

COMMONWEALTH OF KENTUCKY

Cabinet for Health Services

Department for Medicaid Services

COST-BASED FACILITY

COST REPORT INSTRUCTIONS

COST-BASED FACILITY COST REPORT INSTRUCTIONS

INTRODUCTION TO THE COST-BASED FACILITY COST REPORT:

The Annual Cost-Based Facility Cost Report provides for the submission of cost and statistical data which shall be used in rate setting and in reporting to various governmental and private agencies. All required information is pertinent and shall be submitted as accurately as possible.

In general, costs shall be reported as they appear in the provider's accounting records. Schedules shall be provided for any adjustments or reclassifications that are necessary.

In the cost finding process, direct costing between Certified Cost-Based Facility (CNF) and Non-certified Cost-Based Facility (non-CNF) shall be used wherever possible. If direct costing is utilized, it shall be utilized, if possible, for all costs of a similar nature. Direct costing shall not be utilized on a selective basis in order to distort the cost finding process.

SCHEDULE A - CERTIFICATION AND OTHER DATA:

This schedule shall be completed by all facilities.

- A. TYPE OF CONTROL. In Sections 1 through 3 indicate as appropriate the ownership or auspices under which the facility operates.
- B. Section B is provided to show whether the amount of costs to be reimbursed by the Medicaid Program includes costs resulting from services, facilities, and supplies furnished to the vendor by organizations related to the vendor by common ownership or control.

Section B shall be completed by all vendors.

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- C. Section C shall be completed when the answer in Part B is yes. The amount reported in Section C shall agree with the facility's books.
- D. Section D shall be completed when the answer in Part B is yes.
- E. Section E is provided to show the total compensation paid for the period to sole proprietors, partners, and corporation officers, as owner(s) of Certified Nursing Facilities. Compensation is defined in the Principles of Reimbursement as the total benefit received (or receivable) by the owner for the services he renders to the institution. It shall include salary amounts paid for managerial, administrative, professional, and other services; amounts paid by the institution for the personal benefit of the owner; and the cost of assets and services which the owner receives from the institution and deferred compensation. List the name, title and function of owner(s), percent of work week devoted to business, percent of stock owned, and total compensation.
- F. Section F is provided to show total compensation paid to each employed person(s) to perform duties as administrators or assistance administrators. List each administrator or assistance administrator who has been employed during the fiscal period. List the name, title, percent of customary work week devoted to business, percent of the fiscal period employed, and total compensation for the period.
- G. Section G shall be completed by all providers.
- H. Section H shall be completed by all providers.

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SCHEDULE B - STATEMENT OF INCOME AND EXPENSES:

If a facility has an income statement which provides the same detail as this schedule, this statement may be submitted in lieu of Schedule B. This schedule shall be prepared for the reporting period. During preparation, consideration shall be given to the following items :

- A. Line 1. The amount entered on this line shall be the gross charges for services rendered to patients before reductions for charity, bad debts, contractual allowances, etc.
- : B. Line 2. Record total bad debts, charity allowances, contractual adjustments, etc. on this line. This line shall include the difference between amounts paid by the patient or 3rd party payor and the standard charge of the facility.
- C. Line 3. Subtract line 2 from line 1.
- D. Line 4. Enter total operating expenses from Schedule D-4, Line 26, Column 2.
- E. Line 5. Subtract line 4 from line 3.
- F. Lines 6a, 6b, 7a, and 7b. Complete these lines in accordance with the definitions of restricted and unrestricted as presented in the Principles of Reimbursement in this manual.
- G. Line 12. Include on this line rent received from the rental portions of a facility to other related or non-related parties, i.e., the rental of space to a physician, etc.
- H. Line 14. Purchase discounts shall be applied to the cost of the items to which they relate.

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However, if they are recorded in a separate account, the total of the discounts shall be entered on this line.

- I. Line 31. Total lines 6a through 30.
- J. Line 33-48. Enter amount of other expenses, including those incurred by the facility which do not relate to patient care.
- K. Line 49. Total lines 33 through 48.
- L. Line 50. Subtract line 49 from line 32.

