

## **OKLAHOMA NURSING HOME COST REPORT INSTRUCTIONS**

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These are the regulations, explanations, and instructions to be used in the preparation of your Nursing Home Cost Report which is due to be filed on or before October 31, following the end of each state fiscal year. All nursing homes will report on the state fiscal year which runs from July 1 to June 30.

Cost reports are mandatory under Title XIX of the Social Security Act and are required by the provider's contract with the Oklahoma Health Care Authority (OHCA). The OHCA is charged with enforcement. Title XIX and the Medicaid State Plan require all licensed Nursing Homes (NH) in Oklahoma to render an annual cost report. Collectively, these reports establish a basis for evaluation of the reasonableness of the rate paid to the nursing homes and determination of what constitutes an economically and efficiently operated facility. All nursing homes must file using the OHCA Secure Website, unless filing a partial year (see Fractional Year below).

**NOTE: NURSING HOME REPORTS FILED AFTER OCTOBER 31<sup>ST</sup> SUBJECT THE FACILITY TO DELAY IN FUTURE PAYMENTS.**

### **EXTENSION OF TIME**

Nursing Home Reports are required to be filed on or before **October 31<sup>st</sup>** of each year. This requirement will be rigidly enforced unless approved extensions of time for the filing of said reports are granted.

Extensions, for just cause, not to exceed 15 days, may be granted. No particular form is required. Extensions of time shall be requested by a letter addressed to the Finance Division.

When an extension has been approved and the report is filed within the authorized extended period, said report will be considered as timely filed.

If the NH fails to file its report within the required (or extended) time, the NH will be treated as "out of compliance" and payments to the NH will be subject to suspension.

Simultaneously with the "suspension of payments", the matter of noncompliance will be referred to the Legal Division of the OHCA to be considered in connection with the renewal of the NH contract.

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### **FRACTIONAL YEAR REPORT**

Where the ownership or operation of a NH changes hands during the year, or where a new operation is commenced, a fractional year report is required, covering each period of time the NH was in operation during the year. Fractional year reports must be filed on paper and mailed to:

Oklahoma Health Care Authority  
Finance Division/Cost Reporting  
4545 N Lincoln, Suite 124  
Oklahoma City, Okla. 73105

Forms may be obtained on the website or by contacting the Finance Unit at 405-522-7294 (e-mail [david.branson@okhca.org](mailto:david.branson@okhca.org)) or at 405-522-7311 (e-mail [Tasha.black@okhca.org](mailto:Tasha.black@okhca.org)).

Fractional year reports are linked to the legal requirement that all NH reports be properly filed in order that the overall cost of operation of the NH may be determined.

If a NH is sold or discontinued, OHCA may withhold final payment due to said NH until its final report is received. The audit of fractional year reports falls within the discretion of the Authority.

### **REPORTS MUST BE ACCURATE**

OHCA's utilization of computers is essential in accumulating information needed. This, in turn, is dependent to a large degree on the uniformity, accuracy and completeness of the report you file.

The success of the entire program rests with the ability of OHCA to function properly in fixing the rate of compensation for NH services.

In preparing the approved Nursing Home Cost Report, the use of generally accepted accounting principles (AICPA) and the accrual basis of accounting is required.

### **PROVIDER – FALSE STATEMENTS OR MISREPRESENTATIONS**

42 U.S.C. §1320a-7b Penalties

“(a) Whoever- (2) at any time knowingly and willfully makes or cause to be made any false statement of a material fact for use in determining rights to such benefit or payment... shall (i) in the case of such a statement, representation, concealment, failure, or conversion by any person in connection with furnishing (by that person) of items or services for which payment is or may be made under this title (42 U.S.C. §1320 et. seq.), be guilty of a felony and upon conviction thereof fined not more than \$25,000 or imprisoned for not more than five years or both, or (ii) in the case of such a statement, representation, concealment, failure, or conversion by any other person, be guilty of a misdemeanor and upon conviction thereof fined not more than \$10,000 or imprisoned for not more than one year, or both.

