



*The Commonwealth of Massachusetts
Executive Office of Health and Human Services
Office of Medicaid
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NOTICE OF PROPOSED AGENCY ACTION

SUBJECT: MassHealth: Outpatient Payment for Chronic Disease, Rehabilitation, or Similar Hospitals with both Out-of-State Inpatient Facilities and In-State Outpatient Facilities

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

Pursuant to 42 USC § 1396a(a)(13)(A) and 42 CFR § 447.205, EOHHS hereby proposes changes effective January 2, 2015, to MassHealth in-state outpatient hospital payment methods for participating Chronic Disease, Rehabilitation, or similar hospitals (“CDR hospitals”) with both out-of-state inpatient facilities and in-state outpatient facilities. For further information regarding Chronic Disease, Rehabilitation and similar hospital payment methods and rates, you may contact Lenora Mobley, Chronic/Rehabilitation Hospital Program Manager at the MassHealth Office of Long Term Services and Supports, One Ashburton Place, 5th floor, Boston, MA 02108 or by e-mail at Lenora.Mobley@state.ma.us.

Currently, MassHealth pays out-of-state CDR hospitals using the lowest of (1) the rate of payment established for the medical service under the other state’s Medicaid program; (2) the MassHealth rate of payment established for such medical service or comparable medical service in Massachusetts; or (3) the MassHealth rate of payment established for a comparable provider in Massachusetts. When MassHealth is not able to determine the other state’s inpatient rate, it pays CDR hospitals a rate comparable to the median or weighted average in-state rate for similar facilities. These rate methods will not change for out-of-state CDR hospitals whose facilities are all located out-of-state.

Effective January 2, 2015, for CDR hospitals with both out-of-state inpatient facilities and in-state outpatient facilities, MassHealth proposes to pay for outpatient services provided in-state at the median in-state outpatient hospital cost-to-charge ratio for similar hospitals. This change in payment method is being made to more closely align CDR outpatient hospital rates for similar services provided in-state. The rates for such CDR hospitals’ facilities located out-of-state remain unchanged.

The proposed in-state outpatient hospital cost-to-charge ratio that will be in effect as of January 2, 2015, for the sole MassHealth participating CDR hospital that currently qualifies for this

payment method is 69%. The estimated change in annual aggregate expenditures resulting from this change in rate method is an increase of approximately \$2.2 million.

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

Related Regulations: 130 CMR 410.000, 450.000; 42 CFR Parts 431 and 447