

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

1. TRANSMITTAL NUMBER:

16 - 0006

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

January 1, 2016

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 2016 \$0

b. FFY 2017 \$0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-B, Page 2 and 19

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (*If Applicable*):

Attachment 4.19-B, Page 2 and 19

10. SUBJECT OF AMENDMENT:

Updates the ASC reduction factor to maintain budget neutrality in response to a Medicare rate change and clarifies OPPS language per companion letter dated June 22, 2015 for SPA 14-0016.

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:

March 29, 2016

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:

18. DATE APPROVED:

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPE NAME:

22. TITLE:

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)***

3. Outpatient Hospital Services AND OTHER OUTPATIENT PROSPECTIVE PAYMENT SYSTEM (OPPS) REIMBURSED FACILITIES

Reimbursement to individual hospitals, including off-campus satellite clinics, hospital-owned ambulance services, freestanding dialysis centers, comprehensive outpatient rehabilitation facilities (CORFs) and rehabilitation agencies for outpatient services is made in accordance with Medicaid's ~~outpatient prospective reimbursement system (OPPS)~~. Payments made under OPPS will be calculated utilizing the current Medicare conversion factors/rates with an MDCH MDHHS reduction factor (RF) applied to the calculated payment (Medicare fee x RF = Medicaid fee) to maintain statewide budget neutrality. AS OF JANUARY 1, 2016 THE OPPS REDUCTION FACTOR IS 52.6%. THE CURRENT MICHIGAN MEDICAID FEE SCHEDULE IS AVAILABLE AT WWW.MICHIGAN.GOV/MEDICAIDPROVIDERS.

- a) Monitoring of outpatient hospital expenditures will be conducted and the reduction factor adjusted to maintain statewide budget neutrality. A wage index of 1.0 is applied for all hospitals.
- b) Medicare's APC weights are utilized.
- c) ~~Services paid a percentage of charges are paid at a percentage of the individual hospital's charges for that service (i.e., pass-through payments)~~ REASONABLE COST UNDER OPPS ARE PAID BY APPLYING INDIVIDUAL HOSPITAL COST-TO-CHARGE RATIOS TO CHARGES.
- d) Updates of each hospital's outpatient cost-to-charge ratios are done in conjunction with updates of the inpatient operating ratios.
- e) For out of state hospitals, the default cost-to-charge ratio is the average statewide outpatient cost-to-charge ratio.

When service coverage/reimbursement methodology differences exist between Medicare and Medicaid, Medicaid fee schedules are utilized. METHODOLOGY DIFFERENCES ONLY EXIST WHEN MEDICARE DOES NOT COVER A FACILITY-BASED SERVICE PROVIDED. THE CURRENT MICHIGAN MEDICAID FEE SCHEDULE, AVAILABLE AT WWW.MICHIGAN.GOV/MEDICAIDPROVIDERS, IS UPDATED TO CONFORM TO MEDICARE OPPS AND IS EFFECTIVE FOR DATES OF SERVICE ON OR AFTER JANUARY 1, 2016.

TN NO.: 16-0006

Approval Date: _____ Effective Date: 01/01/2016

Supersedes
TN No.: 07-01

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, 2015⁶ the OPPS/ASC reduction factor is 52.36%. 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 MDHHS website at <http://michigan.gov/mdeh> MDHHS.

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

TN NO.: 16-0006

Approval Date: _____

Effective Date: 01/01/2016

Supersedes

TN No.: 15-0003



STATE OF MICHIGAN
DEPARTMENT OF HEALTH AND HUMAN SERVICES
LANSING

RICK SNYDER
GOVERNOR

NICK LYON
DIRECTOR

February 10, 2016

NAME
TITLE
ADDRESS
CITY STATE ZIP

Dear Tribal Chair and Health Director:

RE: Update of Ambulatory Surgical Center (ASC) and Outpatient Prospective Payment System (OPPS) Reduction Factor

NOTE: This letter provides clarification of letter L 15-67 to correctly reflect the new reduction factor rate.

This letter, in compliance with Section 1902(a)(73) and Section 2107(e)(1)(C) of the Social Security Act, serves as notice of intent to all Tribal Chairs and Health Directors of the request by the Michigan Department of Health and Human Services (MDHHS) to submit a State Plan Amendment.