SCHEDULE C -BALANCE SHEET AND COMPUTATION OF EQUITY CAPITAL

Non-profit facilities shall complete only column 1. Proprietary facilities shall complete the entire schedule.

- A. Column 1. Enter the balance recorded in the facility's books of accounts at the end of the reporting period (accrual basis of accounting is required as indicated in the Principles of Reimbursement). Attachments may be used if the lines on the schedule are not sufficient. The capital accounts shown on lines 41 through 45, are those applicable to the type of business organization under which the provider operates as follows:

Individual Proprietor - Proprietor's Capital Account

Partnership - Partner's Capital Accounts

Corporation - Capital Stock and Other Accounts

- B. Column 2. This column shall be used to show amounts of assets and liabilities included in a facility's balance sheet which do not relate to the provider of patient

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care. Entries to this column shall be detailed on Schedule C-1. NOTE: It shall not be necessary to attempt to remove the portion of assets applicable to other levels of care on this schedule. Some examples of adjustments which may be required include:

1. Line 2 - Notes and Accounts Receivable. The notes and accounts receivable total to be entered in column 2 shall represent total amounts expected to be realized by the provider from non-patient care services.
2. Lines 11, 13, 15, 17, 19 - Fixed Assets. The amounts to be entered in column 2 shall be based on the historical cost of those assets, or in the case of donated assets, the fair market value at the time of donation, which are not related to patient care.
3. Line 12, 14, 16, 18, 20 - Accumulated Depreciation. The amounts in column 2 shall be the adjustment necessary to reflect accumulated depreciation on the straight-line method to the effective date of entry into this reimbursement program and amounts claimed thereafter, and shall also be adjusted for disposals and amounts of accumulated depreciation on assets not related to patient care. Assets not related to patient care shall be removed on lines 11, 13, 15, 17, and 19 respectively.
4. LINE 22 - INVESTMENTS. Investments includable in the equity capital balance sheet in column 3 shall be limited to those related to patient care. Primarily, these shall be temporary investments of excess operating funds. Operating funds invested for long periods of time shall be considered

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excess and not related to patient care needs and shall accordingly be removed in column 2.

5. LINE 25 - OTHER ASSETS. Examples of items which may be in this asset category and their treatment for equity capital purposes are as follows:

- a. Goodwill purchased shall be includable in equity capital.
- b. Organization Expense. Expenses incurred in organizing the business shall be] includable in equity capital. (Net of Amortization)
- c. Discounts on Bonds Payable. This account represents a deferred charge to income and shall be includable in equity capital.

Other asset amounts not related to patient care shall be removed in column 2.

5. LINES 37, 38 - LOANS FROM OWNERS. Do not make adjustments in column 2 with respect to funds borrowed by basic IC or IC/MR facilities prior to July 1, 1975 or by Skilled Nursing Facilities prior to December 1, 1979, provided the terms and conditions of the loan agreement have not been modified subsequent to July 1, 1975, or December 1, 1979, respectively. Such loans shall be considered a liability in computing

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equity capital as interest expense related to such loans is included in allowable costs.

6. If the terms and conditions of payment of loans made prior to July 1, 1975 for IC facilities and December 1, 1979 for Skilled Nursing facilities, have been modified subsequent to July 1, 1975 and December 1, 1979, respectively, such loans shall not be included as a liability in column 6, and therefore shall be adjusted in column 5. Loans made by owners after these dates shall also be treated in this manner.

- C. For Schedule C, line 1-45, adjust the amounts entered in column 1 (increase and decrease) by the amounts entered in column 2 and extend the net amounts to column 3. Column 3 is provided for the listing of the balance sheet amounts which represent equity capital for the Department for Medicaid Services purposes at the end of the reporting period.