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### **AUDITS**

#### **ON-SITE AUDITS**

Every year, the OHCA will select a group of costs reports to be independently audited. A sample will be drawn based in part on reported costs, common ownership or coverage over a regular cycle.

The law requires that your records be made available to the OHCA for audit purposes. This also applies to any auditor that the OHCA engages to perform said examinations.

The Nursing Home Cost Report Main Schedule is supported and populated by data entered into the other schedules covering Facility Statistics, Salaries & Wages, Outside Professional Fees, Employee Expenses, Taxes non-payroll, Office Expense, Insurance non-payroll, General Expenses, Drugs & Medical Supplies, Capital Related Expenses, Administrative Services, Other Expenses and Related Organizations.

**CAUTION: DO NOT COMBINE LINE ITEMS ON ANY SCHEDULE.**

**USE ONLY WHOLE NUMBERS – NO CENTS PLEASE**

Costs included on the NH cost report are to consist of “allowable costs” only. Costs should be net of any offsets or credits for items such as interest earned on operating cash and charges to others for meals, etc.

**ALLOWABLE COST:** Includes all items of expense which providers incur in the provision of routine services (see below). Allowable costs must be considered reasonable, necessary, and proper and shall include only those costs that are considered allowable for Medicare/Medicaid purposes.

**ROUTINE SERVICES:** Regular room, dietary and nursing services, minor medical and surgical supplies, and the use of equipment and facilities essential to the provision of routine care only. **Items reimbursed outside the NH rate should not be included in the NH cost report.**

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*The following are specific instructions for completion of the Nursing Home Cost Report Supporting Schedules or Screens. Please have all of your final numbers ready for input (i.e. all close-outs, year –ending entries and assimilations of data).*

### ACCESS

The OHCA Secure Internet (Medicaid on the Web) may be accessed by first going to the Oklahoma Health Care Authority public website (okhca.org) and under “Provider” execute the “SoonerCare Secure Site” option.

### PERSONAL IDENTIFICATION NUMBER (PIN)

If you currently utilize the secure website for filing claims, etc. then you may access the Interactive Cost Report function immediately by executing the new menu option (LTC COSTS) on the secured sight. If, on the other hand you have never accessed this secure site, you must have a Personal Identification Number (PIN) issued to you by the OHCA. A letter was sent out when PIN’s were assigned. If you no longer have the letter and need a reissue of or new PIN number assigned then call 405-522-6205 or 800-522-0114 and then follow the voice instructions and select the option for new or reissue for the internet PIN. A letter will be sent to you containing your secure PIN.

Please refer to the PHCA publication, The Provider Update for Spring 2003, (also available on the website) for additional information on utilizing the website.

### CREATING A CLERK

To create a clerk to use the sight select **Account** from the main menu. Click on the **Create New Clerk** button. A separate box will appear where the new clerk’s information will be entered. In the **User Name** field create a generic name (i.e. CLK 12345). In the **Contact Name** field enter a valid contact name. In the **Password** field enter a generic password (CLK12345).

**Note: The clerk will replace the generic user name and password with the desired selections when they logon for the first time.**

Select the roles to be added to the clerk’s list from the drop-down menu field located right of the buttons. Press the **Grant Role** button when the desired role is displayed in the field. This selection will appear in the field at the left. Repeat this process for each role to be granted to the clerk. When finished, click the **Create Clerk** button, then save. To delete a role from the clerks list, highlight the role to remove and click the **Cancel Role** button. Select the **Cancel** button to exit the clerk creation process.

