

**STATE OF IOWA  
IOWA DEPARTMENT OF  
HEALTH AND HUMAN SERVICES  
IOWA MEDICAID**

Instructions for the Medicaid Financial and Statistical Report for Nursing Facilities (NF),  
Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/ID) and  
IntermediateCare Facilities for Persons with Medical Complexity (ICF/MC)

**GENERAL INSTRUCTIONS**

These instructions are for use under the provisions of the rate setting criteria for NFs and ICF/MCs (441 IAC 81) and ICF/IDs (441 IAC 82) that are certified as Medicaid providers by the State of Iowa, Department of Human Services, Iowa Medicaid.

**Forms and Information**

Completed financial reports are to be submitted in an electronic format using the State approved Excel template. The Excel template is available from the Iowa Department of Human Services, IowaMedicaid website for the [Cost Report](#). The financial report should be filed annually for a 12-month period ending with the facility's fiscal year end or required by rule.

The financial report must be submitted to the rate setting contractor no later than 5 months after the close of the facility's established fiscal year for NFs except for the Iowa Veteran's Home. For the Iowa Veteran's Home and ICF/IDs, the report must be submitted no later than 3 months after the close of the facility's established fiscal year or period designated by rule.

An original signed copy of the Certification Statement (page 1 of the Medicaid financial report) must be mailed to the rate setting contractor prior to the due date.

Iowa Medicaid  
Attn: Provider Cost Audit  
P.O. Box 36450  
Des Moines, Iowa 50315

Electronic files should be emailed securely to the rate setting contractor at [costaudit@hhs.iowa.gov](mailto:costaudit@hhs.iowa.gov). Additionally, the Medicare cost report and facility trial balance should be included in the email.

**Refer to Criteria - Instructions Are Not Comprehensive.** These instructions are not intended to be comprehensive. In completing the forms, providers should rely on the criteria as well as other relevant rules and regulations, including generally accepted accounting principles (GAAP).

Report dollar and hourly amounts as whole numbers. Report per diem and monthly rental rates using two decimal places.

## CERTIFICATION

Facility Name – Enter the exact name of the facility as it appears on the state license.

Federal ID - Enter the federal nine-digit taxpayer identification number utilized for submitting your tax returns to the Internal Revenue Service as XXXXXXXXX.

**NOTE: For protection purposes Tax ID's, once filled in, the cell will be colored black so it cannot be printed. The reviewers will have access to the information. Do not change font or hand writethe information.**

Medicare Number – Enter the Medicare number used when filing a cost report with Medicare.

Physical Address – Enter the physical address of the facility.

Period of Report - Enter the beginning and ending dates of the financial and statistical data as MM/DD/YYYY.

County - Enter the county in which the facility is physically located.

Change of Ownership - Indicate whether a change of ownership occurred related to this cost report period. If one did occur, please indicate the fiscal year end (mm/dd) of the .

FYE - Enter the facilities fiscal year end for tax reporting purposes as MM/DD.

Type of Control - Indicate the ownership or organization type under which the facility is operated.(Check one only)

National Provider Identifier (NPI) - Enter the ten-digit NPI.

Facilities that offer more than one level of care should report the NPI number for each level of care. It is very important that the provider's NPI number be stated correctly on the proper lineby program type. The incorrect reporting of a NPI number can delay the review process.

Do not include taxonomy or zip+4 information.

## **CERTIFICATION (continued)**

Certification of Officer or Administrator of Facility Statement - After adequate review of the completed form, an authorized officer or administrator of the facility must be reported and sign the certification statement.

Certification of Preparer - If a paid preparer is utilized to complete the forms, name, company name, telephone number, email address of preparer must also be reported. An authorized individual must sign the certification statement.

In addition to the Office or Administrator that signed the certification, enter the name, company name, address, telephone number and email address that should receive any questions related to the cost report.

## PROVIDER IDENTIFICATION

Enter information concerning any other healthcare providers that are associated with the facility for which the cost report is being submitted. This may include, but not limited to:

- ◆ Multiple facilities reported on the cost report (ICF/IDs with an ETP to submit one cost report for multiple facilities)
- ◆ Facilities with common ownership
- ◆ Other Medicaid enrolled service providers (HCBS waivers, Therapy, Pharmacy, DME provider, etc.)
- ◆ Non-Medicaid services (Assisted Living, Independent Living, etc.)

Only report healthcare facilities located in Iowa. Note that all associated entities may have different tax id's or NPIs.

**NOTE: For protection purposes Tax ID's, once filled in, the cell will be colored black so it cannot be printed. The reviewers will have access to the information. Do not change font or hand write the information.**

## DECLARATIONS

Managed Care Organizations (MCO) – Identify which MCOs you have contracts with at the fiscal year end of the cost report.

- 1 – Wellpoint.
- 2 – Iowa Total Care
- 3 – Molina

CCDI Unit – Identify whether the facility has a specialized unit for chronic confusion or a dementing illness (CCDI) using the drop-down box and the certification number and date certified.

CCRC – Identify whether the facility is licensed by the Iowa Insurance Division (IID) as a continuing care retirement center (CCRC) using the drop-down box and certification number and date certified.

Accounting Basis – Identify the accounting basis used for recording financial transactions using the drop down.

If the accrual basis of accounting is not used, adjustments must be made to record amounts to the accrual basis.

Financial Statements – Identify if annual financial statements are prepared by an outside firm using the drop down, include the type of financial statement prepared using the drop down, whether there are notes accompanying the financial statements using the drop down, period of the financial statements, and whether the financial statements have been issued using the drop down.

Home office – Identify any organization that provides administrative support to the facility. If required to submit a Medicare Home Office cost report, provide a copy with the submission of this form. If not required to submit a Medicare Home Office cost report, provide a copy of expenses and allocation methods.

Management Company – Identify any organization that provides management services. Include whether the management company is a related party. Please also provide a copy of the current management agreement.

If the home office oversees multiple providers that would be considered a chain, report all entities on the Provider Identification tab. A "chain" is a group of two or more providers under common ownership or control. Common ownership or control includes, but is not limited to, subsidiaries of a common legal entity; two or more facilities owned by distinct legal entities but with common financing; or two or more facilities owned by distinct legal entities with common membership and uniform procedures, reimbursement, cost reporting, or the like.

Related Party – Identify if there are any related party transactions using the drop down, including salaries, included on the cost report. If there are, please ensure that the transactions are reported in the Schedule G series of the cost report.

Change in Ownership – Identify if the facility has changed owners since 6/18/1984 using the dropdown. If so, please ensure proper reporting of assets in the schedule C series of the cost report.

## **DECLARATIONS (continued)**

Leased Space – Identify if the facility where NF, ICF/ID, and/or ICF/MC services are provided is leased, and if it is leased from a related party or not. If the facility is leased, fill out Schedule G-2 – Lease / Property information.

Depreciation Method - Identify the depreciation method used for financial reporting using the dropdown.

If the straight-line method is not used, adjustments must be made to record amounts on the straight-line method.

Allocation Methods – Identify if any changes in the method used to allocate cost have changed from prior periods and which lines this affected using the drop down.

Self-Insurance – Identify whether the facility is self-insured for any types of insurance (i.e. health insurance for employees, casualty, property, etc.) using the drop down.

Medical Director – Identify the individual serving as the medical director for your facility using the drop down, if they are compensated and where any compensation is reported.

Legal Fees – Identify if any legal fees incurred and reported on Schedule D associated with an administrative or judicial proceeding using the drop down. Refer to the appropriate administrative rule concerning the allowability of legal fees and the proper reporting.

## STATISTICAL DATA

# of Authorized Beds Start / End of Period - Report the number of authorized licensed beds on the first and last day of the reporting period for each type of service.

Total Bed Days in Reporting Period - Total bed days available should equal the number of beds reported multiplied by the number of days in the reporting period.

Resident Days in Reporting Period - The number of resident days should be based on census logs maintained by the provider. A “resident day” is that period of service rendered a resident based on the census of patient status at midnight at the end of each day.

It is essential that this statistic be accurate and not an estimate of days of care provided. Maintain a daily census summary to ensure the needed statistical accuracy. This summary must show the resident count at the beginning of the day, admissions, discharges, and resident count at the end of the day.

Resident Days in Reporting Period Total (4) – Total days should be based on census logs, regardless of payor. Include the day of discharge only when the resident was admitted the same day.

Resident Days in Report Period (5) – (14) – Total days should be based on census logs, identified to the specific payor. Columns (21) – (24) are to separate out days by Iowa MCOs.

MCO 1 – Wellpoint.

MCO 2 – Iowa Total Care

MCO 3 – Molina

Number of Unduplicated Admissions - Report the number of resident admissions for the reporting period from the daily census summaries.

Number of Unduplicated Discharges - Report the number of resident discharges for the reporting period from the daily census summaries.

Paid Bed Hold Days (Column 19) should also be included in total patient days (column 4) and in the appropriate payor columns (5 through 14).

