

MICHIGAN DEPARTMENT OF COMMUNITY HEALTH
FY 2002 BOILERPLATE REPORTING REQUIREMENT

Progress on Rebasing Medicaid Fee Schedules
for Physician and Out Patient Hospital Services
August 1, 2002 Report

Section 1613(2)

“The workgroup established in Section 1703 of 2000 PA 296 shall continue until the rebasing of the Medicaid fee schedule for physician and outpatient hospital services is completed.”

OUTPATIENT HOSPITAL REBASING UPDATE

During the months of June and July, the Department held additional discussions with the hospital industry work group to discuss current hospital DRG (Diagnostic Related Groups) rebasing, revised GME (Graduate Medical Education) policy, and the mandated Executive Order Hospital Fee Reduction. DRG and Per Diem hospital rebasing have been completed with an effective date of April 1, 2002. The new GME methodology has also been completed, with an effective date of January 1, 2002. It is anticipated that the Department will begin discussions with the hospital industry regarding new outpatient hospital reimbursement methodology. Any new reimbursement methodology will be mutually agreed upon and will be determined to be HIPAA (Health Insurance Portability and Accountability Act of 1996) compliant and will also be budget neutral given the status of the current Department and overall State budget.

PHYSICIAN FEE SCHEDULE UPDATE

The rebasing of the Medicaid fee schedule for physician services was completed in January 2002. The updated conversion factor was implemented in a budget neutral matter. It is anticipated that the Department will continue using the RBRVS-based methodology on an annual basis to update physician fees.