

## **Notice of Final Agency Action**

**SUBJECT:** MassHealth: Payment for Out-of-State Acute Hospital Services effective June 20, 2013

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

### **Introduction**

The following describes and summarizes changes in MassHealth payment for services provided by out-of-state acute hospitals. The rate year 2013 (RY2013) MassHealth in-state acute hospital inpatient and outpatient methodologies are described in the Notice of Final Agency Action: MassHealth Payment for Acute Hospital Services effective January 1, 2013, which is available at <http://www.mass.gov/eohhs/gov/laws-regs/> (click on the link to “MassHealth Regulations and Publications” and the link to “Special Notices for Hospitals”). See Attachment A for out-of-state acute hospital rates effective June 20, 2013. For further information regarding RY2013 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, 6<sup>th</sup> Floor, Quincy, MA 02171, or by e-mail at [kiki.feldmar@state.ma.us](mailto:kiki.feldmar@state.ma.us).

### **Changes in Payment Method**

#### **1. Out-of-State Acute Hospital Inpatient Services**

Currently, all out-of-state acute hospitals are paid a per discharge payment for inpatient services provided to a MassHealth member equal to the median inpatient MassHealth Standard Payment Amount Per Discharge (SPAD) for in-state acute hospitals in effect on the date of admission, which covers the first 20 days of an admission. In addition, for members under age 21, for each acute inpatient day following the first 20 days of an admission, MassHealth currently pays all out-of-state acute hospitals the median pediatric outlier per diem payment rate in effect for in-state acute hospitals on the date of service.

Except as provided in Section 3, below, effective for admissions (or in the case of per diem payments, dates of service) on or after June 20, 2013, the payment methods that will apply to out-of-state acute hospitals for inpatient services are as follows:

##### **A. Out-of-State Acute Hospitals that are not High MassHealth Volume and Casemix Hospitals.**

Out-of-state acute hospitals that are not High MassHealth Volume and Casemix Hospitals (described in Section 1.B., below) will continue to be paid a per discharge payment for inpatient services to a MassHealth member equal to the median in-state acute hospital MassHealth SPAD, which covers the first 20 days

of an admission. For purposes of this Section 1.A., this out-of-state acute hospital per discharge payment method shall be referred to as the SPAD.

If an out-of-state acute hospital transfers a MassHealth patient to another acute hospital, the transferring out-of-state acute hospital is paid for inpatient services provided to that member at a per day transfer per diem rate, which is capped at the SPAD. For out-of-state acute hospitals that are not High MassHealth Volume and Casemix Hospitals, the transfer per diem rate will be equal to the in-state transfer per diem rate that corresponds to the median in-state acute hospital payment amount per discharge in effect on the date of transfer as determined by MassHealth, calculated utilizing the in-state acute hospital transfer per diem rate methodology. An out-of-state acute hospital paid a transfer per diem will not also be paid a SPAD.

For members under age 21, for each acute inpatient day following the first 20 days of an admission, MassHealth will pay out-of-state acute hospitals that are not High MassHealth Volume and Casemix Hospitals, a per day pediatric outlier per diem payment equal to 75% of the out-of-state acute hospital transfer per diem rate.

**B. Out-of-State Acute Hospitals that are High MassHealth Volume and Casemix Hospitals.**

A “High MassHealth Volume and Casemix Hospital” is defined as any out-of-state acute hospital provider that, during the prior federal fiscal year, had (1): at least 150 MassHealth discharges; and (2): a MassHealth casemix index (CMI) higher than the average in-state acute hospital CMI, both as determined by MassHealth.

Effective for admissions (or in the case of per diem payments, dates of service) on or after June 20, 2013, out-of-state acute hospitals that are High MassHealth Volume and Casemix Hospitals will be paid hospital-specific SPAD, transfer per diem and outlier per diem rates as further described below.

