Michigan Department of Health and Human Services
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MDHHS
Michigan Department of Health & Human Services
GRETCHEN WHITMER, GOVERNOR | ELIZABETH HERTEL, DIRECTOR

November 19, 2025

<Provider Name>
<Provider Address 1>
<Provider Address 2>
<City> <State> zipcode5-zipcode4

Dear Provider:

The purpose of this letter is to delineate the requirements and responsibilities for the provision of specialized behavioral health services for nursing home residents as required by federal regulations (42 CFR 483.100) and the MDHHS Medicaid Provider Manual.

42 CFR 483.100 is commonly referred to as Federal Preadmission Screening and Resident Review (PASRR) Regulations and it establishes the State's responsibilities for the screening and ongoing review of individuals with mental illness (MI) or an intellectual/developmental disability (I/DD) who apply to reside in or continue to reside in a Medicaid certified nursing facility (NF), **regardless of the source of payment** for the NF and regardless of known diagnoses. The screening and review process is well established in the state and coordinated through the (Omnibus Budget Reconciliation Act (OBRA) of 1987) programs in the Community Mental Health Service Programs (CMHSP) or their contracted entities.

As part of the review process to determine if an individual is appropriate to reside in a NF, there is also a determination made for the need for Specialized Services. These are services that are over and above what the NF is required to provide to residents and are defined as follows:

> ***§ 483.120 Specialized services.***
> (a) Definition —
> (1) For mental illness, specialized services mean the services specified by the State which, combined with services provided by the NF, results in the continuous and aggressive implementation of an individualized plan of care that—
> (i) Is developed and supervised by an interdisciplinary team, which includes a physician, qualified mental health professionals and, as appropriate, other professionals.
> (ii) Prescribes specific therapies and activities for the treatment of persons experiencing an acute episode of serious mental illness, which necessitates supervision by trained mental health personnel; and

(iii) Is directed toward diagnosing and reducing the resident's behavioral symptoms that necessitated institutionalization, improving his or her level of independent functioning, and achieving a functioning level that permits reduction in the intensity of mental health services to below the level of specialized services at the earliest possible time.

(2) For intellectual disability, specialized services mean the services specified by the State which, combined with services provided by the NF or other service providers, results in treatment which meets the requirements of § 483.440(a)(1).

(b) ***Who must receive specialized services.*** The State must provide or arrange for the provision of specialized services, in accordance with this subpart, to all NF residents with MI or IID [Intellectual Disability] whose needs are such that continuous supervision, treatment and training by qualified mental health or intellectual disability personnel is necessary, as identified by the screening provided in § 483.130 or §§ 483.134 and 483.136.

(c) ***Services of lesser intensity than specialized services.*** The NF must provide mental health or intellectual disability services which are of a lesser intensity than specialized services to all residents who need such services.

These specialized services are to be provided to **all residents**, regardless of insurance status, where a determination has been made that they are needed. The CMHSPs are obligated to provide these needed services. A “No Nursing Facility” determination is *not* required to provide these services. The State General Funds that are allocated to each CMHSP are to be used to cover the provision of these services and supports, when other funding sources (i.e., Medicare, Medicaid, third party insurance) cannot be utilized.

Historically, there were categorical state funds identified to ensure that these services were provided. This procedure continued through 1996 and there was regular monitoring of these services and reports were submitted to the state. It appears that the categorical determination of these funds was removed around the time of the state’s switch to managed care. However, the responsibility to provide the services did not change. The following section of the CMHSP contract applies to the provision of these services:

4.2 Nursing Home Mental Health Services
All designated state funds that the MDHHS has authorized to the CMHSP for nursing home mental health and/or developmental disability-related services shall continue to be used for this purpose until such time that MDHHS approves an alternative. Residents of nursing homes with mental health needs shall be given the same opportunity for access to CMHSP services as other individuals covered by this contract.

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

Sincerely,

Meghan E. Groen, Chief Deputy Director
Health Services