For admissions and discharges, do not include residents who leave and return for hospital stays. Count individuals only once, because a patient may be covered under more than one health insurance program.

## **SCHEDULE A – TOTAL FACILITY REVENUE (continued)**

List revenues as recorded in the general books and records. Routine and ancillary revenues from all payor sources, columns (1) – (11) should be reported on the appropriate lines and columns. The revenues reported in Column (12), Total, should be allocated to columns (13) – (18). Amounts reported in Column (2), Medicaid Managed Care should be allocated by individual plan in columns (21) – (24).

Apply revenues not related to resident care (Other Revenue Centers) as a reduction of the related expense. Enter on Schedule A in Column 19. The only amounts required to be offset are those revenues associated with either the NF, ICF/ID or ICF/MC.

Investment income adjustment is necessary only if realized and interest expense is incurred and only to the extent of the interest expense. Unrealized investment income is not required to be offset. Interest earned from an account for restricted purposes, usually associated with an endowment fund, which is not commingled with other accounts is not required to be offset.

Revenue from meals sold to guests and employees should be offset when the cost of the food and related wages (preparation, serving, etc.) are allocated to the NF, ICF/ID or ICF/MC. If the cost of the food and related wages are allocated to other services reported on the cost report, no offset is needed. If revenue is reported without an offset, an explanation may be needed.

Report accounts receivable charged off or provision for uncollectable accounts on Schedule A as a deduction from gross revenue. However, if the facility accounts for such revenue deductions as an administrative expense enter the amounts on Schedule B as Bad Debts on Line 414.

The amounts entered on Schedule A, Column 19, are transferred to Schedule D, Column 2. The totals of these columns on both schedules should agree.

For more information on how to apply these instructions to routine services, pharmacy items, medical supplies, ancillary services, and personal needs items, see the explanatory sections that follow.

### **Routine Services**

Classify revenue from residents sufficiently in the accounting records to allow preparation of the schedule. Routine daily service revenue should be reported in the appropriate columns as gross revenue by primary payer source (i.e., if the primary payer is Medicare and the Medicaid program pay for co-insurance, then the gross routine service revenue should be reported in the Medicare column). It is essential that “routine daily service” represent only the established charge of daily care, excluding additional charges for other services, if any.

## **SCHEDULE A – TOTAL FACILITY REVENUE (continued)**

Charges for routine services must include all items of services, equipment, and supplies which facilities incur in the provision of routine services. Examples of services and supplies that must be included in routine services are:

- ◆ Residents' rooms and furnishings (as required by licensing rules), including maintenance.
- ◆ General care and supervision of residents.
- ◆ Necessary supervision or assistance with eating, dressing, bathing, grooming, and moving about.
- ◆ Laundry services, including washing personal clothing.
- ◆ Provision of activities and socialization experience for residents.

### **Pharmacy Items**

Approved legend drugs requiring a prescription by law and insulin are paid for directly by Medicaid to the pharmacy. Costs of these items must be billed by and paid to a retail pharmacy or a facility having a retail pharmacy license.

The following items are also provided to residents by the pharmacy and billed by the pharmacy directly to Medicaid:

- ◆ Catheter (indwelling Foley)
- ◆ Colostomy and ileostomy appliances
- ◆ Colostomy and ileostomy care dressings, liquid adhesive, and adhesive tape
- ◆ Diabetic supplies (needles and syringe, disposable or reusable, testape, Clinitest tablets and Clinistix)
- ◆ Disposable catheterization tray or sets Disposable irrigation trays or sets (sterile)
- ◆ Disposable saline enemas
- ◆ Insulin
- ◆ Prescription drugs and devices
- ◆ Vitamin pills, prescription (prior approval required)

### **Non-Routine Medical Supplies, Occupational Therapy, Physical Therapy, Speech Therapy, Respiratory Therapy**

Therapy revenue and non-routine medical supply revenue received outside of the routine daily services per diem should be reported in the appropriate column by actual payor (i.e., Medicaid, Medicare, Private Pay, MCO etc.).

## SCHEDULE A – TOTAL FACILITY REVENUE (continued)

### Ancillary Services

A revenue classification “miscellaneous” or “sundry” ordinarily requires an analysis and determination of the amounts included which represent expense recoveries or income to be applied as a reduction to the related expense.

The following items and services are available to residents through other Medicaid programs and are billed by the supplying vendor. If the facility pays for these costs and is subsequently reimbursed, those reimbursements must offset the expense.

- ◆ Ambulance service
- ◆ Audiologist services
- ◆ Braces and prosthetic devices
- ◆ Chiropractor services
- ◆ Dental work and equipment
- ◆ Hearing aid batteries and cords
- ◆ Hearing aid repairs
- ◆ Hearing aids
- ◆ Hospital services
- ◆ Modifications to orthopedic shoes
- ◆ Optician and optometrist services
- ◆ Physician services
- ◆ Podiatrist services
- ◆ Repair of medical equipment and appliances
- ◆ Skilled services
- ◆ X-rays, laboratory work

### Personal Needs Items

Residents may choose to purchase personal needs items through the facility. Revenues from these items must offset the related expenses account.

Licensing rules for facilities require that the facility provide materials for activity programs and recreation. Items purchased for general use by the facility should be included in routine service expenses and should not be charged to residents.

A resident may purchase a wheelchair from personal needs funds to be used exclusively by the resident. A wheelchair purchased by a resident reverts to the resident's estate or to relatives upon death.

A resident may purchase a television set or an air conditioner from personal needs funds for use in the resident's room only. Appliances must revert to the resident's estate or to relatives. Reasonable charges for electricity for use of appliances are allowable personal needs fund charges, if a like amount is included in Schedule D as a reduction in utility expense.

In NFs, ICF/IDs and ICF/MCs, if non-legend drugs or nonprescription vitamin pills are ordered by a physician, they must be included in routine service charges and are an allowable cost. If a resident requests these items and the items are not ordered by a physician, they may be charged to the resident.

## **SCHEDULE A – TOTAL FACILITY REVENUE (continued)**

### **Average Private Pay Rate**

The average private pay rate should reflect the average usual and ordinary charge for private pay residents for like levels of service during the reporting period. To compute the average private payrate, accumulate the total monthly charges for all nursing facility private-pay residents for the reporting period. Divide this sum by the total nursing facility patient days for all nursing facility private-pay residents for the same reporting period.

“Total monthly charges” include the basic charge plus all charges for extra care, services, or supplies that are covered by the Medicaid per diem rate.

## **SCHEDULE B: EXPENSE ADJUSTMENTS**

### **Non-Reimbursable**

Certain expenses must be eliminated because they are not normally incurred in providing patientcare for residents in the NF or ICF/ID. Rules concerning these expenses are documented on the Schedule. The amounts entered on Schedule B are transferred to Schedule D, Column 3. The totals of these columns on both schedules must agree. As no rates are established for AL, IL or Others on this cost report, amounts for these columns do not need to be shown as an offset.

### **Limited Expense**

Certain expenses are limited by regulation. Show the total amount incurred, the allowable amount and how the allowable amount is allocated to the individual cost centers. Rules concerning limits are documented on the Schedule. Submit support for any of the calculations to limit expenses.

If you pay wages for transportation workers, see Supporting Schedule (1) for reporting of related Employer's Taxes, Group/Life & Retirement Benefits, Worker's Comp Insurance, and other expenses that would be subject to the travel and entertainment limit.

For nursing facilities, promotional advertising and marketing costs (including wages) are not to exceed the lesser of \$7,200 or an amount computed at 2% of daily revenue.

If you pay wages related to promotional advertising and marketing, see Supporting Schedule (1) for reporting of related Employer's Taxes, Group/Life & Retirement Benefits, Worker's Comp Insurance, and other expenses that would be subject to the advertising instructional limit.

## **SCHEDULE C – DEPRECIATION AND AMORTIZATION EXPENSE**

Construction in process – Enter costs associated with new construction not yet placed into service at the end of the cost report period.

Beginning Historical Basis Asset Cost – Enter the original amount of the assets acquisition. This should agree to Ending Historical Basis (column 5) from the prior year.

Purchases during period – Enter the acquisition cost of assets purchased during the cost report period.

Disposals during period – Enter the acquisition cost of assets disposed of during the cost report period.

Ending Historical Basis – Enter the sum of beginning basis plus purchases during the period less any disposals.

Accumulated Straight Line Depreciation Reported in Prior Years – Enter the total amount of straight-line depreciation reported in prior periods. This should agree to the amount reported in the prior period plus prior period's straight-line depreciation.

Straight Line Useful Life – Enter the number of years the asset is depreciated over using the most current edition of the American Hospital Association Estimated Useful Lives of Depreciable Hospital Assets. If assets are bundled together on a specific line and use multiple useful lives, indicate various.

Straight Line Depreciation – Enter the amount of straight-line depreciation for the cost report period.

