

Notice of Final Agency Action

SUBJECT: MassHealth: Payment for Acute Hospital Services effective October 1, 2012 through December 31, 2012 (Rate Year 2012)

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

This notice describes EOHHS' final agency action regarding the previously-announced Rate Year 2012 (RY12) acute hospital payment methods that apply to Critical Access Hospitals, effective November 1, 2012; Freestanding Pediatric Acute Hospitals and Pediatric Specialty Units, effective October 1, 2012; and (3) two newly enrolled hospitals, effective November 1, 2012. All other RY12 payment methods continue to remain in effect. In addition, supplemental payment methods calculated using methods substantially similar to RY12 supplemental payment methods for certain qualifying hospitals apply for the annual period beginning October 1, 2012. For further information regarding MassHealth acute hospital payment methods and rates, you may contact Kiki Feldmar 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 e-mail at kiki.feldmar@state.ma.us.

1. Effective November 1, 2012 through December 31, 2012¹, payment to Critical Access Hospitals will equal 101% of the Critical Access Hospital's allowable costs as determined by EOHHS utilizing the Medicare cost-based reimbursement methodology for both inpatient and outpatient services. The Critical Access Hospitals will be paid interim payments that are provisional in nature and subject to final settlement after the end of hospital rate year 2013. The interim inpatient standard payment amount per discharge (SPAD), transfer per diem and outlier per diem rates, and the interim outpatient PAPE rates are calculated based on the hospitals RY11 DHCFP 403 cost reports and utilizing a cost-to-charge ratio methodology of 101% of costs for the SPAD and PAPE. These rates are set forth on Attachment 1. The Critical Access Hospitals will otherwise be paid interim payments using substantially the same standard methodologies for inpatient and outpatient services as all other participating in-state acute hospitals.
2. Effective October 1, 2012 through December 31, 2012² (i.e., the 4th quarter), Freestanding Pediatric Acute Hospitals and Pediatric Specialty Units will be paid an amount equal to 85% of the Hospital's / Pediatric Specialty Unit's expenses for inpatient services for children discharged in the 4th quarter, whose casemix acuity is equal to or greater than 5.0 ("high casemix discharges"). During such period, such Hospitals/Pediatric Specialty Units will be paid for inpatient discharges using the RY12 methods that apply to all other participating MassHealth acute hospitals, subject to a post-RY12 review to determine a settlement payment for the high case mix discharges, if any, that may be due. For this

¹ This method will continue in RY13 through April 30, 2013.

² This method will continue in RY13 through September 30, 2013, using updated data and rates.

purpose, a hospital-specific settlement SPAD and outlier per diem rate will be calculated utilizing an alternative data source to determine the hospital-specific casemix index, which will be applied against 4th quarter discharges that are not high casemix discharges (“standard discharges”) to determine a settlement value for such discharges. After determining expenses and payments for the high casemix discharges, and the settlement value for the standard discharges, EOHHS will perform a reconciliation to determine the final settlement payment due for the high casemix discharges, if any.

3. Effective November 1, 2012, payment to the two newly-enrolled hospitals will be calculated using methods substantially similar to the RY2012 payment methods for all other participating in-state acute hospitals, except as described below.
 - a. For inpatient services, the two newly-enrolled hospitals will be paid a modified standard payment amount per episode (SPAD), using alternative data sources and substantially the same method as for other hospitals. To the extent data is unavailable or otherwise not sufficient for EOHHS to calculate any component or adjustment to the hospital-specific SPAD it was not used in the SPAD calculation.
 - b. For outpatient services, the two newly-enrolled hospitals will be paid a hospital-specific Payment Amount Per Episode (PAPE) rate equal to \$284.32 for all outpatient services for which all other participating in-state acute hospitals are paid a PAPE. The two newly-enrolled hospitals will otherwise be paid for outpatient services using the same methodology as all other participating in-state acute hospitals.
 - c. Any other rate adjustment or payment that applies to participating acute hospitals for RY12 for which EOHHS does not have the required data as it pertains to the two newly-enrolled hospitals, shall not apply.
 - d. The RY12 SPAD, transfer per diem and outlier per diem rates, and the RY12 PAPE rates, that apply effective November 1, 2012, for the two newly-enrolled hospitals, are set forth on Attachment 1.

Justification:

The payment methods and rates described herein are in accordance with state and federal law and are within the range of reasonable payment methods to acute hospitals.

Estimated Fiscal Effect:

The estimated change in aggregate expenditures for the 3-month period from October 1, 2012 through December 31, 2012, due to changes described herein is an increase of approximately \$1.5 million.

Statutory Authority: M.G.L. ch.118G; M.G.L. ch.118E; St. 2011, c. 68; St. 2012 c. 139; St. 2012 c. 224; St. 2012 c. 239; M.G.L. ch. 29, §9C; 42 USC 1396a; 42 USC 1396b; 42 USC 1315.

Related Regulations: 130 CMR 410, 415, 450; 42 CFR Part 447.

ATTACHMENT 1

	RY12 SPAD (Effective 11/1/12)	RY12 Transfer Per Diem (Effective 11/1/12)	RY12 Outlier Per Diem (Effective 11/1/12)	RY12 PAPE (Effective 11/1/12)
Critical Access Hospitals*				
1. Athol	\$12,721.95	\$2,639.68	\$1,979.76	\$538.43
2. Fairview	\$ 9,469.12	\$2,062.99	\$1,547.24	\$667.14
3. Martha's Vineyard	\$12,823.62	\$2,793.82	\$2,095.36	\$599.36
The Two Newly- Enrolled Hospitals				
1. Shriners – Boston	\$18,372.78	\$3,928.97	\$2,946.73	\$284.32
2. Shriners - Springfield	\$11,674.59	\$2,544.00	\$1,908.00	\$284.32

*Subject to reconciliation and final settlement after RY13.