Department of Social Services

Office of Reimbursement & Certificate of Need

2024

Connecticut Medicaid Nursing Home

Cost Report Guidebook

Contents

Glossary

Actual Cost	Actual cost is the actual expenditure made to acquire an asset or provide a service. Actual cost is the total amount of money paid to produce, manufacture, or acquire a product or service. Actual costs can include both direct and indirect costs.
Acuity	Diagnoses, treatments, and functional status of a nursing home resident or patient.
Acuity Adjustment	An adjustment made to the Medicaid per diem based on the acuity level of the nursing home residents. Acuity adjustments are used by over 30 states and are important mechanism to direct Medicaid funding to resident care.
Allowable Cost Maximums or "Caps"	A maximum allowable reimbursement paid.
Allowed Costs	Costs or expenses that are considered necessary. In the case of Medicaid reimbursement, these are costs related to patient care and are eligible for reimbursement as determined in accordance with applicable Federal and State statutes, regulations, and the Medicaid State Plan.
Amortization	Amortization is the practice of spreading an intangible asset's cost over that asset's useful life. Intangible assets are not physical but are still assets of value. Assets that are expensed using the amortization method typically don't have any resale or salvage value. *Reference: Internal Revenue Service. "Publication 535, Business Expenses."*
Asset	An asset is a resource with economic value with the expectation that it will provide a future benefit.
Case Mix Index (CMI)	A weight or a score that reflects the relative resources predicted to provide care to a nursing home resident.
Certificate of Need (CON)	A regulatory program requiring certain types of health care providers to obtain state approval prior to making major changes in the healthcare landscape such capital investments in new equipment or facilities, changing access to services, or discontinuing a medical service.
Cost Center	Non-revenue producing element of an organization where costs are separately figured and allocated. For reimbursement purposes, costs are allocated to various cost centers to be either included or excluded from Medicaid reimbursement and in accordance with applicable Federal and State statutes, regulations, and the Medicaid State Plan.

Cost Report	A report that contains provider information such as facility characteristics, utilization data, revenue, expenditure, charges, and other financial data regarding the operations of the facility. Reports should include all relevant cost elements such as labor, materials, equipment, subcontractors, overhead, and profit.
Depreciation	Depreciation is the expensing of a fixed asset as it is used to reflect its anticipated deterioration. Fixed assets are tangible objects acquired by a business. Some examples of fixed or tangible assets that are commonly depreciated include buildings, equipment, office furniture, and vehicles. *Reference: Internal Revenue Service. "Publication 946, How to Depreciate Property."*
Disallowed Costs	Costs or expenses that are not considered necessary and therefore excluded from Medicaid reimbursement.
Efficiency Standards	The system provides a rate adjustment or "efficiency allowance" to facilities having lower costs in the Indirect and Administrative cost categories. The incentive is 25% of the difference between the facilities' cost per day and the state-wide median cost per day. The intent of this incentive is to encourage homes to keep costs contained, directed towards patient care, and to better target reimbursement to supporting the facility and its residents.
Fair Rental Value (FRV)	Fair rent is an amount calculated to yield a constant figure each year in lieu of mortgage interest and depreciation. Fair rent is paid in lieu of actual property costs and accounts for property-related expenses to provide an estimate of value and is intended to lower a nursing homes incentive to perform unnecessary services. The allowance for real property other than land, is determined by amortizing the base value of the property over its remaining useful life and applying a rate of return on the base value. Homes fully reimbursed receive minimum fair rent.
Imputed Day	A predetermined number for patient days rather than actual patient days in computing per diem costs.
Liability	A liability is something owed and settled over time through the transfer of economic benefits including money, goods, or services. Liabilities include loans, accounts payable, mortgages, deferred revenues, bonds, warranties, and accrued expenses.
Minimum Data Set (MDS)	A standardized federal assessment tool used for screening, clinical, and functional status data elements which form a comprehensive assessment for all residents of nursing homes certified to participate in Medicare or Medicaid.

Minimum Fair Rent	A per diem allowance for fair rent provided when a nursing home actual fair rent is below the 25th percentile.
Notes Payable	Written promise to pay a specific amount of money at a specified future date or on demand, these debts can be short or long-term.
Occupancy Percentage	Occupancy percentage is the number of occupied rooms in a nursing home at a given time. It is calculated by dividing the total number of residents by the total number of beds available.
Payment Ceiling	An upper limit placed on a certain financial factor to limit the amount that can be charged or paid.
Payor Mix	A measure of patients who have federal or state health insurance, such as Medicaid and Medicare, compared to patients who pay themselves or have private medical insurance. Payor mix is found on the annual cost report under 'Schedule of Resident Statistics'.
Peer Grouping	A group of nursing homes with similar characteristics for the purpose of determining payment amounts.
Per Diem	A form of payment for services in which the provider is paid a daily fee for specific services or outcomes. Section 1888 of the Social Security Act established payments made to skilled nursing facilities (SNFs) under Medicare must be made on a per diem basis, meaning that a payment rate is determined for each day of the patient's stay.
Profit Loss (P&L)	A financial statement that summarizes revenues, costs, and expenses incurred during a specified period. P&L is generally calculated by Revenue less Expenses. A loss in one period is not necessarily an indication of poor financial health, and it is important to compare P&L statements from different accounting periods, as any changes over time become more meaningful than the actual numbers themselves. Profit/Loss can be found under Schedule H 'Changes in Total Net Worth' of the Medicaid cost report with a comparison to the prior reporting period.
Rate of Return (ROR)	A gain or loss of an investment over a period of time.
Rebase	Rebasing means evaluation of how an individual facility costs have changed from the rate base year to the most recent cost year, accounting for inflation, and related adjustment of rates.
Recoupment	Recovery or collection of money previously unduly paid out.

Related Party	An arrangement between two parties that have a preexisting business relationship. This broadly defined to mean any person or organization related through marriage, ownership, family, or business association.
Resident Day	Resident day means each resident service day and include the day a resident is admitted and any day for which the facility is eligible for payment for reserving a resident's bed due to hospitalization or temporary leave or death.
Trade Accounts Payable	Also called trades payable refers to an amount that suppliers bill a company for delivering goods or services as part of the normal course of business.

Overview - Key Elements Medicaid Law

The Department of Social Services ("Department" or "DSS") is the single state Medicaid agency for the State of Connecticut. In accordance with §1901.42 U.S.C. 1396 of the Social Security Act, the purpose of Medicaid is to enable states "to furnish (1) medical assistance on behalf of families with dependent children and of aged, blind, or disabled individuals, whose income and resources are insufficient to meet the costs of necessary medical services, and (2) rehabilitation and other services to help such families and individuals attain or retain capability for independence or self-care". Medicaid is a state–federal partnership jointly funded by the state and federal government and administered by the state in accordance with federal requirements. Federal requirements help to guide and assist states in providing medical care to eligible populations. This cost-sharing partnership between the federal government and the state is known as Federal Medical Assistance Payment (FMAP or "match"). The percentage of costs paid by the federal government varies for specific services and types of enrollees. The FMAP formula provides different matching rates to states based on the per capita income of the state relative to the national average.

State participation in Medicaid is voluntary, but states that have chosen to participate must administer programs consistent with requirements of federal law. Each participating state must receive approval before administering its program from the federal agency called Centers for Medicare and Medicaid Services (CMS). The vehicle for states to receive federal approval is known as the Medicaid State Plan. The State Plan gives assurances to CMS that a state will abide by federal rules and that the state may claim federal matching funds for its program activities. The State Plan outlines the groups of individuals covered, services provided, methodologies for providers to be reimbursed, and the administrative activities of the state.

