

Notice of Final Agency Action

SUBJECT: MassHealth: Payment for In-State Acute Hospital Services, effective January 22, 2021

AGENCY: Massachusetts Executive Office of Health and Human Services (EOHHS), Office of Medicaid

Effective January 22, 2021, EOHHS hereby revises the Rate Year 2021 acute inpatient and outpatient hospital payment methods, as described in the Rate Year 2021 Notice of Final Agency Action, published on or about October 31, 2020 (“Final RY21 Notice”). Specifically, these revisions:

- Increase the aggregate amount of the High Medicaid Volume Safety Net Hospital HLHC Supplemental Payment from \$2 million to \$2.1 million.
- Change the methodology for the Pediatric Inpatient BH Per Diem Supplemental Payment by increasing the supplemental per diem rate from \$300 per day in excess of the relevant baseline to \$330 per day in excess of the relevant baseline.
- Add a new Expansion of Inpatient Behavioral Health Capacity Supplemental Payment. Only privately-owned and -operated acute hospitals that commit to increase their number of operational DMH-Licensed beds over a baseline in a particular period are eligible for this payment.
 - EOHHS will determine the amount of each eligible hospital’s supplemental payment using the following methodology:
 - Baseline. Each hospital’s baseline is determined using its attested-to number of DMH-Licensed Beds at the beginning of a performance period.
 - Performance Period. There are two 6-month performance periods for hospitals during RY21. Each 6-month performance period has a separate baseline calculation.
 - Payment. EOHHS calculates each hospital’s Expansion of Inpatient Behavioral Health Capacity Supplemental Payment using the number of DMH-Licensed Beds that the Hospital commits to operationalize in a performance period over its baseline for that performance period. EOHHS will pay each qualifying hospital \$150,000 for each such bed during the first performance period, and \$120,000 for each such bed during the second performance period.
 - Each hospital receiving an Expansion of Inpatient Behavioral Health Capacity Supplemental Payment must agree, among other things, (1) not to delicense any of its DMH-Licensed Beds through the end of RY24, (2) to maintain a MassHealth payer-mix in its DMH-Licensed Beds of at least 20% in each of

RY22, RY23, and RY24,¹ (3) to provide certain reporting, and (4) that any supplemental payment is subject to recoupment, in whole or in part, if the hospital fails to license and operationalize its bed increases in a timely fashion, or otherwise fails to comply with any term or condition of payment, or any of these agreements.

All changes to the hospital payment methods described in this Notice are in accordance with state and federal law and are within the range of reasonable payment levels to acute hospitals.

EOHHS estimates that annual aggregate expenditures for MassHealth state plan acute hospital services will increase by approximately \$11.95 million as a result of these changes.

Other than as set forth in this Notice, the RY21 acute inpatient and outpatient hospital payment methods described in the Final RY21 Notice remain unchanged. The Final RY21 Notice is available under the heading “Acute Hospital Rate Year 2021 Notices” on the “Special Notices for Acute Hospitals” page of the MassHealth website at <https://www.mass.gov/service-details/special-notices-for-acute-hospitals>. For further information, you may also contact Steven Sauter at EOHHS, MassHealth Office of Providers and Pharmacy Programs, 100 Hancock Street, 6th Fl, Quincy, MA 02171 or steven.sauter@mass.gov.

Statutory Authority: M.G.L. c. 118E; St. 2020, c. 131; St. 2020, c. 227; St. 2012, c. 224; 42 USC 1396a; 42 USC 1396b.

Related Regulations: 130 CMR 410, 415, 450; 42 CFR Parts 431 and 447.

Posted: January 15, 2020

¹ The MassHealth payer mix is the ratio of all payments the Hospital received from MassHealth or a MassHealth managed care entity for services rendered in its DMH-Licensed Beds, including any bed increases, to all payments the Hospital received from all payers for services rendered in such beds.