

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL
FOR: HEALTH CARE FINANCING ADMINISTRATION**

1. TRANSMITTAL NUMBER: 09 - 11	2. STATE: Michigan
3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
4. PROPOSED EFFECTIVE DATE July 1, 2009	

TO: REGIONAL ADMINISTRATOR
HEALTH FINANCING ADMINISTRATION
DEPARTMENT OF HUMAN SERVICES

5. TYPE OF PLAN MATERIAL (Check One):

- NEW STATE PLAN AMENDMENT TO BE CONSIDERED AS NEW PLAN AMENDMENT

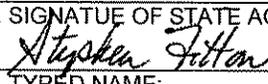
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR 447.250	7. FEDERAL BUDGET IMPACT: a. FFY 2009 _____ \$ 3,254,043 _____ b. FFY 2010 _____ \$ 3,411,697 _____
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-A, page 24b	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Attachment 4.19-A, page 24b

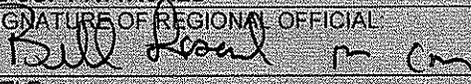
10. SUBJECT OF AMENDMENT:
Government Provider DSH Pool

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 th Floor 400 South Pine Lansing, Michigan 48933 Attn: Nancy Bishop
13. TYPED NAME: Stephen Fitton	
14. TITLE: Acting Director, Medical Services Administration	
15. DATE SUBMITTED:	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:	18. DATE APPROVED: 12-21-09
PLAN APPROVED - ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL: JUL 1 - 2009	20. SIGNATURE OF REGIONAL OFFICIAL: 
21. TYPE NAME: William Lasowski	22. TITLE: Deputy Director, CMSO
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***

f. Government Provider DSH Pool

A special pool for non-state government-owned or operated hospitals will be established and renewed annually. The purpose of the pool is to assure funding for costs incurred by public facilities providing inpatient hospital services which serve a disproportionate number of low-income patients with special needs. The size of the pool will be the lesser of \$88,168,000 for fiscal year 2006, \$62,064,198 for fiscal year 2007, \$49,172,890 for fiscal year 2008, \$73,117,228 for fiscal year 2009 and each subsequent fiscal year, or the calculated Medicaid and uninsured inpatient hospital and outpatient hospital uncompensated care amounts eligible for Federal financial participation. Allocations for individual hospitals will be determined based upon non-reimbursed costs certified as public expenditures in accordance with 42 CFR 433.51.

To be eligible for the Government Provider DSH Pool, the following must apply:

1. Hospitals must meet minimum federal requirements for Medicaid DSH payments; and
2. Hospitals must be non-state government-owned or operated.

Medicare 2552 cost reports, supplemented by Michigan Medicaid Forms (MMFs) will be used to determine each hospital's allowable DSH costs eligible for federal financial participation.

An interim payment and reconciliation process will be employed when making allocations from this pool. Allowable DSH costs will be determined based on information obtained from the cost report periods ending during the second previous state fiscal year. Costs will be obtained from the most recently filed Medicare 2552 cost report and Michigan Medicaid Forms for that period. These costs will be trended to the current state fiscal year using an inflation factor taken from *Health-Care Cost Review* published quarterly by Global Insight. Interim payments will then be made.

Interim payments will be reconciled twice. First, an interim reconciliation of the original payments will be conducted based on updated allowable DSH costs. Information needed to reconcile initial payments will be obtained from hospital Medicare 2552 cost reports filed with the fiscal intermediary and Michigan Medicaid Forms for the applicable reporting period. Second, payments will be adjusted for a final time based on Medicare 2552 cost reports finalized with the fiscal intermediary and Michigan Medicaid Forms for the applicable reporting period.

TN NO.: 09-11

Approval Date: DEC 21 2009

Effective Date: 07/01/2009

Supersedes
TN No.: 07-15