

Distribution: Hospital 04-11

Issued: August 23, 2004

Subject: Reduction in Hospital Payments
EO Reductions
GME Reductions
Elimination of GME Weighting Factors
Phase-in of Revised GME Formula
GME Payment Schedule

Effective: September 22, 2004

Programs Affected: Medicaid, Children's Special Health Care Services

Reduction in Hospital Payments

Pursuant to the Governor's Executive Orders (E.O.) No. 2001-09 and 2002-22, and to budgetary savings included in Act 159 of 2003, the Michigan Department of Community Health (MDCH) is directed to reduce hospital payments in fiscal year 2004 by \$12,860,169. The reduction will be made by gross adjustment applied to medical/surgical hospitals, rehabilitation distinct part units and rehabilitation hospitals. Separate lists of medical/surgical hospitals, distinct part rehabilitation units, rehabilitation hospitals and each hospital's or unit's E.O. reduction appear as Attachment I and Attachment II to this bulletin.

EO Reductions

Each distinct part unit's and/or hospital's share of the total reduction has been calculated. A hospital's reduction will be based on its inpatient hospital paid claims for hospital admissions from October 1, 2000 to September 30, 2001. (The same paid claims file used to calculate the hospital MACI payments for FY'04 will be used to calculate the E.O. reductions.) Claims were processed and paid using Medicaid DRG Grouper 20.0 and July 1, 2003 hospital prices. Paid claims include Title V, Title XIX, and Title V/Title XIX inpatient hospital claims. A hospital's share of the reduction will be calculated by dividing the total of its paid claims by the total of the paid claims for all eligible hospitals *times* the total amount of funds to be recovered.

Merged hospitals will have their reductions combined. Reductions will be taken from the surviving hospital. Should a hospital or distinct part unit close prior to the end of the fiscal year, its reduction will become part of the hospital's final settlement.

Each hospital's paid claim file was reviewed and appealed at the time the data was submitted with the hospital's cost report. No further appeal of the inpatient hospital paid claims data will be allowed. The E.O. reduction will be included in the hospital's settlement.

Each hospital's share of the reduction will be made by a single gross adjustment to the hospital's inpatient hospital Medicaid ID number. The reduction will be made in the fourth quarter of the fiscal year. Recoveries will be taken from the hospital's payments until the E.O. reduction is completed.

GME Reductions

Pursuant to E.O.s 2001-09 and 2002-22, MDCH is directed to reduce hospital payments in fiscal year 2004 by \$593,404. The reduction will be made as a percentage reduction applied to each hospital's GME payments. A list of reductions to hospital GME payments appears as Attachment III to this bulletin. The reduction will be made in the fourth quarter of FY'04.

Elimination of GME Weighting Factors

The weighting factors for physician participation in the Michigan Medicaid program and board certification (five percent each for a total of ten percent) previously scheduled for implementation on October 1, 2004 are being permanently eliminated from the GME distribution formula. There will be no implementation of these weighting factors.

Three-Year Phase-In of Revised GME Formula

In order to reduce the short-term impact that the revised formulas and distributions of GME funds will have on any hospital, MDCH will use a three-year phase-in period. During the first full year (FY'03), GME payments will be based three-quarters on the prior distribution as established in Bulletin MSA 96-15 (issued December 16, 1996) and one-quarter based on the revised formula published in this bulletin. During the second year (FY'04), the ratios will be one-half each. In the third year (FY'05), payments will be based on one-quarter of the old formula and three-quarters of the new formula. In the fourth year, GME payments will be made based entirely on the new formula.

GME Payment Schedule

Payments from the GME and Primary Care Pools will be made in four equal quarterly amounts by gross adjustment. Payments from the Dental & Podiatry Pool will be made once annually.

Manual Maintenance

Retain this bulletin for future reference.

Questions

Any questions regarding this bulletin should be directed to Provider Support, 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 telephone toll-free 1-800-292-2550.

