

DEPARTMENT OF SOCIAL SERVICES

Notice of Proposed Medicaid State Plan Amendment (SPA)

Reimbursement of Inpatient Psychiatric Services (SPA 16-0033)

The State 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.

Changes to Medicaid State Plan

Effective on or after October 7, 2016, this SPA will amend Attachment 4.19-A of the Medicaid State Plan in order to clarify the description of the payment methodology for public inpatient psychiatric hospitals. This change will specifically clarify the reimbursement methodology for public psychiatric hospitals operated by the Department of Children and Families (DCF) and the Department of Mental Health and Addiction Services (DMHAS). This change is necessary in order to further clarify the existing description of the reimbursement methodology in the Medicaid State Plan.

Fiscal Information

DSS estimates that the portion of public inpatient psychiatric annual aggregate expenditures attributed to public hospitals operated by DCF is approximately \$16 million for each of Federal Fiscal Year 2017 and 2018.

Obtaining SPA Language and Submitting Comments

The proposed SPA is posted on the DSS website at this link: <http://www.ct.gov/dss>. Go to “Publications” and then “Updates”. The proposed SPA may also be obtained at any DSS field office and upon request from DSS.

To request a copy of the SPA or to send comments about the SPA, please email: ginny.mahoney@ct.gov or write to: Ginny Mahoney, Department of Social Services, Medical Policy Unit, 55 Farmington Avenue, 9th Floor, Hartford, CT 06105 (Phone: 860-424-5145, Fax: 860-424-5799). Please reference: SPA 16-0033: Reimbursement for Psychiatric Inpatient Services Provided by Public Hospitals.

Anyone may send DSS written comments about this SPA. Written comments must be received at the above contact information no later than October 6, 2016.

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5) Public Psychiatric Hospitals operated by the Department of Children and Families (DCF):

- a. Public psychiatric hospital services are provided by a public psychiatric hospitals and include: psychiatric, medical and ancillary services, including, but not limited to, therapeutic services; active treatment services, including, but not limited to, individual, group and family therapy; diagnostic testing and assessment; room and board; and case management, discharge planning, rehabilitative services and treatment planning. A Medicaid public psychiatric hospital service "Unit" is defined when a client is present at midnight for the census count.
- b. Interim rates for Medicaid public psychiatric hospital services provided by DCF shall be updated annually. Interim rates are based on the most recent finalized replacement rates for Medicaid public psychiatric hospital services provided to Medicaid Clients by DCF based upon the cost settlement, as determined in the subsections below, rounded up to the nearest \$10. Interim rates may be reduced if Medicaid public psychiatric hospital service costs for services delivered by DCF 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 Medicaid public psychiatric hospital services provided by DCF may not duplicate payments made under Medicaid for other services covered under the program.
- c. For each public psychiatric hospital, DCF will file annual cost reports for services described in item a. delivered during the interim rate period. Cost reports will correspond to the state fiscal year of July 1 through June 30. Cost reports are due to the Department of Social Services (DSS) no later than 15 months following the close of the year during which the costs included in the Cost Report were incurred.
- d. DCF will certify on an annual basis through its completed public psychiatric hospital Cost Report its total actual, incurred Medicaid allowable costs, including the federal share and the nonfederal share. Certified cost reports will include detailed cost data including direct costs, operating expenses

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related to direct services, indirect costs, and general and administrative costs in support of public psychiatric hospital services. The public psychiatric hospital costs included in the cost reports shall be based upon the public psychiatric hospital Per Capita Rate Calculation Report prepared by the Office of the State Comptroller. The expenses and costs included in the Per Capita Rate Calculation Report prepared by the Office of the State Comptroller adhere to the Medicare cost guidelines used to complete Form CMS-2552-10.

Direct costs shall include salaries and wages, other expenses related to direct services, operating expenses related to direct services, Workers' compensation costs and fringe benefits costs. Indirect costs shall include portion of central office costs; and administrative and general costs shall include portion of SWCAP costs, equipment depreciation cost not included in SWCAP, building depreciation cost not included in SWCAP, bond interest costs, DCF payroll processing costs and any adjustments deemed necessary by the Office of the State Comptroller. Public psychiatric hospital cost reports shall include costs and methods of cost allocation that have been approved by CMS.

- e. The Medicaid per-diem public psychiatric hospital rate is calculated by dividing the total allowable costs by the total number of actual recorded in-patient days for the same period.
- f. DCF's claims (defined as claims paid at the interim rate for Medicaid public psychiatric hospital services delivered by DCF 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 (d). DCF's interim rate claims for Medicaid public psychiatric hospital 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 Medicaid public psychiatric hospital services 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.