

NOTICE OF PROPOSED AGENCY ACTION

SUBJECT: Payment for Privately Owned Psychiatric Hospital Services Effective October 1, 2026

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

Summary of Proposed Action

Pursuant to the provisions of M.G.L. c. 118E, §13A, rates and terms of payment for services rendered by psychiatric hospitals to patients entitled to 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 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 privately owned psychiatric hospitals licensed by the Department of Mental Health (DMH). The contract does not cover services provided to patients enrolled with the MassHealth behavioral health contractor or with other MassHealth-contracted managed care entities.

Description of Proposed Methods and Standards: Inpatient, Outpatient, Administratively Necessary Day Rate, Quality Incentives, and Supplemental Payments

MassHealth pays privately owned psychiatric hospitals using

1. a statewide inpatient per diem rate;
2. a per diem rate for specialty inpatient psychiatric services for eating disorders;
3. a per diem rate for specialty inpatient psychiatric services for children/adolescents with neurodevelopmental disorders;
4. a per inpatient admission rate;
5. an all-inclusive statewide administratively necessary day per diem rate;
6. a hospital-specific cost-to-charge ratio for outpatient hospital services;
7. a hospital-specific, performance-based quality incentive payment;
8. per administration rates for long-acting injectable antipsychotics; and
9. a discrete, hospital-specific inpatient psychiatric supplemental payment for hospitals meeting certain eligibility requirements.

The methods and standards described herein establish rates that accurately reflect the efficient and economic provision of private psychiatric hospital services. The methods and standards described herein are projected to result in 0% increase in annual aggregate expenditures in Rate Year 2027 (RY2027). The actual change in aggregate expenditures is estimated to be \$0; however, it may vary depending on actual utilization of services.

Included with this notice are the rates of payment effective October 1, 2026. The estimated change in aggregate expenditures reflects the establishment of a discrete, hospital-specific inpatient supplemental payment for hospitals meeting certain eligibility requirements.

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 privately owned psychiatric hospitals. Except as specified below, the MassHealth privately owned psychiatric hospital payment methods for RY2027 are 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 privately owned psychiatric hospitals.

Published on Web: September 2, 2026

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

Kate Agyeman
MassHealth Office of Behavioral Health
1 Ashburton Place, 10th Floor
Boston, MA 02108
Or by email: PsychiatricHospitalRFA@mass.gov

Statutory Authority

M.G.L. c. 118E; 42 USC 1396 *et seq.*

Related Regulations:
42 CFR Part 447

**EXECUTIVE OFFICE OF HEALTH AND HUMAN SERVICES
PSYCHIATRIC HOSPITAL SERVICES
PROPOSED METHODS AND STANDARDS
FOR RATES EFFECTIVE OCTOBER 1, 2026**

The following sections describe the methods and standards to be used by the Executive Office of Health and Human Services (EOHHS) to establish rates of payment by contract, to be effective October 1, 2026, for services rendered by privately owned psychiatric hospitals licensed by the Department of Mental Health (DMH) to patients with appropriate medical needs.

Description of Methods and Standards

Inpatient Psychiatric Supplemental Payments

Psychiatric Hospitals may qualify for inpatient psychiatric admissions supplemental payments during RY27. These supplemental payments will be determined using the following methodology.

1. Eligibility. Eligibility to receive a supplemental payment is determined based on the Hospital operating at least one inpatient site providing inpatient services and maintaining a DMH license as of October 1, 2026.
2. Claims Period. The twelve (12) months between July 1, 2025, and June 30, 2026.
3. Aggregate Psychiatric Admissions. Paid claims for all MassHealth Members for the claims period as of January 1, 2027, across the eligible Hospitals for inpatient psychiatric admissions, including applicable subsets of such claims.
4. Hospital-Specific Psychiatric Admissions. The Hospital's total number of paid claims for all MassHealth members for the claims period as of January 1, 2027, for inpatient psychiatric admissions, including applicable subsets of such claims.
5. Payments Methodology. Supplemental payments to privately owned psychiatric hospitals will equal \$33 million for RY27 distributed across the eligible Hospitals according to calculation by EOHHS based on the each eligible Hospital's percentage of claims for inpatient psychiatric admissions, percentage of claims for inpatient psychiatric admissions with certain secondary diagnosis, and percentage of claims for inpatient psychiatric admissions of members admitted following the expedited psychiatric inpatient admission protocol.