

**Bulletin Number:** MMP 23-35

**Distribution:** Hospitals, Medicaid Health Plans

**Issued:** June 1, 2023

**Subject:** Rural Emergency Hospital Reimbursement

**Effective:** As Indicated

**Programs Affected:** Medicaid, Healthy Michigan Plan

**NOTE: Implementation of this policy is contingent upon State Plan Amendment approval from the Centers for Medicare & Medicaid Services (CMS).**

The purpose of this policy is to establish reimbursement for Medicare-enrolled rural emergency hospitals (REH). Effective January 1, 2023, the REH designation can be granted by the CMS to eligible small rural hospitals and critical access hospitals. This designation is expected to help maintain outpatient hospital services in rural communities. Hospitals that convert to REHs must update their enrollment and subspecialty with the Michigan Department of Health and Human Services (MDHHS). Additionally, hospitals that convert to REHs must end date their inpatient specialty. Maintenance of provider information is done through the Community Health Automated Medicaid Processing System (CHAMPS) provider enrollment system. Providers must notify MDHHS via the online system within 35 days of any change to their enrollment information.

MDHHS will reimburse REHs using existing Outpatient Prospective Payment System (OPPS) methodology. To maintain budget neutrality, critical access hospitals that convert to REHs will retain the enhanced OPPS reduction factor for reimbursement. Non-critical access hospitals that convert to REHs will continue to receive reimbursement using existing OPPS reduction factor methodology. MDHHS maintains a reduction factor history publication on the web at [www.michigan.gov/medicaidproviders](http://www.michigan.gov/medicaidproviders) >> Billing & Reimbursement >> Provider Specific Information >> Outpatient Hospitals. Conversion to REH status may also impact eligibility for some supplemental payment programs. Hospitals are encouraged to review existing supplemental payment program policy to determine potential impact.

## Manual Maintenance

Retain this bulletin until the information is incorporated into the MDHHS Medicaid Provider Manual.

## Questions

Any questions regarding this bulletin should be directed to Provider Inquiry, Department of Health and Human Services, P.O. Box 30731, Lansing, Michigan 48909-8231, or e-mailed to [ProviderSupport@michigan.gov](mailto:ProviderSupport@michigan.gov). When you submit an e-mail, be sure to include your name, affiliation, NPI number, and phone number so you may be contacted if necessary. Typical Providers may phone toll-free 1-800-292-2550. Atypical Providers may phone toll-free 1-800-979-4662.

An electronic copy of this document is available at [www.michigan.gov/medicaidproviders](http://www.michigan.gov/medicaidproviders) >> Policy, Letters & Forms.

## Approved

A handwritten signature in black ink that reads "Meghan E. Groen". The signature is written in a cursive style with a large, looped initial "M".

Meghan E. Groen, Director  
Behavioral and Physical Health and Aging Services Administration