

Bulletin Number: MSA 12-54

Distribution: Local Health Departments (LHD)

Issued: November 1, 2012

Subject: Full Cost Reimbursement for Medicaid Health Plan Encounters

Effective: December 1, 2012

Programs Affected: Medicaid

The Michigan Department of Community Health (MDCH) will provide full cost reimbursement to Local Health Departments (LHD) for Medicaid managed care encounters. Full cost reimbursement will be retroactive to January 1, 2011.

The term "full cost reimbursement" is the cost of providing Medicaid services as determined by information provided on the Michigan Medicaid Cost Report for LHDs. The cost of providing Medicaid services is derived from the amounts the LHD receives from Medicaid Fee-For-Service and Medicaid Health Plan payments, other third party insurers, quarterly payments from MDCH, and initial and final settlements. The State will reimburse the LHD for its services, other than dental services, at reasonable and allowable actual incurred costs according to 42 CFR § 431.615(c)(4).

To be eligible for full cost reimbursement from MDCH for Medicaid managed care encounters, the LHD must supply the State with a Centers for Medicare and Medicaid Services (CMS) approved Michigan Medicaid Cost Report for LHDs, which lists medical costs, revenue, and encounters for services covered by this section. The LHD must also have a signed Memorandum of Understanding (MOU) on file with MDCH. Full cost reimbursement for Medicaid managed care encounters will not be processed without a signed MOU.

Settlement of Retroactive Medicaid Health Plan Encounters

MDCH is in the process of distributing MOUs to the local health agency's Health Officer for review and signature. Once the signature process is complete, the MOU must be mailed back to MDCH at the address provided with the MOU. The MDCH Hospital and Clinic Reimbursement Division (HCRD) will retain a copy of the signed MOU in their files.

Once the signed MOU has been returned to MDCH, the HCRD will begin processing reimbursements from retroactive cost reports from January 1, 2011, to the present. If the Medicaid managed care encounter data was excluded from the LHDs original cost report filing, the LHDs will be required to re-file their retroactive cost reports with this data included on the new submission. Excluded managed care encounter data must be resubmitted by April 1, 2013.

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-mailed to 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

A handwritten signature in black ink that reads "Stephen Fitton". The signature is written in a cursive style with a large initial 'S'.

Stephen Fitton, Director
Medical Services Administration