When a state is planning to make a change to its Medicaid program policies or a change to its Medicaid reimbursement methodology, it must obtain a State Plan Amendment (SPA) from CMS. Federal law identifies some services as mandatory for coverage and other services as optional. Failure to follow a state plan, or failure to receive state plan amendment approval when making a change, risks loss of FMAP funding to the state.

Section 1902(a)(30)(A) of the Social Security Act (the Act) requires that Medicaid payments be "consistent with efficiency, economy, and quality of care" and reimbursement method must be considered "proper and necessary for efficient delivery of needed health care services."[1] This provision ensures tax payor funds are used in the manner in which they are intended to provide care for residents. In meeting these requirements, states have flexibility in establishing and updating Medicaid payment methods, but CMS final approval is required before a state can implement any change in Medicaid reimbursement.

[1] 42 CFR §417.534 Allowable costs.

Medicaid Nursing Home Reimbursement

Nursing homes are considered institutions certified by a state to offer 24-hour medical and skilled nursing care, rehabilitation, or health-related services to its residents.[2] Nursing facility services are a mandatory benefit that must be covered by all state Medicaid programs. Reimbursement methods for nursing homes are structured differently than other Medicaid payments since nursing home reimbursement recognizes not just the services provided to the resident, but also the setting in which that service is delivered.[3]

State Medicaid programs typically pay nursing facilities a daily rate known as a ***per diem***. The per diem rate is generally calculated using data provided by the nursing home to the state through a ***cost report***. Cost reporting is an important tool for states to help with bucketing various costs into what are known as "***cost centers***". Information allocated to the various cost centers are used to calculate the per diem amount paid to the nursing home for Medicaid residents.

States can further adjust the Medicaid rate to ensure compliance with CMS. CMS guidance requires that "costs for individuals covered by the program are not borne by others not so covered and the costs for individuals not so covered are not borne by the program."[4] Essentially, this means that Medicaid programs can only pay for the costs associated with its members and cannot pay for costs associated with others not covered by Medicaid. CMS guidance further states that "necessary and proper costs related to patient care are usually costs which are common and accepted occurrences in the field of the provider's activity." This means that only cost related to that of a nursing home and its activities in providing nursing home Medicaid patient care can be considered for Medicaid nursing home reimbursement and all other costs are disallowed.

To ensure compliance, states can adjust the rate using a variety of reimbursement methodology techniques which must be approved by CMS before a state can implement. For example, states limit payments within a certain cost center by establishing ***payment ceilings***. These ceilings can be established in various ways but most often are a percent of the median or average costs of the facility, a peer grouping, or some other predetermined standard. Some examples include:

- **Occupancy Percentage or "Imputed Days"**. States may adjust Medicaid rates through occupancy percentages which are typically calculated by dividing occupancy by allowable costs. This important calculation is used to ensure funds are directed to patient care and to limit spend on activities not related to a Medicaid member's care. CMS requires states to include mechanisms in their rate calculations that support efficiency, and states typically use an occupancy percentage between 90% to 95%. In Connecticut, the State Plan and statute allows for 90% occupancy.
- **Peer Grouping**. Most states adjust rates based on groups of facilities in the same geographic area, or similar numbers of beds, or nursing homes that serve a certain percentage of

[2] Medicaid and CHIP Payment and Access Commission. January 2023. https://www.macpac.gov/wp-content/uploads/2023/01/Estimates-of-Medicaid-Nursing-Facility-Payments-Relative-to-Costs-1-6-23.pdf
[3] 42 CFR Part 413
[4] Section 2102.3 of CMS Publication 15-1-21.

patients with similar acuity levels. As of July 2019, 38 states grouped nursing homes into one or more peer grouping categories for Medicaid reimbursement purposes.

- **Specialized Services.** States also frequently provide rate adjustments based on the type of services provided. For example, in 2019, 37-states provide rate adjustments for nursing homes that offer ventilator services, and 22-states provide rate adjustments for nursing homes that treat patients with mental health or cognitive impairments. Some states also offer increased rates for conditions that require specialized care such as multiple sclerosis.

Connecticut Medicaid Nursing Home Reimbursement

In Connecticut, the Office of Reimbursement and Certificate of Need (CON), Division of Health Services is responsible for establishing Medicaid reimbursement methodologies for various provider groups including nursing homes. The Office of Reimbursement & CON is also responsible for Medicaid State Plan Amendments necessary to obtain federal matching funds for nursing home services provided through Connecticut's Medicaid program.

In accordance with C.G.S. §17b-340 and §17-311 and the approved state plan, DSS pays nursing homes a per diem rate for caring for Connecticut Medicaid-eligible residents. Rates are set prospectively based on information provided in the certified Annual Report of Long-Term Care or cost report the nursing homes submit annually to the Department. The cost report contains information needed to calculate the Medicaid per diem. Per diems are facility-specific and are calculated annually based on ***allowable costs*** (bad debt and certain other expenses are not allowable). State law establishes limits on what the homes can receive by placing ***allowable cost maximum or "caps"*** on certain cost components since only costs approved under the Connecticut Medicaid State Plan are included in the Medicaid per diem. For more information about costs reported by Connecticut nursing homes, the DSS website features Nursing Home Cost Comparison Reports which show home-by-home comparisons of costs.

Connecticut Medicaid uses an individual cost-related prospective system to determine nursing home reimbursement rates. Rates are determined on an annual basis and issued every state fiscal year starting July 1. In accordance with statute, rates are to be ***rebased*** every two to four years. Rebasing means evaluation of how individual facility costs have changed from the rate base year to the most recent cost year, accounting for inflation, and related adjustment of rates.

To calculate the per diem rate, costs reported on the cost report are bucketed into one of the five approved cost categories which are outlined in statue and in the Medicaid state plan. Cost that are reported on the cost report that do not fall into one of the five approved categories are not included in the per diem rate are ***disallowed*** from Medicaid reimbursement. DSS posts Rate Computation Reports on the Department website. These reports show a step-by-step walkthrough of the rate calculation described below.

To illustrate, rates are calculated annually using the following process steps:

1. Homes submit annual cost reports to DSS.

2. DSS uses the cost reports to identify Medicaid allowable costs determined for Medicaid reimbursement for each nursing home under the state plan and state regulations for cost related reimbursement.
3. As identified below, three cost categories are limited to ***Allowable Cost Maximums*** or "capped" at an identified percentage of median costs, and one is capped geographically (Fairfield v. non-Fairfield County). Costs in these categories are limited to maximums established as percentages of median costs in the Direct, Indirect and Administrative & General cost categories in accordance with state statute and regulation. The purpose of cost maximums is to help ensure efficient spend of Medicaid reimbursement and that only cost associated with resident care are reimbursed.

Category	Description	Allowable Maximums or "Caps"	Peer Grouping
Direct	Nursing and nurse aide personnel salaries, related fringe benefits and nursing pool costs.	135%	Fairfield vs. Non-Fairfield County
Indirect	Professional fees, dietary, housekeeping, laundry personnel costs and expenses and supplies related to patient care.	115%	N/A
Administrative & General	Maintenance and plant operation expenses, and salaries and related fringe benefits for administrative and maintenance personnel.	100%	N/A
Fair Rental Value (FRV)	In lieu of ***depreciation*** and interest, ***fair rent*** is paid for real property and non-movable equipment costs. This amount is determined by ***amortizing*** the base value of the property (excluding land) and non-moveable equipment over its remaining useful life and applying a ***rate of return*** (ROR) on the base value. The ROR is linked to the Medicare borrowing rate and limited to a maximum of 11% in accordance with state statute. Homes with fully reimbursed costs receive a ***minimum fair rent***.	N/A	N/A
Capital Related	Property taxes, insurance expenses, moveable equipment leases and moveable equipment depreciation.	N/A	

4. Further, DSS adjusts rates related to occupancy by dividing allowable costs by the higher of:
    i. reported total ***resident days*** for the year; or

ii. facility occupancy at 90% of licensed capacity.

