

Facilities that undergo a change of ownership must file a cost report from the date of change of ownership through the end of the standard year end or other approved year end, as outlined in Section 1-3, A. The cost report must cover a reporting period of at least one month, defined as beginning on or before the fifteenth day of the month. If needed, to comply with this requirement, the initial cost report may cover up to thirteen months.

The cost report for the old owner, used in setting the old owner's rate just prior to the effective date of the change of ownership, will be used to set the base rates of the new owner until such time that the new owner's initial cost report is used under the regular rate setting schedule. Asset additions will be incorporated into the property rate using the regular schedule each January 1. Adjustments to the old owner's cost report otherwise required under this plan will apply to the new owner (i.e. audit adjustments, trend factors). The new owner's initial cost report will be used to rebase the new owner's rate for the second calendar year following the end of the initial cost report.

Example for January 1, 2013 Change of Ownership:

<u>Effective Date</u>	<u>Base Rate</u>	<u>Cost Report Used</u>	<u>Trend Multiplier</u>
December 31, 2012	\$174.00	Calendar year 2010	2.0
January 1, 2013	\$179.00	Calendar Year 2010	3.0
January 1, 2014	\$182.00	Calendar Year 2010	4.0
January 1, 2015	\$185.00	Calendar year 2013	2.0

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reports used to calculate the base rate will be the cost report filed for the period ending in the second calendar year prior to the beginning of the next calendar rate year. For example, the base rates effective January 1, 2001 will be determined from cost reports filed for the year ended June 30, 1999 for state owned facilities, for the year ended September 30, 1999 for county owned facilities and for the year ended December 31, 1999 (or other approved year end) for all other facilities, unless a short period cost report and rate calculation are required by other provisions of this plan.

However, the per diem base rate in effect August 25, 2010, will be used to determine nursing facility rates through June 30, 2011, for facilities in operation as of August 25, 2010. For all facilities that are initially Medicaid certified between August 25, 2010 and June 30, 2011, the per diem base rate effective the first day of certification, computed in accordance with this plan subject to January 1, 2010 ceilings, will be used as the base rate through June 30, 2011. No adjustments to the base rate for dates after August 25, 2010 or the first effective day of Medicaid certification, otherwise required by this plan, will be used to determine nursing facility rates before July 1, 2011.

A description of the calculation of the per diem rate is as follows:

A. Direct Care Base Rate and Care Related Rate Determination

Direct care costs include salaries and fringe benefits for registered nurses (RN's), (excluding the Director of Nursing, the Assistant Director of Nursing and the Resident Assessment Instrument (RAI) Coordinator); licensed practical nurses (LPN's); nurse aides; feeding assistants; contract RN's, LPN's, and nurse aides, medical supplies and other direct care supplies; medical waste disposal; and allowable drugs.

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short period cost report and rate calculation is required by other provisions of this plan. Costs used in the rate calculations may be adjusted by the amount of anticipated increase in costs or decrease in costs due to federal or state laws or regulations.

However, the ICF-MR rates in effect August 25, 2010, will be used for payment through June 30, 2011, for facilities in operation as of August 25, 2010. For all other facilities that are initially Medicaid certified between August 25, 2010 and June 30, 2011, the per diem base rate effective the first day of Medicaid certification, computed in accordance with this plan subject to January 1, 2010 ceilings, will be used as the base rate through July 30, 2011. No adjustments to the rate for dates after August 25, 2010 or the first day of Medicaid certification, otherwise required by this plan, will be used to determine ICF-MR rates before July 1, 2011.

A description of the calculation of the rate is as follows:

A. Direct Care, Therapies, Care Related, and Administrative and Operating Rate Determination

1. Determine the per diem cost for direct care costs, therapies, care related costs, and administrative and operating costs for each facility during the cost report period. This is done by adding the total allowable costs for these cost centers and dividing the result by the total patient days.
2. Trend each facility's per diem cost as determined in 1, above, to the middle of the rate year using the ICF-MR and PRTF Trend Factor. This is done by multiplying the ICF-MR and PRTF Trend Factor in order to trend costs forward from the mid-point of

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the facility rate. For example, the rates effective January 1, 2001 will be determined from cost reports filed for the cost report year ended in 1999 unless a short period cost report and rate calculation is required by other provisions of this plan. Costs used in the rate calculations may be adjusted by the amount of anticipated increase in costs or decrease in costs due to federal or state laws or regulations.

However, the PRTF rates in effect August 25, 2010, will be used for payment through June 30, 2011, for facilities in operation as of August 25, 2010. No adjustments to the rate for dates after August 25, 2010, otherwise required by this plan, will be used to determine PRTF rates before July 1, 2011.

A description of the calculation of the rate is as follows:

A. Direct Care, Therapies, Care Related, and Administrative and Operating Rate Determination

1. Determine the per diem cost for direct care costs, therapies, care related costs, and administrative and operating costs for each facility during the cost report period. This is done by adding the total allowable costs for these cost centers and dividing the result by the total patient days.
2. Trend each facility's per diem cost as determined in 1, above, to the middle of the rate year using the ICF-MR and PRTF Trend Factor. This is done by multiplying the ICF-MR and PRTF Trend Factor in order to trend costs forward from the mid-point of the cost report period to the mid-point of the payment period.

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