

# DHMH POLICY

<http://www.dhmh.state.md.us/policies/inpolm.htm>

**BUDGET REVENUE ADMINISTRATION**

**DHMH POLICY 02.02.03**

**Effective Date: May 24, 2011**

## **MEDICAID COST REPORTS**

### **I. EXECUTIVE SUMMARY**

The directors of DHMH facilities are required to submit an annual Medicaid Cost Report to the Division of Cost Accounting and Reimbursements, by the date established by the Division of Cost Accounting and Reimbursements. The directors of facilities that are a Certified Medicare Provider shall provide a copy of the annual Medicare Cost Report (HCFA 2552) and any other necessary additional information for the Medicaid Cost Report. However, directors of skilled nursing facilities (SNF) must also submit a Medicaid Cost Report even if a Medicare Cost Report is submitted by the skilled nursing facility or an umbrella organization. This policy also instructs the directors of all the covered facilities to maintain complete supporting documentation for costs included in the cost report and take the necessary action to correct any audit exceptions.

This policy instructs the directors of facilities and the Division of Cost Accounting and Reimbursements to maintain complete supporting documentation for costs which were generated or calculated by their personnel and included in either report.

The Medical Care Office of Finance is required to conduct appropriate audits and verifications of Medicaid Cost Reports.

The Division of Cost Accounting and Reimbursements is required to give advice and guidance on proposed actions to correct audit deficiencies; to provide technical and consultation services to the facility directors; and, if necessary, to teach facility personnel in matters pertaining to completion of the cost reports. The Division of Cost Accounting and Reimbursements is mandated to calculate certain cost figures (central office overhead, General Construction Loan (GCL) interest, etc.) relative to the cost report.

### **II. BACKGROUND**

The State of Maryland is entitled to receive monetary reimbursement under the federal Medicaid Program for services rendered to eligible patients and clients in state-operated facilities. The monies received are deposited to the credit of the general fund of the State of Maryland.

This policy responds to the need to clarify, define and delineate the responsibilities of personnel of the Department of Health and Mental Hygiene's facilities, the Medical Care

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Office of Finance and the Division of Cost Accounting and Reimbursements with respect to the annual Medicaid Cost Reports. These reports are designed to capture allowable (i.e., reimbursable) costs of operating a facility certified by Medicaid. In order to receive Medicaid reimbursement, the cost reports must be prepared in an accurate and timely fashion, must be supported by adequate documentation and must be submitted to the Medical Care Office of Finance or to the designated outside contract auditor within ninety (90) days of the close of the Maryland fiscal year.

This version of DHMH Policy 02.02.03 supersedes and replaces DHMH Policy 02.02.03 (previously DHMH Policy 3821 issued August 11, 1982) dated September 14, 1998. The changes to this version are administrative in nature and include updating name changes and references and inserting hyperlinks.

### **III. POLICY STATEMENTS**

1. The director of those facilities which are a Certified Medicare Provider under the jurisdiction of the Mental Hygiene Administration and the Family Health Administration shall submit a copy of the annual Medicare Cost Reports (Federal Form HCFA 2552) and any other necessary information to the Division of Cost Accounting and Reimbursements by the date established by the Division of Cost Accounting and Reimbursements.

The annual Medicare Cost Reports, in conjunction with other necessary information, act as the annual Medicaid Cost Reports.

2. The directors of Intermediate Care Facilities that are under the jurisdiction of the Family Health Administration and the Developmental Disabilities Administration, whether free-standing or budgetarily under another facility, shall prepare the annual Medicaid Cost Report for their facility. The annual Medicaid Cost Report shall be submitted to the Division of Cost Accounting and Reimbursements by the date established by the Division of Cost Accounting and Reimbursements.

3. The directors of the Intermediate Care Facilities, under the appropriate administrations, shall maintain adequate and complete supporting documentation for all costs which have been generated by the facility and included in the annual Medicaid Cost Reports. This supporting documentation shall be made available to the Medical Care Office of Finance or to the designated outside contract auditors and the Division of Cost Accounting and Reimbursements as required.

