

Department of Health & Human Services
Centers for Medicare & Medicaid Services
233 North Michigan Avenue, Suite 600
Chicago, Illinois 60601-5519



AUG 08 2011

Stephen Fitton, Medicaid Director
Medical Services Administration
Federal Liaison Unit
Michigan Department of Community Health
400 South Pine
Lansing, Michigan 48933

ATTN: Loni Hackney

Dear Mr. Fitton:

Enclosed for your records is an approved copy of the following State Plan Amendment:

- Transmittal #09-015 Eliminates optional services and reduces provider fees
- Effective July 1, 2009.

If you have any questions, please contact Leslie Campbell at (312) 353-1557 or Leslie.Campbell@cms.hhs.gov.

Sincerely,

A black rectangular redaction box covering the handwritten signature of Verlon Johnson.

Verlon Johnson
Associate Regional Administrator
Division of Medicaid & Children's Health Operations

Enclosure

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

1. TRANSMITTAL NUMBER:

09 - 15

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
July 1, 2009

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 440.225

7. FEDERAL BUDGET IMPACT:

a. FFY 09 \$ (4,977,590.00) _____

b. FFY 10 \$ (19,910,358.00) _____

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
Supplement to Attachment 3.1-A, pages 13a, 16, 17, 21, 25, &
25b; and Attachment 4.19-B, Introduction, Attachment 4.19-B,
Pages 1, 2c.2, 3, 3.1, 5, 5a, & 12.

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):

Supplement to Attachment 3.1-A, pages 16, 17, 21, 21a, 25, &
25b and Attachment 4.19, Introduction

10. SUBJECT OF AMENDMENT:

Elimination of optional services

11. 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:

Paul Reinhart, Director
Medical Services Administration

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:
Stephen Fitton

14. TITLE:
Acting Director, Medical Services Administration

15. DATE SUBMITTED:
September 25, 2009

16. RETURN TO:

Medical Services Administration
Program/Eligibility Policy Division - Federal Liaison Unit
Capitol Commons Center - 7th Floor
400 South Pine
Lansing, Michigan 48933

Attn: Loni Hackney

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

September 29, 2009

18. DATE APPROVED:

August 8, 2011

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

July 1, 2009

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPE NAME:

Verlon Johnson

22. TITLE:

Associate Regional Administrator

23. REMARKS:

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of Michigan

***Amount, Duration and Scope of Medical and Remedial Care
Services Provided to the Categorically and Medically Needy***

4b. EPSDT (continued)

In addition, the EPSDT program covers medically necessary screening and preventive support services for children, including nutritional and at-risk assessments as well as resulting health education AND mental health services. These services are directed to the treatment of Medicaid-eligible children whose health and well-being are at risk due to serious health problems or conditions which exist with either the mother or child. These conditions include drug or alcohol abuse, child abuse or neglect, failure to thrive, low birth weight, low functioning/impaired parent, or homeless or dangerous living situations. The services are provided by Maternal Infant Health Program (MIHP) providers certified to render this service by the Michigan Department of Community Health, Public Health Administration.

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Supersedes
TN No.: 09-07

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of Michigan

***Amount, Duration and Scope of Medical and Remedial Care
Services Provided to the Categorically and Medically Needy***

5a. Physician Services (continued)

- g. Laboratory services performed in the physician's office are limited to those determined to be reasonable and appropriate for that site. Other laboratory services are covered upon determination by the department to be medically necessary for the setting and specific patient.
- h. Physical therapy services as defined in 1.a of this attachment.

5b. Medical and Surgical Services provided by a dentist

Services provided by a licensed oral surgeon are covered as follows:

- a. For hospital inpatients under the conditions specified in item 1.c;
- b. For treatment provided on a hospital outpatient basis or, in the office for treatment of conditions specified in item 1.c.1) a).

