

## DEPARTMENT OF SOCIAL SERVICES

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

#### SPA 21-K: Private Psychiatric Hospital Reimbursement for Inpatient Services

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 March 4, 2021, SPA 21-K will amend Attachment 4.19-A of the Medicaid State Plan to specify the reimbursement methodology for inpatient services provided by newly licensed private psychiatric hospitals. The reason for this SPA is to set forth a payment methodology for newly licensed private psychiatric hospitals that is not currently set forth in the state plan.

Specifically, the per diem rates for a newly licensed private psychiatric hospital will temporarily be the lower of: (1) the hospital's budgeted cost per day based on available data at the time of licensure or (2) \$814.65 for adult days 1–29 and \$829.96 for child acute days, with the adult days 30+ and child discharge delay day rates set at 85% of the respective adult and child rates.

After such hospital files its first Medicare cost report as a psychiatric hospital, its per diem rates will be calculated at the lower of: (A) 75% of cost per day from the Medicare cost report (as detailed below) for adult days 1–29 and acute child days with the adult days 30+ and child discharge delay day rates set at 85% of the respective adult and child rates or (B) the temporary amounts set forth in (2) above. Cost per day is calculated as the sum of hospital inpatient routine and ancillary service costs from worksheet B, part I, column 26 and provider-based physician costs from worksheet A-8-2, column 4, divided by total days from worksheet S-3, part I, column 8. Such rates shall be effective for dates of service on or after the first day of the second month following the due date of the hospital's first Medicare cost report as a psychiatric hospital. For example, the rates calculated using a cost report due February 28<sup>th</sup> will be effective April 1<sup>st</sup> of the same year.

#### **Fiscal Impact**

DSS estimates that this SPA will decrease annual aggregate expenditures by approximately \$6,000 in State Fiscal Year (SFY) 2021 and \$19,000 in SFY 2022.

#### **Compliance with Federal Access Regulations**

In accordance with federal regulations at 42 C.F.R. §§ 447.203 and 447.204, DSS is required to ensure that there is sufficient access to Medicaid services, including services where payment rates are proposed to be reduced or where payment rates or methodologies are being restructured in a manner that may affect access to services. As described above, this SPA is making changes to specify a reimbursement

methodology for inpatient services provided by newly licensed private psychiatric hospitals and to avoid reimbursing in excess of budgeted or calculated cost, as applicable.

Those federal regulations also require DSS to have ongoing mechanisms for Medicaid members, providers, other stakeholders, and the public to provide DSS with feedback about access. In addition to other available procedures, anyone may send DSS comments about the potential impact of this SPA on access to inpatient services provided by private psychiatric hospitals as part of the public comment process for this SPA. Contact information and the deadline for submitting public comments are listed below.

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

This SPA is posted on the DSS web site at this 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 or 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 21-K: Private Psychiatric Hospital Reimbursement for Inpatient Services”.

Anyone may send DSS written comments about the SPA. Written comments must be received by DSS at the above contact information no later than March 4, 2021.

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

(4) Private Psychiatric Hospitals for individuals under 22 and over 64 years of age:

~~a. Effective July 1, 2011, the per diem rate for acute psychiatric care provided in a private psychiatric hospital shall be \$814.65.~~

b.a. Effective January 1, 2012, per diem rates for private psychiatric hospitals will differentiate between adults 19 years of age and older and children 18 years of age and younger. Additionally, the adult psychiatric per diem rates will differentiate between lengths of stays less than 30 days and stays of 30 days or more. Additionally, the child psychiatric per diem rates will differentiate between medically necessary acute days and medically necessary discharge delay days. Effective January 1, 2012, per diem rates for private psychiatric hospitals shall be:

	Adult Per Diem		Child Per Diem	
	Days 1-29	Days 30+	Acute Days	Discharge Delay Days
NATCHAUG	\$814.65	\$692.45	\$829.96	\$705.47

Effective from July 1, 2020 through June 30, 2021, the per diem rate for Natchaug Hospital is: (1) \$975.00 for adult per diem days 1-29 and child per diem acute days and (2) \$828.75 for adult days 30+ and child discharge delay days (85% of the per diem rate for adult days 1-29 and child acute days).

Effective March 4, 2021, the per diem rates for newly licensed private psychiatric hospitals will temporarily, effective for dates of service from the effective date of its licensure until the last day of the first month after it files its first Medicare cost report as a psychiatric hospital, be the lower of: (1) the hospital's budgeted cost per day based on available data at the time of licensure or (2) \$814.65 for adult days 1 – 29 and \$829.96 for child acute days with the adult days 30+ and child discharge delay day rates set at 85% of the respective adult and child rates. Effective for dates of service on and after the first day of the second month following the due date of the hospital's first Medicare cost report as a psychiatric hospital, its per diem rates will be calculated at the lower of: (A) 75% of cost from the Medicare cost report (as detailed below) for adult days 1 – 29 and acute child days with the adult days 30+ and child discharge delay day rates set at 85% of the respective adult and child rates or (B) the temporary amounts set forth in (2) above. Cost per day is calculated as the sum of hospital inpatient routine and ancillary service costs from worksheet B, part I, column 26 and provider-based physician costs from worksheet A-8-2, column 4, divided by total days from worksheet S-3, part I, column 8.

e.b. The per diem rate is inclusive of all hospital service fees and hospital-based professional services. Payment shall continue as long as placement in this level of care is appropriate.

e.c. Each out-of-state psychiatric hospital may have its rate set optionally based at \$1,050.00 per day, its home state Medicaid rate, its Medicare base rate, its percentage of allowable costs to charges based on its most recent Medicare cost report, or 42.9% of charges. Such percentage is applied to usual and customary charges in determining reimbursement.