

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

1. TRANSMITTAL NUMBER:
09 - 02

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
February 1, 2009

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 447.201(b)

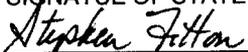
7. FEDERAL BUDGET IMPACT:
a. FFY 09 _____ \$ -0- _____
b. FFY 10 _____ \$ -0- _____

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

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):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

10. SUBJECT OF AMENDMENT:
Reimbursement - Hearing Aids volume purchase

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:


13. TYPED NAME:
Stephen Fitton

14. TITLE:
Acting Director, Medical Services Administration

15. DATE SUBMITTED:
January 23, 2009

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

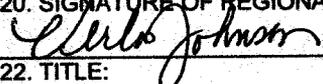
FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:
JAN 23 2009

18. DATE APPROVED:
SEP 14 2009

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:
February 1, 2009

20. SIGNATURE OF REGIONAL OFFICIAL:


21. TYPE NAME:
Verlon Johnson

22. TITLE:
Associate Regional Administrator

23. REMARKS:

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 most analog and digital and/or programmable hearing aids, payment rates are established via a multi-state Medicaid volume purchasing agreement directly with hearing aid manufacturers. Providers are reimbursed the vendor prices listed in the agreement and are not allowed to discount or bill more than the contract established prices.

For hearing aids not included in the agreement, that is those reimbursed on a fee for service basis, 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. The provider's usual and customary charge should be the fee most frequently charged to patients. The payment rate is uniform for private and governmental providers. The Michigan Medicaid fee schedule effective February 1, 2009 may be found at www.michigan.gov/medicaidproviders."

Effective November 1, 2002 hearing aid providers were able to split out a dispensing fee from their total charge as a separate billing activity and the Michigan Medical Services Administration (MSA) paid a separate benefit for the service. Other states' Medicaid fee screens and providers' charges for hearing aid dispensing fees were used as guidelines or reference in determining the maximum payment amount. 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. The payment rate is uniform for private and governmental providers. The Michigan Medicaid fee schedule effective February 1, 2009 may be found at www.michigan.gov/medicaidproviders."

TN NO.: 09-02

Approval Date: SEP 14 2009

Effective Date: 02/01/2009

Supersedes
TN No.: 06-09