

1 HOUSE BILL NO. 732
2 INTRODUCED BY D. BEDEY
3

4 A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING THE PROMPT COST REPORT
5 REIMBURSEMENT ACT; GENERALLY REVISING THE RETROACTIVE ADJUSTMENT PROCESS BY THE
6 DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES FOR COST REPORTS SUBMITTED BY
7 CRITICAL ACCESS HOSPITALS; PROVIDING AN APPROPRIATION; AND PROVIDING AN IMMEDIATE
8 EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."
9

10 WHEREAS, critical access hospitals in Montana participating in the Montana Medicaid program are
11 reimbursed for medical services provided to their communities based on the cost of delivering these services;
12 and

13 WHEREAS, to effectuate this reimbursement, the critical access hospital submits a cost report to the
14 applicable Medicare administrative contractor identifying the cost of services, which forms the basis for settling
15 interim payments to ensure the Medicare and Medicaid programs have paid the proper amount in
16 reimbursement; and

17 WHEREAS, the Medicare program performs an interim settlement upon the filing of a cost report with
18 the applicable Medicare administrative contractor; and

19 WHEREAS, a Medicare administrative contractor periodically performs a desk audit to review
20 previously filed cost reports, and Medicare will perform an additional adjustment as required based upon the
21 final desk audit; and

22 WHEREAS, the Montana Medicaid program does not perform initial settlements upon the filing of the
23 cost report and instead waits to settle cost reports until the Medicare administrative contractor has performed
24 the final desk audit; and

25 WHEREAS, Montana Medicaid's practice of waiting to settle cost reports until the final desk audit is
26 performed has resulted in multiple-year delays in settling reimbursement for participating critical access
27 hospitals whose cost reports are selected for a Medicare audit; and

28 WHEREAS, aligning Montana Medicaid's practice with Medicare's practice will ensure proper fiscal

30 days after receipt of the interim medicaid cost settlement from the medicare administrative contractor, whichever occurs sooner.

(d) In the event of an overpayment, the provider has 60 days from the date of the initial notification indicated by the interim cost settlement to repay the amount of the overpayment, or to have an agreed upon repayment schedule.

(2) (a) Upon receipt of the final desk review or audit of the cost report by the applicable medicare administrative contractor, the department shall perform a final retroactive adjustment and, if applicable, a final settlement of the cost report.

(b) In the event of an overpayment, the provider has 60 days from the date of the initial notification to repay the amount of the overpayment or to have an agreed upon repayment schedule. In the event of an underpayment, the department will reimburse the provider within 90 days from the date of the initial notification to the provider.

(3) As used in this section, "medicare administrative contractor" has the same meaning as provided in 42 CFR 421.401 and also includes an intermediary as defined in 42 CFR 421.3.

NEW SECTION. Section 4. Transition. Notwithstanding the provisions of [section 6], the department of public health and human services shall settle all cost reports submitted prior to [the effective date of this act] within 240 days of [the effective date of this act].

NEW SECTION. Section 5. Appropriation. (1) There is appropriated \$33,900 from the general fund and \$33,900 from the federal special revenue fund to the department of public health and human services for the fiscal year beginning July 1, 2025, for the settlement of cost reports described in [sections 3 and 4].

(2) There is appropriated \$7,500 from the general fund and \$7,500 from the federal special revenue fund to the department of public health and human services for the fiscal year beginning July 1, 2026, for the settlement of cost reports described in [sections 3 and 4].

(3) The legislature intends that the appropriation of \$15,000 from the general fund and \$15,000 from the federal special revenue fund for the biennium be considered as part of the ongoing base for the next legislative session.