| Section: **Provider Network Management** | Policy Name: **Provisional Provider Approval for Home and Community-Based Services (HCBS)** | Policy Number: **02.19** |
|---|---|---|
| Owner: **Chief Clinical Officer** | Reviewed By: **Alena Lacey, MA, LPC** | Total Pages: **4** |
| Required By: ☐ **BBA** ☒ **MDHHS** ☐ **NCQA** ☐ **Other (please specify):** _____ | Final Approval By: Alena Lacey | Date Approved: Jul 23, 2026 |
| Application: ☒ **SWMBH Staff/Ops** ☒ **Participant CMHSPs** ☐ **SUD Providers** ☒ **MH/IDD Providers** ☐ **Other (please specify):** **MI Health Link** | Line of Business: ☒ **Medicaid** ☒ **Healthy Michigan** ☐ **SUD Block Grant** ☐ **SUD Medicaid** ☒ **MI Health Link** ☐ **CCBHC** ☐ **Other (please specify):** _____ | Effective Date: **7/1/2020** |

**Policy:** Effective October 1, 2017, the Prepaid Inpatient Health Plan (PIHP) will not allow a CMHSP to enter into any contracts with providers of services covered by the Federal Home and Community Based Services (HCBS) Rule (42 CFR Parts 430,431, 435, 436, 440, 441 and 447) unless the provider has first either obtained HCBS Provisional Approval or HCBS Provisional Approval for One status from the PIHP. The appropriate type of Provisional Approval is granted after the Community Mental Health Service Provider (CMHSP) completes both a site visit and the HCBS New Provider Survey and the results are approved by the PIHP. The PIHP may directly conduct site visits and HCBS New Provider Surveys if requested by the CMHSP. Providers and participants will then receive the HCBS comprehensive survey within 90 days of the beginning of provision of services. Providers will complete the HCBS comprehensive survey and cooperate with the PIHP to demonstrate 100% compliance with the Federal HCBS final rule, State requirements as promulgated by the Michigan Department of Health and Human Services (MDHHS) and as documented in the Michigan Statewide Transition Plan. Failure to complete the HCBS Provisional Approval process or the HCBS Provisional Approval for One process will result in the exclusion from participating in Medicaid or Healthy Michigan Plan funded HCBS services. In addition, failure to complete the HCBS comprehensive survey ongoing process as requested by PIHP also will result in the exclusion from participating in Medicaid or Healthy Michigan Plan funded HCBS services.

**Purpose:** The purpose of this policy is to define the provisional approval process that SWMBH's participant CMHSPs will utilize with their providers to ensure that the provider complies with the HCBS final rule.

**Scope:** SWMBH; Participant CMHSPs

**Responsibilities:** SWMBH and its Participant CMHSPs are responsible for completing either the HCBS Provisional Approval or the HCBS Provisional Approval for One processes prior to execution of contracts with applicable providers.

**Definitions:**

HCBS Provisional Approval: A process that allows a new provider, or an existing provider with a new setting or service, to be contracted to provide services to HCBS participants for up to 90 days after completion of a site visit and the HCBS New Provider Survey is approved by the PIHP.

HCBS Provisional Approval for One: A process that allows a new provider, or an existing provider with a new setting or service, to provide services to one specific HCBS participant for up to 1 year after the completion of a site visit and an HCBS New Provider Survey have resulted in finding indicating qualities of an institution or isolating features. After additional consultation with MDHHS and the PIHP such restrictive features are found to be HCBS compliant for the one specific participant due to their individual health and safety needs. HCBS Provisional Approval for One will be reviewed based on the approval period given by MDHHS and the PIHP to ensure restrictions are still needed for the participant's safety.

**Standards and Guidelines:**

A. The Community Mental Health Service Provider (CMHSP) is responsible for ensuring that any new site, new provider, or new program of relevant waiver services completes the appropriate Provisional Approval process prior to executing a contract with them. Applicable services include specialized residential providers who serve individuals on the habilitation supports waiver as well as other 1915 (i) services (skill building, supported employment, and community living supports). See attachments for instructions on the appropriate Provisional Approval processes.

B. The CMHSP or PIHP shall complete a site review prior to executing a contract to ensure that the new provider, program, or site does not have the qualities of an institution or have isolating factors. If such factors are found a Provisional Approval for One process must occur prior to contract.

C. The CMSHP is responsible for working with any new provider to ensure compliance with HCBS standards. This includes ongoing site reviews as outlined in SWMBH Operating Policy 2.13 and remediating any HCBS non-compliance as a result of a completed survey.

D. The PIHP is responsible for tracking all new sites, new providers, and new programs.

E. The PIHP is responsible for administering all HCBS comprehensive surveys within 90 days of appropriate provisional approvals and ongoing as required.

F. The PIHP is responsible for monitoring to ensure full compliance for new providers through the HCBS corrective action and remediation process.

**References:**

A. Medicaid Managed Specialty Supports and Services Concurrent 1915(b)/(c) Waiver Program FY 19 Section 18.1.13

**Attachments:**

A. 2.19A HCBS Residential Provisional Approval Application (dated 2.2024)
B. 2.19B HCBS Non-Residential Provisional Approval Guidance (dated 2.2024)
C. 2.19C Guide for Home and Community Based Provisional Approval Process
D. 2.19D HCBS Provisional Approval Flowchart
E. 2.19E Secure Setting Approval Process Guide
F. 2.19F Application for Secure Setting

**Revision History**

| Revision # | Revision Date | Revision Location | Revision Summary | Revisor |
|---|---|---|---|---|
| 01 | 7/01/2020 | N/A | Moved to new template | Mila C. Todd |
| 02 | 9/26/2022 | Policy, Purpose, Responsibilities, Definitions, Standards and Guidelines, and Attachments | Policy, Purpose and Responsibility language clarified. Definitions added. Standard and Guidelines updated and clarified. Grammatical changes throughout. | Jen Strebs<br>Jeremy Franklin<br>Alena Lacey |
| 03 | 6/11/26 | Attachments | Revised and added policy attachments. | Gina Adams |
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# 02.19 Provisional Provider Approval for Home and Community Based Services (HCBS)

Final Audit Report 2026-07-23

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