

## MassHealth Hospital Assessment Update

January 2022

**The five-year hospital assessment proposed in the Governor's FY23 budget will generate significant investments in Massachusetts hospitals and provide critical support to safety net providers**

**The current acute hospital assessment is scheduled to expire in September 2022, putting safety net payments to high-Medicaid hospitals and significant federal revenue at risk**

- Safety net hospitals experience a substantial net benefit from the assessment, as the payments made to hospitals from MassHealth through the assessment exceed the amount assessed

**The new assessment proposes to increase the existing hospital assessment by ~\$450M (\$428M to \$880M), which will generate over \$600M of annual net benefit to Massachusetts acute care hospitals (\$3B+ over five years), while maintaining current support for the Health Safety Net**

- The increased assessment supports funding aligned with key EOHHS policy priorities, including:
  - New performance-based incentive payments focused on **clinical quality and health equity**
  - **Increased safety net provider payments and across-the-board rate add-ons** to support MassHealth hospital reimbursement
  - **Population health investments** through Accountable Care Organizations (ACOs), to support primary care restructuring, complex care management, and housing and nutrition supports
- There will be **no change to assessment funding for the Health Safety Net**, which reimburses hospitals and community health centers for care provided to low-income uninsured and under-insured patients
- The assessment will have **no net impact to the General Fund** as it enables the Commonwealth to raise significant federal dollars to support payments through federal reimbursement structures

**The proposed assessment and funding structures were developed through a collaborative process between EOHHS and the Massachusetts Health & Hospital Association (MHA)**

- The proposed assessment has been endorsed by all MHA member hospitals

**EOHHS is working with its federal partners to ensure approval of the assessment, as well as the 5-year renewal of MassHealth's 1115 waiver, which the assessment supports**

- The assessment will assess in-state acute and non-acute hospitals through a broad-based, non-uniform tax with five designated hospital classes. This update to the assessment **will require federal approval**.
- With the proposed increase, the assessment remains well within federal limits and similar to other states
- The assessment provides **critical financing for the renewal of MassHealth's 1115 waiver** (submitted for federal approval in December 2021), which supports coverage expansions, substance use disorder services, and MassHealth's ACO restructuring
- MassHealth is working closely with its federal partners to ensure approval of the assessment and waiver