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State/Territory Name: MI

State Plan Amendment (SPA) #: 09-012

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 233 North Michigan Avenue, Suite 600 Chicago, Illinois 60601-5519



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

ATTN: Nancy Bishop

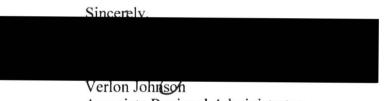
Dear Mr. Fitton:

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

- Transmittal #09-12 Reduces the Children's Outpatient Hospital Adjustor Pool
- Effective September 30, 2009.

The State provided an outpatient hospital services upper payment limit demonstration in conjunction with SPA 09-012. In reviewing this demonstration, CMS had questions about the reimbursement methodology for clinical diagnostic laboratory services provided as outpatient hospital services. This is to make you aware that CMS will address those questions as part of its review of pending SPA 10-004, which also amends reimbursement for outpatient hospital services.

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



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

Enclosure

JUN 07 2010

PARIMENT OF HEALTH AND HUMAN SERVICES		FORM APPROVED OMB NO. 0938-0193
HEALTHCARE FINANCING ADMINISTRATION	1. TRANSMITTAL NUMBER:	2. STATE:
TRANSMITTAL AND NOTICE OF APPROVAL OF	0912	Michigan
STATE PLAN MATERIAL	3. PROGRAM IDENTIFICATION: TITLE XIX	
FOR: HEALTH CARE FINANCING ADMINISTRATION	SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR	4. PROPOSED EFFECTIVE DATE September 30, 2009	
HEALTH FINANCING ADMINISTRATION DEPARTMENT OF HUMAN SERVICES	September 30, 2009	
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 AM	ENDMENT (Separate Transmittal for each amer	ndment)
6. FEDERAL STATUTE/REGULATION CITATION:	7. FEDERAL BUDGET IMPACT:	74)
42 CFR 447.201	a. FFY 2009\$ (122,771) b. FFY 2010 \$ (127,270)	
3. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):	
Attachment 4.19-B, page 2a	Attachment 4.19-B, page 2a	
	, radonnont 1.10 D, pago 24	
10. SUBJECT OF AMENDMENT:		
Children's Outpatient Hospital Adjustor Pool		
11. GOVERNOR'S REVIEW (Check One):		
GOVERNOR'S OFFICE REPORTED NO COMMENT	OTHER, AS SPECIFIED:	
COMMENTS OF GOVERNOR'S OFFICE ENCLOSED	Paul Reinhart, Director	
NO REPLY RECELVED WITHIN 45 DAYS OF SUBMITTAL	Medical Services Administratio	n
12. SIGNATUE OF STATE AGENCY OFFICIAL:	8. RETURN TO:	
M	Medical Services Administration	
13. TYPED NAME:	Program/Eligibility Policy Division - Federal Liaison Unit	
	apitol Commons Center - 7 th Floor	
	0 South Pine nsing, Michigan 48933	
15 DATE SUBMITTED:		
September 22 2009 A	ttn: Nancy Bishop	
	OFFICE USE ONLY	Contraction Contraction
1. DAL 2. 21	JATE APPROVED:	
	ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL: 20	SIGNATURE OF REGIONAL OFFICIAL:	
September 30, 2009		
	2. TITLE: Control Product	m - Alminstate
23. REMARKS:	Hardon Legin	THE TRANSPORT
	CEP 24	
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FORM HCFA-179(07-92)

Instructions on Back

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)

3. Outpatient Hospital Services (continued)

A. Children's Outpatient Hospital Adjustor Pool

Qualifying children's hospitals will share in an annual outpatient adjustor pool of \$521,300 for services provided during the fiscal year in which the payment is calculated. The payment will be made by September 30th of each State fiscal year, starting September 30, 2009.

Eligibility for the pool is restricted to freestanding children's hospitals that have incurred outpatient Medicaid charges in excess of \$40 million for hospital fiscal years ending in the second previous state fiscal year. The "second previous state fiscal year" refers to the state fiscal year (October 1 through September 30) that precedes the fiscal year prior to the last in which an eligible hospital's fiscal year ends. For example, for state fiscal year 2010 the second previous state fiscal year ends December 31, the charges for services associated with their 2007 hospital fiscal year would be applied for the purpose of this pool payment. Payments will be made only to hospitals that have accepted cost reports on file with the Medical Services Administration by August 31st of the state fiscal year previous to the one in which the payment is made. These data have been subject to review and appeal and will not be changed.

The pool of \$521,300 will be distributed to eligible freestanding children's hospitals based on the ratio of the hospital's Title XIX outpatient charges to the sum of the Title XIX outpatient charges for all qualifying hospitals. Each eligible hospital will share in the pool proportionately using the ratio of the hospital's Title XIX outpatient charges to the sum of the Title XIX outpatient charges for all qualifying hospitals.

NOTE: Item B. and page 2b of this Attachment are deleted. The next item is C. on page 2b.1.

JUN 07 2010

TN NO .: 09-12

Approval Date:

Effective Date: 09/30/2009

Supersedes TN No.: <u>99-16</u>