SCHEDULE C-1 - ADJUSTMENT TO EQUITY CAPITAL

This schedule shall be used to explain all adjustments made by the facility on Schedule C, column 2, in order to arrive at the adjusted balance sheet for equity capital purposes.

OVERVIEW OF THE ALLOCATION PROCESS - SCHEDULE D-1 THROUGH D-5

These schedules provide for separating the operating expenses from the facility's financial records into five (5) cost categories: 1) Nursing Services Costs, 2) Other Care Related Costs, 3) Other Operating Costs, 4) Capital Costs and 5) Ancillary Costs. These

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schedules also provide for any necessary adjustments and reclassifications to certain accounts. Schedules D-1 through D-5 shall be completed by all facilities. All accounts that can be identified as belonging to a specific cost center shall be reported to the appropriate section of Schedules D-1 through D-5. Capital cost shall be reported on schedule D-4 and not allocated to specific cost centers.

All listed accounts will not apply to all providers and some providers may have accounts in addition to those listed. These shall be listed on the lines labeled "Other Expense."

The flow of the Schedules D-1 through D-4 is identical. Salaries shall be reported on the salaries lines and all salaries for each cost center shall be sub-totaled on the appropriate line. The entries to the columns on these schedules shall be as follows:

- A. Column 2. The expenses in this column shall agree with the provider's accounting books and records.
- B. Column 3. This column shall be utilized for reclassification of expenses as appropriate. Such reclassifications shall be detailed on Schedule D-6.
- C. Column 4. This column shall be for adjustments to allowable costs as may be necessary in accordance with the general policies and principles. All adjustments shall be detailed on Schedule D-7.
- D. Column 5. Enter the sum of columns 2, 3, and 4.
- E. Column 6. This column shall be completed for each line for which an entry is made to column 5 in order to indicate the basis of the separation of the costs reported to Column 5 between Column 7 (Certified Cost-Based Facility

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Alloc. of Costs) and Column 8 (Non-Certified and Non-Cost-Based Facility

Alloc. of Costs). A "D" shall be entered to this column on each line on which the adjusted costs (Column 5) are direct costed between Columns 7 and 8. An "A"

shall be entered to this column on each line on which the adjusted costs in

Column 5 are allocated between Columns 7 and 8 on the basis of the allocation

ratios on Schedule F. All accounts which can be direct costed from the provider's

records shall be directed costed to Columns 7 and 8. Accounts which are direct

costed shall be direct costed in full. Any accounts which cannot be direct costed

shall be allocated using statistics from Schedule F. Providers shall ensure that all

costs which are reported to column 7 are reasonable, necessary and related to

Certified Cost-Based Facility patient care.

- F. Columns 7 and 8. The adjusted balance figures from Column 5 are to be allocated between Certified Cost-Based Facility Costs (Column 5) and Non-Certified Non-Facility costs (Column 7). Any accounts that cannot be direct costed shall be allocated using statistics from Schedule F. All costs entered to Column 7 shall be reviewed by the provider to ensure that they are necessary, reasonable and related to Certified Cost-Based Facility patient care.

- G. Column 9: This column shall be completed only by Hospital-Based providers. Instructions regarding this column can be found in the instructions for the Schedules which include Column 9 (i.e. D-3 and D-4).

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SCHEDULE D-1 - NURSING SERVICES COST

- A. The costs associated with nursing services which shall be included in the nursing service cost category are as follows:
1. nursing assessment of the health status of the resident and planning of appropriate interventions to overcome identified problems and maximize resident strengths;
 2. bedside care and services;
 3. administration of oral, sublingual, rectal and local medications topically applied, and appropriate recording of the resident's responses;
 4. training, assistance, and encouragement for self-care as required for feeding, grooming, ambulation, toilet, and other activities of daily living including movement within the nursing home facility;
 5. supportive assistance and training in resident transfer techniques including transfer from bed to wheelchair or wheelchair to commode;
 6. care of residents with behavior problems and severe emotional problems requiring nursing care or supervision;
 7. administration of oxygen;
 8. use of nebulizers;
 9. maintenance care of resident's colostomy, ileostomy, and urostomy;

