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State Territory Name: MICHIGAN

State Plan Amendment (SPA) #: 23-0008

This file contains the following documents in the order

listed:1) Approval Letter

2) CMS 179 Form/Summary Form (with 179-like data)

3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services
Center for Medicaid & CHIP Services
233 North Michigan Ave., Suite 600
Chicago, Illinois 60601



Financial Management Group

June 26, 2023

Farah Hanley
Medicaid Director
Medical Services Administrations
400 South Pine Street 7th Floor
Lansing, MI 48933-2250

RE: TN 23-0008

Dear Director Hanley:

We have reviewed the proposed Michigan State Plan Amendment (SPA) to Attachment 4.19-B MI-23-0008, which was submitted to the Centers for Medicare & Medicaid Services (CMS) on March 30, 2023. This plan amendment makes updates for Rural Emergency Hospitals (REH).

Based upon the information provided by the State, we have approved the amendment with an effective date of January 6, 2023. We are enclosing the approved CMS-179 and a copy of the new state plan pages.

If you have any additional questions or need further assistance, please contact Debi Benson at 1-(312)-886-0360 or Deborah.Benson@cms.hhs.gov.

Sincerely,

Todd McMillion

Todd McMillion
Director
Division of Reimbursement Review

Enclosures

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

FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES

1. TRANSMITTAL NUMBER <u>23</u> — <u>0008</u>	2. STATE <u>MI</u>
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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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)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 OTHER, AS SPECIFIED:

COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

11. SIGNATURE OF STATE AGENCY OFFICIAL
Farah Hanley

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 **March 30, 2023**

17. DATE APPROVED
June 26, 2023

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
January 6, 2023

19. SIGNATURE OF APPROVING OFFICIAL
Todd McMillion

20. TYPED NAME OF APPROVING OFFICIAL
Todd McMillion

21. TITLE OF APPROVING OFFICIAL
Director, Division of Reimbursement Review

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/medicaidproviders.

- 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/medicaidproviders, is updated to conform to Medicare OPPS and is effective for dates of service on or after October 1, 2022.