Approval



Paul Reinhart, Director
Medical Services Administration

**Medical/Surgical Hospitals
FY 04 Executive Order Reductions**

Provider I.D.	Hospital Name	Reduction
1558020	Allegan General Hospital	\$17,179
1905520	Battle Creek Health System	\$191,953
1556302	Bay Medical Center	\$171,031
1557918	Bi-County Community Hospital	\$74,192
1558076	Bon Secours Hospital	\$105,197
1557337	Borgess Hospital	\$352,456
1555350	Botsford General Osteopathic Hospital	\$169,077
1557963	Bronson Methodist Hospital	\$710,953
1764299	Bronson Vicksburg Hospital	\$178
1556625	CareLink of Jackson	\$14,549
1557936	Caro Community Hospital	\$2,250
1558030	Central Michigan Community Hospital	\$46,580
1557598	Charlevoix Area Hospital	\$23,156
1557767	Cheboygan Memorial Hospital	\$25,875
1558129	Chelsea Community Hospital	\$5,096
1776852	Chippewa War Memorial Hospital	\$45,289
1557702	Clinton Memorial Hospital	\$3,071
1556886	Community Hospital - Watervliet	\$25,678
1555860	Covenant Medical Center, Inc.	\$566,526
1558094	Crittenton Hospital	\$44,446
1557570	Deckerville Community Hospital	\$287
1557800	Eaton Rapids Medical Center	\$1,953
1945516	Emma L. Bixby Hospital	\$60,813
1556545	Francis Bell Memorial Hospital	\$10,904
1558100	Garden City Osteopathic Hospital	\$163,916
2941988	Genesys Reg. Med Ctr - Flint Osteo Campus	\$300,203
1557097	Gerber Memorial Hospital	\$35,467
2668036	Grand View Hospital	\$10,673
1557275	Hackley Hospital	\$110,247
1556465	Harbor Beach Community Hospital	\$629
1556400	Hayes Green Beach Memorial Hospital	\$23,701
1892495	Henry Ford Wyandotte Hospital	\$154,792
1556080	Herrick Memorial Hospital, Inc.	\$11,351
1555806	Hills & Dales General Hospital	\$4,639
1556492	Hillsdale Community Health Center	\$27,630
1898523	Holland Community Hospital	\$123,410
1555833	Huron Memorial Hospital	\$18,881
1557758	Ionia County Memorial Hospital	\$13,126
1557220	Iron County General Hospital	\$12,878
1556607	Keweenaw Memorial Medical Center	\$11,831
2715477	Kindred Hospital - Detroit	\$53,875
3393322	Kindred Hospital - Metro Detroit	\$491
1555548	Lakeland Hospital - St. Joseph	\$323,518
1696161	Lakeshore Community Hospital	\$21,604
1774482	Lapeer Regional Hospital	\$72,286
1555987	Lee Memorial Hospital	\$15,791
1555735	Marlette Community Hospital	\$4,631

**Medical/Surgical Hospitals
FY 04 Executive Order Reductions**

Provider I.D.	Hospital Name	Reduction
1556634	Marquette General Hospital	\$183,856
1555717	McKenzie Memorial Hospital	\$14,046
1556189	McLaren General Hospital	\$117,800
1557687	Memorial Healthcare	\$55,054
1556026	Memorial Medical Center of West Michigan	\$52,813
1556053	Mercy General Health Partners	\$155,005
1558737	Mercy Hospital - Cadillac	\$117,998
1555753	Mercy Hospital - Grayling	\$52,350
1557604	Mercy Hospital - Port Huron	\$59,588
1555600	Mercy Memorial Hospital	\$107,149
1557201	Metropolitan Hospital - Grand Rapids	\$82,285
1557883	Mid-Michigan Medical Center-Gladwin	\$11,189
1555771	Mid-Michigan Reg. Med. Ctr - Midland	\$148,800
1557640	Mid-Michigan Medical Center-Clare	\$58,342
1556035	Mt. Clemens General Osteopathic Hospital	\$311,759
1555520	Munising Memorial Hospital	\$2,243
1555904	Munson Medical Center	\$406,340
1557622	North Oakland Medical Center	\$307,029
1557130	North Ottawa Community Hospital	\$23,689
1557088	Northern Michigan Hospitals, Inc.	\$200,182
1557079	Oaklawn Hospital	\$26,292
1557589	Otsego County Memorial Hospital	\$23,010
1557239	Pennock Hospital	\$36,675
1557696	Pontiac Osteopathic Hospital	\$131,721
1557730	Port Huron Hospital	\$120,471
1556948	Portage Health Systems	\$18,682
1557829	Providence Hospital	\$284,408
4146700	SCCI Hospital - Detroit	\$563
1557248	Scheurer Hospital	\$4,658
1557346	Sheridan Community Hospital	\$3,067
3319030	Southeast Michigan Surgical Hospital	\$2,586
1556993	Spectrum Health	\$1,641,619
1936357	Spectrum Health - Reed City Campus	\$14,524
1556895	St. Francis Hospital	\$53,571
1557856	St. John - North Shores Hospital	\$1,030
1557892	St. John Detroit Riverview Hospital	\$466,638
1556975	St. John Hospital	\$986,801
1557524	St. John Macomb Hospital	\$138,627
1556250	St. John Northeast Community Hospital	\$46,929
1557945	St. John Oakland Hospital	\$78,100
1557909	St. John River District Hospital	\$26,598
2688558	St. Joseph Mercy Hospital & Health Services	\$96,360
2661616	St. Joseph Mercy Livingston Hospital	\$60,278
1557506	St. Joseph Mercy Oakland	\$265,159
2767938	St. Joseph Mercy Saline Hospital	\$2,140
4200538	St. Mary Mercy Hospital	\$54,911
1555889	St. Mary's Medical Center - Saginaw	\$156,371

