

May 21, 2026

<Provider Name>
<Provider Address 1>
<Provider Address 2>
<City> <State> zipcode5-zipcode4

Dear Provider:

Re: Medicaid Underpayments

The Michigan Department of Health and Human Services (MDHHS) is issuing this letter as clarification for all nursing facility (NF) providers who undergo a change of ownership (CHOW) and obtain a new National Provider Identification Number (NPI).

MDHHS will be updating the [MDHHS Medicaid Provider Manual](#) Cost Reporting and Reimbursement Appendix, Section 7 to include the following information:

7.6 Medicaid Underpayments

Underpayment(s) due to a participating provider will first be offset against other settlements, payment adjustments, claims processing or any amounts due from the provider through a lump sum payment.

For the disbursement of underpayments during a NF CHOW, when there is a change in the provider's NPI number, the preceding owner will receive any underpayments or credits due and paid by Medicaid regardless of the sales agreement language between the successive owner and the preceding owner. Enforcement of sales agreement language is to be between the parties of that contract, and Medicaid will pay the preceding owner.

MDHHS will be adding the following definitions to the Cost Reporting and Reimbursement Appendix, Section 2:

Overpayment: Any money owed to the state during a previous cost reporting period under the preceding owner.

Underpayment: Any money owed by the state during a previous cost reporting period under the preceding owner.

Credit: Previous payments made by the state that are owed to the provider.

Debt: Any unpaid financial amount owed to an outside party with an obligation to repay.

Liability: Any debt, accounts payable or other financial obligation owed to an outside party.

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This clarification is not a policy change; therefore, MDHHS suggests providers retain this letter until otherwise notified.

An electronic copy of this document is available at www.michigan.gov/medicaidproviders >>
Policy, Letters & Forms.

Sincerely,

A handwritten signature in black ink that reads "Meghan E. Groen". The signature is written in a cursive style with a large, stylized initial 'M'.

Meghan E. Groen, Chief Deputy Director
Health Services