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State/Territory Name: Michigan

State Plan Amendment (SPA) #: MI 14-010

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
Chicago Regional Office
233 N. Michigan Ave, Suite 600
Chicago, IL 60601



Division of Medicaid & Children's Health Operations

October 9, 2015

Ms. Kathleen Stiffler, Acting Director
Medical Services Administration
Department of Community Health
400 South Pine
Lansing, MI 48913

RE: Michigan Title XIX FMAP State Plan Amendment, Transmittal 14-010

Dear Ms. Stiffler:

We have reviewed the proposed Federal Medical Assistance Payment (FMAP) State Plan Amendment (SPA), TN 14-010, which was submitted to the Centers for Medicare & Medicaid Services (CMS) Chicago Regional Office on June 19, 2014. This SPA describes the methodology used by the state for determining the appropriate FMAP rates, including the increased FMAP rates, available under the provisions of the Affordable Care Act applicable for the medical assistance expenditures under the Medicaid program associated with enrollees in the new adult group adopted by the state and described in 42 CFR 435.119.

Based on the information provided, the Medicaid SPA 14-010 is approved with an effective date of April 1, 2014. We are enclosing the approved Form CMS-179 and the Medicaid state plan pages.

If you have any additional questions or need further assistance, please contact Tom Caughey at (517) 487-8598.

Sincerely,

/s/

Ruth A. Hughes
Associate Regional Administrator
Division of Medicaid and Children's Health Operations

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

1. TRANSMITTAL NUMBER:
1 4 - 010

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
April 1, 2014

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 433.206, 42 CFR 435.119

7. FEDERAL BUDGET IMPACT:
a. FFY 2014 _____ \$ 0
b. FFY 2015 _____ \$ 0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
Supplement to Attachment 2.6A, Pages 2 through 6

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (*If Applicable*):
Supplement to Attachment 2.6A, Pages 2 - 6

10. SUBJECT OF AMENDMENT:
This SPA implements the use of a resource proxy methodology to account for individuals who would have met the income standard for eligibility in 2009, but would not have been eligible for Medicaid because of the application of the resource requirements.

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

13. TYPED NAME:
Stephen Fitton

14. TITLE:
Director, Medical Services Administration

15. DATE SUBMITTED:
June 19, 2014

16. RETURN TO:
Medical Services Administration
Actuarial Division
Capitol Commons Center - 7th Floor
400 South Pine Street
Lansing, Michigan 48933
Attn: Loni Hackney

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:
June 19, 2015

18. DATE APPROVED:
October 9, 2015

PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:
April 1, 2014

20. SIGNATURE OF REGIONAL OFFICIAL:
/s/

21. TYPE NAME:
Ruth A. Hughes

22. TITLE:
Associate Regional Administrator

23. REMARKS:

Attachment B

Resource Criteria Proxy Methodology

Michigan has looked at application and denial data for the period of January 1st, 2013 through December 31st, 2013. The data utilized was the complete picture of applications and denials for that period and is not a sample of individuals. The 4 groups identified each had a resource test as of December 1st, 2009. The state will utilize this resource proxy for all months beginning with April, 2014. The breakdown of data is found in the following table.

Eligibility Group	Total Applications	Denials Due to Asset Test	Percentage of Denials
Disabled Non-Institutionalized	51,877	2,308	4.448985099%
Disabled Institutionalized	9,148	429	4.689549628%
Children aged 19 and 20	7,526	65	0.863672602%
Parent Caretaker Relative	64,999	657	1.010784781%

Michigan flags new and old eligible individuals in the MMIS system using a MAGI category indicator code. There are 5 separate codes, 1 for the newly eligible and 4 different codes for the old eligible.

Eligibility Group	Category Indicator Code
Disabled Non-Institutionalized	Q
Disabled Institutionalized	R
Children aged 19 and 20	D
Parent Caretaker Relative	P
Newly Eligible	I

Michigan will utilize the MAGI category indicator codes within the CHAMPS MMIS and Data warehouse to identify each eligibility group and the total gross expenditures for that group. Michigan will enter these expenditures on the appropriate forms by eligibility group. The MBES system will populate the approved resource proxy percentages on said forms and will automatically calculate and move the portion of each eligibility group, eligible for the newly eligible rate, to the newly eligible form to be billed at the enhanced FMAP rate. The adjustments to gross expenditures will be done at the service line level of the CMS-64 for each group.

