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State/Territory Name: Massachusetts

State Plan Amendment (SPA) #: 20-0005

This file contains the following documents in the order listed:

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Center for Medicaid & CHIP Services
233 North Michigan Ave., Suite 600
Chicago, Illinois 60601

Financial Management Group

November 16, 2020

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

RE: **Massachusetts State Plan Amendment (SPA) Transmittal Number 20-0005**

Dear Secretary Sudders:

We have reviewed the proposed Massachusetts State Plan Amendment (SPA) to Attachment 4.19-B of your state plan, which was submitted to the Centers for Medicare & Medicaid Services (CMS) on March 31, 2020. This plan amendment updated the methods used to determine rates of payment for community health centers.

Based upon the information provided by the State, we have approved the amendment with an effective date of January 1, 2020. 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 James Moreth at 206-615-2043 or James.Moreth@cms.hhs.gov.

Sincerely,

[redacted]

Todd McMillion
Director
Division of Reimbursement Review

Enclosures

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	2. STATE
2 0 – 0 0 5	MA

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
01/01/2020

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

7. FEDERAL BUDGET IMPACT
a. FFY 2020 $ 1,506,000
b. FFY 2021 $ 2,014,000

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Attachment 4.19-B page 2-2i

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*
Attachment 4.19-B page 2-2i

10. SUBJECT OF AMENDMENT
Methods Used to Determine Rates of Payment for Community Health Centers

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. SIG[redacted]NCY OFFICIAL

13. TYPED NAME
Daniel Tsai

14. TITLE
Deputy Secretary and Acting Secretary

15. DATE SUBMITTED
03/31/2020

16. RETURN TO

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED
3/31/2020

18. DATE APPROVED
11/16/2020

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL
1/1/2020

20. SIGNATURE OF REGIONAL OFFICIAL
[redacted]

21. TYPED NAME
Todd McMillion

22. TITLE
Director, Division of Reimbursement Review

23. REMARKS

Methods and Standards for Establishing Payment Rates – Other Types of Care (cont.)

FQHCs/RHCs

* ☒ The payment methodology for FQHCs/RHCs will conform to section 702 of the BIPA 2000 legislation.

☒ The payment methodology for FQHCs/RHCs will conform to the BIPA 2000 requirements Prospective Payment System (PPS).

☒ The payment methodology for FQHCs/RHCs will conform to the BIPA 2000 requirements for an alternative payment methodology. The payment amount determined under this methodology:

1. is agreed to by the state and the center or clinic; and
2. results in payment to the center or clinic of an amount that is at least equal to the PPS payment rate.

PPS Rate

The state has established a single PPS rate capped at 100% of the CY 2001 Medicare FQHC upper payment limit per visit for urban FQHCs, inflated annually by the Medicare Economic Index (MEI).

Alternative Payment Methodologies

Effective October 1, 2017, the state pays centers based on an alternative payment methodology (APM) that is agreed to by the centers and is at least equal to the PPS rate. Specifically, centers are paid a per-visit class rate for medical services based on total costs for medical services, supporting services, and administration allocated to the medical cost center, and accounting for changes to the type, intensity, duration or amount of services. The per-visit class rate is calculated as follows: A standardized per-visit rate is calculated for each FQHC based on 2015 cost reports. The administrative component of that rate is based on total administrative costs for medical services divided by total encounters. An efficiency standard for administrative costs is established at the 75th percentile of those costs. The rate is adjusted by a productivity factor based on a ratio of actual medical visits to full time equivalent (FTE) staff, and adjusted using the Medicare Economic Index (MEI) through the effective period. The 40th percentile of those individual FQHC rates is determined, and the class rate is established at 105% of that value. Effective, January 1, 2019, payment for individual medical visits equals 102% of the per-visit class rate. Effective October 1, 2017, payment for obstetrical visits equals 100% of the per-visit class rate. Effective October 1, 2017, payment for medical visits for early and periodic screening, diagnosis and treatment services equals 105% of the per-visit class rate. Effective October 1, 2017, payment for group medical visits equals 20% of the per-visit class rate. Payment for urgent care visits occurring before 7:00 A.M. or after 4:59 P.M, Monday through Friday, and urgent care visits occurring at any time on Saturday or Sunday, equals 133% of the per-visit class rate. Effective January 1, 2019, payment for children's psychiatric mental health visits equals 102% of the class rate. Effective, January 1, 2020, payment for adult psychiatric mental health visits equals 102% of the class rate.

Supplemental payments are made to FQHCs for which the calendar year 2016 gross margin

earned on drugs purchased through the 340B Drug Pricing Program ("340B drugs") is greater than the projected annual impact of the increased per-visit class rate effective October 20, 2017. In total, supplemental payments to each eligible FQHC for the 12-month period beginning with October 2017 will equal the difference between the FQHC's 2016 gross margin earned on 340b drugs and the projected annual impact on the FQHC of the increased per-visit class rate effective October 20, 2017, less any gross margin earned on 340B drugs between October 1, 2017 and February 28, 2018. In total, supplemental payments to each eligible FQHC for the 27-month period beginning with October 2018, and the 12-month periods beginning with January 2021, January 2022, and January 2023 will equal, respectively, 100%, 75%, 50%, and 25% of the FQHC's supplemental payment amount for the 12-month period beginning with October 2017 prior to the reduction based on gross margin earned on 340B drugs between October 1, 2017 and February 28, 2018.

Payment to each FQHC resulting from the alternative payment methodologies described above is at least equal to the payment to the FQHC that would result from the PPS payment rate.

New FQHCs

Any FQHCs established in the state after January 1, 2019 will be paid pursuant to the above APMs.

Managed Care

Managed care organizations are required to pay FQHCs not less than the APMs described above, which are at least equal to the payment to the FQHC that would result from the PPS payment rate. The state bases its actuarially sound capitation rates on the APMs.