

# BULLETIN

Michigan Medicaid Policy (MMP) | Health Services

**Bulletin Number:** MMP 26-17

**Distribution:** Prepaid Inpatient Health Plans (PIHP), Community Mental Health Services Programs (CMHSP), Medicaid Health Plans (MHP)

**Issued:** June 1, 2026

**Subject:** Reimbursement of Specialty Behavioral Health Services Based Upon Location of Services

**Effective:** July 1, 2026

**Programs Affected:** Medicaid, Healthy Michigan Plan

The purpose of this policy is to clarify reimbursement of specialty behavioral health services through PIHPs for children and adults in home, community, and residential settings. This policy builds upon previous guidance that was provided under [L 25-16](#) and [L 23-34](#).

## **I. Coverage of Mental Health and Intellectual/Developmental Disability (I/DD) Services**

Services may be provided at or through PIHP service sites or contractual provider locations. Unless otherwise noted in the [Michigan Department of Health and Human Services \(MDHHS\) Medicaid Provider Manual](#), PIHPs are encouraged to provide mental health and I/DD services in integrated locations in the community, including the individual's home, according to individual need and clinical appropriateness. Services must meet MDHHS Network Adequacy standards.

For children and youth, services are to be provided in the least restrictive setting appropriate for the needs of the child or youth (e.g. clinics, schools, home, etc.).

## **II. Coverage of Substance Use Disorder (SUD) Treatment Services**

SUD residential treatment services must generally be provided at state-licensed sites. Licensed providers may provide some activities, including outreach, in community (off-site) settings. Mental health case management may be provided off-site, as necessary, to meet individual needs when case management is purchased as a component of a licensed service. Services must meet MDHHS Network Adequacy standards.

### **III. Coverage of Services in Nursing Facilities**

For adults residing in nursing facilities, only the following clinic services may be provided:

- Nursing facility mental health monitoring;
- Psychiatric evaluation;
- Psychological testing and other assessments;
- Treatment planning;
- Individual therapy, including behavioral services; and
- Crisis interventions.

Refer to the Nursing Facility Coverages chapter of the MDHHS Medicaid Provider Manual for Preadmission Screening/Annual Resident Review (PASARR) policy as well as information on mental health services provided by nursing facilities.

### **IV. Coverage of Services in Child Caring Institutions**

A Child Caring Institution (CCI) is defined in Public Act 116 of 1973, as amended, as: "...a childcare facility that is organized for the purpose of receiving minor children for care, maintenance, and supervision, usually on a 24-hour basis, in buildings maintained by the institution for that purpose, and operates throughout the year."

For children admitted to a CCI who are eligible for PIHP services, the PIHP must also coordinate with the family and/or legal guardian, CCI, and the child's primary care provider to ensure that any Early and Periodic Screening, Diagnosis and Treatment (EPSDT) well child visits are performed in accordance with the American Academy of Pediatrics periodicity schedule, its components, and medical guidelines and with the MDHHS Medicaid Provider Manual. The MDHHS Medicaid Provider Manual describes the coverage responsibilities for screening, diagnostic, and treatment services that are required per EPSDT federal regulations.

#### **A. Coverage of Services for Children with Serious Emotional Disturbances (SED) in a CCI**

Medicaid does not cover services provided to children with SED in CCIs unless it is licensed as a "children's therapeutic group home" as defined in Section 722.111 Sec.1(h) under Act No. 116 of the Public Acts of 1973, as amended, or it is for the purpose of transitioning a child out of an institutional setting (CCI). Medicaid may also be used for the purpose of transitioning a child out of a State Hospital. For transitions from a CCI or State Hospital, the following mental health services initiated by the PIHP may be provided within the designated timeframes:

- The assessment of a child's eligibility and needs for the purpose of determining the community-based services necessary to transition the child out of a CCI or State Hospital. This should occur up to 180 days prior to the anticipated discharge from a CCI or State Hospital.

- Intensive Care Coordination with Wraparound (ICCW) planning, Targeted Case Management, and supports coordination. This should occur up to 180 days prior to discharge from a CCI or State Hospital.

Community Living Supports (CLS) under 1915(i) and waiver programs cannot be delivered in a CCI or children's therapeutic group home.

PIHPs cannot use Medicaid funding to reimburse the provision of room and board but may use other funding sources as permissible under state and federal law.

Admission to a CCI will impact a child's enrollment in the Habilitation Supports Waiver, Children's Waiver Program, Waiver for Children with Serious Emotional Disturbances, or 1915(i). PIHPs cannot reimburse Medicaid services available exclusively through 1915(i) or waiver services except for respite services in a children's therapeutic group home.

The provider must collect any payments available from other health insurers, including Medicare and private health insurance, for services provided to its members in accordance with Section 1902(a)(25) of the Social Security Act and 42 CFR 433 Subpart D and the Michigan Mental Health Code and Public Health Code as applicable. If a child has been placed by MDHHS into a contracted CCI, the CCI is responsible for providing services as required in the MDHHS contract and is paid through the contracted rate.

## **B. Coverage of Services for Children with Intellectual and Developmental Disabilities (I/DD) in a CCI**

Medicaid-funded specialty behavioral health services may be provided to support children with I/DD in a CCI that exclusively serves children with I/DD when authorized by the respective PIHP/CMHSP. The CCI cannot have more than 16 beds as licensed by the State of Michigan and must comply with applicable state licensing laws. Authorization by the PIHP/CMHSP must include identification of the funding source(s) for services rendered to the child in the CCI. Enrollment of the CCI provider is the responsibility of the PIHP/CMHSP to ensure providers rendering services adhere to all state and federal regulations on the use of seclusion and restraint and are appropriately credentialed to perform I/DD services.