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### REPORTING PROCESS

Once you gain access to the secure website select *LTC Costs* and choose the Edit/Submit Costs option. After selecting the Edit/ Submit option the cost reporting MAIN SCREEN should appear which displays the facility profile. If you find problems or errors please contact the Finance division to have changes made. Do not wait for these changes to continue entering costs. On the bottom of the screen, click the *Edit Cost Report* button which will take you to the:

NURSING HOME COST REPORT MAIN SCHEDULE which you use to monitor and access the schedules for data entry. Click on each cost classification schedule to enter that data. Note that the Facility Statistics Schedule and Skilled Nursing Facility Addendum Schedule (if applicable) must be filed first, then the other classification schedules in any order you desire.

The *Save* feature is at the bottom of each schedule to allow the user to stop at their discretion without duplicating (or having to re-enter) data. Once a schedule has been saved the total will go the main schedule and a check (√) will appear by that cost classification on the Main Schedule. You may re-enter or change data at any time until the report is submitted after which it is locked and you must contact the OHCA Finance department to unlock the file. DO NOT select *Submit Report* option on the Main Schedule until all data has been entered on all schedules, audited for accuracy and saved-this locks the data entered to date and assumes it is final. The following are instructions and suggestions relating to the specific screens you will encounter:

### FACILITY STATISTICS SCREEN

Report Medicare, Medicaid and Other Days and Available Bed Days on this schedule. The occupancy rate will automatically calculate. Please note patient days for the SNF Unit and all other patient days should be entered in the appropriate columns.

*Common Ownership:* Check here if the facility's owner has an ownership interest in other nursing facilities.

*Workers Comp:* Select from the drop down box to indicate what type of insurance you carry.

*Ownership Change:* Check here if there has been a change of ownership. If so, the date, C.O.N (construction of need) approval date, previous owner and address of previous owner is required.

*Related Parties:* Check here if you incur costs from related parties. (i.e. from suppliers having common ownership/control with the facility)

*Facility Lease:* If the facility is being leased the name of the lessor and address is required.

**Note: If you report SNF Days then you must fill out the Skilled Nursing Facility Addendum schedule. The access button is on this schedule. Fill out the SNF schedule after saving this schedule and going back to the main schedule page for further data entry selection.**

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### SKILLED NURSING FACILITY ADDENDUM SCREEN

Skilled Nursing Facility Addendum: You must complete this schedule if you reported SNF patient days. To access this screen key on the “Skilled Nursing Facility Addendum” button on the Facility Statistics Schedule. If you collect separate information for the SNF unit enter on this schedule. At a minimum, you must enter the Outside Professional fees and Drugs & Medical supplies for these patients on this schedule. These are **NOT ALLOWABLE EXPENDITURES ON THE OTHER SCHEDULES.** All other expenditures reported on this schedule may be included in the other schedules.

### SALARIES AND WAGES SCREEN

Report gross salaries (before deductions) and actual hours worked as reflected by your records. Salaries should correspond to the amount of wages paid for the last four quarters as shown by the payroll tax reports adjusted for accruals, if applicable.

Nursing home owners, partners, stockholders and corporate officers may be employed by a nursing home and receive just compensation for services which are necessary to routine patient care. However, this compensation amount is considered part of the “Administrative Services Allowance” and should be included the Administrative Services Schedule. **DO NOT INCLUDE SALARIES OF THIS TYPE ON SALARY AND WAGES SCHEDULE. ALSO, RECORD THE BENEFITS PAID FOR THESE SALARIES ON THE ADMINISTRATIVE SERVICES SCHEDULE.**

The only exception is salaries of owner employees for time worked as DON, RN, LPN, CMA, NA, QMRP, or licensed therapist.

*Note: The Salaries and Wages Schedule may not be saved unless there are hours entered for each line that salary dollar amounts are entered.*

### OUTSIDE PROFESSIONAL SERVICES SCREEN

The purpose of this Schedule is to identify the cost and hours of outside professionals who are not carried on the NH payroll. It does not include persons who have any economic interest in the facility. Record the costs under the appropriate classification.

If “other” and “legal” outside professional fees are claimed, supporting documentation should be made available for audit purposes since the nature of the services performed will determine their allowability. Omission of an explanation will automatically result in an unallowable expense.

