

## DEPARTMENT OF SOCIAL SERVICES

### Notice of Proposed Medicaid State Plan Amendment (SPA)

#### **SPA 18-O: Clarification of Description of Payment Methodology for Disproportionate Share Hospital (DSH) Payments**

The State of Connecticut Department of Social Services (DSS) proposes to submit the following Medicaid State Plan Amendment (SPA) to the Centers for Medicare & Medicaid Services (CMS) within the U.S. Department of Health and Human Services (HHS).

#### **Changes to Medicaid State Plan**

Effective on or after February 1, 2018, SPA 18-O will amend Attachment 4.19-A of the Medicaid State Plan to revise the language in the DSH sections in order to add more detail to clarify the existing description of the payment methodology. The payment methodologies are not being changed. This SPA adds clarifying details to the description of DSH payments and removes obsolete language, all as detailed in the SPA pages. In particular, this SPA adds detail to the description of the payment methodology for DSH payments that are funded using a certified public expenditure (CPE).

#### **Fiscal Impact**

Because this SPA simply adds clarifying details to the existing description of the DSH payment methodology but does not change the payment methodology, this SPA will not change annual aggregate expenditures.

#### **Obtaining SPA Language and Submitting Comments**

This SPA is posted on the DSS web site at the following link: <http://portal.ct.gov/dss>. Scroll down to the bottom of the webpage and click on “Publications” and then click on “Updates.” Then click on “Medicaid State Plan Amendments”. The proposed SPA may also be obtained at any DSS field office, at the Town of Vernon Social Services Department, or upon request from DSS (see below).

To request a copy of the SPA from DSS or to send comments about the SPA, please email: [Public.Comment.DSS@ct.gov](mailto:Public.Comment.DSS@ct.gov) or write to: Medical Policy Unit, Department of Social Services, 55 Farmington Avenue, 9th Floor, Hartford, CT 06105 (Phone: 860-424-5067). Please reference “SPA 18-O: Clarification of Description of Payment Methodology for Disproportionate Share Hospital (DSH) Payments”.

Anyone may send DSS written comments about the SPA. Written comments must be received by DSS at the above contact information no later than January 26, 2018.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State Connecticut

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(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 claims for 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. Publicly owned acute care hospital receives both cash payments for Medicaid services and appropriation from the Legislature for the operation of the hospital.

The Commissioner of Social Services determines the initial amount of the disproportionate share payments to be claimed 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.

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Effective Date 02-01-18

## STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State Connecticut

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The state shall make a quarterly disproportionate share payment claim for 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.

SETTLEMENT – Reconciliation will occur within 24 months of the initial year’s disproportionate share claim. The annual disproportionate share claim based on data from two years prior will be compared to the DSH audit calculation when it is completed. The difference in uncompensated care cost between the initial claim using OHCA data and the amount per the DSH audit report will be calculated. If it is 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 private pay costs of a publicly owned and operated acute care hospital exceed the initial disproportionate share claim, the Department of Social Services will submit claims to CMS for the underpayment. Settlement will occur within the timelines set forth in 42 CFR 433, Subpart F.

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.

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STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State Connecticut

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(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 claimed for 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.

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**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 a claim for 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, e.g., 2017 claims are based on the 2015 cost report; and 2) 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 Medicaid rate is based on certified public expenditures (as described in the approved reimbursement language for inpatient hospital services provided by public chronic disease hospitals as detailed in Attachment 4.19-A of the Medicaid State Plan) and therefore, there is no Medicaid underpayment for public chronic disease hospitals. Disproportionate share hospital payments under this section are limited to uncompensated care for uninsured patients.

The state shall make a quarterly disproportionate share claim for 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. The cost of uncompensated care is calculated as number of uninsured days multiplied by the most recent Medicaid rate less any payments.
  
- (B) Divide (A) by 4.

SETTLEMENT – Reconciliation will occur within 24 months of the initial year’s disproportionate share claim. The annual disproportionate share claim based on data from two years prior will be compared to the calculation using the actual data for the year once the

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certified public expenditure rate is settled. Private pay days will be multiplied by the final settled Medicaid rate to determine private pay cost. Cost will be deducted from private pay payments and the DSH claim. If it is 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 private pay costs of a public chronic disease hospital exceed the initial disproportionate share claim, the Department of Social Services will submit claims to CMS for the underpayment. Settlement will occur within the timelines set forth in 42 CFR 433, Subpart F.

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.

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