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State/Territory Name: Massachusetts

State Plan Amendment (SPA) #: 12-014

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
JFK Federal Building, Government Center
Room 2275
Boston, Massachusetts 02203



Division of Medicaid and Children's Health Operations / Boston Regional Office

August 8, 2014

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

Dear Mr. Polanowicz:

We are pleased to enclose a copy of approved Massachusetts State Plan Amendment (SPA) No. 12-014, initially submitted to CMS on December 28, 2012. This SPA was submitted to amend your approved Title XIX State plan in the following manner. First, the SPA extends the acute hospital outpatient Rate Year (RY)2012 rates for an additional three months for the period 10/01/2012 – 12/31/2012. Second, the SPA adds Exhibit 1 for the payment of Critical Access Hospitals (CAH) beginning 11/01/2012. Third, the SPA adds Exhibit 2 for the payment of two newly-enrolled Shriners Hospitals beginning 11/01/2012. This SPA has been approved effective October 1, 2012, as requested by the Commonwealth.

Enclosed are copies of the following approved State plan pages.

- Attachment 3.1-A, page 9;
- Attachment 3.1-B, page 9;
- Attachment 4.19-B(1), pages 1, 1a, and 5; and
- Attachment 4.19-B(1), Exhibits 1 (pp 1-2) and 2 (p 1).

If you have any questions regarding this matter you may contact Julie McCarthy at (617) 565-1244 or by e-mail at Julie.McCarthy@cms.hhs.gov.

Sincerely,

/s/

Richard R. McGreal
Associate Regional Administrator

Enclosure/s

cc: Kristin Thorn, Medicaid Director
Michael Coleman, State Plan Coordinator

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES	1. TRANSMITTAL NUMBER: 012-014	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 U.S.C. 1396a(a)(13); 42 USC 1315; 42 CFR Part 447; 42 CFR 440.20	7. FEDERAL BUDGET IMPACT*: a. FFY13 \$ 342,277 b. FFY14 \$ 0 * The Federal Budget Impact only reflects changes for this Rate Year 2012 Extension, beginning October 1, 2012 and ending December 31, 2012.
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8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: <i>att 3.1-A, pg 9, att 3.1-B pg 9</i> 4.19-B (1), pp 1, 1a, 5 4.19-B(1), Exhibit 1, pp. 1 - 2 4.19-B(1), Exhibit 2, p. 1 <i>Supp to Att 3.1-A pg 5 (new) Supp to att 3.1-B pg 6 (new)</i>	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): <i>att 3.1-A pg 9</i> <i>att 3.1-B pg 9</i> 4.19-B(1), pp. 1, 1a, 5
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10. SUBJECT OF AMENDMENT: *Acute Outpatient hospitals; a) new payment methods that apply to newly-enrolled Shriners Hospitals; b) revisions that apply to critical access hospitals; and c) extension to the acute hospital PY 2012 payment methods for an additional three months*
~~Acute Outpatient Hospital Rate Year 2012 Extension~~

11. GOVERNOR'S REVIEW (Check One): <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL	<input checked="" type="checkbox"/> OTHER, AS SPECIFIED: Not required under 42 CFR 430.12(b)(2)(ii)
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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: Judy Ann Bigby, M. D.	
14. TITLE: Secretary	
15. DATE SUBMITTED: 12/28/12	

FOR REGIONAL OFFICE USE ONLY	
17. DATE RECEIVED: 12/28/2012	18. DATE APPROVED: 08/08/2014
PLAN APPROVED - ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL: 10/01/2012	20. SIGNATURE OF REGIONAL OFFICIAL: /s/
21. TYPED NAME: Richard R. McGreal	22. TITLE: Associate Regional Administrator, Division of Medicaid & Children's Health Operations, Boston, MA
23. REMARKS:	

**Amount, Duration, and Scope of Medical and Remedial Care and Services
Provided to the Categorically Needy**

24. Any other medical care and any other type of remedial care recognized under state law, specified by the Secretary.

a. Transportation.

☒ Provided: ☐ No limitations ☒ With limitations**
☐ Not provided.

b. Services of Christian Science nurses.

☐ Provided: ☐ No limitations ☐ With limitations
☒ Not provided.

c. Care and services provided in Christian Science sanatoria.

☐ Provided: ☐ No limitations ☐ With limitations
☒ Not provided.

d. Nursing facility services for patients under 21 years of age.

