

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

| | |
|---|-----------------------|
| 1. TRANSMITTAL NUMBER: 15 - 0014 | 2. STATE: Michigan |
| 3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID) TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID) | |
| 4. PROPOSED EFFECTIVE DATE October 1, 2015 | |

TO: REGIONAL ADMINISTRATOR
HEALTH FINANCING ADMINISTRATION
DEPARTMENT OF HUMAN SERVICES

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

7. FEDERAL BUDGET IMPACT:
a. FFY 2015 \$0
b. FFY 2016 \$0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
Attachment 4.19-A, Pages 3,4,5,6,7,8,8a,9,10,11,12,13,
14,15,16,16a,17,18,19,20,20a

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):
Attachment 4.19-A, Pages 3,4,5,6,7,8,8a,9,10,11,12,13,
14,15,16,16a,17,18,19,20,20a

Delete Attachment 4.19-A Appendix A Pages 1-30

10. SUBJECT OF AMENDMENT:
Establish Inpatient Hospital Reimbursement Grouper System

11. GOVERNOR'S REVIEW (Check One):

GOVERNOR'S OFFICE REPORTED NO COMMENT OTHER, AS SPECIFIED:
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED Chris Priest, Director
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL Medical Services Administration

12. SIGNATURE OF STATE AGENCY OFFICIAL:


13. TYPED NAME:
Chris Priest

14. TITLE:
Director, Medical Services Administration

15. DATE SUBMITTED:
November 12, 2015

16. RETURN TO:
Medical Services Administration
Actuarial Division - Federal Liaison
Capitol Commons Center - 7th Floor
400 South Pine
Lansing, Michigan 48933

Attn: Erin Black

FOR REGIONAL OFFICE USE ONLY

| | |
|--------------------|--------------------|
| 17. DATE RECEIVED: | 18. DATE APPROVED: |
|--------------------|--------------------|

PLAN APPROVED – ONE COPY ATTACHED

| | |
|--|-------------------------------------|
| 19. EFFECTIVE DATE OF APPROVED MATERIAL: | 20. SIGNATURE OF REGIONAL OFFICIAL: |
| 21. TYPE NAME: | 22. TITLE: |

23. REMARKS:

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

Policy and Methods for Establishing Rates Inpatient Hospital Services

For cost reporting purposes, the MSA requires each eligible hospital provider to submit periodic reports which generally cover consecutive 12 month periods of operation. Inpatient and/or outpatient cost reports must be filed within five (5) months of the end of the hospital's cost reporting year. State owned hospitals must file cost reports within 180 days after the end of the State's cost reporting year.

Extensions of the filing period may be granted when exceptional circumstances establish good cause. If the hospital requests an extension in writing and documents the exceptional circumstances prior to the date due, extensions may be granted up to a maximum of 30 days. Failure to submit all necessary items and schedules will only delay processing and will result in a reduction of payment or termination as a provider.

Hospitals that fail to submit cost reports as defined previously will receive a delinquency letter from the MSA. If the cost report is not submitted within 30 days of the notice of delinquency, a second notice of delinquency will be issued. If the cost report is not submitted within 30 days of a second notice of delinquency, the provider's payments will be stopped. Restitution of withheld payments will be made by the State agency after receipt, of an acceptable cost report.

B. Data Correction

Once a hospital report (e.g. cost, indigent volume, and/or data) has been reviewed and provisionally accepted by the MSA, the hospital is notified in writing of the MSA's acceptance of the report. The hospital then has thirty (30) calendar days in which to notify the MSA of any errors or corrections to the report/data. After the 30 day notification period, the report is deemed accepted by the MSA and shall be used to rebase or update the hospital payments as appropriate.

Only those reports on file and accepted nine months prior to the beginning of a new rate period are used for rebasing.

C. Audit

Audits are performed for Michigan inpatient hospital services provided after February 1, 1985 to determine program cost for capital using Medicare Principles of Reimbursement.

Once any appropriate limits are applied, the capital cost is added to the amount approved as payment for the program operating cost to obtain a total amount approved. The total amount approved in a hospital's fiscal year is compared to the hospital's program charges. The lesser of amount approved or charges is then compared to the amount actually paid throughout the year to determine the amount overpaid or underpaid to the hospital.

III. Payment Determination

A. REIMBURSEMENT FOR MEDICAL AND SURGICAL HOSPITALS FOR OPERATING EXPENSES ~~The DRG reimbursement for operating expenses is:~~

TN NO.: 15-0014

Approval Date _____

Effective Date: 10/01/2015

Supersedes

TN No.: 98-08

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

Policy and Methods for Establishing Rates Inpatient Hospital

~~-(Relative Weight x DRG Price) + Outlier Payment~~

1. DESCRIPTION OF MEDICAL/SURGICAL EPISODE FILE

THE EPISODE FILE IS COMPRISED OF THE UNDERLYING DATA USED TO CALCULATE THE STATEWIDE RATE, RELATIVE WEIGHTS, AND ALTERNATE WEIGHTS. THE COSTS ASSOCIATED WITH EPISODES FROM THE EPISODE FILE ARE STANDARDIZED AS DESCRIBED BELOW. THE EPISODE FILE IS COMPRISED OF TWO YEARS OF MEDICAID AND CHILDREN'S SPECIAL HEALTH CARE SERVICES FEE FOR SERVICE (FFS) PAID CLAIMS AND MANAGED CARE ENCOUNTERS.

EACH CLAIM OR ENCOUNTER FROM THE EPISODE FILE IS ASSIGNED A DRG VALUE USING THE APR-DRG GROUPEE IN EFFECT NATIONALLY ON OCTOBER 1 OF THE APPLICABLE RATE YEAR. THE DATA ARE ADJUSTED TO:

- ELIMINATE EPISODES FOR DUAL MEDICARE/MEDICAID ELIGIBLE BENEFICIARIES, UNLESS PAID A FULL MEDICAID DRG.
- ELIMINATE CERTAIN TRANSPLANTS AND LOW DAY OUTLIER EPISODES ASSIGNED TO DRGS REIMBURSED BY MULTIPLYING A HOSPITAL'S OPERATING COST-TO-CHARGE RATIO BY CHARGES.
- ELIMINATE EPISODES WITHOUT ANY CHARGES OR DAYS.
- ASSIGN ALTERNATE WEIGHTS FOR NEONATAL SERVICES. TWO SETS OF WEIGHTS ARE CALCULATED FOR THE DRG CLASSIFICATIONS REPRESENTING NEONATAL SERVICES (DRGS 580X-640X). THESE ALTERNATE WEIGHTS ARE CALCULATED BASED ON EPISODES THAT ARE ASSIGNED TO ONE OF THESE DRGS AND INCLUDE CHARGES FOR SERVICES IN A NEONATAL INTENSIVE CARE UNIT (NICU). THE REMAINING CLAIMS ASSIGNED TO THESE DRGS ARE USED FOR THE BASE WEIGHTS. NO OTHER ALTERNATE WEIGHTS ARE ASSIGNED.
- LIMIT EPISODES TO THOSE FROM MICHIGAN HOSPITALS, INCLUDING HOSPITALS THAT ARE NO LONGER IN OPERATION (PROVIDED THAT HOSPITAL COST REPORT DATA IS AVAILABLE).
- LIMIT EPISODES TO THOSE WITH A VALID DISCHARGE STATUS.
- ELIMINATE EPISODES WITH A ZERO DOLLAR MEDICAID LIABILITY.
- ELIMINATE EPISODES THAT QUALIFY FOR THE SHORT HOSPITAL STAY RATE.
- DETERMINE THE LOW DAY TRIM POINT AND AVERAGE LENGTH OF STAY.
 - SEE THE RELATIVE WEIGHTS SECTION OF THE REIMBURSEMENT FOR MEDICAL AND SURGICAL HOSPITAL SECTION OF THE STATE PLAN FOR ADDITIONAL INFORMATION.
- LIMIT EPISODES ENDING IN A TRANSFER TO ANOTHER ACUTE SETTING TO THOSE WHOSE LENGTH OF STAY WAS AT LEAST EQUAL TO THE PUBLISHED AVERAGE LENGTH OF STAY FOR THE DRG (SINCE DRGS 580X AND 581X ARE TRANSFER DRGS, ALL TRANSFER COSTS ARE INCLUDED WITHIN THOSE DRGS).
- INFLATE THE FIRST YEAR OF EPISODES TO THE SECOND YEAR THROUGH APPLICATION OF AN INFLATION FACTOR DERIVED FROM IHS GLOBAL INSIGHT.

TN NO.: 15-0014

Approval Date: _____

Effective Date: 10/01/2015

Supersedes

TN No.: 13-08

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

Policy and Methods for Establishing Rates Inpatient Hospital

- RECOGNIZE AREA COST DIFFERENCES BY DIVIDING THE CHARGES FOR EACH HOSPITAL BY AN AREA WAGE INDEX.
 - SEE THE AREA WAGE INDEX SECTION OF THE REIMBURSEMENT FOR MEDICAL AND SURGICAL HOSPITAL SECTION OF THE STATE PLAN FOR ADDITIONAL INFORMATION REGARDING THE AREA WAGE INDEX.
- ADJUST CHARGES FOR HIGH COST OUTLIERS TO REMOVE THE AMOUNT PAID AS AN OUTLIER.
 - SEE THE HIGH COST OUTLIER SECTION OF THE REIMBURSEMENT FOR MEDICAL AND SURGICAL HOSPITAL SECTION OF THE STATE PLAN FOR ADDITIONAL INFORMATION REGARDING COST OUTLIERS.
- THE ADJUSTED COST FOR EACH EPISODE IS CALCULATED BY MULTIPLYING THE ADJUSTED CHARGES FOR THE EPISODE BY THE INPATIENT OPERATING COST-TO-CHARGE RATIO.
 - SEE THE COST-TO-CHARGE RATIO SECTION OF THE REIMBURSEMENT FOR MEDICAL AND SURGICAL HOSPITAL SECTION OF THE STATE PLAN FOR ADDITIONAL INFORMATION REGARDING COST-TO-CHARGE RATIOS.

~~Each inpatient hospital claim is assigned to a DRG using the same DRG grouper version used to establish the relative weights.~~

~~A. Relative Weight:~~

~~A state wide relative weight is assigned to each DRG. The statewide relative weights are calculated using Medicaid and Children's Special Health Care Services Program Fee For Service (FFS) and Medicaid Health Plan (MHP) encounter inpatient paid claims for admissions during two consecutive state fiscal years and hospital specific cost report data drawn from two consecutive cost report years used to establish the relative weights.~~

~~The claim file was adjusted to:~~

- ~~1. Combine multiple billings for the same episode of service, including:
 - ~~a. Invoices from a single episode of service billed as a transfer from a hospital and an admission to the same hospital caused by a change of ownership and issuance of a new Medicaid ID number;~~
 - ~~a. Invoices for a single episode of service billed as a transfer from a hospital and an admission to a hospital created from a merger of two or more hospitals and the assignment of patient bills from multiple hospitals to a single Medicaid ID number.~~~~
- ~~2. Eliminate episodes with any Medicare charges (For dual Medicare/Medicaid eligible beneficiaries, only claims paid a full Medicaid DRG are included);~~
- ~~3. Eliminate episodes assigned to DRGs reimbursed by multiplying a hospital's inpatient operating cost to charge ration by charges;~~

TN NO.: 15-0014

Approval Date: _____

Effective Date: 10/01/2015

Supersedes

TN No.: 13-08

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Policy and Methods for Establishing Rates
Inpatient Hospital***

4. ~~Eliminate episodes without any charges or days;~~
5. ~~Assign alternate weights for neonatal services. Two sets of weights are calculated for six (6) DRG classifications representing neonatal services (789-794). One set of weights is identified as "alternate weights" (789.1, 790.1, 791.1, 792.1, 793.1 AND 794.1). These alternate weights are calculated from episodes that are assigned to one of these DRGs and include charges for services in an intensive care unit of one of the hospitals designated as having a neonatal-intensive care unit (NICU). The remaining claims assigned to these DRGs are used for the other set of weights.~~

~~In order to receive the alternate weights, a hospital must have a Certificate of Need (CON) to operate a NICU or a special newborn nursery unit (SNNU) or the hospital must have previously received alternate weight reimbursement by Medicaid for its SNNU.~~

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

Policy and Methods for Establishing Rates Inpatient Hospital

2. STATEWIDE DRG RATES

TWO STATEWIDE MEDICAL/SURGICAL HOSPITAL DRG RATES ARE DEVELOPED BY THE STATE USING THE EPISODE FILE. FOR HOSPITAL DRG RATE SETTING PURPOSES, THE MEDICAL/SURGICAL EPISODE FILE IS LIMITED TO THOSE HOSPITALS ENROLLED WITH THE STATE AS OF OCTOBER 1 OF THE APPLICABLE RATE YEAR. TWO SEPARATE STATEWIDE RATES ARE DEVELOPED: ONE RATE IS DEVELOPED FOR PROSPECTIVE PAYMENT SYSTEM (PPS) HOSPITALS AND ANOTHER RATE IS DEVELOPED FOR HOSPITALS DESIGNATED AS CRITICAL ACCESS BY CMS AS OF OCTOBER 1 OF THE APPLICABLE RATE YEAR. IN THE EVENT A HOSPITAL STATUS CHANGES FROM PPS TO CRITICAL ACCESS HOSPITAL (CAH), THE STATE RECOGNIZES THE HOSPITAL UNDER CAH STATUS AS OF THE CMS EFFECTIVE DATE. THE REVERSE IS ALSO TRUE. IF A HOSPITAL STATUS CHANGES FROM CAH TO PPS, THE STATE RECOGNIZES THE HOSPITAL UNDER PPS STATUS AS OF THE CMS EFFECTIVE DATE. STATEWIDE RATES ARE UPDATED ANNUALLY ON OCTOBER 1.

A BUDGET NEUTRALITY FACTOR IS INCLUDED IN THE HOSPITAL PRICE CALCULATION. HOSPITAL PRICES ARE REDUCED BY THE PERCENTAGE NECESSARY SO THAT TOTAL AGGREGATE HOSPITAL PAYMENTS USING THE NEW HOSPITAL PRICES AND DRG RELATIVE WEIGHTS DO NOT EXCEED THE TOTAL AGGREGATE HOSPITAL PAYMENTS MADE USING THE PRIOR HOSPITAL BASE PERIOD DATA AND DRG GROUPER RELATIVE WEIGHTS. THE ESTIMATE IS BASED ON ONE YEAR'S PAID CLAIMS, INCLUDING MHP ENCOUNTER DATA WITH FFS RATES APPLIED. THE CALCULATED DRG PRICES ARE DEFLATED BY THE PERCENTAGE NECESSARY FOR THE TOTAL PAYMENTS TO EQUATE TO THE AMOUNT PAID PRIOR TO THE CHANGE. BUDGET NEUTRALITY FOR CAHS IS DETERMINED AS A GROUP, INDEPENDENT OF PPS.

HOSPITALS' FINAL DRG RATES ARE CALCULATED AS FOLLOWS:

- THE CASE MIX IS CALCULATED USING THE SUM OF ALL RELATIVE WEIGHTS ASSIGNED TO EACH HOSPITAL'S CLAIMS DURING THE BASE PERIOD, DIVIDED BY THE TOTAL NUMBER OF EPISODES FOR THE HOSPITAL DURING THE SAME PERIOD.
- THE CASE MIX INDEX ADJUSTED COST FOR EACH HOSPITAL IS SUMMED.
- A HOSPITAL-SPECIFIC STANDARDIZED COST PER DISCHARGE IS COMPUTED.
 - DIVIDE TOTAL ADJUSTED COSTS BY THE TOTAL NUMBER OF EPISODES.
 - DIVIDE AVERAGE COSTS BY THE CASE MIX.
 - MULTIPLY THE RESULT BY THE APPLICABLE INFLATION FACTOR TO BRING COSTS TO A COMMON POINT IN TIME. COSTS ARE INFLATED THROUGH THE RATE PERIOD. FOR EXAMPLE, FOR FY 2015 RATES, COSTS ARE INFLATED THROUGH SEPTEMBER 30, 2016. INFLATION FACTORS ARE OBTAINED FROM IHS GLOBAL INSIGHT.
- THE STATEWIDE RATE PER DISCHARGE IS THE WEIGHTED MEAN OF ALL HOSPITAL-SPECIFIC STANDARDIZED COST.

TN NO.: 15-0014

Approval Date: _____

Effective Date: 10/01/2015

Supersedes
TN No.: 11-06

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

Policy and Methods for Establishing Rates Inpatient Hospital

- THE STATEWIDE RATE IS ADJUSTED BY AN AREA WAGE INDEX AND BUDGET NEUTRALITY FACTOR TO DETERMINE THE HOSPITAL'S FINAL DRG RATE.

IN DEVELOPING THE STATEWIDE DRG RATE, THE FOLLOWING DATA AND CALCULATIONS ARE USED FOR EACH HOSPITAL:

- 1) HOSPITAL'S ADJUSTED CHARGES;
 - 2) INPATIENT COST-TO-CHARGE RATIO;
-
6. ~~Limit episodes to those from Michigan hospitals, including hospitals that are no longer in operation (provided that hospital cost report data are available);~~
 7. ~~Limit episodes to those with a valid patient status (incomplete episodes are excluded as are additional pages of multiple page claims where there is no initial claim containing a valid patient status);~~
 8. ~~Eliminate episodes with a zero dollar Medicaid liability;~~
 9. ~~Eliminate episodes where the beneficiary was enrolled in a Michigan Medicaid clinic plan.~~
 10. ~~Determine the 3rd and 97th percentile length of stays by DRG, the average length of stay, and the maximum length of stay.~~
 - ~~a. Set the low day outlier threshold at the greater of one day or the 3rd percentile length of stay.~~
 - ~~b. Set the high day outlier threshold at the lesser of the average length of stay plus 30 days or the 97th percentile length of stay.~~
 - ~~c. If the DRG has less than an adequate number of episodes (currently 32), the low day threshold will be set at the lesser of the average length of stay plus 30 days, the maximum length of stay, or the Medicare DRG 90th percentile length of stay (from the corresponding Grouper as published in the Federal Register). If the Medicare DRG also has an inadequate number of claims, then the threshold is set based upon the expert advice of the MSA's medical staff.~~
 11. ~~Eliminate low day outliers (Low day outliers are those episodes whose length of stay are less than the published low day threshold for each DRG. Since low day outliers are paid under a percent of charge method using the hospital's cost to charge ratio times charges, and do not receive a DRG payment, they are excluded from the weight calculations);~~
 12. ~~Calculate the arithmetic mean length of stay for each DRG with each episode's length of stay limited to the high day threshold set above. This serves as the final published average length of stay.~~
-

TN NO.: 15-0014

Approval Date: _____

Effective Date: 10/01/2015

Supersedes

TN No.: 11-06

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Policy and Methods for Establishing Rates
Inpatient Hospital***

- ~~13. Limit episodes ending in a transfer to another acute setting to those whose length of stay was at least equal to the published average length of stay for the DRG (for DRGs 385 and 385.1 all transfers are included);~~
- ~~14. Bring all charges for admissions in the first year of the base period up to second year charges through application of inflation and weighting factors;~~

TN NO.: 15-0014

Approval Date: _____

Effective Date: 10/01/2015

Supersedes
TN No.: 11-06

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

Methods and Standards for Establishing Payment Rates – Inpatient Hospital

- 3) HOSPITAL'S ADJUSTED COSTS (LINE 1 X LINE 2);
- 4) HOSPITAL'S EPISODES;
- 5) COST PER DISCHARGE (LINE 3/LINE 4);
- 6) HOSPITAL'S CASE MIX;
- 7) STANDARDIZED COST PER DISCHARGE (LINE 5/LINE 6);
- 8) ESTABLISH STATEWIDE RATE AS WEIGHTED STANDARDIZED COST PER DISCHARGE ($(\sum \text{LINE 7 X LINE 4}) / \sum \text{LINE 4}$);
- 9) HOSPITAL'S AREA WAGE INDEX;
- 10) APPLY BUDGET NEUTRALITY FACTOR; AND
- 11) HOSPITAL'S FINAL DRG RATE (LINE 8 X LINE 9 X LINE 10). THE DRG RATE IS ROUNDED TO THE NEAREST WHOLE DOLLAR AMOUNT.

THE STATEWIDE RATES ARE LISTED ON THE STATE INPATIENT HOSPITAL WEBSITE AT WWW.MICHIGAN.GOV/MEDICAIDPROVIDERS >> BILLING AND REIMBURSEMENT >> PROVIDER SPECIFIC INFORMATION >> INPATIENT HOSPITALS.

3. RELATIVE WEIGHTS

MICHIGAN-SPECIFIC RELATIVE WEIGHTS ARE DEVELOPED UTILIZING THE ADJUSTED COSTS FROM THE EPISODE FILE. THE AVERAGE COST FOR EPISODES WITHIN EACH DRG IS CALCULATED BY DIVIDING THE SUM OF THE COSTS FOR THE EPISODES BY THE NUMBER OF EPISODES WITHIN THE DRG. THE RELATIVE WEIGHT FOR EACH DRG IS CALCULATED BY DIVIDING THE AVERAGE COST FOR EPISODES WITHIN EACH DRG BY THE AVERAGE COST PER EPISODE FOR ALL EPISODES. A TABLE SHOWING THE RELATIVE WEIGHTS, AVERAGE LENGTHS OF STAY, AND LOW DAY OUTLIER THRESHOLD FOR EACH DRG IS AVAILABLE ON THE STATE INPATIENT HOSPITAL WEBSITE AT WWW.MICHIGAN.GOV/MEDICAIDPROVIDERS >> BILLING AND REIMBURSEMENT >> PROVIDER SPECIFIC INFORMATION >> INPATIENT HOSPITALS. RELATIVE WEIGHTS ARE UPDATED ANNUALLY ON OCTOBER 1.

THE STATE ESTABLISHES ALTERNATE WEIGHTS FOR NEONATAL SERVICES FROM EPISODES THAT ARE ASSIGNED TO ONE OF THE DRGS IN THE FOLLOWING RANGE: 580X-640X. THESE WEIGHTS ARE UTILIZED FOR SERVICES RENDERED IN A NEONATAL INTENSIVE CARE UNIT (NICU). THE REMAINING CLAIMS ASSIGNED TO THESE DRGS ARE USED FOR THE BASE WEIGHTS (NON ALTERNATE WEIGHTS). NO OTHER ALTERNATE WEIGHTS ARE ASSIGNED.

TO ENSURE EACH RELATIVE WEIGHT ADEQUATELY REFLECTS RESOURCE UTILIZATION FOR A PARTICULAR DRG IN THE STATE, THE STATE REQUIRES THAT EACH DRG HAVE A MINIMUM OF 10 EPISODES. IF A DRG DOES NOT HAVE AT LEAST 10 EPISODES, AN ALTERNATIVE SOLUTION IS APPLIED AS FOLLOWS:

STATE-SPECIFIC RELATIVE WEIGHT METHODOLOGY:

- IF THE EPISODE COUNT FOR A DRG IS 10 OR MORE, USE THE RELATIVE WEIGHT SETTING METHODOLOGY OUTLINED. OTHERWISE:
 - FOR SEVERITY LEVELS 1 THROUGH 3 WHERE THE TARGETED SEVERITY LEVEL IS EQUAL TO *N*:

TN NO.: 15-0014

Approval Date: _____

Effective Date: 10/01/2015

Supersedes

TN No.: 11-06

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

Methods and Standards for Establishing Payment Rates – Inpatient Hospital

- IF THE EPISODE COUNT FOR THE NEXT GREATER SEVERITY LEVEL IS 10 OR MORE, THE FOLLOWING CALCULATION IS COMPLETED: (MI DRG SEVERITY_{N+1} RELATIVE WEIGHT) X (NATIONAL DRG SEVERITY_N RELATIVE WEIGHT) / (NATIONAL DRG SEVERITY_{N+1} RELATIVE WEIGHT) = (MI RELATIVE WEIGHT FACTOR_N)
 - OTHERWISE, (NATIONAL DRG SEVERITY_N RELATIVE WEIGHT) X (MI CASE MIX FACTOR_N)
15. ~~Recognize area cost differences by dividing the charges for each hospital by an area cost adjustor factor. Hospitals are grouped by U.S. Census Core Based Statistical Areas (CBSAs) as determined by the Centers for Medicare and Medicaid Services for the Medicare program for wage data. Each area cost adjustor is calculated as follows:~~
- a. ~~Cost Adjustor = 0.71066 x Wage Adjustor + 0.28934~~
- 1) ~~The cost formula reflects Medicare estimate of labor-related costs as a portion of total hospital costs as published in the federal register.~~
 - 2) ~~Each area wage factor is area wage per F.T.E. divided by the statewide average hospital wage per F.T.E. Medicare audited wage is collected using the source described in state policy for the rate setting period in question. Contract labor cost, as defined by Medicare, are included in determining a hospital's wage costs. Physician Medicare Part B labor costs are excluded.~~
 - 3) ~~Each hospital's wage costs are adjusted for different fiscal year ends by multiplying the hospital's wage costs by inflation and weighting factors. All wages are brought to a common point in time.~~
 - 4) ~~For hospitals with cost reporting periods ending other than the end of a quarter, the inflation update for the quarter in which the fiscal year ends is used.~~
 - 5) ~~The wage adjustor is based on a two year moving average with the most recent year weighted 60%, and the second year weighted 40%.~~
 - 6) ~~If two or more hospitals merged and are now operating as a single hospital, salary and wages are computed using the combined cost report data from all hospitals involved in the merger. Salary data will be inflated to a common point in time.~~
- b. ~~Indirect medical education (IME) charges are removed by dividing each hospital's adjusted charges by an IME adjustor. Each hospital's IME adjustor is calculated as follows:~~

$$1 + \left(\left(1 + \frac{\text{Interns \& Residents}}{\text{Beds}} \right)^{.5795} - 1 \right) \times 0.3575$$

TN NO.: 15-0014

Approval Date: _____

Effective Date: 10/01/2015

Supersedes

TN No.: 11-06

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

Methods and Standards for Establishing Payment Rates – Inpatient Hospital

- ~~1) The number of beds for each hospital is the average number of available beds for the hospital. Available licensed beds are limited to beds in the medical/surgical~~

TN NO.: 15-0014

Approval Date: _____

Effective Date: 10/01/2015

Supersedes

TN No.: 11-06

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Policy and Methods for Establishing Payment Rates
Inpatient Hospital***

- FOR SEVERITY LEVEL 4:
 - IF THE EPISODE COUNT FOR THE PRIOR SEVERITY LEVEL IS 10 OR MORE, THE FOLLOWING CALCULATION IS COMPLETED: $(MI\ DRG\ SEVERITY_{N-1}\ RELATIVE\ WEIGHT) \times (NATIONAL\ DRG\ SEVERITY_N\ RELATIVE\ WEIGHT) / (NATIONAL\ DRG\ SEVERITY_{N-1}\ RELATIVE\ WEIGHT) = (MI\ RELATIVE\ WEIGHT\ FACTOR_N)$
 - OTHERWISE, $(NATIONAL\ DRG\ SEVERITY_N\ RELATIVE\ WEIGHT) \times (MI\ CASE\ MIX\ FACTOR_N)$
- WHERE:
 - $(MI\ CASE\ MIX\ FACTOR_N) = \text{SUM OF MICHIGAN SPECIFIC RELATIVE WEIGHTS MULTIPLIED BY THE NUMBER OF EPISODES IF THE NUMBER OF EPISODES IS 10 OR MORE DIVIDED BY THE SUM OF NATIONAL RELATIVE WEIGHTS MULTIPLIED BY THE NUMBER OF EPISODES IF THE NUMBER OF EPISODES IS 10 OR MORE.}$
 - $(MI\ ALTERNATE\ WEIGHT\ CASE\ MIX\ FACTOR) = \text{AVERAGE OF (MI ALTERNATE WEIGHT DRG SEVERITY) / (MI DRG SEVERITY RELATIVE WEIGHT) FOR DRGS WITH AN EPISODE COUNT OF 10 OR MORE.}$
- FURTHER ADJUSTMENTS ARE NECESSARY IF THE RESULTING ADJUSTMENT DESCRIBED ABOVE IS INCONSISTENT WITH MICHIGAN OR NATIONAL TRENDS AND DATA.
 - EXAMPLE 1: IF AN EPISODE COUNT IS BETWEEN 10 AND 20 AND THE ALTERNATE WEIGHT WOULD BE LESS THAN THE STANDARD RELATIVE WEIGHT, BUT OTHER SEVERITY LEVELS ARE NOT CONSISTENT WITH THIS, THEN APPLY THE NEXT SEVERITY LEVEL IMPUTING METHOD.
 - EXAMPLE 2: IF THE EPISODE COUNT IS BETWEEN 10 AND 20, THE STATE MAY CONSIDER USING THE ALTERNATE WEIGHT CASE MIX FACTOR APPLIED TO THE NATIONAL ALTERNATE WEIGHT IF THE ALTERNATE WEIGHT IS NOT CONSISTENT WITH OTHER SEVERITY LEVELS OF THE SAME DRG.
 - ALL RELATIVE WEIGHTS ARE SUBJECT TO REASONABLENESS TESTING.

