

Covering Nutrition Services in Michigan's Comprehensive Health Care Program: Introducing In Lieu of Services

Updated: August 2025



Note: This presentation provides an overview of ILOS requirements included in the ILOS Policy Guide. Please note that the ILOS Policy Guide is the definitive source for information related to all ILOS guidelines and policies. MDHHS reserves the right to change any ILOS-related requirements, dates or any other information deemed necessary. Please note that any updates or changes will be reflected in the ILOS Policy Guide available on the ILOS webpage and should be considered the most current guidance.

This presentation will provide an overview of the following:



Michigan Department of Health and Human Services' (MDHHS) approach to addressing social determinants of health through Medicaid.



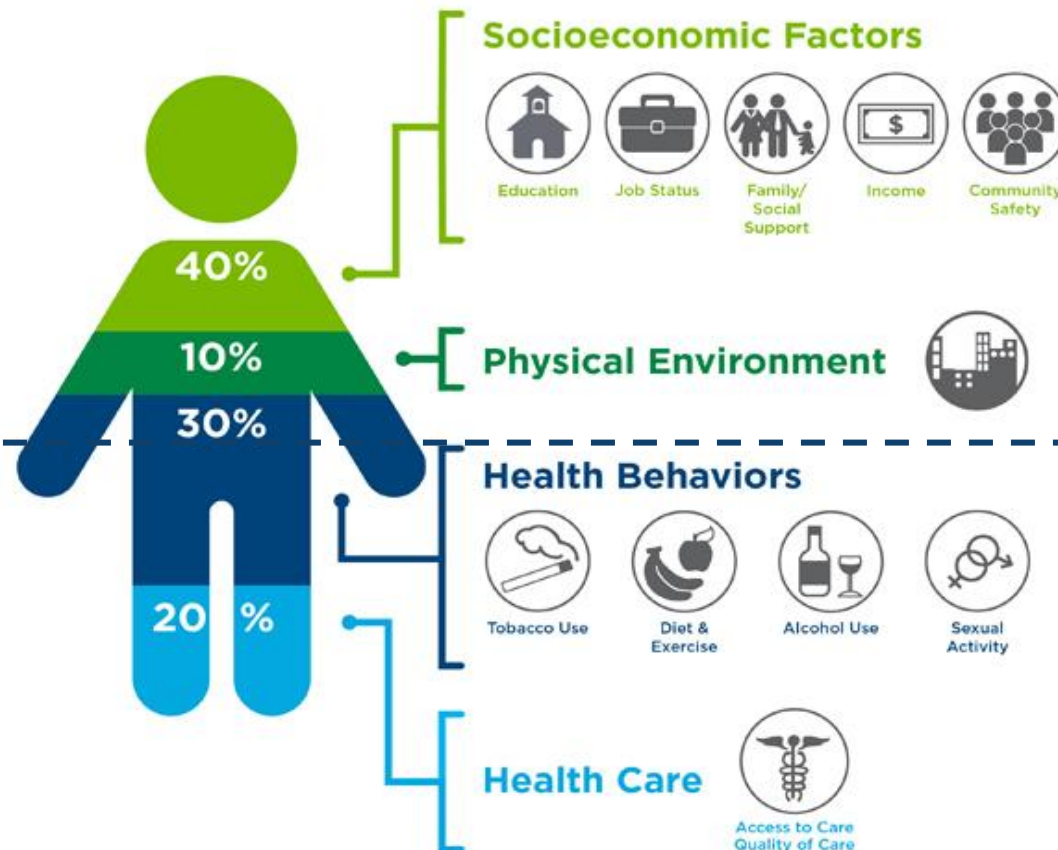
Introduction to a set of nutrition services, called In Lieu of Services (ILOS), for eligible individuals enrolled in Medicaid Health Plans (MHPs).



An overview of ILOS requirements and policies.

The Case for Addressing Social Determinants of Health

What Goes Into Your Health?



Social determinants of health (SDOH)—also known as basic needs—can greatly impact a person’s health outcomes, sometimes more than health care.

New Ways to Address SDOH Through Medicaid Beginning in October 2024



ILOS Introduction

What are In Lieu of Services (ILOS)?

- ILOS are services a state deems to be **medically appropriate** and **cost effective** when provided as substitutes to other services and settings covered in a state's Medicaid program.
- **ILOS** are administered through Medicaid, which is a health program, so **they must address health-related needs.**

Goals of ILOS

What are MDHHS' Goals in Introducing ILOS?

