

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL  
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER <u>24</u> — <u>0016</u>	2. STATE <u>MI</u>
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3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT

TO: CENTER DIRECTOR  
CENTERS FOR MEDICAID & CHIP SERVICES  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

3. PROPOSED EFFECTIVE DATE  
October 1, 2024

5. FEDERAL STATUTE/REGULATION CITATION  
42 CFR 433.139 (f)(2)

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)  
a. FFY 2025 \$8,922,800  
b. FFY 2026 \$8,922,800

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT  
  
Attachment 4.22-B Pages 1 and 2

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)  
  
Attachment 4.22-B Pages 1 and 2 (TN 21-0017)

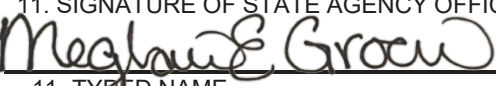
9. SUBJECT OF AMENDMENT

This SPA removes language related to the Paternity Confinement Expenses to align with elimination.

10. 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:

11. SIGNATURE OF STATE AGENCY OFFICIAL  
  
11. TYPED NAME  
Meghan Groen  
12. TITLE  
Senior Deputy Director  
13. DATE SUBMITTED  
September 3, 2024

15. RETURN TO  
Behavioral and Physical Health and Aging Services Administration  
Office of Strategic Partnerships & Medicaid Administrative Services – Federal Liaison  
Capitol Commons Center – 7<sup>th</sup> Floor  
400 South Pine  
Lansing, Michigan 48933  
  
Attn: Erin Black

**FOR CMS USE ONLY**

16. DATE RECEIVED

17. DATE APPROVED

**PLAN APPROVED - ONE COPY ATTACHED**

18. EFFECTIVE DATE OF APPROVED MATERIAL

19. SIGNATURE OF APPROVING OFFICIAL

20. TYPED NAME OF APPROVING OFFICIAL

21. TITLE OF APPROVING OFFICIAL

22. REMARKS

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

State of Michigan

***Requirements for Third Party Liability – Payment of Claims***

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Guidelines Used to Determine When to Seek Reimbursement from a Liable Third Party

The following criteria are used in selecting claims which will be billed to third party insurers, or will be investigated for further collection action:

433.139 (d)(3); 433.139 (f): Health Insurance

Through analysis of schedules of benefits, payment statistics, and the denial notices sent to us by insurance carriers, certain items and services are excluded from cost avoidance and have been eliminated from post payment billing.

When it is discovered that commercial insurance benefits have been paid to the provider or the insured in duplication of the medical assistance payment to the provider, recovery of amounts that are greater than \$20 is sought from the provider within 12 months of the claim from date of service. Amounts of less than \$20 are pursued directly from the payer within three years of the claim from date of service if staff time permits recovery.

433.139 (f)(2): Thresholds for Seeking Reimbursement

MDHHS uses no accumulation threshold for health insurance reimbursement.

Health insurance recovery action on claim types likely to be covered by insurance occurs when payments made by the MDHHS are greater than \$20.00 for medical services and \$15.00 or greater for pharmacy services.

Personal injury investigative action occurs when hospital bills with trauma diagnoses having billed amounts equal to or greater than \$300 are investigated. Investigative resources which would be required to pursue smaller bills can be used more productively to carry out tasks that yield much higher rates of return.

Casualty cases are pursued when they meet a \$300 threshold for automobile and workers' compensation cases and \$1,000 for general liability and medical malpractice. Cases under the threshold may be pursued if time permits.

~~Paternity confinement expenses – the State of Michigan IV-D program refers paternity cases to the local prosecuting attorney who petitions the court to order the absent parent to provide support for the minor child and repay Medicaid confinement expenses. The prosecutor and/or court requests from the third party liability division a statement of confinement expenses for inclusion in the court order.~~

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TN NO.: 24-0016

Approval Date: \_\_\_\_\_

Effective Date: 10/01/2024

Supersedes

TN No.: 21-0017

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

State of Michigan

***Requirements for Third Party Liability – Payment of Claims***

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~~Confinement expense statements are provided by the third party liability division for every paternity case whether or not repayment is ordered and the terms of repayment is at the discretion of the court. Enforcement and collection are vested with an extension of each judicial circuit court in Michigan.~~

Third Party Billing Conditions:

1. Monitoring Provider Compliance:  
433.139 (b)(1); 433.139 (b)(3): Cost Avoidance

Claims are processed in an automated environment, according to configurable table rules. These rules describe avoidance criteria in terms of claim content and provider supplied insurance explanation codes on claims. When the claim conditions match the configured table rules, the cost avoidance edits prevent payment, and tell providers that other insurance is available to bill prior to Michigan Medicaid.

433.139 (c): The State requires the provider to utilize all other resources to their fullest extent before presenting the claim to Medicaid for payment. Providers must secure other insurance adjudication response(s) which must include claim adjustment reason codes (CARCS) prior to billing Medicaid.

433.139 (b)(3): If the insurance provided by a non-custodial parent has restrictions for services received outside a service area, the dependents are treated as uninsured. This kind of insurance information is either not added to the dependent's eligibility record on MMIS or it is removed when the situation is identified. This assures that access to medical care is not precluded or diminished by provider concerns about payment when a non-custodial parent is uncooperative in claiming insurance benefits.

