KB | MS | G. Mahoney
S. Markosk.

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, M/S S3-14-28
Baltimore, MD 21244-1850

RECEIVED
State of Connecticut
MAY 22 2012
Dept. of Social Services
Commissioner's Office

Center for Medicaid and CHIP Services (CMCS)

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

MAY 15 2012

RE: TN 11-011-A

Dear Mr. Bremby:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 11-011-A. This amendment proposes to amend the reimbursement methodologies for nursing facility and private intermediate care facilities for the mentally retarded (ICF/MR) services. Specifically, payment rates will increase based upon the legislative budget for the state fiscal years (SFYs) 2012 and 2013 biennium. The increasing factors for nursing facilities are .037 (SFY 2012) and .0033 (SFY 2013). The increasing factors for private ICF/MRs are .0685 (FY 2012) and .02 (SFY 2013).

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30) and 1903(a) of the Social Security Act and the implementing Federal regulations at 42 CFR 447 Subpart C. We are pleased to inform you that Medicaid State plan amendment 11-011-A is approved effective July 1, 2011. 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,

Cindy Mann
Director, CMCS

OR: CENTERS FOR MEDICARE & MEDICAID SERVICES | SOCIAL SECURITY ACT (MEDICAID)

O: REGIONAL ADMINISTRATOR,CENTERS FOR MEDICARE AND MEDICAID SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
July 1, 2011

TYPE OF STATE PLAN MATERIAL (Check One):

___ NEW STATE PLAN ___AMENDMENT TO BE CONSIDERED AS NEW PLAN _X_ AMENDMENT

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

FEDERAL STATUTE/REGULATION CITATION:
42 CFR 435.1009, 42 CFR 440.40, 42 CFR 440.150
42 CFR 447.253(a) and (b), 42 CFR 447.272

7. FEDERAL BUDGET IMPACT:

a. FFY 2011 $4.9 million (costs)
b. FFY 2012 $29.85 million (costs)

PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19D, pages 58, 59, 59a, 63 and 64

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If applicable)
Attachment 4.19D, pages 58, 59 and 63
Attachment 4.19D, pages 59a and 64 (NEW)

0. SUBJECT OF AMENDMENT:

Methods and Standards for Establishing Payment Rates for Nursing Facilities and Privately-Operated ICF/MR

1. GOVERNOR'S REVIEW (Check One):

_X_ GOVERNOR'S OFFICE REPORTED NO COMMENT
__COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
__NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL
__OTHER, AS SPECIFIED:

2. SIGNATURE OF STATE AGENCY OFFICIAL:

YPED NAME: Roderick L. Bremby

4. TITLE: Commissioner

5. DATE SUBMITTED:
September 26, 2011

16. RETURN TO:

State of Connecticut
Department of Social Services
25 Sigourney Street
Hartford, CT 06106-5033
Attention: Ginny Mahoney, Medical Policy

FOR REGIONAL OFFICE USE ONLY

7. DATE RECEIVED:

18. DATE APPROVED: MAY 15 2012

PLAN APPROVED – ONE COPY ATTACHED

9. EFFECTIVE DATE OF APPROVED MATERIAL: JUL - 1 2011

20. SIGNATURE OF REGIONAL OFFICIAL:

1. TYPED NAME: Penny Thompson

22. TITLE: Deputy Director, CMCS

3. REMARKS:

FORM HCFA-179 (07-92)