The hospital-specific per discharge payment for High MassHealth Volume and Casemix Hospitals covers inpatient services to a MassHealth member for the first 20 days of an admission. This per discharge SPAD payment is calculated based on the in-state acute hospital SPAD methodology, using the in-state statewide average payment amount per discharge and the statewide weighted average capital cost per discharge amount in effect for in-state acute hospitals on the date of admission, which is then adjusted by the average Massachusetts wage area index and the High MassHealth Volume and Casemix Hospital’s hospital-specific MassHealth CMI, as determined by MassHealth for the applicable hospital rate year.

The transfer per diem rate for each High MassHealth Volume and Casemix Hospital is calculated based on the High MassHealth Volume and Casemix Hospital's SPAD, using the same methodology in effect for in-state acute hospitals on the date of transfer. The per day transfer per diem rate is payment for inpatient services provided by a transferring out-of-state High MassHealth Volume and Casemix Hospital that transfers a MassHealth patient to another acute hospital. The transfer per diem is capped at the transferring hospital's SPAD, and hospitals paid a transfer per diem will not also be paid a SPAD.

For members under age 21, for each acute inpatient day following the first 20 days of an admission, MassHealth will pay out-of-state High MassHealth Volume and Casemix Hospitals a per day pediatric outlier per diem payment equal to 75% of the hospital's transfer per diem rate.

## **2. Out-of-State Acute Hospital Outpatient Services**

Except as provided in Section 3, below, the payment methodology for out-of-state acute hospital outpatient services will not be changing. All out-of-state acute hospitals will be paid a payment per episode of care equal to the median outpatient Payment Amount Per Episode (PAPE) in effect for in-state acute hospitals for these same services on the date of service as determined by MassHealth, or according to the fee schedule promulgated by DHCFP, or the MassHealth agency, for services for which in-state acute hospitals are not paid the PAPE.

## **3. Services Not Available In-State**

Effective June 20, 2013, for medical services payable by MassHealth that are not available in-state as determined by MassHealth, an out-of-state acute hospital that is not a High MassHealth Volume and Casemix Hospital will be paid the rate of payment established for the medical service under the other state's Medicaid program as determined by MassHealth, or such other rate as MassHealth determines necessary to ensure member access to services. For an inpatient service MassHealth determines is not available in-state, payment to the out-of-state acute hospital under this method will also include acute hospital outpatient services MassHealth determines are directly related to the service that is not available in-state.

### **Justification:**

The changes in payment method assist the agency in ensuring continued access for members to acute hospital services at out-of-state acute hospitals with high MassHealth volume and casemix, and to acute hospital services payable by MassHealth that MassHealth determines are not available in-state. 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 acute hospitals.

**Estimated Fiscal Effect**

EOHHS estimates that the changes in rates described herein, will be an increase in annual aggregate expenditures of approximately \$2.3 million.

**Statutory Authority:** M.G.L. c. 118G; M.G.L. c. 118E, 42 USC 1396a

**Related Regulations:** 130 CMR 410, 415, 450; 42 CFR Parts 431 and 447

## **ATTACHMENT A**

Effective June 20, 2013, out-of-state acute hospital rates are as follows:

### **I. Inpatient:**

- All Out-of State Acute Hospitals that are not High MassHealth Volume and Casemix Hospitals:\*

SPAD	\$7,439.00
Transfer Per Diem	\$1,595.02
Pediatric Outlier Per Diem	\$1,196.27

- Out-of State Acute Hospitals that are High MassHealth Volume and Casemix Hospitals:

1. Women and Infants' Hospital (RI):

SPAD	\$14,536.85
Transfer Per Diem	\$ 3,084.74
Pediatric Outlier Per Diem	\$ 2,313.56

2. Rhode Island Hospital:

SPAD	\$9,843.38
Transfer Per Diem	\$2,148.40
Pediatric Outlier Per Diem	\$1,611.30

### **II. Outpatient PAPE:**

- All Out-of State Acute Hospitals:\*

PAPE	\$284.32
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\* For medical services payable by MassHealth that MassHealth determines are not available in-state, out-of-state acute hospitals that are not High MassHealth Volume and Casemix Hospitals will be paid as described above in Section 3 of this Notice of Final Agency Action.