

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

1. TRANSMITTAL NUMBER <u>23</u> — <u>0023</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, 2023

5. FEDERAL STATUTE/REGULATION CITATION  
42 CFR 447

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)  
a. FFY 2024 \$42,799,900  
b. FFY 2025 \$42,799,900

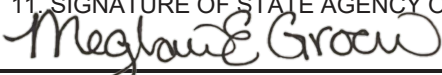
7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT  
  
Attachment 4.19-B Page 1  
Attachment 4.19-B Page 1.b.9  
Attachment 4.19-B Page 3  
Attachment 4.19-B Page 5c

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)  
Attachment 4.19-B Page 1 (TN# 18-0011)  
Attachment 4.19-B Page 1.b.9 (TN# 21-0004)  
Attachment 4.19-B Page 3 (TN# 23-0001)  
Attachment 4.19-B Page 5c (TN# 19-0015)

9. SUBJECT OF AMENDMENT  
This SPA updates authority to reflect increased payment rate for individual professional services.

10. GOVERNOR'S REVIEW (Check One)

<input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT	<input checked="" type="checkbox"/> OTHER, AS SPECIFIED:
<input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED	
<input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL	

11. SIGNATURE OF STATE AGENCY OFFICIAL  


11. TYPED NAME  
Meghan Groen

12. TITLE  
Senior Deputy Director

13. DATE SUBMITTED  
October 9, 2023

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
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**PLAN APPROVED - ONE COPY ATTACHED**

18. EFFECTIVE DATE OF APPROVED MATERIAL	19. SIGNATURE OF APPROVING OFFICIAL
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20. TYPED NAME OF APPROVING OFFICIAL	21. TITLE OF APPROVING OFFICIAL
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22. REMARKS

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

State of MICHIGAN

### ***Policy and Methods for Establishing Payment Rates (Other than Inpatient Hospital and Long Term Care Facilities)***

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#### 1. Physician Services

Payment rates are established by the Medical Services Administration and are designed to enlist the participation of an adequate number of providers. The Medicare prevailing fees, the Resource Based Relative Value Scale (RBRVS) and other relative value information, other state Medicaid fee screens, and providers' charges may be utilized as guidelines or reference in determining the maximum payment rates for individual services.

Providers are reimbursed the lesser of the Medicaid payment rate or the provider's usual and customary charge minus any third-party payment. The provider's usual and customary charge is the fee most frequently charged to patients. The payment rate is uniform for private and governmental providers.

Except as otherwise specified in the State Plan, payment rates are established utilizing the following methodology: ~~annual January RBRVS values multiplied by the statewide conversion factor of \$21.53 less 8%.~~

- Annual January RBRVS values multiplied by the statewide conversion factor of \$21.30.
- Annual January Anesthesia Base Units (ABUs) plus time units multiplied by the statewide anesthesia conversion factor of \$10.60.

This payment rate methodology is effective for dates of service on or after ~~12/1/2018~~ 10/01/2023.

The rates calculated using the above methodology are published in the practitioner fee schedule on the State's website at [www.michigan.gov/medicaidproviders](http://www.michigan.gov/medicaidproviders).

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

State of MICHIGAN

***Policy and Methods for Establishing Payment Rates  
Other than Inpatient Hospital and Long-Term-Care Facilities***

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**Physician Services, Pediatric Psychiatric Services**

Pediatric Psychiatric Diagnostic Evaluation Services Reimbursement Methodology

Reimbursement for psychiatric diagnostic evaluation services for beneficiaries under 21 years of age is 100% of the annual Medicare rates published January of each year. Except as otherwise noted in the state plan, Michigan's Medicaid payment rates are uniform for both private and governmental providers. Reimbursement is made in accordance with Medicaid's fee screens or the usual and customary charge for these services, whichever amount is less.

Effective Date of Diagnostic Evaluation Services Payment

This reimbursement methodology applies to services rendered on and after February 1, 2020. All rates are published at [www.michigan.gov/medicaidproviders](http://www.michigan.gov/medicaidproviders).

Pediatric Psychiatric Services and Procedures Reimbursement Methodology

Reimbursement for psychiatric services or procedures is ~~63%~~ **67.73%** of the annual Medicare rates published January of each year. Except as otherwise noted in the state plan, Michigan's Medicaid payment rates are uniform for both private and governmental providers. Reimbursement is made in accordance with Medicaid's fee screens or the usual and customary charge for these services, whichever amount is less.

Effective Date of Psychiatric Services Payment

This reimbursement methodology applies to services rendered on and after ~~January 1, 2021~~ **October 1, 2023**. All rates are published at [www.michigan.gov/medicaidproviders](http://www.michigan.gov/medicaidproviders).

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TN NO.: 23-0023

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

Effective Date: 10/01/2023

Supersedes

TN No.: 21-0004

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Policy and Methods for Establishing Payment Rates  
(Other than Inpatient Hospital and Long Term Care Facilities)***

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6. Dentures, prosthetic devices and eyeglasses/optical house services

A. Dentures

The agency's fee schedule rate was set using the same methodology that applies to Item 19, Dental Services.

