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State/Territory Name: Michigan

State Plan Amendment (SPA) #: MI 18-0010

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, MD 21244-1850



Financial Management Group

December 11, 2018

Ms. Kathy Stiffler
Acting Medicaid Director
State of Michigan, Department of Community Health
400 South Pine Street

RE: Michigan State Plan Amendment (SPA) 18-0010

Dear Mr. Stiffler:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid state plan submitted under transmittal number (TN) 18-0010 effective for services on or after September 15, 2018, this amendment updates the Michigan Department of Health and Human Services Disproportionate Share Hospital (DSH) pool allotment amounts current methodology.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903(a), and 1923 of the Social Security Act and the regulations at 42 CFR 447 Subpart C. We hereby inform you that Medicaid State plan amendment 18-0010 is approved effective September 15, 2018. We are enclosing the HCFA-179 and the amended plan pages.

If you have any questions, please call Tom Caughey at (517) 487-8598.

Sincerely,



Kristin Fan
Director

Enclosure

| | | |
|--|---|-----------------------|
| TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: HEALTH CARE FINANCING ADMINISTRATION | 1. TRANSMITTAL NUMBER: 18 - 0010 | 2. STATE: Michigan |
| | 3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID) TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID) | |
| TO: REGIONAL ADMINISTRATOR HEALTH FINANCING ADMINISTRATION DEPARTMENT OF HUMAN SERVICES | 4. PROPOSED EFFECTIVE DATE September 15, 2018 | |

5. TYPE OF PLAN MATERIAL (Check One):

NEW STATE PLAN AMENDMENT TO BE CONSIDERED AS NEW PLAN AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

| | |
|---|--|
| 6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR 447.201 | 7. FEDERAL BUDGET IMPACT: a. FFY 2018 \$25,912,000 b. FFY 2019 \$25,780,000 |
| 8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-A Page 24c | 9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Attachment 4.19-A Page 24c |

10. SUBJECT OF AMENDMENT:
This SPA provides for a funding increase for the Outpatient Uncompensated Care DSH Pool using the distribution methodology consistent with standing MDHHS policy.

11. GOVERNOR'S REVIEW (Check One):

GOVERNOR'S OFFICE REPORTED NO COMMENT OTHER, AS SPECIFIED:
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED Kathleen Stiffler, Acting Director
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL Medical Services Administration

| | |
|---|--|
| 13. SIGNATURE OF STATE AGENCY OFFICIAL:  | 16. RETURN TO: Medical Services Administration Actuarial Division - Federal Liaison Capitol Commons Center - 7 th Floor 400 South Pine Lansing, Michigan 48933 Attn: Erin Black |
| 13.11) ED NAME: Kathleen Stiffler | |
| 14. TITLE: Acting Director, Medical Services Administration | |
| 15. DATE SUBMITTED: September 27, 2018 | |

| FOR REGIONAL OFFICE USE ONLY | |
|---|---|
| 17. DATE RECEIVED: | 18. DATE APPROVED: DEC 11 2018 |
| PLAN APPROVED - ONE COPY ATTACHED | |
| 19. EFFECTIVE DATE OF APPROVED MATERIAL: SEP 15 2018 | 20. SIGNATURE OF REGIONAL OFFICIAL:  |
| 21. TYPE NAME: Kristin Egan | 22. TITLE: Director, FMO |
| 23. REMARKS: | |

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

Methods and Standards for Establishing Payment Rates
Inpatient Hospital Care

Aggregate DSH expenditures will be made in accordance with Section 1923(g)(1)(A) of the Social Security Act. Prior to computing the amount of payment each individual hospital is eligible to receive from this pool, all other DSH and Medicaid payments that the hospital is scheduled to receive will be counted against the hospital's DSH limit.

g. Outpatient Uncompensated Care DSH Pool

A special pool will be created annually for the purpose of reimbursing hospitals for a portion of their uncompensated care. The pool amount will be ~~\$145,000,000~~ \$185,000,000 in fiscal year 2015 2018 and each subsequent fiscal year. Payments from the pool will be made annually.

In order to qualify for a payment from the Outpatient Uncompensated Care DSH Pool, hospitals must meet the minimum requirements for Medicaid DSH payments as specified in Section H. Funds will be distributed from the Outpatient Uncompensated Care DSH Pool to qualifying Privately-Owned or Operated and Non-State Government-Owned or Operated DSH eligible hospitals in Michigan.

The Outpatient Uncompensated Care DSH Pool will be split into Small and Rural and Large-Urban components as follows:

| Component | FY 2015 2018 and Subsequent Fiscal Years |
|----------------------------|--|
| Small and Rural components | \$45,000,000 \$60,000,000 |
| Large-Urban components | \$100,000,000 \$125,000,000 |
| TOTALS | \$145,000,000 \$185,000,000 |

For purposes of distributions from this pool, any qualifying DSH hospital located in Michigan with less than 100 acute care beds or any qualifying DSH hospital located in a Michigan rural or Micropolitan County will be eligible to receive a proportional share of the Small and Rural components of the pool.

Also for purposes of distributions from this pool, any qualifying DSH hospital with 100 or more acute care beds and located in an urban Michigan county will be eligible to receive a proportional share of the Large-Urban components of the pool.

The distribution of funding from the Outpatient Uncompensated Care DSH Pool will be based on each hospital's proportion of outpatient uncompensated care relative to other hospitals in the pool. The formula below will be used to calculate the distribution of payments from the Outpatient Uncompensated Care DSH Pool.

TN NO.: 18-0010

Approval Date: DEC 11 2018

Effective Date: 9/15/2018

Supersedes
TN No.: 15-0007