**Medical/Surgical Hospitals
FY 04 Executive Order Reductions**

Provider I.D.	Hospital Name	Reduction
1556518	St. Mary's Mercy Medical Center (Grand Rapids)	\$272,566
1556090	Standish Community Hospital	\$5,809
1556133	Tawas St. Joseph Hospital	\$19,874
1556349	W.A. Foote Memorial Hospital	\$163,621
1556714	William Beaumont Hospital - Royal Oak	\$606,746
1555379	William Beaumont Hospital - Troy	\$90,604
1556572	Zeeland Community Hospital	\$12,216
	TOTAL	\$12,565,001

Rehabilitation Distinct Part Units and Hospitals
FY 04 Executive Order Reductions

Provider I.D.	Hospital Name	Reduction
2778539	Bay Medical Center	\$2,533
2982640	Bi-County Community Hospital	\$2,710
2948737	Borgess Hospital	\$5,865
2774905	Botsford General Osteopathic Hospital	\$694
2774914	Bronson Vicksburg Hospital	\$7,919
2774923	Chelsea Community Hospital	\$600
2885397	Community Hospital - Watervliet	\$4,563
2775368	Covenant Medical Center, Inc.	\$6,877
3136639	Crittenton Hospital	\$1,756
2774997	Garden City Osteopathic Hospital	\$1,240
2942018	Genesys Reg. Med Ctr - Flint Osteo Campus	\$8,906
2930222	Gratiot Community Hospital	\$248
2775036	Hackley Hospital	\$3,093
2775410	Henry Ford Wyandotte Hospital	\$1,881
2775054	Herrick Memorial Hospital, Inc.	\$1,575
2779071	Lakeland Hospital - St. Joseph	\$851
3296712	Marlette Community Hospital	\$548
2775090	Marquette General Hospital	\$218
1556008	Mary Free Bed Guild	\$125,040
2837934	McLaren General Hospital	\$900
2982630	Mercy General Health Partners	\$2,877
2775205	Mercy Hospital - Port Huron	\$2,672
2775223	Metropolitan Hospital - Grand Rapids	\$11,461
2775250	Mid Michigan Reg. Med. Ctr - Midland	\$3,080
2775279	Munson Medical Center	\$13,485
2837175	Oakland Regional Hospital	\$9,461
4227602	Pontiac Osteopathic Hospital	\$5,126
2775475	Providence Hospital	\$5,572
3205745	Rogers City Rehabilitation Hospital	\$5,897
1556779	Southwestern Michigan Rehabilitation	\$5,654
2775321	St. John - North Shores Hospital	\$17,001
1557892	St. John Detroit Riverview Hospital	\$7,822
2775081	St. John Macomb Hospital	\$9,132
2912135	St. John Northeast Community Hospital	\$2,588
2775340	St. Joseph Mercy Hospital & Health Services	\$7,371
2786165	St. Joseph Mercy Oakland	\$2,855
2775401	William Beaumont Hospital - Royal Oak	\$5,097
	TOTAL	\$295,168

Michigan Department of Community Health
FY 04 GME Reductions

Provider I.D.	Hospital Name	Reduction
1558076	Bon Secours Hospital	\$25,423
1557678	Carson City Osteopathic Kingswood Psychiatric Hospital	\$15,040 \$8,962
1555771	Mid Michigan Reg. Med. Ctr - Midland	\$27,807
1557622	North Oakland Medical Center	\$108,022
1558236	Oakwood Annapolis Hospital	\$3,326
1557524	St. John Macomb Hospital	\$5,980
1557909	St. John River District Hospital	\$251
1557506	St. Joseph Mercy Oakland	\$133,468
1556714	William Beaumont Hospital - Royal Oak	\$255,159
1555379	William Beaumont Hospital - Troy	\$9,966
	Totals	\$593,404