

DEPARTMENT OF SOCIAL SERVICES

Notice of Proposed Medicaid State Plan Amendment (SPA)

SPA 21-Y: Chronic Disease Hospitals and Natchaug Hospital – Rate Increases

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 July 1, 2021, this SPA will amend Attachment 4.19-A of the Medicaid State Plan in order to make the following changes.

First, this SPA will implement a 4% increase in the inpatient per diem rates for free-standing chronic disease hospitals.

Second, this SPA will maintain the inpatient per diem rate for Natchaug Hospital at \$975. Under the current approved Medicaid State Plan (as required by section 315 of Public Act 19-117), this rate would have applied only during State Fiscal Year (SFY) 2021 and, effective July 1, 2021, would have reverted to the lower rate in effect as of June 30, 2020 unless a new SPA is submitted.

The purpose of these changes is to comply with sections 378 and 379, respectively of Senate Bill 1202 of the June special session of the Connecticut General Assembly, as amended, An Act Concerning Provisions Related to Revenue and Other Items to Implement the State Budget for the Biennium Ending June 30, 2023. That bill is anticipated to be signed into law shortly after this notice is submitted for publication in the Connecticut Law Journal. Specifically, that bill requires DSS to make the rate changes set forth above.

Fiscal Impact

DSS estimates that the chronic disease hospital rate increase will increase annual aggregate expenditures by approximately \$2.7 million in State Fiscal Year (SFY) 2022 and \$3 million in SFY 2023.

DSS estimates that maintaining Natchaug Hospital's per diem rate at \$975 will increase annual aggregate expenditures (compared to the rate in effect prior to July 1, 2020) by approximately \$1 million in SFY 2022 and \$1 million in SFY 2023.

Obtaining SPA Language and Submitting Comments

This SPA is posted on the DSS web site at this link: <https://portal.ct.gov/DSS/Health-And-Home-Care/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 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-Y: Chronic Disease Hospitals and Natchaug Hospital – Rate Increases”.

Anyone may send DSS written comments about the SPA. Written comments must be received by DSS at the above contact information no later than July 29, 2021.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State Connecticut

(3) Payment for Free-Standing Chronic Disease Hospitals

Effective November 1, 2013, freestanding chronic disease hospitals shall be reimbursed a hospital-specific, all-inclusive per diem rate based on Medicare reimbursement principals. The per diem rates for each freestanding chronic disease hospital were established at a percentage of, and shall not exceed, the average per diem reimbursement under Medicare for the cost year ending March 31, 2013. Per Diem rates shall be fixed and will not be subject to an annual inflation factor. Free-Standing Chronic Disease Hospital rates shall be inclusive of hospital-based professional services, both routine and ancillary services.

Effective ~~November~~ July 1, 20~~21~~21, per diem payments to freestanding chronic disease hospitals shall be:

Gaylord Hospital	<u>\$914.32950.89</u>
Hospital for Special Care	<u>\$1,112.351,156.84</u>
Mount Sinai Rehabilitation Hospital	<u>\$898.18934.11</u>

In reimbursing out-of-state chronic disease hospitals, one of the following methodologies will be applied per mutual agreement: 1) a fixed percentage calculated based on the ratio between allowed cost for all Connecticut in-state hospitals and total customary charges, 2) the hospital's specific ratio of cost to charges using its most recent Medicare cost report, 3) the Medicaid rate established by the state of location, 4) the lowest in-state per diem rate or 5) a different methodology if required by federal law.

TN # 21-Y
Supersedes
TN # 13-046

Approval Date _____

Effective Date 07/01/2021

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 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.

- i. Except as otherwise provided below, effective ~~January-July 1, 2021~~, per diem rates for the private psychiatric hospitals listed in this subsection 4.i shall be:

	Adult Per Diem		Child Per Diem	
	Days 1-29	Days 30+	Acute Days	Discharge Delay Days
NATCHAUG	\$975.00 814.65	\$828.75 692.45	\$975.00 829.96	\$828.75 705.47

~~Effective only 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).~~

- ii. Effective March 4, 2021, the per diem rates for those licensed private psychiatric hospitals not listed in subsection 4.i immediately above, will temporarily, effective for dates of service beginning on the later of March 4, 2021 or the effective date of its initial licensure as a private psychiatric hospital and ending on 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 such 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 18, divided by total days from worksheet S-3, part I, column 8.
- 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.
- 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.

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