

Bulletin Number: MSA 15-26

Distribution: State Psychiatric Hospitals

Issued: July 1, 2015

Subject: State Psychiatric Hospital Reimbursement Modification

Effective: As Indicated

Programs Affected: Medicaid, Healthy Michigan Plan

NOTE: Implementation of this policy is contingent upon State Plan Amendment approval from the Centers for Medicare & Medicaid Services (CMS).

The Michigan Department of Health and Human Services (MDHHS) will update the way it reimburses State-owned and -operated psychiatric hospitals for the services they provide to Michigan Medicaid beneficiaries. For both operating and capital costs, MDHHS will move from a cost-settled reimbursement structure to a cost-based prospective per diem reimbursement structure. Implementing this change will result in reduced administrative expenses associated with calculating and implementing retrospective settlements.

Effective for dates of services on and after October 1, 2014, MDHHS will reimburse State-owned and -operated psychiatric hospitals for the services they provide to Michigan Medicaid beneficiaries at a prospective per diem rate for their operating costs. The prospective operating per diem rates for these facilities will be established using Medicaid data provided by the State-owned and -operated psychiatric hospitals in their cost report with Fiscal Years (FY) ending during the second previous State FY. For example, to establish the FY 2015 per diem rates, cost data from the facilities' cost report that ended September 30, 2013 will be used. Specifically, data will be obtained from the CMS 2552-10, Worksheet D-1, Part II.

Effective for dates of services on and after January 1, 2015, MDHHS will reimburse State-owned and -operated psychiatric hospitals for the services they provide to Michigan Medicaid beneficiaries at a prospective per diem rate for their capital costs. The prospective capital per diem rates for these facilities will be established using Medicaid data provided by the State-owned and -operated psychiatric hospitals in their cost report with FYs ending during the second previous State FY. For example, to establish the FY 2015 per diem rates, cost data from the facilities' cost report that ended September 30, 2013 will be used. Specifically, data will be obtained from the CMS 2552-10, Worksheet D, Part I, Title XIX.

The facilities will continue to receive regular interim payment for cash flow purposes. The interim payments will be reconciled against the prospective operating and capital per diem rates for the actual Medicaid days for each facility for a cost reporting period. Each facility, in aggregate, will not receive payments in excess of the cost it incurs providing services to its Medicaid patients.

Manual Maintenance

Retain this bulletin until the information is incorporated into the Medicaid Provider Manual.

Questions

Any questions regarding this bulletin should be directed to Provider Inquiry, Department of Health and Human Services, P.O. Box 30731, Lansing, Michigan 48909-8231, or e-mail at ProviderSupport@michigan.gov. When you submit an e-mail be sure to include your name, affiliation, and phone number so you may be contacted if necessary. Providers may phone toll-free 1-800-292-2550.

Approved

Kathy Stiffler, Acting Director
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