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State/Territory Name: Massachusetts

State Plan Amendment (SPA) #: 17-0005

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
JFK Federal Building, Government Center
Room 2275
Boston, Massachusetts 02203



Division of Medicaid and Children's Health Operations / Boston Regional Office

October 18, 2017

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

Dear Secretary Sudders:

Enclosed is a copy of approved Massachusetts State Plan Amendment (SPA) No. 17-005, with an effective date of January 1, 2017. This amendment was submitted to reduce payment rates for home health intermittent skilled nursing services by six and three-quarters of a percent.

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.

Because the proposed SPA would reduce or restructure provider payment rates, Massachusetts was required to demonstrate that the payments are consistent with efficiency, economy and quality of care and sufficient to enlist enough providers so that services under the plan are available to beneficiaries at least to the extent that these services are available to the general population, as established in Section 1902(a)(30)(A) of the Social Security Act and codified in 42 CFR 447.203 and 42 CFR 447.204. Massachusetts demonstrated compliance with 42 CFR 447.203(b)(6) by completing an access review and analysis for the impacted services and establishing procedures to monitor continued access to care following implementation of the rate reductions or restructuring. Massachusetts also met the requirements of 447.203 (b)(1) through 447.203(b)(6) and 447.204(a)(1) providing the initial Access Monitoring Review Plan (AMRP) with the submission of the SPA, which included home health services as required by the rule, and by including data and analysis related specifically to this reduction in payment rates, to be monitored for a three year period. Additionally, the State was required to adhere to the public process requirements set forth in 42 CFR 447.204, which was demonstrated. If access deficiencies are identified, the State will submit a corrective action plan within 90 days of identification.

Based on CMS's review of this information, the State has satisfactorily documented access to care consistent with the requirements of §447.203 and conducted the public process and notice described in §§447.204 and 447.205. CMS will be periodically contacting the State to understand how the State's monitoring activities are progressing.

This letter affirms that the Massachusetts Medicaid State plan amendment 17-005 is approved effective January 1, 2017 as requested by the State.

We are enclosing the CMS-179 and the following amended plan pages.

- Attachment 4.19-B, Pages 1a, 1a-i, 1a-ii, 1a-iii, 1a-iv, 1a-v, 1ai, 1aii, 2a05, 2a06, and 2a07.

If you have any questions regarding this matter you may contact Julie McCarthy at (617) 565-1244 or by e-mail at Julie.McCarthy@cms.hhs.gov.

Sincerely,

/s/

Richard R. McGreal
Associate Regional Administrator

Enclosure/s

cc: Daniel Tsai, Assistant Secretary for MassHealth, Medicaid Director
Kaela Konefal, Federal Authority Policy Analyst/State Plan Coordinator

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES		1. TRANSMITTAL NUMBER <u>17 — 005</u>	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 01/01/17	
5. TYPE OF PLAN MATERIAL (<i>Check One</i>)			
<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 (<i>Separate transmittal for each amendment</i>)			
6. FEDERAL STATUTE/REGULATION CITATION 42 CFR Part 447		7. FEDERAL BUDGET IMPACT a. FFY 2017 \$ -5,200,000 b. FFY 2018 \$ -6,900,000	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT • Attachment 4.19-B pages 1a, 1ai and 1aii; and • Attachment 4.19-B pages 2a-5 through 2a-7 * Attachment 4.19-B pages 1a, 1ai, 1aii, 1a-i, 1a-ii, 1a-iii, 1a-iv, and 1a-v		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (<i>If Applicable</i>) Attachment 4.19-B pages 1a Attachment 4.19-B pages 2a-5 to 2a-7	
10. SUBJECT OF AMENDMENT Home Health and Private Duty Nursing Rates			
11. GOVERNOR'S REVIEW (<i>Check One</i>)			
<input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL		<input checked="" type="checkbox"/> OTHER, AS SPECIFIED <i>Not required under 42 CFR 430.12(b)(2)(i)</i>	
12. SIGNATURE OF STATE AGENCY OFFICIAL <i>/s/</i>		16. RETURN TO Kaela Konefal State Plan Coordinator Executive Office of Health and Human Services Office of Medicaid One Ashburton Place, 11th Floor Boston, MA 02108	
13. TYPED NAME Marylou Sudders			
14. TITLE Secretary			
15. DATE SUBMITTED 3/31/17			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED 03/31/2017		18. DATE APPROVED 10/18/2017	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL 01/01/2017		20. SIGNATURE OF REGIONAL OFFICIAL <i>/s/</i>	
21. TYPED NAME Richard R. McGreal		22. TITLE Associate Regional Administrator, Division of Medicaid & Children's Health Operations, Boston, MA	
23. REMARKS CMS and State agreed by email to pen & ink changes to Box #8 to reflect page numbers included in this SPA			