Pending approval by the Centers for Medicare and Medicaid Services, the Michigan Medicaid State Plan will update the ASC and OPPS reduction factor to maintain budget neutrality in response to a Medicare rate change. This change will be effective for dates of service on or after January 1, 2016. The reduction factor will be adjusted from its prior rate of 52.3% to a new rate of 52.6%. This change maintains reimbursement from Medicaid for outpatient services and ASCs at the rate for prior years.

These changes will be completed in a manner that is budget neutral to the State of Michigan. The State of Michigan expects these changes to have little or no impact on tribal members.

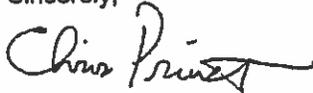
There is no public hearing scheduled for this State Plan Amendment. Input regarding this Amendment is highly encouraged, and comments regarding this Notice of Intent may be submitted to Lorna Elliott-Egan, MDHHS Liaison to the Michigan Tribes. Lorna can be reached at 517-373-4963 or via email at Elliott-EganL@michigan.gov. **Please provide all input by March 28, 2016.**

In addition, MDHHS is offering to set up group or individual meetings for the purposes of consultation in order to discuss this Amendment according to the tribes' preference. This consultation meeting will allow tribes the opportunity to address any concerns and voice any suggestions, revisions, or objections to be relayed to the author of the proposal. If you would like additional information or wish to schedule a consultation meeting, please contact Lorna Elliott-Egan at the telephone number or email address provided above.

L 16-06
February 10, 2016
Page 2

MDHHS appreciates the continued opportunity to work collaboratively with you to care for the residents of our state.

Sincerely,

A handwritten signature in black ink that reads "Chris Priest". The signature is fluid and cursive, with the first name "Chris" being more prominent than the last name "Priest".

Chris Priest, Director
Medical Services Administration

cc: Leslie Campbell, Region V, CMS
Pamela Carson, Region V, CMS
Ashley Tuomi, MHPA, Executive Director, American Indian Health and Family Services of
Southeastern Michigan
L. John Lufkins, Executive Director, Inter-Tribal Council of Michigan, Inc.
Jenny Jenkins, Acting Area Director, Indian Health Service - Bemidji Area Office
Lorna Elliott-Egan, MDHHS

**Distribution List for L 16-06
February 10, 2016**

Mr. Levi Carrick, Sr., Tribal Chairman, Bay Mills Indian Community
Ms. Audrey Breakie, Health Director, Bay Mills (Ellen Marshall Memorial Center)
Mr. Alvin Pedwaydon, Tribal Chairman, Grand Traverse Band Ottawa & Chippewa Indians
Ms. JoAnne Cook, Tribal Vice Chair, Grand Traverse Band Ottawa & Chippewa Indians
Ms. Loi Chambers, Health Director, Grand Traverse Band Ottawa/Chippewa
Mr. Kenneth Meshigaud, Tribal Chairman, Hannahville Indian Community
Ms. G. Susie Meshigaud, Health Director, Hannahville Health Center
Mr. Warren C. Swartz, Jr., President, Keweenaw Bay Indian Community
Ms. Carole LaPointe, Health Director, Keweenaw Bay Indian Community - Donald Lapointe Health/Educ Facility
Mr. James Williams, Jr., Tribal Chairman, Lac Vieux Desert Band of Lake Superior Chippewa Indians
Ms. Sadie Valliere, Health & Human Services Director, Lac Vieux Desert Band
Mr. Larry Romanelli, Ogema, Little River Band of Ottawa Indians
Ms. Jessica Burger, Acting Health Director, Little River Band of Ottawa Indians
Mr. Fred Kiogima, Tribal Chairman, Little Traverse Bay Band of Odawa Indians
Ms. Sharon Sierzputowski, Health Director, Little Traverse Bay Band of Odawa
Mr. DK Sprague, Tribal Chairman, Match-E-Be-Nash-She-Wish Potawatomi Indians (Gun Lake Band)
Ms. Phyllis Davis, Health Director, Match-E-Be-Nash-She-Wish Potawatomi
Mr. Homer Mandoka, Tribal Chairman, Nottawaseppi Huron Band of Potawatomi Indians
Mr. Travis Parashonts, Chief Executive Officer, Nottawaseppi Huron Band of Potawatomi Indians
Ms. Rosalind Johnston, Health Director, Huron Potawatomi Inc.- Tribal Health Department
Mr. John Warren, Tribal Chairman, Pokagon Band of Potawatomi Indians
Mr. Matt Clay, Health Director, Pokagon Potawatomi Health Services
Mr. Steve Pego, Tribal Chief, Saginaw Chippewa Indian Tribe
Mrs. Karmen Fox, Executive Health Director, Nimkee Memorial Wellness Center
Mr. Aaron Payment, Tribal Chairman, Sault Ste. Marie Tribe of Chippewa Indians
Ms. Bonnie Culfa, Health Director, Sault Ste. Marie Tribe of Chippewa Indians - Health Center

