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State/Territory Name: MI

State Plan Amendment (SPA) #: 16-0008

This file contains the following documents in the order listed:

1) Approval Letter
2) Additional Companion letter
3) CMS 179 Form/Summary Form (with 179-like data)
4) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Chicago Regional Office
233 N. Michigan
Suite 600
Chicago, Illinois 60601

May 9, 2016

Chris Priest, 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 Mr. Priest:

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

- Transmittal #: 16-0008 - Target Case Management for Flint Beneficiaries: Reimbursement
- Effective: May 9, 2016

If you have any questions, please contact Leslie Campbell at (312) 353-1557 or Leslie.Campbell@cms.hhs.gov.

Sincerely,

/s/

Ruth A. Hughes
Associate Regional Administrator
Division of Medicaid & Children's Health Operations

Enclosures

Department of Health & Human Services
Centers for Medicare & Medicaid Services
233 North Michigan Avenue, Suite 600
Chicago, Illinois 60601-5519

May 9, 2016

Chris Priest
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, SPA Coordinator

RE: Transmittal Number (TN) 16-0008

Dear Mr. Priest:

This letter is a companion to our approval of State plan amendment (SPA) 16-0008 submitted April 5, 2016. We are requesting a SPA submission to resolve our same page reimbursement issues found in Attachment 4.19-B page 4 regarding the mental health clinic services and the case management for target groups other than the new group for pregnant women and children up to 21 years of age serviced by the Flint water system. The state plan language does not comprehensively describe the reimbursement for e mental health clinic services and the non-Group F targeted case management groups, as required by regulations at 42 CFR 430.10. The state plan must be comprehensive enough to determine the required level of federal financial participation (FFP) and to allow interested parties to understand the rate setting process and the items and services that are paid through these rates. Further, since the plan is the basis for FFP, it is important that the plan's language be clear and unambiguous. Therefore, we have the following questions and concerns regarding SPA 16-0008:

Item 8. Mental Health Clinic Services

The plan language must comprehensively describe the payment for mental health clinic services. The state has the option of deleting the current language and referencing capitated payments through the managed care delivery system. If the state reimburses mental health clinic services through clinic fee schedules, we require the state to provide annual free-standing clinic upper payment demonstrations for 2014 and 2015 as required by 42 CFR 447.321 and plan language that includes the following language:

> Reimbursement for mental health clinic services will be the lessor of the charge or on a fee-for-service basis. 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 was last updated, (last effective date) and may be found at http://www.michigan.gov/medicaidproviders.

Item 9. Case Management Services

For the targeted groups other than target group F, we require the state to identify each target group and comprehensively describe the payment methodology. To the extent the state is using a lessor of charge or the state case management fee schedule based on existing rates, the state can use the model language suggested for mental health clinic services. If the state is changing any of the target group rates, please expedite our review by including public notice and funding questions with the SPA submission.

The state has 90 days from the date of this letter, to address the issues described above. Within that period the state may submit SPAs to address the inconsistencies or submit a corrective action plan describing in detail how the state will resolve the issues identified above in a timely manner. Failure to respond may result in the initiation of a formal compliance process. During the 90 days, CMS will provide any required technical assistance.

Please contact Leslie Campbell, of my staff, at (312) 353-1557 or via email at leslie.campbell@cms.hhs.gov, if you have any questions.

Sincerely,

/s/

Ruth A. Hughes
Associate Regional Administrator
Division of Medicaid and Children's Health Operations

DEPARTMENT OF HEALTH AND HUMAN SERVICES
HEALTHCARE FINANCING ADMINISTRATION

FORM APPROVED
OMB NO. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER: 16 – 0008

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
May 9, 2016

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 440.60

7. FEDERAL BUDGET IMPACT:
a. FFY 2016 $4,493,800
b. FFY 2017 $6,090,700

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
Attachment 4.19-B, Page 4

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*:
Attachment 4.19-B, Page 4

10. SUBJECT OF AMENDMENT:
Identifies payment information for the new Targeted Case Management group for pregnant women and children up to 21 years of age served by the Flint water system within a designated timeframe.

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:
Chris Priest, Director
Medical Services Administration

12. SIGNATUE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:
Chris Priest

14. TITLE:
Director, Medical Services Administration

15. DATE SUBMITTED:
April 5, 2016

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:
April 5, 2016

18 DATE APPROVED:
May 9, 2016

PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:
May 9, 2016

20. SIGNATURE OF REGIONAL OFFICIAL:
/s/

21. TYPE NAME:
Ruth A. Hughes

22. TITLE:
Associate Regional Administrator

23. REMARKS:

Instructions on Back

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)

8. Mental Health Clinic Services

Reimbursement for mental health clinic services will be on a Fee-for-Service basis. Payment will be the lesser of charge or fee screen. When they are comparable services offered by other provider types, fee screens will be established at comparable levels. Preliminary fee screens are adjusted to final once each year. For those services delivered as part of a comprehensive program of service, providers will be paid one of two hourly rates which reflect the portion of covered services delivered in the total program.

9. Case Management Services

A. Reimbursement will be on a Fee-for-Service, billed on a monthly basis. Payment will be the lesser of charge or fee screen, with the single state agency assuring the reasonableness of the charges. For mental health, preliminary fee screens are adjusted to final once each year.

B. Reimbursement for Targeted Group F case management services will be on a Fee-for-Service basis. 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 May 9, 2016, may be found at www.michigan.gov/medicaidproviders.