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State/Territory Name: MA

State Plan Amendment (SPA) #: 13-010

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 AND HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, MD 21244-1850



Financial Management Group

NOV 25 2014

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

RE: Massachusetts 13-010

Dear Mr. Polanowicz:

We have reviewed the proposed amendment to Attachments 4.19-A (1), of your Medicaid State plan submitted under transmittal number (TN) 13-010. This amendment revises the reimbursement methodology for out of state acute hospital inpatient services.

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 13-010 is approved effective June 20, 2013. 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,

Timothy Hill
Director

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES	1. TRANSMITTAL NUMBER: 013-010	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 06/20/13	
5. TYPE OF PLAN MATERIAL (Check One): <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT		
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)		
6. FEDERAL STATUTE/REGULATION CITATION: 42 USC 1396a; 42 CFR Parts 431 and 447	7. FEDERAL BUDGET IMPACT: a. FFY13 \$ 350,000 b. FFY14 \$1,160,000	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-A (1) pp 1,2	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Same	

10. SUBJECT OF AMENDMENT:

Out of State Acute Inpatient Hospital Services

11. GOVERNOR'S REVIEW (Check One):
☐ GOVERNOR'S OFFICE REPORTED NO COMMENT
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL
☒ OTHER, AS SPECIFIED:
 Not required under
 42 CMR 430.12(b)(2)(ii)

12. SIGNATURE OF STATE AGENCY OFFICIAL:	16. RETURN TO:
13. TYPED NAME: John Polnowicz	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
14. TITLE: Secretary	
15. DATE SUBMITTED: 06/28/13	

FOR REGIONAL OFFICE USE ONLY	
17. DATE RECEIVED:	18. DATE APPROVED: NOV 25 2013
PLAN APPROVED - ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL: JUN 20 2013	20. SIGNATURE OF REGIONAL OFFICIAL:
21. TYPED NAME: Kristin Fao	22. TITLE: Deputy Director, FNG
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
 Portion of Rate Year 2013 from January 1, 2013 to September 30, 2013

I. Introduction

A. Overview

This attachment describes methods used to determine rates of payment for acute inpatient hospital services for the portion of RY13 from January 1, 2013 through September 30, 2013. (See TN-012-013 for the RY13 period from October 1, 2012 through December 31, 2012).

1. Except as provided in subsections 2 through 4, below, and in subsection 8, below, the payment methodologies specified in this Attachment 4.19-A(1) apply to:
 - RY13 admissions at in-state Acute Hospitals beginning on or after January 1, 2013 through September 30, 2013, and
 - inpatient payments made to in-state Acute Hospitals on a per diem basis for RY13 dates of service on or after January 1, 2013 through September 30, 2013.
2. 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, for inpatient admissions occurring in RY13 on or after November 1, 2012 through April 30, 2013. (See TN-012-013 for the RY13 period November 1, 2012 through December 31, 2012.) For inpatient admissions occurring on or after May 1, 2013 during RY13, payment to in-state Critical Access Hospitals is specified in this **Attachment 4.19-A(1)**, and **Exhibit 1** does not apply.
3. For inpatient admissions occurring in RY13 on or after January 1, 2013 through September 30, 2013, 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. Freestanding Pediatric Acute Hospitals and Pediatric Specialty Units will be paid as set forth in **Exhibit 3**, which is attached hereto and incorporated by reference into this Attachment, for discharges occurring in RY13 on or after January 1, 2013 through September 30, 2013.
5. The supplemental payments specified in **Sections III.I.2 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 are the methods under the remainder of Attachment 4.19-A(1) in effect for the portion of Rate Year 2013 beginning October 1, 2012 through December 31, 2012 (TN-012-013), and for the portion of Rate Year 2013 beginning January 1, 2013 through September 30, 2013 (TN-013-002).
6. The Pay-for-Performance payment methodology specified in **Section III.J** is effective in RY13 beginning January 1, 2013 through September 30, 2013.

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Portion of Rate Year 2013 from January 1, 2013 to September 30, 2013

7. In-state Acute Hospitals are defined in **Section II**.
8. This **Section I.A.8** describes the payment methods to out-of-state acute hospitals for inpatient hospital services.

Except as provided in **subsection 8.c.**, below, effective for admissions (or in the case of per diem payments, dates of service) on or after June 20, 2013, payment for out-of-state acute inpatient hospital services is as follows:

- a. Out-of-state Acute Hospitals that are not High MassHealth Volume and Casemix Hospitals (described in subsection 8.b below) are paid a per-discharge payment equal to the median in-state acute hospital Standard Payment amount per Discharge (SPAD), which covers the first 20 days of an admission. If one of these hospitals transfers a MassHealth inpatient to another acute hospital, the transferring out-of-state acute hospital is paid a transfer per diem rate, which is capped at the SPAD. The transfer per diem rate for these hospitals will be equal to the in-state transfer per diem rate that corresponds to the median in-state SPAD. 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 these hospitals a pediatric outlier per diem payment equal to 75% of the out-of-state transfer per diem rate.

- b. A "High MassHealth Volume and Casemix Hospital" is defined as any out-of-state acute hospital that, during the prior federal fiscal year, had at least 150 MassHealth discharges and a case mix index (CMI) higher than the average in-state acute hospital CMI. These hospitals will be paid a hospital-specific SPAD (which covers the first 20 days of an admission), and transfer per diem and pediatric outlier per diem rates, where applicable, as described below.

The SPAD for High MassHealth Volume and Casemix Hospitals is hospital-specific and 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, which is then adjusted by the average Massachusetts wage area index and the hospital's MassHealth CMI. If the hospital transfers a MassHealth inpatient to another acute hospital, the transferring out-of-state acute hospital is paid a transfer per diem rate, which is capped at the hospital's SPAD. The transfer per diem rate is based on the hospital's SPAD, using the same methodology in effect for in-state acute hospitals.

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

- c. Effective June 20, 2013, for medical services payable by MassHealth that are not available in-state, an out-of-state acute hospital that is not a High MassHealth Volume and Casemix

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Hospital will be paid the rate of payment established for the medical service under the other state's Medicaid program (or equivalent) or such other rate as MassHealth determines necessary to ensure member access to services.

- d. The payment methods in this **Section I.A.8.** are the same for private and governmental providers.

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.

2. MCO Services

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

3. Air Ambulance Services

In order to receive payment for air ambulance services, providers must have a separate contract with EOHHS for such services.

4. Non-Acute Units and Other Separately Licensed Units in Acute Hospitals

This Attachment shall not govern payment to Acute Hospitals for services provided to Members in separately licensed units within an Acute Hospital or in Non-Acute Units other than Rehabilitation Units (see **Section III.H.**, below).

II. Definitions

Acute Hospital – see Hospital.

Administrative Day (AD) – A day of inpatient hospitalization on which a Member's care needs can be provided in a setting other than an Acute Hospital, and on which the Member is clinically ready for discharge, but an appropriate institutional or non-institutional setting is not readily available.