



Policy Title:	Specialized Residential Fee
Policy #:	07-003-0030
Effective Date:	06/5/2025
Approved by:	Karen Farr, Chief Financial Officer
Functional Area:	Finance
Responsible Leader:	Karen Farr, Chief Financial Officer
Policy Owner:	Kyle McLeod, Administrative Specialist, Financial Management
Applies to:	Contracted Network Providers, Community Agency Contractors, Direct-Operated Programs, Specialized Residential Providers

Purpose: To describe the requirements of the specialized residential fee determination process and ensure compliance with the specialized residential fee determination process set forth in the Michigan Mental Health Code, Chapter 8, and Michigan Department of Health and Human Services Part 8, Subparts 1 and 2.

I. Policy Statement

It is the policy of St. Clair County *Community Mental Health* (SCCCMH) to ensure that a Specialized Residential Fee Determination Process will be followed in accordance with the procedures herein and according to Chapter 8 of the Mental Health Code and the Michigan Department of Health and Human Services (MDHHS) Part 8, Subpart 1 and 2. No person will be denied services for their inability to pay. Persons in non-emergent care may be denied services for refusal to pay their assessed fee.

All *individuals* seeking to receive services from SCCCMH or SCCCMH funded agencies or programs may be required to apply for any and all *insurance coverage* to which they may be entitled in accordance with Part 8 of the MDHHS regulations and the MHC Code of 1996, Chapter 8.

II. Standards

- A. A fee determination of each individual's "Ability to Pay" shall be made (1) upon placement in a SCCCMH specialized group or foster home (i.e., *initial fee determination*); (2) not less often than annually after an initial determination (i.e., *annual fee determination*); (3) when the *individual* or *responsible party's* finances,

dependents, and/or insurance changes significantly (i.e., *new determination*), (4) when the individual or *responsible party* requests a new determination of *Ability to Pay* (i.e., new fee determination); or (5) when the individual or responsible party requests an '*Ability to Pay Administrative Hearing*' (i.e., fee redetermination).

- B.** Fee Determinations are assessed in DES under the Self Pay Policy, as “Based on Specialized Residential.”
 - 1. Zero fee for all Full Medicaid/Healthy Michigan Plan
 - a. Still required to review total finances to ensure there are enough funds to pay room and board and receive the minimum \$44/month in *personal allowance*.
 - b. Follow up on financial shortfalls.
 - c. Report concerns to caseholder, guardian, payee, home provider, Recipient Rights Office, Office of Inspector General, SSA and/or Probate Court.
 - 2. Full Financial is completed for all Non-Medicaid and *Medicaid Spend Downs* using forms listed in III. 6.i
- C.** Full Financial Determinations for 18 years and older shall be determined from those financial documents that are legally available, by taking in to consideration:
 - 1. Single individual’s total financial circumstances, including, but not limited to, *income, expenses*, number and condition of dependents, assets, liabilities, and insurance coverage.
 - 2. Married individual’s and spouses are determined jointly, using total financial circumstances, including, but not limited to, income, expenses, number and condition of dependents, assets, liabilities, and insurance coverage.
 - a. Except with respect to inpatient psychiatric services of less than 61 days, shall determine a spouse’s ability to pay for the first 730 days of inpatient or *residential services* during the individual’s lifetime. After the first 730 days, determine ability to pay solely for the individual.
- D.** Full Financial Determinations for 17 years and younger shall be determined by taking into consideration:
 - 1. *Minors* (with Full Medicaid or MI Child) income only, including but not limited to, income, expenses, number and condition of dependents, assets, liabilities, and insurance coverage. Do not use parent’s income.
 - 2. Minors adopted (without Full Medicaid, MI Child, or a Medicaid Spend Down) who have income and assets, use minors, finances only, including, but not limited to, income, expenses, number and condition of dependents, assets, liabilities, and insurance coverage. Do not use parent’s income.