This process is known as ***imputing days***. Imputing days is a rate setting mechanism for the purpose of computing minimum allowable patient days. Utilization of a nursing home certified beds is determined at a minimum of 90% of capacity, except for facilities that have undergone a change in ownership, new nursing homes, or nursing homes certified for additional beds which may be permitted a lower occupancy rate for the first three-months of operation after the effective date of licensure. This important calculation to ensure funds are directed to patient care and to limit spend on activities not related to a Medicaid member's care. CMS requires states to include such mechanisms in the rate calculation to support efficiency, and states typically use an occupancy percentage between 90% to 95%. In Connecticut, the State Plan and statute allow for 90% minimum occupancy.

5. DSS also adjustments rates for nursing homes that meet ***efficiency standards***. This adjustment is for nursing homes that have lower costs in the Indirect and Administrative cost categories. The incentive is 25% of the difference between the nursing homes' cost per day and the state-wide median cost per day. The intent of this incentive is to encourage homes to keep costs contained, directed towards patient care, and to better target reimbursement to supporting nursing home residents.

Last, the adjustment to the Medicaid rate is a quarterly adjustment made for resident ***acuity***; this process is known as ***acuity adjustment*** and went into effect on July 1, 2022. Acuity adjustments are made to the direct care component of the Medicaid rate and the adjustment is based on federally required reporting known as ***Minimum Data Set*** or **MDS**.

Nursing homes are required to submit to CMS resident assessment data known as MDS. CMS uses the information to calculate acuity scores for the nursing home residents. DSS uses these scores known as ***Case Mix Index (CMI)*** to make adjustment to the Medicaid per diem based on the acuity level of the residents. Acuity adjustments are used by over 30 states and are important mechanism to direct Medicaid funding to resident care.

The CMI is a weight or numerical acuity score that reflects the relative predicted resources necessary to provide care to a resident; the higher the case mix index weight, the greater the resource requirements for the resident (i.e., a more acute resident). DSS will adjust the rate to increase for residents that require more services and decrease the rate for lower CMI scores. For example, residents falling into a category with a CMI of 2.00 take twice the nursing resources compared to a resident assessed in a category with a CMI of 1.00. Acuity reimbursement supports DSS in its effort to:

- Align reimbursement with the anticipated resource needs of each nursing home resident based on the acuity of the specific resident.
- Provide incentive for nursing homes to admit and provide care to persons in need of comparatively greater care.

- Implement periodic adjustments to reimbursement rates to account for changes in the acuity mix of each provider's residents.
- Encourage sufficient provider spending on direct care resources.

Additional information regarding the Acuity Reimbursement System is located at the Department's website. The Department also posts Acuity Case Mix Quarterly Rate Calculations which show the quarterly adjustments for all Connecticut nursing homes.

Unallowable Costs

Department regulations require that all costs included in the Medicaid nursing home per diem rate be reasonable and directly related to providing care to Medicaid residents. Regulations specify several costs that must be excluded in the rate calculation such as (1) bad debt; (2) advertising except for help wanted ads; and (3) outpatient services, day care services, and meals-on-wheels (Conn. Agency Regs., § 17-311-52 (i)). Since Medicaid programs can only include approved costs in the per diem rate, all other costs reported are disallowed from Medicaid reimbursement. Some common types of costs that are reported on the cost report but disallowed from Medicaid reimbursement are:

- **Salaries**. Disallowed salaries of positions not related to one of the approved categories. Any amount of an approved salary that is over the cost cap is disallowed. Cost categories with caps are direct care, indirect care, and Administrative & General.
- **Management Fees.** Disallowed managerial administrative compensation over the cost caps. The amount that is approved by DSS (under the cap) is applied to all homes with common management. For example, each home in a chain may be allowed $5 a resident day for management fees. If the facility has 40,000 resident days in the year, yet they report $900,000 in management fees, DSS will "cap" and only allow $200,000 for Medicaid reimbursement annually.
- **Owners Salaries**. Owner and ***Related Party*** salaries are limited to amounts published in a Salary Limitations schedule each year. Details of Owner and Related Party Salaries are reported on page 11 of the cost report.
- **Rent**. Rent is what is known as a common related party expenditure and is **excluded from Medicaid reimbursement** and replaced by fair rent.
- Building interest, depreciation, amortization.
- Costs not related to patient care such as advertising, and bad debt.
- **Pharmacy.** Prescription drugs are excluded from the Medicaid nursing home per diem since prescription drugs are paid for by Medicare in the nursing home setting.
- **Therapy**. It is common for a nursing home to have a related party therapy company that provides Physical Therapy, Speech Therapy, and Occupational Therapy services to its nursing home residents. Occupational Therapy is not a reimbursable Medicaid expense, and all associated expenses are excluded from the Medicaid per diem rate since Medicare pays for the service.

- **Shared Salaries**. Large nursing home chains often share employees between nursing home locations. DSS conducts audits of the cost of the shared employees to ensure employee costs are allocated to the appropriate nursing home and there is no duplication of expenses reported. If it is found that costs are not properly allocated, DSS issues a ***recoupment,*** and the money is paid back to DSS.
- **Related Party Expenses.** All related party transactions are to be reported on page 4 of the cost report. After cost report review, if it is determined the expense is not an approved cost for Medicaid reimbursement it is disallowed. Approved costs are limited to the ***actual cost*** if the costs reported are greater than the actual cost of the expense. This is verified through the audit process.

Audit

In accordance with federal regulations 42 CFR §413.2, providers that receive Medicaid payment on the basis of reimbursable costs must provide adequate cost information to the state that supports payments for services furnished to Medicaid beneficiaries. To ensure the adequacy of the data submitted to DSS for Medicaid reimbursement purposes, DSS routinely conducts audits of nursing homes. All nursing homes that accept Medicaid payments, must undergo audit and any nursing home that cannot substantiate the information submitted to the Department, may have money taken back or "recouped". Medicaid provider audits are conducted by the Department's Office of Quality Assurance and more information regarding the audit process is available at the Department's website.

Cost Report Schedules

The different sections of the cost report are known as "schedules". The following is a description of the cost report and its various schedules, pages, and lines. Cost reports for all nursing homes that accept Connecticut Medicaid are posted publicly on the Department website.

Page 1	**Administration/Owner(s) Certification**	Contains printed names and notarized signatures of Owners and Administrators. If the facility filing does not contain the proper signatures (Administrator/Owner only) or has not been notarized, it will be returned to the nursing home.
Page 1a	**Real Wage Growth**	This page is not applicable to nursing homes.
Page 2	**General Information**	Contains information regarding the Department of Public Health licensure type, ownership type, administrator, and any changes in ownership during the reporting period.
Page 3	**Partners/Members**	If the Facility is a Partnership or LLC taxed as a Partnership this page will contain Partnership information such names of partners, business address, and ownership percentages.
Page 3a	**Corporate Owners**	If the Facility is a corporation or LLC taxed as a corporation, this page will contain a listing of all stockholders owning a share of the company as defined in Department of Public Health (DPH) Statue and the number of shares held by each owner if the facility operates as a corporation.
Page 3b	**Individual Proprietorship**	Contains ownership information if the facility operates as an individually owned proprietorship.
Page 4	**Related Parties**	Contains all related party information associated with expenses included in the cost report, including the name of the related party, business address, description of goods or services provided by the related party and where within the Annual Report these costs are reported. If rental payments are made to a related party, this should also be reported.
Page 5	**Basis for Allocation and Related Company Transactions**	For all multi-level facilities, this page contains the allocation methods and the

		nursing homes explanation for all deviations from the method(s) provided.
Pages 6 - 7	**Other Lines of Business**	The square footage of the entire facility is listed and all of other lines of business, including Outpatient Therapy, Meals on Wheels, Apartments, Independent Living, Assisted Living.
Page 8	**Resident Statistics**	Contains certified bed capacity, resident census, and number of resident days by payor source for the cost year. This is known as the ***payor mix***. When counting resident days, the day of admission is included but not the day of discharge.
Page 9	**Resident Statistics Continued**	Contains changes in bed capacity by date and amount of change, self-pay rates by room type and payor, and number of therapy treatments by treatment type. The number of residents reported are as of midnight.
Page 9	**Changes in Certified Bed Capacity**	Facilities must record the date of change for any changes in certified bed capacity for the period. The date reported must correspond to the license issued by DPH. Conversions for licensure levels must also be reported.
Page 10	**Salaries and Wages**	Contains salaries and wages, and hours worked for all employees employed directly by the facility. Facility must indicate if time records are maintained by all individuals receiving compensation. Salaries and wages should be reported consistently from year-to- year. Hours reported should reflect all hours paid - not hours worked. Hours for vacation, holidays, illness, etc. must be included. Any and all salaries paid to employees that do not relate to resident care must be disallowed in the adjustment column.

