

## **Table of Contents**

**State/Territory Name: Michigan**

**State Plan Amendment (SPA) #: 20-0011**

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



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**Financial Management Group**

January 15, 2021

Ms. Kate Massey  
State Medicaid Director  
State of Michigan, Department of Community Health  
400 South Pine Street  
Lansing, Michigan 48933

RE: Michigan State Plan Amendment (SPA) 20-0011

Dear Ms. Massey:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid state plan submitted under transmittal number (TN) 20-0011 effective for services on or after October 1, 2020. This SPA reallocates general medical education (GME) payment pool amounts. Payments from the GME funds and the Primary Care Pools are made quarterly, in four equal payments.

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 20-0011 is approved effective October 1, 2020. 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,

[Redacted Signature]

For  
Rory Howe  
Acting Director

Enclosure

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL  
FOR: HEALTH CARE FINANCING ADMINISTRATION**

1. TRANSMITTAL NUMBER: <b>20 - 0011</b>	2. STATE: <b>Michigan</b>
3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID) <b>TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)</b>	
4. PROPOSED EFFECTIVE DATE <b>October 1, 2020</b>	

TO: REGIONAL ADMINISTRATOR  
HEALTH FINANCING ADMINISTRATION  
DEPARTMENT OF HUMAN SERVICES

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: <b>42 CFR 447</b>	7. FEDERAL BUDGET IMPACT: a. FFY 2021 \$0 b. FFY 2022 \$0
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: <b>Attachment 4.19-A Page 28 Attachment 4.19-A Page 28a</b>	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT ( <i>If Applicable</i> ):  <b>Attachment 4.19-A Page 28 Attachment 4.19-A Page 28a</b>

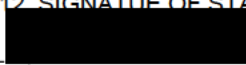
10. SUBJECT OF AMENDMENT:

This SPA will decrease the State of Michigan's fee-for-service Graduate Medical Education (GME) Pool.

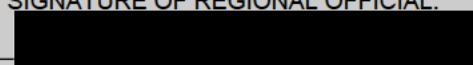
11. GOVERNOR'S REVIEW (*Check One*):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT  
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED  
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒ OTHER, AS SPECIFIED:  
Kate Massey, Director  
Medical Services Administration

12. SIGNATURE OF STATE AGENCY OFFICIAL: 	16. RETURN TO:  Medical Services Administration Actuarial Division - Federal Liaison Capitol Commons Center - 7 <sup>th</sup> Floor 400 South Pine Lansing, Michigan 48933
13. TYPED NAME: Kate Massey	Attn: Erin Black
14. TITLE: Director, Medical Services Administration	
15. DATE SUBMITTED: November 2, 2020	

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED: <b>11/2/2020</b>	18. DATE APPROVED: <b>01/15/21</b>
<b>PLAN APPROVED – ONE COPY ATTACHED</b>	
19. EFFECTIVE DATE OF APPROVED MATERIAL: <b>10/1/2020</b>	20. SIGNATURE OF REGIONAL OFFICIAL:  For
21. TYPE NAME: <b>Rory Howe</b>	22. TITLE: <b>Acting Director, FMG</b>
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**

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Only intern and resident FTEs in approved programs as specified in 42 CFR 413.75 will be eligible for inclusion in the data used to calculate the distribution of the GME Funds and Primary Care Pools.

To distribute funds from the GME Funds and the Primary Care Pools, data will be drawn from accepted hospital cost reports for the most recent fiscal year that data is available. For the GME Funds Pool, the un-weighted full-time-equivalent (FTE) count will be used (line 3.05 from E-3, Part IV). For the Primary Care Pool, the weighted FTE count for primary care physicians will be used (line 3.07 from E-3, Part IV). If the cost report is changed, equivalent data will be used.

Both the hospital and its residency programs must be operating during the funding period in order to receive GME funds. Hospitals must notify the department in writing at least 30 days prior to the termination date of any of its residency programs. Funds distributed to ineligible hospitals are subject to recovery.

GME payments to hospitals that merge during an academic year will be combined, provided that the surviving hospital continues to operate all residency programs that the pre-merger hospitals operated. The surviving hospital must notify the department within 30 calendar days after the merger is completed, of any reductions or terminations to its residency programs. The GME payments to the surviving hospital will be reduced proportionately to the reduction in its GME programs. Over payments to surviving hospitals based on reductions in GME programs are subject to recovery.

