outpatient hospital services and other services prior to inpatient hospital admission.
 - a. Except as provided in subdivision b. of this subsection, reimbursement for inpatient hospital services includes payment for all outpatient hospital services provided by the hospital or another hospital that is an affiliated hospital at any location, including the hospital's main campus and any satellite location, on the date of admission and the two days prior to the date of admission, which shall not be separately reimbursed by the department and shall be billed as part of the inpatient hospital stay.
 - b. The department pays a hospital or an affiliated hospital separately for the following services provided on the date of admission but before the actual admission and the two days prior to the date of admission: Any service clinically unrelated to the admission, maintenance renal dialysis, physical therapy, occupational therapy, speech and language pathology services, audiology services, routine psychotherapy, electroconvulsive therapy (except if the electroconvulsive therapy causes the admission), psychological testing, neuropsychological testing, intermediate care programs and any other category of service specifically designated on the outpatient hospital fee schedule referenced below.
4. The department shall pay hospitals for providing outpatient hospital services using CMAP OPPS. As determined and designated by the department, services are paid using one or more of the following methodologies and in accordance with the department's fee schedules and payment rules as defined in CMAP Addendum B, which is posted to www.ctdssmap.com: select "Hospital Modernization" and scroll down to "CMAP Addendum B (excel)" for the current version or scroll down to "CMAP Addendum B Changes and Historical Versions" for prior versions:
 - a. APC payment based on Medicare's system as modified for CMAP, as detailed below;
 - b. A fee on the department's fee schedule for outpatient hospitals, which has been updated as of January 1, 2020, is posted to www.ctdssmap.com (select "Provider", then "Provider Fee Schedule Download", click on the "I Accept"

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Overall Payment Methodology (continued)

button and click on “Hospital Outpatient Flat Fee”) and is updated each January 1st from 2020 through and including January 1, 2026 with a 2.2% increase to each fee for non-governmental licensed short-term general hospitals. Such annual increase shall be applied to the rates in effect for the immediately preceding calendar year and such fees in effect as of June 30, 2026 shall remain in effect on and after July 1, 2026 unless modified by a future SPA. The rates described above are set forth in the following table by Revenue Center Code (RCC):

<u>RCC</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026*</u>
401	\$151.88	\$155.22	\$158.64	\$162.13	\$165.69	\$169.34	\$173.06
403	\$120.50	\$123.16	\$125.86	\$128.63	\$131.46	\$134.36	\$137.31
421	\$85.83	\$87.72	\$89.65	\$91.62	\$93.63	\$95.69	\$97.80
423	\$42.91	\$43.86	\$44.82	\$45.81	\$46.82	\$47.85	\$48.90
424	\$85.83	\$87.72	\$89.65	\$91.62	\$93.63	\$95.69	\$97.80
431	\$99.38	\$101.57	\$103.80	\$106.08	\$108.42	\$110.80	\$113.24
433	\$49.69	\$50.78	\$51.90	\$53.04	\$54.21	\$55.40	\$56.62
434	\$99.38	\$101.57	\$103.80	\$106.08	\$108.42	\$110.80	\$113.24
441	\$108.41	\$110.80	\$113.24	\$115.73	\$118.27	\$120.88	\$123.53
443	\$54.21	\$55.40	\$56.62	\$57.86	\$59.14	\$60.44	\$61.77
444	\$268.78	\$274.69	\$280.73	\$286.91	\$293.22	\$299.67	\$306.26
769	\$459.90	\$470.02	\$480.36	\$490.93	\$501.73	\$512.76	\$524.05
771	\$2.04	\$2.09	\$2.13	\$2.18	\$2.23	\$2.28	\$2.33
901	\$456.11	\$466.14	\$476.40	\$486.88	\$497.59	\$508.54	\$519.72
953	\$30.66	\$31.33	\$32.02	\$32.73	\$33.45	\$34.18	\$34.94

* As noted above, the rate in effect as of June 30, 2026 shall remain in effect for dates of service on and after July 1, 2026 unless modified by a future SPA;

- a. A fee on one of the department’s fee schedules other than the outpatient hospital fee schedule. For each service that is paid using a fee schedule, CMAP Addendum B specifies the applicable fee schedule, which is updated as of the effective date listed in the applicable section of Attachment 4.19-B and is also posted to www.ctdssmap.com (select “Provider”, then “Provider Fee Schedule Download”, click on the “I Accept” button and then click on the applicable fee schedule as indicated in CMAP Addendum B); or
- b. Other prospective payment as specified in the payment type column in CMAP Addendum B.

