



COMMISSIONER
Eric M. Bost

September 14, 1999

BOARD MEMBERS

David Herndon
Chair, Austin
Carlela K. Vogel
Vice Chair, Fort Worth
Bill Jones
Houston
Anchi Ku
Dallas
Elizabeth D. Seale
San Antonio
Carole Woodard
Houston

To: Medicaid Nursing Facility (NF) Administrators

Re: Provider Letter 99-25 -- Texas Nursing Facility Cost Reports - Schedule G

This letter regards completion of Schedule G, *Ancillary Costs for Medicaid-Only Residents*, on future Texas Nursing Facility Cost Reports. With the advent of the Medicare Prospective Payment System (PPS) for skilled nursing facilities, some providers have expressed concern that they may no longer collect information on ancillary expenses in a format that allows them to complete Schedule G accurately.

However, concerns that the data necessary to complete Schedule G will no longer be available are unfounded. The Medicare condition of participation requiring nursing facilities participating in the Medicare program to accrue charges for all residents (Medicare and non-Medicare) who receive ancillary services will continue in effect. According to this requirement, ancillary charges must be based on a uniform charge structure and recorded at the same rate, for the same service, for all residents. Consequently, you should be able to properly complete Schedule G on your 1999 Texas Nursing Facility Cost Report in the same manner as instructed in previous years.

Please share this letter with your bookkeeper, accountant and/or cost report preparer. If you have any questions, please contact Pam McDonald at (512) 438-4086 or Nancy Kimble at (512) 438-4051.

Sincerely,

Signature -on- file

Steve Lorenzen, Ph.D.
Director
Rate Analysis Department