Allocation Basis – Enter the basis number from the allocation tab on how depreciation is to be allocated to the appropriate cost centers. If there is a mix of allocation methods, please indicate and provide detail of the allocations.

Depreciation Expense – Enter the amount of depreciation for each of the cost centers. This should tie to Schedule D for each provider type.

Book Method – Enter the method used to depreciate assets for financial reporting purposes. Book Annual Rate % - Enter the depreciation rate for financial reporting purposes.

Book Depreciation Expense – Enter the amount of depreciation expense for the reporting period for financial reporting purposes.

Accumulated Book Depreciation End of Period – Enter the amount of accumulated depreciation off financial reporting purposes. This should tie to Schedule E.

## **SCHEDULE C-1 - CHANGE OF OWNERSHIP**

This schedule must be completed if the facility has changed ownership since June 18, 1984. The following situations are defined as transfer of ownership:

- ◆ When a facility is owned by a partnership, the removal, addition, or substitution of a partner, in the absence of an express statement to the contrary, dissolves the old partnership and creates a new partnership which is not a party to the previously executed agreement. A transfer of ownership has occurred.
- ◆ When a facility is a sole proprietorship, a transfer of title and property to another party constitutes a change of ownership.
- ◆ When a facility is a corporation, neither a transfer of corporate stock nor a merger of one or more corporation with the participating corporation surviving is a transfer of ownership. A consolidation of two or more corporations resulting in the creation of a new corporate entity constitutes a change of ownership.
- ◆ When a participating facility is leased, a transfer of ownership is considered to have taken place. When the entire facility is leased, the total agreement with the lessor terminates. When only part of the facility is leased, the agreement remains in effect with respect to the unleased portion but terminates with respect to the leased portion.

With any change of ownership of a NF, ICF/ID or ICF/MC (including lease agreements), no increase in the value of the property will be allowed in determining the Medicaid rate for the new owner. In general, follow the provisions of Section 1861 (v)(1)(0) of the Social Security Act regarding payment allowed under Medicare principles of reimbursement at the time of a change of ownership, except that there is no provision for return on equity or recapture of depreciation.

**Prior Owner Costs** - Report allowable assets costs of the previous owner. This should reconcile to the last submitted cost report of the prior owner and be verifiable with a depreciation schedule.

**Depreciation Allowable in Prior Years** - Report accumulated straight line depreciation expense at the beginning of the reporting period on the assets. This should agree to the Depreciation Allowable in Prior Years plus the Allowable Straight-Line Depreciation from the prior cost report period.

**Allowable Straight-Line Depreciation** - Report depreciation expense for the reporting period on the assets reported in columns 1 and 2 utilizing a straight-line depreciation methodology.

Report allowable asset costs purchased and placed in service subsequent to the change of ownership on Schedule C using the instructions above. Do not include other acquisition costs of the new owner such as legal fees, accounting and administrative costs, travel costs, and the costs of feasibility studies attributable to the negotiation or settlement of the sale or purchase of the property.

If the property is leased, please fill out Schedule G-2.

## **SCHEDULE D - EXPENSES**

- ◆ Administrative costs
- ◆ Environmental service costs
- ◆ Property costs
- ◆ Support care costs
- ◆ Direct care costs
- ◆ Other costs

The accounts under these categories are segregated to provide required statistical information. All expenses carried on the provider's general ledger must be entered in Column 1.

Column 2 and 3 (Adjustment of Expenses) reflect adjustments from Schedules A and B for items which are not allowable as expenses to provide resident care. Expense adjustments that are a reduction to an expense should be input as a negative amount. Column 4 must reflect expenses related to resident care.

Expenses allocated to certain line items on Schedule D are limited. See Schedule B: EXPENSEADJUSTMENTS for an explanation of these limits.

Expenses should be allocated to the proper column related to the service. Summarizing costs and reporting on a single line is inappropriate. For example, assisted living expenses should be reported by line in column 9 and not summed and reported on line 129.

The following is a description of each line of

### Schedule D

#### Administrative Costs

Line 1: Administrator wages - Salary of the facility administrator including regular pay, overtime pay, sick pay, holiday pay, vacation pay, bonus, and other compensation expense for the reporting period.

See Schedule B instructions for limits that may apply.

Line 2: Business office wages - Salaries and wages for other administrative positions, such as assistant administrator, bookkeeper, and clerical support. Include in this line all regular pay, overtime pay, sick pay, holiday pay, vacation pay, bonus, and other compensation expense for the reporting period.

Line 3: Advertising and marketing wages - Salaries and wages for advertising and marketing wages. Include in this line all regular pay, overtime pay, sick pay, holiday pay, vacation pay, bonus, and other compensation expense for the reporting period.

See Schedule B instructions for limits that may apply.

Line 4: Employer's taxes (Admin) - Payroll taxes related to the salaries and wages included in lines 1 through 3.

## **SCHEDULE D – EXPENSES (continued)**

Line 5: Group / Life & Retirement Benefits (Admin) – Health, life insurance and retirement benefits related to the salaries and wages in lines 1 through 3.

Line 6: Worker's comp insurance (Admin) - Worker's compensation insurance expenses related to the salaries and wages in lines 1 through 3.

Line 7: Employment Advertising and Recruit (Admin) - Expenses of advertising for hiring of administrative positions included in lines 1 through 3.

Line 8: Criminal record checks (Admin) - Expenses associated with conducting criminal record checks for positions included in lines 1 through 3.

Line 9: Education & training (Admin) - Expenses of training seminars and courses, such as registration fees, and course materials.

Line 10: Supplies (Admin) - Expenses for administrative operations such as computer, postage, copier, and printing supplies.

Line 11: Telephone - Expenses for telephone and paging services.

Line 12: Equipment rental (Admin) - Rent expense for equipment used to support administrative operations.

Line 13: Home office costs - Costs of essential services provided from a central location.

Facilities with the home office or principal headquarters that receive essential services from this office must provide a copy of their general ledger trial balance, annually. These facilities must also provide a copy of their grouping schedules that demonstrate how the accounts on their trial balance are grouped by the individual line items on their cost reports.

These schedules must demonstrate the basis for allocation of home office costs of the specific line items on each facility cost report, including compliance and limitations on:

- ◆ Owner and related party compensation
- ◆ Purchase of services from related parties
- ◆ Allocation methods to Iowa nursing facilities and other businesses
- ◆ Travel and transportation expenses
- ◆ Advertising
- ◆ Director's fees and related expenses
- ◆ Contributions
- ◆ Income tax

Line 14: Management fees - Expenses for management fees of a facility.

See Schedule B instructions for limits that may apply.

Line 15: Accounting – Costs for contracted accounting services.

## **SCHEDULE D – EXPENSES (continued)**

Line 16: Professional organization dues - Expenses for professional organization dues.

Line 17: Licensing fees - Expenses for licensing fees.

Line 18: Information technology - Expenses for information technology.

Line 19: Legal fees – direct patient care related - Expenses for legal fees relating to direct patientcare.

Line 20: Legal fees – other - Expenses for legal fees not relating to direct patient care, including, butnot limited to administrative and judicial proceedings.

Line 21: Working capital interest - Expenses for interest relating to working capital.

Line 22: General liability insurance - Expense of general liability insurance.

Line 23: Travel, entertainment, & auto - Expenses for entertainment and travel, other than relatedto education above, and expense for facility vehicles when not providing transportation for patients.

For NFs (including ICF/MCs) travel can include both resident and non-resident costs. Certain personal travel is not reimbursed. Travel costs for resident transportation and administration (meetings, continuing education, etc.) are limited to 6% of line 26. See Schedule B instructionsfor other limits that may apply.

If you pay wages for transportation workers, see Supporting Schedule (1).

Line 24: Advertising & public relations - Expenses for general advertising of services, marketing,development, promotion, and public relations.

For NFs (including ICF/MCs) this line, combined with line 3, are limited to the lesser of \$7,200 oran amount computed at 2% of daily revenue.

If you pay wages related to promotional advertising and marketing, see Supporting Schedule (1).

Line 25: Blank - Use this line for any miscellaneous administrative costs that do not fit the definitions of the lines above. If more than one type of cost is included in this line, please provide aworksheet detailing the expenses involved. Amounts reported on unlabeled line 25 should be described in the space provided.

Line 26: Total Administrative Costs - The total of all costs in lines 1 through 25.

## **SCHEDULE D – EXPENSES (continued)**

### Environmental Service Costs

Line 27: Laundry wages - Salaries and wages for positions that provide laundry services. Include in this line all regular pay, overtime pay, sick pay, holiday pay, vacation pay, bonus, and other compensation expense for the reporting period.

Line 28: Housekeeping wages - Salaries and wages for positions that provide housekeeping services. Include in this line all regular pay, overtime pay, sick pay, holiday pay, vacation pay, bonus, and other compensation expense for the reporting period.

