

Michigan Department of Community Health

Bulletin Number: MSA 09-62

Distribution: All Providers

Issued: December 8, 2009

Subject: Public Act 131 of 2009 Medicaid Provider Rate Reductions

Effective: October 1, 2009

Programs Affected: Medicaid, Children's Special Health Care Services (CSHCS), Maternity Outpatient Medical Services (MOMS), Plan First!, and Adult Benefits Waiver (ABW)

These Medicaid provider rate reductions are being implemented as directed by Public Act 131 of 2009.

In an effort to address budget shortfalls identified for Fiscal Year 2010, the Michigan Department of Community Health (MDCH) is reducing Medicaid provider rates that were in effect on May 1, 2009 by 8%. In total, the 8% rate reduction includes the previous 4% rate reduction that went into effect July 1, 2009, per Executive Order 2009-22.

These rate reductions are effective for dates of service on and after October 1, 2009. The 8% reduction methodology will also be applied to rates on any new codes that were implemented on or after May 1, 2009.

The specific provider fee reductions applied to the May 1, 2009 rates are described below. Only those providers affected by the reductions are identified in this bulletin. Claims that have already been adjudicated and paid, for dates of service on or after October 1, 2009, will be adjusted by MDCH staff in order to pay the corrected rate. Since the claim adjustments will be completed by MDCH staff, providers will not be required to take any action on claims paid for dates of service on or after October 1, 2009.

Fee-For-Service Reductions

Provider/Service Type	Reduction Fiscal Year 2010	Exclusions/Comments
Ambulance	Rescind 1/1/06 increase given to procedure code A0425 Land Mileage. Apply the 8% fee reduction to the rate in effect prior to 1/1/06 for procedure code A0425. Apply 8% fee reduction to all current fee screens for all other ambulance codes.	
Anesthesia (includes anesthesiologist CRNA and AA)	Reduce anesthesia conversion factor by 8%	
Chiropractic	8% fee reduction for all codes	
Clinical Laboratory	8% fee reduction for all codes	
Cochlear Implant Manufacturers	8% fee reduction for equipment and services	
Family Planning Clinics	8% fee reduction for all codes	A4266-A4269, J0696, J1055, J7300, J7302-J7304, Q0144, S4989, and S4993 are excluded.

Fee-For-Service Reductions

Provider/Service Type	Reduction Fiscal Year 2010	Exclusions/Comments
Hearing and Speech Centers	8% fee reduction for all codes	
Hearing Aid Dealers	8% fee reduction for equipment and services	Hearing Aids covered under the volume purchase contract are excluded.
Home Health Providers	8% reduction to medical supplies billed separately from the nurse or aide visit.	
Maternal Infant Health Program	8% fee reduction for all codes	Transportation services (A0100, A0110, A0140, and A0170) are excluded. S0215 will remain at the 7/1/09 rate.
Medical Suppliers, Orthotists, and Prosthetists Includes Durable Medical Equipment, Medical Supplies, Orthotics and Prosthetics, and Parenteral and Enteral Nutrition	8% fee reduction for items with fee screens Manually priced items limited to acquisition cost plus 17% (reduced from 19%) Payment for labor and repairs reduced by 8%	Items provided under the Incontinent Supply Volume Purchase Contract are excluded
Optician/Dispensing Ophthalmologist	8% fee reduction for items with fee screens	
Optometrists	8% fee reduction for items with fee screens	
Oxygen Supplier	8% fee reduction for items with fee screens Manually priced items limited to acquisition cost plus 17% (reduced from 19%)	
Physicians, Medical Clinics, Non-physician practitioners, and Podiatry. (includes MD, DO, DPM, PA, CRNA, NP, CNM, Oral-maxillofacial surgeon)	8% fee reduction for all codes The evaluation and management (E/M) codes 99381-99387, and 99391-99397 will be decreased to the rates in effect on 10/1/06. They will not be subject to the full 8% cut. 99460, 99462, 99463, 99464 and 99465 replaced some of the E/M codes 1/1/09. These codes will be reduced to the 10/1/06 fee screens for the codes they replaced.	Immunization codes (90281-90399, 90476-90749, G9142) are excluded. Administration of immunizations (90465-90474, G0008-G0010, G9141) are excluded. D1206, D7220, D7230, D7240, D7250 are excluded. Radioisotopes (A4641-A4642, A9500-A9700, Q4100-Q4114, Q9951-Q9967) are excluded. Injectable Drugs/Biologicals (J0128-J9999, Q0515, Q2023, Q3025-Q3026, Q4081, S0030-S0080, S4989) are excluded. Splint/casting supplies (L0210, L4350-L4380, L8603-L8604, Q4001-Q4051) are excluded. Federally Qualified Health Centers (FQHC), Rural Health Centers (RHC), and Tribal Health Clinics (THC) will initially be impacted by the reductions; however, payments will be reimbursed as governed through the RHC's prospective payment rate or by the FQHC's and THC's respective Memorandum of Agreements. Medical Clinics providing services for the Children's Serious Emotional Disturbance Home and Community-Based Services Waiver and Children's Waiver beneficiaries are excluded.
Shoe Store	8% fee reduction for items with fee screens Manually priced items limited to acquisition cost plus 17% (reduced from 19%)	

Medicaid Health Plan Reductions

Rates will be reduced effective October 1, 2009, to accommodate the impact on health plan payment obligations that will result from reductions in fee-for-service rates and fee screens.

Public Comment

Due to the need to achieve significant savings during the current fiscal year, the public comment portion of the policy promulgation process is being conducted concurrently with the implementation of the reductions. Any interested party wishing to comment on the changes may do so by submitting them in writing to:

MDCH/Medical Services Administration
Program Policy Division
PO Box 30479
Lansing, MI 48909-7979

or

via e-mail to: MSADraftPolicy@michigan.gov

If responding by email, please include "Fee Reduction Policy" in the subject line.

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

Manual Maintenance

Retain this bulletin until the databases are updated on the MDCH website.

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. 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



Stephen Fitton, Acting Director
Medical Services Administration