

**NEVADA MEDICAID
FREESTANDING
LONG-TERM CARE FACILITY
COST REPORT INSTRUCTIONS**

Revised June 2017

(Use for Cost Report Periods Ending After July 31, 2017)

NEVADA MEDICAID FREESTANDING LONG-TERM CARE FACILITY COST REPORT INSTRUCTIONS

INTRODUCTION

The attached cost reporting forms and the instructions for their completion were designed to be used for cost reporting periods ending after July 31, 2017. All costs on the cost report must be filed according to the rules for this period, even though many policy changes may not have been in effect for the full cost reporting period.

These forms supersede all previously issued forms. Substitution of any previously issued form does not meet the filing requirements under the Title XIX Program.

These forms must be used by all Freestanding Long-Term Care nursing facilities. Information reported must conform to the requirements and principles set forth in these cost report instructions. Any questions not specifically covered in these instructions will be handled according to the instructions in the Provider Reimbursement Manual, published by the U.S. Department of Health and Human Services, Centers for Medicare & Medicaid Services (CMS), (Publication 15-1).

Facilities that claim home office costs must submit a home office cost report (Form CMS-287) for chain operations. A chain operation consists of a group of two or more health care facilities or at least one health care facility and any other business or entity which is owned, leased, or through any other device, controlled by one organization.

Providers are required to maintain adequate financial records and statistical data for proper determination of costs. Providers must follow generally accepted accounting principles. Cost information as developed by the provider must be current, accurate, and in sufficient detail to support the claimed cost. This includes all ledgers, books, records and original evidences of costs (purchase requisitions, purchase orders, vouchers, requisitions for materials, inventories, labor time cards, payrolls, basis for apportioning costs, etc.), which pertain to the determination of reasonable cost, capable of being audited. Costs that are inadequately documented or not identifiable will not be allowed.

Financial and statistical records should be maintained in a consistent manner from one period to another. However, a proper regard for consistency need not preclude a desirable change in accounting procedures, provided that full disclosure of significant change is made to the Fiscal Agent.

Appropriate procedures will be conducted by the Fiscal Agent to verify the accuracy and reasonableness of information and cost contained in all financial and statistical reports. A provider must make available its fiscal and other records for the purpose of determining its ongoing record keeping capability.

GENERAL INSTRUCTIONS

The Fiscal Agent must **receive** cost reports that have been postmarked within 90 days after the

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close of the facility's fiscal year end unless the Division of Health Care Financing and Policy (DHCFP) grants an extension of time.

Failure to file a report when due will result in a late filing penalty of \$500 for the first day late, plus an additional \$50 for each day thereafter until a completed cost report has been received by the Fiscal Agent. Failure to file a cost report when due may also result in the reduction of payments, the termination of payments, or the termination of participation as considered appropriate by the DHCFP.

A completed cost report includes all pages of the cost report form and all required documentation. Failure to submit all documentation required with the cost report may result in the cost report not being accepted by the Fiscal Agent and could result in additional penalties in accordance with guidelines issued by the State of Nevada.

The Nevada Medicaid Cost Report must be submitted in electronic form using the current format. Noncompliant Cost Reports will not be accepted and will be returned. Documentation (in electronic form when possible) that is required for a completed cost report includes:

- (Required) An electronic copy of the cost report.
- (Required) Two hard copies of the certification page (p. 4) with original signatures.
- The working trial balance of the facility. A working trial balance is a listing of the balances of the accounts in the general ledger to which adjustments are appended in supplementary columns and used as a basic summary for financial statements.
- Depreciation schedules for the fiscal period end including schedules of additions and deletions.
- Detail General Ledger (In Excel when possible) covering the entire reporting period. If the general ledger does not list individual invoices, then the related accounts payable register or cash disbursement journal must also be included.
- Reconciliation (mapping) of the general ledger account numbers to specific lines on the cost report. This reconciliation is required for Worksheets C-1, C-2 and C-3 of the cost report.
- If the provider is certified for participation in the Medicare (Title XVIII) Program, a copy of the Medicare cost report (2540-10) must be filed and postmarked within the Medicare stipulated time frames.
- If the provider is claiming home office costs and home office equity, a copy of the Medicare home office cost report (287-05) must be filed and postmarked within the Medicare stipulated time frames.

Questions regarding other classification and/or documentation requirements should be directed to the Fiscal Agent prior to completing the cost report.

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The period covered by the cost report is to be a twelve-month period conforming to the facility's fiscal year for financial statements. Alternate arrangements must be agreed to in writing by the DHCFP. A copy of the agreement must be included with the filed cost report.

For new facilities in their initial reporting period, the period covered by the cost report may be less or more than a full year and shall end on the ending date of the facility's fiscal year.

For facilities whose Medicaid provider agreement has been terminated, the period covered by the cost report may be less than a full year. The report will begin on the beginning date of the facility's fiscal year and may end on the termination date of the facility's provider agreement or the ending date of the facility's fiscal year.

A terminating provider must file the cost report with a postmark that is within 45 days of the date the provider agreement is terminated.

For both new and terminated providers, permission may be granted by the DHCFP for filing a cost report covering a period different than twelve months if it is in the interest of the Nevada Medicaid Program to do so.

Copies of journal entries alone do not represent competent evidential substantiation. Please be prepared to provide copies of the original documentation (invoices, contract agreements, etc.) which support the origination of the journal entry. Methodologies for allocation of costs are also required when applicable.

WORKSHEET INSTRUCTIONS

Dollar amounts should be rounded to the nearest whole dollar except where per patient day, per bed value and summary rate calculations are concerned. Date information should be entered in the format mm/dd/year in all instances.

All Worksheets must be completed. If additional Worksheets are necessary to effect proper cost reporting according to the regulations, or to allocate costs to non-reimbursable types of care, these Worksheets must be attached. **If all applicable reports are not filed or are not complete (except Worksheet G-1), the Fiscal Agent will not accept the cost report and appropriate penalties may be assessed.**

Shaded fields are either self-calculating or are provided for adjustments made by Fiscal Agent. Normally, data should not be entered in these fields unless totals are required in a manual submission. In the Excel spreadsheet, these fields have been protected to prevent changes from being made.

Do not add or delete lines and/or columns or modify any format in the Excel spreadsheet. Input information specified in these instructions refers to data input into the Excel spreadsheet.

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PAGE 1: TITLE PAGE AND INSTRUCTIONS

This page provides basic instructions for using the Excel file provided by the Fiscal Agent. The Provider Name, National Provider Identifier (NPI), the cost report beginning date (mm/dd/year) and the cost report ending date (mm/dd/year) are entered on this page only for electronic submission. This information will automatically transfer to other Worksheets as necessary. Providers submitting manual reports should enter the Provider name, National Provider Identifier (NPI) and cost report period on each page of the report. Enter the physical address of the Provider on line 2. Indicate if submission is manual or electronic. The bottom section of this page is for Fiscal Agent use only.

PAGE 2-3: CHECKLIST

- Part I provides a checklist for the provider to use as a reminder of the required documentation for a completed cost report. Complete Part I as necessary.
- Part II is the "Settlement Report" which is generated if a settlement amount is due to Nevada Medicaid as calculated on Worksheet G-1. If a balance is due Nevada Medicaid, the Department may recoup that amount from future Medicaid payments to the provider.
- Part III - The purpose of the "Index of Worksheets for Submission" is to identify each Worksheet that is being completed or is not applicable as a part of the cost report. Each Worksheet must be marked "Yes" if completed or "N/A" in Part III on page 3.

PAGE 4: WORKSHEET A -- PROVIDER INFORMATION AND CERTIFICATION

- Enter on appropriate lines: the Federal I.D. number, the licensed Administrator's name, the facility phone and fax numbers, the name of the individual or firm preparing the cost report, the contact person and contact information. Telephone and fax numbers must include the area code.
- Type of Control - Select the type of ownership or auspices under which the business is conducted.
- Certification Statement – The Provider name, National Provider Identifier (NPI), beginning period date and the ending period date are all entered as appropriate. Enter the name of the individual signing the certification, their title and the date the individual signs the statement in the appropriate spaces. The signature of the individual signing the statement must be legible. An original signature for the certification must appear on both copies of the cost report submitted.

PAGE 5: WORKSHEET B -- FISCAL STATISTICAL DATA

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The basis for determining cost is a cost per patient day. This Worksheet must be completed so that the number and type of care for all patient days can be determined. Total patient days will be the basis for allocation of operating costs and capital costs in the cost reporting process.

