

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



SEP 11 2007

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

Dear Mr. Reinhart:

Enclosed for your records is an approved copy of the following State Plan Amendment (SPA).

Transmittal 07-005 Deficit Reduction Act of 2005, Section 6035 regarding third party liability – Effective January 3, 2007

If you have any questions, please contact Cynthia Garraway by telephone at (312) 353-8583 or by e-mail at [Cynthia.Garraway@cms.hhs.gov](mailto:Cynthia.Garraway@cms.hhs.gov).

Sincerely,

  
Verlon Johnson  
Associate Regional Administrator  
Division of Medicaid and Children's Health

cc: Nancy Bishop, Michigan Department of Community Health

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL**

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

07 - 05

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  
January 3, 2007

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:  
DRA Section 6035, 42 CFR 433 Subpart D

7. FEDERAL BUDGET IMPACT:

- a. FFY 07 \$ -0-
- b. FFY 08 \$ -0-

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  
Preprint page 69; Attachment 4.22-A pgs 1 & 2; and,  
Attachment 4.22-B pgs 1

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):  
Preprint page 69; Attachment 4.22-A pgs 1 & 2; and,  
Attachment 4.22-B pgs 1 & 2

10. SUBJECT OF AMENDMENT:  
DRA of 2005 requirement and update

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:

*Paul Reinhart*

13. TYPED NAME:  
Paul Reinhart

14. TITLE:  
Director, Medical Services Administration

15. DATE SUBMITTED:  
*March 27, 2007*

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

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED:

18. DATE APPROVED:

*September 11, 2007*

**PLAN APPROVED - ONE COPY ATTACHED**

19. EFFECTIVE DATE OF APPROVED MATERIAL:

20. SIGNATURE OF REGIONAL OFFICIAL:

*Doreen Lynn Sampson Acting*  
*Associate Regional Admin.*

21. TYPE NAME:

22. TITLE:

23. REMARKS:

**RECEIVED**

MAR 29 2007

DMCH - AHA

## State of MICHIGAN

Citation

42 CFR 433.137

4.22 Third Party Liability

(a) The Medicaid agency meets all requirements of:

- 1) 42 CFR 433.138 and 433.139
- 2) 42 CFR 433.145 through 433.148
- 3) 42 CFR 433.151 through 433.154
- 4) Section 1902(a)(25)(H) and (I) of the Act
- 5) Section 6035 of the Deficit Reduction Act of 2005

1902(a)(25)(H) and  
(I) of the Act  
Section 6035 of the  
DRA of 2005

(b) Attachment 4.22-A:

42 CFR 433.138(f)

- 1) Specifies the frequency with which the data exchanges required in §433.138(d)(1), (d)(3) and (d)(4) and the diagnosis and trauma code edits required in §433.138(e) are conducted;

42 CFR 433.138(g)(1)(ii) and (2)(ii)

- 2) Describes the methods the agency uses for meeting the follow up requirements contained in §433.138(g)(1)(i) and (g)(2)(i);

42 CFR 433.138(g)(3)(i) and (iii)

- 3) Describes the methods the agency uses for following up on information obtained through the State motor vehicle accident report file data exchange required under §433.138(d)(4)(ii) and specifies the time frames for incorporation into the eligibility case file and into its third party data base and third party recovery unit of all information obtained through the follow up that identifies legally liable third party resources; and

42 CFR 433.138(g)(4)(i) through (iii)

- 4) Describes the methods the agency uses for following up on paid claims identified under §433.138(e) (methods include a procedure for periodically identifying those trauma codes that yield the highest third party collections and giving priority to following up on those codes) and specifies the time frames for incorporation into the eligibility case file and into its third party data base an third party recovery unit of all information obtained through the follow up that identifies legally liable third party resources. The State has in effect laws that require third parties to comply with the provisions, including those which require third parties to provide the State with coverage, eligibility and claims data, Of 1902(a)(25)(I) of the Social Security Act.

TN NO.: 07-05Approval Date: SEP 11 2007Effective Date: 01/03/2007

Supersedes

TN No.: 97-01

**STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT**

State of MICHIGAN

**Requirements for Third Party Liability – Identifying Liable Resources**

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(1) Data Exchange Frequency (42 CFR 433.138(f))

The Michigan Department of Human Services accesses the Michigan Employment Security Commission files weekly and makes the files available to IV-D and Friends of the Court.

