



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 Amended Payment Rates for MassHealth Substance Abuse Treatment Hospitals

AGENCY: Massachusetts Executive Office of Health and Human Services

SUMMARY OF PROPOSED 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 MassHealth and participating hospitals.

This notice describes the proposed amended methods and standards for the establishment of rates of payment by contract, effective October 1, 2018, between the Executive Office of Health and Human Services (EOHHS) and participating substance abuse treatment hospitals. There is currently one facility that meets these criteria, Adcare Substance Abuse Hospital. The contract does not cover services provided to members enrolled with the MassHealth's behavioral health contractor, or with other MassHealth-contracted managed care entities.

The methods and standards described herein establish rates by contract that accurately reflect the efficient and economic provision of substance abuse treatment services. The amended methods and standards described herein are effective October 1, 2018. The change in aggregate annual expenditures is estimated to be \$75,000, but may vary depending on actual utilization of services.

Except as specified below, the MassHealth substance abuse treatment hospital payment methods for RY 2019 are otherwise substantially similar to those for RY 2018. 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, 2018. Please contact the MassHealth Office of Behavioral Health, 1 Ashburton Place, 11th Floor, Boston, MA 022108, Attention: Muriel Freeman, to request copies of any written comments received 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
AMENDED SUBSTANCE ABUSE TREATMENT HOSPITALS
PROPOSED METHODS AND STANDARDS
FOR RATES EFFECTIVE OCTOBER 1, 2018**

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 base period per diem rate is calculated using payments and inpatient days reported on Medicaid substance abuse treatment hospital claims data during the period RY1997 through May 1999. Claims data and bed-days for MassHealth members enrolled with MassHealth's behavioral health contractor, or with other MassHealth-contracted managed care entities are not included in these calculations.

1. Inflation Adjustments. The inpatient per diem rate is calculated by taking an average of payments per day reported on claims data for the period HRY 1997 through May 1999. This amount was adjusted as follows: 2.14% for HRY 1998; 1.90% for HRY 1999; 1.43% for HRY 2000; 2.00% for HRY 2001; 1.152% for HRY 2002; 2.226% for HRY 2003; 1.186% for HRY 2005; 1.846% for HRY 2006; 1.64% for HRY 2007; 1.734% for HRY 2008; .719% for HRY 2009; 1.672% for HRY 2015; 0.00% for HRY 2016; 0.00% for HRY 2017; 0.00% for HRY 2018; and 0.00% for HRY 2019.

2. Other Adjustments. The rate is increased by a factor of 2.290%.

The resulting inpatient payment rate in effect as of October 1, 2018, will be \$578.52.

Payment for Outpatient Services

Substance abuse treatment hospitals are paid for outpatient services using a hospital-specific cost-to-charge ratio derived from the FY 2008 HCF-403 cost reports filed with the Division of Health Care Finance and Policy.

Effective October 1, 2018 HHS will maintain the cost-to-charge ratio of 66.58% that is currently in effect.

Quality Performance Incentive Payment

Effective December 31, 2018, 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.