

## **Table of Contents**

**State/Territory Name: Minnesota**

**State Plan Amendment (SPA) #: 24-0050**

This file contains the following documents in the order listed:

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

**DEPARTMENT OF HEALTH & HUMAN SERVICES**  
Centers for Medicare & Medicaid Services  
601 E. 12th St., Room 355  
Kansas City, Missouri 64106



Medicaid and CHIP Operations Group

---

June 13, 2025

John Connolly  
Assistant Commissioner and State Medicaid Director  
Minnesota Department of Human Services  
540 Cedar Street  
St. Paul, Minnesota 55164-0983

Re: Minnesota State Plan Amendment (SPA) – 24-0050

Dear Medicaid Director Connolly:

The Centers for Medicare & Medicaid Services (CMS) reviewed your Medicaid State Plan Amendment (SPA) submitted under transmittal number (TN) 24-0050. This amendment clarifies that coverage for services provided through an Indian Health Services or tribal health care clinic reimbursed at the outpatient All-Inclusive Rate (AIR) are covered under the clinic services benefit of the Medicaid state plan. The amendment also establishes coverage for Tribal Federally Qualified Health Centers (FQHCs).

We conducted our review of your submittal according to statutory requirements in Title XIX of the Social Security Act and implementing regulations. This letter informs you that Minnesota's State Plan Amendment 24-0050 was approved on June 13, 2025, with an effective date of January 1, 2025.

Enclosed are copies of Form CMS-179 and approved SPA pages to be incorporated into the Minnesota State Plan, and a CMS Companion Letter.

If you have any questions, please contact Sandra Porter at (312)353-8310, or via email at [Sandra.Porter@cms.hhs.gov](mailto:Sandra.Porter@cms.hhs.gov).

Sincerely,

Ruth A. Hughes, Acting Director  
Division of Program Operations

Enclosures

cc: Patrick Hulman  
Alexandria Zoellner

**DEPARTMENT OF HEALTH & HUMAN SERVICES**

Centers for Medicare & Medicaid Services  
601 E. 12th St., Room 355  
Kansas City, Missouri 64106



Medicaid and CHIP Operations Group

---

June 13, 2025

John Connolly  
Assistant Commissioner and State Medicaid Director  
Minnesota Department of Human Services  
540 Cedar Street  
St. Paul, Minnesota 55164-0983

**Re: CMS Companion Letter - MN SPA 24-0050**

Dear Medicaid Director Connolly:

This letter is sent as a companion to Centers for Medicare & Medicaid Services approval of Minnesota (MN) state plan amendment Transmittal Number (TN) 24-0050, which revises the clinic services coverage and federally qualified health center payment sections of the state plan. Section 1902(a)(4) of the Social Security Act (the Act) requires that the state use methods of administration found by the Secretary to be “necessary for the proper and efficient administration of the plan.” Implementing regulations at 42 CFR § 430.10 provides that, “the State plan is a comprehensive written statement submitted by the agency describing the nature and scope of its Medicaid program and giving assurance that it will be administered in conformity with the specific requirements of title XIX, the regulations in this Chapter IV, and other applicable official issuances of the Department. The State plan contains all information necessary for CMS to determine whether the plan can be approved to serve as a basis for Federal financial participation (FFP) in the State program.” In addition, under section 1902(a)(10)(A) of the Act, a state plan must provide for making medical assistance available to eligible individuals. “Medical assistance” is defined in section 1905(a) of the Act to mean payment of part or all of the cost of certain listed types of care and services in section 1905(a) of the Act, including clinic services at section 1905(a)(9). Per 42 CFR § 440.90, clinic services must be furnished under the direction of a physician or dentist, and services must be furnished outside of the clinic to individuals who do not reside in a permanent dwelling or have a fixed home or mailing address.

During our review of MN 24-0050, we identified the following same page review concerns on Attachment 3.1-A, pages 39 through 39b and Attachment 3.1-B, pages 38 through 38b that need to be addressed. CMS concluded that the MN state plan is not a comprehensive written statement and does not meet the requirements of section 1905(a)(9) of the Act. Accordingly, we are sending this companion letter to address the following questions and requested changes.

