

## **Table of Contents**

**State/Territory Name: MA**

**State Plan Amendment (SPA) #: 24-0046**

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



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**Financial Management Group**

August 18, 2025

Mike Levine, Assistant Secretary  
Executive Office of Health and Human Services  
One Ashburton Place  
Room 1109  
Boston, MA 02108

RE: Massachusetts 24-0046

Dear Assistant Secretary Levine:

The Centers for Medicare & Medicaid Services (CMS) has reviewed the proposed Massachusetts state plan amendment (SPA) to Attachment 4.19-A MA 24-0046, which was submitted to CMS on December 30, 2024. This plan amendment updates reimbursement for inpatient psychiatric and substance abuse treatment hospital services for rate year 2025.

We reviewed your SPA submission for compliance with statutory requirements, including in sections 1902(a)(2), 1902(a)(13), 1902(a)(30), and 1903 as it relates to the identification of an adequate source for the non-federal share of expenditures under the plan, as required by 1902(a)(2), and 1923 of the Social Security Act and the applicable implementing Federal regulations.

Based upon the information provided by the state, we have approved the amendment with an effective date of October 1, 2024. We are enclosing the approved CMS-179 and a copy of the new state plan pages.

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

Sincerely,



Rory Howe  
Director  
Financial Management Group

Enclosures

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL  
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER

2 4 — 0 0 4 6

2. STATE

M A3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL  
SECURITY ACTTO: CENTER DIRECTOR  
CENTERS FOR MEDICAID & CHIP SERVICES  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

10/01/2024

5. FEDERAL STATUTE/REGULATION CITATION

42 USC 1396a(a)(13); 42 CFR Part 447; 42 CFR 440.10

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY 25 \$ 13,387,000b. FFY 26 \$ 13,387,000

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19-A(2b) pp. 1-6vi

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  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

Attachment 4.19-A(2b) pp. 1-6v

9. SUBJECT OF AMENDMENT

An amendment to update the payment methodologies for privately-owned psychiatric hospitals and substance abuse treatment hospitals

10. 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)

11. SIGNATURE OF STATE AGENCY OFFICIAL

12. TYPED NAME

Mike Levine

13. TITLE

Assistant Secretary for MassHealth

14. DATE SUBMITTED

12/31/2024

15. RETURN TO

Commonwealth of Massachusetts  
Executive Office of Health and Human Services  
Office of Medicaid  
One Ashburton Place, Room 1109  
Boston, MA 02108**FOR CMS USE ONLY**

16. DATE RECEIVED

12/30/2024

17. DATE APPROVED

August 18, 2025

**PLAN APPROVED - ONE COPY ATTACHED**

18. EFFECTIVE DATE OF APPROVED MATERIAL

10/01/2024

19. SIGNATURE OF APPROVING OFFICIAL

20. TYPED NAME OF APPROVING OFFICIAL

Rory Howe

21. TITLE OF APPROVING OFFICIAL

Financial Management Group, Director

22. REMARKS

**State Plan under Title XIX of the Social Security Act**  
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**I. General Description of Payment Methodology**

The following sections describe the methods and standards utilized by the Executive Office of Health and Human Services (EOHHS), pursuant to the provisions of M.G.L. c. 118E, §13A, to establish the rates and terms of payment by contract for dates of service effective October 1, 2024 for services rendered by Privately-Owned Psychiatric hospitals and for dates of service effective October 1, 2024 for services rendered by Substance Abuse Treatment Hospitals to patients entitled to medical assistance under M.G.L. c. 118E, §1 et seq. These rates of payment do not apply to Members who are enrolled in MassHealth MCEs.

