

CHART OF ACCOUNTS

(For Facilities Which Serve State/County Special Assistance Residents)

CHART OF ACCOUNTS TO BE UTILIZED BY HOMES WITH LICENSED CAPACITY OF 7 BEDS OR MORE

FOR THE 2016-2017 COST REPORT PERIOD
RECEIPTS AND EXPENDITURES

GENERAL GUIDELINES: For purposes of the 2016-2017 Cost Report, consolidated reports are no longer allowed to be submitted except for facilities which are licensed as cluster homes under The Rules for the Licensing of Adult Care Homes (Homes for the Aged) Section .1300 - Management (.1301 (4)) and Section .1900 - Management (.1901 (3)). In these cases a separate Schedule A of the Cost Report for each licensed facility is required and consolidated Schedule B, C, D, and E is permitted.

REVENUES:

ADULT CARE HOME REVENUE ONLY

Capture revenue For Adult Care Home (ACH) Beds. Include only revenue related to the residents in the Adult Care Home Beds.

SPECIAL CARE UNIT BED REVENUE ONLY

(FOR USE ONLY BY FACILITIES WHICH HAVE SPECIAL CARE UNIT BEDS)

Capture revenue for Special Care Unit (SCU) Beds. Include only revenue related to the residents in the Special Care Unit Beds.

RECEIPTS ON BEHALF OF STATE COUNTY SPECIAL ASSISTANCE RESIDENTS:

1. State / County Special Assistance to Adults
2. Social Security
3. Supplemental Security Income
4. Personal Care Services
5. Medical Transportation
6. Mental Health Revenues (DMA Mental Health money (including Medicaid), CAP, County allocated Mental Health monies.)
7. Other (insurance, veterans' benefits, railroad, etc.)
8. Refunds
9. PCS Overpayments or Recoupments

RECEIPTS FROM PRIVATE PAY RESIDENTS:

- 11. Private Pay Receipts (i.e. Social Security, Supplemental Security Income, Medicaid, insurance, veterans' benefits, railroad, etc.)
- 11a. 100% Private Pay (Non-SA eligible residents) – funds received from Non-SA residents to pay for residential services
- 12. Mental Health Revenues
- 13. Refunds

NON-RESIDENT RELATED REVENUE:

- 15. Receipts from Other Sources (i.e. guest meals)
- 15a SA Financial Assistance – for the temporary financial assistance funds granted by the General Assembly for the 2016-2017 fiscal year. The payment period began on October 1, 2016 and ending on June 30, 2017. The amount of \$34 per month for each resident who was a recipient of State-County Special Assistance.
- 16. Refunds

EXPENDITURES:

ADULT CARE HOME COSTS ONLY

Capture costs for Adult Care Home (ACH) Beds. Include only costs related to the residents in the Adult Care Home Beds. Documentation must be kept in such a manner that the CPA or accountant can verify and/or audit these expenditures and the method used to calculate these costs.

SPECIAL CARE UNIT BED COSTS ONLY

(FOR USE ONLY BY FACILITIES WHICH HAVE SPECIAL CARE UNIT BEDS)

Capture costs for Special Care Unit (SCU) Beds. Include only costs related to the residents in the Special Care Unit Beds. Documentation must be kept in such a manner that the auditor can verify and/or audit these expenditures and the method used to calculate these costs. See Schedule E.

Definitions:

- (1) "Alzheimer's Disease" means a progressive, degenerative disease that attacks the brain and results in impaired memory, thinking and behavior. Characteristic symptoms of the disease include gradual memory loss, impaired judgment, disorientation, personality change, difficulty in learning, and loss of language skills.
- (2) "Related disorders" means dementing or memory impairing conditions characterized by irreversible memory dysfunction.
- (3) "Special Care Unit for persons with Alzheimer's Disease or related disorders" means an entire facility or any section, wing or hallway within an adult care home separated by closed doors from the rest of the home, or a program provided by an adult care home, that is designated or advertised especially for special care of residents with Alzheimer's Disease or related disorders.

Cost Report

Line Number

Description

- (4) "Care coordinator" means a staff person in a special care unit who oversees resident care and coordinates, supervises and evaluates resident services to assure that each resident receives services appropriate to the individual's needs.

DIRECT COST CENTERS:

HOUSEKEEPING / LAUNDRY

Housekeeping Cost Center includes the cost of staff and supplies needed to keep the facility clean.

1. **Salaries / Wages**
All housekeeping/laundry personnel salaries and wages.
2. **Casual Labor (Incidental/Short-Term Employment)**
Cost of Housekeeping/laundry labor for incidental, short-term employment.
3. **Payroll Taxes**
Cost of taxes paid by employer. Items include:
 - FICA
 - FUTA
 - SUTA
4. **Employee Benefit Program**
Cost of benefits paid by employer. Items include:
 - Dental insurance
 - Health insurance
 - Life insurance
 - Retirement
 - Uniforms
 - Worker's compensation
5. **Meetings / Seminars / Training**
Cost of Housekeeping/Laundry personnel attending meetings, seminars, and conferences. Items include:
 - Tuition / registration / fees
 - Training materials
6. **Travel Costs**
Travel costs incurred by Housekeeping/Laundry personnel providing services to patients, training facility personnel and other business related functions. Items include:
 - Travel costs (mileage reimbursement, public transportation costs, etc.)
 - Lodging (hotel/motel) costs when incurred for business related purposes
 - Meals for facility personnel when incurred for business related purposes
 - Parking fees when incurred for business related purposes
7. **Housekeeping / Laundry Supplies**
Cost of cleaning and laundry supplies and materials. Items include:
 - Brooms, mops, detergents, etc.
 - Non-capitalized equipment (vacuum cleaner, mop bucket, buffer, linen cart, scale, marking machine, etc.)

