

## SETTLEMENT SNAPSHOT

<b>Section</b>	<b>Pages</b>	<b>Overview</b>
Preface	1-5	Lays out history of litigation and administrative appeals by hospitals over taxation and rates; states intent to settle with caveat hospitals and state will confer if federal rules stymie state's ability to meet obligations
I	5-7	State waives sovereign immunity protection against lawsuits and agrees settlement gives hospital enforceable contract rights; state's obligations are not withstanding any fiscal impact to state (subject to settlement modification process should federal financial participation fall short and state termination should state fiscal liability exceed \$100 million per fiscal year pursuant to Sec. XII, Clause 60)
II.	7-12	Definitional section, including effective dates for legislative and federal approval, hospital tax periods and term of agreement (through June 30, 2026)
III.	12-14	Sets out time table for DRS to refund hospitals \$70 million for taxes assessed from periods beginning July 1, 2012 and ending September 30, 2017 as outlined in Ex. 2; includes waiver of statutory confidentiality provisions by hospitals re tax returns
IV.	14-18	Lays out total hospital tax payments, revenue (based on 2016 audited revenue) and tax rates for state fiscal years 2020 to 2026; exempts financially distressed hospitals from tax for fiscal 2020 and sole community hospitals from fiscal 2021 to 2026
V.	19-21	Prohibits state from implementing new hospital tax or amending existing tax and bars CHA and hospitals from filing related legislation through fiscal 2026; gives court right to enjoin state from implementing tax law contrary to settlement.

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VI.	21-22	Requires DSS to make up to \$9.3 million in one-time payments not later than 45 days after court approval of settlement to certain hospitals as outlined in Ex. 5 regardless of whether federal financial reimbursement is available and without admission of liability by state re payment dispute, including \$3.4 million in one-time payments to hospital emergency department physicians for appeals related to not being separately reimbursed for treatment of patients admitted to hospitals from Jan. 1, 2015 to June 30, 2016, \$3 million to the small hospital supplemental payment pool for fiscal 2019 related to acquisition of Charlotte-Hungerford Hospital by Hartford Health Care as well as about \$1.7 million to hospitals for graduate medical education and \$1.1 million to Day Kimball Hospital for disputed payments re the disproportionate share of uninsured patients treated by the hospital in the past.
VII.	22-24	Requires DSS to increase hospital Medicaid rates by about 2 percent annually from January 1, 2020, through January 1, 2026, (as detailed in Ex. 3) and prohibits state from repealing, reducing or otherwise removing the rate increases, including subjecting them to rescissions or holdbacks.
VIII.	24-26	Commits DSS to a total of \$548.3 million in hospital supplemental payments for each state fiscal year of 2020 and 2021 and \$568.3 million for each state fiscal year of 2022 to 2026 pursuant to Ex. 6; requires state to appropriate both state and federal share in DSS budget and not subject funds to rescissions or holdbacks.
IX.	26-27	Requires DSS and CHA to implement value-based payment strategies to improve care efficiency and quality, particularly for behavioral health, but prohibits implementation of payment methodology during term of settlement agreement that involves "downside risk," or financial penalties for hospitals failing to meet quality goals.

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X.	27-30	Prohibits repeal of or amendments limiting the state rate appeal statute, section 17b-238(b), unless to comply with federal requirements; requires DSS to submit Medicaid State Plan Amendments as soon as practicable to implement rate increases and tax provisions of settlement and to regularly inform CHA of federal approval progress; requires CHA and state to seek court approval of settlement after initial federal approvals obtained and to work together to adjust settlement to obtain federal approval if federal approvals are denied; requires state to use its own funds to cover hospital payments above Medicaid upper payment limits if necessary and in accordance with settlement.
XI.	30-32	Requires hospitals to withdraw tax refund and rate appeals upon payment of such refunds or one-time payments in accordance with the settlement, subject to termination of the settlement by the state if the state financial impact after federal payments exceeds \$100 million in any fiscal year
XII.	32-36	Allows state to terminate settlement agreement if state fiscal impact exceeds \$100 million in any fiscal year due to federal funding denials following 15-day notice to hospitals and failure to jointly work out settlement modification; requires state to cover up to \$50 million in funding shortfall in any fiscal year if parties can't agree to modification and allows state to seek order to modify settlement for state costs over \$50 million to \$100 million in any fiscal year
XIII.	36-37	Provides for court approval of settlement agreement following legislative approval of agreement and implementing legislation and gives court continuing jurisdiction to adjudicate enforcement; requires party seeking court order to give 15 days notice to other party to work out agreement except in cases where DSS has failed to make required payments or state breaches agreement not to implement new hospital taxes or amend existing taxes.
XIV.	37.	Allows DRS to collect delinquent amounts due from hospitals