OFFICIAL

Attachment 4.19-B
Page 1a

State Plan under Title XIX of the Social Security Act
State: Massachusetts

Methods and Standards for Establishing Payment Rates – Other Types of Care

RESERVED

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Attachment 4.19-B
Page 1a-i

State Plan under Title XIX of the Social Security Act
State: Massachusetts

Methods and Standards for Establishing Payment Rates – Other Types of Care

- e. Medical or other type of remedial care recognized under the laws of the Commonwealth furnished by licensed practitioners within the scope of their practice as defined by the laws of the Commonwealth:

1. Audiological Services

The fee-for-service rates are effective for services provided on or after January 1, 2017. All rates are published on http://www.mass.gov/eohhs/gov/laws-regs/hhs/community-health-care-providers-ambulatory-care.html#114_3_23. Except as otherwise noted in the plan, state developed fee schedule rates are the same for both governmental and private providers.

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Attachment 4.19-B
Page 1a-ii

State Plan under Title XIX of the Social Security Act
State: Massachusetts

Methods and Standards for Establishing Payment Rates – Other Types of Care

- e. Medical or other type of remedial care recognized under the laws of the Commonwealth furnished by licensed practitioners within the scope of their practice as defined by the laws of the Commonwealth:

2. Chiropractor Services

The fee-for-service rates are effective for services provided on or after January 1, 2017. All rates are published on http://www.mass.gov/eohhs/gov/laws-regs/hhs/community-health-care-providers-ambulatory-care.html#114_3_28. Except as otherwise noted in the plan, state developed fee schedule rates are the same for both governmental and private providers.

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State Plan under Title XIX of the Social Security Act
State: Massachusetts

Attachment 4.19-B
Page 1a-iii

Methods and Standards for Establishing Payment Rates – Other Types of Care

- e. Medical or other type of remedial care recognized under the laws of the Commonwealth furnished by licensed practitioners within the scope of their practice as defined by the laws of the Commonwealth:

3. Optometric Services (including professional fee and certain items dispensed)

The fee-for-service rates are effective for services provided on or after January 1, 2017. All rates are published on http://www.mass.gov/eohhs/gov/laws-regs/hhs/community-health-care-providers-ambulatory-care.html#114_3_15. Except as otherwise noted in the plan, state developed fee schedule rates are the same for both governmental and private providers.

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Attachment 4.19-B
Page 1a-iv

State Plan under Title XIX of the Social Security Act
State: Massachusetts

Methods and Standards for Establishing Payment Rates – Other Types of Care

- e. Medical or other type of remedial care recognized under the laws of the Commonwealth furnished by licensed practitioners within the scope of their practice as defined by the laws of the Commonwealth:

4. Psychologist Services

The fee-for-service rates are effective for services provided on or after January 1, 2017. All rates are published on http://www.mass.gov/eohhs/gov/laws-regs/hhs/community-health-care-providers-ambulatory-care.html#114_3_29. Except as otherwise noted in the plan, state developed fee schedule rates are the same for both governmental and private providers.

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Attachment 4.19-B
Page 1a-v

State Plan under Title XIX of the Social Security Act
State: Massachusetts

Methods and Standards for Establishing Payment Rates – Other Types of Care

- e. Medical or other type of remedial care recognized under the laws of the Commonwealth furnished by licensed practitioners within the scope of their practice as defined by the laws of the Commonwealth:

5. Public Health Dental Hygienist

See Attachment 4.19-B, section 8.j for the fee-for-service rates for Public Health Dental Hygienists. This section of Attachment 4.19-B is the reimbursement methodology for dental services including dentures and prosthetic devices.

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Attachment 4.19-B
Page 1ai

State Plan under Title XIX of the Social Security Act
State: Massachusetts

Methods and Standards for Establishing Payment Rates – Other Types of Care

- f. Home health care services — see Attachment 4.19-B pages 2a-1 through 2a-7.

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State Plan under Title XIX of the Social Security Act
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Attachment 4.19-B
Page Iaii

Methods and Standards for Establishing Payment Rates – Other Types of Care

- g. The fee-for-service rates for private duty nursing services are effective for services provided on or after January 1, 2017. All rates are published on www.mass.gov/eohhs/docs/eohhs/eohhs-regs/101-cmr-350.pdf. Except as otherwise noted in the plan, state developed fee schedule rates are the same for both governmental and private providers.

**Methods Used to Determine Rates of Payment
for Services Provided by Home Health Agencies (cont.)**

These measures include, among others, productivity standards, capping rates and limits on reimbursement for overhead costs. The continued excessive variance among providers in costs for identical services indicated the need for a more effective reimbursement methodology.

