

September 3, 2020

<Provider Name>  
<Provider Address 1>  
<Provider Address 2>  
<City> <State> zipcode5-zipcode4

Dear Nursing Facility Provider:

RE: Adjustments on the Nursing Facility (NF) Medicaid Cost Report for Grants and Gifts That Are Not from an Endowment

The purpose of this letter is to clarify the process for adjustments to the Medicaid NF cost report for expenses from grants and gifts that are not from an endowment. In the past, the Michigan Department of Health and Human Services (MDHHS) has allowed flexibility in application of adjustments to the cost report for grants and gifts. Pursuant with policies in chapters 6 and 21 of the Medicare Provider Reimbursement Manual and the Medicaid Cost Reporting Completion Instructions, adjustments to the cost report to remove expenses for grants and gifts are required when the grant or gift is not from an endowment. If the grant or gift is from an endowment, providers are not required to make adjustments to the cost report to remove the expenses.

An endowment is defined as an endowment fund under the Michigan Uniform Prudent Management of Institutional Funds Act (Michigan Public Act 87 of 2009).

To ensure consistent and prospective application of policy, these changes are effective for cost reporting periods beginning on or after October 1, 2020.

#### Additional Resources

For more information on Medicaid NF rate setting, audit and cost reporting requirements, please visit [www.michigan.gov/medicaidproviders](http://www.michigan.gov/medicaidproviders) >> Billing & Reimbursement >> Provider Specific Information >> Nursing Facilities.

Sincerely,



Kate Massey, Director  
Medical Services Administration