

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

FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES

1. TRANSMITTAL NUMBER

25 — 0009

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
June 1, 2025

5. FEDERAL STATUTE/REGULATION CITATION
Section 1902(a) of the Social Security Act and 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 IV Page 9

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)
Attachment 4.19-D Section IV Page 9 (TN# 23-0017)

9. SUBJECT OF AMENDMENT

This SPA allows, in the case of receivership, for MDHHS to adjust a nursing facility's standard rates if a receiver has been appointed under MCL 600.2926 or MCR 2.622(A) solely to reflect the reasonable costs, as determined by MDHHS, associated with the court-approved closure or sale of the nursing facility or other appropriate situation.

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
Chief Deputy Director

13. DATE SUBMITTED
June 30, 2025

15. RETURN TO

Health Services Administration— Federal Liaison
Capitol Commons Center – 7th 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

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

4) IN THE CASE OF RECEIVERSHIP, MDHHS MAY ADJUST A NURSING FACILITY'S STANDARD RATES IF A RECEIVER HAS BEEN APPOINTED UNDER MCL 600.2926 OR MCR 2.622(A) SOLELY TO REFLECT THE REASONABLE COSTS, AS DETERMINED BY MDHHS, ASSOCIATED WITH THE COURT-APPROVED CLOSURE OR SALE OF THE NURSING FACILITY OR OTHER APPROPRIATE SITUATION. THIS RATE ADJUSTMENT WILL ONLY APPLY TO THE CURRENT FISCAL RATE PERIOD OF THE REQUEST AND THE FOLLOWING FISCAL RATE PERIOD. AFTER THIS ADJUSTMENT TIME PERIOD, THE FACILITY WILL RETURN TO THE STANDARD REIMBURSEMENT METHODOLOGY.

- c. Change of Class: An existing provider becoming a Class I or Class II facility will be paid a plant cost component determined using the principles stated in Sections IV.A.1 through 4 above.
6. Grandfather Clause: Any provider who received a higher plant cost component under the reimbursement system in effect prior to April 1, 1985 may, at the option of the provider, be paid a plant cost component determined in accordance with Section IV.B below until facility fiscal years beginning on or after April 1, 1991. If a grandfathered facility is sold subsequent to April 1, 1985 and there is a change in licensure, then the grandfather clause will no longer be applicable and the new owner's rate will be determined utilizing the methods in Sections IV.A.1 through IV.A.5 above. If a grandfathered facility is sold subsequent to April 1, 1985, and there is no change in licensure, then the grandfather clause may continue to be applicable until facility fiscal years beginning on or after April 1, 1991.
7. Special Note on Recapture of Depreciation: In the event of a sale after March 31, 1985, there will be the application of 42 CFR 413.135(f) for any reimbursement received by the seller as depreciation expense from October 1, 1984 through the effective date of the sale and transfer of assets.
8. Special Note for October 1, 2021 through September 30, 2022: Due to the COVID-19 Public Health Emergency, the Plant Cost Component for Class I facilities will be calculated by applying an average cost increase to the facility's Plant Cost Component from the most recent fiscal year that was non-affected by the COVID-19 Public Health Emergency. The cost increase will be calculated using the average class-wide increase over the previous 5 fiscal years that were non-affected by the COVID-19 Public Health Emergency.
9. Special Note for October 1, 2022 through December 31, 2022: Due to the COVID-19 Public Health Emergency, the Plant Cost Component for Class I facilities will be calculated by applying an average cost increase to the facility's Plant Cost Component from the most recent fiscal year that was non-affected by the COVID-19 Public Health Emergency. The cost increase will be calculated using the average class-wide increase over the previous 5 fiscal years that were non-affected by the COVID-19 Public Health Emergency.

TN NO.: 25-0009

Approval Date: _____

Effective Date: 06/01/2025

Supersedes

TN No.: 23-0017

Michigan Medicaid Nursing Facility Upper Payment Limit Non-Federal Funding Questions – 10/1/2024

The following questions should be answered in relation to all payments made to all providers reimbursed pursuant to a methodology for each of the applicable services that are submitted pursuant to SMDL #13-003.

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.)

Response: *Providers will not return any portion of any Medicaid-related payments they receive.*

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. Note that, if the appropriation is not to the Medicaid agency, the source of the state share would necessarily be derived through either through an IGT or CPE. In this case, please identify the agency to which the funds are appropriated. Please provide an estimate of total expenditure and State share amounts for each type of Medicaid payment. If any of the non-federal share is being provided using IGTs or CPEs, please fully describe the matching arrangement including when the state agency receives the transferred amounts from the local governmental entity transferring the funds. If CPEs are used, please describe the methodology used by the state to verify that the total expenditures being certified are eligible for Federal matching funds in accordance with 42 CFR 433.51(b). For any payment funded by CPEs or IGTs, please provide the following:
 - i. a complete list of the names of entities transferring or certifying funds;
 - ii. the operational nature of the entity (state, county, city, other);
 - iii. the total amounts transferred or certified by each entity;
 - iv. clarify whether the certifying or transferring entity has general taxing authority; and,
 - v. whether the certifying or transferring entity received appropriations (identify level of appropriations).