#### GME Pool

To calculate each eligible hospital's share of the GME FUNDS Pool the following formulas will be used:

$$FTEs \times Casemix \times (Hospital's Title V \& Title XIX Days / Hospital's Total Days) = Adjusted FTEs$$

$$GME Funds Pool Size \times (Adjusted FTEs / \sum Adjusted FTEs) = Hospital's Distribution$$

In FY 2007, the GME Funds Pool size will be \$83,669,700. For FY 08 through FY 2011, the GME Funds Pool size will be \$61,406,400. For FY 2012, the GME Funds Pool size will be \$52,797,200. For FY 2013 THROUGH FY 2020, the GME Funds Pool size will be \$52,565,600. FOR FY 2021 AND EACH SUBSEQUENT YEAR, THE GME FUNDS POOL SIZE WILL BE \$26,054,100.

#### Primary Care Pool

To calculate each hospital's share of the Primary Care Pool, the following formula will be used:

$$FTEs \times (Hospital's Title V \& Title XIX Outpatient Charges / Hospital's Total Charges) = Adjusted FTEs$$

$$Primary Care Pool Size \times (Adjusted FTEs / \sum Adjusted FTEs) = Hospital's Distribution$$

## STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

### **Methods and Standards for Establishing Payment Rates – Inpatient Hospital Care**

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In FY, 2007 the Primary Care Pool size will be \$10,285,100. For FY 2008 through FY 2011, the Primary Care Pool size will be \$7,548,400. For FY 2012 THROUGH FY 2020, the primary care pool size will be \$10,322,700. FOR FY 2021 AND EACH SUBSEQUENT YEAR, THE PRIMARY CARE POOL SIZE WILL BE \$ \$5,116,400.

#### Definitions/Notes

Title V & Title XIX Days – includes fee-for-service days. Days will include those from distinct-part psychiatric and distinct-part rehabilitation units.

Title V & Title XIX Outpatient Charges – includes fee-for-service outpatient charges. Charges will include those from distinct-part psychiatric units.

Hospital's Case Mix – the sum of the relative weights for all Medicaid admissions divided by the number of Medicaid admissions during the period covered.

# of Hospital Eligible Resident FTEs – for the GME Funds and Primary Care Pools FTE data will be drawn from hospital cost reports as indicated above.

#### GME Payment Schedule

Payments from the GME funds and the Primary Care Pools are made quarterly, in four equal payments. The dental and podiatry pool payment is made once annually during the final quarter of the state fiscal year.

#### GME Innovations Pool

The GME Innovations Pool is established to support innovative GME programs that emphasize the importance of coordinated care, health promotions and psychiatric care in integrated systems. The purpose of this training is to develop the skills and experience necessary to provide psychiatric services utilized by Michigan Medicaid patient groups.

The single state agency will approve three (3) agreements statewide each fiscal year. One agreement will be with Detroit Receiving Hospital for \$8,929,800. The second agreement will be with Hurley Medical Center for \$2,018,078 in FY 2018. In FY 2019 and future years, the agreement will amount to \$4,381,078. The third agreement will be with Pine Rest Christian Mental Health Services. In FY 2017, the agreement will amount to \$3,960,000. In FY 2018, the agreement will amount to \$6,336,000. In FY 2019 and future years, the agreement will amount to \$7,603,200. To be eligible for the pool, a hospital must meet the following criteria:

- The hospital must be a Medicaid enrolled provider.
- The hospital must have in place an approved agreement between itself, a university psychiatric residency training program and one or more community mental health services programs to provide accredited psychiatric residency training.
- The hospital must provide assurances that all training will take place in Michigan and prepare health care professionals to provide care to populations with the special characteristics of Michigan Medicaid patient groups.

#### Upper Payment Limit

In the event that GME distributions would result in aggregate Medicaid payments exceeding the upper payment limit (UPL), the size of the pool(s) and/or additional payments will be reduced to bring aggregate Medicaid payments within the UPL.

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TN NO.: 20-0011

Approval Date: 01/15/21

Effective Date: 10/01/2020

Supersedes

TN No.: 18-0006