- Promote availability of services to:
 - **Meet Enrollee needs;**
 - **Improve health; and**
 - **Reduce the future need for medical services.**
- Connect with MDHHS' broader strategy to address SDOH and improve health equity.

Why Focus on Food and Nutrition?

Michigan's ILOS will initially focus on food and nutrition services because:

- Substantial evidence shows that **investing in food and nutrition** significantly **improves health outcomes** and reduces unnecessary health care costs.¹
- Access to food and nutrition is a **critical need in communities across Michigan.**²

Sources

1. [ILOS Evidence Review Summary](#)
2. [2022-2024 Social Determinants of Health Strategy](#)

ILOS Federal Requirements



Optional

Medicaid Health Plans can choose whether to offer ILOS and Medicaid Enrollees can choose whether to use ILOS.

- ILOS may be available to some Enrollees and not others based on which Medicaid Health Plan they enroll with.
- Even if the Enrollee qualifies for ILOS, it is up to the Enrollee whether they use ILOS or not.



Medically Appropriate

Each ILOS must be **medically appropriate** for the Enrollee.

- ILOS will only be available to some Enrollees based on their health conditions and whether the ILOS can help to improve their health.



Preserve Enrollees' Rights

“ILOS may not be used to reduce, discourage, or jeopardize” access to Medicaid services.¹

- An Enrollee's Medicaid coverage and access to medical services will stay the same if an Enrollee chooses to use a food service or chooses not to.

1. See 42 CFR 438.3(e)(2)(ii)(B)

ILOS Definitions in Michigan



Medically Tailored Home Delivered Meal

A fresh or frozen home delivered meal which is medically tailored for a specific disease or condition. This ILOS includes support from a certified nutrition professional.



Healthy Home Delivered Meal

A nutritionally-balanced, home delivered meal consisting of a hot, cold, frozen or shelf-stable meal aimed at promoting improved nutrition for the Enrollee.



Healthy Food Pack

A healthy food pack consists of an assortment of medically-tailored or nutritionally-appropriate foods provided to an Enrollee.



Produce Prescription

A voucher for the Enrollee to purchase any variety of fruits and vegetables or plants/seeds that produce fruits and vegetables.

ILOS Eligibility Criteria

Social Risk Factor

The Enrollee cannot get enough food when they need it.



Clinical Risk Factors*

The Enrollee has one of the following:

- **An illness that can be improved with a healthy diet**, like diabetes, congestive heart failure, stroke, chronic obstructive pulmonary disease (COPD), hypertension, human immunodeficiency virus (HIV), cancer with malnutrition, malnutrition, sickle cell disease or renal disease.
- **Been in a hospital or skilled nursing facility** in the last 60 days.
- **Are pregnant and currently have, have a history of or are at risk of complications from being pregnant**, including things like diabetes while pregnant, preeclampsia, and newborn low birthweight.
- **Used to be in foster care and has a nutrition-sensitive condition.**
- **Are a child with elevated blood lead levels or childhood obesity.**
- **Are eligible for the Children's Special Health Care Services (CSHCS) program.**

**While the social risk factor is the same across all four services, the clinical risk factor that qualifies an Enrollee for an ILOS differs slightly across the services. More detail on service eligibility, include specific service limitations, can be found [online](#).*

ILOS Example # 1

Example Scenario:

An Enrollee is diagnosed with gestational diabetes (GDM). The person has access to some food, but it is less healthy and high in carbohydrates. As a result, the individual has persistently high blood sugar, even though they try to adhere to the GDM regimen prescribed by their doctor.

ILOS Provided:
Healthy Food Pack

Substitute for a Future Service:
Prolonged inpatient admission for a complicated delivery of larger-than-average baby due to persistent high blood sugar.

ILOS Example # 2

Example Scenario:

An Enrollee undergoing chemotherapy and radiation is at risk for an inpatient admission. The person is experiencing food insecurity – they can receive one hot meal per day at a community kitchen, but they do not tolerate the food and cannot eat enough to meet their needs throughout the day with low-cost, shelf-stable items like tea and crackers. They are feeling weak and dizzy at home and experiencing vomiting and diarrhea.

ILOS Provided:

Healthy Home Delivered Meal

Substitute for a Future Service:

Inpatient admission due to dehydration and electrolyte imbalance.

ILOS Example # 3

Example Scenario:

An Enrollee has salt-sensitive hypertension and is experiencing food insecurity. They have access to some packaged foods, but they are high in sodium. Because of their high sodium intake, they are experiencing blood pressure spikes with symptoms of severe headache and chest pain.