agreement with the department shall be issued such lower rate effective July 1, 2002, and have such rate increased two per cent effective January 1, 2003. For the fiscal year ending June 30, 2004, rates in effect for the period ending June 30, 2003, shall remain in effect, except any facility that would have been issued a lower rate effective July 1, 2003, than for the fiscal year ending June 30, 2003, due to interim rate status or agreement with the department shall be issued such lower rate effective July 1, 2003. For the fiscal year ending June 30, 2005, rates in effect for the period ending June 30, 2004, shall remain in effect until December 31, 2004, except any facility that would have been issued a lower rate effective July 1, 2004, than for the fiscal year ending June 20, 2004, due to interim rate status or agreement with the department shall be issued such lower rate effective July 1, 2004. Effective January 1, 2005, each facility shall receive a rate that is one per cent greater than the rate in effect December 31, 2004. For the fiscal year ending June 30, 2006, the department shall compute the rate for each facility based upon its 2003 cost report filing or, a subsequent cost year filing for facilities having an interim rate for the period ending June 30, 2005. For each facility not having an interim rate for the period ending June 30, 2005, the rate for the period ending June 30, 2006 shall be determined beginning with the higher of the computed rate based upon its 2003 cost report filing or the rate in effect for the period ending June 30, 2005. Such rate shall then be increased by $11.80 per day except that in no event shall the rate for the period ending June 30, 2006 be $32.00 more than the rate in effect for the period ending June 30, 2005 and for any facility with a rate below $195.00 per day for the period ending June 30, 2005 such rate for the period ending June 30, 2006 shall not be greater than $217.43 per day and for any facility with a rate equal to or greater than $195.00 per day for the period ending June 30, 2005 such rate for the period ending June 30, 2006 shall not exceed the rate in effect for the period ending June 30, 2005 increased by eleven and one-half per cent. For each facility with an interim rate for the period ending June 30, 2005, the interim replacement rate for the period ending June 30, 2006 shall not exceed the rate in effect for the period ending June 30, 2005 increased by $11.80 per day plus the per day cost of resident day user fee payments divided by annual resident service days, except for any facility with an interim rate below $195.00 per day for the period ending June 30, 2005 the interim replacement rate for the period ending June 30, 2006 shall not be greater than $217.43 per day and for any facility with an interim rate equal to or greater than $195.00 per day for the period ending June 30, 2005 the interim replacement rate for the period ending June 30, 2006 shall not exceed the rate in effect for the period ending June 30, 2005 increased by eleven and one-half per cent. For the fiscal year ending June 30, 2007, each facility shall receive a rate that is three per cent greater than the rate in effect for the period ending June 30, 2006, except for any facility that would have been issued a lower rate effective July 1, 2006, than for the period ending June 30, 2006, due to interim rate status or agreement with the department, shall be issued such lower rate effective July 1, 2006. For fiscal year ending June 30, 2008, each facility shall receive a rate that is two and nine-tenths per cent greater than the rate in effect for the period ending June 30, 2007, except for any

facility that would have been issued a lower rate effective July 1, 2007, than for the rate period ending June 30, 2007, due to interim rate status or agreement with the department, shall be issued such lower rate effective July 1, 2007. For the fiscal year ending June 30, 2009, rates in effect for the period ending June 30, 2008 shall remain in effect until June 30, 2009, except for any facility that would have been issued a lower rate effective July 1, 2008, than for the rate period ending June 30, 2008, due to interim rate status or agreement with the department, shall be issued such lower rate effective July 1, 2008. For the fiscal years ending June 30, 2010, June 30, 2011, June 30, 2012 and June 30, 2013, rates in effect for the period ending June 30, 3009, shall remain in effect until June 30, 2013, except any facility that would have been issued a lower rate, due to interim rate status or agreement with the department, shall be issued such lower rate. Notwithstanding the provisions of this section, for the fiscal year ending June 30, 2012, the Commissioner of Social Services shall provide each facility a rate increase three and seven tenths per cent greater than the rate in effect for the period ending June 30, 2011. Notwithstanding the provisions of this section, for the fiscal year ending June 30, 2013, the Commissioner of Social Services shall provide each facility a rate increase thirty-three hundredths of a per cent greater than the rate in effect for the period ending June 30, 2012. Increases in allowable fair rent based upon annual cost filings shall be added to any other rate increases for a facility which has undergone a material change in circumstances related to fair rent, except for the fiscal years ending June 30, 2010, June 30, 2011, June 30, 2012 and June 30, 2013, such fair rent increases shall only be provided to facilities with an approved certificate of need for capital project expenditures.

