



*The Commonwealth of Massachusetts
Executive Office of Health and Human Services
Office of Medicaid
One Ashburton Place
Boston, MA 02108*



Updated Notice of Agency Action II

SUBJECT: MassHealth: Payment for Acute Hospital Services effective November 1, 2012

AGENCY: Massachusetts Executive Office of Health and Human Services (EOHHS), Office of Medicaid

Notwithstanding the Notice of Proposed Agency Action effective November 1, 2012, the Rate Year 2012 (RY12) MassHealth acute hospital fee-for-service inpatient and outpatient payment methods and rates described in the MassHealth Notice of Final Agency Action effective October 1, 2011, as supplemented by the Notice of Agency Action effective October 1, 2012 (as updated), will remain in effect until further notice. Two exceptions are with respect to (1) payments to Critical Access Hospitals and (2) payments to the two newly-enrolled hospitals, which methodologies are described more fully below and take effect as of November 1, 2012. The section, below, entitled "Summary of RY12 Acute Hospital Payment Methods and Effective Dates" provides a listing of the various RY12 acute hospital payment methods and effective dates. A complete description of MassHealth acute hospital RY12 payment methods and rates are available at www.mass.gov/masshealth (click on the link to "MassHealth Regulations and Other Publications" and the link to "Special Notices for Hospitals"; refer to Acute Hospital Rate Year 2012 Notices.) For further information regarding MassHealth acute hospital payment methods and rates, you may contact Kiki Feldmar at the Executive Office of Health and Human Services, MassHealth Office of Providers and Plans, 100 Hancock Street, 6th Floor, Quincy, MA 02171, or by e-mail at kiki.feldmar@state.ma.us.

Changes in Payment Methods, Effective November 1, 2012

Effective November 1, 2012:

1. Payment to Critical Access Hospitals will equal 101% of the Critical Access Hospital's allowable costs as determined by EOHHS utilizing the Medicare cost-based reimbursement methodology for both inpatient and outpatient services. The Critical Access Hospitals will be paid interim payments that are provisional in nature and subject to final settlement after the end of hospital rate year 2013. The interim inpatient standard payment amount per discharge (SPAD), transfer per diem and outlier per diem rates, and the interim outpatient PAPE rates are calculated based on the hospitals RY11 DHCFP 403 cost reports and utilizing a cost-to-charge ratio methodology of 101% of costs for the SPAD and PAPE. These rates are set forth on Attachment 1. The Critical Access Hospitals will otherwise be paid interim payments using substantially the same standard methodologies for inpatient and outpatient services as all other participating in-state acute hospitals.
2. Payment to the two newly-enrolled hospitals will be calculated using methods substantially similar to the RY2012 payment methods for all other participating in-state acute hospitals, except as described below.

- a. For inpatient services, the two newly-enrolled hospitals will be paid a modified standard payment amount per episode (SPAD), using alternative data sources, but otherwise substantially utilizing the same methodology as the RY12 SPAD methodology described in the Notice of Final Agency Action, effective October 1, 2011. To the extent data is unavailable or otherwise not sufficient for EOHHS to calculate any component or adjustment to the hospital-specific SPAD for the two newly enrolled hospitals, the adjustment or other component was not used in the SPAD calculation.
- b. For outpatient services, the two newly-enrolled hospitals will be paid a hospital-specific Payment Amount Per Episode (PAPE) rate equal to \$284.32 for all outpatient services for which all other participating in-state acute hospitals are paid a PAPE. The two newly-enrolled hospitals will otherwise be paid for outpatient services using the same methodology as all other participating in-state acute hospitals.
- c. Any other rate adjustment or payment that applies to participating acute hospitals for RY12 for which EOHHS does not have the required data as it pertains to the two newly-enrolled hospitals, shall not apply to the two newly-enrolled hospitals.
- d. The RY12 SPAD, transfer per diem and outlier per diem rates, and the RY12 PAPE rates, that apply effective November 1, 2012, for the two newly-enrolled hospitals, are set forth on Attachment 1.

Summary of RY12 Acute Hospital Payment Methods and Effective Dates

1. The RY12 MassHealth acute hospital fee-for-service inpatient and outpatient payment methods and rates described in the MassHealth Notice of Final Agency Action effective October 1, 2011, are effective until further notice. Exceptions are set forth below.
2. The supplemental payment methods for hospitals that qualify as Public Service Hospitals, Essential MassHealth Hospitals, Acute Hospital with High Medicaid Discharges, and Freestanding Pediatric Specialty Hospitals, described in the MassHealth Notice of Agency Action effective October 1, 2012 (as updated), are effective for the annual period beginning October 1, 2012.
3. Payments to Freestanding Pediatric Acute Hospitals and Pediatric Specialty Units equal to 85% of the Hospital's/Pediatric Specialty Unit's expenses for inpatient services for children discharged between October 1, 2012 and September 30, 2013 whose casemix acuity is greater than 5.0, described in the MassHealth Notice of Agency Action effective October 1, 2012 (as updated) are effective for the annual period beginning October 1, 2012.
4. The payment methods that apply to (1) Critical Access Hospitals and (2) the two newly-enrolled hospitals, respectively, summarized above, are effective beginning November 1, 2012.

Justification:

The payment methods and rates described herein are in accordance with state and federal law and are within the range of reasonable payment methods to acute hospitals.

Estimated Fiscal Effect

The estimated annual aggregate expenditures resulting from these changes in methods is an increase of approximately \$583,000, which is the combination of a \$250,000 increase in inpatient payments and a \$333,000 increase in outpatient payments.

Statutory Authority: M.G.L. ch.118G; M.G.L. ch.118E; St. 2011, c. 68; St. 2012 c. 139; St. 2012 c. 224; 42 USC 1396a; 42 USC 1396b; 42 USC 1315.

Related Regulations: 130 CMR 410, 415, 450; 42 CFR Part 447

ATTACHMENT 1

	RY12 SPAD (Effective 11/1/12)	RY12 Transfer Per Diem (Effective 11/1/12)	RY12 Outlier Per Diem (Effective 11/1/12)	RY12 PAPE (Effective 11/1/12)
Critical Access Hospitals*				
1. Athol	\$12,721.95	\$2,639.68	\$1,979.76	\$538.43
2. Fairview	\$ 9,469.12	\$2,062.99	\$1,547.24	\$667.14
3. Martha's Vineyard	\$12,823.62	\$2,793.82	\$2,095.36	\$599.36
The Two Newly- Enrolled Hospitals				
1. Shriners – Boston	\$18,372.78	\$3,928.97	\$2,946.73	\$284.32
2. Shriners - Springfield	\$11,674.59	\$2,544.00	\$1,908.00	\$284.32

*Subject to reconciliation and final settlement after RY13.