

Bulletin Number: MSA 15-31

Distribution: Hospitals, Medicaid Health Plans

Issued: September 1, 2015

Subject: Inpatient Prospective Capital Payments

Effective: October 1, 2015

Programs Affected: Medicaid, Children's Special Health Care Services (CSHCS)

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

Effective January 1, 2015, with final bulletin MSA 14-59, the Michigan Department of Health and Human Services (MDHHS) began reimbursing inpatient capital using a hospital-specific prospective rate. A prospective per discharge amount was calculated for medical/surgical hospitals, including critical access hospitals and children's hospitals. A prospective per diem capital rate was calculated for freestanding rehabilitation hospitals and distinct part rehabilitation units. MSA 14-59 described a rate calculation methodology that utilized Fee-for-Service (FFS) data. This bulletin modifies the inpatient prospective capital rate calculation methodology to utilize both FFS data and managed care data, effective October 1, 2015. The updated rate calculation methodology is outlined below.

When calculating the prospective capital rates, data from the second previous state fiscal year will be used. For example, to calculate October 1, 2015 capital rates, data from cost reports with fiscal years that end between October 1, 2013 and September 30, 2014 will be used. The updated rate calculation methodology is outlined below.

The capital amount for the medical/surgical component of the hospital is established using the following lines (or comparable lines from succeeding cost reports) from the hospital's cost report. The FFS component of the data for routine capital costs is obtained from the CMS 2552-10, Worksheet D, Part I, Title XIX Column 7, Lines 30-35 and 43. The ancillary capital costs are obtained from the CMS 2552-10 Worksheet D, Part II, Title XIX, Column 5, Lines 50-77 and 90-92. For the Managed Care Organization (MCO) component of the data, the routine capital costs will use the days listed from Michigan Medicaid Form (MMF), MCO Summary Page, Title XIX, Inpatient Med Surg multiplied by the corresponding per diem amounts listed in CMS 2552-10 Worksheet D Part I, Title XIX, Column 5. The ancillary capital costs will use the program charges from MMF, MCO Detail Page, Title XIX, Inpatient Med Surg multiplied by the corresponding capital cost ratios listed in the CMS 2552-10 Worksheet D Part II, Title XIX, Column 3. The sum of routine and ancillary cost for FFS and MCO components is then divided by the medical/surgical discharges for the same period to calculate the hospital-specific prospective per discharge rate.

The capital amount for freestanding rehabilitation hospitals or distinct part rehabilitation units is established using the following lines from the hospital's cost report. The FFS component of the data for routine capital costs is obtained from the CMS 2552-10, Worksheet D, Part I, Title XIX, Column 7, Line 41. The ancillary capital costs are obtained from the CMS 2552-10, Worksheet D, Part II, Title XIX, Column 5, Lines 50-76.99 and 90-92. For the MCO component of the data, the routine capital costs will use the days listed from MMF, MCO Summary Page, Title XIX, Inpatient Rehab multiplied by the corresponding per diem amounts listed in CMS 2552-10 Worksheet D Part I, Title XIX, Column 5. The ancillary capital costs will use the program charges from MMF, MCO Detail Page, Title XIX, Inpatient Rehab multiplied by the corresponding capital cost ratios listed in the CMS 2552-10 Worksheet D Part II, Title XIX, Column 3. The sum of the routine and ancillary cost for FFS and

MCO is then divided by the rehabilitation Medicaid days for the same period to calculate the hospital-specific prospective per diem rate.

Current occupancy limits will remain when the hospital-specific prospective capital rates are developed. Capital amounts will be set annually. Capital amounts may be adjusted due to significant changes in capital costs that are not reflected in the cost report utilized to set the rate. Hospitals may request a capital rate adjustment by submitting a written request to the MDHHS Hospital and Clinic Reimbursement Division at the following address:

Michigan Department of Health and Human Services
Bureau of Medicaid Operations
Hospital and Clinic Reimbursement Division
Rate Review Section
P.O. Box 30479
Lansing, Michigan 48909

Hospitals may continue to receive capital interim payments, but only if they receive Medicaid interim payments. Otherwise, the hospital will receive its prospective rate when the inpatient claim is adjudicated. If the hospital receives capital interim payments, amounts will be reconciled 15 months after the hospital's fiscal year ends, and again at final settlement 27 months after the hospital's fiscal year ends.

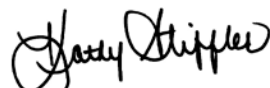
Manual Maintenance

Retain this bulletin until the information is incorporated into the Michigan Medicaid Provider Manual.

Questions

Any questions regarding this bulletin should be directed to Provider Inquiry, Department of Health and Human Services, P.O. Box 30731, Lansing, Michigan 48909-8231, or e-mail at ProviderSupport@michigan.gov. When you submit an e-mail be sure to include your name, affiliation, and phone number so you may be contacted if necessary. Providers may phone toll-free 1-800-292-2550.

Approved



Kathy Stiffler, Acting Director
Medical Services Administration