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**STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
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Payment Rate and Limitations for Hospitals Reimbursed Using APCs

The CMAP APC system is based on Medicare’s Addendum B (OPPS payment by HCPCS code as modified and reflected in CMAP Addendum B), Addendum A (list of APCs) and Addendum D1 (list of payment status indicators) and uses Medicare’s APC grouper software. Effective July 1, 2016, APC IOCE Version 17.1 will be used. When Medicare issues subsequent APC IOCE versions, the CMAP APC system will adopt such version with the same effective date as Medicare. In order to implement each such new version, the department will update Addendum B in accordance with such version and in conformance with the existing methodology and policy as reflected in the current version of CMAP Addendum B, including any new or deleted codes that were included by Medicare.

CMAP Addendum B also includes a column entitled “Payment Type” that indicates whether an item is reimbursable based on the APC methodology, the applicable fee schedule or other prospective payment methodology.

1. Effective for services provided on or after July 1, 2016, for applicable services as specified in CMAP Addendum B, the department pays for outpatient hospital services on a fully prospective per service basis using an APC payment methodology in accordance with this section.
2. Conversion Factor: Effective for services provided on or after:
 - a. July 1, 2016, the statewide conversion factor established by the department is \$82.25 for licensed short-term children’s general hospitals and \$71.76 for licensed short-term general hospitals, non-governmental chronic disease hospitals, and non-governmental psychiatric hospitals.
 - b. January 1, 2018, the statewide conversion factor established by the department for licensed short-term general hospitals is \$76.42, subject to the increases described in subparagraph (c) below.
 - c. January 1, 2020, the statewide conversion factor for non-governmental licensed short-term general hospitals is \$77.12 and shall increase by 2.2% each subsequent January 1st through and including January 1, 2026. Each annual increase shall be applied to the conversion factor in effect for the immediately preceding calendar year and the conversion factor in effect on June 30, 2026 shall remain in effect on and after July 1, 2026 unless modified by a future SPA. The conversion factors described above are set forth in the following table:

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<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026*</u>
\$77.12	\$78.82	\$80.55	\$82.32	\$84.13	\$85.98	\$87.88

* As noted above, the conversion factor in effect as of June 30, 2026 shall remain in effect for dates of service on and after July 1, 2026 unless modified by a future SPA.

3. **Wage Index:** The conversion factor is adjusted for the hospital's wage index based on the original Medicare assignment. Medicare reclassifications of the geographic wage index will not be recognized. The wage index is updated annually effective January 1st of each year, except as otherwise provided in this paragraph. Effective for dates of service from January 1, 2020 through June 30, 2026, the wage index shall be 1.2563 for non-governmental licensed short-term general hospitals located in CBSA 14860 and 1.2538 for non-governmental licensed short-term general not located in CBSA 14860. CBSA stands for Core-Based Statistical Area which is delineated by the U.S. Office of Management and Budget and used by CMS for Medicare purposes. Such wage index values shall remain in place on and after July 1, 2026 unless modified by a future SPA. Effective for dates of services on and after January 1, 2020, unless modified by a future SPA, the wage index for governmental licensed short-term general hospitals is 1.2575 and the wage index for licensed short-term children's hospitals is 1.2575. The wage index is applied to the labor-related share percentage of the conversion factor established by Medicare.
4. **Out-of-State Hospitals:** Hospitals located outside of Connecticut shall be paid a conversion factor of \$71.76, with no adjustment for the wage index for services reimbursed using APCs, except that if a hospital requests to have the conversion factor adjusted for the hospital's actual wage index, the department may grant such request on a case-by-case basis if the department determines that such adjustment is necessary to ensure access to medically necessary services for a beneficiary. For services reimbursed using a non-APC methodology, hospitals located outside of Connecticut shall be reimbursed in the same manner as hospitals located in Connecticut. However, if the department determines that a service is not available in Connecticut, the department may negotiate payment rates and conditions with such provider, up to, but not exceeding, the provider's usual and customary charges.

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State Connecticut**

5. Observation Services. Observation services shall include not less than eight hours but not greater than forty-eight hours of continuous care. Observation services are reimbursed using APCs. The hospital may bill for ancillary services related to observation only if such services are ordered during the observation stay.

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