

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S3-13-15
Baltimore, Maryland 21244-1850



Center for Medicaid and CHIP Services (CMCS)

Mr. Stephen Fitton, Director
Medical Services Administration
Department of Community Health
400 South Pine
Lansing, MI 48933

MAY 25 2012

RE: Michigan State Plan Amendment (SPA) 11-08

Dear Mr. Fitton:

We have reviewed the proposed amendment to Attachments 4.19-A and 4.19-B of your Medicaid State plan submitted under transmittal number (TN) 11-08. Effective for services on or after July 1, 2011, this amendment brings the State into compliance with Federal requirements with respect to non-payment for provider-preventable conditions.

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 11-08 is approved effective July 1, 2011. We are enclosing the HCFA-179 and the amended plan pages.

If you have any questions, please call Todd McMillion at (608) 441-5344.

Sincerely,

Cindy Mann,
Director (CMCS)

Enclosure

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

1. TRANSMITTAL NUMBER:

11 - 08

2. STATE:

Michigan

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL
SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH FINANCING ADMINISTRATION
DEPARTMENT OF HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
July 1, 2011

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, 434, 438 and 1902(a)(4), 1902(a)(6) and 1903

7. FEDERAL BUDGET IMPACT:

a. FFY 10 \$ -0-

b. FFY 11 \$ -0-

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

HCFA-PM, OMB No. 0938-1136, Page 8766-2
Attachment 4.19-A, Page 1, pg 1a
Attachment 4.19-B, Introduction

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):

Attachment 4.19-A, Page 1
Attachment 4.19-B, Introduction

10. SUBJECT OF AMENDMENT:

This amendment brings the State into compliance with 42 CFR 447, Subpart A, and sections 1902(a)(4), 1902(a)(6) and 1903 with respect to non-payment for provider-preventable conditions.

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:

Stephen Fitton, Director

Medical Services Administration

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

Stephen Fitton

14. TITLE:

Director, Medical Services Administration

15. DATE SUBMITTED:

September 28, 2011

16. RETURN TO:

Medical Services Administration
Actuarial Division - Federal Liaison
Capitol Commons Center - 7th Floor
400 South Pine
Lansing, Michigan 48933

Attn: Loni Hackney

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED

18. DATE APPROVED

MAY 25 2012

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL

JUL - 1 2011

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPE NAME

Penny Thompson

22. TITLE

Deputy Director, CMCS

23. REMARKS

Per check to block 8

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)***

I. Principle

A. Reimbursement Type

The Michigan Medicaid Program in patient reimbursement system is applicable for inpatient hospital services rendered to recipients under the Medicaid and Children's Special Health Care Services programs and to recipients with dual Medicare/Medicaid eligibility.

REIMBURSEMENT FOR INPATIENT SERVICES IS NOT APPLICABLE FOR HOSPITAL-ACQUIRED CONDITIONS (HAC) IDENTIFIED AS NON-PAYABLE BY MEDICARE OTHER THAN DEEP VEIN THROMBOSIS (DVT)/PULMONARY EMBOLISM (PE) FOLLOWING TOTAL KNEE REPLACEMENT OR HIP REPLACEMENT SURGERY IN PEDIATRIC AND OBSTETRIC PATIENTS. THIS APPLIES TO ALL MEDICAID REIMBURSEMENT PROVISIONS CONTAINED IN ATTACHMENT 4.19-A.

MEDICAID HAS ADOPTED MEDICARE'S POLICY ON REPORTING PRESENT ON ADMISSION (POA) INDICATORS ON INPATIENT HOSPITAL CLAIMS AND NON-PAYMENT FOR HOSPITAL ACQUIRED CONDITIONS (HAC). HOSPITALS ARE REQUIRED TO REPORT WHETHER A DIAGNOSIS ON A MEDICAID CLAIM WAS PRESENT ON ADMISSION. CLAIMS SUBMITTED WITHOUT THE REQUIRED POA INDICATORS ARE DENIED. FOR CLAIMS CONTAINING SECONDARY DIAGNOSES CODES THAT ARE INCLUDED ON MEDICARE'S MOST RECENT LIST OF HACs AND FOR WHICH THE CONDITION WAS NOT PRESENT ON ADMISSION, THE HAC SECONDARY DIAGNOSIS WILL NOT BE USED FOR DRG GROUPING AND THE CLAIM WILL BE PAID AS IF A HAC SECONDARY DIAGNOSES WERE NOT PRESENT ON THE CLAIM.