Line 29: Maintenance wages - Salaries and wages for positions that provide maintenance services. Include in this line all regular pay, overtime pay, sick pay, holiday pay, vacation pay, bonus, and other compensation expense for the reporting period.

Line 30: Environmental universal worker - Salaries and wages of universal workers allocated to the environmental cost center. Include in this line all regular pay, overtime pay, sick pay, holiday pay, vacation pay, bonus, and other compensation expense for the reporting period.

Line 31: Employer's taxes (Enviro.) - Payroll taxes related to the salaries and wages included in lines 27 through 30.

Line 32: Group / Life & Retirement Benefits (Enviro.) – Health, life insurance and retirement benefits related to the salaries and wages in lines 27 through 30.

Line 33: Worker's comp insurance (Enviro.) - Worker's compensation insurance expenses related to the salaries and wages in lines 27 through 30.

Line 34: Employment Advertising & Recruitment (Enviro.) - Expenses of advertising for hiring of environmental service positions included in lines 27 through 30.

Line 35: Criminal record checks (Enviro.) - Expenses associated with conducting criminal record checks for positions included in lines 27 through 30.

Line 36: Education & training (Enviro.) - Expenses of training seminars and courses, such as registration fees, and course materials included in lines 27 through 30.

Line 37: Supplies - laundry - Expenses for supplies used to provide laundry services.

Line 38: Supplies - housekeeping - Expenses for supplies used to provide housekeeping services.

Line 39: Supplies - maintenance - Expenses for supplies used to provide maintenance services.

Line 40: Utilities - Electricity, gas, water, sewer, and other utility expenses.

Line 41: Purchased service - laundry - Expense of outside contractors to provide laundry services.

Line 42: Purchased services - housekeeping - Expense of outside contractors to provide housekeeping services.

## **SCHEDULE D – EXPENSES (continued)**

Line 43: Purchased services - maintenance - Expense of outside contractors to provide maintenance services.

Line 44: Equipment repairs - Expenses related to equipment service agreements and to repairing facility equipment.

Line 45: Equipment rental (Enviro.) - Rental expense of equipment used to support environmental services, such as floor scrubbers.

Line 46: Blank. Use this line for miscellaneous environmental services costs that do not fit the definitions of the lines above. If more than one type of cost is included in this line, please provide a schedule detailing the expenses included. Amounts reported on unlabeled line 46 should be described in the space provided.

Line 47: Total Environmental Service Costs - The total of all costs in lines 27 through 46.

### **Property Costs**

Line 48: Depreciation - Facility depreciation for equipment and buildings.

Adjust these costs on Schedule B to convert book depreciation, if other than straight-line, to the straight-line method of depreciation.

The amounts on this line should be consistent with the total amount reported on Schedule C or Schedule C-1. See Schedule B instructions for limits that may apply.

Pursuant to IAC 441 Chapter 81.6 and CMS Publication 15-1 Chapter 1, depreciation/amortization related to Right to Use assets is not reimbursable, as these assets are actually being leased and not owned by the provider. The related depreciation/amortization expense reported on Schedule C line 764 must be removed from NF, ICFID, and ICFMC reimbursable cost on Schedule D via a Schedule B adjustment in column 3 of Schedule D. The related lease expense that would be incurred by the provider can be added to reimbursable cost on Schedule D via a Schedule B adjustment in column 3 of Schedule D on an appropriate equipment rental line (line 12, 45, or 86), depending on the type of item being leased. If the leased assets are vehicles, the lease expense should be added to Schedule D line 55. Please use a Supporting Schedule to list out the Right to Use assets and the specific lease expenses being added for each individual asset.

Line 49: Amortization - Amortization costs for the facility on leasehold improvements, start-up costs, etc.

Line 50: Real estate taxes - Property taxes incurred for the facility.

## **SCHEDULE D – EXPENSES (continued)**

Line 51: Facility lease - Rent expenses for lease of the facility only.

Include expenses related to rental of facility equipment on the equipment rental lines of the other sections. Facility rent may be limited. See instructions under Schedule B for an explanation of the limits.

Line 52: Property interest - Necessary and proper interest incurred on facility loans.

Interest paid to a related party is not an allowable expense. Interest expense should be reduced by investment income. See Schedule A instructions for limits that may apply.

Line 53: Property & casualty insurance - Property and casualty insurance on the facility buildings and equipment.

Line 54: Building & grounds repairs - Expenses for repairing the facility's building and grounds.

Line 55: Blank. Use this line for any other miscellaneous property costs that do not fit the definitions of the lines above. If more than one type of cost is included in this line, please provide a schedule detailing the expenses involved. Amounts reported on unlabeled line 55 should be described in the space provided.

Line 56: Total Property Costs - Total costs from lines 48 through 55.

Line 57: Total Administrative, Environmental, and Property Costs - Total costs from lines 26, 47, and 56.

### **Support Care Costs**

Line 58: Director of nursing wages - Salaries and wages for the director of nursing. Include in this line all regular pay, overtime pay, sick pay, holiday pay, vacation pay, bonus, and other compensation expense for the reporting period.

Line 59: Administrative nursing wages – Asst. DON, MDS Coordinator, etc. - Salaries and wages for the assistant director of nursing, MDS coordinator, etc. Include in this line all regular pay, overtime pay, sick pay, holiday pay, vacation pay, bonus, and other compensation expense for the reporting period.

Line 60: Medical record wages. Salaries and wages for positions responsible for maintaining medical records. Include in this line all regular pay, overtime pay, sick pay, holiday pay, vacation pay, bonus, and other compensation expense for the reporting period.

Line 61: Medical Director - Expenses associated with medical director services.

Line 62: Activities wages - Salaries and wages for positions providing activity services. Include in this line all regular pay, overtime pay, sick pay, holiday pay, vacation pay, bonus, and other compensation expense for the reporting period.

## **SCHEDULE D – EXPENSES (continued)**

Line 63: Social service wages. Salaries and wages for positions providing social services. Report expenses associated with a chaplain on this line. Include in this line all regular pay, overtime pay, sick pay, holiday pay, vacation pay, bonus, and other compensation expense for the reporting period.

Line 64: Dietary service wages - Salaries and wages for positions that provide dietary services such as dietary supervisors, dietary aides, cooks, and dishwashers. Include in this line all regular pay, overtime pay, sick pay, holiday pay, vacation pay, bonus, and other compensation expense for the reporting period.

Line 65: Support universal worker - Salaries and wages of universal workers allocated to the support services cost center. Include in this line all regular pay, overtime pay, sick pay, holiday pay, vacation pay, bonus, and other compensation expense for the reporting period.

Line 66: Employer's taxes (Support) - Payroll taxes related to the salaries and wages included in lines 58 through 65.

Line 67: Group / Life & Retirement Benefits (Support) – Health, life insurance and retirement benefits related to the salaries and wages in lines 58 through 65.

Line 68: Worker's comp insurance (Support) - Worker's compensation insurance expense related to the salaries and wages in lines 58 through 65.

Line 69: Employment Advertising & Recruit (Support) - Expenses of advertising for hiring of support care positions in lines 58 through 65.

Line 70: Criminal record checks (Support) - Expenses associated with conducting a criminal record check for positions included in lines 58 through 65.

Line 71: Education & training (Support) - Expenses of training seminars and courses, such as registration fees, and course materials.

Line 72: Routine supplies - patient care services - Expenses of medical supplies that are customarily used to provide patient care services. Routine supplies are usually included in the staff's supplies and not designated for a specific resident.

Line 73: Non-routine supplies, patient care services - Expenses of medical supplies that are identifiable to individual residents. Non-routine supplies are usually furnished at the direction of the resident's physician.

Line 74: Non-routine supplies, DME - Expenses of durable medical equipment that are identifiable to individual residents. Non-routine supplies are usually furnished at the direction of the resident's physician.

Line 75: Supplies - dietary services - Expenses of non-food supplies necessary to provide dietary services.

Line 76: Supplies - activities - Expenses of supplies used as part of the facility's activities program.

## **SCHEDULE D – EXPENSES (continued)**

Line 77: Supplies - social services - Expenses of supplies used to deliver social services in the facility.

Line 78: Supplies - therapies - Expenses of supplies used to deliver physical, occupational, speech and respiratory therapy services in the facility.

Line 79: Food & nutritional supplements - Food and nutritional supplement expenses.

Line 80: Pharmacy - OTC - Expenses of drugs and pharmaceuticals available without a prescription, even if a doctor writes a prescription for. Reduce any expenses for providing services to private pay residents by the related revenue.

Line 81: Pharmacy - consulting - Expenses of pharmacy consulting services. Reduce any expenses for providing services to private pay residents by the related revenue.

Line 82: X-Ray services – in-house - X-ray expenses provided by facility staff using facility equipment.

Line 83: Laboratory – in-house - Laboratory expenses provided by facility staff using facility equipment.

Line 84: Contracted professional social services - Expenses for outside contractors to provide social services.

