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State/Territory Name: Massachusetts

State Plan Amendment (SPA) #: 20-0013

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
7500 Security Boulevard, Mail Stop S3-14-28
Baltimore, Maryland 21244-1850



Financial Management Group

September 23, 2020

Daniel Tsai, Deputy Secretary
The Commonwealth of Massachusetts
Executive Office of Health and Human Services
Office of Medicaid
One Ashburton Place, Room 1109
Boston, MA 02108

Reference: TN 20-0013

Dear Deputy Secretary Tsai:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 20-0013. Effective June 30, 2020, this amendment modifies reimbursement for acute inpatient hospital services. Specifically, it makes changes to certain aspects of the FY 2020 pay-for-performance payment methodology which was approved under TN 19-0027. These changes include comparative measurement periods and case minima.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1923 and 1903(a) of the Social Security Act and the implementing Federal regulations at 42 CFR 447 Subpart C.

This is to inform you that Medicaid State plan amendment TN 20-0013 is approved effective June 30, 2020. The CMS-179 and the amended plan page(s) are attached.

If you have any additional questions or need further assistance, please contact Novena James-Hailey at (617) 565-1291 or Novena.JamesHailey@cms.hhs.gov.

Sincerely,

A solid black rectangular box redacting the signature of the sender.

For
Rory Howe
Acting Director

Enclosures

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES	1. TRANSMITTAL NUMBER <u>20-013</u>	2. STATE <u>MA</u>
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE & MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES	4. PROPOSED EFFECTIVE DATE <u>06/30/2020</u>	

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 <u>42 USC 1396a(a)(13); 42 CFR Part 447; 42 CFR 440.10</u>	7. FEDERAL BUDGET IMPACT a. FFY <u>2020</u> \$ <u>0</u> b. FFY <u>2021</u> \$ <u>0</u>
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT <u>Attachment 4.19-A pages 1-83, Exhibit 1 pages 1-3</u> <u>Attachment 4.19-A(1) pp. 68-77</u>	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (<i>If Applicable</i>) <u>Attachment 4.19-B(1) pages 1-83, Exhibit 1 pages 1-3</u> <u>Attachment 4.19-A(1) pp. 68-77</u>

10. SUBJECT OF AMENDMENT

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

11. GOVERNOR'S REVIEW (*Check One*)

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

12. STATE AGENCY OFFICIAL 	16. RETURN TO Daniel Tsai, Deputy Secretary The Commonwealth of Massachusetts Executive Office of Health and Human Services Office of Medicaid One Ashburton Place, Room 1109 Boston, MA 02108
13. TYPED NAME <u>Daniel Tsai</u>	
14. TITLE <u>Deputy Secretary and Acting Secretary</u>	
15. DATE SUBMITTED <u>06/30/2020</u>	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED	18. DATE APPROVED <u>9/23/20</u>
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PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL <u>June 30, 2020</u>	20. SIGNATURE  For
21. TYPED NAME <u>Rory Howe</u>	22. TITLE <u>Acting Director</u>

23. REMARKS

The state made pen and ink changes (9/21/20) in box #s 8 and 9 to only add pages relevant to this amendment.

Pen and ink change made to add return name and address to box #16 per state RAI response on 9/11/20.

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iii. Total Performance Score

a. Obstetric/Neonatal Clinical Process Measure Subcategory (MAT-4 and NEWB-1) and Care Coordination Clinical Process Measure Subcategory (CCM-1, CCM-2 and CCM-3)

The Total Performance Score for the individual process measures that, collectively, comprise the Perinatal Quality Measure Category and the Care Coordination Measure Category is a percentage of **quality points** earned out of the total possible points, as reflected in the following formula:

$$(\text{Total Awarded Quality Points} / \text{Total Possible Points}) \times 100\% = \text{Total Performance Score.}$$

For each individual process measure, the quality points earned are calculated using the higher of the **attainment** or the **improvement points** earned. Those quality points earned for each individual process measure are summed to yield the total awarded quality points for each Quality Measure Category.

Quality points are earned for the individual process measures based on each Hospital's performance during the Comparative Measurement Period relative to the attainment threshold (the median performance of all Hospitals in the Baseline Measurement Period) and the benchmark (the mean of the top decile of all Hospitals in the Baseline Measurement Period).

