

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: HEALTH CARE FINANCING ADMINISTRATION	1. TRANSMITTAL NUMBER: 17 - 0009	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 October 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: Section 1902(a) of the Social Security Act and 42 CFR 447	7. FEDERAL BUDGET IMPACT: a. FFY 2018 \$47,289,400 b. FFY 2019 \$48,471,635
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-D, Section I, Page 2 Attachment 4.19-D, Section IV, Page 28 Attachment 4.19-D, Section IV, Page 29	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Attachment 4.19-D, Section I, Page 2

10. SUBJECT OF AMENDMENT:
Creates a nursing facility quality incentive initiative.

11. GOVERNOR'S REVIEW (Check One):

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

12. SIGNATURE OF STATE AGENCY OFFICIAL: 	16. RETURN TO: Medical Services Administration Actuarial Division - Federal Liaison Capitol Commons Center - 7 th Floor 400 South Pine Lansing, Michigan 48933
13. TYPED NAME: Chris Priest	Attn: Erin Black
14. TITLE: Director, Medical Services Administration	
15. DATE SUBMITTED: September 25, 2017	

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

PLAN APPROVED – ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL:	20. SIGNATURE OF REGIONAL OFFICIAL:
21. TYPE NAME:	22. TITLE:

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)***

- E. Each provider must maintain sufficient financial records and statistical data for proper determination of costs as allowable, in accordance with Section III of this plan. This may include pertinent records required by the Medicare Principles of Reimbursement in 42 CFR 413.20 and 42 CFR 413.24.
- F. All of the provider's accounting and related records, including the general ledger and books of original entry and statistical data, are regarded as permanent records and must be maintained for a period of not less than seven years.
- G. All cost reports are retained by the state agency for not less than three years following the date of filed receipt by RARSS or designee.
- H. Non-allowable expenses are excluded from the total operating expenses in accordance with procedures identified on the reporting form and defined in Section III of this plan.
- I. Related organizations and costs to related organizations (as defined in 42 CFR 413.17) shall be disclosed by the provider in the cost report.
- J. Cost related to intergovernmental transfers: Class III nursing facilities owned by local governments and any related transaction management fees associated with the intergovernmental transfer will be recognized outside of the cost reporting process.
- K. REVENUE FROM THE QUALITY MEASURE INITIATIVE DESCRIBED IN SECTION IV MUST BE ADJUSTED FROM THE COST REPORT AS DETERMINED BY THE MICHIGAN DEPARTMENT OF HEALTH AND HUMAN SERVICES.

TN NO.: 17-0009

Approval Date: _____ Effective Date: 10/01/2017

Supersedes

TN No.: 05-11

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

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

M. QUALITY MEASURE INITIATIVE

EFFECTIVE OCTOBER 1, 2017, A QUALITY MEASURE INITIATIVE (QMI) PAYMENT IS ESTABLISHED FOR CLASS I AND CLASS III NURSING FACILITIES. PAYMENTS TO INDIVIDUAL NURSING FACILITIES WILL BE DETERMINED BY THEIR YEARLY AVERAGE 5-STAR QUALITY MEASURE RATING FROM THE CENTERS FOR MEDICARE & MEDICAID SERVICES NURSING HOME COMPARE (NHC) WEBSITE, MEDICAID UTILIZATION RATE, NUMBER OF LICENSED NURSING FACILITY BEDS, AND RESIDENT SATISFACTION SURVEY DATA AS DESCRIBED IN THIS SECTION.