Page 10 of the Cost Report. *Facilities are to report various salaries for employees directly employed by the Facility. During audit, if a Facility is not able to provide supporting documentation regarding employment status or job duties, the salary is disallowed, and funds are recouped by the Department. Below are the types of salaries commonly reported.*

Page/Line	Category	Expense
Page 10, Line A1	**Operators/Owners**	Salary expense for owners and operators who are not the Administrator, Assistant Administrator or if they perform non- managerial work.
Page 10, Line A2	**Administrators (A&G Cost)**	Salary expense for the licensed Administrator. This information is also reflected on Page 12.
Page 10, Line A3	**Asst-Administrators (A&G Cost)**	Salary expense for the Assistant Administrator. This information is also reflected on Page 12.
Page 10, Line A4	**Other Administrative (A&G Cost)**	Salary expense for all employees performing administrative functions. (i.e., receptionists, clerks, admissions, secretaries, drivers, office managers)
Page 10, Line A5	**Dietary Services (Indirect Cost)**	Salary expense for all employees performing dietary functions. (i.e., head dietitian, food service supervisors, dietary workers)
Page 10, Line 6	**Housekeeping Services (Indirect Cost)**	Salary expense for all employees performing housekeeping functions. (i.e., head housekeeper, workers)
Page 10, Line 7	**Repairs & Maintenance Workers (Indirect Cost)**	Salary expense for all employees performing facility repair functions. (i.e., Engineers, Maintenance workers)
Page 10, Line 8	**Laundry Service (Indirect Cost)**	Salary expense for all employees performing laundry functions. (i.e., supervisors, laundry workers)
Page 10, Line 9	**Barber and Beautician Services**	Salary expense for employees performing barber/beautician functions.
Page 10, Line 10	**Protective Services**	
Page 10, Line 11	**Accounting Services**	Salary expense for all employees performing accounting functions. (i.e., payroll, medical billing, vendor payment, tax filings)
Page 10, Line 12a	**Director of Nurses**	Salary expense for both the Director and Assistant Director of Nurses.
Page 10, Line 12b1	**RN-Direct Care**	Salary expense for licensed RNs who are not the MDS Coordinator, In-service Training Coordinator, and Infection Control Nurse.

Page 10, Line 12b1	**RN-Administrative**	Salary expense for licensed RNs who are the MDS Coordinator, In-service Training Coordinator, and Infection Control Nurse.
Page 10, Line 12c1	**LPN-Direct Care**	Salary expense for licensed LPNs who are not the MDS Coordinator, In-service Training Coordinator, and Infection Control Nurse.
Page 10, Line A12c1	**LPN – Administrative**	Salary expense for licensed LPNs who are the MDS Coordinator, In-service Training Coordinator, and Infection Control Nurse.
Page 10, Line A12d	**Aides and Attendants**	Salary expense for CNAs. If Aides and Attendants performed or assisted with PT, ST or OT treatments, the amount associated with the therapies should be reported on the appropriate therapy line.
Page 10, Line A12e-g	**Therapies**	Salary expense for PT, ST, and OT, including Aides to the Therapist. If any salaries are reported for therapies, the corresponding therapy treatments must be reported on Page 9.
Page 10, Line A12h	**Recreation Worker**	Salary expenses for all recreations workers.
Page 10, Line A12i	**Physicians**	Salary expenses for all physicians. If any resident care physicians are reported, this amount must be disallowed in the Adjustment column for the associated expense.
Page 10, Line A12j	**Dentist**	Salary expenses for all dentists.
Page 10, Line A12k	**Pharmacists**	Salary expenses for all pharmacists.
Page 10, Line A12l	**Podiatrists**	Salary expenses for all podiatrists.
Page 10, Line A12m	**Social Worker/Case Manager**	Salary expenses for all social workers / case managers.
Page 10, Line A12n	**Marketing**	Salary expenses for all personnel performing Marketing and/or Public Relations duties. This amount must be disallowed in the Adjustment column for the associated expense.

Page 10, Line A12o	**Other**	Salary expense only for personnel that provide indirect professional care of residents. If more than one class of employee is included, the facility must separately identify hours, dollars and provide a job description for each job class.
Page 10, Line A-13	**Total**	Total all columns for dollars and hours.

Page 11	**Owners/Operators and Related Parties**	Detailed information about ownership, related parties, and administrators

Page 11 of the Cost Report *must include the Name and Address of all employees, all other places of employment the related parties. The hours worked at the other places of employment during the reporting period, Total Hours worked at all other places of employment, and the total compensation received at all other places of employment.*

Page/Line	Category	Expense
Page 11, Section I	**Operators / Owners**	Owners/Operators and related parties that worked at the facility during the report period to include hours worked, compensation received, and a description of the services provided. This section must feature all salaries paid to the owners/operators who are not the Administrator or do not perform non-managerial work.
Page 11, Section II	**Related Parties**	Related Parties are identified as any person related through marriage, ability to control, ownership, family, or business association.
Page 12, Section III	**Administrator**	All Administrator(s) for the report period must be listed. If more than one Administrator is reported include the dates of employment, hours worked, and dollars paid to each individual.
Page 12, Section IV	**Assistant Administrators**	All Assistant Administrator(s) for the report period. If the Assistant Administrators did not work full-time (2,080 hours) include the dates of employment, hours worked, and dollars paid.

Page 12	**Administrators and Assistant Administrators**	Contains Administrators and Assistant Administrators that worked at the facility during the report period to include hours worked, compensation received, and a description of the services provided.
Page 13	**Professional Fees**	Contains all professional fees paid and hours worked during the report period. Hours must be provided in order to determine the allowability of professional fees per State guidelines. Hours must be actual and cannot be estimated. Examples of professional fees are fees paid to Registered Dieticians, Dentists, Pharmacist, Podiatrists, Social Workers, Speech, Physical, and Occupational Therapist.
Page 14	**Individuals Paid on a Fee for Service Basis**	Contains all vendors paid on a fee for service basis to include a description of services provided and if they are a related party. Complete for ALL individuals and companies providing professional services. Includes the name and address of the individual and the explanation of services provided. Should related parties provide services, an explanation of the relationship must be provided on Page 4 and 14.
Page 15 and 16	**Expenditures Other Than Salaries - Administrative and General Expenses**	All Administrative and General expenditures (other than salaries) are reported, including fringe benefits.
Page 15 and 16. *The following expenses should be disallowed by the Facility.*		

