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State/Territory Name: MI

State Plan Amendment (SPA) #: 15-0016

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Chicago Regional Office
233 N. Michigan
Suite 600
Chicago, Illinois 60601



November 29, 2016

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

ATTN: Erin Black

Dear Mr. Priest:

Enclosed for your records is a revised copy of the State Plan Amendment 15-0016, replacing the approval package issued on August 10, 2016:

- Transmittal #: 15-0016 – MACI Allocation
- Effective: November 1, 2015

If you have any questions, please contact Keri Toback at (312) 353-1754 or keri.toback@cms.hhs.gov.

Sincerely,

/s/

Ruth A. Hughes
Associate Regional Administrator
Division of Medicaid & Children's Health Operations

Enclosures

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

15 - 0016

2. STATE:

Michigan

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)
TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH FINANCING ADMINISTRATION
DEPARTMENT OF HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
November 1, 2015

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 2015 \$0

b. FFY 2016 \$0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-B, Pages 2.b.5, 2.b.6, and 2.b.7

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (*If Applicable*):

Attachment 4.19-B, Pages 2.b.5, 2.b.6, and 2.b.7

10. SUBJECT OF AMENDMENT:

Update to the outpatient hospital Medical Access to Care Initiative (MACI) allocation.

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:

Chris Priest, Director

Medical Services Administration

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

Chris Priest

14. TITLE:

Director, Medical Services Administration

15. DATE SUBMITTED:

December 17, 2015

16. RETURN TO:

Medical Services Administration
Actuarial Division - Federal Liaison
Capitol Commons Center - 7th Floor
400 South Pine
Lansing, Michigan 48933

Attn: Erin Black

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

December 17, 2015

18. DATE APPROVED:

August 10, 2016

PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

November 1, 2015

20. SIGNATURE OF REGIONAL OFFICIAL:

/s/

21. TYPE NAME:

Ruth A Hughes

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)***

At a minimum, agreements must provide for appropriately authorized, medically necessary inpatient hospital, outpatient hospital, emergency and clinical care arranged by a physician with admitting privileges to the facility and credentialed by the HMO.

Distributions from the managed care outpatient hospital adjustor pool will be calculated as follows:

Charges are limited to outpatient hospital charges for provider types 40, 41, and 75.

Hospital Charges = Title XIX HMO outpatient hospital charges
Hospital Costs = Hospital Charges x CC Ratio x Inflation Factor

Hospital's Distribution = $\frac{\text{Hospital's Costs}}{\sum \text{Hospitals' Costs}}$ X \$8,406,600

Title XIX = Medicaid Health Maintenance Organization
CC Ratio = Hospital's outpatient cost – to – charge ratio

Distribution of funds from all pools will be made prior to September 30, 2002. Should a hospital fail to qualify for a distribution from either pool, its share will not be redistributed.

E. Medicaid Access to Care Initiative (MACI) Payments

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)

FY 2005 and Beyond

To ensure continued access by Medicaid beneficiaries to high quality hospital care, the Michigan Department of Health and Human Services (DHHS) is establishing two special funding pools. To keep payments within the federal Medicare upper payment limit (UPL), separate pools will be established for privately-owned or operated hospitals and non-state government-owned or operated hospitals for outpatient hospital services. Only hospitals located within Michigan, enrolled in the Medicaid program, open, treating, and admitting Medicaid beneficiaries ten (10) days prior to a scheduled payment will be eligible to receive distributions from these pools. The state uses a cost based UPL methodology whereby the Medicare Cost-to-charge ratio is multiplied by Medicaid covered outpatient charges and summed by hospital class.

Cost-to-Charge Ratio Data Source – CMS 2552:

Medicare Outpatient Charges

Hospitals, Free Standing Rehab & Rehab Sub-providers:
Worksheet D Part V Columns 2, 3, & 4 (Including all subscripts)
Total of Lines 50 - 93 and 94 - 95 (Including subscripted lines)

Medicare Outpatient Costs

Hospitals, Free Standing Rehab & Rehab Sub-providers:
Worksheet D Part V Columns 5, 6, & 7 (Including all subscripts)
Total of Lines 50 - 93 and 94 - 95 (Including subscripted lines)

Trend Factors

Inflation – Market Basket Index used, prorated quarterly, and Applied to Medicaid charges only

Volume/Utilization: Applied to both Medicaid payments and charges.

The distribution of payments from these pools will supplement the hospital's regular outpatient services payments and is not considered part of the fee for service (FFS) reimbursement. Medicaid payers that normally match the department's FFS payments to medical providers are not required to include the distribution payments from the pools described here as part of their FFS payments.

TN NO.: 15-0016

Approval Date: 8/10/16 Effective Date: 11-01-15

Supersedes

TN No.: 04-05

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

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

Full pool sizes will be renewed annually. For FY 2005 and beyond, pool sizes will be established based on the calculated difference between the federal Medicare upper payment limit and annual Medicaid payments.

Payment Share – Outpatient Paid Claims File

To determine each hospital's share of a pool, the department will use paid claims for the fiscal year ending two years prior to the current fiscal year. Adjudicated claims will be restricted to those paid by June 30th of the following fiscal year (e.g. paid claims from FY 2014 will be used to calculate payments in FY 2016 with claims limited to those paid by June 30, 2015). The paid claims file will include all Medicaid FFS payments made for both Medicaid and dual Medicaid children's special health care services (CSHCS) eligible beneficiaries through the Medicaid Invoice Processing System. Outpatient services will include both acute and rehabilitation services. Payments made outside the Invoice Processing System, such as for capital, graduate medical education (GME), or disproportionate share hospital (DSH), will not be included in the payments used to distribute the MACI pools.

Allocation of Pool

MACI payments are made prospectively based on historical data. Eligible hospitals will share proportionately from each pool based upon a hospital's payments from adjudicated Medicaid claims, divided by the total Medicaid payments from adjudicated Medicaid claims for all eligible hospitals, times the dollar amount of the individual pool. If a hospital closes, is determined ineligible to receive funds from a pool, or its MACI distribution causes the hospital's Medicaid payments to exceed costs, its MACI distribution in excess of costs will be redistributed to the remaining eligible hospitals based on the original distribution formula. All funds from the outpatient hospital pools will be distributed to eligible hospitals until the pools are empty. In the event that MACI distributions would result in aggregate Medicaid payments exceeding the UPL, the size of the pool(s) will be reduced to bring aggregate Medicaid payments within the UPL. All MACI payments are final.

Payment Schedule

Subsequent 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 each hospital is eligible to receive.