***Clinic Services***

On Attachment 3.1-A, page 39 and Attachment 3.1-B, page 38 the state indicates on the first bullet that, “*The clinic service must be provided by or under the supervision of a physician who is a*

*provider, except in the case of nurse-midwife services.”* However, per section 1905(a)(9) of the Act, clinic services must be under the direction of a physician or, as additionally authorized in 42 CFR 440.90, a dentist. Therefore, a clinic cannot be under the direction of a nurse midwife.

(a) Please remove this language from the plan page.

The state describes multiple clinic types and specific services, for example end stage renal disease clinics and therapy services, on Attachment 3.1-A, pages 39 and 39a and Attachment 3.1-B, pages 38 and 38a. However, it is not clear what types of clinics the state covers under the clinic services benefit.

(b) Please describe the types of clinics the state covers under the clinic services benefit on the plan page.

Recently, CMS issued a state plan amendment (SPA) template for the Medicaid clinic services benefit (CMS-10398 #91). The SPA template was issued a valid Office of Management and Budget (OMB) control number and published in accordance with the Paperwork Reduction Act, so usage of the SPA template is now required for all Medicaid clinic services benefit SPA submissions.

(c) Please replace your current Medicaid clinic services benefit limitation pages (Attachment 3.1-A, pages 39 through 39b and Attachment 3.1-B, pages 38 through 38b) with the new Medicaid clinic services benefit SPA template.

The state has 90 days from the date of this letter to address the issues described above. During this time period, the state must either submit a state plan amendment with the additional information or a corrective action plan describing in detail how the state will resolve the issues in a timely manner. Failure to respond may result in the initiation of a formal compliance process. During the 90-day compliance period, CMS will be available to provide technical assistance if needed.

If you have any questions, please contact Sandra Porter at (312)353-8310, or via email at [Sandra.Porter@cms.hhs.gov](mailto:Sandra.Porter@cms.hhs.gov).

Sincerely,

Ruth A. Hughes, Acting Director  
Division of Program Operations

cc: Patrick Hulman  
Alexandria Zoellner

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

1. TRANSMITTAL NUMBER

2 4 — 0 0 5 0

2. STATE

MN3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL  
SECURITY ACT

XIX



XXI

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

4. PROPOSED EFFECTIVE DATE

January 1, 2025

5. FEDERAL STATUTE/REGULATION CITATION

42 CFR § 440 and Title XIX of the Social Security Act, 1905(l)(2)(B) of the Social Security Act

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY 2025\$ 0b. FFY 2026\$ 0

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 3.1-A Page 39b (new)  
Attachment 3.1-B Page 38b (new)  
Attachment 4.19-B Page 5, Page 5k  
Attachment 4.19-B Page 5l (new)  
Supplement 2 to Attachment 4.19-B Page 18. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  
OR ATTACHMENT (If Applicable)Attachment 4.19-B Page 5k  
Supplement 2 to Attachment 4.19-B Page 1

9. SUBJECT OF AMENDMENT

Coverage for services provided through IHS and Tribal FQHCs and payment of those services.

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, ASSPECIFIED:

11. SIGNATURE OF STATE AGENCY OFFICIAL

1 TYP  
Patrick Hultman13. TITLE  
Deputy Medicaid Director14. DATE SUBMITTED  
December 26, 2024

15. RETURN TO

Patrick Hultman  
Minnesota Department of Human Services  
Federal Relations Unit  
540 Cedar Street, PO Box 64983  
Saint Paul, MN 55164

## FOR CMS USE ONLY

16. DATE RECEIVED

December 26, 2024

17. DATE APPROVED

June 13, 2025

## PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL

January 1, 2025

19. SIGNATURE

20. TYPED NAME OF APPROVING OFFICIAL

Ruth A. Hughes

21. TITLE OF APPROVING OFFICIAL

Acting Director, Division of Program Operations

22. REMARKS



STATE: MINNESOTA  
Effective: 1/1/2025  
TN: 24-50  
Approved: 6/13/2025  
Supersedes: NEW

---

Attachment 3.1-A  
Page 39b

9. Clinic services, continued

**Clinic services** The state assures that services furnished outside a clinic that is a facility of the Indian Health Service, whether operated by the Indian Health Service (IHS) or by a Tribe or Tribal organization (as authorized by the Indian Self-Determination and Education Assistance Act (ISDEAA), Pub. L. 93-638), by clinic personnel under the direction of a physician may be furnished in accordance with 42 C.F.R. 440.90(c).

