

Corrected Notice of Agency Action

SUBJECT: MassHealth: Payment for Acute Hospital Services

AGENCY: MassHealth Executive Office of Health and Human Services (EOHHS), Office of Medicaid

EOHHS is updating the MassHealth High Public Payer (State-Defined Disproportionate Share) Hospital supplemental payment method for qualifying in-state acute hospitals effective for Rate Year (RY) 2016, beginning October 1, 2015, as it pertains to the inpatient portion of the calculation. There is no change to the outpatient portion of the calculation.

Section 3 of Part II of the MassHealth Notice of Final Agency Action published on or about September 29, 2015 (“Final RY16 Notice”), is updated as follows: a hospital that qualifies for the High Public Payer Hospital supplemental payment for RY16¹ will receive a supplemental payment equal to the sum of (i) 9.2% of its total FFY15 inpatient Adjudicated Payment Amount Per Discharge (APAD) and Outlier Payments, and (ii) 1% of its total FFY15 outpatient Payment Amount Per Episode (PAPE) payments.

EOHHS is implementing this increase consistent with federal and state law, including the authority granted under Chapter 70 of the Acts of 2016. The RY16 acute hospital payment methods remain otherwise unaffected.

EOHHS estimates that aggregate MassHealth expenditures for RY16 acute hospital services will increase by \$11M as a result of this change.

The Final RY16 Notice is available at www.mass.gov/masshealth (click on the link to “Other Resources and Publications” and the link to “Special Notices for Acute Hospitals”) under Acute Hospital Rate Year 2016 Notices. For further information you may also contact Steven Sauter at the Executive Office of Health and Human Services, MassHealth Office of Providers and Plans, 100 Hancock Street, 6th Floor, Quincy, MA 02171, or by email at steven.sauter@state.ma.us.

Statutory Authority: M.G.L. c. 118E; St. 2016, c. 70; St. 2015, c. 46 and c. 119; St. 2012, c. 224; 42 USC 1396a; 42 USC 1396b.

Related Regulations: 130 CMR 410, 415, 450; 42 CFR Parts 431 and 447.

¹ Qualifying hospitals continue to be state-defined disproportionate share hospitals, which for RY16 are hospitals that received more than 63% of their gross patient service revenue in FFY14 from government payers and free care as determined by MassHealth based on the hospital’s FFY14 - 403 cost report.