BEDS AVAILABLE

1. Enter the number of beds available for use by patients at the beginning of the period with the number of Medicaid certified beds in column 3, the number of Non-Medicaid certified beds in column 4. Calculate the total number of beds in column 5 as the total of column 3 and column 4.
2. If any change occurred in the number of beds during the period, enter the effective date (mm/dd/year) of the change in column 1 where indicated. Enter the number of beds increased or (decreased) by this change in columns 3 and 4 as appropriate and calculate the total in column 5.
3. Calculate the number of beds at the end of the period for each column as the sum of line 1 and line 2 for each column.
4. Enter the number of days in the period pertaining to each column. Column 1 includes the number of days from the beginning to the end of the reporting period. Column 2 includes the number of days from the effective date of any increase (decrease) in the number of beds to the end of the reporting period. The number in column 1 is calculated as the beginning of the cost report period to the end of the cost report period (normally 365 days). The number in column 2 is calculated as the effective date of the increase (decrease) in the number of beds to the end of the cost report period (anywhere from 1 to 365 days).
5. Calculate the total bed days available as follows:
 - Add the number of beds from the beginning (line 1) times the number of days in the period from the beginning (line 4, column 1) and the number of beds increased (decreased) (line 2) times the number of days in the increase (decrease) period (line 4, column 2).

LEVELS OF CARE

All cost reports are subject to audit by the Nevada Medicaid Fiscal Agent. Column 2 and column 5 are reserved for Fiscal adjustment purposes only. The provider should not enter any information into these columns.

6. Enter Nursing Facility (NF) Standard Care total patient days in column 1. Enter NF Standard Care **Medicaid** patient days in column 4. Calculate as follows:
 - Column 3 for each line is the sum of columns 1 and 2 as entered.

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- Column 6 for each line is the sum of columns 4 and 5 as entered.
 - Column 7 is column 6 divided by column 3 for each line 6 through 10.
7. Enter Non-Pediatric Ventilator Care total patient days in column 1. Enter Non-Pediatric Ventilator Care **Medicaid** patient days in column 4. Other columns are calculated as noted in line 6 above.
 8. Enter Behaviorally Complex Care total patient days in column 1. Enter Behaviorally Complex Care **Medicaid** patient days in column 4. Other columns are calculated as noted in line 6 above.
 9. Enter Pediatric Specialty Care total patient days in column 1. Enter Pediatric Specialty Care **Medicaid** patient days in column 4. Other columns are calculated as noted in line 6 above.
 10. Enter Other Specialty Care total patient days in column 1. Enter Other Specialty Care **Medicaid** patient days in column 4. Other columns are calculated as noted in line 6 above.
 11. Enter any Other Care total patient days in column 1. Enter any Other Care **Medicaid** patient days in column 4. Other columns are calculated as noted in line 6 above.
 12. Enter the total adjusted patient days and total adjusted Nevada Medicaid days as follows:
 - Totals are the sum of each column, line 6 through 11 for columns 1 through 6.
 - Column 7 for line 12, as noted above, is calculated as column 6 divided by column 3.
 13. Percentage occupancy is the ratio of the total inpatient days to the bed days available during the cost reporting period. The percentage occupancy is calculated as line 12, column 3 divided by line 5 column 5.

PAGES 6 - 8: WORKSHEET C-1 -- BALANCE SHEET

All providers must complete Worksheet C-1 for ongoing data comparisons and analysis.

COLUMN 1: Enter amounts from the ending balances of the general ledger accounts for each line as appropriate. A reconciliation of the general ledger accounts to specific lines on the cost report is required for this Worksheet.

COLUMN 2: Enter adjustments and reclassifications from Worksheet D-2 for each line as appropriate.

COLUMN 3: THIS COLUMN RESERVED FOR THE FISCAL AGENT - DO NOT USE.

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COLUMN 4: Calculate the sum of columns 1 through 3 as entered.

PAGE 9: WORKSHEET C-2 -- REVENUES

The disclosure of revenue is necessary to determine net income and any necessary cost offsets for proper recognition of allowable costs. If cost offsets are necessary, the provider is required to do this with adjustments on Worksheets D-1 and D-2.

COLUMN 1: Enter amounts from the ending balances of the general ledger accounts for each line as appropriate. Revenues should be entered as negatives (credits). A reconciliation of the general ledger accounts to specific lines on the cost report is required for this Worksheet.

COLUMN 2: Enter adjustments and reclassifications from Worksheet D-2 for each line as appropriate.

COLUMN 3: THIS COLUMN RESERVED FOR THE FISCAL AGENT - DO NOT USE.

COLUMN 4: Calculate the sum of columns 1 through 3 as entered.

PG. 10 - 14: WORKSHEET C-3 -- TRIAL BALANCE OF EXPENSES

Expenses claimed by the provider must conform to allowable costs as specified in these instructions. Worksheet C-3 records the trial balance of expenses from the accounting books and records. It also provides for any necessary reclassifications and adjustments to conform to the regulations.

In order to be considered allowable, any cost charged to this program must meet the definitions of reasonable, necessary and proper, and must be directly attributed to the correct account and cost center. Any question of allowable cost will be resolved by reference to the sources in the introduction to these instructions. If it is not addressed, it is the facility's responsibility to seek clarification from the DHCFP, preferably before incurring any questionable expense.

Providers must identify any organization related by common ownership or control from which services, facilities and/or supplies are purchased; cost of such purchases may not exceed the lower of actual cost to the related organization or the price of comparable items that could be purchased elsewhere. Identification, disclosure, and adjustments for transactions with related parties are made on Worksheet D-3 and then carried to Worksheet D-1.

COLUMN 1: Enter amounts from the ending balances of the general ledger accounts for each line as appropriate. A reconciliation of the general ledger accounts to specific lines on the cost report is required for this Worksheet.

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COLUMN 2: Enter adjustments and reclassifications from Worksheets D-1, D-2, & D-3 for each line as appropriate. All adjustments in this column must be supported by entries on Worksheets D-1, D-2, or D-3.

COLUMN 3: THIS COLUMN RESERVED FOR THE FISCAL AGENT - DO NOT USE.

COLUMN 4: Calculate the sum of columns 1 through 3 as entered.

Cost Center Descriptions

The trial balance of expenses is broken down into operating, employee benefit, direct health care, special care, capital, non-Medicaid ancillary services, and other care cost center categories. These cost categories are explained as follows:

Operating Costs: This cost center includes all allowable costs excluding direct health care cost, capital cost and non-Medicaid portion of direct ancillary service costs. This comprises general service costs, property-related taxes and insurance, and costs necessary for the care of patients.

Employee Benefit Costs: This cost center includes those benefits provided to employees in addition to salary or wages. Employee bonus payments should be treated as salary and reflected on the appropriate salary line for the employee's department. The allowable costs in this cost center will be allocated 100% to other cost centers based on gross wages included in each cost center.

Direct Health Care Costs: This cost center includes allowable RN, LPN, and Nursing Aide salaries, a proportionate allocation of allowable employee benefits and the direct allowable cost of acquiring RN, LPN and Nurse Aide staff from outside staffing companies (Contract Nursing). Costs other than direct patient care staffing and allocations are includable in other sections of the cost report.

Special Care Costs: This cost center includes the direct costs for non-pediatric ventilator care services, behaviorally complex services, pediatric care services, and other specialty care services along with an allocation of employee benefits, operating and capital costs.

Capital Costs: This cost center includes allowable depreciation, capital related interest, rent/lease, and amortization expenses.

Non-Medicaid Ancillary Costs: This cost center includes direct and appropriately allocated costs for ancillary services that are not covered in the Medicaid basic or

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special care daily rates.

Other Care

Costs:

Includes costs that are direct costs for providing non-reimbursable care services.

The following line and account descriptions can be used to classify costs within the various cost centers. A reconciliation of the general ledger accounts to specific lines on the cost report is required for this Worksheet.

OPERATING COSTS

Salaries and Wages

1. Administrative and General - gross salary paid to administrator, assistant administrator, and administrative personnel including secretary, bookkeeper and telephone operator.
2. Plant Operations - gross salaries of carpenters, electricians, engineers, firemen, heating plant employees, machinists, painters, plumbers, watchmen and other employees engaged in the operation or maintenance of the building, equipment and grounds.
3. Laundry and Linen Service - gross salaries of laundry employees and those handling linens such as a seamstress, laundrymen and ironers.
4. Housekeeping - gross salaries of housekeepers, maids, porters, floor and wall washers and other housekeeping employees.
5. Dietary - gross salaries of dieticians, chefs, cooks, dishwashers and all other employees assigned to the kitchen, dining room or cafeteria.
6. Nursing Administration - gross salaries and wages for the Director of Nursing, staff coordinators, staff trainers, staff developers, and nursing personnel who do not have hands-on responsibilities.
7. Medical Records - gross salaries and wages for medical records department personnel.
8. Social Services - gross salaries for the social service director and all employees assigned to the social services department.
9. Activities - gross salaries for recreation/activities director and all other employees assigned to the recreation/activities department.
10. Central Supply/Ward Clerk - gross salaries and wages for ward clerks, medical supply clerks and other nursing support personnel who do not have on-hands responsibilities.
11. Patient Transportation – gross salaries and wages for patient van drivers.

