STATE OF MICHIGAN

JENNIFER M. GRANHOLM
GOVERNOR

DEPARTMENT OF COMMUNITY HEALTH
LANSING

JANET OLSZEWSKI
DIRECTOR

January 2005

Dear School Based Services Provider:

The purpose of this letter is to provide new information regarding Licensed Practical Nursing (LPN) services provided under the School Based Services Program.

The Centers for Medicare and Medicaid Services (CMS) has responded to the Michigan Department of Community Health (MDCH) formal request to add LPN services to the State Plan. CMS has assured MDCH that they have no concerns regarding approving coverage of LPN services; however, they have notified MDCH that the reimbursement methodology for the School Based Services Program must be changed to reflect cost-based, provider-specific and annually reconciled rates. MDCH requested a two-year delay in implementing this requirement. CMS informed MDCH that in order to obtain an extension, the State Plan Amendment to add LPN services must be placed on hold. This will enable MDCH to work through the reimbursement methodology issues with CMS and allow more time for development and implementation of the process.

Effective for dates of service December 1, 2004 and after, MDCH will suspend reimbursement to the ISDs for the federal portion of payments made for LPN services. The schools are to continue to bill LPN services as normal, but MDCH will not be able to claim federal match for these services until the State Plan Amendment is approved by CMS. CMS has assured MDCH that once the new reimbursement methodology is approved, they will go back retroactive to April 2004 to allow federal match for all LPN claims. For those LPN claims paid prior to December 2004, nothing will be taken back from the ISDs. The State will transfer the costs into a non-federal program cost account until CMS approval is obtained.

Please forward a copy of this information to your LEAs.

If you have any questions regarding this change in LPN Services, please contact Linda Sowle at 517-241-8398.

Sincerely,

Paul Reinhart, Director
Medical Services Administration