

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**



**DEPARTMENT OF HEALTH CARE FINANCE**

**NURSING FACILITY COST REPORT INSTRUCTIONS**

**DEPARTMENT OF HEALTH CARE FINANCE**



**NURSING FACILITY COST REPORT INSTRUCTIONS**

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**DOCUMENT CONTROL**

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The following table is a listing of the acronyms used throughout this document:

<b>Acronym</b>	<b>Description</b>
<b>CFR</b>	Code of Federal Regulations
<b>CMS</b>	Centers for Medicare and Medicaid Services
<b>DHCF</b>	Department of Health Care Finance
<b>FY</b>	Fiscal Year
<b>ICF</b>	Intermediate Care Facility
<b>NF</b>	Nursing Facility
<b>NPI</b>	National Provider Identification
<b>OAH</b>	Office of Administrative Hearings
<b>SNF</b>	Skilled Nursing Facility
<b>SPA</b>	State Plan Amendment

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### I. INTRODUCTION

This manual is designed for use in completing and submitting Nursing Facility cost reports and other required financial documentation to the Department of Health Care Finance (DHCF).

The District's Nursing Facility cost report consists of the following schedules and worksheets which must be submitted in their entirety:

1. Certification
2. Summary Schedule
3. Statistical Bases/Allocations
4. Schedule A - Revenue and Adjustments to Revenue
5. Schedule B - Adjustments to Expenses
6. Schedule C - Computation and Allocation of Allowable Costs
7. Schedule D - Assets & Depreciation
8. Schedule E - Facility Transactions with Related Parties
9. Schedule F - Detail of Rental of Property, Plant, and Equipment
10. Schedule G - Balance Sheet
11. Schedule H - Home Office Cost Allocation

This instruction manual utilizes information published in the D.C. Register Chapter 65, Reimbursement of Nursing Facilities and the District Medicaid State Plan and applicable amendments. In the absence of specific DHCF guidance, nursing facilities should follow rules and regulations in the CMS Provider Reimbursement Manual Chapter 15.

### II. GENERAL REQUIREMENTS OVERVIEW

#### REPORTING DOCUMENTATION

The DHCF Nursing Facility cost report template and instructional manual can be downloaded from the Department website at: <https://www.dc-medicaid.com/dcwebportal/home>. The Nursing Facility cost report must be submitted in its entirety. No modified or substitute forms are permitted. If schedule E, F or H does not apply to your facility, submit the schedule with the "Not Applicable" box checked at the top of the schedule.

The following documents must also be submitted in addition to the completed Nursing Facility cost report:

1. Audited financial statements or other official documents submitted to governmental agency justifying revenues and expenses;

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2. Audited cost allocation plans for nursing facilities with home office costs, if applicable. In addition to the allocation plan, the home office name, mailing address, primary contact person and primary contact phone number must be included.

#### REPORTING GUIDELINES

Nursing facilities are responsible for accurate cost reporting for all incurred allowable costs. In accordance with Section 6515 of the D.C. Register allowable costs in the provision of routine services related to resident care include:

- Room and board, including dietary and nutrition services, food, laundry and linen, housekeeping, routine personal hygiene items and services, plant operations and maintenance
- Medical direction
- Nursing care
- Medical and surgical supplies
- Social services
- Resident activities
- Special services required by the resident, including physical, occupational, or speech therapy, oxygen therapy, but not dental care
- Incontinency care
- Behavioral Health services
- Canes, crutches, walkers and wheelchairs, excluding customized wheelchairs
- Traction equipment and other durable medical equipment for multi-resident use
- Special dietary services, including tube or hand feeding and special diets
- Laundry services, including basic personal laundry
- Other allowable expenses as determined by DHCF and identified in policy guidance

In accordance with Section 6515 and Section 6516 of the D.C. Register, the following categories of expense shall be excluded from allowable operating costs because they are not normally incurred in providing resident care. If the following costs occur within the nursing facility, they must be reported individually on Schedule C:

- Fund raising expenses in excess of ten percent (10%) of the amount raised
- Parties and social activities not related to resident care
- Personal telephone, radio, and television services
- Gift, flower and coffee shop expenses
- Vending machines
- Interest expenses and penalties due to late payment of bills or taxes, or for licensure violations

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- Prescription drug costs
- Personal resident purchases
- Beauty and barber shop costs
- Provider Tax
- Dental Care
- Bad debts, charity, and courtesy allowances

The following items shall reduce allowable costs:

- The greater of the revenues generated from employee and guest meals or the cost of the meals
- The greater of the revenues generated from rental space in the facility or the cost of the rental space
- Purchase discounts and allowances
- Investment income for unrestricted funds to the extent that it exceeds interest expense on investments
- Recovery of an insured loss
- Grants, gift and income from endowments designated by the donor for specific operating expenses
- Any other income or expense item determined to reduce allowable costs pursuant to the Medicare Principles of Reimbursement

If the provider has a prior authorization to receive an add-on for ventilator care for a patient, costs associated with ventilator care (such as respiratory therapy) are not allowable for that patient and shall be an adjustment item on Schedule B of the cost report. Direct and indirect allowable costs are expenses which are reasonable and necessary to provide resident care. Reasonable refers to the amount expended and necessary refers to the relationship of the cost to the provision of contracted resident care. Necessary costs are costs that are appropriate to develop and maintain the required standard of operation for providing resident care in accordance with the District of Columbia and federal regulations.

The test of reasonableness includes the expectations that the nursing facility seeks to minimize costs through arm's length transactions and the amount expended does not exceed what a prudent and cost conscious buyer pays for a given item or service. Costs cannot be imputed for reporting on the cost report when no costs were incurred (except as allowed for depreciation of donated assets). Costs that cannot be adequately documented cannot be reported on the cost report - even if the costs were actually incurred. For costs to be allowable, they must be adequately documented.

Costs must be reported on the appropriate line item according to the cost report instructions and policy clarifications. Additionally, all financial and statistical information must be based on an accrual method of accounting where:

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1. Revenues must be reported in the period earned regardless of when payment was received.
2. Costs must be reported in the period in which they were incurred.
3. Expenses accrued during the cost reporting period must be liquidated in accordance with CMS PUB 15-1 Section 2305 in order to be allowable.

For a provider classified as a Hospital Based Skilled Nursing Facility, special instructions apply. These providers must first perform a step-down cost allocation to the SNF sub-provider using the CMS Form 2552-10 (Medicare Cost Report). The departmental amounts after allocation are reported on the Skilled Nursing Line 44 of the 2552-10 worksheet B Part I. A copy of the CMS Form 2552-10 and all supporting documentation should be submitted with the cost report submission.

The cost report supporting documentation must support the relationship of reported costs and contracted services. Supporting documentation includes, but is not limited to, accounting and related records including the general ledger and books of original entry, all transactions documents, statistical data, lease and rental agreements and any original documents which pertain to the determination of costs.

Dollar amounts must be rounded to the nearest two decimal places.

### REPORTING TIMELINE

In accordance with section 6521 of the D.C. Register and the State Plan Amendment (SPA), nursing facilities are required to submit the Nursing Facility Medicaid cost report to DHCF within one hundred and twenty (120) days of the close of the facility's cost reporting period. A delinquency notice shall be issued if the facility does not submit the cost report on time and has not received an extension of the deadline for good cause.

### REPORT SUBMISSION

Nursing facilities are required to submit one (1) original hard-copy with original signatures and (1) one electronic copy (Microsoft Excel) of the Medicaid annual cost report within one hundred and twenty (120) days of the close of the facility's cost reporting period. The completed nursing facility cost report and supporting documentation, as outlined in the Reporting Documentation section above, must be submitted to:

Darrin Shaffer, AFO  
Department of Health Care Finance  
441 4th St. NW, Suite 960N  
Washington, DC 20001-2714

### AUDIT AND DOCUMENT RETENTION



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In accordance with Section 6521 of the D.C. Register, an audit of a nursing facility will be conducted when rebasing costs for ratesetting. Audits may be conducted by DHCF personnel and/or any authorized agent(s) of the District of Columbia. In order to facilitate the audit process, nursing facilities must retain all financial records and statistical data for proper determination of allowable cost. These records shall be maintained for a minimum of seven (7) years subsequent to the date of filing the nursing facility cost report.