- (1) EOHHS payment for inpatient services for psychiatric hospitals:
  - (a) EOHHS established a statewide inpatient per diem rate for all participating psychiatric hospitals, covering both routine and ancillary services provided to inpatients. This rate will be paid in addition to the per inpatient admission rate but not paid if the psychiatric hospital receives a specialty inpatient per diem rate.
  - (b) EOHHS established a specialty inpatient per diem rate for qualifying participating psychiatric hospitals, covering both routine and ancillary services for children and adolescents under 21 with neurodevelopmental disorders. This rate will be paid in addition to the per inpatient admission rate. This rate will not be paid in addition to the statewide inpatient per diem rate or other specialty inpatient per diem rate.
  - (c) EOHHS established a specialty inpatient per diem rate for qualifying participating psychiatric hospitals, covering both routine and ancillary services for treatment of eating disorders. This rate will be paid in addition to the per inpatient admission rate. This rate will not be paid in addition to the statewide inpatient per diem rate or other specialty inpatient per diem rate.
  - (d) EOHHS established a per inpatient admission rate for all participating psychiatric hospitals, determined by certain criteria met upon member admission, paid in addition to the inpatient per diem rate. This rate will be paid in addition to the statewide inpatient per diem rate or specialty inpatient per diem rate.
- (2) EOHHS established an all-inclusive Administratively Necessary Day per diem Rate (AND Rate) for psychiatric hospitals for each Administratively Necessary Day. The AND Rate is an all-inclusive daily rate paid for each Administratively Necessary Day.

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- (3) EOHHS established a clinical quality incentive payment for all eligible psychiatric hospitals based on attainment and improvement of benchmarks.
- (4) EOHHS established an inpatient psychiatric supplemental payment for all eligible psychiatric hospitals based on hospital-specific admission claims data compared to aggregate admissions claims data.
- (5) EOHHS established a comprehensive statewide inpatient per diem rate for all participating substance abuse treatment hospitals covering both routine and ancillary services provided to inpatients.
- (6) EOHHS established a clinical quality incentive payment for all eligible substance abuse treatment hospitals based on attainment and improvement of benchmarks.

## **II. Definitions**

**Administratively Necessary Day (AND) (Administrative Day):** A day of inpatient hospitalization on which a Member's care needs can be met in a less-intensive setting than a Psychiatric Hospital, and on which the Member is clinically ready for discharge to a lower level of care, but an appropriate institutional or non-institutional setting is not readily available.

**Administratively Necessary Day Per Diem Rate (AND Rate):** An all-inclusive daily rate of payment paid to hospitals for Administratively Necessary Days.

**Behavioral Health (BH) Contractor:** An entity with which EOHHS contracts to provide, arrange for and coordinate behavioral health services to enrolled Members on a capitated basis.

**Center For Health Information and Analysis (CHIA):** an agency of the Commonwealth of Massachusetts established under M.G.L. c.12C.

**Clinical Quality Incentive Payments:** payments to any and all qualifying Inpatient Psychiatric Hospitals or Substance Abuse Treatment Hospitals for benchmark attainment and improvement utilizing performance measures.

**Department of Mental Health (DMH):** An agency of the Commonwealth of Massachusetts established under M.G.L. c. 19, §1 et seq.

**DMH-Licensed Bed:** – a bed in a hospital that is located in a unit licensed by the Department of Mental Health (DMH), pursuant to 104 CMR 27.00 et seq.

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**Department of Public Health (DPH):** An agency of the Commonwealth of Massachusetts established under M.G.L. c. 17, §1.

**Expedited Psychiatric Inpatient Admission (EPIA):** the escalation protocol for securing appropriate placement for individuals awaiting psychiatric inpatient placement longer than 24-hours.

**Inpatient Psychiatric Supplemental Payment:** a payment type calculated based on inpatient psychiatric admissions claims data. To qualify for the Inpatient Psychiatric Supplemental Payment, a hospital must operate an inpatient site providing inpatient services licensed by DMH as of October 1, 2024.

**Long Acting Injectable (LAI) Antipsychotics:** Antipsychotic medications that are administered through intramuscular injection and provide medication coverage for a period of weeks to months. LAI antipsychotics does not refer to the administration itself. The EOHHS-designated LAIs are identified on the Long-Acting Injectable Antipsychotic Medications Administered in Inpatient Psychiatry Units maintained on the MassHealth Drug List (MHDL).

