

Legislative Analysis



MEDICAID REIMBURSEMENT OF NURSING FACILITIES

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Senate Bill 348 (S-1) as passed by the Senate
Sponsor: Sen. Peter MacGregor
House Committee: Health Policy
Senate Committee: Health Policy and Human Services
Complete to 10-24-19

SUMMARY:

Senate Bill 348 would amend the Social Welfare Act to provide that, generally, a Michigan Department of Health and Human Services (DHHS)-issued change to an existing Medicaid provider policy directly affecting nursing facility *Medicaid cost reports* must have a prospective effective date, or apply only to future reports.

However, a policy could have a retrospective effective date as part of a state plan amendment approval or waiver approval or if required by state law, federal law, or judicial ruling.

Medicaid cost report is defined in the act as the cost of care reports submitted annually by a nursing facility that is participating in the Medicaid program at a utilization rate on average of at least six Medicaid residents, on DHHS cost reporting forms. A nursing facility provider with fewer than six Medicaid residents per day must file a “less than complete” cost report and is not subject to audit.

Proposed MCL 400.111n

FISCAL IMPACT:

Senate Bill 348 would result in minor, likely negligible, reductions in cost savings when issuing settlements for end-of-year nursing facility cost reports. This bill would require DHHS to use prospective effective dates for changes in interpretations of Medicaid policies affecting end-of-year nursing facility cost reports, unless otherwise required to implement retroactive effective dates by state or federal law or judicial ruling. As such, nursing facilities would have additional time to come into compliance with the reinterpreted Medicaid reimbursement policy and would be less likely to have to pay back DHHS for services rendered that were not Medicaid-eligible when obtaining a settlement after review of their submitted cost report.

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