

**STATE OF CONNECTICUT  
DEPARTMENT OF SOCIAL SERVICES**

**Notice of Proposed Medicaid State Plan Amendment (SPA)**

**SPA 25-AL: Chronic Disease Hospital Reimbursement**

The State of Connecticut 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 (HHS). Public comment information is at the bottom of this document.

**Proposed Changes to Medicaid State Plan**

Effective on or after July 1, 2025, this SPA will amend Attachment 4.19-A of the Medicaid State Plan to make the following changes to free-standing licensed chronic disease hospitals, as defined in section 19a-550 of the Connecticut General Statutes:

This SPA will increase rate payments to free-standing chronic disease hospitals. DSS anticipates that the funding will support continued access and quality for these services.

Additionally, this SPA will implement a rate methodology for newly established free-standing chronic disease hospitals. Such hospitals shall be reimbursed the lowest rate of the existing free-standing chronic disease hospital. Effective for dates of service on and after the first day of the second month following the due date of such hospital's Medicare cost report as a chronic disease hospital, the per diem rate will be rebased to 75% of cost using data on the cost report.

**Estimated Fiscal Impact**

DSS estimates that this rate increase will increase annual aggregate expenditures by \$800,000 in State Fiscal Year (SFY) 2026 and \$800,000 in State Fiscal Year (SFY) 2027.

**Obtaining SPA Language and Submitting Comments**

This proposed SPA is posted on the DSS web site at this link: <https://portal.ct.gov/DSS/Health-And-Home-Care/Medicaid-State-Plan-Amendments>. The proposed SPA may also be obtained at any DSS field office, at the Town of Vernon Social Services Department, or upon request from DSS (see below). When feasible and relevant, the versions of the SPA pages posted to that webpage include track changes indicating this SPA's proposed changes to the current version of the Medicaid State Plan.

**To request a copy of the SPA from DSS or to send comments about the SPA, please email: [Public.Comment.DSS@ct.gov](mailto:Public.Comment.DSS@ct.gov) or write to: Department of Social Services, Medical Policy Unit, 55 Farmington Avenue, 9th Floor, Hartford, CT 06105. Please reference "SPA 25-AL: Chronic Disease Hospital Reimbursement".**

Anyone may send DSS written comments about the SPA. **Written comments must be received by DSS at the above contact information no later than July 25th, 2025.**

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT  
State Connecticut

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(3) Payment for Free-Standing Chronic Disease Hospitals

Effective November 1, 2013, freestanding chronic disease hospitals shall be reimbursed a hospital-specific, all-inclusive per diem rate based on Medicare reimbursement principals. The per diem rates for each freestanding chronic disease hospital were established at a percentage of, and shall not exceed, the average per diem reimbursement under Medicare for the cost year ending March 31, 2013. Per Diem rates shall be fixed and will not be subject to an annual inflation factor. Free-Standing Chronic Disease Hospital rates shall be inclusive of hospital-based professional services, both routine and ancillary services.

Effective July 1, ~~2021~~2025, per diem payments to freestanding chronic disease hospitals shall be:

Gaylord Hospital	<del>\$950.89</del> <u>959.93</u>
Hospital for Special Care	<del>\$1,156.84</del> <u>1,167.84</u>
Mount Sinai Rehabilitation Hospital	<del>\$934.11</del> <u>942.99</u>

Effective ~~March~~July 1, 2025, a newly established freestanding chronic disease hospital shall be reimbursed ~~the lowest rate of the existing free-standing chronic disease hospital~~a per diem payment of \$934.11. Effective for dates of service on and after the first day of the second month following the due date of such hospital's Medicare cost report as a chronic disease hospital, the per diem rate will be rebased to 75% of cost. Cost per day will be calculated as the sum of hospital inpatient routine and ancillary service costs from worksheet B, part I, column 26 and provider-based physician costs from worksheet A-8-2, column 18, divided by total days from worksheet S-3, part I, column 8.

Effective July 1, 2022, the per diem payments above was increased by \$500.00 per day for beds provided to patients on ventilators.

In reimbursing out-of-state chronic disease hospitals, one of the following methodologies will be applied per mutual agreement: 1) a fixed percentage calculated based on the ratio between allowed cost for all Connecticut in-state hospitals and total customary charges, 2) the hospital's specific ratio of cost to charges using its most recent Medicare cost report, 3) the Medicaid rate established by the state of location, 4) the lowest in-state per diem rate or 5) a different methodology if required by federal law.

Supplemental Payment for Private Free-Standing Chronic Disease Hospitals

Effective March 1, 2025, a quarterly supplemental payment will be made to private free-standing chronic disease hospitals with Medicaid inpatient utilization exceeding 75% for State Fiscal Year (SFY) 2023. Payment will consist of \$800,000 per quarter.

TN # 25-AL  
Supersedes  
TN # 25-0011

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

Effective Date 07/01/2025