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12. Other - any other gross salaries and wages for operations not identified in any other cost center (identify in space provided).
13. Total Other Operating Expenses – enter the sum of lines 1 through 12 for columns 1 through 4.

Other Operating Expenses

14. Management Fees/Home Office Costs - expenses for services of management from another entity and the pro-rata portion of central office expense for certain centralized services provided by the home office. Some important notes regarding home office costs follow:
 - In order to meet the definition of "necessary," the provider would have been compelled to purchase services elsewhere if home/central office had not supplied them.
 - In allocating home/central office costs, which cover a number of facilities, allowable management fees must be computed on basis of patient days.
 - In no case may fees claimed exceed amount allowed by the Medicare program.
 - Persons employed in a Nevada facility may not be included in home office charges to facility.
 - Personnel employed by the home office that work in various facilities must be included in home office costs.
 - Availability of home office services does not necessarily mean they are allowable. Only services needed and actually furnished to the Nevada provider may be claimed as a cost to this program.
 - Related organizations submitting incorrect, unsupported or inappropriate claims for management fees will have all management fees disallowed.
 - In some instances, allowable related organization costs may be recorded in various cost areas. These generally include costs incurred by the facility for services or supplies used in the facility. For example, the purchase of nursing or housekeeping supplies from a related organization would be recorded as direct expense, unless such supplies were used in the home office.
 - Employee benefits paid on behalf of home office personnel must be recorded as a part of home office costs, because the benefits are not directly related to the facility.

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- Direct depreciation of the facility buildings is allowable in the capital cost center, but the depreciation of home-office buildings would be recorded under home office costs.
 - For further clarification of how related organization cost would be treated for reimbursement purposes, providers should consult CMS Pub 15-1, chapter 10 and/or contact the Fiscal Agent prior to filing a cost report in order to avoid adjustment of such costs.
- 15.** Interest/Bank Charges - interest for non-property related loans should be recorded on this line. Bank overdraft charges and finance charges for late payments are not allowable. For interest to be allowable in the Administration cost area, it must be incurred for current indebtedness, not capital indebtedness, and must meet the requirements cited in CMS Publication 15-1, chapter 2, including the requirements that the loan be necessary and proper.
- 16.** Amortization - prorated portion of organization expense and start up costs.
- 17.** Insurance - cost of maintaining insurance coverage necessary to the prudent operation of the facility. Include mortgage insurance and all insurance related to the property and equipment on this line. Also include liability insurance on this line. NOTE: premiums for lives of officers or key employees where the provider is the beneficiary are not an allowable cost. If someone other than the facility is the beneficiary and coverage is substantially in excess of coverage for other employees, the premiums shall be considered additional compensation. Insurance costs for coverage of the vehicles(s) used to transport residents should be included in Patient Transportation Costs on line 52.
- 18.** Other Administrative & General -
- Office Supplies, Printing & Postage - bookkeeping materials, pencils, ink, etc. Printed forms, stationery, etc. Cost of operating a copy or postage machine including leases and maintenance agreements. Non-capital software costs.
 - Telephone/Communications - This includes charges for telephone/telegraph services. Internet Service fees should be included here. Capital equipment depreciation or lease cost should be included in the capital cost center. Telephone services in patient rooms, when provided solely for the personal comfort of the patient, are not includable. See CMS Pub 15-1, Ch 21, Sect. 2106)
 - Legal/Audit/Accounting - fees for the services of public accountants, auditors and attorneys.
 - Documentation for legal expenses must include the detail showing the name or initials of the attorney or professional that worked on the case, the total hours spent for legal services on the current invoice and the detail showing what specific work was performed for the facility.
 - Reimbursable costs such as reproduction fees and filing fees must also be detailed on the invoice.
 - Total pages of invoices, which do not include this detail, are not

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- considered competent, evidential matter and will not be allowable.
 - Legal fees, which relate to suits against the State of Nevada, the Department of Health Care Financing and Policy or the Fiscal Agent for the Medicaid Program, are non-allowable costs for reimbursement purposes.
 - Suits, which are for the protection of the stockholder's interest, are non-allowable.
 - Purchased Services - fees paid to outside consultants in all of the general service areas, including:
 - Medical Transcription Services
 - Security Services
 - Disposal Services
 - Water Delivery Services
 - Cable TV Services in public and employee areas (non-allowable in patient rooms, CMS Pub 15-1, Ch 21, Sect. 2106)
 - Employee Recruitment/Direct Advertising - may include costs for want-ad advertising for new employees and a one-quarter yellow page advertisement. If advertising costs are for the purpose of increased utilization they must be adjusted out for cost report purposes. Advertising to increase utilization is non-allowable per CMS Publication 15-1 and should be reported on line 127.
 - Fingerprints/Employee Physicals - costs required to hire and retain nursing home personnel such as, TB testing and influenza vaccinations for employees, physical examinations for facility employees, employee fingerprinting and background checks as necessary.
 - Travel, Seminars, & Administrative Training - administrative travel expenses incurred in traveling to out-of-town conferences, conventions and institutes and local administrative personnel training. **Travel documentation must include the name of the person traveling, the person's destination, the business purpose for the travel and the amount of expense with attached receipts for that expense.** If the facility has an internal policy that does not require receipts for reimbursement if certain expenses fall under a specific limitation (for example, meals under \$25 or a per diem payment only), then a copy of that policy should be provided during audit along with other travel documentation.
 - Dues, Subscriptions, & Licenses - includes membership in professional societies, cost of trade journals, fees for institutional licenses.
19. Plant Operation, Maintenance and Repairs
- Maintenance Supplies - Items required to maintain the facility, grounds or departments.
 - Fuel, Electric, Water & Sewage - cost of utilities and services for the physical plant.
 - Repairs and Other Maintenance Costs - cost of materials and services used in the repair of equipment and the physical plant.
 - Automobile Costs - all non-capital expenses (e.g. gas, oil, tires, and minor repairs) related to facility vehicles **not** used for patient transportation. Depreciation and lease expense for these vehicles must be reported in the

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Capital Cost Center. Expenses for autos not used exclusively for facility business or patient care must have records of non-facility use adequate for prorating purposes or be disallowed. Any auto charged to the facility must be appropriate for nursing home purposes under the prudent buyer concept. Damage insurance recoveries must offset damage costs. Costs/penalties for traffic violations are non-allowable costs.

- Minor Equipment Expense - cost of furniture and equipment items that are under the capitalization limit and/or have a life expectancy of one year or less, i.e. items with no particular location, and/or comparatively small in size. The provider must adjust any equipment, major or minor, out when filing the cost report if it is the type of equipment not included in the rate paid to nursing facilities.
 - Storage - costs of storing supplies or records of the provider when physical plant space is not available.
- 20.** Laundry and Linen Service – Purchased laundry services and the cost of acquiring on-hand supplies and parts required by this department to maintain the department. Include the following in this line:
- laundry soap, bleaches, ammonia, detergents, starch, needles, thread
 - replacement linen, towels, washcloths
 - pads, sheets, rubber sheets, drawsheets, pillows, pillowcases, blankets, etc.
- 21.** Housekeeping – Purchased housekeeping services and the cost of acquiring on-hand supplies and parts required by this department to maintain the department. Include the following in this line:
- brooms, brushes, mops
 - cleaning compounds, disinfectants, germicides, insecticides, polish, soaps
 - lavatory supplies (toilet paper, hand soap), paper towels, drinking cups
- 22.** Dietary /Raw Food - cost of supplies used in processing and preparing raw food for consumption by patients. Cost of food purchased, prepared in the regular kitchen (including special diets) and consumed by patients. Cost of dietary purchased services and consultants. Also included are dishes, glassware, silverware, paper products used in kitchen, dining room and on patients' trays, kitchen utensils, garbage cans, dish washing products, menus, bibs, aprons and all the other miscellaneous supplies and expenses of the dietary department.
- 23.** Personal Property Taxes - cost of personal property taxes levied for the current year by a Nevada governmental entity. Only taxes levied on property used in patient care is allowable. Penalties and late payment fees are not allowable.
- 24.** Real Estate Taxes - real estate taxes levied for the current year by a Nevada governmental entity. Penalties and late payment fees are not allowable. Allowable taxes for the current year are based on the assessment year stated on the tax bill.
- 25. through 26.** Other - general services operating expenses not provided for above. If the total amount reported exceeds \$1,000, identify in the spaces provided and/or attach

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a separate schedule.

