

Notice of Proposed Agency Action

SUBJECT: MassHealth: Payment for In-State Acute Hospital Services, Effective September 30, 2025

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

EOHHS hereby proposes to apply new payment methods to in-state acute inpatient and outpatient hospitals, as described in the rate year 2025 Notice of Final Agency Action published on or around September 27, 2024 (RY25 Notice); the rate year 2025 Notice of Final Agency Action published on or around October 1, 2024 (RY25 Amendment 1 Notice); the rate year 2025 Notice of Final Agency Action published on or around December 30, 2024 (RY25 Amendment 2 Notice); the rate year 2025 Notice of Final Agency Action published on or around March 27, 2025 (RY25 Amendment 3 Notice); the rate year 2025 Notice of Final Agency Action published on or around May 28, 2025 (RY25 Notice #4); and the rate year 2025 Notice of Final Agency Action published on or around July 5, 2025 (RY25 Amendment 4 Notice) (collectively, the RY25 Notices).

Specifically, effective September 30, 2025, EOHHS will implement the following changes to payment methodologies for in-state acute inpatient and outpatient hospitals.

- Increasing the amount to be paid out through the Supplemental Payment for Continuity of Access at High Public Payer Acute Hospitals by \$50 million.
- Increasing the amount to be paid out through the MassHealth Targeted Hospital Supplemental Payments by \$36 million.
- Implementing a new supplemental payment for fiscally strained hospitals, totaling \$105.5M.

These changes in payment methodology are in addition to any payment that the qualifying in-state acute inpatient and outpatient hospitals may receive for services rendered to MassHealth members under the acute inpatient and outpatient payment methods described in the RY25 Notices.

EOHHS expects that annual aggregate expenditures for MassHealth state plan acute inpatient and outpatient hospital services will increase by \$191.5 million as a result of these changes. All changes to 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.

Except for the changes in this notice, the RY25 acute inpatient and outpatient hospital payment methods described in the RY25 Notice remain unchanged. The RY25 Notice is under the heading “Federal Fiscal Year 2025 Notices” on the “Special Notices for Acute Hospitals” page at mass.gov/service-details/special-notices-for-acute-hospitals.

For further information, or to provide written comments on this action, contact Jin Pantano at EOHHS, MassHealth Office of Providers and Pharmacy Programs, 100 Hancock Street, 6th Fl.,

Quincy, MA 02171 or AcuteHospitalRFA@mass.gov. EOHHS specifically invites comments about the proposed action's effect on member access to care.

Statutory Authority: M.G.L. c. 118E; St. 2024, c. 140; St. 2012, c. 224; 42 USC 1396a; 42 USC 1396b.

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

Posted September 22, 2025