



The Commonwealth of Massachusetts
Executive Office of Health and Human Services
Office of Medicaid
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Notice of Proposed Agency Action
Changes to RY18 Payment Methods

SUBJECT: MassHealth: Payment for Chronic Disease and Rehabilitation Hospital Services effective August 13, 2018

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

Summary of Proposed Action

Pursuant to the provisions of M.G.L. c. 118E, §13A, rates and terms of payment for services rendered by chronic disease and rehabilitation hospitals to patients entitled to 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 proposed updates to the quality incentive payment methods and standards for rate year (RY) 2018 which began October 1, 2017, between the Executive Office of Health and Human Services (EOHHS) and participating chronic disease and rehabilitation (CDR) hospitals.

Description of Proposed Methods and Standards

The MassHealth agency proposes to establish a quality performance payment paid in three installments for CDR Hospitals that serve Medicaid members on an inpatient basis and meet performance benchmarks that are based on two CMS 2017 Inpatient Rehab Facility Compare and Long Term Care Hospital Compare measures designated by EOHHS.

The methods and standards described herein are being proposed in order to establish rates by contract that accurately reflect the efficient and economic provision of chronic disease services and/or comprehensive rehabilitation services. The proposed methods and standards described herein are projected to result in a 1.1% decrease in annual aggregate expenditures in RY 2018. The actual change in aggregate expenditures is estimated to be a decrease of \$2.0 million.

Included with this notice are the proposed rates of payment for Quality Performance Incentive Payments, effective August 13, 2018. To send any written comments regarding this notice, please contact

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STATUTORY AUTHORITY: M.G.L. c.118E; 42 USC 1396

Related Regulations: 42 CFR Part 447

Posted July 23, 2018



**Executive Office of Health and Human Services
Chronic Disease and Rehabilitation Hospitals
Proposed Update to Methods and Standards
For Quality Performance Incentive Payments Effective August 13, 2018**

The following sections describe the proposed methods and standards to be utilized by the Executive Office of Health & Human Services (HHS) to establish Quality Performance Incentive Payments by contract, to be effective August 13, 2018, for services rendered by chronic disease and rehabilitation hospitals to patients entitled to medical assistance under M.G.L. c. 118E, §1 *et seq.*

Section 5. Quality Performance Incentive Payments to CDR Hospitals other than Pediatric CDR Hospitals

Subject to compliance with all applicable federal statutes, regulations, state plan provisions, in RY 2018 EOHHS will make a total aggregate amount of \$2.959 Million available for Quality Performance Incentive Payments to qualifying CDR Hospitals, and as described below:

1. **Qualification.** In order to qualify for a Quality Performance Incentive Payment for RY 2018, a CDR hospital must meet the following criteria:
 - a. Be a CDR Hospital (other than a Pediatric CDR Hospital) located in Massachusetts and serve MassHealth members; and
 - b. Have recorded performance, as of February 2, 2017, on the following two Centers for Medicare and Medicaid Services (CMS) 2017 Inpatient Rehabilitation Facility Compare and Long Term Care Hospital Compare measures, as reported by CMS:
 - i. Quality Measure 1: Percent of Residents or Patients with Pressure Ulcers That Are New or Worsened; and
 - ii. Quality Measure 2: All-Cause Unplanned Readmission Measure for 30 Days Post Discharge from Inpatient Rehabilitation Facilities or Long Term Care Hospitals.
2. **Performance Measurement.** Performance for qualifying CDR hospitals is measured based on a point based scoring system with a maximum score of 4 points.
 - a. CDR hospitals that are located in Massachusetts and serve MassHealth Members earn 1 point.
 - b. Quality Measure 1: CDR hospitals that performed:
 - i. above the national average earn 1 point;
 - ii. consistent with the national average earn 0 points; and
 - iii. below the national average earn -1 point
 - c. Quality Measure 2: CDR hospitals that performed:
 - i. above the national average earn 2 points;
 - ii. consistent with the national average earn 0 points; and
 - iii. below the national average earn -2 point

3. Calculation of the Quality Performance Supplemental Payment.

EOHHS will calculate the amount of each qualifying CDR Hospital's Quality Performance Supplemental Payment as follows:

- a. EOHHS will determine each qualifying CDR Hospital's total performance measurement point value.
- b. The total performance measurement points earned by each qualifying CDR Hospitals will be multiplied by the qualifying CDR Hospital's total number of Massachusetts non-managed care days, excluding those days related to administrative days, paid to the qualifying CDR hospital in state fiscal year (SFY) 2016 as determined by EOHHS. This step yields the total adjusted performance measurement point value for each qualifying CDR Hospital.
- c. EOHHS will divide each qualifying CDR hospital's total adjusted performance measurement point value from 3.b. above by the statewide sum of the adjusted point performance measurement point values for all qualified CDR hospitals identified in 3.b. above.
- d. Each qualifying CDR Hospital's Quality Performance Supplemental Payment equals the ratio determined in 3.c. above times \$2.959 million.

4. Payment

EOHHS will issue the RY2018 Quality Performance Supplemental Payment to qualifying CDR Hospitals in three installments during RY2018 as follows: October 2017, first payment; January 2018, second payment; April 2018, third payment.