

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop S2-25-26  
Baltimore, Maryland 21244-1850



---

## State Demonstrations Group

December 29, 2022

Ms. Farah Hanley  
Chief Deputy for Health  
Michigan Department of Health and Human Services  
400 South Pine Street  
Lansing, Michigan 48933

Dear Ms. Hanley:


Thank you for your recent application to extend the state's section 1115(a) Medicaid demonstration entitled, "Healthy Michigan Plan" (Project No. 11-W-00245/5). The Centers for Medicare & Medicaid Services (CMS) received Michigan's request on December 19, 2022. We have completed a preliminary review of your request in accordance with 42 CFR 431.412(c) and have determined that the state's application does not meet the requirements for a complete application.

The elements that are missing from the state's demonstration application, that are needed in order for CMS to determine that the extension request is complete, are outlined in the attached enclosure. At this time, CMS will not begin our 30-day federal comment period and notice process as specified in 42 CFR 431.416(b). When the state submits a revised extension application that includes the missing elements as described in the enclosure, after completing another minimum 30-day public comment period on the revised extension application, CMS will conduct another preliminary review to determine if the revised request is complete in accordance with the requirements at 42 CFR §431.412(c).

We look forward to continuing to work with you and your staff on this proposal and we are available to provide technical assistance as you revise the state's extension request. If you have questions regarding the section 1115 demonstration application process, please contact your CMS technical director, April Wiley at [April.Wiley@cms.hhs.gov](mailto:April.Wiley@cms.hhs.gov).

Sincerely,

Heather V.  
Ross -S

 Digitally signed by Heather  
V. Ross -S  
Date: 2022.12.29 10:04:35  
-05'00'

Heather V. Ross  
Acting Director  
Division of Eligibility and Coverage Demonstrations

cc: Keri Toback, State Monitoring Lead, CMS Medicaid and CHIP Operations Group

## ENCLOSURE

### Elements Needed for a Complete Section 1115 Demonstration Extension Request

The following elements were not included in the state's section 1115 demonstration application:

1. The state's demonstration application posted for public comment, as well as the application submitted to CMS, did not provide a summary of quality assessment outcomes over the approved demonstration period, as required by 42 CFR 431.412(c)(2)(iv). The application describes the state's submission process for External Quality Review Organization (EQRO)/managed care organization (MCO) reporting and references a weblink to another site with a list of reports. The application should include a summary of the EQRO/MCO reports or any other state quality assurance monitoring process used for the demonstration to assess the quality of and access to care provided under the demonstration as well as describe any mid-course corrections implemented to address any found deficiencies.
2. The state's demonstration application posted for public comment, as well as the application submitted to CMS, did not include "an evaluation report of the demonstration, inclusive of evaluation activities and findings to date, [and] plans for evaluation activities during the extension period" as required by 42 CFR 431.412(c)(2)(vi).
3. The state's demonstration application submitted to CMS did not include "a report of the issues raised by the public during the comment period and how the state considered the comments when developing the demonstration extension application" as required by 42 CFR 431.412(c)(2)(vii).
4. The state did not publish a full public notice document, separate from the draft application, that contained all of the elements required by 42 CFR 431.408(a).
  - a. For the components of the demonstration for which the state is proposing to implement additional requirements as a condition of a beneficiary's eligibility and enrollment into the program, in accordance with 42 CFR 431.408(a)(1)(i)(B), provide an "impact analysis" that includes annual counts of the projected number of individuals expected to be subject to these requirements, including the projected number of individuals expected to be subject to any proposed applicable exemptions. The state should explain each exemption and the rationale for each exemption in detail and provide the assumptions used to determine the impact of each exemption. If other demonstration features would result in an increase in enrollment that might offset any expected decrease in enrollment, please specify as this should be factored into the state's analysis of the overall net impact on enrollment.
  - b. For the proposed beneficiary cost-sharing requirements, in accordance with 42 CFR 431.408(a)(1)(i)(B), the state should specify exactly what the cost-sharing requirements are for impacted beneficiaries (e.g., range of specific out-of-pocket costs or percentage of beneficiary income); including identifying beneficiaries who are exempt from cost-sharing requirements and those who are not exempt,

the rationale for the cost-sharing exemptions, and describe the consequence for beneficiary non-compliance with the proposed cost-sharing requirements.

5. The state did not comply with 42 CFR 431.408(a)(3) that requires the state to conduct at least two public hearings at which members of the public have an opportunity to provide comments on the state's proposed demonstration application. The state did not publish a draft application in accordance with 42 CFR 431.412(c) prior to holding its August 24, 2022 public hearing. The state will need to hold at least one additional public hearing when it posts a revised application for the additional 30-day state public comment period.