MSA MEDICAL SERVICES ADMINISTRATION

Bulletin

Michigan Department of Community Health

Distribution: Dental 04-01
Hospital 04-14
Practitioner 04-08

Issued: November 1, 2004

Subject: Payment Adjustments for Practitioner Services Provided Through Designated Public Entities

Effective: December 1, 2004

Programs Affected: Medicaid

The Michigan Department of Community Health (MDCH) has received approval from the Centers for Medicare and Medicaid Services (CMS) to make payment adjustments for practitioner services payable under Medicaid Fee-For-Service (FFS) through the following four public entities:

- University of Michigan Health System
- Wayne State University
- Hurley Hospital
- Michigan State University

Adjustments will be applied to the reimbursement for practitioner services for dates of service on or after March 1, 2004. Eligibility for these payment adjustments is limited to practitioners or practitioner professional groups and services identified by the above public entities and approved by the MDCH.

Note: Payment adjustments do not apply to services for which reimbursement is the responsibility of Medicaid Managed Care Organizations (MMCOs). This includes Medicaid Health Plans (MHPs) and Prepaid Inpatient Health Plans (PIHPs).

Qualifying Practitioners

Adjustments apply to both public and private practitioners and practitioner groups. Practitioners and practitioner groups are either employees of one or more of the above public entities, or are under contract with one or more of the above public entities and include the following:

- University medical and dental faculty, employed practitioners, and private practice groups with contractual arrangements with one or more of the above universities and provide services to Medicaid beneficiaries in a variety of settings.

- Hurley Hospital employed or contracted physicians, dentists, and other practitioners who provide services to Medicaid beneficiaries in a variety of settings.

Services eligible for the payment adjustments are billed under the federal employer number of the public entity or under the employer identification number of the practitioner/practitioner group.

Inpatient and outpatient services provided by the following practitioners, **when not included in facility payments to the public entity**, are included:

- Physicians (MD and DO)
- Ophthalmologists
- Oral Surgeons
- Dentists
- Podiatrists
- Physician Assistants
- Nurse Practitioners
- Certified Nurse Midwives
- Certified Registered Nurse Anesthetists
- Optometrists

Payment Adjustment Amount

The payment adjustment amount for services provided to Medicaid beneficiaries who do not have other insurance coverage will be the lesser of:

- The difference between the practitioner Medicaid fee-for-service fee screen and the allowed amount established by Medicare; OR,

- The difference between the practitioner Medicaid fee-for-service fee screen and the practitioner's customary charge.

The payment adjustment amount for services provided to Medicaid beneficiaries who have Medicare and/or commercial insurance coverage will be the lesser of:

- The difference between the total of the Medicaid, Medicare, and commercial insurance payments and the allowed amount established by Medicare; OR,

- The difference between the total of the Medicaid, Medicare, and commercial insurance payments and the practitioner's customary charge.

In cases where Medicare does not have an established allowed amount for a particular service/procedure, the MDCH will estimate the Medicare allowed amount based on the following:

- If CMS has established relative value units (RVUs) for the procedure code, the estimated rate is the RVU value times the Medicare conversion factor.

- If no RVUs or partial RVUs are established by CMS for the procedure code, the estimated rate is the Medicare rate established for the service(s) under the procedure code that Medicare uses for payment purposes in cases where there is a direct crosswalk between the procedure codes.

- If no RVUs or partial RVUs are established by CMS and the procedure code(s) used by Medicare for payment does not directly crosswalk to the procedure code(s) used by commercial payers, the estimated rate is the Medicaid fee-for-service fee screen times the ratio of the Medicare conversion factor over the Medicaid conversion factor. This ratio would be adjusted when Medicare or Medicaid changes their respective conversion factors.

The claims processing system will not be modified to process these Medicaid payment adjustments. Practitioners/public entities will continue to bill MDCH following the requirements detailed in the Billing and Reimbursement Chapters of the Michigan Medicaid Provider Manual.

Financing the Payment Adjustments

The public entities must certify to MDCH that they will provide the non-federal share of the payment adjustments established by this policy. These public entities must also certify to MDCH that the financial arrangements used to offset the non-federal share of these Medicaid payment adjustments do not violate Title XIX of the Social Security Act, §1903 Payment to States, Subsection (W) Prohibition on Use of Voluntary Contributions, and Limitation on Use of Provider-Specific Taxes to Obtain Federal Financial Participation Under Medicaid.

No additional state funds are available beyond the amount needed to pay designated providers up to the standard Medicaid fee screens for these services. The non-federal share of the Medicaid payment adjustments is supplied by the public entity through an intergovernmental transfer (IGT) to the MDCH.

Payment Adjustment Process

The initial covered period will include dates of service from March 1, 2004 through March 31, 2004, inclusive. Subsequent covered periods will include dates of service for each calendar quarter beginning with April 1, 2004 through June 30, 2004 and continuing for the duration of this policy.

Each of the identified public entities will supply the MDCH with a listing of the federal identification numbers for their providers who are affected by this policy for each covered period.

Upon receipt of the provider information from the public entity, the MDCH will generate a report which will include the federal identification numbers and utilization data for the providers affected by this policy for each covered period. This report will be provided to the public entity.

Example content:

04/01/2004 through 06/30/2004
Federal ID = 38-0000000

Charges	$100,000.00
Lesser of customary charges or the Medicare allowed amount	$ 80,000.00
Payments from all sources	$ 20,000.00
Difference (payment adjustment to provider)	$ 60,000.00
Non-federal share (provided by IGT)	$ 27,000.00
Federal Share (provided by MDCH)	$ 33,000.00

The public entity must review the report and acknowledge the completeness and accuracy of the report. After receipt of this confirmation, the MDCH will make the payment adjustment.

The payment adjustments will be made to the federal identification number used to bill Medicaid under the FFS program.

The payment adjustments will be processed quarterly for each covered period to facilitate different fiscal year end dates for affected groups. Each payment adjustment process will include a reconciliation that takes into account all valid claim replacements affecting claims that were previously processed.

Manual Maintenance

Retain this bulletin for future reference.

Questions

Any questions regarding this bulletin should be directed to Provider Inquiry, Department of Community Health, P.O. Box 30731, Lansing, Michigan 48909-8231 or e-mail ProviderSupport@michigan.gov . When you submit an e-mail, be sure to include your name, affiliation, and phone number so you may be contacted if necessary. Providers may phone toll free 1-800-292-2550.

Approval

Paul Reinhart, Director
Medical Services Administration