

**Bulletin Number:** MSA 06-56

**Distribution:** Nursing Facilities (Provider Type 60)  
County Medical Care Facilities (Provider Type 61)  
Hospital Long Term Care Units (Provider Type 62)  
Ventilator Dependant Units (Provider Type 63)

**Issued:** August 16, 2006

**Subject:** Related or Chain Organization Cost Allocation

**Effective:** As Indicated

**Programs Affected:** Medicaid

The purpose of this bulletin is to inform nursing facilities who are required to file the Home Office cost report of an exception to the current filing requirement to amend individual facility cost reports in order to allocate the current year's home office cost data. This bulletin revises Section 9.6.C. (Related or Chain Organization Cost Allocations) of the Nursing Facility Cost Reporting and Reimbursement Appendix of the Michigan Medicaid Provider Manual.

Effective for cost reports due on or after August 31, 2006 where the home office and the individual nursing facility's fiscal year ends are different, a provider may elect to forego the inclusion of an allocation of the current year's home office costs in the current year's individual provider cost report. A written request must be submitted annually to RARSS with the individual provider's cost report signed by the appropriate corporate official acknowledging that the cost report is being submitted with the prior fiscal year's home office costs. The written request must also indicate that the corporation is waiving the right to inclusion of any allocation of the current year's home office costs in the current year's individual provider cost report.

For example, a Home Office fiscal year end (FYE) is 12/31 and the individual facility's FYEs are 05/31, 08/31, 09/30 and 12/31. For individual facility cost reporting for fiscal year 2005 ending in May, August, September and October, the individual facility may elect to report only the home office costs from the FYE 12/31/2004 Home Office cost report. The Home Office allocation of costs from FYE 12/31/2004 to the individual facility would be reported and audited. During the audit of the individual facility cost report, adjustments to allocate actual FYE 12/31/2005 Home Office costs would not be made. For individual facilities with FYE 12/31/2005, the Home Office costs from FYE 12/31/2005 cost report would be reported.

## Manual Maintenance

Retain this bulletin until the information has been incorporated into the Michigan Medicaid Provider Manual.

## Questions

Any questions regarding this bulletin should be directed to Provider Inquiry, Department of Community Health, P.O. Box 30731, Lansing, Michigan 48909-8231, or e-mail at [ProviderSupport@michigan.gov](mailto:ProviderSupport@michigan.gov). When you submit an e-mail, be sure to include your name, affiliation, and phone number so you may be contacted if necessary. Providers may phone toll-free 1-800-292-2550.

## Approved

A handwritten signature in black ink, appearing to read "Susan Moran". The signature is fluid and cursive, with a long horizontal stroke at the end.

Susan Moran, Acting Deputy Director  
Medical Services Administration