6. Medical Care Furnished by Practitioners within the Scope of their Practice as Defined by State Law

No payment will be made for services of staff in residence or medical staff functioning in an administrative capacity for a hospital or nursing care facility, including practitioner-owners. In relation to outpatient services, practitioner fees for covered services are payable only when such payment does not duplicate payment to the facility.

a. Podiatry Services:

Covered services, as limited by the department, are those provided to individuals under the EPSDT program.

b. Optometry Services:

- i) Covered services as limited by the department, are those provided to individuals under the EPSDT program.
- ii) Covered for beneficiaries 21 years of age and older are limited to those services relating to eye trauma and eye disease.

c. Chiropractor Services:

Chiropractic services as limited by the department are those provided to individuals under the EPSDT program.

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Supersedes
TN No.: 04-15

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of Michigan

***Amount, Duration and Scope of Medical and Remedial Care
Services Provided to the Categorically and Medically Needy***

6. Medical Care Furnished by Practitioners within the Scope of their Practice as Defined by State Law
(continued)

d. Other Practitioner Services:

~ Certified Nurse Anesthetists (CRNAs)

Services provided by registered nurses certified by the council on Certification of Nurse Anesthetists or re-certified by the Council on Re-certification of Nurse Anesthetists are covered. Services are limited to those provided on an inpatient or outpatient basis and reimbursement is directed through to the provider or the provider's employer.

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TN No.: 05-21

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Amount, Duration and Scope of Medical and Remedial Care
Services Provided to the Categorically and Medically Needy***

10. Dental Services

Services provided within the scope of his/her profession, as defined by State law by a licensed dentist, are

A. covered for beneficiaries under the EPSDT program:

1. Examinations and preventive services in accordance with the State's periodicity schedule; therapeutic services as needed for pain relief, infections, restoration of teeth and maintenance of dental health.
2. Diagnostic and therapeutic services necessary to diagnose and treat conditions relating to a specific medical problem. Approval for these services will be given only when the physician and the dentist concur that the dental care is critical to the treatment of the medical problem for which the attending physician is treating the client.
3. Emergency treatment such as extraction of teeth or palliative treatment for relief of pain or acute infection.
4. Preparation for, adjustments to, and repair of necessary dentures as described in item 12.b. of this attachment.
5. Other medically necessary dental services.

B. covered for eligible beneficiaries 21 years of age and older, but limited to emergency treatment such as extraction of teeth or palliative treatment for relief of pain or acute infection.

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Supersedes
TN No.: 05-22

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Amount, Duration and Scope of Medical and Remedial Care
Services Provided to the Categorically and Medically Needy***

d. Eyeglasses

For beneficiaries under the EPSDT program, corrective lenses and/or frames are covered if determined to be medically necessary by a licensed optometrist or ophthalmologist.

Determination of medical necessity is based on specific diopter criteria and/or concurrent complicating medical conditions. Criteria for diopter change are defined for the State Agency by the Michigan Department of Public Health.

Within a year, and without prior authorization, the program will cover up to two pair of replacement eyeglasses or contact lenses when replacement is necessary due to lost, stolen, broken or outgrown frames and/or lenses.

Prior authorization is required for eyeglasses that exceed the replacement limits.

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Supersedes
TN No.: 95-06

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of Michigan

***Amount, Duration and Scope of Medical and Remedial Care
Services Provided to the Categorically and Medically Needy***

12. Drug Products, Dentures, Prosthetic and Orthotic Devices, Eyeglasses (continued)

h. Hearing Aids

- i.) Under the EPSDT program, hearing aids and accessories are provided under the following conditions:
 - A physician provides medical concurrence that there are no contraindications to the use of a hearing aid(s). A medical concurrence must be within six months prior to dispensing the hearing aid(s).
 - A licensed audiologist must complete a written recommendation for the hearing aid. Services must be provided under the auspices of (and be billed by) a Medicaid enrolled outpatient hospital or hearing center.
- ii) Effective for dates of service on and after July 1, 2009, hearing aids will not be covered for beneficiaries age 21 and over.

