

**Center for Medicaid and CHIP Services (CMCS)**

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Mr. Stephen Fitton, Director  
Medical Services Administration  
Department of Community Health  
400 South Pine  
Lansing, MI 48933

MAY 17 2012

RE: Michigan State Plan Amendment (SPA) 11-09

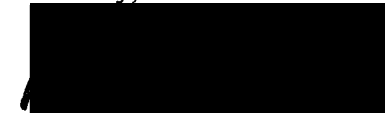
Dear Mr. Fitton:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid State plan submitted under transmittal number (TN) 11-09. Effective for services on or after September 24, 2011, this amendment revises methodology for supplemental payments to nursing facilities (NF) under the Quality Assurance Assessment Program (QAAP). Specifically, this amendment proposes to decrease the aggregate amount of these payments.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), and 1903(a) of the Social Security Act and the regulations at 42 CFR 447 Subpart C. We hereby inform you that Medicaid State plan amendment 11-09 is approved effective September 24, 2011. We are enclosing the HCFA-179 and the amended plan pages.

If you have any questions, please call Todd McMillion at (608) 441-5344.

Sincerely,



Cindy Mann,  
Director (CMCS)

Enclosure

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL**  
FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:  
11 - 09

2. STATE:  
Michigan

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR  
HEALTH FINANCING ADMINISTRATION  
DEPARTMENT OF HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE  
September 15, 2011  
24

5. TYPE OF PLAN MATERIAL (Check One):  
 NEW STATE PLAN       AMENDMENT TO BE CONSIDERED AS NEW PLAN       AMENDMENT  
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:  
42 CFR 447, Subpart C

7. FEDERAL BUDGET IMPACT:  
a. FFY 12 \_\_\_\_\_ \$ (3,516,041) \_\_\_\_\_  
b. FFY 13 \_\_\_\_\_ \$ -0-

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  
Attachment 4.19-D, Section IV, Page 20a

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):  
Attachment 4.19-D, Section IV, Page 20a

10. SUBJECT OF AMENDMENT:  
Quality Assurance Assessment Program (QAAP) supplement payment reconciliation

11. GOVERNOR'S REVIEW (Check One):  
 GOVERNOR'S OFFICE REPORTED NO COMMENT       OTHER, AS SPECIFIED:  
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED      Stephen Fitton, Director  
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL      Medical Services Administration

12. SIGNATURE OF STATE AGENCY OFFICIAL:

16. RETURN TO:  
Medical Services Administration  
Actuarial Division - Federal Liaison  
Capitol Commons Center - 7<sup>th</sup> Floor  
400 South Pine  
Lansing, Michigan 48933  
Attn: Loni Hackney

13. TYPED NAME:  
Stephen Fitton

14. TITLE:  
Director, Medical Services Administration

15. DATE SUBMITTED:  
September 23, 2011

**FOR REGIONAL OFFICE USE ONLY**  
17. DATE RECEIVED: \_\_\_\_\_      18. DATE APPROVED: **MAY 17 2012**

**PLAN APPROVED - ONE COPY ATTACHED**  
19. EFFECTIVE DATE OF APPROVED MATERIAL: **SEP 24 2011**      20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPE NAME:  
**Penny Thompson**

22. TITLE:  
**Deputy Director, CMCS**

23. REMARKS:  
**Per a/c change to box #4**

**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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C. Variable Cost Component

5. Special Provisions:

a. New Facility (continued):

facility that does not have a Medicaid historical cost basis, will be paid in accordance with Section c. below.

b. Change of Class: An existing enrolled nursing facility which becomes a Class I or III facility will be paid in accordance with Section c. below.

c. Payment Determination:

- 1) During the first two cost reporting periods, rates for providers defined in Sections a. and b. above will be calculated using a variable rate base equal to the class average of variable costs.
- 2) In subsequent periods the provider's variable rate base will be determined using methods in Section IV.C.1. through IV.C.3. above.

6. Effective September 24, ~~2010~~ 2011, Class I, and Class III nursing facilities receive a monthly payment as part of the Quality Assurance Assessment Program (QAAP). A facility's QAAP payment is based on the facility's Medicaid utilization multiplied by a Quality Assurance Supplement (QAS) percentage. A facility's Medicaid utilization is the sum of all routine nursing care and therapeutic leave days billed to Medicaid by that facility during a twelve month period beginning in June of the previous calendar year. The hospice reimbursement for nursing facility bed days where Medicaid pays room and board for hospice residents in nursing facilities include the QAS amount. Hospice is responsible for reimbursing nursing facilities for room and board consistent with their contract. Between SEPTEMBER 24, ~~2010~~ 2011 and September 30, ~~2010~~ 2011 the QAS PERCENTAGE is equal to ~~21.11~~ 17.98% of the lesser of the facility's variable rate base or the class variable cost RATE limit except for publicly owned facilities, in which the QAS percentage is applied to the lesser of the public Class III variable cost component or the Class I variable cost RATE limit. The nursing facility's current fiscal year rate is based on the facility's cost report for the second fiscal year prior to the current fiscal year. After October 1, ~~2010~~ 2011 and from that date onward, the QAS percentage will be 21.76%.

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TN NO.: 11-09

Approval Date: MAY 17 2012 Effective Date: 09/24/2011

Supersedes

TN No.: 10-17

**OS Notification**

**State/Title/Plan Number:** Michigan 11-009  
**Type of Action:** SPA Approval  
**Required Date for State Notification:** May 31, 2012  
**Fiscal Impact:** FY 2012 \$(3,516,041)  
FY 2013 \$0

**Number of Services Provided by Enhanced Coverage, Benefits or Retained Enrollment:** 0

**Number of Potential Newly Eligible People:** 0

**Eligibility Simplification:** No

**Provider Payment Increase:** No

**Delivery System Innovation:** No

**Number of People Losing Medicaid Eligibility:** No

**Reduces Benefits:** No

**Detail:** Effective for services on or after September 24, 2011, this amendment revises methodology for supplemental payments to nursing facilities (NF) under the Quality Assurance Assessment Program (QAAP). Specifically, this amendment proposes to decrease the aggregate amount of these payments. The non-Federal share of these payments comes from a provider tax. The State met public process requirements. There are no issues with the UPL.

This is an annual amendment the State submits to revise the amount of aggregate supplemental payments in this program to match the amount of provider taxes collected. The reduction represents less than one half of one percent reduction in total Medicaid payments. The State has similarly reduced the amount of these supplemental payments in the past and access was not compromised.

**Other Considerations:** This plan amendment has not generated significant outside interest and we do not recommend the Secretary contact the governor.

**Recovery Act Impact:** The Regional office has reviewed this state plan amendment in conjunction with the Recovery Act and, based on the available information provided by

**the State regarding 1) MOE; 2) local match; 3) prompt pay; 4) rainy day funds, and 5) eligible expenditures, the Regional Office believes that the State is not in violation of the Recovery Act requirements noted above.**

**CMS Contact:**

**Todd McMillion (608) 441-5344  
National Institutional Reimbursement Team**