RELATIVE WEIGHT TRIM POINTS:

THE FOLLOWING TRIM POINTS ARE ESTABLISHED FOR THE RELATIVE WEIGHTING SYSTEM.

- THE LOW DAY TRIM POINT IS USED TO DETERMINE WHETHER AN EPISODE QUALIFIES FOR A LOW DAY OUTLIER AND IS ESTABLISHED AS FOLLOWS.
 - IF THE EPISODE COUNT FOR A DRG IS 10 OR MORE, THE LOW DAY TRIM POINT IS SET TO THE 3RD PERCENTILE OF THE LENGTH OF STAY FOR THE DRG.
 - IF THE EPISODE COUNT FOR A DRG IS LESS THAN 10, THE LOW DAY TRIM POINT IS SET TO THE LESSER OF THE NATIONAL LOW DAY TRIM POINT OR 3RD PERCENTILE OF LENGTH OF STAY FOR THE DRG.

TN NO.: 15-0014

Approval Date _____

Effective Date: 10/01/2015

Supersedes

TN No.: 11-06

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

**Policy and Methods for Establishing Payment Rates
Inpatient Hospital**

- IF THE EPISODE COUNT FOR A DRG IS ZERO, THE LOW DAY THRESHOLD IS SET TO THE NATIONAL LOW DAY TRIM POINT FOR THE DRG.
- THE AVERAGE LENGTH OF STAY (ALOS) IS USED TO PRICE CLAIMS EPISODES INVOLVING A TRANSFER FROM A HOSPITAL AND IS ESTABLISHED AS FOLLOWS.
 - IF THE EPISODE COUNT FOR A DRG IS 10 OR MORE, SET THE ALOS TO THE SIMPLE AVERAGE LENGTH OF STAY FOR THE DRG.
 - IF THE EPISODE COUNT FOR A DRG IS LESS THAN 10, SET THE ALOS TO THE LESSER OF NATIONAL ALOS OR THE SIMPLE AVERAGE LENGTH OF STAY FOR THE DRG.
 - IF THE EPISODE COUNT FOR A DRG IS ZERO, SET THE ALOS TO THE NATIONAL ALOS.

~~—portion of the hospital. Interns and residents are only those allocated to the medical/surgical portion of the hospital.~~

~~2) Data taken from the hospital's cost report for the two fiscal years is weighted as follows: 60% for the most recent year, and 40% for the second year.~~

~~3) If two or more hospitals merge and are operating as a single hospital, IME data is computed after the merger using the combined cost report data from all hospitals involved in the merger.~~

~~e. Adjust charges for high day and/or cost outliers to approximate the charges for the non-outlier portion of the stay.~~

~~1) If a claim's length of stay is greater than the high day outlier threshold for the DRG, then it is considered a high day outlier claim. Adjusted charges representing an estimate of the non-outlier portion of charges for high day outliers are used for the relative weight and price calculations as follows:~~

$$\text{Adj Chrg} = \frac{\text{Charges} \times \text{High Day Threshold}}{\text{High Day Threshold} + [.6 \times (\text{LOS} - \text{High Day Threshold})]}$$

~~2) A claim is a cost outlier if its costs (i.e. charges times hospital's inpatient operating cost to charge ratio) are greater than the cost threshold for that DRG (the threshold is set at the larger of twice the DRG payment or \$35,000).~~

~~a) The cost to charge ratio is each hospital's inpatient operating cost to charge ratio, not to exceed 1.0.~~

~~b) The adjusted charges for cost outliers use a cost threshold estimate the greater of:~~

$$\text{Cost Threshold} = 2 \times \text{Avg. Cost for DRG}$$

TN NO.: 15-0014

Approval Date _____

Effective Date: 10/01/2015

Supersedes
TN No.: 11-06

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Policy and Methods for Establishing Payment Rates
Inpatient Hospital***

Or \$35,000.

e) ~~Adjusted charges are calculated as follows:~~

$$\text{Adj Chrg} = \text{Charges} \frac{[(\text{Charges} \times \text{Cost Ratio}) - \text{Cost Threshold}] \times 0.85}{\text{Cost Ratio}}$$

d) ~~If an episode is both a high day and a cost outlier, the lesser of the two adjusted charges is used in computing the relative weights and DRG prices.~~

TN NO.: 15-0014

Approval Date _____

Effective Date: 10/01/2015

Supersedes
TN No.: 11-06

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

Policy and Methods for Establishing Rates – Inpatient Hospital

4. AREA WAGE INDEX

THE AREA WAGE INDEX DESCRIBED IN THIS SECTION IS USED TO DETERMINE ADJUSTED HOSPITAL COSTS AS DESCRIBED IN THE EPISODE FILE SECTION. IN ADDITION, IT IS USED TO ADJUST THE STATEWIDE RATE TO RECOGNIZE VARIANCES IN AREA LABOR COSTS.

TO CALCULATE EACH HOSPITAL'S AREA WAGE INDEX, TWO YEARS OF MEDICARE-AUDITED WAGE DATA, AS PUBLISHED IN THE MEDICARE INPATIENT PROSPECTIVE PAYMENT SYSTEM (IPPS) FINAL RULE, ARE OBTAINED FOR THE MOST RECENT AVAILABLE HOSPITAL FISCAL YEARS. CONTRACT LABOR COSTS, AS DEFINED BY MEDICARE, ARE INCLUDED IN DETERMINING A HOSPITAL'S WAGE COSTS. HOSPITALS ARE GROUPED BY U.S. CENSUS CORE BASED STATISTICAL AREAS (CBSAS) AS DETERMINED BY CMS FOR THE MEDICARE PROGRAM. CONSISTENT WITH CMS, THE COST REPORT REFERENCES ARE OBTAINED FROM THE MEDICARE PROVIDER MANUAL, WORKSHEET S3, PART 3, LINE 6 FOR WAGES AND HOURS.

THE FOLLOWING CALCULATIONS ARE COMPLETED:

- EACH HOSPITAL'S WAGE COSTS ARE BROUGHT TO A COMMON POINT IN TIME BY MULTIPLYING THE HOSPITAL'S FISCAL YEAR END COSTS BY INFLATION FACTORS DERIVED FROM IHS GLOBAL INSIGHT AND WEIGHTING FACTORS.
- FOR HOSPITALS WITH COST REPORTING PERIODS ENDING OTHER THAN THE END OF A QUARTER, THE INFLATION UPDATE FOR THE QUARTER IN WHICH THE HOSPITAL'S FISCAL YEAR ENDS IS USED.
- THE COST REPORTS DO NOT DIFFERENTIATE SALARIES/HOURS BY UNIT TYPE.
- THE WAGE ADJUSTOR IS BASED ON A TWO-YEAR MOVING AVERAGE WITH THE MOST RECENT YEAR WEIGHTED AT 60 PERCENT AND THE SECOND YEAR WEIGHTED AT 40 PERCENT.
- IF TWO OR MORE HOSPITALS MERGE AND ARE OPERATING AS A SINGLE HOSPITAL, SALARY AND WAGES ARE COMPUTED USING THE COMBINED COST REPORT DATA FROM ALL HOSPITALS INVOLVED IN THE MERGER. SALARY DATA IS INFLATED TO A COMMON POINT IN TIME.
- THE AVERAGE WAGE FOR EACH CBSA IS CALCULATED WITH AND WITHOUT HOSPITAL RECLASSIFICATIONS:
 - (A) THE AVERAGE WAGE FOR EACH CBSA WITHOUT RECLASSIFICATIONS IS DETERMINED. THE STATEWIDE AVERAGE WAGE FOR ALL HOSPITALS IN THE STATE IS CALCULATED. USING THESE DATA, CBSA-SPECIFIC AREA WAGE INDICES ARE CALCULATED BY DIVIDING THE AVERAGE WAGE FOR THE CBSA BY THE STATEWIDE AVERAGE WAGE. THIS QUOTIENT IS AREA WAGE INDEX A.
 - (B) THE AVERAGE WAGE FOR EACH CBSA WITH RECLASSIFICATIONS IS DETERMINED. USING THESE DATA AND THE STATEWIDE AVERAGE WAGE FOR ALL HOSPITALS IN THE STATE, CBSA-SPECIFIC AREA WAGE INDICES ARE CALCULATED BY DIVIDING THE AVERAGE WAGE FOR THE CBSA BY THE STATEWIDE AVERAGE WAGE. THIS QUOTIENT IS AREA WAGE INDEX B.
- FOR HOSPITALS THAT DID NOT RECLASSIFY:

TN NO.: 15-0014

Approval Date: _____

Effective Date: 10/01/2015

Supersedes

TN No.: 15-0002

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

Policy and Methods for Establishing Rates – Inpatient Hospital

- IF AREA WAGE INDEX A IS GREATER THAN ONE PERCENT VARIATION FROM ITS AREA WAGE INDEX B, AREA WAGE INDEX A WILL BE USED. OTHERWISE, AREA WAGE INDEX B WILL BE USED.
- FOR HOSPITALS THAT RECLASSIFIED, AREA WAGE INDEX B WILL BE USED.
- THE STATE WILL APPLY A RURAL FLOOR WHEREBY NO HOSPITAL WILL HAVE AN AREA WAGE INDEX LESS THAN THE RURAL INDEX.

ONLY THE LABOR SHARE OF THE STATEWIDE RATE IS ADJUSTED BY THE AREA WAGE INDEX USING THE FOLLOWING FORMULA:

$$\text{MEDICAL/SURGICAL AREA WAGE INDEX ADJUSTED RATE} = 0.70 \times \text{AREA WAGE INDEX} + 0.30$$

- d. ~~The adjusted cost for each episode is calculated by multiplying the adjusted charges for the episode by the inpatient operating cost to charge ratio.~~
 - 1) ~~Each hospital's Title XIX operating cost to total charge ratio is obtained from the hospital's filed cost reports for the fiscal year ending in the second year of the base period. If the cost to charge ratio is greater than 1.0, then 1.0 is used.~~
 - 2) ~~If two or more hospitals merge, and are operating as a single hospital, a cost to charge ratio for the period is computed using the combined cost report data from all hospitals involved in the merger. Cost and charge data will be inflated to a common point in time.~~
- e. ~~The average cost for episodes within each DRG is calculated by dividing the sum of the costs for the episodes by the number of episodes within the DRG.~~
- f. ~~The relative weight for each DRG is calculated by dividing the average cost for episodes within each DRG by the average cost per episode for all episodes. A table showing the relative weights, average lengths of stay, and outlier thresholds for each DRG is included in Appendix A.~~
- g. ~~Bring all charges for discharges to the applicable time period through application of inflation and weighting factors.~~

~~Data for current wage adjustors are taken from hospital cost reporting periods ending between September 1, 2006 and August 31, 2008 for the base, and September 1, 2010 through August 31, 2012 for the update period. Each hospital's wage costs are adjusted for different fiscal year end dates by multiplying the hospital's wage costs by inflation and weighting factors. All wages are brought to a common point in time. Filed wage data is used for hospitals where audited data is not available. The following adjustment factors derived from the Global Insight PPS-Type Hospital Market Basket Index, employee cost component relative to the period, are used:~~

| Fiscal Year Ending | Wage Inflation Factors | Base Weighting Factors | Update Weighting Factors |
|---------------------------|-------------------------------|-------------------------------|---------------------------------|
| 9/30/06 | 1.2331 | 0.40 | |
| 12/31/06 | 1.2233 | 0.40 | |

TN NO.: 15-0014

Approval Date: _____

Effective Date: 10/01/2015

Supersedes

TN No.: 15-0002

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

Policy and Methods for Establishing Rates – Inpatient Hospital

| | | | |
|----------|--------|------|------|
| 3/31/07 | 1.2159 | 0.40 | |
| 6/30/07 | 1.2080 | 0.40 | |
| 9/30/07 | 1.1972 | 0.60 | |
| 12/31/07 | 1.1852 | 0.60 | |
| 3/31/08 | 1.1712 | 0.60 | |
| 6/30/08 | 1.1576 | 0.60 | |
| 9/30/10 | 1.0551 | | 0.40 |
| 12/31/10 | 1.0447 | | 0.40 |
| 3/31/11 | 1.0354 | | 0.40 |
| 6/30/11 | 1.0271 | | 0.40 |
| 9/30/11 | 1.0179 | | 0.60 |
| 12/31/11 | 1.0111 | | 0.60 |
| 3/31/12 | 1.0051 | | 0.60 |

TN NO.: 15-0014

Approval Date: _____

Effective Date: 10/01/2015

Supersedes

TN No.: 15-0002

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

Policy and Methods for Establishing Rates – Inpatient Hospital

THIS PAGE INTENTIONALLY LEFT BLANK.

| Fiscal Year Ending | Wage Inflation Factors | Base Weighting Factors | Update Weighting Factors |
|-------------------------------|-----------------------------------|-----------------------------------|-------------------------------------|
| 6/30/12 | 1.0017 | | 0.60 |
| 8/31/12 | 1.0000 | | 0.60 |

TN NO.: 15-0014

Approval Date: _____

Effective Date: 10/01/2015

Supersedes
TN No.: 15-0002

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Policy and Methods for Establishing Rates
Inpatient Hospital***

5. COST TO CHARGE RATIO

THE OPERATING COST-TO-CHARGE RATIOS DESCRIBED IN THIS SECTION ARE USED TO DETERMINE ADJUSTED HOSPITAL COSTS AS DESCRIBED IN THE EPISODE FILE SECTION. IN ADDITION, THEY ARE USED TO REIMBURSE HOSPITALS FOR TRANSPLANT SERVICES, COST OUTLIERS AND LOW-DAY OUTLIERS. THE OPERATING COST-TO-CHARGE RATIOS ARE UPDATED ANNUALLY ON OCTOBER 1 BY ROLLING THE DATA FORWARD BY ONE YEAR.

THE MOST RECENT TWO YEARS OF COST REPORT DATA FOR HOSPITALS ARE USED TO CALCULATE HOSPITAL-SPECIFIC OPERATING COST-TO-CHARGE RATIOS. FOR EXAMPLE, FOR THE ONE YEAR RATE THAT BEGINS ON OCTOBER 1, 2015, DATA FROM COST REPORTS WITH FISCAL YEARS ENDING BETWEEN OCTOBER 1, 2011 AND SEPTEMBER 30, 2013 ARE USED. DATA FOR THE MOST RECENT YEAR ARE WEIGHTED AT 60 PERCENT WHILE DATA FOR THE SECOND PREVIOUS YEAR ARE WEIGHTED AT 40 PERCENT. COSTS AND CHARGES FOR BOTH FFS AND MANAGED CARE ARE COMBINED SO THAT A WEIGHTED OPERATING COST-TO-CHARGE RATIO IS DEVELOPED. COST AND CHARGE DATA ARE INFLATED TO A COMMON POINT IN TIME USING INFLATION FACTORS FROM IHS GLOBAL INSIGHT. THE COST-TO-CHARGE RATIO WILL NOT EXCEED 1.0.

IF TWO OR MORE HOSPITALS MERGE AND ARE OPERATING AS A SINGLE HOSPITAL, A COST TO CHARGE RATIO FOR THE PERIOD IS COMPUTED USING THE COMBINED COST REPORT DATA FROM ALL HOSPITALS INVOLVED IN THE MERGER.

THE OPERATING COST-TO-CHARGE RATIOS ARE PUBLISHED ON THE STATE INPATIENT HOSPITAL WEBSITE AT WWW.MICHIGAN.GOV/MEDICAIDPROVIDERS >> BILLING AND REIMBURSEMENT >> PROVIDER SPECIFIC INFORMATION >> INPATIENT HOSPITALS.

6. SPECIAL CIRCUMSTANCES

NORMAL REIMBURSEMENT FOR A MEDICAL/SURGICAL INPATIENT HOSPITAL STAY IS EQUAL TO THE APPLICABLE STATEWIDE RATE MULTIPLIED BY THE DRG WEIGHT. HOWEVER, FOR THE FOLLOWING SPECIAL CIRCUMSTANCES, DIFFERENT REIMBURSEMENT METHODOLOGIES APPLY.

A. HIGH COST OUTLIERS

FOR UNUSUALLY HIGH COST STAYS, THE STATE WILL USE A SPECIAL REIMBURSEMENT METHODOLOGY.

AN EPISODE IS A HIGH COST OUTLIER WHEN COSTS (CHARGES X THE HOSPITAL'S OPERATING COST-TO-CHARGE RATIO) EXCEED THE COMPUTED COST THRESHOLD. TRANSPLANT CLAIMS CANNOT QUALIFY AS A HIGH COST OUTLIER.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Policy and Methods for Establishing Rates
Inpatient Hospital***

REIMBURSEMENT FOR COST OUTLIERS IS DEPENDENT UPON THE COST THRESHOLD.

THE COST THRESHOLD IS THE GREATER OF:

- 2 X HOSPITAL DRG RATE X RELATIVE WEIGHT (TWICE THE REGULAR PAYMENT FOR A TRANSFER PAID ON A PER DAY BASIS FOR EPISODES GETTING LESS THAN A FULL DRG); OR
- \$35,000.

COST OUTLIERS ARE REIMBURSED ACCORDING TO THE FOLLOWING FORMULA:

For hospitals with cost reporting periods ending other than at the end of a quarter, the inflation update for the quarter in which the hospital's fiscal year ends is used.

B. DRG Price:

The episode file used for DRG price calculations is the same as the file used to set the relative weights with the following exceptions:

1. The episode file is limited to those hospitals enrolled as of a specified date.
2. Hospitals identified with Medicare Critical Access Hospital (CAH) status as of July 1, 2011 are grouped and paid a single DRG price. The DRG price is the truncated mean of the hospital specific base prices of all CAHS adjusted by the rural cost adjuster and budget neutrality. This is the sum of the product of the hospitals' specific base price times discharges divided by the sum of all group discharges. In the event a hospital status changes from Prospective Payment System (PPS) to CAH status, MDCH recognizes the hospital under CAH status as of the CMS effective date.
3. The case mix is calculated using the sum of all relative weights assigned to each hospital's claims during the base period, divided by the total number of episodes for the hospital during the same period.
4. The adjusted cost for each hospital is summed.
5. The hospital specific base price (cost per discharge for a case mix of 1.00) is computed
 - a) Divide total adjusted cost by total number of episodes
 - b) Divide average costs by the case mix.
 - c) Multiply the result by the applicable inflation and weighting factors. Costs are inflated through the rate period. Inflation factors are obtained from the 1st Quarter 2006 Data Resources, Inc. PPS – Type Hospital Market Basket Index. The following inflation and weighting factors are used:

TN NO.: 15-0014

Approval Date: _____

Effective Date: 10/01/2015

Supersedes

TN No.: 11-06

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Policy and Methods for Establishing Rates
Inpatient Hospital***

| <u>Fiscal Year Ending</u> | <u>Cost Inflation Factors</u> | <u>Weighting Factors</u> |
|----------------------------------|--------------------------------------|---------------------------------|
| <u>9/30/07</u> | <u>1.0731</u> | <u>0.40</u> |
| <u>12/31/07</u> | <u>1.0612</u> | <u>0.40</u> |
| <u>3/31/08</u> | <u>1.0471</u> | <u>0.40</u> |
| <u>6/30/08</u> | <u>1.0311</u> | <u>0.40</u> |
| <u>9/30/08</u> | <u>1.0138</u> | <u>0.60</u> |
| <u>12/31/08</u> | <u>1.0048</u> | <u>0.60</u> |
| <u>3/31/09</u> | <u>1.0008</u> | <u>0.60</u> |
| <u>6/30/09</u> | <u>1.0000</u> | <u>0.60</u> |
| <u>8/31/09</u> | <u>1.0000</u> | <u>0.60</u> |

TN NO.: 15-0014

Approval Date: _____

Effective Date: 10/01/2015

Supersedes

TN No.: 11-06

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

Policy and Methods for Establishing Rates – Inpatient Hospital

$(\text{HOSPITAL DRG RATE} \times \text{RELATIVE WEIGHT}) + [(\text{CHARGES} \times \text{OPERATING COST-TO-CHARGE RATIO}) - (\text{COST THRESHOLD})] \times 85 \text{ PERCENT} = \text{REIMBURSEMENT FOR COST OUTLIER CLAIM}$

B. LOW DAY OUTLIERS

FOR SERVICES WHERE THE LENGTH OF STAY IS LESS THAN THE PUBLISHED LOW DAY THRESHOLD, REIMBURSEMENT IS CHARGES MULTIPLIED BY THE INDIVIDUAL HOSPITAL'S OPERATING COST TO CHARGE RATIO, NOT TO EXCEED THE FULL DRG PAYMENT. THE SPECIFIC LOW DAY OUTLIER THRESHOLD FOR EACH DRG IS LISTED ON THE STATE WEBSITE.

C. TRANSFERS

PAYMENT TO A HOSPITAL THAT RECEIVES A PATIENT AS A TRANSFER FROM ANOTHER INPATIENT HOSPITAL DIFFERS DEPENDING ON WHETHER THE PATIENT IS DISCHARGED OR IS SUBSEQUENTLY TRANSFERRED AGAIN.

1. PAYMENT TO THE TRANSFERRING HOSPITAL

EXCEPT IN THE CASES WHERE THE DRG IS DEFINED AS A TRANSFER OF A PATIENT (FOR WHICH A FULL DRG PAYMENT IS MADE, PLUS AN OUTLIER PAYMENT, IF APPROPRIATE) THE TRANSFERRING HOSPITAL IS PAID A DRG DAILY RATE FOR EACH DAY OF THE BENEFICIARY'S STAY, NOT TO EXCEED THE APPROPRIATE FULL DRG PAYMENT, PLUS AN OUTLIER PAYMENT, IF APPROPRIATE.

2. PAYMENT TO THE RECEIVING HOSPITAL

IF THE PATIENT IS DISCHARGED, THE RECEIVING HOSPITAL IS PAID THE FULL DRG PAYMENT, PLUS AN OUTLIER PAYMENT IF APPROPRIATE.

REIMBURSEMENT IS BASED ON DISCHARGE IN THE FOLLOWING SITUATIONS. IF THE BENEFICIARY:

- A. IS FORMALLY RELEASED FROM THE HOSPITAL, OR
- B. IS TRANSFERRED TO HOME HEALTH SERVICES, OR
- C. DIES WHILE HOSPITALIZED, OR
- D. LEAVES THE HOSPITAL AGAINST MEDICAL ADVICE, OR
- E. IS TRANSFERRED TO A LONG-TERM CARE FACILITY.

IF THE PATIENT IS TRANSFERRED AGAIN, THE HOSPITAL IS PAID AS A TRANSFERRING HOSPITAL.

TN NO.: 15-0014

Approval Date _____

Effective Date: 10/01/2015

Supersedes

TN No.: 15-0002

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

Policy and Methods for Establishing Rates – Inpatient Hospital

D. READMISSIONS

READMISSIONS WITHIN 15 DAYS FOR A RELATED CONDITION, WHETHER TO THE SAME OR A DIFFERENT HOSPITAL, ARE CONSIDERED A PART OF A SINGLE EPISODE FOR PAYMENT PURPOSES.

IF THE READMISSION IS TO A DIFFERENT HOSPITAL, FULL PAYMENT IS MADE TO THE SECOND HOSPITAL. THE FIRST HOSPITAL'S PAYMENT IS REDUCED BY THE AMOUNT PAID TO THE SECOND HOSPITAL. THE FIRST HOSPITAL'S PAYMENT IS NEVER LESS THAN ZERO FOR THE EPISODE.

READMISSIONS FOR AN UNRELATED CONDITION, WHETHER TO THE SAME OR A DIFFERENT HOSPITAL, ARE CONSIDERED SEPARATE EPISODES FOR PAYMENT PURPOSES.

Rates will be adjusted by an inflation factor of 1.076 for the period from August 31, 2009 to December 31, 2014.

5. ~~Determine the DRG base price by:~~

- ~~a. Calculate each hospital's limited base price. This is the lesser of the hospital specific base price or the mean of all base prices, plus one standard deviation.~~
- ~~b. Calculate the statewide operating cost limitation. This is a truncated, weighted mean of all hospitals' limited base prices divided by base period discharges.~~
- ~~c. The lesser of the truncated mean or the hospital specific base price then becomes the DRG base price (before the cost adjustor and incentives are added) for each hospital.~~

6. ~~Calculate any incentive. For hospitals with base DRG prices below the operating limit (truncated mean), the hospital's base DRG price is increased by adding 10% of the difference between the hospital specific base price and the limit.~~

~~Adjust each hospital's DRG base price, plus any incentive, by the updated cost adjustor. The updated cost adjustor is calculated, to reflect the most current data available, in the same manner as the base cost adjustor, except that:~~

- ~~1. Wage data is collected using the source described within State policy for the rate setting period.~~
- ~~2. The wage and benefit inflation factors are derived from the employee cost component of the Global Insight PPS – Type Hospital Market Basket Index relative to the period.~~
- ~~3. In the event that changes in federal regulations result in incompatible data between the base and update periods, adjustments are made either to the base or the update period to render the data comparable.~~

TN NO.: 15-0014

Approval Date _____

Effective Date: 10/01/2015

Supersedes

TN No.: 15-0002

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

Policy and Methods for Establishing Rates – Inpatient Hospital

- ~~4. A budget neutrality factor is included in the hospital price calculation. Hospital prices are reduced by the percentage necessary so that total aggregate hospital payments using the new hospital prices and DRG relative weights do not exceed the total aggregate hospital payments made using the prior hospital base period data and DRG Grouper relative weights. The estimate is based on one year's paid claims, including MHP encounter data with FFS rates applied. The calculated DRG prices are deflated by the percentage necessary for the total payments to equate to the amount currently paid. Budget neutrality for CAHS is determined as a group, independent of Non-CAHS.~~

- ~~5. For payment purposes, a single cost to charge ratio is published on the MDCH website. The single cost to charge ratio is used for calculating payments paid a percent of charge, cost outliers, and low day outliers. The ratio is calculated from the averages of FFS and MHP ratios, net of IME.~~

TN NO.: 15-0014

Approval Date _____

Effective Date: 10/01/2015

Supersedes

TN No.: 15-0002

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Policy and Methods for Establishing Rates
Inpatient Hospital***

E. TRANSPLANT SERVICES

TRANSPLANT SERVICES ARE PAID USING THE FOLLOWING FORMULA:

HOSPITAL CHARGES X HOSPITAL OPERATING COST-TO-CHARGE RATIO = HOSPITAL PAYMENT

TRANSPLANT SERVICES ARE DEFINED AS CLAIMS WHICH FALL UNDER THE FOLLOWING DRGS:

| DRG | DESCRIPTION |
|------------|---|
| 001X | LIVER TRANSPLANT &/OR INTESTINAL TRANSPLANT |
| 002X | HEART &/OR LUNG TRANSPLANT |
| 006X | PANCREAS TRANSPLANT |
| 440X | KIDNEY TRANSPLANT |

ORGAN ACQUISITION WITHIN THESE DRGS IS BILLED AT ACQUISITION COST, AND IS REIMBURSED AT 100% OF ACQUISITION COST.

