



Washington State
Department of Social
& Health Services

Transforming lives

Nursing Facility Cost Report Instruction Manual

To be used in conjunction with the Nursing Facility Cost
Report provided by the Office of Rates Management

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GETTING STARTED

Sign up for our rates LISTSERV at:

<https://public.govdelivery.com/accounts/WADSHSALTSA/subscriber/new>

CHANGES TO THE COST REPORT

NEW for 2025:

Changes made to the 2025 Cost Report template:

- On Schedule N, report all Medicaid Managed Care Days, including those billed or not billed, as Class Code 55.
- On Schedule A, the word “contact” has been added to the email address boxes to clarify that all three will be contacted for cost report questions:

23. FACILITY CONTACT E-MAIL ADDRESS	24. HOME OFFICE CONTACT E-MAIL ADDRESS	25. COST REPORT PREPARER CONTACT E-MAIL ADDRESS

When submitting files with the cost report, make sure to zip the files together before uploading.

Reminders:

Group Retro Rebate Letter – If your facility participated in the Group Retro Rebate program, the Group Retro Rebate letter you received from your association is [required](#) to be submitted with cost report.

Schedule N: Make sure and report “Medicare Advantage Part C” properly and not just put it in “Other” as it will affect the Safety Net Assessment (SNA) Reconciliation.

Account 5422 Travel – it is recommended to submit the travel detail for staff of facility/chain (traveler, purpose, date(s) of travel and the amount) with the attached schedule. Travel account is to be used **ONLY** for travel to a conference, to the Home Office, to a required training or to another facility within the chain, **not for Local Travel** (such as driving to the bank or other activities that are part of doing business).

Account 5439 Other Administrative should be used for **Local Travel** (such as driving to the bank or other activities that are part of doing business)

Travel for Nursing Pool (agency must be licensed by DOH) – Compensation for commuting to and from work site (including per diem stipends, mileage reimbursement, & paid travel time) are part of the total compensation for contracted staff and should be reported in accounts 5114.02 – 5114.04.

Class Code 54, 60, 91 and 92 are reported on Schedule M and N as Medicaid days. Class codes 54, and 91 will be included on Schedule O-1 but no unallowable offset is necessary.

Schedule M - class code 92 is included as Medicaid.

Schedule M - class code 60 is considered Community Home Project and needs the offset like class codes 50, 62, 63 etc.

Per WAC [388-96-499](#), only costs related to the care of Medicaid recipients are allowable.

For costs that should be paid by another agency, but that agency denied it, you must include the denial with your cost report submission.

Accurate information, including requested backup data, is necessary to accurately complete cost report reviews. The Department will give providers two weeks to provide requested additional documentation

ITEMS TO SUBMIT WITH THE COST REPORT

The following items must be submitted with the Cost Report. The requirement for these items will be in effect until further notice and are in accordance with **RCW 74.46.800** and **WAC 388-96-022**. A Cost Report is not considered received until a complete Cost Report AND notarized certification page has been uploaded to the designated managed file transfer (MFT) secure site.

- A facility organizational chart as of the end of the Cost Report period. The organizational chart must be legible and show the names of officers, board members, key employees, including functions and responsibilities of each individual.
- While a Home Office Cost Report is not required, all documentation (supporting allocation calculations and reported reconciliations for Schedule G-2 and G-2 HO) are required.
- Trial balance with a crosswalk between facility account numbers and cost report account numbers.
- Group Retro Rebate Letter – “if participated in the Group Retro Rebate program”
- Bad Debt (if applicable) - copies of award letters for Medicaid patients with bad debts, a bad debt schedule, at least three reasonable documented attempts indicating timely collection efforts and information on when the debt was incurred.
- A monthly census summary for each resident, which includes the days they were in the facility and their payment source (e.g., Medicaid, Medicaid Managed Care, Medicare Part A, Medicare Part B, Private, Hospice, VA, Insurance, etc.). Include a final reconciliation report linking the specific payer source on the facility census to the generic payer source on Schedule N by month. Both the monthly census summary and final reconciliation report must be submitted.
- A list of all renovations for Building, Building Improvements, Fixed Equipment or Leasehold Improvements. Provide copies of all invoices supporting the renovation. If the improvement total does not reach the threshold of \$2000 per bed, the invoice

information is not necessary and does not need to be entered on Schedule G under the Fair Market Rental section.

- If square footage is being added, include a site plan with the measurements and diagram showing the additional square footage **WAC 388-96-915 (5)**.

WAC 388-96-010 - Definitions.

"Building" means the basic structure, shell, structures, or shells of a facility and additions thereto. All allowable sections of a building are enclosed on all sides with a roof and are permanent.

"Building improvements" are betterments and additions made by a building owner to the building.

"Fixed equipment" means attachments to buildings including, but not limited to, wiring, electrical fixtures, plumbing, elevators, heating system, and air conditioning system. Generally, fixed equipment is permanently attached to the building and not subject to transfer.

"Leasehold improvements" are betterments and additions made by the lessee to the leased property that become the property of the lessor after the expiration of the lease.

Please identify the title of each segment using only the titles identified below:

- Organizational Chart
- Home Office Reconciliation to Schedule G-2 and G-2 HO
- Trial balance with a crosswalk between facility account numbers and cost report account numbers.
- Grouping schedule(s) if applicable. This does not replace the Trial Balance.
- Bad Debt
- Census
- Renovations

PLEASE NOTE: All the above information must be submitted electronically.