ILOS Provided:

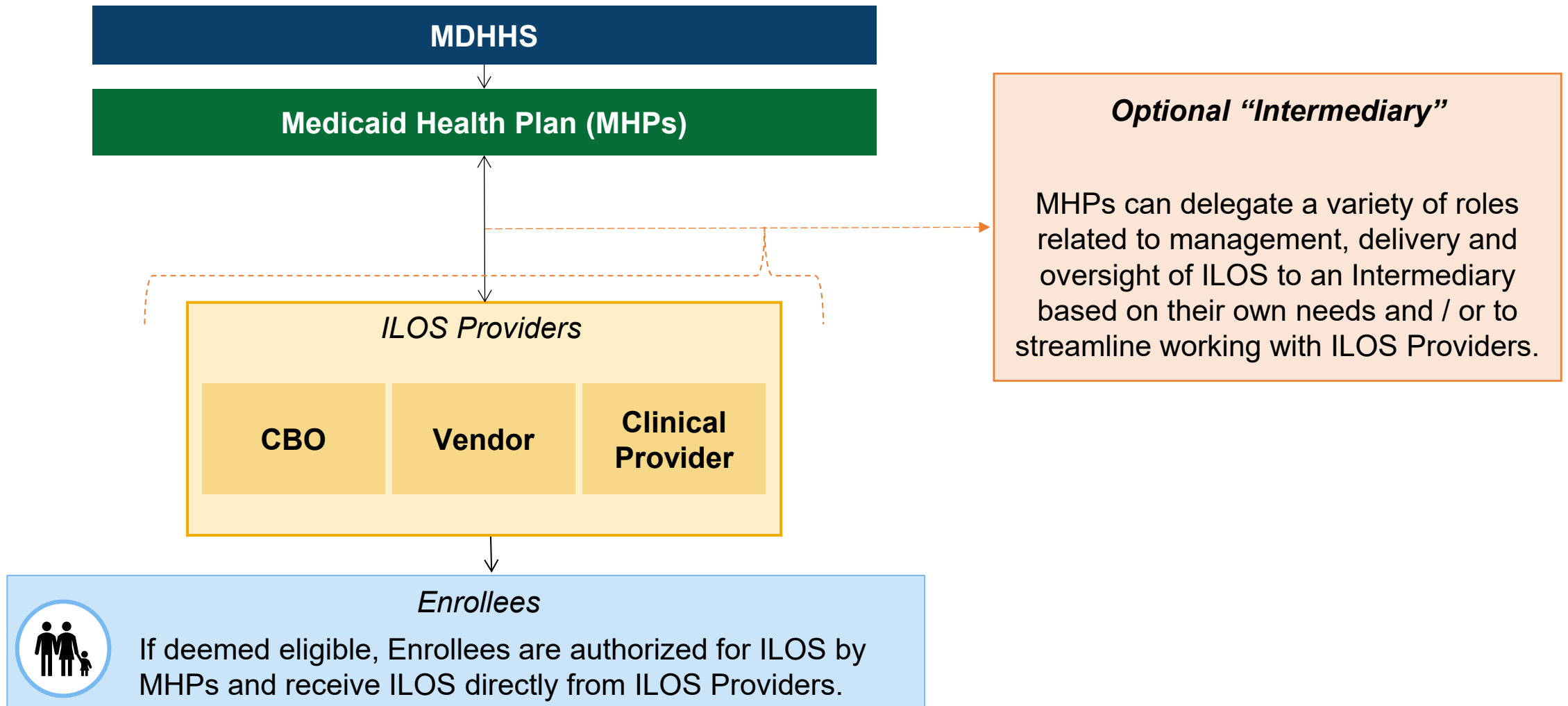
Medically Tailored Home Delivered Meal

Substitute for a Future Service:

Emergency transportation and emergency department visit for symptoms associated with high salt intake.

ILOS Policies & Requirements in Michigan

Illustrative ILOS Roles and Functions



Access and Availability of ILOS

- ILOS can be an important resource in addressing eligible Enrollees' nutrition needs, improving health and reducing the need for medical services.
- MDHHS strongly encourages Medicaid Health Plans to offer a robust menu of ILOS across its service Regions to ensure Enrollees have access.
 - ➔ Enrollee access to ILOS will depend on their individual eligibility, the Medicaid Health Plans they are enrolled in and where they live.

