



Procedure Title: Service Rate Changes	Procedure #: 03-023	<u>Review Dates</u>	
Category: Finance Subject: To provide a fair, prudent, and uniform process for implementing changes to provider service rates. This policy does not apply to individual consumer rates.	Prepared by: Name: Brandy Carlson Title: Chief Financial Officer Approved by: DocuSigned by:  <small>AA7CB048AB004A3...</small> Rich Francisco, Executive Director	09/25/2025	
		12/19/2025	
	Effective Date: 01/27/2023	Last Revised Date: 05/21/2024	

I. PURPOSE

Service rate changes will be considered under the following conditions, and when it can be shown that the impact significantly changes the cost of providing the service:

A. Scope Change or Clinical Need - Examples include:

1. Clinical need for implementation of best practices or innovation.
2. Service or program changes are determined necessary by HealthWest to achieve desired outcomes.
3. Assumptions utilized to determine whether the previous rate has changed or do not apply.

B. Regulatory Requirements – Examples include:

1. Michigan Department of Health and Human Services requires a change in the service or service site or may have procedural changes.
2. Enactment of a law, or changes within a law significantly impacting service provision.

C. Change in Payment Structure – Examples include:

1. Value-based
2. Outcome-oriented

D. Change in Available Resources

E. Clinical Documentation Requirement

1. To substantiate the rate increase request, appropriate clinical documentation must be provided to demonstrate the necessity and impact of the proposed change.

II. APPLICATION

This policy applies to contracted providers of HealthWest.

III. PROCEDURE

A. Requesting Service Rate Changes

1. To initiate a request, a Provider or a member of the Provider Network Team must complete the [Agency Rate Review Request Form](#). Verbal requests or requests submitted in any other manner will not be considered. Any such request may be considered for all providers of that service element.
2. A Provider shall have the opportunity to review the initial agreed-upon rates on an annual basis. Such requests must be provided in writing to the Provider Network Team.

B. Reviewing Rate Changes

1. The submitted Rate Review Request Form is initially reviewed by Provider Network Services Team on a preliminary impact.
2. After preliminary review, the request will be discussed with the Chief Financial Officer, and determination will be made to move forward or deny the request.
3. If the request is approved to move forward, the Provider Network Team will discuss the rate review with the Network Adequacy Team.
4. The rate assumptions will be developed and reviewed by the Network Adequacy Team.
 - a. If the proposed rate does not exceed a budget threshold, the Provider Network Specialist will process the request.
 - b. If the proposed rate exceeds a budget threshold, the information will be forwarded to the Executive Leadership Team for approval.
5. If the rate request is denied at any point in the process, the Manager of Procurement and Provider Network will ensure the requesting provider is notified the rate was not approved.

C. Impact of Procurement Process

1. Requests for proposals will indicate that during the contract year rate changes may be made that are different from those outlined in the initial Request for Proposal (RFP). The RFP will outline the conditions under which a rate change may be considered so potential bidders are fully informed of the possibility.
2. When there is significant rate change, HealthWest may facilitate procurement for that service prior to the five-year period. HealthWest will use discretion in determining "significant change" for procurement of the targeted service.