

MEDICAID POLICY INFORMATION SHEET

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Initial

Public Comment

Final

Brief description of policy:

This policy rescinds bulletin MSA 19-32 and restores the Rural Access Pool for small rural hospitals and sole community hospitals effective for the State Fiscal Year (FY) 2020. Additionally, this bulletin removes Critical Access Hospitals (CAHs) from eligibility for Rural Access Pool distributions. The Michigan Department of Health and Human Services (MDHHS) will establish an Outpatient Prospective Payment System (OPPS) reduction factor specifically for CAHs designed to increase outpatient payments.

Reason for policy (problem being addressed):

To comply with PA 154 of 2019.

Budget implication:

budget neutral

will cost MDHHS \$ 4 million, and is budgeted in current appropriation

will save MDHHS \$

Is this policy change mandated per federal requirements?

No

Does policy have operational implications on other parts of MDHHS?

No

Does policy have operational implications on other departments?

No

Summary of input:

controversial (Explain)

acceptable to most/all groups

limited public interest/comment

Supporting Documentation:

State Plan Amendment Required: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Public Notice Required: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If Yes, please provide status:	If yes,
<input type="checkbox"/> Approved <input checked="" type="checkbox"/> Pending <input type="checkbox"/> Denied	Submission Date: 12/20/19
Date: Approval Date:	

Proposed Policy Draft

Michigan Department of Health and Human Services
Medical Services Administration

Distribution: Hospitals, Medicaid Health Plans

Issued: May 1, 2020 (Proposed)

Subject: Rural Access Pool Restoration and Critical Access Hospital Reimbursement

Effective: As Indicated (Proposed)

Programs Affected: Medicaid, Healthy Michigan Plan

NOTE: Implementation of this policy is contingent upon State Plan Amendment approval from the Centers for Medicare & Medicaid Services (CMS).

Pursuant to Public Act (PA) 154 of 2019, which makes appropriations for the Michigan Department of Health and Human Services (MDHHS) for the fiscal year ending September 30, 2020, this policy rescinds bulletin MSA 19-32 and restores the Rural Access Pool (RAP) as described in bulletin MSA 13-50. PA 154 of 2019 also modifies hospital eligibility criteria for the RAP to exclude Critical Access Hospitals (CAHs) from RAP distributions effective for State Fiscal Year 2020.

Additionally, MDHHS will establish an Outpatient Prospective Payment System (OPPS) reduction factor for CAHs. Currently, CAHs are subject to the existing MDHHS OPPS reimbursement policy in which payment is calculated utilizing current Medicare rates, with an MDHHS reduction factor applied. The newly established CAH OPPS reduction factor will decrease the reduction applied to current Medicare rates and ultimately increase CAH OPPS payments.

The CAH reduction factor is being established as an extension of the existing MDHHS OPPS reduction factor policy and will align with current reduction factor calculation methodology. Effective January 1, 2020, the CAH OPPS reduction factor is 71.7 percent. Adjustments will be made to the CAH OPPS reduction factor to reflect changes to Medicare rates and maintain budget neutrality. MDHHS may adjust its CAH OPPS reduction factor to maintain expenditures within appropriated levels if Medicare implements a general rate change. In addition, MDHHS reserves the right to adjust the reduction factor if budget concerns are evident and change significantly prior to the end of the State's fiscal year. MDHHS maintains a reduction factor history publication on the web at www.michigan.gov/medicaidproviders >> Billing & Reimbursement >> Provider Specific Information >> Outpatient Hospitals, which includes the current OPPS/Ambulatory Surgical Center (ASC) reduction factor, as well as historical OPPS/ASC reduction factors.