

Center for Medicaid and State Operations (CMSO)

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

JUL 17 2008

RE: Michigan State Plan Amendment (SPA) 07-007

Dear Mr. Reinhart:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid State plan submitted under transmittal number (TN) 07-007. Effective for services on or after September 1, 2007, this amendment revises the methodology for making supplemental payments to nursing facilities under the Quality Assurance Assessment Program (QAAP). Specifically, these payments are reduced for the period of September 1, 2007, through September 30, 2007.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), and 1903(a) of the Social Security Act and the regulations at 42 CFR 447 Subpart C. We are pleased to inform you that Medicaid State plan amendment 07-007 is approved effective September 1, 2007. We are enclosing the HCFA-179 and the amended plan pages.

If you have any questions, please call Todd McMillion at (608) 441-5344.

Sincerely,



Herb B. Kuhn
Deputy Administrator
Acting Director, CMSO

Enclosures

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

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER: 07 - 07
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
~~July 1, 2007~~ August 1, 2007 SEPTEMBER 1, 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:
42 CFR 447 Subpart C

7. FEDERAL BUDGET IMPACT:
a. FFY 07 \$ (1,275,000) (1,442,318)
b. FFY 08 \$ (5,100,000) 0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
Attachment 4.19-D, Section IV page 20a

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):
Attachment 4.19-D, Section IV page 20a

10. SUBJECT OF AMENDMENT:
Annual Quality Assurance Supplement payment reconciliation

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

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 17, 2007

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

18. DATE APPROVED: JUL 17 2008

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:
SEP - 1 2007

20. SIGNATURE OF REGIONAL OFFICIAL:
Herb B K

21. TYPED NAME:
Herb B. Kuhn

22. TITLE:
Acting Director, CMSO

23. REMARKS:
PEN AND INK CHANGES - BOX 4 - PER FEBRUARY 26, 2008, EMAIL FROM THE STATE
- BOX 7 - PER JULY 15, 2008, EMAIL FROM THE STATE

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Policy and Methods for Establishing Payment Rates
(Long Term Care Facilities)***

C. Variable Cost Component

5. Special Provisions:

a. New Facility (continued):

facility that does not have a Medicaid historical cost basis, will be paid in accordance with Section c. below.

b. Change of Class: An existing enrolled nursing facility which becomes a Class I or III facility, will be paid in accordance with Section c. below.

c. Payment Determination:

- 1) During the first two cost reporting periods, rates for providers defined in Sections a. and b. above will be calculated using a variable rate base equal to the class average of variable costs.
- 2) In subsequent periods the provider's variable rate base will be determined using methods in Section IV.C.1. through IV.C.3. above.

6. Effective September 1, 2007, Class I, and Class III nursing facilities receive a monthly payment as part of the Quality Assurance Assessment Program (QAAP). A facility's QAAP payment is based on the facility's Medicaid utilization multiplied by a Quality Assurance Supplement (QAS) percentage. A facility's Medicaid utilization is the sum of all routine nursing care and therapeutic leave days billed to Medicaid by that facility during a twelve month period beginning in June of the previous calendar year. The hospice reimbursement for nursing facility bed days where Medicaid pays room and board for hospice residents in nursing facilities include the QAS amount. Hospice is responsible for reimbursing nursing facilities for room and board consistent with their contract. Between September 1, 2007 and September 30, 2007 the QAS is equal to 17.90% of the lesser of the facility's variable rate base or the class variable cost limit except for publicly owned facilities, in which, the QAS percentage is applied to the lesser of the Class III variable cost component or the Class I variable cost limit. The nursing facility's current fiscal year rate is based on the facility's cost report for the second fiscal year prior to the current fiscal year. After October 1, 2007 and from that date onward, the QAS percentage will be 21.76%.

TN NO.: 07-07

Approval Date: JUL 17 2008

Effective Date: 09/01/2007

Supersedes
TN No.: 05-23