

MEDICAID POLICY INFORMATION SHEET

Policy Analyst: Emily Frankman, PhD

Phone Number:

Initial ☐

Public Comment ☒

Final ☐

Brief description of policy:

The purpose of this bulletin is to update policy language related to ventilator-dependent care unit (VDCU) enrollment.

Reason for policy (problem being addressed):

To update VDCU enrollment language.

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 - LTC Operations, Actuarial

Does policy have operational implications on other departments?

LARA

Summary of input:

☐ controversial (Explain)

☒ acceptable to most/all groups

☐ limited public interest/comment

Supporting Documentation:

State Plan Amendment Required: ☐ Yes ☒ No

If Yes, please provide status:

☐ Approved

☐ Pending

☐ Denied

Date:

Approval

Date:

Public Notice Required: ☐ Yes ☒ No

If yes,

Submission Date:

DRAFT FOR PUBLIC COMMENT Michigan Department of Health and Human Services		
	Project Number: 2521-LTC	Date: July 7, 2025

Comments Due: August 11, 2025
Proposed Effective Date: October 1, 2025
Direct Comments To: Emily Frankman, PhD
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Policy Subject: Nursing Facility Ventilator-Dependent Care Unit (VDCU) Enrollment	
Affected Programs: Medicaid	
Distribution: Nursing Facilities	
Summary: This bulletin informs providers of changes to VDCU enrollment in nursing facilities to ensure proper staffing, expertise and equipment are met and maintained in these specialized units.	
Purpose: To update policy language related to VDCU enrollment.	
Cost Implications: Budget neutral	
Potential Hearings & Appeal Issues: No	
State Plan Amendment Required: Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If yes, date submitted:	Public Notice Required: Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Submitted date:
Tribal Notification: Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> - Date:	
THIS SECTION COMPLETED BY RECEIVER	
<input type="checkbox"/> Approved	<input type="checkbox"/> No Comments
<input type="checkbox"/> Disapproved	<input type="checkbox"/> See Comments Below
	<input type="checkbox"/> See Comments in Text
Signature:	Phone Number
Signature Printed:	
Bureau/Administration <i>(please print)</i>	Date

Proposed Policy Draft

Michigan Department of Health and Human Services
Health Services

Distribution: Nursing Facilities

Issued: August 29, 2025 (Proposed)

Subject: Nursing Facility Ventilator-Dependent Care Unit (VDCU) Enrollment

Effective: October 1, 2025 (Proposed)

Programs Affected: Medicaid

Purpose

The purpose of this bulletin is to update policy language related to Ventilator Dependent Care Unit (VDCU) enrollment.

Medicaid Enrollment as a Ventilator Dependent Care Unit (VDCU) and Additional VDCU Beds

While any nursing facility with the proper staffing, expertise and equipment may care for ventilator-dependent residents, the Michigan Department of Health and Human Services (MDHHS) may contract with facilities who operate a VDCU to care for two or more ventilator-dependent residents in a specialized setting within the facility. MDHHS approval or denial of Medicaid enrollment as a VDCU and applications to increase the number of VDCU beds are based on the following criteria:

- A need for VDCU beds in that region based on an MDHHS audit of VDCU bed availability and utilization.
- Beds in the proposed VDCU are Medicaid-certified.
- The nursing facility's historical and current survey performance demonstrates no regulatory deficiencies or only deficiencies with minimal impact on residents. The nursing facility has not been subject to one of the following actions or concerns within the preceding six full quarters (or as noted) of the filing of an application for VDCU enrollment:
 - A state enforcement action involving license revocation, a limited or total Ban on Admissions, reduced license capacity, selective transfer of residents, receivership, or appointment of a clinical/administrative advisor or temporary manager.
 - Termination of Medicaid enrollment initiated by MDHHS.
 - A state rule violation showing failure to comply with state minimum staffing requirements and/or a federal citation documenting potentially harmful resident care deficits resulting from insufficient staff.

- A state or federal finding of Immediate Jeopardy.
- Repeat citations at the harm or substandard quality of care level. "Repeat citation" is defined as two citations of the same federal deficiency, or two or more citations within the same regulatory grouping, at the substandard quality of care, harm, or Immediate Jeopardy levels, issued within the last preceding six full quarters or at least one standard survey cycle. This criterion considers deficiencies resulting from both standard and abbreviated surveys.
- A number of citations at Level Two or above on the scope and severity grid on at least one standard survey cycle that exceeds twice the statewide average number of citations.
- A number of citations at Level Two or above on the scope and severity grid resulting from abbreviated surveys during the preceding six full quarters that exceeds twice the statewide average number of citations.
- A federal or state termination or decertification action.
- A federal or state action to deny payment for new or all admissions.
- A filing of bankruptcy or failure to meet financial obligations that threatens the ability of the nursing facility to achieve or maintain compliance with state and federal requirements.
- An outstanding debt to MDHHS (i.e., cost settlement, civil money penalty [CMP] fine, provider Quality Assurance Assessment Program [QAAP] tax, licensing fees). This does not include financial issues that are in the appeal process.

NOTE: When a provider sells a nursing facility, the provider is responsible for all QAAP assessments billed and incurred prior to the date of the sale. The purchaser(s) must assure escrow of any outstanding QAAP amounts owed, or the purchaser(s) becomes responsible for payment of the QAAP, and penalty amounts owed before Medicaid participation is granted.

- Failure to comply with a state correction notice order.
- Enforcement action against the administrator's license in current or previously administered nursing facilities.
- Any other concerns reasonably related to the ability of the nursing facility to maintain compliance with Medicare and Medicaid Requirements for Long Term Care Facilities or to provide appropriate care to residents.
- In addition to the criteria above, must be a provider in good standing, defined as:
 - The nursing facility, owner(s), administrator, or other staff are not sanctioned or excluded by Medicare or Medicaid; and
 - The nursing facility is in compliance with the Medicare and Medicaid Requirements for Long Term Care Facilities.

Nursing facilities interested in operating a VDCU should contact the MDHHS bed certification mailbox for a VDCU application at MDHHS-bedcerts@michigan.gov. VDCU applications will be coordinated with the Department of Licensing and Regulatory Affairs (LARA), Health Facility Licensing, Permits and Support Division.

MDHHS retains discretionary rights to consider additional criteria, request additional information, and the right to approve or deny VDCU applications. Applying facilities are not entitled to appeal rights but may submit supplemental information during the review process if requested by MDHHS.

Existing VDCU contracts will be monitored regularly to ensure compliance with policy and based on VDCU utilization and need. For new and existing VDCU contracts, the SMA reserves the right to perform onsite evaluations or require documentation to be submitted to MDHHS. The VDCU provider must make all necessary records available to MDHHS for the purposes of these reviews.