

9549.0041 GENERAL REPORTING REQUIREMENTS.

Subpart 1. **Required cost reports.** No later than December 31 of each year, the nursing facility shall submit an annual cost report for the reporting year ending September 30 on forms supplied by the commissioner in order to receive medical assistance program payments. In addition, the nursing facility shall obtain an annual audit of its financial records from an independent certified public accountant or licensed public accountant. The examination must be conducted in accordance with generally accepted auditing standards as adopted by the American Institute of Certified Public Accountants and generally accepted accounting principles. A governmentally owned nursing facility may comply with these auditing requirements by submitting the audit report prepared by the state auditor.

Subp. 2. **Required information.** A complete annual report must include the following items.

A. General nursing facility information and statistical data as requested on the cost report form.

B. Reports of historical costs with supporting calculations, worksheets, and an explanation of the historical costs as requested on the cost report form.

C. A complete statement of fees and charges, including the rate or rates charged to private paying residents, as audited by a certified or licensed public accountant as defined by Minnesota Statutes, section 412.222 for the fiscal year of the nursing facility.

D. A copy of the nursing facility's audited financial statements for its fiscal year ending during the reporting year. The audited financial statements must include a balance sheet, income statement, statement of retained earnings, statement of changes in financial position (cash and working capital methods), appropriate notes to the financial statements, any applicable supplemental information, and the certified or licensed public accountant's opinion. If the financial statements are not sufficiently detailed or the nursing facility's fiscal year is different from the reporting year, the nursing facility shall provide supplemental information that reconciles costs on the financial statements with the cost report.

E. A statement of ownership for the nursing facility, including the name, address, and proportion of ownership of each owner.

If a privately held or closely held corporation or partnership has an ownership interest in the nursing facility, the nursing facility must report the name, address, and proportion of ownership of all owners of the corporation or partnership who have an ownership interest of five percent or more, except that any owner whose compensation or portion of compensation is claimed for reimbursement in the nursing facility's cost report must be identified regardless of the proportion of ownership interest.

If a publicly held corporation has an ownership interest of 15 percent or more in the nursing facility, the nursing facility must report the name, address, and proportion of ownership of all owners of the publicly held corporation who have an ownership interest of ten percent or more.

F. Copies of leases, purchase agreements, and other documents related to the lease or purchase of the nursing facility if not previously submitted.

G. A listing of nursing facility debt outstanding during the reporting year, and the name of the lender, the term of debt, interest rate of debt, interest and principal payments for the current year and all remaining years, and the original amount of debt and any portion of debt as required by part 9549.0060, subpart 5.

H. An explanation of all adjustments to the historical costs.

I. The nursing facility's statement of property tax payable according to subpart 5.

Subp. 3. **Information which may be required.** In addition to the reports required in subpart 2, the commissioner may require the following:

A. Access to certified and licensed public accountant's audit workpapers which support the audited financial statements and cost reports.

B. Separate audited financial statements that correspond to the fiscal year ended during the reporting year for any other Minnesota nursing facility owned in whole or part by the same owners.

C. Separate audited financial statements which correspond to the fiscal year ended during the reporting year for any related organization doing business with the nursing facility if the related organization has not previously had an audited financial statement. At the commissioner's request, the related organization shall provide audited financial statements within 90 days after the end of the related organization's fiscal year in which the request is made.

D. Copies of leases, purchase agreements, or other documents related to the purchase or acquisition of equipment, goods, and services which are claimed as allowable costs.

E. Access to federal and state income tax returns for the nursing facility, related organization, and any individual or corporation having an ownership interest in the nursing facility as specified in subpart 2, item E.

