

Notice of Proposed Agency Action

SUBJECT: MassHealth: Payment for In-State Acute Hospital Services, effective January 1, 2023

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

EOHHS hereby announces that it will apply new payment methods to in-state acute inpatient and outpatient hospitals, and is making substantive and technical changes to the Rate Year 2023 acute inpatient and outpatient hospital payment methods, as described in the Rate Year 2023 Notice of Final Agency Action, published on or about September 30, 2022 (“Final RY23 Notice”).

Specifically, effective January 1, 2023, EOHHS is implementing the Clinical Quality Incentive (CQI) program, which provides opportunities for hospitals to earn incentive payments for quality reporting and performance on quality measures. The purpose of implementing the CQI program is to incentivize hospitals to meet, excel, or improve quality of care delivered to MassHealth members, and reward them for doing so. Total annual aggregate available incentive payments for hospitals under the CQI program are expected to amount to \$250,000,000 for Rate Year 2023. Participating hospitals will be eligible to receive payments based on established CQI program measures.

The maximum CQI payment amount that each hospital is eligible to earn will be determined by a pro-rata share of the total aggregate amount. The eligible CQI amount for each hospital will be determined by dividing each hospital’s hospital-reported Medicaid gross patient service revenues (charges) by all hospital-reported Medicaid gross patient service revenues (charges) within a quality pool of incentive dollars. Each hospital’s eligible CQI incentive amount will be multiplied by the single hospital-specific quality score or ratio (0-1) assessed through the performance on the quality measures to determine the hospital’s actual earned CQI payment amount. The CQI program payments will be paid out on a quarterly basis.

This payment is in addition to any payment that the in-state acute outpatient hospital may receive for services rendered to MassHealth members pursuant to the acute inpatient and outpatient payment methods described in the Final RY23 Notice, including the incentive payment provisions available to hospitals through the existing Pay-for-Performance program.

In addition, EOHHS is increasing the rate for the new behavioral health crisis evaluation services provided by acute hospitals to individuals in the emergency department from \$632.08 to \$695.29. Hospitals may submit claims for these services using HCPCS code S9485, without modifier, beginning January 3, 2023.

EOHHS is also making technical corrections to the hospital payment determinations regarding third-party coverage, and is updating the contact information for the MassHealth Claims Coordination Unit and for reporting on patients who present to the hospital due to trauma or accident.

All changes to the hospital payment methods described in this notice are in accordance with state and federal law and are within the range of reasonable payment levels to acute hospitals.

EOHHS estimates that annual aggregate expenditures for MassHealth state plan acute hospital services will increase by approximately \$250,950,000 as a result of these changes, with \$250,000,000 attributable to the new CQI program and \$950,000 attributable to the behavioral health crisis evaluation service rate increase.

Other than as set forth in this notice, the RY23 acute inpatient and outpatient hospital payment methods described in the Final RY23 Notice remain unchanged. The Final RY23 Notice is available under the heading “Acute Hospital Federal Fiscal Year 2023 Notices” on the “Special Notices for Acute Hospitals” page of the MassHealth website at <https://www.mass.gov/service-details/special-notices-for-acute-hospitals>. For further information, or to provide written comments regarding this action, you may also contact Jin Pantano at EOHHS, MassHealth Office of Providers and Pharmacy Programs, 100 Hancock Street, 6th Fl, Quincy, MA 02171 or jin.pantano2@mass.gov. EOHHS specifically invites comments regarding the impact of the proposed action on member access to care.

Statutory Authority: M.G.L. c. 118E; St. 2022, c. 126; St. 2012, c. 224; 42 USC 1396a; 42 USC 1396b.

Related Regulations: 130 CMR 410, 415, 450; 42 CFR Parts 431 and 447.

Posted: December 20, 2022