The Michigan Department of Human Services IV-A program determines Title XIX eligibility and secures information on Medicaid recipients that are employed and their employer on a continuous basis.

The Michigan Department of Community Health has an agreement with the Worker's Disability Compensation Bureau to provide the Third Party Liability Division with information at least monthly, to pursue third party resources. The Department also reviews information on a monthly basis from the Departments of Transportation and State Police for all injury related and fatal accidents.

Monthly the Michigan Department of Community Health identifies paid claims with diagnosis and trauma codes as designated by the Code of Federal Regulations and published updates.

(2) Follow-up Requirements (42 CFR 433.138(g))

When appropriate, the Michigan Department of Community Health follows up on acquired information within 30 days to determine the legal liability of other resources. County caseworkers, as a matter of routine, pursue potential employer leads for both outside income and other insurance. Other third party resources discovered by the caseworkers as a result of the follow up are reported to third party and incorporated into the third party and eligibility case files. This information is accessed to assure appropriate claims payment.

Within 60 days information is obtained to determine the legal liability of other resources. Health insurance information received from the caseworkers is entered on the TPL Master File for use in both the cost-avoidance and recovery processes. Valid Worker's Compensation information is maintained in a recovery case file.

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TN NO.: 07-05

Approval Date: SEP 11 2007

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Supersedes  
TN No.: 90-13

**STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT**

State of MICHIGAN

**Requirements for Third Party Liability – Identifying Liable Resources**

(3) State Motor Vehicle Accident Report (42 CFR 433.138(g)(3))

Monthly all reported accidents are matched to the Medicaid Management Information System to determine Medicaid eligibility status. If the individual is Medicaid eligible, the case is reviewed for potential recovery action.

(4) Trauma Code Editing Follow-up (42 CFR 433.138(g)(4))

Monthly all claims with diagnosis and trauma edit codes as designated by the Code of Federal Regulations, are matched to the Medicaid Management Information system to determine Medicaid eligibility status. If the individual is Medicaid eligible, the case is reviewed for potential recovery action.

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TN NO.: 07-05

Approval Date: SEP 11 2007

Effective Date: 01/03/2007

Supersedes  
TN No.: 90-13

## STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

### ***Requirements for Third Party Liability – Payment of Claims***

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1) Method Used to Determine Provider Compliance

The State requires the provider to utilize all other resources to their fullest extent before presenting the claim to Medicaid for payment.

2) Guidelines Used to Determine Cost Effectiveness and Time/Dollar Thresholds for Billing

**Paternity Confinement Expenses** – The State of Michigan IV-D program refers paternity cases to the local prosecuting attorney who petitions the court to order the absent parent to provide support for the minor child and repay Medicaid confinement expenses. The prosecutor and/or court requests from the Third Party Liability Division a statement of confinement expenses for inclusion in the court order. Confinement expense statements are provided by the Third Party Liability Division for every paternity case whether or not repayment is ordered and the terms of repayment is at the discretion of the court. Enforcement and collection is vested with an extension of each judicial circuit court in Michigan.

**Health Insurance** – Recoveries from Health Insurers are initiated within 30 days of adding Health Insurance information to the TPL Master File. Billing for reimbursement is retrospective.

**Medicare** – All current Medicare eligible recipients are monitored by the Invoice Processing system to assure payment of the lesser of the coinsurance and deductible amounts or the Medicaid screen amount minus any Medicare payment. Retroactive Medicare eligibility is pursued for covered provider types regardless of dollar amount since the process is automated. The part A and part B claims (excluding Long Term Care claims which are cost-avoided) are claim adjusted to the Medicaid providers.

**Casualty** – The Michigan Department of Community Health pursues recovery of Casualty claims when claims exceed \$300 for automobile cases or \$1000 for general liability or medical malpractice cases. Requests from insurance companies and attorneys are processed regardless of the value of the paid claims. Claims for no-fault auto are accumulated for as much as 12 months. If the claims do not exceed the threshold as noted in the first sentence of this subsection, the case is closed. General Liability claims are accumulated to extend 6 months from the date of event or date of notification, whichever is longer. If the claims do not exceed the threshold, the case is closed. Once the case has been identified as exceeding the cost effective threshold, recovery is pursued.

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TN NO.: 07-05

Approval Date: SEP 11 2007

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Supersedes  
TN No.: 90-13