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State/Territory Name: MA

State Plan Amendment (SPA) #: 25-0026

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

May 22, 2026

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

RE: Massachusetts 25-0026

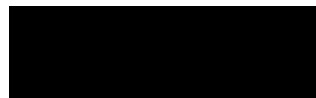
Dear Secretary Levine:

The Centers for Medicare & Medicaid Services (CMS) has reviewed the proposed Massachusetts state plan amendment (SPA) to Attachment 4.19-A(1) MA 25-0026, which was submitted to CMS on September 30, 2025. This plan amendment implements new and increases existing acute inpatient hospital supplemental payments for a total amount of \$85 million for privately-owned acute inpatient hospitals.

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 July 7, 2025. 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.



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 5 — 0 0 2 6

2. STATE
MA

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT

TO: CENTER DIRECTOR
CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
07 /07 /2025

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 \$ 50,176,000
b. FFY 26 \$ 0

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19-A(1) pp. 49-53

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)

Attachment 4.19-A(1) pp. 49-53

9. SUBJECT OF AMENDMENT

An amendment to the payment methodologies for acute inpatient hospitals

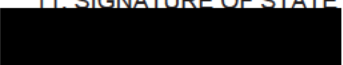
10. GOVERNOR'S REVIEW (Check One)

GOVERNOR'S OFFICE REPORTED NO COMMENT

COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

OTHER, AS SPECIFIED:

11. SIGNATURE OF STATE AGENCY OFFICIAL


12. TYPED NAME
Mike Levine

13. TITLE
Undersecretary for MassHealth

14. DATE SUBMITTED
09/30/2025

15. RETURN TO

Commonwealth of Massachusetts
Executive Office of Health and Human Services
Office of Medicaid
One Ashburton Place, 10th Floor
Boston, MA 02108

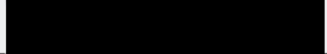
FOR CMS USE ONLY

16. DATE RECEIVED
September 30, 2025

17. DATE APPROVED

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
July 7, 2025

19. SIGNATURE OF APPROVING OFFICIAL


20. TYPED NAME OF APPROVING OFFICIAL
Rory Howe

21. TITLE OF APPROVING OFFICIAL
Director, Financial Management Group

22. REMARKS
Pen and ink changes in box #6 from state 3/16/2026

State Plan under Title XIX of the Social Security Act
State: Massachusetts
Methods Used to Determine Rates of Payment for Acute Inpatient Hospital Services

- i. A non-profit teaching acute hospital that provides medical, surgical, emergency and obstetrical services and is affiliated with a Commonwealth-owned medical school, as determined by EOHHS,
- ii. A Freestanding Pediatric Acute Hospital, as such term is defined in Section II, above,
- iii. A freestanding cancer hospital enrolled with MassHealth as an acute inpatient hospital as of October 1, 2025,
- iv. The acute hospital that had the lowest statewide commercial relative price in fiscal year 2019, or
- v. The independent hospital listed as a Group 1 Safety Net Hospital in Appendix N of the Massachusetts 1115 Demonstration that had the largest percentile of operating loss in FY2022 as reported by CHIA.

b. Methodology

Subject to compliance with all applicable federal rules and payment limits, including hospital-specific upper payment and cost limits, EOHHS will make the targeted hospital supplemental payments described in this **Section III.J.13**, to account for eligible hospitals' costs associated with Medicaid fee-for-service inpatient services. These payments are necessary to ensure ongoing provision of services to Medicaid members in a manner consistent with efficiency, economy, and quality of care as follows:

- i. Effective October 1, 2024, for hospitals eligible for targeted hospital supplemental payments under **Section III.J.13.a.i**, EOHHS shall make a total aggregate payment of \$10,000,000 by September 20, 2026.
- ii. Effective October 1, 2024, for hospitals eligible for targeted hospital supplemental payments under **Section III.J.13.a.ii**, EOHHS shall make a total aggregate payment of \$22,500,000 to the hospital with the largest volume of inpatient discharges in fiscal year 2019, as determined by EOHHS using Massachusetts hospital cost report data by September 30, 2026.
- iii. Effective July 7, 2025, for hospitals eligible for targeted hospital supplemental payments under **Section III.J.13.a.iii**, EOHHS shall make a total aggregate payment of \$10,000,000 by September 30, 2026.
- iv. Effective October 1, 2024, for hospitals eligible for targeted hospital supplemental payments under **Section III.J.13.a.iv**, EOHHS shall make a total aggregate payment of \$11,000,000 by September 30, 2026.
- v. Effective July 7, 2025, for hospitals eligible for targeted hospital supplemental payments under **Section III.J.13.a.v**, EOHHS shall make a total aggregate payment of \$20,000,000 by September 30, 2026.