**Managed Care Organization (MCO):** An entity with which EOHHS contracts to provide Primary Care and certain other medical services, including behavioral health services, to Members on a capitated basis and which meets the definition of an MCO as set forth in 42 CFR Part 438.2. In addition, MCOs include Accountable Care Partnership Plans, One Care plans and Senior Care Organizations (SCOs).

**Managed Care Entity (MCE):** A MCO or the behavioral health contractor which provides or arranges services for enrolled Members under a MassHealth contract.

**MassHealth (also Medicaid):** The Medical Assistance Program administered by EOHHS to furnish and pay for medical services pursuant to M.G.L. c. 118E and Titles XIX and XXI of the Social Security Act, and any approved waivers of such provisions.

**Member:** A person determined by EOHHS to be eligible for medical assistance under the Medicaid Program.

**Per Inpatient Admission Rate:** a rate paid to a Privately-Owned Psychiatric Hospital per inpatient admission based on criteria met upon member admission. The Per Inpatient Admission Rate is paid in addition to the Inpatient Per Diem Rate.

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**Program For All Inclusive Care for the Elderly (PACE):** PACE provides a complete package of acute and long-term care services to eligible frail elders, as described under Section 1934 of the Social Security Act and federal PACE regulations at 42 CFR 460.

**Psychiatric Inpatient Hospital (Psychiatric Hospital):** A hospital licensed by DMH pursuant to M.G.L. c. 19, § 19.

**Specialty Inpatient Per Diem Rate:** A daily rate of payment for certain specialty Inpatient Psychiatric Services for treatment of eating disorders or for children/adolescents under 21 with neurodevelopmental disorders provided to a Member by a Privately-Owned Psychiatric Hospital. The applicable Specialty Inpatient Per Diem Rate is paid instead of the Inpatient Per Diem Rate and in addition to the Per Inpatient Admission Rate.

**Statewide Inpatient Per Diem Rate:** A daily rate of payment for any and all routine and ancillary Inpatient Psychiatric Services, excluding Specialty Inpatient Per Diem Rates, provided to a Member by a Privately-Owned Psychiatric Hospital or Substance Abuse Treatment Hospital. In the case of Privately-Owned Psychiatric Hospitals, the Inpatient Per Diem Rate is paid in addition to the Per Inpatient Admission Rate.

**Substance Abuse Treatment Hospital Services:** A hospital licensed by DPH, pursuant to 105 CMR 130.00 and 105 CMR 164.000, which govern the licensure or approval and operation of every substance abuse treatment program subject to licensure or approval under M.G.L. c. 111B, §§6,6A; M.G.L.c.111E §7; M.G.L. c 111, §§51-56. Substance abuse hospitals provide short-term, twenty-four hour per day medical treatment for substance withdrawal, individual medical assessment, evaluation, intervention, substance abuse counseling and post-detoxification referrals provided by an inpatient unit licensed as an acute inpatient substance abuse treatment service by DPH.

### **III. Payment Methodology**

#### **A. Privately-Owned Psychiatric Hospitals**

##### **Payment for Inpatient Services**

- (1) The Statewide Inpatient Per Diem Rate is a daily rate for all participating psychiatric hospitals, covering both routine and ancillary services provided to inpatients, paid in addition to the Per Inpatient Admission Rate. The Statewide Inpatient Per Diem Rate is not paid in addition to any applicable Specialty Inpatient Per Diem Rate. The Statewide Inpatient Per Diem Rate is calculated using the following factors:

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- (a) Base Year Costs. Base year costs are equivalent to the total Patient Service Expense Including Capital appearing on the FY 2018 Massachusetts Hospital Cost Reports. Per diem rates for each hospital were calculated by dividing each hospital's base year costs by the hospital's total base year bed days. The base year cost component of the statewide inpatient per diem rate for all hospitals was calculated by taking the average of all individual hospital's calculated per diem rate.
  - (b) Inflation Adjustment to Base Year Costs. The average base year cost is further adjusted to account for inflation from the base year. An inflationary adjustment to base year costs of 6.934% was sourced from 2018-2021 inflationary adjustment factors provided by the Center for Health Information and Analysis (CHIA) which reflects a blended psychiatric and acute hospital inflationary adjustment factor.
  - (c) Other Adjustments to Base Year Costs. The inflation adjusted base year costs are further adjusted to account for additional hospital costs related to programmatic requirements of Inpatient Psychiatric Hospitals, including core clinical competencies related to substance use disorders, medical comorbidities, and severe behavioral presentation. These other adjustments account for an additional 0.21% increase over inflation adjusted base year costs.
  - (d) The resulting Statewide Inpatient Per Diem rate for privately owned psychiatric hospitals in effect as of October 1, 2021, is \$954.59.
- (2) The Specialty Inpatient Rate for Children and Adolescents Under 21 with Neurodevelopmental Disorders covers routine and ancillary inpatient psychiatric services provided to children/adolescents under 21 with neurodevelopmental disorders, paid in addition to the Per Inpatient Admission Rate. The Specialty Inpatient Per Diem Rate is not paid in addition to any other applicable Specialty Inpatient Per Diem Rate or Statewide Inpatient Per Diem Rate. The Specialty Inpatient Rate for Children and Adolescents Under 21 with Neurodevelopmental Disorders is calculated using the following factors:
- (a) Base Year Costs. Base year costs are calculated using CY2022 and CY2023 provider submitted data on costs of specialty services. Base year costs are equivalent to the total patient service expense for providing the core clinical competencies required to provide specialty inpatient psychiatric services for children and adolescents under 21 with neurodevelopmental disorders.



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- (b) Salary Adjustment to Base Year Costs. The average base year rate is further updated to account for salary costs using May 2021 Bureau of Labor Statistics (BLS) State Occupational Employment and Wage Estimates for Massachusetts Wage Data.
  - (c) Inflation Adjustment to BLS Salaries. The salary adjustment base year costs are further adjusted to account for inflation. A 5.4% inflationary adjustment factor to salary costs was calculated using the Medicare Economic Index (MEI), sourced from the HIS Global Inc. 2021Q3 forecast. A per diem rate was calculated by dividing total costs for a model specialty inpatient psychiatric services unit by projected annual bed days.
  - (d) The resulting specialty inpatient per diem rate for inpatient psychiatric services for children and adolescents under 21 with neurodevelopmental disorders, in effect as of October 1, 2023, is \$1,936.21.
- (3) The Specialty Inpatient Rate for Eating Disorders covers routine and ancillary inpatient psychiatric services for treatment of eating disorders, paid in addition to the Per Inpatient Admission Rate. The Specialty Inpatient Per Diem Rate is not paid in addition to any other applicable Specialty Inpatient Per Diem Rate or Statewide Inpatient Per Diem Rate. The Specialty Inpatient Rate for Eating Disorders is calculated using the following factors:
- (a) Base Year Costs. Base year costs are calculated using CY2023 provider submitted data on costs of specialty services. Base year costs are equivalent to the total patient service expense for providing the core clinical competencies required to provide specialty inpatient psychiatric services for treatment of eating disorders.
  - (b) Salary Adjustment to Base Year Costs. The average base year rate is further updated to account for salary costs using May 2021 Bureau of Labor Statistics (BLS) State Occupational Employment and Wage Estimates for Massachusetts Wage Data.
  - (c) Inflation Adjustment to BLS Salaries. The salary adjustment base year costs are further adjusted to account for inflation. A 5.4% inflationary adjustment factor to salary costs was calculated using the Medicare Economic Index (MEI), sourced from the HIS Global Inc. 2021Q3 forecast. A per diem rate was calculated by dividing total costs for a model specialty inpatient psychiatric services unit by projected annual bed days.