Line 85: Professional support services - Expenses for outside contractors to provide professional support services. Report contracted dietary consultant fees here.

Line 86: Equipment rental (Support) - Rental expense of equipment used to support the patient care services area, such as beds, special chairs, and lifts.

Line 87: Blank. Use this line for any other miscellaneous support services costs that does not fit the definitions of the lines above. If more than one type of cost is included in this line, please provide a schedule detailing the expenses involved. Amounts reported on unlabeled line 87 should be described in the space provided.

Line 88: Total Support Care Services - The total costs from lines 58 through 87.

Line 89: Total Non-Direct Care Costs - Total costs from lines 57 and 88.

### **Direct Patient Care Costs**

Line 90: RN wages - Salaries and wages for registered nurses. Include in this line all regular pay, overtime pay, sick pay, holiday pay, vacation pay, bonus, and other compensation expense for the reporting period.

Line 91: LPN wages - Salaries and wages for licensed professional nurses. Include in this line all regular pay, overtime pay, sick pay, holiday pay, vacation pay, bonus, and other compensation expense for the reporting period.

Line 92: Certified aides – CNA, CMA, etc. wages - Salaries and wages for certified nurse aides and certified medication aides. Include in this line all regular pay, overtime pay, sick pay, holiday pay, vacation pay, bonus, and other compensation expense for the reporting period.

## **SCHEDULE D – EXPENSES (continued)**

Line 93: Direct Care Universal Worker - Salaries and wages of universal workers allocated to the direct care cost center. Include in this line all regular pay, overtime pay, sick pay, holiday pay, vacation pay, bonus, and other compensation expense for the reporting period.

Line 94: Therapy salaries - inpatient residents - Salaries and wages for therapists providing services to inpatient residents, regardless of payor. Include in this line all regular pay, overtime pay, sick pay, holiday pay, vacation pay, bonus, and other compensation expense.

Line 95: Therapy salaries - outpatient care - Salaries and wages for therapists providing services for outpatient care. Include in this line all regular pay, overtime pay, sick pay, holiday pay, vacation pay, bonus, and other compensation expense for the reporting period.

Line 96: Direct support professionals - Salaries and wages for support services such as quality assurance nurse. Include in this line all regular pay, overtime pay, sick pay, holiday pay, vacation pay, bonus, and other compensation expense for the reporting period.

Line 97: Other direct care wages - Salaries and wages for other direct care. Include in this line all regular pay, overtime pay, sick pay, holiday pay, vacation pay, bonus, and other compensation expense for the reporting period.

Line 98: Employer's taxes (Direct) - Payroll taxes related to the salaries and wages included in lines 90 through 97.

Line 99: Group / Life & Retirement Benefits (Direct) – Health, life insurance and retirement benefits related to the salaries and wages in lines 90 through 97.

Line 100: Worker's comp insurance (Direct) - Worker's compensation and professional liability insurance expense related to the salaries and wages in lines 90 through 97.

Line 101: Employment Advertising & Recruiting (Direct) - Advertising for hiring of patient care service positions included in lines 90 through 97. Hiring bonuses are reported on this line.

Line 102: Criminal record checks (Direct) - Expenses associated with conducting a criminal record check for positions included in lines 90 through 97.

Line 103: Education & Training (Direct) - Expense of training seminars and courses, registration fees, and course materials.

Line 104: Certified nurse aide training - Expenses of training courses for certification of nurse aides.

Do not include other types of training expenses in this line. The federal government reimburses costs associated with CNA training at a different rate than other facility costs.

Line 105: Professional support - nurse consulting - Expenses for professional support services, such as nurse consulting.

Line 106: Contracted nursing services RN, LPN - Expenses for outside contractors to provide RN and LPN nursing services.

## **SCHEDULE D – EXPENSES (continued)**

Line 107: Contracted nursing services - aides - Expenses for outside contractors to provide nursing aide services.

Line 108: Therapy services- inpatient residents - Expenses to provide occupational, physical, speech, respiratory therapy services for inpatient residents, regardless of payor, provided by outside contractors.

Line 109: Therapy services - outpatient care - Expenses to provide occupational, physical, speech, respiratory therapy services for outpatient care provided by outside contractor.

Line 110: Blank - Use this line for miscellaneous patient care service costs that do not fit the definitions of the Lines above. If more than one type of cost is included in this line, please provide a worksheet detailing the expenses involved. Amounts reported on unlabeled line 110 should be described in the space provided.

Line 111: Total Direct Patient Care - Total costs from lines 90 through 110.

### Other Costs

Line 112: Beauty & barber shops - Expenses to provide beauty and barber shop services at the facility. These expenses are not reimbursable and should be 100% offset by revenue or removed via Schedule B adjustment.

Line 113: Personal purchases for residents - Expense of personal items purchased for patients at the facility. These expenses are not reimbursable and should be 100% offset by revenue or removed via Schedule B adjustment.

Line 114: Professional care – physicians - Payments made to physicians for other than medical director services. These expenses are not reimbursable and should be 100% offset by revenue or removed via Schedule B adjustment.

Line 115: Provisions for income tax - Income tax expense incurred during the period. These expenses are not reimbursable and should be removed via Schedule B adjustment.

Line 116: Fees paid Board of Directors - Fees incurred for the board of directors. These expenses are not reimbursable and should be removed via Schedule B adjustment.

Line 117: Non-Working officer's salaries - Salaries and wages paid to officers who did not work at the facility. These expenses are not reimbursable and should be removed via Schedule B adjustment.

Line 118: Fundraising expenses - Fundraising expenses incurred by the facility. These expenses are not reimbursable and should be 100% offset by revenue or removed via Schedule B adjustment.

Line 119: Bad Debts - Bad debts incurred by the facility. These expenses are not reimbursable and should be removed via Schedule B adjustment.

Line 120: Donations - Donations and contributions made by the facility. These expenses are not reimbursable and should be removed via Schedule B adjustment.

## **SCHEDULE D – EXPENSES (continued)**

Line 121: Expenses of non-participating facilities - Expenses incurred by the provider on behalf of non-participating entities. These expenses are not reimbursable and should be 100% offset by revenue or removed via Schedule B adjustment.

Line 122: Pharmacy – prescription (legend) - Expenses of prescription (legend) drugs and medications. These expenses are not reimbursable and should be 100% offset by revenue or removed via Schedule B adjustment.

Line 123: X-ray services – referral - Expenses for outside contractors to provide X-ray services. These expenses are not reimbursable and should be 100% offset by revenue or removed via Schedule B adjustment.

Line 124: Laboratory - referral - Expenses for outside contractors to provide laboratory services. These expenses are not reimbursable and should be 100% offset by revenue or removed via Schedule B adjustment.

Line 125: Insurance premiums on life of officer / owner - Expenses to maintain a key man insurance policy on an officer or administrator where the facility is the beneficiary. These expenses are not reimbursable and should be 100% offset by revenue or removed via Schedule B adjustment.

Line 126: Lobbying fees - Lobbying fees paid by the facility. These expenses are not reimbursable, removed via Schedule B adjustment.

Line 127: Assessment fees - Assessment fees paid by the facility. These expenses are not reimbursable and should be removed via Schedule B adjustment.

Line 128: Penalties, Fines, NSF Fees, Delinquent Payment Fees - Penalties, fines, NSF fees, and delinquent payments paid by the facility. These expenses are not reimbursable and should be removed via Schedule B adjustment.

Line 129: Blank. Use this line for any other miscellaneous costs that are not reimbursable that do not fit the definitions of the lines above. Amounts reported on unlabeled line 129 should be described in the space provided.

Line 130: Total Other Costs - Total costs from lines 112 through 129.

Line 131: Total of All Expenses - Total costs from lines 26, 47, 56, 88, 111, and 130.

## **SCHEDULE E – COMPARATIVE BALANCE SHEET**

Report balance sheet information on Schedule E. Account balances should be reported as of the beginning and end of the financial reporting period. In most cases, the beginning of period balances should agree with the end of period balances from the prior year financial report.

General ledger account balances should be summarized on the lines of Schedule E that best describe the nature of the accounts. It is essential that general ledger accounts are summarized on Schedule E in a consistent manner.

There is also a reconciliation of owners' equity between the beginning and end of the reporting period. In most cases, the beginning of period balances on line 869 (Total Equity Beginning of Period) will equal the end of period balances on line 884 (Total Equity End of Period) from the prior year financial report. Total revenue must be disclosed on line 870 (Net revenues from Schedule A) and should agree with total revenue reported on Schedule A. The amount reported on line 876 (Expenses per general ledger from Schedule D) should agree with total expenses reported on Schedule D. Amounts reported on unlabeled lines 873, 874, 875, 881, 882 and 883 should be described in the space provided.

## **SCHEDULE G – OWNER DISCLOSURE AND RELATED PARTY TRANSACTIONS**

This schedule must be completed and include owner information regardless if they receive compensation, and for any related party or organization for which costs for services, facilities or supplies furnished are included on the financial and statistical report.