**DO NOT include cost of “Therapists” whose cost is directly attributable to Skilled Nursing Facility (SNF) patients.** These costs should be recorded only on the addendum main schedule. The therapy costs on this schedule should only those directly attributable to regular nursing home patients.

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### **EMPLOYEE BENEFITS AND PAYROLL-RELATED EXPENSE SCREEN**

The purpose of this Schedule is to provide support for the cost of employee benefits. List those job classifications for which the nursing home pays group health and dental insurance, life insurance, retirement and pension, or other employee benefits. Use the same job classifications as those on the Salaries and Wage Schedule. Do not include benefits paid for owner's salaries reported on the Administrative Services Schedule.

Employee benefits are amounts paid to, or on behalf of an employee in addition to direct salary and wages, and from which the employee, his dependent (as defined by IRS), or his beneficiary derives a personal benefit before or after the employee's retirement or death. Employee benefits are those primarily for the benefit of the employee. However, there may also be some intrinsic benefit to the employer such as increasing employee work efficiency and productivity. The cost of employee benefits must be reasonable and related to patient care.

Training and convention expenses are not to be included as employee benefits as these expenses are to be included as Staff Development and Training on the Employee Expenses Schedule.

**FICA AMOUNT:** Under the law, a deduction is made from the employee's pay check for FICA (Social Security) taxes and the employer is required to match this amount. Only the employer-paid portion is to be shown on this Schedule. Do not include employee's contributions.

**UNEMPLOYMENT COMPENSATION EXPENSE:** Represents the "tax" upon payrolls that the employer is required to pay. The amount is readily discernible from the payroll tax reports filed.

**WORKERS' COMPENSATION:** Includes premium paid for workers disability protection. Security deposits are not to be included here as they are not expense items. Self-Insurance Premiums will be allowed up to the normal rates charged by the State Insurance Fund.

**GROUP HEALTH AND DENTAL INSURANCE:** Includes only the employer's portion, if any, of premiums paid for health and dental coverage for employees.

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**EMPLOYEE BENEFITS AND PAYROLL-RELATED EXPENSE SCREEN-continued**

OTHER EMPLOYEE BENEFITS: Includes other employee benefits such as paid educational courses benefiting the employees' interest - not the employer's, room and board furnished for the convenience of the employee, and free meals.

STAFF DEVELOPMENT AND TRAINING: The purpose of this schedule is to provide documentation for required training and other staff development.

REQUIRED TRAINING: Includes such items as the following:

Cost of Nurse Aide Competency Evaluations

Other Licensed Direct Care Personnel Training – Includes other licensed direct care training cost other than competency evaluations such as cost of the actual training, textbooks, other required course materials, and transportation to the training or testing site. Also include nurse aide training reimbursed to aide for training received prior to employment.

OTHER STAFF DEVELOPMENT: Other - Expenditures for education and training related to the provision of patient care. Convention expense must be limited to convention-related expenses for meetings and conferences directly related to patient care.

LIFE INSURANCE: Includes life insurance premiums paid by the nursing home only if benefits of the policy inure to the employee or his beneficiary.

PENSION-PLAN EXPENSE: Includes cost of establishing and maintaining a fund for payment to employees, usually over a period of years, or for life, after retirement.

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### TAXES: NON-PAYROLL RELATED SCREEN

This Schedule itemizes non-payroll related taxes paid by the NH. Please note federal and state income taxes are not an allowable cost for the purpose of the cost report. Penalties and fines are also non-allowable.

EXCISE TAX: Includes tax on capitalized assets, or assets which must be depreciated rather than expensed in the current period.

CORPORATION LICENSE: This is actually a franchise tax collected annually by the state.

AD VALOREM: Property taxes levied by the state.

AUTO TAG/REGISTRATION: Includes only the appropriate portion of tag and registration fees that are directly related to patient care. Example: If auto is 60% personal use (as documented by mileage log) only 40% cost should be included on this schedule.