F. HOSPITALS OUTSIDE MICHIGAN

MEDICAL/SURGICAL HOSPITALS NOT LOCATED IN MICHIGAN ARE REIMBURSED UNDER THE DRG SYSTEM. THE DRG PRICE IS THE STATEWIDE RATE MULTIPLIED BY AN AREA WAGE INDEX OF 1.0. ALL OTHER REIMBURSEMENT POLICIES APPLY.

HOSPITALS THAT HAVE CHARGES THAT EXCEED \$250,000 DURING A SINGLE FISCAL YEAR (USING THE STATE OF MICHIGAN FISCAL YEAR – OCTOBER 1ST THROUGH SEPTEMBER 30TH) MAY BE REIMBURSED THE HOSPITAL'S INPATIENT OPERATING COST TO CHARGE RATIO FOR THOSE MICHIGAN MEDICAID DRGS REIMBURSED BY PERCENTAGE OF CHARGE. THE HOSPITALS' CHIEF FINANCIAL OFFICER MUST SUBMIT AND THE MSA MUST ACCEPT DOCUMENTATION STATING THE HOSPITAL'S MEDICAID COST TO CHARGE RATIO IN THE STATE THAT THE HOSPITAL IS LOCATED. ONCE ACCEPTED, THE HOSPITAL'S ACTUAL COST TO CHARGE RATIO IS APPLIED PROSPECTIVELY TO THOSE DRGS AND CLAIMS SUBJECT TO PERCENTAGE OF CHARGE REIMBURSEMENT USING THE MICHIGAN DRG PAYMENT SYSTEM.

G. NEW HOSPITALS

A NEW MEDICAL/SURGICAL HOSPITAL IS ONE FOR WHICH NO MICHIGAN MEDICAID PROGRAM COST OR PAID CLAIMS DATA EXISTS DURING THE PERIOD USED TO ESTABLISH HOSPITAL RATES OR ONE WHICH WAS NOT ENROLLED IN THE MEDICAID PROGRAM WHEN HOSPITAL RATES WERE LAST ESTABLISHED. HOSPITALS THAT EXPERIENCE A CHANGE OF OWNERSHIP OR

TN NO.: 15-0014

Approval Date _____

Effective Date: 10/01/2015

Supersedes
TN No.: 05-10

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Policy and Methods for Establishing Rates
Inpatient Hospital***

THAT ARE CREATED AS THE RESULT OF A MERGER ARE NOT CONSIDERED NEW HOSPITALS.

THE DRG RATE FOR NEW GENERAL HOSPITALS IS THE STATEWIDE RATE MULTIPLIED BY THE APPLICABLE AREA WAGE INDEX.

To summarize the above, the DRG price for each hospital is calculated using the following procedure:

1. Hospital's adjusted charges.
2. Inpatient cost to charge ratio.
3. Hospital's adjusted costs (line 1* line 2).
4. Hospital's episodes.
5. Cost per discharge (line 3*line 4).
6. Hospital's casemix.
7. Weighted inflation.
8. Hospital's base price (line 5* line 7/line 6).
9. Establish the statewide base limit (mean plus one standard deviation).
10. Hospital's limited base price (lesser of lines 8 or 9).
11. Establish the state wide operating cost limit (truncated, weighted mean of line 10).
12. Hospital's DRG base price (lesser of lines 8 or 11)
13. Calculate the hospital's incentive is applied (if line 12 < line 11, 10% of line 12 - line 11, otherwise 0).
14. Hospital's DRG base price plus any incentive (line 12 plus line 13).
15. Hospital's Area Cost Adjustor.
16. Apply budget neutrality factor
17. Hospital's final DRG price (line 14 x line 15 x line 16). The DRG price is rounded to the nearest whole dollar amount.

C. Special Circumstances Under DRG Reimbursement

In some special circumstances, reimbursement for operating costs uses a DRG daily rate. The DRG daily rate is:

$$\frac{\text{DRG Price} \times \text{Relative Weight}}{\text{Average Length of Stay for the DRG}}$$

The average length of stay, low day and the high day outlier thresholds for each DRG are listed in Appendix A at the end of this section.

1. High-Day Outliers:

The high day outlier for each DRG is set at the lesser of the average length of stay plus 30 days or the 97th percentile length of stay; or 50 days, whichever is greater. Reimbursement for high day outliers is:

TN NO.: 15-0014

Approval Date _____

Effective Date: 10/01/2015

Supersedes
TN No.: 05-10

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Policy and Methods for Establishing Rates
Inpatient Hospital***

**B. REIMBURSEMENT FOR LONG TERM ACUTE CARE HOSPITALS (LTACHS) AND
FREESTANDING REHABILITATION HOSPITALS/DISTINCT PART REHAB UNITS**

EPISODES OF CARE FOR LTACHS AND FREESTANDING REHABILITATION
HOSPITALS/DISTINCT PART REHABILITATION UNITS WILL BE REIMBURSED USING A
STATEWIDE PER DIEM RATE.

**1. DESCRIPTION OF LTACH AND FREESTANDING REHABILITATION
HOSPITALS/DISTINCT PART REHABILITATION UNITS EPISODE FILE**

THE EPISODE FILE IS COMPRISED OF THE UNDERLYING DATA USED TO
CALCULATE THE STATEWIDE PER DIEM RATES. THE COSTS ASSOCIATED WITH
EPISODES FROM THE EPISODE FILE ARE STANDARDIZED AS DESCRIBED
BELOW. THE EPISODE FILE IS COMPRISED OF TWO YEARS OF MEDICAID AND
CHILDREN'S SPECIAL HEALTH CARE SERVICES FFS PAID CLAIMS AND
MANAGED CARE ENCOUNTERS.

THE DATA IS ADJUSTED TO:

- ELIMINATE EPISODES WITH ANY MEDICARE CHARGES. (FOR DUAL
MEDICARE/MEDICAID ELIGIBLE BENEFICIARIES, ONLY CLAIMS PAID A
FULL MEDICAID PAYMENT ARE INCLUDED.)
- ELIMINATE EPISODES WITHOUT ANY CHARGES OR DAYS.
- ELIMINATE EPISODES WITH A ZERO DOLLAR MEDICAID LIABILITY.
- LIMIT EPISODES TO THOSE FROM MICHIGAN HOSPITALS (PROVIDED
THAT HOSPITAL COST REPORT DATA IS AVAILABLE)
- LIMIT EPISODES TO THOSE WITH A VALID DISCHARGE STATUS.

TOTAL CHARGES AND DAYS PAID ARE SUMMED BY HOSPITAL.

THE COST FOR EACH HOSPITAL IS CALCULATED BY MULTIPLYING THE
CHARGES FOR THE HOSPITAL BY THE OPERATING
COST-TO-CHARGE RATIO FOR THE HOSPITAL.

- SEE THE COST-TO-CHARGE SECTION OF THE REIMBURSEMENT FOR
MEDICAL/SURGICAL HOSPITALS SECTION OF THE STATE PLAN FOR
ADDITIONAL INFORMATION.

THE COST PER DAY BY HOSPITAL IS CALCULATED BY DIVIDING THE SUM OF
THE COSTS BY THE NUMBER OF DAYS FOR THE HOSPITAL. TO DETERMINE A
STATEWIDE PER DIEM BASE RATE:

- MULTIPLY THE RESULT BY THE APPLICABLE INFLATION FACTOR TO
BRING COSTS TO A COMMON POINT IN TIME. COSTS ARE INFLATED
THROUGH THE RATE PERIOD. FOR EXAMPLE, FOR FY 2015 RATES,
COSTS ARE INFLATED THROUGH SEPTEMBER 30, 2016. INFLATION
FACTORS ARE OBTAINED FROM IHS GLOBAL INSIGHT.

TN NO.: 15-0014

Approval Date _____

Effective Date: 10/01/2015

Supersedes
TN No.: 05-10

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Policy and Methods for Establishing Rates
Inpatient Hospital***

- RECOGNIZE AREA COST DIFFERENCES BY DIVIDING THE COSTS FOR EACH HOSPITAL BY AN AREA WAGE INDEX.
 - SEE THE AREA WAGE INDEX SECTION OF THE REIMBURSEMENT FOR MEDICAL/SURGICAL HOSPITALS SECTION OF THE STATE PLAN FOR ADDITIONAL INFORMATION.
- CALCULATE THE STATEWIDE OPERATING RATE (BY PROVIDER TYPE). A SEPARATE OPERATING RATE WILL BE CALCULATED FOR LTACHS AND FOR FREESTANDING REHABILITATION HOSPITALS/DISTINCT PART REHABILITATION UNITS. THIS IS A WEIGHTED MEAN OF ALL HOSPITALS' INDIVIDUAL RATES.

$$\text{DRG Price} \times \text{Rel. Wt.} + [60\% \times \text{Outlier Days} \times \left(\frac{\text{DRG Price} \times \text{Relative Wt.}}{\text{Ave LOS for the DRG}} \right)]$$

The multiplier for the daily rate is 60% for all services including those provided in children's hospitals and children's distinct part units of at least 150 beds.

If an episode is both a high day and a cost outlier, reimbursement will be the greater of the two amounts.

~~—2. Low Day Outliers~~

~~For services where the length of stay is less than the published low day threshold, reimbursement is actual charges multiplied by the individual hospital's inpatient operating cost to charge ratio net of IME, not to exceed the full DRG payment. The specific low day outlier threshold for each DRG is listed in Appendix A.~~

~~—3. Less than Acute Care~~

~~If a claim is a high day outlier and review shows that the beneficiary required less than acute continuous medical care during the outlier day period, Medicaid payment is made at the statewide nursing facility per diem rate for the continuous subacute outlier days, if nursing care was medically necessary.~~

~~—4. Cost Outliers~~

~~An episode is a cost outlier when costs for the episode (charges times the hospital's inpatient operating cost to charge ratio excluding IME) exceed the computed cost threshold. Claims assigned to DRGs paid a percent of charge cannot be cost outliers.~~

~~Reimbursement for cost outliers will be dependent upon the cost threshold. The~~

~~Cost Threshold is the larger of:~~

TN NO.: 15-0014

Approval Date _____

Effective Date: 10/01/2015

Supersedes
TN No.: 05-10

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Policy and Methods for Establishing Rates
Inpatient Hospital***

a) ~~2 x DRG Price x Rel. Wt. (twice the regular payment for a transfer paid on a per diem basis for episodes getting less than a full DRG), or~~

b) ~~\$35,000~~

~~Cost Outliers will be reimbursed according to the following formula:~~

~~$(\text{DRG Price} \times \text{Rel. Wt.}) + (85\% \times [(\text{Charges} \times \text{Operating Ratio}) - \text{Cost Threshold}])$~~

TN NO.: 15-0014

Approval Date _____

Effective Date: 10/01/2015

Supersedes

TN No.: 05-10

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Policy and Methods for Establishing Rates
Inpatient Hospital***

- THE PER DIEM RATE FOR EACH PROVIDER TYPE IS THE WEIGHTED MEAN ADJUSTED BY THE AREA WAGE INDEX SPECIFIC TO THE HOSPITAL.

2. LTACH AND FREESTANDING REHABILITATION HOSPITALS/DISTINCT PART REHABILITATION UNITS OUTSIDE OF MICHIGAN

LTACHS, FREESTANDING REHABILITATION HOSPITALS, AND DISTINCT PART REHABILITATION UNITS NOT LOCATED IN MICHIGAN ARE REIMBURSED USING THE PER DIEM RATE APPLICABLE TO THEIR PROVIDER TYPE.

3. NEW LTACHS, FREESTANDING REHABILITATION HOSPITALS, AND DISTINCT PART REHABILITATION UNITS

IF A HOSPITAL AT LEAST DOUBLES THE NUMBER OF LICENSED BEDS IN ITS DISTINCT PART UNIT AND THE NUMBER OF LICENSED BEDS IN THE UNITS INCREASES BY AT LEAST 20, THE ENTIRE UNIT IS TREATED AS A NEW DISTINCT PART UNIT FOR DETERMINING THE PER DIEM RATE. IN ORDER FOR THIS PROVISION TO APPLY, THE HOSPITAL MUST REQUEST IN WRITING THAT THE UNIT IS TREATED AS A NEW UNIT. THE NEW UNIT RATE WILL BECOME EFFECTIVE ON THE DATE THAT THE NUMBER OF LICENSED BEDS DOUBLES AND THE INCREASE IS AT LEAST 20 BEDS, OR THE DATE ON WHICH THE REQUEST IS RECEIVED BY MSA, WHICHEVER IS LATER.

NEW LTACHS, FREESTANDING HOSPITALS, AND DISTINCT PART UNITS ARE REIMBURSED USING THE PER DIEM RATE APPLICABLE TO THEIR PROVIDER TYPE.

~~If an episode is both a high day and a cost outlier, reimbursement is the greater of the two amounts.~~

~~5. Transfers~~

~~Payment to a hospital that receives a patient as a transfer from another inpatient hospital differs depending on whether the patient is discharged or is subsequently transferred again.~~

~~a. Payment to the Transferring Hospital~~

~~Except in the cases where the DRG is defined as a transfer of a patient (for which a full DRG payment is made, plus an outlier payment, if appropriate) the transferring hospital is paid a DRG daily rate for each day of the beneficiary's stay, not to exceed the appropriate full DRG payment, plus an outlier payment, if appropriate.~~

TN NO.: 15-0014

Approval Date _____

Effective Date: 10/01/2015

Supersedes

TN No.: 05-10

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

*Policy and Methods for Establishing Rates
Inpatient Hospital*

~~b. Payment to the Receiving Hospital~~

~~If the patient is discharged, the receiving hospital is paid the full DRG payment, plus an outlier payment if appropriate.~~

~~Reimbursement is based on discharge in the following situations. If the beneficiary:~~

- ~~1) Is formally released from the hospital, or~~
- ~~2) Is transferred to home health services, or~~
- ~~3) Dies while hospitalized, or~~
- ~~4) Leaves the hospital against medical advice, or~~
- ~~5) Is transferred to a long-term care facility.~~

~~If the patient is transferred again, the hospital is paid as a transferring hospital.~~

~~6. Readmissions~~

~~Readmissions within 15 days for a related condition, whether to the same or a different hospital, are considered a part of a single episode for payment purposes.~~

~~If the readmission is to a different hospital, full payment is made to the second hospital. The first hospital's payment is reduced by the amount paid to the second hospital. The first hospital's payment is never less than zero for the episode.~~

TN NO.: 15-0014

Approval Date _____

Effective Date: 10/01/2015

Supersedes
TN No.: 05-10

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

Policy and Methods for Establishing Rates - Inpatient Hospital

THIS PAGE INTENTIONALLY LEFT BLANK.

~~Readmissions for an unrelated condition, whether to the same or a different hospital, are considered separate episodes for payment purposes.~~

~~7. Percent of Charge Reimbursement~~

~~The payment amount for claims that fall into DRGs 1, 2, 5, 6, 7, 8, 10, 14, 16, OR 17 is total hospital charges times the hospital's inpatient operating cost to charge ratio excluding IME.~~

~~The ratio is the hospital's Title XIX inpatient operating cost to charge ratio as obtained from weighted filed cost reports for fiscal years ending between September 1, 2007 and August 31, 2009.~~

~~8. Hospitals Outside of Michigan~~

~~Medical/surgical hospitals not located in Michigan are reimbursed under the DRG system. The DRG price is the statewide operating cost limit (truncated mean of base prices located in Michigan).~~

~~Hospitals that have charges that exceed \$250,000 during a single fiscal year (using the State of Michigan fiscal year — October 1st through September 30th) may be reimbursed the hospital's inpatient operating cost to charge ratio for those Michigan Medicaid DRGs reimbursed by percentage of charge. The hospitals' chief financial officer must submit and the MSA must accept documentation stating the hospital's Medicaid cost to charge ratio in the state that the hospital is located. Once accepted, the hospital's actual cost to charge ratio is applied prospectively to those DRGs and claims subject to percentage of charge reimbursement using the Michigan DRG payment system.~~

~~9. New Hospitals~~

~~A new medical/surgical hospital is one for which no Michigan Medicaid program cost or paid claims data exists during the period used to establish hospital specific base rates or one which was not enrolled in the Medicaid program when hospital specific base prices/rates were last established. Hospitals that experience a change of ownership or that are created as the result of a merger are not considered new hospitals.~~

~~The DRG base price for new general hospitals is the statewide operating limit until new DRG base prices are calculated for all hospitals using data from time periods during which the new hospital provided services to Medicaid beneficiaries.~~

~~D. Hospitals and Units Exempt from DRG Reimbursement~~

~~1. Calculating Per Diem Rates~~

TN NO.: 15-0014

Approval Date _____

Effective Date: 10/01/2015

Supersedes

TN No.: 13-08

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

Policy and Methods for Establishing Rates – Inpatient Hospital

THIS PAGE INTENTIONALLY LEFT BLANK.

~~The per diem prices are calculated in part on Medicaid and Children's Special Health Care Services FFS paid claims data taken from hospital admissions between September 1, 2008 and August 31, 2010, and paid by August 2011. Per diem prices are also calculated based in part on encounter paid claims data taken from hospital admissions between September 1, 2008 and August 31, 2010, and received by August 2011. Two years of fee for service and encounter paid claims are used.~~

~~The claim file is limited to those hospitals enrolled as of the specified date.~~

~~a) The invoice file is adjusted to:~~

- ~~1) Eliminate episodes with any Medicare charges. (For dual Medicare/Medicaid eligible beneficiaries, only claims paid a full Medicaid DRG are included);~~
- ~~2) Eliminate episodes without any charges or days.~~
- ~~3) Limit episodes to those from Michigan hospitals (provided that hospital cost report data are available).~~
- ~~4) Limit episodes to those with a valid patient~~
- ~~5) Eliminate episodes with a zero dollar Medicaid liability.~~

~~—Total charges and days paid are summed by hospital.~~

~~b) The cost for each hospital is calculated by multiplying the charges for the hospital by the cost to charge ratio for the hospital.~~

- ~~1) Each hospital's operating cost to total charge ratio is obtained from weighted filed cost reports for fiscal years ending between September 1, 2008 and August 31, 2010. If the cost to charge ratio is greater than 1.00 then 1.00 is used. For distinct part rehabilitation units, this ratio is unique to the unit.~~
- ~~2) If two or more hospitals merged and are now operating as a single hospital, a cost to charge ratio is computed using the combined cost report data from all hospitals involved in the merger. Cost and charge data will be inflated to a common point in time.~~

~~The cost per day by hospital is calculated by dividing the sum of the costs by the number of days for the hospital.~~

~~c) To determine a hospital specific Per Diem base rate:~~

TN NO.: 15-0014 Approval Date: _____

Effective Date: 10/01/2015

Supersedes
TN No.: 12-05

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Policy and Methods for Establishing Rates
Inpatient Hospital***

THIS PAGE INTENTIONALLY LEFT BLANK.

- 1) ~~Multiply the cost per day by the applicable inflation factor. Each hospital's costs are inflated to a common point in time. Inflation factors were obtained from the Global Insight PPS-Type Hospital Market Basket Index relative to the period.~~

| Fiscal Year Ending | Cost Inflation Factors | Weighting Factors |
|---------------------------|-------------------------------|--------------------------|
| 9/30/08 | 1.0555 | 0.40 |
| 12/31/08 | 1.0462 | 0.40 |
| 3/31/09 | 1.0421 | 0.40 |
| 6/30/09 | 1.0412 | 0.40 |
| 9/30/09 | 1.0413 | 0.60 |
| 12/31/09 | 1.0337 | 0.60 |
| 3/31/10 | 1.0220 | 0.60 |
| 6/30/10 | 1.0103 | 0.60 |
| 8/31/10 | 1.0000 | 0.60 |

~~Rates will be adjusted by an inflation factor of 1.076 for the period from August 31, 2010 to December 31, 2014.~~

~~The inflation update for the quarter in which the hospital's fiscal year ends is used.~~

- 2) ~~Recognize area cost differences by dividing the cost per day for each hospital by an area cost adjustor factor. Hospitals are grouped by U.S. Census Core Based Statistical Area (CBSAs) as determined by the Centers for Medicare and Medicaid Services for the Medicare program for wage data. Each area cost adjustor is calculated as follows:~~

$$\text{COST ADJUSTOR} = 0.71066 \times \text{WAGE ADJUSTOR} + 0.28934$$

~~The cost adjustor formula reflects Medicare estimate of labor-related costs as a portion of total hospital costs as published in the Federal Register.~~

- 3) ~~Each area wage factor is area wage per full-time equivalent (F.T.E.) divided by the statewide average hospital wage per F.T.E. Contract labor costs are included in determining a hospital's wage costs~~

TN NO.: 15-0014

Approval Date _____

Effective Date: 10/01/2015

Supersedes
TN No.: 15-0002

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Policy and Methods for Establishing Rates
Inpatient Hospital***

THIS PAGE INTENTIONALLY LEFT BLANK.

- 4) ~~Each hospital's wage costs are adjusted for different fiscal year end dates by multiplying the hospital's wage costs by inflation and weighting factors. All wages are brought to a common point in time. Filed wage data is used where audited~~

TN NO.: 15-0014

Approval Date _____

Effective Date: 10/01/2015

Supersedes
TN No.: 06-04

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

Policy and Methods for Establishing Rates – Inpatient Hospital

THIS PAGE INTENTIONALLY LEFT BLANK.

data is not available. The following adjustment factors, derived from the Global Insight PPS-Type Hospital Market Basket Index relative to the period, employee cost component, are used:

| Fiscal Year Ending | Wage Inflation Factors | Base Weighting Factors | Update Weighting Factors |
|---------------------------|-------------------------------|-------------------------------|---------------------------------|
| 9/30/07 | 1.972 | 0.40 | |
| 12/31/07 | 1.1852 | 0.40 | |
| 3/31/08 | 1.1712 | 0.40 | |
| 6/30/08 | 1.1576 | 0.40 | |
| 9/30/08 | 1.1453 | 0.60 | |
| 12/31/08 | 1.332 | 0.60 | |
| 3/31/09 | 1.1218 | 0.60 | |
| 6/30/09 | 1.1097 | 0.60 | |
| 9/30/10 | 1.0551 | | 0.40 |
| 12/31/10 | 1.0447 | | 0.40 |
| 3/31/11 | 1.0354 | | 0.40 |
| 6/30/11 | 1.0271 | | 0.40 |
| 9/30/11 | 1.0179 | | 0.60 |
| 12/31/11 | 1.0111 | | 0.60 |
| 3/31/12 | 1.0051 | | 0.60 |
| 6/30/12 | 1.0071 | | 0.60 |
| 8/31/12 | 1.000 | | 0.60 |

For hospitals with cost reporting periods ending other than the end of a quarter, the inflation update for the quarter in which the hospital's fiscal year ends is used.

- The wage data for distinct part rehabilitation units is the same as for the inpatient medical/surgical area of the hospital. The cost reports do not differentiate salaries/hours by unit type.
- If two or more hospitals merge and are now operating as a single hospital, salary and wages are computed using the combined cost report data from all hospitals involved in the merger. Salary data will be inflated to a common point in time.
- Remove indirect medical education (IME) costs by dividing by an adjustor for indirect education. Each hospital's IME adjustor is calculated as follows:

$$1 + \left(\left(1 + \frac{\text{Interns \& Residents}}{\text{Beds}} \right)^{.5795} - 1 \right) \times 0.3575$$

- Distinct part rehabilitation units report this data separately. The IME adjustor is unique to the unit.

TN NO.: 15-0014

Approval Date _____

Effective Date: 10/01/2015

Supersedes

TN No.: 15-0002

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

Policy and Methods for Establishing Rates – Inpatient Hospital

THIS PAGE INTENTIONALLY LEFT BLANK.

To determine the per diem rate:

- ~~Calculate the statewide operating cost limit (by provider type). This is a weighted mean of all hospital-specific base prices weighted by base period days (truncated mean), multiplied by the appropriate percentage.~~
 - ~~For freestanding rehabilitation hospitals the percentages is 150%~~
 - ~~The 50th percentile is determined by calculating a standardized rate for each unit. The standardized rates for all enrolled Michigan units are sorted in ascending order. The standardized rate of the first unit after the 50% of the units listed becomes the statewide 50th percentile.~~
 - ~~For distinct part rehabilitation units the percentage is 200%~~
- ~~Calculate the statewide operating cost minimum (by provider type). This is a truncated, weighted mean of all hospitals' specific base prices weighted by base period days multiplied by 70%.~~
- ~~The per diem base rate is the lesser of:
 - ~~The greater of the hospital specific base price or the statewide operating cost minimum, or~~
 - ~~The statewide operating cost limit.~~~~

~~Adjust each hospital's per diem rate by the updated cost adjuster (to reflect a hospital specific per diem rate). The updated cost adjuster is calculated, to reflect the most current data available, in the same manner as the base cost adjuster, except that:~~

- ~~Medicare audited wage data for hospital fiscal years ending between September 1, 2007 and August 31, 2009 is used for the base period and September 1, 2010 and August 31, 2012 is used for the update period.~~
- ~~The wage inflation and weighting factors are derived from the employee cost component of the Global Insight PPS-Type Hospital Market Basket Index relative to the period. The same inflation and weighting factors were used here as were used for the DRG update found in Section III, B., *DRG Price*.~~
- ~~In the event that changes in federal regulations result in incompatible data between the base and update periods, adjustments are made either to the base or the update period to render the data comparable.~~

~~Calculate the final per diem rate by rounding to the nearest whole dollar.~~

~~2. Hospitals Outside of Michigan~~

TN NO.: 15-0014

Approval Date _____

Effective Date: 10/01/2015

Supersedes

TN No.: 15-0002

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Policy and Methods for Establishing Rates
Inpatient Hospital***

~~Freestanding rehabilitation hospitals and distinct part rehabilitation units not located in Michigan are reimbursed using a per diem rate. The per diem rate is the statewide weighted average per diem (truncated mean) for this provider type.~~

~~3. New Freestanding Hospitals and Distinct Part Units~~

~~If a hospital at least doubles the number of licensed beds in its distinct part unit and the number of licensed beds in the units increases by at least 20, the entire unit is treated as a new distinct part unit for determining the per diem rate. In order for this provision to apply, the hospital must request in writing that the unit is treated as a new unit. The new unit rate will become effective on the date that the number of licensed beds doubles and the increase is at least 20 beds, or the date on which the request is received by MSA, whichever is later.~~

~~New freestanding hospitals and distinct part units are reimbursed using the statewide average (weighted by days during the base period) per diem rate for the provider type.~~

~~A hospital/unit specific per diem rate is established when new rates are calculated using data from time periods during which the new hospital/unit provided services to Medicaid patients.~~

SUBSECTIONS C AND D HAVE BEEN ELIMINATED. THE NEXT SUBSECTION IS "E. FREQUENCY OF UPDATES".