27. State Provider Tax – provider tax levied by the State of Nevada for the current year. Penalties and late payment fees are not allowable. Amount entered should be the total amount of tax on the provider tax returns filed for the current year which are titled “Nursing Facilities Monthly Report and Fee Assessed to Increase the Quality of Nursing Care”. (Note: This tax is also commonly referred to as the “Bed Tax” or the “MDS Tax”.)
28. Allocation of Employee Benefit Costs – enter the amount from Worksheet E-1, line 1 column 4 that represents that portion of employee benefit costs applicable to total operating salaries.
29. Total Other Operating Expenses – enter the sum of lines 14 through 28 for columns 1 through 4.

Other Health Care operating expense

30. Nursing Supplies - medical supplies used in direct patient care. Includes items that are furnished routinely and relatively uniformly to all patients and/or stocked in gross supply and distributed or used individually in small quantities. May include items that are considered routine for Medicaid cost reporting purposes, but ancillary by the facility.
31. Durable Medical Equipment (DME) - with some exceptions, depreciation or lease expenses for DME is an allowable cost. Items such as wheelchairs, sterilizers, carts, tables, IPPB machines, room-air concentrators, ventilators, walkers, lifts, trapeze bars, seating and chairs, basins, bedpans, canes, crutches, cradles, trays, urinals, pitchers, sand bags, safety rails, heating pads, sphygmomanometers, buckets, large electronic thermometers, etc., should be reported on line 44. DME that is not allowable, e.g. air pressurized beds, should be reported as an ancillary cost.
32. Oxygen Expense - this expense includes gaseous or liquid oxygen for continuing or emergency use, and oxygen supplies such as disposable masks. Purchase and/or rental of oxygen tanks, regulators and concentrators is considered a DME expense. Suppliers commonly bill for oxygen in units of “tanks”. If tanks are exchanged at time of delivery, then the charge is considered an oxygen purchase and not tank rental.
33. Recreational Supplies - items used in planned group and individual recreational and social activities such as snacks in conjunction with a social activity (not part of a daily meal), games, paints, craft supplies, film rentals, reasonable entertainment, honorariums, playing cards, and party decorations.
34. Nursing Administration -
 - Utilization Review Fees - fees for physicians' services, availability, visits and utilization review.
 - Medical Director - fees paid to an appropriately licensed physician under agreement. The medical director, pharmaceutical consultant, social work consultant, and activities consultant as a minimum, must indicate actual time in the facility and appropriate duties. These records must be available to survey

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and audit personnel on request. The Medicaid program will not reimburse unsupported payments/fees.

- Pharmaceutical Consultant - fees paid to an appropriately licensed pharmacist under agreement with the facility. Includes the consulting fee charged by a licensed pharmacy which is a regularly used supplier of house and patient medications.
 - Nurse Aide Training Cost - testing and licensing fees, payment to aides or community colleges for training classes, tuition, supplies and materials, program review fees or other costs which are the result of OBRA 87 nurse aide training requirements.
- 35.** Social Service/Activities Consultant - fees paid to a licensed social worker under agreement with the facility where appropriate personnel are not on the payroll of the facility.
- 36.** Patient Transportation - allowable costs would include all direct costs such as gas, oil, repairs, vehicle insurance, depreciation or lease cost for patient transportation vehicles, cost of contracted carrier, etc.
- 37. through 38.** Other – other patient care expenses not provided for above. If the total amount reported exceeds \$1,000 identify in the spaces provided and/or attach a separate schedule.
- 39.** Total Other Care Expenses – enter the sum of lines 30 through 38 for columns 1 through 4.
- 40.** Allocation of Operating Costs to Other Cost Centers – enter as a **negative** amount, the sum of the amounts calculated on Worksheet E-2, line 7, column 4. This amount represents that portion of the above operating costs that are allocated to other cost centers based on patient days by level of care.
- 41.** Total Basic Care Operating Costs – enter the sum of line 13, line 29, line 39 and line 40 for columns 1 through 4.

EMPLOYEE BENEFIT COSTS

- 42.** Payroll Taxes - the employer's share of FICA and Medicare tax expense, federal and state unemployment taxes and other taxes related directly to payroll. Penalties are not an allowable cost.
- 43.** Worker's Compensation - worker's compensation fines or penalties are not an allowable expense. Any dividends received must be offset against expense. Worker's compensation expense rate is limited to the manual rate. Premiums paid in excess of the manual rate are non-allowable.

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44. Vacation, Holiday & Sick Pay - vacation, holiday, and sick pay for facility employees are allowable on a regular accrual basis.
45. Group Insurance - the employer portion of employees' health and accident insurance or life insurance is recognized as an allowable cost in this area. Premiums for the lives of officers or key employees where the provider is the beneficiary are non-allowable.
46. through 47. Other - employee benefits expenses not provided for above. If the total amount reported exceeds \$1,000 identify in the spaces provided and/or attach a separate schedule. All employee benefits (like other costs) are recognized on the accrual basis of accounting.

Allowable employee benefit costs include the costs associated with two employee parties/celebrations per year. For example, a Christmas party or summer barbecue, provided that the parties are available to all employees on an equal basis. Cash awarded to employee based on performance is considered wages and should be included in gross salary costs.

Employee benefit costs which are not allowable include, but are not limited to:

- employee of the month awards
 - employee safety awards
 - food for parties or meetings outside of the two parties mentioned above
 - flowers for employees
 - gifts for employees
 - other costs which are considered not ordinary and necessary facility expenses
 - costs deemed as not being related to patient care
48. Allocation to Other Cost Centers – enter as a **negative** amount, the total calculated on Worksheet E-1, line 9, column 4 that represents that portion of the above employee benefit costs that are allocated to cost centers based on the salaries charged within the cost center.
49. Total Employee Benefit Costs – enter the sum of lines 42 through 48 for columns 1 through 4. Because employee benefit costs are fully allocated to other cost centers on Worksheet E-1 this line should be zero for columns 3 and 4.

DIRECT HEALTH CARE COST CENTER

Direct Care Nursing Salaries and Wages

50. through 53. Salaries - these include salaries for RNs, LPNs, charge nurses, certified nursing aides, nursing aide trainees (after completion of 16 hours of classroom instruction in an approved training program) and restorative certified nursing assistants employed by the facility. These are gross salaries and wages for personnel with hands-on care responsibilities. Bonuses for Direct Nursing Staff should be included as well.

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Direct care nursing services do not include director of nursing, assistant director of nursing, MDS coordinator, In-service coordinator, patient care coordinator, staff development coordinator, ward clerk, medical records coordinator, aides in training, orientees, volunteers, and RNs, LPN or charge nurses who are classified as any of the above.

- 54.** Total Direct Care Nursing Salaries – enter the sum of lines 50 through 53 for columns 1 through 4.

Other Direct Health Care

- 55.** Contracted Nursing - the cost of acquiring RN, LPN and Nurse Aide staff from outside staffing companies for direct hands-on care of basic long-term care patients.
- 56.** Other - direct health care expenses for direct hands-on care of basic long-term care patients not provided for above. If the total amount reported exceeds \$1,000, identify in the spaces provided and/or attach a separate schedule.
- 57.** Allocation of Employee Benefit Costs – enter the amount from Worksheet E-1, line 2, column 4 that represents that portion of employee benefit costs applicable to total direct care nursing salaries.
- 58.** Total Basic Direct Health Care Costs – enter the sum of lines 54 through 57 for columns 1 through 4.

SPECIAL CARE COST CENTER

- 59. through 61.** Non-Pediatric Ventilator Salaries – Direct care salaries for patients defined as non-pediatric ventilator under the Medicaid State Plan (MSP) Attachment 4.19-D(E)(1)(a). See Chapter 500 of the Medicaid Services Manual for definition of direct care costs.
- 62.** Allocation of Employee Benefit Costs - enter the amount from Worksheet E-1, line 3, column 4 that represents that portion of employee benefit costs applicable to total non-pediatric ventilator care salaries.
- 63. through 66.** Non-Pediatric Ventilator Other Costs – Other direct care costs for patients defined as non-pediatric ventilator under the Medicaid State Plan (MSP) Attachment 4.19-D(E)(1)(a). See Chapter 500 of the Medicaid Services Manual for definition of direct care costs.
- 67.** Allocation of Operating Costs - enter the amount from Worksheet E-2, line 2, column 4 that represents that portion of general service (operating) costs allocated to non-pediatric ventilator care from the operating cost center based on patient days by level of care.
- 68.** Total Non-Pediatric Ventilator Care Costs – enter the sum of lines 59 through 67 for columns 1 through 4.

