

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES

1. TRANSMITTAL NUMBER 23 — 0008	2. STATE MI
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3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT

TO: CENTER DIRECTOR
CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

3. PROPOSED EFFECTIVE DATE
January 6, 2023

5. FEDERAL STATUTE/REGULATION CITATION
42 CFR 447

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 2023 \$0
b. FFY 2024 \$0

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19-B Page 2

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)
Attachment 4.19-B Page 2
(TN# 22-0011)

9. SUBJECT OF AMENDMENT
This SPA establishes Medicaid reimbursement for Rural Emergency Hospitals..

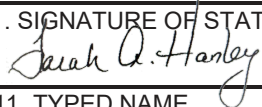
10. GOVERNOR'S REVIEW (Check One)

GOVERNOR'S OFFICE REPORTED NO COMMENT

COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

OTHER, AS SPECIFIED:

11. SIGNATURE OF STATE AGENCY OFFICIAL


11. TYPED NAME
Farah Hanley

12. TITLE
Chief Deputy Director for Health

13. DATE SUBMITTED
March 30, 2023

15. RETURN TO
Behavioral and Physical Health and Aging Services
Administration
Office of Strategic Partnerships & Medicaid Administrative
Services – Federal Liaison
Capitol Commons Center – 7th Floor
400 South Pine
Lansing, Michigan 48933

Attn: Erin Black

FOR CMS USE ONLY

16. DATE RECEIVED

17. DATE APPROVED

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL

19. SIGNATURE OF APPROVING OFFICIAL

20. TYPED NAME OF APPROVING OFFICIAL

21. TITLE OF APPROVING OFFICIAL

22. REMARKS

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

Policy and Methods for Establishing Payment Rates (Other than Inpatient Hospital and Long Term Care Facilities)

3. Outpatient Hospital Services and Other Outpatient Prospective Payment System (OPPS) Reimbursed Facilities

Reimbursement to individual hospitals, including off-campus satellite clinics, RURAL EMERGENCY HOSPITALS, hospital-owned ambulance services, freestanding dialysis centers, comprehensive outpatient rehabilitation facilities (CORFs) and rehabilitation agencies for outpatient services is made in accordance with Medicaid's OPPS. Payments made under OPPS will be calculated utilizing the current Medicare conversion factors/rates with an MDHHS reduction factor (RF) applied to the calculated payment (Medicare fee x RF = Medicaid fee) to maintain statewide budget neutrality. Effective FY 2020, the State will reimburse critical access hospitals using an enhanced OPPS reduction factor. Effective FY 2023, the State will reimburse dental services provided in outpatient hospitals according to the Medicaid fee schedule. The current Michigan Medicaid fee schedule and OPPS reduction factors are available at www.michigan.gov/michicaidproviders.

- a) Monitoring of outpatient hospital expenditures will be conducted and the reduction factor adjusted to maintain statewide budget neutrality. A wage index of 1.0 is applied for all hospitals.
- b) Medicare's APC weights are utilized.
- c) Services paid reasonable cost under OPPS are paid by applying individual hospital cost-to-charge ratios to charges.
- d) Updates of each hospital's outpatient cost-to-charge ratios are done in conjunction with updates of the inpatient operating ratios.
- e) For out of state hospitals, the default cost-to-charge ratio is the average statewide outpatient cost-to-charge ratio.
- f) TO MAINTAIN BUDGET NEUTRALITY, CRITICAL ACCESS HOSPITALS THAT CONVERT TO RURAL EMERGENCY HOSPITALS WILL RETAIN THE ENHANCED OPPS REDUCTION FACTOR FOR REIMBURSEMENT.

When service coverage/reimbursement methodology differences exist between Medicare and Medicaid, Medicaid fee schedules are utilized. The current Michigan Medicaid fee schedule, available at www.michigan.gov/michicaidproviders, is updated to conform to Medicare OPPS and is effective for dates of service on or after October 1, 2022.

TN NO.: 23-0008

Approval Date: _____ Effective Date: 01/06/2023

Supersedes
TN No.: 22-0011

Funding Question Responses
SPA 23-0008, Rural Emergency Hospital
Submitted: March 30, 2023

The following questions should be answered in relation to all payments made to all providers under Attachment 4.19-A of your state plan, including payments made outside of those being amended with this state plan amendment (SPA).

1. Section 1903(a)(1) provides that federal matching funds are only available for expenditures made by states for services under the approved state plan. Do providers receive and retain the total Medicaid expenditures claimed by the state (includes normal per diem, supplemental, enhanced payments, other) or is any portion of the payments returned to the state, local governmental entity, or any other intermediary organization? If providers are required to return any portion of payments, please provide a full description of the repayment process. Include in your response a full description of the methodology for the return of any of the payments, a complete listing of providers that return a portion of their payments, the amount or percentage of payments that are returned and the disposition and use of the funds once they are returned to the state (i.e., general fund, medical services account, etc.)