☒ Provided: ☐ No limitations ☒ With limitations*
☐ Not provided.

e. Emergency hospital services.

☒ Provided: ☒ No limitations ☐ With limitations
☐ Not provided.

f. Critical Access Hospital Services

☒ Provided: ☒ No limitations ☐ With limitations
☐ Not provided.

* Description provided on **Supplement to Attachment 3.1-A.**

** Description provided on **Attachment 3.1D.**

State Plan under Title XIX of the Social Security Act
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Amount, Duration and Scope of Services Provided Medically Needy Groups

Aged, Disabled, AFDC and Under 21 (cont.)

f. Critical Access Hospital Services

- ☒ Provided: ☒ No limitations ☐ With limitations
☐ Not provided.

24. Home and Community Care for Functionally Disabled Elderly Individuals, as defined, described, and limited in **Supplement 2 to Attachment 3.1-A**, and **Appendices A-G to Supplement 2 to Attachment 3.1-A**.

- ☐ Provided ☒ Not Provided

State Plan Under Title XIX of the Social Security Act
State: Massachusetts

Methods Used to Determine Rates of Payment for Acute Outpatient Hospital Services
Portion of Rate Year 2013 from October 1, 2012 through December 31, 2012

I. Introduction

A. Overview

This attachment describes methods used to determine rates of payment for acute outpatient hospital services for the portion of RY13 from October 1, 2012 through December 31, 2012. (See TN-013-003 for the portion of RY13 from January 1, 2013 through September 30, 2013).

1. Except as provided in subsections 2 and 3, below, for dates of service in RY13 from October 1, 2012 through December 31, 2012, the RY12 payment methods in this Attachment continue to apply to in-state Hospitals 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. For dates of service in RY13 from October 1, 2012 through October 31, 2012, in-state Critical Access Hospitals will be paid in accordance with the RY12 methods set forth in this Attachment, and Exhibit 1 does not apply. For dates of service in RY13 beginning November 1, 2012 through April 30, 2013 (see TN-013-003 for the RY13 period January 1, 2013 through April 30, 2013), in-state Critical Access Hospitals will be paid in accordance with the methods set forth in **Exhibit 1**, which is attached hereto and incorporated by reference into this Attachment.
3. For dates of service in RY13 beginning November 1, 2012 through December 31, 2012, the following two newly-enrolled in-state Hospitals will be paid in accordance with the methods set forth in **Exhibit 2**, which is attached hereto and incorporated by reference into this Attachment: (i) The Shriners' Hospital for Children (Boston, MA) and (ii) The Shriners' Hospital for Children (Springfield, MA) (the "Shriners Hospitals").
4. 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 are the methods under the remainder of Attachment 4.19-B(1) in effect for the portion of Rate Year 2013 beginning October 1, 2012 through December 31, 2012 (TN-012-014), and for the portion of Rate Year 2013 beginning January 1, 2013 through September 30, 2013 (TN-013-003).
5. In-state Acute Hospitals are defined in **Section II**.
6. 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.

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Methods Used to Determine Rates of Payment for Acute Outpatient Hospital Services

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.

2. MCO Services

MassHealth contracts with Managed Care Organizations (MCOs) to provide medical services, including Behavioral Health Services, to Members enrolled with the MCO.

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Methods Used to Determine Rates of Payment for Acute Outpatient Hospital Services

Payment Amount Per Episode (PAPE) — a Hospital-specific payment for all PAPE Covered Services provided by a Hospital to a MassHealth Member on an outpatient basis in one Episode. (See Section III.B)

PAPE Base Year — the PAPE Base Year is October 1, 2009 through September 30, 2010 paid as of July 8, 2011.

PAPE Covered Services — MassHealth-covered Outpatient Services provided by Hospital Outpatient Departments or Satellite Clinics, except those services described in Section I.B and III.C through E.

Public Service Hospital — Any public Acute Hospital or any Acute Hospital operating pursuant to Chapter 147 of the Acts & Resolves of 1995 which has a private sector payer mix that constitutes less than 35% of its Gross Patient Service Revenue (GPSR) and where uncompensated care comprises more than 5% of its GPSR.