3. Minors without finances or Full Medicaid or MI Child, use parent's total financial circumstances, including, but not limited to, income, expenses, number and condition of dependents, assets, liabilities, and insurance coverage.
 - a. If the parents are not members of the same household and file separate tax returns, the Ability to Pay of each parent shall be determined and billed separately.
 - b. A parent shall not be determined to have an Ability to Pay above zero for more than (1) individual at any one time, and a parent's total liability for two or more individuals shall not exceed 18 years.
 - i. It shall be the responsible party's duty to notify the SCCCMH that an *Ability to Pay determination* has been made by another program or county.
4. Minors receiving services under Chapter 7, Section 330.1707 of the MHC, including, but not limited to, income, expenses, number and condition of dependents, assets, liabilities, and insurance coverage. Do not inform or use parent's income. Only the minor is responsible for the *cost of services*.
5. The responsible party's Ability to Pay for a calendar month, or any part of a calendar month, is the amount specified as the monthly ability to pay amount.
6. An ability to pay of zero (\$0) shall be established for:
 - a. Minors receiving services under the Serious Emotional Disturbance Waiver (SEDW) program.
 - b. Approved Medical Adoption Subsidy program (proof must be scanned to E.H.R.)
 - c. Full Medicaid, Healthy Michigan Plan (HMP) or MiChild eligibility (does not apply to Medicaid Spend Down or Children's Special Health Care Services).
- E. If the responsible party believes that the income figure being utilized to determine the Ability to Pay is 1) not appropriate to the current income status or 2) does not appropriately reflect the Ability to Pay, they may request a "new determination" of Ability to Pay. SCCCMH shall take into consideration any new information regarding the individual's total financial circumstances not previously considered, including but not limited to, total income, expenses, number and condition of dependents, assets, liabilities, and insurance coverage.
- F. No person will be denied services because of inability to pay or due to the inability of a responsible party to pay but may be denied for refusal to pay when an Ability to Pay has been established.
- G. In instances where, through no fault of the responsible party, the SCCCMH has not billed for services in a timely manner, the SCCCMH shall only obligate a responsible

party to pay for services based on their Ability to Pay when the initial bill for service is presented within two (2) years from the date the services were provided.

- H. All individuals receiving services, or their responsible party shall make available to the SCCCMH (or its subcontractor) any relevant financial information that the SCCCMH is not prohibited by law from obtaining, and that the SCCCMH considers essential for purposes of determining the resident's Ability to Pay. Willful failure to provide relevant information, as specified in this administrative policy, may result in a determination of Ability to Pay up to the full cost of services received by the individual.
- I. The individual receiving services, or their responsible party have the right to refuse to participate in the Ability to Pay process and/or withhold information regarding income and insurance coverage. In this instance, the individual responsible party shall be responsible for full cost of service(s) provided by SCCCMH or one of its subcontractors. An Ability to Pay of \$25,000 shall be entered into the data entry system.
- J. The individual receiving services or responsible party must pay the assessed Ability to Pay to the SCCCMH by the 5th working day of each month. Payments can be made with a check, money order, cash, debit, or credit card by calling 1-810-985-8900 & ask for a *FIPA Tech*, or online at <https://scccmh.org/>.
- K. The SCCCMH Ability to Pay is a separate fee from room, board, and *personal allowance*, which the responsible party must pay room, board, and personal allowance directly to the specialized group home, corporation of the group home, foster care provider and/or corporation of HUD rent.
 - 1. The individual or responsible party may at their discretion retain, on behalf of the individual, part, or all of the individual's personal allowance for the individual's personal needs, so long as there is not a licensing conflict.
- L. Collection of past due fees may include the use of collection agencies, small claims court, collection from an estate or other legally available means.
- M. St. Clair County Community Mental Health may waive *financial liability* amounts for mental health services owed by individuals only after it has determined that the account is uncollectible or that further pursuit would be detrimental to the individual.
- N. The residential monthly Ability to Pay shall be the lesser of: Ability to Pay, Medicaid spend down (if applicable) or full costs of services.
- O. An installment payment agreement may be instituted when the responsible party is not able to pay the full balance at the time it is due. Installment payment agreements are not to exceed 12 months, nor be less than \$20.00 per month.
- P. Funds earned from the facility through residential labor (Mental Health Code, Section 736) shall be protected at one-half.