HOUSEKEEPING / LAUNDRY Continued

8. **Linen and Bedding**
Cost of linen and bedding. Items include:
- Linens
 - Bedding
 - Sheets
 - Mattresses
 - Pillows and cases
 - Blankets
 - Towels
 - Washcloths
9. **Contract Services**
Cost of contracted housekeeping/laundry services.
10. **Miscellaneous**
Cost of other housekeeping/laundry items not considered in above accounts.

DIETARY

21. **Salaries / Wages**
All dietary and food service personnel salaries and wages.
22. **Casual Labor (Incidental/Short-Term Employment)**
Cost of dietary and food service labor for incidental, short-term employment.
23. **Payroll Taxes**
Cost of taxes paid by employer. Items include:
- FICA
 - FUTA
 - SUTA
24. **Employee Benefit Program**
Cost of benefits paid by employer. Items include:
- Dental insurance
 - Health insurance
 - Life insurance
 - Retirement
 - Uniforms
 - Worker's compensation
25. **Meetings / Seminars / Training**
Cost of Dietary and food service personnel attending meetings, seminars, and conferences. Items include:
- Tuition / registration / fees
 - Training materials
26. **Travel Costs**
Travel costs incurred by Dietary personnel providing services to patients, training facility personnel and other business related functions. Items include:
- Travel costs (mileage reimbursement, public transportation costs, etc.)
 - Lodging (hotel/motel) costs when incurred for business related purposes
 - Meals for facility personnel when incurred for business related purposes
 - Parking fees when incurred for business related purposes

DIETARY - Continued

27. **Contract Services**
Cost of contracted dietary services.
28. **Dietary Supplies**
Cost of all dietary supplies. Items include:
- General kitchen supplies
- Plates, cups, forks, knives, etc.
- Non-capitalized equipment (blender, coffee urn, food cart, etc.)
29. **Food**
Cost of food and nutritional supplements. Items include:
- Meats, vegetables, dairy products, etc.
30. **Miscellaneous**
Cost of other dietary items not considered in the above accounts.

RECREATIONAL ACTIVITIES

Recreation Activities Cost Center includes the cost of staff, supplies, and related operating expenses needed to provide supplies, and related operating expenses needed to provide appropriate diversionary activities for residents.

41. **Salaries / Wages**
The salaries and wages for all recreational activities personnel.
42. **Casual Labor (Incidental/Short-Term Employment)**
Cost of recreational activities labor for incidental, short-term employment.
43. **Payroll Taxes**
Cost of taxes paid by employer. Items include:
- FICA
- FUTA
- SUTA
44. **Employee Benefit Program**
Cost of benefits paid by employer. Items include:
- Dental insurance
- Health insurance
- Life insurance
- Retirement
- Uniforms
- Worker's compensation
45. **Meetings / Seminars / Training**
Cost of recreation activities personnel attending meetings, seminars, and conferences. Items include:
- Tuition / registration / fees
- Training materials
46. **Travel Costs**
Travel costs incurred recreation activities by staff providing services to its patients, training facility personnel and other business related functions. Items include:
- Travel costs (mileage reimbursement, public transportation costs, etc.)
- Lodging (hotel/motel) costs when incurred for business related purposes
- Meals for facility personnel when incurred for business related purposes
- Parking fees when incurred for business related purposes

RECREATIONAL ACTIVITIES - Continued

- 47. Contract Services**
Cost of all contracted recreation activities services.
- 48. Supplies**
Cost of supplies for recreational activities furnished to residents. Items include:
- Recreational supplies
 - Art supplies
 - Games
 - Non-capitalized equipment (camera, VCR, stereo, typewriter, etc.)
- 49. Miscellaneous**
Cost of other recreation activities items not considered in above accounts. Items include:
- Cable TV expense

PCS COST CENTERS:

PERSONAL CARE

This is for all Personal Care Services (PCS) provided to S/A clients or private pay clients in the home.

The following is a list of tasks which can be included as personal care under the Personal Care Services Cost Center as referenced in Clinical Coverage Policy 3L, Section 3.3. and 3.4. The tasks and services should be performed at least once a week.

- I. Personal care allowed by NC State Plan:
- Hands-on assistance to address unmet needs with qualifying ADLs;
 - Set-up, supervision, cueing, prompting, and guiding, when provided as part of the hands-on assistance with qualifying ADLs;
 - Assistance with home management IADLs that are directly related to the beneficiary's qualifying ADLs and essential to the beneficiary's care at home;
 - Assistance with medication when directly linked to a documented medical condition or physical or cognitive impairment;
 - Assistance with adaptive or assistive devices when directly linked to the qualifying ADLs;
 - Assistance with the use of durable medical equipment when directly linked to the qualifying ADLs;
 - Assistance with special assistance (assistance with ADLs that requires a Nurse aide II) and delegated medical monitoring tasks;

The following should be provided under EPSDT criteria for beneficiaries under 21 years of age:

- Supervision (observation resulting in an intervention) and monitoring (precautionary observation) related to qualifying ADLs;
- Cueing prompting, guiding and coaching related to qualifying ADLs;
- After school care if PCS tasks are required during that time and no other individuals or programs are available to provide this services;
- Additional hours of service authorization

Medication assistance is covered when:

- Delivered in a private residence and consists of medication self-administration assistance described in 10A NCAC 13J;
- Delivered in an adult care home and includes medication administration as defined in 10A NCAS 13F and 13G;
- Delivered in a supervised living home and includes medication administration as defined in 10A NCAC 27G.