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Supersedes TN No.: 14-03

Approval Date: 10/9/15

Effective Date: 04/01/2014

State Plan Under Title XIX of the Social Security Act

State: Michigan

METHODOLOGY FOR IDENTIFICATION OF APPLICABLE FMAP RATES

Table 1: Adult Group Eligibility Standards and FMAP Methodology Features

Covered Populations Within New Adult Group		Applicable Population Adjustment			
Population Group	Relevant Population Group Income Standard For each population group, indicate the lower of: <ul style="list-style-type: none"> The reference in the MAGI Conversion Plan (Part 2) to the relevant income standard and the appropriate cross-reference, or 133% FPL. If a population group was not covered as of 12/1/09, enter "Not covered".	Resource Proxy	Enrollment Cap	Special Circumstances	Other Adjustments
		Enter "Y" (Yes), "N" (No), or "NA" in the appropriate column to indicate if the population adjustment will apply to each population group. Provide additional information in corresponding attachments.			
A	B	C	D	E	F
Parents/Caretaker Relatives	<i>Attachment A, Column C, Line 1 of Part 2 of the CMS approved MAGI Conversion Plan, including any subsequent CMS approved modifications to the MAGI Conversion Plan</i>	No Yes	No	No	No
Disabled Persons, non-institutionalized	<i>Attachment A, Column C, Line 2 of Part 2 of the CMS approved MAGI Conversion Plan, including any subsequent CMS approved modifications to the MAGI Conversion Plan.</i>	No Yes	No	No	No
Disabled Persons, institutionalized	<i>Attachment A, Column C, Line 3 of Part 2 of the CMS approved MAGI Conversion Plan, including any subsequent CMS approved modifications to the MAGI Conversion Plan.</i>	No Yes	No	No	No

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Children Age 19 or 20	<i>Attachment A, Column C, Line 4 of Part 2 of the CMS approved MAGI Conversion Plan, including any subsequent CMS approved modifications to the MAGI Conversion Plan.</i>	No	Yes	No	No	No
Childless Adults	Not covered	NO	NO	NO	NO	NO

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METHODOLOGY FOR IDENTIFICATION OF APPLICABLE FMAP RATES

Part 2 – Population-based Adjustments to the Newly Eligible Population Based on Resource Test, Enrollment Cap or Special Circumstances

A. Optional Resource Criteria Proxy Adjustment (42 CFR 433.206(d))

1. **Michigan applies a resource proxy adjustment to a population group(s) that was subject to a resource test that was applicable on December 1, 2009.**
- Michigan does NOT apply a resource proxy adjustment (Skip items 2 through 3 and go to Section B)

Table 1 indicates the group or groups for which Michigan applies a resource proxy adjustment to the expenditures applicable for individuals eligible and enrolled under 42 CFR 435.119. A resource proxy adjustment is only permitted for a population group(s) that was subject to a resource test that was applicable on December 1, 2009.

The effective date(s) for application of the resource proxy adjustment is specified and described in Attachment B.

2. Data source used for resource proxy adjustments:

Michigan:

- Applies existing state data from periods before January 1, 2014.**
- Applies data obtained through a post-eligibility statistically valid sample of individuals.

Data used in resource proxy adjustments is described in Attachment B.

3. Resource Proxy Methodology: Attachment B describes the sampling approach or other methodology used for calculating the adjustment.