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- (d) The resulting specialty inpatient per diem rate for inpatient psychiatric services for treatment of eating disorders, in effect as of October 1, 2023, is \$1,500.
- (4) The Per Inpatient Admission Rate is a per inpatient admission rate for all participating psychiatric hospitals, determined by certain criteria for member admissions, paid in addition to any Statewide or Specialty Inpatient Per Diem Rate. The Per Inpatient Admission Rate is calculated using the following factors:
- (a) **Baseline Admission Value:** The baseline admission value is determined by multiplying the average length of stay for inpatient admissions by the statewide psychiatric inpatient per diem, resulting in a baseline admission value of \$7,664.80.
  - (b) **Per Inpatient Admission Rate Criteria:** Both weekday and weekend per inpatient admission rates utilize the same eligibility criteria. The Category 1 per inpatient admission rate will apply in instances where the member does not meet the criteria for either the Category 2 or Category 3 per inpatient admission rates. The Category 2 per inpatient admission rate will apply when the admission does not meet the criteria for the Category 3 per inpatient admission rate, and the admission meets at least one of the following: 1) the member is aged at 14 to 17 years old (inclusive); 2) the member has a diagnosis of Autism Spectrum Disorder and Intellectual Disability Disorder; 3) the member is homeless or housing unstable; or 4) the member has a diagnosis of Eating Disorder. The Category 3 per inpatient admission rate will apply when the admission meets at least one of the following: 1) the member is 13 years or younger; 2) the member is 65 years or older; or 3) the member is affiliated with another Massachusetts human services agency.
  - (c) **Weekday Per Inpatient Admission Rates:** Weekday inpatient admission rates apply to member admissions occurring Monday through Friday. The Category 1 weekday per inpatient admission rate is established as 4.57% percent of the baseline admission value, resulting in a rate of \$350. The Category 2 weekday per inpatient admission rate is established as 19.57% of the baseline admission value added to the Category 1 inpatient admission rate, resulting in a rate of \$1,850. The Category 3 weekday per inpatient admission rate is established as 34.25% of the baseline admission value added to the Category 1 inpatient admission rate, resulting in a rate of \$2,975. The resulting weekday per inpatient admission rates are in effect as of October 1, 2022.

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- (d) Weekend Per Inpatient Admission Rates: Weekend inpatient admission rates apply to member admissions occurring on Saturday or Sunday. The rates for the Category 1, Category 2, and Category 3 weekend per admission inpatient rates are the sum of the respective Category 1, Category 2, and Category 3 weekday per admission inpatient rates, plus 8.48% of the baseline admission value. This results in a Category 1 weekend per admission inpatient rate \$1,000, a Category 2 weekend per admission inpatient rate of \$2500, and a Category 3 weekend per admission inpatient rate of \$3,625. The resulting weekend per inpatient admission rates are in effect as of October 1, 2022.

Administratively Necessary Day

- (5) A hospital will be paid for administratively necessary days (AND) using an administratively necessary day per diem rate (AND Rate). For the period beginning October 1, 2020, the base per diem payment is \$705.83.

Clinical Quality Incentive Program Payment

- (6) Psychiatric hospitals qualify for clinical quality-based incentive payments. Such payments will be determined using the following factors:
- (a.). Benchmarks. Benchmarks for psychiatric hospitals are calculated using Centers for Medicare & Medicaid Services (CMS) 2020 Inpatient Psychiatric Facility Quality Reporting (IPFQR) data and historical hospital performance for Medicaid recipients to establish a threshold benchmark, a goal benchmark, and an improvement benchmark calculation.
- (b). Achievement. Performance achievement will be determined by the individual psychiatric hospital's performance on each of five performance measures compared to benchmarks using chart-abstracted or claims-extracted data. The performance measures align with CMS IPFQR program and are as follows:
- i. Transition Record Received by Discharged Patients (TR-1)
  - ii. Screening for Metabolic Disorders (SMD)
  - iii. Follow-up After Psychiatric Hospitalization (FAPH 7 and FAPH 30)
  - iv. Medication Continuation Following Inpatient Psychiatric Discharge (MedCont)
  - v. Unplanned Readmission Following Psychiatric Hospitalization in an Inpatient Psychiatric Facility (IPF Readmission)