- Q.** Earned income from wages, shall be protected as the first \$65.00 of each month plus ½ of earned income over \$65. (Mental Health Code, Rule 330.8242(b)(i)(B). See form [#0117 Earned Income Worksheet](#).
- R.** An Ability to Pay of zero (\$0) shall be established for minors receiving services under the Children’s Waiver program and the Medical Adoption Subsidy program.
- S.** When inpatient hospital placements exceed 60 days, the Specialized Residential Fee Determination is retroactive to the first effective date of the hospital placement. If the individual is admitted to two or more hospitals with consecutive dates of service and was not in another living setting between the hospitalizations, complete only one fee determination (consider as one hospital placement).
- T.** Payments can be collected from cash, check, money order, debit card, or credit card, online at <https://scccmh.org>, or by calling a FIPA Tech at 810-985-8900.
- U.** The rates for cost of services will be updated at least annually by St. Clair County Community Mental Health’s Chief Financial Officer in accordance with MDHHS Administrative Rules. A schedule reflecting the cost of specialized residential and *non-residential services* will be available upon request to the responsible party. A schedule reflecting the cost of non-residential services will be posted in a visible location at each program site.
- V.** There shall be a cooperative, collaborative effort among the SCCCMH service programs and their contractors to assure that the information is available to all appropriate service providers.

III. Procedures, Definitions, and Other Resources

A. Procedures

Actions – Initial/Annual Fee Determination for Specialized Residential Placements and Inpatient Services Greater than 60 Days

Action Number	Responsible Stakeholder	Details
1.0	The Region 10 PIHP Access Center	<ol style="list-style-type: none"> 1. Determine whether an individual qualifies SCCCMH services. 2. Inform the individual or responsible party that they will be required to provide financial, insurance and possibly other information to assess a fee.
2.0	Program Supervisor	<ol style="list-style-type: none"> 3. Ensure that staff designated have received training on this administrative policy guideline and the Mental Health Code/MDHHS Administrative Rule requirements regarding fee determinations.
3.0	Primary Caseholder/Designee	<ol style="list-style-type: none"> 4. Prior to or upon placement, advise the individual or responsible party of their financial responsibility (room

Action Number	Responsible Stakeholder	Details
		<p>& board, and personal allowance) and that they will be required to furnish financial documentation to the <i>Account Clerk</i> to assess a SCCCMH Ability to Pay.</p> <ol style="list-style-type: none"> 5. Prior to or within fifteen (15) days of placement, assist responsible party with application for all entitled benefits (e.g., Medicaid, Medicare, SSI, SSDI, RSDI, etc.). Follow up on all applications until a determination is made. Investigate denials to determine rational for denial was justified and assists with appeal if needed. 6. At time of placement: <ol style="list-style-type: none"> a. Complete DHS/SSA Referral form (DHS-3471), submit to MDHHS and SSA to initiate those agencies' review of Level of Care and SSI benefits. Individuals are entitled to higher SSI benefits to pay room and board in full each month (if no SSI benefits, Responsible party must contact local SSA office to apply). Submit copy for Resident's electronic health record (E.H.R.) b. Complete the AFC Resident Care Agreement (BCAL-3266 form) with the individual, responsible party, and licensee as applicable. Review annually and update as needed to reflect changes. Submit copy for resident's E.H.R. 7. Obtain guardian signature on form MDHHS-5515 Consent to Share Behavioral Health Information Submit copy to Records Staff for scanning/upload into the electronic health record (EHR). 8. Upon discharge, complete DHS-3471 (with exception of discharge to hospital, nursing home and jail placements), and submit to MDHHS and SSA to initiate those agencies' review of Level of Care and SSI benefits. Submit copy for E.H.R.
4.0	Account Clerk	<ol style="list-style-type: none"> 9. Complete a fee determination upon initial placement, annually and whenever there is a significant change in the individual's finances and/or insurance according to the following procedures: <ol style="list-style-type: none"> a. Send First Request for financial and insurance documentation necessary for completing a fee assessment. Provide