STATE: MINNESOTA  
Effective: 1/1/2025  
TN: 24-50  
Approved: 6/13/2025  
Supersedes: NEW

---

Attachment 3.1-B  
Page 38b

9. Clinic services, continued

**Clinic services** The state assures that services furnished outside a clinic that is a facility of the Indian Health Service, whether operated by the Indian Health Service (IHS) or by a Tribe or Tribal organization (as authorized by the Indian Self-Determination and Education Assistance Act (ISDEAA), Pub. L. 93-638), by clinic personnel under the direction of a physician may be furnished in accordance with 42 C.F.R. 440.90(c).

---

STATE: MINNESOTA

Effective: 1/1/2025

TN:24-50

Approved:6/13/2025

Supersedes: 21-13 (19-12, 16-11,13-26,09-10,07-12,07-09,05-16,05-07,05-02)

---

ATTACHMENT 4.19-B

Page 5

2c. Federally qualified health center (FQHC) services and other ambulatory services that are covered under the plan and furnished by a FQHC.

A FQHC receives payment based on payment methodology in effect on December 31, 2000 until its prospective payment system (PPS) rate(s) is/are determined in accordance with §1902(bb) of the Social Security Act. The Department will reconcile a FQHC's payments back to January 1, 2001 when the FQHC's PPS rate(s) is/are determined. The PPS and alternative payment methodology (APM I, APM IV, APM V) rates for FQHCs will include a rate for dental services, if provided, and a rate for all other FQHC services of the provider or provider group. Hereinafter, "all other FQHC services of the provider or provider group" will be referred to as "medical services."

**Prospective Payment System (PPS) Methodology**

Rates are computed using a FQHC's fiscal year trended forward to December 31, 2000. For the purposes of compliance with §1902(bb) (3) of the Act, the inflation of the rate will occur each year on January

1. January 1 through December 31 will be the "fiscal year." If applicable, the FQHC must provide information regarding changes in the scope of services, including the budgeted cost of providing new services and any projected increase or decrease in the number of encounters due to the change. Any adjustment to the FQHC's rate for changes in the scope of services will be effective on the first day of the month following the scope of services change. When determination of the revised PPS rate occurs after the revised rate's effective date, retroactive claims adjustments to the revised rate will be made back to the effective date.

In order to comply with §1902(bb) of the Act, the Department utilizes a formula using a FQHC's fiscal year 1999 and fiscal year 2000 cost report information trended forward to December 31, 2000. The trended costs for the two fiscal years are combined and divided by the combined encounter information for the two years, resulting in the average cost rate. Encounters include all face-to-face encounters provided by FQHC professionals, including all encounters provided by FQHC staff outside of the FQHC to FQHC patients.

In order to comply with §1902(bb) (4) of the Act, for a FQHC that first qualifies as a FQHC providers beginning on or after fiscal year 2000, the Department will compare the new FQHC to other FQHCs in the same or adjacent areas with similar case loads. If no comparable provider exists, the Department will compute a FQHC-specific rate based upon the FQHC's budget or historical costs adjusted for changes in the scope of services.

Each APM pays at least the amount paid under Prospective Payment System (PPS). Each individual FQHC agrees to receive the APM. The APM is compared to the PPS amount annually.



Approved: 6/13/2025

~~Supersedes: 21-13~~

2c. Federally qualified health center (FQHC) services and other ambulatory services that are covered under the plan and furnished by a FQHC. (Continued)

C. Effective for services provided on or after January 1, 2020, for FQHCs certified as meeting the health care home criteria described in Attachments 3.1-A and 3.1-B, item 5.a, Physicians' services, one one-month payment per recipient with 7-9 major chronic conditions receiving Group 3 health care home services is the lower of:

- Submitted charge; or
- \$40.54.

D. Effective for services provided on or after January 1, 2020, for FQHCs certified as meeting the health care home criteria described in Attachments 3.1-A and 3.1-B, item 5.a, Physicians' services, one one-month payment per recipient with 10 or more major chronic conditions receiving Group 4 health care home services is the lower of:

- Submitted charge; or
- \$60.81.

For each of the Groups A through D above, the payment rates listed will be increased by 15% if either of the following apply:

- The recipient (or caregiver of a dependent recipient) uses a primary language other than English to communicate about their health care; or
- The recipient (or caregiver of a dependent recipient) has a serious and persistent mental illness.