- II. Indirect components of personal care when performed by staff (i.e.: Owner/Administrator, aide, supervisor-in-charge, nurse):
- Conduct initial assessment and prepare care plans
 - Conduct reassessments and prepare new care plans as needed
 - Conduct annual reassessment/care plans
 - Obtain physician approval of care plans
 - Obtain case manager's verification/authorization of heavy care residents' eligibility for Enhanced ACH/PC and ACH/CMS coverage
 - Conduct and document quarterly monitoring and supervisory reviews
 - Document service provision by staff

PERSONAL CARE - Continued

- 51. Salaries / Wages for Aides**
All personal care aide personnel salaries and wages. This also includes the salaries and wages of personnel that attended and/or taught the personal care training seminars identified in line 56. Include costs in a lump sum to be keyed on line 59.
- 52. Salaries / Wages for All Other**
All personal care all other personnel salaries and wages. This also includes the salaries and wages of personnel that attended and/or taught the personal care training seminars identified in line 56. Include costs in a lump sum to be keyed on line 59.
- 53. Casual Labor (Incidental/Short-Term Employment)**
Cost of personal care labor for incidental, short-term employment. This also includes the salaries and wages of personnel that attended and/or taught the personal care training seminars identified in line 56. Include costs in a lump sum to be keyed on line 59.
- 54. Payroll Taxes**
Cost of taxes paid by employer. Items include:
- FICA
- FUTA
- SUTA
Include costs in a lump sum to be keyed on line 59.
- 55. Employee Benefit Program**
Cost of benefits paid by employer. Items include:
- Dental insurance
- Health insurance
- Life insurance
- Retirement
- Uniforms
- Worker's compensation
Include costs in a lump sum to be keyed on line 59.
- 56. Meetings / Seminars / Training**
Only include cost for the following as related to MAINTAINING current skill level. (This line item should not include the 20, 40 or 75 hour aide training. These costs should be under the Initial/Orientation Aide Training cost center, Lines 81-88.)

Cost of personal care personnel in attending meetings, seminars, and conferences. Items include:
- Tuition / registration / fees
- Training materials
Include costs in a lump sum to be keyed on line 59.
- 57. Travel Costs**
Travel costs incurred by personal care personnel providing services to patients, training facility personnel and other business related functions. Items include:
- Travel costs (mileage reimbursement, public transportation costs, etc.)
- Lodging (hotel/motel) costs when incurred for business related purposes
- Meals for facility personnel when incurred for business related purposes
- Parking fees when incurred for business related purposes
Include costs in a lump sum to be keyed on line 59.

58. **Contract Services**
Cost of contracted personal care.
- Other contracted health services
Include costs in a lump sum to be keyed on line 59.
59. **Miscellaneous**
The lump sum amount to include all costs from line items 51 through 58, plus other personal care items not considered in the above accounts.

HEALTH SERVICES

Items to include under the Health Services Cost Center consist of:

1. **Costs related to 24-hour coverage of a Medical Director**
 2. **Non-legend drugs and medical supplies**
 3. **Legend drugs (in excess of the limit of 6 prescriptions per month per residents)**
 4. **Beauty and barber shop**
 5. **Bloodborne pathogens**
 6. **The waiting time related to the medical transportation of residents (i. e., waiting for the resident at the doctor's office.)**
61. **Salaries / Wages**
All health service personnel salaries and wages. Include costs in a lump sum to be keyed on line 72.
62. **Casual Labor (Incidental/Short-Term Employment)**
Cost of health service labor for incidental, short-term employment. Include costs in a lump sum to be keyed on line 72.
63. **Payroll Taxes**
Cost of taxes paid by employer. Items include:
- FICA
- FUTA
- SUTA
Include costs in a lump sum to be keyed on line 72.
64. **Employee Benefit Program**
Cost of benefits paid by employer. Items include:
- Dental insurance
- Health insurance
- Life insurance
- Retirement
- Uniforms
- Worker's compensation
Include costs in a lump sum to be keyed on line 72.
65. **Meetings / Seminars / Training**
Cost of health service personnel attending meetings, seminars, and conferences. Items include:
- Tuition / registration / fees
- Training materials
Include costs in a lump sum to be keyed on line 72.

HEALTH SERVICES - Continued

- 66. Travel Costs**
Travel costs incurred by health services personnel providing services to patients, training facility personnel and other business related functions. Items include:
- Travel costs (mileage reimbursement, public transportation costs, etc.)
 - Lodging (hotel/motel) costs when incurred for business related purposes
 - Meals for facility personnel when incurred for business related purposes
 - Parking fees when incurred for business related purposes
- Include costs in a lump sum to be keyed on line 72.
- 67. Contract Services**
Cost of contracted health services.
- In-service / Medical Director required for 24 hr coverage
 - Other contracted Health Services
- Include costs in a lump sum to be keyed on line 72.
- 68. Non-Legend Drugs and Medical Supplies**
Cost of non-prescription drugs and medical supplies. Items include:
- Non-prescription stock drugs
 - Adhesives
 - Dressings
 - Gauze
 - Gloves
 - Syringes
 - Incontinence supplies (disposable diapers, under pads, etc.)
 - Non-capitalized equipment (chart holder, drug chart, glucometer, humidifier, blood pressure cuff, physician scale, shower chair, stethoscope, suction machine, wheelchair, Geri chair, commode chair, etc.)
- Include costs in a lump sum to be keyed on line 72.
- 69. Legend Drugs**
Cost of those prescription drugs exceeding the Medicaid Drug Program pharmacy service limitation of six prescriptions per month per resident. Include costs in a lump sum to be keyed on line 72.
- 70. Beauty and Barber Shop**
Cost of furnishing beauty and barber services to residents. Items include:
- Beauty and barber supplies used for basic hair care services
 - Personal hygiene basic supplies (shampoo, razors, shaving cream, etc)
- Include costs in a lump sum to be keyed on line 72.
- 71. Bloodborne Pathogens (OSHA)**
Cost of meeting OSHA standards for bloodborne pathogens and infectious materials. This includes supplies, protective equipment/clothing, vaccinations, training materials, hazard signs/labels, waste disposal, and medical record retention. Include costs in a lump sum to be keyed on line 72.
- 72. Miscellaneous**
The lump sum amount to include all costs from line items 61 through 71, plus other health service items not considered in the above accounts.

