



*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 III

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

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

EOHHS is further extending the Rate Year 2012 (RY2012) acute hospital payment methods. The RY2012 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), and the Updated Notice of Agency Action II effective November 1, 2012, will remain in effect until further notice. 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.

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 in the Updated Notice of

Agency Action II effective November 1, 2012, are effective beginning November 1, 2012, and for Critical Access Hospitals apply through September 30, 2013.

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 change in annual aggregate expenditures due to changes taking effect in the 4th quarter of 2012 is an increase of approximately \$19.3 million.

Statutory Authority: M.G.L. ch.118G; M.G.L. ch.118E; St. 2011, c. 68; St. 2012 c. 139; St. 2012 c. 224; St. 2012 c. 239; 42 USC 1396a; 42 USC 1396b; 42 USC 1315.

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