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

JUN 13 2013

RECEIVED
State of Connecticut
JUN 18 2013
Dept. of Social Services
Commissioner's Office

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

RE: TN 13-002

Dear Mr. Bremby:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid State plan submitted under transmittal number (TN) 13-002. This amendment proposes to revise the reimbursement methodologies for nursing facility services. Specifically it provides pro rata fair rent increases for 39.95% of fair rent additions placed in service in cost report periods ending September 30, 2008 to September 30, 2011.

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 13-002 is approved effective January 1, 2013. 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

Enclosure

DEPARTMENT OF HEALTH AND HUMAN SERVICES
HEALTH CARE FINANCING ADMINISTRATION

FORM APPROVED
OMB NO. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER: 13-002

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, 2013

5. 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)

6. FEDERAL STATUTE/REGULATION CITATION:
42 CFR 447.253(a) and (b)

7. FEDERAL BUDGET IMPACT:
a. FFY 2013 $731,000 costs
b. FFY 2014 $1.1 million costs

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
Attachment 4.19D pages 58, 59 and 59a

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If applicable)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

10. SUBJECT OF AMENDMENT:
Under SPA 13-002, the Department intends to amend Attachment 4.19D of the Connecticut Medicaid State Plan pertaining to rate increases for property improvements for nursing facilities. Under this proposed amendment, the Commissioner of the Department of Social Services provides pro rata fair rent increases for nursing facilities which have undergone a material change in circumstances related to fair rent additions placed in service in cost report years ending September 30, 2008, to September 30, 2011, inclusive, and not otherwise included in rates issued.

11. 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:

12. SIGNATURE OF STATE AGENCY OFFICIAL:

TYPED NAME: Roderick L. Bremby

14. TITLE: Commissioner

15. DATE SUBMITTED:
March 27, 2013

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

17. DATE RECEIVED:

18. DATE APPROVED: JUN 13 2013

PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL: JAN 01 2013

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME: Penny Thompson

22. TITLE: Deputy Director, Policy and Financial Mgt, CMCS

23. 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, within available appropriations, 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, and June 30, 2012, such fair rent increases shall only be provided to facilities with an approved certificate of need for capital project expenditures. Effective January 1, 2013, the Commissioner of Social Services shall provide pro rata fair rent increases for 39.95% of fair rent additions placed in service in cost report periods ending September 30, 2008 to September 30, 2011, inclusive , and not otherwise included in rates issued.

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,