

DEPARTMENT OF SOCIAL SERVICES

Notice of Intent to Adopt Regulations

Regulation # 11-06 – Inpatient Hospital Services

In accordance with sections 4-168(a), 17b-10, and 17b-239 of the Connecticut General Statutes, as amended, the Department of Social Services (the “Department”) gives notice that pursuant to the authority of sections 17b-3, 17b-10, 17b-262 and 17b-239, as amended, of the Connecticut General Statutes, the Department intends to amend the Regulations of Connecticut State Agencies concerning inpatient hospital services. A description of the proposed regulations, a statement of the purposes for which they are proposed, and information concerning when, where and how interested parties may present views on and obtain copies of the proposed regulations is provided below.

The Department plans to implement and begin operating under these policies and procedures effective January 1, 2015, as authorized pursuant to sections 17b-10 and 17b-239 of the Connecticut General Statutes, as amended.

1. Description of the Proposed Regulations

The proposed regulation consolidates and updates all inpatient hospital regulations concerning the Medicaid program into one regulation. It also amends various provisions as necessary to implement the inpatient hospital reimbursement reforms set forth in section 17b-239 of the Connecticut General Statutes.

2. Statement of Purpose

The purposes of the regulation are to: (1) update and recodify the department’s inpatient hospital medical services policy in regulation form; (2) update and consolidate all of the department’s inpatient hospital regulations into one regulation; and (3) implement the inpatient hospital reimbursement reforms set forth in section 17b-239 of the Connecticut General Statutes.

(A) The problems, issues or circumstances that the regulation proposes to address: In 2013, the Connecticut General Assembly amended section 17b-239 of the Connecticut General Statutes to require the department to reimburse acute care and children’s hospitals for inpatient hospital services using the Diagnosis Related Groups (DRG) methodology. This payment reform modernizes the department’s inpatient hospital reimbursement methodology and is similar to the inpatient hospital reimbursement methodology used by the Medicare program. The DRG methodology pays hospitals solely for the facility and technical components of hospital services, which means that physicians and certain other licensed practitioners must be reimbursed separately from the hospital for providing their professional services. The regulation implements the DRG methodology both by establishing rules for hospital reimbursement and DRG rate-setting as well as enabling the department to reimburse physicians and certain other licensed practitioners separately for

their services from the hospital. In order to improve clarity and to simplify the regulations, this regulation also updates and consolidates all inpatient hospital regulations and repeals regulations that are obsolete or are being consolidated into this regulation.

(B) The main provisions of the regulation: (1) Establish a new consolidated inpatient hospital regulation that updates provisions from the department's inpatient hospital medical services policy regarding coverage, billing, provider enrollment, documentation and related requirements; (2) implement the DRG hospital payment reform project by setting forth specific rules for reimbursement and rate-setting both for discharges reimbursed under DRGs and non-DRG discharges; (3) update and consolidate various other inpatient hospital regulations regarding hospital reimbursement and rate-setting, utilization review, border and out-of-state hospitals and certain organ acquisition costs; (4) amend various other regulations as necessary to enable the department to reimburse physicians and certain other licensed practitioners separately from the hospital, as required by the DRG methodology; (5) update citations in other regulations to regulations that have been renumbered or repealed; (6) make various technical and other updates and revisions; and (7) repeal regulations that are obsolete or have been consolidated into the new inpatient hospital regulation.

(C) The legal effects of the regulation, including all of the ways that the regulation would change existing regulations or other laws: The regulation recodifies and updates the existing inpatient hospital medical services policy in regulation form. The regulation updates and consolidates all inpatient hospital regulations into one regulation. This regulation also amends existing regulations as necessary to enable the department to implement the hospital payment reform project as well as updating cross-references to regulations that are being repealed or renumbered in this regulation. Finally, this regulation repeals older inpatient hospital regulations that are obsolete, redundant or have been consolidated into this new regulation.

3. Procedure for Submitting Comments on the Proposed Regulation

Written comments regarding these regulations may be submitted via email: to brenda.parrella@ct.gov or may be mailed to the Department of Social Services, Office of Legal Counsel, Regulations and Administrative Hearings, 55 Farmington Avenue, Hartford, Connecticut, 06105, Attention: Brenda Parrella, Director. When submitting correspondence, please reference "Regulation Number 11-06 – Inpatient Hospital Services."

4. Deadline for Submitting Comments

Public comments must be submitted during the thirty day period from December 4, 2014 through January 2, 2015, inclusive.

5. Public Hearing for the Proposed Regulation

In addition to submitting written comments in accordance with the procedures described above, all interested persons who wish to present their views, questions, or concerns regarding these regulations may also do so at a public hearing to be held on Tuesday, January

6, 2015 from 11:00 a.m. to 12:00 p.m. in Conference Room 1011 on the First Floor, at the Department of Social Services, 55 Farmington Avenue, Hartford, Connecticut 06105.

6. Procedure(s) for obtaining copies of the proposed regulations and the fiscal note

A copy of the complete text of this regulation and the fiscal note are available, at no cost, upon request from the Office of Legal Counsel, Regulations and Administrative Hearings, Department of Social Services, 55 Farmington Avenue, Hartford, Connecticut 06105; email: joel.norwood@ct.gov. A copy of the complete text of this regulation is also available online at <http://www.ct.gov/dss>; select “Publications,” then select “Policies and Regulations,” then select “Notices of Intent, Operational Policies, and Proposed Regulations,” then select “Inpatient Hospital”.