Michigan complies with the following requirements.

- SSA section 1902 (a)(25)(e): the requirement for states to apply cost avoidance procedures to claims for prenatal services, including labor, delivery, and postpartum care services.
- SSA section 1902 (a)(25)(e): the requirement for states to make payments without regard to potential third party liability for pediatric preventive services, unless the state has made a determination related to cost-effectiveness and access to care that warrants cost avoidance for up to 90 days.

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TN NO.: 24-0016

Approval Date: \_\_\_\_\_

Effective Date: 10/01/2024

Supersedes

TN No.: 21-0017

## Public Notice

### Michigan Department of Health and Human Services Behavioral and Physical Health and Aging Services Administration

#### Paternity Confinement Expenses Reimbursement 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). The request includes a SPA to amend Third Party Liability (TPL) Reimbursement language regarding Paternity Confinement Expenses due to recent MDHHS budget bill changes requiring this language to be removed.

The anticipated effective date for the SPA is October 1, 2024.

The SPA modifies current State Plan language by eliminating Paternity Confinement Expense thresholds for seeking reimbursement of birth expenses from fathers whose children are born out of wedlock and paid for by Medicaid.

The estimated gross cost to the State of Michigan for the SPA is \$13.7 million per year.

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 sending an e-mail to [MSADraftPolicy@michigan.gov](mailto:MSADraftPolicy@michigan.gov) or submitting a request in writing to: MDHHS/ Behavioral and Physical Health and Aging Services Administration, Program Policy Division, PO Box 30479, Lansing MI 48909-7979 by September 5, 2024. A copy of the proposed SPA will also be available for review at: [www.michigan.gov/mdhhs/inside-mdhhs/budgetfinance/264/state-plan-amendments](http://www.michigan.gov/mdhhs/inside-mdhhs/budgetfinance/264/state-plan-amendments).

**RELEASED:** August 6, 2024



STATE OF MICHIGAN

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
LANSING

GRETCHEN WHITMER  
GOVERNOR

ELIZABETH HERTEL  
DIRECTOR

August 19, 2024

NAME  
TITLE  
ADDRESS  
CITY STATE ZIP

Dear Tribal Chair and Health Director:

**RE:** Paternity Confinement Expenses

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 Paternity Confinement Expenses program will be terminated effective October 1, 2024. The current State Plan includes language regarding thresholds for seeking reimbursement, as the program recovers birth expenses from fathers whose children are born out of wedlock and paid for by Medicaid. Due to the requirements within the fiscal year (FY) 2025 state budget (Public Act [PA] 121 of 2024), language will be removed from the State Plan effective October 1, 2024, to align with this program termination. MDHHS anticipates there will be minimal impact on Native American beneficiaries.

There is no public hearing scheduled for this SPA. Due to the requirements within PA 121 of 2024, effective October 1, 2024, it is not possible to adhere to the sixty (60) days notification. Therefore, notification is being provided as soon as possible. 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](mailto:Elliott-EganL@michigan.gov). **Please provide all input by October 18, 2024.**

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.

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August 19, 2024  
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MDHHS appreciates the continued opportunity to work collaboratively with you to care for the residents of our state.

An electronic copy of this letter is available at [www.michigan.gov/medicaidproviders](http://www.michigan.gov/medicaidproviders) >> Policy, Letters & Forms.

Sincerely,



Meghan E. Groen, Director  
Behavioral and Physical Health and Aging Services Administration

CC: Keri Toback, CMS  
Nancy Grano, CMS  
Chasity Dial, CEO, American Indian Health and Family Services of Southeastern Michigan  
Asha Petoskey, Acting Area Director, Indian Health Service - Bemidji Area Office  
Lorna Elliott-Egan, MDHHS

**Distribution List for L 24-46**  
**August 19, 2024**

Ms. Whitney Gravelle, President, Bay Mills Indian Community  
Ms. Lucy DeWildt, Health Director, Bay Mills (Ellen Marshall Memorial Center)  
Ms. Sandra Witherspoon, Chairperson, Grand Traverse Band Ottawa & Chippewa Indians  
Ms. Doris Winslow, Health Director, Grand Traverse Band Ottawa/Chippewa  
Mr. Kenneth Meshigaud, Tribal Chairman, Hannahville Indian Community  
Ms. G. Susie Meshigaud, Health Director, Hannahville Health Center  
Ms. Doreen G. Blaker, Tribal President, Keweenaw Bay Indian Community  
Ms. Deanna Foucault, 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, 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. Phyllis Davis, Tribal Council Member, Match-E-Be-Nash-She-Wish Potawatomi  
Ms. Mariah Austin, Tribal Council Member, Match-E-Be-Nash-She-Wish Potawatomi  
Ms. Dorie Rios, Tribal Chairperson, Nottawaseppi Huron Band of Potawatomi Indians  
Ms. Rosalind Johnston, Health Director, Huron Potawatomi Inc.- Tribal Health Department  
Ms. Rebecca Richards, Tribal Chairwoman, 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. Austin Lowes, 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  
Asha Petoskey, Acting Area Director, Indian Health Service - Bemidji Area Office  
Lorna Elliott-Egan, MDHHS