During the examination process, it may be necessary to contact you for additional information other than listed above. Facilities will be expected to comply with the analysts' request for additional or substantive back-up documentation to support the claimed cost within the requested time frame. **Failure to comply with analysts' request by the due date given on the request will result in a disallowance of the claimed cost.** If you have questions about the list of documentation needed or a specific item, please call the analyst assigned to your facility.

COST REPORT SPECIFICS

This manual is intended to assist users of the Cost Report designed by the Office of Rates Management for the preparation of the Nursing Facility Cost Report.

The Cost Report is formatted in Microsoft Excel 2003. The Cost Report must be completed using the accrual method of accounting per **WAC 388-96-099**.

DO NOT CUT AND PASTE INFORMATION FROM PREVIOUS COST REPORTS! The template has changed and will not accurately report the facility's cost report data.

The Cost Report worksheets have been protected. The cells which may have data input have been unlocked so that you may key data into them. You may use the “Tab” key to move throughout the Cost Report and schedules. Pressing “Tab” will move the cursor to the next unlocked cell on the Cost Report schedule. Worksheets Schedule F and Schedule G-5 are unprotected.

The purpose for these worksheets being prepared in a standard Excel format are as follows:

- To aid the facility in Cost Report preparation.
- To link interdependent schedules so that Cost Report schedules will be in agreement.
- To perform detailed and rudimentary mathematical functions for the Cost Report preparer.
- To create a standardized computer-generated copy of schedules acceptable to DSHS for the Nursing Facility Cost Report.
- To eliminate math edit Cost Report errors at desk review.
- To save the Cost Report preparer and DSHS time.

Some special features of these worksheets include:

Linking of Schedules

If a specific line item on one schedule must agree with a line item on another schedule, the Excel Cost Report checks this automatically when an entry is made. Most lines and/or schedules that need to agree on the Cost Report will be labeled as such. If an ERR message appears in a cell, check the formula in that cell and the formula in the cell that corresponds. Double check both items to see which is incorrect. Provide an explanation if the amount(s) do not agree. Some line items on a schedule may be filled in with data from other schedules. The Excel Cost Report will fill these in for the Cost Report preparer.

Rounding

Amounts on all schedules are to be rounded to the nearest whole dollar or whole hour except for Schedule O. Certain items on Schedule O (weighted rate, cost per patient day, lesser of cost or weighted rate, shifting in or out, and settlement rate) are rounded to four places to the right of the decimal. Round all other amounts on Schedule O to whole dollars.

Electronic Filing

All facilities are required to submit the Cost Report electronically. Please make sure the Cost Report file is named `VENDOR NUMBER_23CSTRPT` (i.e. `4000000_23CSTRPT`). **Send an email to NFRates@dshs.wa.gov and/or tiffany.hills@dshs.wa.gov after files have been uploaded. Make sure to zip all your supporting document files together into one file before uploading.**

The Department has a Secure Managed File Transfer account available for facilities and consultants to upload documents securely <https://mft.wa.gov/webclient/Login.xhtml>. This site works with Microsoft Edge or Google Chrome browser. If a username is needed or password reset, send an email request to NFRates@dshs.wa.gov.

A Cost Report is not considered received until a complete Cost Report AND notarized certification page has been uploaded to the designated managed file transfer (MFT) secure site.

Download the Cost Report

Download the Cost Report from the [AL TSA website](#):

<http://www.dshs.wa.gov/altsa/management-services-division/office-rates-management>.

Under the **Cost Reports** heading you will be able to find the **2023 Cost Report**. The Cost Report file name is **23CSTRPT.XLS**. Rename the file **VENDOR NUMBER_23CSTRPT**.

Complete all applicable schedules. Incomplete schedules **will be considered as an incomplete Cost Report**. Check the "Not Applicable" box with "NA" no space or additional characters on the schedules that are non-applicable.

DO NOT CREATE ADDITIONAL SUBTOTALS OR TOTALS IN THE COST REPORT.

For Schedule G, Lines 292 – 323 ‘OTHER UNALLOWABLE’, only type the Account Description. Account Numbers have been preprinted and should not be changed. All adjustments need to be described and shown on Schedule G-5.

All footnotes, disclosures, and itemized listings requested per the Cost Report instructions and guidelines based on the Generally Accepted Accounting Principles must be provided. WAC 388-96-205, RCW 74.46.485 and RCW 74.46.022.

For all lines in the Cost Report titled "Other" (e.g. Schedule G, account 5111.19) include a schedule with a detailed breakdown of what is included in the account. When an amount reported in "Other" exceeds \$1,000, additional detail must be provided. The additional detail must disclose all items included in "Other" categories and must equal the total entered on the schedule that required the itemization.

Suggested Keying Order

Schedule A
Schedule B
Schedule M
Supplemental Schedule O-1
Schedule N
Schedules G-1 through G-7
Schedule G-8
Schedule G
Schedule F
Schedule L
Schedule O

Schedule P
Schedule Q

COST REPORT DUE DATE

The due date for the Cost Report is March 31st for the calendar year 2024 Cost Report. The Cost Report AND notarized certification page must be uploaded to the secure managed file transfer site by **March 31, 2025**.

WAC 388-96-022 - Due dates for cost reports.

