

Bulletin Number: MSA 06-85

Distribution: Hospitals

Issued: December 28, 2006

Subject: Graduate Medical Education Pools Size Reduction and Adjusted FTEs Methodological Update

Effective: January 28, 2007

Programs Affected: Medicaid

Background

In its fiscal year 2007 legislative appropriation, Public Act 330 of 2006, the Michigan Department of Community Health was directed to reduce the size of its fee-for-service Graduate Medical Education (GME) pools. This bulletin is being issued to satisfy this requirement.

Pool Size Reduction

In State fiscal year 2007, the size of the GME pools will be reduced by \$75,000,000 (from \$168,954,800 to \$93,954,800). The reductions will apply to both the GME Funds Pool and the Primary Care Pool, and will be done proportionally based on the original size of each pool. The GME Funds Pool will be reduced by \$66,789,800 (from \$150,459,500 to \$83,669,700). The Primary Care Pool will be reduced by \$8,210,200 (from \$18,495,300 to \$10,285,100). The reductions will be reflected in GME payments made during the second through fourth quarters of fiscal year 2007.

In State fiscal year 2008 and beyond, the size of the GME pools will be reduced by an additional \$25,000,000 to reflect an annualized fiscal year 2007 reduction. The reductions will apply to both the GME Funds Pool and the Primary Care Pool, and will be done proportionally based on the fiscal year 2007 size of each pool. The GME Funds Pool will be reduced by \$22,263,300 (from \$83,669,700 to \$61,406,400). The Primary Care Pool will be reduced by \$2,736,700 (from \$10,285,100 to \$7,548,400). The reductions will be reflected in GME payments made during all four quarters.

Adjusted FTEs Methodological Update

The formulas used to calculate hospitals' Adjusted FTEs are being revised to include only Medicaid fee-for-service data. The current formulas utilize both Medicaid fee-for-service and managed care data. The new Adjusted FTEs formulas are found below.

- GME Funds Pool Adjusted FTEs = $FTEs \times Casemix \text{ (Hospital's FFS Title V \& Title XIX Days / Hospital's Total Days)}$
- Primary Care Pool Adjusted = $FTEs \text{ (Hospital's FFS Title V \& Title XIX Outpatient Charges / Hospital's Total Outpatient Charges)}$

The second component of each pool's formula will remain the same. Each hospital's share of each pool will be computed using the following formula.

- $\text{Pool Size} \times (\text{Adjusted FTEs} / \sum \text{Adjusted FTEs}) = \text{Hospital's Distribution}$

Manual Maintenance

Retain this bulletin until the information has been incorporated into the Michigan Medicaid Provider 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 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



Paul Reinhart, Director
Medical Services Administration