

MICHIGAN DEPARTMENT OF COMMUNITY HEALTH

NOTICE OF PROPOSED POLICY

Public Act 280 of 1939, as amended, and consultation guidelines for Medicaid policy provide an opportunity to review proposed changes in Medicaid policies and procedures.

Please review the policy summary and the attached materials that describe the specific changes being proposed. Let us know why you support the change or oppose the change.

Submit your comments to the analyst by the due date specified. Your comments must be received by the due date to be considered for the final policy bulletin.

Thank you for participating in the consultation process.



Director, Program Policy Division  
Bureau of Medicaid Policy and Actuarial Services

<b>Project Number:</b>	MSA 07-66	<b>Comments Due:</b>	December 28, 2007	<b>Proposed Effective Date:</b>	January 1, 2008
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**Mail Comments to:** Meghan Sifuentes  
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Medical Services Administration  
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Lansing, Michigan 48909-7979

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**Policy Subject:** Outpatient Prospective Payment System Reduction Factor

**Affected Programs:** Medicaid, Adult Benefits Waiver, Children's Special Health Care Services, MOMS

**Distribution:** Hospitals, Hospital-Owned Ambulance, Comprehensive Outpatient Rehabilitation Facilities, Rehab Agencies, Freestanding Dialysis Centers, Medicaid Health Plans, County health Plans

**Policy Summary:** The policy describes an update to the Outpatient Prospective Payment System (OPPS) statewide budget-neutrality Reduction Factor (RF).

The public comment portion of the policy promulgation process is being conducted concurrently with the implementation of the change noted in this bulletin.

## Michigan Department of Community Health

**Bulletin Number:** MSA 07-66

**Distribution:** Hospitals, Hospital-Owned Ambulance, Comprehensive Outpatient Rehabilitation Facilities, Rehab Agencies, Freestanding Dialysis Centers, Medicaid Health Plans, County Health Plans

**Issued:** December 1, 2007

**Subject:** Outpatient Prospective Payment System Reduction Factor

**Effective:** January 1, 2008

**Programs Affected:** Medicaid, Adult Benefits Waiver, Children's Special Health Care Services, MOMS

The purpose of this bulletin is to update the Outpatient Prospective Payment System (OPPS) statewide budget-neutrality Reduction Factor (RF) established in Medicaid policy bulletin MSA 07-41.

On November 27, 2007, the Center for Medicare and Medicaid Services (CMS) published changes to the Medicare OPPS system in the Federal Register (2008 CMS Final Rule, CMS-1392-FC). Those changes included a 3.3% inflationary increase to the Medicare OPPS program. To maintain budget neutrality for the Medicaid program, the Medicaid OPPS reduction factor will be adjusted from 63% to 60.9% effective January 1, 2008.

Policy bulletin MSA 06-47 stated the Michigan Department of Community Health (MDCH) may adjust its reduction factor to maintain expenditures within appropriated levels if Medicare implements a general rate increase. In addition, MSA 07-12 stated MDCH reserves the right to adjust the reduction factor if budget concerns are evident and changing significantly prior to the end of the State's fiscal year.

### Public Comment

The public comment portion of the policy promulgation process is being conducted concurrently with the implementation of the change noted in this bulletin. Any interested party wishing to comment on the change may do so by submitting comments in writing to:

Attn: Meghan Sifuentes  
MDCH/MSA  
PO Box 30479  
Lansing, Michigan 48909-7979  
Or  
E-mail: [sifuentesm@michigan.gov](mailto:sifuentesm@michigan.gov)

If responding by e-mail, please include "OPPS Reduction Factor" in the subject line.

Comments received will be considered for revisions to the change implemented by this bulletin.

### Manual Maintenance

Retain this bulletin until the information has been incorporated into the Michigan Medicaid Provider Manual.

## Questions

Any questions regarding this bulletin should be directed to Provider Inquiry, Department of Community Health, P.O. Box 30731, Lansing, Michigan 48909-8231, or e-mail at [ProviderSupport@michigan.gov](mailto: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

A handwritten signature in black ink that reads "Paul Reinhart". The signature is written in a cursive style with a large initial "P" and "R".

Paul Reinhart, Director  
Medical Services Administration