Page/Line	**Disallowed Expenses**
Page 15, Line 1b	Personal Retirement Plan, Pension, Profit-Sharing for Owners/Operators
Page 15, line 1c	Bad Debts
Page 15, line 1f	Insurance on Lives of Owners and Operators
Page 15, line 1j	Corporation Business Tax (Business Entity Tax)
Page 15, line 1k1	Income Tax
Page 16, line m2, m3	Advertising
Page 16, line m4	Fund Raising
Page 16, line 8a	Chamber of Commerce & Other Non-Allowable Organizations
Page 16, line m10	Contributions

Page 15 and 16. *The following expenses are limited or capped for reimbursement.*

Expense	**Limitation**
Cell Phones, Page 15 1h2	Nursing Home Limit Beds/Allowable 1-200 beds / $2,800 201 or more beds / $3,800
Cell Phones, Page 15 1h2	This page is not applicable to nursing homes.
Parties for Staff, Page 16	One Party per Year
Gifts for Staff, Page 16 Line L3	$25/ per Employee Per Year
Cable Television	Nursing Home Limit: $7,200/Year

Page 15*. Facilities are to report costs and expenditures for all Administrative and General Expenses as well as fringe benefits. Below are the types of costs commonly reported by Facilities.*

Page/Line	Category	Expense
Page 15, Line 1a1-1a8	**Fringe Benefits**	Fringe benefits should be allocated to each level of care based on total salaries for each licensure level. For example, if total salaries on Page 10 for the CCH level of care is $40 and total salaries for all licensure levels is $100, then fringes of 40% (40/100) should be allocated to the CCH licensure level.
Page 15, Line 1a9	**Other Employee Benefits**	Only include group benefits that all employees are eligible to receive. All items should be separately identified by description and dollar amount.
Page 15, Line 1b	**Personal Retirement Plans**	Include all pension and profit-sharing plans of the Administrator that are not included in payroll and are not group benefits.
Page 15, Line 1c	**Bad Debts**	All Bad Debt expense should be reported on Page 15, Line 1c and must be disallowed in the Adjustment column for the associated expense.
Page 15, Line 1d	**Accounting**	Accounting fees reported on Page 15 of the Annual Report, must agree to the amounts reported on Page 15b.
Page 15, Line 1e	**Legal**	Legal fees reported on Page 15 of the Annual Report, must agree to the amounts reported on Page 15b.
Page 15, Line 1f	**Insurance**	Include life insurance for the owner and operator. This amount must be disallowed in the Adjustment column for the associated expense.
Page 15, Line 1g	**Office Supplies**	Amount for associated expense.
Page 15, Line 1h1	**Telephone & Pagers**	Include the cost of telephone and pager services for employee use related to patient care only. Facilities cannot include the expense associated with directory advertising and/or equipment. Any costs related to personal use is disallowed.
Page 15, Line 1h2	**Cellular Phones**	Report the costs, including leases, of all cellular phones. Disallowance for any personal use or amount in excess of state guidelines in the Adjustment column for the associated expense.
Page 15, Line 1i	**Appraisal**	This amount must be disallowed in the Adjustment column for the associated expense. A description of the appraisal must also be provided.

Page 15, Line 1j	**Corporation Business Taxes**	This amount less the minimal allowable tax must be disallowed in the Adjustment column for the associated expense.
Page 15, Line 1k1	**Income Taxes**	This amount must be disallowed in the Adjustment column for the associated expense.
Page 15, Line 1k2	**Other Taxes**	This amount includes other taxes such as sales tax. Not included are real estate or payroll taxes. A detailed schedule should be provided.
Page 15, Line 1k3	**Resident Day User Fee**	All taxes paid relating to the resident day user fee (Provider Tax). This amount should not include any penalties and/or late fees. Penalties and/or late fees should be reported on Page 16 and disallowed in the adjustment column.

Page 15b	**Accounting and Legal Fees**	Contains the firm name, address, services provided and costs of services for all accounting and legal fees.

Page 16 Expenditures Other than Salaries – Administrative and General (A&G)

Page/Line	Category	Expense
Page 16, Line l.1	**Resident Travel & Entertainment**	Cost of travel (not ambulance) and entertainment of residents.
Page 16, Line l.2	**Holiday Parties for Staff**	Cost of holiday parties for staff. Parties in excess of one per year must be disallowed in the Adjustment column for the associated expense.
Page 16, Line l.3	**Gifts to Staff and Residents**	Cost of gifts to staff and residents. A disallowance must be made in the Adjustment column for the associated expense for gifts in excess of $25 per employee and gifts that are discriminatory in nature (such as gifts to department heads).
Page 16, Line l.3	**Employee Travel**	Cost of mileage reimbursement and travel expenses. All expenses for travel outside the continental U.S. or for more than one person traveling out of state must be disallowed in the Adjustment column for the associated expense.

Page 16, Line l.5	**Education Expense**	Cost related to seminars, conventions, and outside training. All costs that are associated with tuition for an accredited course must be disallowed in the Adjustment column for the associated expense.
Page 16, Line l.6	**Automobile Expense**	Cost of automobile expense such as fuel and repairs. Does not include auto insurance, auto taxes or leases as they are reported on Pages 22 and 27. State guidelines must be followed regarding any necessary disallowances in the Adjustment column for the associated expense.
Page 16, Line l.7	**Other**	Any other costs associated with travel and entertainment. Each item should be separately identified by dollar amount and description.
Page 16, Line m.1	**Help Wanted Advertising**	Cost of advertising for staff. Also include the cost of any recruitment fees.
Page 16, Line m.2	**Advertising Telephone**	Cost of telephone directory advertising. This amount must be disallowed in the Adjustment column for the associated expense.
Page 16, Line m.3	**Advertising Other**	Cost of other advertising such as print, radio, brochures, promotional pamphlets, and other forms. This amount must be disallowed in the Adjustment column for the associated expense.
Page 16, Line m.4	**Fund Raising**	Cost of all fund-raising expenses. This amount must be disallowed in the Adjustment column for the associated expense.
Page 16, Line m.5	**Medical Records**	Cost of supplies and expenses associated with resident medical records.
Page 16, Line m.6	**Barber and Beauty**	Cost of barber and beauty expense of the Facility for residents. This amount must be disallowed in the Adjustment column for the associated expense.
Page 16, Line m.7	**Postage**	Cost of postage and overnight carriers.
Page 16, Line m.8	**Dues and Fees to Professional Organizations**	Cost of fees paid to professional associations. Does not include Chamber of Commerce, Rotary or other civic organizations. Must include an attached

		schedule of itemized list of organizations and amounts for disallowance.
Page 16, Line m.8a	**Chamber of Commerce and Other Non-Allowable Organizations**	Cost of dues to Chamber of Commerce and non-allowable organizations (i.e., Rotary Club, civic clubs). This amount must be disallowed in the Adjustment column.
Page 16, Line m.9	**Subscriptions**	Cost of all subscriptions. Amounts are disallowed if not related to resident care.
Page 16, Line m.10	**Contributions**	Cost of all contributions. These amounts are disallowed in the Adjustment column.
Page 16, Line m.11	**Services Provided by Contract**	Cost of all services provided by contract. A complete schedule must be included on Page 21 for each firm or individual. Amounts are disallowed if not related to resident care.
Page 16, Line m.12	**Administrative Management Services**	Cost of all A&G services provided by contract. Page 21 must be completed for all purchased services over $10,000. Amounts are disallowed in the Adjustment column for the associated expense.
Page 16, Line m.13	**Other A&G**	Cost of all other A&G expenses. All items must be separately identified by a detailed description and dollar amount. Disallowances are made directly in the Adjustment column for the associated expense. Facilities are to report health code violations, and clearly identifying whether they are State or Federal violations and disallow in the Adjustment column for the associated expense.
Page 16, Line m.10	**Contributions**	Cost of all contributions. These amounts are disallowed in the Adjustment column.
Page 16, Line C14	**Total A&G**	Total of ALL Administrative and General expenses reported on Pages 15 and 16.

