

## **Table of Contents**

**State/Territory Name: Michigan**

**State Plan Amendment (SPA) #: MI 24-0013**

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form
- 3) Approved SPA Pages

**DEPARTMENT OF HEALTH & HUMAN SERVICES**

Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop S3-14-28  
Baltimore, Maryland 21244-1850



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**Financial Management Group**

October 7, 2024

Meghan Groen  
Senior Deputy Director  
State of Michigan, Department of Community Health  
400 South Pine Street  
Lansing, Michigan 48933

RE: TN 24-0013

Dear Director Groen:

The Centers for Medicare & Medicaid Services (CMS) has reviewed the proposed Michigan state plan amendment (SPA) to Attachment 4.19-D MI 24-0013, which was submitted to CMS on August 26, 2024. This plan amendment updates the authority to set a principal balance minimum payment amount for nursing facilities for any loan issued after October 1, 2019, that has a loan period greater than four years.

We reviewed your SPA submission for compliance with statutory requirements, including in sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903 as it relates to the identification of an adequate source for the non-federal share of expenditures under the plan, as required by 1902(a)(2), of the Social Security Act and the applicable implementing Federal regulations.

Based upon the information provided by the state, we have approved the amendment with an effective date of October 1, 2024. We are enclosing the approved CMS-179 and a copy of the new state plan pages.

If you have any additional questions or need further assistance, please contact Tom Caughey at 517-487-8598 or via email at [tom.caughey@cms.hhs.gov](mailto:tom.caughey@cms.hhs.gov).

Sincerely,

A handwritten signature in cursive script that reads "Rory Howe".

Rory Howe  
Director  
Financial Management Group

Enclosures

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

1. TRANSMITTAL NUMBER  
24 — 0013

2. STATE  
MI

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 447

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)  
a. FFY 2025 \$0  
b. FFY 2026 \$0

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT  
Attachment 4 19-D Section III Page 3

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)  
Attachment 4 19-D Section III Page 3 (TN 19-0008)

9. SUBJECT OF AMENDMENT

This SPA provides authority to set a principal balance minimum payment amount for nursing facilities for any loan issued after October 1, 2019, that has a loan period greater than four years.

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  
August 26, 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

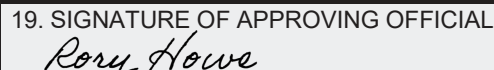
**FOR CMS USE ONLY**

16. DATE RECEIVED  
August 26, 2024

17. DATE APPROVED  
October 7, 2024

**PLAN APPROVED - ONE COPY ATTACHED**

18. EFFECTIVE DATE OF APPROVED MATERIAL  
October 1, 2024

19. SIGNATURE OF APPROVING OFFICIAL  


20. TYPED NAME OF APPROVING OFFICIAL  
Rory Howe

21. TITLE OF APPROVING OFFICIAL  
Director, FMG

22. 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)***

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2. All other facilities will have interest expense determined in accordance with current Medicare Principles of Reimbursement, including the provisions at 42 CFR 413.153 and section 1861(v)(1)(O) of Title XVIII of the Social Security Act.
  3. For loans issued on or after October 1, 2019, interest on loans, to be allowable, must reflect a principal balance payment on at least an annual basis if the loan is greater than four years old. For loans issued prior to October 1, 2019, interest on loans, to be allowable, must reflect a principal balance payment on at least an annual basis starting on October 1, 2023. As of October 1, 2024 the minimum payment amount on the principal balance or a payment amount totaling at least 0.1 percent of the total outstanding loan balance, whichever is greater, must be made at least annually for any loan that has a loan period of greater than four years and was issued on or after October 1, 2019 in order for the interest to be an allowable expense. Refinancing of a loan or refinancing of multiple loans is not considered a ~~principle~~-principal balance payment, nor is a refinanced loan considered a new loan for purposes of this section.
- H. Allowable lease costs are determined using principle 1 or 2 below:
1. A provider who entered into a bona fide, arms-length lease prior to September 1, 1973 where the lessor refused to open his books, will be allowed an actual lease cost up to a maximum of \$2.50 per patient day. This limit was developed from the average lease rental cost for facilities leased prior to September 1, 1973, at which time the current method of calculation was effected. The pre-September 1, 1973 lessee has the right of appeal for bona fide, arms-length lease agreements which exceed the \$2.50 limit.
  2. Providers who enter into or amend a bona fide arms-length lease agreement after August 31, 1973 will be reimbursed a plant cost component determined in accordance with sections IV. A. or B. as applicable to an owner-provider, if the lessee discloses the allowable cost information required or rate setting as outlined in section IV.A.3. Without full disclosure lease expense will not be an allowable cost. The only exceptions to this disclosure rule shall be for lease expenses for pass through leases.
- I. Bad debts, charity and courtesy allowances as defined in 42 CFR 413.80 are not recognized as allowable costs.
- J. The cost of educational activities will be determined in accordance with 42 CFR 413.85, except the costs of educational activities outside the continental United States are not allowable.
- K. The cost of research activities will be determined in accordance with 42 CFR 413.90.
- L. The value of services of non-paid workers will be treated in accordance with 42 CFR 413.94.
- M. Purchase discounts and allowances and refunds of expenses will be treated in accordance with 42 CFR 413.98.
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TN NO.: 24-0013

Approval Date: 10-07-2024

Effective Date: 10-01-2024

Supersedes TN No.: 19-0008