TN NO.: 09-15

Approval Date: AUG 08 2011

Effective Date: 07/01/2009

Supersedes
TN No. 06-19

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

Section 4 – General Program Administration

Unless otherwise noted, Michigan's Medicaid payment rates are uniform for private and governmental providers. The Michigan Medicaid fee schedule effective for dates of service on or after July 1, 2009 may be found at www.michigan.gov/medicaidproviders.

Payment rates modified July 1, 2009:

| | |
|--|---------------------------------------|
| Individual Practitioner Services | Attachment 4.19-B, pages 1 thru 1.b.1 |
| Physicians | |
| Ophthalmologists | |
| Oral Surgeons | |
| Podiatrists | |
| Physician's Assistants | |
| Nurse Practitioners | |
| Certified Nurse Midwives | |
| Physician Services /Anesthesia | Attachment 4.19-B, pages 1 thru 1.b.1 |
| Family Planning Clinics | Attachment 4.19-B, pages 1 thru 1.b.1 |
| Hearing and Speech Centers | Attachment 4.19-B, pages 1 thru 1.b.1 |
| Optometrists | Attachment 4.19-B, pages 1 thru 1.b.1 |
| Pharmacy | Attachment 4.19-B, page 1c |
| Home Health Providers | Attachment 4.19-B, page 2c |
| Medical Suppliers | Attachment 4.19-B, page 2c.2 |
| Oxygen | Attachment 4.19-B, page 2c.2 |
| Prosthetic Devices | |
| Hearing Aids | Attachment 4.19-B, page 3 |
| Cochlear Implant | Attachment 4.19-B, page 3 |
| Shoe Store | Attachment 4.19-B, page 3 |
| Eyeglasses/Optical house services/opticians | Attachment 4.19-B, page 3.1 |
| Maternal Support Services | Attachment 4.19-B, page 5 |
| Certified Registered Nurse Anesthetists/Anesthesia | Attachment 4.19-B, page 5a |
| Ambulance | Attachment 4.19-B, page 6e |
| Clinical Laboratory | Attachment 4.19-B, page 13 |

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Supersedes

TN No.: N/A - New

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

Policy and Methods for Establishing Payment Rates (Other than Inpatient Hospital and Long Term Care Facilities)

1. Individual Practitioner Services

Payment rates are established by the Medical Services Administration as a fee screen for each procedure. The fee schedule is designed to enlist the participation of an adequate number of providers. The Medicare prevailing fees, the Resource Based Relative Value Scale (RBRVS) and other relative value information, other state Medicaid fee screens, and providers' charges may be utilized as guidelines or reference in determining the maximum fee screens for individual procedures. The state assures that both public and private providers are paid under the same fee screens for the same services. These fee screens are updated and published on a regular basis.

These payment rates apply to the following practitioners:

- Physicians (MD and DO)
- Ophthalmologists
- Oral Surgeons
- Podiatrists
- Physician's Assistants
- Nurse Practitioners – Up to 100% of fee schedule except assistant at surgery at 85% of fee schedule
- Certified Nurse Midwives
- Certified Registered Nurse Anesthetists
- Optometrists
- Chiropractors

For beneficiaries with no Medicare or commercial insurance coverage, providers are reimbursed the lesser of:

- the Medicaid fee screen minus any applicable Medicaid co-payment, patient pay, or spend-down amounts.
- the provider's usual and customary charge minus any applicable Medicaid co-payment, patient pay, or spend-down amounts.

For beneficiaries with Medicare and/or commercial insurance coverage, providers are reimbursed the lesser of:

- the Medicaid beneficiary's liability for Medicare/commercial insurance coinsurance, co-payments, and/or deductibles minus any applicable Medicaid co-payment, patient pay, or spend-down amounts.
- the Medicaid fee screen minus any third party payments, contractual adjustments, and any applicable Medicaid co-payment, patient pay, or spend-down amounts.

