



May 29, 2013

Stephen Fitton, Medicaid Director
Medical Services Administration
Federal Liaison Unit
Michigan Department of Community Health
400 South Pine
Lansing, Michigan 48933

ATTN: Loni Hackney

Dear Mr. Fitton:

Enclosed for your records is an approved copy of the following State Plan Amendment:

- Transmittal: #13-003 Ambulatory Surgical Center
- Effective: January 1, 2013

If you have any questions, please contact Leslie Campbell at (312) 353-1557 or Leslie.Campbell@cms.hhs.gov.

Sincerely,

A handwritten signature in black ink that reads "Verlon Johnson". The signature is written in a cursive, flowing style.

Verlon Johnson
Associate Regional Administrator
Division of Medicaid & Children's Health Operations

Enclosures

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| TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: HEALTH CARE FINANCING ADMINISTRATION | 1. TRANSMITTAL NUMBER: 1 3 - 03 | 2. STATE: Michigan |
| | 3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID) | |

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| TO: REGIONAL ADMINISTRATOR HEALTH FINANCING ADMINISTRATION DEPARTMENT OF HUMAN SERVICES | 4. PROPOSED EFFECTIVE DATE January 1, 2013 |
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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)


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| 6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR 447 | 7. FEDERAL BUDGET IMPACT: a. FFY 2013 \$ 0 b. FFY 2014 \$ 0 |
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| 8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-B, Page 19 | 9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Attachment 4.19-B, Page 19 |
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10. SUBJECT OF AMENDMENT:
Update of the Ambulatory Surgical Center (ASC) budget neutrality factor.

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

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| 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: March 4, 2013 | |

FOR REGIONAL OFFICE USE ONLY

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| 17. DATE RECEIVED: March 4, 2014 | 18. DATE APPROVED: May 29, 2013 |
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PLAN APPROVED - ONE COPY ATTACHED

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| 19. EFFECTIVE DATE OF APPROVED MATERIAL: January 1, 2013 | 20. SIGNATURE OF REGIONAL OFFICIAL:  |
| 21. TYPE NAME: Verlon Johnson | 22. TITLE: Associate Regional Administrator |

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)***

24. Ambulatory Surgical Centers

Reimbursement to individual Medicare-certified Ambulatory Surgical Centers (ASCs) for outpatient services provided in the ASC setting on or after January 1, 2011 is calculated by applying the MDCH outpatient prospective payment system (OPPS) reduction factor (RF) to current Medicare ASC reimbursement rates. Medicare ASC rate x RF = Medicaid rate.

State-developed fee schedule rates are the same for both governmental and private ASC providers. The ASC reduction factor is monitored and adjusted in accordance with the OPPS reduction factor schedule. The state maintains an up to date reduction factor history posting on the MDCH website that includes the current OPPS/ASC reduction factor, as well as historical OPPS/ASC reduction factors. As of January 1, 2013 the OPPS/ASC reduction factor is 54.3%. A wage index of 1.0 is applied for all ASCs. Services paid by Medicare at reasonable cost and contractor priced items are paid by applying the Medicaid state-wide outpatient hospital cost to charge ratio to the Medicare ASC rate. All rates including the ASC wrap list are published on the MDCH website at <http://michigan.gov/mdch>.

When service coverage or reimbursement methodology differences exist between Medicare and Medicaid, Medicaid fee schedules are used.

TN NO.: 13-03

Approval Date 5/29/13

Effective Date: 01/01/2013

Supersedes
TN No.: 12-02