

## DEPARTMENT OF SOCIAL SERVICES

### Notice of Proposed Medicaid State Plan Amendment (SPA) Nursing Facility Reimbursement (SPA 15-032)

The State of Connecticut Department of Social Services (DSS) 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 nursing facilities.

#### Changes to Medicaid State Plan

Effective on or after July 1, 2015, based upon the most recent version of the draft Legislative Budget for State Fiscal Year 2016 and State Fiscal Year 2017 biennium and actions to date by the General Assembly, it is anticipated that SPA 15-032 will amend the Medicaid State Plan to remove the implementation of any rate increases or decreases, and instead include funds for wage enhancements only, within the rates. While the draft budget and related implementing legislation are still pending in the General Assembly, federal regulations require DSS to submit public notice at this time.

#### Fiscal Information – Estimated Annual Change to Medicaid Expenditures

Based upon preliminary estimates using the information that is available at this time, with the exception of normal allowable fair rent pass-through adjustments, it is anticipated that annual aggregate expenditures for payments to nursing facilities will increase by approximately \$19.5 million for State Fiscal Year 2016 and \$19.5 million for State Fiscal Year 2017.

#### Additional Information

In accordance with federal Medicaid requirements, upon request, DSS will provide copies of the proposed SPA. Copies of the proposed SPA may also be obtained at any DSS regional office and on the DSS web site: <http://www.ct.gov/dss>. Go to “Publications” and then “Updates”.

Written, phone, and email requests should be sent to Christopher A. LaVigne, Office of Reimbursement & Certificate of Need, Department of Social Services, 55 Farmington Avenue, Hartford, CT 06105 (Phone: 860-424-5719, Fax: 860-424-4812, Email: [Christopher.Lavigne@ct.gov](mailto:Christopher.Lavigne@ct.gov)). Please reference the relevant SPA number (*e.g.*, SPA 15-032, Payments to Nursing Facilities). Members of the public may also submit written comments about this SPA. Written comments must be received at the above contact information no later than June 30, 2015.

## State of Connecticut

---

 Methods and Standards for Establishing Payment Rates for Nursing Facilities
 

---

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, 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 fiscal year ending June 30, 2014, rates shall be based upon 2011 cost report filings in accordance with part (8) of this section. For the fiscal year ending June 30, 2014, rates may not exceed the rate in effect as of June 30, 2013 and may not decrease more than 1 per cent than the rate in effect as of June 30, 2013, except for any facility that would have been issued a lower rate due to interim rate status or agreement with the department. Notwithstanding the provisions of this section, the Commissioner of Social Services shall implement a 0.273 per cent rate decrease for the period from September 1, 2013 through June 30, 2014, and a 0 per cent decrease for the period from July 1, 2014 through June 30, 2015. For the fiscal years ending June 30, 2016, and June 30, 2017, rates shall not exceed those in effect for the period ending June 30, 2015 except the rate paid to a facility may be higher than the rate paid to the facility for the period ending June 30, 2015, if the commissioner provides, within available appropriations, pro rata fair rent increases for facilities which have undergone a material change in circumstances related to fair rent additions placed in service in cost report years ending September 30, 2014 and September 30, 2015, and not otherwise included in rates issued. Notwithstanding the provisions of this section, effective July 1, 2015, the Commissioner of Social Services shall, within available appropriations, increase rates for the purpose of wage enhancements for direct care, laundry, housekeeping, and dietary facility employees. Such increases shall be based on salaries reported in the 2014 annual cost report. The commissioner may adjust rates of facilities that do not demonstrate that the

TN # 15-032

Supersedes

TN # 13-031

Approval Date \_\_\_\_\_

Effective Date 7/01/2015

State of Connecticut

Methods and Standards for Establishing Payment Rates for Nursing Facilities

---

rate increase was (1) implemented by July 31, 2015, and (2) applied to increase the hourly wages of direct care, laundry, housekeeping, and dietary facility employees.

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,

TN # 15-032

Supersedes

TN # 13-031

Approval Date \_\_\_\_\_

Effective Date 7/01/2015