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10. administration of parenteral medications, including intravenous solutions;
11. administration of tube feedings;
12. nasopharyngeal aspiration required for maintenance of a clean airway;
13. care of suprapubic catheters and urethral catheters;
14. care of tracheostomy, gastrostomy, and other tubes in a body;
15. costs of equipment and supplies that are used to complement the services in the nursing service cost category including incontinence pads, dressings, bandages, enemas, enema equipment, diapers, thermometers, hypodermic needles and syringes, and clinical reagents or similar diagnostic agents;
16. costs for education or training including the cost of lodging and meals of nursing service personnel;
17. the salaries and wages of persons performing nursing services including salaries of the director, and assistant director of nursing, supervising nurses, medical records personnel, registered professional nurses, licensed practical nurses, nurse aides, orderlies, and attendants;
18. the salaries or fees of medical directors, physicians, or other professionals performing consulting services on medical care which are not reimbursed separately on a fee for service basis; and
19. the costs of travel necessary for training programs for nursing personnel required to maintain licensure, certification, or professional standards.

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- B. If an account can be direct costed between Certified Cost-Based Facility and Non-Certified Cost-Based Facility, the amount carried to Column 5 (Adjusted Balance) shall be direct costed in the appropriate amount(s) to the proper column(s) (either Column 7, Certified Cost-Based Facility Costs, or Column 8, Non-Certified and Non-Nursing Facility Costs). Any account that is direct costed shall be directed costed in full. Any account which cannot be direct costed shall be allocated using Schedule F, Statistic A. Multiply the Column 5 amount by the Certified Cost-Based Facility percentage from Schedule F, Statistic A, and enter the product in Column 7. Subtract Column 7 from Column 5 and enter the result in Column 8. Providers shall ensure that all costs reported to Column 7 are necessary, reasonable, and related to Certified Cost-Based Facility patient care.

SCHEDULE D-2 - OTHER CARE RELATED COSTS

A. General

The costs which shall be reported in the other care-related services cost category include:

1. food costs, not including preparation;
2. direct costs of other care-related services, such as social services and patient activities;
3. the salaries and wages of activities directors and aides, social workers and aides, and other care-related personnel including salaries or fees of

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professionals performing consultation services in these areas which are not reimbursed separately under the Medicaid Program;

4. the costs of training including the cost of lodging and meals to meet the requirements of laws or rules for keeping an employee's salary, status, or position, or to maintain or update skills needed in performing the employee's present duties.

B. Specific Instructions

1. Lines 1-30: If an account can be direct costed between Certified Cost-Based Facility and Non-Certified Cost-Based Facility, the amount carried to Column 5 (Adjusted Balance) shall be direct costed in the appropriate amount(s) to the proper column(s) (either Column 7, Certified Cost-Based Facility Costs, or Column 8, Non-Certified and Non- Cost-Based Facility Costs.) Any account which is direct costed shall be direct costed in full. If accounts cannot be direct costed, use the nursing allocation percentage (Schedule F, Statistic A, Line 3) to calculate Certified Nursing Facility Other Care Related Costs. Multiply the Certified Cost-Based Facility percentage times the amount in Column 5 and enter the products in Column 7. Subtract Column 7 from Column 5 and enter the results in Column 8.
2. Line 31 : If an account can be direct costed between Certified Cost-Based Facility and Non-Certified Cost-Based Facility, the

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amount carried to Column 5 (Adjusted Balance) shall be direct costed in the appropriate amount(s) to the proper column(s) (either Column 7, Certified Cost-Based Facility Costs, or Column 8, Non-Certified and Non-Cost-Based Facility Costs.) Any account which is direct costed between Certified Cost-Based Facility and Non-Certified Cost-Based Facility shall be direct costed in full. Any account that cannot be direct costed shall be allocated using the dietary allocation percentage (Schedule F, Statistic C, Line 1, Column 2). Multiple the Certified Cost-Based Facility percentage times the amount in Column 5 and enter the product in Column 7. Subtract the amount in Column 7 from Column 5 and enter the result in Column 8.