E. Frequency of UPDATES ~~Recalibration~~

The STATE WILL UPDATE AREA WAGE INDEX, COST TO CHARGE RATIO, RELATIVE WEIGHTS, APR-DRG GROUPER, DRG RATES, AND PER DIEM RATES ON AN ANNUAL BASIS. ~~Department will recalibrate hospital prices and ratios according to the following schedule:~~

- ~~1) Relative weights will be recalibrated annually.~~
- ~~2) DRG prices will be rebased every three years and updated annually.~~
- ~~3) Per Diem rates will be rebased every two years and updated annually.~~
- ~~4) Inpatient operating cost to charge ratios will be recalculated with each DRG/Per Diem rebasing.~~

F. Mergers

1. General Hospitals

TN NO.: 15-0014

Approval Date _____

Effective Date: 10/01/2015

Supersedes
TN No.: 05-10

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Policy and Methods for Establishing Rates
Inpatient Hospital***

In the event of a merger between two or more hospitals ~~between DRG rebasing periods~~, the DRG rate for the surviving hospital will be computed as follows:

- A. THE STATEWIDE RATE WILL BE ADJUSTED BY APPLICABLE AREA WAGE INDEX.
- B. THE COST TO CHARGE RATIOS OF THE HOSPITALS WILL BE COMBINED TO CREATE A NEW COST TO CHARGE RATIO.

~~a. Cost to charge ratio, indirect medical education, and wage data will be inflated to a common point in time (for the surviving entity).~~

TN NO.: 15-0014

Approval Date _____

Effective Date: 10/01/2015

Supersedes
TN No.: 05-10

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Policy and Methods for Establishing Rates
Inpatient Hospital***

~~b. No changes will be made to the relative weights.~~

~~c. The DRG rate will be computed with the same methodology as described in the section covering the computation of the DRG rates, with the following exceptions:~~

- ~~1) No change will be made to the statewide cost limit.~~
- ~~2) No change will be made to the statewide average used to compute the update base wage adjuster.~~
- ~~3) No change will be made with respect to the statewide average used to compute the update wage adjuster.~~

~~d. As part of recalibration or rebasing, all data will be combined prior to adjusting the invoice file, as discussed in the section covering the recalibration/rebasing.~~

2. LTACHs, Freestanding Psychiatric and Rehabilitation Hospitals/Distinct Part Psychiatric and Rehabilitation Units

In the event of a merger between two or more hospitals ~~between per diem rebasing periods~~, the resulting per diem rate for the surviving hospital will be computed as follows:

- A. THE STATEWIDE RATE WILL BE ADJUSTED BY APPLICABLE AREA WAGE INDEX.
- B. THE COST TO CHARGE RATIO OF THE HOSPITALS WILL BE COMBINED TO CREATE A NEW COST TO CHARGE RATIO.

~~a. Cost to charge ratio, indirect medical education (IME), and wage data will be inflated to a common point in time (for the surviving entity).~~

~~b. The per diem rate will be computed using the same methodology as described in the section covering the computation of the DRG rates, with the following exceptions:~~

- ~~1) No change will be made to the statewide operating cost limit.~~
 - ~~2) No change will be made to the statewide operating cost minimum.~~
 - ~~3) No change will be made to the statewide average used to compute the base wage adjuster.~~
 - ~~4) No change will be made to the statewide average used to compute the update wage adjuster.~~
-

TN NO.: 15-0014

Approval Date _____

Effective Date: 10/01/2015

Supersedes
TN No.: 05-10

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Policy and Methods for Establishing Rates
Inpatient Hospital***

~~b. As part of recalibration or rebasing, all data will be combined prior to adjusting the invoice file, as discussed in the section covering the recalibration/rebasing.~~

G. Other Reimbursement Methods

TN NO.: 15-0014

Approval Date _____

Effective Date: 10/01/2015

Supersedes
TN No.: 05-10

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Policy and Methods for Establishing Rates
Inpatient Hospital***

1. Sub-Acute Ventilator-dependent Care

Payment for services provided to patients in sub-acute ventilator-dependent units (SVDUCU) is made using a negotiated prospective per diem rate that includes capital and direct medical education costs.

The per diem rate is based on cost estimates for the upcoming year. The negotiated per diem rate is not to exceed the average outlier per diem rate that would be paid for outlier days between DRG ~~004X 541~~ and DRG ~~005X 542~~. The payment rate for patients in subacute ventilator-dependent care units is an all-inclusive facility rate. No additional reimbursement is made for capital or direct medical education costs. These units are not eligible for indigent volume adjustor or indirect medical education adjustor payments.

2. Michigan State-Owned Hospitals

Reimbursement to Michigan state-owned hospitals is allowable costs under Medicare principles of reimbursement as freestanding psychiatric hospitals exempt from the prospective payment system.

H. Disproportionate Share

Minimum Eligibility Criteria

Indigent volume data is taken from each hospital's cost report and from supplemental forms that each hospital must file with its cost report. Data from the most recent available filed cost report are used to calculate a disproportionate share adjustor. New adjustors are calculated and become effective concurrently with annual inflation updates. Separate indigent volume data is collected for and applied to distinct part psychiatric units.

Indigent volume is measured as the percentage of inpatient indigent charges to a hospital's total inpatient charges. Indigent charges are the annual charges for services rendered to patients eligible for payments under the Medicaid, CSHCS and the Adult Benefits Waiver plus uncompensated care charges. Uncompensated care is limited by Medicare standards and is offset by any recoveries.

Each hospital must have a Medicaid utilization rate of at least 1%. Medicaid utilization is measured as:

$$\frac{\text{Medicaid Inpatient Days (Whole Hospital including Subproviders)}}{\text{Total Hospital Days (Whole Hospital including Subproviders)}}$$

Individual inpatient hospital claims will be paid without DSH adjustments. Inpatient DSH payments will be made annually in a single distribution based on charges converted to cost

TN NO.: 15-0014

Approval Date _____

Effective Date: 10/01/2015

Supersedes
TN No.: 06-14

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

**Methods and Standards for Establishing Payment Rates
Inpatient Hospital Care**

| DRG | MDC | Type | Description | Relative Weight | Avg LOS | Low Day | High Day |
|-----|-----|------|---|-------------------------------|---------|---------|----------|
| 1 | PRE | SURG | Heart transplant or implant of heart assist system w MCG | <i>Paid percent of charge</i> | | | |
| 2 | PRE | SURG | Heart transplant or implant of heart assist system w/o MCG | <i>Paid percent of charge</i> | | | |
| 3 | PRE | SURG | ECMO or trach w MV 96+ hrs or PDX exc face, mouth & neck w maj O.R. | 20.6902 | 44.38 | 8 | 83 |
| 4 | PRE | SURG | Trach w MV 96+ hrs or PDX exc face, mouth & neck w/o maj O.R. | 13.0787 | 34.51 | 5 | 69 |
| 5 | PRE | SURG | Liver transplant w MCG or intestinal transplant | <i>Paid percent of charge</i> | | | |
| 6 | PRE | SURG | Liver transplant w/o MCG | <i>Paid percent of charge</i> | | | |
| 7 | PRE | SURG | Lung transplant | <i>Paid percent of charge</i> | | | |
| 8 | PRE | SURG | Simultaneous pancreas/kidney transplant | <i>Paid percent of charge</i> | | | |
| 10 | PRE | SURG | Pancreas transplant | <i>Paid percent of charge</i> | | | |
| 11 | PRE | SURG | Tracheostomy for face, mouth & neck diagnoses w MCG | 4.5306 | 14.10 | 2 | 50 |
| 12 | PRE | SURG | Tracheostomy for face, mouth & neck diagnoses w CC | 3.3179 | 10.56 | 2 | 50 |
| 13 | PRE | SURG | Tracheostomy for face, mouth & neck diagnoses w/o CC/MCG | 2.4372 | 7.60 | 2 | 50 |
| 14 | PRE | SURG | ALLOGENEIC BONE MARROW TRANSPLANT | <i>Paid percent of charge</i> | | | |
| 16 | PRE | SURG | AUTOLOGOUS BONE MARROW TRANSPLANT W-CC/MCG | <i>Paid percent of charge</i> | | | |
| 17 | PRE | SURG | AUTOLOGOUS BONE MARROW TRANSPLANT W/O-CC/MCG | <i>Paid percent of charge</i> | | | |
| 20 | 01 | SURG | Intracranial vascular procedures w PDX hemorrhage w MCG | 9.1131 | 18.62 | 3 | 50 |
| 21 | 01 | SURG | Intracranial vascular procedures w PDX hemorrhage w CC | 7.2654 | 15.08 | 4 | 50 |
| 22 | 01 | SURG | Intracranial vascular procedures w PDX hemorrhage w/o CC/MCG | 6.0017 | 11.53 | 2 | 50 |
| 23 | 01 | SURG | Craniotomy w major device implant or acute complex CNS-PDX w MCG | 6.5786 | 15.78 | 2 | 50 |
| 24 | 01 | SURG | Craniotomy w major device implant or acute complex CNS-PDX w/o MCG | 4.5152 | 12.23 | 4 | 50 |
| 25 | 01 | SURG | Craniotomy & endovascular intracranial procedures w MCG | 5.6543 | 14.86 | 2 | 50 |
| 26 | 01 | SURG | Craniotomy & endovascular intracranial procedures w CC | 3.7495 | 8.45 | 4 | 50 |
| 27 | 01 | SURG | Craniotomy & endovascular intracranial procedures w/o CC/MCG | 2.7203 | 4.71 | 4 | 50 |
| 28 | 01 | SURG | Spinal procedures w MCG | 5.0112 | 14.09 | 2 | 50 |
| 29 | 01 | SURG | Spinal procedures w CC | 3.4103 | 9.33 | 4 | 50 |

TN NO.: 15-0014

Approval Date: _____

Effective Date: 10/01/2015

Supersedes

TN No.: 15-0002

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

**Methods and Standards for Establishing Payment Rates
Inpatient Hospital Care**

| DRG | MDC | Type | Description | Relative Weight | Avg LOS | Low Day | High Day |
|-----|-----|------|--|-----------------|---------|---------|----------|
| 30 | 01 | SURG | Spinal procedures w/o CC/MCC | 2.0366 | 4.67 | 4 | 50 |
| 31 | 01 | SURG | Ventricular shunt procedures w MCC | 3.5667 | 11.67 | 2 | 50 |
| 32 | 01 | SURG | Ventricular shunt procedures w CC | 1.7604 | 5.37 | 4 | 50 |
| 33 | 01 | SURG | Ventricular shunt procedures w/o CC/MCC | 1.4949 | 3.92 | 4 | 50 |
| 34 | 01 | SURG | Carotid artery stent procedure w MCC | 6.2910 | 16.00 | 5 | 50 |
| 35 | 01 | SURG | Carotid artery stent procedure w CC | 2.8705 | 6.81 | 4 | 50 |
| 36 | 01 | SURG | Carotid artery stent procedure w/o CC/MCC | 1.9268 | 3.48 | 4 | 50 |
| 37 | 01 | SURG | Extracranial procedures w MCC | 4.3256 | 11.38 | 4 | 50 |
| 38 | 01 | SURG | Extracranial procedures w CC | 1.8902 | 5.33 | 4 | 50 |
| 39 | 01 | SURG | Extracranial procedures w/o CC/MCC | 1.4084 | 2.26 | 4 | 50 |
| 40 | 01 | SURG | Periph & cranial nerve & other nerv syst proc w MCC | 3.9260 | 13.55 | 2 | 50 |
| 41 | 01 | SURG | Periph & cranial nerve & other nerv syst proc w CC | 1.9984 | 7.01 | 4 | 50 |
| 42 | 01 | SURG | Periph & cranial nerve & other nerv syst proc w/o CC/MCC | 1.6986 | 3.47 | 4 | 50 |
| 52 | 01 | MED | Spinal disorders & injuries w CC/MCC | 2.0328 | 7.36 | 4 | 50 |
| 53 | 01 | MED | Spinal disorders & injuries w/o CC/MCC | 0.9006 | 3.30 | 4 | 50 |
| 54 | 01 | MED | Nervous system neoplasms w MCC | 1.6962 | 6.95 | 2 | 50 |
| 55 | 01 | MED | Nervous system neoplasms w/o MCC | 1.3797 | 5.21 | 4 | 50 |
| 56 | 01 | MED | Degenerative nervous system disorders w MCC | 1.8926 | 8.68 | 4 | 50 |
| 57 | 01 | MED | Degenerative nervous system disorders w/o MCC | 1.0145 | 4.83 | 4 | 50 |
| 58 | 01 | MED | Multiple sclerosis & cerebellar ataxia w MCC | 1.5972 | 8.60 | 2 | 50 |
| 59 | 01 | MED | Multiple sclerosis & cerebellar ataxia w CC | 1.0784 | 5.61 | 4 | 50 |
| 60 | 01 | MED | Multiple sclerosis & cerebellar ataxia w/o CC/MCC | 0.8736 | 4.28 | 4 | 50 |
| 61 | 01 | MED | Acute ischemic stroke w use of thrombolytic agent w MCC | 3.5672 | 10.57 | 3 | 50 |
| 62 | 01 | MED | Acute ischemic stroke w use of thrombolytic agent w CC | 2.1140 | 5.03 | 4 | 50 |
| 63 | 01 | MED | Acute ischemic stroke w use of thrombolytic agent w/o CC/MCC | 1.8273 | 3.47 | 2 | 50 |
| 64 | 01 | MED | Intracranial hemorrhage or cerebral infarction w MCC | 2.3942 | 9.26 | 4 | 50 |
| 65 | 01 | MED | Intracranial hemorrhage or cerebral infarction w CC | 1.4766 | 6.19 | 2 | 50 |
| 66 | 01 | MED | Intracranial hemorrhage or cerebral infarction w/o CC/MCC | 1.1101 | 4.02 | 4 | 50 |
| 67 | 01 | MED | Nonspecific eva & precerebral occlusion w/o infarct w MCC | 2.5212 | 6.19 | 4 | 50 |

TN NO.: 15-0014

Approval Date: _____

Effective Date: 10/01/2015

Supersedes
TN No.: 15-0002

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

**Methods and Standards for Establishing Payment Rates
Inpatient Hospital Care**

| DRG | MDC | Type | Description | Relative Weight | Avg LOS | Low Day | High Day |
|------|-----|------|---|-----------------|---------|---------|----------|
| 68 | 01 | MED | Nonspecific eva & precerebral occlusion w/o infarct w/o MCC | 1.2114 | 3.71 | 4 | 50 |
| 69 | 01 | MED | Transient ischemia | 0.8423 | 3.12 | 4 | 50 |
| 70 | 01 | MED | Nonspecific cerebrovascular disorders w MCC | 1.6650 | 7.54 | 4 | 50 |
| 71 | 01 | MED | Nonspecific cerebrovascular disorders w CC | 1.3073 | 6.49 | 4 | 50 |
| 72 | 01 | MED | Nonspecific cerebrovascular disorders w/o CC/MCC | 0.8940 | 3.70 | 4 | 50 |
| 73 | 01 | MED | Cranial & peripheral nerve disorders w MCC | 1.4429 | 7.07 | 4 | 50 |
| 74 | 01 | MED | Cranial & peripheral nerve disorders w/o MCC | 0.9213 | 4.63 | 4 | 50 |
| 75 | 01 | MED | Viral meningitis w CC/MCC | 1.0014 | 4.46 | 4 | 50 |
| 76 | 01 | MED | Viral meningitis w/o CC/MCC | 0.6333 | 3.24 | 4 | 50 |
| 77 | 01 | MED | Hypertensive encephalopathy w MCC | 1.6856 | 6.45 | 4 | 50 |
| 78 | 01 | MED | Hypertensive encephalopathy w CC | 1.0836 | 5.10 | 2 | 50 |
| 79 | 01 | MED | Hypertensive encephalopathy w/o CC/MCC | 0.7184 | 3.31 | 4 | 50 |
| 80 | 01 | MED | Nontraumatic stupor & coma w MCC | 1.0323 | 3.95 | 4 | 50 |
| 81 | 01 | MED | Nontraumatic stupor & coma w/o MCC | 0.7595 | 2.95 | 4 | 50 |
| 82 | 01 | MED | Traumatic stupor & coma, coma >1 hr w MCC | 2.5816 | 8.70 | 4 | 50 |
| 83 | 01 | MED | Traumatic stupor & coma, coma >1 hr w CC | 1.5911 | 6.54 | 4 | 50 |
| 84 | 01 | MED | Traumatic stupor & coma, coma >1 hr w/o CC/MCC | 0.9926 | 2.93 | 4 | 50 |
| 85 | 01 | MED | Traumatic stupor & coma, coma <1 hr w MCC | 2.8486 | 11.16 | 4 | 50 |
| 85.1 | 01 | MED | Traumatic stupor & coma, coma <1 hr w MCC | 4.0026 | 8.94 | 4 | 50 |
| 86 | 01 | MED | Traumatic stupor & coma, coma <1 hr w CC | 1.3353 | 5.12 | 4 | 50 |
| 86.1 | 01 | MED | Traumatic stupor & coma, coma <1 hr w CC | 1.1980 | 4.35 | 4 | 50 |
| 87 | 01 | MED | Traumatic stupor & coma, coma <1 hr w/o CC/MCC | 0.8240 | 3.07 | 4 | 50 |
| 87.1 | 01 | MED | Traumatic stupor & coma, coma <1 hr w/o CC/MCC | 0.5315 | 2.04 | 4 | 50 |
| 88 | 01 | MED | Concussion w MCC | 1.6810 | 5.68 | 4 | 50 |
| 88.1 | 01 | MED | Concussion w MCC | 0.4631 | 3.00 | 2 | 50 |
| 89 | 01 | MED | Concussion w CC | 0.9079 | 3.13 | 4 | 50 |
| 89.1 | 01 | MED | Concussion w CC | 0.6987 | 1.86 | 4 | 50 |
| 90 | 01 | MED | Concussion w/o CC/MCC | 0.7672 | 2.02 | 4 | 50 |
| 90.1 | 01 | MED | Concussion w/o CC/MCC | 0.4774 | 1.50 | 4 | 50 |
| 91 | 01 | MED | Other disorders of nervous system w MCC | 1.8490 | 7.34 | 4 | 50 |

TN NO.: 15-0014

Approval Date: _____

Effective Date: 10/01/2015

Supersedes
TN No.: 15-0002

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

**Methods and Standards for Establishing Payment Rates
Inpatient Hospital Care**

| DRG | MDC | Type | Description | Relative Weight | Avg LOS | Low Day | High Day |
|-------|-----|------|---|-----------------|---------|---------|----------|
| 92 | 01 | MED | Other disorders of nervous system w CC | 1.0774 | 4.74 | 4 | 50 |
| 93 | 01 | MED | Other disorders of nervous system w/o CC/MCC | 0.8410 | 3.25 | 4 | 50 |
| 94 | 01 | MED | Bacterial & tuberculous infections of nervous system w MCC | 3.1365 | 11.32 | 4 | 50 |
| 95 | 01 | MED | Bacterial & tuberculous infections of nervous system w CC | 2.1754 | 8.94 | 4 | 50 |
| 96 | 01 | MED | Bacterial & tuberculous infections of nervous system w/o CC/MCC | 1.9440 | 6.55 | 4 | 50 |
| 97 | 01 | MED | Non bacterial infect of nervous sys exc viral meningitis w MCC | 3.3634 | 12.98 | 3 | 50 |
| 98 | 01 | MED | Non bacterial infect of nervous sys exc viral meningitis w CC | 2.0986 | 9.02 | 2 | 50 |
| 99 | 01 | MED | Non bacterial infect of nervous sys exc viral meningitis w/o CC/MCC | 1.4304 | 6.00 | 4 | 50 |
| 100 | 01 | MED | Seizures w MCC | 1.3743 | 6.06 | 4 | 50 |
| 100.1 | 01 | MED | Seizures w MCC | 0.8576 | 3.91 | 4 | 50 |
| 101 | 01 | MED | Seizures w/o MCC | 0.7297 | 3.45 | 4 | 50 |
| 101.1 | 01 | MED | Seizures w/o MCC | 0.5026 | 2.54 | 4 | 50 |
| 102 | 01 | MED | Headaches w MCC | 1.1370 | 4.31 | 4 | 50 |
| 102.1 | 01 | MED | Headaches w MCC | 0.6493 | 2.38 | 4 | 50 |
| 103 | 01 | MED | Headaches w/o MCC | 0.8012 | 3.38 | 4 | 50 |
| 103.1 | 01 | MED | Headaches w/o MCC | 0.6060 | 2.57 | 4 | 50 |
| 113 | 02 | SURG | Orbital procedures w CC/MCC | 1.7534 | 4.92 | 4 | 50 |
| 114 | 02 | SURG | Orbital procedures w/o CC/MCC | 1.1917 | 3.37 | 4 | 50 |
| 115 | 02 | SURG | Extraocular procedures except orbit | 1.5209 | 4.61 | 4 | 50 |
| 116 | 02 | SURG | Intraocular procedures w CC/MCC | 2.4315 | 11.67 | 4 | 50 |
| 117 | 02 | SURG | Intraocular procedures w/o CC/MCC | 1.0589 | 3.19 | 4 | 50 |
| 124 | 02 | MED | Acute major eye infections w CC/MCC | 1.0165 | 5.68 | 4 | 50 |
| 122 | 02 | MED | Acute major eye infections w/o CC/MCC | 0.5285 | 3.12 | 4 | 50 |
| 123 | 02 | MED | Neurological eye disorders | 0.8022 | 3.31 | 4 | 50 |
| 124 | 02 | MED | Other disorders of the eye w MCC | 2.7054 | 11.98 | 4 | 50 |
| 125 | 02 | MED | Other disorders of the eye w/o MCC | 0.6099 | 3.06 | 4 | 50 |
| 129 | 03 | SURG | Major head & neck procedures w CC/MCC or major device | 3.4302 | 6.25 | 4 | 50 |
| 130 | 03 | SURG | Major head & neck procedures w/o CC/MCC | 1.3476 | 3.44 | 4 | 50 |

TN NO.: 15-0014

Approval Date: _____

Effective Date: 10/01/2015

Supersedes

TN No.: 15-0002

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

**Methods and Standards for Establishing Payment Rates
Inpatient Hospital Care**

| DRG | MDC | Type | Description | Relative Weight | Avg LOS | Low Day | High Day |
|-------|-----|------|--|-----------------|---------|---------|----------|
| 131 | 03 | SURG | Cranial/facial procedures w CC/MCC | 2.0948 | 5.89 | 4 | 50 |
| 132 | 03 | SURG | Cranial/facial procedures w/o CC/MCC | 1.3225 | 2.56 | 4 | 50 |
| 133 | 03 | SURG | Other ear, nose, mouth & throat O.R. procedures w CC/MCC | 1.4790 | 5.29 | 4 | 50 |
| 134 | 03 | SURG | Other ear, nose, mouth & throat O.R. procedures w/o CC/MCC | 0.8095 | 2.43 | 4 | 50 |
| 135 | 03 | SURG | Sinus & mastoid procedures w CC/MCC | 2.0699 | 7.74 | 2 | 50 |
| 136 | 03 | SURG | Sinus & mastoid procedures w/o CC/MCC | 1.4561 | 3.47 | 4 | 50 |
| 137 | 03 | SURG | Mouth procedures w CC/MCC | 1.3001 | 4.86 | 4 | 50 |
| 138 | 03 | SURG | Mouth procedures w/o CC/MCC | 0.7681 | 3.02 | 4 | 50 |
| 139 | 03 | SURG | Salivary gland procedures | 1.1618 | 2.56 | 4 | 50 |
| 146 | 03 | MED | Ear, nose, mouth & throat malignancy w MCC | 2.3897 | 8.25 | 2 | 50 |
| 147 | 03 | MED | Ear, nose, mouth & throat malignancy w CC | 1.5901 | 7.72 | 4 | 50 |
| 148 | 03 | MED | Ear, nose, mouth & throat malignancy w/o CC/MCC | 0.9032 | 3.81 | 4 | 50 |
| 149 | 03 | MED | Dysequilibrium | 0.7843 | 3.32 | 4 | 50 |
| 150 | 03 | MED | Epistaxis w MCC | 1.3242 | 7.45 | 2 | 50 |
| 151 | 03 | MED | Epistaxis w/o MCC | 0.6721 | 3.29 | 4 | 50 |
| 152 | 03 | MED | Otitis media & URI w MCC | 1.0091 | 4.58 | 4 | 50 |
| 152.1 | 03 | MED | Otitis media & URI w MCC | 0.6495 | 3.71 | 4 | 50 |
| 153 | 03 | MED | Otitis media & URI w/o MCC | 0.5313 | 2.72 | 4 | 50 |
| 153.1 | 03 | MED | Otitis media & URI w/o MCC | 0.3819 | 2.40 | 4 | 50 |
| 154 | 03 | MED | Nasal trauma & deformity w MCC | 1.4549 | 6.31 | 4 | 50 |
| 155 | 03 | MED | Nasal trauma & deformity w CC | 0.8658 | 4.01 | 4 | 50 |
| 156 | 03 | MED | Nasal trauma & deformity w/o CC/MCC | 0.6352 | 3.01 | 4 | 50 |
| 157 | 03 | MED | Dental & Oral Diseases w MCC | 1.1356 | 5.16 | 4 | 50 |
| 158 | 03 | MED | Dental & Oral Diseases w CC | 0.7076 | 3.19 | 4 | 50 |
| 159 | 03 | MED | Dental & Oral Diseases w/o CC/MCC | 0.6189 | 2.70 | 4 | 50 |
| 163 | 04 | SURG | Major chest procedures w MCC | 4.7588 | 15.26 | 2 | 50 |
| 164 | 04 | SURG | Major chest procedures w CC | 3.0919 | 10.27 | 2 | 50 |
| 165 | 04 | SURG | Major chest procedures w/o CC/MCC | 1.9659 | 6.02 | 2 | 50 |
| 166 | 04 | SURG | Other resp system O.R. procedures w MCC | 3.8812 | 13.95 | 3 | 50 |

