

Michigan Department of Community Health

Bulletin: MSA 05-38

Distribution: Hospital

Issued: July 22, 2005

Subject: Reduction in Hospital Payments, Executive Order (EO) Reductions and Graduate Medical Education (GME) Reductions

Effective: August 22, 2005

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

In an effort to address budget shortfalls identified in fiscal year 2005, the Michigan Department of Community Health (MDCH) is implementing the hospital payment reductions described below.

Due to the need to achieve significant savings during the current fiscal year, the public comment portion of the policy promulgation process is being conducted concurrently with the implementation of reductions. Any interested party wishing to comment on the changes may do so by submitting them in writing to:

Brian Keisling
Michigan Department of Community Health
Actuarial Division
P.O. Box 30479
Lansing, MI 48909-7979
or
e-mail: KeislingB@michigan.gov

If responding by e-mail, please include "Hospital Reduction Policy" in the subject line.

Comments received will be considered for revisions to how reductions implemented by this bulletin will be applied.

Reduction in Hospital Payments

Pursuant to the Governor's Executive Orders (E.O.) No. 2001-09, 2002-22, 2005-07 and to budgetary savings included in Act 349 of 2004, the Michigan Department of Community Health (MDCH) is directed to reduce hospital payments in fiscal year 2005 by \$33,155,900. 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.

E.O. 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, 2002 to September 30, 2003 paid by June 30, 2004. (The same paid claims file used to calculate the hospital MACI payments for fiscal year 2005 will be used to calculate the E.O. reductions.) 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 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 the Governor's Executive Orders (E.O.) No. 2001-09, 2002-22, 2005-07, and to budgetary savings included in Act 349 of 2004, the Michigan Department of Community Health (MDCH) is directed to reduce GME payments to hospitals in fiscal year 2005 by \$20,545,200. The reductions will be made to both the GME Funds Pool and the Primary Care Pool and allocated based on the original size of the pools. The GME Funds Pool will be reduced by \$18,295,500 from \$162,700,000 to \$144,404,500. The Primary Care Pool will be reduced by \$2,249,700 from \$20,000,000 to \$17,750,300. The reductions will be made as a percentage reduction applied to each hospital's fourth quarter fiscal year 2005 GME payments. A list of reductions to hospital GME payments appears as Attachment III to this bulletin.

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 at 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.

Approved

A handwritten signature in black ink that reads "Paul Reinhart". The signature is written in a cursive, flowing style.

Paul Reinhart, Director
Medical Services Administration

**Michigan Department of Community Health
Medical/Surgical Hospitals
FY 05 Executive Order Reductions**

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Attachment I

Provider ID	Hospital Name	Reduction
1558020	Allegan General Hospital	41,455.00
1555314	Alpena General Hospital	84,336.00
1555305	Baraga County Memorial Hospital	6,619.00
1905520	Battle Creek Health System	300,455.00
1556302	Bay Medical Center, Inc.	238,023.00
1556545	Bell Memorial Hospital	22,065.00
1557918	Bi-County Community Hospital	110,782.00
1558076	Bon Secours Hospital	92,999.00
1557337	Borgess Hospital	470,928.00
1555350	Botsford General Hospital	258,737.00
1557963	Bronson Methodist Hospital	1,013,078.00
1556625	CareLink of Jackson	14,037.00
1557936	Caro Community Hospital	3,588.00
1557678	Carson City Osteopathic Hospital	37,530.00
1558030	Central Michigan Community Hospital	75,293.00
1557598	Charlevoix Area Hospital	39,268.00
1557767	Cheboygan Memorial Hospital	53,930.00
1558129	Chelsea Community Hospital	13,790.00
1557810	Children's Hospital of Michigan	1,677,970.00
1776852	Chippewa War Memorial Hospital	44,425.00
1557702	Clinton Memorial Hospital	5,056.00
1557972	Community Health Center of Branch County	50,757.00
1556886	Community Hospital - Watervliet	31,279.00
1555860	Covenant Medical Center, Inc.	774,663.00
1558094	Crittenton Hospital	52,257.00
1557570	Deckerville Community Hospital	58.00
1557720	Detroit Receiving Hospital	1,083,845.00
1556760	Dickinson County Memorial Hospital	45,323.00
1557800	Eaton Rapids Medical Center	1,751.00
1557293	Edward W. Sparrow Hospital	1,164,103.00
1945516	Emma L. Bixby Medical Center	93,274.00
1558100	Garden City Osteopathic Hospital	201,013.00
2941988	Genesys Regional Medical Center	516,583.00
1557097	Gerber Memorial Hospital	50,193.00
2668036	Grand View Hospital	16,173.00
1556240	Gratiot Community Hospital	81,027.00
1557275	Hackley Hospital	168,741.00
1556465	Harbor Beach Community Hospital	111.00
2806132	Harper University Hospital	1,978,633.00
1556400	Hayes Green Beach Memorial Hospital	30,227.00
1557159	Helen Newberry Joy Hospital	4,326.00
1558174	Henry Ford Hospital	1,424,615.00
1892495	Henry Ford Wyandotte Hospital	200,512.00
1556080	Herrick Memorial Hospital, Inc.	20,029.00
1555806	Hills & Dales General Hospital	2,646.00
1556492	Hillsdale Community Health Center	40,362.00
1898523	Holland Community Hospital	145,464.00
1556536	Hurley Medical Center	1,127,303.00
1555833	Huron Memorial Hospital	34,099.00
1736249	Huron Valley - Sinai Hospital	97,507.00