Action Number	Responsible Stakeholder	Details
		<p>individual or responsible party with “First Request Letter”, form #0003A Financial Information and Payment Agreement, form #007A Available Assets, “Allowable Expenses for Individuals” Exhibit A, and “Allowable Expenses for Spouses” Exhibit B. Send Assistance Application, Retroactive Application and/or MDHHS Consent, as applicable.</p> <p>b. Send Final Request for financial information if not received within fourteen (14) days of first request, indicating that failure to provide financial information may result in the individual/responsible party being charged the full cost of services provided to any non-Medicaid or non-HMP eligible.</p> <p>c. If individual/responsible party does not respond to final request letter within thirty (30) days, enter \$25,000 (full cost) in data entry system for individuals who are non-Medicaid, non-HMP or non-MI Child eligible. Send Full Cost Fee Determination and Full Cost Letter requesting signature. Notify caseholder. Follow up until compliance for initial group home placement eligibility. If no signature is received mark “Refused to Sign.”</p> <p>d. If individual/responsible party does not provide financial information and the individual receiving services is eligible for Medicaid, HMP, or MiChild a zero (\$0) Ability to Pay fee is assessed. Send Fee Determination for signature. If no signature is received, mark “Refused to Sign.”</p> <p>e. Request copies of front and back of insurance card(s) for Initial Fee Determinations and any time there is a change. Account Clerk- will use the Michigan Public Health Institute report as proof of active insurance eligibility for Medicaid, MiChild and HMP.</p> <p>f. Verify all Medicaid, HMP or MI Child insurance(s) monthly. Note insurance changes in the data entry system (DES). Follow</p>

Action Number	Responsible Stakeholder	Details
		<p>through to obtain eligibility with all appropriate parties.</p> <ul style="list-style-type: none"> g. Verify all insurance(s) initially and monthly. Enter and attach confirmation in the DES. h. Complete Fee Determination for Full Medicaid/Healthy Michigan Plan/MiChild eligibility with the Fee Based on Specialized Residential Self Pay Policy in DES (Forms indicated I 1 through 8 not applicable). i. Complete Fee Determination for non-Medicaid, non-HMP and Medicaid Spend Downs using the following forms as applicable: <ul style="list-style-type: none"> i. Form #0119 Specialized Group Homes/Foster Homes or Inpatient > 60 Days - Full Financial Review Income/Expense Analysis. ii. Form #0118 Specialized Group Homes/Foster Homes or Inpatient > 60 Days - Fee Determination for Mental Health Services Monthly Payments. iii. Form #0121 Medicaid Deductible Worksheet. iv. Form #0117, Earned Income Worksheet. v. Form #0120 Parent(s) Financial Determination for Minor Children (Less than 18yrs.) Receiving Specialized Residential Services. vi. Form #0116 Specialized Group Homes/Foster Homes or Inpatient > 60 Days - Financial Ability to Pay Agreement. vii. Form #0034 Ability to Pay - Notice of Rights: New Rate Determination, Redetermination & Appeals. viii. Form #0007 Request for a New Rate Determination. j. Enter all information in DES as “Based on Specialized Residential,” as monthly assessed fee. k. Send fee determination to Supervisor for

Action Number	Responsible Stakeholder	Details
		<p>signature.</p> <ul style="list-style-type: none"> l. Send Fee Determination and Signature Request Letter to Responsible Party. m. Inform the responsible party of their right to request a new determination (utilizing form #0034 Ability to Pay – Notice of Rights: New Rate Determination, Redeterminations & Appeals) if; their income changes, if they believe the amount assessed is not accurate, or if they believe the amount assessed will impose an undue financial hardship. n. Send Fee Determination and Final Request Letter to responsible party if not received within 15 days. o. Document date of signature in DES and send Fee Determination to scanning for E.H.R. p. Enter “Refused to Sign” if signature not obtained. q. Attach all Fee Determination supporting documentation to Self-Pay Policy as supporting documentation of outcome of ability to pay. r. Mail out monthly specialized residential invoices. <p>10. Monitor all monthly specialized payments. Follow up on all non-payments with phone call, letter, caseholder and/or credit bureau as applicable.</p> <p>11. Review residential client statements monthly from Account Clerk – Billing dept. to ensure Ability to Pay balance is accurate in DES.</p> <p>*Note: Initial fee assessment effective date should coincide with date of residential placement. Thereafter, a fee assessment should be completed on January 1st of each year and whenever significant financial and/or insurance changes occur.</p>