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- 69. through 70.** Behaviorally Complex Salaries – Direct care salaries for patients defined as behaviorally complex under the Medicaid State Plan (MSP) Attachment 4.19-D(E)(1)(b). See Chapter 500 of the Medicaid Services Manual for definition of direct care costs.
- 71.** Allocation of Employee Benefit Costs - enter the amount from Worksheet E-1, line 4, column 4 that represents that portion of employee benefit costs applicable to total behaviorally complex salaries.
- 72. through 73.** Behaviorally Complex Other Costs – Other direct care costs for patients defined as behaviorally complex under the Medicaid State Plan (MSP) Attachment 4.19-D(E)(1)(b). See Chapter 500 of the Medicaid Services Manual for definition of direct care costs.
- 74.** Allocation of Operating Costs - enter the amount from Worksheet E-2, line 3, column 4 that represents that portion of general service (operating) costs allocated to behaviorally complex from the operating cost center based on patient days by level of care.
- 75.** Total Behaviorally Complex Costs – enter the sum of lines 69 through 74 for columns 1 through 4.
- 76. through 78.** Pediatric Salaries – Direct care salaries for patients defined as pediatric under the Medicaid State Plan (MSP) Attachment 4.19-D(E)(1)(c). See Chapter 500 of the Medicaid Services Manual for definition of direct care costs.
- 79.** Allocation of Employee Benefit Costs - enter the amount from Worksheet E-1, line 5, column 4 that represents that portion of employee benefit costs applicable to total pediatric salaries.
- 80. through 83.** Pediatric Other Costs – Other direct care costs for patients defined as pediatric under the Medicaid State Plan (MSP) Attachment 4.19-D(E)(1)(c). See Chapter 500 of the Medicaid Services Manual for definition of direct care costs.
- 84.** Allocation of Operating Costs - enter the amount from Worksheet E-2, line 4, column 4 that represents that portion of general service (operating) costs allocated to pediatric from the operating cost center based on patient days by level of care.
- 85.** Total Pediatric Costs – enter the sum of lines 76 through 84 for columns 1 through 4.
- 86. through 88.** Other Specialty Care Salaries – Direct care salaries for patients defined as specialty care under the Medicaid State Plan (MSP) Attachment 4.19-D(E)(1) not provided for otherwise. See Chapter 500 of the Medicaid Services Manual for definition of direct care costs.
- 89.** Allocation of Employee Benefit Costs - enter the amount from Worksheet E-1, line 6, column 4 that represents that portion of employee benefit costs applicable to total other specialty care salaries.

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- 90. through 92.** Other Specialty Care Other Costs – Other direct care costs for patients defined as specialty care under the Medicaid State Plan (MSP) Attachment 4.19-D(E)(1) not provided for otherwise. See Chapter 500 of the Medicaid Services Manual for definition of direct care costs.
- 93.** Allocation of Operating Costs - enter the amount from Worksheet E-2, line 4, column 5 that represents that portion of general service (operating) costs allocated to other specialty care from the operating cost center based on patient days by level of care.
- 94.** Total Other Specialty Care Costs – enter the sum of lines 86 through 93 for columns 1 through 4.
- 95.** Total Specialty Care Costs – enter the sum of line 68, line 75, line 85 and line 94 for columns 1 through 4.

CAPITAL COST CENTER

- 96.** Mortgage Interest Expense - the allowable portion of interest incurred by the provider on a loan that is secured by a mortgage as a lien on the assets used for patient care. For interest to be allowable, it must meet the definitions of "necessary" and "proper."
- 97.** Other Capital Related Interest Expense - interest on other capital indebtedness such as the cost incurred for funds borrowed for equipment, and capital improvements. This line also includes the current period write-off of financing expenses. Penalties and finance charges assessed for late payments are not an allowable cost.
- 98.** Rent/Lease Expense - Buildings & Land - cost incurred for lease or rental of the land or buildings used by the provider for patient care. Guidelines established in CMS Publication 15-1 should be used to determine the amount allowable, including but not limited to regulations regarding a virtual purchase, sale-leaseback, and rental/lease from related organizations.
- 99.** Rent/Lease Expense - Equipment - costs incurred for lease or rental of major movable equipment used by the provider for patient care. This does not include patient transportation equipment, durable medical equipment, office equipment, or ancillary equipment, which are identified elsewhere in this cost report.
- 100.** Depreciation/Amortization - the cost of the physical plant, improvements, and capitalized equipment used for patient care written off ratably over the estimated useful life of the asset, using the straight-line method of depreciation. To be acceptable, the providers accounting records must include identification of the depreciable assets in use, the assets historical cost and salvage value, date of acquisition, EUL, method of depreciation, and accumulated depreciation. All depreciated assets must be adequately supported.

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- **Capitalization:** The guidelines outlined in CMS Pub. 15-1: 108.1 should be followed in determining capitalization of assets.
 - **Date of Acquisition:** Copies of journal entries alone do not represent competent evidential substantiation. Please be prepared to provide copies of the original documentation (invoices, contract agreements, etc.) which support the origination of the journal entry.
 - **Estimated Useful Life (EUL):** The provider must use the EUL specified in American Hospital Association guidelines. For assets acquired on or after January 1, 2002, providers must use the EUL from the 1998 edition of the Estimated Useful Lives of Depreciable Hospital Assets. Use the 2004 edition for assets acquired after May 1, 2004. A composite life may be used for a class or group of assets.
 - **Method of Depreciation:** The straight-line method of depreciation is the only acceptable method of depreciation. Under this method the annual allowance is determined by dividing the cost of the asset (less any estimated salvage value) by the years of useful life. This method produces a uniform allowance each year.
 - The provider must adjust out any equipment, major or minor, if it is of any type that is not included in the rate paid to nursing facilities.
 - Amortization costs should be expensed at the cost center where the particular expense would have been categorized if it had been expensed as an ordinary business expense (i.e.: it is **not** automatically a capital related cost). If it cannot be determined where the amortized expenses properly belong, the amortization expense should be categorized as an administrative expense.
- 101. through 102.** Other - any other capital related expenses not provided for above or in the operating cost center. If the total amount reported exceeds \$1,000, identify in the spaces provided and/or attach a separate schedule.
- 103.** Total capital cost center costs – enter the sum of lines 96 through 102 for columns 1 through 4.

NON-MEDICAID ANCILLARY HEALTH CARE COSTS

- 104.** Ancillary Salaries - gross wages for any employees of the provider that provide ancillary services that are not normally covered in the daily Medicaid rate, but are provided on a charge basis.
- 105.** Allocation of Employee Benefit Costs – enter the amount from Worksheet E-1, line 7, column 4 that represents that portion of employee benefit costs applicable to total ancillary salaries.

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- 106. through 116.** Ancillary Services - fees paid for contracted services and supplies used in providing ancillary services which are not part of the Medicaid daily rate for any level of care. These services are normally provided on a charge basis. This includes therapy services, private physician services, prescription drugs, certain lab and x-ray charges, central supply and other durable medical equipment. Medicaid pays for allowable ancillaries directly to the provider.
- 117.** Total Non-Medicaid Ancillary Health Care Costs – enter the sum of lines 104 through 116 for columns 1 through 4.

OTHER CARE EXPENSES

- 118.** Salaries - gross salaries for any employees of the provider provide direct care for "other" levels of care not paid by the Medicaid program (i.e. independent living, group care).
- 119.** Allocation of Employee Benefit Costs – enter the amount from Worksheet E-1, line 8, column 4 that represents that portion of employee benefit costs applicable to total other care salaries.
- 120. through 121.** Other - any "other" care expenses not provided for above. If the total amount reported exceeds \$1,000, identify in the spaces provided and/or attach a separate schedule.
- 122.** Allocation of Operating Costs - enter the amount calculated on Worksheet E-2, line 6, column 4 that represents that portion of general service (operating) costs allocated to other care from the operating cost center based on patients day by level of care.
- 123.** Total Other Care Costs – enter sum of lines 118 through 122 for columns 1 through 4.
- 124.** Total Expenses – enter the sum of all the cost center totals to include line 41, line 49, line 58, line 95, line 103, line 117 and line 123 for columns 1 through 4.
- 125.** Net Income (Loss) – enter sum total of Worksheet C-2, line 22 (total revenues) less Worksheet C-3, line 124 (total expenses) for columns 1 through 4.