SCHEDULE D-3 - OTHER OPERATING COSTS

- A. Lines 1 through 19: If an account can be direct costed between Certified Cost-Based Facility and Non-Certified Cost-Based Facility, the amount carried to Column 5 (Adjusted Balance) shall be direct costed in the appropriate amount(s) to the proper column(s) (either Column 7, Certified Cost-Based Facility Costs, or Column 8, Non-Certified and Non-Cost-Based Facility Costs.) Any account which is direct costed shall be direct costed in full. If an account cannot be direct costed, use the dietary allocation percentage (Schedule F, Statistic C, Line 1, Column 2) to allocate Dietary Costs. Multiply the Certified Cost-Based Facility percentage times the amounts in

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Column 5 and enter the products in Column 7. Subtract the amounts in Column 7 from Column 5 and enter the results in Column 8.

- B. Lines 21 through 55: [-] If an account can be direct costed, between Certified Cost-Based Facility and Non-Certified Cost-Based Facility, the amount carried to Column 5 (Adjusted Balance) shall be direct costed in the appropriate amount(s) to the proper column(s) either Column 7, Certified Cost-Based Facility Costs, or Column 8, Non-Certified and Non-Cost-Based Facility Costs.) Any account which is direct costed shall be direct costed in full. Any account that cannot be direct costed shall be allocated using the Certified Cost-Based Facility square foot percentage (Schedule F, Statistic B, Line 1, Column 2). Multiply the percentage times amounts in Column 5 and enter the products in Column 7. Multiply the "Other" percentage (Schedule F, Statistic B, Line 2, Column 2) times the amounts in Column 5 and enter the products in Column 8. For Hospital-Based Facilities only: add the ancillary square foot percentages (Schedule F, Statistic B, Lines 3 through 8, Column 2) together. Use the sum to allocate Housekeeping & Plant Operation costs of the ancillary cost centers to Column 9.
- C. Line 57 through 74 and 76 through 130: [-] If an account can be direct costed between Certified Cost-Based Facility and Non-Certified Cost-Based Facility, the amount carried to Column 5 (Adjusted Balance) shall be direct costed in the appropriate amount(s) to the proper column(s), (either Column 7, Certified Cost-Based Facility Costs, or Column 8, Non-Certified and

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Non-Cost-Based Facility Costs.) If an account cannot be direct costed, use the nursing allocation- percentage (Schedule F, Statistic A, Line 3) to calculate Certified Cost-Based Facility Laundry and Administrative & General costs. Multiply the Certified Cost-Based Facility percentage times amounts in Column 5 and enter the products in Column 7. Subtract the amounts in Column 7 from Column 5 and enter the results in Column 8.

SCHEDULE D-4 - CAPITAL COSTS

A. If an account can be direct costed, between Certified Cost-Based Facility and Non-Certified Cost-Based Facility, the amount carried to Column 5 (Adjusted Balance) shall be direct costed in the appropriate amount(s) to the proper column(s) (either Column 7, Certified Cost-Based Facility Costs, or Column 8, Non-Certified and Non-Cost-Based Facility Costs.) If an account cannot be direct costed, allocate capital costs using square footage (Schedule F, Statistic B, Column 2). Multiply the Certified Cost-Based Facility percentage on Line 1 times amounts in Column 5 and enter the products in Column 7. Multiply the "Other" percentage on Line 2 times amounts in Column 5 and enter the products in Column 8.. For Hospital-Based Facilities only: add the ancillary square footage percentages from Schedule F, Statistic B (Lines 3 through 8, Column 2) together. Use the sum to allocate capital costs of the ancillary cost centers to Column 9.

B.

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B. Lines 24 through 28 are provided for the computation of total costs per books, net reclassifications, net adjustments, and total adjusted costs for comparison and analysis.