Rate Year (RY) — Generally, a twelve month period beginning October 1 and ending the following September 30. For specific rate years, refer to the following table:

Rate Year	Dates
RY04	10/1/2003 – 9/30/2004
RY05	10/1/2004 – 9/30/2005
RY06	10/1/2005 – 9/30/2006
RY07	10/1/2006 – 10/31/2007
RY08	11/1/2007 – 9/30/2008
RY09	10/1/2008 – 10/31/2009
RY10	11/1/2009 – 11/30/2010
RY 11	12/01/2010 – 09/30/2011
RY12	10/01/2011 – 9/30/2012
RY13*	10/1/2012 – 9/30/2013

*In future rate years, Hospitals will be paid in accordance with this Attachment (until amended).

RFA and Contract — The Request for Applications and the agreement executed between each selected Hospital and EOHHS that incorporates all of the provisions of the RFA.

Satellite Clinic — A facility that operates under a Hospital's license, is subject to the fiscal, administrative, and clinical management of the Hospital, provides services to Members solely on an outpatient basis, is not located at the same site as the Hospital's inpatient facility, and demonstrates to EOHHS's satisfaction that it has CMS provider-based status in accordance with 42 CFR 413.65.

School-Based Health Center (SBHC) — A center located in a school setting which: (1) provides health services to MassHealth Members under the age of 21; (2) operates under a Hospital's license; (3) is subject to the fiscal, administrative, and clinical management of a Hospital Outpatient Department or HLHC; and (4) provides services to Members solely on an outpatient basis.

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Methods Used to Determine Rates of Payment for Acute Outpatient Hospital Services

Exhibit 1: RY13 Payment Method for Critical Access Hospitals, Effective

November 1, 2012 through April 30, 2013

EXHIBIT 1**RY13 Payment Method Applicable to Critical Access Hospitals****Effective November 1, 2012 through April 30, 2013****Section I. Overview**

The payment methods set forth in this **Exhibit 1** apply to Critical Access Hospitals effective for RY13 dates of service beginning November 1, 2012 through April 30, 2013. (See TN-013-003 for the RY13 period January 1, 2013 through April 30, 2013).

Section II. Payment Method - General

EOHHS will pay Critical Access Hospitals an amount equal to 101 percent of the Hospital's allowable costs as determined by EOHHS utilizing the Medicare cost-based reimbursement methodology for both inpatient and outpatient services for the period November 1, 2012 through April 30, 2013, as more fully described below. Interim payments will be made to Critical Access Hospitals based on the rates and methods set forth in this **Exhibit 1**, which payments are provisional in nature and subject to the completion of a cost review and settlement for the time period beginning November 1, 2012 through April 30, 2013, as described in **Section II(B)** of this **Exhibit 1**. The interim payments made for Outpatient Services to Critical Access Hospitals will be made on the same basis as payment would be made for those same Outpatient Services to all other acute hospitals (e.g., per Episode for Outpatient Services paid by the PAPE), and the timing of the interim payments will not differ from the timing that the same Outpatient Services are paid to all other acute hospitals. Subject to this **Exhibit 1, Attachment 4.19-B(1)** otherwise applies to Critical Access Hospitals. If a Hospital loses its designation as a Critical Access Hospital, the payment methods for such hospital shall revert to the standard acute hospital rate methodologies, and payments may be adjusted accordingly. Reversion to any such rate methodologies shall not affect the payment rates to other participating acute hospitals for the applicable rate year.

(A) Payment for Outpatient Services

For dates of service on or after November 1, 2012 through April 30, 2013, Critical Access Hospitals will be paid for Outpatient Services in accordance with **Attachment 4.19-B(1)** with the following changes.

Critical Access Hospitals will be paid a hospital-specific Payment Amount Per Episode (PAPE) for those Outpatient Services for which all other in-state acute hospitals are paid a PAPE. Notwithstanding **Section III.B** of **Attachment 4.19-B(1)**, for dates of service on or after November 1, 2012 through April 30, 2013, the hospital-specific PAPE for each Critical Access Hospital was calculated as follows:

- (1) EOHHS calculated a cost to charge ratio for outpatient services (Outpatient CCR) for each Critical Access Hospital, which was determined by dividing the amount reported on

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Methods Used to Determine Rates of Payment for Acute Outpatient Hospital Services**Exhibit 1: RY13 Payment Method for Critical Access Hospitals, Effective****November 1, 2012 through April 30, 2013**

Schedule II, line 114, column 10 (Patient Expense Including Capital, Subtotal Outpatient) of the hospital's FY11 DHCFP-403 cost report by the amount reported on Schedule II, line 114, column 11 (Gross Patient Service Revenue, Subtotal Outpatient) of such report, after setting to zero all direct expenses reported on Schedule IX, Line 51 (LAB) , and all gross patient service revenues reported on Schedule VI, Column 12 (LABORATORY).