If the records relate to a cost reporting period under audit or appeal, records shall be retained until the audit or appeal is completed.

The objective of the audit review is to verify that cost reports correctly report allowable and unallowable costs and follow generally accepted accounting principles, CMS principles, the SPA and D.C. rules to ensure the proper classification of expenses.

Upon completion of the audit, the Department will issue the Notice of Audit Findings to the facility.

### APPEAL PROCESS

A nursing facility may request an administrative review of audit results within thirty (30) calendar days of receiving the Notice of Audit Findings by sending a written request for administrative review to the DHCF Office of the Chief Financial Officer (OCFO):

Darrin Shaffer, AFO  
Department of Health Care Finance  
441 4th St. NW, Suite 960N  
Washington, DC 20001-2714

DHCF will issue a written determination relative to the administrative review within 45 days from the date of receipt of the written request.

Within thirty (30) calendar days of the date of DHCF's written determination relative to the administrative review, the nursing facility may appeal the determination by filing a written request for appeal with the Office of Administrative Hearings (OAH) at:

Administrative Appeals:  
DC Office of Administrative Hearings  
441 4th St. NW  
Washington, DC 20001-2714

### III. COST REPORT SCHEDULES

The Excel based cost report form contains a tab for each required schedule. Some data automatically transfers from one schedule to another. For example items entered on Schedule A column 3 and Schedule B column 2 will automatically populate Schedule C columns 6 and 7. For that reason, the suggested order of completion of

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the schedules is:

Summary, Statistics, C (columns 1-4 only), A, B, D, E, F, G, H, Certification

**1 - CERTIFICATION SCHEDULE:**

**Worksheet Description**

On the Certification schedule, document the nursing facility's owner(s), address (es) and contact details. This worksheet must be signed by a nursing facility official to certify that all information reported on the nursing facility cost report is accurate. Misrepresentation or falsification of any information contained in this cost report may be punishable by fine and/or imprisonment under District or federal law.

**Facility-Owner Information**

Report Period From

Enter the reporting period start date. A reporting period is a period of 12 consecutive months unless otherwise allowed for due cause by DHCF.

Report Period To

Enter the reporting period end date.

Nursing Facility Name

Enter the full legally registered nursing facility name.

Medicaid Provider Number

Enter the nursing facility Medicaid provider number.

Medicare Provider Number

Enter the nursing facility Medicare provider number.

Nursing facility NPI Number

Enter the nursing facility National Provider Identification (NPI) number. For facilities with multiple NPI numbers attach a separate listing with the details.

Nursing Facility Address

Enter the physical address of the nursing facility.

Zip Code

Enter the nursing facility zip code.

Telephone Number

Enter the primary nursing facility contact telephone number.

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#### **Preparer Identification**

Complete this section if the preparer is not the Nursing Facility Administrator.

#### Cost Report Preparer Name

Enter the full name of the person who prepared the cost report.

#### Firm Name (if applicable)

Enter the name of the organization that prepared the cost report (if applicable).

#### Email Address

Enter the primary contact email address of the person who prepared the cost report.

#### Mailing Street Address

Enter the full street address of the person who prepared the report, including zip code.

#### Telephone Number

Enter the primary contact telephone number of the person who prepared the cost report.

#### Date

Enter the date the cost report was filed/ submitted.

#### **Certification by Officer or Administrator of Provider**

#### Signature of Chief Financial Officer, Administrator or Chief Executive Officer

Print the completed Certification Schedule. The Officer or Administrator who signs this section certifies that all information provided on the cost report is accurate and certifies the statements on the Certification Schedule.

#### Print name of Officer or Administrator

Print the full name of the person signing the certification.

#### Title

Enter the title of person signing the certification.

#### Date Submitted

Enter the date the completed cost report was submitted.

## **2 - SUMMARY SCHEDULE**

#### **Worksheet Description**

The Summary Schedule documents the nursing facility's ownership information and the statistical information for the cost report period. The statistical information is recorded for all the residents within the reporting period and for the Medicaid

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residents.

#### **Worksheet Completion Instructions**

##### **Provider Classification:**

###### Licensed or Approved

Check off the type of entity the nursing home is licensed or approved for:

- Skilled Care Facility
- Hospital-Based Skilled Nursing Facility

###### Level of Certification

Check off the level of certification the nursing home is licensed or approved for:

- Skilled Care
- Intermediate Care

###### Type of Organization

Check off the nursing facility's type of organization structure:

- Voluntary, Non-Profit
- Governmental
- Proprietary
- Individual
- Partnership
- Corporation
- Other

##### **Statistical Data**

###### Level of Care

Columns 1-3 - Enter the information for each line by the level of care that the nursing facility is licensed for.

- Skilled Nursing (SNF)
- Intermediate Care (ICF)
- Other – All other resident types not meeting the level of care for skilled nursing or intermediate care

Column 4 (Totals) calculates automatically.

###### Total Facility Residents

Line 1 - Certified Beds Available at the Beginning of Period – Enter the number of

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certified beds, by level of care, at the beginning of the cost report period.

Line 2 - Certified Beds Available at the end of Period – Enter the number of certified beds available, by level of care, at the end of the cost report period.

Line 3 - Total Certified Bed Days Available for Period – Enter the number of beds within the reporting period by level of care. For example: A facility has a license for 50 ICF beds for 12 months or 365 days. They also have a license for 100 SNF beds for 11 months or 334 days. In December the facility licensed another 100 SNF beds for the remaining 31 days. The total beds would be calculated by multiplying the 50 ICF beds by the 365 days for a total of 18,250 bed days. The SNF bed days are calculated by first multiplying the 100 beds that were available for 11 months by 334 days for a total of 33,400 bed days. Then multiply 200 beds by the 31 days that they were available in December for a total of 6,200 bed days. The total SNF bed days are 39,600 (33,400+6,200). The total beds available for the reporting period are the ICF days of 18,250 and the SNF days of 39,600 for a total of 57,850 available bed days.

Line 4 - Total Actual Resident Days for Period – Enter the number of resident days by level of care for the reporting period. Include all facility residents. A resident day is defined as a 24 hour period where nursing care is provided ending at midnight for each calendar day. This includes reserved bed days paid for by DHCF. The day a resident is admitted is counted as a resident day. The day a resident is discharged is not counted as a resident day.

Line 5 - Percent Occupancy – Total Actual Resident Days for Period (Line 4) divided by Total Certified Bed Days Available for Period (Line 3). This number is expressed as a percentage. (This line calculates automatically.)

Line 6 - Resident Days at 93% Occupancy – Total Certified Bed Days for Period (Line 3)\*.93. (This line calculates automatically.)

Line 7 - Discharges, Including Deaths – Enter the number of resident discharges by level of care for the reporting period.

#### Medicaid Residents

Line 8 - Eligible Resident Days of care – Total days for Medicaid residents.

Line 9 - Discharges, Including Deaths – Total number of all Medicaid discharges.

### 3 – STATISTICS

#### Schedule Description

The statistics schedule provides for the proration of the statistical data needed to allocate the expenses. All statistics must be current and accurate.

#### Schedule Completion Instructions

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#### **Statistical Bases/Allocations**

The information in this section is used to calculate the allocation statistics for Schedule C.

#### Column 1 - Allocation Basis

The allocation basis for distributing expenses between SNF, ICF and Other level of care.