1. Line 24: The entries to this line Columns 2 through 9 shall be the total of the entries to Columns 2 through 9 of Schedules D-1 through D-3 and D-4 through Line 22.
2. Line 25, Column 7: The entry to this line shall be the sum of Schedule D-5, Column 8, Lines 12, 21, 30, 42, 51, 60, and 67.
3. Line 26, Column 7: The entry to this line shall be the sum of Column 7, Lines 24 and 25.
4. Line 27: The entries to this line columns 2 through 5 shall be the total of the entries to columns 2 through 5 of Schedule D-5. Add the entries from the appropriate column, Schedule D-5, Lines 12, 21, 30, 42, 51, 60 and 67 to compute the proper entry.
5. Line 28: The entries to this line shall be the totals of lines 24 and 27.
 - a. Column 2: The amount entered to Line 26, Column 2 shall agree with the total costs of the facility as reported in its general ledger.
 - b. Column 3: The total reclassifications (the amount entered to Line 26, Column 3) shall net out to be zero (0).
 - c. Column 4: The amount entered to Line 26, Column 4 shall be the total of all adjustments entered to Scheduled D-1 through D-5. It

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shall agree with the total adjustments reported on Schedule D-7

(D-7, Line 53, Column 3).

SCHEDULE D-5- ANCILLARY COSTS

- A. Column 2: Ancillary costs as shown in the provider's books shall be entered to the appropriate lines. All ancillary salaries shall be reported to the salaries lines and sub-totaled on the appropriate line.
- B. Column 3: This column shall be utilized for reclassification of Column 2 costs as may be necessary for compliance with the general policies and principles.
Reclassifications shall be detailed on Schedule D-6.
- C. Column 4: This column shall be utilized for adjustments to allowable ancillary costs as may be necessary for compliance with the general policies and principles.
Adjustments shall be detailed on Schedule D-7.
- D. Column 5: Enter the sum of Columns 2, 3, and 4. The amount entered here shall be the total ancillary cost of the facility as defined by the general policies and procedures.
- E. Column 6: The cost entered to Column 5 shall be analyzed to identify the direct and indirect ancillary cost portions as defined in the general policies and principles. The direct ancillary cost shall be entered to Column 6.
- F. Column 7:
 - 1. This column shall be utilized to report the indirect ancillary portion (as defined in the general policies and principles) of the amount entered to Column 5. Subtract Column 6 from Column 5 and enter the difference.

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2. Lines 11, 20, 29, 41, 50, 59, and 66 shall be completed by Hospital-Based Providers only. The purpose of these lines shall be to compute each ancillary cost center's share of plant operations and maintenance, housekeeping and capital costs. The Column 7 amounts are derived by multiplying the appropriate Hospital Ancillary Square Foot Percentage (Schedule F, Statistic B, Column 4) by the amount on Schedule D-4, Line 24, Column 9.
- G. Column 8: This column shall be used for reporting the Certified Cost-Based Facility's share of indirect cost. For each ancillary cost center, multiply the appropriate Certified Cost-Based Facility Ancillary Charge Percentage (Schedule F, Statistic D, Column 3) times the amounts reported in Column 7 to arrive at the correct amounts for Column 8.

SCHEDULE D-6-RECLASSIFICATION OF EXPENSES

This work sheet provides for the reclassification of certain amounts necessary to effect proper cost allocation under cost finding. All providers that do not direct cost payroll fringe benefits to individual cost centers shall use this schedule to allocate fringe benefits to the various cost centers. Fringe benefits shall be reclassified to individual cost centers on the ratio of the salaries unless another, more accurate and documentable method can be determined. The reclassification to each cost center shall be entered to the appropriate Schedule D-1 through D-5 line titled "Employee Benefits Reclassification."

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SCHEDULE D-7-ADJUSTMENT TO EXPENSES

This schedule details the adjustments to the expenses listed on Schedule D-1 through D-5, column 4. Line descriptions indicate the nature of activities which affect allowable costs as defined in this manual or result in costs incurred for reasons other than patient care, and thus require adjustment. Lines 22 through 52 are provided for other adjustments not specified earlier. A brief description shall be provided.