(1) The contractor must submit annually a complete report of costs and financial conditions of the contractor that is prepared and presented in a standardized manner and in accordance with this chapter and chapter 74.46 RCW.

(2) The department will review the contractor's costs and financial conditions in accordance with the methodology effective at the time the contractor incurred the costs as described in chapters 388-96 WAC and 74.46 RCW.

(3) Not later than March 31st of each year, each contractor must submit to the department an annual cost report for the period from January 1st through December 31st of the preceding year.

(4) Cost reports for new contractors must be submitted in accordance with WAC 388-96-026.

(5) To properly complete the cost report, the contractor must submit the entire cost report, including the certification page to the document electronically. A cost report is not complete until the department receives both documents.

(6) Not later than one hundred twenty days following the termination or assignment of a contract, the terminating or assigning contractor must submit to the department a cost report for the period from January 1st through the date the contract was terminated or assigned.

(7) If the contractor does not properly complete the cost report or the department does not receive it by the due date established in this section, the department may withhold all or part of any payments due under the contract until the department receives the contractor's properly completed cost report.

(8) The department may impose civil fines or take adverse rate action against contractors and former contractors who do not submit properly completed cost reports by the applicable due date established in this section.

The Department is bound by the due date established in the above rule.

EXTENSION OF DUE DATE

The department cannot grant an extension to the due date unless there are extenuating circumstances that prevent the facility from completing the Cost Report.

WAC 388-96-107 - Request for extensions.

(1) A contractor may request in writing an extension for submitting cost reports. Contractor requests must:

(a) Be addressed to the manager, nursing facility rates program;

- (b) State the circumstances prohibiting compliance with the report due date; and*
- (c) Be received by the department at least ten days prior to the due date of the report.*
- (2) The department may grant two extensions of up to thirty days each, only if the circumstances, stated clearly, indicate the due date cannot be met and the following conditions are present:*
 - (a) The circumstances were not foreseeable by the provider; and*
 - (b) The circumstances were not avoidable by advance planning.*

FINES FOR LATE COST REPORTS

If a Cost Report is not received by April 1st (as March 31st is a Sunday) and no extension of the due date has been approved, the facility will be fined as outlined below:

WAC 388-96-217 - Civil fines.

(1) The department may deny, suspend, or revoke a license or provisional license or, in lieu thereof or in addition thereto, assess monetary penalties of a civil nature not to exceed one thousand dollars per violation in any case in which it finds that the licensee, or any partner, officer, director, owner of five percent or more of the assets of the nursing home, or managing employee has failed or refused to comply with any requirement of chapters [74.46 RCW](#) or [388-96 WAC](#).

(2) The department may fine a contractor or former contractor or any partner, officer, director, owner of five percent or more of the stock of a current or former corporate contractor, or managing agent for the following but not limited to the following:

(a) Failure to file a mathematically accurate and complete cost report, including a final cost report, on or prior to the applicable due date established by this chapter or authorized by extension granted in writing by the department;

(b) Failure to permit an audit authorized by this chapter or to grant access to all records and documents deemed necessary by the department to complete such an audit;

(c) Has knowingly or with reason to know made a false statement of a material fact in any record required by this chapter and/or chapter [74.46 RCW](#);

(d) Refused to allow representatives or agents of the department to inspect all books, records, and files required by this chapter to be maintained or any portion of the premises of the nursing home;

(e) Willfully prevented, interfered with, or attempted to impede in any way the work of any duly authorized representative of the department and the lawful enforcement of any provision of this chapter and/or chapter [74.46 RCW](#); or

(f) Willfully prevented or interfered with any representative of the department in the preservation of evidence of any violation of any of the provisions of this chapter or chapter [74.46 RCW](#).

(3) Every day of noncompliance with any requirement of subsection (1) and/or (2) of this section is a separate violation.

(4) The department shall send notice of a fine assessed under subsection (1) and/or (2) of this section by certified mail return receipt requested to the current contractor, administrator, or former contractor informing the addressee of the following:

(a) The fine shall become effective the date of receipt of the notice by the addressee; and

(b) If within two weeks of the date of receipt of the notice by the addressee, the addressee complies with the requirement(s) of subsection (1) and (2), the department may waive the fine.

In accordance with **WAC 388-96-217**, the department will, by certified mail, notify all facilities having late Cost Reports that the fine is being assessed. Failure to pick up the certified letter from the post office or refusal to sign for/accept the letter will constitute delivery for the purpose of **WAC 388-96-217**.

REQUIRED NOTIFICATION

WAC 388-97-1640

Required notification and reporting.

(1) The nursing home must immediately notify the department's aging and disability services administration of:

(a) Any allegations of resident abandonment, abuse, or neglect, including substantial injuries of an unknown source, financial exploitation and misappropriation of a resident's property;

(b) Any unusual event, having an actual or potential negative impact on residents, requiring the actual or potential implementation of the nursing home's disaster plan. These unusual events include but are not limited to those listed under [WAC 388-97-1740](#) (1)(a) through (k), and could include the evacuation of all or part of the residents to another area of the nursing home or to another address; and

(c) Circumstances which threaten the nursing home's ability to ensure continuation of services to residents.

(2) Mandated reporters must notify the department and law enforcement as directed in [WAC 388-97-0640](#), and according to department established nursing home guidelines.

