



DEPARTMENT OF HEALTH & HUMAN SERVICES

HEALTH CARE FINANCING
ADMINISTRATION

Division of Medicaid and State Operations

Region 1
JFK Federal Building
Government Center
Boston, MA 02203

JUN 11 2001

Ms. Wendy E. Warring, Commissioner
Division of Medical Assistance
Executive Office of Health and Human Services
600 Washington Street
Boston, MA 02111

Re: Commonwealth of Massachusetts State Plan Amendment TN 01-006, Concerning
Attachment 4.19A(1) – Acute Hospital Inpatient Payment System

Dear Ms. Warring:

We are pleased to inform you that State Plan Amendment TN 01-006 is approved for incorporation into the official Commonwealth of Massachusetts State Plan.

This amendment, which was effective on January 1, 2001, makes changes to the Commonwealth's acute hospital inpatient payment system. Our review was conducted in accordance with the statutory requirements of Social Security Act section 1902 and the implementing Federal regulations.

If you have any questions, please call Robert Clausen at (617) 565-1215.

Sincerely,

Ronald P. Preston
Associate Regional Administrator

Attachments

bcc: D. Maloney
R. Clausen
E. Weisman, PCPG/CMSO

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

0 1 0 0 6

2. STATE:

MA

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID) Title XIX

4. PROPOSED EFFECTIVE DATE

January 1, 2001

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

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:

7. FEDERAL BUDGET IMPACT:

a. FFY 2001 \$ 0
b. FFY 2002 \$ 0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-A(1)

page 25

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):

Same

10. SUBJECT OF AMENDMENT:

Acute Hospital Inpatient Payment Methods

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. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

Wendy E. Warring

14. TITLE:

Commissioner

15. DATE SUBMITTED:

March 30, 2001

16. RETURN TO:

Bridget Landers
Coordinator for State Plan
Division of Medical Assistance
600 Washington Street
Boston, MA 02111

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

March 30, 2001

18. DATE APPROVED:

JUN 11 2001

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

January 1, 2001

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:

Ronald P. Preston

22. TITLE: *RONALD PRESTON*
Associate Regional Administrator, DMSO

23. REMARKS:

OFFICIAL

JUN 11 2001

State Plan Under Title XIX of the Social Security Act
State: Massachusetts
Institutional Reimbursement

D. Classification of Disproportionate Share Hospitals (DSHs) and Payment Adjustments

MassHealth will assist Hospitals that carry a disproportionate financial burden of caring for uninsured and publicly insured persons of the Commonwealth. In accordance with Title XIX rules and requirements, MassHealth will make an additional payment to Hospitals which qualify for such an adjustment under any one or more of the classifications listed below. Only Hospitals that have an executed Contract with the Division, pursuant to the RY01 RFA, are eligible for disproportionate share payments since the dollars are, in most cases, apportioned to the eligible group in relation to each other. MassHealth-participating Hospitals may qualify for adjustments and may receive them at any time throughout the Rate Year. If a Hospital's RFA Contract is terminated, its adjustment shall be prorated for the portion of RY01 during which it had a Contract with the Division. The remaining funds it would have received shall be apportioned to remaining eligible Hospitals. The following describes how Hospitals will qualify for each type of disproportionate share adjustment and the methodology for calculating those adjustments.

In accordance with federal and state law, Hospitals must have a MassHealth inpatient utilization rate of at least 1% to be eligible for any type of DSH payment, pursuant to DHCFP regulation at 114.1 CMR 36.07 (see Exhibit 6). Also, the total amount of DSH payment adjustments awarded to any Hospital shall not exceed the costs incurred during the year of furnishing Hospital services to individuals who are either eligible for medical assistance or have no health insurance or other source of third-party coverage, less payments received by the Hospital for medical assistance and by uninsured patients ("unreimbursed costs"), pursuant to 42 U.S.C. §1396r-4(g). In accordance with the requirements of 42 U.S.C. 1396r-4(b)(2) and (3), Medicaid inpatient utilization rate and low-income utilization rate include both Medicaid fee-for-service and managed care entity days and revenue for patient services under the State Plan, as applicable.

When a Hospital applies to participate in MassHealth, its eligibility and the amount of its adjustment shall be determined. As new Hospitals apply to become MassHealth providers, they may qualify for adjustments if they meet the criteria under one or more of the following DSH classifications. Therefore, some disproportionate share adjustments may require recalculation pursuant to DHCFP regulations set forth at 114.1 CMR 36.07 (see Exhibit 6). Hospitals will be informed if the adjustment amount will change due to reapportionment among the qualified group and will be told how overpayments or underpayments by the Division will be handled at that time.

To qualify for a DSH payment adjustment under any classification within Section IV.D, a Hospital must meet the obstetrical staffing requirements described in Title XIX at 42 U.S.C. §1396r-4(d) or qualify for the exemption described at 42 U.S.C. §1396r-4(d)(2). All DSH payments are subject to the availability of federal financial participation.

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