**INITIAL/ORIENTATION AIDE TRAINING
20, 40, 75 HOUR TRAINING**

Cost of staff hired to replace permanent staff in order that they can attend this training should be recorded in the Cost Centers related to the work they are performing.

- 81. Salaries and Wages**
All salaries and wages for staff, full time or part time attending or teaching the required training. Include costs in a lump sum to be keyed on line 88.
- 82. Casual Labor (Incidental/Short-Term Employment)**
Salary and wages for short term staff attending or teaching the required training. Include costs in a lump sum to be keyed on line 88.
- 83. Payroll Taxes**
Cost of taxes paid by employer. Items include:
- FICA
- FUTA
- SUTA
Include costs in a lump sum to be keyed on line 88.
- 84. Employee Benefit Program**
Cost of benefits paid by employer. Items include:
- Dental insurance
- Health insurance
- Life insurance
- Retirement
- Uniforms
- Worker's compensation
Include costs in a lump sum to be keyed on line 88.
- 85. Meeting/Seminars/Training**
Cost of facility personnel attending meetings, seminars, training, and conferences. Items include:
- Tuition / registration / fees
- Training materials
Include costs in a lump sum to be keyed on line 88.
- 86. Travel Costs**
Travel costs incurred by facility personnel for initial/orientation aide training. Items include:
- Travel costs (mileage reimbursement, public transportation costs, etc.)
- Lodging (hotel/motel) costs when incurred for business related purposes
- Meals for facility personnel when incurred for business related purposes
- Parking fees when incurred for business related purposes
Include costs in a lump sum to be keyed on line 88.
- 87. Contract Services**
Include the costs incurred for all contract service personnel that attended the required training or cost of personnel to provide or teach the required training. Include costs in a lump sum to be keyed on line 88.
- 88. Miscellaneous**
The lump sum amount to include all costs from line items 81 through 87, plus other aide training items not included in the above accounts.

INDIRECT COST CENTERS:

ADMINISTRATION & GENERAL

Administration and General Cost Center includes all costs needed to administer the facility including the staff costs for the administrator, assistant administrator, bookkeeping and secretarial personnel, etc. It includes the costs of data processing, dues and subscriptions, employee criminal records check fees, travel, legal and accounting fees, and a variety of other administrative costs (see below). Operating Interest Expense should also be reported here.

91. **Salaries / Wages**
All administrative personnel salaries and wages of individuals responsible for administering the activities of the home and assigned to classifications of administrator, assistant administrator, secretary, bookkeeper, etc.
92. **Casual Labor (Incidental/Short-Term Employment)**
Cost of administrative labor for incidental, short-term employment.
93. **Payroll Taxes**
Cost of taxes paid by employer. Items include:
- FICA
- FUTA
- SUTA
94. **Employee Benefit Program**
Cost of benefits paid by employer. Items include:
- Dental insurance
- Health insurance
- Life insurance
- Retirement
- Uniforms
- Worker's compensation
95. **Meetings / Seminars / Training**
Cost of administrative personnel attending meetings, seminars, and conferences.
Items include:
- Tuition / registration / fees
- Training materials
96. **Travel Costs**
Travel costs incurred by the facility providing services to its patients, training facility personnel and other business related functions. Items include:
- Travel costs (mileage reimbursement, public transportation costs, etc.)
- Lodging (hotel/motel) costs when incurred for business related purposes
- Meals for facility personnel when incurred for business related purposes
- Parking fees when incurred for business related purposes
97. **Contract Services**
Cost of contracted administrative services.
98. **Employee Criminal Records Check Fees**
Cost of employee criminal records check fees.

ADMINISTRATION & GENERAL - Continued

- 99. Office Supplies and materials**
Cost of office supplies and other administrative supplies. Items include:
- General office supplies
 - Printed forms
 - Letterhead and envelopes
 - Checks, deposit slips, and other banking forms
 - Non-capitalized equipment (fax machine, calculator, etc.)
- 100. Management Services/Fees**
Cost of contracted management services.
- If a management company performs any direct care services and maintains time records to document the performance of those services, then the costs associated with the direct care services should be identified in the appropriate cost center as a contracted service. **DO NOT INCLUDE THOSE COSTS ON THIS LINE.**
- 101. Central Office Overhead**
Cost of central office allocated to home for centralized services furnished by a home office.
- If you have more than one facility, the basis of the allocation among facilities may be: (A) specific time records of work performed at each facility, or (B) patient days in each facility to which the costs apply relative to the total patient days in all the facilities to which the costs apply.
- 102. Interest - Operating**
Financing cost of operating capital for other than fixed assets (land, buildings, equipment, automobiles, etc.). Items include:
- Interest on operating loans
 - Fees for general lines of credit
 - Interest on credit card purchases
 - Interest on other revolving credit purchases
- 103. Advertising**
Cost of brochures, pamphlets, and all promotional and public relations expenses.
- 104. Amortization**
Cost of current write-off of capitalized items. Items include:
- Cost of establishing the entity or organization
- 105. Data Processing**
Cost of operating a data processing unit or contracted computer services. Items include:
- Contracted data processing services
 - Software expense
 - Data processing supplies
- 106. Legal and Accounting**
Cost of acquiring contracted legal and accounting services for home's operations.
- 107. Audit**
Cost of having an audit or agreed upon procedures engagement performed on the cost report by an independent accountant or Certified Public Accountant (CPA).