(3) The nursing home must notify the department's aging and disability services administration of:

(a) Physical plant changes, including but not limited to:

(i) New construction.

(ii) Proposed resident area or room use change.

(iii) Resident room number changes; and

(iv) Proposed bed banking.

(b) Mechanical failure of equipment important to the everyday functioning of the nursing home, which cannot be repaired within a reasonable time frame, such as an elevator; and

(c) An actual or proposed change of ownership (CHOW).

(4) The nursing home must notify, in writing, the department's aging and disability services administration and each resident, of a loss of, or change in, the nursing home's administrator or director of nursing services at the time the loss or change occurs.

(5) The nursing home licensee must notify the department's aging and disability services administration in writing of any change in the name of the licensee, or of the nursing home, at the time the change occurs.

(6) If a licensee operates in a building it does not own, the licensee must immediately notify the department of the occurrence of any event of default under the terms of the lease, or if

it receives verbal or written notice that the lease agreement will be terminated, or that the lease agreement will not be renewed.

(7) The nursing home must report any case or suspected case of a reportable disease to the appropriate department of health officer and must also notify the appropriate department(s) of other health and safety issues, according to state and local laws.

(8) In the event of a nursing home's voluntary closure, the nursing home must:

(a) Notify all residents and resident representatives, the department's designated aging and disability services administration office, the state long-term ombuds, and, if the facility is Medicare-certified, the Centers for Medicare and Medicaid Services;

(b) Send the written notification at least sixty days before closure;

(c) Ensure that the relocation of residents and any required notice to the Centers for Medicare and Medicaid Services and the public is done in accordance with WAC [388-97-4320](#).

(9) The nursing home licensee must provide written notice of its intention to voluntarily terminate its Medicare or Medicaid contract, to:

(a) The department's designated aging and disability services administration office;

(b) The Washington health care authority;

(c) The Centers for Medicare and Medicaid Services;

(d) All residents and, when appropriate, resident representatives; and

(e) The public.

(10) The written notice required in subsection (9) must be provided, at least sixty days before contract termination, except notice to Centers for Medicare and Medicaid Services and the public must be provided in accordance with the requirements of 42 C.F.R. 489.52.

(11) If a nursing home voluntarily withdraws from participation in the Medicaid program, but continues to provide nursing facility services, the nursing home will be subject to 42 U.S.C. 1396r (c)(2)(F), which prohibits the discharge of Medicaid residents who are residing in the facility before the effective date of the withdrawal.

MATH EDITS

The Math edits sheet is to be used as a tool to find mistakes or missing data in the Cost Report. Use the Math edits sheet only when all data has been completed in the Cost Report workbook. A Cost Report that is uploaded with Math Edit errors that cannot be justified, will be required to be re-submitted along with an amended certification page.

The first column will show “Correct,” “Error,” or some other error message. “Correct” means the math edit is satisfactory and no further action is needed. Anything other than “Correct” in the first column means that data within the workbook is incorrect or needs to be verified.

- Column A: If “Correct” no further action. If “Error” then verify the data.
- Column B: “Purpose of Math Edit” describes what area(s) needs to be reviewed.
- Column C: “Schedule” indicates which cost report schedule(s) the math edit formula is referring to.
- Column D: “Line# or Description” indicates which cost report area(s) the math edit formula is referring to.
- Column E: “Line Description” indicates the cost report schedule line descriptions the math edit formula is referring to.

- Column F: “Account Description” indicates the cost report schedule(s) account descriptions the math edit formula is referring to.
- Column G: “Account Number” indicates the cost report schedule account number(s) the math edit formula is referring to.

After all data is entered into the Cost Report, verify that the math edit tab Column A indicates “Correct” for all math edits. If not all are “Correct,” verify data and make necessary corrections to related Cost Report Schedule account(s).

SCHEDULE A: CERTIFICATION PAGE

No schedules need to be completed before Schedule A.

All documentation (e.g., Cost Report schedules, Cost Report revisions, Home Office information, supporting schedules and Cost Report schedules) submitted for a Medicaid Cost Report must be accompanied by the Department's certification page.

The certification page for Cost Reports is Schedule A. The certification page for revisions and amendments is the "Amendment Certification Page" found on the [Cost Report website](https://www.dshs.wa.gov/altsa/management-services-division/nursing-facility-cost-reports) <https://www.dshs.wa.gov/altsa/management-services-division/nursing-facility-cost-reports>.

The contractor must sign the certification page in accordance with **WAC 388-96-117** and the signature must be notarized.

Any information submitted without a properly completed certification page will be returned to the Provider or Consultant.

The vendor number and period ending date on this form will populate all other schedules in the workbook.

Please remember: The Vendor Number requires specific formatting: 7 digits no dashes or spaces.

Part A: IDENTIFYING INFORMATION - Input facility identifying information. Blocks 23, 24, and 25 are for e-mail addresses only. If there is not an e-mail address, one must be obtained.

Part B: CERTIFICATION - Enter dates numerically or spell out (i.e., January 01, 2023 or 1/1/23).

Part C: OPERATOR(S) - This section asks who the operator is on the DSHS license, and lists six options from which to choose. When you determine the option that best fits the facility, type in the option picked in the space provided. If “Other” is chosen, then specify the meaning of “Other.” The operating entity in Part C must correspond to the operator listed on the DSHS license. If Part C does not match the DSHS license, this schedule will be returned for correction. Ownership information on Schedule A must be completed in its entirety. Do not use "NA," "N/C," or "No Change."