TN NO.: 15-0014

Approval Date: _____

Effective Date: 10/01/2015

Supersedes

TN No.: 15-0002

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Methods and Standards for Establishing Payment Rates
Inpatient Hospital Care***

| DRG | MDC | Type | Description | Relative Weight | Avg LOS | Low Day | High Day |
|-------|-----|------|---|-----------------|---------|---------|----------|
| 167 | 04 | SURG | Other resp system O.R. procedures w CC | 2.1942 | 8.28 | 2 | 50 |
| 168 | 04 | SURG | Other resp system O.R. procedures w/o CC/MCC | 1.4994 | 5.85 | 2 | 50 |
| 175 | 04 | MED | Pulmonary embolism w MCC | 1.7782 | 7.70 | 2 | 50 |
| 176 | 04 | MED | Pulmonary embolism w/o MCC | 1.1346 | 5.30 | 4 | 50 |
| 177 | 04 | MED | Respiratory infections & inflammations w MCC | 2.2754 | 10.22 | 2 | 50 |
| 178 | 04 | MED | Respiratory infections & inflammations w CC | 1.6429 | 7.60 | 4 | 50 |
| 179 | 04 | MED | Respiratory infections & inflammations w/o CC/MCC | 1.4644 | 6.74 | 4 | 50 |
| 180 | 04 | MED | Respiratory neoplasms w MCC | 1.9266 | 8.48 | 2 | 50 |
| 181 | 04 | MED | Respiratory neoplasms w CC | 1.4684 | 6.49 | 4 | 50 |
| 182 | 04 | MED | Respiratory neoplasms w/o CC/MCC | 1.1114 | 4.65 | 4 | 50 |
| 183 | 04 | MED | Major chest trauma w MCC | 1.2548 | 5.50 | 4 | 50 |
| 184 | 04 | MED | Major chest trauma w CC | 1.0745 | 3.58 | 4 | 50 |
| 185 | 04 | MED | Major chest trauma w/o CC/MCC | 0.7227 | 2.73 | 4 | 50 |
| 186 | 04 | MED | Pleural effusion w MCC | 1.6792 | 7.70 | 2 | 50 |
| 187 | 04 | MED | Pleural effusion w CC | 1.2873 | 5.34 | 4 | 50 |
| 188 | 04 | MED | Pleural effusion w/o CC/MCC | 0.9190 | 4.07 | 4 | 50 |
| 189 | 04 | MED | Pulmonary edema & respiratory failure | 1.5195 | 6.17 | 4 | 50 |
| 190 | 04 | MED | Chronic obstructive pulmonary disease w MCC | 1.1804 | 5.64 | 4 | 50 |
| 190.1 | 04 | MED | Chronic obstructive pulmonary disease w MCC | 1.4250 | 6.13 | 4 | 50 |
| 194 | 04 | MED | Chronic obstructive pulmonary disease w CC | 0.9496 | 4.57 | 4 | 50 |
| 191.1 | 04 | MED | Chronic obstructive pulmonary disease w CC | 1.0892 | 5.75 | 4 | 50 |
| 192 | 04 | MED | Chronic obstructive pulmonary disease w/o CC/MCC | 0.7204 | 3.56 | 4 | 50 |
| 192.1 | 04 | MED | Chronic obstructive pulmonary disease w/o CC/MCC | 0.5124 | 2.72 | 4 | 50 |
| 193 | 04 | MED | Simple pneumonia & pleurisy w MCC | 1.5050 | 6.82 | 2 | 50 |
| 193.1 | 04 | MED | Simple pneumonia & pleurisy w MCC | 1.0956 | 5.63 | 2 | 50 |
| 194 | 04 | MED | Simple pneumonia & pleurisy w CC | 0.9911 | 4.60 | 4 | 50 |
| 194.1 | 04 | MED | Simple pneumonia & pleurisy w CC | 0.5650 | 3.08 | 4 | 50 |
| 195 | 04 | MED | Simple pneumonia & pleurisy w/o CC/MCC | 0.7326 | 3.37 | 4 | 50 |
| 195.1 | 04 | MED | Simple pneumonia & pleurisy w/o CC/MCC | 0.4208 | 2.52 | 4 | 50 |
| 196 | 04 | MED | Interstitial lung disease w MCC | 1.6804 | 7.89 | 2 | 50 |

TN NO.: 15-0014

Approval Date: _____

Effective Date: 10/01/2015

Supersedes
TN No.: 15-0002

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

**Methods and Standards for Establishing Payment Rates
Inpatient Hospital Care**

| DRG | MDC | Type | Description | Relative Weight | Avg LOS | Low Day | High Day |
|-------|-----|------|--|-----------------|---------|---------|----------|
| 197 | 04 | MED | Interstitial lung disease w CC | 1.1190 | 5.94 | 4 | 50 |
| 198 | 04 | MED | Interstitial lung disease w/o CC/MCC | 0.7845 | 3.92 | 4 | 50 |
| 199 | 04 | MED | Pneumothorax w MCC- | 1.7448 | 7.43 | 4 | 50 |
| 200 | 04 | MED | Pneumothorax w CC | 0.9991 | 4.71 | 4 | 50 |
| 201 | 04 | MED | Pneumothorax w/o CC/MCC- | 0.6899 | 3.78 | 4 | 50 |
| 202 | 04 | MED | Bronchitis & asthma w CC/MCC | 0.8081 | 3.79 | 4 | 50 |
| 202.1 | 04 | MED | Bronchitis & asthma w CC/MCC | 0.5734 | 3.21 | 4 | 50 |
| 203 | 04 | MED | Bronchitis & asthma w/o CC/MCC | 0.5654 | 2.86 | 4 | 50 |
| 203.1 | 04 | MED | Bronchitis & asthma w/o CC/MCC | 0.3784 | 2.24 | 4 | 50 |
| 204 | 04 | MED | Respiratory signs & symptoms | 0.8024 | 3.17 | 4 | 50 |
| 204.1 | 04 | MED | Respiratory signs & symptoms | 0.5715 | 3.03 | 4 | 50 |
| 205 | 04 | MED | Other respiratory system diagnoses w MCC | 1.1518 | 5.62 | 4 | 50 |
| 206 | 04 | MED | Other respiratory system diagnoses w/o MCC | 0.7825 | 3.22 | 4 | 50 |
| 207 | 04 | MED | Respiratory system diagnosis w ventilator support 96+ hours | 5.3952 | 16.02 | 5 | 50 |
| 208 | 04 | MED | Respiratory system diagnosis w ventilator support <96 hours | 2.1775 | 6.90 | 4 | 50 |
| 215 | 05 | SURG | Other heart assist system implant | 4.8814 | 7.71 | 4 | 50 |
| 216 | 05 | SURG | Cardiac valve & oth maj cardiothoracic proc w card cath w MCC | 11.8357 | 23.96 | 7 | 56 |
| 217 | 05 | SURG | Cardiac valve & oth maj cardiothoracic proc w card cath w CC | 7.6055 | 17.18 | 2 | 50 |
| 218 | 05 | SURG | Cardiac valve & oth maj cardiothoracic proc w card cath w/o CC/MCC | 5.7671 | 6.29 | 4 | 50 |
| 219 | 05 | SURG | Cardiac valve & oth maj cardiothoracic proc w/o card cath w MCC | 8.5973 | 15.60 | 4 | 50 |
| 220 | 05 | SURG | Cardiac valve & oth maj cardiothoracic proc w/o card cath w CC | 5.2818 | 9.31 | 3 | 50 |
| 224 | 05 | SURG | Cardiac valve & oth maj cardiothoracic proc w/o card cath w/o CC/MCC | 3.9635 | 6.10 | 3 | 50 |
| 222 | 05 | SURG | Cardiac defib implant w cardiac cath w AMI/HF/shock w MCC | 9.1957 | 15.47 | 3 | 50 |
| 223 | 05 | SURG | Cardiac defib implant w cardiac cath w AMI/HF/shock w/o MCC | 7.0508 | 9.41 | 2 | 50 |
| 224 | 05 | SURG | Cardiac defib implant w cardiac cath w/o AMI/HF/shock w MCC | 8.9485 | 11.77 | 4 | 50 |

TN NO.: 15-0014

Approval Date: _____

Effective Date: 10/01/2015

Supersedes
TN No.: 15-0002

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Methods and Standards for Establishing Payment Rates
Inpatient Hospital Care***

| DRG | MDC | Type | Description | Relative Weight | Avg LOS | Low Day | High Day |
|-----|-----|------|---|-----------------|---------|---------|----------|
| 225 | 05 | SURG | Cardiac defib implant w cardiac cath w/o AMI/HF/shock w/o MCC | 5.7240 | 5.92 | 4 | 50 |
| 226 | 05 | SURG | Cardiac defibrillator implant w/o cardiac cath w MCC | 7.2446 | 11.14 | 2 | 50 |
| 227 | 05 | SURG | Cardiac defibrillator implant w/o cardiac cath w/o MCC | 5.7792 | 4.71 | 4 | 50 |
| 228 | 05 | SURG | Other cardiothoracic procedures w MCC | 8.1946 | 16.21 | 4 | 50 |
| 229 | 05 | SURG | Other cardiothoracic procedures w CC | 5.7789 | 10.33 | 2 | 50 |
| 230 | 05 | SURG | Other cardiothoracic procedures w/o CC/MCC | 3.7969 | 6.21 | 4 | 50 |
| 231 | 05 | SURG | Coronary bypass w PTCA w MCC | 6.9914 | 14.67 | 2 | 50 |
| 232 | 05 | SURG | Coronary bypass w PTCA w/o MCC | 6.0844 | 10.67 | 6 | 50 |
| 233 | 05 | SURG | Coronary bypass w cardiac cath w MCC | 7.0955 | 15.83 | 5 | 50 |
| 234 | 05 | SURG | Coronary bypass w cardiac cath w/o MCC | 4.8770 | 10.75 | 5 | 50 |
| 235 | 05 | SURG | Coronary bypass w/o cardiac cath w MCC | 5.7232 | 12.60 | 4 | 50 |
| 236 | 05 | SURG | Coronary bypass w/o cardiac cath w/o MCC | 3.9421 | 7.97 | 4 | 50 |
| 237 | 05 | SURG | Major cardiovascular procedures w MCC | 6.6342 | 14.16 | 2 | 50 |
| 238 | 05 | SURG | Major cardiovascular procedures w/o MCC | 3.2750 | 7.20 | 4 | 50 |
| 239 | 05 | SURG | Amputation for circ sys disorders exc upper limb & toe w MCC | 5.2365 | 19.38 | 4 | 50 |
| 240 | 05 | SURG | Amputation for circ sys disorders exc upper limb & toe w CC | 3.2661 | 12.99 | 3 | 50 |
| 241 | 05 | SURG | Amputation for circ sys disorders exc upper limb & toe w/o CC/MCC | 1.6299 | 7.32 | 2 | 50 |
| 242 | 05 | SURG | Permanent cardiac pacemaker implant w MCC | 4.8721 | 11.24 | 4 | 50 |
| 243 | 05 | SURG | Permanent cardiac pacemaker implant w CC | 3.4965 | 7.16 | 4 | 50 |
| 244 | 05 | SURG | Permanent cardiac pacemaker implant w/o CC/MCC | 2.4946 | 4.11 | 4 | 50 |
| 245 | 05 | SURG | AICD lead & generator procedures | 5.1847 | 5.05 | 4 | 50 |
| 246 | 05 | SURG | Percutaneous cardiovascular proc w drug-eluting stent w MCC | 3.6421 | 6.57 | 4 | 50 |
| 247 | 05 | SURG | Percutaneous cardiovascular proc w drug-eluting stent w/o MCC | 2.4529 | 3.03 | 4 | 50 |
| 248 | 05 | SURG | Percutaneous cardiovase proc w non-drug-eluting stent w MCC | 3.0366 | 5.56 | 4 | 50 |
| 249 | 05 | SURG | Percutaneous cardiovase proc w non-drug-eluting stent w/o MCC | 2.1611 | 3.49 | 4 | 50 |
| 250 | 05 | SURG | Perc cardiovase proc w/o coronary artery stent or AMI w MCC | 3.9723 | 10.50 | 4 | 50 |

TN NO.: 15-0014

Approval Date: _____

Effective Date: 10/01/2015

Supersedes

TN No.: 15-0002

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

**Methods and Standards for Establishing Payment Rates
Inpatient Hospital Care**

| DRG | MDC | Type | Description | Relative Weight | Avg LOS | Low Day | High Day |
|-----|-----|------|--|-----------------|---------|---------|----------|
| 251 | 05 | SURG | Pericardiovasc proc w/o coronary artery stent or AMI w/o MCC | 2.2919 | 3.15 | 4 | 50 |
| 252 | 05 | SURG | Other vascular procedures w MCC | 3.3614 | 10.24 | 2 | 50 |
| 253 | 05 | SURG | Other vascular procedures w CC | 2.8412 | 7.01 | 4 | 50 |
| 254 | 05 | SURG | Other vascular procedures w/o CC/MCC | 2.0388 | 3.52 | 4 | 50 |
| 255 | 05 | SURG | Upper limb & toe amputation for circ system disorders w MCC | 3.5838 | 13.22 | 5 | 50 |
| 256 | 05 | SURG | Upper limb & toe amputation for circ system disorders w CC | 4.9320 | 9.44 | 2 | 50 |
| 257 | 05 | SURG | Upper limb & toe amputation for circ system disorders w/o CC/MCC | 4.1692 | 5.82 | 4 | 50 |
| 258 | 05 | SURG | Cardiac pacemaker device replacement w MCC | 3.6024 | 4.00 | 2 | 50 |
| 259 | 05 | SURG | Cardiac pacemaker device replacement w/o MCC | 4.7181 | 3.44 | 4 | 50 |
| 260 | 05 | SURG | Cardiac pacemaker revision except device replacement w MCC | 3.5637 | 12.95 | 3 | 50 |
| 261 | 05 | SURG | Cardiac pacemaker revision except device replacement w CC | 4.9536 | 6.79 | 4 | 50 |
| 262 | 05 | SURG | Cardiac pacemaker revision except device replacement w/o CC/MCC | 4.4370 | 5.56 | 4 | 50 |
| 263 | 05 | SURG | Vein ligation & stripping | 4.4957 | 4.33 | 4 | 50 |
| 264 | 05 | SURG | Other circulatory system O.R. procedures | 2.4367 | 10.64 | 2 | 50 |
| 265 | 05 | SURG | AICD Load Procedures | 2.2188 | 5.17 | 4 | 50 |
| 266 | 05 | SURG | ENDOVASCULAR CARDIAC VALVE REPLACEMENT W MCC | 8.9920 | 8.40 | 4 | 50 |
| 267 | 05 | SURG | ENDOVASCULAR CARDIAC VALVE REPLACEMENT W/O MCC | 6.7517 | 5.00 | 4 | 50 |
| 280 | 05 | MED | Acute myocardial infarction, discharged alive w MCC | 2.2386 | 7.65 | 4 | 50 |
| 281 | 05 | MED | Acute myocardial infarction, discharged alive w CC | 4.4723 | 4.96 | 4 | 50 |
| 282 | 05 | MED | Acute myocardia infarction, discharged alive w/o CC/MCC | 4.3364 | 3.08 | 4 | 50 |
| 283 | 05 | MED | Acute myocardial infarction, expired w MCC | 3.0840 | 7.78 | 4 | 50 |
| 284 | 05 | MED | Acute myocardial infarction, expired w CC | 4.8234 | 6.64 | 4 | 50 |
| 285 | 05 | MED | Acute myocardial infarction, expired w/o CC/MCC | 0.6147 | 4.00 | 4 | 50 |
| 286 | 05 | MED | Circulatory disorders except AMI, w card cath w MCC | 2.2800 | 8.11 | 4 | 50 |
| 287 | 05 | MED | Circulatory disorders except AMI, w card cath w/o MCC | 4.3289 | 3.89 | 4 | 50 |
| 288 | 05 | MED | Acute & subacute endocarditis w MCC | 3.5488 | 14.63 | 2 | 50 |
| 289 | 05 | MED | Acute & subacute endocarditis w CC | 2.2577 | 12.08 | 2 | 50 |

TN NO.: 15-0014

Approval Date: _____

Effective Date: 10/01/2015

Supersedes

TN No.: 15-0002

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Methods and Standards for Establishing Payment Rates
Inpatient Hospital Care***

| DRG | MDC | Type | Description | Relative Weight | Avg LOS | Low Day | High Day |
|-------|-----|------|--|-----------------|---------|---------|----------|
| 290 | 05 | MED | Acute & subacute endocarditis w/o CC/MCC | 0.8776 | 4.00 | 4 | 50 |
| 291 | 05 | MED | Heart failure & shock w MCC | 1.4316 | 6.53 | 4 | 50 |
| 292 | 05 | MED | Heart failure & shock w CC | 0.9585 | 4.92 | 4 | 50 |
| 293 | 05 | MED | Heart failure & shock w/o CC/MCC | 0.7363 | 3.61 | 4 | 50 |
| 294 | 05 | MED | Deep vein thrombophlebitis w CC/MCC | 1.5065 | 6.44 | 3 | 50 |
| 295 | 05 | MED | Deep vein thrombophlebitis w/o CC/MCC | 0.4660 | 3.25 | 2 | 50 |
| 296 | 05 | MED | Cardiac arrest, unexplained w MCC | 1.6737 | 4.39 | 4 | 50 |
| 297 | 05 | MED | Cardiac arrest, unexplained w CC | 1.5529 | 3.75 | 4 | 50 |
| 298 | 05 | MED | Cardiac arrest, unexplained w/o CC/MCC | 1.3577 | 1.00 | 4 | 50 |
| 299 | 05 | MED | Peripheral vascular disorders w MCC | 1.7386 | 7.91 | 4 | 50 |
| 300 | 05 | MED | Peripheral vascular disorders w CC | 1.0360 | 5.15 | 4 | 50 |
| 301 | 05 | MED | Peripheral vascular disorders w/o CC/MCC | 0.7136 | 3.84 | 4 | 50 |
| 302 | 05 | MED | Atherosclerosis w MCC | 1.4729 | 5.13 | 4 | 50 |
| 303 | 05 | MED | Atherosclerosis w/o MCC | 0.8948 | 2.96 | 4 | 50 |
| 304 | 05 | MED | Hypertension w MCC | 1.1888 | 5.24 | 4 | 50 |
| 305 | 05 | MED | Hypertension w/o MCC | 0.7136 | 3.05 | 4 | 50 |
| 306 | 05 | MED | Cardiac congenital & valvular disorders w MCC | 5.2862 | 10.85 | 4 | 50 |
| 307 | 05 | MED | Cardiac congenital & valvular disorders w/o MCC | 1.3701 | 4.86 | 4 | 50 |
| 308 | 05 | MED | Cardiac arrhythmia & conduction disorders w MCC | 1.4684 | 6.32 | 4 | 50 |
| 309 | 05 | MED | Cardiac arrhythmia & conduction disorders w CC | 0.9211 | 3.87 | 4 | 50 |
| 310 | 05 | MED | Cardiac arrhythmia & conduction disorders w/o CC/MCC | 0.6588 | 2.78 | 4 | 50 |
| 311 | 05 | MED | Angina pectoris | 0.7832 | 2.58 | 4 | 50 |
| 312 | 05 | MED | Syncope & collapse | 0.7405 | 3.04 | 4 | 50 |
| 313 | 05 | MED | Chest pain | 0.7092 | 2.64 | 4 | 50 |
| 314 | 05 | MED | Other circulatory system diagnoses w MCC | 2.0334 | 8.82 | 2 | 50 |
| 315 | 05 | MED | Other circulatory system diagnoses w CC | 1.2190 | 5.44 | 4 | 50 |
| 316 | 05 | MED | Other circulatory system diagnoses w/o CC/MCC | 0.9585 | 3.26 | 4 | 50 |
| 326 | 06 | SURG | Stomach, esophageal & duodenal proc w MCC | 5.3757 | 17.03 | 2 | 50 |
| 326.1 | 06 | SURG | Stomach, esophageal & duodenal proc w MCC | 4.6434 | 15.19 | 2 | 50 |
| 327 | 06 | SURG | Stomach, esophageal & duodenal proc w CC | 2.8039 | 10.05 | 2 | 50 |

TN NO.: 15-0014

Approval Date: _____

Effective Date: 10/01/2015

Supersedes

TN No.: 15-0002

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Methods and Standards for Establishing Payment Rates
Inpatient Hospital Care***

| DRG | MDC | Type | Description | Relative Weight | Avg LOS | Low Day | High Day |
|-------|-----|------|--|-----------------|---------|---------|----------|
| 327.1 | 06 | SURG | Stomach, esophageal & duodenal proc w CC | 1.4908 | 5.61 | 4 | 50 |
| 328 | 06 | SURG | Stomach, esophageal & duodenal proc w/o CC/MCC | 1.5199 | 3.75 | 4 | 50 |
| 328.1 | 06 | SURG | Stomach, esophageal & duodenal proc w/o CC/MCC | 0.8519 | 3.13 | 4 | 50 |
| 329 | 06 | SURG | Major small & large bowel procedures w MCG | 5.0232 | 16.83 | 3 | 50 |
| 330 | 06 | SURG | Major small & large bowel procedures w CC | 2.7026 | 10.62 | 3 | 50 |
| 334 | 06 | SURG | Major small & large bowel procedures w/o CC/MCC | 1.8165 | 6.32 | 4 | 50 |
| 332 | 06 | SURG | Rectal resection w MCG | 3.5085 | 12.16 | 3 | 50 |
| 333 | 06 | SURG | Rectal resection w CC | 2.4733 | 8.76 | 4 | 50 |
| 334 | 06 | SURG | Rectal resection w/o CC/MCC | 2.2394 | 6.51 | 4 | 50 |
| 335 | 06 | SURG | Peritoneal adhesiolysis w MCC | 4.0807 | 13.82 | 2 | 50 |
| 336 | 06 | SURG | Peritoneal adhesiolysis w CC | 2.2698 | 8.21 | 4 | 50 |
| 337 | 06 | SURG | Peritoneal adhesiolysis w/o CC/MCC | 1.5478 | 4.42 | 4 | 50 |
| 338 | 06 | SURG | Appendectomy w complicated principal diag w MCC | 2.7940 | 9.13 | 4 | 50 |
| 339 | 06 | SURG | Appendectomy w complicated principal diag w CC | 2.2171 | 7.52 | 2 | 50 |
| 340 | 06 | SURG | Appendectomy w complicated principal diag w/o CC/MCC | 1.4911 | 4.57 | 4 | 50 |
| 344 | 06 | SURG | Appendectomy w/o complicated principal diag w MCG | 1.9737 | 5.54 | 4 | 50 |
| 342 | 06 | SURG | Appendectomy w/o complicated principal diag w CC | 1.3299 | 3.26 | 4 | 50 |
| 343 | 06 | SURG | Appendectomy w/o complicated principal diag w/o CC/MCC | 1.0195 | 2.05 | 4 | 50 |
| 344 | 06 | SURG | Minor small & large bowel procedures w MCG | 4.2140 | 15.83 | 4 | 50 |
| 345 | 06 | SURG | Minor small & large bowel procedures w CC | 1.9636 | 8.07 | 2 | 50 |
| 346 | 06 | SURG | Minor small & large bowel procedures w/o CC/MCC | 1.2891 | 4.93 | 2 | 50 |
| 347 | 06 | SURG | Anal & stomal procedures w MCC | 1.9383 | 8.44 | 2 | 50 |
| 348 | 06 | SURG | Anal & stomal procedures w CC | 1.3067 | 5.15 | 4 | 50 |
| 349 | 06 | SURG | Anal & stomal procedures w/o CC/MCC | 0.7793 | 2.95 | 4 | 50 |
| 350 | 06 | SURG | Inguinal & femoral hernia procedures w MCG | 2.1204 | 7.00 | 2 | 50 |
| 351 | 06 | SURG | Inguinal & femoral hernia procedures w CC | 1.1540 | 4.44 | 4 | 50 |
| 352 | 06 | SURG | Inguinal & femoral hernia procedures w/o CC/MCC | 0.8659 | 2.06 | 4 | 50 |
| 353 | 06 | SURG | Hernia procedures except inguinal & femoral w MCG | 2.6113 | 9.96 | 4 | 50 |
| 354 | 06 | SURG | Hernia procedures except inguinal & femoral w CC | 1.7143 | 5.28 | 4 | 50 |
| 355 | 06 | SURG | Hernia procedures except inguinal & femoral w/o CC/MCC | 1.3287 | 3.76 | 4 | 50 |

TN NO.: 15-0014

Approval Date: _____

Effective Date: 10/01/2015

Supersedes

TN No.: 15-0002

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Methods and Standards for Establishing Payment Rates
Inpatient Hospital Care***

| DRG | MDC | Type | Description | Relative Weight | Avg LOS | Low Day | High Day |
|-----|-----|------|---|-----------------|---------|---------|----------|
| 356 | 06 | SURG | Other digestive system O.R. procedures w MCC | 3.9211 | 12.94 | 2 | 50 |
| 357 | 06 | SURG | Other digestive system O.R. procedures w CC | 2.1462 | 8.08 | 4 | 50 |
| 358 | 06 | SURG | Other digestive system O.R. procedures w/o CC/MCC | 1.4814 | 4.74 | 4 | 50 |
| 368 | 06 | MED | Major esophageal disorders w MCC | 1.9207 | 7.48 | 2 | 50 |
| 369 | 06 | MED | Major esophageal disorders w CC | 1.2335 | 5.10 | 4 | 50 |
| 370 | 06 | MED | Major esophageal disorders w/o CC/MCC | 0.8277 | 3.68 | 4 | 50 |
| 371 | 06 | MED | Major gastrointestinal disorders & peritoneal infections w MCC | 1.8677 | 8.79 | 2 | 50 |
| 372 | 06 | MED | Major gastrointestinal disorders & peritoneal infections w CC | 1.2427 | 6.42 | 4 | 50 |
| 373 | 06 | MED | Major gastrointestinal disorders & peritoneal infections w/o CC/MCC | 0.8695 | 4.16 | 4 | 50 |
| 374 | 06 | MED | Digestive malignancy w MCC | 2.1257 | 9.72 | 4 | 50 |
| 375 | 06 | MED | Digestive malignancy w CC | 1.5024 | 6.97 | 4 | 50 |
| 376 | 06 | MED | Digestive malignancy w/o CC/MCC | 1.3976 | 6.05 | 4 | 50 |
| 377 | 06 | MED | G.I. hemorrhage w MCC | 1.9429 | 7.48 | 4 | 50 |
| 378 | 06 | MED | G.I. hemorrhage w CC | 1.0725 | 4.45 | 4 | 50 |
| 379 | 06 | MED | G.I. hemorrhage w/o CC/MCC | 0.7627 | 3.19 | 4 | 50 |
| 380 | 06 | MED | Complicated peptic ulcer w MCC | 1.8943 | 7.77 | 4 | 50 |
| 381 | 06 | MED | Complicated peptic ulcer w CC | 1.1439 | 5.25 | 2 | 50 |
| 382 | 06 | MED | Complicated peptic ulcer w/o CC/MCC | 0.8806 | 3.88 | 4 | 50 |
| 383 | 06 | MED | Uncomplicated peptic ulcer w MCC | 1.3299 | 5.42 | 2 | 50 |
| 384 | 06 | MED | Uncomplicated peptic ulcer w/o MCC | 0.9373 | 3.90 | 4 | 50 |
| 385 | 06 | MED | Inflammatory bowel disease w MCC | 1.9392 | 10.07 | 2 | 50 |
| 386 | 06 | MED | Inflammatory bowel disease w CC | 1.0865 | 5.91 | 2 | 50 |
| 387 | 06 | MED | Inflammatory bowel disease w/o CC/MCC | 0.7892 | 4.11 | 4 | 50 |
| 388 | 06 | MED | G.I. obstruction w MCC | 1.4895 | 7.63 | 2 | 50 |
| 389 | 06 | MED | G.I. obstruction w CC | 1.0166 | 5.50 | 4 | 50 |
| 390 | 06 | MED | G.I. obstruction w/o CC/MCC | 0.6786 | 3.53 | 4 | 50 |
| 391 | 06 | MED | Esophagitis, gastroent & misc digest disorders w MCC | 1.1262 | 5.45 | 4 | 50 |
| 392 | 06 | MED | Esophagitis, gastroent & misc digest disorders w/o MCC | 0.7160 | 3.44 | 4 | 50 |
| 393 | 06 | MED | Other digestive system diagnoses w MCC | 1.5730 | 7.12 | 4 | 50 |

