

NOTICE OF PROPOSED AGENCY ACTION

SUBJECT: MassHealth: 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 the MassHealth program and participating hospitals.

This notice describes the proposed methods and standards for the establishment of rates of payment by contract, effective October 1, 2014, between the Executive Office of Health and Human Services (HHS) and participating substance abuse treatment hospitals. The contract does not cover services provided to patients enrolled with the MassHealth Primary Care Clinician Plan's behavioral health contractor, or with other MassHealth-contracted managed care entities. There is currently one facility that meets these criteria, Adcare Substance Abuse Hospital.

The methods and standards described herein are being proposed in order to establish rates by contract that accurately reflects the efficient and economic provision of substance abuse treatment services. The proposed methods and standards described herein are effective October 1, 2014. They are projected to result in a 4% increase in annual aggregate expenditures in Rate Year 2015 (RY2015). The change in aggregate annual expenditures is estimated to be \$13,128.00 and may vary depending on actual utilization of services.

Except as specified above, the MassHealth substance abuse treatment hospital payment methods for RY2015 are otherwise substantially similar to those for RY2014. 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 proposed rates of payment effective October 1, 2014. Please contact the MassHealth Behavioral Health Programs Unit, 100 Hancock Street, 6th Floor, Quincy, MA 02171, Attention: Muriel Freeman, to send any written comments 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
SUBSTANCE ABUSE TREATMENT HOSPITALS
PROPOSED METHODS AND STANDARDS
FOR RATES EFFECTIVE OCTOBER 1, 2014

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 the MassHealth Primary Care Clinician Plan'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; and 1.672% for HRY 2015.

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

The resulting inpatient payment rate in effect as of October 1, 2014 will be \$578.52.

Payment for Outpatient Services

Substance abuse treatment hospitals will be 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, 2014 HHS proposes to maintain the cost-to-charge ratio of 66.58% that is currently in effect.