



STATE OF MICHIGAN

DEPARTMENT OF HEALTH AND HUMAN SERVICES
LANSING

GRETCHEN WHITMER
GOVERNOR

ELIZABETH HERTEL
DIRECTOR

April 11, 2023

NAME
TITLE
ADDRESS
CITY STATE ZIP

Dear Tribal Chair and Health Director:

RE: Notice of Intent to Submit a Disaster Relief State Plan Amendment (DR SPA) Impacting Nursing Facility Interim Rates for January 1, 2023 to May 11, 2023 and a State Plan Amendment (SPA) to Provide Traditional State Plan Authority for Previously Approved Changes to Rate Setting Methodologies for Fiscal Years 2022 and 2023 and to Continue the Supplemental Payment for Nursing Facility Direct Care Workers

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 both a DR SPA request and a State Plan Amendment (SPA) request to the Centers for Medicare & Medicaid Services (CMS).

DR SPA Regarding Rate Setting Methodology for January 1, 2023 to May 11, 2023

The purpose of the DR SPA is to adjust the nursing facility rate setting methodology used for FY2023 for the time period of January 1, 2023 to May 11, 2023. For this time period, MDHHS will temporarily increase the Nursing Facility interim Variable Cost Component by taking the Nursing Facility’s previously-calculated FY2022 Variable Cost Component and increasing it by 4.55 percent. MDHHS will also temporarily increase the Nursing Facility interim Plant Cost Component by by taking the Nursing Facility’s previously-calculated FY2022 Plant Cost Component and increasing it by 4.55 percent.

The final rate calculations for these components will be consistent with the approach stated in the “Rate Setting Methodology for FY2023” section below.

SPA Regarding Rate Setting Methodology for FY2022 and FY2023

The purpose of the SPA is to provide traditional state plan authority for the FY2022 and FY2023 rate setting methodology established in DR SPA 21-0015, DR SPA 22-0013,

and the proposed DR SPA referenced above. This is necessary to complete the final rate settlements described below for each fiscal year.

Rate Setting Methodology for FY2022

For FY2022, MDHHS has temporarily increased the Nursing Facility interim Variable Cost Component by 2.5 percent. This component is calculated by taking the Nursing Facility's previously-calculated FY2021 Variable Cost Component and increasing it by 2.5 percent. MDHHS temporarily increased the Nursing Facility interim Plant Cost Component by 2.5 percent. This component is calculated by taking the Nursing Facility's previously calculated FY2021 Plant Cost Component and increasing it by 2.5 percent.

To determine the final rates for FY2022, MDHHS will use the providers' audited 2020 cost report to determine the Plant Cost and Long-Term Asset Review information that will flow forward into 2021. MDHHS will use the providers' audited 2021 cost report to determine the Plant Cost and Long-Term Asset Review information that will flow forward into 2022. MDHHS will use the providers' audited 2022 cost report to determine the Variable Cost and Plant Cost components that will be applied to the final normal FY2022 rate formula. For FY2022, if a change of ownership occurs which causes there to not be a completed and audited cost report covering at least 7 months of 2022 for the previous owner, MDHHS will use the most recent completed annual audited cost report for that owner.

Rate Setting Methodology for FY2023

- From October 1, 2022, to December 31, 2022, MDHHS will temporarily increase the Nursing Facility interim Variable Cost Component by 2.5 percent. This component is calculated by taking the Nursing Facility's previously-calculated FY2022 interim Variable Cost Component and increasing it by 2.5 percent.
- From October 1, 2022, to December 31, 2022, MDHHS will temporarily increase the FY2023 Nursing Facility interim Plant Cost Component by 2.5 percent. This component is calculated by taking the Nursing Facility's previously-calculated FY2022 interim Plant Cost Component and increasing it by 2.5 percent.
- From January 1, 2023, to September 30, 2023, MDHHS will temporarily increase the Nursing Facility interim Variable Cost Component by 4.55 percent. This component is calculated by taking the Nursing Facility's previously-calculated FY2022 interim Variable Cost Component and increasing it by 4.55 percent.
- From January 1, 2023, to September 30, 2023, MDHHS will temporarily increase the FY2023 Nursing Facility interim Plant Cost Component by 4.55 percent. This component is calculated by taking the Nursing Facility's previously-calculated FY2022 interim Plant Cost Component and increasing it by 4.55 percent.

