

**DEPARTMENT OF SOCIAL SERVICES**  
**Special Notice of Proposed Medicaid State Plan Amendment 13-027**  
**Date: July 17, 2013**

On May 28, 2013, the Department issued public notice of its intent to submit a Medicaid State Plan Amendment (SPA) to revise payment rates for public intermediate care facilities for individuals with intellectual disabilities.

**The Department has extended the time frame for the submission of comments to July 30, 2013.**

Please mail or e-mail your comments to: Christopher LaVigne, Office of Reimbursement & Certificate of Need, Department of Social Services, 25 Sigourney Street, Hartford, CT 06106-5033, Telephone: (860) 424-5719, Fax: (860) 424-4812, Email: [Christopher.Lavigne@ct.gov](mailto:Christopher.Lavigne@ct.gov). Please reference the SPA TN # 13-027 Payments to ICF/MRs). Please find below the original public notice followed by the State Plan language concerning SPA 13-027.

**CT Law Journal – May 28, 2013 Notice**

The State of Connecticut Department of Social Services (the “Department”) proposes to submit an amendment to the Medicaid State Plan to the Centers for Medicare & Medicaid Services (CMS) within the U.S. Department of Health and Human Services. The proposed Medicaid State Plan Amendment (SPA) will revise payment rates for public intermediate care facilities for the mentally retarded (ICF/MRs).

Changes to Medicaid State Plan

Comprehensive changes to the rate setting methodology for public intermediate care facilities will be effective July 1, 2013. Rates will change from regional rates to individual rates for each facility. It is anticipated that the Medicaid State Plan will be amended to include the implementation of these changes.

Fiscal Information – Estimated Annual Change to Medicaid Expenditures

Based upon preliminary estimates, it is anticipated that aggregate annual expenditures for payments to public intermediate care facilities for the mentally retarded will remain cost neutral for State Fiscal Year 2014 and State Fiscal Year 2015.

Additional Information

In accordance with federal requirements governing the Medicaid program, upon request, the Department will provide copies of the proposed amendment to the Medicaid State Plan. In addition, copies of the proposed amendment may be obtained at each of the Department’s regional offices and on the Department’s web site: <http://www.ct.gov/dss>. Go to “Publications” and then to “Updates”.

**State of Connecticut****Methods and Standards for Establishing Payment Rates for Publicly-Operated Intermediate Care Facilities for Individuals with Intellectual Disabilities**

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**a. Definition of Public ICF/IID Services**

The ICF/IID services provided in a public intermediate care facility for the Individuals with Intellectual Disabilities are delivered in compliance with 42 CFR 440.150 and include health-related and programmatic care, supervised personal care, and room and board. A public ICF/IID billing will be triggered when a Medicaid-eligible client had a recorded inpatient day in a public ICF/IID or has an allowable leave day per 42 CFR 447.40. Documentation of a recorded inpatient day or an allowable leave day shall be maintained in facility's records and recorded in the Department of Developmental Services' (DDS) electronic attendance system. A payment for direct care services may not duplicate payments made under Medicaid for other services covered under the program.

**b. Interim Rates**

Interim rates for public ICF/IID services provided by DDS shall be updated annually. Interim rates are based on the most recent finalized replacement rates for ICF/IID services provided to Medicaid Clients by DDS based upon the cost settlement, as determined in subsection (e) below, rounded up to the nearest \$10. Interim rates may be reduced if ICF/IID service costs for services delivered by DDS to Medicaid clients are anticipated to decline during the interim rate period. Interim rates are provisional in nature, pending the completion of cost reconciliation and cost settlement for that period. Payments for ICF/IID services provided by DDS may not duplicate payments made under Medicaid for other services covered under the program.

**c. Cost Reports**

Final reimbursement for ICF/IID services provided by DDS is based on the certified cost reports submitted by the DDS based upon the methodology approved by the Centers for Medicare and Medicaid Services (CMS), which includes the scope of cost and methods of cost allocation that have been approved by CMS, consistent with the process described below.