ADMINISTRATION & GENERAL - Continued

- 108. Telephone and Telegraph**
Cost of telephone and telegraph services for all communication services (including pagers, and internet service).
- 109. Travel and Entertainment**
Cost of travel and entertainment for business purposes.
- 110. Dues and Subscriptions**
Cost of membership in professional societies, cost of trade journals and publications, and cost of subscriptions to newspapers and magazines for residents.
- 111. Insurance - General**
Cost of all business insurance not related to property or employees.
- 112. Licenses**
Cost of federal, state, and local licensing fees.
- 113. Bad Debts**
Include the cost of bad debts in circumstances where a resident with SSI or Social Security coverage is served by an Adult Care Home, and this revenue is diverted from paying for the cost of care. Costs of this nature shall be limited to one occurrence of a consecutive resident stay not to exceed sixty (60) days.
- 114. Postage**
Cost of postage.
- 115. Miscellaneous**
Cost of other administrative items not considered in the above accounts.

OPERATIONS / MAINTENANCE

Operations/Maintenance Cost Center includes all cost necessary to operate or maintain the functionality and appearance of the facility. Examples include:

- 1. Maintenance staff**
 - 2. Utilities**
 - 3. Repairs and maintenance on all equipment**
 - 4. Automobiles**
 - 5. Buildings**
 - 6. Grounds**
- 121. Salaries / Wages**
All maintenance personnel salaries and wages.
- 122. Casual Labor (Incidental/Short-Term Employment)**
Cost of labor for incidental, short-term employment.
- 123. Payroll Taxes**
Cost of taxes paid by employer. Items include:
- FICA
 - FUTA
 - SUTA

OPERATIONS / MAINTENANCE - Continued

- 124. Employee Benefit Program**
Cost of benefits paid by employer. Items include:
- Dental insurance
 - Health insurance
 - Life insurance
 - Retirement
 - Uniforms
 - Worker's compensation
- 125. Meetings / Seminars / Training**
Cost of operations and maintenance personnel attending meetings, seminars, and conferences. Items include:
- Tuition / registration / fees
 - Training materials
- 126. Travel Costs**
Travel costs incurred by the facility providing services to its patients, training facility personnel and other business related functions. Items include:
- Travel costs (mileage reimbursement, public transportation costs, etc.)
 - Lodging (hotel/motel) costs when incurred for business related purposes
 - Meals for facility personnel when incurred for business related purposes
 - Parking fees when incurred for business related purposes
- 127. Contract Services**
Cost of contracted maintenance and security services.
- 128. Supplies**
Cost of all supplies and materials to operate and maintain home. Items include:
- Chemicals
 - Shop supplies
 - Tools
 - Gasoline and oil for lawn equipment
 - Non-capitalized equipment (lawn mower, etc.)
- 129. Automobile & Truck Maintenance and Upkeep**
Cost of all maintenance and upkeep on vehicles owned by the home (other than cost applicable to medically related patient transportation). Items include:
- Registration fees
 - Gasoline
 - Oil
 - Tires
 - Lubrication
 - Vehicle repairs
- 130. Repairs and Maintenance - Buildings and Grounds**
Cost of all materials and labor to repair and maintain buildings and grounds.
- 131. Repairs and Maintenance - Equipment**
Cost of all materials and labor to repair and maintain equipment (other than cost applicable to medically related patient transportation). Items include:
- Office equipment
 - Furniture and fixtures
 - Plant machinery and equipment

OPERATIONS / MAINTENANCE - Continued

- 132. Utilities**
Cost for all utilities. Items include:
- Electricity
 - Gas (natural gas, propane, butane - NOT gasoline)
 - Fuel (fuel oil used to heat and cool building – NOT gasoline)
 - Water (water and sewer services)
- 133. Sanitary and Pest Control**
Cost of sanitation (garbage) and pest control services.
- 134. Miscellaneous**
Cost of other operation and maintenance items not considered in above accounts.

OTHER COST CENTERS:

MEDICAL TRANSPORTATION

This relates to the transportation of both Private Pay residents and Medicaid eligible residents. Include only actual transportation cost in this cost center. Waiting time is to be included in the Health Services Cost Center. (All other transportation cost should be reported in the appropriate Cost Center based on the purpose of the transportation.)

- 141. Salaries / Wages**
Cost of all salaries and wages of personnel furnishing medical transportation.
- 142. Casual Labor (Incidental/Short-Term Employment)**
Cost of labor for incidental, short-term employment applicable to medical transportation.
- 143. Payroll Taxes**
Cost of taxes paid by employer applicable to medical transportation. Items include:
- FICA
- FUTA
- SUTA
- 144. Employee Benefit Program**
Cost of benefits paid by employer applicable to medical transportation. Items include:
- Dental insurance
- Health insurance
- Life insurance
- Retirement
- Uniforms
- Worker's compensation
- 145. Meetings / Seminars / Training**
Cost of transportation personnel attending meetings, seminars, and conferences. Items include:
- Tuition / registration / fees
- Training materials
- 146. Travel Costs**
Travel costs incurred by medical transportation personnel providing services to patients. Items include:
- Travel costs (mileage reimbursement, public transportation costs, etc.)
- Parking fees when incurred for medical transportation
- 147. Contract Services**
Cost of contracted medical transportation services.
- 148. Depreciation - Automobiles**
Cost of the purchase of an automobile or van used for medical transportation prorated over its expected life.