PG. 15 - 17: WORKSHEET D-1 -- EXPENSE ADJUSTMENTS

This Worksheet is provided in order to make adjustments that affect only expense accounts. For reclassifications affecting more than one account or affecting balance sheet and revenue accounts, use Worksheet D-2. Some of the items, which must be adjusted, are listed under the appropriate cost centers on Worksheet D-1. Other items to be eliminated are those expenses specifically that do not meet the test of "reasonable, necessary and proper" as defined in the Provider Reimbursement Manual (CMS Pub 15-1).

Each adjustment must be identified by a number and must have an explanation of the reason

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for the adjustment.

COLUMN 1: Enter the number of the adjustment.

COLUMN 2: Enter the Worksheet C-3 line number(s) on which the adjustment appears.

COLUMN 3: Listed are the more common adjustments made to provider expenses. Any additional adjustments the provider is required to make must be explained on the lines provided.

COLUMN 4: Enter the amount of the adjustment with credits being indicated by brackets or a minus sign.

Costs that are allocations from Worksheet E-1 and E-2 should also be reported on worksheet D-1, column 2 where indicated. Other adjustments must be entered manually on the appropriate line of Worksheet C-3.

PAGES 18 - 19: WORKSHEET D-2 -- ADJUSTMENTS AND RECLASSIFICATION

All adjustments on Worksheets C-1 (Balance Sheet) or C-2 (Revenues), column 2 must be supported by adjustments on Worksheet D-2. Each adjustment must be identified by a number and must have an explanation of the reason for the adjustment. Use as many copies of Worksheet D-2 as necessary to list all required adjustments.

COLUMN 1: Enter the number of the adjustment continuing with the next number following the last one used on Worksheet D-1. (Example: If last adjustment number used on Worksheet D-1 was adjustment 12, Worksheet D-2 should begin with adjustment 13.)

COLUMN 2: Enter the Worksheet to which the adjustment applies.

COLUMN 3: Enter the line number to which the adjustment applies.

COLUMN 4: State what and why an adjustment is necessary. Be specific as to the reason for the adjustment.

COLUMN 5: Enter the amount(s) of the adjustment, with credits indicated by brackets or a minus sign.

Enter page totals for each page of Worksheet D-2.

PAGE 20: WORKSHEET D-3 -- COST OF SERVICES FROM RELATED ORGANIZATIONS

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Costs applicable to services, facilities, and supplies furnished to the provider by organizations related to the provider by common ownership or control are included in the allowable costs of the provider at the cost to the related organization. However, such cost must not exceed the price of comparable services, facilities, or supplies that could be purchased elsewhere. The purpose of this principle is two-fold: (1) to avoid the payment of a profit factor to the provider through the related organization (whether related by common ownership or control), and (2) to avoid payment of artificially inflated costs which may be generated from less than arm's-length bargaining.

This Worksheet provides for the computation of any needed adjustments to costs furnished to the provider by organizations related to the provider. In addition, certain information concerning the related organizations with which the provider has transacted business must be shown (see Provider Reimbursement Manual CMS Pub 15-1: Chapter 10).

A determination as to whether an individual (or individuals) or organization possesses significant ownership or equity in the provider organization and the supplying organization, so as to consider the organizations related by common ownership, will be made on the basis of the facts and circumstances in each case. This rule applies whether the provider organization or supplying organization is a sole proprietorship, partnership, corporation, trust or estate, or any other form of business organization, proprietary or nonprofit. In the case of a nonprofit organization, ownership or equity interest will be determined by reference to the interest in the assets of the organization (e.g., a reversionary interest provided for in the articles of incorporation of a nonprofit corporation).

- Related to the provider means that the provider, 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 exists when an individual or individuals possess significant ownership or equity in the provider and the institution or organization serving the provider.
- Control exists where an individual, or an organization, has the power, directly or indirectly, to significantly influence or direct the actions or policies of an organization or institution.

PART A: Indicate if any transactions occurred between related organizations. Complete parts B and C only if such transactions have occurred.

PART B: Use this part to identify the costs applicable to services, facilities, and supplies furnished to the provider by organizations related to the provider. However, such cost must not exceed the amount a prudent and cost conscious buyer would pay for comparable services, facilities, or supplies that could be purchased elsewhere.

Column 1 Enter the line numbers where costs are included on Worksheet C-3.

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- Column 2** Use this column to identify the nature of the expense items.
- Column 3** Enter the amount reported in the trial balance and/or general ledger of the provider and included on Worksheet C-3, column 1.
- Column 4** Enter the amount of cost that is considered allowable based on the actual costs of the related organization. Supporting calculations and/or documentation should be included with the cost report filing.
- Column 5** Enter the adjustment amount as the difference between column 3 and column 4. This amount should be carried to the appropriate cost center on Worksheet D-1 and to the appropriate line number on Worksheet C-3, column 2.

PART C: Use this part to show the interrelationship of the provider to organizations furnishing services, facilities, or supplies to the provider. The requested data relative to all individuals, partnerships, corporations, or other organizations having either a related interest to the provider, a common ownership of the provider, or control over the provider must be shown in columns 1 through 6, as appropriate.

Complete only those columns that are pertinent to the type of relationship that exists. Provide all information requested concerning the relationship to the provider.

- Column 1** Enter the appropriate symbol which describes the interrelationship of the provider to the related organization.
- Column 2** If the symbols A, D, E, F, or G are entered in column 1, enter the name of the related individual in column 2.
- Column 3** If the individual indicated in column 2 or the organization indicated in column 4 has a financial interest in the provider, enter the percent of ownership in the provider.
- Column 4** Enter the name of the related corporation, partnership, or other organization.
- Column 5** If the individual indicated in column 2 or the provider has a financial interest in the related organizations, enter the percent of ownership in such organization.
- Column 6** Enter the type of business in which the related organization engages (e.g., medical drugs and/or supplies, laundry, and linen service).

At the bottom of the Worksheet enter the name and address of the home office intermediary.

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PAGE 21: WORKSHEET E-1 – ALLOCATION OF EMPLOYEE BENEFIT COSTS

This Worksheet is intended to allocate the cost of employee benefits to each cost center based on the gross salaries charged to those cost centers. Gross salaries come from Worksheet C-3 lines as indicated. Employee benefit costs come from Worksheet C-3, lines 42 to 48, columns 1 through 4. The adjusted employee benefit costs from line 16, column 4 are allocated to each cost center based on the gross salaries as a percentage of total salaries.

PART I, Column 1-

- LINE 1:** Enter the total Operating Salaries from Worksheet C-3, column 1, line 13.
- LINE 2:** Enter the total Direct Health Care Salaries from Worksheet C-3, column 1, line 54.
- LINE 3:** Enter the total Non-Pediatric Ventilator Care Salaries from Worksheet C-3, column 1, lines 59-61.
- LINE 4:** Enter the total Behaviorally Complex Care Salaries from Worksheet C-3, column 1, lines 69-70
- LINE 5:** Enter the total Pediatric Specialty Care Salaries from Worksheet C-3, column 1, lines 76-78.
- LINE 6:** Enter the total Other Specialty Care Salaries from Worksheet C-3, column 1, lines 86-88.
- LINE 7:** Enter the total Ancillary Salaries from Worksheet C-3, column 1, line 104.
- LINE 8:** Enter the total Other-Care from Worksheet C-3, column 1, line 118.
- LINE 9:** Enter the sum of lines 1 through 6.

PART I, Column 2 -

Calculate the percentage for lines 1 through 9 by dividing the amount of each salary line (column 1) by the total salary amount on line 9.

PART I, Column 4 –

Calculate the allocation to each cost center by multiplying the total adjusted balance of employee benefit costs (Part II, line 14, column 4) by the percentage of each respective line from column 2.

- LINE 1:** Transfer this amount to worksheet C-3, line 28, column 2 and the appropriate line on Worksheet D-1.
- LINE 2:** Transfer this amount to worksheet C-3, line 57, column 2 and the appropriate line on Worksheet D-1.
- LINE 3:** Transfer this amount to Worksheet C-3, line 62, column 2 and the appropriate line on Worksheet D-1.
- LINE 4:** Transfer this amount to Worksheet C-3, line 71, column 2 and the appropriate line on Worksheet D-1.

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- LINE 5:** Transfer this amount to Worksheet C-3, line 79, column 2 and the appropriate line on Worksheet D-1.
- LINE 6:** Transfer this amount to Worksheet C-3, line 89, column 2 and the appropriate line on Worksheet D-1.
- LINE 7:** Transfer this amount to Worksheet C-3, line 105, column 2 and the appropriate line on Worksheet D-1.
- LINE 8:** Transfer this amount to Worksheet C-3, line 119, column 2 and the appropriate line on Worksheet D-1.
- LINE 9:** Enter the sum of lines 1 through 8 and transfer this amount as a **negative** to Worksheet C-3, line 48, column 2 and the appropriate line on Worksheet D-1.