Actions – New/Redetermination Requests (Change in income or income does not

appropriately reflect Ability to Pay)

Action Number	Responsible Stakeholder	Details
1.0	Individual/Responsible Party	<ol style="list-style-type: none"> 1. Notify Account Clerk that they disagree with the assessed Ability to Pay in writing and/or use form #0007 Request for a New Rate Determination and submits financial documentation 2. Submit additional new financial documentation.
2.0	Account Clerk	<ol style="list-style-type: none"> 3. Prepare a new determination within 30 days of the request by the individual or responsible party. <ol style="list-style-type: none"> a. Follows Section V. A. 9-13. <p>*NOTE: A Redetermination of financial liability shall not be made retroactively, except where the prior determination was based on erroneous or incomplete information, or where the Redetermination is a decrease in financial liability.</p> <ol style="list-style-type: none"> 4. Determine the adult responsible party's Ability to Pay for a fee redetermination, taking into consideration the adult responsible party's total financial circumstances, including but not limited to income, expenses, number and condition of dependents, assets, and liabilities (R.330.1832 and 330.1819(1)). 5. Determine a minor's Ability to Pay for the cost of services considering the minor's total financial circumstances, including but not limited to, income, expenses, number and condition of dependents, assets, and liabilities (R. 330.1819(2)). 6. If individual/responsible party disagrees with the new determination, ensure individual/responsible party is informed that they shall be entitled to an Administrative Hearing to contest the new determination. Inform the individual/responsible party of the process in requesting an Administrative Hearing. 7. Provide individual/responsible party, to complete SCCCMH form #0006 Ability to Pay - Administrative Hearing Request or SCCCMH form #0012 Ability to Pay - Request for Administrative Hearing by Phone. 8. Upon receipt of form #0006, forward copy of the request to the Hearing Officer. Forward original request to scanning for the E.H.R.

Actions – Administrative Hearing (Redetermination)

Action Number	Responsible Stakeholder	Details
1.0	Hearing Officer	<ol style="list-style-type: none"> 1. SCCCMH shall have a qualified staff person who is designated to conduct the Administrative Hearings and complete the Ability to Pay Redetermination. This hearing officer shall be versed in the Michigan Mental Health Code, MDHHS Administrative Rules and PIHP/SCCCMH policies regarding Ability to Pay. 2. Review responsible party's request for an Ability to Pay Redetermination Administrative Hearing and schedules the Administrative Hearing within five (5) days of receipt of the request. Attempt to schedule the hearing as soon as possible, or within thirty days (30) days of hearing request. 3. Conduct Administrative Hearing, documenting responsible party concerns and requests (SCCCMH form #0032 Ability to Pay - Administrative Hearing Disposition). 4. Complete a redetermination of Ability to Pay, by completing a total financial assessment, pursuant to the above, follows Section V. A.9-13. 5. If the redetermination is determined to be able to pay is higher than the amount under previous determinations, SCCCMH shall charge the higher amount only for the financial liability that is incurred after the date of the redetermination. 6. Inform, in writing: <ol style="list-style-type: none"> a. The redetermination results. b. The right to appeal the redetermination in accordance with the Mental Health Code (R. 330.1836) to the Probate Court of the county in which they reside (form #0028 Ability to Pay – Notice of Administrative Hearing Outcome). c. That if their Ability to Pay has undergone change, they may request the SCCCMH to make a 'new determination' of Ability to Pay, and the SCCCMH shall be required to do so. The new determination shall be made in accordance with the guidelines of the administrative policy.