MEDICAL TRANSPORTATION - Continued

- 149. Rent - Equipment**
- All costs to rent or lease a vehicle used for medical transportation.
- All costs to rent or lease equipment used for medical transportation.
- 150. Automobile & Truck Maintenance and Upkeep**
All costs to maintain and operate vehicles owned by the home used for medical transportation. Items include:
- Registration fees
- Gasoline
- Oil
- Tires
- Lubrication
- Vehicle repairs
- 151. Repairs and Maintenance - Equipment**
All material and labor cost to repair and maintain equipment used for medical transportation. Included is:
- Wheelchair lift repair
- 152. Interest - Automobile**
All interest expense on vehicles used for medical transportation.
- 153. Insurance - Automobile**
All insurance expense on vehicles used for medical transportation.
- 154. Miscellaneous**
Cost of other medical transportation items not considered in above accounts.

MENTAL HEALTH SERVICES

(FOR USE BY FACILITIES RECEIVING MENTAL HEALTH FUNDING)

This Cost Center includes the cost of all mental health, therapy, and physician services and supplies separately reimbursed by Local Management Entity – Managed Care Organization (LME-MCO) or Medicaid or Medicare Part B.

- 161. Salaries / Wages**
All mental health, therapy and physician service personnel salaries and wages.
Items include:
- Physician fees
- Ambulance service
- Physicians' fees for other than utilization review or medical directors or medical consultants as required by law
- Physical therapy
- Occupational therapy
- Speech therapy
- Oxygen therapy
- Parenteral/enteral therapy
- 162. Casual Labor (Incidental/Short-Term Employment)**
Cost of mental health service labor for incidental, short-term employment.

MENTAL HEALTH SERVICES - Continued

- 163. Payroll Taxes**
Cost of taxes paid by employer. Items include:
- FICA
 - FUTA
 - SUTA
- 164. Employee Benefit Program**
Cost of benefits paid by employer. Items include:
- Dental insurance
 - Health insurance
 - Life insurance
 - Retirement
 - Uniforms
 - Worker's compensation
- 165. Meetings / Seminars / Training**
Cost of mental health service personnel attending meetings, seminars, and conferences. Items include:
- Tuition / registration / fees
 - Training materials
- 166. Travel Costs**
Travel costs incurred by mental health services personnel in providing services to patients, training facility personnel and other business related functions. Items include:
- Travel costs (mileage reimbursement, public transportation costs, etc.)
 - Lodging (hotel/motel) costs when incurred for business related purposes
 - Meals for facility personnel when incurred for business related purposes
 - Parking fees when incurred for business related purposes
- 167. Contract Services**
Cost of contracted mental health, therapy and physician services. Items include:
- Physician fees
 - Ambulance service
 - Physicians' fees for other than utilization review or medical directors or medical consultants as required by law
 - Physical therapy
 - Occupational therapy
 - Speech therapy
 - Oxygen therapy
 - Parenteral/enteral therapy
 - Radiology
 - Laboratory
 - Dental work
- 168. Supplies and Equipment**
Cost of supplies and equipment for mental health services. Items include:
- Life sustaining equipment, such as oxygen concentrators, respirators, and ventilators and other specifically approved equipment
 - Intravenous fluids
 - Billable medical supplies
 - Glasses & hearing aids
- 169. Miscellaneous**
Cost of other mental health service items not considered in above accounts.

CAPITAL COST CENTER:

PROPERTY / OWNERSHIP / USE

This cost center includes all allowable costs related to the acquisition and/or use of the physical assets including building, fixed equipment and movable equipment.

For Depreciation account numbers 171-174, the guidelines provided by the United States Internal Revenue Service for tax purposes should be followed.

- 171. Depreciation - Land Improvements**
Cost of land improvements prorated over the expected life. Items include:
- Parking lots
 - Curbs and guttering
 - Sidewalks
 - Landscaping
- 172. Depreciation - Buildings and Improvements**
Cost of the building(s) and building improvements prorated over the expected life.
- 173. Depreciation - Equipment**
Cost of equipment NOT affixed to a building prorated over the expected life.
Items include:
- Office furniture and fixtures
 - Patient's room furniture and fixtures
 - Office machines and equipment
 - Telephone equipment
 - Kitchen equipment
 - Laundry equipment
 - Maintenance equipment
 - Lawn mowers and tractors
 - Specialized medical equipment
 - Wheelchairs
 - Specialized educational equipment
 - Computer equipment
 - Software
 - Security equipment
- 174. Depreciation - Automobiles**
Cost of an automobile or van used by the home (other than cost applicable to medically related patient transportation) prorated over the expected life.
- 175. Rent for Facility**
Cost of renting or leasing facility where services are being provided to residents.
- 176. Rent for Buildings / Land**
Include rent of homes rented for staff to meet resident requirements: temporary storage, land, etc.

