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DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
JFK Federal Building, Government Center  
Room 2275  
Boston, Massachusetts 02203



CENTERS for MEDICARE & MEDICAID SERVICES

Division of Medicaid and Children's Health Operations / Boston Regional Office

February 22, 2011

Michael P. Starkowski, Commissioner  
Department of Social Services  
25 Sigourney Street  
Hartford, Connecticut 06106

Dear Commissioner Starkowski:

This letter is being sent as a companion to our approval of your Department's State Plan Amendment (SPA) CT 10-018 (School Based Child Health Services), and as a follow-up to our approval letter of February 22, 2011. During our review of CT 10-018, we also reviewed Psychiatric Services to Children, Birth to Three services, and Private Non-Medical Institutions for rehabilitation of children in Items 13(b)(1)-(3), which were included on the Attachment 4.19-B page 2a that was submitted with the SPA. Based on that review, it was determined that these provisions are not consistent with Medicaid statutory and regulatory requirements. Additional information is required.

Capitation payments for Private Non-Medical Institutions (PNMI):

Section 1902(a)(30)(A) of the Social Security Act (the Act) requires that States have methods and procedures in place to assure that payments to providers are consistent with efficiency, economy and quality of care. As the current reimbursement methodology for PNMI utilizes a capitated rate, it is also governed by Federal regulations at 42 CFR 438. The State Plan must include information under PNMI for children describing the methodology used to develop the capitated rates, including assurances that room and board are not included in these rates, and that the State is following Federal regulations at 42 CFR 438.

State Plan Comprehensiveness:

Federal regulations at 42 CFR 430.10 require that the State Plan be a comprehensive written statement that describes the nature and scope of the State's Medicaid program and that contains all information necessary for CMS to determine whether the Plan can be approved to serve as the basis for Federal financial participation (FFP) in the State program. Attachment 4.19-B, page 2a, Items 13(b)(1)-(2) of the State Plan describe reimbursement for Psychiatric Services to Children and Birth to Three services as a negotiated rate. However, the Plan does not identify the

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payment rates for the above mentioned services, nor does it identify a methodology for determining the payment rates.

In order to comply with the above mentioned regulation, the State must amend its State Plan to include information to comprehensively describe its payment rates for these services. To achieve this end, the State could insert language such as the following into the reimbursement provisions for Psychiatric Services to Children and Birth to Three services:

“Except as otherwise noted in the plan, payment for these services is based on state-developed fee schedule rates, which are the same for both governmental and private providers of (list services). The agency’s rates were set as of (XXXX/XXXX) and are effective for services rendered on or after that date. The fee schedule is subject to annual/periodic adjustment. All rates, including current and prior rates, are published and maintained on the agency’s website. Specifically, the fee schedule and any annual/periodic adjustments to the fee schedule are published at (website URL).”

The State has 90 days from the date of this letter – until May 23, 2011 – to address the issues described above. Within this 90-day period, the State may submit SPAs to address these issues or may submit a corrective action plan describing in detail how the State will resolve in a timely manner the issues identified above. Failure to respond within the 90 days will result in the initiation of a formal compliance process. During the 90-day period, CMS will provide any technical assistance that is required to assist you in resolving these issues.

If you have any questions regarding this letter, please contact Marie Montemagno at (617) 565-1227 or [marie.montemagno@cms.hhs.gov](mailto:marie.montemagno@cms.hhs.gov).

Sincerely,



Richard R. McGreal  
Associate Regional Administrator

cc: Mark Schaefer, Director, Medical Care Administration