OTHER: **Note:** Please record the **Quality of Care Fee Assessments** on the line provided on the **Other Expenses Schedule**.

### OFFICE SUPPLIES AND EXPENSE SCREEN

This line item includes such items as stationery, printing, general office supplies, routine minor office expenses, postage, adding machine paper, small appliances such as stapling machines, lettering guides, file folders, reproduction costs, etc.

TELEPHONE: Normally this will include the cost of basic service, long distance charges necessary in the provision of routine care and one line yellow page advertising. A long distance call log is suggested as a convenient means of documenting parties contacted and the purpose of the calls. Patient room phones are not an allowable expense. Telephone expense should be reduced by credits arising from charges to patients, employees or others.

UTILITIES: Ordinarily this cost includes heating, air conditioning, water, garbage collection and sewer charges. The cost will also include charges for cable TV if such is in effect in your area, but only the portion related to general or lobby areas is allowable. The cost of patient room television service is not an allowable expense. The offset credits, if any, would be the amount of reimbursements or proportionate charges to sublet space to other parties or any other use not related to routine care.

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### **INSURANCE: NON-PAYROLL RELATED SCREEN**

This Schedule should include all non-employee related insurance expense such as building and property damage, liability, and automobile coverage. Do not include workers' compensation, group health and dental, or life insurance as these employee-related insurance amounts should be reflected on Employee Expenses Schedule.

BUILDING POLICY: Represents property damage and liability expense related insurance coverage of the building structure and physical property.

AUTOMOBILE POLICY: Includes property damage and liability expense related to insurance coverage of automobiles.

OTHER INSURANCE: Expense related to other insurance policies including premiums paid by the facility on behalf of patients for eyeglass/denture coverage.

TOTAL – Sum of lines 1-3.

### **BUILDING INSURANCE POLICY INFORMATION:**

Building Insured Value – Indicate amount of insurance coverage carried on building structure only.

Contents Insured Value – Indicate amount of insurance coverage carried on contents only.

### **GENERAL EXPENSES SCREEN**

#### **DUES AND SUBSCRIPTIONS**

Costs included are professional, technical, or business related organization costs if the organization's function and purpose can be reasonably related to the development and operation of patient care facilities and programs, or the rendering of patient care services. Costs of membership in such organizations are allowable costs. These costs include initiation fees, dues, special assessments, and subscriptions to periodicals.

Provider costs related to membership in social, fraternal, and other organizations are generally not allowable as these organizations concern themselves with activities unrelated to the member's professional or business activities. Political contributions are not an allowable cost as they are not related to patient care.

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### **GENERAL EXPENSES SCREEN-continued**

**PUBLIC RELATIONS:** Most expenses in this area are for advertising which is an unallowable expense; however, items necessary to routine care are allowable such as classified advertising for personnel. Costs associated with fund-raising, promotional, or publicity cost intended to increase patient utilization are non-allowable. Costs of activities including professional contacts with physicians and public health agencies to apprise them of availability of providers' services are allowable.

**AUTOMOBILE EXPENSE:** This item includes all of the non-capital related auto expense incurred by the facility associated directly with patient care. Do not include costs associated with personal use of the vehicle. The OHCA suggests allocation of cost based on mileage documented by an auditable log. Accurate allocation between personal and NH use is subject to audit and unsupported or arbitrary allocations are not allowable costs. Do not include auto insurance, as it is included on the Insurance Non-Payroll Schedule, nor depreciation which is included on the Capital Related Costs Schedule.

**MAINTENANCE:** Generally the costs of all expenses, except salaries, necessarily incurred in the maintenance of the physical plant and equipment fall within this category, including, but not limited to, general repairs, minor alterations, tools, lawn mowing, shrubbery and tree trimming, shoveling of snow, cleaning drives, hauling and trucking, minor painting, redecorations, etc.

