

**STATE OF CONNECTICUT
DEPARTMENT OF SOCIAL SERVICES**

Notice of Proposed Medicaid State Plan Amendment (SPA)

**SPA 23-AH: Non-Governmental Independent Financially Distressed Hospitals –
Outpatient Supplemental Payment**

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). Public comment information is at the bottom of this document.

Proposed Changes to Medicaid State Plan

Effective on or after September 1, 2023, this SPA will amend Attachment 4.19-B of the Medicaid State Plan to provide for outpatient supplementals payment to non-governmental independent licensed short-term general hospitals that are financially distressed, defined as having average total returns of less than -3% for the five-year period ending September 30, 2021. Such hospitals will receive supplemental payments totaling \$5 million in state fiscal year (SFY) 2024, of which \$2.5 million will be paid on or before September 30, 2023 and another \$2.5 million shall be paid after the State of Connecticut receives and approves the hospital's feasibility plan that meets the requirements in subsection (a) of section 50 of Public Act 23-204. In addition, such hospitals will receive a supplemental payment of \$2 million during SFY 2025, which shall be provided only if the State of Connecticut certifies that the hospital is making progress towards implementation of the Feasibility Plan with a clear path to financial viability.

The purpose of this SPA is to comply with state law in section 50 of Public Act 23-204 and to provide assistance to qualifying hospitals in providing access to quality services, including through development and implementation of the feasibility plan referenced above.

Estimated Fiscal Impact

DSS estimates that this will increase annual aggregate expenditures by approximately \$5,000,000 in State Fiscal Year (SFY) 2024 and \$2,000,000 in SFY 2025.

Obtaining SPA Language and Submitting Comments

This proposed 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, at the Town of Vernon Social Services Department, or upon request from DSS (see below). When feasible and relevant, the versions of the SPA pages posted to that webpage include track changes indicating this SPA's proposed changes to the current version of the Medicaid State Plan.

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: Department of Social Services, Medical Policy Unit,

55 Farmington Avenue, 9th Floor, Hartford, CT 06105. Please reference “SPA 23-AH: Non-Governmental Independent Financially Distressed Hospitals – Outpatient Supplemental Payment”.

Anyone may send DSS written comments about the SPA. **Written comments must be received by DSS at the above contact information no later than September 21, 2023.**

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State Connecticut

Supplemental Payment for Non-governmental Independent Financially Distressed Hospitals

Effective September 1, 2023, non-governmental independent licensed short-term general hospitals will receive outpatient supplemental payments in accordance with this section if they meet the following requirements:

1. Have average total margins of less than -3% for the five-year period ending September 30, 2021, as published in the State of Connecticut, Office of Health Strategy (OHS) 2021 financial stability report.
2. Be an independent hospital, which is defined as not merged or formally affiliated (i.e., a formal affiliation in which the hospital controls, or is controlled by, or operates under common control, directly or indirectly) with another hospital or hospital system that includes at least one other hospital, as determined based on OHS's Certificate of Need process.
3. Provide a feasibility plan ("Feasibility Plan") that includes a study of essential health services aligned with community need and a path to financial viability.

If all of the above requirements are met, then qualifying hospitals shall receive:

- (1) supplemental payments during the state fiscal year (SFY) ending June 30, 2024 in a total pool amount of \$5 million, of which \$2.5 million will be paid on or before September 30, 2023 and another \$2.5 million shall be paid after the State of Connecticut receives and approves the hospital's Feasibility Plan; and
- (2) supplemental payment of \$2 million during the SFY ending June 30, 2025, which shall be provided only if the State of Connecticut certifies that the hospital is making progress towards implementation of the Feasibility Plan with a clear path to financial viability.