4. The director of those facilities which are a Certified Medicare Provider and are submitting an annual Medicare Cost Report (Federal Form HCFA 2552) in lieu of an annual Medicaid Cost Report shall maintain adequate and complete supporting documentation for all costs which have been generated by the facility and included in the annual Medicare Cost Reports (see DHMH Policy 02.02.02). This supporting documentation shall be made available to the Medical Care Office of Finance or to the designated outside contract auditor.

5. The director of facilities which, under a shared services agreement or other agreement, supply fiscal and/or other information to a second facility(ies) for inclusion in the annual Medicaid Cost Report and/or the annual Medicare Cost Report

(Federal Form HCFA 2552) of the second facility, shall be responsible for maintaining adequate and complete supporting documentation for the information.

6. The director of facilities, under a shared services agreement or other agreement, shall establish appropriate lines of communication so that all necessary information can be exchanged in sufficient time for the reporting facility to meet the deadlines established by this policy.

7. The Division of Cost Accounting and Reimbursements shall advise and give guidance to the facility directors on proposed action to correct deficiencies cited in the annual Medicaid Cost Reports.

8. The Division of Cost Accounting and Reimbursements shall provide technical assistance and consultation to the directors of Intermediate Care Facilities with respect to cost accounting matters and shall, if necessary, hold training sessions for appropriate personnel of the facility. The technical assistance, consultation and training shall be for the purpose of enhancing the skills of facility personnel so that they may properly complete the annual Medicaid Cost Reports.

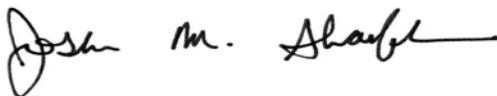
9. The Division of Cost Accounting and Reimbursements, shall calculate the appropriate actual or estimated indirect cost figures (central office overhead, GCL interest, etc.) relative to the cost report.

10. The Division of Cost Accounting and Reimbursements shall maintain adequate and complete supporting documentation for the costs calculated by the Division of Cost Accounting and Reimbursements and included in the report. The supporting documentation shall be made available to the Medical Care Office of Finance or to the designated outside contract auditor as required.

#### **IV. REFERENCES:**

- Medicare Provider Reimbursement Manual (HCFA-Publication 15-I and 15-II)  
<https://www.cms.gov/Manuals/PBM/list.asp>
- COMAR 10.02.01 Charges for Services Provided through the Department of Health and Mental Hygiene (DHMH)  
[http://www.dsd.state.md.us/comar/SubtitleSearch.aspx?search=10.02.01.\\*](http://www.dsd.state.md.us/comar/SubtitleSearch.aspx?search=10.02.01.*)
- DHMH Policy 02.02.02 Medicare Cost Reports  
<http://www.dhmh.state.md.us/policies/p020202.htm>

#### **APPROVED:**



**Joshua M. Sharfstein, M.D., Secretary, DHMH**

**May 24, 2011**  
**Effective Date**

**EXHIBIT A**

**SUMMARY OF COST REPORT REQUIREMENTS**

(If Your Facility Does Not Appear On This List, Inform the Division of Cost Accounting and Reimbursements.)

**I. The following facilities submit a Medicare Cost Report. This same report is used for the Medicaid report, when supplemented by additional information. The report may be prepared by another facility in accordance with an agreement.**

Deer's Head Center

Eastern Shore Hospital Center

Springfield Hospital Center

Spring Grove Hospital Center

Thomas B. Finan Center

Western Maryland Center

**II. The following facilities submit a separate Medicaid report. The report may be prepared by another facility in accordance with an agreement.**

Deer's Head Center - SNF (in addition to Medicare Report)

Holly Center - ICF/MR

Potomac Center - ICF/MR

Regional Institute for Children & Adolescents - Baltimore

Regional Institute for Children & Adolescents - John L. Gildner

Western Maryland Center - SNF (in addition to Medicare Report)

**III. The following facility has no cost reporting requirement.**

Clifton T. Perkins Hospital Center