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Supersedes
TN No.: 04-01

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Policy and Methods for Establishing Payment Rates
(Other than Inpatient Hospital and Long Term Care Facilities)***

4. Home Health Services (continued)

Medical Supplies

Payment rates for medical supplies are established by the Medical Services Administration (MSA) as a fee screen. The MSA uses the Medicare prevailing fees, the Resource Based Relative Value Scale (RBRVSW) and other relative value information, other State Medicaid fee screens and providers' charges as guidelines or reference in determining the maximum fee screens for individual items. Providers are reimbursed the lesser of the Medicaid fee screen or the provider's usual and customary charge minus any third party payment. The provider's usual and customary charge should be the fee most frequently charged to patients. The payment rate is uniform for private and governmental providers. The Michigan Medicaid fee schedule, effective for services rendered on or after July 1, 2009 is available at www.michigan.gov/medicaidproviders.

Oxygen

The payment rate for oxygen is established by the Medical Services Administration (MSA) as a fee screen. The MSA uses the Medicare prevailing fees, the Resource Based Relative Value Scale (RBRVSW) and other relative value information, other State Medicaid fee screens and providers' charges as guidelines or reference in determining the maximum fee screens for individual items. Providers are reimbursed the lesser of the Medicaid fee screen or the provider's usual and customary charge minus any third party payment. The provider's usual and customary charge should be the fee most frequently charged to patients. The payment rate is uniform for private and governmental providers. The Michigan Medicaid fee schedule, effective for services rendered on or after July 1, 2009 is available at www.michigan.gov/medicaidproviders.

Ambulatory uterine activity monitors

Ambulatory uterine activity monitors are paid a per diem rate. All equipment, perinatal nursing services, technical services and supplies necessary for the provision of the monitor are considered included in this rate. Providers' charges and other states' Medicaid fee screens are utilized as guidelines or reference in determining the fee screen. The per diem rate is the lesser of the single state agency's fee screen or the provider's usual and customary charge minus any third party payment. The provider's usual and customary charge should be the fee most frequently charged to patients. The payment rate is uniform for private and governmental providers. The Michigan Medicaid fee schedule, effective for services rendered on or after July 1, 2009 is available at www.michigan.gov/medicaidproviders.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Policy and Methods for Establishing Payment Rates
(Other than Inpatient Hospital and Long Term Care Facilities)***

6. Dentures, prosthetic devices and eyeglasses/optical house services

A. Dentures

The agency's fee schedule rate was set using the same methodology that applies to Item 19, Dental Services.

B. Prosthetic Devices

1.) Hearing Aids

For most analog and digital and/or programmable hearing aids, payment rates are established via a multi-state Medicaid volume purchasing agreement directly with hearing aid manufacturers. Providers are reimbursed the vendor prices listed in the agreement and are not allowed to discount or bill more than the contract established prices.

For hearing aids not included in the agreement, that is those reimbursed on a fee for service basis, payment rates and reimbursement are prior authorized and are based on documentation of the manufacturer's invoice price minus any discounts and includes actual shipping costs. The provider's usual and customary charge should be the fee most frequently charged to patients.

Effective November 1, 2002 hearing aid providers were able to split out a dispensing fee from their total charge as a separate billing activity and the Michigan Medical Services Administration (MSA) paid a separate benefit for the service. Other states' Medicaid fee screens and providers' charges for hearing aid dispensing fees were used as guidelines or reference in determining the maximum payment amount. Providers are reimbursed the lesser of the Medicaid fee screen or the provider's usual and customary charge minus any third party payment. The provider's usual and customary charge should be the fee most frequently charged to patients. The payment rate is uniform for private and governmental providers.

2.) Cochlear implants

Payment rates for services related to cochlear implants are based on the rate for the HCPCS/CPT code in the National Physician Fee Schedule multiplied by the conversion factor for Michigan Medicaid, which is currently 21.53 and then minus any other reduction (i.e., 2009 budget reductions).

