Testimony on emergency adoption of 101 CMR 206.00, effective October 1, 2025
Standard Payments to Nursing Facilities
October 31, 2025

Introduction

Good morning. My name is Richard Barry, and I am a Senior Manager on the Institutional Program Team, Office of Long Term Services and Supports, MassHealth, in the Executive Office of Health and Human Services. I am here to present testimony on the emergency adoption of 101 CMR 206.00: *Standard Payments to Nursing Facilities*.

Background

Regulation 101 CMR 206.00: *Standard Payments to Nursing Facilities* governs the payments for services rendered to publicly aided and industrial accident residents by nursing facilities, including residents in a residential care unit of a nursing facility. MassHealth pays nursing facilities a per diem amount for Medicaid recipients in nursing facilities. The payment covers routine room and board and daily nursing care while ancillary expenses, such as pharmacy or physical therapy, are paid separately. In addition to the standard nursing and operating components of the nursing facility rates, MassHealth also pays a facility-specific capital payment to each nursing facility. The total rate a facility receives varies due to its eligibility to receive any of the available rate adjustments and add-ons in addition to their nursing, operating, and capital payments.

The amendments to regulation 101 CMR 206.00 establish rates of payment to nursing facilities in accordance with Section 13D of Chapter 118E of the Massachusetts General Laws.

The effective date of the amendments is October 1, 2025, for dates of service beginning October 1, 2025.

Description of Changes

Nursing Standard Payments

The proposed amendments rebase the nursing standard payments to a base year of 2023, from a previous base year of 2019.

Under the Patient Driven Payment Model (PDPM) structure, each of the 25 nursing standard payment groups has a PDPM nursing index, as determined by the Centers for Medicare & Medicaid Services (CMS). The nursing component is based on the updated 2024 PDPM nursing index versus the 2022 index that was used in the previous rate year (RY25). The proposed nursing standard payment rates are set at each acuity level by multiplying a base rate by that acuity level's assigned PDPM nursing index.

The proposed base rate, effective October 1, 2025, is $114.36, based on a 2023 base year plus a cost adjustment factor (CAF) of 5.48%, plus a 0.75% administrative adjustment, resulting in a total adjustment of 6.23%.

Operating Cost Standard Payments

The operating cost standard payment amount is proposed to be $127.26. This operating cost standard payment is calculated by applying a CAF of 6.31% to 2023 base year costs.

The operating payments specific to pediatric facilities are proposed to be calculated by applying a CAF of 27.50% to 2019 base year costs.

Capital Payments

The proposed capital payment for each facility is calculated using a base year of 2023 and a CAF of 5.42%. A maximum increase cap and a maximum decrease cap will be applied, as a percentage of the capital payment rates in effect September 30, 2025. The maximum increase cap is proposed to be 50% of the capital payment rates in effect September 30, 2025. The maximum decrease cap is proposed to be 10% of the capital payment rates in effect September 30, 2025. The maximum capital payment is proposed to remain at $50.00.

The post-hearing amendments will also include a technical correction to the posted regulation. The regulation language on Nursing Facility Capital Payment Adjustments will be corrected to update the applicable date for calculating for the maximum caps from September 30, 2021 to September 30, 2025.

The capital payments for pediatric facilities are proposed to be increased by applying a CAF of 3.40% to the pediatric facility capital payment rates in effect September 30, 2025.

Amendments to Existing Per Diem Add-ons and Adjustments

As in RY25, based on certain criteria, a facility may be subject to upward or downward adjustments to their payment rate. Updated data will be used to calculate the High Medicaid, Quality, and Direct Care Cost Quotient (DCC-Q) Adjustments. Quality adjustments based on CMS and DPH improvement scores are proposed to be removed, while adding one new quality measure for Hospitalizations based on quality scores published by CMS. The High Medicaid, Quality, and DCC-Q Adjustments will continue to be applied as a percentage of the facility's nursing standard payment rate and operating cost standard payment rate at each of the 25 PDPM nursing case mix categories. Additional amendments to adjustments and per diem add-ons are described below.

High Medicaid Adjustment

The proposed amendments include an update to the high Medicaid adjustments. A facility for which Massachusetts Medicaid days are at least 70.00% and less than 75.00% of its total resident days will receive a 3% upward adjustment applied to its nursing standard rate and operating standard rate at each PDPM nursing case mix category. A facility for which Massachusetts Medicaid days are at least 75.00% and less than 90.00% of its total resident days will receive a 6% upward adjustment applied to its nursing standard rate and operating standard rate at each PDPM nursing case mix category. A facility for which Massachusetts Medicaid days are at least 90.00% of its total resident days will receive a 9% upward adjustment applied to its nursing standard rate and operating standard rate at each PDPM nursing case mix category.

Quality Adjustments

The proposed amendments for RY26 include that a facility could be subject to an upward or downward adjustment based on performance on each of the following quality measures: Quality Achievement Based on CMS Score and Quality Achievement on DPH Score. Additionally, the proposed amendments remove adjustments for quality improvement based on CMS and DPH scores and add one new achievement-related quality measure for Number of Hospitalizations per 1000 Long-Stay Resident Days from the CMS data on Nursing Homes.

Direct Care Add-On
The proposed amendments remove the Direct Care Add-On (upward adjustment) for all facilities of 3.177%. There will no longer be a direct care add-on applied to facilities' rates.

Multiple Sclerosis Add-on
The proposed amendments increase the Multiple Sclerosis (MS) add-on from $91.79 to $99.58.

Maximum Change Adjustment
The Maximum Change Adjustment will be calculated such that a facility's proposed total average per diem rate inclusive of all rate adjustments will not be greater than 112% of the facility's average per diem rate in effect on September 30, 2025. If a facility's proposed RY26 total average per diem rate inclusive of all rate adjustments is greater than 112% of the facility's average per diem rate in effect on September 30, 2025, the Maximum Change Adjustment will be applied as a downward adjustment to facility's total proposed per diem rates at each of the 25 PDPM nursing case mix categories.

Behavioral Health Indicator Add-on
The proposed amendments decrease the Behavioral Health Indicator add-on from $50 to $45.

The post-hearing amendments will also include a technical correction to the posted regulation. The regulation language will update the Non-Applicability with Other Payments subsection list for the Homelessness Rate Add-on to include non-applicability with the Temporary Resident Add-on, consistent with existing MassHealth billing guidance.

Additional Amendments
In addition to the per diem rate-related amendments described above, certain other amendments are proposed to be made to the regulation.

Amendments to Level IV Bed Rates
No changes are being proposed for the total payment for nursing and other operating costs for residential care beds in a dually licensed nursing facility. The rate will remain at $140.41.

Supplemental Payment for Qualified Nursing Facilities Located on Martha's Vineyard
New regulation language describes how the $3,800,000 in budgeted funding will be allocated to facilities located within eight miles of Martha's Vineyard Critical Access Hospital proportionally according to each facility's Massachusetts Medicaid days as reported on quarterly User Fee Assessment Forms for the period April 1, 2024, through March 31, 2025.

The amendments are in compliance with the requirement of M.G.L. c. 118E s. 13C, which requires that rates established by EOHHS for health care services are "adequate to meet the costs incurred by efficiently and economically operated facilities providing care and services in

conformity with applicable state and federal laws and regulations and quality and safety standards." There is no indication of an access problem associated with the amendments.

Fiscal Impact

The estimated annual fiscal impact of these amendments is **$102 million**.

This concludes my testimony. Thank you.