

## **DEPARTMENT OF SOCIAL SERVICES**

### **GUIDING PRINCIPLES**

#### **MODERNIZATION OF BIRTH TO THREE MEDICAID REIMBURSEMENT**

**Updated November 8, 2015**

The Department of Social Services (DSS), in partnership with the Office of Early Childhood (OEC), is working to modernize and ensure the long-term sustainability of the Birth to Three System. Modernizing Medicaid payment is essential because on February 22, 2011, the federal Centers for Medicare and Medicaid Services (CMS), which oversees Medicaid, cited Connecticut for not “identifying a methodology for determining payment rates” for Medicaid Birth to Three services. As a result, federal Medicaid matching funds are at risk until the payment system complies with current federal Medicaid requirements.

To support this effort, DSS asked Birth to Three providers to fill out cost reports to summarize their costs. Cost reports are necessary to build new Medicaid rates that pay providers for their costs and that will meet new Medicaid requirements. DSS plans to start the new system on or after July 1, 2016. In addition, DSS and OEC are working to redesign the coverage description for Medicaid Birth to Three Services to add details required by CMS, describe services more accurately, and maximize federal Medicaid matching funds.

Medicaid Birth to Three reimbursement will move from the current system based on bi-weekly bundled rates to a fee-for-service system based on a fixed fee-schedule.

The guiding principles of the new reimbursement methodology:

1. Bring Medicaid reimbursement into CMS compliance (and thereby preserve federal matching funds).
2. Greater accuracy in matching reimbursement amounts to relative cost and complexity.
3. Minimize provider specific changes in reimbursement levels.
4. Minimize the administrative burden on providers.
5. Provide for greater transparency in the payment methodology.

DSS, together with OEC, appreciates the cooperation we have received from providers. We look forward to continue working with providers to move towards implementation of a Medicaid reimbursement methodology that complies with federal requirements and allocates resources as equitably as possible.

We welcome your questions and comments. If you have any questions or comments, please reference "Comments on Birth to Three Modernization" send them in writing (by email or U.S. mail) to:

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