Part D: PROPERTY OWNERSHIP - This section is to be completed if the operator in Part C is owned by others.

Part E: OTHER ORGANIZATIONS CONTROLLED BY OPERATOR(S) - This part is to be completed if an organization owns, operates, or leases the nursing facility's Land, Building, and/or Equipment. For each applicable section, complete the organization's name. When you determine the type of organization option that best fits the facility, type in the option picked in the space provided. Then, proceed to complete the information listed below (e.g., Name, Address, % Owned, and Acquisition Date of individuals who own a 5% or greater interest in the organization.).

Part F: ORGANIZATIONS AND INDIVIDUALS PROVIDING ALLOCATED EXPENSES – This section is informational in nature and provides additional information to Schedule G-2 HO and G-2. Enter the name and address of the organization providing allocated services, as well as the name and address of each officer or principal of that organization.

Part G: SERVICES OR RECEIVING MANAGEMENT FEES - asks for the name and address of the organization or individual who provided management services and/or to whom management fees were paid. Allocated management fees belong on Schedule G-2 HO or Schedule G-2 and on Schedule G, account 5417. Facilities that report amounts on Schedule G, 5417 and/or 5496 must complete Schedule A, Part G.

Definitions:

- *Management Company* – a company that is set up to manage a group of properties. The properties are not necessarily from the same company group.
- *Home Office* – headquarters of a company that manages/controls its own company group.

SCHEDULE B

Fill in the amounts in these columns as reported.

The edit check verifies that Total Assets equal Total Liabilities plus Owner's Equity. If amounts do not agree, an ERR will appear. Make the needed corrections to Schedule B to correct the ERR.

SCHEDULE F

On Schedule F, include a Schedule of Charges to Private Patients with Schedule F and include a schedule showing how the average private patient rate reported on Schedule G was calculated.

Facilities that require more than one page for Schedule F can add as many rows as needed. When additional pages are added, be sure to update the print area if a printed copy is needed.

SCHEDULE G

Adjustment Column – Column 7

A column called “Schedule G-5 Adjustment Numbers to Columns” has been included in Schedule B and Schedule G. Use this column to annotate the adjustment numbers from Schedule G-5 corresponding to the adjustments made in the Adjustments and Reclassifications columns. This column can also be used to reference notes on other Cost Report schedules. If another method of tracking the detail for adjustments is provided, it is not necessary to enter adjustment numbers in this column.

Administrator in Training

For Administrator in Training expenses reported on Schedule G, Line 126 report the name and dates of service for the AIT in Schedule G under ‘Detail for Schedule G’.

Admissions Coordinator

If the Admissions Coordinator is processing the business office paperwork for admitting residents, the expenses associated with this position should be reported as Indirect in account:

- In-House – 5411.51
- Purchased Services – 5414.50
- Allocated – 5415.47

If the Admissions Coordinator’s function is more clinical in nature (such as doing initial evaluation for the minimum data sets), the expenses associated with this position should be reported as Direct Care in account:

- In-House – 5111.19
- Purchased Services – 5114.24
- Allocated – 5115.24

The expenses associated with the Admissions Coordinator can also be split between Indirect and Direct Care if appropriate.

Therapy Expenses

Therapy expenses on Schedule G, Line 98 THERAPY Account 5111.10 are entered in columns 3 & 4. Column 5 on Schedule G, account 5111.10 must agree with Schedule G-7, Total Allowable Therapy Expense. If the two do not agree, an ERR will appear on Schedule G, account 5111.10 Column 5. Make corrections to either Schedule G or Schedule G-7.

Bad Debts

An adjusting entry must be made to the Cost Report based on amounts derived from Schedule G-8 to move allowable bad debt costs to Schedule G, account 9905. Column 5 on Schedule G,

account 9905, must agree with Schedule G-8, Total Allowable Bad Debt. If the two do not agree, an ERR will appear on Schedule G, account 9905, Column 5. Make corrections to either Schedule G or Schedule G-8 to correct the ERR.

Nursing Pool

The information required on Schedule G, Page 11 includes any nursing pools (staffing agency) used for the year. Columns have been added to report RN's, LPN's, and CNA's wages and hours. Include the company name, license number, corresponding costs, and hours for each pool. **The Nursing Pool license must be for a Nursing Pool Agency approved by the Department of Health. An In-Home agency (client specific service) license is unallowable for cost reporting. Do not report In-House staff with Nursing Pool information.**

Expenses related to travel e.g., miles, hotel, meals are a benefit not available to all in-house staff and will be considered unallowable.

Certified Nurse Aide Training Expenses

Since these expenses are eligible for reimbursement outside of the Medicaid per diem rate they must be reported as unallowable expenses in accordance with **WAC 388-96-585 (2) (vv)**. Total claims from all 4 quarters of the cost report year are disallowed. Report the Direct Care costs portion (Part D, Line 1 from the Nursing Assistant Training and Testing Reimbursement form) on Schedule G, account 901021, and the Indirect Care costs portion (Part D, Line 2 from the Nursing Assistant Training and Testing Reimbursement form) on Schedule G, account 902032. The total claim must be reported, not the difference between what the claim was and the reimbursed amount.

