



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



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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 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, 2021, 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.

DESCRIPTION OF METHODS AND STANDARDS: INPATIENT, OUTPATIENT, AND QUALITY INCENTIVES

MassHealth pays substance abuse treatment hospitals using (1) an all-inclusive statewide inpatient per diem rate, (2) a hospital-specific cost-to-charge ratio for outpatient hospital services, and (3) a hospital-specific, performance-based quality incentive payments. The methods and standards described herein establish rates by contract that accurately reflect the efficient and economic provision of substance abuse treatment services. They are projected to result in a 0% increase in annual aggregate expenditures in Rate Year 2022 (RY2022). The change in aggregate annual expenditures is estimated to be \$0.00, but may vary depending on actual utilization of services. Included with this notice are the rates of payment effective October 1, 2021.

JUSTIFICATION

All changes to hospital payment rates and methods described herein are in accordance with state and federal law and are within the range of reasonable payment levels to substance abuse treatment hospitals. Except as specified above, the MassHealth substance abuse treatment hospital payment methods for RY2022 are otherwise substantially similar to those for RY2021. 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, 2021. Please contact the MassHealth Behavioral Health Programs Unit, 1 Ashburton Place, 11th 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, 2021

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 was calculated as follows:

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, 2021, 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 FY 2008 HCF-403 cost reports filed with the Center for Health Information and Analysis (CHIA).

Effective October 1, 2021, EOHHS maintains 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.