



The Commonwealth of Massachusetts  
Executive Office of Health and Human Services  
Office of Medicaid  
One Ashburton Place  
Boston, Massachusetts 02108



CHARLES D. BAKER  
Governor

KARYN E. POLITO  
Lieutenant Governor

MARYLOU SUDDERS  
Secretary

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## NOTICE OF FINAL AGENCY ACTION

**SUBJECT:** MassHealth: Payment Rates for MassHealth Substance Abuse Treatment Hospitals

**AGENCY:** Massachusetts Executive Office of Health and Human Services

### SUMMARY OF FINAL ACTION:

Pursuant to the provisions of M.G.L. c. 118E, §13A, rates and terms of payment for services rendered by substance abuse treatment hospitals licensed by the Department of Public Health to patients eligible for medical assistance under M.G.L. c. 118E, §1 *et seq.* are established by contract between the MassHealth program and participating hospitals.

This notice describes the methods and standards for the establishment of rates of payment by contract, effective October 1, 2020, between the Executive Office of Health and Human Services (EOHHS) and participating substance abuse treatment hospitals. 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. There is currently one facility that meets these criteria, Adcare Substance Abuse Hospital.

The methods and standards described herein establish rates by contract that accurately reflect the efficient and economic provision of substance abuse treatment services. These methods and standards described herein are effective October 1, 2020. They are projected to result in a 0% increase in annual aggregate expenditures in Rate Year 2021 (RY2021). The change in aggregate annual expenditures is estimated to be \$0.00, but may vary depending on actual utilization of services.

Except as specified above, the MassHealth substance abuse treatment hospital payment methods for RY2021 are otherwise substantially similar to those for RY2020. 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 substance abuse treatment hospitals.

Included with this notice are the rates of payment effective October 1, 2020. Please contact the MassHealth Behavioral Health Programs Unit, 1 Ashburton Place, 11<sup>th</sup> Floor, Boston, MA 02108, Attention: Muriel Freeman, to send any written comments regarding the matters described in this notice or to request copies of this notice.

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

**Related Regulations:** 42 CFR Part 447.

EXECUTIVE OFFICE OF HEALTH AND HUMAN SERVICES  
SUBSTANCE ABUSE TREATMENT HOSPITALS  
FINAL METHODS AND STANDARDS  
FOR RATES EFFECTIVE OCTOBER 1, 2020

**DESCRIPTION OF METHODS AND STANDARDS**

**Payment for Inpatient Services**

The inpatient per diem rate is an all-inclusive daily rate paid for any and all inpatient care and services provided by substance abuse treatment hospitals to eligible MassHealth members. The per diem rate covers all treatment components such as room and board, routine nursing and hospital-based physician services, medications, initial substance abuse and psychiatric assessments, individual, family and group inpatient therapy services, radiology, ancillary services, overhead, and other services as is the customary practice among similar providers.

The inpatient per diem rate is calculated using payments and inpatient days reported on Medicaid substance abuse treatment hospital claims data during the period FY2018. Claims data and bed-days for MassHealth members enrolled with the MassHealth Primary Care Clinician Plan's behavioral health contractor, or with other MassHealth-contracted managed care entities are not included in these calculations.

The resulting inpatient payment rate in effect as of October 1, 2020, will be \$578.52.

**Payment for Outpatient Services**

Substance abuse treatment hospitals will be paid for outpatient services using a hospital-specific cost-to-charge ratio derived from the cost reports filed with the Center for Health Information and Analysis (CHIA).

Effective October 1, 2020, EOHHS proposes to maintain the cost-to-charge ratio of 66.58% that is currently in effect.

**Quality Performance Incentive Payment**

Substance abuse treatment hospitals may qualify for performance-based quality incentive payments. Incentive payments will be determined based on the following factors:

1. Performance Measurement. Qualifying substance abuse treatment hospitals will be measured by submission of meaningful use data and reporting on the quality improvement plan.
2. Payment. Payment to substance abuse treatment hospitals will be proportional to the completion of the meaningful use data submissions and reporting requirements.