

NOTICE OF PROPOSED AGENCY ACTION

SUBJECT: MassHealth: Payment Rates for MassHealth Substance Abuse Treatment Hospitals Effective October 1, 2026

AGENCY: Massachusetts Executive Office of Health and Human Services, MassHealth

SUMMARY OF PROPOSED AGENCY ACTION

Under 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, 2026, between the Executive Office of Health and Human Services (EOHHS) 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.

DESCRIPTION OF PROPOSED METHODS AND STANDARDS: INPATIENT, OUTPATIENT, AND QUALITY INCENTIVES

MassHealth pays Substance Abuse Treatment Hospitals using (1) an all-inclusive statewide inpatient per diem rate, (2) a hospital-specific cost-to-charge ratio for outpatient hospital services, and (3) a hospital-specific, performance-based quality incentive payment. The methods and standards described herein establish rates by contract that accurately reflect the efficient and economic provision of substance abuse treatment services. They are projected to result in a 10% increase in annual aggregate expenditures in Rate Year 2027 (RY2027). The change in aggregate annual expenditure is estimated to be \$357,286 but may vary depending on actual utilization of services. Included with this notice are the rates of payment effective October 1, 2026.

JUSTIFICATION

All changes to hospital payment rates and methods described herein are in accordance with state and federal law and are within the range of reasonable payment levels to Substance Abuse Treatment Hospitals. Except as specified, the MassHealth Substance Abuse Treatment Hospital payment methods for RY2027 are otherwise substantially similar to those for RY2026. 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, 2026. The estimated change in aggregated expenditure reflects an increase in payment for the inpatient per diem rate for ASAM Level 4.0 medically managed services provided to members who are involuntarily committed to treatment.

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To submit or request copies of written comments regarding RY2027 payment methods and rates, contact:

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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, 2026**

DESCRIPTION OF METHODS AND STANDARDS

Payment for Inpatient Services

The inpatient per diem rate for ASAM Level 4.0 Medically Managed services provided to members who are involuntarily committed to treatment 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 payment rate in effect as of October 1, 2026, will be \$1305.16.

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