



STATE OF MICHIGAN

DEPARTMENT OF COMMUNITY HEALTH
LANSING

JENNIFER M. GRANHOLM
GOVERNOR

JANET OLSZEWSKI
DIRECTOR

June 18, 2007

FIRST NAME, LAST NAME
TITLE
HOSPITAL
ADDRESS LINE 1
ADDRESS LINE 2
CITY, STATE ZIP CODE

Dear Hospital Financial Officer:

The Michigan Department of Community Health (MDCH) is preparing to implement the Hospital Rate Adjustment (HRA) process for State Fiscal Year 2008 (October 1, 2007 – September 30, 2008). The initiative began in January of 2007 when MDCH received federal approval to increase capitation payments to Medicaid Managed Care Organizations (MCOs). The MCOs in turn provide additional reimbursement to hospitals for inpatient and outpatient services for Medicaid beneficiaries. To continue to accurately calculate these reimbursement amounts for State Fiscal Year 2008, it is necessary for the Medical Services Administration (MSA) to collect additional historical payment information from all hospitals. This letter describes the process necessary to collect the data.

Currently hospitals provide Medicaid MCO utilization and payment data to MSA in their annual cost report. The information is included in the MCO section of the Michigan Medicaid Forms. Consistent with the HRA process established for State Fiscal Year 2007, this historical MCO payment information will continue to be used as the basis for calculating the distribution of State Fiscal Year 2008 HRA payments. To calculate this distribution precisely, the payment data currently provided will again need to be broken out at the MCO level (it is currently aggregated for all MCO payments to your facility). Please note that only inpatient and outpatient **payment** data need to be disaggregated by MCO for this data request. MCO data related to **days** and **charges** do not need to be disaggregated.

The attached MCO Payment Summary Template must be completed by your hospital and returned to MSA **by Friday, July 13, 2007**. The inpatient and outpatient MCO payment totals on the template should match those submitted to MSA on your Michigan Medicaid Forms for your hospital Fiscal Year ending during State Fiscal Year 2006 (between October 1, 2005 and September 30, 2006). They are located on the following lines:

- MCO IP Summary – Title XIX
 - Med Surg – Line 12, MCO Program Payments Received
 - Rehab Per Diem – Line 12, MCO Program Payments Received
- MCO Outpatient OP Summary – Title XIX
 - Outpatient – Line 2, Program MCO OP Payments
 - Rehab Per Diem (OP) – Line 2, Program MCO OP Payments

Your hospital may pursue one of the following two options when completing the template:

1. Complete the template with inpatient and outpatient payment amounts from all applicable MCOs that sum up to the amounts reported on the current version of the cost report your facility filed in State Fiscal Year 2006 (on the lines reflected above).

2. If you determine that the inpatient and outpatient MCO payments that you previously reported are inaccurate, you must amend your cost report with the revised information. The MCO Payment Summary Template must then be completed with inpatient and outpatient payment amounts from all applicable MCOs that sum up to these revised amounts. If you choose to revise your cost report, both the revised cost report and the MCO Payment Summary Template must be filed by **Friday, July 13, 2007.**

MSA fully expects that your MCO Payment Summary Template totals will match the totals on either your original or (if applicable) revised cost report. However, if for some reason the totals do not reconcile, MSA will assume that the lower totals are correct. This will be implemented in the following manner when calculating the distribution of State Fiscal Year 2008 HRA payments:

1. If the MCO payment amounts on your cost report are less than the total amounts submitted on your MCO Payment Summary Template, the disaggregated MCO specific data that you submitted on your MCO Payment Summary Template will be prorated downward so that the totals are consistent with the cost report.
2. If the MCO payment amounts on your cost report exceed the total amounts submitted on your MCO Payment Summary Template, the disaggregated MCO specific data that you submitted on your MCO Payment Summary Template will be used despite this discrepancy. In other words, the MCO Payment Summary Template totals will NOT be prorated upward so that the totals are consistent with the cost report.

An electronic copy of the MCO Payment Summary Template can be found on the MDCH website at: <http://www.michigan.gov/mdch> >> Providers >> Information for Medicaid Providers >> Provider Specific Information >> Hospital – Inpatient. Please submit the completed template electronically to Paul Abid at AbidP@michigan.gov in MS Excel format. **Should an amendment to your cost report be necessary, please submit through the normal cost report amendment process.**

Thank you in advance for your prompt attention to this request. For this analysis to be complete and accurate, it is imperative that MSA receive all necessary data by the **Friday, July 13, 2007** deadline. Please contact Paul Abid at (517) 241-9826 or via email if you have any questions.

Sincerely,



Richard Miles, Director
Actuarial Division
Medical Services Administration

Attachment

Medicaid Managed Care Organization Payment Summary Template

Hospital Name:
Medicare #:
FYE:
Contact Person:
E-mail Address:
Phone Number:

MCO Codes	MCO Name	IP MCO Payments	IP Rehab MCO Payments	OP MCO Payments	OP Rehab MCO Payments
02	CAPE Health Plan				
04	Community Choice Michigan				
05	Great Lakes Health Plan				
06	Health Plan of Michigan				
07	HealthPlus Partners, Inc.				
08	M-Caid HMO				
09	McLaren Health Plan				
10	Midwest Health Plan, Inc.				
11	Molina Healthcare of Michigan				
12	OmniCare Health Plan				
13	PHP of Mid-Michigan-Family Care				
14	PHP of SW Michigan				
15	PHP South Michigan – FamilyCare				
16	Priority Health Government Programs, Inc.				
18	Total Health Care				
19	Upper Peninsula Health Plan				
99	Out State / Other				
	Total MCO Payments	\$0	\$0	\$0	\$0

Instructions:

1. Supply identifying information in box at top of page.
2. Supply payment amounts by distinct MCO and distinct inpatient and outpatient payment type.
3. **Total MCO Payment** amounts must reconcile to MCO payments reported on Michigan Medicaid Forms for your hospital fiscal year ending between October 1, 2005 and September 30, 2006. See attached letter for additional details.
4. If **Total MCO Payment** amounts differ from MCO payments reported on your Michigan Medicaid Forms, your hospital must amend its cost report through the normal cost report amendment process by Friday, July 13, 2007.
5. Submit this template electronically in MS Excel format to Paul Abid at AbidP@michigan.gov.
6. If you have more than one cost report for the time period, please submit a separate template for each cost report.

INFORMATION MUST BE SUBMITTED BY FRIDAY, JULY 13, 2007