

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

**FOR: HEALTH CARE FINANCING ADMINISTRATION**

1. TRANSMITTAL NUMBER:

08 - 01

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  
February 1, 2008

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 08 \$ -0-

b. FFY 09 \$ -0-

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  
Attachment 4.19-A, page 35 and Attachment 4.19-B, page 2.b.8

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):

Attachment 4.19-A, page 35 and Attachment 4.19-B, page 2.b.8

10. SUBJECT OF AMENDMENT:

MACI payments payment schedule

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:



16. RETURN TO:

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

13. TYPED NAME:  
Paul Reinhart

14. TITLE:  
Director, Medical Services Administration

15. DATE SUBMITTED:

January 24, 2008

Attn: Nancy Bishop

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED:

18. DATE APPROVED:

**PLAN APPROVED - ONE COPY ATTACHED**

19. EFFECTIVE DATE OF APPROVED MATERIAL:

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPE NAME:

22. TITLE:

23. REMARKS:

**STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT**

State of MICHIGAN

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

Payment Schedule

Payments are made annually only after the department has received approval for this policy from the Centers for Medicare & Medicaid Services.

If a hospital closes, or is determined ineligible to receive funds from a pool, its funds are redistributed to the remaining eligible hospitals based on the original distribution formula. All funds from both inpatient hospital pools are distributed to eligible hospitals.

VI. Special Payment Adjustments

Effective August 1, 2007 and each subsequent fiscal year, the Department is directed to reduce hospital payments in each respective fiscal year by \$45,872,360. During fiscal year 2007, the reductions were made in August and September. Payment reductions will be made during the 4<sup>th</sup> quarter of each subsequent fiscal year. These reductions are pursuant to the Governor's Executive Orders No. 2001-9, 2002-22, 2005-07 and to budgetary savings included in Act 330 of 2006 and in subsequent annual appropriation Acts.

A calculated share of the total annual reduction is assessed to all hospitals and units operating and enrolled in the Medicaid program on the date the E.O. reductions are processed. A hospital's annual reduction is based on its inpatient hospital paid claims for hospital admissions from October 1 to September 30<sup>th</sup> of the second previous fiscal year. (The same paid claims file is used to calculate the hospital MACI payments and the E.O. reductions for the fiscal year.) Paid claims include Title V, Title XIX, and Title V/XIX inpatient hospital claims. A hospital's share of the annual reduction is calculated by dividing the total of its paid claims by the total of the paid claims for all affected hospitals times the total amount of funds to be recovered.

Merged hospitals have their reductions combined. Reductions are taken from the surviving hospital. Should a hospital or distinct part unit close prior to the end of the fiscal year its reduction becomes part of the hospital's final settlement.

Each hospital's paid claim file is reviewed and appealed at the time the data are submitted with the hospital's cost report. No further appeal of the inpatient hospital paid claims data will be allowed. These reductions are included in the hospital's settlement.

Each hospital's share of the reductions is made by gross adjustment to the hospital's inpatient hospital Medicaid ID number. Recoveries are taken from the hospital's payments until the E.O. Reductions are complete.

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TN NO.: 08-01

Approval Date: \_\_\_\_\_

Effective Date: 02/01/2008

Supersedes  
TN No.: 07-12

**STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT**

State of MICHIGAN

***Policy and Method for Establishing Payment Rates  
(Other than Inpatient Hospital and Long Term Care Facilities)***

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Payment Schedule

Payments are made annually only after the department has received approval of this policy from the Centers for Medicare & Medicaid Services.

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TN NO.: 08-01

Approval Date: \_\_\_\_\_

Effective Date: 02/01/2008

Supersedes  
TN No.: 04-05