- 1.) TO BE ELIGIBLE FOR A QMI PAYMENT, A PROVIDER MUST MEET THE FOLLOWING CONDITIONS:
 - a. THE PROVIDER MUST HAVE A 1, 2, 3, 4 OR 5-STAR QUALITY MEASURE RATING ON THE NHC COMPARE WEBSITE.
 - b. THE PROVIDER MUST BE A MEDICAID-CERTIFIED NURSING FACILITY.
 - c. THE PROVIDER MUST NOT BE CLOSED FOR BUSINESS.
 - d. THE PROVIDER MUST NOT BE DESIGNATED AS A SPECIAL FOCUS FACILITY BY THE CENTERS FOR MEDICARE & MEDICAID SERVICES.
 - e. IF THE PROVIDER HAS AN AVERAGE QUALITY MEASURE RATING BELOW 2.5 STARS, THEY MUST SUBMIT AN ACTION PLAN TO THE MICHIGAN DEPARTMENT OF HEALTH AND HUMAN SERVICES. THE ACTION PLAN MUST MEET THE REQUIREMENTS DETERMINED BY THE MICHIGAN DEPARTMENT OF HEALTH AND HUMAN SERVICES AND MUST BE SUBMITTED BY THE DUE DATE SPECIFIED BY THE DEPARTMENT.
- 2.) THE AVERAGE NHC 5-STAR QUALITY MEASURE RATING WILL BE BASED UPON THE AVERAGE RATING FROM JULY OF THE PRIOR CALENDAR YEAR TO JUNE OF THE CURRENT CALENDAR YEAR. THE NHC QUALITY MEASURE RATING WILL DETERMINE A PER-BED QMI AMOUNT BASED ON AVAILABLE FUNDING. THE PER-BED QMI AMOUNT WILL BE LARGER FOR HIGHER AVERAGE QUALITY MEASURE RATINGS.
- 3.) THE MEDICAID UTILIZATION RATE WILL BE DETERMINED FROM THE IMMEDIATE PRIOR YEAR-END COST REPORT COVERING A TIME PERIOD OF AT LEAST 7 MONTHS. A NURSING FACILITY THAT DID NOT FILE A COST REPORT IN THE PRIOR YEAR OR A COST REPORT COVERING A PERIOD OF AT LEAST 7 MONTHS WILL BE ASSUMED TO HAVE A MEDICAID UTILIZATION RATE OF BELOW 50%. THE PER-BED QMI AMOUNT IS MULTIPLIED BY THE MEDICAID UTILIZATION SCALE. THE MEDICAID UTILIZATION SCALE IS DETERMINED BY THE MEDICAID UTILIZATION RATE AND IS APPLIED AS FOLLOWS:
 - a. FOR NURSING FACILITIES WITH A MEDICAID UTILIZATION RATE OF ABOVE 63%, THE FACILITY SHALL RECEIVE 100% OF THE QMI AMOUNT.
 - b. FOR NURSING FACILITIES WITH A MEDICAID UTILIZATION RATE BETWEEN 50% AND 63%, THE FACILITY SHALL RECEIVE 75% OF THE QMI AMOUNT.
 - c. FOR NURSING FACILITIES WITH A MEDICAID UTILIZATION RATE BELOW 50%, THE FACILITY SHALL RECEIVE 50% OF THE QMI AMOUNT.

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(Long Term Care Facilities)***