The **Comparative Measurement Period** and the **Baseline Measurement Period** for the individual process measures are as follows:

	Comparative Measurement Period	Baseline Measurement Period
Individual Process Measures	<p>The Comparative Measurement Period will vary by hospital, depending on whether the hospital elects to report data for the fourth quarter of calendar year 2019:</p> <ul style="list-style-type: none"> • For hospitals that elect not to report data for the fourth 	July 1, 2018 to December 31, 2018

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	<p>quarter of calendar year 2019, the Comparative Measurement Period shall be the first three quarters of calendar year 2019.</p> <ul style="list-style-type: none"> • For hospitals that elect to report data for the fourth quarter of calendar year 2019, the Comparative Measurement Period shall be calendar year 2019 	
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Performance benchmarks for the individual process measures are calculated based on Hospital data reported to MassHealth.

If the Hospital failed validation for a measure in the previous reporting year, data from that period is considered invalid for use in calculating year over year performance. Therefore, the Hospital would not be eligible for improvement points. However, it may be eligible for attainment points in the current reporting year based on calculation of the current reporting year's data reported for the measure if it passed validation in the current year and if the hospital has passed validation and established a baseline rate for the measure in a prior year.

i. Attainment Points

A Hospital can earn points for attainment based on relative placement between the attainment threshold and benchmark, as follows:

- if a Hospital's score for a measure is equal to or less than the attainment threshold, it will receive zero points for attainment,
- if a Hospital's score for a measure is greater than the attainment threshold but below the benchmark, it will receive 1-9 points for attainment, and

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- if a Hospital’s score for a measure is greater than or equal to the benchmark, it will receive the maximum 10 points for attainment.

ii. Improvement Points

The Hospital can earn points for improvement based on how much its performance score on the measure has improved from the Baseline Measurement Period as follows:

- if a Hospital’s score for a measure is less than or equal to its score for the Baseline Measurement Period, it will receive zero (0) points for improvement.
- if a Hospital’s score for a measure is greater than its score for the Baseline Measurement Period, it will receive 0-9 points for improvement.

iii. Example

The following is an example pay-for-performance calculation for the Perinatal Quality Measure Category, provided for illustrative purposes only.

Example for P4P Category: Perinatal Quality Measure Subcategory

<i>Statewide calculations</i>	
Maximum allocated amount	\$5,500,000
Statewide eligible Medicaid discharges	13,551
P4P Category per Discharge Amount	$\$5,500,000/13,551 = \406
<i>Hospital-specific calculations</i>	
Hospital's awarded quality points for the P4P Category (sum of the measure-specific attainment or improvement points corresponding to the P4P Category)	32
Maximum possible P4P Category quality points	40
Total Performance Score for P4P Category	$(32 \text{ points} / 40 \text{ points}) \times 100\% = 80\%$
Eligible Medicaid discharges	500
Hospital-specific total incentive payment for the P4P Category	$500 \times \\$406 \times 80\% = \\$162,400$

b. Health Disparities Composite Measure (HD-2)

For each Hospital, the Health Disparities Composite Measure (HD-2) is comprised of aggregate data from the five individual process measures (i.e., MAT-4, NEWB-1, CCM-1, CCM-2 and CCM-3) on which the Hospital reports. The Hospital’s composite

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measure compares the Hospital’s performance among race/ethnicity groups and all groups combined, and is converted to a disparity composite value. The composite measure and disparity composite value are calculated only for Hospitals that report on more than one racial group in their electronic data files.

i. Performance Assessment

Performance for the Health Disparities Composite Measure (HD-2) will be assessed using the following methodology.

1. Decile Rank Method. Disparity composite values are calculated for Hospitals that meet the measure calculation criteria. Performance will be assessed using a method that determines the Hospital’s rank, relative to other Hospitals, based on the decile ranking system.

2. Disparity Composite Value Ranking. All Hospital disparity composite values are rounded to six decimal places. All composite values are then divided into ten equal groups and ranked from highest to lowest so approximately the same number of Hospitals falls in each decile group.

3. Target Attainment Threshold. The target attainment threshold represents the minimum level of performance that must be achieved to earn incentive payments. The target attainment is defined as the boundary for a disparity composite value that falls above the 2nd decile group, as shown in the “Decile Performance Thresholds” table below.

4. Conversion Factor. Each decile group is assigned a weighted conversion factor associated with the decile threshold, as shown in the table below:

Decile Group Thresholds

Decile Group Threshold	Conversion Factor
10th decile (Top decile)	1.0
9th decile	.90
8th decile	.80
7th decile	.70
6th decile	.60
5th decile	.50
4th decile	.40
3rd decile (Target attainment threshold)	.30
2nd decile (Lower decile)	(zero)
1st decile (Lower decile)	(zero)

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To meet the target attainment threshold, the Hospital's disparity composite BGV value must be above the upper boundary of the 2nd decile. Disparity composite BGV values that are not above the upper boundary of the 2nd decile (i.e., fall into the 1st or 2nd decile) are assigned a conversion factor of zero. All disparity composite values that fall within the same given decile group are assigned the same conversion factor.

