

Table of Contents

State/Territory Name: Michigan

State Plan Amendment (SPA) #: MI 25-0009

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
7500 Security Boulevard, Mail Stop S3-14-28
Baltimore, Maryland 21244-1850



Financial Management Group

September 26, 2025

Meghan Groen
Senior Deputy Director
State of Michigan, Department of Community Health
400 South Pine Street
Lansing, Michigan 48933

RE: TN 25-0009

Dear Director Groen:

The Centers for Medicare & Medicaid Services (CMS) has reviewed the proposed Michigan state plan amendment (SPA) to Attachment 4.19-D MI 25-0009, which was submitted to CMS on June 30, 2025. This plan amendment updates in the case of receivership, MDHHS will adjust a nursing facility's standard rates if a receiver has been appointed under MCL 600.2926 or MCR 2.622(A) solely to reflect the reasonable costs associated with the court-approved closure or sale of the nursing facility or other appropriate situation.

We reviewed your SPA submission for compliance with statutory requirements, including in sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903 as it relates to the identification of an adequate source for the non-federal share of expenditures under the plan, as required by 1902(a)(2), of the Social Security Act and the applicable implementing Federal regulations.

Based upon the information provided by the state, we have approved the amendment with an effective date of June 1, 2025. We are enclosing the approved CMS-179 and a copy of the new state plan pages.

If you have any additional questions or need further assistance, please contact Tom Caughey at 517-487-8598 or via email at tom.caughey@cms.hhs.gov.

Sincerely,

A solid black rectangular box used to redact the signature of the sender.

Rory Howe
Director
Financial Management Group

Enclosures

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER

25 — 0009

2. STATE

MI

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

TO: CENTER DIRECTOR
CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

3. PROPOSED EFFECTIVE DATE
June 1, 2025

5. FEDERAL STATUTE/REGULATION CITATION
Section 1902(a) of the Social Security Act and 42 CFR 447

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 2025 \$0
b. FFY 2026 \$0

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Attachment 4.19-D Section IV Page 9

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)
Attachment 4.19-D Section IV Page 9 (TN# 23-0017)

9. SUBJECT OF AMENDMENT

This SPA allows, in the case of receivership, for MDHHS to adjust a nursing facility's standard rates if a receiver has been appointed under MCL 600.2926 or MCR 2.622(A) solely to reflect the reasonable costs, as determined by MDHHS, associated with the court-approved closure or sale of the nursing facility or other appropriate situation.

10. 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:

11. SIGNATURE OF STATE AGENCY OFFICIAL

11. TYPED NAME
Meghan Groen

12. TITLE
Chief Deputy Director

13. DATE SUBMITTED
June 30, 2025

15. RETURN TO

Health Services Administration— Federal Liaison
Capitol Commons Center – 7th Floor
400 South Pine
Lansing, Michigan 48933

Attn: Erin Black

FOR CMS USE ONLY

16. DATE RECEIVED
June 30, 2025

17. DATE APPROVED
September 26, 2025

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
June, 1, 2025

19. SIGNATURE OF APPROVING OFFICIAL

20. TYPED NAME OF APPROVING OFFICIAL
Rory Howe

21. TITLE OF APPROVING OFFICIAL
Director, FMG

22. 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)

- 4) In the case of receivership, MDHHS will adjust a nursing facility's standard rates if a receiver has been appointed under MCL 600.2926 or MCR 2.622(A) solely to reflect the reasonable costs associated with the court-approved closure or sale of the nursing facility or other appropriate situation. This rate adjustment will only apply to the current fiscal rate period of the request and the following fiscal rate period. After this adjustment time period, the facility will return to the standard reimbursement methodology.
- c. Change of Class: An existing provider becoming a Class I or Class II facility will be paid a plant cost component determined using the principles stated in Sections IV.A.1 through 4 above.
6. Grandfather Clause: Any provider who received a higher plant cost component under the reimbursement system in effect prior to April 1, 1985 may, at the option of the provider, be paid a plant cost component determined in accordance with Section IV.B below until facility fiscal years beginning on or after April 1, 1991. If a grandfathered facility is sold subsequent to April 1, 1985 and there is a change in licensure, then the grandfather clause will no longer be applicable and the new owner's rate will be determined utilizing the methods in Sections IV.A.1 through IV.A.5 above. If a grandfathered facility is sold subsequent to April 1, 1985, and there is no change in licensure, then the grandfather clause may continue to be applicable until facility fiscal years beginning on or after April 1, 1991.
7. Special Note on Recapture of Depreciation: In the event of a sale after March 31, 1985, there will be the application of 42 CFR 413.135(f) for any reimbursement received by the seller as depreciation expense from October 1, 1984 through the effective date of the sale and transfer of assets.
8. Special Note for October 1, 2021 through September 30, 2022: Due to the COVID-19 Public Health Emergency, the Plant Cost Component for Class I facilities will be calculated by applying an average cost increase to the facility's Plant Cost Component from the most recent fiscal year that was non-affected by the COVID-19 Public Health Emergency. The cost increase will be calculated using the average class-wide increase over the previous 5 fiscal years that were non-affected by the COVID-19 Public Health Emergency.
9. Special Note for October 1, 2022 through December 31, 2022: Due to the COVID-19 Public Health Emergency, the Plant Cost Component for Class I facilities will be calculated by applying an average cost increase to the facility's Plant Cost Component from the most recent fiscal year that was non-affected by the COVID-19 Public Health Emergency. The cost increase will be calculated using the average class-wide increase over the previous 5 fiscal years that were non-affected by the COVID-19 Public Health Emergency.

