



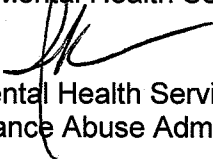
STATE OF MICHIGAN  
DEPARTMENT OF COMMUNITY HEALTH  
LANSING

JENNIFER M. GRANHOLM  
GOVERNOR

JANET OLSZEWSKI  
DIRECTOR

April 2, 2004

**TO:** Executive Directors of Michigan's Specialty Prepaid Inpatient Health Plans (PIHPs) and Community Mental Health Services Programs (CMHSPs)

**FROM:** Irene Kazieczko, Director   
Bureau of Community Mental Health Services  
Mental Health and Substance Abuse Administration

**SUBJECT:** 1915(b)(c) Waiver Renewal Payment Schedule

As you are aware, the Michigan Department of Community Health (MDCH) is in the process of implementing the 1915(b)(c) waiver renewal. Under the waiver renewal, capitation payments for the 1915(c) Habilitation Supports Waiver (HSW) are required to be made separately from the 1915(b) waiver payments, and exclusively for 1915(c) enrolled beneficiaries who receive a 1915(c) service within the payment month. To accommodate this requirement, MDCH will provide the Prepaid Inpatient Health Plan (PIHP) two managed care payments each month for the Medicaid covered specialty services.

The first capitation payment will be for the state plan and (b)(3) Mental Health, Developmental Disability and Substance Abuse services, and will not include the funds associated with the 1915(c) HSW program. This payment will be based on all Medicaid eligibles<sup>1</sup> within the PIHP region, excluding Children's Waiver enrollees and persons residing in Mt. Pleasant Center for persons with developmental disabilities. The enrollment file associated with this payment [4396/5014/834] will display as a "retro month" each month wherein a beneficiary became full coverage after that month's "card cut off" date, e.g., persons who document they have met their monthly spend-down amount; but consistent with prior MDCH policy, there will be no state plan or (b)(3) payment associated with these months of retro-eligibility. The payments will be issued on the first Wednesday of the month. For those PIHPs opting to receive an Electronic Fund Transfer (EFT), the payment will be available on the first Thursday of the month. The remittance advice for this payment will include, identification by county a breakdown between Substance Abuse state plan (CAP SA), Substance Abuse (b)(3) (CAP SA b3), Mental Health state plan (CAP MH) and Mental Health (b)(3) (CAP MH b3).

The second capitation payment will be made to PIHPs on behalf of the subset of full coverage Medicaid eligibles who are also enrolled in the 1915(c) HSW, i.e., on MDCH's official enrollment

---

<sup>1</sup> In this document, the term "eligible" refers to a Medicaid-enrolled individual who has "full coverage," i.e., Scope/Coverage code 1/F or 2/F, for a payment month. In order for a cap payment to be made on his or her behalf prospectively, i.e., for the upcoming month, the individual must be "full coverage" as of the "Medicaid Card Cut Off" date for that month.

list as of the 15<sup>th</sup> of the month prior to the pay month. When fully implemented, the payment will include payment for months associated with periods of retro-eligibility including persons who met the spend-down requirements for a prior month. This payment will be issued on the second Wednesday of the month. For those PIHPs opting to receive an EFT, the payment will be available on the second Thursday of the month. Beginning with the payment for July 2004, the payment process will also incorporate recoveries from PIHPs for payments previously made on behalf of Medicaid beneficiaries enrolled in the HSW who, upon a retrospective review did not meet all the HSW enrollment criteria, e.g., *did not* receive a 1915(c) service within the payment month. The 1915(c) HSW's remittance advice will include as a payment reference "1915(c) HSW CAP PAY PATIENT=99999999 CO.99" for each HSW enrollee.

Since January 2004, the effective date of the waiver renewal, MDCH has continued to flow funding to the PIHPs utilizing the old payment structure. MDCH will correct payments for January through March over the next two months. The correction process will consist of backing out the original payments that were previously paid with the old payment structure and entering payments for each month utilizing the rates and payment structure approved by CMS for the waiver's renewal. If the variance between the old and new payment structure is positive, payment will be issued. If the variance between the old and new payment structure is negative, the remittance advice will have an indication "balance owed by provider to MDCH" and will offset against a future payment. *Please note: Due to system edits, Mental Health and Developmental Disability negative amounts should only offset against Mental Health and Developmental Disability state plan, (b)(3) and 1915(c) HSW service payments. Conversely, Substance Abuse negative amounts should only offset against Substance Abuse state Plan and (b)(3) service payments.*

MDCH will phase in the 1915(b)(c) renewal payments as indicated below.

**March 31, 2004:** Due to extenuating circumstances, payment for the Substance Abuse portion of the state plan and (b)(3) services based on April's eligibles were processed one week early. The warrants were dated March 31, 2004 and April 1, 2004 for EFTs. The remittance advice will reflect that the payment is for a "miscellaneous adjustment." MDCH will correct this information on the April 7, 2004 remittance advice.

