



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

Managed Care Entity Bulletin 130

DATE: July 2025

TO: All MassHealth Managed Care Entities Participating in MassHealth

FROM: Mike Levine, Undersecretary for MassHealth

RE: **Clarification on Payment for Psychiatric Inpatient Hospital Stays and Use of Administratively Necessary Days**

Applicable Managed Care Entities and PACE Organizations

- ☒ Accountable Care Partnership Plans (ACPPs)
- ☐ Primary Care Accountable Care Organizations (Primary Care ACOs)
- ☒ Managed Care Organizations (MCOs)
- ☒ MassHealth's behavioral health vendor
- ☒ One Care Plans
- ☒ Senior Care Options (SCO) Plans
- ☒ Program of All-inclusive Care for the Elderly (PACE) Organizations

Background

In November 2018, MassHealth issued [Managed Care Entity \(MCE\) Bulletin 9: Clarification on the Use of Administratively Necessary Days in all Psychiatric Inpatient Hospital Stays](#). MCE Bulletin 9 clarified the following information: Placing a member on Administratively Necessary Days (AND) status when the member is going to be discharged from a hospital but is awaiting a placement at another inpatient level of care is not an acceptable use of AND status. As stated in MCE Bulletin 9, MCEs shall only move a member in inpatient psychiatric hospitalization to AND status when the member is clinically ready for discharge to a lower level of care, but an appropriate setting is not available.

This bulletin reminds ACPPs, MCOs, MassHealth's behavioral health vendor, One Care Plans, and SCO Plans (collectively, MCEs) of the medical necessity criteria that apply to psychiatric inpatient hospitalization, including for those awaiting discharge to another hospital level of care. In addition, this bulletin requires MCEs to conduct a clinical case review before moving a member to AND status. MassHealth expects that PACE organizations will institute the MCE requirements described in this bulletin.

Ongoing Psychiatric Inpatient Hospital Care While Awaiting Discharge to Another Inpatient Level of Care

MCEs must pay for all medically necessary covered services for their enrollees. MCEs may place appropriate limits on a covered service on the basis of medical necessity in a manner that is no more restrictive than MassHealth's medical necessity guidelines. See Second Amended and Restated Accountable Care Partnership Plan Contract for the MassHealth Accountable Care Organization Program Section; Seventh Amended and Restated MassHealth Managed Care Organization Contract; Managed Behavioral Health Vendor Contract Section 2.6.C.1.a.3; One Care Contract Section 2.9.4.2; and MassHealth Senior Care Options Third Amended and Restated Contract Section 2.6.A.8.b.

MassHealth regulations at [130 CMR 425.406](#) and [130 CMR 425.407](#) describe the psychiatric inpatient admission criteria for members. Under 425.406(B), demonstration of necessity of a psychiatric inpatient hospital admission for a member younger than 21 years old does not require that the member's condition be expected to improve. Further, under 130 CMR 425.407(E), a member 21 years of age or older meets medical necessity for psychiatric inpatient hospital services if, among other things, psychiatric inpatient hospital services will prevent further regression of the member's condition. Members will necessarily continue to meet this admission criteria for inpatient psychiatric care while awaiting discharge to another inpatient level of care including, but not limited to, Department of Mental Health (DMH) continuing inpatient psychiatric care ("long-term continuing care").

MCEs must ensure that their psychiatric inpatient hospital medical necessity criteria are no more restrictive than those described in 130 CMR 425.406 and 130 CMR 425.407 and may not decline coverage for inpatient psychiatric admissions that meet these standards.

Clinical Case Reviews for Administratively Necessary Days

In addition to the requirements and limitations on AND status described in MCE Bulletin 9, MCEs may not move a member to AND status until a clinical case review between an inpatient psychiatric inpatient unit and the MCE determines that

1. the clinical presentation would typically call for discharge to a lower level of care (e.g., an appropriate community-based location) but an appropriate placement has not yet been secured; and
2. the clinical barriers to discharge have been sufficiently addressed and the discharge plan is ready to be executed when an appropriate discharge placement has been secured; and
3. the patient does not require a high degree of clinical resources daily.

As described in MCE Bulletin 9 and MassHealth regulations (as noted above), AND status is not appropriate for patients who are receiving active stabilization efforts or for whom inpatient hospital care is needed to prevent further regression of the member's condition.

MassHealth Website

This bulletin is available on the [MassHealth Provider Bulletins](#) web page.

[Sign up](#) to receive email alerts when MassHealth issues new bulletins and transmittal letters.

Questions?

- Call MassHealth at (800) 841-2900, TDD/TTY: 711
- Email us at provider@masshealthquestions.com

 [MassHealth on Facebook](#)  [MassHealth on LinkedIn](#)  [MassHealth on X](#)  [MassHealth on YouTube](#)