Page 17	**Management Services**	Contains management services information to include the name of company or individual supplying the service, cost of management services and description of services provided. Page 4 should include the management company if it is a related party. Any

		management company charges or allocations of home office overhead costs are reported including: • Name and Address of individual or company • Cost of Management Service • Full Descriptions of Service • Location of Costs Claimed in the Cost Report
Page 18	**Dietary Expenses Basis for Allocation of Costs**	Contains all dietary expenses and related information as well as the basis for allocation of costs. Administrative and general expenses relating to the dietary department are included on Pages 15, 16 or 22 not on Page 18.

Page/Line	Category	Expense
Page 18, Line 2a1	**Raw Food**	Cost of food provided to residents.
Page 18, Line 2a2	**Non-Food Supplies**	Cost of non-food supplies such as kitchen plastic wrap, dish detergent, etc.
Page 18, Line 2a3	**Other In-House Prep**	Cost of all other dietary expenses. A separate detailed schedule must be provided for all items.
Page 18, Line 2b	**Purchased Services**	Cost of dietary purchased services.
Page 18, Line 2c	**Other**	Cost of all other expenses related to the dietary department. Administrative costs such as seminars, travel, repairs, maintenance, or purchases of kitchen equipment must not be included and are disallowed if included.
Page 18, Line 2D	**Total Dietary Expenditures**	Total of all allowable dietary expenses reported.
Page 18, Line 2F	**Resident Meals**	Number of meals served per day to residents. Count each tray served to a resident at mealtime. MUST NOT include liquids or other between meal snacks.
Page 18, Line 2G	**Cost of Employee Meals**	Facilities must include cost of any employees' meals.

Page 18, Line 2H	**Employees Meal Revenue**	If any revenue is received for employee meals and amount received.
Page 18, Line 2I	**Employees Payment**	This line indicates where the revenue received from employee meals is reported in the Cost Report.
Page 18, Line 2J	**Meals Provided to Others**	Cost of meals provided to anyone other than residents or employees.
Page 18, Line 2K	**Other Revenue**	Indicate if revenue is received for meals provided to persons other than employees and amount received.
Page 18, Line 2L	**Other Payments**	Indicate where revenue received from other meals is reported in the Cost Report.
Page 18, Line 2M	**Other Employee Food**	Cost of employee food other than meals.
Page 18, Line 2N	**Other Employee Revenue**	Any revenue received from other employee food and amounts.
Page 18, Line 2O	**Other Employee Payment**	Any revenue received from other employee food and where amounts are reported in the Cost Report.

Page 19	**Laundry Expenses**	All laundry costs and related information. Cost of general facility maintenance for laundry is reported on Page 22. Administrative and general expenses relating to laundry is on Pages 15, 16, or 22.

Page/Line	Category	Expense
Page 19, Line 3a1	**In-House Laundry**	Cost and pounds of cleaning bed lines, cubicle curtains, draperies, gowns, and other resident care items washed, ironed and/or processed.
Page 19, Line 3a2	**Employee Laundry**	Cost and pounds of cleaning employee items such as uniforms that are washed, ironed and/or processed.
Page 19, Line 3a3	**Personal Clothing**	Cost and pounds of cleaning residents clothing that are washed, ironed and/or processed.
Page 19, Line 3a4	**Repair/Purchase Linens**	Cost and pounds of linen that is purchased or repaired.
Page 19, Line 3b	**Purchased Services**	Cost of laundry purchased services.
Page 19, Line 3c	**Other**	Cost of all other expenses related to the laundry. Does not include administrative costs such as seminars, travel, repairs, maintenance, or purchases of laundry equipment such as washing machines, dryers, and minor equipment.
Page 19, Line 3D	**Total**	Total of all laundry expenses reported.
Page 19, Line 3F	**Employee Costs**	Indicates if cost of employees receiving laundry services. If yes, amount must be recorded for disallowance.
Page 19, Line 3G	**Employee Revenue**	Indicates if revenue is received from employees receiving laundry services. If yes, amount must be recorded for disallowance.
Page 19, Line 3H	**Recording of Payment**	Indicates where revenue received from laundry services is reported in the Cost Report.
Page 19, Line 3I	**Laundry Provided to Others**	Indicates if revenue is received from employees receiving laundry services. If yes, amount must be recorded for disallowance.
Page 19, Line 3J	**Other Revenue**	Cost of laundry services provided to persons other than residents or employees. Amounts are disallowed.
Page 19, Line 3K	**Recording of Payment**	Indicates where revenue received from laundry services is reported in the Cost Report.

Page 20, Section 4	**Housekeeping Expenses**	Housekeeping expenses are reported. Administrative and general expenses relating to the housekeeping should be included on Pages 15, 16, 22. Housekeeping expenses should be limited to the actual supplies purchased for the daily housekeeping requirements of the Facility (i.e., mops, brooms, cleaning solutions, floor wax, and paper supplies).

4a	**In-House Care Supplies**	Cost of supplies used to clean resident rooms.
4b	**Purchased Services**	Include all housekeeping services which are performed on a contract basis. Page 21 must be completed for all purchased services over $10,000.
4c	**Other**	Cost of all other expenses related to the housekeeping department.
4D	**Total Housekeeping Expenditures**	Total of (4a + 4b + 4c)

Page 20, Section 5	**Resident Care Supplies**	Resident care expenses are reported. Resident care expenses include all ancillaries and recreation expenses. Administrative and general expenses relating to resident care should be included on Pages 15, 16, 22.

5a1	**Prescription Drugs**	All prescription drugs purchased from related and non-related pharmacies. All prescription drugs must be disallowed in the Adjustment column for the associated
5b	**Medicine Cabinet Drugs**	Includes all over the counter medications (i.e., aspirin, Tylenol, antacids).
5c	**Medical/Therapeutic Supplies**	Include all medical supplies used during daily routine care (i.e., Band-Aids, gauze, tape).
5d	**Ambulance**	Include all ambulance charges for transporting residents. All ambulance expense must be disallowed in the Adjustment column for the associated expense.
5e1	**Oxygen**	Properly differentiate between emergency oxygen and all other oxygen. A disallowance must be made for all non-emergency oxygen in the Adjustment column for the

5f	**X-rays**	Include all radiological expenses. Amount must be disallowed in the Adjustment column for the associated expense.
5g	**Dental**	Include all dental expenses other than those that are reported on Page 13.
5h	**Laboratory**	Include all laboratory fees. Amount must be disallowed in the Adjustment column for the associated expense.
5i	**Recreation**	Include all recreation expenses.
5j	**Direct Management Services**	Include the cost of ALL Direct Management Services.
5k	**Indirect Management Services**	Include the cost of ALL Indirect Management Services.
5l	**Cable TV**	Cost of cable television expense. Amount exceeding state limitation should be disallowed.
5m	**Other**	Cost of all other expenses related to miscellaneous resident care. Does not include costs such as seminars, travel, repairs, and maintenance.
5n	**Physical Therapy Expense**	Cost of physical therapy supplies and expenses, excluding salaries and fees.
5n	**Speech Therapy Expense**	Cost of speech therapy supplies and expenses, excluding salaries and fees.
5P	**Total Resident Care Expenditures**	Sum of lines 5a to 5o.

