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State/Territory Name: Michigan

State Plan Amendment (SPA) #: MI 17-0014

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, MD 21244-1850



Financial Management Group

Ms. Kathy Stiffler
Acting Medicaid Director
State of Michigan, Department of Community Health
400 South Pine Street

MAR 05 2018

RE: Michigan State Plan Amendment (SPA) 17-0014

Dear Ms. Stiffler:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid state plan submitted under transmittal number (TN) 17-0014 effective for services on or after June 1st, 2018, this amendment allows for reimbursement to Michigan's State Veterans Homes for providing nursing facility services.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), and 1903(a) of the Social Security Act and the regulations at 42 CFR 447 Subpart C. We hereby inform you that Medicaid State plan amendment 17-0014 is approved effective June 1st, 2018. We are enclosing the HCFA-179 and the amended plan pages.

If you have any questions, please call Tom Caughey at (517) 487-8598.

Sincerely,

A solid black rectangular box used to redact the signature of Kristin Fan.

Kristin Fan
Director

Enclosure

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

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

17 - 0014

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
June 1, 2018

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:
Section 1902(a) of the Social Security Act and 42 CFR 447

7. FEDERAL BUDGET IMPACT:
a. FFY 2018 \$682,743
b. FFY 2019 \$2,099,434

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
Supplement to Attachment 3.1-A, Page 12a
Attachment 4.19-D Section I, Page 1
Attachment 4.19-D Section II, Page 1
Attachment 4.19-D Section IV, Page 1 & 30

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):
Supplement to Attachment 3.1-A, Page 12a
Attachment 4.19-D Section I, Page 1
Attachment 4.19-D Section II, Page 1
Attachment 4.19-D Section IV, Page 1 & 30

10. SUBJECT OF AMENDMENT:

This SPA allows for reimbursement to Michigan's State Veterans Homes for providing nursing facility services.

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:
Kathleen Stiffler, Acting Director
Medical Services Administration

13. TYPED NAME:
Kathleen Stiffler

14. TITLE:
Acting Director, Medical Services Administration

15. DATE SUBMITTED:
December 20, 2017

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:

18. DATE APPROVED:

MAR 05 2018

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

JUN 01 2018

20. SIGNATURE OF APPROVING OFFICIAL:

21. TYPE NAME:

22. TITLE:

Director, FMG

23. REMARKS:

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***AMOUNT, DURATION AND SCOPE OF MEDICAL AND REMEDIAL CARE SERVICES
PROVIDED TO THE CATEGORICALLY AND MEDICALLY NEEDY***

EXCEPT FOR STATE VETERANS HOMES, the following services are excluded from the nursing facility per diem rate:

1. Physical therapy, as defined in 1.a. Prior Authorization is required.
2. Occupational therapy, as defined in 1.a. Prior Authorization is required.
3. Speech pathology, as defined in 1.a. Prior Authorization is required.

The following service may be covered when billed by county medical care facilities and/or hospital long term care units:

Oxygen

Medicare and Medicaid Coordination

For nursing facilities, county medical care facilities, hospital long term care units, ventilator dependent care units, hospital swing beds and nursing facilities for the mentally ill, Medicaid will reimburse consistent with the methodology for coordination of Title XIX with Title XVIII as specified in Supplement 1 to Attachment 4.19-B, page 1 of this plan. The services subject to co-insurance and deductible payments, and how to bill the co-insurance and deductible for these services, are listed in the Medicaid Nursing Facility Procedure Code Appendix.

A dually eligible beneficiary who resides in a Medicaid-only certified bed may be admitted to a hospital for acute care services and, at the time of the beneficiary's hospital discharge, may be eligible for Medicare-reimbursed Skilled Nursing Facility (SNF) benefits. However, the beneficiary may wish to return to the Medicaid NF bed from which he was originally transferred. In these situations, Medicaid will reimburse the Nursing Facility for any days (i.e. 100 days) that would have been covered by Medicare.

Medicaid will reimburse for all medically necessary nursing facility days and other medically necessary services for dually eligible beneficiaries who wish to return to their Medicaid NF bed and refuse their Medicare SNF benefit.