- ii. Total Performance Score for Health Disparities Composite Measure (HD-2).

A Hospital's Total Performance Score for the Health Disparities Composite (HD-2) Measure P4P Category is the assigned conversion factor as shown in the Decile Group Thresholds table, above, multiplied by 100%. Performance scores are calculated only for Hospitals that meet the measure calculation criteria and validation requirements, using only the Hospital's reported data for either the first three quarters of calendar year 2019, or all four quarters of calendar year 2019, depending upon whether the Hospital elects to report data for the fourth quarter of calendar year 2019. -

c. Safety Outcomes Measure (PSI-90 and HAI)

For the Safety Outcomes Measure, each Hospital will be evaluated using both the Hospital's PSI-90 composite value and the Hospital's standard infection ratio (SIR) output values for each of the five HAI measures, as applicable.

Component 1: The PSI-90 composite value is calculated as a weighted average of the risk-adjusted and reliability adjusted rates for the ten AHRQ quality indicators, combined, for the Hospital. The relevant evaluation period is discharges in the 24 month period from October 1, 2016 through September 30, 2018. If a Hospital has fewer than 3 eligible discharges for the ten indicators combined, a PSI-90 composite value will not be calculated.

Component 2 -- For each of the five HAI measures, EOHHS will obtain the Hospital's SIR output value for each measure, as calculated by the CDC, from the NHSN system. The relevant evaluation period is the 24 month period of January 1, 2017 through December 31, 2018. The Hospital will not have a SIR output value for an HAI measure(s) if the CDC was unable to calculate a SIR output value for the Hospital for that HAI measure based on its criteria.

(A) Winsorization Method

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Each Hospital's performance will be assessed in comparison to all eligible Hospital's values for the PSI-90 composite and each of the HAI measures using a Winsorization method, which transforms each Hospital's measure values into a standardized score. The Winsorization method evaluates performance using the defined period(s) only and does not use comparison year data.

1. A Winsorized measure result is obtained by creating a continuous rank distribution of all eligible Hospitals' measure values, and truncating the outliers to determine the relative position of where each measure value falls in the distribution. This Winsorization process is performed separately for the PSI-90 composite measure and for each of SIR output value for the HAI measures.
 - i. If *the Hospital's measure value* falls between the minimum and the 5th percentile, then *the Hospital's Winsorized measure result* is equal to the measure value that corresponds to the 5th percentile.
 - ii. If the Hospital's measure value falls between the 95th percentile and the maximum, then *the Hospital's Winsorized measure result* is equal to the measure value that corresponds to the 95th percentile.
 - iii. If the Hospital's measure value falls between the 5th and 95th percentiles, then *the Hospital's Winsorized measure result* is equal to the Hospital's measure value.
2. A Winsor Z-score will be calculated for each Hospital for each measure; it is the difference between a Hospital's Winsorized measure result from #1 above and the mean of the Winsorized measure results across all eligible hospitals, which difference is divided by the standard deviation of the Winsorized measure results from all eligible Hospitals' data.
3. The Hospital's **Overall Safety Outcomes Measure score** is calculated as the equally weighted average of the PSI-90 composite measure z-score and each HAI measure that has a z-score, using the methods described below.
 - i. Equal Measure Weights Method. The assigned weights that will apply to each safety measure z-score under the equal measure weights method are shown in the table that follows:

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Safety Outcome Equal Measure Weights

Number of HAI measures with a z-score	Weight applied to PSI-90	Weight applied to each HAI measure
0 (zero)	100.0	Not applicable
1	50.0	50.0
2	33.3	33.3
3	25.0	25.0
4	20.0	20.0
5	16.7	16.7
Any number (1 through 5)	Not applicable; no PSI-90 z-score	100.0 equally divided

As shown in this table, the equal measure weights method assigns the same weight to the PSI-90 and to each of the five HAI measures for which the Hospital has a z-score. Following are examples. If the Hospital has a z-score for PSI-90 and for only one HAI measure, then the weight of 50 would be assigned to each measure z-score. If the Hospital has a z-score for PSI-90 and for three HAI measures, then the weight of 25 would be assigned to each measure z-score. If a Hospital has no PSI-90 z-score and one or more HAI measure z-scores, then the weight of 100 is equally divided among the HAI measure z-scores. If the Hospital has only one PSI-90 z-score and no HAI measure z-score, then a weight of 100 is given to the PSI-90 measure z-score. If the Hospital has no z-scores for any of the safety outcome measures listed in **Table K-3**, then it will not receive a safety outcome measure overall z-score.