F. Other relevant information necessary to support a payment request.

Subp. 4. **Additional information required from hospital-attached nursing facilities.** In addition to the reports required in subparts 2 and 3, hospital-attached nursing facilities shall provide a copy of the most recent Medicare cost report filed with the

Medicare program intermediary for the reporting year. If the Medicare cost report covers a period other than the nursing facility's reporting year, the nursing facility shall provide a copy of the Medicare cost report prepared using costs for the nursing facility's reporting period in addition to supplemental information which reconciles costs on the financial statements with the reporting period costs. The nursing facility must provide individual stepdowns for each cost category in part 9549.0040. The individual stepdowns must be prepared in accordance with instructions provided by the commissioner.

Subp. 5. **Reporting real estate taxes and special assessments.** The nursing facility shall submit a copy of its statement of property tax payable for the calendar year in which the rate year begins by April 5 of that calendar year. Except as provided in this subpart, the commissioner shall disallow the costs of real estate taxes if the documentation is not submitted by April 5. The disallowance shall remain in effect until the nursing facility provides the documentation and amends the cost report under subpart 14. If the county has not provided to the nursing facility a statement of property tax payable by April 5, the commissioner shall use the property tax payable during the previous reporting year until the statement is received by the department. Upon receipt of the statement of property tax payable, the commissioner shall adjust the payment rate accordingly. Special assessments and related interest paid during the reporting year must be shown on the cost report.

Subp. 6. **Method of accounting.** The accrual method of accounting in accordance with generally accepted accounting principles is the only method acceptable for purposes of satisfying reporting requirements. If a governmentally owned nursing facility demonstrates that the accrual method of accounting is not applicable to its accounts and that a cash or modified accrual method of accounting more accurately reports the nursing facility's financial operations, the commissioner shall permit the governmentally owned nursing facility to use a cash or modified accrual method of accounting.

Subp. 7. **Records.** The nursing facility shall maintain statistical and accounting records in sufficient detail to support information contained in the nursing facility's cost reports and audited statement for at least five years including the year following submission of an annual cost report.

Subp. 8. **Conflicts.** If conflicts occur between parts 9549.0010 to 9549.0080 and generally accepted accounting principles, parts 9549.0010 to 9549.0080 shall prevail.

Subp. 9. **Certification of reports.** Reports required in this part must be accompanied by a certification of the person having over 50 percent effective ownership or the chief financial officer if there is no majority owner, and the administrator or chief operating executive. If reports have been prepared by a person other than these individuals, a separate statement signed by the preparer must accompany the report.

Subp. 10. **Deadlines and extensions.** The deadline for submission of reports and the extension of the deadline is governed by items A to C.

A. The nursing facility shall submit the required annual cost report to the commissioner by December 31. The annual cost report must cover the reporting year ending on September 30 of that year.

B. The commissioner may reject any annual cost report filed by a nursing facility that is incomplete or inaccurate or may require additional information necessary to support the payment rate request. The corrected report or the additional information requested must be returned to the commissioner within 20 days of the request or the report must be rejected. The commissioner may extend this time if the nursing facility makes a showing of good cause in writing and if the commissioner determines that the delay in receipt of the information will not prevent the commissioner from establishing rates in a timely manner as required by law. Failure to file the required cost report and other required information or to correct the form of an incomplete or inaccurate report shall result in its rejection and in a reduction of the payment rate in subpart 12. The failure to provide additional information shall also result in a reduction of the payment rate in subpart 12 unless the total payment rate can be calculated by the disallowance of the cost for which additional information was requested, in which case no rate reduction as specified in subpart 12 shall occur.

C. The commissioner may grant one 15-day extension of the reporting deadline. To receive an extension, a nursing facility must submit a written request by December 1. The commissioner must notify the nursing facility of the decision to grant or deny an extension by December 15.

Subp. 11. **Effective date of total payment rate.** The commissioner shall provide to all nursing facilities notice of the total payment rate by May 1 of each year. The total payment rate is effective from July 1 of that year to June 30 of the following year.

Subp. 12. **Noncompliance.** A nursing facility's failure to comply with reporting requirements subjects the nursing facility to items A to C.

