




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

MassHealth
Managed Care Entity Bulletin 42
September 2020

TO: Accountable Care Partnership Plans (ACPPs) and Managed Care Organizations (MCOs) Participating in MassHealth

FROM: Amanda Cassel Kraft, Acting Medicaid Director 

RE: **Updated MassHealth Acute Hospital Carve-Out Drugs Requirements**

Background

This bulletin contains further details about the requirement for Accountable Care Partnership Plans (ACPPs) and Managed Care Organizations (MCOs) to reimburse hospitals for high cost drugs included on the MassHealth Acute Hospital Carve-Out Drugs List (carve-out drugs) consistent with MassHealth payment methodology for reimbursement. See Section 2.6.(B)(1)(d)(7) in the ACPP and MCO Contacts with EOHHS (the Contract). See also the “MassHealth Acute Hospital Carve-Out Drugs List” section of the MassHealth Drug List (MHDL) for the list of drugs to which this bulletin applies: <https://masshealthdruglist.ehs.state.ma.us/MHDL/>.

This bulletin does not apply to One Care plans, Senior Care Organizations, or the MassHealth behavioral health vendor.

Requirements for Implementation

MCOs and ACPPs must require their providers, including MassHealth acute hospitals (hospitals), to take the following actions with respect to drugs on the MassHealth Acute Hospital Carve-Out Drugs List.

- Bill the carve-out drug on a separate claim than other services that are part of the office visit or hospital stay.
- Submit claims using the actual acquisition cost of the drug. For purposes of this requirement, the hospital’s “actual acquisition cost” of the carve-out drug is defined as follows:

“...the Hospital’s invoice price for the drug, *net of all* on-or-off invoice reductions, discounts, rebates, charge backs and similar adjustments that the Hospital has or will receive from the drug manufacturer or other party for the drug that was administered to the Member including any efficacy, outcome, or performance-based guarantees (or similar arrangements), whether received pre- or post-payment.”

- Include the following as separate attachments to the claim as part of claims submission:
 - A statement of the hospital's actual acquisition cost of the carve-out drug (as defined above) used to treat the member; and

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- A copy of the invoice(s) for the carve-out drug from the drug manufacturer, supplier, distributor, or other similar party or agent; and
- Other additional documentation that the MCO or ACCP deems necessary to evidence the hospital's actual acquisition cost of the carve-out drug.
- Include on the claim the National Drug Code (NDC), corresponding HCPCS code(s) for the carve-out drug, and the number of units of the carve-out drug administered to the member.
- In the event that the hospital is a party to or a direct beneficiary of a performance-based guarantee from the drug manufacturer (or other party), and the terms of the performance-based guarantee allow the hospital to pay in full or in part for the carve-out drug only if certain conditions are met (e.g., the hospital is only required to pay for the drug if the member goes into remission), the hospital must not submit a claim to the MCO or ACPP for the carve-out drug until the hospital actually makes the payment it will be required to make to the drug manufacturer or other party (and must not submit any claim for the carve-out drug to the MCO or ACPP in the event that it is not ultimately required to pay for the drug). For purposes of these instructions, a performance-based guarantee refers to any efficacy, outcome, or performance-based guarantee (or similar arrangement) from the drug manufacturer (or other party) to the hospital that applies to the treatment of the member with the carve-out drug in question, whether or not such an arrangement is required by EOHHS.

The MCOs and ACPPs must also:

- Adhere to EOHHS-specified prior authorization requirements or other utilization management rules for carve-out drugs.
- Monitor patients who received Carve-Out Drugs as directed by EOHHS.

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Questions

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