

**Center for Medicaid and CHIP Services (CMCS)**

---

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

JAN 23 2012

RE: Michigan State Plan Amendment (SPA) 09-06

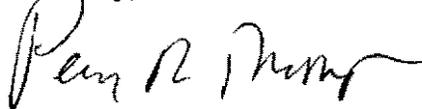
Dear Mr. Fitton:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid State plan submitted under transmittal number (TN) 09-06. Effective for services on or after January 1, 2009, this amendment proposes payments to county-owned free-standing nursing facilities (NF) for unreimbursed Medicaid costs.

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 hereby inform you that Medicaid State plan amendment 09-06 is approved effective January 1, 2009. 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,



Cindy Mann,  
Director (CMCS)

Enclosure

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

1. TRANSMITTAL NUMBER: 09 - 06	2. STATE: Michigan
3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
4. PROPOSED EFFECTIVE DATE January 1, 2009	

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, Subpart C	7. FEDERAL BUDGET IMPACT: a. FFY 09 _____ \$ 17,000,000.00 b. FFY 10 _____ \$ 21,250,000.00
--	---

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-D, Section IV, page 25	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): N/A - new page
---	--

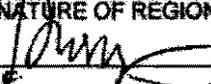
10. SUBJECT OF AMENDMENT:  
County Medical Care Facilities - special payments

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: 	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
13. TYPED NAME: Stephen Fitton	
14. TITLE: Acting Director, Medical Services Administration	
15. DATE SUBMITTED: March 19, 2009	

FOR REGIONAL OFFICE USE ONLY	
17. DATE RECEIVED:	18. DATE APPROVED: JAN 23 2012

PLAN APPROVED - ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL: JAN - 1 2009	20. SIGNATURE OF REGIONAL OFFICIAL: 
21. TYPE NAME: PENNY THOMPSON	22. TITLE: Deputy Director CMCS
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)***

---

**L. Special Payments to County Medical Care Facilities for Unreimbursed Medicaid Costs**

Special Medicaid payments are made to licensed county medical care facilities. The purpose of these payments is to assure funding for unreimbursed costs incurred for services to Medicaid beneficiaries. Allocations to individual facilities is determined based upon unreimbursed costs certified as public expenditures in accordance with 42 CFR 433.51.

To be eligible for these payments, each entity must meet the following conditions:

1. be a county owned and operated licensed county medical care facility.
2. be certified to serve Medicaid beneficiaries.
3. have reported Medicaid bed days during the period covered.
4. have incurred allowable costs in excess of Medicaid reimbursement for Medicaid bed days reported during the time period covered.

Most recently filed Medicaid long term care cost reports are used to determine each county medical care facility's allowable unreimbursed Medicaid costs.

Providers certify and report the amount of their public expenditure for this program through the cost reporting process. These cost reports are audited by the Department's Office of Audit in accordance with the Michigan Medicaid State Plan for auditing and the determination of allowable costs. Michigan will utilize the previous year's cost report. The 2009 CPE will utilize 2007 Worksheet 2-G to estimate total cost for the purpose of calculating County Medical Care Facilities Medicaid loss. The data for this calculation is reported on Worksheet 2-G of the Michigan Medicaid Cost Report. The cost data is taken from Line 34 Columns 2A, 3A and 4A. The state of Michigan will subtract total Medicaid revenue paid to this provider to estimate the total amount of Medicaid loss for the provider. Data for QAS will be taken from invoice data used to manage these programs. This data will be trended forward to January 1, 2009 using the Global Insight's Skilled Nursing facility without Capital market Basket. This amount will be the recognized Medicaid loss for the facility. The lesser of the current Upper Payment Limit (UPL) minus total payments or the Medicaid Loss will be paid in quarterly gross adjustments to the provider.

**Initial Reconciliation:** Upon acceptance of the next year's cost report, Michigan compares the costs for the current Cost Report to previous years cost report for any changes effecting the CPE calculation. Any variance is reconciled via gross adjustment. This gross adjustment is accomplished through the approved Medicaid Management (MMIS) system and any federal share is returned to CMS or additional payments are processed via the normal claiming process.

---

TN NO.: 09-06

Approval Date: JAN 23 2012

Effective Date: 01/01/2009

Supersedes

TN No.: N/A – new page

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

State of MICHIGAN

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

---

Final Reconciliation: Once the cost Report is audited by The Office of Audit, in the Bureau of Budget and Audit, Operations Administration, the data is again compared to the initial reconciliation data and any changes to the final amount are collected or paid through a gross adjustment. This gross adjustment is accomplished through the approved MMIS system and any changes to the federal share are properly adjusted.

Qualifying facilities receiving special payments for unreimbursed Medicaid costs are liable for any overpayment amount identified in accordance with the reconciliation process.

---

TN NO.: 09-06

Approval Date: JAN 23 2012

Effective Date: 01/01/2009

Supersedes

TN No.: N/A - new page