

Department of Health & Human Services
Centers for Medicare & Medicaid Services
233 North Michigan Avenue, Suite 600
Chicago, Illinois 60601-5519

Wanda
CMS

CENTERS for MEDICARE & MEDICAID SERVICES

Refer to:

SEP 06 2006

*9-13-06
Approved
27.000
C. G.*

Paul Reinhart, Director
Medical Services Administration
Michigan Department of Community Health
400 South Pine
P. O. Box 30479
Lansing, Michigan 48909-7979

ATTN: Nancy Bishop

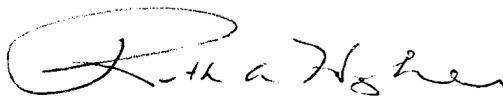
Dear Mr. Reinhart:

Enclosed for your records is an approved copy of the following State Plan Amendment:

Transmittal #06-009 – State Laboratory Reimbursement -- Effective July 1, 2006

If you have any additional questions, please have a member of your staff contact Cynthia Garraway by telephone at (312) 353-8583 or e-mail at Cynthia.Garraway@cms.hhs.gov.

Sincerely,



Ruth A. Hughes
Acting Associate Regional Administrator
Division of Medicaid & Children's Health

Enclosure

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**
FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:
06 - 09
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
~~April 1, 2006~~ July 1, 2006

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 201(b)

7. FEDERAL BUDGET IMPACT: 10,656
a. FFY 06 \$ 21,312
b. FFY 07 \$ 42,623

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
Attachment 4.19-B page 13 and 13a

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):
Attachment 4.19-B page 13

10. SUBJECT OF AMENDMENT:
State Laboratory reimbursement

11. GOVERNOR'S REVIEW (Check One):
 GOVERNOR'S OFFICE REPORTED NO COMMENT OTHER, AS SPECIFIED:
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED Paul Reinhart, Director
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL Medical Services Administration

12. SIGNATURE OF STATE AGENCY OFFICIAL:
Paul Reinhart / sm

16. RETURN TO:
Medical Services Administration
Program/Eligibility Policy Division - Federal Liaison Unit
Capitol Commons Center - 7th Floor
400 South Pine
Lansing, Michigan 48933
Attn: Nancy Bishop

13. TYPED NAME:
Paul Reinhart

14. TITLE:
Director, Medical Services Administration

15. DATE SUBMITTED:
July 5, 2006

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:
July 6, 2006

18 DATE APPROVED:
9/6/06

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:
7/1/06

20. SIGNATURE OF REGIONAL OFFICIAL:
Ruth A. Hughes

21. TYPE NAME:
Ruth A. Hughes

22. TITLE:
Acting Associate Regional Administrator

23. REMARKS:

RECEIVED
JUL 06 2006
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)*

20. Laboratory Services

Payment rates are established by the Michigan Department of Community Health as a fee screen for each procedure. The fee schedule is designed to enlist the participation of an adequate number of providers. The Medicare prevailing fees are used as guidelines or reference in determining the maximum fee screens for individual procedures.

Providers other than the State Bureau of Laboratories are reimbursed the lesser of the Medicaid fee screen or the provider's usual and customary charge minus any third party payment. A provider's usual and customary charge should be the fee most frequently charged to patients. The State Bureau of laboratories may be reimbursed up to the Medicare prevailing fees.

Laboratory services performed by an eligible provider are limited to a maximum payment rate per beneficiary per day. This rate is determined to be adequate to cover reasonable and necessary procedures. Laboratory services in excess of this rate are covered on an exception basis when determined to be medically necessary by the department.

TN NO.: 06-09

Approval Date: SEP 23 2006

Effective Date: 07/01/2006

Supersedes
TN No.: 05-02

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)***

21. Hearing Aids

For standard hearing aids, payment rates are established by the Michigan Department of Community Health as fee screens. Manufacturer's invoice price, other state's Medicaid fee screens and provider's charges are used as guidelines or reference in determining the maximum fee screens.

Providers are reimbursed the lesser of the Medicaid fee screen or the acquisition cost of the hearing aid minus any third party payment. The acquisition cost consists of the manufacturer's invoice price minus any discounts and includes actual shipping costs.

For non-standard hearing aids, payment rates and reimbursement are prior authorized and are based on documentation of the manufacturer's invoice price minus any discounts and includes actual shipping costs.

Separate payment rates are established for hearing aid dispensing fees. Other state's Medicaid fee screens and provider's charges are used as guidelines or reference in determining the maximum fee screens. Providers are reimbursed the lesser of the Medicaid fee screen or the provider's usual and customary charge minus any third party payment. The provider's usual and customary charge should be the fee most frequently charged to patients.

TN NO.: 06-09

Approval Date: SEP 03 2006

Effective Date: 07/01/2006

Supersedes

TN No.: N/A new page