14. High Medicaid Volume Safety Net Continuity of Access Supplemental Payment

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a. Eligibility

In order to qualify for this payment, a hospital must be a High Medicaid Volume Safety Net Hospital, as defined in **Section II**, must be part of a hospital system that is the purchaser of another hospital that is a debtor in the voluntary cases commenced on May 6, 2024, in the United States Bankruptcy Court for the Southern District of Texas under case Number 24-90213, and must enter into a separate payment agreement with EOHHS relating to this High Medicaid Volume Safety Net Hospital Continuation of Access Supplemental Payment.

b. Methodology

Effective September 30, 2025, and subject to compliance with all applicable federal rules and payment limits, including 42 CFR 447.271, EOHHS will make a supplemental payment by September 30, 2026, to qualifying hospitals to ensure continuous access to services. The payment amount for RY25 is \$45,000,000, an amount necessary to maintain continuity of access to acute hospital Medicaid services in a manner consistent with efficiency, economy, and quality of care.

15. Supplemental Payment for Continuity of Access of High Public Payer Acute Hospitals

Subject to compliance with all applicable federal rules and payment limits, hospitals will receive a Supplemental Payment for the Continuity of Access of High Public Payer Acute Hospitals, in accordance with the following chart. The payment amounts listed in the chart are necessary to ensure the continuation of access to essential acute hospital services in the communities served by each hospital in a manner consistent with efficiency, economy, and quality of care. Each payment in the chart shall be paid as a single lump sum and only the single hospital, each of which is a high public payer hospital with a public payer mix above 70% for the most recent fiscal year available as reported by CHIA, listed as eligible for each payment shall receive the payment.

Eligible Hospital	RY25 New Supplemental Payments Effective October 1, 2024	RY25 New Supplemental Payment Effective March 28, 2025, paid by December 31, 2025	RY25 New Supplemental Payments Effective July 7, 2025, paid by September 30, 2026
Morton Hospital	\$10,000,000	N/A	\$10,000,000
Holy Family Hospital	\$125,000,000	\$7,000,000	N/A
Total	\$135,000,000	\$7,000,000	\$10,000,000

16. Reserved

17. Inpatient Psychiatric Supplemental Payment

EOHHS will make a one-time Inpatient Psychiatric Supplemental Payment to eligible hospitals in RY25, as set forth below.

a. First Installment Definitions

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- b. For the purpose of **Section II.J.17.a** through **c**, the following definitions apply:
1. “Claims Period” shall mean the twelve-month period of July 1, 2023 through June 30, 2024. “Aggregate Psychiatric Admissions” shall mean the total number of paid claims for all MassHealth members for the Claims Period as of January 1, 2025 across the eligible Hospitals’ inpatient psychiatric admissions, including applicable subsets of such claims, as designated in the Payment Methodology described in **Section II.J.17.c**; provided, however, that in the event any Hospital either increased the aggregate number of its DMH-Licensed beds during the Claims Period by 10% or more, or had zero paid claims for any MassHealth member for inpatient psychiatric admissions prior to January 1, 2024, such Hospital’s portion of the Psychiatric Admissions shall equal 200% of the Hospital’s paid claims for inpatient psychiatric admissions between January 1, 2024 and June 30, 2024.
 2. “Hospital-Specific Inpatient Psychiatric Admissions” shall mean the hospital’s total number of paid claims for all MassHealth members for the Claims Period as of January 1, 2025 for inpatient psychiatric admissions, including applicable subsets of such claims, as designated in the Payment Methodology described in **Section II.J.17.c**; provided, however, that in the event the Hospital either increased the aggregate number of its DMH-Licensed beds during the Claims Period by 10% or more, or had zero paid claims for any MassHealth member for inpatient psychiatric admissions prior to January 1, 2024, the Hospital’s Hospital-Specific Inpatient Psychiatric Admissions shall equal 200% of the Hospital’s paid claims for inpatient psychiatric admissions between January 1, 2024 and June 30, 2024.

c. First Installment Eligibility

To be eligible for an Inpatient Psychiatric Supplemental Payment under **Section II.J.17.a** through **c**, a Hospital must:

1. Operate at least one service location providing psychiatric inpatient services; and
2. Maintain at least one inpatient bed that is licensed by the Massachusetts Department of Mental Health as a psychiatric bed as of October 1, 2024.

d. First Installment Payment Methodology

Inpatient Psychiatric Supplemental Payments under **Section II.J.17.a** through **c** will equal a total aggregate amount of \$25 million, apportioned to eligible hospitals as follows:

1. The supplemental payment for each eligible Hospital will be determined based on the Claims Period. Each eligible Hospital will receive one first installment supplemental payment amount reflecting three component calculations, as follows:
 1. \$10 million will be distributed proportionally to eligible Hospitals based on inpatient psychiatric admissions according to the following calculation: (Hospital-Specific Inpatient Psychiatric Admissions / Aggregate Inpatient Psychiatric Admissions) x \$10,000,000.
 2. \$12.5 million will be distributed proportionally to eligible Hospitals based on inpatient psychiatric admissions with at least one secondary diagnosis on the claim related to one or more of the following: renal, endocrinology, circulatory, substance use disorder,

