

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S3-13-15
Baltimore, Maryland 21244-1850



Center for Medicaid and State Operations

Paul Reinhart, Director
Medical Services Administration
Department of Community Health
400 South Pine
Lansing, MI 48933

JUL - 7 2005

7-18-05
original to
Nancy Bishop
e

RE: Michigan State Plan Amendment (SPA) 05-09

Dear Mr. Reinhart:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 05-09. This amendment revises the rate of reimbursement for inpatient hospital services. Specifically, this will enable ventilator units with licensed hospital beds to qualify for additional payments from the Medicaid Access to Care Initiative payment (MACI) pools.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903(a) and 1923 of the Social Security Act (the Act) and the regulations at 42 CFR 447 Subpart C. We are pleased to inform you that Medicaid State plan amendment TN #05-09 is approved effective April 1, 2005. We are enclosing the HCFA-179 and the amended plan pages.

If you have any questions regarding inpatient hospital reimbursement, please call Jonas Eberly at (410) 786-6232.

Sincerely,

A handwritten signature in cursive script that reads "Dennis G. Smith".

Dennis G. Smith
Director

Enclosures

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

05 - 09

2. STATE:

Michigan

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

TO: REGIONAL ADMINISTRATOR
HEALTH FINANCING ADMINISTRATION
DEPARTMENT OF HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
Upon CMS Approval

APR - 1 2005

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 Subparts B and C

7. FEDERAL BUDGET IMPACT:

a. FFY 05 \$ -0-
b. FFY 06 \$ -0-

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
Attachment 4.19-A, page 34

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):
Attachment 4.19-A, page 34

10. SUBJECT OF AMENDMENT:
MACI Payment Share

11. GOVERNOR'S REVIEW (Check One):

- GOVERNOR'S OFFICE REPORTED NO COMMENT
- COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
- NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

OTHER, AS SPECIFIED:
Paul Reinhart, Director
Medical Services Administration

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:
Paul Reinhart

14. TITLE:
Director, Medical Services Administration

15. DATE SUBMITTED:
April 15, 2005

16. RETURN TO:

Medical Services Administration
Program/Eligibility Policy Division - Federal Liaison Unit
Capitol Commons Center - 7th Floor
400 South Pine
Lansing, Michigan 48933

Attn: Nancy Bishop

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:
APR 18 2005

18. DATE APPROVED:
July 7, 2005

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:
APR - 1 2005

20. SIGNATURE OF REGIONAL OFFICIAL:
Dennis G. Smith

21. TYPE NAME:
Dennis G. Smith

22. TITLE:
Director, **RECEIVED CMSO**

23. REMARKS:

APR 18 2005

DMCH - MI/MI/VA

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

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

will include all Medicaid FFS payments made for both Medicaid and CSHCS eligible beneficiaries through the Medicaid Invoice Processing System including DRG and per diem payments, DRG outliers payments, and claims paid based on a percent of charge. Paid claims will include those with other insurance and patient-pay amounts. Inpatient services will include acute and rehabilitation services provided through distinct part rehabilitation units, freestanding rehabilitation hospitals, and sub-acute ventilator-dependent care units. Services paid to LTC providers will not be included with the exception of services paid to sub-acute ventilator-dependent care units with beds licensed as hospital beds. Revenue from licensed hospital beds utilized at less than an acute or rehabilitation level of care will be excluded from the paid claims file with the exception of revenue from sub-acute ventilator-dependent care beds licensed as hospital beds. Payments made outside the Invoice Processing System, such as for capital, graduate medical education (GME), or disproportionate share hospital (DSH), will not be included in the paid claims file used to distribute the MACI pools.

Pool Sizes

Pool Descriptions	Pool Sizes (in millions of dollars)		
	FY'04 MACI Pools	FY'04 Supplemental	FY'05 & After-MACI Pools*
Privately-Owned or Operated Hospitals Inpatient	\$120.0	\$57.0	\$241.5
Non-State Government-Owned or Operated Hospitals Inpatient	\$19.0	\$8.0	\$36.1
TOTAL	\$139.0	\$65.0	\$277.6

*For FY'05 & after, MACI pools are equal to the FY'04 MACI pools, plus twice the FY'04 supplemental amounts (annualized), and an added inflation factor (estimated to be 3.2%).

Allocation of Pool

MACI distributions are made prospectively based on historical data. Eligible hospitals will share proportionately from each pool based upon a hospital's total Medicaid paid claims, divided by the total Medicaid paid claims for all eligible hospitals, times the dollar amount of the individual pool. If a hospital closes, is determined ineligible to receive distributions from a pool, or its MACI distribution causes the hospital's Medicaid payments to exceed charges, its MACI distribution in excess of charges will be redistributed to the remaining eligible hospitals based on the original distribution formula. All funds from the inpatient hospital pools will be distributed to eligible hospitals until the pools are empty. In the event that MACI distributions would result in aggregate Medicaid payments to exceed the UPL, the size of the pool(s) will be reduced to bring aggregate Medicaid payments within the UPL. All MACI payments are final.

TN NO.: 05-09

Approval Date: JUL - 7 2005

Effective Date: APR - 1 2005

Supersedes
TN No.: 04-05