**Michigan Department of Community Health
Medical/Surgical Hospitals
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Provider ID	Hospital Name	Reduction
1555691	Ingham Regional Medical Center	245,718.00
1557758	Ionia County Memorial Hospital	21,989.00
1557220	Iron County General Hospital	7,698.00
1556877	Kalkaska Memorial Health Center	2,476.00
1555673	Kelsey Memorial Health Center	3,159.00
1556607	Keweenaw Memorial Medical Center	15,546.00
2715477	Kindred Hospital - Detroit	6,212.00
1555931	Lake View Community Hospital	5,848.00
1555548	Lakeland Hospital - St. Joseph	362,646.00
1696161	Lakeshore Community Hospital	31,054.00
1774482	Lapeer Regional Hospital	115,143.00
1555987	Lee Memorial Hospital	10,748.00
1555851	Mackinac Straits Hospital	640.00
1555735	Marlette Community Hospital	7,709.00
1556634	Marquette General Hospital	274,715.00
1555717	McKenzie Memorial Hospital	13,997.00
1556189	McLaren Regional Medical Center	166,231.00
1556071	Mecosta County General Hospital	61,929.00
1557687	Memorial Healthcare	68,258.00
1556026	Memorial Medical Center of West Michigan	82,681.00
1556053	Mercy General Health Partners	243,415.00
1558737	Mercy Hospital - Cadillac	112,497.00
1555753	Mercy Hospital - Grayling	65,408.00
1557604	Mercy Hospital - Port Huron	46,649.00
1555600	Mercy Memorial Hospital	124,215.00
1557201	Metropolitan Hospital - Grand Rapids	132,834.00
1557883	Mid Michigan Medical Center-Gladwin	22,936.00
1555771	Mid Michigan Reg. Med. Ctr - Midland	250,843.00
1557640	Mid-Michigan Medical Center-Clare	129,911.00
1556035	Mt. Clemens General Hospital	420,073.00
1555520	Munising Memorial Hospital	2,708.00
1555904	Munson Medical Center	632,435.00
1557622	North Oakland Medical Center	393,349.00
1557130	North Ottawa Community Hospital	33,182.00
1557088	Northern Michigan Hospitals, Inc.	302,562.00
1557079	Oaklawn Hospital	43,832.00
1558236	Oakwood Annapolis Hospital	198,160.00
1555575	Oakwood Heritage Hospital	103,627.00
1556803	Oakwood Hospital and Medical Center	1,089,744.00
1557364	Oakwood Southshore Medical Center	70,329.00
1557186	Ontonagon Memorial Hospital	3,639.00
1557589	Otsego County Memorial Hospital	54,387.00
1557239	Pennock Hospital	62,940.00
1557696	POH Medical Center	133,536.00
1557730	Port Huron Hospital	209,637.00
1556948	Portage Health Systems	36,318.00
1557829	Providence Hospital	422,767.00
1556090	Saint Mary's Standish Community Hospital	3,174.00
4146700	SCCI Hospital - Detroit	4,130.00
1557248	Scheurer Hospital	1,520.00