- ii. Safety Outcomes Measure Category Overall z-score: The Hospital's Safety Outcome Measure Category overall z-score (Z) is calculated as the equally weighted average of all measure z-scores, as indicated by the following formula:

$$(PSI90\ z\ score + \sum_{i=1}^{Number\ of\ HAI} HAI\ z\ Score_i) / (Number\ of\ HAI + Number\ of\ PSI\ 90)$$

The overall z-score is calculated as the sum of the PSI-90 z-score and each of the HAI z-scores, divided by the number of all available HAI z-scores plus PSI-90 z-scores. The overall z-score is rounded to six decimal places.

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(B) Setting Performance Thresholds

The Hospital's Overall Safety Outcomes Measure score will be assessed using the methods described below.

1. *Interquartile Rank Method.* Performance will be assessed using a method that determines the Hospital's rank with respect to its Overall Safety Outcomes Measure score, relative to other Hospitals, and divides the ranked results into four approximately equal quartile groups. The Hospitals' Overall Safety Outcomes Measure scores are rounded to six decimal places and ranked highest (worse) to lowest (best) in performance.
2. *Minimum Attainment Threshold.* The minimum attainment threshold represents the minimum level of performance that must be attained to earn incentive payments. To meet the minimum attainment threshold, the Hospital's overall Safety Outcomes Measure Category z-score must be above the upper boundary of the 1st quartile (i.e., fall into the 2nd, 3rd, or 4th quartile).
3. *Conversion Factor.* Each quartile group is assigned a conversion factor as shown in the table below:

Quartile Group Thresholds

Quartile Group Threshold	Conversion Factor
4th Quartile (Lower z-scores)	1.0
3rd Quartile	.75
2nd Quartile (Minimum attainment threshold)	.50
1st Quartile (Higher z-scores)	(zero)

All Overall Safety Outcome Measure scores that fall within the same quartile group are assigned the same conversion factor.

(C) Total Performance Score for Safety Outcomes Measure (PSI-90 and HAI).

A Hospital's Total Performance Score for the Safety Outcomes Measure (PSI-90 and HAI) P4P Category is the assigned conversion factor as shown in the Quartile Group Thresholds table, above, multiplied by 100%.

d. Patient Experience and Engagement Measure (HCAHPS)

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EOHHS will obtain the Hospitals' archived HCAHPS measure "top box" results corresponding to the relevant periods directly from the CMS Hospital Compare Website for each of the seven survey dimensions in the Patient Engagement and Experience Measure (HCAHPS) category. The "top box" results reflect the percentage of a Hospital's patients who chose the most positive (top box) response to a survey item, as adjusted and calculated by CMS. If CMS was not able to calculate results for a Hospital due to insufficient volume of completed surveys, the Hospital will not receive performance scores or incentive payments for this P4P Category.

The **Total Performance Score** for the Patient Experience and Engagement (HCAHPS) Measure P4P Category is a percentage of **quality points** awarded out of the total possible points for the P4P Category, based on the following formula:

$$(\text{Total Awarded Quality Points} / \text{Total Possible Points}) \times 100\% = \text{Total Performance Score.}$$

The quality points awarded for each survey dimension in the HCAHPS measure is the higher of the **attainment** or the **improvement points** earned for that dimension. The quality points awarded for the seven survey dimensions, as applicable, are then summed together to determine the total awarded quality points for the P4P Category.

Quality points are awarded for the seven survey dimensions based on each Hospital's performance during the Comparison Year Period relative to the attainment threshold (the median performance of all Hospitals in the Prior Year Period) and the benchmark (the mean of the top decile of all Hospitals in the Prior Year Period).

The **Comparison Year Period** and the **Prior Year Period** are as follows:

	Comparison Year Period	Prior Year Period
Patient Experience and Engagement (HCAHPS) Measure	CY 2018	CY 2017

All attainment and improvement points earned on each survey dimension will be calculated using the same formulas for calculating attainment points and improvement points as described in **Sections III.K.2.c.iii.a.i** and **III.K.2.c.iii.a.ii**. For these calculations, the "Baseline Measurement Period" refers instead to the "Prior Year Period" referenced above.

Attainment and benchmark performance thresholds on the HCAHPS survey dimensions are calculated using HCAHPS state-level data obtained from the CMS Hospital Compare website corresponding to the Prior Year Period for this measure.

Attainment and improvement points cannot be calculated and, if applicable, awarded to a Hospital unless it has previously established a baseline rate for each survey dimension,

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based on evidence from data files downloaded by EOHHS from the CMS Hospital Compare website.