

## **Table of Contents**

**State/Territory Name: MA**

**State Plan Amendment (SPA) #: 10-011**

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, M/S S3-13-15  
Baltimore, MD 21244-1850



**Center for Medicaid, CHIP and Survey & Certification (CMCS)**

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Dr. Judy Ann Bigby, Secretary  
Executive Office of Health and Human Services  
State of Massachusetts  
One Ashburton Place  
Boston, MA 02108

FEB 15 2011

RE: TN 10-011

Dear Dr. Bigby:

We have reviewed the proposed amendment to Attachment 4.19-A and 4.19-B of your Medicaid State plan submitted under transmittal number (TN) 10-011. This amendment updates the methodologies used to calculate payment rates for inpatient and outpatient hospital services. Specifically, the dates of service for inpatient and outpatient hospital supplemental payments were updated to reflect the current federal fiscal year. In addition, the maximum amount available for Cambridge Health Alliance under the Essential MassHealth Hospital supplemental payment in was reduced from \$10.5 million to \$7.5 million for FY 2011.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903(a) and 1923 of the Social Security Act and the implementing Federal regulations at 42 CFR 447 Subpart C. With regard to the supplemental payments authorized through this SPA, we also wish to remind the State that, based on the timely claims filing requirements as described in section 1132 of the Social Security Act, supplemental payments for Medicaid services made subsequent to the year in which the services were provided are not a current quarter claim and can only be claimed as a prior period adjustment. Therefore, the prior period adjustment for the supplemental payment must occur within two years of the end of the quarter in which the regular Medicaid expenditure for the Medicaid service occurred. Under no circumstances the approval of this plan amendment grants authority to make any payment, including supplemental payments that violate section 1132 of the Social Security Act. We are pleased to inform you that Medicaid State plan amendment 10-011 is approved effective October 1, 2010. We are enclosing the CMS-179 and the amended plan pages.

If you have any questions, please call Novena James-Hailey at (617) 565-1291 and Aaron Wesolowski at (617) 565-1325.

Sincerely,

♂ Cindy Mann  
Director, CMCS

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE &amp; MEDICAID SERVICES</b>		1. TRANSMITTAL NUMBER:  <b>010-011</b>	2. STATE:  <b>MA</b>
		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE AND MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE:  <b>10/01/10</b>	
5. TYPE OF PLAN MATERIAL (Check One):  <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT			
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION:  <b>42 USC 1396a(a)(13); 42 USC 1315; 42CFR Part 447; 42CFR 440.10; 42CFR 440.20</b>		7. FEDERAL BUDGET IMPACT:  <b>a. FFY 2011 \$ (1,704,000.) b. FFY 2012 \$ 00.00</b>	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  <b>Attachment 4.19-A (1), page 1 Attachment 4.19-B (1), page 1,10</b>		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):  <b>same</b>	
10. SUBJECT OF AMENDMENT:  <b>Supplemental Hospital Payments</b>			
11. GOVERNOR'S REVIEW (Check One): <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <b>Not required under</b> <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL <b>42 CFR 430.12(b)(2)(ii)</b>			
12. TRANSMITTING OFFICIAL:  13. IDN <b>Judy Ann Bigby, M.D.</b>		16. RETURN TO:  <b>Michael P. Coleman State Plan Coordinator Office of Medicaid Executive Office of Health and Human Services One Ashburton Place, 11<sup>th</sup> Floor Boston, MA 02108</b>	
14. TITLE: <b>Secretary</b>			
15. DATE SUBMITTED: <b>12/30/10</b>			
<b>FOR REGIONAL OFFICE USE ONLY</b>			
17. DATE RECEIVED:		18. DATE APPROVED: <b>02-15-11</b>	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: <b>OCT - 1 2010</b>		20. RECEIVING OFFICIAL:	
21. TYPED NAME: <b>William Lasowski</b>		22. TITLE: <b>Deputy Director, CMCS</b>	
23. REMARKS:			

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

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**I. Introduction****A. Overview**

This attachment describes methods used to determine rates of payment for acute inpatient hospital services.

1. The payment methodologies specified in Exhibit 1 to this Attachment (TN 08-015) apply to:
  - admissions at in-state Acute Hospitals beginning prior to November 1, 2009, and
  - inpatient payments made to in-state Acute Hospitals on a per diem basis for dates of service prior to November 1, 2009.
2. The payment methodologies specified in the remainder of this Attachment apply to:
  - admissions at in-state Acute Hospitals beginning on or after November 1, 2009, and
  - inpatient payments made to in-state Acute Hospitals on a per diem basis for dates of service on or after November 1, 2009.
3. The supplemental payments specified in **Sections III.I.1 through III.I.4**, apply to dates of service from October 1, 2010 through September 30, 2011.
4. The Pay-for-Performance payment methodology specified in **Section III.J** is effective November 1, 2009.
5. In-state Acute Hospitals are defined in **Section II**.
6. Payment for out-of-state acute inpatient hospital services is governed by 130 CMR 450.233 as in effect on October 2, 2009.

