

**§41-B. Auditing and adjusting of health care and community service provider costs**

This section governs the rules of the department and the practices of its auditors in interpreting and applying those rules with respect to payments for providers under the MaineCare program and payments by the department under grants and agreements audited pursuant to the Maine Uniform Accounting and Auditing Practices Act for Community Agencies. [PL 2005, c. 588, §2 (NEW).]

**1. Revised audit interpretations to be applied prospectively.** Whenever the department's auditors revise an interpretation of a rule, agreement, circular or guideline in a manner that would result in a negative adjustment of a provider's or agency's allowable costs, the revised interpretation may be applied only to provider or agency fiscal years beginning after the date of the examination report, audit report or other written notification in which the provider or agency receives direct notice of the revised interpretation. For the fiscal year to which the report containing the revised interpretation applies, and any subsequent fiscal year ending prior to the issuance of the revised interpretation, the cost that is the subject of the revised interpretation must be considered allowable to the extent that it was allowable under the interpretation previously applied by the Office of Audit for MaineCare and Social Services, referred to in this section as "the office of audit." This subsection does not prohibit the office of audit from applying an adjustment to a fiscal year solely because that cost was not disallowed in a prior year. [PL 2005, c. 588, §2 (NEW).]

**2. Determination of "ordinary," "necessary" and "reasonable" costs.** In making findings concerning whether a cost is "ordinary," "necessary" and "reasonable," the office of audit shall consider the following criteria in conjunction with applicable state and federal rules, regulations, guidelines and agreements:

A. Whether a substantial number of providers of health care or community services in the State incur costs of similar magnitude, frequency, quantity or price level to the costs under review; [PL 2005, c. 588, §2 (NEW).]

B. Whether the expenditure is reasonably incurred to produce, accomplish, facilitate or compensate persons for providing an item or service related to the purpose of a program or activity for which the State has contracted or for which the State otherwise provides payment; [PL 2005, c. 588, §2 (NEW).]

C. Whether the expenditure is comparable to an expenditure made by a department or agency of the State responsible for services or programs similar to those to which the finding applies; and [PL 2005, c. 588, §2 (NEW).]

D. Whether the expenditure is consistent with meeting special needs of the population served through innovative or specialized services offered by a particular provider. [PL 2005, c. 588, §2 (NEW).]

[PL 2005, c. 588, §2 (NEW).]

**3. Employee compensation and benefit costs.** In evaluating whether employee wages, salaries and benefits are reasonable and allowable, the department may not disallow the costs of any employee benefits, wages or salaries if the total of those costs is reasonable under the criteria set forth in subsection 2.

[PL 2005, c. 588, §2 (NEW).]

**4. Other expenses.** The department shall modify its rules governing MaineCare reimbursement and other reimbursements pursuant to grants, contracts or agreements for health care providers and other agencies providing community services to allow, to the extent permitted by applicable federal law, the costs of employee information publications, health or first-aid clinics or infirmaries, recreational activities, employee counseling services and any other expenses incurred in accordance with the health care provider or other agency's established practice or custom for the improvement of working conditions, employer-employee relations, employee morale and employee performance.

[PL 2005, c. 588, §2 (NEW).]

SECTION HISTORY

PL 2005, c. 588, §2 (NEW).

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