MEDICAID REIMBURSEMENT IS NOT APPLICABLE FOR OTHER PROVIDER-PREVENTABLE CONDITIONS (OPPC) THAT ARE IDENTIFIED AS NON-PAYABLE BY MEDICARE: WRONG SURGICAL OR OTHER INVASIVE PROCEDURE PERFORMED ON A PATIENT; SURGICAL OR OTHER INVASIVE PROCEDURE PERFORMED ON THE WRONG BODY PART; SURGICAL OR OTHER INVASIVE PROCEDURE PERFORMED ON THE WRONG PATIENT. THIS APPLIES TO ALL MEDICAID REIMBURSEMENT PROVISIONS CONTAINED IN ATTACHMENT 4.19-A.

IN COMPLIANCE WITH 42 CFR 447.26(C), THE STATE PROVIDES:

- 1) THAT NO REDUCTION IN PAYMENT FOR A PPC WILL BE IMPOSED ON A PROVIDER WHEN THE CONDITION DEFINED AS A PPC FOR A PARTICULAR PATIENT EXISTED PRIOR TO THE INITIATION OF TREATMENT FOR THAT PATIENT BY THAT PROVIDER.
- 2) THAT REDUCTIONS IN PROVIDER PAYMENT MAY BE LIMITED TO THE EXTENT THAT THE FOLLOWING APPLY:
 - (A) THE IDENTIFIED PPC WOULD OTHERWISE RESULT IN AN INCREASE IN PAYMENT.

MAY 25 2012

TN NO.: 11-08

Approval Date: _____

Effective Date: 07/01/2011

Supersedes
TN No.: 98-08

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)***

(B) THE STATE CAN REASONABLY ISOLATE FOR NONPAYMENT THE PORTION OF THE PAYMENT DIRECTLY RELATED TO TREATMENT FOR, AND RELATED TO, THE PPC.

- 3) ASSURANCE THAT NON-PAYMENT FOR PPCS DOES NOT PREVENT ACCESS TO SERVICES FOR MEDICAID BENEFICIARIES.

Reimbursement to hospitals for inpatient services provided to dual eligible, Medicare/Medicaid recipients will be limited to the Medicare coinsurance and deductible amounts except as noted below. Where Medicare payment has been made, Medicaid will not reimburse hospitals for capital.

Reimbursement to hospitals for inpatient services provided to dual eligible, Medicare/Medicaid recipients, who have exhausted their Medicare Part A coverage, will be made in the same amounts, including capital and direct medical education (through June 30, 1997) as reimbursed for Medicaid-only recipients. Reimbursement for capital and direct medical education (through June 30, 1997) will be made at final settlement.

1. Diagnosis Related Groups

All hospitals participating in the Medical Assistance Program are reimbursed for operating costs based on Diagnosis Related Groups (DRGs). Exceptions are listed below.

2. Prospective Per Diem

The following groups of hospitals or units are reimbursed for operating costs on a prospective per diem basis:

- freestanding rehabilitation hospitals which are excluded from the Medicare prospective payment system (PPS),
- distinct-part rehabilitation units of general hospitals which have been certified by Medicare and excluded from its PPS,
- freestanding psychiatric hospitals which are excluded from the Medicare PPS, and
- distinct-part psychiatric units of general hospitals which have been certified by Medicare and excluded from its PPS.

Services provided to patients in subacute ventilator-dependent units are reimbursed using a prospective per diem rate that includes capital.

3. TEFRA Limited Cost Based

TN NO.: 11-08

Approval Date: MAY 25 2012

Effective Date: 07/01/2011

Supersedes
TN No.: NEW

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

Section 4 – General Program Administration

PROVIDER PAYMENT RATES ARE NOT APPLICABLE FOR OTHER PROVIDER-PREVENTABLE CONDITIONS (OPPC) THAT ARE IDENTIFIED AS NON-PAYABLE AS INDICATED BELOW. THIS APPLIES TO ALL MEDICAID REIMBURSEMENT PROVISIONS CONTAINED IN ATTACHMENT 4.19-B.

NO PAYMENT SHALL BE MADE FOR OTHER PROVIDER-PREVENTABLE CONDITIONS THAT ARE IDENTIFIED AS NON-PAYABLE BY MEDICAID:

- 1) WRONG SURGICAL OR OTHER INVASIVE PROCEDURE PERFORMED ON A PATIENT;
- 2) SURGICAL OR OTHER INVASIVE PROCEDURE PERFORMED ON THE WRONG BODY PART;
- 3) SURGICAL OR OTHER INVASIVE PROCEDURE PERFORMED ON THE WRONG PATIENT.