#### Column 2 - Allocation Code

Code used on Schedule C column 12 to identify the type of statistic being used to allocate the expenses.

#### Column 3 - Skilled Level of Care

Enter the statistical information for the skilled level of care.

#### Column 4 - Intermediate Level of Care

Enter the statistical information for the intermediate level of care.

#### Column 5 - Other

Enter the statistical information for other level of care.

#### Column 6 - Total

Total of columns 3, 4 and 5.

Line 1 - Square Footage – Enter the square footage for each of the three types of level of care.

Line 2 - Resident Days – The total resident days from the Summary schedule for each level of care. This information will automatically populate when the Summary schedule is completed.

Line 3 - Accumulated Cost – The total accumulated allowable cost that has been allocated for the three levels of care. This information will automatically populate as Schedule C is completed.

Line 4 - Meals Served – The total number of meals served for each level of care.

Line 5 - 10 Blank Lines – Use lines 5-10 to report any other allocation basis used to allocate the allowed expenses on Schedule C. Columns 1 – 5 need to be completed for the allocation basis in order for an allocation statistic to be calculated.

#### **Percentage Allocated**

The following is the calculation of the allocation percentages that are used to allocate the expenses on Schedule C. The percentage allocated is automatically calculated

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under columns 9-11. If additional lines were used in the Statistical Bases/Allocations section, the information describing the allocation method that was entered in column 1 and 2 will automatically populate in the Percentage Allocated section in column 7 and 8.

#### Column 7 - Allocation Basis

The allocation basis for distributing expenses between SNF, ICF and Other level of care. (This data is automatically populated.)

#### Column 8 - Allocation Code

Code used on Schedule C column 12 to identify the type of statistic being used to allocate the expenses. (This data is automatically populated.)

Column 9 - Skilled Level of Care – The allocation statistic for the skilled level of care. (This data is automatically populated.)

#### Column 10 - Intermediate Level of Care

The allocation statistic for the intermediate level of care. (This data is automatically populated.)

#### Column 11 - Other

The allocation statistic for other level of care. (This data is automatically populated.)

#### Column 12 - Total

Total percentage of columns 9, 10 and 11. This amount must equal 100%.

Line 11 - Square Footage – The calculation of the square footage allocation percentage for each of the three types of level of care.

Line 12 - Resident Days – The calculation of the total resident days allocation percentage for each level of care.

Line 13 - Accumulated Cost – The calculation of the total accumulated cost allocation percentage for the three levels of care.

Line 14 - Meals Served – The calculation of the meals served allocation percentage for the three levels of care.

Line 15 - 20 Blank Lines – If blank lines 5-10 are used, the same information will populate in the corresponding blank line 15 – 20. For example if an allocation basis was entered into line 5 column 1 and 2, the same information will populate line 15 column 7 and 8, and the percentages will populate based on the data entered on lines 5-10, columns 3, 4 and 5.

## **4 - SCHEDULE A - REVENUE AND ADJUSTMENTS TO REVENUE**

### **Schedule Description**

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The purpose of this schedule is to report the provider's revenue as reported on the trial balance and adjustments to revenue as reported on Schedule C column 6. All revenue, regardless of source, is to be entered on the appropriate line in Column 2 on this schedule and should agree with the revenue and adjustment account balances recorded on the submitted adjusted trial balance. All adjustments to expenses should be made on the basis of costs rather than revenue offset.

#### **Schedule Completion Instructions**

##### Columns 1 - Revenue Type

The most common revenue types are listed in this column. If the revenue type is not listed, add the revenue type to a blank line.

##### Column 2 - Per General Ledger

Enter the revenue as listed on the final general ledger for the reporting period.

##### Column 3 - Adjustment to Schedule C, Column 6

Any adjustment to revenue that will be included in the calculation of allowable cost. Include revenue listed in the Reporting Guidelines section above to reduce allowable costs. Enter amounts that will reduce the reported expense on Schedule C as negative entry in Column 3 on Schedule A.

##### Column 4 - Suggested Line No. For Schedule C Adjustment

Enter the actual line number on Schedule C where the adjustment is recorded if different then the line number already listed on Schedule A. For example any revenue generated from medical supplies should be recorded in column 6 on line 5 on Schedule C. On Schedule A, "5" should be entered as the line number for the Schedule C adjustment in column 4.

##### Direct Health Care

Line 1 - Nursing Care - Enter all revenue from direct resident care.

##### Ancillary Services Revenue (All services other than direct health care)

Line 2 - Equipment Rental – Enter all revenue from the rental of equipment to residents or other parties.

Line 3 - Hospice – Enter all revenue the nursing facility received due to the nursing facility's staff providing hospice services. Revenue received for room & board provided by the nursing facility to a hospice patient should be reported on line 1- Nursing Care.

Line 4 - Incontinence Products – Enter all revenue from the sale of incontinence products.

Line 5 - Laboratory – Enter all revenue from laboratory services.

Line 6 - Laundry – Enter all revenue from laundry services.



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Line 7 - Medical Supplies – Enter all revenue from the sale of medical supplies.

Line 8 - Oxygen – Enter all revenue from oxygen therapy.

Line 9 - Radiology – Enter all revenue from radiology services.

Line 10 – Physical Therapy – Enter all revenue from physical therapy.

Line 11 – Occupational Therapy - Enter all revenue from occupational therapy

Line 12 – Speech Therapy – Enter all revenue from speech therapy.

Line 13 - Other Ancillary – Enter any other ancillary revenue not listed.

Line 14-23 Blank lines – Use lines 14-23 if more than one row is needed.

Line 24 - Total Ancillary Services – Total of lines 2 through 23.

Other Income – Enter revenue from other income sources.

Line 25 - Beauty & Barber Shop – Enter all revenue from the beauty and barber shop.

Line 26 - Gain on Assets Sale – Enter all income from the gain on the sale of assets.

Line 27 - Gift, Flower and Coffee Shop – Enter all revenue from the gift, flower and coffee shops.

Line 28 - Grants, Gifts and Endowment Income – Enter the amount from grants, gifts and income from endowments designated by the donor for specific operating expenses.

Line 29 - Guest & Employee Meals – Enter the amount of revenue generated from guest and employee meals in column 3 when the revenue is greater than the cost of the meals. If the cost of the meals is greater than the revenue generated, report zero (0) in column 3 and report the cost of the meals on Schedule B.

Line 30 - Investment Income – Enter the amount from investment income for unrestricted funds to the extent that it exceeds interest expense on investments.

Line 31 - Rental Space Revenue – Enter the amount generated from nursing facility space rented to another party in column 3 when the revenue is greater than the cost of the space rented. If the cost of the space is greater than the revenue generated, report zero (0) in column 3 and report the cost of the rental space on Schedule B.

Line 32 - Telephone – Enter all revenue from telephone services provided.

Line 33 - Miscellaneous Income – Include any revenue not reported. Use lines 34-41 if more than one row is needed.

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Line 34-41 Blank lines.

Line 42 - Total Other Income – Total of lines 25 through 41 (This line will populate automatically.)

Line 43 - Total Revenue – Total of direct of line 1, 24 and 42 (This line will populate automatically.)

#### Deductions from Total Revenue

Line 44 - Contractual Allowances & Settlements – Enter the total amount from contractual allowance and settlements.

Line 45 - Other Income – Enter any other income that will be deducted from total revenue.

Lines 46-51 Blank lines – Use lines 46-51 to report any other deductions from total revenue.

Line 52- Total Deductions – Total of lines 44 through 51 (This line will populate automatically.)

Line 53 - Net Revenue – Total of line 43 and 52 (This line will populate automatically.)

#### Computation of Net Income

Line 54 - Less: Expenses (Sch C, col 5, Line 109) (This line will populate automatically.)