Medicaid Health Plan ILOS Offerings



MHP Elections of ILOS

Offering ILOS

- Medicaid Health Plans may offer ILOS following MDHHS-approval of the Medicaid Health Plan's ILOS Implementation Plan.
- Medicaid Health Plans are allowed to terminate ILOS once annually at the end of the contract year.

ILOS by Region

- Medicaid Health Plans may elect to offer one or more approved ILOS and may choose which of its Region(s) to offer the ILOS. Medicaid Health Plans may choose to offer different ILOS in different Regions.
- Medicaid Health Plans must, however, make the ILOS available for all Enrollees residing within the Region(s) it is electing to offer ILOS.

Medicaid Health Plan Administration of ILOS



Enrollee Identification

- Identify Enrollees eligible for ILOS using a variety of sources.
- Notify Enrollees that they may be eligible for ILOS.



Authorization of ILOS

- Determine Enrollee's eligibility for ILOS.
- Authorize medically appropriate ILOS in a timely manner.



Referring for ILOS

- Make and track referrals to completion.
- Regularly monitor referrals and referral outcomes.



Deauthorizing ILOS

- Determine if it is appropriate to deauthorize ILOS.
- Notify Enrollees if ILOS will be deauthorized.



Grievances & Appeals

- Manage Enrollee grievances and appeals.

Medicaid Health Plans are responsible for developing a process to administer ILOS, including all elements listed above. Medicaid Health Plans must submit an ILOS Implementation Plan, documenting their ILOS policies and procedures to MDHHS for approval prior to administering ILOS.

Ensuring ILOS Are Medically Appropriate

Assessing Medical Appropriateness

In accordance with Federal requirements, Medicaid Health Plans must ensure that an ILOS is medically appropriate.

- Medicaid Health Plan policies and procedures must outline the process to ensure the medical appropriateness of each ILOS for the Enrollee.
- The process must require documentation that ILOS is medically appropriate for the Enrollee and is likely to reduce or prevent the need for State Plan covered services based on the professional judgement of licensed clinical staff at the Medicaid Health Plan or a Network Provider.



When authorizing a Produce Prescription, Medicaid Health Plans may use the result of clinical evaluations to document that an Enrollee has gestational diabetes, screened positive for food insecurity and a licensed provider documented that the Produce Prescription will likely help avoid gestational diabetes-related emergency department visits or hospitalizations.

Enrollee Rights and Protections



Enrollee Rights

- If an Enrollee requests one or more ILOS offered by the Medicaid Health Plan but was not authorized to receive the requested ILOS because of a determination that the ILOS was not medically appropriate, Enrollees can appeal and/or file a grievance.
- ILOS are subject to the State Fair Hearing process.



Medicaid Health Plan Monitoring

- Medicaid Health Plans must regularly monitor and maintain a record of grievances and appeals to ensure that Enrollee rights related to ILOS are not violated.
- Medicaid Health Plans must report ILOS-related grievances and appeals to MDHHS consistent with requirements for other State Plan covered services.

Potential ILOS Providers



An organization may opt to become an ILOS Provider because providing ILOS aligns with the organization's goals to address food needs and contribute to the health and wellness of Michiganders.

Examples of Entities that May Become ILOS Providers



Community-based Organizations

Public and private non-profit organizations that represent a community or significant segments of a community and provide educational, health, social support or other related services to individuals in the community.

Example ILOS Provider:
Food bank



Vendors

Private, non-profit or for-profit companies that provide nutrition-related goods or services.

Example ILOS Provider:
Companies that provide prepared meals

ILOS Provider Qualifications

Qualifications for ILOS Providers offering any of the four ILOS

- ✓ Enroll in CHAMPS* and contract with a Medicaid Health Plan.
- ✓ Have relevant experience delivering the ILOS.
- ✓ Adhere to food safety requirements.
- ✓ Be able to assess and address Enrollee needs.
- ✓ Preferably, be a Michigan-based organization.
- ✓ Have a plan to manage risks and communicate with Enrollees.

