

**MEDICAID POLICY INFORMATION SHEET**

**Policy Analyst:** Steve Bolin

**Phone Number:** 241-4080

Initial

Public Comment

Final

**Brief description of policy:**

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.

**Reason for policy (problem being addressed):**

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, 2019.

**Budget implication:**

budget neutral

will cost MDHHS \$ , and (select one) budgeted in current appropriation

will save MDHHS \$

**Is this policy change mandated per federal requirements?**

No

**Does policy have operational implications on other parts of MDHHS?**

Yes - Financial Operations Administration, Long-Term Care Reimbursement Division.

**Does policy have operational implications on other departments?**

No

**Summary of input:**

controversial

acceptable to most/all groups

limited public interest/comment

**Supporting Documentation:**

State Plan Amendment Required: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Public Notice Required: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If Yes, please provide status:	If yes, Submission Date:
<input type="checkbox"/> Approved <input type="checkbox"/> Pending <input type="checkbox"/> Denied	
Date:                      Approval                      Date:	

<b>DRAFT FOR PUBLIC COMMENT</b>  <b>Michigan Department of Health and Human Services</b>		
	<b>Project Number:</b> 1938-NF	<b>Date:</b> September 30, 2019

**Comments Due:** November 4, 2019  
**Proposed Effective Date:** As Indicated  
**Direct Comments To:** Steve Bolin  
**Address:** LTC Services Division/MDHHS/MSA/CCC 5th Floor  
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**Phone:** 517-241-4080 **Fax:** 517-335-7959

<p><b>Policy Subject:</b> Variable Cost Limit Rate Change</p> <p><b>Affected Programs:</b> Medicaid</p> <p><b>Distribution:</b> Nursing Facilities, County Medical Care Facilities, Hospital Long-Term Care Units, Ventilator Dependent Care Units</p> <p><b>Summary:</b> This policy changes the percentile of the Indexed Variable Costs (IVC) per resident day from 80 percent to 65 percent.</p> <p><b>Purpose:</b> 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.</p> <p><b>Cost Implications:</b> Cost savings anticipated.</p> <p><b>Potential Hearings &amp; Appeal Issues:</b> Minimal</p>
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<b>State Plan Amendment Required:</b> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If yes, date submitted:	<b>Public Notice Required:</b> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Submitted date:
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**Tribal Notification:** Yes  No  - **Date:** October 1, 2019.

**THIS SECTION COMPLETED BY RECEIVER**

<input type="checkbox"/> <b>Approved</b>	<input type="checkbox"/> <b>No Comments</b>
<input type="checkbox"/> <b>Disapproved</b>	<input type="checkbox"/> <b>See Comments Below</b>
	<input type="checkbox"/> <b>See Comments in Text</b>

<b>Signature:</b>	<b>Phone Number</b>
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**Signature Printed:**

<b>Bureau/Administration</b> <i>(please print)</i>	<b>Date</b>
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# 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](http://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 65<sup>th</sup> percentile of the Indexed Variable Costs (IVC) per resident day for facilities in the class during the current calendar year. The 65<sup>th</sup> 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 65<sup>th</sup> percentile of accumulated Medicaid resident days occurs. A VCL is calculated for Class I and Class III nursing facilities.