

MEDICAID POLICY INFORMATION SHEET

Policy Analyst: Dana Moore

Phone Number: 517-335-0381

Initial ☐

Public Comment ☒

Final ☒

Brief description of policy:

The purpose of this bulletin is to add a new subsection in the Behavioral Health and Intellectual and Developmental Disability Supports and Services chapter of the MDHHS Medicaid Provider Manual establishing self-directed budgeting for Community Living Supports (CLS) for Habilitation Supports Waiver (HSW) beneficiaries with self-directed service arrangements.

Reason for policy (problem being addressed):

This bulletin is being issued for settlement-related action items identified in Derek Waskul, et al. v. Washtenaw Community Mental Health, et al. to update policy specific to the HSW.

Budget implication:

☐ budget neutral

☒ will cost MDHHS \$ 20.3 Million Gross, and is partially budgeted in current appropriation

☐ will save MDHHS \$

Is this policy change mandated per federal requirements?

Yes, pursuant to a federal court order.

Does policy have operational implications on other parts of MDHHS?

No

Does policy have operational implications on other departments?

Yes - the Department of Licensing and Regulatory Affairs (LARA).

Summary of input:

☒ controversial (Five PIHPs who have noted to not support the implementation of the Waskul agreement).

☐ 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: 2537-BH	Date: August 29, 2025

Comments Due: October 3, 2025
Proposed Effective Date: October 1, 2025
Direct Comments To: Dana Moore
E-Mail Address: MooreD61@michigan.gov
Phone:

Fax:

Policy Subject: Policy Updates Related to Establishing Self-Directed Budgeting for Habilitation Supports Waiver (HSW) Self-Directed Service Arrangements for Community Living Supports (CLS)

Affected Programs: Medicaid, HSW

Distribution: All Providers

Summary: The purpose of this bulletin is to add a new subsection in the Behavioral Health and Intellectual and Developmental Disability Supports and Services chapter of the MDHHS Medicaid Provider Manual establishing self-directed budgeting for CLS for HSW beneficiaries with self-directed service arrangements.

Purpose: This bulletin is being issued for settlement-related action items identified in Derek Waskul, et al. v. Washtenaw Community Mental Health, et al. to update policy specific to the HSW.

Cost Implications: will cost MDHHS \$ 20.3 Million Gross, and is partially budgeted in current appropriation.

Potential Hearings & Appeal Issues: N/A

State Plan Amendment Required: Yes ☐ No ☒
If yes, date submitted:

Public Notice Required: Yes ☐ No ☒
Submitted date:

Tribal Notification: Yes ☐ No ☒ - **Date:**

THIS SECTION COMPLETED BY RECEIVER

☐ **Approved**

☐ **No Comments**

☐ **Disapproved**

☐ **See Comments Below**

☐ **See Comments in Text**

Signature:

Phone Number

Signature Printed:

Bureau/Administration (*please print*)

Date

BULLETIN

Michigan Medicaid Policy (MMP) | Health Services

Bulletin Number: MMP 25-41

Distribution: All Providers

Issued: August 29, 2025

Subject: Policy Updates Related to Establishing Self-Directed Budgeting for Habilitation Supports Waiver (HSW) Self-Directed Service Arrangements for Community Living Supports (CLS)

Effective: October 1, 2025

Programs Affected: Medicaid, HSW

Introduction

This bulletin is being issued for settlement-related action items identified in *Derek Waskul, et al. v. Washtenaw Community Mental Health, et al.* to update policy in the Behavioral Health and Intellectual and Developmental Disability Supports and Services chapter within the [Michigan Department of Health and Human Services \(MDHHS\) Medicaid Provider Manual](#), with changes specific to the Habilitation Supports Waiver (HSW). The updates include the addition of a new section in the MDHHS Medicaid Provider Manual for establishing self-directed budgeting for Community Living Supports (CLS) for HSW beneficiaries with self-directed service arrangements.

HSW for Persons with Developmental Disabilities

HSW Self-Directed Service Arrangements for CLS

For HSW beneficiaries who self-direct their services, both the Individual Plan of Service (IPOS) and the individual budget are developed in conjunction with one another through the person-centered planning (PCP) process.

The Home and Community Based Services Rule (42 C.F.R. Part 441, Subpart G), Appendix D-1 of the HSW, Michigan Mental Health Code, and MDHHS Medicaid Provider Manual provisions implement Appendix D-1 of the HSW governing the PCP process.

The beneficiary and the Prepaid Inpatient Health Plan (PIHP)/Community Mental Health Services Program (CMHSP) must agree, during the PCP process, to the amounts in the individual budget before the budget is authorized for the beneficiary's use.

If the PCP process does not result in an agreed budget, the PIHP/CMHSP shall set the budget and, pending resolution through any internal appeal and Fair Hearing that the beneficiary may pursue, the budget shall be set equal to the immediately preceding budget.

The IPOS must set forth, in detail and with specificity, the amount, scope, and duration of the beneficiary's CLS services, as defined in the Community Living Supports (CLS) section of the Behavioral Health and Intellectual and Developmental Disability Supports and Services chapter within the [MDHHS Medicaid Provider Manual](#). The activities and tasks constituting the "scope" of the services, for example, should be set forth in enough detail for their anticipated individual and cumulative costs to be ascertained.

The amount of the beneficiary's CLS budget is determined by costing out the medically necessary services and supports set forth in the IPOS. The budget shall:

- a. Consider staff wages and compensation including:
 - (i) Consist of staff wages in an amount sufficient to provide the medically necessary services identified in the beneficiary's IPOS but that shall not exceed the staff wage necessary to do so, multiplied by the number of authorized units that staff member is expected to fill; and
 - (ii) Include Worker's Compensation, Unemployment Insurance, benefits (such as health insurance and retirement contributions), Human Resources (HR) requirements, required trainings, supervision, planning meetings, and payroll taxes.
- b. Include appropriate staff wage. Considerations for determining an appropriate staff wage may include, but are not limited to, CLS staff wages charged by self-determination providers in the community for similarly-situated CLS recipients; staff wages for the CLS beneficiary's self-determination providers for other services; staff wages the CLS beneficiary has previously paid to CLS self-determination staff; staff wages requested by CLS self-determination staff the CLS beneficiary wishes to hire; staff wages requested by CLS self-determination staff that have responded to job advertisements posted by the CLS beneficiary; and the CLS beneficiary's efforts to locate staff at any given staff wage.
- c. Consider the anticipated costs of the activities and tasks determined to be part of the CLS services' "scope" and which shall be costed out separately
- d. Include the beneficiary's anticipated transportation costs related to the CLS activities and tasks in the IPOS are likewise costed out separately with it being understood that staff transportation costs do not include home-to-workplace or workplace-to-home transportation time or expense for the staff member.
- e. Be sufficient to implement the IPOS.

Public Comment

The public comment portion of the policy promulgation process is being conducted concurrently with the implementation of the change noted in this bulletin. Any interested party wishing to comment on the change may do so by submitting comments to Dana Moore at MooreD61@michigan.gov.

Please include "Policy Updates Related to Establishing Self-Directed Budgeting for HSW Self-Directed Service Arrangements for CLS" in the subject line.

Comments received will be considered for revisions to the change implemented by this bulletin.

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. 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 >> Policy, Letters & Forms.

Approved



Meghan E. Groen, Chief Deputy Director
Health Services