
A nursing facility shall hold, safeguard and account for residents' personal funds upon written authorization from the resident in accordance with all applicable provisions of state and federal law. The Department periodically audits residents' personal fund accounts.

E. Allowable Program Costs and Policies

Allowable costs are those costs which are necessary and reasonable for an efficiently and economically operated nursing facility to provide services to MA residents. Allowable costs are identified in and subject to limitations specified in Subchapter E (relating to Allowable Program Costs and Policies), Subchapter F (relating to Cost Reporting and Audit Requirement) and Subchapter H (relating to Payment conditions, Limitations and Adjustments) of 55 Pa. Code Chapter 1187, including the related party cost and prudent buyer principles set forth in Sections 1187.57 and 1187.60. Only the direct and indirect costs related to resident care are allowable. Any costs of materials or services covered by payments made directly to providers, other than nursing facility services under Medicaid and Medicare or other insurers and third parties, are not allowable.

All nursing facilities participating in the MA Program must allocate costs between nursing facility services and non-nursing facility services in accordance with the allocation bases established or approved by the Department.

The assessment applied to nursing facilities for fiscal years 2003-2004 through 2006-2007, and 2007-2008 through 2011-2012, is an allowable cost under the Medical Assistance Program. The Medical Assistance portion of this assessment cost will be reimbursed as an add-on to a nursing facility's per diem rate and will be paid in lump sum on a quarterly basis. The Department will determine the nursing facility's MA allowable assessment cost by dividing the facility's Quarterly Assessment Payment by the facility's total resident days in the applicable corresponding assessment quarter and then multiplying the result by the facility's MA days in the applicable corresponding assessment quarter.

The Department of Health's annual health-care associated infection (HAI) surcharge on a nursing facility's licensing fee is an allowable cost under the MA Program. The MA portion of the HAI surcharge will be reimbursed as a pass-through payment and will be paid on an annual basis. A nursing facility's annual HAI pass-through payment will equal the annual HAI surcharge fee paid by the nursing facility, less any penalties assessed, as verified by the DOH, multiplied by the nursing facility's MA occupancy rate as reported on the nursing facility's cost report for the fiscal year in which the annual HAI surcharge is paid. The HAI pass-through payment will be made annually within 120 days after the submission of an acceptable cost report provided that payment will not be made before the later of 210 days from the close of the nursing facility fiscal year or the date on which the DOH received payment of the nursing facility's HAI surcharge fee.

E. Certified Public Expenditure Payment Methodology

Allowable costs, as specified in G. below, incurred by county nursing facilities to provide nursing facility services to MA residents, that are reported and certified by the county nursing facility on the MA cost report, are recognized as allowable MA Program expenditures for Federal claiming purposes. The Department will draw down Federal funds to cover any unreimbursed allowable MA Program expenditures incurred by county nursing facilities that exceed regular program per diem rate payments. The Department will estimate these additional allowable expenditures for the rate year using the costs certified by the county nursing facilities from their most recent acceptable cost reports on file with the Department and adjusting those costs based upon prior audit findings. These adjusted estimated expenditures will be trended forward for the rate year using the most currently available CMS Nursing Home without Capital Market Basket Index, total index level. The Department will reconcile its Federal claims for the adjusted estimated expenditures for the rate year based on the county nursing facilities' final audited allowable MA Program expenditures for the rate year.

F. Allowable Program Costs and Policies

Allowable costs are those costs incurred by a county nursing facility in the course of providing nursing facility services to MA residents and one of the following applies: (1) The cost is allowable under CMS Pub. 15-1; (2) The cost is not allowable under the CMS Pub. 15-1, but is allowable as a net operating cost under Chapter 1187 (relating to nursing facility services); or (3) The cost is identified as an allowable county nursing facility cost in Part 1A of Attachment 4.19D.

The Department of Health's annual health-care associated infection (HAI) surcharge on a county nursing facility's licensing fee is an allowable cost under the MA Program. The MA portion of the HAI surcharge will be reimbursed as a pass-through payment and will be paid on an annual basis. A nursing facility's annual HAI pass-through payment will equal the annual HAI surcharge fee paid by the nursing facility, less any penalties assessed, as verified by the DOH, multiplied by the nursing facility's MA occupancy rate as reported on the nursing facility's cost report for the fiscal year in which the annual HAI surcharge is paid. The HAI pass-through payment will be made annually within 120 days after the submission of an acceptable cost report provided that payment will not be made before the later of 210 days from the close of the nursing facility fiscal year or the date on which the DOH received payment of the nursing facility's HAI surcharge fee.

F. Hospice Services

If an MA recipient residing in a nursing facility is dually eligible for Medicare Part A services and elects to receive hospice services in lieu of nursing facility services, as applicable, the MA Program pays a Medicare-certified hospice provider an amount equal to the room and board payment made to the nursing facility as part of the nursing facility services and will discontinue direct payment to the nursing facility for services. The hospice provider, in order to receive payment from the Department, shall enter into an agreement with the nursing facility by which the hospice provider agrees to assume full responsibility for the recipient's hospice care and the nursing facility agrees to provide room and board to the recipient. (See Attachment 4.19B, Item #21)