

Michigan Department of Community Health

Distribution: Nursing Facilities 03-01
Nursing Facilities (Provider Type 60)
County Medical Care Facilities (Provider Type 61)
Hospital LTC Units (Provider Type 62)
Ventilator Dependent Units (Provider Type 63)

Issued: February 7, 2003

Subject: Implementation of Executive Order 2002-22; Rate Reduction

Effective: March 1, 2003

Programs Affected: Medicaid

PURPOSE

In anticipation of a shortfall in State tax revenues, Executive Order 2002-22 was issued in order to balance the State's budget. Executive Order 2002-22 requires a reduction in State general funds in the Medicaid Program budget for state fiscal year 2003. This will mean a 1.85% rate reduction for nursing facilities effective March 1, 2003.

RATE REDUCTION PROCESS

The nursing facility rate reduction process for achieving the necessary cost savings is as follows:

Fiscal information from submitted cost reports will be used to rebase nursing facility rates in accordance with published Medicaid Program rate policy.

For all nursing facilities, regardless of the facility rate year begin date, a uniform reduction factor will be applied to the lesser of the nursing facility's Variable Rate Base (VRB) or the facility Class Variable Cost Limit (VCL) for nursing facility patient days provided beginning March 1, 2003. This reduction will apply to the nursing facility patient days paid by the Medicaid Program for nursing services rendered. The uniform reduction factor applied to the lesser of the nursing facility's VRB or the facility Class VCL will be 1.85%. The rate reduction applied to nursing facilities paid under a Ventilator Dependent Care Unit contract (Provider Type 63) will be 1.85% of the Class I nursing facility Variable Cost Limit (VCL) for the nursing facility's respective cost report year.

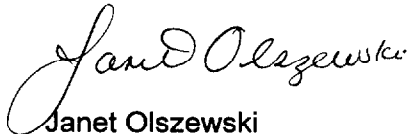
MANUAL MAINTENANCE

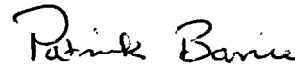
Retain this bulletin for future reference.

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


Patrick Barrie
Deputy Director for
Health Programs Administration