All parties that meet the definition of owners (including any individuals or organizations with a controlling interest), related parties or management personnel and contractors must be reported on Schedule G – Owner Disclosure and Related Party Transactions. Ownership is defined as an interest of 5 percent or more. The following persons are considered related parties:

- ◆ Husband and wife;
- ◆ Natural parent, child and sibling;
- ◆ Adopted child and adoptive parent;
- ◆ Grandparent and grandchild;
- ◆ Stepparent, stepchild, stepbrother, and stepsister;
- ◆ Father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, and sister-in-law.

### **Salaries and Wages**

A reasonable allowance of compensation for services of owners or related parties is an allowable cost, provided the services are actually performed in a necessary function.

Maintain adequate time records to justify reported expenses. Adjustments may be necessary to provide compensation as an expense for non-salaried working proprietors and partners.

### **Column**

Name (1) – Enter the name of the person receiving compensation.

Social Security Number or Employer Identification Number (2) – Enter the social security number of the individual or EIN of entity receiving payment.

**NOTE: For protection purposes Tax ID's, once filled in, the cell will be colored black so it cannot be printed. The reviewers will have access to the information. Do not change font or hand write the information.**

Percent Ownership (3) – Enter the percent of ownership of the individual or entity listed in column 1. If the individual has no ownership interest but is a related party, enter 0.

Type of Party (4) – Choose the number from the dropdown corresponding to the nature of individual's relationship:

- 1 – Owner
- 2 – Board member
- 3 – Related Party (defined above)
- 4 – Related Vendor

## **SCHEDULE G – OWNER DISCLOSURE AND RELATED PARTY TRANSACTIONS (continued)**

**% of Work Week Devoted to Business (5)** - Enter the percentage of a work week the individual devotes solely to the facility for which the specific cost report is for.

Ensure that proper documentation exists to substantiate the percentage. If the individual provides services to multiple entities facilities, the amount of time devoted to each must be calculated. Time studies may be used to calculate the percent of time devoted to each business unit. Please see the rules on using time studies in the Allocation section.

**Total Compensation (wages, salaries, benefits, and payroll taxes) (6)** - Compensation means the total benefit received by the owner or related party for the services the proprietor renders to the facility. It includes:

- ◆ Salaries for managerial, administrative, professional and other services.
- ◆ Amounts incurred by the facility for personal benefits of the proprietor e.g., health insurance, food or meals, personal utilities, taxes, yard care, etc.
- ◆ The cost of assets and services which the proprietor receives from the facility e.g. life insurance, key man insurance, personal care, etc.
- ◆ Deferred compensation.

**Allowable Compensation (wages, salaries, benefits, and payroll taxes) (7)** – Related party salaries are limited. Schedule G-1 will calculate the allowable amount of total compensation.

**Has Cost Been Adjusted to Lower of Total or Allowable (8)** – Indicate if the submitted cost report includes adjustments to reduce compensation to the lower of the limit or actual amounts.

**Line on Schedule D on Which Compensation (wages, salaries, benefits, and payroll taxes) are Reported (9)** – Indicate which lines the components of related party compensation are reported on Schedule D.

### **Services and Supplies**

Costs of services and Supplies furnished by a related party or organization are reimbursable if included at the costs to the related party or organization. However, such costs must not exceed the price of comparable supplies that could be purchased elsewhere. Complete Schedule G, Related Party Transactions, to indicate all items purchased from related parties.

**Related to the facility** means that the facility, to a significant extent, is associated or affiliated with, or has control of, or is controlled by the organization furnishing the services, facilities, or supplies.

**Common ownership** means that a person or persons possess significant ownership or equity in the facility and the institution or organization serving the provider.

**Control** means that a person or an organization has power, directly or indirectly, to significantly influence or direct the actions or policies of an organization or institution.

Where the facility obtains items of service, facilities, or supplies, from an organization, even though it is a separate legal entity, and the organization is owned or controlled by the owners of the provider, in effect the items are obtained from itself.

## **SCHEDULE G – OWNER DISCLOSURE AND RELATED PARTY TRANSACTIONS (continued)**

One example is a corporation building a facility and then leasing it to another corporation controlled by the owner. Reimbursable cost should not exceed the costs for these items to the supplying organization.

However, if the price in the open market for comparable services, facilities, or supplies is lower than the cost to the supplier, the allowable cost to the facility will not exceed the market price.

Management fees are computed on the same basis as the owner-administrator's salary, but the amount paid the resident administrator is deducted. If the parent company can separately identify accounting costs, these costs are allowed.

Expenses related to patient care which are incurred by a central office on behalf of the facility are allowable to the extent that the cost would be allowed if paid directly by the facility.

Name of Related Entity (10) – Enter the name of each related party or organization using a separate line for each related party transaction.

Social Security Number or Employer Identification Number (11) – Enter the social security number of the individual or EIN of entity receiving payment.

**NOTE: For protection purposes Tax ID's, once filled in, the cell will be colored black so it cannot be printed. The reviewers will have access to the information. Do not change font or hand write the information.**

Type of Service or Supply (12) – Enter a description of the service or supply provided by the related party or organization for each related party transaction.

Type of Party (13) – Choose the number from the dropdown corresponding to the nature of entity's relationship:

- 1 – Owner
- 2 – Board member
- 3 – Related Party (defined above)
- 4 – Related Vendor

Amount of Related Party Expense (14) - Enter the amount of expense incurred by the related party performing the service or supply for each related party transaction. (See Schedule G-2 for calculation of allowable costs for related party rental transactions)

Amount Paid by Facility (15) - Enter the amount paid by the facility to the related party for services or supplies.

Has Cost Been Adjusted to Lower of column 14 or 15 (16) – Indicate if the submitted cost report includes adjustments to reduce payments to the lower of the cost of the related party or actual payments.

## **SCHEDULE G – OWNER DISCLOSURE AND RELATED PARTY TRANSACTIONS (continued)**

Do you have an exception to provide the type of service (17) – Enter if the facility has obtained an exception to policy to not limit payments made to a related party.

An exception to the lower of cost or payment may be provided if the facility demonstrates by convincing evidence:

- ◆ That the supplying organization is a bona vide separate organization.
- ◆ That a substantial part of its business activity of the type carried on with the facility is transacted with others than the facility.
- ◆ That there is an open, competitive market for the type of services, facilities, or supplies furnished by the organization.
- ◆ That the services, facilities, or supplies are those which commonly are obtained by institutions such as the facility from other organizations and are not a basic element of patient care originally furnished directly to patients by such institutions.
- ◆ That the charge of the facility is in line with the charge for such services, facilities, or supplies in the open market and no more than the charge made under comparable circumstances to others by the organization for such services, facilities, or supplies.

In such cases, the charges by the supplier for the services, facilities, or supplies are allowable costs.

Line on Schedule D on which services or supplies are reported (18) – Indicate which lines payments to related parties for services and supplies are reported on Schedule D.

## SCHEDULE G-1 –RELATED PARTY COMPENSATION LIMITS

This schedule must be completed if compensation is paid to a related party on the financial and statistical report and identified on Schedule G.

### Nursing Facility and ICF/ID (including ICF/MC)

A reasonable allowance of compensation for services of owners or related parties is an allowable cost, provided the services are actually performed in a necessary function. Maintain adequate time records to justify reported expenses. Adjustments may be necessary to provide compensation as an expense for non-salaried working proprietors and partners.

Nursing facilities (including ICF/MC) and ICF/IDs have separate limits for related party compensation. Please fill out the section that appropriately applies to the type of facility being reported.

The information to be filled out for each column should tie to the individual identified by the corresponding line on Schedule G.

Job Function (Administrator / Non-Administrator) – Identify from the dropdown if the individual is the administrator of the facility or provides different functions.

Salary – Identify the amount paid to the individual. The expectation is this amount comes from amounts reported on Schedule D lines 1, 2, 3, 27, 28, 29, 30, 58, 59, 60, 61, 62, 63, 64, 65, 90, 91, 92, 93, 94, 95, 96 or 97.

Group / Life & Retirement Benefits – Identify the amount paid on behalf of the related party. The expectation is this amount comes from amounts reported on Schedule D lines 5, 32, 67, or 99.

Other benefits / compensation - Identify the amount paid on behalf of the related party. The expectation is this amount would come from amounts not reported on the lines listed above on Schedule D.

% of time devoted - Enter the percentage of a work week the related party individual devotes solely to the ALL group of provider type being reported (NF, ICF/MC, ICF/ID) for which the individual devotes time. This should tie to the amount reported in column 5 of Schedule G. Ensure that proper documentation exists to substantiate the percentage.

% of time devoted to this PROVIDER TYPE Enter the percentage of a work week the related party individual devotes solely to the THIS specific facility. Ensure that proper documentation exists to substantiate the percentage.