To determine the final rates for FY2023, MDHHS will use the providers' audited 2021 cost report to determine the Plant Cost and Long-Term Asset Review information that will flow forward into 2022. MDHHS will use the providers' audited 2022 cost report to determine the Plant Cost and Long-Term Asset Review information that will flow forward into 2023. MDHHS will use the providers' audited 2023 cost report to determine the Variable Cost and Plant Cost components that will be applied to the final normal FY2023 rate formula. For FY2023, if a change of ownership occurs which causes there to not be a completed and audited cost report covering at least 7 months of 2023 for the previous owner, MDHHS will use the most recent completed annual audited cost report for that owner.

Direct Care Worker Wage Increase

The SPA also includes a supplemental wage increase for all Direct Care Workers employed by Medicaid-certified nursing facilities. Current authority for this change is provided in DR-SPA 21-0016 and is effective October 1, 2021, through May 11, 2023. Effective the day after the PHE ends, May 12, 2023, a supplemental payment of \$2.35 per hour will continue to be applied to base wages for in-person care provided by registered nurses, licensed practical nurses, competency-evaluated nursing assistants and respiratory therapists employed by Medicaid-certified nursing facilities. The supplemental payment for these providers will also include any associated share of the employer Federal Insurance Contributions Act (FICA) payroll taxes.

MDHHS expects the above updates to increase access to services for Native American beneficiaries.

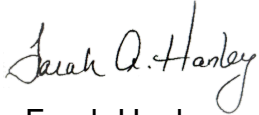
There is no public hearing scheduled for these amendments. Input regarding these SPAs is highly encouraged, and comments regarding this notice of intent may be submitted to Lorna Elliott-Egan, MDHHS Liaison to the Michigan tribes. Lorna can be reached at 517-512-4146, or via email at Elliott-EganL@michigan.gov. **Please provide all input by May 26, 2023.**

In addition, MDHHS is offering to set up group or individual consultation meetings to discuss the SPAs, 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.

An electronic copy of this letter is available at www.michigan.gov/medicaidproviders >>
Policy, Letters & Forms.

Sincerely,

A handwritten signature in cursive script that reads "Sarah Q. Hanley".

Farah Hanley
Senior Chief Deputy Director for Health

CC: Christine J. Davidson, CMS
Nancy Grano, CMS
Chasity Dial, CEO, American Indian Health and Family Services of Southeastern
Michigan
Daniel Frye, Director, Indian Health Service - Bemidji Area Office
Lorna Elliott-Egan, MDHHS

Distribution List for L 23-24
April 11, 2023

Ms. Whitney Gravelle, President, Bay Mills Indian Community
Ms. Audrey Breakie, Health Director, Bay Mills (Ellen Marshall Memorial Center)
Mr. David M. Arroyo, Chairman, Grand Traverse Band Ottawa & Chippewa Indians
Ms. Doris Winslow, Health Director, Grand Traverse Band Ottawa/Chippewa
Mr. Kenneth Meshigaud, Tribal Chairman, Hannahville Indian Community
Ms. G. Susie Meshigaud, Health Director, Hannahville Health Center
Ms. Doreen G. Blaker, Tribal President, Keweenaw Bay Indian Community
Ms. Deanna Foucault, 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
Ms. Rebecca Richards, Tribal Chairwoman, Pokagon Band of Potawatomi Indians
Ms. Priscilla Gatties, Interim Health Director, Pokagon Potawatomi Health Services
Ms. Theresa Peters-Jackson, Tribal Chief, Saginaw Chippewa Indian Tribe
Mrs. Karmen Fox, Executive Health Director, Nimkee Memorial Wellness Center
Mr. Austin Lowes, Tribal Chairperson, Sault Ste. Marie Tribe of Chippewa Indians
Mr. Leonid Chugunov, Health Director, Sault Ste. Marie Tribe of Chippewa Indians - Health Center

CC: Christine J. Davidson, CMS
Nancy Grano, CMS
Chasity Dial, CEO, American Indian Health and Family Services of Southeastern Michigan
Daniel Frye, Director, Indian Health Service - Bemidji Area Office
Lorna Elliott-Egan, MDHHS