Line 55 - Net Income – Line 53-Net revenue less line 54 – Expenses from Schedule C. (This line will populate automatically.)

The amount calculated in line 55 must agree with net income or loss shown in financial statements. If different, attach an explanation.

## **5- SCHEDULE B - ADJUSTMENTS TO EXPENSES**

### **Schedule Description**

In accordance with section 6515.13 of the DC Register the purchase or rental by a facility of any property, plant, equipment, services and supplies shall not exceed the cost that a prudent buyer would pay in the open market to obtain these items. This schedule provides for any adjustments to expenses where the provider's operating cost includes amounts that are not related to resident care, items or services specifically not allowable, or flowing from the provision of luxury items or services (i.e.: those items or services substantially in excess of or more expensive than those generally considered necessary for the provision of needed health services.)

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For hospital based nursing facilities most offset amounts are entered on Worksheet A-8 of the CMS Form 2552-10 prior to allocation. Schedule B will not be used for most adjustments. Schedule B should be used, however, when there are adjustments for accumulated depreciation, ventilator care or any adjustment not entered on Worksheet A-8 of the CMS Form 2552-10.

#### **Schedule Completion Instructions**

##### Columns 1 - Expense Type

The most common expense types that are not allowable are listed in this column. However, the description shown should not be considered as all-inclusive. If a less common adjustment to the expense type is not listed, add the adjustment to a blank line.

##### Column 2 - Adjustment (To Schedule C, Column 7)

Any adjustment to expenses that will be included in the calculation of allowable cost. Enter amounts that will reduce the reported expense on Schedule C as negative entry in Column 2 on Schedule B.

##### Column 3 - Suggested Line Number for Schedule C Adjustment (Show Actual Line Used)

Enter the actual line number where the adjustment is recorded if different then the line number listed. For example any cost from a beauty shop should be recorded in column 7 on line 63 on Schedule C. On Schedule B, "63" should be entered as the line number for the Schedule C adjustment in column 3.

#### **Expenses**

The expenses listed in the categories are the most common expenses to be adjusted. This listing is not intended to be all-inclusive. If an expense type requiring an adjustment is not listed, add the expense description to a blank line.

#### **Non-Allowable Expenses**

Entries to the expense items below are intended to remove the expense on Schedule C as these expenses are not allowable.

Line 1 - Bad Debts, Charity and Courtesy Allowances – Enter all bad debts, charity, and courtesy allowances, as defined at 42 CFR § 413.89(b).

Line 2 - Beauty and Barber Shop – Enter all expenses related to the beauty and barber shop.

Line 3 - Dental Services – Enter expenses related to dental services. Per section

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6515.1(g) of the DC Register dental care is not allowed. The dental provider is responsible for billing Medicaid for any services rendered to Medicaid residents.

Line 4 - Fund Raising Expenses – Record the expense in excess of ten percent (10%) of the amount raised.

Line 5 - Gift, Flower and Coffee Shops – Enter all expenses related to the gift, flower and coffee shop.

Line 6 - Interest Expense and Penalties – Enter the amount of interest and penalties due to late payment of bills, taxes or for licensure violations.

Line 7 - Personal Resident Purchases – Enter all expenses related to personal purchases made on behalf of the residents.

Line 8 - Personal telephone, radio, and television services – Enter the expense associated with providing telephone, radio and television services to residents.

Line 9 - Physician's Professional Component – Enter the cost associated with contracted physicians rendering resident care.

Line 10 - Prescription Drugs – Enter the cost of prescription drugs purchased.

Line 11 - Provider Tax – Enter the amount of the provider tax paid.

Line 12 - Respiratory Therapy -- Ventilator Related- Enter the cost of supplies, equipment rental, labor and staffing cost related to ventilator dependent residents.

Line 13 - Vending machines – Enter the expense associated with vending machines.

Lines 14 to 17 - Blank lines – Use lines 14-17 to report any other non-allowable expenses not listed on the form.

#### **Expense Adjustments**

Entries to the expense items below are intended to offset the expense reported on Schedule C.

Line 18 - Guest & Employee Meals - enter the amount of cost from guest and employee meals in column 2 when the cost is greater than the revenue for the meals. If the revenue for meals is greater than the cost, report zero (0) in column 2 and report the revenue for the meals on Schedule A column 3.

Line 19 - Home Office Costs- the home office adjustment to be made on Schedule C will automatically populate to this line from Schedule H line 43.

Line 20 - Management Fee - enter all management fees charged by a related party or home office. Per section 2150 of the CMS Provider Reimbursement Manual 15-1,

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management fees charged between related organizations are not allowable costs, except where a provider can show a separation between the two entities as outlined in section 1010 of the CMS Provider Reimbursement Manual 15-1.

Line 21 - Marketing/Advertising Costs – Record all advertising expense **included in the administrative cost reported on Schedule C** that is not related to the care of the facility's residents. Unallowable advertising expenses includes advertising to the general public which seeks to increase patient utilization, the issuance of a provider's own stock, or the sale of stock held by the provider in another corporation, invitations to physicians to utilize the facility in their capacity as an independent practitioner and expenses associated with promoting fundraising activities. For a full explanation of allowable and unallowable advertising see section 2136 of the CMS Provider Reimbursement Manual 15-1.

Line 22 - Parties and social activities – Record the expense from parties and social activities that are not related to resident care.

Line 23 - Purchase discounts and allowances – Record any purchase discounts and allowances received. If multiple rows on Schedule C have received a purchase discount or allowance, then record these amount on separate lines on Schedule B. For example if purchase discounts were received for medical supplies and laundry supplies, then the medical supplies discount should be recorded on one line with line 5 entered in column 3 and the laundry supplies discount should be recorded on another line with line 27 entered in column 3. For a full explanation of purchase discounts and allowances see section 800 of the CMS Provider Reimbursement Manual 15-1.

Line 24 - Recovery of an insured loss – Enter the amount received for the loss on an insured item. In column 3 enter the line number from Schedule C where the insured item is classified.

Line 25 - Rental Space Revenue – Enter the cost from nursing facility space rented to another party when the cost is greater than the revenue for the space rented. If the revenue for the space is greater than the cost, report zero (0) in column 2 and report the revenue for the rental space on Schedule A column 3.

Line 26 - Depreciation and Amortization (straight line adjustment) – Enter the amount of adjustment to make the reported depreciation and amortization expense on Schedule C in line with the allowed straight line depreciation on Schedule D.

Amortization of good will is not an allowed cost.

Lines 27 to 40 Blank lines - use lines 27-40 to report any other expenses adjustment not listed.

Line 41 - Total Expense Adjustments – Total of lines 1 – 40.

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**6 - SCHEDULE C - COMPUTATIONS AND ALLOCATION OF ALLOWABLE COSTS**

**Schedule Description**

The purpose of this worksheet is to allow for the detail reporting of a provider's expenses and the allocations of the allowed expenses between the levels of care covered by the District's Medicaid program.

The cost of services, facilities, and supplies furnished to the provider by an organization related to the provider by common ownership or control are included in the allowable cost of the provider at the cost to the related organization. The cost charged by the related organization shall not exceed the price of comparable services, facilities or supplies that could be purchased by independent providers in the Washington metropolitan area.

