



STATE OF MICHIGAN
 DEPARTMENT OF COMMUNITY HEALTH
 LANSING

JENNIFER M. GRANHOLM
 GOVERNOR

JANET OLSZEWSKI
 DIRECTOR

May 18, 2007

Dear Hospital Official,

I am writing to inform you of changes in the State of Michigan's schedule for certain Disproportionate Share Hospital (DSH) and Graduate Medical Education (GME) payments to hospitals. As you are probably aware, the State is experiencing both an unprecedented overall budget shortfall and an immediate cash flow crisis. As a result of this, it is necessary to delay payments to improve the State's cash position and better enable the State to meet its obligations.

Below is a description of the current and revised payment schedule for impacted payments. Please be aware that the revised schedule will remain in place until you are further notified

| Description | Current Schedule | Revised Schedule |
|--|--|---|
| Regular DSH Payments - \$45 Million Pool | Annually with payments normally made during the first half of the state fiscal year. | Annually with payments made at the end of the state fiscal year. |
| Regular DSH Payments - \$5 Million Small Hospital DSH Pool | Annually | Annually with payments made at the end of the state fiscal year. |
| GME Funds Pool and Primary Care Pool | Quarterly | Annually with payments made at the end of the state fiscal year. This impacts 3rd and 4th quarter payments in state fiscal year 2007. |

Thank you for your assistance in partnering with the State of Michigan in these extremely challenging financial times.

Sincerely,

Paul Reinhart, Director
 Medical Services Administration