Direct Care Hours

A direct care employee is a registered nurse, licensed practical nurse, certified nursing assistant, director of nursing, nurse with administrative duties, medication assistant, nursing assistant in training, or geriatric behavioral health worker. All except geriatric behavioral health worker are classified by CMS as federal tags F39-45, which are:

- F39 - RN Director of Nursing
- F40 - Nurses with Administrative Duties
- F41 - Registered Nurses
- F42 - Licensed Practical/Licensed Vocational Nurses
- F43 - Certified Nurse Aides
- F44 - Nurse Aides in Training
- F45 - Medication Aides/Technicians

If an employee is being reported to CMS in one of the above F tags it should be reported on the Cost Report in the appropriate account:

- RN Director of Nursing
 - In-House – 5111.01
 - Purchased Services – 5114.01

- Allocated – 5115.01
- RN
 - In-House – 5111.02
 - Purchased Services – 5114.02
 - Allocated – 5115.02
- LPN
 - In-House – 5111.03
 - Purchased Services – 5114.03
 - Allocated – 5115.03
- CNA, CNA in Training, Medication Aides/Technicians
 - In-House – 5111.04
 - Purchased Services – 5114.04
 - Allocated – 5115.04
- Nurses with Administrative Duties
 - In-House – 5111.05
 - Purchased Services – 5114.05
 - Allocated – 5115.05
- Geriatric behavioral health workers should be reported in accounts
 - In-House – 5111.13
 - Purchased Services – 5114.13
 - Allocated – 5115.13

Report Direct Care staffing hours worked by the employees in the appropriate category.

Direct Care Supplies

Direct Care Supplies are those items that meet the general definition of “Supply” and are used routinely and relatively uniformly in the direct care of a resident by employees or contractors whose cost is part of direct care. This would include items purchased in bulk and distributed to patients in small quantities. This includes all personal care items (e.g., tooth brushes and lotions), over the counter medication (e.g., aspirin or vitamins), those items requiring a physician order (e.g., wound care supplies and catheters), and other nursing items (e.g., manual thermometers, bed mats, and chair pads).

Direct Care Supplies do not include those items reimbursed by Health Care Authority (HCA) such as: prescription drugs, enteral nutrition, routine use of oxygen (pro-rated amount), durable equipment, and other items listed under HCA.

Drivers of Resident Vans

If the employee is hired strictly to drive resident vans, report the expenses associated with this employee in Indirect Other Salaries:

- In-house – 5411.51
- Purchased Services – 5414.50
- Allocated – 5415.47

If the driver is a regular employee of the nursing home and occasionally drives residents, report the expenses associated with the driving in the account normally used to report this employee's expenses.

Employee Hours

The number of hours reported in Column 6 on Schedule G must correspond to the amount of salaries reported in Column 5, not the amounts in Column 2. Column 6 must be completed for all in-house employees and for all purchased and allocated salaries in Direct Care. "NA" or "Not Available" is not acceptable for any unshaded cell in Column 6 of Schedule G.

DO NOT ENTER CENTS OR PARTIAL HOURS ON THIS SCHEDULE.
ONLY KEY IN WHOLE NUMBERS FOR HOURS.

Equipment

Rental or lease costs for equipment are allowable only if they are related to office equipment per **WAC 388-96-585 (2) (gg) and WAC 388-96-580.**

WAC 388-96-010 – Definitions.

Fixed equipment – "Fixed equipment" means attachments to buildings including, but not limited to, wiring, electrical fixtures, plumbing, elevators, heating system, and air conditioning system. Generally, fixed equipment is permanently attached to the building and not subject to transfer.

Agency definition:

*Supply - An item is considered a supply when it does not meet the definition of "capital" in that it is disposable in a short period of time generally one year or less, **can be** of diminutive value or is not "durable" in nature rising to the definition of equipment. The term "diminutive value" allows for small and inexpensive items such as serving spoons and brooms to be included with supplies, while larger more complex items that could still be defined as diminutive are classified as minor equipment. The term "diminutive value" should include those items costing \$750 or less.*

Expanded Community Service

Effective August 1, 2009 all contracted Expanded Community Service providers payments increased to \$80.00. The contracts specify that the provider is to pay for the mental health consultant. The expenses associated with this consultant should be reported as an unallowable expense in an unallowable expense account on the Cost Report.

Fair Market Rental

As of July 1, 2016 the capital component of the rate is paid using a Fair Market Rental System. The information found on Fair Market Rental Expenses, Schedule G must be accurate. "Structure Square Footage from Prior Year" is to come from the adjusted square footage from the prior year examined cost report. The Department reviewed facility square footage and age can be found at the department website: <https://www.dshs.wa.gov/altsa/management-services-division/nursing-facility-cost-reports>.

Current year additions, remodels, or replacements per **RCW 74.46.561(e)** are recorded on Schedule G in the Fair Market Rental section categories:

- Building,
- Building Improvements,
- Fixed Equipment and
- Leasehold Improvements

Adding square footage requires a floorplan to be submitted that includes the measurements and diagram of the additional square footage. Renovation costs require copies of invoices that equal the renovation total to be submitted with the Cost Report.

When reporting information for Fair Market Rental, refer to **WAC 388-96-915** Capital component—Square footage and **WAC 388-96-916** Capital component—Facility age. All reported square footage must be reasonable and necessary to run a Nursing Home. Shared space will continue to be allocated according to usage.