TN NO.: 15-0014

Approval Date: _____

Effective Date: 10/01/2015

Supersedes
TN No.: 15-0002

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

**Methods and Standards for Establishing Payment Rates
Inpatient Hospital Care**

| DRG | MDC | Type | Description | Relative Weight | Avg LOS | Low Day | High Day |
|-----|-----|------|---|-----------------|---------|---------|----------|
| 394 | 06 | MED | Other digestive system diagnoses w CC | 1.0958 | 5.30 | 4 | 50 |
| 395 | 06 | MED | Other digestive system diagnoses w/o CC/MCC | 0.7973 | 3.04 | 4 | 50 |
| 405 | 07 | SURG | Pancreas, liver & shunt procedures w MCC | 5.4860 | 16.50 | 3 | 50 |
| 406 | 07 | SURG | Pancreas, liver & shunt procedures w CC | 3.0614 | 11.18 | 2 | 50 |
| 407 | 07 | SURG | Pancreas, liver & shunt procedures w/o CC/MCC | 1.8741 | 5.22 | 4 | 50 |
| 408 | 07 | SURG | Biliary tract proc except only cholecyst w or w/o c.d.e. w MCC | 3.5139 | 12.32 | 4 | 50 |
| 409 | 07 | SURG | Biliary tract proc except only cholecyst w or w/o c.d.e. w CC | 2.4822 | 9.07 | 3 | 50 |
| 410 | 07 | SURG | Biliary tract proc except only cholecyst w or w/o c.d.e. w/o CC/MCC | 2.3211 | 7.47 | 2 | 50 |
| 411 | 07 | SURG | Cholecystectomy w c.d.e. w MCC | 2.5375 | 9.13 | 4 | 50 |
| 412 | 07 | SURG | Cholecystectomy w c.d.e. w CC | 1.9253 | 6.44 | 2 | 50 |
| 413 | 07 | SURG | Cholecystectomy w c.d.e. w/o CC/MCC | 1.9625 | 4.94 | 2 | 50 |
| 414 | 07 | SURG | Cholecystectomy except by laparoscope w/o c.d.e. w MCC | 2.9661 | 10.21 | 2 | 50 |
| 415 | 07 | SURG | Cholecystectomy except by laparoscope w/o c.d.e. w CC | 2.1643 | 6.54 | 2 | 50 |
| 416 | 07 | SURG | Cholecystectomy except by laparoscope w/o c.d.e. w/o CC/MCC | 1.3800 | 4.04 | 4 | 50 |
| 417 | 07 | SURG | Laparoscopic cholecystectomy w/o c.d.e. w MCC | 1.9749 | 6.49 | 2 | 50 |
| 418 | 07 | SURG | Laparoscopic cholecystectomy w/o c.d.e. w CC | 1.5861 | 4.65 | 4 | 50 |
| 419 | 07 | SURG | Laparoscopic cholecystectomy w/o c.d.e. w/o CC/MCC | 1.2429 | 3.02 | 4 | 50 |
| 420 | 07 | SURG | Hepatobiliary diagnostic procedures w MCC | 2.5252 | 7.85 | 4 | 50 |
| 421 | 07 | SURG | Hepatobiliary diagnostic procedures w CC | 2.0898 | 6.53 | 4 | 50 |
| 422 | 07 | SURG | Hepatobiliary diagnostic procedures w/o CC/MCC | 2.3571 | 6.56 | 2 | 50 |
| 423 | 07 | SURG | Other hepatobiliary or pancreas O.R. procedures w MCC | 5.1566 | 18.41 | 5 | 50 |
| 424 | 07 | SURG | Other hepatobiliary or pancreas O.R. procedures w CC | 3.1933 | 11.14 | 2 | 50 |
| 425 | 07 | SURG | Other hepatobiliary or pancreas O.R. procedures w/o CC/MCC | 2.0241 | 8.60 | 2 | 50 |
| 432 | 07 | MED | Cirrhosis & alcoholic hepatitis w MCC | 1.7841 | 7.80 | 4 | 50 |
| 433 | 07 | MED | Cirrhosis & alcoholic hepatitis w CC | 0.9994 | 5.52 | 4 | 50 |
| 434 | 07 | MED | Cirrhosis & alcoholic hepatitis w/o CC/MCC | 0.9191 | 4.67 | 4 | 50 |
| 435 | 07 | MED | Malignancy of hepatobiliary system or pancreas w MCC | 1.9806 | 9.90 | 2 | 50 |
| 436 | 07 | MED | Malignancy of hepatobiliary system or pancreas w CC | 1.4807 | 7.27 | 2 | 50 |

TN NO.: 15-0014

Approval Date: _____

Effective Date: 10/01/2015

Supersedes

TN No.: 15-0002

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

**Methods and Standards for Establishing Payment Rates
Inpatient Hospital Care**

| DRG | MDC | Type | Description | Relative Weight | Avg LOS | Low Day | High Day |
|-----|-----|------|--|-----------------|---------|---------|----------|
| 437 | 07 | MED | Malignancy of hepatobiliary system or pancreas w/o CC/MCC | 1.1108 | 4.59 | 4 | 50 |
| 438 | 07 | MED | Disorders of pancreas except malignancy w MCC | 1.9292 | 9.14 | 2 | 50 |
| 439 | 07 | MED | Disorders of pancreas except malignancy w CC | 1.0261 | 5.17 | 4 | 50 |
| 440 | 07 | MED | Disorders of pancreas except malignancy w/o CC/MCC | 0.7411 | 3.81 | 4 | 50 |
| 441 | 07 | MED | Disorders of liver except malig,cirr,alc hepa w MCC | 2.1048 | 8.52 | 4 | 50 |
| 442 | 07 | MED | Disorders of liver except malig,cirr,alc hepa w CC | 1.0658 | 5.45 | 4 | 50 |
| 443 | 07 | MED | Disorders of liver except malig,cirr,alc hepa w/o CC/MCC | 0.7376 | 3.78 | 4 | 50 |
| 444 | 07 | MED | Disorders of the biliary tract w MCC | 1.7658 | 7.25 | 4 | 50 |
| 445 | 07 | MED | Disorders of the biliary tract w CC | 1.2447 | 4.81 | 4 | 50 |
| 446 | 07 | MED | Disorders of the biliary tract w/o CC/MCC | 0.8002 | 3.03 | 4 | 50 |
| 453 | 08 | SURG | Combined anterior/posterior spinal fusion w MCC | 8.7118 | 17.30 | 4 | 50 |
| 454 | 08 | SURG | Combined anterior/posterior spinal fusion w CC | 4.6510 | 8.13 | 4 | 50 |
| 455 | 08 | SURG | Combined anterior/posterior spinal fusion w/o CC/MCC | 2.5601 | 3.31 | 4 | 50 |
| 456 | 08 | SURG | Spinal fusion exc cerv w spinal curv, malig or 9+ fusions w MCC | 7.2076 | 11.46 | 4 | 50 |
| 457 | 08 | SURG | Spinal fusion exc cerv w spinal curv, malig or 9+ fusions w CC | 6.8970 | 7.47 | 3 | 50 |
| 458 | 08 | SURG | Spinal fusion exc cerv w spinal curv, malig or 9+ fusions w/o CC/MCC | 5.3975 | 4.67 | 2 | 50 |
| 459 | 08 | SURG | Spinal fusion except cervical w MCC | 5.7775 | 10.42 | 3 | 50 |
| 460 | 08 | SURG | Spinal fusion except cervical w/o MCC | 3.3122 | 3.81 | 4 | 50 |
| 461 | 08 | SURG | Bilateral or multiple major joint procs of lower extremity w MCC | 7.4465 | 18.00 | 6 | 50 |
| 462 | 08 | SURG | Bilateral or multiple major joint procs of lower extremity w/o MCC | 3.3855 | 4.94 | 3 | 50 |
| 463 | 08 | SURG | Wnd debrid & skn grft exc hand, for musculo-conn tiss dis w MCC | 5.9101 | 20.57 | 3 | 51 |
| 464 | 08 | SURG | Wnd debrid & skn grft exc hand, for musculo-conn tiss dis w CC | 2.6880 | 11.04 | 2 | 50 |
| 465 | 08 | SURG | Wnd debrid & skn grft exc hand, for musculo-conn tiss dis w/o CC/MCC | 1.8663 | 5.99 | 4 | 50 |
| 466 | 08 | SURG | Revision of hip or knee replacement w MCC | 4.5507 | 13.15 | 4 | 50 |
| 467 | 08 | SURG | Revision of hip or knee replacement w CC | 3.1108 | 5.80 | 2 | 50 |

TN NO.: 15-0014

Approval Date: _____

Effective Date: 10/01/2015

Supersedes

TN No.: 15-0002

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Methods and Standards for Establishing Payment Rates
Inpatient Hospital Care***

| DRG | MDC | Type | Description | Relative Weight | Avg LOS | Low Day | High Day |
|-------|-----|------|--|-----------------|---------|---------|----------|
| 468 | 08 | SURG | Revision of hip or knee replacement w/o CC/MCC | 2.5397 | 3.69 | 4 | 50 |
| 469 | 08 | SURG | Major joint replacement or reattachment of lower extremity w MCC | 3.3804 | 8.69 | 3 | 50 |
| 470 | 08 | SURG | Major joint replacement or reattachment of lower extremity w/o MCC | 2.2932 | 4.01 | 2 | 50 |
| 471 | 08 | SURG | Cervical spinal fusion w MCC | 4.1740 | 10.11 | 4 | 50 |
| 472 | 08 | SURG | Cervical spinal fusion w CC | 2.7080 | 4.48 | 4 | 50 |
| 473 | 08 | SURG | Cervical spinal fusion w/o CC/MCC | 1.8893 | 2.02 | 4 | 50 |
| 474 | 08 | SURG | Amputation for musculoskeletal sys & conn tissue dis w MCC | 4.2544 | 14.85 | 3 | 50 |
| 475 | 08 | SURG | Amputation for musculoskeletal sys & conn tissue dis w CC | 2.0823 | 8.82 | 4 | 50 |
| 476 | 08 | SURG | Amputation for musculoskeletal sys & conn tissue dis w/o CC/MCC | 1.1848 | 4.57 | 4 | 50 |
| 477 | 08 | SURG | Biopsies of musculoskeletal system & connective tissue w MCC | 2.9806 | 15.24 | 4 | 50 |
| 478 | 08 | SURG | Biopsies of musculoskeletal system & connective tissue w CC | 2.4490 | 9.18 | 4 | 50 |
| 479 | 08 | SURG | Biopsies of musculoskeletal system & connective tissue w/o CC/MCC | 1.5532 | 5.80 | 4 | 50 |
| 480 | 08 | SURG | Hip & femur procedures except major joint w MCC | 3.6843 | 10.98 | 2 | 50 |
| 480.1 | 08 | SURG | Hip & femur procedures except major joint w MCC | 1.6949 | 4.95 | 2 | 50 |
| 481 | 08 | SURG | Hip & femur procedures except major joint w CC | 2.4538 | 7.65 | 2 | 50 |
| 481.1 | 08 | SURG | Hip & femur procedures except major joint w CC | 1.5955 | 3.95 | 4 | 50 |
| 482 | 08 | SURG | Hip & femur procedures except major joint w/o CC/MCC | 1.8173 | 4.28 | 4 | 50 |
| 482.1 | 08 | SURG | Hip & femur procedures except major joint w/o CC/MCC | 1.2497 | 2.67 | 4 | 50 |
| 483 | 08 | SURG | Major joint & limb reattachment proc of upper extremity w CC/MCC | 2.0378 | 2.32 | 4 | 50 |
| 484 | 08 | SURG | Major joint & limb reattachment proc of upper extremity w/o CC/MCC | 0.0000 | 0.00 | 0 | 0 |
| 485 | 08 | SURG | Knee procedures w pdx of infection w MCC | 3.3855 | 12.90 | 4 | 50 |
| 486 | 08 | SURG | Knee procedures w pdx of infection w CC | 2.4690 | 9.77 | 2 | 50 |
| 487 | 08 | SURG | Knee procedures w pdx of infection w/o CC/MCC | 1.4187 | 4.59 | 4 | 50 |
| 488 | 08 | SURG | Knee procedures w/o pdx of infection w CC/MCC | 1.8302 | 5.35 | 4 | 50 |
| 489 | 08 | SURG | Knee procedures w/o pdx of infection w/o CC/MCC | 1.2643 | 2.16 | 4 | 50 |
| 490 | 08 | SURG | Back & neck procedures except spinal fusion w CC/MCC or disc devices | 0.0000 | 0.00 | 0 | 0 |

TN NO.: 15-0014

Approval Date: _____

Effective Date: 10/01/2015

Supersedes

TN No.: 15-0002

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

**Methods and Standards for Establishing Payment Rates
Inpatient Hospital Care**

| DRG | MDC | Type | Description | Relative Weight | Avg LOS | Low Day | High Day |
|-------|-----|------|---|-----------------|---------|---------|----------|
| 491 | 08 | SURG | Back & neck procedures except spinal fusion w/o CC/MCC | 0.0000 | 0.00 | 0 | 0 |
| 492 | 08 | SURG | Lower extrem & humer proc except hip,foot,femur w MCC | 3.1663 | 9.70 | 3 | 50 |
| 492.1 | 08 | SURG | Lower extrem & humer proc except hip,foot,femur w MCC | 1.2417 | 2.83 | 4 | 50 |
| 493 | 08 | SURG | Lower extrem & humer proc except hip,foot,femur w CC | 2.0881 | 5.34 | 4 | 50 |
| 493.1 | 08 | SURG | Lower extrem & humer proc except hip,foot,femur w CC | 1.4667 | 3.12 | 4 | 50 |
| 494 | 08 | SURG | Lower extrem & humer proc except hip,foot,femur w/o CC/MCC | 1.4038 | 3.11 | 4 | 50 |
| 494.1 | 08 | SURG | Lower extrem & humer proc except hip,foot,femur w/o CC/MCC | 1.0431 | 2.01 | 4 | 50 |
| 495 | 08 | SURG | Local excision & removal int fix devices exc hip & femur w MCC | 3.0150 | 9.10 | 4 | 50 |
| 496 | 08 | SURG | Local excision & removal int fix devices exc hip & femur w CC | 2.0147 | 7.16 | 4 | 50 |
| 497 | 08 | SURG | Local excision & removal int fix devices exc hip & femur w/o CC/MCC | 1.3012 | 2.85 | 4 | 50 |
| 498 | 08 | SURG | Local excision & removal int fix devices of hip & femur w CC/MCC | 1.8700 | 6.83 | 2 | 50 |
| 499 | 08 | SURG | Local excision & removal int fix devices of hip & femur w/o CC/MCC | 1.2482 | 4.00 | 4 | 50 |
| 500 | 08 | SURG | Soft tissue procedures w MCC | 2.5746 | 9.10 | 4 | 50 |
| 501 | 08 | SURG | Soft tissue procedures w CC | 1.5084 | 5.75 | 4 | 50 |
| 502 | 08 | SURG | Soft tissue procedures w/o CC/MCC | 1.0784 | 2.85 | 4 | 50 |
| 503 | 08 | SURG | Foot procedures w MCC | 2.5496 | 8.90 | 4 | 50 |
| 504 | 08 | SURG | Foot procedures w CC | 1.7995 | 7.05 | 2 | 50 |
| 505 | 08 | SURG | Foot procedures w/o CC/MCC | 1.0637 | 2.48 | 4 | 50 |
| 506 | 08 | SURG | Major thumb or joint procedures | 0.9916 | 3.64 | 2 | 50 |
| 507 | 08 | SURG | Major shoulder or elbow joint procedures w CC/MCC | 1.1072 | 3.82 | 4 | 50 |
| 508 | 08 | SURG | Major shoulder or elbow joint procedures w/o CC/MCC | 1.2278 | 3.11 | 4 | 50 |
| 509 | 08 | SURG | Arthroscopy | 1.5592 | 5.40 | 4 | 50 |
| 510 | 08 | SURG | Shoulder,elbow or forearm proc,exc major joint proc w MCC | 2.0954 | 5.11 | 2 | 50 |
| 511 | 08 | SURG | Shoulder,elbow or forearm proc,exc major joint proc w CC | 1.4999 | 3.55 | 4 | 50 |
| 512 | 08 | SURG | Shoulder,elbow or forearm proc,exc major joint proc w/o CC/MCC | 1.0260 | 2.03 | 4 | 50 |

TN NO.: 15-0014

Approval Date: _____

Effective Date: 10/01/2015

Supersedes

TN No.: 15-0002

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

**Methods and Standards for Establishing Payment Rates
Inpatient Hospital Care**

| DRG | MDC | Type | Description | Relative Weight | Avg LOS | Low Day | High Day |
|-----|-----|------|---|-----------------|---------|---------|----------|
| 513 | 08 | SURG | Hand or wrist proc, except major thumb or joint proc w-CC/MCC | 1.3443 | 4.19 | 4 | 50 |
| 514 | 08 | SURG | Hand or wrist proc, except major thumb or joint proc w/o-CC/MCC | 0.9573 | 2.67 | 4 | 50 |
| 515 | 08 | SURG | Other musculoskelet sys & conn tiss O.R. proc w MCC | 3.5518 | 10.76 | 4 | 50 |
| 516 | 08 | SURG | Other musculoskelet sys & conn tiss O.R. proc w CC | 2.4943 | 6.00 | 4 | 50 |
| 517 | 08 | SURG | Other musculoskelet sys & conn tiss O.R. proc w/o CC/MCC | 2.0641 | 3.85 | 4 | 50 |
| 518 | 08 | SURG | BACK & NECK PROC EXC SPINAL FUSION W MCC OR DISC DEVICE/NEUROSTIM | 2.8928 | 6.79 | 4 | 50 |
| 519 | 08 | SURG | BACK & NECK PROC EXC SPINAL FUSION W CC | 1.7553 | 4.63 | 4 | 50 |
| 520 | 08 | SURG | BACK & NECK PROC EXC SPINAL FUSION W/O CC/MCC | 1.0399 | 2.19 | 4 | 50 |
| 533 | 08 | MED | Fractures of femur w MCC | 1.3524 | 5.00 | 2 | 50 |
| 534 | 08 | MED | Fractures of femur w/o MCC | 0.8025 | 3.32 | 4 | 50 |
| 535 | 08 | MED | Fractures of hip & pelvis w MCC | 2.0732 | 8.91 | 4 | 50 |
| 536 | 08 | MED | Fractures of hip & pelvis w/o MCC | 0.9787 | 4.52 | 4 | 50 |
| 537 | 08 | MED | Sprains, strains, & dislocations of hip, pelvis & thigh w-CC/MCC | 1.0484 | 7.00 | 7 | 50 |
| 538 | 08 | MED | Sprains, strains, & dislocations of hip, pelvis & thigh w/o-CC/MCC | 0.7658 | 1.80 | 4 | 50 |
| 539 | 08 | MED | Osteomyelitis w MCC | 2.0137 | 10.71 | 4 | 50 |
| 540 | 08 | MED | Osteomyelitis w CC | 1.2710 | 7.02 | 4 | 50 |
| 541 | 08 | MED | Osteomyelitis w/o CC/MCC | 0.9924 | 5.09 | 4 | 50 |
| 542 | 08 | MED | Pathological fractures & musculoskelet & conn tiss malig w MCC | 3.2093 | 11.91 | 3 | 50 |
| 543 | 08 | MED | Pathological fractures & musculoskelet & conn tiss malig w CC | 1.5212 | 6.77 | 4 | 50 |
| 544 | 08 | MED | Pathological fractures & musculoskelet & conn tiss malig w/o CC/MCC | 0.9542 | 4.27 | 4 | 50 |
| 545 | 08 | MED | Connective tissue disorders w MCC | 2.7145 | 11.03 | 2 | 50 |
| 546 | 08 | MED | Connective tissue disorders w CC | 1.2826 | 5.94 | 4 | 50 |
| 547 | 08 | MED | Connective tissue disorders w/o CC/MCC | 0.9404 | 3.92 | 4 | 50 |
| 548 | 08 | MED | Septic arthritis w MCC | 2.4509 | 10.06 | 3 | 50 |
| 549 | 08 | MED | Septic arthritis w CC | 1.2575 | 6.91 | 4 | 50 |
| 550 | 08 | MED | Septic arthritis w/o CC/MCC | 0.7116 | 3.67 | 4 | 50 |

TN NO.: 15-0014

Approval Date: _____

Effective Date: 10/01/2015

Supersedes
TN No.: 15-0002

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Methods and Standards for Establishing Payment Rates
Inpatient Hospital Care***

| DRG | MDC | Type | Description | Relative Weight | Avg LOS | Low Day | High Day |
|-----|-----|------|--|-----------------|---------|---------|----------|
| 551 | 08 | MED | Medical back problems w MCC | 1.7432 | 6.83 | 4 | 50 |
| 552 | 08 | MED | Medical back problems w/o MCC | 1.0874 | 3.84 | 4 | 50 |
| 553 | 08 | MED | Bone diseases & arthropathies w MCC | 1.8715 | 6.09 | 4 | 50 |
| 554 | 08 | MED | Bone diseases & arthropathies w/o MCC | 1.3357 | 3.63 | 4 | 50 |
| 555 | 08 | MED | Signs & symptoms of musculoskeletal system & conn tissue w MCC | 1.3270 | 5.54 | 4 | 50 |
| 556 | 08 | MED | Signs & symptoms of musculoskeletal system & conn tissue w/o MCC | 0.8039 | 3.33 | 4 | 50 |
| 557 | 08 | MED | Tendonitis, myositis & bursitis w MCC | 2.0623 | 7.18 | 4 | 50 |
| 558 | 08 | MED | Tendonitis, myositis & bursitis w/o MCC | 0.8554 | 4.50 | 4 | 50 |
| 559 | 08 | MED | Aftercare, musculoskeletal system & connective tissue w MCC | 1.7682 | 8.05 | 4 | 50 |
| 560 | 08 | MED | Aftercare, musculoskeletal system & connective tissue w CC | 1.4418 | 6.00 | 4 | 50 |
| 561 | 08 | MED | Aftercare, musculoskeletal system & connective tissue w/o CC/MCC | 1.4222 | 3.20 | 4 | 50 |
| 562 | 08 | MED | Fx, sprn, strn & disl except femur, hip, pelvis & thigh w MCC | 1.2860 | 4.20 | 4 | 50 |
| 563 | 08 | MED | Fx, sprn, strn & disl except femur, hip, pelvis & thigh w/o MCC | 0.8242 | 3.03 | 4 | 50 |
| 564 | 08 | MED | Other musculoskeletal sys & connective tissue diagnoses w MCC | 1.7505 | 5.95 | 2 | 50 |
| 565 | 08 | MED | Other musculoskeletal sys & connective tissue diagnoses w CC | 1.0575 | 5.18 | 4 | 50 |
| 566 | 08 | MED | Other musculoskeletal sys & connective tissue diagnoses w/o CC/MCC | 0.9228 | 3.44 | 4 | 50 |
| 570 | 09 | SURG | SKIN DEBRIDEMENT W MCC | 2.3740 | 11.74 | 2 | 50 |
| 571 | 09 | SURG | SKIN DEBRIDEMENT W CC | 1.5595 | 7.11 | 4 | 50 |
| 572 | 09 | SURG | SKIN DEBRIDEMENT W/O CC/MCC | 1.1523 | 4.97 | 4 | 50 |
| 573 | 09 | SURG | Skin graft &/or debrid for skn ulcer or cellulitis w MCC | 2.6676 | 14.00 | 3 | 50 |
| 574 | 09 | SURG | Skin graft &/or debrid for skn ulcer or cellulitis w CC | 2.5762 | 13.49 | 3 | 50 |
| 575 | 09 | SURG | Skin graft &/or debrid for skn ulcer or cellulitis w/o CC/MCC | 1.5410 | 7.60 | 4 | 50 |
| 576 | 09 | SURG | Skin graft &/or debrid exc for skin ulcer or cellulitis w MCC | 4.0833 | 12.33 | 3 | 50 |
| 577 | 09 | SURG | Skin graft &/or debrid exc for skin ulcer or cellulitis w CC | 3.0489 | 10.18 | 4 | 50 |
| 578 | 09 | SURG | Skin graft &/or debrid exc for skin ulcer or cellulitis w/o CC/MCC | 1.4726 | 3.95 | 4 | 50 |

TN NO.: 15-0014

Approval Date: _____

Effective Date: 10/01/2015

Supersedes
TN No.: 15-0002

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Methods and Standards for Establishing Payment Rates
Inpatient Hospital Care***

| DRG | MDC | Type | Description | Relative Weight | Avg LOS | Low Day | High Day |
|-----|-----|------|--|-----------------|---------|---------|----------|
| 579 | 09 | SURG | Other skin, subcut tiss & breast proc w MCC | 2.5848 | 10.99 | 2 | 50 |
| 580 | 09 | SURG | Other skin, subcut tiss & breast proc w CC | 1.6204 | 6.52 | 4 | 50 |
| 581 | 09 | SURG | Other skin, subcut tiss & breast proc w/o CC/MCC | 0.9742 | 3.21 | 4 | 50 |
| 582 | 09 | SURG | Mastectomy for malignancy w CC/MCC | 1.2095 | 2.76 | 4 | 50 |
| 583 | 09 | SURG | Mastectomy for malignancy w/o CC/MCC | 1.1732 | 2.15 | 4 | 50 |
| 584 | 09 | SURG | Breast biopsy, local excision & other breast procedures w CC/MCC | 1.4818 | 5.56 | 4 | 50 |
| 585 | 09 | SURG | Breast biopsy, local excision & other breast procedures w/o CC/MCC | 1.2459 | 2.76 | 4 | 50 |
| 592 | 09 | MED | Skin ulcers w MCC | 1.2480 | 7.15 | 4 | 50 |
| 593 | 09 | MED | Skin ulcers w CC | 0.9065 | 5.58 | 4 | 50 |
| 594 | 09 | MED | Skin ulcers w/o CC/MCC | 0.7737 | 4.11 | 4 | 50 |
| 595 | 09 | MED | Major skin disorders w MCC | 1.7227 | 8.10 | 2 | 50 |
| 596 | 09 | MED | Major skin disorders w/o MCC | 0.7787 | 4.92 | 4 | 50 |
| 597 | 09 | MED | Malignant breast disorders w MCC | 1.6096 | 7.27 | 4 | 50 |
| 598 | 09 | MED | Malignant breast disorders w CC | 1.3129 | 5.75 | 4 | 50 |
| 599 | 09 | MED | Malignant breast disorders w/o CC/MCC | 0.9724 | 4.00 | 4 | 50 |
| 600 | 09 | MED | Non-malignant breast disorders w CC/MCC | 0.8450 | 4.51 | 4 | 50 |
| 601 | 09 | MED | Non-malignant breast disorders w/o CC/MCC | 0.6034 | 3.30 | 4 | 50 |
| 602 | 09 | MED | Cellulitis w MCC | 1.3564 | 6.94 | 4 | 50 |
| 603 | 09 | MED | Cellulitis w/o MCC | 0.6553 | 3.72 | 4 | 50 |
| 604 | 09 | MED | Trauma to the skin, subcut tiss & breast w MCC | 1.3498 | 4.25 | 4 | 50 |
| 605 | 09 | MED | Trauma to the skin, subcut tiss & breast w/o MCC | 0.6870 | 2.54 | 4 | 50 |
| 606 | 09 | MED | Minor skin disorders w MCC | 1.0297 | 5.25 | 4 | 50 |
| 607 | 09 | MED | Minor skin disorders w/o MCC | 0.5719 | 3.60 | 4 | 50 |
| 614 | 10 | SURG | Adrenal & pituitary procedures w CC/MCC | 2.6574 | 7.89 | 4 | 50 |
| 615 | 10 | SURG | Adrenal & pituitary procedures w/o CC/MCC | 1.6720 | 3.15 | 4 | 50 |
| 616 | 10 | SURG | Amputat of lower limb for endocrine,nutrit,& metabol-dis w MCC | 4.6150 | 18.91 | 7 | 50 |
| 617 | 10 | SURG | Amputat of lower limb for endocrine,nutrit,& metabol-dis w CC | 2.1368 | 9.22 | 3 | 50 |

