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State/Territory Name: MI

State Plan Amendment (SPA) #: 18-0003

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
Chicago Regional Office
233 N. Michigan
Suite 600
Chicago, Illinois 60601



July 26, 2018

Kathy Stiffler, Acting State Medicaid Director
Medical Services Administration
Michigan Department of Health and Human Services
400 South Pine Street, P.O. Box 30479
Lansing, Michigan 48909-7979

ATTN: Erin Black

Dear Ms. Stiffler:

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

- Transmittal #: 18-0003: Home Health Rule
- Effective Date: July 1, 2018
- Approval Date: July 26, 2018

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

Sincerely,

/s/

Alan Freund
Acting Associate Regional Administrator
Division of Medicaid & Children's Health Operations

cc: Erin Black, MDHHS

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

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER: 18 - 0003	2. STATE: Michigan
3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID) TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
4. PROPOSED EFFECTIVE DATE July 1, 2018	

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 440.70	7. FEDERAL BUDGET IMPACT: a. FFY 2018 \$156,552 b. FFY 2019 \$1,360,380
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 3.1-A Page 3 Supplement to Attachment 3.1-A Page 18 Supplement to Attachment 3.1-A Page 18b Supplement to Attachment 3.1-A Page 19 Attachment 4.19-B Page 2c Attachment 4.19-B Page 2c.2 Attachment 4.19-B Page 3	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (<i>If Applicable</i>): Attachment 3.1-A Page 3 Supplement to Attachment 3.1-A Page 18 Supplement to Attachment 3.1-A Page 18b Supplement to Attachment 3.1-A Page 19 Attachment 4.19-B Page 2c Attachment 4.19-B Page 2c.2 Attachment 4.19-B Page 3

10. SUBJECT OF AMENDMENT:
This SPA allows MDHHS to implement CMS Rule 2348-F and other Home Health related changes. The new requirements will assist with improved access to home health care and durable medical equipment under home health services. Please note that the federal budget impact above includes an estimated \$1.7 million to reinstate coverage of hearing aids to beneficiaries age 21 and over starting September 1, 2018. However, the actual SPA change for the hearing aids is reflected in SPA 17-0001, Practitioner Enrollment, due to a companion issue.

11. GOVERNOR'S REVIEW (*Check One*):

GOVERNOR'S OFFICE REPORTED NO COMMENT OTHER, AS SPECIFIED:
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED Kathleen Stiffler, Acting 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 Attn: Erin Black
13. TYPED NAME: Kathleen Stiffler	
14. TITLE: Acting Director, Medical Services Administration	
15. DATE SUBMITTED: April 30, 2018	

FOR REGIONAL OFFICE USE ONLY	
17. DATE RECEIVED: April 30, 2018	18. DATE APPROVED: July 26, 2018

PLAN APPROVED – ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL: July 1, 2018	20. SIGNATURE OF REGIONAL OFFICIAL: /s/
21. TYPE NAME Alan Freund	22. TITLE: Acting Associate Regional Administrator

23. REMARKS:

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

**AMOUNT, DURATION, AND SCOPE OF MEDICAL AND REMEDIAL CARE
AND SERVICES PROVIDED TO THE CATEGORICALLY NEEDY**

b. Optometrists' services.

- Provided: No Limitations With Limitations*
 Not Provided

c. Chiropractors' services.

- Provided: No Limitations With Limitations*
 Not Provided

d. Other practitioners' services.

- Provided: Identified on attached sheet with description of limitations, if any.
 Not Provided

7. Home health services.

a. Intermittent or part-time nursing services provided by a home health agency or by a registered nurse when no home health agency exists in the area.

Provided: No Limitations With Limitations*

b. Home health aide services provided by a home health agency.

Provided: No Limitations With Limitations*

c. Medical supplies, equipment, and appliances suitable for use in any setting in which normal activities take place and does not include services in a hospital, nursing facility including Nursing Facility for the Mentally III (NF/MI), or Intermediate Care Facility for Individuals with Intellectual Disabilities (ICF/IID).

Provided: No Limitations With Limitations*

*Description provided on attachment.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

AMOUNT, DURATION, AND SCOPE OF MEDICAL AND REMEDIAL CARE AND SERVICES PROVIDED TO THE CATEGORICALLY AND MEDICALLY NEEDY

7. Home Health Care Services (Same for categorically needy and medically needy beneficiaries)

a. Covered Services

The services and items listed below are covered by Medicare certified home health agency when provided to a beneficiary in any setting in which normal activities take place and does not include services in a hospital, nursing facility including Nursing Facility for Mentally Ill (NF/MI), or Intermediate Care Facility for Individuals with Intellectual Disabilities (ICF/IID).