E. Effective for services provided on or after July 1, 2016, for FQHCs certified as meeting the behavioral health home qualifications, and payment criteria, described in Attachment 3.1-H, payment for BHH services is \$245.00 per member, per month. During the recipient's first six months of participation, the behavioral health home will receive an enhanced payment rate of \$350.00 per member, per month.

~~The base rates as described in this item are adjusted by paragraph cc. of Supplement 2 entitled, Supplemental Payment for Medical Education.~~

#### **Alternative Payment Methodology V - Tribal FQHC**

Alternative Payment Methodology (APM) V is effective January 1, 2025. IHS/Tribal 638 facilities may elect to have an FQHC designation in addition to their tribal 638 clinic designation. IHS/Tribal 638 clinics that elect this option agree to be paid the Indian Health Service (IHS) All Inclusive Rate (AIR) for services provided under the FQHC designation in the same manner as described in paragraph A of Supplement 2 to this attachment.

STATE: MINNESOTA  
Effective: 1/1/2025  
TN: 24-50  
Approved: 6/13/2025  
Supersedes: NEW

---

ATTACHMENT 4.19-B  
Page 51

2c. Federally qualified health center (FQHC) services and other ambulatory services that are covered under the plan and furnished by a FQHC. (Continued)

DHS will establish a Prospective Payment System (PPS) methodology for the Tribal facility so that the agency can determine on an annual basis that the published, all-inclusive rate is higher than the PPS rate.  
The PPS rate is established by reference to payment to one or more other clinics in the same or adjacent areas. Tribal FQHCs are not required to report their costs for the purposes of establishing a PPS rate.

To elect the FQHC designation, Tribes must file a signed Assurance Statement with DHS. Tribes have the option to withdraw the Assurance Statement and end the tribal FQHC designation at any time.

#### **A. IHS/638 and Tribal FQHC Facilities**

Tribal facilities are clinic service providers. Except for child welfare-targeted case management services and relocation service coordination services, services provided by facilities of the Indian Health Service (which include, at the option of a tribe, facilities owned or operated by a tribe or tribal organization, and funded by Title I of the Indian Self-Determination and Education Assistance Act, P.L. 93-638, as amended, or Title V of the Indian Self-Determination and Education Assistance Act., P.L. 106-260, operating as 638 facilities) are paid at the outpatient all-inclusive rates (AIR) negotiated between the Indian Health Service and the Centers for Medicare & Medicaid Services (CMS) and published by the ~~Indian Health Service~~ in the Federal Register. Child-welfare targeted case management services are paid in accordance with the methodology in item 19.b., child welfare-targeted case management services. Relocation service coordination services are paid in accordance with the methodology in item 19.c, relocation service coordination services.

An encounter for a 638 or IHS facility means a face-to-face encounter/visit between a recipient eligible for Medical Assistance and any health professional at or through a IHS, or 638 service location for the provision of Title XIX covered services in or through an IHS or 638 facility within a 24-hour period ending at midnight. Encounters/visits with more than one health professional and multiple encounters/visits with the same professional, within the same service category, that take place in the same 24-hour period, constitute a single encounter/visit, except when the recipient after the first encounter/visit suffers an illness or injury requiring additional diagnosis or treatment. Service categories for IHS/638 facilities are: ambulance, chemical dependency, dental, home health, medical, mental health, and pharmacy.

Telehealth visits provided through real-time interactive audio and video communication may be used to satisfy the face-to-face requirement.

Tribes may elect to be designated as tribal Federally Qualified Health Centers (FQHCs). Enrolled Tribal FQHCs are reimbursed an alternate payment methodology (APM) that is equal to the outpatient all-inclusive rate (AIR) rate negotiated between the Indian Health Service and CMS for tribal facilities. The APM is at least equal to the tribal Prospective Payment System (PPS). Participating tribal FQHCs receive the APM for the same categories of FQHC service that they receive the AIR. Payment shall be made in accordance with the AIR rate methodology detailed in this supplement.

#### **B. Critical Access Hospitals**

Outpatient services provided by facilities defined in state law as critical access hospitals (and certified as such by the Centers for Medicare & Medicaid Services) are paid on a cost-based payment system based on the cost-finding methods and allowable costs of Medicare.

#### **C. Third Party Liability**

In accordance with Minnesota Statutes, §2568.37, subdivision 5a: No Medical Assistance payment will be made when covered charges are paid in full by a third party payer or the provider has an agreement with a third party payer to accept payment for less than charges as payment in full.