

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop S3-13-15  
Baltimore, Maryland 21244-1850

**CMS**

CENTERS for MEDICARE & MEDICAID SERVICES

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

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

FEB 24 2011

RE: Michigan State Plan Amendment (SPA) 10-022

Dear Mr. Fitton:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 10-022. Effective for services on or after October 1, 2010, this amendment changes the graduate medical education (GME) payment schedule for the GME and Primary Care pools. Specifically, this amendment revises the payment schedule for these pools from annual to quarterly payments.

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 hereby inform you that Medicaid State plan amendment 10-022 is approved effective October 1, 2010. 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,

  
Cindy Mann  
Director (CMCS)

Enclosure

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

1. TRANSMITTAL NUMBER: 10 - 22  
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  
October 1, 2010

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

7. FEDERAL BUDGET IMPACT:  
a. FFY 2011 \$ 3.76 million  
b. FFY 2012 \$ 0 million

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  
Attachment 4.19-A, page 28a

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):  
Attachment 4.19-A, page 28a

10. SUBJECT OF AMENDMENT:  
GME Payment Schedule

11. GOVERNOR'S REVIEW (Check One):  
 GOVERNOR'S OFFICE REPORTED NO COMMENT     OTHER, AS SPECIFIED:  
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED    Stephen Fitton, Director  
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL    Medical Services Administration

12. SIGNATURE OF STATE AGENCY OFFICIAL:  
*Stephen Fitton*

16. RETURN TO:  
Medical Services Administration  
Actuarial Division  
Capitol Commons Center - 7<sup>th</sup> Floor  
400 South Pine  
Lansing, Michigan 48933  
Attn: Jacqueline Coleman

13. TYPED NAME:  
Stephen Fitton

14. TITLE:  
Director, Medical Services Administration

15. DATE SUBMITTED:  
December 2, 2010

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED:

18. DATE APPROVED:  
02-24-11

**PLAN APPROVED - ONE COPY ATTACHED**

19. EFFECTIVE DATE OF APPROVED MATERIAL:  
OCT - 1 2010

20. SIGNATURE OF REGIONAL OFFICIAL:  
*Bill Lasowski*

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

In FY, 2007 the Primary Care Pool size will be \$10,285,100. For FY 2008 and each subsequent year, the Primary Care Pool size will be \$7,548,400.

#### Definitions/Notes

Title V & Title XIX Days – includes fee-for-service days. Days will include those from distinct-part psychiatric and distinct-part rehabilitation units.

Title V & Title XIX Outpatient Charges – includes fee-for-service outpatient charges. Charges will include those from distinct-part psychiatric units.

Hospital's Case Mix – the sum of the relative weights for all Medicaid admissions divided by the number of Medicaid admissions during the period covered.

# of Hospital Eligible Resident FTEs – for the GME Funds and Primary Care Pools FTE data will be drawn from hospital cost reports as indicated above.

#### GME Payment Schedule

Payments from the GME funds AND the Primary Care and the Dental & Podiatry Pools are made ~~once annually during the final quarter of the State fiscal year.~~ QUARTERLY, IN FOUR EQUAL PAYMENTS. THE DENTAL AND PODIATRY POOL PAYMENT IS MADE ONCE ANNUALLY DURING THE FINAL QUARTER OF THE STATE FISCAL YEAR.

#### GME Innovations Pool

The GME Innovations Pool is established to support innovative GME programs that emphasize the importance of coordinated care, health promotions and psychiatric care in integrated systems. The purpose of this training is to develop the skills and experience necessary to provide psychiatric services utilized by Michigan Medicaid patient groups. This pool will be \$10,947,878.

The single state agency will approve two (2) agreements statewide each fiscal year. One agreement will be with Detroit Receiving Hospital for \$8,929,800. The second agreement will be with Edward W. Sparrow Hospital for \$2,018,078. To be eligible for the pool, a hospital must meet the following criteria:

- The hospital must be a Medicaid enrolled provider.
- The hospital must have in place an approved agreement between itself, a university psychiatric residency training program and one or more community mental health services programs to provide accredited psychiatric residency training.
- The hospital must provide assurances that all training will take place in Michigan and prepare health care professionals to provide care to populations with the special characteristics of Michigan Medicaid patient groups.

#### Upper Payment Limit

In the event that GME distributions would result in aggregate Medicaid payments exceeding the upper payment limit (UPL), the size of the pool(s) and/or additional payments will be reduced to bring aggregate Medicaid payments within the UPL.

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TN NO.: 10-22

Approval Date: FEB 24 2011

Effective Date: 10/01/2010

Supersedes  
TN No.: 08-02