

MICHIGAN DEPARTMENT OF COMMUNITY HEALTH
FY 2002 BOILERPLATE REPORTING REQUIREMENT

Progress on Rebasing Medicaid Fee Schedules
for Physician and Out Patient Hospital Services
April 1, 2002 Report

Section 1613(2)

“The workgroup established in Section 1703 of 2000 PA 296 shall continue until the rebasing of the Medicaid fee schedule for physician and outpatient hospital services is completed.”

PHYSICIAN FEE SCHEDULE UPDATE

It is the intent of the Department to reimburse practitioner services using the CMS (formerly HCFA) RBRVS (Resource Based Relative Value Scale) methodology. This was implemented in FY 2000-2001. Each year in January, new and revised procedure codes, changed reimbursement methodology and corresponding RVUs (Relative Value Units) published by CMS will be implemented consistent with the schedule followed nationally for all coding changes under HIPAA. The intent is to rebase fees for practitioner services annually in January using the RBRVS-based methodology. The rebasing of the Medicaid fee schedule for physician services was completed in January 2002. The updated conversion factor was implemented in a budget neutral matter. It is anticipated that the Department will continue using the RBRVS-based methodology on an annual basis to update physician fees.

OUTPATIENT HOSPITAL REBASING UPDATE

During the months of January and February, the Department held additional discussions with the hospital industry work group to discuss current hospital DRG (Diagnostic Related Groups) rebasing and revised GME (Graduate Medical Education) policy. DRG and Per Diem hospital rebasing have been completed with an effective date of April 1, 2002. The new GME methodology has also been completed, with an effective date of January 1, 2002. The Department will now begin discussions with the hospital industry regarding new outpatient hospital reimbursement methodology. Any new reimbursement methodology will be mutually agreed upon and will be determined to be HIPAA (Health Insurance Portability and Accountability Act of 1996) compliant and will also be budget neutral given the status of the current Department and overall State budget.