

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, M/S S3-13-15
Baltimore, MD 21244-1850



Center for Medicaid, CHIP and Survey & Certification (CMCS)

OCT 31 2013

John Polanowicz, Secretary
Executive Office of Health and Human Services
State of Massachusetts
One Ashburton Place, Room 1109
Boston, MA 02108

RE: Massachusetts 12-010

Dear Mr. Polanowicz:

We have reviewed the proposed amendment to Attachments 4.19-A, of your Medicaid State plan submitted under transmittal number (TN) 12-010. This amendment authorizes supplemental payments for inpatient and outpatient hospital services for the period October 1, 2012 through September 30, 2013.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903(a) and 1923 of the Social Security Act and the implementing Federal regulations at 42 CFR 447. We are pleased to inform you that Medicaid State plan amendment 12-010 is approved effective October 1, 2012. We are enclosing the CMS-179 and the amended plan pages.

If you have any questions, please call Novena James-Hailey at (617) 565-1291.

Sincerely,
/s/

Cindy Mann
Director

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES	1. TRANSMITTAL NUMBER: 012-010	2. STATE MA
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE AND MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES	4. PROPOSED EFFECTIVE DATE 10/01/12	

5. TYPE OF PLAN MATERIAL (Check One):

NEW STATE PLAN AMENDMENT TO BE CONSIDERED AS NEW PLAN AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION: 42 USC 1396a(a)(13); 42 USC 1315; 42CFR Part 447; 42CFR 440.10; 42CFR 440.20	7. FEDERAL BUDGET IMPACT: a. FFY 2013 \$0 2,000,000 b. FFY 2014 \$0 2,000,000 (\$4,935,000)
--	--

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-A (1), page 1, 22 Attachment 4.19-B (1), page 1, 10	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): same
---	--

10. SUBJECT OF AMENDMENT:

Supplemental Acute Hospital Payments

11. GOVERNOR'S REVIEW (Check One):

GOVERNOR'S OFFICE REPORTED NO COMMENT OTHER, AS SPECIFIED:
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED Not required under
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL 42 CFR 430.12(b)(2)(ii)

12. SIGNATURE OF STATE/AGENCY OFFICIAL: /s/	16. RETURN TO: Michael P. Coleman State Plan Coordinator Office of Medicaid Executive Office of Health and Human Services One Ashburton Place, 11 th Floor Boston, MA 02108
13. TYPED NAME: JudyAnn Bigby, M.D.	
14. TITLE: Secretary	
15. DATE SUBMITTED:	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:	18. DATE APPROVED: OCT 31 2012
--------------------	-----------------------------------

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL: OCT 01 2012	20. SIGNATURE OF REGIONAL OFFICIAL: /s/
---	--

21. TYPED NAME:	22. TITLE: Deputy Director, Policy & Financial Mgmt
-----------------	--

23. REMARKS:

State Plan Under Title XIX of the Social Security Act
State: Massachusetts
Methods Used to Determine Rates of Payment for Acute Inpatient Hospital Services

A. Overview

This attachment describes methods used to determine rates of payment for acute inpatient hospital services.

1. The payment methodologies specified in this Attachment apply to:
 - admissions at in-state Acute Hospitals beginning on or after October 1, 2011, and
 - inpatient payments made to in-state Acute Hospitals on a per diem basis for dates of service on or after October 1, 2011.
2. The supplemental payments specified in **Sections III.I.1 through III.I.4**, apply to dates of service from October 1, 2012 through September 30, 2013. The other Acute Hospital payment methods that apply during this time period will be the methods under the remainder of Attachment 4.19-A(1) in effect for Rate Year 2013 beginning October 1, 2012 through December 31, 2012 (TN-012-013), and for the remainder of Rate Year 2013 beginning January 1, 2013 through September 30, 2013 (TN-013-002).
3. The Pay-for-Performance payment methodology specified in **Section III.J** is effective for Rate Year 2012 (October 1, 2011 through September 30, 2012)¹.
4. In-state Acute Hospitals are defined in **Section II**.
5. Payment for out-of-state acute inpatient hospital services is as follows. Effective for admissions on or after May 25, 2012, MassHealth will pay out-of-state acute inpatient hospitals a per discharge amount equal to the median inpatient MassHealth Standard Payment Amount per discharge (SPAD) in effect for in-state acute hospitals on the date of admission. In addition, 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 the median outlier per diem payment in effect for in-state acute hospitals on the date of service.

B. Non-Covered Services

The payment methods specified in this Attachment do not apply to the following Inpatient Hospital Services:

1. Behavioral Health Services for Members Enrolled with the Behavioral Health Contractor

MassHealth contracts with a Behavioral Health (BH) Contractor to provide Behavioral Health Services to Members enrolled with the BH Contractor. Hospitals are not entitled to, and may not claim for, any fee-for-service payment from EOHHS for any services that are BH Contractor-covered services or are otherwise payable by the BH Contractor.

¹ This method will continue to apply for the first three months of Rate Year 2013 from October 1, 2012 through December 31, 2012.

State Plan Under Title XIX of the Social Security Act
State: Massachusetts
Methods Used to Determine Rates of Payment for Acute Inpatient Hospital Services

This payment is based on approval by EOHHS of the Hospital's accurately submitted and certified EOHHS Office of Medicaid Uniform Medicaid and Low Income Uncompensated Care Cost & Charge Report (UCCR) for the hospital fiscal year corresponding with the payment.

For the UMass hospitals, the Federal Fiscal Year payment amount will be \$6,000 times the total number of inpatient days for admissions beginning during the applicable Federal Fiscal Year, not to exceed \$130,000,000.