For the purpose of determining allowable fair rent, a facility with allowable fair rent less than the twenty-fifth percentile of the state-wide allowable fair rent shall be reimbursed as having allowable fair rent equal to the twenty-fifth percentile of the state-wide allowable fair rent, provided for the rate years ending June 30, 1996 and June 30, 1997, the reimbursement may not exceed the twenty-fifth percentile of the state-wide allowable fair rent for the rate year ending June 30, 1995. Beginning with the rate year ending June 30, 1996, any facility with a rate of return on real property other than land in excess of eleven per cent shall have such allowance revised to eleven per cent. Any facility or its related realty affiliate which finances or refinances debt through bonds issued by the State of Connecticut Health and Education Facilities Authority shall after reporting the terms and conditions of such financing or refinancing have the fair rent component of its rate adjusted to account for a share of, on a case-by-case basis the financial benefit the facility or its related realty affiliate received as a result of such financing or refinancing, including but not limited to, reductions in the amount of debt service payments or period of debt repayment. For good cause actual allowable debt service costs for bonds issued by the State of Connecticut Health and Educational Facilities Authority shall be allowed if such costs do not exceed allowable reimbursement component of the rate for a not-for-profit facility shall be as follows; first, fair rent as defined in the State Plan shall be calculated and second, to reflect the requirements of the State Plan which limit a not-for-profit facility's aggregate total allowable

property costs. For facilities which first open on or after October 1, 1992, allowable fair rent shall be determined for real property other than land based on the rate of return for the cost year in which such bonds were issued. The methodology used to determine the property costs, the Department in its rate computation shall include the lower of fair rent or the Facility's actual allowable property costs comprised of allowable depreciation and interest plus those costs not allowed in the cost component categories of administrative and general, indirect and direct as a result of per day costs in excess of established cost component maximums plus amounts disallowed for salaries (including managerial), fees and dues in excess of reimbursement guidelines, and interest expenses related to movable equipment.

(6) A facility shall receive cost efficiency adjustments for indirect costs and for administrative and general costs if such costs are below the state-wide median costs. The cost efficiency adjustments shall equal twenty-five percent of the difference between allowable reported costs and the applicable median allowable cost.

(7) For the rate year ending June 30, 1992, allowable operating costs, excluding fair rent, shall be inflated using the Regional Data Resources Incorporated McGraw-Hill Health Care Costs: Consumer Price Index (all urban) - All Items minus one and one-half per cent. For the rate year ending June 30, 1993, allowable operating costs, excluding fair rent, shall be inflated using the Regional Data Resources Incorporated McGraw-Hill Health Care Costs: Consumer Price Index (all urban) - All Items minus one and three quarters percent. For the rate year ending June 30, 1994, and June 30, 1995,

State of Connecticut

Methods and Standards for Establishing Payment Rates for Privately-Operated Intermediate Care Facilities for the Mentally Retarded

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(1) Any privately-operated facility with real property other than land placed in service prior to October 1, 1991, shall, for the rate year ending June 30, 1995, receive a rate of return on real property equal to the average of the rates of return applied to real property other than land placed in service for the five years preceding October 1, 1993. For the rate year ending June 30, 1996, and any succeeding rate year, the rate of return on real property for property items shall be revised every five years. The commissioner shall, upon submission of a request, allow actual debt service, comprised of principal and interest, in excess of allowable property costs if it is deemed that such debt service terms and amounts are reasonable in relation to the useful life and the base value of the property. For the rate year ending June 30, 1995, and any succeeding rate year, no inflation adjustment shall be applied to real property costs.

(2) For the rate year ending June 30, 1996, and any succeeding rate year, the allowance for real wage growth shall not be applied. For the rate year ending June 30, 1996, rates shall include an amount representing application of a two and one-half percent factor to salary, wage and benefit costs reported in 1994 cost report filings.

(3) For the rate year ending June 30, 1996, and any succeeding rate year, no rate shall exceed three hundred seventy-five dollars per day unless the Commissioner in consultation with the Commissioner of Mental Retardation determines after a review of program and management costs, that a rate in excess of this amount is necessary for care and treatment of facility residents.

