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State/Territory Name: MA

State Plan Amendment (SPA) #: 14-0018

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

APR 26 2016

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

RE: Massachusetts 14-0018

Dear Ms. Sudders:

We have reviewed the proposed amendment to Attachments 4.19-A and 4.19B of your Medicaid state plan submitted under transmittal number (TN) 14-0018. This amendment authorizes acute hospital supplemental payments for rate year (RY) 2015. Specifically, it updates the pool amounts for certain supplemental payments and adds a new supplemental payment pool for inpatient and outpatient hospital behavioral health 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 14-0018 is approved effective October 1, 2014. 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,

A solid black rectangular box used to redact the signature of Kristin Fan.

Kristin Fan
Director

Pen and ink
changes to box 7
per state's
request.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

FORM APPROVED
OMB NO. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES	1. TRANSMITTAL NUMBER: 014-018	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 10/01/14	

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 CFR Part 447;
42 CFR 440.10; 42 CFR 440.20

7. FEDERAL BUDGET IMPACT: *

a. FFY15 ~~355,000~~ \$585,000

b. FFY16 ~~355,000~~ \$585,000

* Subject to change based on final approved
UMMC Hospital Supplemental Payment amounts.

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-A (1), pp. 1, 22 - 26 and 26a
Attachment 4.19-B(1), pp. 1, 10 - 12, 12a and 12b

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):

Attachment 4.19-A(1), pp. 1 and 22 - 26
Attachment 4.19-B(1), pp. 1 and 10 - 12

10. SUBJECT OF AMENDMENT:

Acute Hospital Supplemental Payment Methods

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 CFR 430.12(b)(2)(i)

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:
John Polanowicz

14. TITLE:
Secretary

15. DATE SUBMITTED:
12/30/14

16. RETURN TO:

Michael P. Coleman
State Plan Coordinator
Executive Office of Health and Human Services
Office of Medicaid
One Ashburton Place, 11th Floor
Boston, MA 02108

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

18. DATE APPROVED:

APR 26 2016

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

OCT 01 2014

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:

Kristin Fan

22. TITLE:

Director, FMC

23. REMARKS:

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 for RY14.

1. Except as provided in subsections 2 and 3, below, for dates of service in RY14 (October 1, 2013 through September 30, 2014), 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. 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 dates of service in RY14 beginning October 1, 2013 through September 30, 2014.
3. For dates of service in RY14 beginning October 1, 2013 through September 30, 2014, the following two in-state Hospitals first enrolled in November 2012 with unique circumstances 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, 2014 through September 30, 2015.
5. In-state Acute Hospitals are defined in **Section II**.
6. Effective June 20, 2013, out-of-state acute outpatient hospitals are paid for acute outpatient hospital services as follows:
 - a. Except as provided in **subsection 6.b.**, below, all out-of-state acute outpatient hospitals are paid a payment per episode of care equal to the median Payment Amount Per Episode (PAPE) in effect for in-state acute hospitals for PAPE-covered services, and in accordance with the applicable MassHealth fee schedule for services for which in-state acute hospitals are not paid a PAPE.
 - b. If an inpatient service payable by MassHealth is not available in-state, payment for the related acute hospital outpatient services will be made at 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. This provision does not apply to "High MassHealth Volume and Casemix Hospitals", which are defined as any out-of-state acute hospital that, during

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F. Payment for Unique Circumstances

1. High Public Payer Hospital Supplemental Payment

a. Eligibility

In order to qualify for this supplemental payment, a Hospital must have received greater than 63% of its Gross Patient Service Revenue (GPSR) in FY2013 from government payers and uncompensated care as determined by the Hospital's FY2013 -403 cost report.

b. Supplemental Payment Methodology

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

The payment amount to each qualifying hospital will be that amount which is equal to 1 percent of the Hospital's total FY14 PAPE payments, based on Medicaid paid claims data on file as of March 31, 2015.

