



TEXAS HEALTH AND HUMAN SERVICES COMMISSION

ALBERT HAWKINS
EXECUTIVE COMMISSIONER

August 17, 2009

To: Nursing Facility Providers

Subject: Information Letter No. 09-113
Cost Report Audits

The purpose of this letter is to inform providers about the importance of cooperating with Health and Human Services (HHSC) Rate Analysis and Office of Inspector General (OIG) audit staff during the cost report review process.

Overview

The Department of Aging and Disability Services (DADS) reimburses providers for contracted client services through payment rates approved by HHSC as stated in Title 1 of the Texas Administrative Code (TAC) §355.101(c). HHSC Rate Analysis collects financial and statistical data from providers through cost reports. The collection of accurate financial and other statistical data from the cost reports constitutes the foundation upon which reimbursements are determined.

Cost Report Review

The verification of cost report data is conducted by HHSC Rate Analysis and OIG audit staff. During the cost report review, HHSC Rate Analysis and OIG audit staff may contact the provider, via telephone, fax and/or email, in order to obtain documentation or other records related to submitted cost report data. According to 1 TAC §355.106(f), "each provider entity or its designated agent(s) must allow access to any and all records necessary to verify information submitted to HHSC on cost reports."

Penalties for Non-Cooperation

If HHSC Rate Analysis or OIG audit is unable to reach a provider after repeated attempts via telephone, fax and/or email, or if the provider fails to provide requested financial and/or statistical data within stated timeframes, a cost report may be determined to be unacceptable or

unauditable. A cost report determined to be unacceptable or unauditable will be returned to the provider and will result in a vendor hold warning status. As per 1 TAC §355.403, HHSC or its designee may delay or withhold vendor payment to a provider in order to investigate or correct financial or accounting irregularities or to obtain required documentation.

Providers should contact the HHSC OIG auditor as well as the auditor's supervisor if they have any questions regarding the nature of the request by HHSC OIG audit, or if additional time is required to gather the requested documentation.

Please share this information with any other interested parties.

Sincerely,

[signature on file]

Pam McDonald
Director
Rate Analysis for Long Term Care