

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

**FOR: HEALTH CARE FINANCING ADMINISTRATION**

1. TRANSMITTAL NUMBER:

20 - 0003

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

February 1, 2020

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 C.F.R. Part 440.50

7. FEDERAL BUDGET IMPACT:

a. FFY 2020 \$1,153,100

b. FFY 2021 \$1,735,600

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-B, Page 1.b.7

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (*If Applicable*):

Attachment 4.19-B, Page 1.b.7

10. SUBJECT OF AMENDMENT:

This SPA will update neonatal services language in response to the MDHHS Fiscal Year 2020 budget. Effective for dates of service on and after February 1, 2020, Medicaid reimbursement rates for specified neonatal intensive and critical care services will be 95% of the Medicare rate.

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:

Kate Massey, Director

Medical Services Administration

12. SIGNATURE OF STATE AGENCY OFFICIAL:



13. TYPED NAME:

Kate Massey

14. TITLE:

Director, Medical Services Administration

15. DATE SUBMITTED:

March 16, 2020

16. RETURN TO:

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

Attn: Erin Black

**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  
Other than Inpatient Hospital and Long-Term-Care Facilities***

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**Physician Services, Neonatal Critical Care and Intensive Care Services**

Neonatal Services Reimbursement Methodology

Reimbursement for neonatal critical care and intensive care services is ~~75%~~ 95% of the annual Medicare rates published January of each year. Except as otherwise noted in the state plan, Michigan's Medicaid payment rates are uniform for both private and governmental providers. Reimbursement is made in accordance with Medicaid's fee screens or the usual and customary charge for these services, whichever amount is less.

Effective Date of Payment

This reimbursement methodology applies to services rendered on and after ~~October 1, 2018~~ FEBRUARY 1, 2020. All rates are published at [www.michigan.gov/medicaidproviders](http://www.michigan.gov/medicaidproviders).

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TN NO.: 20-0003

Approval Date: \_\_\_\_\_

Effective Date: 02/01/2020

Supersedes

TN No.: 18-0007

MI Response to Funding Questions for SPA 20-0003  
Neonatal Rate Update

Submitted March 16, 2020

**Funding Questions**

1. Section 1903(a)(1) provides that Federal matching funds are only available for expenditures made by States for services under the approved State plan. Do providers receive and retain the total Medicaid expenditures claimed by the State (includes normal per diem, supplemental, enhanced payments, other) or is any portion of the payments returned to the State, local governmental entity, or any other intermediary organization? If providers are required to return any portion of payments, please provide a full description of the repayment process. Include in your response a full description of the methodology for the return of any of the payments, a complete listing of providers that return a portion of their payments, the amount or percentage of payments that are returned and the disposition and use of the funds once they are returned to the State (i.e., general fund, medical services account, etc.)?

*State Response: Providers receive and retain the total Medicaid expenditures claimed.*

2. Section 1902(a)(2) provides that the lack of adequate funds from local sources will not result in lowering the amount, duration, scope, or quality of care and services available under the plan. Please describe how the state share of each type of Medicaid payment (normal per diem, supplemental, enhanced, other) is funded. Please describe whether the state share is from appropriations from the legislature to the Medicaid agency, through intergovernmental transfer agreements (IGTs), certified public expenditures (CPEs), provider taxes, or any other mechanism used by the state to provide state share.

*State Response: The state share is funded with general fund as appropriated by the Legislature to the Medicaid State agency.*

3. Section 1902(a)(30) requires that payments for services be consistent with efficiency, economy, and quality of care. Section 1903(a)(1) provides for Federal financial participation to States for expenditures for services under an approved State plan. If supplemental or enhanced payments are made, please provide the total amount for each type of supplemental or enhanced payment made to each provider type.

*State Response: Not applicable.*

MI Response to Funding Questions for SPA 20-0003  
Neonatal Rate Update

Submitted March 16, 2020

4. For clinic or outpatient hospital services please provide a detailed description of the methodology used by the state to estimate the upper payment limit (UPL) for each class of providers (State owned or operated, non-state government owned or operated, and privately owned or operated). Please provide a current (i.e., applicable to the current rate year) UPL demonstration.

