

## **Notice of Final Agency Action**

**SUBJECT:** MassHealth: Payment for In-State Acute Hospital Services and Out-of-State Acute Hospital Services, effective October 1, 2018

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

The MassHealth fee-for-service rates and payment methods for acute inpatient and outpatient hospital services, and the interim rates for in-state critical access hospitals (CAHs), effective with the “2<sup>nd</sup> RY18 Period” (which began March 1, 2018), as described in the MassHealth Notice of Final Agency Action, effective October 1, 2017 (published on or about September 28, 2017), and the MassHealth Notice of Final Agency Action – Additional Changes to RY18 Payment Methods, effective March 1, 2018 (published on or about February 27, 2018, referred to herein as the “Carve-Out Drug Notice”), will remain in effect during federal fiscal year 2019 (FFY19) until further notice, with certain exceptions. For the FFY19 period, EOHHS will also make certain state plan supplemental payments to qualifying in-state acute hospitals, such as qualifying High Public Payer Hospitals, Essential MassHealth Hospitals, Acute Hospitals with High Medicaid Discharges, the High Medicaid Volume Freestanding Pediatric Acute Hospital, and the High Medicaid Volume Safety Net Hospital, and will have an in-state acute inpatient hospital pay-for-performance incentive program. For the FFY19 period, final payment to in-state CAHs using the CAH payment methodology for both inpatient and outpatient services will be based on a post-FFY19 reconciliation of FFY19 allowable costs and interim payments. Also, effective October 1, 2018, EOHHS will begin paying out-of-state acute inpatient and outpatient hospitals separately for APAD Carve-Out Drugs and APEC Carve-Out Drugs in accordance with the respective in-state acute hospital payment method for such drugs, as described in the MassHealth Carve-Out Drug Notice. EOHHS currently projects that this extension and the other updates described above will not result in a change in estimated annual aggregate expenditures. The acute hospital rates and 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. A complete description of the MassHealth Rate Year (RY) 2018 acute hospital rates and payment methods, including ones in effect during the “2<sup>nd</sup> RY18 Period”, and all other required information, is available under the heading “Acute Hospital Rate Year 2018 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 the Executive Office of Health and Human Services, MassHealth Office of Delivery Systems Operations, 100 Hancock Street, 6<sup>th</sup> Floor, Quincy, MA 02171 or at [steven.sauter@state.ma.us](mailto:steven.sauter@state.ma.us).

**Statutory Authority:** M.G.L. c. 118E; St. 2018, c. 154; St. 2012, c. 224; 42 USC 1396a; 42 USC 1396b.

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