PROPERTY / OWNERSHIP / USE - Continued

- 177. Rent for Automobiles / Equipment**
Cost of leasing equipment. Items include:
- Copier rental
 - Computer equipment rental
 - Office furniture and equipment rental
 - Telephone equipment rental
 - Automobile leases (other than cost applicable medically related patient transportation)
 - Patient furniture and equipment (other than cost applicable to medically Related Patient Transportation)
 - Specialized medical equipment rental (other than cost applicable to medically related patient transportation)
 - Wheelchair rental (other than cost applicable to medically related patient transportation)
 - Other equipment rental (other than cost applicable to medically related patient transportation)
- 178. Real Estate Taxes**
Cost of all property taxes.
- 179. Interest - Mortgage**
Cost of all mortgage interest on fixed assets (NOT on operating capital). Items include:
- Land and land improvements
 - Buildings and buildings improvements
- 180. Interest – Other Capital Assets**
Cost of all other capital interest on other capital assets (NOT on operating capital). Items include:
- Equipment
 - Automobiles (other than interest cost related to medically related patient transportation).
- 181. Insurance - Fixed Assets**
Cost of all insurance on property ONLY. (NOT liability, worker's compensation, life, or other non-property insurance).
- Cost of all automobile insurance, including liability (other than cost applicable to medically related patient transportation).
- 182. Miscellaneous**
Cost of other Property / Ownership / Use items not considered in above accounts.

NON-REIMBURSABLE COST CENTER:

NON-REIMBURSABLE

Providers have a responsibility to operate economically and efficiently so that their costs are reasonable. Providers are required to provide services at the lowest possible costs in compliance with Federal and State laws, regulations for licensing and certification, and standards for quality of care and patients' safety. Providers are also responsible for the financial actions of their agents (e.g., management companies) in this regard.

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Miscellaneous

Examples include and are consistent with non-reimbursable nursing home costs:

- Fireworks
- Luxury items (especially luxury vehicles)
- Owner's personal use of company vehicle
- Personal travel costs
- Tobacco products or alcoholic beverages (unless prescribed by a licensed physician)
- Entertainment costs for owners/operators such as tickets to sporting events, concerts, ski trips, cruises, (However, costs incurred for purposes of employee morale, specifically, annual employee picnic, annual Christmas party, annual employee award ceremony, sponsorship of employee athletic program are allowable to the extent they are reasonable.)
- Professional musicians
- Vending machine expenses (see Note below)
- State or federal corporate income taxes, plus any penalties and interest
- Bad Debts other than those listed in Line 83
- Life insurance (except for employee group plans)
- Contributions, including political or church-related, charity and courtesy allowances
- Penalties or interest on income taxes
- Personal income taxes, plus any penalties and interest
- Retainers, exclusive of clinical care, (unless itemized services of equal value have been rendered)
- Country club dues
- Fines or penalties

Note: For those non-allowable expenses that generate income, such as prescription drugs, vending machines, etc., expense should be identified as a miscellaneous non-reimbursable cost when determinable. If the provider cannot determine the proper amount of expense that is to be identified, then the income that was generated must be offset in full to the appropriate cost center.

RELATED PARTY EXPENSES – Schedule D

Nursing Homes are exempt from completing/preparing the Related Party Expenses.

Definitions:

- A. **“Related to the home”** means that the home to a significant extent is associated or affiliated with, or has control of, or is controlled by, the organization and/or individual furnishing the services, facilities, or supplies.
- B. **“Common ownership”** exists when an individual or individuals possess significant ownership or equity in the home and the institution or organization serving the home.
- C. **“Control”** exists where an individual or an organization has the power, directly or indirectly, significantly to influence or direct the actions or policies of an organization or institution. The term "control" includes any kind of control, whether or not it is legally enforceable and however it is exercisable or exercised. It is the reality of the control that is decisive, not its form or the mode of its exercise.
- D. **“Necessary services”** are those services needed for the efficient operation and sound management of the facility such that had the owners or owner-related individual not rendered the services, the facility would have had to employ another person to perform the services.
- E. **“Ownership interest”** means the entitlement to a legal or equitable interest in any property of the facility whether such interest is in the form of capital, stock, or profits of the facility.
- F. **“Owner”** – An owner shall be considered any individual with a 5% or more ownership interest in the facility.
- G. **“Owner-Related Individual”** – An owner-related individual shall be considered an individual who is a member of an owner’s immediate family which includes spouse, natural or adoptive parent, natural or adopted child, stepparent, stepchild, sibling or stepsibling, in-laws, grandparents and grandchildren.
- H. **“Compensation”** means the total benefits received by the owner for the services he/she renders to the institution. Such compensation shall include:
 - (1) Salary amounts paid for managerial, administration, professional, and other services
 - (2) Amounts paid by the institution for the personal benefits of the proprietor
 - (3) The costs of assets and services which the proprietor receives from the institution
 - (4) Deferred compensation
 - (5) compensation reported for tax purposes

In determining whether a home is related to a supplying organization and/or individual, the tests of common ownership and control are to be applied separately. If the elements of common ownership or control are not present in both organizations, the organizations are deemed not to be related to each other.