All services must be ordered by the beneficiary's physician pursuant to a face-to-face or telemedicine encounter occurring within in 90 days prior or 30 days after the start of services, and documented in a comprehensive written plan of care, which is reviewed by the physician at least every 60 days. An exception to this rule applies to medical supplies and durable medical equipment when provided by a Medicaid enrolled medical supplier. For these items, the physician must review the medical need on an annual basis.

Medicaid will not cover any services provided by a home health agency that are not medically necessary.

1) Intermittent or part-time nursing services provided by a Medicaid enrolled home health agency. In areas where no home health agency exists, nursing services may be covered when provided by a registered nurse who:

- is licensed to practice in Michigan;
- receives written ordered from the beneficiary's physician;
- documents the services provided; and,
- has received instructions in acceptable clinical and administrative record keeping from a public health department nurse.

2) Home health aide services are not covered for beneficiaries:

- In a hospital, nursing facility including Nursing Facility for Mentally Ill (NF/MI), or Intermediate Care Facility for Individuals with Intellectual Disabilities (ICF/IID);
- In a home for the aged or adult foster care facility such services are already provided as part of residential care; or,
- When not medically necessary.

3) Medical supplies, equipment and appliances suitable for use in any setting in which normal activities take place and does not include services in a hospital, nursing facility including Nursing Facility for Mentally Ill (NF/MI), or Intermediate Care Facility for Individuals with Intellectual Disabilities (ICF/IID).

A Medicaid enrolled home health agency is allowed to provide a select number of medical supply items when:

- Medical supplies, durable medical equipment and oxygen suitable for use in any setting in which normal activities take place and does not include services in a home for the aged, adult foster care facility, hospital, nursing facility, or Intermediate Care Facility for Individuals with Intellectual Disabilities (ICF/IID);
- Medically necessary; and,
- Provided by a Medicaid enrolled medical supplier. The following outlines Medicaid policies for a medical supplier dispensing items.

TN NO.: 18-0003

Approval Date: 7/26/18

Effective Date: 07-01-2018

Supersedes

TN No.: 02-03

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***AMOUNT, DURATION, AND SCOPE OF MEDICAL AND REMEDIAL CARE AND
SERVICES PROVIDED TO THE CATEGORICALLY AND MEDICALLY NEEDY***

The program determines if the equipment is to be rented or purchased. Such determination includes consideration of costs versus benefit.

Oxygen

Oxygen is covered for the beneficiary residing in any setting in which normal activities take place and does not include services in a hospital, nursing facility including Nursing Nacility for Mentally Ill (NF/MI), or Intermediate Care Facility for Individuals with Intellectual Disabilities (ICF/IID) when medically necessary and when ordered by a physician.

TN NO.: 18-0003

Approval Date: 7/26/18

Effective Date: 07-01-2018

Supersedes

TN No.: 10-09

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

AMOUNT, DURATION, AND SCOPE OF MEDICAL AND REMEDIAL CARE AND SERVICES PROVIDED TO THE CATEGORICALLY AND MEDICALLY NEEDY

- 4) Physical therapy, as described in 1.a of Supplement to Attachment 3.1-A when provided by a Medicaid-enrolled home health agency. Prior approval is required if services exceed the time or frequency for:
 - initial treatment (24 times in 60 consecutive calendar days) or
 - maintenance/monitoring (four times in the 60-day allowed period)
- 5) Occupational therapy services, as described in 1.a of Supplement to Attachment 3.1-A, of a restorative nature, are covered when ordered in writing by a physician, and provided by a Medicaid-enrolled home health agency. Prior approval is the same as presented at 4) above.
- 6) Home health aide services when provided by a Medicare certified and Medicaid enrolled home health agency. Prior authorization is required if services exceed the initial 90-day period. Prior authorization is based on medical necessity, physician's orders, the plan of care, related documentation, and cost-effectiveness when compared with other care options.

b. Excluded services

"Non-covered care" under the Medical Assistance Program, Le., care which is designed essentially to assist the individual in meeting the activities of daily living and does not require the additional services of trained medical or paramedical personnel.

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)***

4. Home Health Services

Reimbursement to home health agencies is made on a per visit basis in accordance with Medicaid's maximum fee screens or the home health agency's usual and customary charge (acquisition cost for medical supply items), whichever amount is less. The Michigan Medicaid rates were set April 1, 2007. Except as otherwise noted in the plan, state-developed fee schedule rates are the same for both governmental and private providers. The Michigan Medicaid fee schedule effective for dates of service on or after July 1, 2018, may be found at www.michigan.gov/medicaidproviders .