For hospital based nursing facilities, the following special instructions apply:

1. The allocated amounts from CMS form 2552-10, Worksheet B Part I, line 44 shall be reported in column 4 of Schedule C of the DHCF Nursing Facility Report on lines number 1, 3, 22, 24, 26, 27, 29, 30, 31, 33, and 85. These lines correspond to the costs that are stepped down to the SNF cost centers on worksheet B of the CMS form 2552-10.
2. Ancillary Services applicable to the SNF reported on DHCF Schedule C lines 4-20 shall be determined based upon a separate supplemental schedule prepared by the provider. The supplemental schedule should be used to populate Schedule C and should include the full cost of ventilator care. Any reduction for ventilator care should be reported on Schedule B. The total amount of SNF ancillaries reported on the supplemental schedule must match the SNF ancillary amount reported on the providers CMS form 2552-10, Worksheet C Part I.
3. The SNF allocation of all capital related costs shall be reported on line 54 of Schedule C of the DHCF report. This line must also reflect an adjustment from Schedule B if any depreciation method other than straight line depreciation is used.
4. Lines 62-72 of the DHCF report are not applicable to a hospital based SNF as those amounts were disallowed on worksheet A-8 of the 2552-10 prior to allocation. Likewise, lines 23, 28, 32, 34, 35, 36, 47-53, and 86-98 may not be used as they do not correspond to CMS Form 2552-10 line descriptions.
5. All administrative and general costs shall be reported on line 85 of the DHCF report.

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#### Schedule Completion Instructions

##### Column 1 - Cost Centers

Identifies the common accounts usually found in the chart of accounts of a long-term care facility as well as blank lines for identification of other accounts specific to a particular provider's general ledger.

##### Column 2 - Cost – Wages & Salaries

Report the provider's wage and salary expenses for each line item in each the cost center.

##### Column 3 - Employee Fringe Benefits

Contains the provider's expenses related to payroll taxes and fringe benefits on each line item in the cost centers. Fringe benefits must be reasonable and related to patient care as outlined in section 2144.3 of the CMS Provider Reimbursement Manual 15-1.

##### Column 4 - Other Expenses

Contains all other expenses related to each line item in the cost centers.

##### Column 5 - Total Expenses

The sum of Column 2 (Wages & Salaries), Column 3 (Employee Fringe Benefits), and Column 4 (Other Expenses). This column is automatically calculated.

##### Column 6 - Adjustments to Revenue

Adjustments from Schedule A - Revenue and Adjustments to Revenue Column 3. This column is automatically populated from Schedule A.

##### Column 7 - Adjustments to Expenses

Adjustments from Schedule B - Adjustments to Expenses Column 2 This column is automatically populated from Schedule B.

##### Column 8 - Allowable Cost

The sum of Total of Expenses (Col 5), Adjustments from Revenue (Col 6) and Adjustments to Expenses (Col 7). This column is automatically calculated.

##### Column 9 - Skilled Care

The allocated cost for skilled level of care from the Allowable Cost column (col 8). This column is automatically calculated.

##### Column 10 - Intermediate Care

The allocated cost for intermediate level of care from the Allowable Cost column (col 8). This column is automatically calculated.

##### Column 11 - Other

The allocated cost for other levels of care from the Allowable Cost column (col 8). This column is automatically calculated.

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#### Column 12 - Allocation Basis

Enter the code for the statistical allocation bases used to allocate the allowable cost. The statistical codes are located on the Statistics schedule column 2 rows 11 through 20.

#### Cost Centers

##### **Nursing & Resident Care**

Line 1 - Nursing – Enter all salaries and benefit expenses related to the direct care operation of the nursing department. Do not include nursing administration or clerical cost on this line. Nursing administration cost should be entered on the nursing administration line below. Clerical cost should be entered on the Clerical Staff line under the Routine and Support cost center. This line should only include nursing staff providing direct and immediate resident care. Supplies should be entered on the Medical Supplies line below or Personal Hygiene line under the Routine and Support cost center.

Line 2 - Contract Nursing – Enter the cost of nursing staff contracted through a staffing agency.

Line 3 - Nursing Administration – Enter the salaries and benefit expenses of the nursing staff not participating in direct and immediate resident care, such as Director of Nurses, Assistant Director of Nurses, In-Service Coordinator, and Shift Supervisors who are responsible for supervision of more than one nursing unit during a given shift. (The salaries and related expenses for “Charge Nurses” who supervise the staff of a single nursing unit during a given shift must be reported with the nursing expense on the nursing line). Clerical cost should be reported in the routine and support cost center under clerical services.

Line 4 - Laboratory Services – Enter all expenses and supplies related to laboratory services.

Line 5 - Medical supplies – Enter all medical supplies used in rendering care to residents, which would normally be stocked at or near a nursing station such as adhesives, dressings, gauze, thermometers, oxygen, incontinence supplies, syringes, alcohol, rubber gloves, rubber tubing, etc. Personal hygiene items are not included in medical supplies, but are reported on the Routine Personal Hygiene Items and Services line under the Routine and Support cost center.

Line 6 - Oxygen – Enter all expenses and supplies related to oxygen therapy services.

Line 7 - Pharmacy less prescriptions – Enter all expenses and supplies related to non-prescription drugs and pharmacy consultant services.

Line 8 - Radiology Services – Enter all expenses and supplies related to radiology services.



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Line 9 - Respiratory Therapy – Enter expenses and supplies related to the respiratory therapy services. Do not include cost associated with respiratory therapy for ventilator dependent residents.

Line 10 - Physical Therapy Services – Enter all expenses and supplies related to physical therapy services.

Line 11 - Occupational Therapy Services – Enter all expenses and supplies related to occupational therapy services.

Line 12 - Speech Therapy Services – Enter all expenses and supplies related to speech therapy services.

Line 13 - Behavioral Health Services – Enter all salaries, expenses and supplies related to behavioral health services. This should include salaries and expenses for the employees who provide care for residents receiving behavioral health services.

Lines 14 - 20 Blank lines – Enter any nursing and resident care related item not already listed. Any expenses that are not allowable should be reported in the Non-allowable section.

Line 21 - Total Nursing and Resident Care – Total of lines 1 through 20 for columns 2 through 11. This line populates automatically.

#### **Routine and Support Cost**

Line 22 - Central Supply – Enter all salaries, expenses and supplies related to the operation of the central supply unit.

Line 23 - Clerical Staff – Enter all salaries, expenses and supplies for clerical support staff. This includes the nursing department clerical staff.

Line 24 - Dietary – Enter all salaries, expense and supplies related to operation of the dietary department, except food. All food related expense should be reported on the food line below.

Line 25 - Food – Enter all edible and potable products used in the preparation of meals. This should also include any and all food supplements for special diets.

Line 26 - Housekeeping – Enter all salaries, expenses and supplies related to the operation of the housekeeping department.

Line 27 - Laundry and Linen – Enter all salaries, expenses and supplies related to the operation of the laundry department.

Line 28 - Medical Director – Enter the salaries and expense for the physician who functions in an administrative capacity to the provider as required by regulation. The “Medical Director” may not provide direct resident care services, or if he does, he

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must bill the program directly under his own provider number and the nursing facility provider must remove any cost relating to direct resident care services from the reimbursable base on Schedule B.

Line 29 - Medical Records – Enter all salaries, expenses and supplies related to the operation of the medical records unit.

Line 30 - Plant Operation – Enter all salaries, expenses and supplies related to the operation of the facility plant. Rent and insurance expense should be reported in the Capital Cost center.

Line 31 - Resident Activities – Enter all salaries, expenses and supplies related to the operation of Resident Activities.

Line 32 - Routine Personal Hygiene Items and Services – Enter the expense for personal hygiene items supplied to the residents in the course of resident care. This category includes such personal hygiene care items as shampoo, toothpaste, soap, denture cleansers, tissues, combs, toothbrushes, etc.

Line 33 - Social Services – Enter all salaries, expenses and supplies related to the operation of Social Services.

Line 34 - Staff Development – Enter the cost of training (both In-service and other continuing education) for all staff.

Line 35 - Utilization Review – Enter all salaries, expenses and supplies related to the operation of the utilization review unit.

Line 36 - Volunteer Services – Enter all salaries, expenses and supplies related to the operation of Volunteer Services.

Lines 37 - 45 Blank lines – Enter any routine and support care related item not already listed. Any administration or general expenses should be entered in the administration section below. Any expenses that are not allowable should be reported in the Non-allowable section.

