

Center for Medicaid and State Operations

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Paul Reinhart, Director  
Medical Services Administration  
Department of Community Health  
400 South Pine  
Lansing, MI 48933

*C. N. Bishop*

OCT 19 2004 10-25-04  
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RE: Michigan State Plan Amendment (SPA) 04-12

Dear Mr. Reinhart:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid State plan submitted under transmittal number (TN) 04-12. This amendment eliminates supplemental payments to long term care facilities known as proportionate share pool payments. The payments are no longer available as of October 1, 2005.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903(a) and 1923 of the Social Security Act (the Act) and the regulations at 42 CFR 447 Subpart C. During this review, we identified a funding arrangement for Attachment 4.19-D payments that appears to be inconsistent with portions of the Act cited above. CMS is not pursuing this issue further as Michigan is ending this arrangement effective October 1, 2005 as part of this amendment. We are pleased to inform you that Medicaid State plan amendment 04-012 is approved effective October 1, 2004. We are enclosing the HCFA-179 and the amended plan pages.

If you have any questions, please call Dianne Heffron at (410) 786-3247.

Sincerely,

*Dennis G. Smith*

Dennis G. Smith  
Director

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: HEALTH CARE FINANCING ADMINISTRATION	1. TRANSMITTAL NUMBER: 04 - 12	2. STATE: Michigan
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
FROM: REGIONAL ADMINISTRATOR HEALTH FINANCING ADMINISTRATION DEPARTMENT OF HUMAN SERVICES	4. PROPOSED EFFECTIVE DATE October 1, 2004	

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)

FEDERAL STATUTE/REGULATION CITATION: CFR 447.272	7. FEDERAL BUDGET IMPACT: a. FFY 05 _____ \$ -0- b. FFY 06 _____ \$ (25 million)
PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-D, Section IV, page 31	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Attachment 4.19-D, Section IV, page 31

SUBJECT OF AMENDMENT:  
Long term care proportionate share pool payment sunset provision

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

SIGNATURE OF STATE AGENCY OFFICIAL: <i>Paul Reinhart</i>	16. RETURN TO: Medical Services Administration Program/Eligibility Policy Division - Federal Liaison Unit Capitol Commons Center - 7 <sup>th</sup> Floor 400 South Pine Lansing, Michigan 48933 Attn: Nancy Bishop
TYPED NAME: Paul Reinhart	
TITLE: Director, Medical Services Administration	
DATE SUBMITTED: October 12, 2004	

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED: OCT 13 2004	18. DATE APPROVED: October 19, 2004
PLAN APPROVED - ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL: OCT - 1 2004	20. SIGNATURE OF REGIONAL OFFICIAL: <i>Dennis G. Smith</i>
21. TYPED NAME: DENNIS G. SMITH	22. TITLE: DIRECTOR, CMSD

23. REMARKS:

**STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT**  
**State of Michigan**

***POLICY AND METHODS FOR ESTABLISHING PAYMENT RATES***  
***(LONG TERM CARE FACILITIES)***

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**N. Long Term Care Facility Proportionate Share Pool**

A proportionate share pool is created each fiscal year to increase reimbursement to providers. Eligible providers are those owned by local units of government and in operation at the time of payment. Payment to each facility is in proportion to the facility's number of Medicaid Program inpatient days for the most recent completed calendar year. The inpatient days will be determined from the Medicaid program Invoice Processing payment data nine months after the end of the calendar year. The pool is created each state fiscal year subject to the upper payment limits of 42 CFR 447.272. The pool will be funded at a level not to exceed the Medicare upper payment limit for each state fiscal year, which ends September 30. A public notice will be distributed that provides information about what the payments will be each year. The information will comply with applicable federal public notice standards for each year.

**O. Long Term Care Facility Proportionate Share Pool Payment Sunset Provision**

Medicaid proportionate share payments are made to publicly-owned nursing facilities up to the upper payment limit as permitted by current federal regulations. These payments are authorized to continue through September 30, 2005. The state may submit state plan amendments effective after September 30, 2005 that re-implement the current payment structure or different payment methodologies.

**P. Personal Clothing for Recipients in Class IV Intermediate Care Facilities for the Mentally Retarded (ICF/MR)**

Class IV facilities are reimbursed for allowable costs determined in accordance with the Medicare Principles of Reimbursement (42 CFR 413), with the following additions:

To enable the normalization of recipients in ICFs/MR, street clothing supplied by the facility and/or required by the patient's plan of care will be considered an allowable cost for Medicaid patients residing in ICFs/MR who do not own or have other access to the clothing required.

**Q. Beginning March 1, 2003, the Variable Cost Components of Class I and Class III Nursing Facilities, determined in accordance with Subsection C above, will be reduced by a factor of 1.85%.**