**LAUNDRY AND LINENS:** This includes all costs, except payroll, of providing clean laundry and linens. Although these items may be recorded separately on the NH books, they must be combined for the purpose of this report.

**HOUSEKEEPING SUPPLIES:** This classification includes all of those items, except salaries, normally used in housekeeping such as chemicals, mops, brooms, housekeeping carts, trash and vacuum cleaner bags, minor appliance and similar items.

**FOOD AND KITCHEN SUPPLIES:** This line includes cost of food, dairy products, bakery and other kitchen supplies, including such items as pots, pans, cooking utensils, dishes, silverware, trays, straws and other non-capitalized items of equipment. Credits should be made to offset the aforesaid costs when cash reimbursements for groceries and kitchen supplies (by employees and others) and charges made for meals served to patients, guests and employees are made. These items reduce the NH cost.

### **SOCIAL SERVICES AND SUPPLIES**

These items include, but are not limited to, expenditures made for patient activities, shopping, games, crafts, amusements, patients' parties and activities, holiday festivities and

decorations, and other activities that are part of the routine care program. (Salaries are reported elsewhere).

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### **DRUGS AND MEDICAL SUPPLIES SCREEN**

The purpose of this Schedule is to provide detail of the cost of drugs and medical supplies routinely furnished to all patients as part of the NH daily rate. **DO NOT include cost of drugs and medical directly attributable to Skilled Nursing Facility (SNF) patients.** These costs should be recorded only on the addendum main schedule. Drugs and medical should include only that which would be supplied to all regular nursing home patients.

Where the cost of drugs or supplies is reimbursed, sold, charged or chargeable to patients, or others, your cost must be correspondingly reduced by the revenues received. Prescription drugs not covered under the Vendor Drug Program or not reimbursed by another third party can be included on this Schedule.

Over the Counter Drugs – These costs should be entered separate from all other drugs and medical supplies.

Specialized Adaptive Medical Equipment and Other Durable Medical Equipment (DME) is “special” or “unique” equipment required for proper care and not reimbursed directly to the NH by Medicaid, Medicare, or other third-party payers. (Examples of DME include motorized wheelchairs, seat inserts, and orthopedic braces.

Do not include equipment as Specialized Adaptive Medical Equipment or other Durable Medical Equipment that is listed as part of your capital inventory of depreciable items on the Capital Related Costs Schedule.

### **CAPITAL-RELATED COST SCREEN**

This Schedule should reflect the total ACTUAL capital cost.

Records of each asset must be maintained in order to support any depreciation amounts claimed.

To be acceptable, depreciable property must be identified. This is not to say that a separate ledger sheet must be maintained for each piece of equipment, but merely that a record must be kept which will identify each item of equipment being depreciated and reflect its cost or fair market value, if it was donated, at the time of acquisition.

The depreciation schedules are subject to audit. Incomplete or unclear schedules will be returned to the provider for completion. The schedules must make it perfectly clear as to

what items are being depreciated. As stated previously in the instructions, reporting must be in keeping with generally accepted accounting principles.

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### **CAPITAL-RELATED COST SCREEN-Continued**

Section 2314 of DEFRA (Public Law 98-369) amended Section 1861 (V) (1) of the Social Security Act regarding changes of ownership. The practical effect of DEFRA is that a “write-up” from a historical cost basis on newly acquired depreciable assets will no longer be allowed. The DEFRA limitation requires a calculation of the purchase price to the new owner.

See below for definitions of asset classifications.

### **PROPERTY CLASSIFICATIONS**

**BUILDING** – The basic shell or structure and additions thereto. The remainder is identified as building equipment.

**BUILDING EQUIPMENT** – Attachments to the building, such as wiring, electrical fixtures, plumbing, elevators, heating and air conditioning, and sprinkler systems. These items may be separated from the building cost and depreciated over their useful life.

**LAND** – Land is not depreciable.

**LAND IMPROVEMENTS** – Includes such things as paving, tunnels, sewer and water lines, parking lots, sidewalks, shrubbery, fences, and etc. These items are not considered to be a part of the land or the building.

