



Center for Medicaid and CHIP Services

CMCS Informational Bulletin

DATE: July 2, 2013

FROM: Cindy Mann, Director
Center for Medicaid and CHIP Services

SUBJECT: **Opportunity to Comment on Proposed Rule to implement cost allocation of home health agency (HHA) survey expenses**

I am writing to remind you that on June 27, 2013, the Centers for Medicare & Medicaid Services published in the Federal Register the Proposed Rule to implement cost allocation of HHA survey expenses. The Medicare program included this Proposed Rule in the Home Health Prospective Payment System Rate Update for CY 2014. The proposed effective date is January 1, 2014.

This proposed rule would amend §431.610(g), Relations with standard-setting and survey agencies, to require that Medicaid state plans explicitly include Medicaid's appropriate contribution to the cost of HHA surveys. Under this rule, Medicare proposes to review each state's allocation of costs for HHA surveys and for that portion of costs attributable to Medicare and Medicaid, 50 percent of the cost would be assigned to Medicare and 50 percent to Medicaid.

We wanted to make states aware of the opportunity to comment on the Medicare proposed rule as these comments will inform the promulgation of Medicare's final rule implementing cost allocation of HHA survey expenses.

The proposed rule is available at: http://www.ofr.gov/OFRUpload/OFRData/2013-15766_PL.pdf. Public comments are due no later than 5 p.m. on August 26, 2013. Please refer to the Federal Register for information about how to submit comments.

On May 17, 2013, the Center for Clinical Standards and Quality/Survey & Certification Group issued a memo to State Survey Agencies (SA) reaffirming OMB Circular A-87 which articulates basic principles for determining the allowability of costs in the administration of certain federal programs. One principle is that costs should be allocated between cost centers in accordance with relative benefits received. The memo is available at: <http://www.cms.gov/Medicare/Provider-Enrollment-and-Certification/SurveyCertificationGenInfo/Policy-and-Memos-to-States-and-Regions-Items/Survey-and-Cert-Letter-13-31.html>.