Action Number	Responsible Stakeholder	Details
1.0	Account Clerk	<ol style="list-style-type: none"> 1. Review all residential open and closed balances for delinquencies. 2. Notify program supervisor/clinical staff of open account balances.
2.0	Program Supervisor/Clinical Staff	<ol style="list-style-type: none"> 3. Discuss the impact of discontinuing services for any active individual with Primary Caseholder. 4. Make recommendation to SCCCMH Chief Executive Officer/designee to discontinue services if appropriate. If service continuation is appropriate, instruct Account Clerk to pursue payment agreement.
3.0	Account Clerk/Primary Caseholder	<ol style="list-style-type: none"> 5. Prepare cover letter and Installment Payment Agreement (form #0002 Installment Payment Agreement – Specialized Residential) for individual/responsible party.
4.0	Calls individual/responsible party and discuss	<ol style="list-style-type: none"> 6. Agreement (first payment is due upon signing and thereafter by the fifth working day of each month until balance is paid in full) 7. Obtain signature. 8. Forward a copy of signed agreement to the Scanning for the E.H.R. 9. Notify Primary Caseholder when active individual/responsible party fails to make payments in accordance with the installment agreement. 10. Send a series of three (3) collection letters to the individual/responsible party, prior to account being forwarded to the Credit Bureau of Michigan. 3rd collection letter sends certified & regular mail.
5.0	Primary Caseholder	<ol style="list-style-type: none"> 11. Notify Account Clerk in writing within five (5) days when aware of any new circumstances that would make further collections unwarranted.
6.0	Account Clerk	<ol style="list-style-type: none"> 12. Fill out form #0264 Request to Send Responsible Party to the Credit Bureau or Write-Off Account, and routes to applicable clinical staff and Management.

Actions – Write-Off of Uncollectible Accounts

Action Number	Responsible Stakeholder	Details
1.0	Account Clerk	<ol style="list-style-type: none"> 1. Forward form #0264 Request to Send Responsible Party to the Credit Bureau or Write-Off Account and supporting documentation to the Chief Financial Officer for data entry system write off.

Action Number	Responsible Stakeholder	Details
2.0	Chief Financial Officer	<ol style="list-style-type: none"> 2. Approve write-off of amounts less than \$1,000.00. 3. Submit listing of write-offs in excess of \$1,000.00 to Chief Executive Officer for approval.
3.0	Account Clerk-Billing	<ol style="list-style-type: none"> 4. Upon approval, remove account balances from data entry system. 5. Send form #0264 with signatures to electronic health records (E.H.R.)

B. Related Policies

[Administrative Policy #05-003-0050, Personal Funds](#)

C. Definitions

1. *Ability to Pay (ATP)*: The ability of a responsible party to pay for the cost of services, as determined by the Michigan Department of Health and Human Services, under the Mental Health Code of 1996 (Rendered November 19, 2024), Chapter 8, Section 1819.
2. *Ability to Pay Determination*: The financial Ability to Pay assessment that determines a responsible party's Ability to Pay for the cost of services, using the guidelines specified in the Mental Health Code and MDHHS Administrative Rules. Pursuant to the Michigan Mental Health Code, the Ability to Pay determination process has the following three (3) components:
 - a. *Initial Fee Determination*: The assessment process the SCCCMH uses to assess the responsible party's Ability to Pay for the cost of services using the criteria specified in Sections 330.1818 and 330.1819, Subsection 819(1) and 819(2) by taking into consideration the total financial circumstances, including but not limited to, income, expenses, number and condition of dependents, assets, and liabilities.
 - b. *Annual Fee Determination*: The assessment process that SCCCMH uses if an individual receives specialized residential services for more than 1 year, where the responsible party's Ability to Pay for the cost of services is calculated using the procedures below.
 - c. *New Determination*: The assessment process that SCCCMH uses to make a new fee determination when the responsible party believes the income figure used to determine their Ability to Pay is not appropriate to their current income status or does not appropriately reflect their Ability to Pay. If a responsible party has stated that the income figure being utilized is not appropriate to his or her current income status or does not appropriately reflect his or her Ability to Pay, the SCCCMH shall make a

new determination of Ability to Pay using the criteria specified in Section 330.1819, Subsections 819(1) and 819(2) and Section 330.1820 by taking into consideration the total financial circumstances, including but not limited to, income, expenses, number and condition of dependents, assets and liabilities.