**B. Non-Covered Services**

The payment methods specified in this Attachment do not apply to the following Inpatient Hospital Services:

1. **Behavioral Health Services for Members Enrolled with the Behavioral Health Contractor**

MassHealth contracts with a Behavioral Health (BH) Contractor to provide Behavioral Health Services to Members enrolled with the BH Contractor.

Hospitals are not entitled to, and may not claim for, any fee-for-service payment from EOHHS for any services that are BH Contractor-covered services or are otherwise payable by the BH Contractor.

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

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**I. Introduction****A. Overview**

This attachment describes methods used to determine rates of payment for acute outpatient hospital services.

1. For dates of service prior to November 1, 2009, the payment methodologies specified in TN 08-016 (see Exhibit 1), which are incorporated by reference into this Attachment, apply to in-state Hospitals.
2. For dates of service beginning November 1, 2009, in-state Hospitals will be paid in accordance with the remainder of this Attachment for Outpatient Services provided at Hospital Outpatient Departments, and at those Hospital-Licensed Health Centers (HLHCs) and other Satellite Clinics that are provider-based in accordance with 42 CFR 413.65.
3. The supplemental payments specified in **Section III.F** apply to dates of service from October 1, 2010 through September 30, 2011.
4. In-state Acute Hospitals are defined in **Section II**.
5. Payment for out-of-state acute outpatient hospital services is governed by 130 CMR 450.233.

**B. Non-Covered Services**

The payment methods specified in this Attachment do not apply to the following Outpatient Hospital Services:

**1. Behavioral Health Services for Members Enrolled with the Behavioral Health Contractor**

MassHealth contracts with a Behavioral Health (BH) Contractor to provide Behavioral Health Services to Members enrolled with the BH Contractor.

Hospitals are not entitled to, and may not claim for, any fee-for-service payment from EOHHS for any services that are BH Contractor-covered services or are otherwise payable by the BH Contractor.

**2. MCO Services**

MassHealth contracts with Managed Care Organizations (MCOs) to provide medical services, including Behavioral Health Services, to Members enrolled with the MCO.

Hospitals are not entitled to, and may not claim for, any fee-for-service payment from EOHHS for any services that are MCO-covered services or are otherwise payable by the MCO.

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

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This payment is based on approval by EOHHS of the Hospital's accurately submitted and certified EOHHS Office of Medicaid Uniform Medicaid and Low Income Uncompensated Care Cost & Charge Report (UCCR) for the hospital fiscal year corresponding with the payment.

For the UMass hospitals, the Federal Fiscal Year payment amount will be \$1,200 times the total number of Episodes with dates of service during the applicable Federal Fiscal Year, not to exceed \$80,000,000.

For CHA, the Federal Fiscal Year payment amount will be the difference between the non-state-owned hospital Upper Payment Limit (calculated on an annual basis) and other payments made under this Attachment, not to exceed \$7,500,000.

Essential MassHealth Hospital payments will be made after EOHHS' receipt of the hospital's certified UCCR, finalization of payment data and applicable payment amounts, and receipt of any necessary approvals, but no later than 1 year after receipt of the hospital's final reconciliation UCCR (which must be submitted by 45 days after the Hospital's Medicare 2552 Report for the payment year has been finalized by Medicare's Fiscal Intermediary).

**1. Acute Hospitals with High Medicaid Discharges**

**a. Eligibility**

In order to qualify for payment as an Acute Hospital with High Medicaid Discharges, a Hospital must be an Acute Hospital that has more than 2.7% of the statewide share of Medicaid discharges, determined by dividing each Hospital's total Medicaid discharges as reported on the Hospital's HCF-403 cost report by the total statewide Medicaid discharges for all Hospitals.

**b. Supplemental Payment Methodology**

Subject to compliance with all applicable federal rules and payment limits, EOHHS will make a supplemental payment to Acute Hospitals that have higher Medicaid discharges when compared with other participating MassHealth Hospitals.

The payment amount is based on Medicaid payment and charge data for the federal fiscal year. The payment equals the variance between the Hospital's outpatient Medicaid payment and outpatient Medicaid costs, not to exceed the Hospital's Health Safety Net Trust Fund-funded payment amount for the federal fiscal year. Acute Hospital with High Medicaid Discharges payments will be made after finalization of payment data, applicable payment amounts, and obtaining any necessary approvals.