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(c) Performance Measurement. Performance for psychiatric hospitals is measured by comparing the psychiatric hospital's achievement to the benchmarks for the IPFQR measures as follows:

- i. Attainment Target. Attainment points (maximum 9) will be awarded for performance achievement of at least the threshold benchmark and less than the goal benchmark on a performance measure. The threshold benchmark attainment points awarded will be proportional to performance achievement. Attainment points (10) will be awarded for performance achievement above the goal benchmark on a performance measure. The maximum number of attainment points available to a psychiatric hospital is 50.
- ii. Improvement Target. Improvement points (5) will be awarded for performance achievement demonstrating improvement relative to the improvement threshold for each performance measure. The maximum number of improvement points available to a psychiatric hospital is 25. Improvement points may be awarded whether or not the psychiatric hospital attains the threshold or goal benchmarks.

(d) Quality Scoring. The quality score will be determined by adding the number of points awarded to the psychiatric hospital for attainment and improvement, divided by the maximum number of attainment points (50 points). The resulting quality score represents a ratio value between 0 and 1.00 (inclusive of 0 and 1.00). In cases where the quality score is calculated and yields a score greater than 1.00, the quality score value is capped at 1.00.

(e) Payment. The maximum amount of payment will be determined by dividing the of inpatient hospital beds occupied each day by MassHealth members at a psychiatric hospital by the cumulative number of inpatient beds occupied each day by members across all qualifying psychiatric hospitals. The resulting percentage will be multiplied by \$3,875,000 to determine each hospital's maximum eligible payment incentive. Each hospital's maximum eligible payment incentive amount will then be multiplied by the psychiatric hospital's overall quality score (0-1.00) to determine the actual amount of payment.

Long Acting Injectable (LAI) Antipsychotics

- (7). Payment. MassHealth will pay privately owned psychiatric hospitals for long-acting injectable (LAI) antipsychotics administered to MassHealth Members in an inpatient psychiatry unit following admission where such LAIs have been identified as an approved Long-Acting Injectable Antipsychotic Administered in Inpatient Psychiatry Units maintained on the MHDL. Administration of such LAIs shall be reimbursable outside of the applicable per diem rates. Hospitals will

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be reimbursed for LAI Antipsychotics in accordance with Section 8.d of Attachment 4.19-B of the State Plan.

- (8) Psychiatric Hospitals may qualify for inpatient psychiatric admissions supplemental payments during RY25. These supplemental payments will be determined using the following methodology.
- (a) Eligibility. Eligibility to receive a supplemental payment is based on the hospital operating at least one inpatient site providing inpatient services and maintaining a DMH license as of October 1, 2024.
  - (b) Claim Period. The 12 months from July 1, 2023 through June 30, 2024.
  - (c) Aggregate Psychiatric Admissions. Paid claims for all MassHealth members for the claim period as of January 1, 2025, across the eligible hospitals for inpatient psychiatric admissions, including applicable subsets of such claims, adjusted for hospitals with bed increases or enrollment during the claim period.
  - (d) Hospital-Specific Psychiatric Admissions. The hospital's total number of paid claims for all MassHealth members for the claim period as of January 1, 2025, for inpatient psychiatric admissions, including applicable subsets of such claims, as adjusted if the hospital had bed increases or enrolled during the claim period.
  - (e) Payment Methodology. Supplemental payments to privately owned psychiatric hospitals will equal \$25 million for RY25 distributed across the eligible hospitals according to calculation by EOHHS, based on the percentage of hospital-specific psychiatric admissions compared to aggregate psychiatric admissions for the applicable subsets: inpatient psychiatric admissions, inpatient psychiatric admissions with certain secondary diagnosis, and inpatient psychiatric admissions of members admitted following the expedited psychiatric inpatient admission protocol. MassHealth anticipates making payments in Q1 2025.

