

## **Table of Contents**

**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

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

JUN 07 2010

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](mailto:Leslie.Campbell@cms.hhs.gov).

Sincerely,



Verlon Johnson  
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:

09 - 12

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  
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 AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:  
42 CFR 447.201

7. FEDERAL BUDGET IMPACT:

a. FFY 2009 \$ (122,771)  
b. FFY 2010 \$ (127,270)

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  
Attachment 4.19-B, page 2a

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):

Attachment 4.19-B, page 2a

10. SUBJECT OF AMENDMENT:

Children's Outpatient Hospital Adjustor Pool

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:  
Paul Reinhart, Director  
Medical Services Administration

12. SIGNATURE OF STATE AGENCY OFFICIAL:

16. RETURN TO:

13. TYPED NAME:  
Stephen Fitton

Medical Services Administration  
Program/Eligibility Policy Division - Federal Liaison Unit  
Capitol Commons Center - 7<sup>th</sup> Floor  
400 South Pine  
Lansing, Michigan 48933

14. TITLE:  
Acting Director, Medical Services Administration

Attn: Nancy Bishop

15. DATE SUBMITTED:  
September 22, 2009

#### FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:  
September 24, 2009

18. DATE APPROVED:  
June 7, 2010

#### PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:  
September 30, 2009

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPE NAME:  
Verlon Johnson

22. TITLE:  
Regional Administrator

23. REMARKS:

RECEIVED  
SEP 24 2009  
DMCH - ARA

**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 (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 30<sup>th</sup> 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 is 2008 (October 1 through September 30, 2008). For a hospital whose 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 31<sup>st</sup> 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.

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TN NO.: 09-12

Approval Date:

**JUN 07 2010**

*JUN 07 2010*

Effective Date: 09/30/2009

Supersedes

TN No.: 99-16