(4) The inflation adjustment applied in accordance with subsection (p) of the State Plan (Attachment 4.19D, page 21) to update allowable 2000 costs shall be increased to include a three and one half percent inflation factor for the rate year ending June 30, 2002. The inflation adjustment applied in accordance with subsection (p) of the State Plan (Attachment 4.19D, page 21) to update allowable 2001 costs shall be increased to include a one and one half percent inflation factor, except that such increase shall be effective November 1, 2002, and such facility rate in effect for the fiscal year ending June 30, 2002, shall be paid for services provided until October 31, 2002, except any facility that would have been issued a lower rate effective July 1, 2002, than for the fiscal year ending June 30, 2002, due to interim rate status or agreement with the department shall be issued such lower rate effective July 1, 2002, and have such rate updated effective November 1, 2002, in accordance with applicable statutes and regulations. For the fiscal year ending June 30, 2004, rates in effect for the period ending June 30, 2003, shall remain in effect, except any facility that would have been issued a lower rate effective July 1, 2003, than for the fiscal year ending June 30, 2003, due to interim rate status or agreement with the department shall be issued such lower rate effective July 1, 2003. For the fiscal year ending June 30, 2005, rates in effect for the period ending June 30, 2004, shall remain in effect until September 30, 2004. Effective October 1, 2004, each facility shall receive a rate that is five per cent greater than the rate in effect September 30, 2004. For the fiscal year ending June 30, 2006, rates in effect for the period ending June 30, 2005, shall remain in effect until September 30, 2005. Effective October 1, 2005, each facility shall receive a rate that is five per cent greater than the rate in effect September 30, 2005, except any facility that

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Methods and Standards for Establishing Payment Rates for Privately-Operated Intermediate Care Facilities for the Mentally Retarded

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would have been issued a lower rate effective October 1, 2005, than for the fiscal year ending June 30, 2005, due to interim rate status or agreement with the department, shall be issued such lower rate effective October 1, 2005. For the fiscal year ending June 30, 2007, rates in effect for the period ending June 30, 2006, shall remain in effect until September 30, 2006, except any facility that would have been issued a lower rate effective July 1, 2006, than for the fiscal year ending June 30, 2006, due to interim rate status or agreement with the department, shall be issued such lower rate effective July 1, 2006. Effective October 1, 2006, no facility shall receive a rate that is more than three per cent grater than the rate in effect for the facility on September 30, 2006, except for any facility that would have been issued a lower rate effective October 1, 2006, due to interim rate status or agreement with the department, shall be issued such lower rate effective October 1, 2006. For fiscal year ending June 30, 2008, each facility shall receive a rate that is two and nine-tenths per cent greater than the rate in effect for the period ending June 30, 2007, except for any facility that would have been issued a lower rate effective July 1, 2007, than for the rate period ending June 30, 2007, due to interim rate status or agreement with the department, shall be issued such lower rate effective July 1, 2007. For the fiscal year ending June 30, 2009, rates in effect for the period ending June 30, 2008 shall remain in effect until June 30, 2009, except for any facility that would have been issued a lower rate effective July 1, 2008, than for the rate period ending June 30, 2008, due to interim rate status or agreement with the department, shall be issued such lower rate effective July 1, 2008. For the fiscal years ending June 30, 2010, June 30, 2011, June 30, 2012 and June 30, 2013, rates in effect for the period ending June 30, 2009, shall remain in effect until June 30, 2013, except any facility that would have been issued a lower rate for the fiscal years ending June 30, 2010, June 30, 2011, June 30, 2012 or June 30, 2013, due to interim rate status or agreement with the department, shall be issued such lower rate. Notwithstanding the provisions of this section, for the fiscal year ending June 30, 2012, the Commissioner of Social Services shall, provide each facility a rate increase six and eighty-five hundredths of a per cent greater than the rate in effect for the period ending June 30, 2011. Notwithstanding the provisions of this section, for the fiscal year ending June 30, 2013, the Commissioner of Social Services shall within available appropriations, provide each facility a rate increase two per cent greater than the rate in effect for the period ending June 30, 2012.