

## **Table of Contents**

**State/Territory Name: Massachusetts**

**State Plan Amendment (SPA) #: 19-005**

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



**Boston Regional Operations Group**

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June 26, 2019

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. 19-005, submitted to CMS on March 29, 2019. This SPA was submitted to revise your approved Title XIX State plan to update the payment methodology for community health center/FQHC services. This SPA was approved on June 25, 2019, with an effective date of January 1, 2019.

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 (781) 961-1070 or by e-mail at [Julie.McCarthy@cms.hhs.gov](mailto:Julie.McCarthy@cms.hhs.gov).

Sincerely,

/s/

Francis T. McCullough, Director  
Division of Medicaid Field Operations East (Boston)

Enclosure/s

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

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE &amp; MEDICAID SERVICES</b>	1. TRANSMITTAL NUMBER <u>1 9 — 0 0 5</u>	2. STATE <b>MA</b>
	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 <b>01/01/2019</b>
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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 U.S.C. 1396a(bb)	7. FEDERAL BUDGET IMPACT a. FFY 2019 \$ 4,211,000 b. FFY 2020 \$ 5,630,000
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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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT ( <i>If Applicable</i> )  Attachment 4.19-B pages 2-2i
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10. SUBJECT OF AMENDMENT

Community Health Centers Rates

11. GOVERNOR'S REVIEW (*Check One*)

GOVERNOR'S OFFICE REPORTED NO COMMENT       OTHER, AS SPECIFIED  
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED      Not required under 42 CFR 430.12(b)(2)(i)  
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL  /s/	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 03/29/2019	

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED 03/29/2019	18. DATE APPROVED 06/25/2019
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**PLAN APPROVED - ONE COPY ATTACHED**

19. EFFECTIVE DATE OF APPROVED MATERIAL 01/01/2019	20. SIGNATURE OF REGIONAL OFFICIAL  /s/
21. TYPED NAME Francis T. McCullough	22. TITLE Director, Division of Medicaid Field Operations East (Boston)

23. REMARKS

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

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**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 individual medical visits equals 102% of the per-visit class rate. Payment for obstetrical visits equals 100% of the per-visit class rate. 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. Payment for children's psychiatric mental health visits equals 102% of the class rate.

FQHCs are paid a per-visit class rate for adult psychiatric mental health visits services based on total costs for mental health services. The per-visit class rate for adult psychiatric mental health visits is calculated as follows: The direct care expenses for psychiatrist services is divided by the total direct care costs for all mental health services, and then multiplied by overall mental health administrative and operating costs, adjusted by an efficiency standard. A retrospective cost adjustment factor based on the MEI is then added to determine the overall costs related to psychiatrist services. The resulting total is divided by the number of psychiatrist visits, adjusted by a productivity factor, to calculate the per-visit cost for each FQHC. The 75th percentile of those individual FQHC costs is determined, and the class rate is established at 100% of that value.

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

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

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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 15-month period beginning with October 2018, and the 12-month periods beginning with January 2019, January 2020, and January 2021 will equal, respectively, 100%, 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 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.