Examples of allowable square footage (not an exhaustive list):

- Hallways
- Lobby
- Storage spaces if a room or area in the building
- CEO Offices but must be allocated on schedule G-2.
- Shared space (e.g., dining, laundry, etc.), but must be allocated on schedule G-2.

Examples of non-allowable square footage (not an exhaustive list):

- Storage rentals
- Smoking Sheds
- Patios

Hospice Days, Expenses and Revenues

Hospice days, expense and revenue should be included in the Medicaid Cost Report. However, do not include Hospice days, expenses or revenues for Medicaid residents on the Medicaid lines in the Cost Report. Medicaid Hospice days are reported in the “Other” column on Schedule N. Medicaid Hospice Expenses are reported as an in-house, allocated or purchased service for “Other”: in accounts 5111.19 or 5114.24 and 5115.24. Medicaid Hospice Revenue should be reported in account number 4140 Other Routine Care. Hospice days, expenses and revenues for non-Medicaid residents should be reported on the appropriate lines. Consistent use of these instructions will ensure that Hospice days are included in Total Patient days and the calculation of the minimum occupancy test.

Incontinent Supplies

Disposable incontinent briefs, disposable pads, and all other disposable items performing this type of function should be reported in Nursing Supplies (Schedule G, account 5118). Reusable, washable briefs, pads, and other items performing this type of function should be reported in Laundry Supplies (Schedule G, account 5453).

Labor & Industries Refunds / Rebates

There are two parts included in the total rebate distribution, the rebate and interest. The Washington Health Care Association or Leading Age Washington Group Retro Distribution Summary is to be used to determine what parts make up the distribution. Any amounts called first, second and final distributions (the actual rebate) on the Summary are offset and split, based on hours, to the appropriate cost centers. Any amounts called interest on the summary are reported as interest revenue and should not be offset against allowable costs. Any fees associated with participating in the Group Retro Rebate Program are reported in the Group Retro Expenses account (account 5436) on the Cost Report. **Group Retro Rebate Letter – “if participated in the Group Retro Rebate program” is required to be submitted with cost report.**

Industrial insurance rebates must be offset, resulting in a reduction in allowable costs. This should be done with an offset against allowable costs in the year the contractor actually receives the benefits. The adjustment should debit a revenue account, such as Other Non-Operating Revenue account 4690, and credit the related allowable expense accounts Direct Care 9903, Indirect Care 9904, Physical Therapy 6223, Speech Therapy 6243, Occupational Therapy 6283, and Other Therapy 6293.

Management Fees

Management fees are the fees paid for general management services in accordance with a management agreement. Management fees paid to a consultant or other unrelated management organization must be reported in account 5496 Schedule G. Allocated management fees belong on Schedule G-2 HO or Schedule G-2 and on Schedule G, account 5417. Facilities that report amounts on Schedule G, 5417 and/or 5496 must complete Schedule A, part G.

The allocated expenses (as reported on the appropriate Schedule G-2 HO or G-2) for general management services, including board of directors, are to be reported in account number 5495.

Schedule G Attached Schedules

The following accounts are required to include a detailed list supporting or defining the revenue or the cost booked in the accounts. The list needs to be within Schedule G on page 10 and 11 or attached behind Schedule G.

- References to the facility Trial Balance or General Ledger accounts will not be accepted for the detail lists. They must provide sufficient detail (i.e. 5422 Indirect – Travel traveler, purpose, date(s) and the amount.) Travel account is to be used **ONLY for travel to a conference, to the Home Office, to a required training or to another facility within the chain, not for Local Travel (such as driving to the bank or other activities that are part of doing business):**

Revenue Accounts:

- 4140 Other Routine Care
- 4280 Other Therapy

- 4340 Other Patient Revenue
- 4375 Supplementation
- 4490 Other Operating Revenue
- 4690 Other Non-Operating Revenue
- 4500 Revenue Deductions

Expense Accounts:

- 5111.05 Direct Care In-House Service - Other Nursing with Admin. Duties (Includes old accounts 5111.16, 5111.17, 5111.18, 5111.21, 5111.22, and 5111.24)
- 5111.19 Direct Care Other Salaries (includes old accounts 5111.20 and 5111.23)
- 5114.05 Direct Care Purchased Services – Other Nursing with Admin. Duties (includes old accounts 5114.16, 5114.17, 5114.18, 5114.20, 5114.21, and 5114.23)
- 5114.24 Direct Care Other - Purchased Services (includes old accounts 5114.19 and 5114.22) Dental Consultant retainer fee is allowable for services not covered by Health Care Authority HCA), attached schedule.
- 5115.05 Direct Care Allocated Services - Other Nursing with Admin. Duties (includes old accounts 5115.16, 5115.17, 5115.18, 5115.20, 5115.21, and 5115.23)
- 5115.24 Direct Care Other – Allocated Services (includes old accounts 5115.19 and 5115.22)
- 5118 Nursing Supplies
- 5220 Direct Care – Food Revenue Offset
- 9903 Direct Care – Revenue Offset
- 5411.45 Indirect – In-House Salaries Accounting/Bookkeeping. List costs associated with fair hearings and legal pursuits against the department.
- 5411.46 Indirect – In-House Salaries Legal
- 5411.51 Indirect – In-House Salaries Other
- 5414.45 Indirect – Purchased Services Accounting/Bookkeeping. List costs associated with fair hearings and legal pursuits against the department.
- 5414.46 Indirect – Purchased Services Legal
- 5414.50 Indirect – Purchased Services Other
- 5415.46 Indirect – Allocated Services Legal
- 5415.47 Indirect – Allocated Other
- 5419 Indirect – Other Allocated Expenses
- 5422 Indirect – Travel: Travel account is to be used **ONLY for travel to a conference, to the Home Office, to a required training or to another facility within the chain, not for Local Travel (such as driving to the bank or other activities that are part of doing business)**
- 5424 Indirect – Dues & Subscriptions
- 5428 Indirect – Miscellaneous Taxes
- 5429 Indirect – Start Up / Organizational Costs
- 5431 Indirect – Advertising
- 5437 Indirect – Office Equipment Lease Payments
- 5438 Indirect – Licenses
- 5439 Indirect – Other Local Travel (**such as driving to the bank or other activities that are part of doing business)** should go in this account.
- 5487 Indirect – Other Property Other

