



NC DEPARTMENT OF
**HEALTH AND
 HUMAN SERVICES**
 Office of the Controller

ROY COOPER • Governor
 KODY H. KINSLEY • Secretary
 LAKETHA M. MILLER • Controller

MEMORANDUM

TO: Facility Operators

FROM: Laketha M. Miller
 DHHS Office of the Controller

DATE: May 31, 2023

SUBJECT: 2022 – 2023 Adult Care Cost Reporting

DocuSigned by:

Laketha M. Miller

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The purpose of this memo is to provide facilities with information regarding the **Adult Care Cost Report** for the 2022-2023 reporting cycle. The Adult Care Cost Report is mandated by the North Carolina General Assembly under General Statute 131 D-4.1-4.3. Changes were made to 131D-4.2 in Session Law 2016-94, section 12G.2 requiring the cost report be submitted every two years. The next reporting cycle for 2022-2023 is **due on September 30, 2023**.

Adult Care Cost Reports must be submitted by facilities that receive State/County Special Assistance Program funds from residents and are licensed under General Statutes 131D (adult care home), 131E (nursing home combination facilities with adult care beds) and 122C (mental health supervised living facilities).

The 2023 cost report should be prepared based on the latest fiscal/accounting year end of the facility ending on or before June 30, 2023. For example, if a facility's fiscal/accounting year ended on September 30, 2022 or December 31, 2022, that financial information would be used for the cost report due on September 30, 2023.

Combined nursing homes subject to the adult care cost reporting requirements will utilize the same reporting period as their last filed Medicaid Cost Report. For example, if the combination nursing home has a Medicaid Cost Report year end of September 30, 2022 (filed by February 28, 2023) or December 31, 2022 (filed by May 31, 2023), that information would be used for the Adult Care Cost Report due by September 30, 2023.

Important Highlights for 2022-2023 cost reporting cycle:

- The new web-based Adult Care Cost Report program will be used for this cost reporting cycle. All that is needed is a computer and internet connection. Nothing needs to be downloaded. All cost reports need to be submitted using this new program as **no paper copies** will be accepted.
- New this year, those facilities **exempt** from the cost reporting for the 2022-2023 reporting cycle will also use the new web-based program to submit their Exemption Form information. This is a big change in that, until this year, this information was done outside of the cost report program. A facility is exempt from submitting a cost report if the facility **does not** receive any funds through State/County Special Assistance Program. The form must be submitted using the new program by the due date of September 30, 2023. Again, **no paper copies** will be accepted.
- For **ONLY HAL facilities with 31 or more beds** – Schedule F is still a required form to be completed. This schedule relates to cost modeling information that will be collected from this

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size of licensed facilities. There is a procedure in the Agreed Upon Procedures (AUPs) to go along with Schedule F. The CPA/independent accountant must indicate that the procedure has been verified in their report.

- More than any other reporting cycle, it is **strongly recommended** that facilities and/or their CPA/accounting consultants attend cost report training this year. The information that goes into the cost report hasn't changed. The program and how information is entered is vastly different. Please check the Office of the Controller's web page for training opportunities. All training will be web-based/online training.
- All cost report and training information should be posted on the DHHS Office of the Controller's web site at <https://www.ncdhhs.gov/about/administrative-offices/office-controller/adult-care-facilities> by June 2023.

Based upon changes made in Session Law 2016-94, Agreed Upon Procedures (AUPs) are also due every two years. Facilities licensed for 7 beds or more are required to submit AUPs with the Adult Care Cost Report for the 2022-2023 reporting cycle. If the facility is currently licensed for 7 beds or more, you must print or download a copy of the AUP guidelines that are to be utilized by the certified public accountant (CPA)/independent accountant performing the procedures on the facility's cost report. The Adult Care Cost Report, Agreed Upon Procedures and the Independent Accountant's Certification form (if applicable) are to be submitted to the DHHS Office of the Controller by September 30, 2023.

Please note that if the AUP indicates that your accountant was unable to perform certain procedures or utilized unapproved alternative procedures, the cost report and AUP will be returned for corrections. If corrections are not possible or timely, the cost report may be excluded from the rate setting process and your facility may be subject to a state audit.

The Adult Care Cost Report and Exemption Forms must be submitted using the new web-based program. It will be considered signed when submitted. The AUPs and Independent Accountant's Certification should be submitted electronically, preferably by email, to Susan Kesler (see contact information below). These will be matched to cost reports submitted through the web-based program. Cost reports submitted through the web-based program that require an AUP and the AUP is not submitted by email, or as a last resort by fax or mail, will be considered incomplete. A facility with an incomplete cost report at the end of the cost reporting cycle will be on the delinquent list and be at risk of having their admissions suspended.

Blank copies of the cost report can be printed out of the web-based program. If there are questions regarding the audit procedures/requirements, please email your questions to AUP.questions@dhhs.nc.gov. This email address is **ONLY** for questions regarding the AUPs. Please do not use it for questions concerning the cost report program. Questions regarding the cost report program or any other Adult Care Cost Report materials should be directed to Susan Kesler at 919-855-3680 or email to susan.kesler@dhhs.nc.gov. The fax number is 919-715-3095.

Thank you for your cooperation.

LMM/sk

Cc: Joyce Massey-Smith – Division of Aging and Adult Services
Hank Bowers - Division of Aging and Adult Services
Curtis Crouch – Office of the Controller
Megan Lamphere – Division of Health Service Regulations
Susan Kesler - Office of the Controller