- 4.) LICENSED BEDS WILL BE DETERMINED USING THE NUMBER OF LICENSED NURSING FACILITY BEDS IDENTIFIED BY THE MICHIGAN DEPARTMENT OF HEALTH AND HUMAN SERVICES AS OF A DATE DETERMINED BY THE DEPARTMENT. ONLY LICENSED NURSING FACILITY BEDS COUNT TOWARDS THE TOTAL, BUT THE BED COUNT INCLUDES NURSING FACILITY BEDS THAT HAVE MEDICARE ONLY CERTIFICATION, MEDICAID ONLY CERTIFICATION, DUAL MEDICARE AND MEDICAID CERTIFICATION, OR ARE LICENSED ONLY. THE PER-BED QMI AMOUNT IS MULTIPLIED BY THE NUMBER OF LICENSED BEDS.
- 5.) EFFECTIVE OCTOBER 1, 2018, AN ADJUSTMENT IS MADE TO THE PER-BED QMI AMOUNT BASED ON THE SUBMISSION OF RESIDENT SATISFACTION SURVEY DATA AND DOCUMENTATION TO THE MICHIGAN DEPARTMENT OF HEALTH AND HUMAN SERVICES. PER-BED QMI AMOUNTS WILL BE MULTIPLIED BY 100% FOR NURSING FACILITIES THAT SUBMIT ACCEPTABLE RESIDENT SATISFACTION SURVEY DATA AND DOCUMENTATION, BUT PAYMENTS WILL BE MULTIPLIED BY A PERCENTAGE SET BY THE MICHIGAN DEPARTMENT OF HEALTH AND HUMAN SERVICES FOR NURSING FACILITIES THAT DO NOT SUBMIT THE DATA AND DOCUMENTATION. THE RESIDENT SATISFACTION SURVEY MUST NOT BE MORE THAN 12 MONTHS OLD, AND SURVEY DATA USED FOR PRIOR YEAR QMI PAYMENTS WILL NOT BE ACCEPTED.
- 6.) QMI PAYMENTS WILL BE CALCULATED TO BE EFFECTIVE AT THE BEGINNING OF THE STATE FISCAL YEAR UNLESS OTHERWISE DETERMINED BY THE MICHIGAN DEPARTMENT OF HEALTH AND HUMAN SERVICES. THE QMI PAYMENTS WILL BE DISTRIBUTED ON A MONTHLY BASIS. IN CASES OF A CHANGE OF OWNERSHIP, THE NEW OWNER'S QMI PAYMENT WILL CONTINUE TO BE CALCULATED BASED OFF OF THE PRIOR OWNER'S AVERAGE QUALITY MEASURE RATING, MEDICAID UTILIZATION RATE, NUMBER OF LICENSED BEDS AND RESIDENT SATISFACTION SURVEY DATA. IF A FACILITY CLOSES OR IS DESIGNATED AS A SPECIAL FOCUS FACILITY, THE MICHIGAN DEPARTMENT OF HEALTH AND HUMAN SERVICES MAY RECALCULATE SOME OR ALL QMI PAYMENTS.
- 7.) THE FOLLOWING FORMULA DEMONSTRATES HOW MONTHLY QMI PAYMENTS ARE CALCULATED (FOR RATE YEARS PRIOR TO OCTOBER 1, 2018 THE RESIDENT SATISFACTION SURVEY FACTOR IS NOT INCLUDED IN THE FORMULA):
 - $\text{MONTHLY QMI PAYMENT} = (([\text{PER-BED QMI AMOUNT}] * [\text{MEDICAID UTILIZATION SCALE PERCENTAGE}] * [\text{RESIDENT SATISFACTION SURVEY ADJUSTMENT PERCENTAGE}]) * [\text{NUMBER OF LICENSED NURSING FACILITY BEDS}]) / [\text{NUMBER OF ELIGIBLE PAYMENT MONTHS}]$

TN NO.: 17-0009

Approval Date: _____

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Supersedes

TN No.: New Page



STATE OF MICHIGAN

DEPARTMENT OF HEALTH AND HUMAN SERVICES
LANSING

RICK SNYDER
GOVERNOR

NICK LYON
DIRECTOR

April 10, 2017

NAME
TITLE
ADDRESS
CITY STATE ZIP

Dear Tribal Chair and Health Director:

RE: Nursing Facility Quality Incentive Initiative

This letter, in compliance with Section 1902(a)(73) and Section 2107(e)(1)(C) of the Social Security Act, serves as notice of intent to all Tribal Chairs and Health Directors of the request by the Michigan Department of Health and Human Services (MDHHS) to submit a State Plan Amendment.

Pending approval from the Centers for Medicare and Medicaid Services (CMS), the Michigan Medicaid State Plan will be modified to create a nursing facility quality incentive initiative. This Amendment will set the criteria and payment methodology for the initiative, and allow MDHHS to reward and incentivize quality in nursing facilities. The State of Michigan expects these changes will have little or no impact on tribal members. The anticipated effective date of this State Plan Amendment is October 1, 2017.

