

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850



Center for Medicaid, CHIP, and Survey & Certification

Mr. Stephen Fitton, Medicaid Director
Medical Services Administration
Department of Community Health
400 South Pine
Lansing, MI 48933

JUN 17 2010

RE: Michigan State Plan Amendment (SPA) 09-016

Dear Mr. Fitton:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 09-016. Effective for services on or after September 30, 2009, this amendment proposes to re-implement disproportionate share hospital (DSH) payments to institutes for mental disease (IMD) operated by the State.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903(a), and 1923 of the Social Security Act and the regulations at 42 CFR 447 Subpart C. We are pleased to inform you that Medicaid State plan amendment 09-016 is approved effective September 30, 2009. We are enclosing the HCFA-179 and the amended plan pages.

If you have any questions, please call Todd McMillion at (608) 441-5344.

Sincerely,

A handwritten signature in black ink that reads "Cindy Mann". The signature is written in a cursive style with a large initial "C".

Cindy Mann
Director

Center for Medicaid, CHIP, and Survey & Certification (CMCS)

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

1. TRANSMITTAL NUMBER: 09 - 16	2. STATE: Michigan
3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
4. PROPOSED EFFECTIVE DATE September 30, 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 447.298

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
Attachment 4.19-A, page 24a.1

7. FEDERAL BUDGET IMPACT:
a. FFY 09 _____ \$ 1,661,400.00
b. FFY _____ \$ 91,625,500.00

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):
N/A new page

10. SUBJECT OF AMENDMENT:
IMD - DSH pool

11. GOVERNOR'S REVIEW (Check One):

GOVERNOR'S OFFICE REPORTED NO COMMENT OTHER, AS SPECIFIED:
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED Paul Reinhart, Director
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL Medical Services Administration

12. SIGNATURE OF STATE AGENCY OFFICIAL:
Stephen Fitton

13. TYPED NAME:
Stephen Fitton

14. TITLE:
Acting Director, Medical Services Administration

15. DATE SUBMITTED:
September 28, 2009

16. RETURN TO:
Medical Services Administration
Program/Eligibility Policy Division - Federal Liaison Unit
Capitol Commons Center - 7th Floor
400 South Pine
Lansing, Michigan 48933
Attn: Nancy Bishop

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: _____ 18. DATE APPROVED:
6-17-10

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:
SEP 30 2009

20. SIGNATURE OF REGIONAL OFFICIAL:
Bill Lasowski R CM

21. TYPE NAME:
William Lasowski

22. TITLE:
Deputy Director, CMCS

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***

e. Institute for Mental Disease

A special DSH pool of \$144,665,900 will be established to take into account the situation of State psychiatric hospitals that serve indigent persons with serious mental illness requiring inpatient treatment. For fiscal year 2010 and subsequent fiscal years, the pool size will equal the calculated Institutions for Mental Diseases (IMD) DSH limit (including the state share), reduced by all other DSH payments that IMDs are scheduled to receive that fiscal year. To qualify for this pool, a hospital must comply with all of the following conditions:

- 1) Meet minimum federal requirements for Medicaid DSH Payments including
 - a. requirements for participation as a hospital under 42 CFR 482.1(a)(5)
 - b. a valid provider agreement under 42 CFR 431.107
 - c. at least a one percent Medicaid inpatient utilization rate based on active participation in the Medicaid program as required under section 1923(d) of the Social Security Act
 - d. when calculating DSH limits at 1923(g) excluding uncompensated costs incurred in providing inpatient and outpatient hospital services to Medicaid and uninsured patients who are considered prisoners consistent with Section 1905(a) of the Social Security Act and the regulations at 42 CFR 435.1008 and 435.1009 which prohibit (FFP) for services provided to inmates of public institutions.
- 2) Function as one of the following stand-alone psychiatric hospitals operated by the state:
 1. Walter P. Reuther Psychiatric Hospital
 2. Caro Regional Mental Health Center - Psychiatric Hospital
 3. Kalamazoo Psychiatric Hospital
 4. Hawthorn Center - Psychiatric Hospital
 5. Center for Forensic Psychiatry

Payments from the pool will be distributed sequentially to the hospitals listed in condition two above based on the order they are listed. They will be distributed up to each qualified hospital's DSH ceiling as specified below. Payments will be distributed to the first hospital meeting the minimum Federal requirements for Medicaid DSH funding up to its DSH ceiling. Once this occurs, payments will be distributed to the second hospital meeting the minimum Federal requirements for Medicaid DSH funding up to its DSH ceiling. Payments will continue to be distributed to the third, fourth and fifth hospitals using the same methodology until all hospitals have reached their DSH ceilings or until the pool is exhausted of funds.

Notwithstanding the above, no payment will be made to the Center for Forensic Psychiatry until the State demonstrates to the Secretary that all the Federal conditions for Medicaid DSH payment listed above have been met.

Payments to individual hospitals are limited to hospital specific DSH limits defined in section 1923(g) of the Social Security Act.

TN NO.: 09-16 Approval Date: JUN 17 2010 Effective Date: 09/30/2009

Supersedes
TN No.: N/A new page