**LEASE-HOLDS AND IMPROVEMENTS** – Betterments and additions made by the Nursing Home to Nursing Home Leased property, which become the property of the Lessor at the expiration of the lease, would be amortizable over the remaining term of the lease.

**EQUIPMENT** – In addition to the items listed above, major items of equipment such as furniture, accounting machines, beds, wheelchairs, desks, vehicles, etc., which have sufficient unit costs to justify identification and minimum life of at least three years must be capitalized.

### **SECTION I (Equipment Rent and Lease)**

Report equipment rental and lease payments in this section. Lease payment amounts should not include maintenance fees or supplies, as these are not considered capital cost. Rental and lease contracts must be made available for audit.

### **SECTION II (Facilities Rent and Lease)**

Report building facilities rental or lease payments in this section.

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### **CAPITAL-RELATED COST SCREEN-Continued**

**NOTE: BE CERTAIN AMOUNTS ARE NOT DUPLICATED AS PART OF THE INTEREST SECTION.**

#### SECTION III (Interest Expense)

Report all interest expense related to a capital debt on this Schedule. Do not include interest on working capital such as funds borrowed to pay monthly payroll, etc.

*Do not duplicate amounts already included as part of a lease payment in Section A.*

#### SECTION IV (Depreciation Summary)

Buildings and Improvements: Include acquisition cost and depreciation total.

Land Improvements: Include acquisition cost and depreciation total.

Leasehold Improvements: Include acquisition cost and depreciation total.

Equipment: Include acquisition cost and depreciation total.

Note: No zero amounts may be reported on any line for which there is cost reported-if in fact the value has gone to zero due to full depletion then enter 1.

### **ADMINISTRATIVE SERVICES SCREEN**

Should reflect the actual cost of the items covered by the administrative services allowance: owners salary and non-salary compensation, management fees, and home office expense.

Enter home office cost descriptions and amounts.

Enter **owners' non-salary compensation**, if applicable. This includes any compensation to owners not included as salary on the regular payroll; such as one time remuneration for services rendered to the facility. Do not include profit distributions or dividends.

Enter **owners' salary** amount for hours worked other than for direct care (Direct care salaries and hours should be entered on line 6). The amount on line 2 should not be included on Schedule A (Salaries and Wages).

Enter all **benefits** (FICA, Unemployment, Workers' Compensation Insurance, Pension or other paid **for owner's** whose **salaries** are reported on Line 2).

Enter all payments for Director's fees – not to include profit distributions or owners' compensation.

Enter management fees paid for administrative services only.

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### OTHER EXPENSES

This cost classification should include only the expense you are unable to classify in other cost centers of the cost report. Any "Other Expenses" should be cited only for your own information and for the purpose of reconciling your records with the filed reports. Avoid adding any extra items to the "other expense" category since many of these items will invariably fit into one of the provided classifications. Some exceptions that might be added here are expenditures for vaccines, uniforms, criminal background checks, etc. The 1<sup>st</sup> line should be used to report **hepatitis vaccination** costs separately. All facilities should report "**provider fees**" on Line 2 of this schedule.

### RELATED ORGANIZATION

Complete Schedule only if pertinent to your facility.

### RELATED ORGANIZATIONS

Federal Regulations, 42 CFR 447.284, requires the NH to identify related organizations and to summarize costs incurred in transactions between the NH and such related organizations. This regulation reads as follows:

- “(a) Cost of services, facilities, and supplies furnished by organizations related to the provider, by common ownership or control, must not exceed the lower of the cost of the organization or the price of comparable services, facilities, or supplies purchased elsewhere.
- (b) The cost report must identify related organizations and costs.”

A related organization is one in which there is a common ownership or controlling interest existing between the vendor and the NH.

Each Contract with payments to a “Related” party must be documented by Cost Allocation Statements from the party and by bids from other “Outside” suppliers.