There is no public hearing scheduled for this State Plan Amendment. Input regarding this Amendment is highly encouraged, and comments regarding this Notice of Intent may be submitted to Lorna Elliott-Egan, MDHHS Liaison to the Michigan Tribes. Lorna can be reached at 517-284-4034, or via email at Elliott-EganL@michigan.gov. **Please provide all input by May 25, 2017.**

In addition, MDHHS is offering to set up group or individual meetings for the purposes of consultation in order to discuss this Amendment, according to the tribes' preference. This consultation meeting will allow tribes the opportunity to address any concerns and voice any suggestions, revisions, or objections to be relayed to the author of the proposal. If you would like additional information or wish to schedule a consultation meeting, please contact Lorna Elliott-Egan at the telephone number or email address provided above.

MDHHS appreciates the continued opportunity to work collaboratively with you to care for the residents of our state.

Sincerely,

A handwritten signature in black ink that reads "Chris Priest". The signature is written in a cursive style with a large, prominent "P" and a long, sweeping underline.

Chris Priest, Director
Medical Services Administration

cc: Keri Toback, Region V, CMS
Leslie Campbell, Region V, CMS
Pamela Carson, Region V, CMS
Ashley Tuomi, MHPA, Executive Director, American Indian Health and Family
Services of Southeastern Michigan
L. John Lufkins, Executive Director, Inter-Tribal Council of Michigan, Inc.
Keith Longie, Acting Area Director, Indian Health Service - Bemidji Area Office
Lorna Elliott-Egan, MDHHS

Distribution List for L 17-15
April 10, 2017

Mr. Levi Carrick, Sr., Tribal Chairman, Bay Mills Indian Community
Ms. Audrey Breakie, Health Director, Bay Mills (Ellen Marshall Memorial Center)
Mr. Thurlow Samuel McClellan, Chairman, Grand Traverse Band Ottawa & Chippewa Indians
Ms. JoAnne Cook, Tribal Vice Chair, Grand Traverse Band Ottawa & Chippewa Indians
Ms. Ruth Bussey, Health Director, Grand Traverse Band Ottawa/Chippewa
Mr. Kenneth Meshigaud, Tribal Chairman, Hannahville Indian Community
Ms. G. Susie Meshigaud, Health Director, Hannahville Health Center
Mr. Warren C. Swartz, Jr., President, Keweenaw Bay Indian Community
Ms. Carole LaPointe, Health Director, Keweenaw Bay Indian Community - Donald Lapointe Health/Educ Facility
Mr. James Williams, Jr., Tribal Chairman, Lac Vieux Desert Band of Lake Superior Chippewa Indians
Ms. Sadie Valliere, Health & Human Services Director, Lac Vieux Desert Band
Mr. Larry Romanelli, Ogema, Little River Band of Ottawa Indians
Mr. Donald MacDonald, Health Director, Little River Band of Ottawa Indians
Ms. Regina Gasco-Bentley, Tribal Chairman, Little Traverse Bay Band of Odawa Indians
Ms. Jodi Werner, Health Director, Little Traverse Bay Band of Odawa
Ms. Leah Fodor, Chairperson, Match-E-Be-Nash-She-Wish Potawatomi Indians (Gun Lake Band)
Ms. Phyllis Davis, Health Director, Match-E-Be-Nash-She-Wish Potawatomi
Mr. Jamie Struck, Tribal Chairman, Nottawaseppi Huron Band of Potawatomi Indians
Ms. Rosalind Johnston, Health Director, Huron Potawatomi Inc.- Tribal Health Department
Mr. John Warren, Tribal Chairman, Pokagon Band of Potawatomi Indians
Mr. Matt Clay, Health Director, Pokagon Potawatomi Health Services
Mr. Frank Cloutier, Tribal Chief, Saginaw Chippewa Indian Tribe
Mrs. Karmen Fox, Executive Health Director, Nimkee Memorial Wellness Center
Mr. Aaron Payment, Tribal Chairman, Sault Ste. Marie Tribe of Chippewa Indians
Ms. Bonnie Culfa, Health Director, Sault Ste. Marie Tribe of Chippewa Indians - Health Center