3. *Ability to Pay Administrative Hearing*: The formal meeting where a qualified independent party of the SCCCMH makes a redetermination of Ability to Pay pursuant to the process steps detailed in the Michigan Mental Health Code, Sections 330.1819, 330.1820 and 330.1834.
4. *Account Clerk*: St. Clair County Community Mental Health Account Clerk or Contract Agency Staff responsible for completing a financial determination with responsible party.
5. *Available Assets*: Available money and the market value of any stocks, bonds, or negotiable instruments not secured for debt. Available assets include real and personal property, excluding primary *homestead*, tangible personal property and one vehicle (two vehicles may be excluded if married). Refer to Exhibit F for examples. Available assets jointly owned shall be equally divided among all owners, unless otherwise specified by the ownership agreements.
6. *Child*: An unmarried individual who is less than 18 years of age, which is referred to as a “minor” within this policy.
7. *Community Mental Health: (SCCCMH)*: For purposes of this administrative policy shall mean the St. Clair County Community Mental Health Services Program, which is a separate legal public governmental entity created under the Michigan Mental Health Code, R 330.1205 to operate as a community mental health service program, under Chapter 2 of the Michigan Mental Health Code.
8. *Cost of Services*: The total operating and capital costs incurred by the Michigan Department of Health and Human Services or a community mental health services program with respect to, or on behalf of, an individual. Cost of services does not include the expenses of state or county government unrelated to the provision of mental health services.
9. *Day of Specialized Service Reporting*: The individual in the residential setting must receive at least one Personal Care or Community Living Supports activity that relates to the goals as specified in the IPOS. The specialized residential home cannot report a per diem on day of discharge when the individual gets another Provider’s per diem code on the day of discharge (e.g., hospitalization, transfers between homes). Reporting is documented on form [#1024A Specialized Residential Personal Care and Community Living Supports Log](#).

10. *Expenses:* The reasonable expenditures of money, actual and estimated, that are not reimbursed, during a financial year to maintain a standard of living essential for oneself and their dependents. Refer to Exhibits A and B and form [#0119 Specialized Group Homes/Foster Homes or Inpatient > 60 Days – Full Financial Review Income/Expense Analysis for examples](#).
11. *Family:* Includes child, dependent, individual, parent or spouse, as defined by MDHHS.
12. *Financial Liability:* That portion of the charges not covered by insurances, not to exceed the assessed Ability to Pay.
13. *FIPA Tech:* Financial Information and Payment Agreement Technician
14. *Income:* All earned income and unearned funds received, including, but not limited to the following:
 - a. Compensation for labor or services
 - b. Proceeds from a business
 - c. Investments
 - d. Gifts (includes gift cards)
 - e. Sale or rental of property, goods, or services
 - f. Income benefits: Social Security Benefits (SSB), Social Security Disability Insurance (SSDI), Supplemental Security Income (SSI), Retirement Survivors Disability Insurance (RSDI), Old-Age Survivors and Disability Insurance (OASDI) retirement, pension, or Veterans Disability Benefits.
14. *Individual:* The individual, minor or adult, who receives services from the Michigan Department of Health and Human Services or a community mental health services program or from a provider under contract with the Michigan Department of Health and Human Services or a community mental health services program.
15. *Inpatient Services:* Twenty-four-hour care and treatment services provided by a state facility or a licensed hospital. For purposes of this administrative procedures inpatient stay would be more than 60 days.
16. *Insurance Benefits:* Payments made in accordance with insurance coverage for the cost of health care services provided to an individual, identifying Medicaid as the payer of last resort.
17. *Insurance Coverage:* Any policy, plan, program, or fund established or maintained for the purpose of providing for its participants or their dependents' medical, surgical, or hospital benefits. Insurance coverage includes, but is not limited to Medicaid, Healthy Michigan Plan or Medicare; policies, plans,

programs, or funds maintained by nonprofit hospital service and medical care corporations, health maintenance organizations, and prudent purchaser organizations and commercial, union, association, self-funded, and administrative service policies, plans, programs, and funds.