State Response: Providers receive and retain the total Medicaid expenditures claimed by the State.

2. Section 1902(a)(2) provides that the lack of adequate funds from local sources will not result in lowering the amount, duration, scope, or quality of care and services available under the plan. Please describe how the state share of each type of Medicaid payment (normal per diem, supplemental, enhanced, other) is funded. Please describe whether the state share is from appropriations from the legislature to the Medicaid agency, through intergovernmental transfer agreements (IGTs), certified public expenditures (CPEs), provider taxes, or any other mechanism used by the state to provide state share. Note that, if the appropriation is not to the Medicaid agency, the source of the state share would necessarily be derived through either an IGT or CPE. In this case, please identify the agency to which the funds are appropriated. Please provide an estimate of total expenditure and state share amounts for each type of Medicaid payment. If any of the non-federal share is being provided using IGTs or CPEs, please fully describe the matching arrangement including when the state agency receives the transferred amounts from the local government entity transferring the funds. If CPEs are used, please describe the methodology used by the state to verify that the total expenditures being certified are eligible for federal matching funds in accordance with 42 CFR 433.51(b). For any payment funded by CPEs or IGTs, please provide the following: a complete list of the names of entities transferring or certifying funds; the operational nature of the entity (state, county, city, other); the total amounts transferred or certified by each entity; clarify whether the certifying or transferring entity has general taxing authority; and, whether the certifying or transferring entity received appropriations (identify level of appropriations).

State Response: The proposed changes for this State Plan Amendment relate to Michigan's regular outpatient payments that are supported by state general fund. For reference, the response for Michigan's UPL demonstration that details all outpatient-related payments is included below.

Funding Question Responses
SPA 23-0008, Rural Emergency Hospital
Submitted: March 30, 2023

Regular Outpatient Hospital Payments- Regular outpatient hospital payments made under section 4.19-B are estimated to be \$107.1 million for fiscal year 2020. These payments are supported by state general fund. State funding for these payments is estimated at \$22.2 million for this time period.

Supplemental/Enhanced Payments- Hospital supplemental payments made under section 4.19-B for fiscal year 2020 are estimated to be \$176.5 million. These payments consist of \$170.9 million in Medicaid Access to Care Initiative (MACI) payments and \$5.6 million in Rural Access Pool (RAP) payments. MACI payments are supported by a hospital provider tax. RAP payments are supported by the state general fund. The non-federal share of supplemental/enhanced payments is estimated at \$37.5 million.

3. Does any governmental provider receive payments that in the aggregate (normal per diem, supplemental, enhanced, other) exceed their reasonable costs of providing services? If payments exceed the cost of services, do you recoup the excess and return the federal share of the excess to CMS on the quarterly expenditure report?

State Response: In the aggregate, the payments are under the Medicare upper payment limit. They therefore do not exceed the hospital providers' reasonable costs of providing services. A mechanism has been implemented to recoup and return the federal share of overpayments in the event that overpayment occurs.

Public Notice

Michigan Department of Health and Human Services Behavioral and Physical Health and Aging Services Administration

Rural Emergency Hospital Designation State Plan Amendment Request

The Michigan Department of Health and Human Services (MDHHS) plans to submit a State Plan Amendment (SPA) request to the Centers for Medicare & Medicaid Services (CMS) to establish reimbursement for Rural Emergency Hospitals. The anticipated effective date for the Rural Emergency Hospital reimbursement SPA is January 5, 2023. These changes will be completed in a manner that is budget neutral to the State of Michigan.

There is no public meeting scheduled regarding this notice. Any interested party wishing to request a written copy of the SPA or wishing to submit comments may do so by sending an e-mail to MSADraftPolicy@michigan.gov or submitting a request in writing to: MDHHS/ Behavioral and Physical Health and Aging Services Administration, Program Policy Division, PO Box 30479, Lansing MI 48909-7979 by February 6, 2023. A copy of the proposed State Plan Amendment will also be available for review at : <https://www.michigan.gov/mdhhs/inside-mdhhs/budgetfinance/264/state-plan-amendments> .

RELEASED: January 5, 2023



STATE OF MICHIGAN

DEPARTMENT OF HEALTH AND HUMAN SERVICES
LANSING

GRETCHEN WHITMER
GOVERNOR

ELIZABETH HERTEL
DIRECTOR

January 26, 2023

NAME
TITLE
ADDRESS
CITY STATE ZIP

Dear Tribal Chair and Health Director:

RE: Rural Emergency Hospital Reimbursement

This letter, in compliance with Section 1902(a)(73) and Section 2107(e)(1)(C) of the Social Security Act, serves as notice to all Tribal Chairs and Health Directors of the intent by the Michigan Department of Health and Human Services (MDHHS) to submit a State Plan Amendment (SPA) request to the Centers for Medicare & Medicaid Services (CMS).

