

NOTICE OF FINAL AGENCY ACTION

SUBJECT: MassHealth: Amended Payments for Privately Owned Psychiatric Hospital Services RY23, Effective April 1, 2023

AGENCY: Massachusetts Executive Office of Health and Human Services

SUMMARY OF AGENCY ACTION

Pursuant to the provisions of 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 MassHealth and participating hospitals. This notice describes amended methods and standards for payment by contract during the RY23 contract period, effective April 1, 2023, 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 Primary Care Clinician Plan's behavioral health contractor, or with other MassHealth-contracted managed care entities.

DESCRIPTION OF AMENDED METHODS AND STANDARDS

MassHealth pays privately owned psychiatric hospitals a hospital-specific, clinical quality-based incentive payment. The methods and standards are projected to result in a maximum 7.7% increase in annual aggregate expenditures in Rate Year 2023 (RY 2023). The actual change in aggregate expenditures is estimated to be a maximum of \$2,900,000; however, it may vary depending on quality performance.

JUSTIFICATION

All changes to hospital payment rates and methods described below are in accordance with state and federal law and are within the range of reasonable payment levels to privately owned psychiatric hospitals.

Except as specified in this notice, the MassHealth privately owned psychiatric hospital payment methods for RY2023 are otherwise unchanged from those in the Notice of Final Agency Action for RY23. The Notice of Final Agency Action for RY23 is available under the heading "Psychiatric Hospital Rate Year 2023 Notices" page of the MassHealth website at <https://www.mass.gov/lists/special-notices-for-psychiatric-hospitals>.

To request copies of written comments received regarding RY2023 payment methods and rates, contact:

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Or by email: Ashby.S.Gaines@mass.gov

Statutory Authority

M.G.L. c. 118E; 42 USC 1396 *et seq.*

Related Regulations:
42 CFR Part 447

**EXECUTIVE OFFICE OF HEALTH AND HUMAN SERVICES
PSYCHIATRIC HOSPITAL SERVICES
FINAL AMENDED METHODS AND STANDARDS
FOR RATES EFFECTIVE DURING RY23**

The following section describes the amended methods and standards to be utilized by EOHHS to establish rates of payment by contract, to be effective during the RY23 contract period, to privately owned psychiatric hospitals licensed by DMH.

DESCRIPTION OF AMENDED METHODS AND STANDARDS

Clinical Quality Incentive Payment

Psychiatric hospitals may qualify for clinical quality-based incentive payments. Clinical quality incentive payments will be determined using the following factors:

1. **Benchmarks:** Benchmarks for psychiatric hospitals are calculated using CMS 2020 IPFQR data and 2021 Northeast Regional HEDIS data for Medicaid recipients to establish a threshold benchmark, a goal benchmark, and an improvement benchmark calculation.
2. **Hospital Achievement:** Performance achievement will be determined by the difference between an individual psychiatric hospital's CY23 performance and its CY22 performance using chart-abstracted or claims-extracted data for three performance measures. The performance measures align to the Centers for Medicare and Medicaid Services Inpatient Psychiatric Facility Quality Reporting (IPFQR) program and are as follows:
 - a. Transition Record Received by Discharged Patients (TR-1)
 - b. Screening for Metabolic Disorders (SMD)
 - c. Follow-up After Hospitalization for Mental Illness (FUH 7, and FUH 30)
3. **Performance Measurement:** Performance for psychiatric hospitals is measured by comparing the psychiatric hospital's achievement to the benchmarks for the IPFQR measures as follows:
 - a. Attainment Target: Attainment points (maximum 9) will be awarded for performance achievement of at least the threshold benchmark and less than the goal benchmark on a performance measure. The threshold benchmark attainment points awarded will be proportional to performance achievement. Attainment points (10) will be awarded for performance achievement above the goal benchmark on a performance measure. The maximum number of attainment points available to a psychiatric hospital is 30.
 - b. Improvement Target: Improvement points (5) will be awarded for performance achievement demonstrating improvement relative to the improvement threshold for each performance measure. The maximum number of improvement points available to a psychiatric hospital is 15. Improvement points may be awarded whether or not the psychiatric hospital attains the threshold or goal benchmarks.
4. **Quality Scoring:** The quality score will be determined by adding the number of points awarded to the psychiatric hospital for attainment and improvement, divided by the maximum number of attainment points (30 points). The resulting quality score represents a ratio value between 0 and 1.00 (inclusive of 0 and 1.00). In cases where the quality score is calculated and yields a score greater than 1.00, the quality score value is capped at 1.00.
5. **Payment:** The maximum amount of payment will be determined by dividing the number of inpatient hospital beds occupied each day by MassHealth members at a psychiatric hospital by the cumulative number of inpatient beds occupied each day by members across all qualifying psychiatric hospitals. The resulting percentage will be multiplied by \$2,950,000 to determine each hospital's maximum eligible payment incentive. Each hospital's maximum eligible payment incentive amount will then be multiplied by the psychiatric hospital's overall quality score (0-1.00) to determine the actual amount of payment.

POSTED: March 31, 2023