2. Essential MassHealth Hospitals

a. Eligibility

In order to qualify for payment as an Essential MassHealth Hospital, a Hospital must itself meet, or be within a system of Hospitals, any one of which meets, at least four of the following criteria, as determined by EOHHS, provided that all Hospitals within such system are owned or controlled, directly or indirectly, by a single entity that (i) was created by state legislation prior to 1999; and (ii) is mandated to pursue or further a public mission:

- (1) The Hospital is a non-state-owned public Acute Hospital.
- (2) The Hospital meets the current MassHealth definition of a non-profit teaching Hospital affiliated with a Commonwealth-owned medical school.
- (3) The Hospital has at least 7% of its total patient days as Medicaid days.
- (4) The Hospital is an acute care general Hospital located in Massachusetts which provides medical, surgical, emergency and obstetrical services.
- (5) The Hospital enters into a separate contract with EOHHS relating to payment as an Essential MassHealth Hospital.

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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 \$46,800,999.

For CHA, the Federal Fiscal Year payment amount will be the difference between the non-state-owned public hospital Upper Payment Limit (calculated on an annual basis) and other payments made under this Attachment, not to exceed \$18,630,861.

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 -403 cost report by the total statewide Medicaid discharges for all Hospitals.

b. Supplemental Payment Methodology

Subject to compliance with all applicable federal rules and payment limits, EOHHS will make a supplemental payment to Acute Hospitals that have higher Medicaid discharges when compared with other participating MassHealth Hospitals.

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The payment amount is based on Medicaid payment, cost and charge data for the federal fiscal year. The payment equals the variance between the Hospital's outpatient Medicaid payment and outpatient Medicaid costs, not to exceed the Hospital's Health Safety Net Trust Fund-funded payment amount for the federal fiscal year. Acute Hospital with High Medicaid Discharges payments will be made after finalization of payment data, applicable payment amounts, and obtaining any necessary approvals.

4. Behavioral Health Services Supplemental Payment

a. Eligibility

In order to qualify for this supplemental payment, a Hospital (1) must have received greater than 63% of its Gross Patient Service Revenue (GPSR) in FY2013 from government payers and free care as determined by the Hospital's FY2013 -403 cost report; and (2) must have provided behavioral health services to MassHealth members in FY13.

b. Supplemental Payment Methodology

Subject to compliance with all applicable federal rules and payment limits, EOHHS will make a supplemental payment to qualifying Hospitals in the aggregate combined inpatient and outpatient total payment amount of \$12,307,769 to support access to behavioral health services for MassHealth Members, with particular emphasis on children and adolescents, in accordance with the formula set forth below. The total payment amount is apportioned between inpatient and outpatient payments based on the proportion of inpatient and outpatient revenue of qualifying hospitals providing behavioral health services to MassHealth members in FY13. This formula apportions the total payment amount among qualifying Hospitals on the basis of their hospital-specific behavioral health inpatient and outpatient utilization relative to the total behavioral health inpatient and outpatient utilization of all qualifying Hospitals, and weights pediatric/adolescent utilization at 60%, and adult utilization at 40%.

Each qualifying Hospital will receive an amount equal to:

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*Total Payment Amount **

$$\left[\frac{\text{Total IP BH rev for all Hospitals}}{\text{Total BH rev for all Hospitals}} * \left[\frac{\text{Hospital Specific IP Pedi Adol BH Days}}{\text{Total IP Pedi Adol BH Days for all Hospitals}} * 0.6 \right] + \left[\frac{\text{Hospital Specific IP Adult BH Days}}{\text{Total IP Adult BH Days for all Hospitals}} * 0.4 \right] \right] + \left[\frac{\text{Total OP BH rev all Hospitals}}{\text{Total BH rev for all Hospitals}} * \left[\frac{\text{Hospital Specific OP Pedi Adol BH Encounters}}{\text{Total OP Pedi Adol BH Encounters for all Hospitals}} * 0.6 \right] + \left[\frac{\text{Hospital Specific OP Adult BH Encounters}}{\text{Total OP Adult BH Encounters for all Hospitals}} * 0.4 \right] \right]$$

Formula Notes

BH rev, days, and encounters - refer to MassHealth fee for service and PCC Plan behavioral health revenue, days, and encounters, respectively, in FY13.

