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State/Territory Name: Michigan

State Plan Amendment (SPA)#: 17-0007 Rural Health Center Update

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
233 N. Michigan Avenue, Suite 600
Chicago, Illinois 60601-5519



Regional Operations Group

August 9, 2019

Kate Massey
State Medicaid Director
Medical Services Administration
Michigan Department of Health & Human Services
400 South Pine Street
Lansing, MI 48933

Dear Ms. Massey:

ATTN: Erin Black

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

- Transmittal #: 17-0007: Rural Health Center Update
- Effective Date: July 1, 2017
- Approval Date: August 9, 2019

If you have any questions, please contact Keri Toback at (312) 353-1754 or keri.toback@cms.hhs.gov.

Sincerely,

/s/

Ruth A. Hughes
Deputy Director
Center for Medicaid and CHIP Services
Regional Operations Group

cc: Erin Black, MDHHS

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

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

17 - 0007

2. STATE:

Michigan

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

TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH FINANCING ADMINISTRATION
DEPARTMENT OF HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
July 1, 2017

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:
1902(bb) of the Social Security Act / 42 USC 1396a(bb)

7. FEDERAL BUDGET IMPACT:

a. FFY 2017 \$0

b. FFY 2018 \$0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-B, Page 2d
Attachment 4.19-B, Page 2d.1

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (*If Applicable*):

Attachment 4.19-B, Page 2d
Attachment 4.19-B, Page 2d.1

10. SUBJECT OF AMENDMENT:

Carves out specific services from prospective payment system (PPS) for Rural Health Centers.

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:

Chris Priest, Director
Medical Services Administration

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:
Chris Priest

14. TITLE:
Director, Medical Services Administration

15. DATE SUBMITTED:
August 24, 2017

16. RETURN TO:

Medical Services Administration
Actuarial Division - Federal Liaison
Capitol Commons Center - 7th Floor
400 South Pine
Lansing, Michigan 48933

Attn: Erin Black

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

August 24, 2017

18. DATE APPROVED:

August 9, 2019

PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

July 1, 2017

20. SIGNATURE OF REGIONAL OFFICIAL:

/s/

21. TYPE NAME:

Ruth A. Hughes

22. TITLE:

Deputy Director

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)***

5. Rural Health Clinic Services

RHCs will be reimbursed using the methodologies described below:

- (a) An RHC that is not reimbursed under (b) below will be reimbursed based on the Medicaid prospective payment system (PPS) as described in Section 1902(bb) of the Social Security Act. Under the PPS, an RHC will be reimbursed on a per visit basis for Rural Health Clinic Services. The per visit payment will be based on the average of the RHC's reasonable costs of providing Medicaid services during FY 1999 and FY 2000. Reasonable costs are defined as the per visit amount approved and paid by Medicare.

Effective October 1, 2001, the PPS per visit amount will be adjusted each year using the Medicare Economic Index.

The PPS per visit amount may also be adjusted to reflect changes in the scope of services provided to Medicaid beneficiaries by the RHC. An adjustment to the PPS per visit amount based upon a change in the scope of services will be prospective and will become effective when the change is approved by the State. The adjustment may result in either an increase or decrease in the per visit amount paid to the RHC.

RHCs that provide services under a contract with a Medicaid managed care entity (MCE) will receive prospective, quarterly supplemental payments that are an estimate of the difference between the payments the RHC receives from the MCE and the payments the RHC would have received under the PPS. At the end of each RHCs fiscal year, the total amount of supplemental and MCE payments received by the RHC will be reviewed against the amount that the actual number of visits provided under the RHC's contract with one or more MCEs would have yielded under the PPS. The RHC will be paid the difference between the PPS amount calculated using the actual number of visits and the total amount of supplemental and MCE payments received by the RHC, if the PPS amount exceeds the total amount of supplemental and MCE payments. The RHC will refund the difference between the PPS amount calculated using the actual number of visits and the total amount of supplemental and MCE payments received by the RHC, if the PPS amount is less than the total amount of supplemental and MCE payments. the cost settlement process will commence five months after the RHCs fiscal year end.

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)***

5. Rural Health Clinic Services (continued)

(b) Effective August 1, 2017, an RHC may agree in writing, through a memorandum of understanding, to be reimbursed under an alternate payment methodology (APM) for the following services:

- Endometrial ablation (all methods)
- Hysteroscopy and colposcopy procedures
- Post-partum care
- Insertion and removal of non-biodegradable drug delivery implant

RHCs will be reimbursed according to the payment methodology described under individual practitioner services, Attachment 4.19-B, for the services above.

Reimbursement under the above methodology will be greater than or equal to the RHC's PPS rate to ensure compliance with Section 1902(bb)(6)(B) of the act.

NEWLY CREATED RHCS

An entity that first qualifies as an RHC after fiscal year 2000, will be paid a per visit amount that is equal to 100% of the costs of furnishing such services during such fiscal year based on the rates established under the PPS for the fiscal year for other RHCs located in the same or adjacent area with a similar case load. If there is no other RHC similarly situated, the newly established RHC shall be paid a per visit amount based on an estimate of its reasonable costs of providing such services and cost settled at the end of its first fiscal year of operation. In subsequent fiscal years, the newly established RHC shall be reimbursed using (a) or (b), described above.