**Michigan Department of Community Health
 Medical/Surgical Hospitals
 FY 05 Executive Order Reductions**

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 Attachment I

Provider ID	Hospital Name	Reduction
1556984	Schoolcraft Memorial Hospital	3,817.00
1557346	Sheridan Community Hospital	2,359.00
1557210	Sinai-Grace Hospital	1,180,066.00
1556910	South Haven Community Hospital	34,666.00
3319030	Southeast Michigan Surgical Hospital	1,896.00
1556993	Spectrum Health	2,263,857.00
1936357	Spectrum Health - Reed City Campus	15,877.00
1556895	St. Francis Hospital	56,411.00
1557856	St. John - North Shores Hospital	254.00
1557892	St. John Detroit Riverview Hospital	559,507.00
1556975	St. John Hospital and Medical Center	1,313,910.00
1557524	St. John Macomb Hospital	246,003.00
1557945	St. John Oakland Hospital	164,835.00
1557909	St. John River District Hospital	51,080.00
1557023	St. Joseph Mercy Hospital - Ann Arbor	470,162.00
2688558	St. Joseph Mercy Hospital & Health Services	148,165.00
2661616	St. Joseph Mercy Livingston Hospital	74,451.00
1557506	St. Joseph Mercy Oakland	353,799.00
2767938	St. Joseph Mercy Saline Hospital	2,953.00
4200538	St. Mary Mercy Hospital	70,409.00
1556518	St. Mary's Health Care (Grand Rapids)	357,704.00
1555889	St. Mary's Medical Center - Saginaw	267,113.00
1556410	Sturgis Memorial Hospital	58,674.00
1556133	Tawas St. Joseph Hospital	22,159.00
1556456	Three Rivers Area Hospital	44,642.00
4476733	United Community Hospital	819.00
1556367	United Memorial Health Center	49,472.00
1556483	University of Michigan Health System	2,255,467.00
1556349	W.A. Foote Memorial Hospital	249,965.00
1555870	West Branch Regional Medical Center	42,913.00
1556474	West Shore Medical Center	33,260.00
1556714	William Beaumont Hospital - Royal Oak	948,391.00
1555379	William Beaumont Hospital - Troy	140,118.00
1556572	Zeeland Community Hospital	15,064.00
		32,396,630.00

**Michigan Department of Community Health
Rehabilitation Distinct Part Units and Hospitals
FY 05 Executive Order Reductions**

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Attachment II

Provider ID	Hospital Name	Reduction
2778539	Bay Medical Center, Inc.	4,614.00
2982640	Bi-County Community Hospital	15,343.00
2948737	Borgess Hospital	7,645.00
2774905	Botsford General Hospital	2,458.00
2774914	Bronson Vicksburg Hospital	14,856.00
2774923	Chelsea Community Hospital	497.00
2788624	Children's Hospital of Michigan	28,732.00
2885397	Community Hospital - Watervliet	11,394.00
2774932	Cottage Hospital of Grosse Pointe	1,912.00
2775368	Covenant Medical Center, Inc.	6,484.00
3136639	Crittenton Hospital	1,490.00
2775312	Edward W. Sparrow Hospital	16,703.00
2774997	Garden City Osteopathic Hospital	2,772.00
2942018	Genesys Regional Medical Center	5,572.00
2930222	Gratiot Community Hospital	2,407.00
2775036	Hackley Hospital	4,637.00
2775288	Healthsource Saginaw	9,943.00
2775410	Henry Ford Wyandotte Hospital	11,185.00
2775054	Herrick Memorial Hospital, Inc.	458.00
3091976	Hurley Medical Center	35,849.00
2775072	Ingham Regional Medical Center	2,470.00
2779071	Lakeland Hospital - St. Joseph	7,928.00
2775090	Marquette General Hospital	6,294.00
1556008	Mary Free Bed & Rehabilitation Center	127,890.00
3314703	Memorial Healthcare	1,048.00
2982630	Mercy General Health Partners	3,294.00
2775205	Mercy Hospital - Port Huron	1,383.00
2775223	Metropolitan Hospital - Grand Rapids	1,162.00
2775250	Mid Michigan Reg. Med. Ctr - Midland	2,273.00
2775279	Munson Medical Center	19,844.00
2775493	North Oakland Medical Center	381.00
4369564	Northern Michigan Hospitals, Inc.	5,892.00
2837175	Oakland Regional Hospital	8,480.00
2783092	Oakwood Heritage Hospital	15,054.00
4227602	POH Medical Center	5,761.00
2775475	Providence Hospital	4,468.00
1557542	Rehabilitation Institute	179,664.00
3205745	Rogers City Rehabilitation Hospital	5,875.00
2776196	Sinai-Grace Hospital	26,088.00
1556779	Southwest Regional Rehabilitation Hospital	5,022.00
2775321	St. John - North Shores Hospital	13,211.00
4643582	St. John Detroit Riverview Hospital	6,598.00
2775081	St. John Macomb Hospital	6,899.00
2803776	St. Joseph Mercy Hospital - Ann Arbor	42,164.00
2775340	St. Joseph Mercy Hospital & Health Services	3,028.00
2786165	St. Joseph Mercy Oakland	1,586.00
2801931	Three Rivers Area Hospital	3,884.00
2775377	University of Michigan Health System	63,392.00
2775401	William Beaumont Hospital - Royal Oak	3,286.00
		759,270.00

