



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF HEALTH AND HUMAN SERVICES
LANSING

ELIZABETH HERTEL
DIRECTOR

September 4, 2024

TO: Interested Party

RE: Consultation Summary Project 2418-NF - Cost Report Late File Penalty

Thank you for your comment(s) to the Behavioral and Physical Health and Aging Services Administration relative to Project Number 2418-NF. Your comment(s) has been considered in the preparation of the final publication, a copy of which is attached for your information.

Responses to specific comments are addressed below.

Comment: Concerns were expressed that the current penalties in place are already quite severe and additional penalties would be redundant.

Response: Per the Michigan Department of Health and Human Services (MDHHS) Medicaid Provider Manual Cost Reporting and Reimbursement Chapters 4.2 - 4.4, and the Michigan Medicaid State Plan Attachment 4.19.D Section I Page 1 all nursing facilities are required to submit a cost report within 5 months of the close of their fiscal year. There is currently no penalty in place for not returning a cost report or census data on time. When a nursing facility cost report is not received in a timely manner it affects the rate setting process including the VCL and calculating the QAAP tax.

Comment: With the emphasis on a new streamlined online cost report, and recent relatively high-cost report acceptance rates, there does not seem to be a need for additional penalties or policies surrounding late cost reports.

Response: It is imperative that all cost reports and census data is received on time. When a nursing facility cost report or appropriate census data is not received in a timely manner it affects the rate setting process including the VCL and calculating the QAAP tax.

Comment: Initial cost reports are frequently rejected, and often for non-rate determining “housekeeping” reasons. If the impetus behind the additional penalties surround MDHHS rate calculations, it would follow that any non-rate related reason for nursing facility cost report rejections should be exempt from the proposed penalties.

Response: The current nursing facility cost report submission process is not changing. Per Public Act 612 and MSA 19-28 MDHHS is still required to accept a filed nursing facility cost report within 60 days and if the cost report or appropriate census data is not submitted within the timeframes established by MDHHS, the provider’s interim payments will be reduced by 100 percent. However, a penalty may now be applied if the cost report or appropriate census data is not submitted within the current required timeframes established by MDHHS.

Comment: A concern was raised that the submission timeline has changed, and providers no longer have 5 months to submit their cost reports.

Response: Current cost report submission timelines have not changed. Providers still have 5 months from the end of their fiscal year to submit the appropriate cost report or census data. This includes nursing facility closures and CHOWS.

Comment: Is the 10% and per bed penalty returned once an acceptable cost report is filed?

Response: No, the 10% and per bed penalty is not returned and will be removed from the provider’s interim payment through the gross adjustment process.

Comment: Current policy allows nursing facilities that have received initial cost report rejections 5 additional days to submit a corrected cost report. The new policy does not seem to reference this 5 day period. This would suggest nursing facilities potentially have 5 fewer days to submit cost reports.

Response: Current policy is not changing. Nursing facilities still have 5 additional days to submit a corrected cost report. The policy has been updated to clarify this.

Comment: Do these penalties apply for cost reports filed for CHOWS and closures?

Response: The current policy regarding the submission of cost reports for CHOWS and closures remains the same.

Comment: How are licensed only and Medicare only providers notified of the requirement to file census data?

Response: Current policy regarding licensed only and Medicare only providers remain the same.

Comment: Can Medicare only facilities file the Medicare report census pages to meet the filing requirement?

Response: Current policy regarding licensed only and Medicare only providers reporting requirements remains the same.

Comment: Nursing facilities generally bill monthly. How are penalties calculated if they are assessed “for dates of service beginning on the 15th of the month after the cost report was due”?

Response: Providers will continue to bill as they always have. The late-file penalty will be assessed following the reinstatement of provider payments through the gross adjustment process.

Comment: The current cost report template has a validation check built in that doesn't seem to correlate to cost report acceptance. Can this validation process be improved and integrated into the cost report acceptance process?

Response: Validation processes are not a part of this current policy and can be addressed later.

Comment: Requests were made for clarification that if a provider is actively making corrections that they are not penalized for not having a complete and acceptable cost report.

Response: MDHHS appreciates your concern. Providers who are actively making required corrections within the established time frames will not be penalized. This policy is intended to address providers who are not submitting any type of cost report or census data which in turn has caused a delay in completing other calculations that benefit all nursing facility providers.

Thank you for your inquiry. We trust that previous responses addressed the concerns and questions noted. If you wish to comment further, send your comments to Kristi Walker at walker32@michigan.gov.

Sincerely,

A handwritten signature in black ink that reads "Meghan Groen". The signature is written in a cursive, flowing style.

Meghan Groen, Director
Behavioral and Physical Health and Aging Services Administration