

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



OCT 31 2013

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

RE: Michigan State Plan Amendment (SPA) 12-020

Dear Mr. Fitton:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 12-020. Effective for services on or after November 1, 2012, this amendment establishes a rural access pool supplemental payment for inpatient and outpatient hospitals services.

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 12-020 is approved effective November 1, 2012. We are enclosing the HCFA-179 and the amended plan pages.

If you have any questions, please call Todd McMillion at (312) 353-9860.

Sincerely,

A handwritten signature in black ink, appearing to read "Cindy Mann", is written over the typed name.

Cindy Mann,
Director

Enclosure

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: HEALTH CARE FINANCING ADMINISTRATION	1. TRANSMITTAL NUMBER: <u>12</u> - 20	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 November 1, 2012	

5. TYPE OF PLAN MATERIAL (Check One):

NEW STATE PLAN AMENDMENT TO BE CONSIDERED AS NEW PLAN AMENDMENT

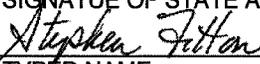
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR 447	7. FEDERAL BUDGET IMPACT: a. FFY 2013 \$0 b. FFY 2014 \$0
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-A, Page 36 Attachment 4.19-B, Page 20	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): N/A - New Pages

10. SUBJECT OF AMENDMENT:
Establishment of a Rural Access Pool.

11. GOVERNOR'S REVIEW (Check One):

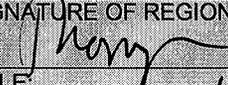
GOVERNOR'S OFFICE REPORTED NO COMMENT OTHER, AS SPECIFIED:
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED Stephen Fitton, Director
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL Medical Services Administration

12. SIGNATURE OF STATE AGENCY OFFICIAL: 	16. RETURN TO: Medical Services Administration Actuarial Division Capitol Commons Center - 7th Floor 400 South Pine Street Lansing, Michigan 48933
13. TYPED NAME: Stephen Fitton	Attn: Loni Hackney
14. TITLE: Director, Medical Services Administration	
15. DATE SUBMITTED: December 10, 2012	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:	18. DATE APPROVED: OCT 31 2013
--------------------	-----------------------------------

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL: NOV 01 2012	20. SIGNATURE OF REGIONAL OFFICIAL: 
21. TYPE NAME: Penny Thompson	22. TITLE: Deputy Director, Policy & Financial Mgt. (MC)
23. REMARKS:	

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

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

Rural Access Pool

The State will establish a Rural Access Pool beginning in State FY 2013 for hospitals that provide Medicaid services to low income rural residents. To be eligible for this pool, hospitals must be categorized by the Centers for Medicare & Medicaid Services as a sole community hospital, or meet both of the following criteria.

1. A hospital must have 50 or fewer staffed beds. The State will calculate staffed beds by dividing the total hospital days reported by the hospital on its Medicaid cost report with a fiscal year ending between October 1, 2010 and September 30, 2011, by the number of days covered in the cost report; and
2. A hospital must be located in a county with a population of not more than 165,000 and within a city, village, or township with a population of not more than 12,000. The population threshold will be measured against population counts from the 2000 federal decennial census.

Each hospital's allocation from this pool will be calculated as the unreimbursed cost the hospital incurred providing inpatient services to Michigan Medicaid beneficiaries during its cost period that ended during the second previous fiscal year. For example, to calculate the 2013 pool, hospital cost reports with fiscal years ending between October 1, 2010 and September 30, 2011 will be used.

Provider costs will be determined using data reposted on the following lines of the CMS 2552-96 or their equivalent lines on the CMS 2552-10. Inpatient costs are obtained from Worksheet D-1, Part II, Title XIX, Line 49. The following gross Medicaid payments from this cost report period will be applied against cost to determine unreimbursed cost: operating, capital, graduate medical education, executive order reductions, and Medicaid access to care initiative, or any other supplemental payment.

Payments will be made within 45 days of the beginning of each quarter. The quarterly payments will be made in four equal installments based on the total annual amount the hospital is eligible to receive.

The total amount of the rural access pool payments is the sum of each hospital's allocation from this pool described above.

In the aggregate, the State reimburses hospitals up to maximum allowable under the Federal upper payment limits for inpatient services provided to Medicaid beneficiaries. To keep total Medicaid fee-for-service payments to hospitals within the Federal upper payment limits, the State will reduce the size of the applicable year's MACI Pool payments by the size of the Rural Access Pool.

TN NO.: 12-20

Approval Date: OCT 31 2013

Effective Date: 11/01/2012

Supersedes
TN No.: N/A – New Page

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

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

Rural Access Pool

The State will establish a Rural Access Pool beginning in State FY 2013 for hospitals that provide Medicaid services to low income rural residents. To be eligible for this pool, hospitals must be categorized by the Centers for Medicare & Medicaid Services as a sole community hospital, or meet both of the following criteria.

1. A hospital must have 50 or fewer staffed beds. The State will calculate staffed beds by dividing the total hospital days reported by the hospital on its Medicaid cost report with a fiscal year ending between October 1, 2010 and September 30, 2011, by the number of days covered in the cost report; and
2. A hospital must be located in a county with a population of not more than 165,000 and within a city, village, or township with a population of not more than 12,000. The population threshold will be measured against population counts from the 2000 federal decennial census.

Each hospital's allocation from this pool will be calculated as the unreimbursed cost the hospital incurred providing outpatient services to Michigan Medicaid beneficiaries during its cost period that ended during the second previous fiscal year. For example, to calculate the 2013 pool, hospital cost reports with fiscal years ending between October 1, 2010 and September 30, 2011 will be used.

Provider costs will be determined using data reported on the following lines of the CMS 2552-96 or their equivalent lines on the CMS 2552-10: GME costs are determined. First, Total Medicaid Outpatient Program Charges (reported on Worksheet D, Part V, Column 5, Lines 37.00 through 65.99, excluding Lines 63.50 through 63.99 of the CMS 2552-96) are divided by Total Hospital Charges Net of Hospital Based Physicians, for all provider types (reported on Worksheet G2, Column 1, Lines 1, 2, 10-14, 17, and 18 of the CMS 2552-96). This ratio is then multiplied by the Intern and Resident Cost (reported on the Worksheet B, Part 1, Columns 22 and 23, Line 95 of the CMS 2552-96) to determine GME costs. Non-GME costs are obtained from Worksheet D, Part V, Column 9, Lines 37.00 through 65.99, excluding lines 63.50 through 63.99. GME and Non-GME costs are combined to determine total costs. The following gross Medicaid payments from this cost report period will be applied against cost to determine unreimbursed cost: operating, capital, graduate medical education, and Medicaid Access to Care Initiative, or any other supplemental payment.

Payments will be made within 45 days of the beginning of each quarter. The quarterly payments will be made in four equal installments based on the total annual amount the hospital is eligible to receive.

The total amount of the rural access pool payments is the sum of each hospital's allocation from this pool described above.

In the aggregate, the State reimburses hospitals up to maximum allowable under the Federal upper payment limits for outpatient services provided to Medicaid beneficiaries. To keep total Medicaid fee-for-service payments to hospitals within the Federal upper payment limits, the State will reduce the size of the applicable year's MACI Pool payments by the size of the Rural Access Pool.

TN NO.: 12-20

Approval Date: OCT 31 2013

Effective Date: 11/01/2012

Supersedes

TN No.: N/A – New Page