

Bulletin: MSA 05-22

Distribution: All Providers

Issued: April 1, 2005

Subject: FY 05 Fee Reductions

Effective: May 1, 2005

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

In an effort to address budget shortfalls identified for fiscal year 2005, the Michigan Department of Community Health (MDCH) is implementing program/fee reductions effective for dates of service on and after May 1, 2005 unless otherwise noted. The specific reductions are described in the following table. Only those provider types affected by reductions are included in the table.

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

MDCH/Medical Services Administration
 Program Policy Division
 PO Box 30479
 Lansing, MI 48909-7979
 or
 email: MSADraftPolicy@michigan.gov

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

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

Fee For Service Reductions

Provider/Service Type	Reduction FY 05	Exclusions/Comments
Ambulance	4% fee reduction	
Anesthesia	Reduce anesthesia conversion factor by 4%	
Chiropractic	Reduce conversion factor by 4% for RVU-based fees. Other fees to be reduced by 4%	
Clinical Laboratory	4% fee reduction	
Cochlear Manufacturers	4% fee reduction for equipment and services	

Fee For Service Reductions

Provider/Service Type	Reduction FY 05	Exclusions/Comments
Family Planning Clinics	Reduce conversion factor by 4% for RVU-based fees. Other fees to be reduced by 4%.	A4260, A4266-A4269, J0696, J1055, J7300, J7302-J7304, Q1044, S4989, and S4993 are excluded.
Hearing & Speech Centers	4% fee reduction	
Hearing Aid Dealers	Dispensing fees reduced by 4% Repairs/modifications limited to cost plus \$19.20 (reduced from \$20) Supplies, accessories, and replacement batteries limited to cost plus 9.6% (reduced from 10%)	
Home Health	4% rate reduction in addition to FY 03 reductions currently in place 4% reduction in fees paid for medical supplies	
Hospital (Inpatient)	4% reduction in addition to current reductions from EO 2001-9 and EO 2002-22/budgetary savings for a total reduction of \$33,155,900. Lump sum adjustments will be made during the 3rd and 4th quarters of FY05.	
Hospital (GME)	Reduce GME payments \$6,828,000 (FY 05 GME payments will total \$163,839,900)	
Hospital (Outpatient) and Outpatient Rehab Providers	Reduce conversion factor by 4% for RVU-based fees. Other fees will be reduced by 4%.	Immunization codes (90281-90399, 90465-90799, S0016-S0080, S0107, S0115-S0191; S4989); Administration of immunizations (90471-90472, G0008-G0010); Radioisotopies (A9500-A9700); Injectable drugs (J0130-J9999, Q0136-Q4051, Q4054-Q4079) are excluded
Maternal/Infant Support Services	Reduce conversion factor by 4% for RVU-based fees. Other fees to be reduced by 4%.	Transportation services (A0100, A0110, A0140, A0170, S0215) are excluded.
Medical Supplier/DME	4% fee reduction for items with fee screens Manually priced items limited to acquisition cost plus 19% (reduced from 20%) Payment for labor reduced by 4% Payments to nonenrolled providers reduced by 4%	Items provided under the Incontinent Supply Volume Purchase Contract are excluded.
Nursing Facilities	Continue FY 03 reductions plus an additional 4% reduction to the variable cost portion of the rate	
Optician/Dispensing Ophthalmologist	4% fee reduction	
Optometrists	Reduce conversion factor by 4% for RVU-based fees. Other fees to be reduced by 4%	
Orthotists/Prosthetists	4% fee reduction for items with fee screens Manually priced items limited to acquisition cost plus 19% (reduced from 20%) \$48 payment cap for repairs (reduced from \$50)	
Podiatrists	Reduce conversion factor by 4% for RVU-based fees. Other fees to be reduced by 4%	

Fee For Service Reductions

Provider/Service Type	Reduction FY 05	Exclusions/Comments
Practitioners (MD, DO, CRNA, CNM, NP, Oral Surgeons, Medical Clinics)	Reduce conversion factor by 4% for RVU-based fees. Other fees to be reduced by 4%	<p>Immunization codes (90281-90399, 90465-90799, S0016-S0080, S0107, S0115-S0191; S4989); Administration of immunizations (90471-90472, G0008-G0010); Radioisotopies (A9500-A9700); and Injectable drugs (J0130-J9999, Q0136-Q4051, Q4054-Q4079) are excluded</p> <p>Splint/casting supplies (L0210-L8603) are excluded.</p> <p>Cost-settled clinics (FQHCs, LHDs, RHCs, and THC). These clinics will initially be impacted by practitioner fee reductions, however, payments will be adjusted through the cost settlement process.</p>

Manual Maintenance

This bulletin should be retained until the information is incorporated into the Michigan Medicaid Provider Manual or posted to the MDCH website.

Questions

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

Approved



Paul Reinhart, Director
Medical Services Administration