

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



Refer to:

1/11/05  
gp

*Nancy*

MAR 23 2005

Paul Reinhart, Director  
Medical Services Administration  
Federal Liaison Unit  
Michigan Department of Community Health  
400 South Pine  
Lansing, Michigan 48913

ATTN: Nancy Bishop

Dear Mr. Reinhart:

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

Transmittal #05-002 Lab Services and Hearing Aid Reimbursement--Effective  
January 1, 2005

If you have any additional questions, please have a member of your staff contact Ms. Samantha Wallack at (312) 353-3701.

Sincerely,

Cheryl A. Harris  
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:

05 - 02

2. STATE:

Michigan

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)

4. PROPOSED EFFECTIVE DATE

January 1, 2005

TO: REGIONAL ADMINISTRATOR  
HEALTH FINANCING ADMINISTRATION  
DEPARTMENT OF HUMAN SERVICES

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

7. FEDERAL BUDGET IMPACT:

a. FFY 05 \$ -0-

b. FFY 06 \$ -0-

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-B, page 13

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):

N/A - new page

10. SUBJECT OF AMENDMENT:

Lab services and hearing aid reimbursement

11. GOVERNOR'S REVIEW (Check One):

GOVERNOR'S OFFICE REPORTED NO COMMENT

COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

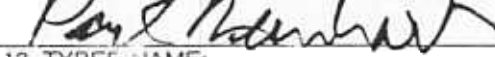
NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

OTHER, AS SPECIFIED:

Paul Reinhart, Director

Medical Services Administration

12. SIGNATURE OF STATE AGENCY OFFICIAL:



13. TYPED NAME:

Paul Reinhart

14. TITLE:

Director, Medical Services Administration

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

15. DATE SUBMITTED:

January 26, 2005

Attn: Nancy Bishop

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

1/27/05

18. DATE APPROVED:

3/23/05

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

July 1, 2005

20. SIGNATURE OF REGIONAL OFFICIAL:



21. TYPE NAME:

Cheryl A. Harris

22. TITLE: Associate Regional Administrator

Division of Medicaid and Children's Health

23. REMARKS:

REC-11

JAN 27 2005

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)*

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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 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.

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.

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.

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TN NO.: 05-02

Approval Date: MAR 9 2005

Effective Date: 01/1/2005

Supersedes

TN No.: N/A new page