If an individual works at a home office level or splits time between services or facilities, then the % of time devoted should be the percent of time to all NF's. For example, a home office supports 3 NFs, an ICF.ID and HCBS service provider, the NFs should get a percent of time devoted to the 3 NFs. The % of time devoted to this NF should be the percentage of the time devoted to the 3 NFs that is supporting just the information for the cost report being filled out.

## **SCHEDULE G-2 –LEASE / PROPERTY INFORMATION**

This schedule must be completed if rent is paid for use of space where services are provided. Adjustments may need to be made when a change in ownership occurs and is identified on Schedule C-1 or rent is paid to a related party on the financial and statistical report and identified on Schedule G.

The expectation is this schedule is accurately completed based on IAC 441 Chapter 81.6, specifically Chapter 81.6(11)m and 81.6(12).

It is the responsibility of the Medicaid Provider to work with their lessor(s) to acquire the necessary documents to support the lessor's costs reported on Schedule G-2. No Lessor's Costs should be included on Schedule G-2 that are not supported and do not conform to the rules listed above. The necessary supporting documents must be available and submitted timely upon request. Failure to submit the requested documents may result in Lessor's Costs not being included in the calculated reimbursable lease expense.

No increase in the value of property shall be allowed in determining the Medicaid rate for the new owner with any change of ownership.

### **Nursing Facilities**

When the operator of a participating facility rents from a nonrelated party, the amount of rent expense allowable as reimbursable cost on the cost report shall be the lesser of: Lessor's annual depreciation as identified in IAC 441 Chapter 81.6(11)j, plus the landlord's other expenses, plus a reasonable rate of return; or Actual rent payments. Lessor depreciation must be based on the original owner's cost of the depreciated capital assets. Reasonable rate of return means the historical cost of the facility, plus the applicable land, in the hands of the owner when the facility first entered the Medicaid program multiplied by the 30-year Treasury bond rate as reported by the Federal Reserve Board at the date of lease inception. The landlord's other expenses are limited to amortization, mortgage interest, property taxes unless claimed as a lessee expense, utilities paid by the landlord unless claimed as a lessee expense, property insurance, and building maintenance and repairs.

When the operator of a participating facility rents the building from a related party, the amount of rent expense allowable as reimbursable cost on the cost report shall be the lesser of: Lessor's annual depreciation as identified in IAC 441 Chapter 81.6(11)j, plus the landlord's other expenses. Lessor depreciation must be based on the original owner's cost of the depreciated capital assets. The landlord's other expenses are limited to amortization, mortgage interest, property taxes unless claimed as a lessee expense, utilities paid by the landlord unless claimed as a lessee expense, property insurance, and building maintenance and repairs.

Please ensure a current copy of the lease documentation has been provided to the provider cost audit and rate setting unit.

## SCHEDULE G-2 –LEASE / PROPERTY INFORMATION (continued)

### **Intermediate Care Facilities for Individuals with Intellectual Disabilities**

When the operator of a participating facility rents from a nonrelated party, the amount of rent expense allowable on the cost report shall be the lesser of the actual rent payments made under the terms of the lease or an annual reasonable rate of return applied to the cost of the facility. The cost of the facility shall be determined as the historical cost of the facility in the hands of the owner when the facility first entered the Iowa Medicaid program. Where the facility has previously participated in the program, the cost of the facility shall be determined as the historical cost of the facility, as above, less accumulated depreciation claimed for cost reimbursement under the program. The annual reasonable rate of return shall be defined as one and one-half times the annualized interest rate of 30-year Treasury bonds as reported by the Federal Reserve Board on a weekly-average basis, at the date the lease was entered into.

When the operator of a participating facility rents the building from a related party, the amount of rent expense allowable on the cost report shall be limited to the lesser of the actual rent payments made under the terms of the lease or the amount of property costs that would otherwise have been allowable under the Iowa Medicaid program to an owner-provider of that facility. Please ensure a current copy of the lease documentation has been provided to the provider cost audit and rate setting unit.

**Lease Payments** – Enter the amount of the lease payments paid.

**Owner Basis** – Enter the amount recorded by the owner (at the original basis or cost of related party) of the building being leased including:

- ◆ Depreciation
- ◆ Amortization
- ◆ Real estate taxes, if paid by the lessor and not included on Schedule D, Line 50.
- ◆ Property interest
- ◆ Property and casualty insurance
- ◆ Building and grounds repairs
- ◆ Other

**Reasonable Rate of Return** – If the lease is with a nonrelated party, a rate of return may be claimed. See Supporting Schedule (2) for a table to complete for calculating the reasonable rate of return. There is a link to get the appropriate 30-year Treasury bonds rate as reported by the Federal Reserve Board at the date of lease inception. See page 32-33 for how to calculate the rate of return.

Allocate the amount of the allowable costs to the different type of services reported on the cost report.

## SCHEDULE H – NURSING FACILITY WAGES AND HOURS

This schedule should include wages and hours for the **nursing facility employees only**. Wages and hours for outside contractors only need to be reported for outside contractors performing nursing services. Wages and hours do not need to be reported for outside contractors performing non-nursing services. Contracted services hours and wage rates for nursing services should be derived from invoices submitted by outside or temporary staffing agencies.

**Total Wages Schedule D NF (1)** - For each line from Schedule D listed, the amount of the corresponding total nursing facility wages should automatically populate from the wages reported on Schedule D, Column 6.

**Total Hours NF (2)** - For each line from Schedule D listed, report the corresponding total nursing facility hours for the reporting period including continuing education, in-service training time, vacation, sick and holiday time.

**Entry Level Hourly Wage (5) (Optional)** - For each line from Schedule D listed, enter the corresponding starting hourly wage based upon the most current wage scales established as of the end of the financial reporting period. The basis for these calculations should remain consistent between periods.

## SCHEDULE H-1 – ICF/MC WAGES AND HOURS

This schedule should include wages and hours for the **ICF/MC employees only**. Wages and hours for outside contractors only need to be reported for outside contractors performing ICF/MC. Wages and hours do not need to be reported for outside contractors performing non-ICF/MC. Contracted services hours and wage rates for ICF/MC should be derived from invoices submitted by outside or temporary staffing agencies.

**Total Wages Schedule D ICF/MC (1)** - For each line from Schedule D listed, report the corresponding total ICF/MC wages that should match the wages reported on Schedule D, Column 6.

**Total Hours ICF/MC (2)** - For each line from Schedule D listed, report the corresponding total ICF/MC hours for the reporting period including continuing education, in-service training time, vacation, sick and holiday time.

**Entry Level Hourly Wage (5) (Optional)** - For each line from Schedule D listed, enter the corresponding starting hourly wage based upon the most current wage scales established as of the end of the financial reporting period. The basis for these calculations should remain consistent between periods.

## **SCHEDULE I – NURSING FACILITY ANNUAL CALCULATION OF EMPLOYEE TURNOVER**

The total number of employees and total number of terminations for each month should be reflective of the **nursing facility employees only**. The data reported should correspond to the total salaries and wages reported on Schedule H of the financial report. This report should correspond to each facility's individual fiscal year end.

**Total Number of Employees on the First day of each Month** - The total number of employees working in each job classification on the first day of the month should be reported. Employees are only those that receive payroll checks. The number should include full time, part time and seasonal / casual employees. The count should **not** include consultant, contract, or agency staff.

Organizations that employ licensed therapists should include them on the Other Direct Care line.

An "Other" Category is provided for those employees that may not fit the listed classifications. However, report each employee only once.

Direct Care workers other than certified nurse aides, such as medication or rehab aides, should be reported with the certified nurse aides on the Certified Aides line.

**Total Number of Terminations Each Month** - Report the total number of employees whose employment was terminated, for that type of service, for any reason during the month. This includes reporting terminations for employees whose salaries may be reported on different lines of the cost report. For example, a Certified Aide is considered terminated on line 92, during the month finished additional classes and became a Licensed Practical Nurse. That employee then is added to line 91 as an employee on the first day of the next month.

## ALLOCATIONS

If expenses are allocated between programs or services, the method to allocate must be disclosed on this tab. Any allocation methodology can be used if the facility can demonstrate the statistics used are the most accurate for that expense. Allocation basis for each program should be reported on Schedule B Column (5), Schedule C Column (9), and Schedule D Column (5).

The amounts reported in columns [02] through [07] should represent the amount of the metric being used to allocate expenses between programs or services. Column [01] should be the sum of the amounts reported in column [02] through [07]. The percentage of the individual column to column [1] should trace to the amounts allocated on schedule D.

Any allocation method reported on lines 9-26 must be objective and supported by clear and reviewable documentation. Support for any statistics used must be made available to the Iowa Medicaid Provider Cost Audit and Rate Setting Unit, upon request.

