

## **Notice of Final Agency Action**

**SUBJECT:** MassHealth: Payment for Out-of-State Acute Hospital Services effective May 25, 2012

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

### **Introduction**

The following describes and summarizes changes in MassHealth payment for services provided by out-of-state acute hospitals. The rate year 2012 (RY2012) MassHealth in-state acute hospital inpatient and outpatient methodologies are in the Final Notice of Agency Action effective October 1, 2011, which is available at [www.mass.gov/masshealth](http://www.mass.gov/masshealth), (click on the link to “MassHealth Regulations and Other Publications” and the link to “Special Notices for Hospitals”). For further information regarding RY2012 payment methods and rates, you may contact Kiki Feldmar at the Executive Office of Health and Human Services, Office of Acute and Ambulatory Care, 100 Hancock Street, 6<sup>th</sup> Floor, Quincy, MA, or by e-mail at [kiki.feldmar@state.ma.us](mailto:kiki.feldmar@state.ma.us).

### **Change in Payment Method**

#### **1. Out-of-State State Acute Hospital Inpatient Services**

Currently, all out-of-state acute hospitals are paid for inpatient services provided to MassHealth members based on the Medicaid rate methodology used by that state. There are a number of different payment methods that vary by state. Effective May 25, 2012, MassHealth will pay out-of-state acute inpatient hospitals a per discharge payment equal to the median inpatient MassHealth Standard Payment Amount Per Discharge (SPAD) for in-state acute hospitals in effect on the date of admission. In addition, for members under age 21, for each acute inpatient day following the first 20 days of admission, MassHealth will pay the median outlier per diem payment rate in effect for in-state hospitals on the date of service. For a description of the Rate Year 2012 SPAD and outlier per diem, please see the Final Notice of Agency Action referenced above.

The Rate Year 2012 out-of-state SPAD is \$7,611.47 per discharge.

The Rate Year 2012 out-of-state acute outlier per diem hospital rate is \$1,572.08 per day.

#### **2. Out-of-State Acute hospital Outpatient Services**

Currently, all out-of-state acute hospitals are paid for outpatient services provided to MassHealth members based on the Medicaid rate methodology used by that state. There are a number of different payment methods that vary by state. Effective May 25, 2012, MassHealth will pay out-of-state acute outpatient hospitals a payment per episode of care equal to the median outpatient Payment Amount Per Episode (PAPE) for in-state acute

hospitals for these same services, or according to the fee schedule promulgated by the Division of Health Care Finance and Policy, where applicable. Certain services, including laboratory services, are carved out of the PAPE calculation and payment, and will be paid for in accordance with the applicable fee schedules adopted by the Massachusetts Division of Health Care Finance and Policy (DHCFP). For a description of the Rate Year 2012 PAPE, including PAPE-covered services, please see the Final Notice of Agency Action referenced above.

The Rate Year 2012 out-of-state PAPE is \$280.18 per episode for PAPE-covered services.

### **Justification**

These changes simplify the acute hospital out-of-state inpatient claims payment process, reduce undue administrative burden and assure timely and predictable payments to out-of-state acute hospitals. All changes to hospital payment rates and methods are in accordance with state and federal law and are within the range of reasonable payment levels to acute hospitals.

### **Estimated Fiscal Effect**

EOHHS estimates that the changes in inpatient and outpatient rates described herein, will be a decrease in annual aggregate expenditures of approximately \$4.1 million, which is the combination of a \$4.4 million decrease in out-of-state inpatient payments, and a \$0.3 million increase in out-of-state outpatient payments.

**Statutory Authority:** M.G.L. c.118G; M.G.L. c.118E, 42 USC 1396a.

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

