

Notice of Final Agency Action

SUBJECT: MassHealth: Payment for In-State Acute Hospital Services, effective July 21, 2023

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

EOHHS hereby confirms that it will apply new payment methods to in-state acute inpatient and outpatient hospitals and is making substantive changes to the rate year 2023 acute inpatient and outpatient hospital payment methods, as described in the rate year 2023 Notice of Final Agency Action published on or around September 30, 2022 (“RY23 Notice”), the rate year 2023 Notice of Final Agency Action published on or around December 30, 2022 (“RY23 Amendment 2 Notice”), and the rate year 2023 Notice of Proposed Agency Action published on or around April 12, 2023 (“RY23 Amendment 3 Notice”).

Specifically, effective July 21, 2023, EOHHS is making the following update to the payment methods for in-state acute inpatient and outpatient hospitals:

1. Implementing a new Supplemental Payment to Further Support Acute Hospital Financial Stability and Prevent Possible Impacts to Acute Hospital Service Provision and Access

The Supplemental Payment to Further Support Acute Hospital Financial Stability and Prevent Possible Impacts to Acute Hospital Service Provision and Access will provide further support to hospitals that are at risk of closure or reduction of services due to financial needs. The funds will be paid to hospitals that meet certain criteria and that are undertaking a thorough financial and operational review by a third-party reviewer. Each qualifying hospital will have a maximum payment based on its bed days, payer mix, commercial relative price, and status as a critical access hospital.

These payments are in addition to any payment that the qualifying in-state acute hospitals may receive for services rendered to MassHealth members under the acute inpatient and outpatient payment methods described in the RY23 Notice, the RY23 Notice Amendment 1, the RY23 Notice Amendment 2, and the RY23 Notice Amendment 3.

All changes to 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 \$64,010,200 as a result of these changes. This increase consists of the amounts attributable to the new supplemental payment, described above.

Except for the changes in this notice, the RY23 acute inpatient and outpatient hospital payment methods described in the RY23 Notice, the RY23 Amendment 2 Notice, and the RY23 Amendment 3 Notice remain unchanged. The RY23 Notice, RY23 Amendment 2 Notice, and

RY23 Amendment 3 Notice are under the heading “Acute Hospital Federal Fiscal Year 2023 Notices” on the “Special Notices for Acute Hospitals” page of the MassHealth website: <https://www.mass.gov/service-details/special-notices-for-acute-hospitals>. For further information, or to provide written comments regarding this action, you may also contact Jin Pantano at EOHHS, MassHealth Office of Providers and Pharmacy Programs, 100 Hancock Street, 6th Fl, Quincy, MA 02171 or jin.pantano2@mass.gov. EOHHS specifically invites comments about the action’s effect on member access to care.

Statutory Authority: M.G.L. c. 118E; St. 2022, c. 126; St. 2012, c. 224; 42 USC 1396a; 42 USC 1396b.

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

Posted: July 20, 2023