B. Enrollment Cap Adjustment (42 CFR 433.206(e))

1. An enrollment cap adjustment is applied (complete items 2 through 4).
- An enrollment cap adjustment is not applied (skip items 2 through 4 and go to Section C).
2. Attachment C describes any enrollment caps authorized in section 1115 demonstrations as of December 1, 2009, - that are applicable to populations that Michigan covers in the eligibility group described at 42 CFR 435.119 and received full benefits, benchmark benefits, or benchmark equivalent benefits as determined by CMS. The enrollment cap or caps are as specified in the applicable section 1115 demonstration special terms and conditions as confirmed by CMS, or in alternative authorized cap or caps as confirmed by CMS. Attach CMS correspondence confirming the applicable enrollment cap(s).
3. Michigan applies a combined enrollment cap adjustment for purposes of claiming FMAP in the adult group:
- Yes. The combined enrollment cap adjustment is described in Attachment C
- No.

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METHODOLOGY FOR IDENTIFICATION OF APPLICABLE FMAP RATES

4. Enrollment Cap Methodology: Attachment C describes the methodology for calculating the enrollment cap adjustment, including the use of combined enrollment caps, if applicable.
- C. Special Circumstances (42 CFR 433.206(g)) and Other Adjustments to the Adult Group FMAP Methodology**
1. Michigan applies special circumstances adjustment(s).
 Michigan does not apply a special circumstances adjustment.
2. Michigan applies additional adjustment(s) to the adult group FMAP methodology (complete item 3).
 Michigan does not apply any additional adjustment(s) to the adult group FMAP methodology (skip item 3 and go to Part 3).
3. Attachment D describes the special circumstances and other proxy adjustment(s) that are applied, including the population groups to which the adjustments apply and the methodology for calculating the adjustments.

Part 3 – One-Time Transitions of Previously Covered Populations into the New Adult Group

- A. Transitioning Previous Section 1115 and State Plan Populations to the New Adult Group**
- Individuals previously eligible for Medicaid coverage through a section 1115 demonstration program or a mandatory or optional state plan eligibility category will be transitioned to the new adult group described in 42 CFR 435.119 in accordance with a CMS-approved transition plan and/or a section 1902(e)(14)(A) waiver. For purposes of claiming federal funding at the appropriate FMAP for the populations transitioned to new adult group, the adult group FMAP methodology is applied pursuant to and as described in Attachment E, and where applicable, is subject to any special circumstances or other adjustments described in Attachment D.
- Michigan does not apply any relevant populations requiring such transitions.

Part 4 - Applicability of Special FMAP Rates

A. Expansion State Designation

Michigan:

- Does NOT meet the definition of expansion state in 42 CFR 433.204(b). (Skip section B and go to Part 4)
- Michigan meets the definition of expansion state as defined in 42 CFR 433.204(b), determined in accordance with the CMS letter confirming expansion state status, dated INSERT DATE

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METHODOLOGY FOR IDENTIFICATION OF APPLICABLE FMAP RATES

B. Qualification for Temporary 2.2 Percentage Point Increase in FMAP.

Michigan:

- Does NOT qualify for temporary 2.2 percentage point increase in FMAP under 42 CFR 433.10(c)(7).
- Qualifies for temporary 2.2 percentage point increase in FMAP under 42 CFR 433.10(c)(7), determined in accordance with the CMS letter confirming eligibility for the temporary FMAP increase, dated **INSERT DATE**. The Michigan will not claim any federal funding for individuals determined eligible under 42 CFR 435.119 at the FMAP rate described in 42 CFR 433.10(c)(6).

Part 5 - State Attestations

The State attests to the following:

- A. The application of the adult group FMAP methodology will not affect the timing or approval of any individual's eligibility for Medicaid.
- B. The application of the adult group FMAP methodology will not be biased in such a manner as to inappropriately establish the numbers of, or medical assistance expenditures for, individuals determined to be newly or not newly eligible.

ATTACHMENTS

Not all of the attachments indicated below will apply to all states; some attachments may describe methodologies for multiple population groups within the new adult group. Indicate those of the following attachments which are included with this SPA:

- Attachment A – Most Recent Updated Summary Information for Part 2 of the Modified Adjusted Gross Income (MAGI) Conversion Plan
- Attachment B – Resource Criteria Proxy Methodology**
- Attachment C – Enrollment Cap Methodology
- Attachment D – Special Circumstances Adjustment and Other Adjustments to the Adult Group FMAP Methodology
- Attachment E – Transition Methodologies

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