

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop S2-26-12  
Baltimore, MD 21244-1850



---

**Financial Management Group**

Roderick L. Bremby, Commissioner  
Department of Social Services  
25 Sigourney Street  
Hartford, CT 06106-5033

**JUN 09 2016**

RE: Connecticut 16-0001

Dear Mr. Bremby:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 16-0001. This amendment updates the All Patient Refined Diagnosis Related Group (APR-DRG) software from version 31 to version 33 to coordinate with the federally required transition to International Classification of Diseases 10<sup>th</sup> Revision (ICD-10) Code Sets.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903(a) and 1923 of the Social Security Act and the implementing Federal regulations at 42 CFR 447. We are pleased to inform you that Medicaid State plan amendment 16-0001 is approved effective January 1, 2016. We are enclosing the CMS-179 and the amended plan pages.

If you have any questions, please call Novena James-Hailey at (617) 565-1291.

Sincerely,

A handwritten signature in black ink, appearing to read "Kristin F.", is positioned above the typed name and title.

Kristin Fan  
Director

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: HEALTH CARE FINANCING ADMINISTRATION</b>	1. TRANSMITTAL NUMBER: 16-001	2. STATE: CT
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE AND MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES	4. PROPOSED EFFECTIVE DATE: January 1, 2016	
5. TYPE OF STATE PLAN MATERIAL (Check One):  <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT		

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

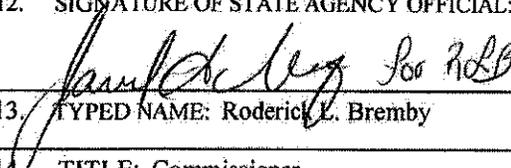
6. FEDERAL STATUTE/REGULATION CITATION: Section 1905(a)(1) of the Social Security Act and 42 CFR 440.10 and 447.253(a), (b), and (c)	7. FEDERAL BUDGET IMPACT: FFY 2016      \$0 FFY 2017      \$0
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19A Page 1(i)	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If applicable) Attachment 4.19A Page 1(i)

10. SUBJECT OF AMENDMENT: Effective January 1, 2016, SPA 16-001 amends Attachment 4.19-A of the Medicaid State Plan to reflect an update in the software used to calculate reimbursement for inpatient services. The Department is updating from version 31 to version 33 of the 3M All Patient Refined Diagnosis Related Group (APR-DRG) software. This change is necessary to coordinate inpatient hospital reimbursement with the federally required transition to International Classification of Diseases, 10th Revision (ICD-10) Code Sets.

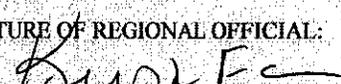
11. GOVERNOR'S REVIEW (Check One):

GOVERNOR'S OFFICE REPORTED NO COMMENT  
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED  
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

OTHER, AS SPECIFIED:

12. SIGNATURE OF STATE AGENCY OFFICIAL: 	16. RETURN TO:  State of Connecticut Department of Social Services 55 Farmington Avenue - 9th floor Hartford, CT 06105 Attention: Ginny Mahoney
13. TYPED NAME: Roderick L. Bremby	
14. TITLE: Commissioner	
15. DATE SUBMITTED: March 29, 2016	

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED:	18. DATE APPROVED: JUN 09 2016
PLAN APPROVED - ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL: JAN 01 2016	20. SIGNATURE OF REGIONAL OFFICIAL: 
21. TYPED NAME: Krystin FAN	22. TITLE: Director, FMG
23. REMARKS:	

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

---

---

Methods and Standards for Establishing Payment Rates - Inpatient Hospital Care

**(1) Inpatient Hospital Services - DRG Payment Methodology**

Effective for admissions on or after January 1, 2015, the DRG reimbursement methodology described in this section applies to all discharges except for psychiatric and rehabilitation services, which will be reimbursed on a per diem basis. The hospital must submit a prior authorization request to the Department of Social Services or its agent for all such inpatient hospital services to qualify for per diem reimbursement. If the department approves such prior authorization request, the discharge shall be reimbursed using the applicable per diem rate established by the department.

Services provided in the emergency room, observation area, or other outpatient departments that are directly followed by an inpatient admission to the same hospital are not reimbursed separately.

For the purposes of this section, "Discharge" means any patient who was discharged at a date subsequent to the date admitted to the hospital for treatment as an inpatient, except that it shall also mean such patient admitted and discharged on the same day where such patient:

1. died,
2. left against medical advice, or
3. where a one day stay has been deemed appropriate subject to utilization review.

**A. DRG Payment**

The Department shall pay for hospital inpatient services on a fully prospective per discharge basis using DRG-based discharge payments. Diagnosis related groups will be assigned using the All Patient Refined Diagnosis Related Grouper (APR-DRG) version 33. Payments are capped at the amount of charges.

1. The DRG discharge payment is comprised of the DRG base payment plus any outlier payment that may be made when the charges for the stay exceed the outlier threshold. (See detailed description of outlier payment methodology below.)
2. The DRG base payment is calculated by multiplying the hospital-specific base rate by the DRG relative weight. (See base rate table below.)
3. The DRG relative weights are 3M APR-DRG version 33 National Weights.