B. Prosthetic Devices

1.) Hearing Aids

Hearing Aid Device Reimbursement Methodology

Reimbursement rates for hearing aid devices covered via a multi-state Medicaid volume purchasing agreement are established directly with hearing aid manufacturers. Michigan meets the certification requirements of section 1902(A)(23) of the Social Security Act to permit the selection of one or more providers, through a competitive bidding process, to deliver hearing aids on a statewide basis under the authority of section 1915(a)(1)(B) of the Social Security Act and 42 CFR 431.54(d). Providers are reimbursed and not allowed to discount or bill more than the contract established prices. Rates were set September 1, 2019.

For hearing aids not included in the agreement, that is those reimbursed on a fee for service basis, payment rates and reimbursement are prior authorized and are based on documentation of the manufacturer's invoice price minus any discounts and includes actual shipping costs.

Except as otherwise noted in the plan, Michigan's Medicaid payment rates are uniform for both private and governmental providers. Reimbursement is made in accordance with Medicaid's fee screens or the usual and customary charge for these services, whichever amount is less, minus any third party payment. The provider's usual and customary charge should be the fee most frequently charged to patients.

Effective Date of Payment

The agency's fee schedule rates were set as of November 1, 2019 and are effective for hearing aid devices dispensed on and after that date. All rates are published on the Agency's website at [www.michigan.gov/medicaidproviders](http://www.michigan.gov/medicaidproviders).

Hearing Aid Service Reimbursement Methodology

Reimbursement for hearing aid related services including dispensing fees is made in accordance with Medicaid fee screens. Other State Medicaid fee screens and providers' charges were used as guidelines or reference in determining the maximum fee screen for individual services.

Except as otherwise noted in the plan, state-developed payment rates are uniform for both private and governmental providers. Reimbursement is made in accordance with Medicaid's fee screens or the provider's usual and customary charge for these services, whichever amount is less, minus any third party payment. The provider's usual and customary charge should be the fee most frequently charged to patients.

Effective Date of Payment

The agency's fee schedule was set as of February 1, 2023 and is effective for hearing aid services rendered on and after that date. All rates are published on the Agency's website at [www.michigan.gov/medicaidproviders](http://www.michigan.gov/medicaidproviders).

4-) 2.) Cochlear Implants Services

Payment rates for services related to cochlear implants are based on the rate for the HCPCS/CPT code in the National Physician Fee Schedule multiplied by the conversion factor for Michigan Medicaid, which is currently 21.53 and then minus any other reduction (i.e., 2009 budget reductions). established utilizing the methodology described under physician services. If there is no applicable rate established by this methodology, the state utilizes the rate specified in a fee schedule. The

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

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agency's fee schedule rate was set as of 10/1/2023 and is effective for services provided on or after that date. All rates are published on the agency's website at [www.michigan.gov/medicaidproviders](http://www.michigan.gov/medicaidproviders).

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TN NO.: 23-0023

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

Effective Date: 10/01/2023

Supersedes

TN No.: 23-0001

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

State of MICHIGAN

***Policy and Methods for Establishing Payment Rates  
Other than Inpatient Hospital and Long-Term-Care Facilities***

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12.1 Physical Therapy and Related Services

A. Physical therapists

Except as otherwise noted in the plan, state-developed fee schedule rates are the same for both governmental and private providers of physical therapy services. The agency's fee schedule rate was set as of ~~4/1/2018~~ **10/1/2023** and is effective for services provided on or after that date. All rates are published on the agency's website at [www.michigan.gov/medicaidproviders](http://www.michigan.gov/medicaidproviders).

B. Occupational therapists

Except as otherwise noted in the plan, state-developed fee schedule rates are the same for both governmental and private providers of occupational therapy services. The agency's fee schedule rate was set as of ~~4/1/2018~~ **10/1/2023** and is effective for services provided on or after that date. All rates are published on the agency's website at [www.michigan.gov/medicaidproviders](http://www.michigan.gov/medicaidproviders).

C. Speech-language pathologists

Except as otherwise noted in the plan, state-developed fee schedule rates are the same for both governmental and private providers of speech therapy services. The agency's fee schedule rate was set as of ~~4/1/2018~~ **10/1/2023** and is effective for services provided on or after that date. All rates are published on the agency's website at [www.michigan.gov/medicaidproviders](http://www.michigan.gov/medicaidproviders).

D. Audiologists

Except as otherwise noted in the plan, state-developed fee schedule rates are the same for both governmental and private providers of audiology services. Payment rates are established utilizing the methodology described under physician services. If there is no applicable rate established by this methodology, the state utilizes the rate specified in a fee schedule. The agency's fee schedule rate was set as of 1/1/2020 and is effective for dates of service on or after that date. All rates are published on the agency's website at [www.michigan.gov/medicaidproviders](http://www.michigan.gov/medicaidproviders).

