

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

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

21 - 0013

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

July 1, 2021

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 2021 \$0

b. FFY 2022 \$0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-D, Page 6

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (*If Applicable*):

Attachment 4.19-D, Page 6

10. SUBJECT OF AMENDMENT:

This SPA provides authority to amend the method for determining the current asset value bed limit for Class 1 nursing facilities by recognizing an upper limit based on a rolling 15-year history of new construction costs.

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:

Kate Massey, Director

Medical Services Administration

12. SIGNATURE OF STATE AGENCY OFFICIAL:



13. TYPED NAME:

Kate Massey

14. TITLE:

Director, Medical Services Administration

15. DATE SUBMITTED:

September 20, 2021

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:

PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPE NAME:

22. TITLE:

23. REMARKS:

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

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

- 4) The current asset value formula is the sum of current asset values for each distinct asset, where the current asset value of a distinct asset is the historical cost of that asset times the difference between the inflationary index and the obsolescence factor for the respective asset. Current asset values will be rebased annually based upon the most recent audited or reviewed cost report.
 - 5) Only assets having a use related to patient care are to be included for reimbursement under the return on current asset value component. The cost finding and cost reporting methods, as defined in the State agency's cost reporting forms and instructions, apportion the provider's asset costs into the appropriate cost centers for reimbursement purposes.
 - 6) Assets acquired after July 1, 1989 for training of nurse aides (as required by the Omnibus Reconciliation Act of 1987), are not included in the calculation of current asset values if the purchase of the asset was reimbursed as a nurse aide training expense.
- c. ~~The current asset value upper limitation is a limit placed upon current asset value per bed above which values are not recognized for reimbursement purposes. The per bed value of the upper limit is based upon a survey of construction and other purchase costs per bed of Class I and Class II nursing homes opened on or after January 1, 1975, with the historical costs updated through 1983 using the U.S Department of Commerce Composite Construction Index. Annual updates subsequent to 1983 will be made using the Marshall Swift Index indicated in Section IV.A.4.b.2.~~ **THE PER BED VALUE OF THE UPPER LIMIT IS BASED ON THE ROLLING 15-YEAR HISTORY OF NEW CONSTRUCTION. THE CURRENT ASSET VALUE LIMIT IS THE SUM OF THE UPDATED HISTORICAL COSTS FOR THE FACILITIES INCLUDED IN THIS CALCULATION DIVIDED BY THE TOTAL NUMBER OF BEDS IN THOSE FACILITIES. THE CURRENT ASSET VALUE LIMIT IS RECALCULATED ANNUALLY TO INCLUDE CONSTRUCTION COSTS OF NEW FACILITIES REPORTED ON THE MOST RECENT CALENDAR YEAR FILED COST REPORT AND THE CONSTRUCTION INDEX UPDATE. THE INCREASE IN THE CURRENT ASSET VALUE BED LIMIT SHALL NOT EXCEED 4% OF THE LIMIT FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2019. THE PER BED UPPER LIMIT IS EFFECTIVE FOR THE PERIOD CORRESPONDING TO THE STATE FISCAL YEAR.**
- d. The current asset value floor is determined as 30 percent of the current asset value upper limit.
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TN NO.: 21-0013

Approval Date: _____

Effective Date: 07-01-2021

Supersedes
TN No.: 90-34



STATE OF MICHIGAN

DEPARTMENT OF HEALTH AND HUMAN SERVICES
LANSING

GRETCHEN WHITMER
GOVERNOR

ELIZABETH HERTEL
DIRECTOR

July 21, 2021

NAME
TITLE
ADDRESS
CITY STATE ZIP

Dear Tribal Chair and Health Director:

RE: Change in the Method for Determining the Nursing Facility Current Asset Value in Rate Setting

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

The purpose of the SPA is to define the method for determining the current asset value per bed limit for cost reporting by Class 1 nursing facilities, in compliance with Public Act 166 of 2020. This change is expected to have little or no impact on Native American beneficiaries, tribal health clinics and urban Indian organizations. The anticipated effective date of this SPA is July 1, 2021.

There is no public hearing scheduled for this SPA. Input regarding this SPA 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 September 7, 2021.**

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

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July 21, 2021
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An electronic copy of this letter is available at www.michigan.gov/medicaidproviders >>
Policy, Letters & Forms.

Sincerely,

A handwritten signature in black ink, appearing to read 'K. Massey', with a long horizontal flourish extending to the right.

Kate Massey, Director
Medical Services Administration

CC: Keri Toback, 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 21-51
July 21, 2021

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
Mr. Soumit Pendharkar, Health Director, Grand Traverse Band Ottawa/Chippewa
Mr. Kenneth Meshigaud, Tribal Chairman, Hannahville Indian Community
Ms. G. Susie Meshigaud, Health Director, Hannahville Health Center
Mr. Warren C. Swartz, Jr., President, Keweenaw Bay Indian Community
Ms. Kathy Mayo, Interim 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
Mr. Matthew Wesaw, Tribal Chairman, Pokagon Band of Potawatomi Indians
Ms. Priscilla Gatties, Interim Health Director, Pokagon Potawatomi Health Services
Mr. Tim Davis, Tribal Chief, Saginaw Chippewa Indian Tribe
Mrs. Karmen Fox, Executive Health Director, Nimkee Memorial Wellness Center
Mr. Aaron Payment, Tribal Chairperson, Sault Ste. Marie Tribe of Chippewa Indians
Mr. Leonid Chugunov, Health Director, Sault Ste. Marie Tribe of Chippewa Indians - Health Center

CC: Keri Toback, 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

Public Notice

**Michigan Department of Health and Human Services
Medical Services Administration**

Nursing Facility Cost Reporting State Plan Amendment Request

The Michigan Department of Health and Human Services (MDHHS) plans to submit a State Plan Amendment (SPA) request to the Centers for Medicare & Medicaid Services (CMS) to amend the method for determining the current asset value bed limit for class 1 nursing facilities.

The anticipated effective date for the nursing facility current asset value bed limit SPA is July 1, 2021.

The per bed value of the upper limit will be based upon a rolling 15-year history of new construction costs. This replaces a methodology that did not account for facilities that did not have historical cost records. This change was established in Public Act 166 of 2020.

The SPA is expected to be cost-neutral.

There is no public meeting scheduled regarding this notice. Any interested party wishing to request a written copy of the SPA or wishing to submit comments may do so by submitting a request in writing to: MDHHS/Medical Services Administration, Program Policy Division, PO Box 30479, Lansing MI 48909-7979 or e-mail MSADraftPolicy@michigan.gov by July 31, 2021. A copy of the proposed State Plan Amendment will also be available for review at http://michigan.gov/mdhhs/0,5885,7-339-73970_5080-108153--,00.html .

RELEASED: June 28, 2021