

APR 25 2011

Stephen Fitton, Director  
Medical Services Administration  
Federal Liaison Unit  
Michigan Department of Community Health  
400 South Pine  
Lansing, Michigan 48933

ATTN: Loni Hackney

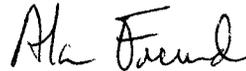
Dear Mr. Fitton:

Enclosed for your records is an approved copy of the following State Plan Amendment (SPA):

- Transmittal #10-012 Reimbursement for services provided in Ambulatory Surgical Center
- Effective January 1, 2011

If you have any questions, please contact Leslie Campbell at (312) 353-1557 or [Leslie.Campbell@cms.hhs.gov](mailto:Leslie.Campbell@cms.hhs.gov).

Sincerely,



*Verlon*  
Verlon Johnson  
Associate Regional Administrator  
Division of Medicaid & Children's Health Operations

Enclosure

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL**  
FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:  
10 - 12

2. STATE:  
Michigan

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR  
HEALTH FINANCING ADMINISTRATION  
DEPARTMENT OF HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE  
January 1, 2011

5. TYPE OF PLAN MATERIAL (Check One):  
 NEW STATE PLAN       AMENDMENT TO BE CONSIDERED AS NEW PLAN       AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:  
42 CFR 447.201

7. FEDERAL BUDGET IMPACT:  
a. FFY 2011 \_\_\_\_\_ \$ -0- \_\_\_\_\_  
b. FFY 2012 \_\_\_\_\_ \$ -0- \_\_\_\_\_

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  
Attachment 4.19-B, page 19

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):  
N/A - new page

10. SUBJECT OF AMENDMENT:  
Ambulatory Surgical Centers - Reimbursement

11. GOVERNOR'S REVIEW (Check One):  
 GOVERNOR'S OFFICE REPORTED NO COMMENT       OTHER, AS SPECIFIED:  
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED      Stephen Fitton, Director  
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL      Medical Services Administration

12. SIGNATURE OF STATE AGENCY OFFICIAL:  
*Stephen Fitton*

13. TYPED NAME:  
Stephen Fitton

14. TITLE:  
Director, Medical Services Administration

15. DATE SUBMITTED:  
August 18, 2009

16. RETURN TO:  
Medical Services Administration  
Program/Eligibility Policy Division - Federal Liaison Unit  
Capitol Commons Center - 7<sup>th</sup> Floor  
400 South Pine  
Lansing, Michigan 48933  
Attn: Nancy Bishop

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED:  
*August 19, 2010*

18. DATE APPROVED:  
*April 25, 2011*

**PLAN APPROVED - ONE COPY ATTACHED**

19. EFFECTIVE DATE OF APPROVED MATERIAL:  
*January 1, 2011*

20. SIGNATURE OF REGIONAL OFFICIAL:  
*Alan Freund*

21. TYPE NAME:  
Verlon Johnson

22. TITLE:  
*Acting Associate Regional Administrator*

23. REMARKS:

**STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT**

State of MICHIGAN

***Policy and Methods for Establishing Payment Rates  
(Other than Inpatient Hospital and Long Term Care Facilities)***

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24. Ambulatory Surgical Centers

Reimbursement to individual Medicare-certified Ambulatory Surgical Centers (ASCs) for outpatient services provided in the ASC setting on or after January 1, 2011 IS calculated by applying the MDCH outpatient prospective payment system (OPPS) reduction factor (RF) to current Medicare ASC reimbursement rates. Medicare ASC rate x RF = Medicaid rate.

State-developed fee schedule rates are the same for both governmental and private ASC providers. The ASC reduction factor is monitored and adjusted in accordance with the OPPS reduction factor schedule. The State maintains an up to date reduction factor history posting on the MDCH website that includes the current OPPS/ASC reduction factor as well as historical OPPS/ASC reduction factors. As of January 1, 2011 the OPPS/ASC reduction factor is 56.4%. A wage index of 1.0 is applied for all ASCs. Services paid by Medicare at reasonable cost and contractor priced items are paid by applying the Medicaid state-wide outpatient hospital cost to charge ratio to the Medicare ASC rate. All rates including the ASC wrap list are published on the MDCH website at <http://michigan.gov/mdch>.

When service coverage or reimbursement methodology differences exist between Medicare and Medicaid, Medicaid fee schedules are used.

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TN NO.: 10-12

Approval Date APR 25 2011

Effective Date: 01/01/2011

Supersedes  
TN No.: N/A – new page