

Bulletin Number: MSA 10-57

Distribution: Hospitals

Issued: December 1, 2010

Subject: Graduate Medical Education (GME) Payment Timing and Increase in Allocations to Indigent Care Agreement (ICA), Small Hospital, and Outpatient Uncompensated Care Disproportionate Share Hospital (DSH) Pools

Effective: Upon Federal Approval

Programs Affected: Medicaid

GME Payment Timing

Effective upon federal approval, fiscal year 2011 payments from the GME Funds Pool and the Primary Care Pool will be made on a quarterly basis. Previously these payments had been calculated quarterly and made at the end of the state fiscal year. The change will impact the timing of GME payments only and not the amounts distributed to eligible hospitals.

Increase in Allocations to Small Hospital, Outpatient Uncompensated Care and ICA DSH Pools

In compliance with fiscal year 2011 legislative appropriation (Public Act 187 of 2010), the Michigan Department of Community Health is modifying DSH distributions from the Small Hospital, the Outpatient Uncompensated Care and the ICA DSH pools. These changes are detailed below.

Small Hospital DSH Pool

The Small Hospital Pool will be re-established and will equal \$7,500,000. As specified in Section 1699 (3) of Public Act 187, funds will be distributed to qualifying unaffiliated hospitals and hospital systems that received less than \$900,000 in DSH payments from the Regular \$45 Million DSH Pool in state fiscal year 2008. No payment of less than \$1,000 will be made. The Small Hospital Pool will retain the distribution methodology described in bulletin MSA 10-37 which initially eliminated the Pool.

State fiscal year 2011 payments from the Small Hospital DSH Pool will be made against the fiscal year 2010 Medicaid DSH allocation. As such, they will also count against the fiscal year 2010 individual hospital DSH ceiling calculations comparable to other DSH payments previously made in fiscal year 2010.

Outpatient Uncompensated Care DSH Pool

In accordance with Section 1846 of Public Act 187, the Outpatient Uncompensated Care Pool will be increased on a one-time basis by \$27,000,000 from \$60,000,000 to \$87,000,000. Each component of the Pool (Small and Rural and Large-Urban) will increase from \$30,000,000 to \$43,500,000, and the distribution methodology will be consistent with the methodology currently specified in 7.3.D. of the Medicaid Provider Manual.

This additional \$27,000,000 from the Outpatient Uncompensated Care Pool will be made in state fiscal year 2011 against the fiscal year 2010 Medicaid DSH allocation. It will therefore count against the fiscal year 2010 individual hospital DSH ceiling calculations comparable to the initial \$60,000,000 previously distributed in state fiscal year 2010 from this pool.

As noted above, this increased allocation is occurring on a one-time basis. Therefore, hospitals should anticipate future annual allocations from the Outpatient Uncompensated Care Pool to return to the \$60,000,000 annual level. This includes the state fiscal year 2011 distribution against the fiscal year 2011 Medicaid DSH allocation.

Indigent Care Agreement DSH Pool

The Indigent Care Agreement DSH pool allocation will be \$125,001,655 in state fiscal year 2010 and \$88,518,500 in subsequent fiscal years. The distribution methodology for this pool will be consistent with the methodology currently specified in 7.3.B. of the Medicaid Provider Manual.

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



Stephen Fitton, Director
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