

## **Table of Contents**

**State/Territory Name: Michigan**

**State Plan Amendment (SPA) #: 21-0013**

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop S2-26-12  
Baltimore, MD 21244-1850



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**Financial Management Group**

December 15, 2021

Ms. Kate Massey  
Acting Medicaid Director  
State of Michigan, Department of Community Health  
400 South Pine Street

RE: Michigan State Plan Amendment (SPA) 21-0013

Dear Ms. Massey:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid state plan submitted under transmittal number (TN) 21-0013 effective for services on or after July 1<sup>st</sup>, 2021, this SPA provides authority to amend the method for determining the current asset value bed limit for Class 1 nursing facilities by recognizing an upper limit based on a rolling 15-year history of new construction costs.

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 21-0013 is approved effective July 1<sup>st</sup>, 2021. We are enclosing the CMS-179 and the amended plan pages.

If you have any questions, please call Tom Caughey at (517) 487-8598.

Sincerely,

  
Rory Howe  
Director

Enclosure

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b> <b>FOR: HEALTH CARE FINANCING ADMINISTRATION</b>	1. TRANSMITTAL NUMBER: <b>21 - 0013</b>	2. STATE: <b>Michigan</b>
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID) <b>TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)</b>	
TO: REGIONAL ADMINISTRATOR HEALTH FINANCING ADMINISTRATION DEPARTMENT OF HUMAN SERVICES	4. PROPOSED EFFECTIVE DATE <b>July 1, 2021</b>	

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: <b>42 CFR 447</b>	7. FEDERAL BUDGET IMPACT: a. FFY 2021                      \$0 b. FFY 2022                      \$0
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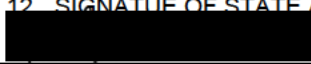
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: <b>Attachment 4.19-D, Page 6</b>	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT ( <i>If Applicable</i> ): <b>Attachment 4.19-D, Page 6</b>
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10. SUBJECT OF AMENDMENT:

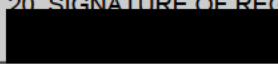
This SPA provides authority to amend the method for determining the current asset value bed limit for Class 1 nursing facilities by recognizing an upper limit based on a rolling 15-year history of new construction costs.

11. GOVERNOR'S REVIEW (*Check One*):

GOVERNOR'S OFFICE REPORTED NO COMMENT     
  OTHER, AS SPECIFIED:  
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED     
 Kate Massey, 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: Erin Black
13. TYPED NAME: <b>Kate Massey</b>	
14. TITLE: <b>Director, Medical Services Administration</b>	
15. DATE SUBMITTED: <b>September 20, 2021</b>	

FOR REGIONAL OFFICE USE ONLY	
17. DATE RECEIVED: <b>September 20, 2021</b>	18. DATE APPROVED: <b>December 15, 2021</b>

19. EFFECTIVE DATE OF APPROVED MATERIAL: <b>July 1, 2021</b>	20. SIGNATURE OF REGIONAL OFFICIAL: 
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21. TYPE NAME: <b>Rory Howe</b>	22. TITLE: <b>Director, Financial Management Group</b>
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23. REMARKS:

## 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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- 4) The current asset value formula is the sum of current asset values for each distinct asset, where the current asset value of a distinct asset is the historical cost of that asset times the difference between the inflationary index and the obsolescence factor for the respective asset. Current asset values will be rebased annually based upon the most recent audited or reviewed cost report.
  - 5) Only assets having a use related to patient care are to be included for reimbursement under the return on current asset value component. The cost finding and cost reporting methods, as defined in the State agency's cost reporting forms and instructions, apportion the provider's asset costs into the appropriate cost centers for reimbursement purposes.
  - 6) Assets acquired after July 1, 1989 for training of nurse aides (as required by the Omnibus Reconciliation Act of 1987), are not included in the calculation of current asset values if the purchase of the asset was reimbursed as a nurse aide training expense.
- c. The current asset value upper limitation is a limit placed upon current asset value per bed above which values are not recognized for reimbursement purposes. The per bed value of the upper limit is based on the rolling 15-year history of new construction. The current asset value limit is the sum of the updated historical costs for the facilities included in this calculation divided by the total number of beds in those facilities. The current asset value limit is recalculated annually to include construction costs of new facilities reported on the most recent calendar year filed cost report and the construction index update. The increase in the current asset value bed limit shall not exceed 4% of the limit for the fiscal year beginning October 1, 2019. The per bed upper limit is effective for the period corresponding to the State Fiscal year.
- d. The current asset value floor is determined as 30 percent of the current asset value upper limit.

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TN NO.: 21-0013

Approval Date: 12/15/2021

Effective Date: 07-01-2021

Supersedes  
TN No.: 90-34