**State of Connecticut**

**Methods and Standards for Establishing Payment Rates for Publicly-Operated Intermediate Care Facilities for the Individuals with Intellectual Disabilities**

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The Department of Developmental Services will annually complete and certify a Cost Report for public ICF/IID services during the previous state fiscal year covering the period from July 1 through June 30. Cost reports are due to the Department of Social Services no later than 8 months following the close of the state fiscal year during which the costs included in the Cost Report were incurred. The annual cost report shall include the certification of funds. Submitted cost reports are subject to desk review by the Department of Social Services or its designee. Desk review will be completed in the 8 months following the receipt of the cost reports.

d. Cost Reimbursement Methodology

In determining Medicaid allowable costs for providing services at Intermediate Care Facilities for the Individuals with Intellectual Disabilities, the following elements are included and calculations made:

- i. Direct costs of providing ICF/IID services include salary, wage, fringe benefits and other costs that can be directly charged to ICF/IID services, including costs that are integral to the delivery of ICF/IID services. Direct costs shall not include room and board charges.
- ii. Other direct costs include costs which are directly attributable to activities performed by personnel who are approved to deliver ICF/IID services and costs necessary to support the delivery of ICF/IID services, including but not limited to, travel, purchased services, materials, room and board charges and supplies. These direct costs are accumulated on the annual DDS ICF/IID Cost Report, approved by CMS. Included here are day program (see below), training, clinical, and maintenance.
- iii. Total direct costs include the sum of items (i) and (ii). Total direct costs are reduced by any federal payments for those costs, resulting in adjusted direct costs for public ICF/IID services.
- iv. Indirect costs include Moveable Equipment Depreciation, Fair Rent of Property, Worker's Compensation, Day Program Allocation, and Case Management Allocation applicable to ICF/IID Medicaid services delivered in a public ICF/IID. These costs will not be included in the quarterly Medicaid administrative claim.

**State of Connecticut**

**Methods and Standards for Establishing Payment Rates for Publicly-Operated Intermediate Care Facilities for the Individuals with Intellectual Disabilities**

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Moveable Equipment Depreciation: costs are determined by the Comptroller's Office based on the Fixed Asset Reports (CO-59 Report) filed annually and is allocated to each DDS Region and DDS Central Office based on those Reports and allocated to programs based on employee counts. Facility level costs are allocated using the number of clients in each facility.

Fair Rent of Property: allowable property and building costs are determined in accordance with fair rental value system – acquisition/capital improvement cost is amortized over its useful life with application of a rate of return in lieu of interest; the costs are allocated to the regional programs based on the use of the property.

Worker's Compensation Costs: DDS worker's compensation costs are allocated to cost categories based on salaries. Facility level costs are allocated using the number of clients in each facility.

Day Program Allocation is the allocation of public residential clients at private and/or public day programs, and is allocated based on the number of ICF/IID and non-ICF/IID clients; allocation to the ICF/IID programs are only for ICF/IID placed individuals for their private day programs, which would not be included in the total costs originating from the CORE-CT accounting system.

Case Management Allocation is the allocation of case management functions allocated to the ICF/IID programs based on case manager case loads. These costs are not included in targeted case management because ICF consumers are not eligible for targeted case management.

Health Care Taxes are the costs related to the assessment of user fees consistent with 42 CFR 433.68.

- v. Total allowable costs for public ICF/IID services are determined by taking the sum of adjusted direct costs (item d. iii) and indirect costs (item d. iv).

**State of Connecticut**

**Methods and Standards for Establishing Payment Rates for Publicly-Operated Intermediate Care Facilities for the Individuals with Intellectual Disabilities**

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- vi. The per diem rate for public ICF/IID services is calculated by dividing the total allowable ICF/IID costs (item (v)) by the total number of actual recorded in-patient days and allowable leave days for the same period.
  
- e. Settlement  
The Department of Developmental Services' claims (defined as claims paid at the interim rate for public ICF/IID services delivered by DDS during the reporting period, as documented in the MMIS), will be compared to the total Medicaid allowable cost based on the CMS approved Cost Report identified in subsection (b). The Department of Developmental Services' interim rate claims for public ICF/IID services will on the basis of this comparison then be adjusted in aggregate. This process results in cost reconciliation. Reconciliation will occur within 24 months of the end of the reporting period contained in the submitted cost report. Connecticut will not modify the CMS-approved scope of costs or the annual cost report methodology without CMS approval. If it has been 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 Medicaid allowable costs of public ICF/IIDs exceed the interim Medicaid rates, the Department of Social Services will submit claims to CMS for the underpayment. Cost settlement will occur within the timelines set forth in 42 CFR 433 Subpart F.
  
- f. Audit  
All supporting accounting records, statistical data and all other records related to the provision of public ICF/IID services delivered by the Department of Developmental Services shall be subject to audit. If an audit discloses discrepancies in the accuracy and/or allowances of actual direct or indirect costs or statistical data as submitted for each fiscal year by the DDS, the Department of Social Services' payment rate for the said period shall be subject to adjustment.