

## MEDICAID POLICY INFORMATION SHEET

**Policy Analyst:** Elizabeth Pitts

**Phone Number:** 517-284-0842

Initial ☐

Public Comment ☒

Final ☐

### Brief description of policy:

The purpose of this bulletin is to remind providers of the Medicaid timely submission requirements for Local Health Department (LHD) Medicaid Cost Reports and update the process of suspending selected Medicaid payments when cost reports are not submitted by the required due date. LHDs that fail to submit a Medicaid Cost Report in a timely manner will be issued a notice of delinquency letter. The facility will have 30 days from the date on the letter to submit a Medicaid Cost Report for review and approval. Failure to submit a cost report by the due date will result in the suspension of Medicaid fee-for-service (FFS) claims and gross adjustment payments.

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

This policy will internally align LHD policy on late cost reports with that of other areas that require timely filing of cost reports.

### 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, the Hospital and Clinic Reimbursement Division (HCRD).

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

No.

### Summary of input:

☐ controversial (Explain)

☒ acceptable to most/all groups

☐ limited public interest/comment

### Supporting Documentation:

State Plan Amendment Required: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Public Notice Required: <input type="checkbox"/> Yes <input checked="" 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> 2519-LHD	<b>Date:</b> June 26, 2025

**Comments Due:** July 31, 2025  
**Proposed Effective Date:** October 1, 2025  
**Direct Comments To:** Elizabeth Pitts  
**Address:**  
**E-Mail Address:** [pittse@michigan.gov](mailto:pittse@michigan.gov)  
**Phone:** 517-284-0842

**Fax:**

<b>Policy Subject:</b> Timely Submission of Medicaid Cost Reports; Payment Suspension	
<b>Affected Programs:</b> Medicaid	
<b>Distribution:</b> Local Health Departments (LHD)	
<b>Summary:</b> The purpose of this bulletin is to remind providers of the Medicaid timely submission requirements for LHD Medicaid Cost Reports and update the process of suspending selected Medicaid payments when cost reports are not submitted by the required due date. LHDs that fail to submit a Medicaid Cost Report in a timely manner will be issued a notice of delinquency letter. The facility will have 30 days from the date on the letter to submit a Medicaid Cost Report for review and approval. Failure to submit a cost report by the due date will result in the suspension of Medicaid fee-for-service (FFS) claims and gross adjustment payments.	
<b>Purpose:</b> This policy will internally align LHD policy on late cost reports with that of other areas that require timely filing of cost reports.	
<b>Cost Implications:</b> Budget neutral	
<b>Potential Hearings &amp; Appeal Issues:</b> N/A	
<b>State Plan Amendment Required:</b> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <b>If yes, date submitted:</b>	<b>Public Notice Required:</b> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <b>Submitted date:</b>
<b>Tribal Notification:</b> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> - <b>Date:</b>	
<b>THIS SECTION COMPLETED BY RECEIVER</b>	
<input type="checkbox"/> <b>Approved</b>  <input type="checkbox"/> <b>Disapproved</b>	<input type="checkbox"/> <b>No Comments</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>
<b>Signature Printed:</b>	
<b>Bureau/Administration</b> <i>(please print)</i>	<b>Date</b>

# Proposed Policy Draft

Michigan Department of Health and Human Services  
Health Services

**Distribution:** Local Health Departments (LHD)

**Issued:** August 29, 2025 (Proposed)

**Subject:** Timely Submission of Medicaid Cost Reports; Payment Suspension

**Effective:** October 1, 2025 (Proposed)

**Programs Affected:** Medicaid

The purpose of this bulletin is to remind providers of the Medicaid timely submission requirements for Local Health Department (LHD) Medicaid cost reports and update the process of suspending selected Medicaid payments when cost reports are not submitted by the required due date. The information in this bulletin is effective October 1, 2025.

Each LHD, unless specifically exempt, is required to submit a Medicaid Cost Report to the Facility Settlement sub-system in the Community Health Automated Medicaid Processing System (CHAMPS) on or before the last day of the fifth month following the close of its cost reporting period. The Michigan Department of Health and Human Services (MDHHS) Hospital and Clinic Reimbursement Division (HCRD) grants extensions only when an LHD's operation is adversely affected due to circumstances beyond its control (e.g., staffing turnovers are considered within the control of the LHD, whereas fires and floods would be considered beyond its control).

If an LHD fails to submit a completed Medicaid Cost Report via the MDHHS Facility Settlement system on time and has not been granted an extension of the time limit, a notice of delinquency is issued. If a complete and acceptable Medicaid Cost Report is not submitted within 30 calendar days from the date of the notice of delinquency, the LHD's fee-for-service (FFS) payments and gross adjustment payments are suspended until the Medicaid Cost Report is accepted by MDHHS HCRD in the Facility Settlement system. Payments withheld due to late submission are paid upon acceptance of the Medicaid Cost Report. Managed care encounters are not subject to payment suspension.