

NOTICE OF CORRECTION OF FINAL AGENCY ACTION

SUBJECT: Payment for Privately Owned Psychiatric Hospital Services Effective October 1, 2024

AGENCY: Massachusetts Executive Office of Health and Human Services, MassHealth

Summary of Action

Under M.G.L. c. 118E, §13A, rates and terms of payment for services rendered by psychiatric hospitals to patients entitled to medical assistance under M.G.L. c. 118E, §1 *et seq.* are established by contract between the MassHealth Program and participating hospitals. MassHealth issued a final notice of agency action on September 17, 2024, establishing the payment rates by contract, effective October 1, 2024, between the Executive Office of Health and Human Services (EOHHS) and participating privately owned psychiatric hospitals licensed by the Department of Mental Health (DMH). The contract does not cover services provided to patients enrolled with the MassHealth behavioral health contractor or with other MassHealth-contracted managed care entities.

Correction to the Description of Methods and Standards: Inpatient, Outpatient, Administratively Necessary Day Rate, Quality Incentives, and Supplemental Payments

In its notice of final agency action, the MassHealth program provided notice of its updates to the methods and standards and established rates that accurately reflect the efficient and economic provision of private psychiatric hospital services. As detailed in that notice, the updated methods and standards were projected to result in a 68% increase in annual aggregate expenditures in rate year 2025 (RY2025). This increase is attributable to the establishment of hospital-specific inpatient psychiatric supplemental payment for hospitals meeting certain eligibility requirements. The notice estimated the fiscal impact to be \$25,000,000, depending on actual utilization of services. However, the notice included a typo stating this fiscal impact would result in an estimated annual decrease in expenditures, rather than an increase. MassHealth is providing this notice to clarify that the updated methods and standards are estimated to result in a \$25,000,000 increase in annual aggregate expenditures; however, actual impact may vary depending on actual utilization of services.

There are no other corrections or changes to the RY2025 payment methods or rates.

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To request copies of written comments received regarding RY2025 payment methods and rates, contact

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Statutory Authority

M.G.L. c. 118E; 42 USC 1396 *et seq.*
Related Regulations: 42 CFR Part 447