Line 46 - Total Routine and Support – Total of lines 22 through 45 for columns 2 through 11. This line populates automatically.

#### **Capital Cost**

Line 47 - Depreciation and Amortization – Depreciation and amortization must be reported using the straight-line method. Enter all the expenses associated with the depreciation and amortization of the provider's assets as reflected in the final trial balance in column 4. Compare the totals from Schedule D column 5 to the trial balance total and enter the difference as an adjustment on Schedule B. The final value in column 8 must reflect straight line depreciation.

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Line 48 - Equipment Rental – Enter the amount of the rental expense for major equipment. Rental of small equipment such as copiers, computers, postage machines, etc., should be reported on office supplies line under the administration section.

Line 49 - Facility Rent – Enter the actual rent incurred for the use of the nursing facility land and/or buildings.

Line 50 –Interest on Capital Debt – Enter the interest expense incurred on funds borrowed to finance the purchase of a Depreciable Asset.

Line 51 - Minor Equipment – Enter cost of minor equipment purchased. Minor equipment includes assets with a useful life of less than 2 years or with a historical cost less than \$5,000.

Line 52 - Property Insurance – Enter the cost of insurance for the nursing facility property only. The insurance cost can include but is not limited to fire, theft, water damage, and general liability. If a provider leases the property and is obligated to carry the insurance, the insurance amount should be reported on this line. If the provider leases the property and the lessor is obligated to carry the insurance, then no entry should appear on this line.

Line 53 - Real Estate Tax – Enter all property taxes associated with the nursing facility only.

Lines 54 - 60 Blank lines – Enter any capital related item not already listed. Any expenses that are not allowable should be reported in the Non-allowable section.

Line 61 - Total Capital – Total of lines 47 through 60 for columns 2 through 11. This line populates automatically.

#### **Non-Allowable**

Note - All costs in the non-allowable section must be included on Schedule B to remove the expense from allowed cost.

Line 62 - Bad Debts, Charity, and Courtesy Allowances – Enter all accounts receivable written off as uncollectible.

Line 63 - Barber & Beauty Shop – Enter all expenses and supplies related to the operation of a Barber and Beauty shop.

Line 64 -Fund Raising Expenses – Record the expense in excess of ten percent (10%) of the amount raised.

Line 65 -Gift, Flower and Coffee Shop – Enter all expenses and supplies related to the operation of a gift, flower or coffee shop.

Line 66 - Interest Expense and Penalties on Late Payments – Record the amount of

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interest and penalties due to late payment of bills, taxes or for licensure violations.

Line 67 - Personal Resident Purchases – Enter all personal purchases made on behalf of the residents.

Line 68 - Personal telephone, radio, and television services – Enter cost associated with providing telephone, radio and television services to residents.

Line 69 - Physicians Professional Component – Enter the cost associated with contracted physicians rendering resident care.

Line 70 - Provider Tax – Enter the amount of provider tax paid.

Line 71 - Respiratory Therapy - Ventilator – Enter the cost of supplies, equipment rental, labor and staffing cost related to the ventilator dependent residents.

Line 72 - Vending machines – Enter cost associated with vending machines.

Lines 73 - 82 Blank lines – Enter any non-allowable expense item not already listed.

Line 83 - Total Non-Allowable – Total of lines 62 through 82 for columns 2 through 11. This line populates automatically.

Line 84 - Total Accumulated Cost – Total of line 21, 46, 61 and 83 for columns 2 through 11. This line populates automatically.

#### **Administrative**

Line 85 - Administrative Cost – Enter all other salaries for employees not already reported.

Line 86 - Dues – Enter the cost of membership in health care organizations and Civic organizations. Include both company memberships (i.e.: provider membership in The American Health Care Association) and individual memberships paid by the nursing facility (e.g.: the provider pays the cost of membership in The National Association of Registered Dietitians for employee Jane Doe). Civic organizations are those that function for the purpose of implementing civic objectives. Social, Fraternal, and other organizations whose activities are unrelated to the members professional or business activities are not allowable. Any portion of trade or organization dues or payments, including special assessments, related to political and lobbying activities is not allowable. See section 2138 and 2139.3 of the CMS Provider Reimbursement Manual 15-1 for further detail.

Line 87 - General Liability Insurance – Enter all expenses related to non-property related insurance. This can includes malpractice, etc. Do not include workmen's compensation insurance or any other generally defined employee benefit.

Line 88 - Home Office Expense – This line reflects the home office costs incurred

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that are allocable to the nursing facility as an adjustment on Schedule B. Complete Schedule H to record the home office cost allocated to this facility. Once Schedule H is completed, the adjustment will automatically populate in column 7.

Line 89 - Interest on working capital – Enter expense related to debt incurred on funds borrowed to finance daily operations. Any interest assessed by government(s) for late payment of taxes or interest charged by suppliers on overdue accounts is not an allowed cost. Report these costs in the non-allowable cost section.

Line 90 - Licenses – Enter the cost for the licensure of the nursing facility. Licensure for professional staff is not allowable. Any expense related to the licensure of professional staff needs to be reported on a blank line under the Non-Allowable section and removed as an adjustment from Schedule B.

Line 91 - Office Expense Services – Enter the cost for services related to office expenses such as rental of copiers, postage machines, service contracts etc.

Line 92 - Office Expense Supplies – Enter the expense of consumable goods used in the business office such as pencils, paper, and computer supplies, as well as the cost of forms and stationery including, but not limited to, nursing and medical forms, accounting and census forms, charge tickets, facility letterhead and billing forms.

Line 93 - OSHA Cost – Enter the cost associated with maintaining OSHA compliance. Fines, including OSHA fines, are not an allowable cost.

Line 94 - Personnel & Procurement – Enter all expenses related to the operation of human resources and purchasing department.

Line 95 - Professional Services – Enter all expenses related to the purchase of professional services not related to direct resident care. These services can include, but are not limited to accounting, auditing, management consultants and legal services.

Line 96 - Subscriptions – Enter the cost of subscriptions to all magazines, newspapers, or other periodicals, including trade, business and professional publications, as well as general reading matter.

Line 97 - Telephone – Enter the expense related to the nursing facilities telephone service and contracts.

Line 98 - Travel & Entertainment – Enter all business related expenses for travel and entertainment. In accordance with section 2102.3 of the CMS Provider Reimbursement Manual 15-1 travel cost incurred in connection with non-patient care related purposes and cost of entertainment, including tickets to sporting and other entertainment events is not allowable. Do not include the cost of company-sponsored events for employees, such as Christmas Parties, picnics, etc.

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Lines 99 - 107 Blank lines – Enter any administrative expense item not already listed. Any expenses that are not allowable should be reported in the Non-allowable section.

Line 108 - Total Administrative – Total of lines 85 through 107 for columns 2 through 11. This line populates automatically.

Line 109 - All Cost – Total of line 21, 46, 61, 83 and 108 for columns 2 through 11. This line populates automatically.

**7 – SCHEDULE D - DEPRECIATION SCHEDULE**

**Schedule Description**

The purpose of this worksheet is to record the assets and depreciation for the nursing facility. Depreciation must be prorated over the estimated useful life of the asset using the straight line method. Depreciation must be based on the historical cost of the asset or fair market value at the time of donation in the case of donated assets. Costs should be capitalized in accordance with Generally Accepted Accounting Principles. If a depreciable asset has, at the time of its acquisition, an estimated useful life of at least 2 years and a historical cost of at least \$5,000, its cost must be capitalized. See section 108 of the CMS Provider Reimbursement Manual 15-1.