*The following expenses are costs that are self-disallowed by the Facility on **Page 20**:*

Page/Line Expense is Reported	Expense
Page 20, 5a1	Own pharmacy prescription drugs
Page 20, 5a2	Purchased prescription drugs
Page 20, 5d	Ambulance/limousine
Page 20, 5e2	Other Oxygen
Page 20, 5f	X-Ray and related radiological procedures
Page 20, 5h	Laboratory
Page 20, 5i	Occupational Therapy

Examples of Allowable Costs for Resident Care Supplies:

Central Supply	OBRA Supplies
Nursing Supplies	Oxygen Concentrators
Medical Waste	Social Service Supplies
Enteral Supplies	Volunteer Expense
Incontinency Supplies	Diabetic Supplies
Nursing Equipment	Billable Medical Supplies
Pen Therapy Food	Basic Toiletries

Examples of Unallowable Costs for Resident Care Supplies (Costs are covered by Medicare)

IV Therapy Supplies	Respiratory Therapy Supplies
Patient Specific Items	Personal Clothing
EKG	Prosthesis
Inhalation Supplies	Resident Insurance Expense
Liquid Oxygen	Specialty Beds
Supplies for Nebulizer and Concentrators	Diabetic Supplies
Wound Care	Feeding Tubes
Pen Therapy Supplies	

Page 21	**Services Provided by Contract**	Contains individuals or firms providing service by contract as well as any relationship to the facility, a description of the services provided and cost of those services. • Name of individual or company • Explanation of any related party transactions • A full explanation of the services provided.

		• Page and line reference of the expense • Allocation of expenses if multi-level Facility
Page 22, Section 6	**Maintenance and Property**	Contains all maintenance and property expenses to include maintenance and utilities, depreciation, amortization, rental payments, and property taxes. Repairs and maintenance expenses should include all expenses for the daily maintenance and upkeep of the Facility and all of the utility expenses of the Facility.

Below are the limitations for allowable vehicle costs recognized for Medicaid reimbursement. Limits are based on bed count (number of residents). Facilities may have greater or fewer number of vehicles but for Medicaid reimbursement purposes, only vehicle costs within the limits below are recognized.

Number of Beds	Number of Vehicles
1-100	1 Vehicle
101-200	2 Vehicles
201-300	3 Vehicles + 1 Maintenance vehicle
301 +	4 Vehicles + 1 Maintenance vehicle

* Vehicle limitation includes vehicles registered as service buses or wheelchair vans.

6a	**Repairs and Maintenance**	All expenses relating to minor repairs and maintenance of the Facility. Any expense in excess of $2,500 with a useful life should be capitalized.
6b, c, d	**Heat, Light & Power and Water**	Include all heating, lighting, water, and sewer expenses.
6e	**Equipment Lease**	Include all leases paid on a contract basis. Does not include month to month leases or "as needed" rentals.
6f	**Other Repairs and Maintenance**	All miscellaneous maintenance expenses. Any expense related to purchased services over $10,000 must be detailed on Page 21.
6g	**Total**	Sum of lines 6a to 6f

Page 22, Section 7	**Depreciation**	Depreciation expenses

7a	**Land Improvements**	All expenses relating to land.
7b	**Building and Building Improvements**	All expenses relating to the building and improvements.
7c	**Non-Movable Equipment**	All expenses related to non-moveable equipment.
7d	**Movable Equipment**	All expenses related to moveable equipment.
7e	**Total Depreciation**	This must tie to Page 23, Line E.

Page 22, Section 8	**Amortization**	All amortization expenses.

8a	**Organization Expense**	This amount must tie to Page 24, Line A-4.
8b	**Mortgage Expense**	This amount must tie to Page 24, Line B-4.
8c	**Leasehold Improvements**	This amount must tie to Page 24, Line C-4.
8e	**Total Amortization**	This must tie to Page 24, Line D.

Page 22, Section 9	**Rental Payments**	This section includes all rental payments made on leased real property less any real estate taxes paid. (Real estate taxes paid are reported on Page 22). If rental payments are made to a related party, this also be reported on Page 4.
Page 22, Section 10	**Property Taxes**	Property tax expenses include taxes paid on real estate and personal property including automobiles. Note, there should be only 12 months of expense reported. Property taxes allocable to any non-inpatient resident care programs or personal use portion of facility ***assets*** must be disallowed in the Adjustment column for the associated expense.
Page 22, Section 11	**Total Property Expenses**	Total
Page 22b	**Leases**	All operating leases including the names and address of the lessor, description of the items leased, date, term, and amount of lease.
Page 23	**Depreciation Schedule**	This schedule supports the depreciation of value of land, Buildings, Building Improvements, Moveable Equipment, and Non-Moveable Equipment. The depreciation method used is Straight-line Depreciation and takes into consideration salvage value, and useful life of the asset. There are several accepted ways to calculate useful life of an asset, however, the useful life must be detailed in the schedule of additions that must be attached to the cost report.

Page 23, Section D	**Moveable Equipment**	Movable Equipment is to be classified into one of three categories: Administrative, Standard Resident or Specialized Resident. 1. Administrative movable equipment is any movable equipment not directly used for resident care. 2. Standard Resident movable equipment is movable equipment that is used by most of the resident population in the facility. 3. Specialized Resident movable equipment includes ventilators and respiratory equipment, bariatric equipment, and other specialized equipment with prior authorization by the Department through the Certificate of Need process or in accordance with Conn. Agencies Regs. § 17b-262-676.

Examples of movable equipment in each category are provided in the tables below:

Administrative	
Electronic Equipment	Heating and Cooling Equipment
Cleaning Equipment	Outdoor Maintenance Equipment
Dietary Equipment	Telephone Equipment
Laundry Equipment	Temperature Screening Equipment
Office Furniture	Time Clock

Standard Resident	
Toilet Seat Risers, Shower Seats, Grab	Dining Room Furniture
Beds	Hoyer Lift
Bed Monitor	Lounge Furniture
Bedding	Resident Room Furniture
Drapes	Shower Room Equipment

Specialized Resident	
Bariatric Equipment	Vent/Respiratory Equipment
Other – requires prior authorization by the Department	

Page 24	**Amortization Schedule**	Cost to be amortized accumulated amortization expense and current year amortization expense for organization expense, mortgage expense and leasehold improvements. Some key information provided includes: **Date of Acquisition-** The month and year of acquisition must be noted. **Length of Amortization -** The length of amortization must be noted in years. **Cost to Be Amortized -** The amount reported on this line should be the total cost being amortized. **Basis for Computing Amortization -** Amortization methods must be reported. Percentage rate or useful life must be noted. If there are several additions in the reporting period with several different useful lives, this can be noted with "various." **Amortization for This Year** - The amount reported should equal the amortization expense for the current period. **Leasehold Improvements** are those that are acquired during the current year need to be detailed on the Cost Report. The detailed attached schedule must include the date of the acquisition, detailed description of the addition, cost, useful life, and amortization expense.
Page 25	**Property Questionnaire**	Contains property information to include a description of the property, owner and related party financing and refinancing. Real estate taxes are paid by lessor and are featured on Page 22.

Page/Line	Description
Page 25, Part A	Indicate if property is owned or leased from a Related Party.
Page 25, Part A, Line 1 -7	Property description including date of land purchase, age of structure, initial licensure date, total bed capacity, square footage, and acquisition costs (land / building).
Page 25, Part B, Line 1a-l	Owner and Related Parties Financing. Information reported only if refinancing occurred during Annual Report cost year. Type of financing/refinancing, date mortgage obtained, interest rate, mortgage terms, principal borrowed, balance.
Page 25, Part C	Arms-Length Leases for Real Property Improvements Only. Information must include name/address of lessor, property leased, date of lease, terms, and annual amount of lease.

Page 26	**Interest**	Contains building interest, both CHEFA and non-CHEFA, mortgage, lender, and any other building interest expense. Includes all interest expense associated with automobiles and movable equipment.
Page 27	**Interest Insurance Expense and Total Expense**	Contains movable equipment interest, insurance expenses, automobile, building structure insurance, ***liability***, and property insurance. Only 12-months of expenses are reported for the period. All health insurance expenses are reported on Page 15. Any insurance allocable to non-inpatient care programs is disallowed. Auto insurance for personal use portion of automobile expense is disallowed. Any expenses for mortgage insurance are disallowed.
Page 28 & Page 29	**N/A**	Pages 28 and 29 intentionally blank.
Page 30	**Statement of Revenue**	Contains room and board (R&B), resident revenue, ancillary and all other revenue received.

