

**Notice of Intent to Adopt a Rule**

LSA Document #16-327

Under [IC 4-22-2-23](#), the Office of the Secretary of Family and Social Services intends to adopt a rule concerning the following:

**OVERVIEW:** Amends [405 IAC 1-12-1](#) to clarify policy language regarding payment for services rendered by intermediate care facilities for individuals with intellectual disabilities (ICFs/IID) and community residential facilities for the developmentally disabled (CRFs/DD). Amends [405 IAC 1-12-2](#) to add a definition for the department head position. Amends [405 IAC 1-12-3](#) to clarify provider responsibility to substantiate that their costs are related to patient care. Amends [405 IAC 1-12-4](#) to clarify the penalty for untimely cost report filings. Amends [405 IAC 1-12-5](#) to add a penalty for untimely filing of the Checklist of Management Representations. Amends [405 IAC 1-12-7](#) to clarify the criteria for excluding a provider from the average allowable cost of the median patient day computations. Amends [405 IAC 1-12-19](#) to update and clarify language. Amends [405 IAC 1-12-20](#) to update language. Amends [405 IAC 1-12-21](#) to revise the reimbursement rate for Comprehensive Rehabilitative Management Needs Facilities (CRMNF) pursuant with state law. Amends [405 IAC 1-14.6-1](#) to clarify policy language regarding payment for services rendered to members by nursing facilities. Amends [405 IAC 1-14.6-2](#) to update definitions to reflect the change from the Resource Utilization Group, version III (RUG-III), to RUG-IV, update the Minimum Data Set resident assessment (MDS), version 2.0 to MDS version 3.0, and to clarify and add several definitions. Amends [405 IAC 1-14.6-3](#) to clarify the information required on the Medicaid cost report form, to require financial records or supporting documentation to be made available to the office, to add penalty for failure to submit requested information, and to clarify compliance review scheduling procedures and clarify provider responsibility to substantiate that their costs are related to patient care. Amends [405 IAC 1-14.6-4](#) to clarify the information required by providers with their annual cost report submission and to make other changes as a result of the change to RUG-IV. Amends [405 IAC 1-14.6-6](#) to update and clarify language regarding rate reviews. Amends [405 IAC 1-14.6-7](#) to add the Case Mix Index (CMI) table for RUG-IV and to make other changes as a result of the change to RUG-IV. Amends [405 IAC 1-14.6-9](#) to clarify the calendar quarters utilized in determining a facility's CMI. Amends [405 IAC 1-14.6-10](#) to clarify certain costs as not allowable. Amends [405 IAC 1-14.6-11](#) to clarify the reporting of costs incurred by parties defined by the rule to be related to the Medicaid certified nursing facilities. Amends [405 IAC 1-14.6-12](#) to clarify what costs are included in the fair rental value allowance. Amends [405 IAC 1-14.6-21](#) to clarify that changes to the allocation of reported costs due to prior period audit findings are authorized by OMPP. Amends [405 IAC 1-14.6-22](#) to update and clarify language regarding MDS review processes. Amends [405 IAC 1-14.6-24](#) to clarify how the Quality Assessment Fee (QAF) is determined. Amends [405 IAC 1-15-1](#) to clarify and update MDS electronic transmission requirements for nursing facilities. Amends [405 IAC 1-15-2](#) to modify the Medicaid rule for the electronic transmission of the MDS to reflect the change from RUG-III to RUG-IV and MDS 2.0 to MDS 3.0. Amends [405 IAC 1-15-4](#) to clarify scope of review by OMPP of nursing facility MDS resident assessment data and to reflect the change from RUG-III to RUG-IV. Amends [405 IAC 1-15-5](#) to clarify scope of review of MDS resident assessments. Repeals [405 IAC 1-14.5](#), [405 IAC 1-15-3](#), and [405 IAC 1-15-6](#) as obsolete. Effective 30 days after filing with the Publisher. Statutory authority: [IC 12-15-1-10](#); [IC 12-15-21-2](#).

For purposes of [IC 4-22-2-28.1](#), the Small Business Regulatory Coordinator for this rule is:

Derris Harrison  
Indiana Family and Social Services Administration  
Office of Medicaid Policy and Planning  
Indiana Government Center South  
402 West Washington Street, Room W374  
Indianapolis, IN 46204  
(317) 234-6073  
derris.harrison@fssa.in.gov

For purposes of [IC 4-22-2-28.1](#), the Small Business Ombudsman designated by [IC 4-4-35-8](#) is:

Robert Warner  
Office of Small Business and Entrepreneurship  
One North Capitol, Suite 600  
Indianapolis, IN 46204  
(317) 232-5679  
ombudsman@osbe.in.gov

Resources available to regulated entities through the small business ombudsman include the ombudsman's

duties stated in [IC 4-4-35-8](#), specifically [IC 4-4-35-8\(9\)](#), investigating and attempting to resolve any matter regarding compliance by a small business with a law, rule, or policy administered by a state agency, either as a party to a proceeding or as a mediator.

*Posted: 08/03/2016 by Legislative Services Agency*  
An [html](#) version of this document.