

DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services
Center for Medicaid & CHIP Services
233 North Michigan Ave., Suite 600
Chicago, Illinois 60601



Financial Management Group

September 13, 2021

Ms. Kate Massey
Medicaid Director
Medical Services Administrations
400 South Pine Street 7th Floor
Lansing, MI 48933-2250

RE: TN 21-0009 All-Inclusive Rate

Dear Ms. Massey:

We have reviewed the proposed State Name State Plan Amendment (SPA) to Attachment 4.19-B MI-21-0009, which was submitted to the Centers for Medicare & Medicaid Services (CMS) on June 16, 2021. This plan amendment provides authority to allow Tribal 638 pharmacies to be reimbursed at the Indian Health Services outpatient all-inclusive rate (A.I.R.) per visit.

Based upon the information provided by the State, we have approved the amendment with an effective date of October 1, 2021. We are enclosing the approved CMS-179 and a copy of the new state plan pages.

If you have any additional questions or need further assistance, please contact Debi Benson at 1-(312)-886-0360 or Deborah.Benson@cms.hhs.gov.

Sincerely,

Todd McMillion

Todd McMillion
Director
Division of Reimbursement Review

Enclosures

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

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

21 - 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, 2021

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 447.512(b)

7. FEDERAL BUDGET IMPACT:

a. FFY 2022 \$27,476,100

b. FFY 2023 \$27,750,900

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-B, Page 1d

Attachment 4.19-B, Page 10

Attachment 4.19-B, Page 11

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (*If Applicable*):

Attachment 4.19-B, Page 1d

Attachment 4.19-B, Page 10

Attachment 4.19-B, Page 11

10. SUBJECT OF AMENDMENT:

This SPA provides authority to allow Tribal 638 pharmacies to be reimbursed at the Indian Health Services (IHS) per visit outpatient rate published annually in the Federal Register.

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:

June 16, 2021

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:

June 16, 2021

18. DATE APPROVED:

September 13, 2021

PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

October 1, 2021

20. SIGNATURE OF REGIONAL OFFICIAL:



21. TYPE NAME:

Todd McMillion

22. TITLE:

Director, Division of Reimbursement Review

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)***

- c) The State has established professional dispensing fees. Effective April 1, 2017 professional dispensing fee reimbursement for pharmacies is the lesser of the standard professional dispensing fee included as a component of the pharmacy's usual and customary charge. The standard professional dispensing fee is the following:
 - I. \$20.02 for specialty drugs
 - II. Non-specialty drugs
 - 1. \$10.64 for drugs not on the department's preferred drug list (PDL)
 - 2. \$9.00 for drugs indicated as non-preferred on the department's PDL
 - 3. \$10.80 For drugs indicated as preferred on the department's PDL
- d) Payments for multiple source drugs in the aggregate are equal to or less than Federal Upper Limits, in compliance with federal law.
- e) For non-pharmacy providers, physician-administered drugs and biologicals that are not paid on a cost or prospective payment basis will be reimbursed in accordance with Medicare Part B payment limits. The State's published fee schedule will be based upon average sales price (ASP) drug pricing files supplied by CMS with updates on a quarterly basis.
- f) Hemophilia drugs will be reimbursed in accordance with the rules of this section.
- g) Pharmacy claim payments are not included in the encounter rate for federally qualified health centers (FQHCs) and Rural Health Clinics (RHCs). Pharmacy claims from FQHCs and RHCs will be reimbursed using the rates described in (2)(a).
- h) Drugs that are determined to be experimental or investigational are not covered benefits. Such determinations will be made by the Medical Services Administration, based on qualified medical advice that the drugs have not been generally accepted by the professional medical community as effective and proven treatments for the conditions for which they are being used or are to be used. This advice will originate from established sources such as Medicare, National Institutes of Health, Food and Drug Administration, American Medical Association, etc. The determinations are not judgments that a physician's choice is inappropriate or that a patient does not need treatment.
- i) Prescriptions dispensed by a Tribal 638 Facility Pharmacy are reimbursed at the Indian Health Services outpatient rate in accordance with the annual Federal Register Notice. There is no limit on the number of encounters that may be reimbursed in a single day. The encounter rate includes dispensing services and drug costs. All Tribal 638 Facility Pharmacies are paid the encounter rate by MI Medicaid regardless of their method of purchasing.

TN NO.: 21-0009

Approval Date: September 13, 2021 Effective Date: 10/01/2021

Supersedes

TN No.: 17-0005

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18. Indian Health Centers (IHC) Services

If eligible, a Tribal 638 facility may choose to participate in the Medicaid Program and receive reimbursement for Medicaid covered services under one of four options. In addition, a Tribal 638 Facility Pharmacy would be reimbursed under Option 5.

Option 1: Fee-For-Service

If the Tribal 638 facility or the urban center chooses to bill as a fee-for-service provider, the provider may receive reimbursement as established in the State Plan's Attachment 4.19-B, Page 1, Item 1.

Option 2: Federally Qualified Health Center (FQHC) Payment Methodology

As a provider of Federally Qualified Health Center (FQHC) services, the IHC may receive reimbursement as established in State Plan Attachment 4.19-B, Item 14. Payments must comply with all requirements set forth within State Plan Attachment 4.19-B, Item 14.

Option 3: All-Inclusive Rate Payment Methodology

The Indian Health Service (IHS) per visit outpatient rate will be reimbursed in accordance with the rate published annually in the federal register. As a Tribal 638 facility, the IHC may, in accordance with the Federal Regulations, receive the IHS per visit outpatient rate for a face-to-face visit at the IHC for Medicaid beneficiaries.

A visit is a face-to-face contact within the IHC between a Medicaid beneficiary and the provider of health care services who exercises independent judgment in the provision of Medicaid covered services. All outpatient ancillary Medicaid services are bundled in the per visit rate and cannot be billed as a separate visit. The IHC provider may be credited with no more than one face-to-face medical visit, one face-to-face dental visit, and one face-to-face behavioral health visit with a given beneficiary per day, except when the beneficiary, after the first visit, suffers illness or injury requiring additional diagnosis or treatment.

Option 4: Tribal FQHC Alternative Payment Methodology

A Tribal 638 facility that operates as a Tribal FQHC will be reimbursed for outpatient face-to-face visits within the FQHC scope of services provided to Medicaid beneficiaries using an alternative payment methodology (APM). The agency allows reimbursement for the same outpatient services and the same number of encounters per day that Tribal 638 facilities provide under this State Plan. The APM is the IHS per visit outpatient rate published annually in the federal register as described in Option 3 above.

A visit is a face-to-face contact within the IHC between a Medicaid beneficiary and the provider of health care services who exercises independent judgment in the provision of Medicaid covered services. All outpatient ancillary Medicaid services are bundled in the per visit rate and cannot be billed as a separate visit. The IHC provider may be credited with no more than one face-to-face medical visit, one face-to-face dental visit, and one face-to-face behavioral health visit with a given

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beneficiary per day, except when the beneficiary, after the first visit, suffers illness or injury requiring additional diagnosis or treatment.

The APM results in payment of at least the FQHC PPS. The health centers receiving payment under the APM individually agree to receive it.

Option 5: Tribal 638 Facility Pharmacy Methodology

Prescriptions dispensed by a Tribal 638 Facility Pharmacy constitute a separate encounter per prescription and are reimbursed as described in Attachment 4.19-B, Page 1d - Drug Product Reimbursement.

TN NO.: 21-0009

Approval Date: September 13, 2021

Effective Date: 10-01-21

Supersedes

TN No.: 20-0002