**Michigan Department of Community Health
Graduate Medical Education
FY 05 Executive Order Reductions**

MSA 05-38
Attachment III

Provider I.D.	Hospital Name	GME Funds Pool Reduction	Primary Care Pool Reduction	Total Reduction
1556302	Bay Medical Center	10,820	6,621	17,441
1557918	Bi-County Community Hospital	50,479	13,465	63,944
1558076	Bon Secours Hospital	13,425	11,247	24,672
1557337	Borgess Hospital	155,971	39,206	195,177
1555350	Botsford General Osteopathic Hospital	184,465	39,405	223,870
1557963	Bronson Methodist Hospital	271,249	42,092	313,341
1557678	Carson City Osteopathic Hospital	10,322	6,140	16,462
1557810	Children's Hospital of Michigan	3,363,789	329,394	3,693,183
1557972	Community Health Center	7,399	5,411	12,810
1555860	Covenant Medical Center, Inc.	177,424	40,542	217,966
1557720	Detroit Receiving Hospital	1,557,889	53,362	1,611,251
1557293	Edward W. Sparrow Hospital	474,329	72,147	546,476
1558100	Garden City Osteopathic Hospital	75,293	24,515	99,808
2941988	Genesys Reg. Med Ctr - Flint Osteo Campus	196,718	74,723	271,441
2806132	Harper University Hospital	1,779,455	181,048	1,960,503
1558174	Henry Ford Hospital	1,718,575	119,022	1,837,597
1892495	Henry Ford Wyandotte Hospital	36,064	7,799	43,863
1556536	Hurley Medical Center	617,761	154,301	772,062
1736249	Huron Valley - Sinai Hospital	10,835	4,985	15,820
1555691	Ingham Regional Medical Center	80,730	31,367	112,097
1738056	Kingswood Psychiatric Hospital	35,292	-	35,292
1556634	Marquette General Hospital	39,788	10,383	50,171
1556189	McLaren General Hospital	90,428	33,434	123,862
1556053	Mercy General Health Partners	26,804	20,688	47,492
1557201	Metropolitan Hospital - Grand Rapids	63,321	47,069	110,390
1555771	Mid Michigan Reg. Med. Ctr - Midland	26,558	14,210	40,768
1556035	Mt. Clemens General Osteopathic Hospital	129,375	33,037	162,412
1555904	Munson Medical Center	21,235	8,300	29,535
1557622	North Oakland Medical Center	111,886	24,322	136,208
1558236	Oakwood Annapolis Hospital	2,371	267	2,638
1556803	Oakwood Hospital and Medical Center	217,528	54,762	272,290
1557696	POH Medical Center	240,629	33,735	274,364
1557829	Providence Hospital	167,063	52,013	219,076
1557542	Rehabilitation Institute	27,427	224	27,651
1557210	Sinai-Grace Hospital	1,092,703	156,129	1,248,832
1556993	Spectrum Health	650,134	81,649	731,783
1557892	St. John Detroit Riverview Hospital	210,517	49,042	259,559
1556975	St. John Hospital	526,681	71,910	598,591
1557524	St. John Macomb Hospital	4,058	2,880	6,938
1557945	St. John Oakland Hospital	194,421	16,912	211,333
1557909	St. John River District Hospital	181	197	378
1557023	St. Joseph Mercy Hospital - Ann Arbor	122,930	22,099	145,029
1557506	St. Joseph Mercy Oakland	113,979	34,678	148,657
1556518	St. Mary's Health Care	118,308	29,424	147,732
1555889	St. Mary's Medical Center - Saginaw	55,163	6,031	61,194
1556483	University Health System	2,911,595	136,600	3,048,195
1556714	William Beaumont Hospital - Royal Oak	294,999	46,818	341,817
1555379	William Beaumont Hospital - Troy	7,134	6,095	13,229
Totals		18,295,500	2,249,700	20,545,200