Hospitals - refers to qualifying Hospitals that meet the requirements of **Section III.F.4.a**, above.

Pedi Adol – is short for “pediatric and adolescent” and refers to MassHealth members under age 19.

Adult – refers to MassHealth members age 19 and older

IP – refers to inpatient

OP – refers to outpatient

Total Payment Amount – refers to \$12,307,769.

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IV. [Reserved]

V. Other Provisions

A. Federal Limits

If any portion of the payment methodology is not approved by CMS or is in excess of applicable federal limits, EOHHS may recoup any payment made to a Hospital in excess of the approved methodology. Any such recovery shall be proportionately allocated among affected hospitals. Any FFP associated with such overpayments will be returned to CMS.

B. Future Rate Years

Adjustments may be made each Rate Year to update rates and shall be made in accordance with the Hospital RFA and Contract in effect on that date.

C. Incorrect Determination of Casemix

In the event of an error in the calculation of casemix made by EOHHS for Outpatient Services resulting in an amount not consistent with the methodology, and where the effect of the error is a decrease in the Hospital's PAPE of 2% or more, a Hospital may request a correction, consistent with the RFA and contract, which shall be at the sole discretion of EOHHS.

D. New Hospitals/Hospital Change of Ownership

For any newly participating Hospital, or any Hospital which is party to a merger, sale of assets, or other transaction involving the identity, licensure, ownership or operation of the Hospital during the effective period of the state plan, EOHHS, in its sole discretion, shall determine, on a case-by-case basis (1) whether the Hospital qualifies for payment under the state plan, and, if so, (2) the appropriate rates of payment. Such rates of payment shall be determined in accordance with the provisions of the state plan to the extent EOHHS deems possible. EOHHS's determination shall be based on the totality of the circumstances. Any such rate may, in EOHHS's sole discretion, affect computation of the statewide average or statewide standard payment amount and/or any efficiency standard.

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I. Introduction

A. Overview

This attachment describes methods used to determine rates of payment for acute inpatient hospital services for RY14.

1. Except as provided in subsections 2 and 3, below, and in subsection 7, below, the payment methodologies specified in this Attachment 4.19-A(1) apply to:
 - RY14 admissions at in-state Acute Hospitals beginning on or after October 1, 2013 through September 30, 2014, and
 - inpatient payments made to in-state Acute Hospitals on a per diem basis for RY14 dates of service on or after October 1, 2013 through September 30, 2014.
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 RY14 on or after October 1, 2013 through September 30, 2014.
3. For inpatient admissions occurring in RY14 on or after October 1, 2013 through September 30, 2014, the following two in-state Hospitals first enrolled in November 2012 with unique circumstances 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 **Sections III.I.1 through III.I.7** apply to dates of service from October 1, 2014 through September 30, 2015.
5. The Pay-for-Performance payment methodology specified in **Section III.J** is effective in RY14 beginning October 1, 2013 through September 30, 2014.
6. In-state Acute Hospitals are defined in **Section II**.
7. This **Section I.A.7** describes the payment methods to out-of-state acute hospitals for inpatient hospital services.

Except as provided in subsection 7.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 7.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

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Administrative Day rates (see **Section III.G. above**) will be paid for all days that a patient remains in the Rehabilitation Unit while not at hospital level of care.

I. Payment for Unique Circumstances

1. High Public Payer Hospital Supplemental Payment

a. Eligibility

In order to qualify for this supplemental payment, a Hospital must have received greater than 63% of its Gross Patient Service Revenue (GPSR) in FY2013 from government payers and uncompensated care as determined by the Hospital's FY2013 -403 cost report.

b. Supplemental Payment Methodology

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

The payment amount to each qualifying hospital will be that amount which is equal to 6 percent of the Hospital's total FY14 SPAD payments, based on Medicaid paid claims data on file as of March 31, 2015.

