

MICHIGAN DEPARTMENT OF HEALTH AND HUMAN SERVICES

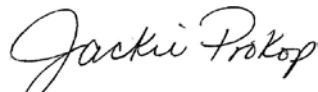
NOTICE OF PROPOSED POLICY

Public Act 280 of 1939, as amended, and consultation guidelines for Medicaid policy provide an opportunity to review proposed changes in Medicaid policies and procedures.

Please review the policy summary and the attached materials that describe the specific changes being proposed. Let us know why you support the change or oppose the change.

Submit your comments to the analyst by the due date specified. Your comments must be received by the due date to be considered for the final policy bulletin.

Thank you for participating in the consultation process.



Director, Program Policy Division

Bureau of Medicaid Policy, Operations, and Actuarial Services

Project Number:	1938-NF	Comments Due:	November 4, 2019	Proposed Effective Date:	As Indicated
------------------------	---------	----------------------	------------------	---------------------------------	--------------

Mail Comments to: Steve Bolin
Bureau of Medicaid Long-Term Services & Support
Medical Services Administration
P.O. Box 30479
Lansing, Michigan 48909-7979

Telephone Number: 517-241-4080 **Fax Number:** 517-335-7959
E-mail Address: BolinS1@michigan.gov

Policy Subject: Variable Cost Limit Rate Change

Affected Programs: Medicaid

Distribution: Nursing Facilities, County Medical Care Facilities, Hospital Long-Term Care Units, Ventilator Dependent Care Units

Policy Summary: This policy changes the percentile of the Indexed Variable Costs (IVC) per resident day from 80 percent to 65 percent.

Purpose: Implementation of Enrolled Senate Bill 139, which makes appropriations for the Michigan Department of Health and Human Services for the fiscal year ending September 30, 2020.

Proposed Policy Draft

Michigan Department of Health and Human Services
Medical Services Administration

Distribution: Nursing Facilities, County Medical Care Facilities, Hospital Long-Term Care Units, Ventilator Dependent Care Units

Issued: September 30, 2019 (Proposed)

Subject: Variable Cost Limit Rate Change

Effective: As Indicated (Proposed)

Programs Affected: Medicaid

NOTE: Implementation of this policy is contingent upon approval of a State Plan Amendment (SPA) by the Centers for Medicare & Medicaid Services (CMS).

This bulletin describes changes to the Class Variable Cost Limit for nursing facilities in the Rate Determination section of the Nursing Facility Cost Reporting and Reimbursement Appendix within the Medicaid Provider Manual. This policy changes the percentile of the Indexed Variable Costs (IVC) per resident day from 80 percent to 65 percent. These changes are effective for cost reporting periods ending on or after November 1, 2019. The Medicaid Provider Manual can be accessed on the Michigan Department of Health and Human Services (MDHHS) website at www.michigan.gov/medicaidproviders >> Policy, Letters & Forms.

Class Variable Cost Limit (VCL)

The Variable Cost Limit for a class of nursing facilities is to be set at the 65th percentile of the Indexed Variable Costs (IVC) per resident day for facilities in the class during the current calendar year. The 65th percentile is determined by rank ordering providers from the lowest to the highest IVC per resident day, then accumulating nursing facility Medicaid resident days of the rank ordered providers, beginning with the lowest, until 65 percent of the total Medicaid resident days for the facility class of providers is reached. The VCL for the class of providers equals the IVC per resident day of the nursing facility in which the 65th percentile of accumulated Medicaid resident days occurs. A VCL is calculated for Class I and Class III nursing facilities.