The adjusted amount entered in Schedule D-7, column 3, shall be noted "A" in Schedule D-7, column 2, when the adjustment is based on costs. When costs are not determinable, "B" shall be entered in column 2 to indicate that the revenue received for the service is the basis for the adjustment.

SCHEDULE E - ANCILLARY SETTLEMENT

This schedule is designed to determine the Medicaid share of direct and indirect ancillary costs.

- A. Column 2: Enter direct ancillary cost for each ancillary cost center from Schedule D-5, Column 6.
- B. Column 3: Multiply the direct costs (Column 2) by the corresponding Medicaid charge percentages (Schedule F, Section D, Column 5, Lines 1 through 7).
- C. Column 4: Enter the total amount received from the Medicaid Program (including any amount receivable from the Medicaid Program at the report date) for

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ancillary services rendered to Medicaid Certified Cost-Based Facility recipients during the period covered by the cost report.

- D. Column 5: Subtract the Column 5 amount from the Column 4 amount and enter the difference in Column 6.

SCHEDULE F - ALLOCATION STATISTICS

A. Section A - Nursing Hours or Salaries

This allocation statistic shall be used as the basis for allocating the line item costs reported to Schedule D-1, Lines 1-33; Schedule D-2, Lines 1-30; and D-3, Lines 57-130 which cannot be direct costed to the levels of care. The allocation statistic may be based on the ratio of direct cost of nursing salaries, the ratio of direct nursing hours, a valid time study (as defined by the Department for Medicaid Services), another method which has been approved by the Department for Medicaid Services or, if no other reasonable basis can be determined, patient days. The computation of this statistic shall account for the direct salary costs associated with all material non-certified nursing activities of the facility (such as adult day care or home health services, for example). The computed statistic shall be reasonable and based on documented data. The method used in arriving at the allocation shall be identified at the appropriate place on Schedule F, Ratio A.

For Hospital-Based Facilities Only: The salary costs of all departments and services of the hospital, including all ancillary departments as defined in the general policies and principles of the Department for Medicaid Services, shall be

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included in the calculation of this statistic. Allocations of costs between Certified Cost-Based Facility and acute cost centers on the basis of patient days will be accepted only when the resulting allocation statistic can be documented and shown to be reasonable.

1. Line 1: Enter the Certified Cost-Based Facility figure (i.e., salaries or direct hours)
2. Line 2: Enter the "Other" nursing and direct service figure (i.e. salaries or direct hours)
3. Line 3: Divide Line 1 by the sum of Lines 1 and 2 and enter the percentage on Line 3. The percentage shall be carried out to four decimal places (i.e. xx.xxxx%).
4. NOTE: If salary cost figures are used in computing this allocation statistic, the amounts entered in Lines 1 and 2 shall usually agree to entities on the salary lines of Schedule D-1. If the Schedule F, Ratio A salary figures do not agree to Schedule D-1 salary lines, providers shall review both schedules to ensure that both schedules are correct. The provider shall be able to reconcile Schedule F, Ratio A to Schedule D-1 salary lines upon request.

B. Section B - Square Footage

1. Free standing facilities shall only complete Columns 1 and 2 of this section. Hospital facilities shall complete all four columns.

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- a. Column 1, Lines 1-10: Enter the square feet in each applicable area of the facility. Direct patient room areas shall be allocated between Certified Cost-Based Facility and "Other" (PC, Non-certified, Acute, etc.). General patient areas, such as hallways, nursing stations, lounges, etc., which are utilized 100% by one level of care shall be directly allocated to the appropriate cost center. General patient areas used by more than one level of care and general service departments (administrator offices, dietary areas, etc.,) shall be allocated between levels of care based on the ratio of Certified Cost-Based Facility room square footage to total room square footage. In free-standing facilities, ancillary departments shall be considered general service departments and allocated to levels of care. In Hospital-Based facilities, direct ancillary square footage shall be entered on Lines 3 through 8.
 - b. Column 2, Lines 1-10: Percentages in Column 2 shall be derived by dividing Column 2, Lines 1 through 9, by Line 10 of Column 1. Line 10 shall be the sum of Lines 1 through 9 and should equal 100.0000%.
2. Columns 3 and 4 shall only be completed by Hospital-Based Facilities. These two columns compute allocation factors to allocate the indirect ancillary costs allocated to the pooled ancillaries in Column 9 of