Assets may be entered on this schedule as a total by asset class. Total asset cost must reconcile to the facility’s detailed asset schedules. Depending on the depreciation method used on the providers accounting records, the accumulated depreciation in the accounting records may differ from the straight line method required for Medicaid cost report purposes. In that case, an adjustment to Depreciation Expense must be made on Schedule B. On the nursing facility’s schedules, the depreciation lives must be consistent from year to year. The useful life of the assets must comply with the most recent guidelines for hospitals published by the American Hospital Association, and approved by the Medicare program.

For hospital based nursing facilities, the amounts reported on Schedule D shall be related to amounts for the entire hospital, not just the SNF allocation. If straight line depreciation is not used, an adjustment on Schedule B is required so capital costs are correctly reflected on Schedule C.

**Schedule Completion Instructions**

Column 1 - Description of Asset Class

The most common types of asset classification are listed in this column. If the asset classification is not listed, add the asset classification to a blank line.

Column 2 - Cost or Other Basis

The cost of the assets. If the asset was donated, use the fair market value of the asset.

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#### Column 3 - Beginning Accumulated Depreciation

The ending accumulated depreciation from the prior reporting period using the straight line method of depreciation.

#### Column 4 - Method of Computing Depreciation

The method used for calculating the depreciation for the current year. For reporting purposes, the straight line method of depreciation must be used.

#### Column 5 - Depreciation Claimed For This Year

The straight line depreciation for the current year.

#### Column 6 - Ending Accumulated Depreciation

The ending accumulated depreciation for the reporting period. This is an automatic calculation of column 3 and column 5.

#### **Description of Property**

Line 1 - Land – Land owned by the nursing facility. Land is not depreciated.

Line 2 - Land Improvements – Include all improvements made to land. Do not include improvements to buildings.

Line 3 - Building – Include all buildings and additions owned by the nursing facility. This should include fixed equipment costs in place at the time of construction, purchase, or addition (i.e.: boilers, central air, plumbing, elevators, handrails, etc.).

Line 4 - Departmental Equipment – Include movable equipment within each department.

Line 5 - Transportation Equipment – Include all transportation equipment (motor vehicles) owned by the provider.

Line 6 - Leasehold Improvements – Include all improvements made to leased property.

Line 7 - Other (Specify) – List any other asset not included in the above lines. Group similar assets together. Use lines 8 through 21 as needed.

Line 8-21 - Blank lines.

Line 22 - Total of lines 1 through 21 for columns 2, 3, 5 and 6. This line populates automatically.

### **8 – SCHEDULE E - FACILITY TRANSACTIONS WITH RELATED PARTIES**

#### **Schedule Description**

The purpose of this worksheet is to record the transactions between the provider and

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any related parties. For the purposes of determining allowable and reasonable costs in the purchase of goods and services from a related party, identify all related parties. A related party is any individual, organization or entity related to the nursing facility by common ownership or control and shall be defined and applied in accordance with CMS PUB 15-1 Chapter 10

**Schedule Completion Instructions**

Record any transactions between the provider and related parties. All adjustments should be recorded on Schedule B - Adjustments to Expenses.

**Column 1 - Schedule B Line Description**

Enter the line description on schedule B where the adjustment is recorded.

**Column 2 - Current Reporting Year Amount**

Enter the amount of the transaction from the current reporting year.

**Column 3 - Name of Related Business**

Enter the name of the related party with whom the transaction occurred.

**Column 4 - Percent Ownership in Facility**

Enter the related party's percentage of ownership in the facility.

**Column 5 - Percent Ownership in Related Party**

Enter the facility's percentage of ownership in the related party.

**Column 6 - Allowable Amount**

Enter the amount allowable for the related party transaction. The allowable amount should not exceed the price of comparable services, facilities or supplies that could be purchased by independent providers in the Washington metropolitan area.

**Column 7 - Adjustment to Schedule B**

The adjustment is the difference between the allowable amount in column 6 and the current reporting year amount in column 2. This amount is automatically calculated. Any amount listed in column 7 must be entered as an adjustment to the appropriate expense on Schedule B.

**9 – SCHEDULE F - DETAIL OF RENTAL OF PROPERTY, PLANT AND EQUIPMENT**

**Schedule Description**

Record any rental agreements that the provider has for property, plant and equipment.

For hospital based nursing facilities, the amounts reported on Schedule F shall be related to amounts for the entire hospital, not just the SNF allocation.



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**Schedule Completion Instructions**

Column 1 - Item Rented

List the property or items rented by the nursing facility.

Column 2 - Current Reporting Year Amount

Enter the amount of the rental expense for the current reporting year.

Column 3 - From Whom Leased

Enter the name of the business from whom the item is rented.

Column 4 - Terms Of Lease

Enter the terms of the lease. Include the monthly payment, interest rate and life of the lease.

**10 - SCHEDULE G - BALANCE SHEET**

**Schedule Description**

Complete the Balance Sheet for the last day of the reporting year. Enter the amounts based on the final general ledger for the reporting year, including all closing and other adjustments.

For hospital based nursing facilities, the amounts reported on Schedule G shall be related to amounts for the entire hospital, not just the SNF allocation.

**Schedule Completion Instructions**

Column 1 - General Ledger Accounts

Listing of the accounts on the general ledger.

Column 2 - Current Year Total

Total for the current year of each general ledger account line. Enter all numbers as positive numbers.

**General Ledger Accounts**

**Assets**

Line 1 - Cash on hand and in Banks – Cash on hand, savings and checking accounts, and petty cash. Any cash immediately available for operations should be included in this item.

Line 2A - Accounts and Notes Receivable – Includes accounts and Short-Term Notes Receivable (within the next twelve (12) months) from all payers other than related

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parties, including Accrued Interest Receivables, and Retroactive Settlements.

Line 2B - Related Party Receivable - The current portion of amounts due from officers, owners or related organizations.

Line 3 - Less: Allowance for Uncollectable – Includes the estimated loss for accounts receivable that will not be collected. This should be entered as a negative amount.

Line 4 - Inventories (Priced at Cost) – Drug, nursing, food, gift shop, housekeeping, and linen supplies which are on hand at the end of the year. Indicate the method of inventory evaluation.

Line 5 -Inter-Company Receivables – Includes amounts owed to the facility by a home office or other nursing home facility in a multi-facility operation.

Line 6 - Prepaid Expenses – Prepaid Expenses includes the unexpired portions of insurance, taxes, interest, rent, licenses, and fees, etc. at the end of the reporting year.

Line 7 - Other Assets – Include all current assets which are not appropriately included on any other line of the balance sheet.

Line 8 - Total Current Assets – Total line 1 through 7. This line populates automatically.

Line 9 - Property Plant and Equipment – Including all land, building, etc., at historical cost. Donated assets should be included at market value at the date of donation. These amounts must agree with Schedule D column 2.

Line 10 - a. Land

Line 11 - b. Land Improvements

Line 12 - c. Building

Line 13 - d. Departmental Equipment

Line 14 - e. Transportation Equipment

Line 15 - f. Leasehold Improvements

Line 16 - g. Other

Line 17 - h. Less: Allowance for Depreciation – The amount entered reports accumulated depreciation at the end of the reporting period. Enter as a negative number.

Line 18 - Total Property, Plant and Equipment – Total lines 9 through 17. This line populates automatically.

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Line 19 - Long-Term Notes Receivable – Includes the long-term portion of notes other than those due from officers, owners, and related organizations.

Line 20 - Due from Officers, Owners or Related Organizations – Due from Officers, Owners or Related Organizations under Other Assets includes the non-current portion of amounts owed from officers, owners or related organizations. The current portion of amounts due from officers, owners or related organizations is reported on line 2B “Related Party Receivable.”

Line 21 - Other Long-Term Assets – Other long-term assets represent those non-current assets which are not appropriately reported on any other line (ex. organization costs, good will.)

Line 22 - Total long term assets – Total of lines 18 through 21.

Line 23 - Total Assets – Total of line 8 and 22.

