Facilities that undergo a change of ownership must file a cost report from the date of change of ownership through the end of the third month of ownership. The Division of Medicaid may shorten or lengthen the reporting period of the initial cost report to not less than one (1) month or not more than four (4) months.

The base rate of the old owner will be used to set the interim rate for the new owner, excluding hold harmless payment and return on equity. The provider may request and, absent any good cause to deny, the executive director shall approve setting the new owner's rate using the maximum per diem rate for the interim period. The maximum per diem rate is defined for a NF as the ceiling for direct care and care related costs, allocated between the two cost centers based on the cost report filed by the previous owner that was used to compute the rate in effect on the date of the change of ownership, and adjusted for the case mix of the previous owner for the appropriate calendar quarter, plus the ceiling for administrative and operating costs, plus the gross rental per diem payment computed under the fair rental system as defined by this plan. Quarterly rate adjustments will be made to adjust for changes in the case mix score. The maximum per diem rate is defined for an ICF-MR and PRTF as the ceiling for direct care, therapy, care related and administrative and operating costs, plus the gross rental per diem payment computed under the fair rental system as defined by this plan. Under the maximum rate, the new owner will not receive a return on equity capital per diem or a property tax and insurance per diem until the initial cost report is filed.

The new owner's interim rates will be adjusted retroactively based on the initial cost report, after desk review. The rates computed based on the initial cost report of the new owner will be effective the same date the change of ownership was effective.