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and/or gastroenterology, according to the following calculation: (Hospital-Specific Inpatient Psychiatric Admissions with applicable secondary diagnoses / Aggregate Inpatient Psychiatric Admissions with applicable secondary diagnoses) x \$12,500,000. \$2.5 million will be distributed proportionally to eligible hospitals based on inpatient psychiatric admissions following the EPIA protocol, according to the following calculation: (Hospital-Specific Inpatient Psychiatric Admissions following the EPIA protocol / Aggregate Inpatient Psychiatric Admissions following the EPIA protocol) x \$2,500,000.

e. Second Installment Definitions

For the purpose of **Section II.J.17.a** through **c**, the following definitions apply:

1. “Claims Period” shall mean the 6-month period of July 1, 2024 through December 31, 2024.
2. “Aggregate Psychiatric Admissions” shall mean the total number of paid claims for all MassHealth members for the Claims Period as of June 1, 2025 across the eligible Hospitals inpatient psychiatric admissions, including applicable subsets of such claims, as designated in the Payment Methodology described in **Section II.J.17.e**.
3. “Hospital-Specific Inpatient Psychiatric Admissions” shall mean the hospital’s total number of paid claims for all MassHealth members for the Claims Period as of June 1, 2025 for inpatient psychiatric admissions, including applicable subsets of such claims, as designated in the Payment Methodology described in **Section II.J.17.e**.

f. Second Installment Eligibility

To be eligible for an Inpatient Psychiatric Supplemental Payment under **Section II.J.17.d** through **f**, a Hospital must:

1. Operate at least one service location providing psychiatric inpatient services; and
2. Maintain at least one inpatient bed that is licensed by the Massachusetts Department of Mental Health as a psychiatric bed as of October 1, 2024.

g. Second Installment Payment Methodology

Inpatient Psychiatric Supplemental Payments under **Section II.J.17.e** through **f** will equal a total aggregate amount of \$5 million, to be paid by September 30, 2026, and apportioned to eligible hospitals as follows:

1. The supplemental payment for each eligible Hospital will be determined based on the Claims Period. Each eligible Hospital will receive one second installment supplemental payment amount reflecting three component calculations, as follows:
 1. \$2 million will be distributed proportionally to eligible Hospitals based on inpatient psychiatric admissions according to the following calculation: (Hospital-Specific Inpatient Psychiatric Admissions / Aggregate Inpatient Psychiatric Admissions) x \$2,000,000.
 2. \$2.5 million will be distributed proportionally to eligible Hospitals based on inpatient psychiatric admissions with at least one secondary diagnosis on the claim related to

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- one or more of the following: renal, endocrinology, circulatory, substance use disorder, and/or gastroenterology, according to the following calculation: (Hospital-Specific Inpatient Psychiatric Admissions with applicable secondary diagnoses / Aggregate Inpatient Psychiatric Admissions with applicable secondary diagnoses) x \$2,500,000.
3. \$500,000 will be distributed proportionally to eligible hospitals based on inpatient psychiatric admissions following the EPIA protocol, according to the following calculation: (Hospital-Specific Inpatient Psychiatric Admissions following the EPIA protocol / Aggregate Inpatient Psychiatric Admissions following the EPIA protocol) x \$500,000.

h. Total Supplemental Payment Calculation

EOHHS will combine each Hospital's resulting payment amounts from each component described in **Section II.J.17.c** and **f** to calculate the Hospital's total Inpatient Psychiatric Supplemental Payment amount.

K. Pay-for-Performance (P4P) Payment

Pay-for-Performance (P4P) was MassHealth's method for quality scoring and converting quality scores to P4P payments contingent upon Hospital adherence to quality standards and achievement of performance thresholds and benchmarks. Except as provided in **Section III.K.1.c**, P4P incentive payments are based on pay-for-performance (see **Sections III.K.1.c**, below). The P4P program sunset in RY23, but payments to close out the program will continue through RY25.

A Hospital qualifies to earn P4P payments if it met data accuracy and completeness requirements, including data validation requirements where applicable, and achieved performance thresholds for the P4P measures listed below. Each measure is evaluated using the methods outlined below to produce measure rates or values which result in performance scores that are converted into incentive payments.

The P4P program applies to inpatient services for MassHealth Members where Medicaid is the primary payer. In general, payment calculations are based on a combination of performance scores, which utilize all-Medicaid payer data for certain measures and all payer data for other measures, and the number of eligible discharges, which includes only individuals enrolled in the Primary Care Clinician (PCC) Plan or a Primary Care ACO, and members with fee-for-service coverage.

The methodology in Section III.K applies to dates of service in RY23 and incorporates applicable definitions in **Section II** that apply to RY23.