#### **Liabilities**

Line 24 - Accounts Payable – Includes trade accounts, advance billings, and retroactive settlements.

Line 25 - Notes Payable – Notes, Mortgage Payments, and Bonds payable within the next twelve (12) months.

Line 26 - Accrued Salaries, Wages, Fees Payable – Includes liabilities incurred but not paid for: salaries, wages and related expenses (vacation, sick pay, union dues, etc.).

Line 27 - Inter-Company Payables – Inter-company Payables represent amounts owed by the facility to a home office or other nursing home facility in a multi-facility operation.

Line 28 - Other Current Liabilities – Includes current obligations not reported elsewhere.

Line 29 - Total Current liabilities – Total of line 24 through 28. This line populates automatically.

Line 30 - Mortgage Payable – Enter Long-Term Mortgage Liability (not due within twelve (12) months.) The Mortgage Liability for the immediate next twelve (12) months should be included in Short-Term Notes Payable.

Line 31 - Notes Payable – Notes with maturities exceeding twelve (12) months. Include obligations that are scheduled to mature after one year from the balance sheet date.

Line 32 - Notes Payable to Officers, Owners or Related Organizations – Includes

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liabilities to officers, owners or related organizations.

Line 33 - Other long term liabilities – Includes current obligations not reported elsewhere.

Line 34 - Total long term liabilities – Total of line 30 through 33.

Line 35 - Total Liabilities – Total of line 29 and 34.

**Capital**

Line 36 - Owner's Equity (proprietary or partnership) – Enter the amount of owner's equity.

Line 37 - Capital Stock (Corporation) Outstanding – Enter the outstanding capital stock.

Line 38 - Retained Earnings – Enter the retained earnings.

Line 39 - Total Capital – Total of line 36 through 38. This line populates automatically.

Line 40 - Total Liabilities and Capital – Total of line 35 and 39. This line populates automatically.

**11 - SCHEDULE H - HOME OFFICE COST ALLOCATION**

**Schedule Description**

The purpose of this schedule is to report the allocation of costs of a Home Office to the nursing facility. The nursing facility's audited certified cost allocation plan relating to home office and management fees must be provided. All adjustments to expenses should be made on the basis of costs rather than revenue offset. If related costs are unknown or the amounts immaterial, revenue offset may be used.

For hospital based nursing facilities, CMS form 287 (or successor) may be submitted in lieu of Schedule H, as long as the related party amounts are properly disclosed and adjusted on Worksheet A-8-1 of the CMS Form 2552-10.

**Schedule Completion Instructions**

**Column 1 - General Ledger Account**

Listing of common accounts on the home office general ledger.

**Column 2 - Amount from General Ledger**

Total amount from the general ledger of the home office.

**Column 3 - Adjustments**

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### NURSING FACILITY COST REPORT INSTRUCTIONS

Adjustments for expenses not related to resident care or revenues that offset expenses. Types of adjustments entered in this column include (1) those needed to adjust expenses to reflect actual expenses incurred, (2) those items which constitute recovery of expenses through sales, charges, fees, etc., and (3) those items needed to adjust expenses in accordance with the CMS Provider Reimbursement Manual 15-1.

#### Column 4 - Expenses Directly Related to this Facility

Expenses that are directly related to the management of the nursing facility for which the cost report is being filed.

#### Column 5 - Expenses Directly Related to Other Facilities

Expenses that are directly related to the management of all other facilities.

#### Column 6 - Expenses to be Allocated

Expenses to be allocated to all facilities managed by the home office. This column is automatically calculated by subtracting column 4 and column 5 from the total of column 2 and 3.

#### Column 7 - Allocation Method

Identify the basis of the allocation method used (square footage, resident days, etc.)

#### Column 8 - Allocated Expense

The allocation of the amount in column 6 to the nursing facility.

### **Revenue**

Enter the total revenue for the Home Office on the lines below in columns 2 and 3. Any revenue not listed below must be reported on line 8 Other Revenue and attach a detailed listing of the revenue.

Line 1- Management Fees (Owned) – Enter the management fee revenue from facilities owned by the home office.

Line 2 - Management Fees (Non-Owned) – Enter the management fee revenue from facilities that are not owned by the home office.

Line 3 - Accounting – Enter the revenue from accounting services provided to the facilities.

Line 4 - Consulting – Enter the revenue from consulting services provided to the facilities.

Line 5 - Interest Income – Enter the total amount of interest income.

Line 6 - Rental and Leasing – Enter the revenue from rental and leasing of property.

Line 7 - Sale of Supplies – Enter the revenue from the sale of supplies.

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Line 8 - Other Revenue (Attach Listing) – Enter the total of any revenue not listed above and attach a detailed listing.

Line 9 - Total Revenue – Total of lines 1 through 8. This line populates automatically.

#### **Expenses**

Enter the total expenses for the Home Office on the lines below. Report any expenses not listed below on line 39 Other Expense and attach a detailed listing of the expenses.

Line 10 - Salaries-Owners, Officers & Directors – Enter the total salaries for the owners, officers and directors. Costs related to nonworking officers or officers' life insurance should not be included. Remove these costs with an adjustment in column 3.

Line 11 - Salaries-Other – Enter the total salaries for all other employees.

Line 12 - FICA- Employer's share – Enter the total amount of the employer's share of FICA.

Line 13 - Group Health Insurance – Enter the total expense of the employer's share of group health insurance.

Line 14 - Pensions – Enter the total expense of the employer's share of pensions.

Line 15 - Unemployment Taxes – Enter the total expense of unemployment taxes.

Line 16 - Workmen's Comp – Enter the total expense of workmen's compensation.

Line 17 - Accounting – Enter the total amount of accounting expense.

Line 18 - Advertising – Enter the total amount of advertising expense.

Line 19 - Amortization – Enter the total amount of amortization expense.

Line 20 - Consultants – Enter the total expense for consultants.

Line 21 - Contracted Services – Enter the total expense for contracted services.

Line 22 - Contributions – Enter total contributions made by the home office.

Line 23 - Depreciation – Enter the total amount of depreciation expense.

Line 24 - Director Fees – Enter the total amount for director fees.

Line 25 - Dues and Subscriptions – Enter the total expense amount for dues and subscriptions.

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**NURSING FACILITY COST REPORT INSTRUCTIONS**

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Line 26 - Educational Seminars & Training – Enter the total amount for educational seminars and training.

Line 27 - Income Tax – Enter the total amount of income tax paid.

Line 28 - Insurance – Enter the total amount of insurance expense.

Line 29 - Interest Expense – Enter the total amount of interest expense.

Line 30 - Legal – Enter the total amount of legal expense.

Line 31 - Rental & Leasing – Enter the total amount of rental and leasing expense.

Line 32 - Repairs & Maintenance – Enter the total expense amount for repairs and maintenance.

Line 33 - Supplies & Postage – Enter the total expense amount for supplies and postage.

Line 34 - Taxes & Licenses – Enter the total amount of taxes and licenses paid.

Line 35 - Telephone – Enter the total amount of telephone expense.

Line 36 - Travel – Enter the total amount of travel expenses.

Line 37 - Utilities – Enter the total expense amount for utilities.

Line 38 - Vehicle – Enter the total expense amount for vehicles.

Line 39 - Other Expense (Attach Listing) – Enter the total of any expense not listed above and attach a detailed listing.

Line 40 Total Expenditures – Total of lines 10 through 39. This line populates automatically.

**Calculation of Allowable Expenditures**

Line 41 Expense Directly Related to this Facility (From Line 40, Column 4) – This cell is automatically populated.

Line 42 Expenditures Allocated to this Facility (From Line 40, Column 8) – This cell is automatically populated.

Line 43 - Total Allowable Expenditures – Total of lines 41 and 42. This amount to Schedule B Line 19 column 2. Deleted wording below incorporated throughout the above instructions.