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State/Territory Name: Michigan

State Plan Amendment (SPA) #: MI 18-0001

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form
- 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



Financial Management Group

Ms. Kathy Stiffler
Acting Medicaid Director
State of Michigan, Department of Community Health
400 South Pine Street

APR 18 2018

RE: Michigan State Plan Amendment (SPA) 18-0001

Dear Ms. Stiffler:

We have reviewed the proposed amendment to Attachment 4.19-A and 4.19-B of your Medicaid state plan submitted under transmittal number (TN) 18-0001 effective for services on or after January 1st, 2018, this amendment adjusts the short hospital stay rate reimbursement methodology for hospital stays that meet certain short stay conditions criteria.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), and 1903(a) of the Social Security Act and the regulations at 42 CFR 447 Subpart C. We hereby inform you that Medicaid State plan amendment 18-0001 is approved effective January 1st, 2018. 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,

A black rectangular box redacting the signature of Kristin Fan.

Kristin Fan
Director

Enclosure

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

TO: REGIONAL ADMINISTRATOR HEALTH FINANCING ADMINISTRATION DEPARTMENT OF HUMAN SERVICES	1. TRANSMITTAL NUMBER: 18 - 0001	2. STATE: Michigan
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID) TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
4. PROPOSED EFFECTIVE DATE January 1, 2018		

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	7. FEDERAL BUDGET IMPACT: a. FFY 2018 \$0 b. FFY 2019 \$0
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-A Pages 35a-35h Attachment 4.19-B Pages 2a.1-2a.8	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (<i>If Applicable</i>): Attachment 4.19-A Pages 35a-35h Attachment 4.19-B Pages 2a.1-2a.8

10. SUBJECT OF AMENDMENT:

This SPA adjusts the Short Hospital Stay rate of reimbursement for certain outpatient and inpatient stays to maintain budget neutrality consistent with current policy.

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:
Kathleen Stiffler, Acting Director
Medical Services Administration

12. SIGNATURE OF STATE AGENCY OFFICIAL:	16. RETURN TO: Medical Services Administration Actuarial Division - Federal Liaison Capitol Commons Center - 7 th Floor 400 South Pine Lansing, Michigan 48933 Attn: Erin Black
13. TYPED NAME: Kathleen Stiffler	
14. TITLE: Acting Director, Medical Services Administration	
15. DATE SUBMITTED: January 22, 2017	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: [REDACTED]	18. DATE APPROVED: APR 18 2018
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PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL: JAN 01 2018	20. [REDACTED] AL:
21. TYPE NAME: Kristin Fan	22. TITLE: Director, FANCE

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

VII. Short Hospital Stay Reimbursement

The State utilizes a short hospital stay (SHS) rate of reimbursement for certain outpatient and inpatient hospital stays. The SHS encompasses funding for both operating and capital costs. The SHS rate will be identical for inpatient and outpatient services, and will apply to all services billed on the claim. The SHS rate is applied for outpatient dates of service or inpatient discharges on or after July 1, 2015. The agency's current rates of reimbursement were set as of January 1, 2018 and are effective for outpatient dates of service or inpatient discharges on or after that date. All rates of reimbursement for the SHS rates are published on the State website at www.michigan.gov/medicaidproviders >> Billing & Reimbursement >> Provider Specific Information >> "Inpatient Hospitals" or "Outpatient Hospitals."

The SHS rate of reimbursement does not modify billing requirements for hospitals. If the patient meets criteria for an inpatient admission, the invoice must be submitted as an inpatient claim. Conversely, if the patient does not meet criteria for an inpatient admission, the invoice must be submitted as an outpatient claim. In either case, if the criteria for the SHS rate are met, the hospital will receive the same reimbursement for services rendered. The SHS rate only applies to discharges from a facility, and does not apply to transfers, leaving against medical advice (AMA), or other discharge statuses.

The SHS rate of reimbursement applies to both emergent and elective claims. Short hospital stays are defined using the following criteria.

1. Outpatient Hospital Claims Qualification

An outpatient hospital claim will qualify for the SHS rate if all of the following criteria are met:

- The primary diagnosis code billed on the outpatient claim is an applicable diagnosis code as listed on the MDHHS website.
- The claim does not include a surgical revenue code (36X) billed on any line of the outpatient claim.
- The claim does not include cardiac catheterization lab revenue code 481.
- The claim includes observation revenue code 762.

2. Inpatient Hospital Claims Qualification

An inpatient hospital claim will qualify for the SHS rate if all of the following criteria are met:

- The primary diagnosis code billed on the inpatient claim is an applicable diagnosis code as listed on the MDHHS website.
- The claim does not include a surgical revenue code (36x) billed on any line of the inpatient claim.
- The claim has a date of discharge equal to or one day greater than the date of admission.
- The claim does not include cardiac catheterization lab revenue code 481.

3. Exclusions

The SHS rate will not apply to inpatient or outpatient claims with the following conditions:

- Claims where Medicaid is the secondary payer.
- Claims for patients who leave the hospital AMA.
- Claims for deceased patients.
- Claims that include primary diagnoses that are not an applicable diagnosis code as listed on the MDHHS website.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

Methods and Standards for Establishing Payment Rates - Inpatient Hospital Care

4. Diagnoses

As indicated, in order to qualify for the SHS rate, a claim must include one of the primary diagnosis codes for outpatient dates of service and inpatient dates of discharge on or after July 1, 2015. The current list of ICD-10 diagnoses used were set as of January 1, 2018 and are effective for outpatient dates of service or inpatient discharges on or after that date. All applicable diagnosis codes for the SHS rates are published on the State website at www.michigan.gov/medicaidproviders >> Billing & Reimbursement >> Provider Specific Information >> "Inpatient Hospitals" or "Outpatient Hospitals."

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

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