Page/Line	Resident Room & Board Revenue Description
Page 30, Part I, Line 1	Medicaid - All Connecticut Medicaid revenue recorded for the daily room and board charges of the Facility including applied income. Room and board revenue should be reconciled to actual census days multiplied by applicable rates.
Page 30, Part I, Line 2	Medicaid All Other States - All Medicaid revenue received from other states for the daily room and board charges of the Facility including applied income. Room and board revenue should be reconciled to actual census days multiplied by applicable rates.
Page 30, Part I, Line 3	Medicare - All Part A revenue recorded for the daily room and board charges of the Facility including applied income, insurance payment, co-insurance, pension payments, etc. Room and board revenue should be reconciled to actual census days multiplied by applicable rates.
Page 30, Part I, Line 4	Private Pay and Other - All private pay, private insurance and VA revenue recorded for the daily room and board charges of the Facility including applied income. Room and board revenue should be reconciled to actual census days multiplied by applicable rates.

Example of Other Revenue Include:

- Meals Sold - Revenue received from the sale of meals to guest, employees, and others. This amount must be disallowed for Medicaid reimbursement purposes.
- Rental of Rooms - Revenue received from the rental of rooms to anyone other than a resident. This amount must be disallowed for Medicaid reimbursement purposes.
- Telephone - Revenue received for telephones. This could include pay phones located at the Facility or reimbursement for personal phone calls made by employees or guests. This amount must be disallowed for Medicaid reimbursement purposes.
- Rental of Television and Cable Services - Revenue received for the rental of television and cable services. This amount must be disallowed for Medicaid reimbursement purposes.
- Interest Income - Interest income received. This includes the amount of each asset which earned interest income, where in the balance sheet the asset is reported, and amount of interest earned by the asset.
- Private Duty Nurses Fees - All revenue received for private duty nursing services.
- Barber & Beauty - All revenue received from barber and beauty services.
- Gift Shop or gift shop revenue - This amount must be disallowed for Medicaid reimbursement purposes.

Pages 31	**Balance Sheet, Assets**	Contains total assets, liabilities, and owners' equity.

A1	**Cash**	Amount should represent the sum of all reconciled cash accounts as of September 30 including petty cash.
A2	**Resident Accounts Rec.**	The balance of all outstanding resident accounts receivable through September 30.
A3	**Other Accts Receivable**	Amount should include any receivable due to the Facility other than resident accounts receivable or related party
A4	**Inventories**	Inventory taken as of September 30.
A5	**Prepaid Expense**	Amount should represent any prepaid balances on operating expenses as of September 30. A detailed schedule must be included which includes the expense and amount being prepaid.
A6	**Interest Receivable**	Amount should include any interest due to the Facility as of September 30.
A7	**Medicare Final Statement**	Amount should represent Medicare settlements that are owed to the Facility as of September 30 that the Facility has not yet received.
A8	**Other Current Assets**	Any miscellaneous current assets. A detailed description with dollar amounts should be included. All related party assets should be clearly identified.
A9	**Total Current Assets**	Sum of Line A1 through A8.

Pages 32	**Balance Sheet (cont'd) Leases, Investments and Other Assets**	Contains total assets, liabilities, and owners' equity.
Common items: Deferred Deposits which includes prepaid mortgage expense and other deferred deposits. Accumulated Depreciation, Goodwill, Investments Related to Resident Care, Loans to Owners.		
Page 33	**Balance Sheet (cont'd) Liabilities**	Contains total assets, liabilities, and owners' equity.

A1	**Trade Accounts Payable**	
A2	**Notes Payable**	
A3	**Loans Payable for Equipment**	
A4	**Accrued Payroll**	Exclusive of owners.
A5	**Accrued Payroll/Owners**	For owners and/or stockholders, include the ending balance of accrued payroll.
A6	**Accrued Payroll Taxes**	
A7	**Medicare Final Settlement Payable**	
A8	**Medicare Current Financing Payable**	
A9	**Mortgage Payable**	
A10	**Interest Payable**	
A11	**Accrued Income Taxes**	This is business income tax and does not include taxes withheld for employees.
A12	**Other Current Liabilities**	
A13	**Total Current Liabilities**	Sum of lines A1 to A12

Page 34	**Balance Sheet Liabilities (cont'd)**	

B1	**Loans Payable Equipment**	
B2	**Mortgages Payable**	
B3	**Loans to Owners**	
B4	**Other Long-Term Liabilities**	

B5	**Total Long-Term Liabilities**	
C	**Total All Liabilities**	Lines A13 + B5

Page 35	**Balance Sheet (cont'd) Reserves and Net Worth**	

A1 to A6	**Reserves**	Lines A1 to A6 describe the value of leased land, depreciated value for leased buildings an appurtenance amortized, value of leased personal property, value of real properties, donor restrictions and the Total of Reserves
B1 to B7	**Net Worth**	Lines B1 to B7 describe the Net Worth of the Owner's Capital, Capital Stock, Paid-In Surplus, Treasury Stock, Cumulated Earnings, Gains or Losses for the Period, and the Total Net Worth.
Line C	**Total Reserves and Net Worth**	Lines A6 + B7
Line D	**Total Liabilities, Reserves and Net Worth**	

Page 36	**Changes in Net Worth**	This page shows any change in the facility's Net Worth from the prior period. This is an important indicator of the of the stability of a building. Please note, a deficit is not necessarily a negative indicator but identifies that there has been a change. Additional information would be required to determine the trigger event or the "why" behind a change to determine if that change is positive or negative.

A	**Balance at End of Prior Period**	
B	**Total Revenue**	
C	**Total Expenditures**	
D	**Net Income or Deficit**	
E	**Balance**	Equals Line A + Line D.
F1 – F3	**Additions**	Include any additions to capital.
G1 – G3	**Deductions**	Include any deductions to capital.
H	**Balance at End of Period**	Equals the sum of Line E + Line F3 – Line G3.

Resources

Acuity Case Mix Quarterly Rate Calculations –Quarterly acuity rate adjustment calculation for all Connecticut nursing homes.

Centers for Medicare & Medicaid Services – The federal agency that provides health coverage to more than 160 million through Medicare, Medicaid, the Children's Health Insurance Program, and the Health Insurance Marketplace. CMS works in partnership with the entire health care community to improve quality, equity, and outcomes in the health care system. Provides support to states and oversite in the administration of Medicaid programs.

Nursing Home Compare – National CMS database of nursing homes. This website is a tool that provides a single source search and compare of all nursing homes in the country. Find information about providers and facilities based on your individual needs, get helpful resources to choose your health care providers and make more informed decisions about where you can get nursing home services.

Medicaid Nursing Home Reimbursement Overview – DSS webpage dedicated to providing an overview of Connecticut Medicaid nursing home reimbursement, payor mix, bed reduction process, Medicaid State Plans, state statute regarding nursing home reimbursement, Medicaid rates, monthly census, and payment information.

Medicaid Nursing Home Rates – All Connecticut nursing home Medicaid rates are posted to the DSS website.

Nursing Home Cost Comparison Reports – A Connecticut nursing home-by-nursing home comparison of costs.

Nursing Home Cost Reports – This webpage features cost reports for all Connecticut nursing homes that accept Medicaid. Please note, private pay nursing homes are not required to submit cost reports to the Department.

Nursing Home Monthly Census – Connecticut Medicaid nursing homes are required to submit monthly census information to the Department.

Rate Computation Reports – Rate computation reports are a step-by-step walkthrough of the Connecticut Medicaid nursing home rate calculation.