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STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Policy and Methods for Establishing Payment Rates
(Other than Inpatient Hospital and Long Term Care Facilities)***

3.) Shoe Stores

Payment rates for shoes are established by the Medical Services Administration (MSA) as a fee screen. Providers are reimbursed the lesser of the Medicaid fee screen or the provider's usual and customary charge minus any third party payment. The provider's usual and customary charge should be the fee most frequently charged to patients.

C. Eyeglasses/optical house services/Optician services

Payment for optical house services is on the basis of contracted prices established in conformance with federal procurement policies. Optical houses are reimbursed only for materials.

Providers furnishing materials obtained from an optical house under contract with the State are reimbursed only for the services involved in dispensing such materials. Providers are reimbursed the lesser of the Medicaid fee screen or the provider's usual and customary charge minus any third party payment. The provider's usual and customary charge should be the fee most frequently charged to patients.

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TN No.: new page

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Policy and Methods for Establishing Payment Rates
Other than Inpatient Hospital and Long-Term-Care Facilities***

10. Hospice Services

Medicaid will use the Medicaid rates established annually by the Centers for Medicare and Medicaid Services and apply the appropriate local wage index for the categories of care provided. The "appropriate local wage index" is the index indicated for the recipient's county of residence.

Direct patient care provided by the hospice medical director, hospice employed physician or consulting physician must be billed by the hospice, using the appropriate Common Procedure Coding System code(s) and will be reimbursed at the applicable Medicaid fee screen.

If the beneficiary is residing in a Medicaid enrolled nursing facility, Medicaid will pay the room and board amount using the percentage established by the Omnibus Budget Reconciliation Act of 1989 (P.L. 101-239) to the hospice, and the hospice will reimburse the facility. This applies to Medicare/Medicaid recipients as well as Medicaid only recipients.

Medicaid will pay a Hospice agency serving a beneficiary in a nursing facility, to hold the beneficiary's bed for hospital and therapeutic leave when the requirements described under nursing facility reimbursement for hospital and therapeutic leave are met (Attachment 14.9-C, pages 1 and 2).

11. Maternal Support Services

Reimbursement for maternal support services will be on a fee-for-service basis within Medicaid established frequency limits, to agencies that have been certified by the Michigan Department of Community Health, Public Health Administration as qualified to provide these services. Payment will be the lesser of the charge or fee screens established by the department. Fee screens are established relative to similar services reimbursed by the department.

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STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Policy and Methods for Establishing Payment Rates
Other than Inpatient Hospital and Long-Term-Care Facilities***

12. Medical care furnished by practitioners within the scope of their practice as defined by state law.

A. Certified Registered Nurse Anesthetists (CRNAs)

The agency's fee schedule rate was set using the same methodology that applies to Certified Registered Nurse Anesthetists in Item 1. Individual Practitioner Services.

B. Chiropractors

The agency's fee schedule rate was set using the same methodology that applies to Chiropractors in Item 1. Individual Practitioner Services.

C. Podiatrists

The agency's fee schedule rate was set using the same methodology that applies to Podiatrists in Item 1. Individual Practitioner Services.

D. Optometrist

The agency's fee schedule rate was set using the same methodology that applies to Optometrists in Item 1. Individual Practitioner Services.

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STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Policy and Methods for Establishing Payment Rates
Other than Inpatient Hospital and Long-Term-Care Facilities***

19. Dental Services

Unless otherwise noted, Michigan's Medicaid payment rates are uniform for private and governmental providers. The Michigan Medicaid fee schedule effective for dates of service on or after July 1, 2009, may be found at www.michigan.gov/medicaidproviders.

For services reimbursed under the fee for service methodology as administered by the Michigan Department of Community Health, providers are reimbursed the lesser of the Medicaid fee screen or the provider's usual and customary charge minus any third party payment. A provider's usual and customary charge should be the fee they most frequently charge their patients with regard to special considerations or financial status.

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