**DEPARTMENT OF SOCIAL SERVICES**

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

**SPA** **22-S: Nursing Facility Reimbursement – Temporary Rate Increase and Rate Increase for Health and Pension Benefits**

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 the dates listed below, SPA 22-S will amend Attachment 4.19-D of the Medicaid State Plan to make the updates to the payment for nursing facility services described below.

First, effective for dates of services from April 1, 2022 through May 31, 2022, this SPA will implement a ten percent (10%) temporary rate increase for nursing facilities. This rate increase applies to the base rate in effect on June 30, 2021 and does not compound any other rate increases effective July 1, 2021. The purpose of this change is to recognize temporary increased costs and impacts to nursing facilities, including those due to the Coronavirus Disease 2019 (COVID-19) pandemic and public health emergency and its impacts.

Second, in accordance with state law in section 324 of Public Act 21-2 of the June 2021 special session, effective from July 1, 2022 through June 30, 2023, within a total annual pool of $30.8 million, the state will pay a targeted rate increase to nursing homes to the extent necessary to enable implementation of an enhanced employee health care and pension benefit. For each nursing home that applies for and is approved for this rate increase, the state will calculate the specific rate increase amount as the allowable documented costs for increasing the nursing facilities healthcare and pension costs. If a facility receives a rate increase but does not provide enhanced health care and pension benefits, DSS may decrease the rate by the same amount as the rate increase. The purpose of this change is to implement the state law referenced above and to reimburse nursing homes for the increased costs of providing enhanced employee health care and pension benefits.

**Fiscal Impact**

DSS estimates that the 10% temporary rate increase will increase annual aggregate expenditures by approximately $19,317,794 in State Fiscal Year (SFY) 2022 and $0 in SFY 2023.

DSS estimates that the rate increase for health and pension benefits will increase annual aggregate expenditures by $0 in SFY 2022 and approximately $28.2 million in SFY 2023 (which incorporates an anticipated routine one-month delay in claims submission and payment).

**Obtaining SPA Language and Submitting Comments**

The proposed SPA is posted on the DSS website 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, 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](file:///C%3A%5CUsers%5CHolmesN%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CTemporary%20Internet%20Files%5CContent.Outlook%5CI538MMOL%5CPublic.Comment.DSS%40ct.gov) or write to: Department of Social Services, Medical Policy Unit, 55 Farmington Avenue, 9th Floor, Hartford, CT 06105. Please reference “SPA 22-S: Nursing Facility Reimbursement – Temporary Rate Increase and Rate Increase for Health and Pension Benefits”.

Anyone may send DSS written comments about this SPA. Written comments must be received by DSS at the above contact information no later than April 28, 2022.

Attachment 4.19-D

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State: **Connecticut**

Methods and Standards for Establishing Payment Rates for Nursing Facilities

Effective from April 1, 2022 through May 31, 2022, nursing homes rates will temporarily increase by 10%. This rate increase applies to the base rate in effect on June 30, 2021 and does not compound any other rate increases effective July 1, 2021.

TN # 22-S Approval Date \_\_\_\_\_\_\_\_\_\_\_ Effective Date 04/01/2022

Supersedes

TN # NEW

Attachment 4.19-D

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State: **Connecticut**

Methods and Standards for Establishing Payment Rates for Nursing Facilities

Effective for dates of service from July 1, 2022 through June 30, 2023, within a total pool of $30.8 million, the state pays a targeted rate increase to nursing homes to the extent necessary to enable implementation of an enhanced employee health care and pension benefit. For each nursing home that applies for and is approved for this rate increase, the state will calculate the specific rate increase amount as the allowable documented costs for increasing the nursing facilities healthcare and pension costs. If a facility receives a rate increase but does not provide enhanced health care and pension benefits, DSS may decrease the rate by the same amount as the rate increase. This per diem Medicaid rate add-on shall be determined as follows:

1. Each participating nursing home shall submit to the commissioner a schedule of additional costs in the benefit categories listed below and the effective date of such benefit increases. These costs shall reflect new annualized costs incurred on or after July 1, 2022 for the following:
	1. Increase in Health Care Benefits
	2. Increase in Pension Plan Benefits
2. The Medicaid utilization rate shall be calculated by dividing the nursing facility’s Medicaid days by total days as reported on the facility’s 2021 cost report.
3. For each nursing facility, the costs identified for each item identified above shall be multiplied by item B to calculate the total allowable Medicaid costs.
4. For each nursing facility, each benefit component identified in item C shall be divided by the aggregate sum of all item C components for all nursing facilities.
5. For each nursing facility, the results of component item D shall be multiplied by the available benefit enhancement funding which totals $30,800,000.
6. The results of Part 2 item E shall be divided by the facility's Medicaid days as reported on the facility’s 2021 cost report. This will result in the Medicaid benefit enhancement per diem rate increase. The rate increase related benefit increases will be effective July 1, 2023 and will based on the implementation date provided by the facility.
7. Verification procedures will be performed on benefit enhancements in cost year 2022, 2023 and 2024. If expenditure increases within the benefit categories listed in item A are less than the additional costs identified in item A, accounting for implementation date and pro-ration, the Medicaid per diem rate increase shall be adjusted downward, as necessary, to reflect the Medicaid pro-rata portion of the actual cost of benefit increases implemented in fiscal year ending June 30, 2023.

TN # 22-S Approval Date \_\_\_\_\_\_\_\_\_\_\_ Effective Date 04/01/2022

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TN # NEW