CC: Leslie Campbell, Region V, CMS
Pamela Carson, Region V, CMS
Ashley Tuomi, MHPA, Executive Director, American Indian Health and Family Services of Southeastern Michigan
L. John Lufkins, Executive Director, Inter-Tribal Council of Michigan, Inc.
Jenny Jenkins, Acting Area Director, Indian Health Service - Bemidji Area Office
Lorna Elliott-Egan, MDHHS



STATE OF MICHIGAN
DEPARTMENT OF HEALTH AND HUMAN SERVICES
LANSING

RICK SNYDER
GOVERNOR

NICK LYON
DIRECTOR

November 17, 2015

NAME
TITLE
ADDRESS
CITY STATE ZIP

Dear Tribal Chair and Health Director:

RE: Update of Ambulatory Surgical Center (ASC) and Outpatient Prospective Payment System (OPPS) Reduction Factor

This letter, in compliance with Section 1902(a)(73) and Section 2107(e)(1)(C) of the Social Security Act, serves as notice of intent to all Tribal Chairs and Health Directors of the request by the Michigan Department of Health and Human Services (MDHHS) to submit a State Plan Amendment.

Pending approval by the Centers for Medicare and Medicaid Services, the Michigan Medicaid State Plan will update the ASC and OPPS reduction factor to maintain budget neutrality in response to a Medicare rate change. This change will be effective for dates of service on or after January 1, 2016. The reduction factor will be adjusted from its prior rate of 52.3% to a new rate of 52.5%. This change maintains reimbursement from Medicaid for outpatient services and ambulatory surgical centers at the rate for prior years.

These changes will be completed in a manner that is budget neutral to the State of Michigan. The State of Michigan expects these changes to have little or no impact on tribal members.

There is no public hearing scheduled for this State Plan Amendment. Input regarding this Amendment is highly encouraged, and comments regarding this Notice of Intent may be submitted to Lorna Elliott-Egan, MDHHS Liaison to the Michigan Tribes. Lorna can be reached at (517) 373-4963 or via email at Elliott-EganL@michigan.gov. **Please provide all input by January 2, 2016.**

In addition, MDHHS is offering to set up group or individual meetings for the purposes of consultation in order to discuss this Amendment, according to the tribes' preference. This consultation meeting will allow tribes the opportunity to address any concerns and voice any suggestions, revisions, or objections to be relayed to the author of the proposal. If you would like additional information or wish to schedule a consultation meeting, please contact Lorna Elliott-Egan at the telephone number or email address provided above.

L 15-67
November 17, 2015
Page 2

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Sincerely,

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Chris Priest, Director
Medical Services Administration

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Pamela Carson, Region V, CMS
Ashley Tuomi, MHPA, Executive Director, American Indian Health and Family Services of
Southeastern Michigan
L. John Lufkins, Executive Director, Inter-Tribal Council of Michigan, Inc.
Jenny Jenkins, Acting Area Director, Indian Health Service - Bemidji Area Office
Lorna Elliott-Egan, MDHHS

**Distribution List for L 15-67
November 17, 2015**

Mr. Levi Carrick, Sr., Tribal Chairman, Bay Mills Indian Community
Ms. Audrey Breakie, Health Director, Bay Mills (Ellen Marshall Memorial Center)
Mr. Alvin Pedwaydon, Tribal Chairman, Grand Traverse Band Ottawa & Chippewa Indians
Ms. JoAnne Cook, Tribal Vice Chair, Grand Traverse Band Ottawa & Chippewa Indians
Ms. Loi Chambers, Health Director, Grand Traverse Band Ottawa/Chippewa
Mr. Kenneth Meshigaud, Tribal Chairman, Hannahville Indian Community
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Ms. Jessica Burger, Acting Health Director, Little River Band of Ottawa Indians
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Jenny Jenkins, Acting Area Director, Indian Health Service - Bemidji Area Office
Loma Elliott-Egan, MDHHS



