

Michigan Department of Community Health

Bulletin Number: MSA 07-41

Distribution: Hospitals, Hospital-Owned Ambulance, Comprehensive Outpatient Rehabilitation Facilities, Rehab Agencies, Freestanding Dialysis Centers, Medicaid Health Plans, County Health Plans

Issued: July 25, 2007

Subject: Outpatient Prospective Payment System Reduction Factor

Effective: August 1, 2007

Programs Affected: Medicaid, Adult Benefits Waiver, Children's Special Health Care Services, MOMS

The purpose of this bulletin is to update the statewide budget-neutrality Reduction Factor (RF) previously referenced in Medicaid policy bulletins MSA 06-47 and MSA 07-12.

The intent of Michigan Department of Community Health (MDCH) continues to be a budget neutral implementation of Outpatient Prospective Payment System (OPPS) for the non-dual eligible Medicaid population. MDCH has performed initial financial analyses to monitor conformance to the budget neutrality principle. These analyses indicate that the RF of 67.4%, established on April 1, 2007, is not budget neutral.

Policy bulletin MSA 07-12 stated that "MDCH reserves the right to adjust the reduction factor if budget concerns are evident and changing significantly prior to the end of the State's fiscal year." Since financial analyses have led to the conclusion that these conditions are present, MDCH is adjusting the RF to 63% effective for dates of service beginning August 1, 2007.

As indicated in MSA 07-12, MDCH will continue to review claims data and perform analyses as more complete data becomes available. A complete data set is anticipated no earlier than September 20, 2007 making October 1, 2007 the next earliest possible date for another adjustment. If a new RF is needed on October 1, 2007, providers should expect to be notified just prior to that date.

Manual Maintenance

Retain this bulletin until the information has been incorporated into the Michigan Medicaid Provider Manual.

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 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 phone toll-free 1-800-292-2550.

Approved



Paul Reinhart, Director
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