MI Response to Funding Questions for  
23-0023 Practitioner Payment Rate Update  
Submitted October 9, 2023

## Funding Questions

1. Section 1903(a)(1) provides that Federal matching funds are only available for expenditures made by States for services under the approved State plan. Do providers receive and retain the total Medicaid expenditures claimed by the State (includes normal per diem, supplemental, enhanced payments, other) or is any portion of the payments returned to the State, local governmental entity, or any other intermediary organization? If providers are required to return any portion of payments, please provide a full description of the repayment process. Include in your response a full description of the methodology for the return of any of the payments, a complete listing of providers that return a portion of their payments, the amount or percentage of payments that are returned and the disposition and use of the funds once they are returned to the State (i.e., general fund, medical services account, etc.)?

*State Response: Providers receive and retain the total Medicaid expenditures claimed.*

2. Section 1902(a)(2) provides that the lack of adequate funds from local sources will not result in lowering the amount, duration, scope, or quality of care and services available under the plan. Please describe how the state share of each type of Medicaid payment (normal per diem, supplemental, enhanced, other) is funded. Please describe whether the state share is from appropriations from the legislature to the Medicaid agency, through intergovernmental transfer agreements (IGTs), certified public expenditures (CPEs), provider taxes, or any other mechanism used by the state to provide state share.

*State Response: The state share is funded with general fund as appropriated by the Legislature to the Medicaid State agency.*

3. Section 1902(a)(30) requires that payments for services be consistent with efficiency, economy, and quality of care. Section 1903(a)(1) provides for Federal financial participation to States for expenditures for services under an approved State plan. If supplemental or enhanced payments are made, please provide the total amount for each type of supplemental or enhanced payment made to each provider type.

*State Response: Not applicable.*

MI Response to Funding Questions for  
23-0023 Practitioner Payment Rate Update  
Submitted October 9, 2023

4. For clinic or outpatient hospital services please provide a detailed description of the methodology used by the state to estimate the upper payment limit (UPL) for each class of providers (State owned or operated, non-state government owned or operated, and privately owned or operated). Please provide a current (i.e., applicable to the current rate year) UPL demonstration.

*State Response: Not applicable.*

5. Does any governmental provider receive payments that in the aggregate (normal per diem, supplemental, enhanced, other) exceed their reasonable costs of providing services? If payments exceed the cost of services, do you recoup the excess and return the Federal share of the excess to CMS on the quarterly expenditure report?

*State Response: No.*



## Public Notice

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

#### State Plan Amendment Request to Update Reimbursement Rates

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 update the Medicaid State Plan pages related to reimbursement rates for individual professional services. The anticipated effective date for the SPA is October 1, 2023.

In response to MDHHS Fiscal Year 2024 budget appropriations provided in Public Act 119 of 2023, effective for dates of service on and after October 1, 2023, Medicaid will provide an increased payment rate for individual professional services. Impacted services include:

- Individual licensed professional services will be increased by 7.5%
- Anesthesia services provided by licensed anesthesia professionals will be increased by 10%.

The estimated gross cost to the State of Michigan for the State Plan Amendment is \$59.3 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 30, 2023. A copy of the proposed State Plan Amendment will also be available for review at :

<https://www.michigan.gov/mdhhs/inside-mdhhs/budgetfinance/264/state-plan-amendments> .

**RELEASED:** September 7, 2023



STATE OF MICHIGAN

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
LANSING

GRETCHEN WHITMER  
GOVERNOR

ELIZABETH HERTEL  
DIRECTOR

August 28, 2023

NAME  
TITLE  
ADDRESS  
CITY STATE ZIP

Dear Tribal Chair and Health Director:

**RE:** Reimbursement for Individual Practitioner Professional Services

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 update the Medicaid State Plan pages related to reimbursement rates for individual professional services. Rates associated with eligible services will be increased in compliance with expenditure levels established by state law, Public Act 119 of 2023. The anticipated effective date of the SPA is October 1, 2023. MDHHS expects this change will positively impact Native American beneficiaries by increasing access to program covered services.

There is no public hearing scheduled for this SPA. Due to the requirements within state law, specifically Section 1801 of Public Act 166 of 2022, for an effective date of October 1, 2023, 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 12, 2023.**

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.

L 23-49  
August 28, 2023  
Page 2

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,

A handwritten signature in black ink that reads "Meghan Groen". The signature is written in a cursive, flowing style.

Meghan 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  
Daniel Frye, Director, Indian Health Service - Bemidji Area Office  
Lorna Elliott-Egan, MDHHS

**Distribution List for L 23-49**  
**August 28, 2023**

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  
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-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. 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  
Mr. Jamie Stuck, Tribal Chairman, 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  
Ms. Theresa Peters-Jackson, 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 Chuginov, 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