

NURSING FACILITY MEDICAID COST REPORTS

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Senate Bill 1038 as enacted

Public Act 612 of 2018

Sponsor: Sen. Jim Stamas

House Committee: Families, Children, and Seniors

Senate Committee: Oversight

Complete to 3-4-19

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

Senate Bill 1038 adds section 111m to the Social Welfare Act to revise requirements regarding Medicaid cost reports. The bill will take effect June 26, 2019.

Cost reports

The bill requires the Department of Health and Human Services (DHHS) to accept a Medicaid cost report filed by a nursing facility within 60 days after the facility files the report. The DHHS must also ensure that an audit of a Medicaid cost report filed by a nursing facility is completed within 21 months after the final acceptance of the report. The settlement for an audit must be delivered to the provider no later than 60 calendar days after the provider accepts the final summary of audit adjustments. If a provider fails to release the records needed to verify a specific cost report expense within 15 business days of a written request, the DHHS may disallow the cost associated with the item in question. (The time periods described above do not include time associated with an appeal or a charge of fraud filed against the provider.)

If an audit is not completed within 21 months, the DHHS must accept the cost report as filed and move to settlement.

On-site audits

An on-site audit may be performed at an individual nursing facility or at the corporate office if a home office cost report is filed. Unless the nursing facility agrees to an extended timeline, an on-site audit cannot last more than 30 calendar days per cost report year, for an individual nursing facility, or more than 180 calendar days per cost report year for more than six nursing facilities owned or controlled in common. A limited-scope audit must be performed in the years an on-site audit is not performed. These time periods audits must be completed within the 21-month time period described in Cost Report, above. A customer satisfaction survey must be provided to the nursing facilities that have completed audits in the previous quarter.

Availability of documentation

A nursing facility must make available to an auditor documentation required in accordance with the Medicaid state plan, the Medicaid Provider Manual, and the Code of Federal Regulations relating to Medicare or Medicaid. In sharing information, a nursing facility must enhance its utilization of electronic documents and correspondence in order to reduce the time and travel required for the audits.

Auditor education

The DHHS must provide auditor education and include an ongoing discussion of all audit adjustments to ensure consistency in applying DHHS policy and to identify and eliminate any inconsistencies between offices.

Finalization of audits and cost reports

No later than June 26, 2021, the DHHS must finalize all audits and settlements for cost reports that were filed before June 26, 2019. Such a cost report not completed by the DHHS by that date must be accepted by the DHHS as filed by the nursing facility, and a cost report settlement must be issued within 60 calendar days after acceptance.

Annual report

Beginning June 26, 2021, the DHHS must provide an annual report to the appropriate stakeholders, including at least one representative from each nursing facility provider trade association, on the implementation and results of the cost report audit and settlement process established by the new section 111m. The report must include at least both of the following:

- The number of limited-scope audits, on-site audits, and any other type of audit performed during the reporting period.
- Results of audit satisfaction surveys and how the DHHS has responded to those surveys.

MCL 400.111m

FISCAL IMPACT:

Senate Bill 1038 could increase Medicaid nursing home costs related to the changes in accepting cost reports by a minimal amount. If Medicaid nursing home costs were to increase, the federal share of the increase would be 64.45% and the state share would be 35.55%.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.