18. *Medicaid Spend Down*: The amount that the Michigan Department of Health and Human Services has determined to be a Medicaid recipient's responsibility to pay monthly.
19. *Minor*: An unmarried individual less than 18 years old.
20. *Non-Residential Services*: Care or treatment services that are crisis residential less than 61 days, hospital inpatient less than 61 days, outpatient services, SUD, and all respite care services.
21. *Notice of Rights for Ability to Pay*: When the responsible party does not agree with the assessed ability to pay, they have the right to a:
 - a. New Rate Determination
 - b. Full Financial Determination
 - c. Appeal to have an Administrative Hearing with an Administrative Hearing Officer
 - d. Appeal to the Probate Court
22. *Personal Allowance*: The amount that the individual (or responsible party) is allowed to keep specifically for the individual's personal needs. The amount can be no less than \$44/month, unless approved in the resident's "Individual Plan of Service" in accordance with the [Administrative Policy #05-003-0050, Personal Funds](#). An individual may receive between \$44/month and \$64/month, providing the Social Security benefits and other income received warrants the higher amount.
23. *Protected Assets*: The portion of available assets not considered when the total financial situation is used to determine financial liability.
24. *Protected Income*: The portion of income that is not considered when the total financial situation is used to determine financial liability (Protected Income is determined on form [#0117 Earned Income Worksheet](#)).
25. *Residential Services*: One of the following:
 - a. 24-hour dependent care and treatment services provided by specialized foster care or specialized group home facilities under contract to Community Mental Health Services Program or provided directly by a Community Mental Health Services Program or,
 - b. Inpatient services equal to or greater than 61 days.
 - c. For the purposes of this administrative procedures, respite and crisis

placements are not considered a residential service.

26. *Responsible Party*: A person who is financially liable to pay for services furnished to the individual (i.e., the individual, spouse, parent(s), Representative Payee, Payee, Guardian, or Guarantor).
27. SSA: Social Security Administration.
28. *Undue Financial Burden*: A determination of an Ability to Pay that would:
 - a. Materially decrease the standard of living of an individual or responsible party, or their dependent(s), by decreasing the individual's or responsible party's capacity to pay for expenses as defined in MDHHS rules; or
 - b. Deprive the individual or responsible party of the financial means to maintain or reestablish the individual in a reasonable and appropriate community-based setting.

D. Forms

[#0002 Installment Payment Agreement – Specialized Residential](#)

[#0003A Financial Information and Payment Agreement](#)

[#0006 Ability to Pay - Administrative Hearing Request](#)

[#0007 Request for a New Rate Determination](#)

[#0007A Available Assets](#)

[#0012 Ability to Pay - Request for Administrative Hearing by Phone](#)

[#0014 Ability to Pay - Administrative Hearing Notice](#)

[#0015 Ability to Pay - Administrative Hearing Findings](#)

[#0028 Ability to Pay - Notice of Administrative Hearing Outcome](#)

[#0032 Ability to Pay - Administrative Hearing Disposition](#)

[#0034 Ability to Pay - Notice of Rights: New Rate Determination, Redetermination & Appeals](#)

[#0116 Specialized Group Homes/Foster Homes or Inpatient > 60 Days - Financial Ability to Pay Agreement](#)

[#0117 Earned Income Worksheet](#)

[#0118 Specialized Group Homes/Foster Homes or Inpatient > 60 Days - Fee Determination for Mental Health Services Monthly Payments](#)

[#0119 Specialized Group Homes/Foster Homes or Inpatient > 60 Days - Full Financial Review Income/Expense Analysis](#)

[#0120 Parent\(s\) Financial Determination for Minor Children \(Less than 18yrs.\) Receiving Specialized Residential Services](#)

[#0121 Medicaid Deductible Worksheet](#)

[#0264 Request to Send Responsible Party to the Credit Bureau or Write-Off Account](#)

[#1024A Specialized Residential Personal Care and Community Living Supports Log](#)

E. Other Resources (i.e., training, secondary contact information, exhibits, etc.)

[Exhibit A: Allowable Expenses for Individuals](#)

[Exhibit B: Allowable Expenses for Spouses or Parents](#)

[Exhibit C: Example of Request for Information Letter](#)

[Exhibit D: Example of Final Request for Information Letter](#)

[Exhibit E: Example of Request Signature/Thank You letter](#)

[Exhibit F: Available Assets and Income](#)

F. References

N/A

IV. History

- Initial Approval Date: 06/1983
- Last Revision Date: 04/2025 BY: Irene Schuck
- Last Reviewed Date: 07/2023 BY: Irene Schuck
- Non-Substantive Revisions: N/A
- Key Words: Specialized, Residential, Fee, Ability to pay