## I. ~~METHOD FOR REIMBURSEMENT TO NURSING FACILITIES~~ REIMBURSEMENT METHODOLOGY

The Department of Health~~ and Hospitals~~, Office of the Secretary, Bureau of Health Services Financing, establishes a system of prospective payment for nursing facilities based on recipient care needs that incorporates acuity measurements as determined under the Resource Utilization Group III (RUG-III) resident classification methodology. This system establishes a facility specific price for the Medicaid nursing facility residents served. It also provides for enhanced reimbursement for Medicaid residents who require skilled nursing services for an infectious disease and technology dependent care. Facilities may furnish any or all of these levels of care to residents. Every nursing facility must meet the requirements for participation in the Medicaid program.

Effective for assessments with assessment reference dates of October 1, 2023 and after, the Department mandates the use of the optional state assessment (OSA) item set. The OSA item set is required to be completed in conjunction with each assessment and at each assessment interval detailed within this Section. The OSA item set must have an assessment reference date that is identical to that of the assessment it was performed in conjunction with.

### A. COST REPORTS

1. Nursing facility providers under Title XIX are required to file annual cost reports as follows:

   a. Providers of nursing facility level of care are required to report all reasonable and allow-able cost on a regular nursing facility cost report. Effective for periods ending on or after June 30, 2002, the regular nursing facility cost report will be the skilled nursing facility cost report adopted by the Medicare Program. This cost report is frequently referred to as the Health Care Financing Administration (HCFA) 2540. The cost reporting period begin date shall be the later of the first day of the facility's fiscal period or the facility's certification date. The cost reporting end date shall be the earlier of the last day of the facility's fiscal period or the final day of operation as a nursing facility.

   b. In addition to filing the Medicare cost report, nursing facility providers must also file supplemental schedules designated by the Bureau. Facilities shall submit their Medicare cost report and their state Medicaid supplemental cost report in accordance with procedures established by the Department.

   c. Providers of skilled nursing-infectious disease (SN-ID), skilled nursing-technology dependent care (SN-TDC), and skilled nursing neurological rehabilitation treatment (SN-NRT) program services must file additional supplemental schedules designated by the Bureau documenting the incremental cost of providing SN-ID, SN-TDC, and SN-NRT services to Medicaid ~~recipients~~ beneficiaries.

   d. Separate cost reports must be submitted by central/home offices when the costs of the central/home office are reported in the facility's cost report.

2. Cost reports must be prepared in accordance with the cost reporting instructions adopted by the Medicare Program using the definition of allowable and non allowable cost contained in the CMS Publication 15-1 Provider Reimbursement Manual, with the following exceptions.

   a. Cost reports must be submitted annually. The due date for filing annual cost reports is the last day of the fifth month following the facility's fiscal year end.