For CHA, the Federal Fiscal Year payment amount will be the difference between the non-state-owned hospital Upper Payment Limit (calculated on an annual basis) and other payments made under this Attachment, not to exceed \$14,000,000.

Essential MassHealth Hospital payments will be made after EOHHS' receipt of the hospital's certified UCCR, finalization of payment data and applicable payment amounts, and receipt of any necessary approvals, but no later than 1 year after receipt of the hospital's final reconciliation UCCR (which must be submitted by 45 days after the Hospital's Medicare 2552 Report for the payment year has been finalized by Medicare's Fiscal Intermediary).

2. Freestanding Pediatric Acute Hospitals

a. Eligibility

Based on the definition of Freestanding Pediatric Acute Hospitals, Children's Hospital is the only Hospital eligible for this payment.

b. Supplemental Payment Methodology

Subject to compliance with all applicable federal rules and payment limits, EOHHS will make a supplemental payment to Freestanding Pediatric Acute Hospitals to account for high Medicaid volume

The supplemental payment amount is determined by EOHHS based on data filed by each qualifying Hospital in its financial and cost reports, and projected Medicaid volume for the Federal Fiscal Year. The Federal Fiscal Year payment is based on Medicaid payment and cost data. The payment equals the variance between the Hospital's inpatient Medicaid payments and inpatient Medicaid costs, not to exceed \$3,850,000. Freestanding Pediatric Acute Hospital payments will be made after finalization of payment data, applicable payment amounts, and obtaining any necessary approvals.

State Plan Under Title XIX of the Social Security Act
State: Massachusetts
Methods Used to Determine Rates of Payment for Acute Outpatient Hospital Services

I. Introduction

A. Overview

This attachment describes methods used to determine rates of payment for acute outpatient hospital services.

1. For dates of service beginning October 1, 2011, in-state Hospitals will be paid in accordance with this Attachment for Outpatient Services provided at Hospital Outpatient Departments, and at those Hospital-Licensed Health Centers (HLHCs) and other Satellite Clinics that are provider-based in accordance with 42 CFR 413.65.
2. The supplemental payments specified in **Section III.F** apply to dates of service from October 1, 2012 through September 30, 2013. The other Acute Hospital payment methods that apply during this time period will be the methods under the remainder of Attachment 4.19-B(1) in effect for Rate Year 2013 beginning October 1, 2012 through December 31, 2012 (TN-012-014), and for the remainder of Rate Year 2013 beginning January 1, 2013 through September 30, 2013 (TN-013-003).
3. In-state Acute Hospitals are defined in **Section II**.
4. Effective May 25, 2012, payment for out-of-state acute outpatient hospital services is as follows. MassHealth will pay out-of-state acute outpatient hospitals a payment per episode of care equal to the median Payment Amount Per Episode (PAPE) in effect for in-state acute hospitals on the date of service, or in accordance with the applicable fee schedule promulgated by the Division of Health Care Finance and Policy for services for which in-state acute hospitals are not paid a PAPE.

B. Non-Covered Services

The payment methods specified in this Attachment do not apply to the following Outpatient Hospital Services:

1. Behavioral Health Services for Members Enrolled with the Behavioral Health Contractor

MassHealth contracts with a Behavioral Health (BH) Contractor to provide Behavioral Health Services to Members enrolled with the BH Contractor.

Hospitals are not entitled to, and may not claim for, any fee-for-service payment from EOHHS for any services that are BH Contractor-covered services or are otherwise payable by the BH Contractor.

State Plan Under Title XIX of the Social Security Act
State: Massachusetts
Methods Used to Determine Rates of Payment for Acute Outpatient Hospital Services

- (5) The Hospital enters into a separate contract with EOHHS relating to payment as an Essential MassHealth Hospital.

Based on these criteria, Cambridge Health Alliance (CHA) and the UMass Memorial Health Care, Inc. Hospitals (UMass Hospitals) are the only Hospitals eligible for this payment.

b. Supplemental Payment Methodology

Subject to compliance with all applicable federal rules and payment limits, EOHHS will make a supplemental payment to Essential MassHealth Hospitals.

This payment is based on approval by EOHHS of the Hospital's accurately submitted and certified EOHHS Office of Medicaid Uniform Medicaid and Low Income Uncompensated Care Cost & Charge Report (UCCR) for the hospital fiscal year corresponding with the payment.

For the UMass hospitals, the Federal Fiscal Year payment amount will be \$1,200 times the total number of Episodes with dates of service during the applicable Federal Fiscal Year, not to exceed \$30,000,000.

For CHA, the Federal Fiscal Year payment amount will be the difference between the non-state-owned hospital Upper Payment Limit (calculated on an annual basis) and other payments made under this Attachment, not to exceed \$ 14,000,000.

Essential MassHealth Hospital payments will be made after EOHHS' receipt of the hospital's certified UCCR, finalization of payment data and applicable payment amounts, and receipt of any necessary approvals, but no later than 1 year after receipt of the hospital's final reconciliation UCCR (which must be submitted by 45 days after the Hospital's Medicare 2552 Report for the payment year has been finalized by Medicare's Fiscal Intermediary).

3 Acute Hospitals with High Medicaid Discharges

a. Eligibility

In order to qualify for payment as an Acute Hospital with High Medicaid Discharges, a Hospital must be an Acute Hospital that has more than 2.7% of the statewide share of Medicaid discharges, determined by dividing each Hospital's total Medicaid discharges as reported on the Hospital's HCF-403 cost report by the total statewide Medicaid discharges for all Hospitals.