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State/Territory Name: Massachusetts

State Plan Amendment (SPA) #: 20-0030

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

March 22, 2021

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

RE: State Plan Amendment (SPA) TN 20-0030

Dear Secretary Sudders:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 20-0030. Effective October 1, 2020, this amendment authorizes updates to the reimbursement methodology for privately owned psychiatric and substance abuse treatment hospital services for fiscal year (FY) 2021.

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 Part 447. This letter is to inform you that Massachusetts 20-0030 is approved effective October 1, 2020. The CMS-179 and approved plan pages are enclosed.

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

Sincerely,



For
Rory Howe
Acting Director

Enclosures

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

1. TRANSMITTAL NUMBER
20-030

2. STATE
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
10/01/20

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; 42 USC 1396b; 42 CFR Part 447

7. FEDERAL BUDGET IMPACT
a. FFY 2021 \$ 0
b. FFY 2022 \$ 0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19-A(2b) pages 1-5

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)

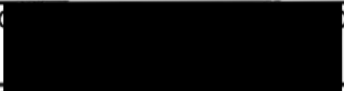
Attachment 4.19-A(2b) pages 1-5

10. SUBJECT OF AMENDMENT

An amendment to rates for psychiatric inpatient hospitals

11. GOVERNOR'S REVIEW (Check One)
 GOVERNOR'S OFFICE REPORTED NO COMMENT OTHER, AS SPECIFIED
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

Not required under 42 CFR 430.12(b)(2)(i)

12. SIGNING OFFICIAL


13. TYPED NAME
Marylou Sudders

14. TITLE
Secretary

15. DATE SUBMITTED
12/31/20

16. RETURN TO

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

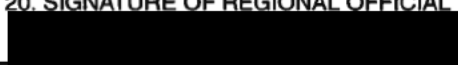
FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED
December 31, 2020

18. DATE APPROVED
3/22/21

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL
October 1, 2020

20. SIGNATURE OF REGIONAL OFFICIAL
 For

21. TYPED NAME
Rory Howe

22. TITLE
Acting Director, Financial Management Group

23. REMARKS

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

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, 2020 for services rendered by Privately-Owned Psychiatric hospitals and 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 established a comprehensive inpatient per diem rate for all participating psychiatric hospitals, covering both routine and ancillary services provided to inpatients.
- (2) EOHHS established an all-inclusive Administrative Day per diem Rate (AD Rate) for psychiatric hospitals for each Administrative Day. The AD Rate is an all-inclusive daily rate paid for each Administrative Day.
- (3) EOHHS established a performance-based quality incentive payment for all eligible psychiatric hospitals based on performance and compliance with reporting requirements.
- (4) EOHHS established a comprehensive inpatient per diem rate for all participating substance abuse treatment hospitals covering both routine and ancillary services provided to inpatients.
- (5) EOHHS established a performance-based quality incentive payment for all eligible substance abuse treatment hospitals based on compliance with reporting requirements.

II. Definitions

Administratively Necessary Days (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.

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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.

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

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

Inpatient Per Diem Rate: An all-inclusive daily rate of payment for any and all Inpatient Psychiatric Services provided to a Member by a Privately-Owned Psychiatric Hospital or Substance Abuse Treatment Hospital.

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.

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.

Quality Improvement Plan (QIP): An organized effort to address and improve performance in a process and outcome. It involves identifying a particular area for improvement, identifying the problem areas in the process, proposing specific changes

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that address the root causes of the problem, implementing these changes, and evaluating the success of such changes.

Rate Year (RY): The fiscal year beginning October 1 and ending September 30.

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

- (1) The Statewide Inpatient Per Diem Rate is an all-inclusive daily rate for all participating psychiatric hospitals, covering both routine and ancillary services provided to inpatients. The Statewide Inpatient Per Diem Rate is calculated using the following factors:
- (2) 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.
- (3) 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 5.43%, for the period of 2018-2020, was sourced from the 2016-based Inpatient Psychiatric Facilities Index provided by CMS, and a mid-point methodology was utilized.
- (4) 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

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behavioral presentation. These other adjustments account for an additional 0.21% increase over inflation adjusted base year costs.

- (5) The resulting Statewide Inpatient Per Diem rate for privately owned psychiatric hospitals in effect as of October 1, 2020, is \$941.10.

Administratively Necessary Days

- (6) 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, is set at 75% of the Statewide Inpatient Per Diem

Determination of Quality Performance Incentive Payments

- (7) Psychiatric hospitals qualify for performance-based quality incentive payments. Such payments will be determined using the following factors:
- (8) Baseline. Baselines for psychiatric hospitals are calculated by taking median performance of qualifying hospitals using the Centers for Medicare and Medicaid Inpatient Psychiatric Facility Quality Reporting (IPFQR) for CY2018.
- (9) Achievement Threshold.

The achievement threshold for psychiatric hospitals is calculated by taking median performance of qualifying hospitals using CMS's Inpatient Psychiatric Facility Quality Reporting (IPFQR) for CY2019.

- (10) Performance Measurement. Performance for qualifying psychiatric hospitals is measured by achievement of the threshold or improvement upon the baseline for the IPFQR measure and compliance with reporting requirements for other measures, submission of a Quality Improvement Plan (QIP), and successful attainment of QIP goals from the prior rate year. The measures are weighted as follows: IPFQR - 50%; submission of Quality Improvement Plan - 35%; successful attainment of goals from prior-year's QIP - 15%.
- (11) Payment. Payment to psychiatric hospitals will be proportional to the performance measurement outcome. The 2021 total pool amount is \$1.1 million and payments will not exceed this amount.

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State: Massachusetts
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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, 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:
- (2) The base period per diem rate is calculated using payments and inpatient days reported on Medicaid substance abuse treatment hospital claims data during the period FY2018. Claims data and bed-days for MassHealth members enrolled with the MassHealth Primary Care Clinician Plan's behavioral health contractor, or with other MassHealth-contracted managed care entities or PACE plans are not included in these calculations.
- (3) The inpatient per diem rate is the base period per diem rate for the period of FY2018. The current inpatient payment rate is \$578.52.

Determination of Quality Performance Incentive Payments

- (4) Substance abuse treatment hospitals can qualify for performance-based quality incentive payments.
- (5) Performance Measurement. Qualifying substance abuse treatment hospitals will be measured by submission of meaningful use data and reporting on the quality improvement plan.
- (6) Payment. Payment to substance abuse treatment hospitals will be proportional to the completion of the meaningful use data submissions and reporting requirements. The 2021 total pool amount is \$1.1 million and payments will not exceed this amount.