

Joint Committee on Health Care Financing 2025-2026 (194th) Bill Summary

Bill Number: House, No. 1396

Title: AN ACT STRENGTHENING MENTAL HEALTH CENTERS

Sponsor: Representative James J. O’Day (West Boylston)

Hearing Date: May 12, 2025

Reporting Deadline: July 11, 2025

Prior History:

2023-2024 H2006 & S0760. H2006 referred to the Joint Committee on Mental Health, Substance Use and Recovery. Public hearing on December 4, 2023. Reported favorably and referred to the Joint Committee on Health Care Financing. S0760 referred to the Joint Committee on Health Care Financing. Public hearing on October 17, 2023. H2006 & S0760 accompanied by a study order on September 5, 2024, see H5014. No further action taken.

Similar Matters: S874 – Keenan (Identical, Health Care Financing)

Current Law:

M.G.L. Ch. 111 §§ 51 through 56, inclusive, govern the licensing of hospitals and clinics by the department of public health.

M.G.L. Chapter 112 §§ 130 to 137, inclusive, govern the licensing, registration, and practice of social workers.

M.G.L. Ch. 118E § 9A authorizes the Division of Medical Assistance to implement the state Medicaid program (MassHealth) in accordance with the terms and conditions of a demonstration project approved by the Secretary pursuant to section 1115(a) of the Social Security Act, 42 USC Section 1315(a) or any other federal waiver or demonstration authority and lists beneficiary categories for whom MassHealth may provide medical benefits.

- On September 28, 2022, CMS approved the Commonwealth’s request to extend the MassHealth demonstration (Project Number 11-W-00030/1 and 21-W00071/1), in accordance with section 1115(a) of the Social Security Act (the Act), effective October 1, 2022, through December 31, 2027.

M.G.L. Ch. 118E § 12 authorizes MassHealth to enter into any type of contracts with providers of medical services and establish or negotiate rates with providers of care and manufacturers of medical services, equipment and supplies for the provision of such services to its enrollees, as governed by sections 13 through 13L, inclusive, and sections 64 through 70, inclusive.

M.G.L. Ch. 118E §§ 13, 13A, 13B, 13C, 13D, 13D½, 13E, 13E½, 13F, 13J provide for the review of MassHealth reimbursement rates or rate methodologies and requires rates to be established by contract and contingent upon performance and quality standards developed by EOHHS.

- MassHealth rates must be (i) “adequate to meet the costs incurred by efficiently and economically operated facilities providing care and services in conformity with applicable state and federal laws and regulations and quality and safety standards” and (ii) within the financial capacity of the Commonwealth.

- MassHealth rates for health care services are set at least annually for institutional providers and at least biennially for non-institutional providers by regulation and after conducting a public hearing on the proposed rates.

101 CMR 329.00 governs MassHealth rates of payment for psychological and licensed independent clinical social work services.

130 CMR 429.000 establishes requirements for participation of mental health centers in MassHealth and governs mental health centers operated by freestanding clinics and satellite clinics.

130 CMR 462.000 establishes requirements for participation of mental health centers in MassHealth mental health centers operated by freestanding clinics and satellite clinics.
licensed independent behavioral health clinicians participating in MassHealth

Summary:

SECTION 1 of the proposed legislation inserts into Chapter 118E a new Section 13D ³/₄, consisting of the following 4 subsections:

- **Subsection (a)** defines the following the terms as understood within the context of the proposed Section 13D ³/₄: “Behavioral health clinic”; “Behavioral health services”; “Independent practitioner”; and “Minimum payment rates.”
- **Subsection (b)** directs MassHealth to increase minimum payment rates for behavioral health services by 5% per procedure code for rates effective as of January 1, 2027.
- **Subsection (c)** directs MassHealth to ensure that each rate of payment for behavioral health services delivered in behavioral health clinics, or component payment in a bundled rate for such services, is set no less than 20% of the rate received for comparable behavioral health services delivered by participating licensed independent clinical social workers.
- **Subsection (d)** directs MassHealth to review behavioral health service rates biennially, and in reviewing such rates, to consider the following: (i) adoption of an of an inflationary adjustment factor no less than the total Medicare Economic Index percentage for the prior 2 calendar years; (ii) where possible, comparison of the wage estimate for each classification of staff position to the 75th percentile wage estate for that position as determined by the most current United States Bureau of Labor Statistics for the commonwealth; and (iii) consideration of the reasonable cost to providers of any existing or new governmental mandate that has been enacted, promulgated, or imposed by any governmental unit or federal governmental authority.

SECTION 2 of the proposed legislation inserts into Chapter 118E a new Section 13M, consisting of the following 4 subsections:

- **Subsection (a)** defines the following the terms as understood within the context of the proposed Section 13D ³/₄: “Behavioral health clinic”; “Behavioral health services”; “Independent practitioner”; “Managed care entity”, and “Minimum payment rates.”
 - As defined in subsection (a), this subsection applies to all MassHealth contracted health insurers, health plans, health maintenance organizations, behavioral health management firms and third party administrators under contract to a Medicaid managed care organization or primary care clinician plan, and accountable care organizations.

- Subsection (b) requires MassHealth to direct its contracted managed care entities to increase minimum payment rates for behavioral health services by 5% per procedure code for rates effective as of January 1, 2027. As defined in subsection (a), this subsection applies to all MassHealth contracted health insurers, health plans, health maintenance organizations, behavioral health management firms and third party administrators under contract to a Medicaid managed care organization or primary care clinician plan, and accountable care organizations.
- Subsection (c) requires MassHealth to direct its contracted managed care entities to ensure that each rate of payment for behavioral health services delivered in behavioral health clinics, or component payment in a bundled rate for such services, is set no less than 20% of the rate received for comparable behavioral health services delivered by participating licensed independent clinical social workers
- Subsection (d) directs MassHealth to biennially review managed care entity behavioral health service rates biennially, and in reviewing such rates, to consider the following: (i) adoption of an of an inflationary adjustment factor no less than the total Medicare Economic Index percentage for the prior 2 calendar years; (ii) where possible, comparison of the wage estimate for each classification of staff position to the 75th percentile wage estate for that position as determined by the most current United States Bureau of Labor Statistics for the commonwealth; and (iii) consideration of the reasonable cost to providers of any existing or new governmental mandate that has been enacted, promulgated, or imposed by any governmental unit or federal governmental authority.