Pending CMS approval, MDHHS will establish Medicaid reimbursement for Rural Emergency Hospitals. MDHHS expects that Michigan's Medicaid patient groups, including tribal members, will benefit from maintaining access to rural outpatient hospital care. The anticipated effective date of this SPA is January 5, 2023.

There is no public hearing scheduled for this SPA. Input regarding this SPA is highly encouraged, and comments regarding this notice of intent may be submitted to Lorna Elliott-Egan, MDHHS Liaison to the Michigan tribes. Lorna can be reached at 517-512-4146, or via email at Elliott-EganL@michigan.gov. **Please provide all input by March 13, 2023.**

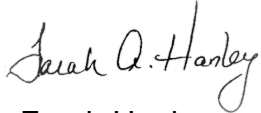
In addition, MDHHS is offering to set up group or individual consultation meetings to discuss the Amendment, according to the tribes' preference. Consultation meetings allow tribes the opportunity to address any concerns and voice any suggestions, revisions, or objections to be relayed to the author of the proposal. If you would like additional information or wish to schedule a consultation meeting, please contact Lorna Elliott-Egan at the telephone number or email address provided above.

MDHHS appreciates the continued opportunity to work collaboratively with you to care for the residents of our state.

L 23-06
January 26, 2023
Page 2

An electronic copy of this letter is available at www.michigan.gov/medicaidproviders >>
Policy, Letters & Forms.

Sincerely,

A handwritten signature in cursive script that reads "Farah A. Hanley".

Farah Hanley
Chief Deputy Director for Health

CC: Keri Toback, CMS
Nancy Grano, CMS
Chasity Dial, CEO, American Indian Health and Family Services of Southeastern
Michigan
Daniel Frye, Director, Indian Health Service - Bemidji Area Office
Lorna Elliott-Egan, MDHHS

Distribution List for L 23-06
January 26, 2023

Ms. Whitney Gravelle, President, Bay Mills Indian Community
Ms. Audrey Breakie, Health Director, Bay Mills (Ellen Marshall Memorial Center)
Mr. David M. Arroyo, Chairman, Grand Traverse Band Ottawa & Chippewa Indians
Ms. Doris Winslow, Health Director, Grand Traverse Band Ottawa/Chippewa
Mr. Kenneth Meshigaud, Tribal Chairman, Hannahville Indian Community
Ms. G. Susie Meshigaud, Health Director, Hannahville Health Center
Ms. Doreen G. Blaker, Tribal President, Keweenaw Bay Indian Community
Ms. Deanna Foucault, Health Director, Keweenaw Bay Indian Community - Donald Lapointe Health/Educ Facility
Mr. James Williams, Jr., Tribal Chairman, Lac Vieux Desert Band of Lake Superior Chippewa Indians
Ms. Sadie Valliere, Health & Human Services Director, Lac Vieux Desert Band
Mr. Larry Romanelli, Ogema, Little River Band of Ottawa Indians
Mr. Daryl Wever, Health Director, Little River Band of Ottawa Indians
Ms. Regina Gasco-Bentley, Tribal Chairman, Little Traverse Bay Band of Odawa Indians
Ms. Jodi Werner, Health Director, Little Traverse Bay Band of Odawa
Mr. Bob Peters, Chairman, Match-E-Be-Nash-She-Wish Potawatomi Indians (Gun Lake Band)
Ms. Kelly Wesaw, Health Director, Match-E-Be-Nash-She-Wish Potawatomi
Mr. Jamie Stuck, Tribal Chairman, Nottawaseppi Huron Band of Potawatomi Indians
Ms. Rosalind Johnston, Health Director, Huron Potawatomi Inc.- Tribal Health Department
Ms. Rebecca Richards, Tribal Chairwoman, Pokagon Band of Potawatomi Indians
Ms. Priscilla Gatties, Interim Health Director, Pokagon Potawatomi Health Services
Ms. Theresa Peters-Jackson, Tribal Chief, Saginaw Chippewa Indian Tribe
Mrs. Karmen Fox, Executive Health Director, Nimkee Memorial Wellness Center
Mr. Austin Lowes, Tribal Chairperson, Sault Ste. Marie Tribe of Chippewa Indians
Mr. Leonid Chugunov, Health Director, Sault Ste. Marie Tribe of Chippewa Indians - Health Center

CC: Keri Toback, CMS
Nancy Grano, CMS
Chasity Dial, CEO, American Indian Health and Family Services of Southeastern Michigan
Daniel Frye, Director, Indian Health Service - Bemidji Area Office
Lorna Elliott-Egan, MDHHS