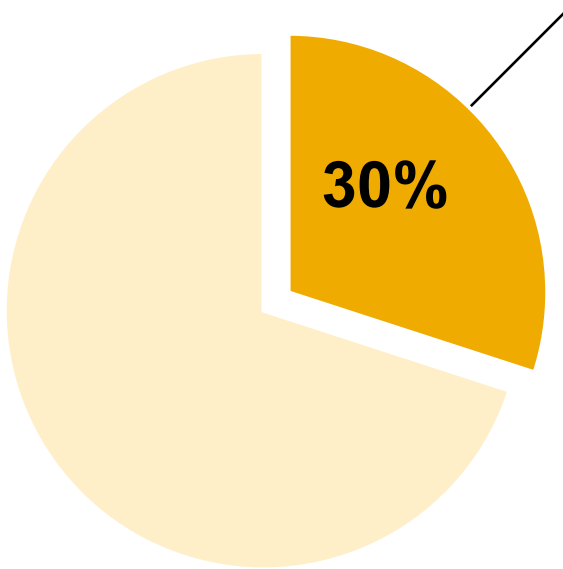
Additional qualifications for ILOS Providers offering meal ILOS

- ✓ Have required capacity.
- ✓ Document required information.



Community Health Automated Medicaid Processing System (CHAMPS) is the MDHHS web-based, Medicaid Management System. Any Provider that will be reimbursed using Medicaid funding must enroll in CHAMPS.

Medicaid Health Plans are Required to Utilize Locally-Based ILOS Providers



Requirement:

- In Contract Year 2025, at least **30% of each ILOS type must be provided by locally-based ILOS Providers.**
- Over time, this percentage will increase.

Rationale:

- Ensures ILOS are delivered by organizations familiar with Enrollees' communities.
- Support capacity of local organizations—ILOS can provide a more stable funding stream to organizations.

To be a locally-based ILOS Provider, an organization must be:

- A CBO with a physical presence in Michigan, defined as having one (1) or more office locations in Michigan—preferably in the Region(s) the ILOS is being provided—and participate in the Michigan food economy;
- An independent community grocer, headquartered in Michigan; or
- A direct marketing farmer, headquartered in Michigan.

Example Calculation: Locally-Based ILOS Providers



Region	ILOS Delivered By	MHP #1		MHP #2	
		Medically Tailored Home Delivered Meals	Healthy Home-Delivered Meals	Medically Tailored Home Delivered Meals	Healthy Food Packs
A	Locally-based Providers	-	500	50	2,000
	Other Providers	1,000	4,000	300	1,000
B	Locally-based Providers	-	500	100	500
	Other Providers	500	1,200	600	5,000
C	Locally-based Providers	500	3,000	400	1,000
	Other Providers	500	3,000	400	7,500
Total	Locally-based Providers	500	4,000	550	3,500
	Other ILOS Providers	2,000	8,200	1,300	13,500
	TOTAL	2,500	12,200	1,850	17,000
PERCENTAGE DELIVERED BY LOCALLY-BASED ILOS PROVIDERS		20% ❌	33% ✅	30% ✅	21% ❌

Key MHP met minimum threshold MHP did not meet minimum threshold

Adherence to Service Definitions



ILOS Providers must adhere to the service definition

- Each of the four ILOS is described in detail in the ILOS Policy Guide.
- When delivering an ILOS, the ILOS Provider must adhere to the full MDHHS-established ILOS service definitions without modifications.
- Per federal regulations, **the food provided through ILOS must be less than 3 meals / day.**



REMINDER: Medicaid Health Plans are responsible for ensuring the medical appropriateness of each ILOS for the Enrollee when authorizing ILOS. *ILOS Providers must only provide and be reimbursed by a Medicaid Health Plan for ILOS the Medicaid Health Plan determines to be medically appropriate.*

Payment for ILOS

Medicaid Health Plans and ILOS Providers together determine:

✓ The payment approach

Medicaid Health Plans and ILOS Providers could use **fee for service** or alternative payment models, including **capitated payments**, to pay for ILOS.

✓ The payment amount

Medicaid Health Plans and ILOS Providers negotiate to establish a rate for ILOS.



Medicaid Health Plans *must* make timely payments to ILOS Providers for authorized ILOS provided to Enrollees, consistent with existing contract standards.



MDHHS developed [Optional ILOS Pricing Guidance](#) that Medicaid Health Plans and ILOS Providers may use when developing their contracting agreements. It includes potential service rates for each of the four ILOS.

Medicaid Health Plans are responsible for submitting encounters to MDHHS. ILOS Providers are expected to submit claims to Medicaid Health Plans. If claims submission is not feasible, ILOS Providers can submit invoices.

Invoicing Guidance





For ILOS Providers that are unable to submit claims, MDHHS has developed invoicing guidance including the data elements that must be included on an invoice.

- ✓ An invoice must be submitted for each ILOS that is delivered.
- ✓ Invoices must include a discrete, defined code (HCPCS) specific to the ILOS, per federal requirements.