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Schedules D-3 and D-4 to the individual ancillary cost centers on
Schedule D-5.

- a. Column 3, Lines 3-9: The entries to these lines shall be identical to the entries on the same line number of Ratio B, Column 1.
- b. Column 3, Line 10: The entry to this line shall be the sum of the entries to Lines 3-9.
- c. Column 4, Lines 3-9: The entries to these lines shall be the percentages resulting from dividing the direct square footage allocated to each ancillary service in Column 3, Lines 3-9 by the total direct ancillary square footage computed at Column 3, Line 10. Percentages shall be carried to four digits (i.e., xx.xxxx%).
- d. Column 4, Line 10: The entry to this line shall be the sum of Column 4, Lines 3-9 and shall equal 100.0000%.

C. Section C - Dietary

Identify the method used in arriving at the number of meals served. An actual meal count for 3 X inpatient days shall be used. If 3 X inpatient days is used, the provider shall ensure that bed reserve days are not included in this calculation.

1. Column 1: Enter total meals in each category.
2. Column 2: To arrive at percentages, divide Lines 1 and 2 in Column 1 by Line 3 in Column 1.

D. Section D - Ancillary Charges

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1. Column 1: Enter the total charges for each type of ancillary service on Lines 1 through 7. Add Lines 1 through 7 and enter total on Line 8.
2. Column 2: Enter the total charge for each type of ancillary service provided to all Certified Cost-Based Facility patients (both Medicaid and non-Medicaid) on Lines 1 through 7. Add Lines 1 through 7 and enter the sum to Line 8.
3. Column 3: For each Line 1 through 8 divide total CNF patient charges as reported in Column 2 by the total patient charges (all facility patients) reported in Column 1. Enter the resulting percentage in column 3. Percentages shall be carried to four decimal places (i.e., xx.xxxx%).
4. Column 4: Enter the total charges for each type of ancillary service provided to Medicaid patients in certified beds on Lines 1 through 7. Add Lines 1 through 7 and total on Line 8.
5. Column 5: For each Line 1 through 8 divide Medicaid charges in Column 4 by total charges in Column 1. Enter the resulting percentage in Column 3. Percentages shall be carried out to four decimals (i.e. xx.xxxx%).

E. Section E - Occupancy Statistics

1. Lines 1 and 2. Enter the number of licensed bed days. Temporary changes due to alterations, painting, etc. do not affect bed capacity.
2. Line 3. Total licensed bed days available shall be determined by multiplying the number of licensed beds in the period by the number of days in the period. Take into account increases and decreases in the

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number of licensed beds and the number of days elapsed since the changes. If actual bed days are greater than licensed bed days available, actual bed days shall be used.

3. Line 4. Enter patient days for all patients in the facility. A patient day shall be the care of one patient during the period between one census taking period on two successive days, including bed reserve days. The day of admission shall be included and the day of discharge excluded. Do not include both. When a patient is admitted and discharged on the same day, this period shall be counted as one day.
4. Line 5. Percentage of occupancy shall be the percentage obtained by dividing total patient days by bed days available. The percentage calculation shall not be carried beyond one decimal place (xx.x%).
5. Line 6. A Medicaid patient day of care shall be an inpatient or bed reserve day covered under the Medicaid Program. A patient days covered by the Medicare Program for which a co-insurance or deductible is made by the Medicaid Program shall not be considered a Medicaid day.
6. Line 7. The percentage of Medicaid occupancy shall be Medicaid