TN NO.: 17-0014

Approval Date: MAR 05 2018

Effective Date: 06/01/2018

Supersedes
TN No.: 05-20

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

**POLICY AND METHODS FOR ESTABLISHING PAYMENT RATES
(LONG TERM CARE FACILITIES)**

1. Cost Finding, Cost Reporting and Records Maintenance

The specific methods of cost finding and cost reporting utilized by the single state agency are defined in the state agency's cost reporting forms and instructions. Providers shall be notified of the cost reporting form or format and acceptable cost finding methods and notified promptly of change

- A. Beginning with cost reporting periods ending after September 1, 1973, all participating skilled nursing and intermediate care providers are required to submit to the state agency an annual cost report within 5 months of the close of the providers cost reporting period. The provider will be notified of the delinquency and given 15 calendar days to submit the cost report or, if the cost report is not submitted, the provider's interim payments will be reduced by 100 percent. Restitution of withheld interim payments will be made by the state agency after receipt of an acceptable cost report. (Exception: A provider's cost report is due 5 months after a sale of a facility or termination of the provider agreement.)
- B. All cost reports must be submitted on the state agency's uniform reporting form or an approved replica thereof, covering a 12 month cost reporting period. AN EXCEPTION IS MADE FOR CLASS VII FACILITIES; THEY ARE TO SUBMIT THE MEDICARE SKILLED NURSING FACILITY COST REPORT IN PLACE OF THE STATE AGENCY'S REPORTING FORM. Any changes in reporting periods or exceptions to the number of months covered must be approved by the state agency.
- C. Each provider's cost report must include an itemized list of all expenses as recorded in the formal and permanent accounting records of the provider.
- D. The accrual method of accounting is mandated for providers and generally accepted accounting principles must be followed by providers of care under the plan.

TN NO.: 17-0014

Approval Date: MAR 05 2018

Effective Date: 06-01-2018

Supersedes
TN No.: 05-11

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***POLICY AND METHODS FOR ESTABLISHING PAYMENT RATES
(LONG TERM CARE FACILITIES)***

II. Auditing and Availability of Records

- A. Each cost report submitted is verified for completeness, accuracy, reasonableness, and consistency through a desk audit and/or a computer check. It is expected that on-site audits will be conducted no less than once every four years.
- B. Each provider must allow access, during on-site audits and/or reviews by the state agency auditors and representatives of the United State Department of Health and Human Services, to requisite financial records and statistical data specified in Section I of this plan. This access will include:
 - 1. The complete records of related organizations
 - 2. The record of lessors to determine underlying capital and operating costs of providers leasing facilities (per Section III.H).
 - 3. Any records required by the Medicare Principles of Reimbursement referenced in PRM-15, Chapter 24.
 - 4. Census records and numbers and types of leave days for each Medicaid beneficiary/resident (i.e. hospital, therapeutic).
- C. If, upon audit or review, it is determined that a cost report contains incorrect data, the state agency shall use the corrected data to compute future rates and will retroactively change a previously applied rate if – audit adjustments to a filed cost report was used for setting an interim rate; the facility was approved for Plant Cost Certification due to capital cost changes, an approved non-available bed plan, or a plant rate affected by a DEFRA rate limitation for the cost report time period; audit adjustments that are required as a result of an appeal; Class I nursing facility was approved for Rate Relief for the rate year period. In cases of suspected fraud or failure to disclose required fiscal information, the state agency may retroactively adjust rates.
- D. THE AUDIT PROCESS DESCRIBED UNDER THIS SECTION IS NOT APPLICABLE TO CLASS VII FACILITIES.

TN NO.: 17-0014

Approval Date: MAR 05 2018

Effective Date: 06-01-2018

Supersedes
TN No.: 05-11

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Policy and Methods for Establishing Payment Rates
(Long Term Care Facilities)***

IV. Payment Determination

For dates of service on or after June 1, 1981, providers of nursing care will be reimbursed under this plan, EXCEPT FOR CLASS VII PROVIDERS, on the basis of the lower of customary charge to the general public or a payment rate determined in accordance with this section of the State Plan. Aside from specific exceptions, prospective rates are set prior to the provider's rate-setting/cost reporting period and are fixed for that period. There are ~~six~~ SEVEN classes of long term care facilities and one special type of patient for which there are separate reimbursement methods:

