



STATE OF MICHIGAN
DEPARTMENT OF COMMUNITY HEALTH
LANSING

JENNIFER M. GRANHOLM
GOVERNOR

JANET OLSZEWSKI
DIRECTOR

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Dear Hospital Providers and Medicaid Health Plans (MHPs):

The purpose of this letter is to clarify existing policy on payer responsibility for beneficiaries that have a change in enrollment status during an episode of care. Specifically, this letter is seeking to clarify what is defined by an inpatient hospital transfer versus discharge.

Section 4.1 of the Billing and Reimbursement for Institutional Providers Chapter of the Michigan Medicaid Provider Manual states that if a beneficiary is admitted to an inpatient hospital facility and the enrollment status changes during the admission (e.g., a Fee-for-Service (FFS) beneficiary enrolls in a MHP), the payer at the time of admission is responsible for payment for all services provided until the date of discharge. Services provided after discharge are the responsibility of the new payer. If a beneficiary is transferred from one inpatient hospital setting to another inpatient hospital setting the original payer remains responsible for all services until the point of discharge.

For the purposes of this policy, a beneficiary **transfer** is defined as a change from one inpatient hospital setting to another hospital for continued care. Inpatient hospital settings include services provided at an acute care hospital, distinct-unit and freestanding rehabilitation hospitals, and other types of hospitals that provide inpatient services. Note that Michigan Medicaid considers distinct-unit and freestanding rehabilitation hospitals as inpatient settings.

For the purposes of this policy, a beneficiary **discharge** is defined as a discontinuation of inpatient services, whether the beneficiary is discharged to home or to a non-inpatient setting (e.g. skilled nursing facility).

In the event the enrollment status of a Medicaid beneficiary changes (e.g., a FFS beneficiary enrolls in a MHP), new payer responsibility would begin when the patient was discharged, regardless of whether the patient was transferred between inpatient hospital settings.

Should you have questions regarding this policy clarification, please contact the Provider Inquiry Help Line at 1-800-292-2550.

Sincerely,

A handwritten signature in black ink that reads "Paul Reinhart".

Paul Reinhart, Director
Medical Services Administration