

## Chapter PW-MA 27

**NURSING HOME ANCILLARY COSTS UNDER  
THE MEDICAL ASSISTANCE PROGRAM**

PW-MA 27.01 Introduction  
PW-MA 27.02 Treatment of costs

PW-MA 27.03 Method of claiming ancillary cost reimbursement

**PW-MA 27.01 Introduction** (1) **STATEMENT OF INTENT.** Sections PW-MA 27.01 through PW-MA 27.03, promulgated under section 49.45 (10), Wis. Stats., are designed to promote the equitable and efficient reimbursement of ancillary costs incurred by nursing homes under the Medical Assistance Program.

(2) **TO WHOM THE RULES APPLY.** Sections PW-MA 27.01 through PW-MA 27.03 apply to skilled nursing facilities, intermediate care facilities, pharmacies, independent providers of services, the fiscal agent, and the department.

(3) **DEFINITIONS** (a) "Ancillary cost" means an extraordinary and unique cost incurred by a nursing home or other qualified provider of services or materials furnished to a patient recipient, which cost is not included in calculating the nursing home's daily rate, and for which the Medical Assistance Program is authorized to reimburse separately.

(b) "Bureau of health care financing" means the bureau within the division responsible for administration of the Medical Assistance Program.

(c) "Daily nursing home rate" means the amount reimbursed to a nursing home under the Medical Assistance Program for providing routine, day-to-day health care services to a patient recipient, determined in accordance with section 49.45 (6m) (a), Wis. Stats.

(d) "Department" means the department of health and social services.

(e) "Division" means the division of health within the department.

(f) "Fiscal agent" means the organization under contract to the department to process claims for services provided under the Medical Assistance Program.

(g) "Independent provider of service" means an individual or agency which, in its own right, is eligible to provide health care services to patient recipients, have a provider number, and submit claims for reimbursement under the Medical Assistance Program. Independent providers of service include, but are not limited to: physicians, dentists, chiropractors, podiatrists, registered physical therapists, certified occupational therapists, certified speech therapists, certified audiologists, psychiatrists, pharmacists, ambulance service agencies, handicab service agencies, psychologists, x-ray clinics and laboratories. Independent providers of service may provide either direct or indirect services:

1. "Direct services" mean those services that tend to benefit patient recipients on an individual basis, as opposed to a group basis, and include but are not limited to: physician visits to patients, therapy modalities, drug dispensing, radiology or laboratory services provided by a certified radiology or laboratory unit, oral exams, and physical examinations. Direct services are often referred to as billable services, medical services, or professional services.

2. "Indirect services" mean those services that tend to benefit patient recipients on a group basis, as opposed to an individual basis, and include but are not limited to: consulting, in-service training, medical direction, utilization review, and the services of unlicensed or uncertified assistants who are not under direct supervision. Indirect services are often referred to as non-billable services, non-medical services, or non-professional services.

(h) "Medical Assistance Program" means the program administered by the department under Title XIX of the federal Social Security Act.

(i) "Nursing home" means a health care and treatment facility as defined in section 146.30 (1) (a), Wis. Stats.

(j) "Patient recipient" means a person who is residing in a nursing home and is eligible to receive or is receiving benefits under the Medical Assistance Program.

**History:** Cr. Register, August, 1977, No. 260, eff. 9-1-77.

**PW-MA 27.02 Treatment of costs.** The costs of all routine services and materials provided to patient recipients by nursing homes shall be reimbursed within the daily nursing home rate, and those costs which are both extraordinary and unique to individual residents shall be reimbursed as ancillary costs.

(1) **COSTS WITHIN THE DAILY NURSING HOME RATE.** The costs of the following items shall be reimbursed within the daily nursing home rate. Any of these services reimbursable under the Medical Assistance Program cannot be charged to the patient, his or her family or relatives, or the Medical Assistance Program via any ancillary claim.

(a) Items explicitly covered by statute:

1. Nursing services
2. Special care services (including activity therapy, recreation, social services, and religious services)
3. Supportive services (including dietary, housekeeping, maintenance, institutional laundry and personal laundry services, but excluding dry cleaning services)
4. Administrative and other indirect services
5. Capital (including depreciation, insurance, and interest)
6. Property taxes

(b) Personal comfort and medicine chest-type items and other items reasonably associated with normal and routine nursing home operations, provided that if a patient recipient specially requests a brand of

item which the nursing home does not routinely supply, the patient recipient will be expected to pay for that brand out of personal funds on a reasonable cost basis. The following is a partial list of the items covered by this subparagraph (this list is not intended to be all-inclusive; the inclusion of additional items will be added by the bureau of health care financing of the division):

1. Baby powders
2. Foot powders
3. Body lotions
4. Alcohols (rubbing and antiseptic)
5. Cotton tipped applicators (i.e., Q-Tips and similar products)
6. Examining gloves
7. Finger cots
8. Tape, all sizes, except non-allergenic tape (i.e., Micro-Pore)
9. Plastic or adhesive bandages (i.e., Band-Aids)
10. Denture cups
11. Antiseptics (mercurochrome, Merthiolate, Iodine, and similar products)
12. Tincture of Benzoin
13. Lubricating jellies (Vaseline, K Y Jelly, etc.)
14. Cotton balls
15. Peroxide
16. Shampoos (except specialized shampoos as Selsun and similar products)
17. Soaps (antiseptic and non-antiseptic)
18. Straws (paper, plastic)
19. Disposable tissues (Kleenex, Doeskin, etc.)
20. Artificial sweeteners (Sucaryl, Saccharin and related products)
21. Tongue depressors
22. All non-expendable, reusable materials (bedpans, thermometers, reusable syringes, including irrigation syringes, towels, linen, ace bandages, rubber pants, commodes)
23. Analgesic rubs (Ben Gay, Infra-rub)
24. Wash 'n Dry, paper towels, etc.
25. Diet supplements (Metracal, Nutriment, and related products)
26. Neo Curtasol
27. Comfort powder