This rate methodology establishes one rate for all providers in each service category with possible administrative adjustments. The class rate assures that payment rates reward efficient providers. Providers who provide services at costs below the class rate will be reimbursed at the class rate and benefit accordingly. The class rate also creates incentives for those providers with costs above the efficient level to reduce them to a level at or below the class rate.

B. Cost Finding and Reporting

1. **Required Reports.** Each eligible provider must file the following information no later than 90 days after the close of each fiscal period.
 - a. A home health agency (HCFA 1728) cost report and any supplemental schedules as required by the Commonwealth.
 - b. Financial statements (for the same fiscal period) certified by a certified public accountant. In the absence of certified statements, the agency may submit uncertified statements or a Balance Sheet and Operating Statement prepared by the agency.
 - c. A home health agency may request to submit a home health agency cost report using an alternative allocation methodology for administrative costs if the alternative methodology allows for a more accurate allocation of costs. Supporting documentation must accompany such a report. A home health agency which files an alternative report must also file a copy of the cost report filed with the Medicare fiscal intermediary, if the cost reports differ. In requesting an alternative method, the agency must submit a letter demonstrating the rationale for the method by the due date of the cost report.

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State: Massachusetts

Methods and Standards for Establishing Payment Rates – Other Types of Care

2. Examination of Records. Upon request, each participating home health agency shall make available all records relating to its operation for audit by EOHHS or its designee.

III. Class Rate Methodology

A. Cost Components

Statewide class rates are set for these home health services: skilled nursing visits, continuous skilled nursing services, home health aide services, speech therapy visits, physical therapy visits, and occupational therapy visits. Current rates are determined as the sum of direct and indirect components, using data derived from annual cost report submissions with an adjustment for inflation and benchmarked to the rates paid to other community providers. A nursing service that is less than two hours in duration and physical, occupational and speech therapy services are paid on a per visit basis. A nursing service that is longer than two hours in duration and home health aide services are paid in 15 minute increments. Payments for these services are in accordance to the fee schedules that are determined based on cost elements described below. All private and governmental providers are reimbursed according to the same fee schedule.

1. **Direct:** The direct portion is the compensation paid by the agency to the nurse, aide or therapist.
2. **Indirect:** The indirect portion includes agency overhead expenses, such as administrative and general expenses, compensation of support staff, occupancy expenses, taxes, interest and depreciation, and outside services.
3. **Nursing Services Provided for Multiple Members:** When two or more members in the same household are receiving nursing services during the same time period, the rates for subsequent member or members is paid at a lower rate per visit/unit to reflect lower indirect costs incurred.
4. **Nursing Services Provided after 61 or More Consecutive Calendar Days of Home Health Services:** When home health services are provided to a member by the same home health agency for 61 or more consecutive calendar days, nursing services are paid at a lower rate per visit/unit than the standard per visit/unit rate for nursing services. If a member receives home health services from the same home health agency both before and after a discharge from an inpatient hospitalization or nursing facility stay, then nursing services provided during the 60 consecutive calendar days following discharge are paid at the standard per visit/unit rate for nursing services, and services provided during subsequent consecutive calendar days are paid at the lower rate per visit/unit.
5. **Administrative Add-on:** Providers that incur interpreter or security escort costs receive an add-on to their rates to reimburse for these expenses. These adjustments are made upon request and rates are set using cost report data and are paid through the normal claims process. EOHHS calculates the administrative per visit rate for interpreter/ or security escort services as reported on the individual home health agency cost report and adds that per visit calculation to the rate paid to the requesting provider.

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Methods and Standards for Establishing Payment Rates – Other Types of Care

6. The fee schedule is subject to a public notice and hearing process and published at <http://www.mass.gov/eohhs/docs/eohhs/eohhs-regs/101-cmr-350.pdf>. The agency's rates were set as of January 1, 2017 and are effective for services on or after that date.

B. Alternative Prospective Payment System

In accordance with Chapter 236 of the Act of 2000, which authorizes the Division of Medical Assistance (the Division) to enter into contracts with certain home health agencies to provide prospective payments for services. The payment structure is a 60-day episodic all-inclusive fee for all home health services provided to an eligible MassHealth member, which includes skilled nursing, home health aide, physical therapy, occupational therapy and speech/language therapy. The rate per episode is based on applicable class rates applied to the provider's average course of treatment provided to members over the course of 60-day initial and subsequent episodes. EOHHS, having subsumed the Division's authority, will pay providers under this alternative system if:

1. they are organized as a not-for-profit entity;
2. in fiscal year 1999, they delivered more than 10% of all Massachusetts Medicaid reimbursed skilled nursing visits and more than 15% of all such home health aide services; and
3. in the determination of EOHHS, provide services that are essential to ensure access to home health services for medical assistance recipients.