



EXECUTIVE OFFICE OF HEALTH AND HUMAN SERVICES
COMMONWEALTH OF MASSACHUSETTS
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October 18, 2023

Chair Michael J. Rodrigues
Senate Committee on Ways and Means
State House, Room 212
Boston, MA 02133

Chair Aaron Michlewitz
House Committee on Ways and Means
State House, Room 243
Boston, MA 02133

Re: MassHealth Report on Non-Acute Hospital Assessment Trust Fund Accounting

Dear Chairs:

Section 2WWW of Chapter 29 of the Massachusetts General Laws requires that the executive office of health and human services report to you with an accounting of all money transferred, credited or deposited into and from the fund, the reasons for any unspent amount in the fund, and an analysis of the respective assessed amounts paid by each class of hospitals and the respective payments received by each class of hospitals relative to this section.

The current acute hospital assessment required under M.G.L. c 118E in Section 66, administered by the Health Safety Net, was expanded to include non-acute hospitals in FY18. This includes chronic disease and rehabilitation (CDR) hospitals, as well as psychiatric hospitals. The assessment was expanded to these hospitals in order to ensure compliance with CMS rules for health care related taxes. The funds collected by the Health Safety Net from non-acute hospitals are deposited into the Non-Acute Hospital Trust Fund and used to increase payments to CDR and psychiatric hospitals. The non-acute hospital assessment became effective October 1, 2017 with assessments collected quarterly, at the end of each quarter. The assessment is a preliminary collection based on most recent cost report data available. Once final cost reports become available assessment amounts are reconciled, which causes revenue and payment amounts to vary year to year.

MassHealth worked closely with CDR and psychiatric hospital providers and their associations to establish the methods by which increased payments would be made to the hospitals. These methods are described below.

Payments to CDR hospitals were increased through three mechanisms. First, MassHealth increased overall rates to CDR hospitals based on more current cost data. Second, MassHealth established a new rate for long-term administrative days when a member no longer clinically requires a hospital level of care but has not yet been discharged, such as when the member is awaiting a placement in the next level

of care. Finally, MassHealth created quality incentive supplemental payments based on readmissions and other metrics. Hospitals qualify for payments from this quality pool based on their performance.

Payments to psychiatric hospitals were increased through higher inpatient rates and quality incentive payments.

Below you will find assessment and expenditure detail for hospital rate year 2022 for each class of hospitals, for the period October 1, 2021 through September 30, 2022.

Non-Acute Trust Fund - Rate Year 2022

Payments (\$M)

Psychiatric hospital payments	8
CDR hospital payments	12
<hr/> Subtotal payments	<hr/> 20

Revenue (\$M)

Federal revenue	11
Psychiatric hospital assessment	4
CDR hospital assessment	6
<hr/> Subtotal revenue	<hr/> 20

Unexpended Balance (\$M) 0

We hope you find this information useful and informative. Please contact Sarah Nordberg at Sarah.Nordberg@mass.gov if you have any questions about this report. Thank you for your continued support of the MassHealth program.

Sincerely,



Mike Levine

cc: Kathleen E. Walsh