PART II, Columns 1 through 4 –

- LINE 10:** Enter the amount from Worksheet C-3, line 42 for each column.
- LINE 11:** Enter the amount from Worksheet C-3, line 43 for each column.
- LINE 12:** Enter the amount from Worksheet C-3, line 44 for each column.
- LINE 13:** Enter the amount from Worksheet C-3, line 45 for each column.
- LINE 14:** Enter the amount from Worksheet C-3, line 46 for each column.
- LINE 15:** Enter the amount from Worksheet C-3, line 47 for each column.
- LINE 16:** Enter the sum of lines 10 through 15 for each column 1 through 4. This is the total of allocable employee benefits. Line 16, column 4 is the amount to be allocated to the individual cost centers and should equal the amount on line 9 column 4.

PAGE 22: WORKSHEET E-2 – ALLOCATION OF OPERATING COSTS

This Worksheet allocates the operating costs to cost centers based on the number of patient days for the level of care within the cost center.

Total patient days come from Worksheet B. Operating costs come from Worksheet C-3, lines 13, 29, and 39, columns 1 through 4. The adjusted operating costs from line 11, column 4 are allocated to each cost center based on the level of care patient days as a percentage of total patient days.

PART I, Column 1-

- LINE 1:** Enter the Basic Care total patient days from Worksheet B, column 3, line 6.
- LINE 2:** Enter the Non-Pediatric Ventilator Care total patient days from Worksheet B, column 3, line 7.
- LINE 3:** Enter the Behaviorally Complex Care total patient days from Worksheet B, column 3, line 8.
- LINE 4:** Enter the Pediatric Specialty Care total patient days from Worksheet B, column 3, line 9.
- LINE 5:** Enter the Other Specialty Care total patient days from Worksheet B, column 3, line 10.

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- LINE 6:** Enter the Other Care total patient days from Worksheet B, column 3, line 11.
LINE 7: Enter the sum of lines 1 through 4.

PART I, Column 2 -

Calculate the percentage for lines 1 through 7 by dividing the amount of each level of care line (column 1) by the total patient days on line 7.

PART I, Column 4 –

Calculate the allocation to each cost center by multiplying the adjusted balance of operating costs (Part II, line 11, column 4) by the percentage of each respective line from column 2.

- LINE 1:** Transfer this amount to worksheet C-3, line 40, column 2 and the appropriate line on Worksheet D-1.
LINE 2: Transfer this amount to worksheet C-3, line 67, column 2 and the appropriate line on Worksheet D-1.
LINE 3: Transfer this amount to worksheet C-3, line 74, column 2 and the appropriate line on Worksheet D-1.
LINE 4: Transfer this amount to worksheet C-3, line 84, column 2 and the appropriate line on Worksheet D-1.
LINE 5: Transfer this amount to worksheet C-3, line 93, column 2 and the appropriate line on Worksheet D-1.
LINE 6: Transfer this amount to worksheet C-3, line 122, column 2 and the appropriate line on Worksheet D-1.
LINE 7: Enter the sum of lines 1 through 6 and transfer this amount as a **negative** to Worksheet C-3, line 40, column 2 and the appropriate line on Worksheet D-1.

PART II, Columns 1 through 4 –

- LINE 8:** Enter the amount from Worksheet C-3, line 11 for each column.
LINE 9: Enter the amount from Worksheet C-3, line 13 for each column.
LINE 10: Enter the amount from Worksheet C-3, line 29 for each column.
LINE 11: Enter the sum of lines 8 through 10 for each column 1 through 4. Line 11, column 4 is the amount to be allocated to the individual cost centers and should equal the amount on line 7 column 4.

PAGE 23: WORKSHEET E-3 – ALLOCATION OF CAPITAL COSTS

This Worksheet provides for the allocation of capital costs to cost centers. The basis for allocation is the number of patient days for the level of care within the cost center. Total patient days come from Worksheet B. Capital costs come from Worksheet C-3, lines 96 through 103, columns 1 through 4. The capital cost allocation is used only for the summary of cost centers at Worksheet H. No allocation is made by way of an adjustment to Worksheet C-3. The adjusted capital costs from line 15, column 4 are allocated to each cost center based on

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the level of care patient days as a percentage of total patient days.

PART I, Column 1-

- LINE 1:** Enter the Basic Care total patient days from Worksheet B, column 3, line 6.
- LINE 2:** Enter the Non-Pediatric Ventilator Care total patient days from Worksheet B, column 3, line 7.
- LINE 3:** Enter the Behaviorally Complex Care total patient days from Worksheet B, column 3, line 8.
- LINE 4:** Enter the Pediatric Specialty Care total patient days from Worksheet B, column 3, line 9.
- LINE 5:** Enter the Other Specialty Care total patient days from Worksheet B, column 3, line 10.
- LINE 6:** Enter the Other Care total patient days from Worksheet B, column 3, line 11.
- LINE 7:** Enter the sum of lines 1 through 6.

PART I, Column 2 -

Calculate the percentage for lines 1 through 7 by dividing the amount of each level of care line by the total patient days on line 7.

PART I, Column 4 –

Calculate the allocation to each cost center by multiplying the total adjusted balance of capital costs (Part II, line 15, column 4) by the percentage of each respective line from column 2.

- LINE 1:** Transfer this amount to Worksheet H, line 4, column 1.
- LINE 2:** Transfer this amount to Worksheet H, line 4, column 2.
- LINE 3:** Transfer this amount to Worksheet H, line 4, column 3.
- LINE 4:** Transfer this amount to Worksheet H, line 4, column 4.
- LINE 5:** Transfer this amount to Worksheet H, line 4, column 5.
- LINE 6:** Transfer this amount to Worksheet H, line 4, column 7.
- LINE 7:** Enter the sum of lines 1 through 6.

PART II, Columns 1 through 4 –

- LINE 8:** Enter the amount from Worksheet C-3, line 96 for each column.
- LINE 9:** Enter the amount from Worksheet C-3, line 97 for each column.
- LINE 10:** Enter the amount from Worksheet C-3, line 98 for each column.
- LINE 11:** Enter the amount from Worksheet C-3, line 99 for each column.
- LINE 12:** Enter the amount from Worksheet C-3, line 100 for each column.
- LINE 13:** Enter the amount from Worksheet C-3, line 101 for each column.
- LINE 14:** Enter the amount from Worksheet C-3, line 102 for each column.
- LINE 15:** Enter the sum of lines 8 through 14 for each column 1 through 4. This is the total of allocable capital costs.

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PAGE 24: WORKSHEET F-1A – MAJOR RENOVATION/REMODEL PROJECTS

The Fair Rental Value (FRV) reimbursement system has been used to determine each facility's capital rate since July 1, 2003. Current Regulations regarding the determination of Fair Rental Value can be found in the State Plan, Attachment 4.19-D. Facility specific FRV rates can be found at the Division's website (<http://dhcfp.nv.gov/Resources/Rates/RatesCostContainmentMain/>). The purpose of the F-1 Worksheets is to identify major renovation/remodel projects that were completed and placed in service during the cost reporting period and may affect (increase) the FRV rate.

- LINE 1:** Answer "Yes" if a project meeting the criteria outlined in the State Plan was placed in service during the cost reporting period. If more than one eligible project was placed in service, complete a separate F-1 worksheet for each. Identical Worksheets F-1A, F-1B and F-1C are provided for reporting one to three projects. If no eligible project was placed in service, answer "No" and skip to Worksheet G-1.
- LINE 2:** Answer "Yes" if the project was placed in service and reported to DHCFP. Answer "No" if the project was placed in service but not reported to DHCFP.
- LINE 3:** Provide the date in mm/dd/yyyy format when the project was reported to DHCFP. Answer "N/A" if it was not previously reported.
- LINE 4:** Provide the total cost of the project that was previously reported to DHCFP. These may have been estimated costs for projects reported prior to their in-service dates.
- LINE 5:** Answer "Yes" if the project increased the number of licensed beds that existed at the beginning of the cost reporting period. Answer "No" if the project did not increase the number of licensed beds. If the answer was "No," skip to Line 8.
- LINE 6:** If the answer on Line 5 was "Yes," provide the date in mm/dd/yyyy format when the added beds were certified for Medicaid. Answer "N/A" if the beds have not been certified for Medicaid.
- LINE 7:** Answer "Yes" if the added beds are included on Lines 2 and 3 of Worksheet B. Answer "No" if the additional beds are not included on Worksheet B.
- LINE 8:** Answer "Yes" if the assets added in the project were included on the facility's depreciation schedules for the cost reporting period. Answer "No" if the assets have not been included on the current year's schedules.
- LINE 9:** Provide a brief description or name identifying the nature and location of the project, e.g., "south wing extension."

