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**SEP 27 2011**

Stephen Fitton, Director  
Medical Services Administration  
Federal Liaison Unit  
Michigan Department of Community Health  
400 South Pine  
Lansing, Michigan 48933

ATTN: Loni Hackney

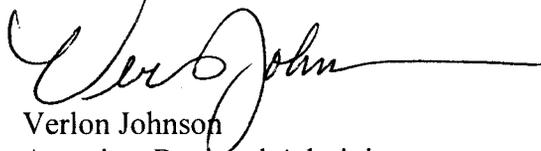
Dear Mr. Fitton:

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

- Transmittal #11-004 This SPA revises the end date of the current reimbursement methodology for public clinics to September 30, 2012.
- Effective October 1, 2011

If you have any questions, please contact Leslie Campbell at (312) 353-1557 or [Leslie.Campbell@cms.hhs.gov](mailto:Leslie.Campbell@cms.hhs.gov).

Sincerely,



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

Enclosure

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b> <b>FOR: HEALTH CARE FINANCING ADMINISTRATION</b>	1. TRANSMITTAL NUMBER: <u>11 - 04</u>	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 October 1, 2011	

5. TYPE OF PLAN MATERIAL (Check One):

NEW STATE PLAN       AMENDMENT TO BE CONSIDERED AS NEW PLAN       AMENDMENT

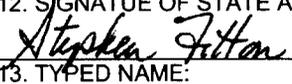
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR 447.201	7. FEDERAL BUDGET IMPACT: a. FFY 10 _____ \$ -0- _____ b. FFY 11 _____ \$ -0- _____
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-B, page 6d	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Attachment 4.19-B, page 6d

10. SUBJECT OF AMENDMENT:  
This amendment extends the reimbursement methodology sunset date for Public Clinic Services.

11. GOVERNOR'S REVIEW (Check One):

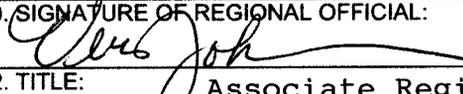
GOVERNOR'S OFFICE REPORTED NO COMMENT       OTHER, AS SPECIFIED:  
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED      Stephen Fitton, Director  
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL      Medical Services Administration

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
13. TYPED NAME: Stephen Fitton	Attn: Loni Hackney
14. TITLE: Director, Medical Services Administration	
15. DATE SUBMITTED: September 15, 2011	

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED: <u>September 15, 2011</u>	18. DATE APPROVED: <b>SEP 27 2011</b>
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**PLAN APPROVED - ONE COPY ATTACHED**

19. EFFECTIVE DATE OF APPROVED MATERIAL: <u>October 1, 2011</u>	20. SIGNATURE OF REGIONAL OFFICIAL: 
21. TYPE NAME: Verlon Johnson	22. TITLE: Associate Regional Administrator
23. REMARKS:	

**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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15. Public Clinic Services

Reimbursement for Public Clinic Services, other than dental services, is at reasonable and allowable full costs as described below.

The methodology for achieving full cost reimbursement is fee for service billings which are subsequently cost settled. To participate in this methodology, qualified providers must supply the Program with a Medicaid cost report which lists medical costs, revenue, and encounters for services covered by this section. Based on the Medicaid cost report, a provider specific encounter rate is determined and used to make initial full-cost payments which are made on a quarterly basis, as applicable.

Annual cost settlements are performed to ensure that the initial payments were made at reasonable and allowable full cost. As necessitated by the cost settlement process, any financial adjustments are made with the provider. The settlements are performed for each public clinic and for each fiscal year which ends after April 1, 1991.

A combination of local funds and state general funds provides the basis for reimbursing providers and for claiming federal financial participation in expenditures made pursuant to this section, per 42 CFR 433.

Reasonableness and allowability of costs is determined by use of the applicable Medicare cost reimbursement principles detailed in 42 CFR 413.

The reimbursement methodology described above will end September 30, 2012.

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TN NO.: 11-04

Approval Date: SEP 27 2011

Effective Date: 10/01/2011

Supersedes  
TN No.: 10-16-A