

## **Table of Contents**

**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



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**Financial Management Group**

June 26, 2023

Farah Hanley  
Medicaid Director  
Medical Services Administrations  
400 South Pine Street 7<sup>th</sup> 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](mailto:Deborah.Benson@cms.hhs.gov).

Sincerely,

A solid black rectangular box used to redact the signature of Todd McMillion.

Todd McMillion  
Director  
Division of Reimbursement Review

Enclosures

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE &amp; MEDICAID SERVICES</b>	1. TRANSMITTAL NUMBER <u>23</u> — <u>0008</u>	2. STATE <u>MI</u>
	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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable) Attachment 4.19-B Page 2 (TN# 22-0011)	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. AGENCY OFFICIAL 	15. RETURN TO Behavioral and Physical Health and Aging Services Administration Office of Strategic Partnerships & Medicaid Administrative Services – Federal Liaison Capitol Commons Center – 7 <sup>th</sup> Floor 400 South Pine Lansing, Michigan 48933  Attn: Erin Black
11. TYPED NAME Farah Hanley	
12. TITLE Chief Deputy Director for Health	
13. DATE SUBMITTED March 30, 2023	

**FOR CMS USE ONLY**

16. DATE RECEIVED <b>March 30, 2023</b>	17. DATE APPROVED June 26, 2023
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**PLAN APPROVED - ONE COPY ATTACHED**

18. EFFECTIVE DATE OF APPROVED MATERIAL <b>January 6, 2023</b>	19. SIGNATURE OF APPROVING OFFICIAL 
20. TYPED NAME OF APPROVING OFFICIAL <b>Todd McMillion</b>	21. TITLE OF APPROVING OFFICIAL <b>Director, Division of Reimbursement Review</b>

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)***

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#### 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](http://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](http://www.michigan.gov/medicaidproviders), is updated to conform to Medicare OPPS and is effective for dates of service on or after October 1, 2022.