IN COMPLIANCE WITH 42 CFR 447.26(C), THE STATE PROVIDES:

- 1) THAT NO REDUCTION IN PAYMENT FOR A PROVIDER PREVENTABLE CONDITION (PPC) WILL BE IMPOSED ON A PROVIDER WHEN THE CONDITION DEFINED AS A PPC FOR A PARTICULAR PATIENT EXISTED PRIOR TO THE INITIATION OF TREATMENT FOR THAT PATIENT BY THAT PROVIDER.
- 2) THAT REDUCTIONS IN PROVIDER PAYMENT MAY BE LIMITED TO THE EXTENT THAT THE FOLLOWING APPLY:
 - (A) THE IDENTIFIED PPC WOULD OTHERWISE RESULT IN AN INCREASE IN PAYMENT.
 - (B) THE STATE CAN REASONABLY ISOLATE FOR NONPAYMENT THE PORTION OF THE PAYMENT DIRECTLY RELATED TO TREATMENT FOR, AND RELATED TO, THE PPC.
- 3) ASSURANCE THAT NON-PAYMENT FOR PPCS DOES NOT PREVENT ACCESS TO SERVICES FOR MEDICAID BENEFICIARIES.

THIS APPLIES TO ALL MEDICAID REIMBURSEMENT PROVISIONS CONTAINED IN ATTACHMENT 4.19-B.

Unless otherwise noted, Michigan's Medicaid payment rates are uniform for private and governmental providers. The Michigan Medicaid fee schedule effective for dates of service on or after July 1, 2009 may be found at www.michigan.gov/medicaidproviders.

Payment rates modified July 1, 2009:

Individual Practitioner Services

Attachment 4.19-B, pages 1 thru 1.b.1

Physicians
Ophthalmologists
Oral Surgeons
Podiatrists
Physician's Assistants
Nurse Practitioners
Certified Nurse Midwives
Physician Services /Anesthesia

Attachment 4.19-B, pages 1 thru 1.b.1

TN NO.: 11-08

Approval Date: _____

MAY 25 2012

Effective Date: 07/01/2011

Supersedes

TN No.: 09 - 20

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

Section 4 – General Program Administration

Family Planning Clinics	Attachment 4.19-B, pages 1 thru 1.b.1
Hearing and Speech Centers	Attachment 4.19-B, pages 1 thru 1.b.1
Optometrists	Attachment 4.19-B, pages 1 thru 1.b.1
Pharmacy	Attachment 4.19-B, page 1c
Home Health Providers	Attachment 4.19-B, page 2c
Medical Suppliers	Attachment 4.19-B, page 2c.2
Oxygen	Attachment 4.19-B, page 2c.2
Prosthetic Devices	
Hearing Aids	Attachment 4.19-B, page 3
Cochlear Implant	Attachment 4.19-B, page 3
Shoe Store	Attachment 4.19-B, page 3
Eyeglasses/Optical house services/opticians	Attachment 4.19-B, page 3.1
Maternal Support Services	Attachment 4.19-B, page 5
Certified Registered Nurse Anesthetists/Anesthesia	Attachment 4.19-B, page 5a
Ambulance	Attachment 4.19-B, page 6e
Clinical Laboratory	Attachment 4.19-B, page 13

TN NO.: 11-08

Approval Date: **MAY 25 2012**

Effective Date: 07/01/2011

Supersedes
TN No.: NEW

MICHIGAN MEDICAID STATE PLAN

Revision: HCFA-PM

(MB)

OMB No.: 0938-1136

State Territory: Michigan

Citation

42 CFR 447, 434, 4.19(n) Payment Adjustment for Provider Preventable Conditions
438 and
1902(a)(4),
1902(a)(6) and
1903

The Medicaid agency meets the requirements of 42 CFR Part 447, Subpart A, and sections 1902(a)(4), 1902(a)(6), and 1903 with respect to non-payment for provider-preventable conditions.

Health Care-Acquired Conditions

The State identifies the following Health Care-Acquired Conditions for non-payment under Section 4.19-A

- ☒ Hospital-Acquired Conditions as identified by Medicare other than Deep Vein Thrombosis (DVT)/Pulmonary Embolism (PE) following total knee replacement or hip replacement surgery in pediatric and obstetric patients.

Other Provider-Preventable Conditions

The State identifies the following Other Provider-Preventable Conditions for non-payment under Section 4.19-B

- ☒ Wrong surgical or other invasive procedure performed on a patient; surgical or other invasive procedure performed on the wrong body part; surgical or other invasive procedure performed on the wrong patient.

TN No.: 11-08

Approval Date MAY 25 2012

Effective Date: 07/01/11

Supersedes
TN No.: N/A - New