Response: Funding for all nursing facility payments must be appropriated by the state legislature before expenditures can be incurred. The funding sources supporting appropriations for specific payments are broken out below.

Per Diem Payments – Nursing facility per diem payments made under Attachment 4.19-D of the Michigan State Plan are estimated to be \$1,790.0 million for fiscal year 2023. The non-federal share for these payments is approximately \$542.5 million and is financed with state funding of \$366.3 million, local funding of \$5.5 million, and \$170.8 million in nursing home provider tax.

Supplemental/Enhanced Payments - The Quality Assurance Supplement (QAS) payments made under Attachment 4.19-D Section IV page 20a of the Michigan State Plan are supplemental payments. QAS payments are estimated to be \$332.5 million for fiscal year 2023. The non-federal share for these payments is \$100.8 million and is funded with nursing facility provider tax.

CPE Payments – Approximately \$6.5 million was funded through certified public expenditures (CPEs) in FY23. The methodology for these payments is described on pages 24-27 of Attachment 4.19-D Section IV of the Michigan State Plan. Attachment A provides additional information related to these CPEs.

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.

Response: The following supplemental payments are made to nursing facilities under Attachment 4.19-D Section IV of the Michigan State Plan.

Quality Assurance Assessment (QAS) - QAS payments are estimated to be \$332.5 million for fiscal year 2023. The non-federal share for these payments is \$100.8 million for this time period. Payments are funded with a nursing facility provider tax. The methodology for these payments is described in Attachment 4.19-D Section IV page 20a of the Michigan State Plan.

CPE Payments – A supplemental payment of \$21.5 million was made to County Medical Care Facilities in FY23. The non-federal share of \$6.5 million was funded through certified public expenditures. The methodology for these payments is described on pages 24-27 of Attachment 4.19-D Section IV of the Michigan State Plan. Attachment A provides additional information related to these CPEs.

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.

Response: N/A

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?

Response: *In the aggregate, the payments are under the Medicare upper payment limit. They therefore do not exceed the nursing facilities' reasonable costs of providing services. A mechanism has been implemented to recoup and return the federal share of overpayments in the event that overpayment occurs.*

Public Notice

Michigan Department of Health and Human Services Health Services

Nursing Facility Receivership 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 provide a possible temporary adjustment to a nursing facility's standard rates when entering into a court approved receivership situation.

The anticipated effective date for the Nursing Facility Receivership SPA is June 1, 2025.

In the case of receivership, MDHHS may adjust a nursing facility's standard rates if a receiver has been appointed under MCL 600.2926 or MCR 2.622(A) solely to reflect the reasonable costs, as determined by MDHHS, associated with the court-approved closure or sale of the nursing facility or other appropriate situation. This rate adjustment will only apply to the current fiscal rate period of the request and the following fiscal rate period. After this adjustment time period, the facility will return to the standard reimbursement methodology.

The SPA is estimated to be budget 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 sending an e-mail to MSADraftPolicy@michigan.gov or submitting a request in writing to: MDHHS/Health Services, Program Policy Division, PO Box 30479, Lansing MI 48909-7979 by June 27, 2025. 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: May 28, 2025



STATE OF MICHIGAN

GRETCHEN WHITMER
GOVERNOR

DEPARTMENT OF HEALTH AND HUMAN SERVICES
LANSING

ELIZABETH HERTEL
DIRECTOR

April 15, 2025

NAME
TITLE
ADDRESS
CITY STATE ZIP

Dear Tribal Chair and Health Director:

RE: Nursing Facility Receivership

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).

MDHHS intends to submit a SPA to provide a possible temporary adjustment to a nursing facility's standard rates when entering into a court approved receivership situation. MDHHS anticipates there will be minimal impact to Native American beneficiaries. The anticipated effective date of the SPA is June 1, 2025.

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 May 30, 2025.**

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

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

Sincerely,

A handwritten signature in black ink, reading "Meghan E. Groen". The signature is fluid and cursive, with the first name "Meghan" and last name "Groen" clearly legible.

Meghan E. Groen, Chief Deputy Director
Health Services

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 25-21
April 15, 2025

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. Sonya Zotigh, 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. RD Curtis, 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
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. Austin Lowes, Tribal Chairperson, Sault Ste. Marie Tribe of Chippewa Indians
Mr. James Benko, 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