The purpose of the child admission to a CCI must be for treatment purposes. The setting must also exclusively serve children with I/DD. PIHPs may reimburse treatment or rehabilitative services that are specifically authorized for the child with I/DD if the services are accessed through EPSDT services or Medicaid State Plan services. Services for children with I/DD that can be delivered within a CCI through EPSDT or Medicaid State Plan services include the following:

- Assessments
- Behavioral Health Treatment Services/Applied Behavior Analysis

- Child Therapy
- Family Therapy
- Group Therapy
- Individual Therapy
- Intensive Care Coordination with Wraparound
- Medication Administration
- Medication Review
- Occupational Therapy
- Physical Therapy
- Psychological Testing
- Speech Therapy
- Supports Coordination
- Targeted Case Management

CLS under 1915(i) and waiver programs cannot be delivered in a CCI or children's therapeutic group home.

PIHPs cannot use Medicaid funding to reimburse the provision of room and board but may use other funding sources as permissible under state and federal law.

Personal care services may be rendered to a Medicaid-eligible individual in a CCI setting licensed and certified by the State under the 1987 Administrative Rule R330.1801-09 (as amended in 1995). For children birth to 21, personal care may be rendered to a child with Medicaid in a CCI setting with a specialized residential program facility licensed by the State for individuals with I/DD under Act No. 116 of the Public Acts of 1973, as amended, and Act No. 258 of the Public Acts of 1974, as amended.

Admission to a CCI will impact a child's enrollment in the Habilitation Supports Waiver, Children's Waiver Program, Waiver for Children with Serious Emotional Disturbances, or 1915(i). PIHPs cannot reimburse Medicaid services available exclusively through 1915(i) or waiver services except for respite services in a children's therapeutic group home.

The provider must collect any payments available from other health insurers, including Medicare and private health insurance, for services provided to its members in accordance with Section 1902(a)(25) of the Social Security Act and 42 CFR 433 Subpart D and the Michigan Mental Health Code and Public Health Code as applicable. If a child has been placed by MDHHS into a contracted CCI, the CCI is responsible for providing services as required in the MDHHS contract and is paid through the contracted rate.

### **C. Coverage of Medicaid Services in a Children's Therapeutic Group Home**

"Children's Therapeutic Group Home" means a CCI receiving children who are diagnosed with a developmental disability as defined in section 100a of the Mental Health Code, 1974 PA 258, MCL 330.1100a, or a SED as defined in section 100d of the Mental Health Code, 1974 PA 258, MCL 330.1100d, and that meets all of the following requirements:

- (i) Provides care, maintenance, and supervision, usually on a 24-hour basis.
- (ii) Has a capacity of not more than six (6) children.
- (iii) Complies with the rules for CCIs. Emergency safety intervention in the form of physical management is allowed but must comply with the Mental Health Code, 1974 PA 258, MCL 330.1001 to 330.2106, and associated administrative rules.
- (iv) Is not a private home.
- (v) Is not located on a campus with other licensed facilities.

In addition to the services that are reimbursable through all CCIs, PIHPs can also reimburse the following services that are specifically delivered in a children's therapeutic group home for children with SED and/or children with I/DD:

- Children's Crisis Residential (when certified by MDHHS)
- Respite (when specifically authorized through a 1915(c) waiver program or the 1915(i) State Plan Amendment on a short-term basis)

The provider must collect any payments available from other health insurers, including Medicare and private health insurance, for services provided to its members in accordance with Section 1902(a)(25) of the Social Security Act and 42 CFR 433 Subpart D and the Michigan Mental Health Code and Public Health Code as applicable. If a child has been placed by MDHHS into a contracted CCI, the CCI is responsible for providing services as required in the MDHHS contract and is paid through the contracted rate.

### **V. Coverage of Medicaid Services in Correctional and Detention Facilities**

Federal law prohibits the use of Medicaid funds to cover services for incarcerated individuals with the exception of inpatient hospitalization (including inpatient psychiatric hospitalization). Medicaid does not cover services provided to children or adults involuntarily residing in public institutions (such as jails, prisons or juvenile detention facilities).

#### **Manual Maintenance**

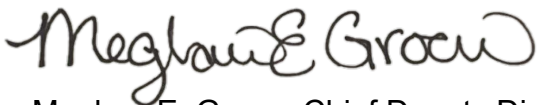
Retain this bulletin until the information is incorporated into the MDHHS Medicaid Provider Manual.

## Questions

Any questions regarding this bulletin should be directed to Provider Inquiry, Department of Health and Human Services, P.O. Box 30731, Lansing, Michigan 48909-8231, or e-mailed to [ProviderSupport@michigan.gov](mailto:ProviderSupport@michigan.gov). When you submit an e-mail, be sure to include your name, affiliation, NPI number, and phone number so you may be contacted if necessary. Typical Providers may phone toll-free 800-292-2550. Atypical Providers may phone toll-free 800-979-4662.

An electronic copy of this document is available at [www.michigan.gov/medicaidproviders](http://www.michigan.gov/medicaidproviders) >> Policy, Letters & Forms.

## Approved

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

Meghan E. Groen, Chief Deputy Director  
Health Services