2. Essential MassHealth Hospitals

a. Eligibility

In order to qualify for payment as an Essential MassHealth Hospital, a Hospital must itself meet, or be within a system of Hospitals, any one of which meets, at least four of the following criteria, as determined by EOHHS, provided that all Hospitals within such system are owned or controlled, directly or indirectly, by a single entity that (i) was created by state legislation prior to 1999; and (ii) is mandated to pursue or further a public mission:

- (1) The Hospital is a non-state-owned public Acute Hospital.
- (2) The Hospital meets the current MassHealth definition of a non-profit teaching Hospital affiliated with a Commonwealth-owned medical school.
- (3) The Hospital has at least 7% of its total patient days as Medicaid days.
- (4) The Hospital is an acute care general Hospital located in Massachusetts which provides medical, surgical, emergency and obstetrical services.

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- (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, including 42 CFR 447.271, 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 \$6,000 times the total number of inpatient days for admissions beginning during the applicable Federal Fiscal Year, not to exceed \$138,770,537.

For CHA, the Federal Fiscal Year payment amount will be the difference between the non-state-owned public hospital Upper Payment Limit (calculated on an annual basis) and other payments made under this Attachment, not to exceed \$8,799,737.

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. High Medicaid Volume Freestanding Pediatric Acute Hospitals

a. Eligibility

Based on the definition of High Medicaid Volume Freestanding Pediatric Acute Hospital as defined in **Section II**, Boston 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 High Medicaid Volume Freestanding Pediatric Acute Hospitals to account for high Medicaid volume.

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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 hospital 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. High Medicaid Volume Freestanding Pediatric Acute Hospital payments will be made after finalization of payment data, applicable payment amounts, and obtaining any necessary approvals.

4. 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 -403 cost report by the total statewide Medicaid discharges for all Hospitals.

b. Supplemental Payment Methodology

Subject to compliance with all applicable federal rules and payment limits, EOHHS will make a supplemental payment to Acute Hospitals that have higher Medicaid discharges when compared with other participating MassHealth Hospitals.

The payment amount is based on Medicaid payment, cost and charge data for the federal fiscal year. The payment equals the variance between the Hospital's inpatient Medicaid payment and inpatient Medicaid costs, not to exceed the Hospital's Health Safety Net Trust Fund-funded payment amount for the federal fiscal year. Interim payments to Acute Hospitals with High Medicaid Discharges will be reconciled within 12 months after final settlement of the applicable Health Safety Net year.

5. Freestanding Pediatric Acute Hospitals with High Complexity Cases

a. Eligibility

Based on the definition of Freestanding Pediatric Acute Hospital as defined in **Section II**, Boston Children's Hospital, and the two Shriners Hospitals (Shriners Hospital – Boston, and Shriners Hospital – Springfield) 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 Freestanding Pediatric Acute Hospitals to account for the complex pediatric cases they provide care for.

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The supplemental payment amount for each qualifying hospital will be determined by apportioning a total of \$11.8 million to qualifying hospitals on a pro-rata basis according to each qualifying hospital's number of inpatient discharges occurring in FY14, based on Medicaid paid claims data on file as of March 31, 2015.

6. Pediatric Specialty Units with High Complexity Cases

a. Eligibility

In order to qualify for this payment, a Hospital must have a Pediatric Specialty Unit as defined in **Section II**. Based on this criteria, Tufts Medical Center is the only hospital eligible for this payment.

b. Payment Methodology

Subject to compliance with all applicable federal rules and payment limits, EOHHS will make a supplemental payment to qualifying Hospitals with Pediatric Specialty Units to account for the complex pediatric cases they provide care for.

The supplemental payment amount for each qualifying hospital will be determined by apportioning a total of \$3 million to qualifying hospitals on a pro-rata basis according to each qualifying hospital's number of inpatient discharges occurring in FY14, based on Medicaid paid claims data on file as of March 31, 2015.

