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**State/Territory Name: Michigan**

**State Plan Amendment (SPA) #: MI 17-0004**

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) Companion Letter
- 3) CMS 179 Form
- 4) 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



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**Financial Management Group**

Mr. Chris Priest, Director  
Medical Services Administration  
Department of Community Health  
400 South Pine  
Lansing, MI 48933

**OCT 17 2017**

RE: Michigan State Plan Amendment (SPA) 17-0004

Dear Mr. Priest:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid state plan submitted under transmittal number (TN) 17-0004 effective for services on or after January 1<sup>st</sup>, 2017, this state plan amendment modifies the Graduate Medical Education (GME) Innovations Program to include a sponsoring institution program, Authority Health.

The state has a companion issue that will be addressed in a companion letter which will be sent with the approval package. The companion letter will instruct the state to include language in their 4.19-B section of their state plan within 90 days of receipt of the letter. The language the state needs to include refers to the issue below.

- To be compliant with regulations at 42 CFR 430.10 a description of the payment language must be added through a State plan amendment to Attachment 4.19-B so that all the information necessary for CMS to determine whether the plan is eligible for FFP. As the State plan is currently written, it lacks comprehensive outpatient payment language. A simple technical correction is required by submitting a State plan amendment to add a reference in the Attachment 4.19-B, Item 3 to the methodology described in Attachment 4.19-A, Item J. Graduate Medical Education, Graduate Medical Education Innovations Program.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903(a), and 1923 of the Social Security Act and the regulations at 42 CFR 447 Subpart C. We hereby inform you that Medicaid State plan amendment 17-0004 is approved effective January 1<sup>st</sup>, 2017. We are enclosing the HCFA-179, companion letter and the amended plan pages.

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

Sincerely,



Kristin Fan  
Director

Enclosure

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



October 5, 2017

Chris Priest  
Medical Services Administration  
Michigan Department of Health and Human Service  
400 South Pine Street, P.O. Box 30479  
Lansing, Michigan 48909-7979

ATTN: Erin Black, SPA Coordinator

RE: Companion Approval Transmittal Number (TN) 17-0004

Dear Mr. Priest:

This letter is being sent as a companion to our approval of the state plan transmittal notice (TN) 17-0004 that modifies the Graduate Medical Education (GME) Innovations Program to include a sponsoring institution program, Authority Health, effective January 1, 2017. Although we approved the reimbursement methodology for TN 17-0004, the plan amendment implemented an outpatient non-institutional reimbursement not described in Attachment 4.19-B, Item 3. Outpatient Hospital Services and Other Outpatient Prospective Payment System Reimbursed Facilities under the institutional pages on Attachment 4.19-A, Item J. GME, GME Innovations Program.

To be compliant with regulations at 42 Code of Federal Regulations 430.10 a description of the payment language must be added through a state plan amendment (SPA) to Attachment 4.19-B so that all the information necessary for the Centers for Medicare & Medicaid Services (CMS) to determine whether the plan is eligible for federal financial participation. As the State Plan is currently written, it lacks comprehensive outpatient payment language. A simple technical correction is required by submitting a SPA to add a reference in the Attachment 4.19-B, Item 3 to the methodology described in Attachment 4.19-A, Item J. GME, GME Innovations Program.

To expedite the approval of the SPA, please submit the original public notice that notifies the public of changes in the GME payments with the submission. Additionally, the state can elect to respond to our source of funding questions by stating that the funding is unchanged from the state fiscal year 2017 annual outpatient funding responses.

The state has 90 days from the date of this letter to respond to this letter. 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 Keri Toback, of my staff, at (312) 353-1754 or via email at (keri.toback@cms.hhs.gov) if you have any questions.

Sincerely,

/s/

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

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL**  
FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

17 - 0004

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  
January 1, 2017

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

7. FEDERAL BUDGET IMPACT:

a. FFY 2017 \$1,400,000

b. FFY 2018 \$1,550,000

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  
Attachment 4.19-A, Page 28b

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

New Page

10. SUBJECT OF AMENDMENT:

This SPA modifies the Graduate Medical Education (GME) Innovations Grant to include a sponsoring institution program, Authority Health.

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. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

Chris Priest

14. TITLE:

Director, Medical Services Administration

15. DATE SUBMITTED:

March 1, 2017

16. RETURN TO:

Medical Services Administration  
Actuarial Division - Federal Liaison  
Capitol Commons Center - 7<sup>th</sup> Floor  
400 South Pine  
Lansing, Michigan 48933

Attn: Erin Black

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED:

18. DATE APPROVED:

OCT 17 2017

**PLAN APPROVED - ONE COPY ATTACHED**

19. EFFECTIVE DATE OF APPROVED MATERIAL:

JAN 01 2017

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPE NAME:

22. TITLE:

Director, FMS

23. REMARKS:

**STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT**

State of MICHIGAN

**Methods and Standards for Establishing Payment Rates – Inpatient Hospital Care**

**GME INNOVATIONS SPONSORING INSTITUTION PROGRAMS**

THE GME INNOVATIONS SPONSORING INSTITUTION PROGRAM SUPPORTS LIMITED NON-HOSPITAL AFFILIATED GME PROGRAMS THAT MEET REQUIREMENTS LISTED BELOW. THIS INCLUDES SPONSORING INSTITUTIONS WHOSE PRIMARY PURPOSE IS TO PROVIDE EDUCATIONAL PROGRAMS AND/OR HEALTH CARE SERVICES. A SPONSORING INSTITUTION ASSUMES THE FINANCIAL AND ACADEMIC RESPONSIBILITY FOR A GME PROGRAM.

THE SINGLE STATE AGENCY WILL APPROVE ONE (1) AGREEMENT STATEWIDE EACH FISCAL YEAR. THIS AGREEMENT WILL BE WITH AUTHORITY HEALTH FOR \$2,800,000 FOR FY 2017 AND \$3,100,000 FOR FY 2018 AND SUBSEQUENT YEARS. TO BE ELIGIBLE FOR THE GME INNOVATIONS PROGRAM WITHOUT A HOSPITAL PARTNER, AN ORGANIZATION MUST MEET THE FOLLOWING CRITERIA:

- THE ORGANIZATION MUST POSSESS APPROPRIATE ACCREDITATION CREDENTIALS.
- THE ORGANIZATION MUST MEET THE REQUIREMENTS ASSOCIATED WITH RECEIVING MEDICAID PAYMENTS.
- THE ORGANIZATION MUST HAVE AN APPROVED AGREEMENT WITH A SPONSORING INSTITUTION, A UNIVERSITY PSYCHIATRIC RESIDENCY TRAINING PROGRAM AND ONE OR MORE COMMUNITY MENTAL HEALTH SERVICES PROGRAMS TO PROVIDE ACCREDITED PSYCHIATRIC RESIDENCY TRAINING.
- THE ORGANIZATION MUST PROVIDE ASSURANCES THAT ALL TRAINING WILL TAKE PLACE IN MICHIGAN AND PREPARE HEALTH CARE PROFESSIONALS TO PROVIDE CARE TO POPULATIONS WITH THE SPECIAL CHARACTERISTICS OF MICHIGAN MEDICAID PATIENT GROUPS.
- IF GME DISTRIBUTIONS EXCEED THE EXPENSES INCURRED BY THE SPONSORING INSTITUTION IN RESIDENCY TRAINING, THE SIZE OF THE PAYMENT WILL BE REDUCED TO BRING THESE ELEMENTS INTO ALIGNMENT.

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TN NO.: 17-0004

Approval Date: OCT 17 2017

Effective Date: 01/01/2017

Supersedes

TN No.: N/A – New Page