

## **Amended Notice of Agency Action – Final Notice**

**SUBJECT:** MassHealth: Payment for Acute Hospital Services

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

EOHHS hereby announces updates to certain MassHealth supplemental payment methods for participating in-state acute hospitals effective for Rate Year 2015, beginning October 1, 2014. The following Rate Year 2015 (RY15) MassHealth in-state acute hospital supplemental payment methods described in Section 3 of Part II of the MassHealth Notice of Final Agency Action published on or about September 25, 2014 (“Final RY15 Notice”), are updated as follows.

- (1) A hospital that qualifies for the Disproportionate Share Hospital (state-defined)<sup>1</sup> Supplemental Payment for RY15 will receive a supplemental payment equal to the sum of 6% of its total FFY14 inpatient Standard Payment Amount Per Discharge (SPAD) payments and 1% of its total FFY14 outpatient Payment Amount Per Episode (PAPE) payments.
- (2) The supplemental payment method to Hospitals with High Volume Neonatal and Pediatric Intensive Care Unit (ICU) services that was in effect for Rate Year 2014 has been eliminated.
- (3) The Disproportionate Share Hospital (state-defined) Behavioral Health Services Supplemental Payment will be paid to qualifying state-defined disproportionate share hospitals that provided behavioral health services to MassHealth members in federal fiscal year (FFY) 2013, and will be calculated based on behavioral health services provided to MassHealth members in FFY 2013, rather than FFY 2014.

EOHHS is making these changes to implement the spending reductions required pursuant to the Governor’s exercise of authority under Section 9C of chapter 29 of the Massachusetts General Laws, and in the case of item (3) above, in order to expedite payment. The RY15 acute hospital payment methods remain otherwise unaffected. The RY15 payment methods and rates for acute hospitals, as updated above, are in accordance with state and federal law and are within the range of reasonable payment methods to acute hospitals.

EOHHS estimates that the annual aggregate MassHealth expenditures for RY15 acute hospital services will decrease by \$22.2M as a result of these changes, compared to what expenditures would have been under the Final RY15 Notice.

The Final RY15 Notice is available at [www.mass.gov/masshealth](http://www.mass.gov/masshealth) (click on the link to “MassHealth Regulations and Other Publications” and the link to “Special Notices for Acute Hospitals”) under Acute Hospital Rate Year 2015 Notices. For further information, you may also 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 at [kiki.feldmar@state.ma.us](mailto:kiki.feldmar@state.ma.us).

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<sup>1</sup> A state-defined disproportionate share hospital is a hospital that received more than 63% of its gross patient service revenue in FFY13 from government payers and free care as determined by MassHealth based on the hospital’s FFY13 -403 cost report.

**Statutory Authority:** M.G.L. c. 118E; St. 2014, c. 165; St. 2012, c. 224; M.G.L. c. 29, §9C, 42 USC 1396a; 42 USC 1396b.

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