TN NO.: 18-0003

Approval Date: 7/26/18

Effective Date: 07/01/2018

Supersedes
TN No.: 09-15

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)***

4. Home Health Services (continued)

Medical Supplies

Payment rates for medical supplies are established by the Medical Services Administration (MSA) as a fee screen. The MSA uses the Medicare prevailing fees, the Resource Based Relative Value Scale (RBRVSW) and other relative value information, other State Medicaid fee screens and providers' charges as guidelines or reference in determining the maximum fee screens for individual items. Providers are reimbursed the lesser of the Medicaid fee screen or the provider's usual and customary charge minus any third party payment. The provider's usual and customary charge should be the fee most frequently charged to patients. Michigan meets the certification requirements of section 1902(A)(23) of the Social Security Act to permit the selection of one or more providers, through a competitive bidding process, to deliver incontinent supplies on a statewide basis under the authority of section 1915(a)(1)(B) of the social security act and 42 CFR 431.54(d). The state Medicaid incontinent supply rates were set January 1, 2016. Except as otherwise noted in the plan, state-developed fee schedule rates for home health medical supplies are the same for both governmental and private providers. The Michigan Medicaid fee schedule is effective for dates of service on or after July 1, 2018 and may be found at www.michigan.gov/medicaidproviders.

Oxygen

The payment rate for oxygen is established by the Medical Services Administration (MSA) as a fee screen. The MSA uses the Medicare prevailing fees, the Resource Based Relative Value Scale (RBRVSW) and other relative value information, other State Medicaid fee screens and providers' charges as guidelines or reference in determining the maximum fee screens for individual items. Providers are reimbursed the lesser of the Medicaid fee screen or the provider's usual and customary charge minus any third party payment. The provider's usual and customary charge should be the fee most frequently charged to patients. The payment rate is uniform for private and governmental providers. The Michigan Medicaid fee schedule, effective for services rendered on or after July 1, 2009 is available at www.michigan.gov/medicaidproviders.

Ambulatory uterine activity monitors

Ambulatory uterine activity monitors are paid a per diem rate. All equipment, perinatal nursing services, technical services and supplies necessary for the provision of the monitor are considered included in this rate. Providers' charges and other states' Medicaid fee screens are utilized as guidelines or reference in determining the fee screen. The per diem rate is the lesser of the single state agency's fee screen or the provider's usual and customary charge minus any third party payment. The provider's usual and customary charge should be the fee most frequently charged to patients. The payment rate is uniform for private and governmental providers. The Michigan Medicaid fee schedule, effective for services rendered on or after July 1, 2009 is available at www.michigan.gov/medicaidproviders.

TN NO.: 18-0003

Approval Date: 7/26/18

Effective Date: 07/01/2018

Supersedes

TN No.: 09-15

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)***

6. Dentures, prosthetic devices and eyeglasses/optical house services

A. Dentures

The agency's fee schedule rate was set using the same methodology that applies to Item 19, Dental Services.

B. Prosthetic Devices

1.) Hearing Aids

The Michigan Medicaid payment rates established via a multi-state volume purchasing agreement with hearing aid manufacturers rates were set September 1, 2017. Michigan meets the certification requirements of section 1902(A)(23) of the Social Security Act to permit the selection of one or more providers, through a competitive bidding process, to deliver hearing aids on a statewide basis under the authority of section 1915(a)(1)(B) of the Social Security Act and 42 CFR 431.54(d). The Michigan Medicaid fee schedule is effective for dates of service on or after July 1, 2018 and may be found at www.michigan.gov/medicaidproviders.

For hearing aids not included in the agreement, that is those reimbursed on a fee for service basis, payment rates and reimbursement are prior authorized and are based on documentation of the manufacturer's invoice price minus any discounts and includes actual shipping costs. The provider's usual and customary charge should be the fee most frequently charged to patients.

Effective November 1, 2002 hearing aid providers were able to split out a dispensing fee from their total charge as a separate billing activity and the Michigan Medical Services Administration (MSA) paid a separate benefit for the service. Other states' Medicaid fee screens and providers' charges for hearing aid dispensing fees were used as guidelines or reference in determining the maximum payment amount. Providers are reimbursed the lesser of the Medicaid fee screen or the provider's usual and customary charge minus any third party payment. The provider's usual and customary charge should be the fee most frequently charged to patients. The payment rate is uniform for private and governmental providers.

2.) Cochlear implants

Payment rates for services related to cochlear implants are based on the rate for the HCPCS/CPT code in the National Physician Fee Schedule multiplied by the conversion factor for Michigan Medicaid, which is currently 21.53 and then minus any other reduction (i.e., 2009 budget reductions).

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TN No.: 09-15