- (2) EOHHS then calculated 101% of the Critical Access Hospital's Medicaid (MassHealth) outpatient costs by multiplying the Outpatient CCR by the amount reported on Schedule VA, line 70, column 6 (Medicaid Non-Managed Care, Total Outpatient Gross Patient Service Revenue) of the hospital's FY11 DHCFP-403 cost report, and then subsequently increasing that amount by an additional 1%.
- (3) EOHHS then divided the amount that equals 101% of the hospital's Medicaid (MassHealth) outpatient costs as determined above, by the hospital's Medicaid (MassHealth) FY11 Episodes. The hospital's Medicaid (MassHealth) PAPE Episodes were derived from FY11 data, paid as of July 16, 2012.
- (4) Inflation factors for operating costs of 1.665% and 1.775%, respectively, were then applied to the calculation above, to derive the Critical Access Hospital's per Episode PAPE that will apply for dates of service on or after November 1, 2012 through April 30, 2013.

(B) Post RY13 Cost Review and Settlement

EOHHS will perform a post-Rate Year 2013 review to determine whether the Critical Access Hospital received aggregate interim payments in an amount equal to 101% of allowable costs utilizing the Medicare cost-based reimbursement methodology, for both inpatient and outpatient services for the period November 1, 2012 through April 30, 2013, as such amount is determined by EOHHS ("101% of allowable costs"). See also Exhibit 1 to Attachment 4.19-A(1). EOHHS will utilize the Critical Access Hospital's FY13 CMS-2552 cost reports, including completed Medicaid (Title XIX) data worksheets, and such other information that EOHHS determines is necessary, to perform this post RY13 review. "Aggregate interim payments" for this purpose shall include all state plan payments to the hospital for the period November 1, 2012 through April 30, 2013.

If the Critical Access Hospital was paid less than 101% of allowable costs, EOHHS will pay the Critical Access Hospital the difference between 101% of allowable costs and the aggregate interim payments. If the Critical Access Hospital was paid more than 101% of allowable costs, the Critical Access Hospital shall pay to EOHHS, or EOHHS may recoup, the amount that equals the difference between the aggregate interim payments and 101% of allowable costs.

This post RY13 review and settlement will take place within twelve (12) months after EOHHS has obtained all accurate and complete data needed to perform the review and settlement calculation. EOHHS estimates that it will have accurate and complete data by September 30, 2014. Assuming this date, the settlement will be complete by September 30, 2015.

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Methods Used to Determine Rates of Payment for Acute Outpatient Hospital Services

Exhibit 2: Payment Method for the Two Shriners Hospitals for RY13 Dates of Service
from November 1, 2012 to December 31, 2012

EXHIBIT 2

Payment Method Applicable to the Two Shriners Hospitals for RY13 dates of service on or after November 1, 2012 through December 31, 2012

Section I. Overview

The payment methods set forth in this **Exhibit 2** apply to the following two newly-enrolled in-state acute Hospitals: (i) The Shriners' Hospital for Children (Boston, MA) and (ii) The Shriners' Hospital for Children (Springfield, MA) (the "Shriners Hospitals").

Section II. Payment Method

The payment methods set forth in this **Exhibit 2** apply to the Shriners Hospitals for RY13 dates of service on or after November 1, 2012 through December 31, 2012. Subject to this **Exhibit 2**, **Attachment 4.19-B(1)** otherwise applies to the Shriners Hospitals for this time period.

(A) Payment for Outpatient Services

For RY13 dates of service on or after November 1, 2012 through December 31, 2012, the Shriners Hospitals will be paid for Outpatient Services in accordance with **Attachment 4.19-B(1)**, with the following changes.

The Shriners Hospitals will be paid a hospital-specific Payment Amount Per Episode (PAPE) for those Outpatient Services for which all other in-state acute hospitals are paid a PAPE. Notwithstanding **Section III.B** of **Attachment 4.19-B(1)**, the hospital-specific PAPE rate for RY13 dates of service on or after November 1, 2012 for each Shriners Hospital shall be \$284.32.

(B) Other

For any other rate adjustment or payment that is provided for under **Attachment 4.19-B(1)** not otherwise addressed in this **Exhibit 2**, if EOHHS does not have on record the required data as it pertains to the Shriners Hospital, the rate adjustment or payment shall not be applicable to the Shriners Hospital for this portion of RY13.