The existence of an immediate family relationship will create an irrefutable presumption of relatedness through control or attribution of ownership or equity interests. The following persons are considered immediate family for Adult Care Program purposes:

- (1) Husband and wife
- (2) Natural parent, child and sibling
- (3) Adopted child and adoptive parent
- (4) Step-parent, step-child, step-sister, and step-brother

RELATED PARTY EXPENSES – Schedule D - Continued

- (5) Father-in-law, mother-in-law, sister-in-law, brother-in-law, son-in-law, and daughter-in-law
- (6) Grandparent and grandchild

Some examples of common types of transactions between related parties are:

- (a) Sales
- (b) Purchases
- (c) Transfers of realty and personal property
- (d) Services received or furnished, (i.e. accounting, management, engineering, legal services)
- (e) Use of property and equipment by lease or otherwise
- (f) Borrowing and lending
- (g) Guarantees
- (h) Maintenance of bank balances as compensating balances for the benefit of another
- (i) Intercompany billings based on allocations of common costs
- (j) Filings of consolidated tax returns

General Instructions – Schedule D:

For each type of related party cost/expense, please complete the following fields:

- (1) Description of the expense/cost line item
- (2) Identification of the line item number and the cost center that the expense/cost was reported under. If the expense was reported in the Personal Care, Health Services or Initial/Orientation Aide Training cost centers the line 59, 72 or 88 need to be used
- (3) Name of the Related Party (organization and/or individual)
- (4) Description of the relationship between the related party and the home
 - Examples are:**
 - Parent company
 - Subsidiary
 - Subsidiary of a common parent company
 - Principal owner
 - Immediate family of principal owners
 - Management
 - Immediate family of management
 - Affiliate (a party that, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with the home)
 - Different divisions within the same company
- (5) Total amount of the related party transaction/expense
- (6) Total number of paid hours, if applicable, that corresponds to the expense (salaries and wages, casual labor and contract services) being reported

RELATED PARTY EXPENSES – Schedule D - Continued

Compensation to Owners and Owner Related Individuals:

Allowability of Compensation and Recordkeeping Requirements

Owners of provider organizations often render services as managers, administrators, or in other capacities. In such cases, it is equitable that reasonable compensation for the necessary services rendered be an allowable cost. To do otherwise would disadvantage such owners in comparison with corporate providers or providers employing non-owners to perform the same services.

Distribution of profits is a form of compensation paid to a proprietor. However, this form of compensation is **not an allowable cost** of the facility because it is not contingent on performance of necessary services. Where a proprietor renders necessary services for the institution, the institution is, in effect, employing his services and a reasonable compensation for these services is an allowable cost. The salaries of owners and owner-related employees are subject to the requirements of reasonableness. Reasonableness of compensation will be determined by reference to or in comparison with compensation paid for comparable services and responsibilities in comparable institutions or it may be determined by other appropriate means. Where the services are rendered on less than a full-time basis, the allowable compensation should reflect an amount proportionate to a full-time basis.

Compensation for services of owners and owner-related employees shall be an allowable cost provided these services are adequately documented to be necessary, and such employees are adequately documented to be qualified to provide these services. Adequate documentation shall include but not be limited to:

- (1) Date and time of services contemporaneous recordkeeping
- (2) Position description
- (3) Individual's educational qualifications, professional title, and work experience
- (4) Type and extent of ownership interest
- (5) Relationship to and name of owner (if an owner-related individual)

SCHEDULE E -

BASIS OF ALLOCATING EXPENSES BETWEEN SPECIAL CARE AND ADULT CARE BEDS

Any facility that has both Special Care Unit and Adult Care Home beds must provide on this worksheet the verifiable and auditable basis used for allocating facility costs between these two types of beds so that an auditor can validate these allocations.

On this form, indicate the description of the line item being allocated, the line item, separately identify the costs by line item that have been direct charged from those that are allocated and then indicate the basis for items that are allocated. Be prepared to have supporting documentation available for an auditor to validate the expenditures when performing the Agreed-Upon Procedures or audit for these items.

The allocation basis should be indicated for each line allocated. If several lines have the same basis, indicate multiple line numbers on the same line.

Based on discussions with industry facility associations, the following are acceptable documentation of bases of allocation:

For salaries, casual labor, payroll taxes, employee benefits:

- If an employee is 100% dedicated to a specific cost center within the Special Care Unit or the regular Adult Care Home facility, salaries and related benefits can be direct charged to the designated cost center within that unit for the type of operation. The employee's written job description should document this situation.
- For employees that work in both units interchangeably, the allocation of personnel cost must be documented through timesheets indicating the time being spent by cost center as well as by type of client being served (Special Care Unit client or Adult Care Home client). This documentation is also required for Personal Care Services.
- For employees that are not clearly identifiable (such as food service or administrative etc.), the respective costs may be allocated to the appropriate unit based upon the percentage of residential days of the unit to the total residential days or by another reasonable method provided that the method is a verifiable and auditable basis for allocating facility costs between these two types of beds so that an auditor can validate these allocations.

For all other non-personnel expenditure items:

- Expenditure items can be direct charged to the designated Special Care Unit and Adult Care Home cost centers when the costs clearly benefit only one of those areas. If an invoice includes items specific for each of the units, split invoicing is allowable in order to charge the appropriate cost to the correct center. The following items are examples of the types of expenditures that most likely would be direct charged or split invoiced: Meetings/Seminars/Training, Housekeeping/Laundry Supplies, Linen and Bedding, Contract Services, Beauty and Barber Shop, Bloodborne Pathogens, Non-Legend Drugs and Medical Supplies, Legend Drugs, Dietary Supplies, Food and Recreation Supplies.
- For cost items that have no distinguishable benefit to only one of the units, the cost is to be allocated to the appropriate unit based upon the percentage of residential days of the unit to the total residential days. Typical costs falling under this allocation method would be administrative line items.
- Again, any non-personnel cost can be treated in either of the two prescribed methods noted above, but must have clear benefit if direct charged to a particular unit.

Facility costs (line items in Property/Ownership/Use cost center and utilities):

- Facility costs **must** be allocated based on square footage associated with Special Care Unit beds versus Adult Care beds.