28. Lemon and glycerine swabs
29. Vicks Vapo-Rub
30. Skin lubricants and moisturizers (Olive Oil, Neva Oil and Cream, Keri Lotion, etc.)
31. Walkers, canes, crutches (includes quad-canes)
32. Wheelchairs (includes geriatric wheelchairs; also see 11-19-76 department policy)
33. Name tags
34. Mouthwashes
35. Toothpaste
36. Toothbrushes
37. Denture adhesives
38. Deodorants
39. Denture cleaning tablets (Polident, Efferdent, etc.)

(c) All personal laundry services, except in the case of nursing homes which do not provide laundry services either directly or through outside contractors, in which case the daily nursing home rate shall be adjusted downward.

(d) Indirect services provided by independent providers of service.

(2) **ANCILLARY COSTS.** The costs of the following services are those not included in calculating the daily nursing home rate and which can be reimbursed separately by the Medical Assistance Program as detailed in section PW-MA 27.03 of this rule:

(a) The following supplies and materials provided by a nursing home:

1. Intravenous sets and solutions
2. Catheter set and foley, in "set" form only, excluding component parts except where size requirements necessitate component part purchases
3. Bladder irrigation sets, in "set" form only, excluding component parts except where size requirements necessitate component part purchases
4. Oxygen in liters, tanks, or hours
5. Disposable medical and/or nursing supplies used in nursing care that are a medical necessity and are included in the medical regimen without a specific prescription, including but not limited to the following:
  - a. Materials used in temporary isolation of a patient
  - b. Tubing and masks used in respiratory therapy
  - c. Dressings
  - d. Syringes

e. Underpads, chux, diapers, "blue" pads

(b) Transportation of a patient recipient to obtain health treatment or care, provided:

1. Such treatment or care is prescribed or recommended by a physician as medically necessary, and is performed at a physician's office, clinic, or other recognized medical treatment center; and

2. The transportation service is provided by the following modes:

a. By the nursing home, in its controlled equipment and by its staff; or

b. By a common carrier, such as a bus or taxi.

3. Direct laboratory or radiology services performed by the nursing home in a certified laboratory or radiology unit at the home.

4. Direct services provided by independent providers of service.

**History:** Cr. Register, August, 1977, No. 260, eff. 9-1-77.

**PW-MA 27.03 Method of claiming ancillary cost reimbursement.**

(1) **GENERALLY.** An individual nursing home shall claim reimbursement of the costs of those services and materials provided to patient recipients and identified in PW-MA 27.02 (2) from the Medical Assistance Program as follows:

(a) Claims should be submitted under the nursing home's provider number, and should appear on the same claim form used for claiming reimbursement at the daily nursing home rate.

(b) The items identified in PW-MA 27.02 (2) for which reimbursement is sought shall have been prescribed in writing by the attending physician, or the physician's entry in the medical records or nursing charts must make the need for the items obvious.

(c) The amounts billed to the Medical Assistance Program must be reasonable and customary from the standpoint of efficient nursing home operation and may include a 10% add-on for handling charges.

(d) It is expected that the amounts billed will reflect the fact that the nursing home has taken advantage of the benefits associated with quantity purchasing and other outside funding sources.

(e) The reimbursement of questionable items will be decided by the bureau of health care financing.

(2) **TRANSPORTATION.** Nursing homes shall submit ancillary claims for transportation services provided to patient recipients as follows:

(a) Claims must show the name and address of any treatment center to which the patient recipient was transported, and the total number of miles to and from the treatment center.

(b) The amount charged cannot include the cost of the facility's staff time, and must be for a reasonable rate.

**Note:** The costs of transportation provided by private carriers (i.e., ambulance services and handicabs) may not be billed by a nursing home to the Medical Assistance Program. These costs must be billed directly by the private carrier.

(3) **DIRECT LABORATORY OR RADIOLOGY SERVICES PROVIDED BY THE NURSING HOME.** (a) The nursing home must receive authorization from the bureau before ancillary billings for these services may be submitted.

(b) Claim forms for these billings must detail the number and type of services performed, including a description of the laboratory or radiology procedure provided.

(4) **INDEPENDENT PROVIDERS OF SERVICE.** Whenever an ancillary cost is incurred under these rules by an independent provider of service, reimbursement may be claimed only by the IPS on its provider number; except that if a nursing home can demonstrate to the department that it is more economical for the Medical Assistance Program to pay for the service in question through the nursing home's daily rate as opposed to the IPS through a separate billing, the nursing home may receive an ancillary add-on adjustment to its daily rate in accordance with section 49.45 (6m) (b), Wis. Stats., and the IPS shall not be entitled to claim direct reimbursement.

**History:** Cr. Register, August, 1977, No. 260, eff. 9-1-77.