TN NO.: 15-0014

Approval Date: _____

Effective Date: 10/01/2015

Supersedes
TN No.: 15-0002

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

**Methods and Standards for Establishing Payment Rates
Inpatient Hospital Care**

| DRG | MDC | Type | Description | Relative Weight | Avg LOS | Low Day | High Day |
|-------|-----|------|---|-----------------|---------|---------|----------|
| 618 | 40 | SURG | Amputat of lower limb for endocrine,nutrit,& metabol dis w/o-CC/MCC | 1.8282 | 7.00 | 7 | 50 |
| 619 | 40 | SURG | O.R. procedures for obesity w MCG | 2.3924 | 7.33 | 2 | 50 |
| 620 | 40 | SURG | O.R. procedures for obesity w CC | 2.4572 | 3.59 | 4 | 50 |
| 624 | 40 | SURG | O.R. procedures for obesity w/o CC/MCC | 2.0667 | 2.19 | 4 | 50 |
| 622 | 40 | SURG | Skin grafts & wound debrid for endoc, nutrit & metab dis w- MCG | 4.2394 | 12.54 | 3 | 50 |
| 623 | 40 | SURG | Skin grafts & wound debrid for endoc, nutrit & metab dis w- CC | 1.6840 | 8.23 | 2 | 50 |
| 624 | 40 | SURG | Skin grafts & wound debrid for endoc, nutrit & metab dis w/o-CC/MCC | 1.6182 | 8.40 | 4 | 50 |
| 625 | 40 | SURG | Thyroid, parathyroid & thyroglossal procedures w MCG | 2.5377 | 11.00 | 3 | 50 |
| 626 | 40 | SURG | Thyroid, parathyroid & thyroglossal procedures w CC | 1.4316 | 3.04 | 4 | 50 |
| 627 | 40 | SURG | Thyroid, parathyroid & thyroglossal procedures w/o CC/MCC | 1.0119 | 1.85 | 4 | 50 |
| 628 | 40 | SURG | Other endocrine, nutrit & metab O.R. proc w MCG | 3.1952 | 12.08 | 2 | 50 |
| 629 | 40 | SURG | Other endocrine, nutrit & metab O.R. proc w CC | 2.2213 | 9.90 | 2 | 50 |
| 630 | 40 | SURG | Other endocrine, nutrit & metab O.R. proc w/o CC/MCC | 1.5695 | 5.78 | 4 | 50 |
| 637 | 40 | MED | Diabetes w MCG | 1.4788 | 6.47 | 4 | 50 |
| 638 | 40 | MED | Diabetes w CC | 0.8122 | 4.03 | 4 | 50 |
| 639 | 40 | MED | Diabetes w/o CC/MCC | 0.5825 | 2.88 | 4 | 50 |
| 640 | 40 | MED | Nutritional & misc metabolic disorders w MCG | 1.0622 | 4.99 | 4 | 50 |
| 640.1 | 40 | MED | Nutritional & misc metabolic disorders w MCG | 1.0364 | 6.27 | 4 | 50 |
| 641 | 40 | MED | Nutritional & misc metabolic disorders w/o MCG | 0.8303 | 3.94 | 4 | 50 |
| 641.1 | 40 | MED | Nutritional & misc metabolic disorders w/o MCG | 0.4764 | 3.11 | 4 | 50 |
| 642 | 40 | MED | Inborn errors of metabolism | 2.9637 | 10.24 | 2 | 50 |
| 642.1 | 40 | MED | Inborn errors of metabolism | 1.4792 | 6.03 | 4 | 50 |
| 643 | 40 | MED | Endocrine disorders w MCG | 1.6300 | 8.05 | 4 | 50 |
| 644 | 40 | MED | Endocrine disorders w CC | 1.0652 | 5.61 | 4 | 50 |
| 645 | 40 | MED | Endocrine disorders w/o CC/MCC | 0.7152 | 3.19 | 4 | 50 |
| 652 | 41 | SURG | Kidney transplant | 6.7494 | 7.25 | 4 | 50 |
| 653 | 41 | SURG | Major bladder procedures w MCG | 4.5360 | 15.23 | 2 | 50 |
| 654 | 41 | SURG | Major bladder procedures w CC | 2.9239 | 10.19 | 4 | 50 |
| 655 | 41 | SURG | Major bladder procedures w/o CC/MCC | 2.0393 | 6.47 | 4 | 50 |

TN NO.: 15-0014

Approval Date: _____

Effective Date: 10/01/2015

Supersedes
TN No.: 15-0002

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Methods and Standards for Establishing Payment Rates
Inpatient Hospital Care***

| DRG | MDC | Type | Description | Relative Weight | Avg LOS | Low Day | High Day |
|-----|-----|------|--|-----------------|---------|---------|----------|
| 656 | 11 | SURG | Kidney & ureter procedures for neoplasm w MCC | 3.4138 | 9.45 | 4 | 50 |
| 657 | 11 | SURG | Kidney & ureter procedures for neoplasm w CC | 2.2189 | 6.97 | 2 | 50 |
| 658 | 11 | SURG | Kidney & ureter procedures for neoplasm w/o CC/MCC | 1.9054 | 4.45 | 4 | 50 |
| 659 | 11 | SURG | Kidney & ureter procedures for non-neoplasm w MCC | 4.5783 | 14.02 | 2 | 50 |
| 660 | 11 | SURG | Kidney & ureter procedures for non-neoplasm w CC | 1.6828 | 5.44 | 4 | 50 |
| 664 | 11 | SURG | Kidney & ureter procedures for non-neoplasm w/o CC/MCC | 1.2076 | 2.74 | 4 | 50 |
| 662 | 11 | SURG | Minor bladder procedures w MCC | 2.9397 | 11.75 | 7 | 50 |
| 663 | 11 | SURG | Minor bladder procedures w CC | 1.6704 | 6.00 | 4 | 50 |
| 664 | 11 | SURG | Minor bladder procedures w/o CC/MCC | 1.2114 | 3.04 | 4 | 50 |
| 665 | 11 | SURG | Prostatectomy w MCC | 3.7500 | 14.85 | 4 | 50 |
| 666 | 11 | SURG | Prostatectomy w CC | 2.5752 | 7.67 | 4 | 50 |
| 667 | 11 | SURG | Prostatectomy w/o CC/MCC | 0.9974 | 3.11 | 4 | 50 |
| 668 | 11 | SURG | Transurethral procedures w MCC | 2.0487 | 7.60 | 4 | 50 |
| 669 | 11 | SURG | Transurethral procedures w CC | 1.1020 | 3.57 | 4 | 50 |
| 670 | 11 | SURG | Transurethral procedures w/o CC/MCC | 1.0108 | 2.64 | 4 | 50 |
| 674 | 11 | SURG | Urethral procedures w CC/MCC | 1.9870 | 10.24 | 4 | 50 |
| 672 | 11 | SURG | Urethral procedures w/o CC/MCC | 1.4132 | 3.27 | 4 | 50 |
| 673 | 11 | SURG | Other kidney & urinary tract procedures w MCC | 3.2816 | 12.36 | 4 | 50 |
| 674 | 11 | SURG | Other kidney & urinary tract procedures w CC | 2.1826 | 8.48 | 4 | 50 |
| 675 | 11 | SURG | Other kidney & urinary tract procedures w/o CC/MCC | 1.6096 | 3.76 | 4 | 50 |
| 682 | 11 | MED | Renal failure w MCC | 1.4913 | 6.68 | 4 | 50 |
| 683 | 11 | MED | Renal failure w CC | 1.0700 | 5.08 | 4 | 50 |
| 684 | 11 | MED | Renal failure w/o CC/MCC | 0.7794 | 3.74 | 4 | 50 |
| 685 | 11 | MED | Admit for renal dialysis | 0.9376 | 3.40 | 4 | 50 |
| 686 | 11 | MED | Kidney & urinary tract neoplasms w MCC | 2.0607 | 8.25 | 2 | 50 |
| 687 | 11 | MED | Kidney & urinary tract neoplasms w CC | 1.1046 | 4.68 | 4 | 50 |
| 688 | 11 | MED | Kidney & urinary tract neoplasms w/o CC/MCC | 1.3217 | 5.00 | 4 | 50 |
| 689 | 11 | MED | Kidney & urinary tract infections w MCC | 1.0942 | 5.66 | 4 | 50 |
| 690 | 11 | MED | Kidney & urinary tract infections w/o MCC | 0.6205 | 3.43 | 4 | 50 |
| 694 | 11 | MED | Urinary stones w esw lithotripsy w CC/MCC | 1.0607 | 4.67 | 2 | 50 |

TN NO.: 15-0014

Approval Date: _____

Effective Date: 10/01/2015

Supersedes
TN No.: 15-0002

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Methods and Standards for Establishing Payment Rates
Inpatient Hospital Care***

| DRG | MDC | Type | Description | Relative Weight | Avg LOS | Low Day | High Day |
|-------|-----|------|--|-----------------|---------|---------|----------|
| 692 | 11 | MED | Urinary stones w esw lithotripsy w/o CC/MCC | 0.9242 | 2.00 | 4 | 50 |
| 693 | 11 | MED | Urinary stones w/o esw lithotripsy w MCC | 1.2069 | 4.41 | 4 | 50 |
| 694 | 11 | MED | Urinary stones w/o esw lithotripsy w/o MCC | 0.7517 | 2.68 | 4 | 50 |
| 695 | 11 | MED | Kidney & urinary tract signs & symptoms w MCC | 0.7319 | 3.38 | 4 | 50 |
| 696 | 11 | MED | Kidney & urinary tract signs & symptoms w/o MCC | 0.6865 | 3.24 | 4 | 50 |
| 697 | 11 | MED | Urethral stricture | 1.3233 | 2.14 | 4 | 50 |
| 698 | 11 | MED | Other kidney & urinary tract diagnoses w MCC | 1.4813 | 7.05 | 4 | 50 |
| 699 | 11 | MED | Other kidney & urinary tract diagnoses w CC | 1.0006 | 4.86 | 4 | 50 |
| 700 | 11 | MED | Other kidney & urinary tract diagnoses w/o CC/MCC | 0.7597 | 3.60 | 4 | 50 |
| 707 | 12 | SURG | Major male pelvic procedures w CC/MCC | 2.2598 | 5.18 | 4 | 50 |
| 708 | 12 | SURG | Major male pelvic procedures w/o CC/MCC | 1.5338 | 2.92 | 4 | 50 |
| 709 | 12 | SURG | Penis procedures w CC/MCC | 1.7822 | 7.40 | 4 | 50 |
| 710 | 12 | SURG | Penis procedures w/o CC/MCC | 0.9992 | 2.60 | 4 | 50 |
| 711 | 12 | SURG | Testes procedures w CC/MCC | 1.8126 | 6.47 | 4 | 50 |
| 712 | 12 | SURG | Testes procedures w/o CC/MCC | 0.8479 | 2.26 | 4 | 50 |
| 713 | 12 | SURG | Transurethral prostatectomy w CC/MCC | 1.5896 | 6.88 | 4 | 50 |
| 714 | 12 | SURG | Transurethral prostatectomy w/o CC/MCC | 0.8631 | 1.79 | 4 | 50 |
| 715 | 12 | SURG | Other male reproductive system O.R. proc for malignancy w CC/MCC | 2.7001 | 9.20 | 6 | 50 |
| 716 | 12 | SURG | Other male reproductive system O.R. proc for malignancy w/o CC/MCC | 1.6560 | 3.75 | 4 | 50 |
| 717 | 12 | SURG | Other male reproductive system O.R. proc exc malignancy w CC/MCC | 3.0487 | 12.86 | 5 | 50 |
| 718 | 12 | SURG | Other male reproductive system O.R. proc exc malignancy w/o CC/MCC | 1.2029 | 4.00 | 2 | 50 |
| 722 | 12 | MED | Malignancy, male reproductive system w MCC | 2.5064 | 14.33 | 12 | 50 |
| 723 | 12 | MED | Malignancy, male reproductive system w CC | 1.9084 | 6.78 | 2 | 50 |
| 724 | 12 | MED | Malignancy, male reproductive system w/o CC/MCC | 1.0554 | 3.88 | 4 | 50 |
| 725 | 12 | MED | Benign prostatic hypertrophy w MCC | 0.6848 | 1.00 | 4 | 50 |
| 726 | 12 | MED | Benign prostatic hypertrophy w/o MCC | 1.0634 | 7.00 | 4 | 50 |
| 727 | 12 | MED | Inflammation of the male reproductive system w MCC | 1.1024 | 5.14 | 4 | 50 |
| 727.1 | 12 | MED | Inflammation of the male reproductive system w MCC | 0.9497 | 3.67 | 2 | 50 |

TN NO.: 15-0014

Approval Date: _____

Effective Date: 10/01/2015

Supersedes
TN No.: 15-0002

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

**Methods and Standards for Establishing Payment Rates
Inpatient Hospital Care**

| DRG | MDC | Type | Description | Relative Weight | Avg LOS | Low Day | High Day |
|-------|-----|------|--|-----------------|---------|---------|----------|
| 728 | 12 | MED | Inflammation of the male reproductive system w/o MCC | 0.7775 | 4.03 | 4 | 50 |
| 728.1 | 12 | MED | Inflammation of the male reproductive system w/o MCC | 0.3912 | 2.68 | 4 | 50 |
| 729 | 12 | MED | Other male reproductive system diagnoses w CC/MCC | 1.1531 | 4.81 | 4 | 50 |
| 730 | 12 | MED | Other male reproductive system diagnoses w/o CC/MCC | 0.5643 | 2.96 | 4 | 50 |
| 734 | 13 | SURG | Pelvic evisceration, rad hysterectomy & rad vulvectomy w-CC/MCC | 2.0706 | 5.66 | 4 | 50 |
| 735 | 13 | SURG | Pelvic evisceration, rad hysterectomy & rad vulvectomy w/o-CC/MCC | 1.4965 | 2.89 | 4 | 50 |
| 736 | 13 | SURG | Uterine & adnexa proc for ovarian or adnexal malignancy w-MCC | 5.0187 | 15.13 | 4 | 50 |
| 737 | 13 | SURG | Uterine & adnexa proc for ovarian or adnexal malignancy w-CC | 2.0378 | 7.35 | 3 | 50 |
| 738 | 13 | SURG | Uterine & adnexa proc for ovarian or adnexal malignancy-w/o CC/MCC | 1.3209 | 3.71 | 2 | 50 |
| 739 | 13 | SURG | Uterine,adnexa proc for non-ovarian/adnexal malig w MCC | 2.5323 | 8.50 | 2 | 50 |
| 740 | 13 | SURG | Uterine,adnexa proc for non-ovarian/adnexal malig w-CC | 1.7336 | 4.91 | 4 | 50 |
| 741 | 13 | SURG | Uterine,adnexa proc for non-ovarian/adnexal malig w/o-CC/MCC | 1.0348 | 2.54 | 4 | 50 |
| 742 | 13 | SURG | Uterine & adnexa proc for non-malignancy w-CC/MCC | 1.4682 | 3.93 | 4 | 50 |
| 743 | 13 | SURG | Uterine & adnexa proc for non-malignancy w/o-CC/MCC | 1.0620 | 2.25 | 4 | 50 |
| 744 | 13 | SURG | D&C, conization, laparoscopy & tubal interruption w-CC/MCC | 1.6374 | 6.41 | 4 | 50 |
| 745 | 13 | SURG | D&C, conization, laparoscopy & tubal interruption w/o-CC/MCC | 1.1162 | 3.00 | 4 | 50 |
| 746 | 13 | SURG | Vagina, cervix & vulva procedures w CC/MCC | 1.2448 | 4.43 | 4 | 50 |
| 747 | 13 | SURG | Vagina, cervix & vulva procedures w/o CC/MCC | 0.8054 | 2.70 | 4 | 50 |
| 748 | 13 | SURG | Female reproductive system reconstructive procedures | 0.9610 | 1.94 | 4 | 50 |
| 749 | 13 | SURG | Other female reproductive system O.R. procedures w-CC/MCC | 1.9366 | 6.07 | 4 | 50 |
| 750 | 13 | SURG | Other female reproductive system O.R. procedures w/o-CC/MCC | 0.9925 | 2.75 | 4 | 50 |
| 754 | 13 | MED | Malignancy, female reproductive system w MCC | 2.1888 | 8.05 | 4 | 50 |
| 755 | 13 | MED | Malignancy, female reproductive system w-CC | 1.4355 | 6.26 | 4 | 50 |
| 756 | 13 | MED | Malignancy, female reproductive system w/o-CC/MCC | 0.8989 | 3.55 | 4 | 50 |
| 757 | 13 | MED | Infections, female reproductive system w MCC | 1.3849 | 6.60 | 2 | 50 |

TN NO.: 15-0014

Approval Date: _____

Effective Date: 10/01/2015

Supersedes

TN No.: 15-0002

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

**Methods and Standards for Establishing Payment Rates
Inpatient Hospital Care**

| DRG | MDC | Type | Description | Relative Weight | Avg LOS | Low Day | High Day |
|-------|-----|------|---|-----------------|---------|---------|----------|
| 758 | 13 | MED | Infections, female reproductive system w CC | 0.8164 | 3.67 | 4 | 50 |
| 759 | 13 | MED | Infections, female reproductive system w/o CC/MCC | 0.6210 | 2.91 | 4 | 50 |
| 760 | 13 | MED | Menstrual & other female reproductive system disorders w CC/MCC | 0.8322 | 3.07 | 4 | 50 |
| 761 | 13 | MED | Menstrual & other female reproductive system disorders w/o CC/MCC | 0.7521 | 2.18 | 4 | 50 |
| 765 | 14 | SURG | Cesarean section w CC/MCC | 0.9811 | 4.56 | 2 | 50 |
| 766 | 14 | SURG | Cesarean section w/o CC/MCC | 0.7644 | 3.35 | 2 | 50 |
| 767 | 14 | SURG | Vaginal delivery w sterilization &/or D&C | 0.8044 | 2.67 | 4 | 50 |
| 768 | 14 | SURG | Vaginal delivery w O.R. proc except steril &/or D&C | 0.9677 | 4.24 | 4 | 50 |
| 769 | 14 | SURG | Postpartum & post abortion diagnoses w O.R. procedure | 1.6116 | 4.63 | 4 | 50 |
| 770 | 14 | SURG | Abortion w D&C, aspiration curettage or hysterotomy | 0.8112 | 2.46 | 4 | 50 |
| 774 | 14 | MED | Vaginal delivery w complicating diagnoses | 0.6202 | 3.07 | 4 | 50 |
| 775 | 14 | MED | Vaginal delivery w/o complicating diagnoses | 0.4783 | 2.45 | 4 | 50 |
| 776 | 14 | MED | Postpartum & post abortion diagnoses w/o O.R. procedure | 0.6879 | 3.26 | 4 | 50 |
| 777 | 14 | MED | Ectopic pregnancy | 0.9842 | 2.37 | 4 | 50 |
| 778 | 14 | MED | Threatened abortion | 0.4727 | 3.87 | 4 | 50 |
| 779 | 14 | MED | Abortion w/o D&C | 0.5051 | 2.19 | 4 | 50 |
| 780 | 14 | MED | False labor | 0.2995 | 2.08 | 4 | 50 |
| 781 | 14 | MED | Other antepartum diagnoses w medical complications | 0.6090 | 3.87 | 4 | 50 |
| 782 | 14 | MED | Other antepartum diagnoses w/o medical complications | 0.5439 | 4.07 | 4 | 50 |
| 789 | 15 | MED | Neonates, died or transferred to another acute care facility | 0.2562 | 1.78 | 4 | 50 |
| 789.1 | 15 | MED | Neonates, died or transferred to another acute care facility | 4.8692 | 15.65 | 4 | 51 |
| 790 | 15 | MED | Extreme immaturity or respiratory distress syndrome, neonate | 1.3739 | 10.17 | 4 | 50 |
| 790.1 | 15 | MED | Extreme immaturity or respiratory distress syndrome, neonate | 9.1651 | 39.04 | 6 | 73 |
| 791 | 15 | MED | Prematurity w major problems | 1.1156 | 9.41 | 2 | 50 |
| 791.1 | 15 | MED | Prematurity w major problems | 3.9599 | 21.65 | 4 | 53 |
| 792 | 15 | MED | Prematurity w/o major problems | 0.3983 | 4.54 | 4 | 50 |
| 792.1 | 15 | MED | Prematurity w/o major problems | 2.0802 | 13.20 | 3 | 50 |
| 793 | 15 | MED | Full term neonate w major problems | 0.5707 | 5.06 | 4 | 50 |
| 793.1 | 15 | MED | Full term neonate w major problems | 2.0495 | 10.56 | 2 | 50 |

TN NO.: 15-0014

Approval Date: _____

Effective Date: 10/01/2015

Supersedes

TN No.: 15-0002

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Methods and Standards for Establishing Payment Rates
Inpatient Hospital Care***

| DRG | MDC | Type | Description | Relative Weight | Avg LOS | Low Day | High Day |
|-------|-----|------|---|-----------------|---------|---------|----------|
| 794 | 15 | MED | Neonate w other significant problems | 0.2224 | 3.02 | 4 | 50 |
| 794.1 | 15 | MED | Neonate w other significant problems | 0.8863 | 5.41 | 2 | 50 |
| 795 | 15 | MED | Normal newborn | 0.1417 | 2.52 | 4 | 50 |
| 799 | 46 | SURG | Splenectomy w MCC | 3.8067 | 10.30 | 3 | 50 |
| 800 | 46 | SURG | Splenectomy w CC | 2.4411 | 6.30 | 2 | 50 |
| 804 | 46 | SURG | Splenectomy w/o CC/MCC | 1.5998 | 3.76 | 4 | 50 |
| 802 | 46 | SURG | Other O.R. proc of the blood & blood forming organs w MCC | 4.2528 | 15.56 | 3 | 52 |
| 803 | 46 | SURG | Other O.R. proc of the blood & blood forming organs w CC | 1.9985 | 8.80 | 2 | 50 |
| 804 | 46 | SURG | Other O.R. proc of the blood & blood forming organs w/o CC/MCC | 1.3859 | 4.96 | 4 | 50 |
| 808 | 46 | MED | Major hematom/immun diag exc sickle cell crisis & coagul w MCC | 2.3934 | 9.48 | 2 | 50 |
| 809 | 46 | MED | Major hematom/immun diag exc sickle cell crisis & coagul w CC | 1.3664 | 6.15 | 4 | 50 |
| 840 | 46 | MED | Major hematom/immun diag exc sickle cell crisis & coagul w/o CC/MCC | 0.9255 | 3.95 | 4 | 50 |
| 844 | 46 | MED | Red blood cell disorders w MCC | 1.5537 | 8.27 | 2 | 50 |
| 841.1 | 46 | MED | Red blood cell disorders w MCC | 1.0697 | 6.17 | 2 | 50 |
| 842 | 46 | MED | Red blood cell disorders w/o MCC | 0.8104 | 4.84 | 4 | 50 |
| 842.1 | 46 | MED | Red blood cell disorders w/o MCC | 0.4385 | 3.59 | 4 | 50 |
| 843 | 46 | MED | Coagulation disorders | 1.5265 | 4.25 | 4 | 50 |
| 844 | 46 | MED | Reticuloendothelial & immunity disorders w MCC | 2.6760 | 11.14 | 4 | 50 |
| 845 | 46 | MED | Reticuloendothelial & immunity disorders w CC | 0.9314 | 4.60 | 4 | 50 |
| 846 | 46 | MED | Reticuloendothelial & immunity disorders w/o CC/MCC | 0.6659 | 3.55 | 4 | 50 |
| 820 | 47 | SURG | Lymphoma & leukemia w major O.R. procedure w MCC | 11.7215 | 28.78 | 2 | 64 |
| 824 | 47 | SURG | Lymphoma & leukemia w major O.R. procedure w CC | 4.2753 | 12.19 | 4 | 50 |
| 822 | 47 | SURG | Lymphoma & leukemia w major O.R. procedure w/o CC/MCC | 1.5878 | 4.59 | 4 | 50 |
| 823 | 47 | SURG | Lymphoma & non acute leukemia w other O.R. proc w MCC | 5.5160 | 18.69 | 4 | 50 |
| 824 | 47 | SURG | Lymphoma & non acute leukemia w other O.R. proc w CC | 2.9294 | 10.80 | 2 | 50 |

TN NO.: 15-0014

Approval Date: _____

Effective Date: 10/01/2015

Supersedes
TN No.: 15-0002

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

**Methods and Standards for Establishing Payment Rates
Inpatient Hospital Care**

| DRG | MDC | Type | Description | Relative Weight | Avg LOS | Low Day | High Day |
|-------|-----|------|--|-----------------|---------|---------|----------|
| 825 | 17 | SURG | Lymphoma & non-acute leukemia w other O.R. proc w/o CC/MCC | 1.9083 | 5.84 | 2 | 50 |
| 826 | 17 | SURG | Myeloprolif disord or poorly diff neopl w maj O.R. proc w MCC | 8.5294 | 23.83 | 4 | 55 |
| 827 | 17 | SURG | Myeloprolif disord or poorly diff neopl w maj O.R. proc w CC | 3.3773 | 10.91 | 4 | 50 |
| 828 | 17 | SURG | Myeloprolif disord or poorly diff neopl w maj O.R. proc w/o CC/MCC | 2.1507 | 5.43 | 4 | 50 |
| 829 | 17 | SURG | Myeloprolif disord or poorly diff neopl w other O.R. proc w CC/MCC | 2.6137 | 10.08 | 2 | 50 |
| 830 | 17 | SURG | Myeloprolif disord or poorly diff neopl w other O.R. proc w/o CC/MCC | 1.2448 | 3.77 | 2 | 50 |
| 834 | 17 | MED | Acute leukemia w/o major O.R. procedure w MCC | 8.2987 | 22.48 | 3 | 54 |
| 835 | 17 | MED | Acute leukemia w/o major O.R. procedure w CC | 4.1500 | 13.54 | 2 | 50 |
| 836 | 17 | MED | Acute leukemia w/o major O.R. procedure w/o CC/MCC | 2.0475 | 7.19 | 4 | 50 |
| 837 | 17 | MED | Chemo w acute leukemia as sdx or w high dose chemo-agent w MCC | 5.6882 | 20.59 | 5 | 54 |
| 837.1 | 17 | MED | Chemo w acute leukemia as sdx or w high dose chemo-agent w MCC | 2.8975 | 10.84 | 3 | 50 |
| 838 | 17 | MED | Chemo w acute leukemia as sdx or w high dose chemo-agent w CC | 2.4176 | 9.18 | 3 | 50 |
| 838.1 | 17 | MED | Chemo w acute leukemia as sdx or w high dose chemo-agent w CC | 2.2853 | 12.27 | 4 | 50 |
| 839 | 17 | MED | Chemo w acute leukemia as sdx or w high dose chemo-agent w/o CC/MCC | 0.9910 | 5.58 | 2 | 50 |
| 839.1 | 17 | MED | Chemo w acute leukemia as sdx or w high dose chemo-agent w/o CC/MCC | 0.8672 | 4.52 | 4 | 50 |
| 840 | 17 | MED | Lymphoma & non-acute leukemia w MCC | 3.7158 | 13.45 | 2 | 50 |
| 841 | 17 | MED | Lymphoma & non-acute leukemia w CC | 1.9041 | 7.47 | 4 | 50 |
| 842 | 17 | MED | Lymphoma & non-acute leukemia w/o CC/MCC | 1.3335 | 5.16 | 4 | 50 |
| 843 | 17 | MED | Other myeloprolif dis or poorly diff neopl diag w MCC | 2.6640 | 11.94 | 4 | 50 |
| 844 | 17 | MED | Other myeloprolif dis or poorly diff neopl diag w CC | 1.5984 | 7.31 | 2 | 50 |
| 845 | 17 | MED | Other myeloprolif dis or poorly diff neopl diag w/o CC/MCC | 0.8825 | 4.62 | 4 | 50 |
| 846 | 17 | MED | Chemotherapy w/o acute leukemia as secondary diagnosis w MCC | 1.9666 | 8.23 | 2 | 50 |
| 847 | 17 | MED | Chemotherapy w/o acute leukemia as secondary diagnosis w CC | 1.0317 | 4.28 | 4 | 50 |
| 848 | 17 | MED | Chemotherapy w/o acute leukemia as secondary diagnosis w/o CC/MCC | 0.8378 | 3.69 | 4 | 50 |

