

129-10-15b. Financial data.

(a) General. The per diem rate or rates for providers participating in the Kansas medical assistance program shall be based on an audit or desk review of the costs reported to provide resident care in each facility. The basis for conducting these audits or reviews shall be form MS 2004, as adopted by reference in K.A.R.

129-10-17. Each provider shall maintain sufficient financial records and statistical data for proper determination of reasonable and adequate rates. Standardized definitions, accounting, statistics, and reporting practices that are widely accepted in the nursing facility and related fields shall be followed, except to the extent that they conflict with or are superseded by state or federal medicaid requirements. Changes in these practices and systems shall not be required in order to determine reasonable and adequate rates.

(b) Cost reports. Pursuant to K.A.R. 129-10-17, cost reports shall be required from providers on an annual basis.

(c) Adequate cost data and cost findings. Each provider shall provide adequate cost data on the cost report. This cost data shall be in accordance with state and federal medicaid requirements and general accounting rules and shall be based on the accrual basis of accounting. Estimates of costs shall not be allowable except on projected cost reports submitted pursuant to K.A.R. 129-10-17.

(d) Recordkeeping requirements.

(1) Each provider shall furnish any information to the agency that is necessary to meet these criteria:

(A) To ensure proper payment by the program pursuant to paragraph (d)(2);

(B) to substantiate claims for program payments; and

(C) to complete determinations of program overpayments.

(2) Each provider shall permit the agency to examine any records and documents that are necessary to ascertain information pertinent to the determination of the proper amount of program payments due. These records shall include the following:

(A) Documentation of the nursing facility ownership, organization, and operation, including documentation as to whether transactions occurred between related parties;

(B) fiscal, medical, and other documents;

(C) federal and state income tax returns and all supporting documents;

(D) documentation of asset acquisition, lease, sale, or other action;

(E) documentation of franchise or management arrangements;

(F) documentation pertaining to costs of operations;

(G) a record of the amounts of income received, by source and purpose; and

(H) a statement of changes in financial position.

(3) Other records and documents shall be made available as necessary.

(4) Records and documents shall be made available in Kansas.

(5) Each provider, when requested, shall furnish the agency with copies of resident service charge schedules and changes to these charge schedules as they are put into effect. The charge schedules shall be evaluated by the agency to determine the extent to which the schedules may be used for determining program payment.

(6) Suspension of program payments may be made if the agency determines that any provider does not maintain or no longer maintains adequate records for the

determination of reasonable and adequate per diem rates under the program or the provider fails to furnish requested records and documents to the agency. Payments to that provider may be suspended.

(7) Thirty days before suspending payment to the provider, written notice shall be sent by the agency to the provider of the agency's intent to suspend payments, except as provided in paragraph(e)(2). The notice shall explain the basis for the agency's determination with respect to the provider's records and shall identify the provider's recordkeeping deficiencies.

(8) All records of each provider that are used in support of costs, charges, and payments for services and supplies shall be subject to inspection and audit by the agency, the United States department of health and human services, and the United States general accounting office. All financial and statistical records used to support cost reports shall be retained for five years following the last day on which rates determined from those cost reports are effective.

(e) Desk review requirement.

(1) Each provider shall submit all information requested by the agency that is necessary to complete the desk review of the cost report.

(2) If a provider does not submit the information deemed necessary by the agency to complete the desk review of the cost report for a nursing facility, the provider shall be notified in writing by the agency that the provider has 10 working days from the date of this notice to submit the required information, or the Kansas medical assistance program payments shall be suspended for the nursing facility. (Authorized by K.S.A. 2007 Supp. 75-7403 and 75-7412; implementing K.S.A. 2007 Supp. 75-7405 and

75-7408; effective Sept. 19, 2008.)