

**MICHIGAN DEPARTMENT OF HEALTH AND HUMAN SERVICES**

**NOTICE OF PROPOSED POLICY**

**Public Act 280 of 1939, as amended, and consultation guidelines for Medicaid policy provide an opportunity to review proposed changes in Medicaid policies and procedures.**

**Please review the policy summary and the attached materials that describe the specific changes being proposed. Let us know why you support the change or oppose the change.**

**Submit your comments to the analyst by the due date specified. Your comments must be received by the due date to be considered for the final policy bulletin.**

**Thank you for participating in the consultation process.**



**Director, Program Policy Division  
Bureau of Medicaid Policy, Operations, and Actuarial Services**

**Project Number:** 2311-Hospital      **Comments Due:** May 10, 2023      **Proposed Effective Date:** As Indicated

**Mail Comments to:** Carly Todd

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**Policy Subject:** Rural Emergency Hospital Reimbursement

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

**Distribution:** Hospitals, Medicaid Health Plans

**Policy Summary:** The Michigan Department of Health and Human Services (MDHHS) will reimburse rural emergency hospitals (REH) 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. Additionally, non-critical access hospitals that convert to REHs will continue to receive reimbursement using existing OPPS reduction factor methodology.

**Purpose:** This policy establishes reimbursement methodology for REHs.

# Proposed Policy Draft

Michigan Department of Health and Human Services  
Behavioral & Physical Health and Aging Services Administration

**Distribution:** Hospitals, Medicaid Health Plans

**Issued:** June 1, 2023 (Proposed)

**Subject:** Rural Emergency Hospital Reimbursement

**Effective:** As Indicated (Proposed)

**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.