

25.5-6-202. Providers - nursing facility provider reimbursement - exemption - rules - repeal.

(13)

(a) As a condition of receiving medicaid funds, the state department may require a nursing facility to submit any documentation necessary to ensure the state's interest in transparency, stability, and sound fiscal stewardship, including, but not limited to:

(I) Annual audited financial statements, prepared by an independent accountant, for a facility, management company, and any related party conducting business with a medicaid-certified nursing facility, including audited and consolidated financial statements for any parent company that accepts, or whose subsidiaries accept, medicaid payments from the state of Colorado;

(II) Details on transactions between related parties or entities that have common ownership; and

(III) Ownership interest in real estate, management companies, facility operators, and all related parties.

(b) The state department shall determine the format for the documentation provided by each nursing facility.

(c) The state board shall establish by rule any penalties for noncompliance with the financial reporting required pursuant to this subsection (13).

(d) The costs associated with the financial reporting required pursuant to this subsection (13), including any audit costs incurred by a nursing facility, are an allowable expense on the medicaid cost report and must be incorporated as a component of the overall reimbursement methodology.

10 CCR 2505-10 8.400

8.450 FINANCIAL TRANSPARENCY REPORTING REQUIREMENTS

8.450.A Definitions

1. Audited Financial Statements means a company's financial statements that have been examined by an independent auditor and received an opinion signed by a Certified Public Accountant (CPA). An audit provides the highest level of assurance that the applicable financial statements are free from material misstatement.
2. Reviewed Financial Statements means a company's financial statements that have been examined by an independent auditor and received a review report signed by a CPA. A review provides a limited assurance that the applicable financial statements are free from material misstatement.
3. Managing Entity means any entity that provides administrative or management support to a group a facility. This includes management companies, home offices or back-offices.
4. Common Ownership means one of more individuals directly or indirectly possesses a 5% or greater ownership interest, as defined in Section 8.441.5.B, in both the nursing facility and the institution or organization serving the nursing facility.

8.450.B Financial Reporting Requirements

Beginning with fiscal year end cost reports submitted during State Fiscal Year 2025, all Medicaid certified nursing homes and management entities must annually provide the following documentation in accordance with C.R.S § 25.5-6-202 (13):

1. Audited Financial Statements
 - a. Audited financial statements for each nursing facility and management entity, including management companies, home office or back-office entities, directly or indirectly accepting Medicaid funds in Colorado; or
 - b. Audited consolidated financial statements for any organization or company operating or managing multiple facilities within Colorado. Consolidated financial statements must include a supplemental schedule that specifies facility level income statement data as well as statements from the managing entity (including management companies, home office or back-office entities), the revenue and expense stated on the supplemental schedule for each facility must reconcile to the MED-13; or
 - c. Any combination of (a) and (b) that is necessary to include all applicable nursing facilities and managing entities should the managing entity not have common ownership with all individual facility under its management.
 - i. Annual facility and managing entity audit dates may differ based on their A disclosure of nursing facility ownership or affiliation with other corporations, foundation, etc., including an explanation of the type or relationship for each facility operator, management entity and real estate investment trust (REIT) associated with each facility accepting Medicaid funds.
2. Identification of all related parties engaged in a financial transaction with the nursing facility or management entity, and the sum of all annual transactions.
3. At its discretion, the Department may require:
 - a. Details on transactions between related parties.
 - b. Additional audited financial statements for related parties determined to be of material value in transaction volume.
 - c. Individual ownership details of any corporate level ownership provided as part of disclosures required in this section.

8.450.C Waiver Process

1. The Department may allow for the waiver of certain requirements at its discretion. Waivers should be limited in duration and will only be granted based on atypical or unexpected occurrences that prevent the facility from meeting all compliance requirements. To receive a waiver, the facility or management entity must:
 - a. Provide evidence of a good faith effort to comply with all applicable transparency requirements in this section,
 - b. Identify and explain the specific requirement requested to be waived,
 - c. Provide a timeline in which full compliance can be regained, and

- d. Submit compliance documentation to the greatest extent possible to meet the intent of this section in lieu of the item being waived (i.e. submission of reviewed financial statement in lieu of audited financial statements).
- 2. In limited circumstances an organization's structure may require the submission of combined financial statements rather than consolidated financial statements. This waiver additionally requires:
 - a. An explanation why combined financial statements are being requested.
 - b. A summary of the nature of any business entities omitted from financial reporting
 - c. Omitted business entities must not have any financial transactions with nursing home related entities
- 3. For SFY 2025 only, the Department will accept reviewed financial statements in lieu of audited financial statements for compliance with Section 8.450.2 (A).