**B. Substance Abuse Treatment Hospitals**

Determination of Inpatient per Diem Rates

- (1) The inpatient per diem rate is an all-inclusive daily rate paid for any and all inpatient care and services provided by a substance abuse treatment hospital to eligible Medicaid recipients. The per diem rate covers all treatment components such as room and board, routine nursing and hospital-based physician services,

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- (2) medications, initial substance abuse and psychiatric assessments, individual, family and group inpatient therapy services, radiology, ancillary services, overhead, and other services as is the customary practice among similar providers. The inpatient per diem rate is calculated as follows:
- (a) Base Year Costs. Base year costs are equivalent to the total Patient Service Expense Including Capital appearing on the FY 2019 Massachusetts Hospital Cost reports. Per diem rates for each hospital were calculated by dividing each hospital's base year costs by the hospital's total base year bed days.
  - (b) Inflation Adjustment to Base Year Costs. The average base year cost is further adjusted to account for inflation from the base year. An inflationary adjustment factor of 14.627% for the period of 2019-2023 was sourced from 2016-based Inpatient Psychiatric Facilities Index provided by CMS, and a mid-point methodology was utilized.
  - (c) The resulting inpatient per diem rate for substance abuse treatment hospitals in effect as of November 1, 2022 is \$908.35.

Clinical Quality Incentive Payment

- (3) Substance abuse treatment hospitals may qualify for clinical quality-based incentive payments.
- (a) Benchmarks. Benchmarks for substance abuse treatment hospitals are calculated using claims-extracted data Northeast Regional HEDIS data for Medicaid recipients and 2022 historic hospital performance to establish a threshold benchmark, a goal benchmark, and an improvement benchmark calculation.
  - (b) Achievement. Performance achievement will be determined by the individual substance abuse treatment hospital's performance on each of the two measures as compared to benchmarks established using claims-extracted data. The performance measures are: Follow-up After High-Intensity Care for Substance Use Disorder (FUI 7 and FUI 30) and 30-Day Readmission Rate to the Same Level of Care or Higher Following Index Service Event to Inpatient Withdrawal Management (ASAM 4.0) or Acute Treatment services (ASAM 3.7) Services for Members with SUD Diagnosis (30-Day SUD Readmission).
  - (c) Performance Measurement. Performance for substance abuse treatment hospitals is measured by comparing the substance abuse treatment hospital's achievement to the benchmarks for the measure as follows:
    - i. Attainment Target. Attainment points (maximum 9) will be awarded for performance achievement of at least the threshold benchmark and less than the goal benchmark on a performance measure. The threshold benchmark attainment points awarded will be proportional to performance achievement. Attainment points (10) will be awarded for

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- performance achievement above the goal benchmark on a performance measure. The maximum number of attainment points available to a substance abuse treatment hospital for RY24 is 20.
- ii. Improvement Target: Improvement points (5) will be awarded for performance achievement demonstrating improvement relative to the improvement threshold for each performance measure. The maximum number of improvement points available to a substance abuse treatment hospital for RY24 is 10. Improvement points may be awarded whether or not the substance abuse treatment hospital attains the threshold or goal benchmarks.
- (d). Quality Scoring. The quality score will be determined by adding the number of points awarded to the substance abuse treatment hospital for attainment and improvement, divided by the maximum number of attainment points (20 points). The resulting quality score represents a ratio value between 0 and 1.00 (inclusive of 0 and 1.00). In cases where the quality score is calculated and yields a score greater than 1.00, the quality score value is capped at 1.00.
- (e). Payment. The maximum amount of payment will be determined by multiplying the substance abuse treatment hospital's overall quality score (0-1.00) by \$125,000 to determine the actual amount of payment.