

Department of Health & Human Services
Centers for Medicare & Medicaid Services
233 North Michigan Avenue, Suite 600
Chicago, Illinois 60601-5519



CENTERS for MEDICARE & MEDICAID SERVICES

June 13, 2012

Stephen Fitton, Director
Medical Services Administration
Federal Liaison Unit
Michigan Department of Community Health
400 South Pine
Lansing, Michigan 48933

ATTN: Loni Hackney

Dear Mr. Fitton:

Enclosed for your records is an approved copy of the following State Plan Amendment:

- Transmittal #12-002 Update of the Ambulatory Surgical Center statewide budget-neutrality factor.
- Effective January 1, 2012

If you have any questions, please contact Leslie Campbell at (312) 353-1557 or Leslie.Campbell@cms.hhs.gov.

Sincerely,



Alan Freund
Acting Associate Regional Administrator
Division of Medicaid & Children's Health Operations

Enclosure

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

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER

1 2 - 02

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
January 1, 2012

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 2012 \$0
b. FFY 2013 \$0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
Attachment 4.19-B, Page 19

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):
Attachment 4.19-B, Page 19

10. SUBJECT OF AMENDMENT:

Ambulatory Surgical Centers (ASC) Reimbursement

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:
March 28, 2012

16. RETURN TO:

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

Attn: Loni Hackney

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

March 15, 2012

18. DATE APPROVED:

6/13/12

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

January 1, 2012

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPE NAME:

Alan Freund

22. TITLE:

Acting Associate Regional Administrator

23. 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)***

24. Ambulatory Surgical Centers

Reimbursement to individual Medicare-certified Ambulatory Surgical Centers (ASCs) for outpatient services provided in the ASC setting on or after January 1, 2011 is calculated by applying the MDCH outpatient prospective payment system (OPPS) reduction factor (RF) to current Medicare ASC reimbursement rates. Medicare ASC rate x RF = Medicaid rate.

State-developed fee schedule rates are the same for both governmental and private ASC providers. The ASC reduction factor is monitored and adjusted in accordance with the OPPS reduction factor schedule. The state maintains an up to date reduction factor history posting on the MDCH website that includes the current OPPS/ASC reduction factor, as well as historical OPPS/ASC reduction factors. As of January 1, 2012 the OPPS/ASC reduction factor is 55.3%. A wage index of 1.0 is applied for all ASCs. Services paid by Medicare at reasonable cost and contractor priced items are paid by applying the Medicaid state-wide outpatient hospital cost to charge ratio to the Medicare ASC rate. All rates including the ASC wrap list are published on the MDCH website at <http://michigan.gov/mdch>.

When service coverage or reimbursement methodology differences exist between Medicare and Medicaid, Medicaid fee schedules are used.

TN NO.: 12-02

Approval Date JUN 13 2012

Effective Date: 01/01/2012

Supersedes
TN No.: 10-12