

Distribution: Hospital 03-05
Medicaid Health Plans 03-04

Issued: June 1, 2003

Subject: Medicaid Access to Care Initiative

Effective: As Indicated

Programs Affected: Medicaid
Children's Special Health Care Services (CSHCS)

Medicaid Access to Care Initiative

To ensure continued access for Medicaid beneficiaries to high quality hospital care, the Department of Community Health is establishing a number of special funding pools for the next two State fiscal years. To keep payments within the Medicare upper payment limits, separate pools will be established for privately-owned or -operated hospitals and non-state government-owned or -operated hospitals for both inpatient and outpatient hospital services. Only hospitals located within Michigan, enrolled in the Medicaid program, open, treating, and admitting Medicaid fee for service (FFS) and managed care beneficiaries ten (10) days prior to a scheduled payment will be eligible to receive distributions from these pools.

Allocation of payments from the inpatient hospital pools for fiscal year 2003 will be made based on inpatient FFS hospital paid claims for hospital admissions from September 1, 1999 to August 31, 2000. (The last year of paid claims data used to rebase hospitals in FY'02 will be used.) Allocation of payments from the outpatient hospital pools for FY'03 will be made based on Medicaid FFS outpatient payments reported on hospital Indigent Volume reports for hospital year ends from October 1, 1999 to September 30, 2000. Allocation of payments for FY'04 will be made based upon similar data (the time period of the data drawn will be updated to the most recent fiscal year for which complete data is available). The distribution payments from the pools supplement the hospital's regular DRG and per diem payments (for rehabilitation units and hospitals) and are not considered part of the fee for service reimbursement. Other payers that normally match the Department's fee for service payments to medical providers are not required to match the distribution payments from the pools described below as part of their FFS payments.

Privately-Owned or -Operated Inpatient Hospital Pool (\$120 million)

This inpatient pool will be computed based upon the total number of DRG-reimbursed hospitals and distinct part rehabilitation units. Freestanding rehabilitation hospitals with Medicaid FFS payments will participate in this pool also.

Hospitals with Medicaid inpatient FFS payments will share proportionately in a pool of \$120 million based on each hospital's total Medicaid FFS inpatient payments divided by the total Medicaid FFS inpatient payments for all privately-owned or -operated hospitals and units.

Non-State Government-Owned or -Operated Inpatient Hospital Pool (\$19 million)

This inpatient pool will be computed based upon the total number of DRG-reimbursed hospitals and distinct part rehabilitation units. Freestanding rehabilitation hospitals with Medicaid FFS payments will participate in this pool also.

Hospitals with Medicaid inpatient FFS payments will share proportionately in a pool of \$19 million based on each hospital's total Medicaid FFS inpatient payments divided by the total Medicaid FFS inpatient payments for all non-state government-owned or -operated hospitals and units.

Privately-Owned or -Operated Outpatient Hospital Pool (\$35 million)

This outpatient pool will be computed based upon the total number of outpatient units of DRG-reimbursed hospitals and outpatient hospital rehabilitation units.

Hospitals with Medicaid outpatient FFS payments will share proportionately in a pool of \$35 million based on the hospital's total Medicaid FFS outpatient payments divided by the total Medicaid FFS outpatient payments for all privately-owned or -operated hospitals and units.

Non-State Government-Owned or -Operated Outpatient Hospital Pool (\$3.5 million)

This outpatient pool will be computed based upon the total number of outpatient units of DRG-reimbursed hospitals and outpatient hospital rehabilitation units.

Hospitals with Medicaid outpatient FFS payments will share proportionately in a pool of \$3.5 million based on each hospital's total Medicaid FFS outpatient payments divided by the total Medicaid FFS outpatient payments for all non-state government-owned or -operated hospitals and units.

Payment Schedule

Payments will be made only after the Department has received approval for this policy from the Center for Medicare & Medicaid Services. Once approval has been received, the initial payment will be made within 45 days. 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 annual amount each hospital is eligible to receive. If a hospital closes or is determined ineligible to receive funds from a pool, its funds will be redistributed to the remaining eligible hospitals based on the original distribution formula. All funds from all four pools will be distributed to eligible hospitals.

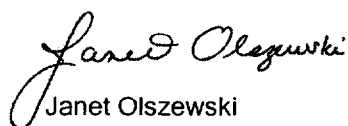
Manual Update

Retain this bulletin in your manual.

Questions

Any questions regarding this bulletin should be directed to Provider Inquiry, Department of Community Health, P.O. Box 30731, Lansing, Michigan 48909-8231 or e-mail ProviderSupport@michigan.gov. When you submit an e-mail, be sure to include your name, affiliation, and phone number so you may be contacted if necessary. Providers may phone toll free 1-800-292-2550.

Approval


Janet Olszewski
Director


Paul Reinhart
Deputy Director for
Medical Services Administration