- ◆ Revenue and estimates are not valid allocation methodologies.
- ◆ Any changes in allocation methodology must be explained. The explanation should include how the new methodology is a more accurate reflection of program costs. Allocation methodology changes cannot occur more than every three years.
- ◆ If a percent of time is used to allocate expenses, the following applies: Periodic time studies, in lieu of ongoing time reports, may be used to allocate direct salary and wage costs. However, the time studies used must meet the following criteria:
  1. A minimally acceptable time study must encompass at least one full week per month of the cost reporting period.
  2. Each week selected must be a full work week (Monday to Friday, Monday to Saturday, or Sunday to Saturday), as applicable.
  3. The weeks selected must be equally distributed among the months in the cost reporting period, e.g., for a 12-month period, 3 of the 12 weeks in the study must be the 1st week beginning in the month, 3 weeks the 2nd week beginning in the month, 3 weeks the 3rd, and 3 weeks the 4th.
  4. No two consecutive months may use the same week for the study, e.g., if the second week beginning in March is the study week for March, the weeks selected for February and April may not be the second week beginning in those months.
  5. A time study conducted in the current cost reporting year may not be used to allocate the expenses of prior or subsequent cost reporting years.
  6. The time study must be facility specific. Thus, chain organizations may not use a time study from one facility to allocate the expenses of another facility or a time study of a sample group of facilities to allocate the expenses of all facilities within the chain.

## ENHANCED PAYMENT REPORT

### **Section 1: Reconciliation of Quality Assurance Assessment Fee**

Line 1 - Total Medicaid fee-for-service Days - Report the number of days that a bed was occupied in the facility for which Medicaid fee-for-service was the primary payor during the reporting period. Exclude leave days.

Line 2 - Total Medicaid Managed Care Days - Report the number of days that a bed was occupied in the facility for which a Medicaid managed care entity was the primary payor during the reporting period. Exclude leave days.

Line 3 - Total Medicare Part A and C Days - Report the number of days that a bed was occupied in the facility for which Medicare Part A or Part C was the payor during the reporting period. This includes any day where Medicare was the primary payor and there was a secondary payor for the same day (crossover), regardless if the secondary payor was Medicaid, private insurance or any other payor. Exclude leave days.

Line 4 - Total Private Pay / Insurance Days - Report the number of days that a bed was occupied in the facility for which the resident was responsible for payment either out of pocket or through insurance. Exclude leave days.

Line 5 – Total Non-Medicaid Hospice Days - Report the number of days that a bed was occupied in the facility for which a resident was receiving Hospice benefits for which Medicaid was NOT the primary payor during the reporting period.

Line 6 – Total Medicaid Hospice Days - Report the number of days that a bed was occupied in the facility for which a resident was receiving Hospice benefits for which Medicaid was the primary payor during the reporting period.

Line 7 – Total Veterans Affairs Days - Report the number of days that a bed was occupied in the facility for which the Department of Veterans Affairs was the primary payor during the reporting period.

Line 8 – Total County Days - Report the number of days that a bed was occupied in the facility for which a county was the primary payor during the reporting period.

Line 9 - Total Other Days - Report the number of days that a bed was occupied in the facility for a payor type that do not fit the definitions of the lines above. If more than one type of payor is included in this line, please provide a worksheet detailing the days per payor. Days reported on line 9 should be described in the space provided.

Line 10 - Total patient Days - Sum of the number of days from above (sum of lines 1 through 9 from above) NOTE - This field will automatically calculate based on information provided and should be equal to the days reported on the Statistics page.

Line 11 - Licensed beds during the period - Report the weighted average of beds available through the entire period.

Line 12 – Total bed days during period – Report the actual number of bed days available during the period. Without a change in beds during the year, it should be 365 days x the number of beds.

## ENHANCED PAYMENT REPORT (continued)

Line 15 - Quality assurance assessment fee per bed day - The quality assurance assessment fee (pass-through) is \$33.90 per patient day except if a nursing facility - a. Has 46 or fewer licensed beds b. Designated as a Continuing Care Retirement Centers (CCRC) c. Has annual Iowa Medicaid patient days of 19,000 or more If a facility meets any of the criteria in a, b, or c the quality assurance assessment fee (pass-through) is \$6.51 per bed day.

Effective April 1, 2023, the quality assurance assessment fee (pass-through) changed to \$33.90 or \$6.51. Also, effective July 1, 2023, the Medicaid patient day threshold decreased to 19,000.

Lines 16 - 19 - Quality assurance assessment fee paid - Report the amount of the quality assurance assessment fees submitted for each quarter of the report period. This should tie to each of the Quality Assurance Assessment Calculations Worksheets (Form 470-4836) submitted.

Lines 21 - 24 - Quality assurance assessment payments received - Report the amount of the quality assurance assessment pass-through (amount reported on line 15) and rate add-on (by rule this is \$37.00) amount you received for each quarter of the report period. This should be equal to the pass-through, as calculated on line 15, plus the rate add-on of \$37.00 per day multiplied by the Medicaid fee-for-service and Managed Care days for each quarter, as reported above.

Effective July 1, 2023, the rate add-on changed to \$37.00 per day.

### **Section 2: Demonstration of Wage and Employment Cost Change for the Period**

The amounts reported in this section should correspond to provider calculations as to how much costs have changed since implementation of the QAAF program or since submission of previous reports. The increases for CNA wages and costs are for those changes that have occurred only to CNA classified employees. The increases for other employee wages and costs are for those changes to non-administrative classified employees. **Any costs listed in this section must have a descriptive narrative (Section 3) to support how and when the changes were implemented.** Any changes to policies not directly related to actual increases or decreases should not be reported (i.e. inclusion of a certain class of employees in a health insurance program that no one in that class enrolls in).

Line 29 - Wage Increases - Report the amounts calculated based upon the change in average hourly wages or from specific wage increases paid during the reporting period.

Line 30 - Bonuses and other wage adjustments - Report the amounts calculated based upon bonus programs or other special wage adjustments that the provider that was paid during the reporting period. The provider should also estimate payroll taxes and other benefits from these adjustments.

Line 31 - Changes in staffing patterns - Report the amounts calculated based upon changes in staff hours per patient day and changes to the employment related costs per patient day.

Line 32 - Vacation, holiday and sick pay – PTO or leave benefits - Report the amounts calculated based upon changes in policies surrounding leave benefits and paid-time-off programs.

## **ENHANCED PAYMENT REPORT (continued)**

Line 33- Benefit programs - group health, group life, retirement - Report the amounts calculated based upon changes in the costs to the provider for group benefits. This could include health insurance, life insurance, retirement and savings plans.

Line 34 - Education programs and advancement opportunities - Report the amounts calculated based upon costs to the provider for staff education or costs for career improvement or other advancement programs. These costs may include payments to either the specific program or reimbursements directly to the employee and may also include travel expenses (mileage, meals, lodging, etc.).

Line 35 - Tuition reimbursement programs - Report the amounts calculated based upon costs of tuition reimbursement programs and should be documented by specific employee and classified appropriately. In general, these plans must adhere to a specific set of guidelines for proper IRS wage and benefit treatment (IRS Publication 570). There are individual limits for the provider regarding this assistance and per employee limits based upon compensation.

Line 36 - Other costs: Report the amounts calculated based upon other costs of employment which may include payroll taxes, benefits or other special programs implemented by the provider. If more than one type of cost is included in this line, please provide a worksheet detailing the costs involved. Amounts reported on line 36 should be described in the space provided.

### **Section 3: Narrative**

**Any costs listed in Section 2 must have a descriptive narrative to support how and when the changes were implemented.**

This section is available for the provider to demonstrate calculations and other explanations of changes and/or programs that have been initiated since implementation of the QAA or the previous report. The information included here needs to include specific identification of cost adjustments or may offer general explanation of changes occurring during the reporting period. The calculations and demonstrations of the provider should also refer to any supporting schedules or documents including the basic data. The provider may also develop additional worksheets that can be attached to the reporting form.

## SUPPLEMENTATION

This schedule must be filled out even if supplementation was not utilized during the cost report period.

If supplementation was **NOT** utilized during the cost report period, please answer "No" to the first question. You do not have to fill out any other information.

If you answer "Yes" to the first question, please fill out the remainder of the schedule.

### **Supplemental Questions:**

Indicate the total amount of funds received for supplementation

Indicate the number of residents for which supplementation funds were received

The average private pay rate should reflect the average usual and ordinary charge for private pay residents **residing in private rooms.**

### **Census at first day of the month:**

- ◆ Provide the total number of nursing facility beds available at the nursing facility
- ◆ Provide the number of beds available in private rooms
- ◆ Provide the number of beds in semi-private rooms
- ◆ Provide the number of beds in other types of rooms
- ◆ Provide the total resident days (per the midnight census) for each month

### **Resident Information**

For each resident for whom supplementation was utilized provide the total charge to the resident for the private room, the portion of the total charge reimbursed under the Medicaid program, and the total charge reimbursed through supplementation.

**NOTE: For protection purposes Resident Names and Medicaid Resident ID once filled in, the cell will be colored black so it cannot be printed.**