

# **Health Safety Net Interim Payments – Hospitals**

April 9, 2020

Dear HSN Providers:

Due to the COVID-19 Public Health Crisis and the constraints it has imposed on the systems, staffing and resources of the Health Safety Net (HSN), Acute Care Hospitals and the Community Health Centers, the HSN will implement, beginning in the April 2020 payment cycle, interim payments to all Acute Care Hospitals and Community Health Centers as set forth below.

In quarterly periods, beginning in April 2020, the HSN will determine providers' monthly interim payments by calculating a provider's monthly average demand over two sample date ranges and utilizing the higher of the two averages. Demand is the amount of a provider's Reimbursable Health Services (RHS), including pharmacy and dental services, as reimbursed in accordance with 101 CMR 614.06 or 614.07, without application of the shortfall under 101 CMR 614.03(2)(b).

### **The interim payment amount for Acute Hospitals will be calculated as follows:**

The interim total allowable RHS will incorporate the payments providers received on 837I, 837P, 837D (if applicable to that facility), POPS (pharmacy claims), DentaQuest (Dental claims), emergency room bad debt recoveries, and free care endowment income. HSN will utilize the higher monthly average of the RHS between two data date ranges: (1) the 12 months of HSN Fiscal Year (FY) 2019 (October 2018-September 2019); or (2) all claims processed for providers in HSN Fiscal Year (FY) 2020 (October 2019-September 2020). These date ranges will be reviewed and analyzed quarterly.

Providers should continue to submit claims for source data during the interim payment period beginning in April 2020. Interim Payment periods will be reviewed quarterly. Upon quarterly review, HSN will determine if the ongoing COVID-19 Crisis deems it necessary to continue to utilize interim payment or if adjustments to the interim payment amounts are needed.

### **Interim Payment Reconciliation**

Interim payment reconciliation will begin at the end of an interim payment period as determined by the HSN. If during reconciliation it is deemed a provider's actual RHS was higher than the RHS utilized by HSN, HSN will apply the actual RHS in full to calculate any payments due to providers. If during reconciliation it is deemed a provider's actual RHS was lower than the RHS utilized by HSN, HSN will begin an interim payment recovery of the amount owed to the HSN. The provider's monthly payment will be reduced by an interim payment recovery calculation as detailed below.

### **Interim Payment Recovery**

Interim payment recovery will begin at the end of an interim payment period as determined by the HSN. During an interim payment recovery period, a provider's monthly payment will be reduced by an interim payment recovery to reflect the payments made during interim payment periods.

### **The interim recovery amount for Acute Hospitals will be calculated as follows:**

For each recovery month the interim payment recovery amount is determined by comparing a provider's monthly demand, based on claims submitted to MassHealth, POPS (for pharmacy claims), or DentaQuest (for dental claims), and the monthly interim payment balance. The adjustment is calculated as follows:

- (a) If monthly demand is less than 2 times the one-month interim payment amount, then the recovery will be equal to half of monthly demand, up to the amount of the remaining interim payment balance; or
- b) If monthly demand is greater than or equal to 2 times the one-month interim payment amount, then the recovery will be equal to monthly demand minus the one-month interim payment amount, up to the amount of the remaining interim payment balance.

The HSN will continue with the recovery formula until the entire interim payment balance has been recovered.

The HSN is available to answer any questions or address any concerns specific facilities may have with the calculations or processes described above. Specific questions regarding the interim payment or the payment recovery, please contact HSN Finance below:

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