*State Response: Not applicable.*

5. Does any governmental provider receive payments that in the aggregate (normal per diem, supplemental, enhanced, other) exceed their reasonable costs of providing services? If payments exceed the cost of services, do you recoup the excess and return the Federal share of the excess to CMS on the quarterly expenditure report?

*State Response: No.*



STATE OF MICHIGAN

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
LANSING

GRETCHEN WHITMER  
GOVERNOR

ROBERT GORDON  
DIRECTOR

January 14, 2020

NAME  
TITLE  
ADDRESS  
CITY STATE ZIP

Dear Tribal Chair and Health Director:

**RE:** Reimbursement for Neonatal Services

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

The purpose of the SPA is to update the Medicaid State Plan information that describes the methodology for establishing rates associated to neonatal services. Rates associated with the eligible Healthcare Common Procedure Coding System (HCPCS) codes are calculated in compliance with expenditure levels established by state law. The anticipated effective date of the SPA is January 1, 2020. MDHHS expects this change will have little or no impact on Native American beneficiaries.

There is no public hearing scheduled for this SPA. Input regarding this SPA is 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](mailto:Elliott-EganL@michigan.gov). **Please provide all input by February 28, 2020.**

In addition, MDHHS is offering to set up group or individual consultation meetings to discuss the SPA, according to the tribes' preference. Consultation meetings 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, appearing to read 'K. Massey', with a horizontal line extending to the right.

Kate Massey, Director  
Medical Services Administration

cc: Tannisse Joyce, CMS  
Keri Toback, CMS  
Leslie Campbell, CMS  
Justyna Redlinski, CMS  
Chastity Dial, CEO, American Indian Health and Family Services of Southeastern Michigan  
L. John Lufkins, Executive Director, Inter-Tribal Council of Michigan, Inc.  
Keith Longie, Director, Indian Health Service - Bemidji Area Office  
Lorna Elliott-Egan, MDHHS

**Distribution List for L 20-01**  
**January 14, 2020**

Mr. Bryan Newland, 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  
Mr. Soumit Pendharkar, 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. Kathy Mayo, Interim 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. Daryl Wever, 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  
Mr. Bob Peters, Chairman, Match-E-Be-Nash-She-Wish Potawatomi Indians (Gun Lake Band)  
Ms. Kelly Wesaw, Health Director, Match-E-Be-Nash-She-Wish Potawatomi  
Mr. Jamie Stuck, Tribal Chairman, Nottawaseppi Huron Band of Potawatomi Indians  
Ms. Rosalind Johnston, Health Director, Huron Potawatomi Inc.- Tribal Health Department  
Mr. Matthew Wesaw, Tribal Chairman, Pokagon Band of Potawatomi Indians  
Mr. Matt Clay, Health Director, Pokagon Potawatomi Health Services  
Mr. Ronald Ekdahl, 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  
Mr. Leonid Chugunov, Health Director, Sault Ste. Marie Tribe of Chippewa Indians - Health Center

CC: Tannisse Joyce, CMS  
Keri Toback, CMS  
Leslie Campbell, CMS  
Justyna Redlinski, CMS  
Chastity Dial, CEO, American Indian Health and Family Services of Southeastern Michigan  
L. John Lufkins, Executive Director, Inter-Tribal Council of Michigan, Inc.  
Keith Longie, Director, Indian Health Service - Bemidji Area Office  
Lorna Elliott-Egan, MDHHS

***Public Notice***

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

***Update to the Reimbursement for Neonatal Services  
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 increase reimbursement for specified neonatal services. The anticipated effective date for this SPA is February 1, 2020.

In response to the MDHHS Fiscal Year 2020 budget contained in Public Act 154 of 2019, Section 459, effective for dates of service on and after February 1, 2020, Medicaid reimbursement rates for practitioners providing specified neonatal intensive and critical care services will be increased to 95% of the Medicare rate.

The estimated gross cost to the State of Michigan for the SPA is \$2.7 million per year and has been included in state budget appropriations.

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 e-mail [MSADraftPolicy@michigan.gov](mailto:MSADraftPolicy@michigan.gov) by February 18, 2020. A copy of the proposed State Plan Amendment will also be available for review at [http://michigan.gov/mdhhs/0,5885,7-339-73970\\_5080-108153--,00.html](http://michigan.gov/mdhhs/0,5885,7-339-73970_5080-108153--,00.html) .

**RELEASED:** January 16, 2020