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**MEDICAID INFORMATION RELEASE #MA10-12**

**To:** Hospitals

**From:** Leslie M. Clement, Administrator

**Subject:** **Principal Year Definition for Hospital Reimbursement**

A handwritten signature in black ink, appearing to be 'LMC', is written over the 'From:' line of the header.

In order to more closely pay hospitals their true costs, the Department of Health and Welfare is implementing the following change to the hospital cost reporting and rate setting process.

Effective July 1, 2010, the definition for principal year for hospital reimbursement is changing.

For fiscal years ending after 2009, the principal year will be the year equivalent to the Medicare cost report used to prepare your Medicaid cost settlement.

If you have additional questions about this change in definition for hospital reimbursement, please contact the Principal Financial Specialist for the Office of Reimbursement in the Division of Medicaid at (208) 364-1817.

Thank you for your participation in Medicaid.

LMC/sp/rs