7. Behavioral Health Services Supplemental Payment

a. Eligibility

In order to qualify for this supplemental payment, a Hospital (1) must have received greater than 63% of its Gross Patient Service Revenue (GPSR) in FY2013 from government payers and free care as determined by the Hospital's FY2013 -403 cost report; and (2) must have provided behavioral health services to MassHealth members in FY13.

b. Supplemental Payment Methodology

Subject to compliance with all applicable federal rules and payment limits, EOHHS will make a supplemental payment to qualifying Hospitals in the aggregate combined inpatient and outpatient total payment amount of \$12,307,769 to support access to behavioral health services for MassHealth Members, with particular emphasis on children and adolescents, in accordance with the formula set forth below. The total payment amount is apportioned between inpatient and outpatient payments based on the proportion of inpatient and outpatient revenue of qualifying hospitals providing behavioral health services to MassHealth members in FY13. This formula apportions the total payment amount among qualifying Hospitals on the basis of their hospital-

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specific behavioral health inpatient and outpatient utilization relative to the total behavioral health inpatient and outpatient utilization of all qualifying Hospitals, and weights pediatric/adolescent utilization at 60%, and adult utilization at 40%.

Each qualifying Hospital will receive an amount equal to:

*Total Payment Amount **

$$\left[\frac{\text{Total IP BH rev for all Hospitals}}{\text{Total BH rev for all Hospitals}} * \left[\frac{\text{Hospital Specific IP Pedi Adol BH Days}}{\text{Total IP Pedi Adol BH Days for all Hospitals}} * 0.6 \right] + \left[\frac{\text{Hospital Specific IP Adult BH Days}}{\text{Total IP Adult BH Days for all Hospitals}} * 0.4 \right] \right] + \left[\frac{\text{Total OP BH rev all Hospitals}}{\text{Total BH rev for all Hospitals}} * \left[\frac{\text{Hospital Specific OP Pedi Adol BH Encounters}}{\text{Total OP Pedi Adol BH Encounters for all Hospitals}} * 0.6 \right] + \left[\frac{\text{Hospital Specific OP Adult BH Encounters}}{\text{Total OP Adult BH Encounters for all Hospitals}} * 0.4 \right] \right]$$

Formula Notes

BH rev, days, and encounters - refer to MassHealth fee for service and PCC Plan behavioral health revenue, days, and encounters, respectively, in FY13.

Hospitals - refers to qualifying Hospitals that meet the requirements of **Section III.I.7.a**, above.

Pedi Adol – is short for “pediatric and adolescent” and refers to MassHealth members under age 19.

Adult – refers to MassHealth members age 19 and older

IP – refers to inpatient

OP – refers to outpatient

Total Payment Amount – refers to \$12,307,769.

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8. Infant and Pediatric Outlier Payment Adjustments

a. Infant Outlier Payment Adjustment

In accordance with 42 U.S.C. § 1396a(s), EOHHS will make an annual infant outlier payment adjustment to Acute Hospitals for inpatient services furnished to infants under one year of age involving exceptionally high costs or exceptionally long lengths of stay based on the prior year's claims data from the Medicaid Management Information System (MMIS).

i. Eligibility

In order to qualify for an infant outlier payment, a Hospital must provide services to infants less than one year of age, and must have one of the following during the Rate Year for individuals less than one year of age:

- An average Medicaid inpatient length of stay that equals or exceeds the statewide weighted average plus two standard deviations; or
- An average cost per inpatient Medicaid discharge that equals or exceeds the Hospital's average cost per Medicaid inpatient discharge plus two standard deviations for individuals of all ages.

ii. Payment to Hospitals

Annually, each Hospital that qualifies for an infant outlier adjustment receives an equal portion of \$50,000. For example, if two Hospitals qualify for an outlier adjustment, then each Hospital receives \$25,000.

b. Pediatric Outlier Payment Adjustment

In accordance with 42 U.S.C. § 1396a(s), EOHHS will make an annual pediatric outlier payment adjustment to Acute Hospitals for inpatient services furnished to children greater than one year of age and less than six years of age involving exceptionally high costs or exceptionally long lengths of stay based on the prior year's discharge data from MMIS.