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State/Territory Name: Massachusetts

State Plan Amendment (SPA) #: 17-020

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

February 26, 2018

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

Dear Secretary Sudders:

We are pleased to enclose a copy of approved Massachusetts State Plan Amendment (SPA) No. 17-020 submitted to CMS on December 29, 2017. This SPA was submitted to revise your approved Title XIX State plan to describe changes to the reimbursement methodologies for Federally Qualified Health Centers (FQHCs). This SPA has been approved effective October 20, 2017.

Enclosed are copies of the following approved State plan pages.

- Attachment 4.19-B, pages 2 and 2i.

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 McGreal
Associate Regional Administrator

Enclosure/s

Cc (via e-mail): 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

1 7 — 0 2 0

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

10/20/17

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 CFR Part 447

7. FEDERAL BUDGET IMPACT

a. FFY 2018 \$ 11.3 million

b. FFY 2019 \$ 11.3 million

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19-B, pages 2-2i

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)

Attachment 4.19-B page 2

10. SUBJECT OF AMENDMENT

Federally Qualified Health Centers Rates

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 STATE AGENCY OFFICIAL

/s/

13. TYPED NAME

Marylou Sudders

14. TITLE

Secretary

15. DATE SUBMITTED

12/29/17

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

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED

12/29/2017

18. DATE APPROVED

02/26/2018

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL

10/20/2017

20. SIGNATURE OF REGIONAL OFFICIAL

/s/

21. TYPED NAME Richard R. McGreal

22. TITLE Associate Regional Administrator, Division of Medicaid & Children's Health Operations, Boston, MA

23. REMARKS

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

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.

FQHCs and Community Health Centers that participate in MassHealth pursuant to 130 CMR 405 (FQHCs) 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. The per-visit class rate is calculated as follows: A standardized per-visit rate is calculated for each FQHC. 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. Payment for medical visits for early and periodic screening, diagnosis and treatment services equals 105% of the per-visit class rate. 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.

The rate of payment for other FQHC services is that applicable to each discrete service including, for example, dental, pharmacy, clinical laboratory, vision care, and radiology. In addition, a per-visit dental enhancement is paid to FQHCs.

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 12-month periods beginning with October 2018, October 2019, and October 2020 will equal, respectively, 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.

Individual FQHCs may apply for an adjustment to the per-visit rate described above or the

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

establishment of a rate separate from the per-visit rate described above for special and/or innovative programs to meet special needs of certain patients, which are not ordinarily met by existing services in FQHCs, or to ensure appropriate access to and quality of services.

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