A. If a nursing facility fails to provide reports, documentation, and worksheets required in this part, the commissioner shall reduce the nursing facility's total payment rate to 80 percent of the total payment rate as provided in item B.

B. The reduced total payment rate is effective:

(1) 21 days after a written request for additional information under subpart 3, items A to D, is sent by the commissioner or at the expiration of any additional time period the commissioner may allow under subpart 10, item B.

(2) For failure to provide the information required in subpart 1, 2, 4, or 9. On January 1, if no extension has been granted; on January 15, if the extension was granted; or 21 days after a written request for the correction or completion of inaccurate reports

of financial statements, or at the expiration of a further time period that the commissioner allows under subpart 10, item B.

C. Reinstatement of the total payment rate upon remedy of the failure or inadequacy is not retroactive.

Subp. 13. **Audits.** Nursing facility audits are subject to items A to D.

A. The department shall subject all reports and supporting documentation to desk and field audits to determine compliance with parts 9549.0010 to 9549.0080. Retroactive adjustments may be made as a result of desk or field audit findings. If a field audit reveals inadequacies in a nursing facility's record keeping or accounting practices, the commissioner may require the nursing facility to engage competent professional assistance to correct those inadequacies within 90 days so that the field audit may proceed.

B. Field audits may cover the four most recent annual cost reports for which desk audits have been completed and payment rates have been established. The field audit must be an independent review of the nursing facility's cost report. All transactions, invoices, or other documentation that support or relate to the costs claimed on the annual cost reports are subject to review by the field auditor. If the provider fails to provide the field auditor access to supporting documentation related to the information reported on the cost report within the time period specified by the commissioner, the commissioner may calculate the total payment rate by disallowing the cost of the items for which access to the supporting documentation is not provided or apply the penalty in subpart 12, item A, whichever would result in the least amount of change in the total payment rate.

C. Changes in the total payment rate which result from desk or field audit adjustments to cost reports for reporting years beyond the four most recent annual cost reports must be made to the four most recent annual cost reports, the current cost report, and future cost reports to the extent that those adjustments affect the total payment rate established by those reporting years.

D. The commissioner may extend the period for retention of records under part 9549.0035, subpart 3, item A, subitem (5), for purposes of performing field audits as necessary to enforce Minnesota Statutes, section 256B.48.

Subp. 14. **Amended reports.** Amendments to previously filed annual cost reports are governed by items A and B.

A. Nursing facilities may file amendments to previously filed annual cost reports when:

(1) Errors or omissions in the annual cost report are discovered and an amendment would result in at least a five-cent per resident day or \$2,000 adjustment, whichever is less for each reporting year. The commissioner shall make retroactive adjustments to the total payment rate of an individual nursing facility if the amendment

is filed within 14 months of the original cost report to be amended. An error or omission for purposes of this item does not include a nursing facility's determination that a prior election between alternative methods of reporting costs permitted under parts 9549.0010 to 9549.0080 was not advantageous and should be changed. Errors or omissions that do not meet the threshold amount required for amended cost reports, or errors or omissions discovered after the 14-month time limitation specified in this item, may be claimed at the time of the field audit.

(2) A nursing facility which qualifies for a special reappraisal under part 9549.0060, subpart 3 to adjust its property related payment rate.

B. Nursing facilities must not amend a previously filed cost report for the purpose of removing costs of services for which the nursing facility seeks separate billing.

Subp. 15. **False reports.** If a nursing facility knowingly supplies inaccurate or false information in a required report that results in an overpayment, the commissioner shall:

A. immediately adjust the nursing facility's payment rate to recover the entire overpayment within the rate year;

B. terminate the commissioner's agreement with the nursing facility;

C. prosecute under applicable state or federal law; or

D. use any combination of items A, B, and C.

Statutory Authority: *MS s 256B.41 to 256B.502*

History: *9 SR 2659; 11 SR 866; L 1992 c 513 art 7 s 136*

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