TN NO.: 15-0014

Approval Date: _____

Effective Date: 10/01/2015

Supersedes
TN No.: 15-0002

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Methods and Standards for Establishing Payment Rates
Inpatient Hospital Care***

| DRG | MDC | Type | Description | Relative Weight | Avg LOS | Low Day | High Day |
|-------|-----|------|---|-----------------|---------|---------|----------|
| 849 | 17 | MED | Radiotherapy | 0.8438 | 2.97 | 4 | 50 |
| 853 | 18 | SURG | Infectious & parasitic diseases w O.R. procedure w MCC | 6.0133 | 19.49 | 4 | 51 |
| 854 | 18 | SURG | Infectious & parasitic diseases w O.R. procedure w CC | 2.5856 | 11.32 | 2 | 50 |
| 855 | 18 | SURG | Infectious & parasitic diseases w O.R. procedure w/o CC/MCC | 3.7916 | 14.08 | 4 | 50 |
| 856 | 18 | SURG | Postoperative or post-traumatic infections w O.R. proc w MCC | 4.1018 | 14.50 | 3 | 50 |
| 857 | 18 | SURG | Postoperative or post-traumatic infections w O.R. proc w CC | 1.9229 | 8.45 | 2 | 50 |
| 858 | 18 | SURG | Postoperative or post-traumatic infections w O.R. proc w/o CC/MCC | 1.4609 | 5.93 | 4 | 50 |
| 862 | 18 | MED | Postoperative & post-traumatic infections w MCC | 1.8863 | 8.62 | 2 | 50 |
| 863 | 18 | MED | Postoperative & post-traumatic infections w/o MCC | 0.9397 | 4.74 | 4 | 50 |
| 864 | 18 | MED | Fever of unknown origin | 0.9989 | 4.67 | 4 | 50 |
| 864.1 | 18 | MED | Fever of unknown origin | 0.4369 | 2.73 | 4 | 50 |
| 865 | 18 | MED | Viral illness w MCC | 1.4074 | 6.00 | 4 | 50 |
| 865.1 | 18 | MED | Viral illness w MCC | 0.8514 | 5.06 | 2 | 50 |
| 866 | 18 | MED | Viral illness w/o MCC | 0.7176 | 3.42 | 4 | 50 |
| 866.1 | 18 | MED | Viral illness w/o MCC | 0.4364 | 2.68 | 4 | 50 |
| 867 | 18 | MED | Other infectious & parasitic diseases diagnoses w MCC | 2.6175 | 10.89 | 4 | 50 |
| 868 | 18 | MED | Other infectious & parasitic diseases diagnoses w CC | 1.1954 | 5.75 | 4 | 50 |
| 869 | 18 | MED | Other infectious & parasitic diseases diagnoses w/o CC/MCC | 0.7737 | 4.46 | 4 | 50 |
| 870 | 18 | MED | Septicemia w MV 96+ hours | 5.9490 | 16.75 | 5 | 50 |
| 871 | 18 | MED | Septicemia w/o MV 96+ hours w MCC | 1.9977 | 8.34 | 4 | 50 |
| 872 | 18 | MED | Septicemia w/o MV 96+ hours w/o MCC | 1.1152 | 5.56 | 4 | 50 |
| 876 | 19 | SURG | O.R. procedure w principal diagnoses of mental illness | 1.5106 | 7.38 | 4 | 50 |
| 880 | 19 | MED | Acute adjustment reaction & psychosocial dysfunction | 0.7899 | 3.35 | 4 | 50 |
| 881 | 19 | MED | Depressive neuroses | 0.5729 | 3.11 | 4 | 50 |
| 882 | 19 | MED | Neuroses except depressive | 0.7804 | 4.10 | 4 | 50 |
| 883 | 19 | MED | Disorders of personality & impulse control | 1.7448 | 9.85 | 4 | 50 |
| 884 | 19 | MED | Organic disturbances & mental retardation | 0.8467 | 4.36 | 4 | 50 |
| 885 | 19 | MED | Psychoses | 0.6844 | 6.43 | 4 | 50 |

TN NO.: 15-0014

Approval Date: _____

Effective Date: 10/01/2015

Supersedes
TN No.: 15-0002

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Methods and Standards for Establishing Payment Rates
Inpatient Hospital Care***

| DRG | MDC | Type | Description | Relative Weight | Avg LOS | Low Day | High Day |
|-------|-----|------|---|-----------------|---------|---------|----------|
| 886 | 19 | MED | Behavioral & developmental disorders | 0.4072 | 2.40 | 2 | 50 |
| 887 | 19 | MED | Other mental disorder diagnoses | 0.3984 | 2.43 | 4 | 50 |
| 894 | 20 | MED | Alcohol/drug abuse or dependence, left ama | 0.4665 | 2.31 | 4 | 50 |
| 895 | 20 | MED | Alcohol/drug abuse or dependence w rehabilitation therapy | 0.7559 | 8.05 | 2 | 50 |
| 896 | 20 | MED | Alcohol/drug abuse or dependence w/o rehabilitation therapy w MCC | 1.6608 | 7.89 | 4 | 50 |
| 897 | 20 | MED | Alcohol/drug abuse or dependence w/o rehabilitation therapy w/o MCC | 0.7246 | 4.27 | 4 | 50 |
| 904 | 21 | SURG | Wound debridements for injuries w MCC | 5.9565 | 22.21 | 4 | 53 |
| 902 | 21 | SURG | Wound debridements for injuries w CC | 2.5914 | 12.04 | 2 | 50 |
| 903 | 21 | SURG | Wound debridements for injuries w/o CC/MCC | 1.5340 | 5.83 | 4 | 50 |
| 904 | 21 | SURG | Skin grafts for injuries w CC/MCC | 5.4664 | 20.31 | 2 | 53 |
| 905 | 21 | SURG | Skin grafts for injuries w/o CC/MCC | 1.9230 | 7.65 | 2 | 50 |
| 906 | 21 | SURG | Hand procedures for injuries | 1.0465 | 2.70 | 4 | 50 |
| 907 | 21 | SURG | Other O.R. procedures for injuries w MCC | 4.1760 | 12.41 | 4 | 50 |
| 908 | 21 | SURG | Other O.R. procedures for injuries w CC | 1.9352 | 6.67 | 4 | 50 |
| 909 | 21 | SURG | Other O.R. procedures for injuries w/o CC/MCC | 1.1866 | 3.23 | 4 | 50 |
| 913 | 21 | MED | Traumatic injury w MCC | 1.2439 | 6.35 | 4 | 50 |
| 914 | 21 | MED | Traumatic injury w/o MCC | 0.6520 | 2.65 | 4 | 50 |
| 915 | 21 | MED | Allergic reactions w MCC | 1.7619 | 6.42 | 2 | 50 |
| 915.1 | 21 | MED | Allergic reactions w MCC | 0.4332 | 1.50 | 4 | 50 |
| 916 | 21 | MED | Allergic reactions w/o MCC | 0.5193 | 2.48 | 4 | 50 |
| 916.1 | 21 | MED | Allergic reactions w/o MCC | 0.3369 | 1.97 | 4 | 50 |
| 917 | 21 | MED | Poisoning & toxic effects of drugs w MCC | 1.5177 | 5.03 | 4 | 50 |
| 917.1 | 21 | MED | Poisoning & toxic effects of drugs w MCC | 0.8722 | 3.00 | 4 | 50 |
| 918 | 21 | MED | Poisoning & toxic effects of drugs w/o MCC | 0.5827 | 2.66 | 4 | 50 |
| 918.1 | 21 | MED | Poisoning & toxic effects of drugs w/o MCC | 0.4468 | 2.19 | 4 | 50 |
| 919 | 21 | MED | Complications of treatment w MCC | 1.6986 | 7.49 | 4 | 50 |
| 919.1 | 21 | MED | Complications of treatment w MCC | 1.0535 | 5.14 | 4 | 50 |
| 920 | 21 | MED | Complications of treatment w CC | 1.1075 | 5.41 | 4 | 50 |
| 920.1 | 21 | MED | Complications of treatment w CC | 0.8452 | 4.06 | 4 | 50 |

TN NO.: 15-0014

Approval Date: _____

Effective Date: 10/01/2015

Supersedes

TN No.: 15-0002

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

**Methods and Standards for Establishing Payment Rates
Inpatient Hospital Care**

| DRG | MDC | Type | Description | Relative Weight | Avg LOS | Low Day | High Day |
|-------|-----|------|---|-----------------|---------|---------|----------|
| 921 | 21 | MED | Complications of treatment w/o CC/MCC | 0.7502 | 3.49 | 4 | 50 |
| 921.1 | 21 | MED | Complications of treatment w/o CC/MCC | 0.4164 | 2.10 | 4 | 50 |
| 922 | 21 | MED | Other injury, poisoning & toxic effect diag w MCC | 1.4359 | 6.46 | 4 | 50 |
| 923 | 21 | MED | Other injury, poisoning & toxic effect diag w/o MCC | 0.8012 | 4.30 | 4 | 50 |
| 927 | 22 | SURG | Extensive burns or full thickness burns w MV 96+ hrs w skin-graft | 12.9058 | 27.23 | 9 | 50 |
| 928 | 22 | SURG | Full thickness burn w skin graft or inhal inj w CC/MCC | 5.0658 | 17.48 | 2 | 50 |
| 929 | 22 | SURG | Full thickness burn w skin graft or inhal inj w/o CC/MCC | 2.7044 | 9.43 | 4 | 50 |
| 933 | 22 | MED | Extensive burns or full thickness burns w MV 96+ hrs w/o skin-graft | 5.2923 | 11.90 | 4 | 50 |
| 934 | 22 | MED | Full thickness burn w/o skin-grft or inhal inj | 1.5344 | 6.46 | 4 | 50 |
| 935 | 22 | MED | Non-extensive burns | 0.8634 | 3.89 | 4 | 50 |
| 939 | 23 | SURG | O.R. proc w diagnoses of other contact w health services w MCC | 4.3479 | 15.44 | 4 | 50 |
| 940 | 23 | SURG | O.R. proc w diagnoses of other contact w health services w CC | 1.9195 | 9.04 | 4 | 50 |
| 941 | 23 | SURG | O.R. proc w diagnoses of other contact w health services w/o CC/MCC | 1.1167 | 3.23 | 4 | 50 |
| 945 | 23 | MED | Rehabilitation w CC/MCC | 1.9485 | 13.11 | 3 | 50 |
| 946 | 23 | MED | Rehabilitation w/o CC/MCC | 1.3373 | 9.56 | 2 | 50 |
| 947 | 23 | MED | Signs & symptoms w MCC | 1.1739 | 5.53 | 4 | 50 |
| 948 | 23 | MED | Signs & symptoms w/o MCC | 0.7425 | 3.85 | 4 | 50 |
| 949 | 23 | MED | Aftercare w CC/MCC | 1.2272 | 4.93 | 4 | 50 |
| 950 | 23 | MED | Aftercare w/o CC/MCC | 0.3641 | 2.89 | 4 | 50 |
| 954 | 23 | MED | Other factors influencing health status | 0.3552 | 2.30 | 4 | 50 |
| 955 | 24 | SURG | Craniotomy for multiple significant trauma | 7.1339 | 18.56 | 3 | 50 |
| 956 | 24 | SURG | Limb reattachment, hip & femur proc for multiple significant | 5.6505 | 13.37 | 4 | 50 |
| 957 | 24 | SURG | Other O.R. procedures for multiple significant trauma w MCC | 7.3110 | 16.75 | 4 | 50 |
| 958 | 24 | SURG | Other O.R. procedures for multiple significant trauma w CC | 4.1452 | 9.94 | 3 | 50 |
| 959 | 24 | SURG | Other O.R. procedures for multiple significant trauma w/o CC/MCC | 2.2803 | 5.73 | 4 | 50 |
| 963 | 24 | MED | Other multiple significant trauma w MCC | 3.8574 | 11.29 | 4 | 50 |
| 964 | 24 | MED | Other multiple significant trauma w CC | 1.5075 | 4.96 | 4 | 50 |

TN NO.: 15-0014

Approval Date: _____

Effective Date: 10/01/2015

Supersedes

TN No.: 15-0002

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

**Methods and Standards for Establishing Payment Rates
Inpatient Hospital Care**

| DRG | MDC | Type | Description | Relative Weight | Avg LOS | Low Day | High Day |
|-----|-----|------|--|-----------------|---------|---------|----------|
| 965 | 24 | MED | Other multiple significant trauma w/o CC/MCC | 1.1289 | 3.51 | 4 | 50 |
| 969 | 25 | SURG | HIV w extensive O.R. procedure w MCC | 5.0377 | 17.58 | 2 | 50 |
| 970 | 25 | SURG | HIV w extensive O.R. procedure w/o MCC | 2.4884 | 7.90 | 3 | 50 |
| 974 | 25 | MED | HIV w major related condition w MCC | 2.4870 | 11.65 | 4 | 50 |
| 975 | 25 | MED | HIV w major related condition w CC | 1.4055 | 7.58 | 4 | 50 |
| 976 | 25 | MED | HIV w major related condition w/o CC/MCC | 0.8336 | 4.82 | 4 | 50 |
| 977 | 25 | MED | HIV w or w/o other related condition | 1.1943 | 6.15 | 4 | 50 |
| 981 | | SURG | Extensive O.R. procedure unrelated to principal diagnosis w MCC | 5.5506 | 17.49 | 2 | 50 |
| 982 | | SURG | Extensive O.R. procedure unrelated to principal diagnosis w CC | 2.7950 | 9.43 | 2 | 50 |
| 983 | | SURG | Extensive O.R. procedure unrelated to principal diagnosis w/o CC/MCC | 1.7000 | 5.09 | 4 | 50 |
| 984 | | SURG | Prostatic O.R. procedure unrelated to principal diagnosis w MCC | 2.7899 | 15.05 | 4 | 50 |
| 985 | | SURG | Prostatic O.R. procedure unrelated to principal diagnosis w CC | 2.1388 | 10.00 | 4 | 50 |
| 986 | | SURG | Prostatic O.R. procedure unrelated to principal diagnosis w/o CC/MCC | 0.9737 | 2.00 | 2 | 50 |
| 987 | | SURG | Non-extensive O.R. proc unrelated to principal diagnosis w MCC | 3.1604 | 13.03 | 2 | 50 |
| 988 | | SURG | Non-extensive O.R. proc unrelated to principal diagnosis w CC | 1.9715 | 8.84 | 2 | 50 |
| 989 | | SURG | Non-extensive O.R. proc unrelated to principal diagnosis w/o CC/MCC | 1.2391 | 4.72 | 4 | 50 |
| 998 | | | Principal diagnosis invalid as discharge diagnosis | 0.0000 | 0.00 | 0 | 0 |
| 999 | | | Ungroupable | 0.0000 | 0.00 | 0 | 0 |

TN NO.: 15-0014

Approval Date: _____

Effective Date: 10/01/2015

Supersedes
TN No.: 15-0002



STATE OF MICHIGAN

DEPARTMENT OF HEALTH AND HUMAN SERVICES

LANSING

RICK SNYDER
GOVERNOR

NICK LYON
DIRECTOR

June 4, 2015

NAME
TITLE
ADDRESS
CITY STATE ZIP

Dear Tribal Chair and Health Director:

RE: Updates to Inpatient Hospital Reimbursement

This letter, in compliance with Section 1902(a)(73) and Section 2107(e)(1)(C) of the Social Security Act, serves as notice of intent to all Tribal Chairs and Health Directors of the request by the Michigan Department of Health and Human Services (MDHHS) to submit a State Plan Amendment.

Pending approval by the Centers for Medicare and Medicaid Services (CMS), MDHHS will make the following changes to inpatient hospital reimbursement, effective for dates of discharge on or after October 1, 2015. MDHHS proposes to develop two statewide per discharge rates, one for Prospective Payment System (PPS) hospitals and another for Critical Access Hospitals (CAHs), with an area wage index to recognize geographic differences in labor costs. Policies will also be updated for special circumstances such as cost outliers, low day payments, transfers, transplants, and organ acquisitions. Additionally, MDHHS proposes a conversion from the current Medicare Severity (MS) Diagnosis Related Group (DRG) system to the All Payer Refined (APR) DRG system. MDHHS will develop state-specific relative weights, alternate weights, and outlier thresholds for APR-DRGs using Medicaid fee-for-service and managed care claims data. Lastly, MDHHS will develop statewide per diem rates for free standing rehabilitation hospitals, distinct part rehabilitation units, and long-term acute care hospitals.

These changes will be completed in a manner that is budget neutral to the State of Michigan. The State of Michigan expects these changes to have little or no impact on tribal members.

There is no public hearing scheduled for this State Plan Amendment. Input regarding this Amendment is highly encouraged, and comments regarding this Notice of Intent may be submitted to Lorna Elliott-Egan, MDHHS Liaison to the Michigan Tribes. Lorna can be reached at 517-373-4963 or via email at Elliott-EganL@michigan.gov. **Please provide all input by July 19, 2015.**

In addition, MDHHS is offering to set up group or individual meetings for the purposes of consultation in order to discuss this Amendment, according to the tribes' preference. This consultation meeting will allow tribes the opportunity to address any concerns and voice any suggestions, revisions, or objections to be relayed to the author of the proposal. If you would like additional information or wish to schedule a consultation meeting, please contact Lorna Elliott-Egan at the telephone number or email address provided above.

L 15-38
June 4, 2015
Page 2

MDHHS appreciates the continued opportunity to work collaboratively with you to care for the residents of our state.

Sincerely,



Stephen Fitton, Director
Medical Services Administration

cc: Leslie Campbell, Region V, CMS
Pamela Carson, Region V, CMS
Ashley Tuomi, MHPA, Executive Director, American Indian Health and Family Services of
Southeastern Michigan
L. John Lufkins, Executive Director, Inter-Tribal Council of Michigan, Inc.
Jenny Jenkins, Acting Area Director, Indian Health Service - Bemidji Area Office
Lorna Elliott-Egan, MDHHS

**Distribution List for L 15-38
June 4, 2015**

Mr. Levi Carrick, Sr., Tribal Chairman, Bay Mills Indian Community
Ms. Audrey Breakie, Health Director, Bay Mills (Ellen Marshall Memorial Center)
Mr. Alvin Pedwaydon, Tribal Chairman, Grand Traverse Band Ottawa & Chippewa Indians
Ms. Loi Chambers, Health Director, Grand Traverse Band Ottawa/Chippewa
Mr. Kenneth Meshigaud, Tribal Chairman, Hannahville Indian Community
Ms. G. Susie Meshigaud, Health Director, Hannahville Health Center
Mr. Donald Shalifoe Sr., President, Keweenaw Bay Indian Community
Ms. Carole LaPointe, Health Director, Keweenaw Bay Indian Community - Donald Lapointe Health/Educ Facility
Mr. James Williams, Jr., Tribal Chairman, Lac Vieux Desert Band of Lake Superior Chippewa Indians
Ms. Sadie Valliere, Health & Human Services Director, Lac Vieux Desert Band
Mr. Larry Romanelli, Ogema, Little River Band of Ottawa Indians
Ms. Jessica Burger, Acting Health Director, Little River Band of Ottawa Indians
Mr. Fred Kiogima, Tribal Chairman, Little Traverse Bay Band of Odawa Indians
Ms. Sharon Sierzputowski, Health Director, Little Traverse Bay Band of Odawa
Mr. DK Sprague, Tribal Chairman, Match-E-Be-Nash-She-Wish Potawatomi Indians (Gun Lake Band)
Ms. Phyllis Davis, Health Director, Match-E-Be-Nash-She-Wish Potawatomi
Mr. Homer Mandoka, Tribal Chairman, Nottawaseppi Huron Band of Potawatomi Indians
Mr. Travis Parashonts, Chief Executive Officer, Nottawaseppi Huron Band of Potawatomi Indians
Ms. Rosalind Johnston, Health Director, Huron Potawatomi Inc.- Tribal Health Department
Mr. John Warren, Tribal Chairman, Pokagon Band of Potawatomi Indians
Mr. Matt Clay, Health Director, Pokagon Potawatomi Health Services
Mr. Steve Pego, Tribal Chief, Saginaw Chippewa Indian Tribe
Mrs. Karmen Fox, Executive Health Director, Nimkee Memorial Wellness Center
Mr. Aaron Payment, Tribal Chairman, Sault Ste. Marie Tribe of Chippewa Indians
Ms. Bonnie Culfa, Health Director, Sault Ste. Marie Tribe of Chippewa Indians - Health Center

CC: Leslie Campbell, Region V, CMS
Pamela Carson, Region V, CMS
Ashley Tuomi, MHPA, Executive Director, American Indian Health and Family Services of Southeastern Michigan
L. John Lufkins, Executive Director, Inter-Tribal Council of Michigan, Inc.
Jenny Jenkins, Acting Area Director, Indian Health Service - Bemidji Area Office
Lorna Elliott-Egan, MDHHS

**Order Confirmation**

Ad Order Number 0007316812

| | | | | |
|--|--------------------------------------|--|----------------------------|------------------|
| Customer MICHIGAN DEPARTMENT OF COMMU Account: 1000613740 MICHIGAN DEPARTMENT OF COMMUNITY HEAL PO BOX 30479 LANSING MI 48909 USA (517)241-9444 FAX: smithp2@michigan.gov | | Payer Customer MICHIGAN DEPARTMENT OF COMMU Account: 1000613740 MICHIGAN DEPARTMENT OF COMMUNITY HEALTH PO BOX 30479 LANSING MI 48909 USA (517)241-9444 | | PO Number |
| | | | Sales Rep. kjones3 | |
| | | | Order Taker kjones3 | |
| | | | Order Source | |
| | | | Special Pricing | |
| Tear Sheets 1 | | Net Amount | \$767.02 | |
| Proofs 0 | | Tax Amount | \$0.00 | |
| Affidavits 0 | | Total Amount | \$767.02 | |
| Blind Box | | Payment Method | Invoice | |
| Promo Type | | Payment Amount | \$0.00 | |
| Materials | | Amount Due | \$767.02 | |
| Invoice Text | UPDATES INPATIENT HOSPITAL REIMBURSE | | | |

Ad Schedule

| | |
|-----------------------------------|---|
| Product Flint Journal | Placement/Class Announcements |
| # Inserts 1 | POS/Sub-Class Public Notices - Public Notices |
| Cost \$204.44 | AdNumber 0007316812-01 |
| Ad Type CLS Liner | Ad Size 1 X 65 II |
| Pick Up # | Ad Attributes |
| External Ad # | Color <NONE> |
| Production Method AdBooker | Production Notes |
| Run Dates 05/28/2015 | Sort Text PUBLICNOTICEMICHIGANDEPARTMENTOFHEALTHANDHUMANSERVICESMEDICALSERVICESADMINISTRATIONUPD |
| Product MMG_Other Premium | Placement/Class Announcements |
| # Inserts 1 | POS/Sub-Class Public Notices - Public Notices |
| Cost \$69.09 | AdNumber 0007316812-01 |
| Ad Type CLS Liner | Ad Size 1 X 65 II |
| Pick Up # | Ad Attributes |
| External Ad # | Color <NONE> |
| Production Method AdBooker | Production Notes |
| Run Dates 05/28/2015 | Sort Text PUBLICNOTICEMICHIGANDEPARTMENTOFHEALTHANDHUMANSERVICESMEDICALSERVICESADMINISTRATIONUPD |
| Product Grand Rapids Press | Placement/Class Announcements |
| # Inserts 1 | POS/Sub-Class Public Notices - Public Notices |
| Cost \$273.74 | AdNumber 0007316812-01 |
| Ad Type CLS Liner | Ad Size 1 X 65 II |
| Pick Up # | Ad Attributes |
| External Ad # | Color <NONE> |
| Production Method AdBooker | Production Notes |
| Run Dates 05/28/2015 | Sort Text PUBLICNOTICEMICHIGANDEPARTMENTOFHEALTHANDHUMANSERVICESMEDICALSERVICESADMINISTRATIONUPD |

Confidentiality Notice: This facsimile is intended only for its addressee and may contain information that is privileged, confidential or otherwise protected from disclosure. Dissemination, distribution or copying of this facsimile or the information by anyone other than the intended recipient is prohibited. If you have received this facsimile in error, please notify us immediately and return the facsimile by mail.

Ad Content Proof

**PUBLIC NOTICE
Michigan Department of
Health and Human
Services Medical Services
Administration**

**Updates to Inpatient Hos-
pital Reimbursement**

The Michigan Department of Health and Human Services (MDHHS) will update inpatient hospital reimbursement effective for dates of discharge on or after October 1, 2015. MDHHS will convert to the All Payer Refined (APR) Diagnosis Related Group (DRG) system and develop statewide per discharge rates for medical/surgical hospitals. Additionally, MDHHS will establish state-specific relative weights, alternate weights, and outlier thresholds. MDHHS will also develop statewide per diem rates for free standing rehabilitation hospitals, distinct part rehabilitation units, and long-term acute care hospitals. This process will be completed in a manner that is budget neutral to the State of Michigan.

Comments

Any comments on, or requests for copies of the Notice of Proposed Policy may be submitted in writing to: Michigan Department of Health and Human Services, Actuarial Division, Bureau of Medicaid Policy and Health System Innovation, Attention Ben Ayres, P.O. Box 30479, Lansing, Michigan 48909-7979. Written comments may be reviewed by the public at Capitol Commons Center, 400 South Pine Street, Lansing, Michigan. Request for copies and comments must include the project name or number. There is no public hearing scheduled for this proposed policy.