Testimony on the Emergency Adoption of 101 CMR 514.00, effective July 7, 2026
Hospital Assessment
DATE OF THE HEARING: July 31, 2026

Introduction

Good morning. My name is Elizabeth Neal and I am an associate manager on the MassHealth finance team, at the Executive Office of Health and Human Services (EOHHS). I am here to present staff testimony on the emergency adoption of amendments to regulation 101 CMR 514.00: *Hospital Assessment*. These amendments were filed as an emergency and became effective July 7, 2026.

Background

Massachusetts assesses a federally approved healthcare-related tax on all non-state owned hospitals, including non-acute and acute hospitals, pursuant to M.G.L. chapter 118E, section 67. Regulations at 101 CMR 514.00 are the regulations governing the hospital assessment, and set out the assessment rates, assessment base, and assessed groups. Through a fiscal year 2026 supplemental budget, enacted as chapter 73 of the acts of 2025, the Massachusetts legislature amended M.G.L. chapter 118E, section 67 to increase the hospital assessment, redefine the assessed groups, and authorize more explicit enforcement options.

The statutory changes to M.G.L. chapter 118E, section 67, took effect once EOHHS obtained the necessary federal approvals from the Centers for Medicare and Medicaid Services (CMS) for the changes to hospital assessment. EOHHS obtained such approval from CMS, effective October 1, 2025. Therefore, EOHHS is implementing the hospital assessment changes beginning with hospital rate year 2026, which runs from October 1, 2025 through September 30, 2026.

The regulation is being amended on an emergency basis to ensure that it is in alignment with the statutory requirements and the federal approval of the changes to the hospital assessment.

This proposed amendment to 101 CMR 514.00 is necessary to incorporate the changes to the hospital assessment enacted through the fiscal year 2026 supplementary budget enacted as chapter 73 of the acts of 2026.

Proposed Amendments

The proposed emergency regulation amendment makes the following changes

- The changes amend the definition of "Total Assessment Amount" to increase the amount from $1,484,050,000 to $1,534,050,000—amounting to a $50,000,000 increase in hospital assessment revenues. This increased amount is in addition to the portion of the Total Assessment Amount equating to 50% of the cost of administering the Health Safety Net Office.
    - The increased assessment revenues will be used to reinvest in the MassHealth hospital programs, including through increases to acute and non-acute hospital payment methodologies.

- The changes amend the hospital assessment base year, from 2019 to 2023, enabling hospitals' designated assessment groups and liabilities to be more reflective of their current operating status.

- The amendments update rates for the assessment groups, on both the inpatient and outpatient side. Specifically:
    - Seven of the nine inpatient hospital assessment groups have moderately decreasing rates;
    - Five of the nine outpatient hospital assessment groups have moderately decreasing rates;
    - Two of the nine outpatient hospital assessment groups have moderately increasing rates; and
    - Two of the assessment groups, for both inpatient and outpatient hospitals, remain unchanged.

These changes are all in accordance with the changes to M.G.L. chapter 118E, section 67, as amended by chapter 73 of the acts of 2025. Further, the new rates have been approved by CMS under 42 CFR 433.68.

Fiscal Impact

As stated earlier, the changes to 101 CMR 514.00 will increase the total assessment revenue by $50,000,000. The funds will be used to reinvest in hospitals participating in MassHealth. The increased hospital investment through MassHealth will also result in increased federal financial participation for the state.