Data Sharing to Support ILOS

Facilitating ILOS Data Exchange

- ✓ **Medicaid Health Plans and ILOS Providers must have:**
 - Data sharing capabilities to support administration of ILOS.
 - **The appropriate legal basis for disclosure and exchange of the required data elements.**

Topic	MDHHS Requires	Medicaid Health Plans and ILOS Providers Mutually Agree Upon
 Data Elements	<ul style="list-style-type: none"> • Medicaid Health Plans and ILOS Providers must share a set of data elements related to 1) Enrollee information and 2) ILOS information. 	<ul style="list-style-type: none"> • Any <u>additional</u> data elements.
 File Format		<ul style="list-style-type: none"> • What format will be used to share data (e.g., Excel workbook). If the Medicaid Health Plan and ILOS Provider mutually agree on using Excel, they must use the MDHHS-produced EIF template and RTF template.
 Transmission Methods		<ul style="list-style-type: none"> • What format will be used to transmit shared data (e.g., secure web-based portal, secure file transfer protocol [SFTP] upload).
 Transmission Frequency		<ul style="list-style-type: none"> • Appropriate cadence for data sharing.

Safeguarding Enrollee Data





MHPs and ILOS Providers receiving, storing, using, or transmitting personal identifiable information (PII) and protected health information (PHI) must have written policies and procedures for doing so in accordance with federal and state laws, and other obligations under the Contract.

- *This includes but is not limited to the Health Insurance Portability and Accountability Act (HIPAA), 42 CFR Part II, the Confidentiality of Medical Information Act (CMIA), and state law.*

Getting Started with ILOS





What Do Medicaid Health Plans Need to Do to Offer ILOS?

Medicaid Health Plans must follow all requirements outlined in their CHCP contracts and ILOS Policy Guide before offering ILOS.

-  Determine which ILOS it will offer and develop its ILOS administration policies and procedures.
-  Develop an ILOS Provider Network by contracting with ILOS Providers to deliver ILOS.
-  Complete an ILOS Implementation Plan and submit to MDHHS for review and approval.
-  Update its Enrollee handbook, provider directory and website and provide appropriate notifications about ILOS to Enrollees.

What Do ILOS Providers Need to Do to Deliver ILOS?

ILOS Providers must follow all requirements outlined in the ILOS Policy Guide before delivering ILOS.

-  Confirm it can meet the service-specific ILOS Provider qualifications and deliver the ILOS as defined in the ILOS Policy Guide.
-  Enroll with the state as a Michigan Medicaid Provider through CHAMPS using the “ILOS Atypical Agency” application.
-  Contract with Medicaid Health Plans to deliver ILOS.
-  Begin building necessary capacity to comply with the billing and data sharing requirements outlined in the ILOS Policy Guide.




How Will Enrollees Know if They Qualify for ILOS?



Enrollees may be able to access ILOS if the Medicaid Health Plan they are enrolled with offers them.

Medicaid Health Plans must inform Enrollees about available ILOS and the process to access ILOS.

Enrollees interested in ILOS should:

-  Look out for any updates or notification from their Medicaid Health Plan about ILOS.
-  Review their Enrollee handbook, health plan website, or MDHHS [ILOS webpage](#) to see whether their Medicaid Health Plan is offering ILOS in their area.
-  Contact their Medicaid Health Plan Member Services Department to request additional information and see whether they may qualify.



Thank you for your interest in ILOS.

Please refer to the MDHHS ILOS webpage for resources and any updates on ILOS:

<https://www.michigan.gov/mdhhs/mihealthylife/michigan-in-lieu-of-services>

If you have any questions, please contact:
MDHHS-ENGAGEMedicaid@michigan.gov

Appendix

Acronym List

Acronym	Name
CBO	Community-Based Organization
CHAMPS	Community Health Automated Medicaid Processing System
CHW	Community Health Worker
FQHC	Federally Qualified Health Center
HCPCS	Healthcare Common Procedure Coding System
ILOS	In Lieu of Services
MDHHS	Michigan Department of Health and Human Services
MHP	Medicaid Health Plan
RHC	Rural Health Center
SDOH	Social Determinants of Health
STFP	Standard File Transfer Protocol

MDHHS Medicaid Health Plans



Medicaid Health Plans

Aetna Better Health of Michigan

Blue Cross Complete of Michigan

HAP CareSource

McLaren Health Plan

Molina Healthcare of Michigan

Meridian Health Plan of Michigan

Priority Health Choice

United Healthcare Community Plan

Upper Peninsula Health Plan