- Class I This class includes proprietary and nonprofit nursing facilities with payment rates determined in accordance with Sections IV.A. through IV.F.
- Class II This class includes proprietary nursing facilities for the mentally ill or developmentally disabled with prospective payment rates negotiated with the Michigan Department of Community Health AND HUMAN SERVICES, within individual facility ceilings based on occupancy. Payments will be retrospectively cost settled in accordance with Sections IV.B. through IV.G.
- Class III This class includes proprietary and nonprofit nursing facilities that are county medical care facilities, hospital long term care units or state owned nursing facilities with payment rates determined in accordance with Sections IV.B. through IV.F.
- Class IV This class includes state owned and operated institutions certified as ICF/MR facilities. Members of this class are reimbursed allowable costs determined in accordance with the Medicare Principles of Reimbursement (42 CFR 413), ~~including the exception listed in Section IV.N.~~
- Class V This class includes facilities that are a distinct part of special long term care facilities for ventilator-dependent patients, with payment rates determined in accordance with Section IV-, .G. of this plan.
- Class VI: This class includes hospitals with programs for short-term nursing care (swing beds). Class I and Class III average routine nursing care rate for a respective period determines the prospective payment rate for these beds.
- CLASS VII: THIS CLASS INCLUDES STATE OWNED AND OPERATED VETERANS HOMES AS DEFINED IN MICHIGAN PUBLIC ACT 152 OF 1885. PAYMENT RATES ARE BASED ON PATIENT ACUITY GROUPINGS AND DETERMINED IN ACCORDANCE WITH SECTION IV.N.

TN NO.: 17-0014

Approval Date: MAR 05 2018

Effective Date: 06/01/2018

Supersedes

TN No.: 10-01

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

*Policy and Methods for Establishing Payment Rates
(Long Term Care Facilities)*

N. PAYMENT DETERMINATION FOR STATE VETERANS HOMES

THE PAYMENT RATES TO STATE VETERANS HOMES SHALL BE PROSPECTIVE, PER PATIENT DAY, AND BASED ON PATIENT ACUITY GROUPINGS. THE RATES FOR THESE FACILITIES SHALL NOT BE SUBJECT TO THE PROVISIONS IN SECTIONS IV.A. THROUGH IV.M. ABOVE, BUT INSTEAD THE FOLLOWING PROVISIONS SHALL BE USED FOR PAYMENT DETERMINATION:

1. THE SINGLE STATE AGENCY SHALL UTILIZE RESOURCE UTILIZATION GROUPS (RUGS) TO SET PAYMENT RATES. THE MINIMUM DATA SET (MDS) SHALL BE EMPLOYED TO CALCULATE A RUG SCORE WHICH WILL BE USED TO DETERMINE A PATIENT'S ACUITY.
2. THE PAYMENT RATES ASSOCIATED WITH AN INDIVIDUAL RUG CATEGORY SHALL BE SET AS A PERCENTAGE OF WHAT THE CENTERS FOR MEDICARE AND MEDICAID SERVICES WOULD PAY UNDER THE MEDICARE SKILLED NURSING FACILITY PROSPECTIVE PAYMENT SYSTEM (SNF PPS). THE PERCENTAGE SHALL NOT EXCEED 100% OF THE MEDICARE RATE.
 - a. $\text{PAYMENT} = (\text{PERCENTAGE} * \text{MEDICARE SNF PPS RUG RATE}) * \text{BILLED XIX DAYS}$.
3. THE PATIENT'S RUG SCORE SHALL BE REPORTED ON ANY CLAIM SUBMITTED TO THE SINGLE STATE AGENCY AND BASED ON THE APPLICABLE MDS ASSESSMENT(S) TO THE BILLING PERIOD.
4. PARTICIPATING PROVIDERS SHALL NOT RECEIVE ANY SUPPLEMENTAL PAYMENTS FROM THE SINGLE STATE AGENCY.
5. ALLOWABLE COST IDENTIFICATION FOR COST REPORTING AND UPPER PAYMENT LIMIT PURPOSES WILL NOT FOLLOW SECTION III OF THIS ATTACHMENT, BUT WILL FOLLOW THE MEDICARE PRINCIPLES OF REIMBURSEMENT IN 42 CFR, CHAPTER IV, SUBCHAPTER B, PART 413 AND THE PRM-15.

TN NO.: 17-0014

Approval Date: MAR 05 2018

Effective Date: 06/01/2018

Supersedes

TN No.: New Page