



STATE OF MICHIGAN
DEPARTMENT OF COMMUNITY HEALTH
LANSING

RICK SNYDER
GOVERNOR

NICK LYON
DIRECTOR

November 19, 2014

Attention: Long Term Care Providers
RE: Home Office Cost Reporting Changes

The Medicaid Provider Manual, Nursing Facility Chapter, Cost Reporting and Reimbursement Appendix, Section 4.11.B – Related Party Business Transactions states the following:

The related party organization cost reporting is required for the specific related party organization business entity in the following cases:

- *If the dollar amount of routine nursing care costs to the individual nursing facility exceeds \$10,000 in aggregate, regardless of the number or type of services provided.*
- *If the sum (total dollar amount) of routine nursing care costs to multiple nursing facilities exceeds \$50,000 in aggregate, regardless of the number or type of services provided and number of nursing facilities served.*

These dollar limits apply to related party business transactions whether they are routine or ancillary nursing services.

Effective for the fiscal year ending 2014 cost reporting periods, related party business transactions that meet the above criteria will be notified that a Medicaid Home Office Cost Statement must be filed. Within 30 days, any fiscal year ending 2014 submitted cost reports will receive a notice of the supplemental cost report filing. Within 30 days any fiscal year ending December 31, 2013 cost report filings which indicated a related party business transaction that met the criteria will receive a notice that with their fiscal year ending December 31, 2014 cost report submission that there will be a supplemental cost report filing requirement.

The Department has identified a formatting error in the current Home Office Cost Statement, Schedule K which is including payroll taxes prior to the application of the compensation limit. The payroll tax column (column #11) is being moved to after current column #14 – “Capped Comp” effective with the December 31, 2014 Home Office Cost Statement mailing.

Home Office Cost Statements that have not been audited, or are currently in the process of being audited, the format error will be addressed through the audit process.

Home Office Cost Statements received for fiscal year ending 2014 will be adjusted during the cost report audit process.

Should you have questions regarding this, please email DARS@michigan.gov.