Commonwealth of Massachusetts
Executive Office of Health and Human Services
Office of Medicaid
www.mass.gov/masshealth

MassHealth
Transmittal Letter CDR-27
May 2012

TO: Chronic Disease and Rehabilitation Inpatient Hospitals Participating in MassHealth

FROM: Julian J. Harris, M.D., Medicaid Director

RE: *Chronic Disease and Rehabilitation Inpatient Hospital Manual* (Out-of-State Services)

This letter transmits revisions to out-of-state chronic disease and rehabilitation inpatient hospital services that are covered by MassHealth. This amendment is a conforming change that does not affect the rates of payment to, out-of-state chronic disease and rehabilitation hospitals.

These regulations are effective May 25, 2012.

MassHealth Web Site

This transmittal letter and attached pages are available on the MassHealth Web site at www.mass.gov/masshealth.

Questions

If you have any questions about the information in this transmittal letter, please contact MassHealth Customer Service at 1-800-841-2900, e-mail your inquiry to providersupport@mahealth.net, or fax your inquiry to 617-988-8974.

NEW MATERIAL
(The pages listed here contain new or revised language.)

Chronic Disease and Rehabilitation Inpatient Hospital Manual

Pages 4-5 and 4-6

OBSOLETE MATERIAL
(The pages listed here are no longer in effect.)

Chronic Disease and Rehabilitation Inpatient Hospital Manual

Pages 4-5 and 4-6 — transmitted by Transmittal Letter CDR-19

(D) Managed-Care Program. To participate in the chronic-disease and rehabilitation hospital managed-care program, a hospital must comply with 130 CMR 435.404(B) and must agree, by contract with the MassHealth agency, to provide or arrange and pay for all services covered by MassHealth, except acute-hospital services, for all MassHealth members who are inpatients of the chronic-disease or rehabilitation hospital and who participate in the hospital's managed-care program.

435.405: Rates of Payment

(A) Payments to in-state hospitals for services furnished to MassHealth members are equal to the rate established in the signed provider agreement with the MassHealth agency.

(B) Payments to out-of-state hospitals are made in accordance with 130 CMR 450.233. The Medicaid program rate methodology of that state applies when such methodology is compatible with the MassHealth agency's claims-processing system. Otherwise, the MassHealth agency and the out-of-state facility negotiate a rate comparable to the median or weighted average in-state rate for similar facilities.

(C) The hospital must accept the amount of payment established by 130 CMR 435.405 as payment in full for all care and services provided by the hospital for which payment is available under MassHealth.

435.406: Billing Exceptions

(A) The hospital may bill separately only for those drugs and durable medical equipment prescribed for take-home use that a member is unable to obtain directly from a pharmacy or durable medical equipment supplier. The charges for such drugs and durable medical equipment must be submitted on the claim form specified in the billing instructions.

(B) A hospital under contract to provide a managed-care program may not bill separately for take-home drugs and durable medical equipment.

435.407: Nonreimbursable Services

(A) The cost of any treatment or testing provided outside the hospital is allowed for in the rate-determination process and is not separately reimbursable.

(B) All administrative and processing costs associated with the provision of blood and its derivatives are allowed for in the rate-determination process and are not separately reimbursable.

(C) Private hospital rooms are not reimbursable except where medically necessary. Payment for medically necessary private hospital rooms is included in the rates of payment set forth under 130 CMR 435.405(A).

(D) Research and the provision of experimental procedures are not reimbursable.

(E) Leave-of-absence days taken by a member are not reimbursable. For billing purposes, leave-of-absence days are to be treated in the same way as discharge and admission days. Thus, the day on which the member leaves the chronic-disease or rehabilitation hospital to start a leave of absence is not reimbursable, regardless of the hour of discharge, while the day on which the member returns is reimbursable.

(F) Rest-home (level IV) services are not reimbursable.

435.408: Screening Program for Chronic-Disease and Rehabilitation Hospitals

(A) Introduction. The screening program applies to all in-state and out-of-state chronic-disease and rehabilitation hospitals, except those participating in a managed-care program for all inpatients (see 130 CMR 435.402). The screening program described in 130 CMR 435.408 is intended to ensure that medical and nursing services are medically necessary. The MassHealth agency pays for chronic-disease and rehabilitation hospital services only when the MassHealth agency or its agent determines, pursuant to a screening, that such services are medically necessary and authorizes such services prior to admission or conversion.

(B) Screening.

(1) To initiate admission or conversion screening, the hospital must telephone the MassHealth agency or its agent prior to the proposed admission or anticipated conversion and must:

(a) describe the medical condition that necessitates a chronic-disease or rehabilitation hospital admission or continued stay; and

(b) state the anticipated length of stay.

(2) The MassHealth agency or its agent applies the level-of-care criteria stated in 130 CMR 435.409 or 435.410, whichever is applicable, to determine the medical necessity of the proposed admission or continued stay, as well as the anticipated length of stay.

(3) If the MassHealth agency or its agent determines that the proposed admission or continued stay is not medically necessary and denies authorization for such admission or continued stay, the hospital may appeal the denial as stated in 130 CMR 435.408(C).

(4) If the MassHealth agency or its agent determines that the proposed admission or continued stay is medically necessary, the admission or continued stay will be authorized with a specified, approved length of stay, and the hospital will be issued a preapproved screening number to be used when billing for the hospital stay. Approval may be given by telephone; however, authorization for payment is contingent upon receipt of written authorization from the MassHealth agency or its agent. The MassHealth agency will not pay the hospital for any costs incurred after the expiration of the specified, approved length-of-stay period.