**April 7, 2004:** Payment for the state plan and (b)(3) services based on April eligibles will be issued on April 7, 2004 for warrants and April 8, 2004 for EFTs. The actual payment amount will be for Mental Health state plan and (b)(3) services only, as the Substance Abuse payment was previously processed. The remittance advice will include the Mental Health and the Substance Abuse payment detail for April, as well as the negative adjustment to offset the miscellaneous adjustment processed one week early.

**April 14, 2004:** Payment for the 1915(c) HSW services based on April eligibles and HSW enrollees will be issued on April 14, 2004 for warrants and April 15, 2004 for EFTs. This payment will be for the current month [April] eligibles only without consideration given to any retro-eligibility or recoveries for "no" services provided.

**April 21, 2004:** Correction of the January 2004 capitation payment will be processed. Payment, if applicable, will be issued on April 21, 2004 for warrants and April 22, 2004 for EFTs. The payment will be based on January 2004 eligibles without any consideration to retro-activity or for "no" services provided for the 1915(c) HSW. As previously stated, if the variance between the old and new payment structure is positive, payment will be issued. If the variance between

the old and new payment structure is negative, the remittance advice will have an indication "balance owed by provider to MDCH" and will offset against a future payment.

**April 28, 2004:** Correction of the February 2004 capitation payment will be processed. Payment, if applicable, will be issued on April 28, 2004 for warrants and April 29, 2004 for EFTs. The payment will be based on February 2004 eligibles without any consideration to retro-activity or for "no" services provided for the 1915(c) HSW. Again, if the variance between the old and new payment structure is positive, payment will be issued. If the variance between the old and new payment structure is negative, the remittance advice will have an indication "balance owed by provider to MDCH" and will offset against a future payment.

**May 5, 2004:** Payment for the state plan and (b)(3) services based on May eligibles will be issued on May 5, 2004 for warrants and May 6, 2004 for EFTs.

**May 12, 2004:** Payment for the 1915(c) HSW services based on May eligibles and HSW enrollees will be issued on May 12, 2004 for warrants and May 13, 2004 for EFTs. This payment will be for the current month [May] eligibles without consideration given to any retro-eligibility or recoveries for "no" services provided.

**May 19, 2004:** Correction of the March 2004 capitation payment will be processed. Payment, if applicable, will be issued on May 19, 2004 for warrants and May 20, 2004 for EFTs. The payment will be based on March 2004 eligibles without any consideration to retro-activity or for "no" services provided for the 1915(c) HSW. Again, keep in mind, if the variance between the old and new payment structure is positive, payment will be issued. If the variance between the old and new payment structure is negative, the remittance advice will have an indication "balance owed by provider to MDCH" and will offset against a future payment.

**June 2, 2004:** Payment for the state plan and (b)(3) services based on June eligibles will be issued on June 2, 2004 for warrants and June 3, 2004 for EFTs.

**June 9, 2004:** Payment for the 1915(c) HSW services based on June eligibles and HSW enrollees will be issued on June 9, 2004 for warrants and June 10, 2004 for EFTs. This payment will be for the current month [June] eligibles **and** for January through May retro-eligibility. There will not be any recoveries for "no" services provided deducted from this payment.

**July 7, 2004:** Payment for the state plan and (b)(3) services based on June eligibles will be issued on July 7, 2004 for warrants and July 8, 2004 for EFTs.

**July 14, 2004:** Payment for the 1915(c) HSW services based on July eligibles and HSW enrollees will be issued on July 14, 2004 for warrants and July 15, 2004 for EFTs. This payment will be for the current month (July) eligibles **and** for any previously unpaid retro-eligibility. Additionally, MDCH will implement the recovery process for payments previously made to Medicaid-eligible individuals enrolled in the HSW but who did not meet all conditions of HSW eligibility, e.g., did not receive a 1915(c) service within a previous payment month, for January, February and March. Verification of 1915(c) waiver services provided to Medicaid beneficiaries enrolled in the HSW for each payment month will be through the encounter data system. MDCH is allowing a maximum of 90 days following provision of the 1915(c) waiver service for submission of encounter data that will be used by MDCH for verification purposes, e.g., for April, encounter data must be submitted by the end of July.

After June 9, 2004, the first payment of the month should always be for the state plan and (b)(3) services with the second payment of the month for the 1915(c) HSW services. Again, please be aware that it is MDCH's intent to start in July the recovery process for payments previously made for Medicaid-eligible individuals enrolled in the HSW but who do not meet all conditions of HSW eligibility, e.g., *did not* receive a 1915(c) service within each of the payment months of January through March 2004. Thus, timely submission of the encounter data is vital.

If you have questions on interpretation of the remittance advice, please contact Marea Pierpoint at 517/241-0279. Questions concerning HSW enrollment/recoveries should be directed to Deb Ziegler at 517/241-3044 or Jill Kemp at 517/373-3863.

IK:tj