CC: Keri Toback, Region V, CMS
Leslie Campbell, Region V, CMS
Pamela Carson, Region V, CMS
Ashley Tuomi, MHPA, Executive Director, American Indian Health and Family Services of Southeastern Michigan
L. John Lufkins, Executive Director, Inter-Tribal Council of Michigan, Inc.
Keith Longie, Acting Area Director, Indian Health Service - Bemidji Area Office
Lorna Elliott-Egan, MDHHS



Order Confirmation

Ad Order Number 0008231983

Customer

MICHIGAN DEPARTMENT OF HEALTH AND HUMAN SERVICES

Account: 1000560354

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PO BOX 30479

LANSING MI 48909 USA

(517)241-9444

FAX:

smithp2@michigan.gov

Payor Customer

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PO BOX 30479

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(517)241-9444

PO Number

Sales Rep. Joseph Pupilis

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Special Pricing

Tear Sheets	1	Net Amount	\$790.04
Proofs	0	Tax Amount	\$0.00
Affidavits	0	Total Amount	\$790.04
Blind Box		Payment Method	Invoice
Promo Type		Payment Amount	\$0.00
Materials		Amount Due	\$790.04
Invoice Text			

Ad Schedule

Product	Grand Rapids Press	Placement/Class	Announcements
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06/22/2017			

Product	Kalamazoo Gazette	Placement/Class	Announcements
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Production Method	AdBooker	Production Notes	
Run Dates	Sort Text	PUBLICNOTICEMICHIGANDEPARTMENTOFHEALTHANDHUMANSERVICESMEDICALSERVICESADMINISTRATIONNU	
06/22/2017			

Product	Flint Journal	Placement/Class	Announcements
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External Ad #		Color	<NONE>
Production Method	AdBooker	Production Notes	
Run Dates	Sort Text	PUBLICNOTICEMICHIGANDEPARTMENTOFHEALTHANDHUMANSERVICESMEDICALSERVICESADMINISTRATIONNU	
06/22/2017			

Product Saginaw News *Placement/Class* Announcements
Inserts 1 *POS/Sub-Class* Public Notices
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External Ad # *Color* <NONE>
Production Method AdBooker *Production Notes*
Run Dates *Sort Text* PUBLICNOTICEMICHIGANDEPARTMENTOFHEALTHANDHUMANSERVICESMEDICALSERVICESADMINISTRATIONNU
06/22/2017

Product MLive.com *Placement/Class* Announcements
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Ad Type MI CLS Liner *Ad Size* 1 X 67 li
Pick Up # 0008230860 *Ad Attributes*
External Ad # *Color* <NONE>
Production Method AdBooker *Production Notes*
Run Dates *Sort Text* PUBLICNOTICEMICHIGANDEPARTMENTOFHEALTHANDHUMANSERVICESMEDICALSERVICESADMINISTRATIONNU
06/22/2017

Ad Content Proof

**Public Notice
Michigan Department of
Health and Human
Services
Medical Services
Administration**

**Nursing Facility Quality
Incentive Initiative State
Plan Amendment
Request**

The Michigan Department of Health and Human Services (MDHHS) plans to submit a State Plan Amendment (SPA) request to the Centers for Medicare & Medicaid Services (CMS) to propose a nursing facility quality incentive initiative.

The anticipated effective date for the nursing facility quality incentive initiative SPA is October 1st, 2017.

The SPA will propose the criteria for nursing facilities to receive the incentive payments, and the payment methodology for the incentive. The goal of the initiative is to reward and incentivize quality in nursing facilities.

The estimated gross cost to the State of Michigan for the State Plan Amendment is \$73 million per year.

There is no public meeting scheduled regarding this notice. Any interested party wishing to request a written copy of the SPA or wishing to submit comments may do so by submitting a request in writing to: MDHHS/Medical Services Administration, Program Policy Division, PO Box 30479, Lansing, MI 48909-7979 or email MSADraftPolicy@michigan.gov by July 31, 2017. A copy of the proposed State Plan Amendment will also be available for review at www.michigan.gov/mdhhs/0,5585,7-339-73970_5080-108153--,00.html