Order Confirmation

Ad Order Number 0007479137

Customer

MICHIGAN DEPARTMENT OF HEALTH
 Account: 1000734123
 MICHIGAN DEPARTMENT OF HEALTH AND HUMAN SERVICES
 235 S GRAND AVE, PO BOX 30037
 LANSING MI 48909 USA
 (855)275-8424

FAX:

Payor Customer

MICHIGAN DEPARTMENT OF HEALTH
 Account: 1000734123
 MICHIGAN DEPARTMENT OF HEALTH AND HUMAN SERVICES
 235 S GRAND AVE, PO BOX 30037
 LANSING MI 48909 USA
 (855)275-8424

PO Number

Sales Rep. Joseph Pupils
Order Taker Joseph Pupils
Order Source Phone
Special Pricing

Tear Sheets 1	Net Amount	\$572.31
Proofs 0	Tax Amount	\$0.00
Affidavits 0	Total Amount	\$572.31
Blind Box	Payment Method Invoice	
Promo Type	Payment Amount	\$0.00
Materials	Amount Due	\$572.31
Invoice Text OPPS ASC REDUCTION FACTOR		

Ad Schedule

Product Grand Rapids Press	Placement/Class Announcements
# Inserts 1	POS/Sub-Class Public Notices - Public Notices
Cost \$223.97	AdNumber 0007479137-01
Ad Type CLS Liner	Ad Size 1 X 53 II
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Production Method AdBooker	Production Notes
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Product Flint Journal	Placement/Class Announcements
# Inserts 1	POS/Sub-Class Public Notices - Public Notices
Cost \$167.27	AdNumber 0007479137-01
Ad Type CLS Liner	Ad Size 1 X 53 II
Pick Up # 0007475109	Ad Attributes
External Ad #	Color <NONE>
Production Method AdBooker	Production Notes
Run Dates 11/10/2015	Sort Text PUBLICNOTICEMICHIGANDEPARTMENTOFCOMMUNITYHEALTHMEDICALSERVICESADMINISTRATIONUPDATEOFOP

Product Kalamazoo Gazette	Placement/Class Announcements
# Inserts 1	POS/Sub-Class Public Notices - Public Notices
Cost \$83.35	AdNumber 0007479137-01
Ad Type CLS Liner	Ad Size 1 X 53 II
Pick Up # 0007475109	Ad Attributes
External Ad #	Color <NONE>
Production Method AdBooker	Production Notes
Run Dates 11/10/2015	Sort Text PUBLICNOTICEMICHIGANDEPARTMENTOFCOMMUNITYHEALTHMEDICALSERVICESADMINISTRATIONUPDATEOFOP

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Product Saginaw News

Placement/Class Announcements

Inserts 1

POS/Sub-Class Public Notices - Public Notices

Cost \$90.72

AdNumber 0007479137-01

Ad Type CLS Liner

Ad Size 1 X 53 II

Pick Up # 0007475109

Ad Attributes

External Ad #

Color <NONE>

Production Method AdBooker

Production Notes

Run Dates Sort Text PUBLICNOTICEMICHIGANDEPARTMENTOFCOMMUNITYHEALTHMEDICALSERVICESADMINISTRATIONUPDATEOFOP
11/10/2015

0007479137-01

Ad Content Proof

PUBLIC NOTICE
Michigan Department of
Community Health
Medical Services
Administration

**Update of OPPS/
ASC Reduction Factor**

The Michigan Department of Health and Human Services will update the Ambulatory Surgical Center (ASC) and Outpatient Prospective Payment System (OPPS) Reduction factor to maintain budget neutrality for the Medicaid program in response to a Medicare rate change. This change will be completed in a manner that is budget neutral to the State of Michigan, and is effective January 1, 2016.

Comments

Any comments on, or requests for copies of the Notice of Proposed Policy may be submitted in writing to: Michigan Department of Health and Human Services, Actuarial Division, Bureau of Medicaid Operations and Actuarial Services, Attention Jason Jorkasky, P.O. Box 30479, Lansing, Michigan 48909-7979. Written comments may be reviewed by the public at Capitol Commons Center, 400 South Pine Street, Lansing, Michigan. Request for copies and comments must include the project number. There is no public hearing scheduled for this proposed policy.