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LINE 10: In Column 1 enter the sum of all the costs claimed on the cost report that are related to the project. The sum may differ from the amount shown on Line 4 that was previously reported to DHCFP. In Column 2 enter the total number of licensed beds at the end of the cost reporting period. Column 2 fills automatically from Worksheet B, Line 3, Column 5. In Column 3, enter the cost per licensed bed by dividing the cost in Column 1 by the number of beds in Column 2. Round to the nearest whole dollar. Column 3 calculates automatically.

LINE 11: Reserved for Fiscal Agent's audit adjustments. Make no entries on this line.

LINE 12: In Columns 1, 2 and 3, enter the sum of the respective columns from lines 10 and 11. Line 12 calculates automatically.

PAGE 25: WORKSHEET F-1B – MAJOR RENOVATION/REMODEL PROJECTS

This worksheet is similar to F-1A, and is included to allow for identification of a second project put in service during the cost reporting period. Refer to instructions for Worksheet F-1A.

PAGE 26: WORKSHEET F-1C – MAJOR RENOVATION/REMODEL PROJECTS

This worksheet is similar to F-1A/B, and is included to allow for identification of a third project put in service during the cost reporting period. Refer to instructions for Worksheet F-1A.

PAGE 27 - 29: WORKSHEET G-1 – DIRECT HEALTHCARE COST ADJUSTMENT

The direct care cost center includes allowable RN, LPN, and Nursing Aide salaries and wages; a proportionate allocation of allowable employee benefits; and the direct allowable cost of acquiring RN, LPN and Nurse Aide staff from outside staffing companies. A facility-specific price is established for this cost center based on 110% of the statewide Medicaid day weighted median. However, a minimum direct care-staffing requirement applies in order to encourage adequate direct care staffing.

Effective for cost reporting periods beginning after July 17, 2003, if a nursing facility does not incur direct care costs that equal at least the Adjusted Total Facility Specific Health Care Floor (line 8b), the Department will have the option to recoup from future Medicaid payments to that provider an amount equal to 100% of the spread between the provider's direct care payments and the actual cost the provider incurred. The repayment amount, if it applies, is calculated by this worksheet and appears on line 10.

Part I – Direct Health Care Cost Center

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LINE 1: Enter the amount from Worksheet C-3, line 58 for each column. This is the total of the direct health care cost center.

Part II – Computation of Minimum Direct Care Staffing Requirement

LINE 2: Enter the amount from line 1, column 4.

LINE 3: Enter the total adjusted Nursing Facility Standard Care patient days from Worksheet B line 6, column 3.

LINE 4: Calculate the provider health care costs per-patient day by dividing line 2 (adjusted direct health care costs) by line 3 (total basic care patient days). Round to the nearest cent.

LINE 5: Enter the total adjusted Nevada Medicaid Nursing Facility Standard Care patient days from Worksheet B line 6, column 6.

LINE 6: Calculate the total Medicaid Direct Care Costs by multiplying line 4 (per-patient day health care costs) times line 5 (Nevada Medicaid NF days).

LINE 7: Enter the total Medicaid Direct Health Care Payments from Worksheet G-1 line 26, column 5. (Part III on this worksheet must be completed first.)

LINE 8: Enter the Adjusted Direct Healthcare Floor Dollar Minimum from Worksheet G-1 line 42, column 8. (Part IV on this worksheet must be completed first.)

LINE 9: Determine the difference between the direct care costs and the minimum direct care staffing requirement by subtracting line 8 from line 6. If this is a positive number, then the provider has met the requirements of providing adequate direct care staffing and zero may be entered on line 10.

LINE 10: If line 9 is a negative number, then the minimum staffing requirement has not been met and the provider should calculate the difference between the direct health care payments (line 7) and the total Medicaid direct care costs (line 6). This amount is then carried to the submission checklist and entered in the appropriate box as an amount due to the Nevada Medicaid Program.

Part III – Computation of Direct Health Care Payments

LINES 12 through 25:

Column 1: Enter each month/year included in the audit period.

Column 2: Enter the number of NF Standard Care Days provided during the month for which Nevada Medicaid paid. Days paid are found on the CRS Report listings distributed by DHCFF.

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Column 3: Enter the Facility Specific Direct Care Price applicable to the facility for the month. Prices for the applicable time periods are found on the Rates Calculation Worksheets on DHCFFP's website (<http://dhcftp.nv.gov/Resources/Rates/RatesCostContainmentMain/>).

Column 4: Enter the Budget Adjustment Factor for the month. Adjustments for the applicable time periods are found on the same report used for Column 3 above.

Column 5: Calculate NF Standard Care Direct Health Care Payments for each month by multiplying days from Column 2 by the direct care price from Column 3 and the budget adj. factor from Column 4.

LINE 26: **Column 5:** Calculate total NF Standard Care Direct Health Care Payments for the audit period by summing the amounts from Lines 12 through 25. Transfer the total to Line 7.

Part IV -- Computation Of Facility Specific Health Care Floor

LINES 28-41: **Column 3:** Enter the Direct Care Floor amount for each month using the amounts on the Rates Calculation Worksheet also used for lines 11 – 25.

Column 4: This column is for retroactive payments adjustments that will be provided to the Fiscal Agent by DHCFFP.

Column 5: Enter the Provider Tax Per Diem Rate which can be obtained from the monthly reports titled "Nursing Facilities Monthly Report and Fee Assessed to Increased the Quality of Nursing Care" which are submitted to DHCFFP.

Column 6: Enter the taxable days reported on the same report used for column 5.

Column 7: Calculate this column by multiplying columns 5 & 6.

Column 8: Calculate this column by multiplying columns 2, 5, & 12.

Column 9: Calculate this column by subtracting column 8 from column 7. Divide that total by 2 and then multiply by 41% (0.41).

Column 10: Calculate this column by adding columns 3, 4, & 9.

Column 11: Calculate this column by multiplying columns 2 & 10.

Column 12: Enter the Budget Adjustment Factor using the amounts from Lines 12 to 25 Column 4.

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Column 13: Calculate this column by multiplying columns 11 & 12.

LINE 42 **Column 13:** Calculate the Adjusted Direct Healthcare Floor Dollar Minimum by summing the amounts in lines 28 through 41. Transfer the total to line 8.

PAGE 30: WORKSHEET H – COST REPORT SUMMARY

This Worksheet is provided as a summary comparison of Medicaid costs and payments for informational use only. There is no settlement under the prospective payment system currently in effect. This page summarizes the various costs associated with providing each level of care.

LINE 1: Operating Costs - Enter the amount for each level of care from Worksheet E-2.

LINE 2: Employee Benefit Costs - Enter the amount for each level of care from Worksheet E-1. For the NF Standard Care, include employee benefits allocated to both operating salaries and direct care health care salaries (Worksheet E-1, Column 4, lines 1 and 2).

LINE 3: Direct Care Costs – Enter the amount of the direct care costs as follows:

Column 1: sum lines 54 through 56 of Worksheet C-3 (column 4).

Column 2: sum lines 59 through 61 and 63 through 66 of Worksheet C-3 (column 4).

Column 3: sum lines 69 through 70 and 72 through 73 of Worksheet C-3 (column 4).

Column 4: sum lines 76 through 78 and 80 through 83 of Worksheet C-3 (column 4).

Column 5: sum lines 86 through 88 and 90 through 92 of Worksheet C-3 (column 4).

Column 6: sum lines 104 and 106 through 116 of Worksheet C-3 (column 4).

Column 7: sum lines 118 and 120 through 125 of Worksheet C-3 (column 4).

LINE 4: Capital Costs – Enter the amount for each level of care from Worksheet E-3.

LINE 5: Enter the sum of lines 1 through 4 columns 1 through 5.

LINE 6: Enter the total days for the period covered by this cost report from Worksheet B lines 6 through 11, column 3.

LINE 7: Divide line 5 by line 6 for each column.

LINE 8: Enter Medicaid days for the period covered by this cost report from Worksheet B, lines 6 through 11, column 6.

LINE 9: Multiply line 7 by line 8 to arrive at the allowable Medicaid cost for each level of

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care.

- LINE 10:** Enter interim payments from all sources for the Medicaid days shown on line 8. This includes claims payments, lump-sum payments for retroactive rate adjustments, and any other payments made for allowable facility costs.
- LINE 11:** Enter the result of line 9 less line 10 in all columns.
- LINE 12:** Enter the sum of columns 1 through 7, line 11.