

November 16, 2021

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

Dear Provider:

RE: COVID-19 Response: Update on Fiscal Year (FY) 2022 Per Diem Rates, the Quality Assurance Supplement (QAS) Payments, and the facility lump sum payments for Nursing Facilities (NF)

The purpose of this letter is to update Medicaid-certified NF providers about the per diem rates for FY22, the monthly QAS payment, and the facility lump sum payment.

FY22 Per Diem Rates

MDHHS recognizes the financial impact that COVID-19 has had on NFs. To help alleviate the negative effects, MDHHS is seeking a State Plan Amendment to allow for a temporary change in the methodology used for calculating the FY22 rates. The updated rate setting methodology will be used to establish rates that will be effective October 1, 2021.

Until the change in FY22 rate setting methodology is approved, NFs will continue to be reimbursed according to FY21 rates. Once FY22 rates have been established, MDHHS will reimburse NFs based on the difference between the FY21 rates and the FY22 rates. This reimbursement will be retroactive, dating back to the effective date of October 1, 2021.

Monthly QAS Payment

Until the change in FY22 rate setting methodology is approved and the FY22 per diem rates are established, Nursing Facilities will receive a QAS payment equal to the amount the facility received for the September 2021 QAS payment for October 2021. In November 2021, and until the SPA is approved, the QAS will be calculated with the FY21 rate and annualized days from 2020. Once the FY22 rates have been established, MDHHS will reimburse Nursing Facilities based on the QAS payments calculated for FY22. This reimbursement will be retroactive, dating back to the effective date of October 1, 2021.

Facility Lump Sum Payment

Due to the financial impact that COVID-19 has had on nursing facilities, a lump sum payment will be made. This payment will be funded using Federal Relief Funds.

Class I & Class III facilities.

This Class I and Class III nursing facility lump sum payment shall be structured as a 1.5% increase to the Medicaid per-bed day variable cost reimbursement rate effective October 1, 2021, and shall include the related quality assurance supplement. The department shall determine the quality assurance supplement by multiplying the new variable rate base effective October 1, 2021, by 21.76%.

The 1.5% increase shall then be applied to the new variable cost reimbursement rate per day amount (including QAS) multiplied by the 2019 Medicaid days of care.

Class V.

The Ventilator Dependent Care Units (VDCU) will still receive a 2.5% increase to their FY22 interim rate, but will also receive a lump sum payment structured as no less than a 6.72% increase to the Medicaid VDCU rate effective October 1, 2020, multiplied by the 2019 Medicaid days of care.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'K. Massey', followed by a horizontal line.

Kate Massey, Director
Medical Services Administration