- 5488 Indirect – Other Property Incidental Rentals
- 9904 Indirect – Revenue Offset
- Fair Market Rental adjustments

Schedule **G-2** contains the detailed information for the following accounts:

- 5115.xx Direct Allocated Services
- 5119 Other Allocated Expenses
- 5458 Laundry Allocated Services

- 5455 Laundry Allocated Expenses
- 5478 Dietary Allocated Services
- 5475 Dietary Allocated Expenses
- 5415.xx Indirect Allocated Services
- 5448 Maintenance Allocated Services
- 5445 Maintenance Allocated Expenses
- 5468 Housekeeping Allocated Services
- 5465 Housekeeping Allocated Expenses
- 5485 Other Property Allocated Expenses
- 6226 Physical Therapy Allocated Expenses
- 6246 Speech Therapy Allocated Expenses
- 6286 Occupational Therapy Allocated Expenses
- 6296 Other Therapy Allocated Expenses
- 6325 ECS Allocated Expenses

The detail for Schedule G Acct. **9905 – Bad Debt** comes from Schedule **G-8**

Supplements

Oral food supplements, such as Ensure, taken orally by residents as snacks or with meals to increase or maintain weight are considered a food item and should be reported on the Food line in Direct Care (Schedule G, account 5210). Sole source enteral nutrition supplies, including formula, feeding tubes, and pumps, are not allowable expenses on the Cost Report because the Health Care Administration (HCA) covers these items. Non-sole source enteral nutrition provided via enteral therapy are partially allowable costs for the Cost Report.

The expense for formula for non-sole source enteral nutrition should be reported on the Food line in Direct Care (Schedule G, Account 5210) and the feeding tubes should be reported on the Nursing Supplies line in Direct Care (Schedule G, account 5118). The pumps are paid by HCA and are not allowable for Cost Report purposes.

Supply Clerk

Costs related to an employee with responsibility for pricing, ordering, inventorying, and/or distributing supplies must be reported under the designation of “supply clerk.” These costs (e.g., salary, payroll taxes and employee benefits) must be reported under “Indirect.” If supply clerk

functions are performed by an employee not designated as such, and those functions account for 10% or more of that employee's time, then the appropriate portion of costs related to that employee must be reported as related to supply clerk under "Indirect."

SCHEDULE G-1

Schedule G-1 is informational in nature and does not contain information that can be taken from other worksheets. All information must be input into the cells that apply to the facility. If Schedule G-1 is not applicable, check the box to indicate such. **WAC 388-96-536**

On Schedule A and G-1 when the department asks about ownership and related party and the services they are providing to the facility, the department wants the expenses paid to owners and their relatives, disclosed to see if the reimbursement is comparable to a nonrelated party transaction. G-1 shows the related party expenses being allocated to the facility.

From **WAC 388-96-010**:

"Ownership interest" means all interests beneficially owned by a person, calculated in the aggregate, regardless of the form the beneficial ownership takes.

"Relative" includes:

- (1) Spouse;
- (2) Natural parent, child, or sibling;
- (3) Adoptive child, parent, or sibling;
- (4) Stepparent, stepchild, stepbrother, stepsister;
- (5) Father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law;
- (6) Grandparent and grandchild; and
- (7) Uncle, aunt, nephew, niece, and cousin.

"Related organization" means an entity under common ownership or common control with, or has control of or is controlled by the contractor.

- (1) "Common ownership" exists when an entity or person is the beneficial owner of five percent or more ownership interest in the contractor and any other entity.

From **WAC 388-96-205(1)(b)**:

- (b) Cost reports accurately reflect the true financial condition, revenues, expenditures, equity, beneficial ownership, related party status, and records of the contractor;

388-96-528

Payments to related organizations—Limits—Documentation.

- (1) Costs applicable to services, facilities, and supplies furnished by a related organization to the contractor shall be allowable only to the extent they do not exceed the lower of the cost to the related organization or the price of comparable services, facilities, or supplies purchased elsewhere.

- (2) Documentation of costs to the related organization shall be made available to the department. Payments to or for the benefit of the related organization will be disallowed where the cost to the related organization cannot be documented.

388-96-530

What will be allowable compensation for owners, relatives, licensed administrator, assistant administrator, and/or administrator-in-training?

Subject to any applicable cost center limit established by chapter [74.46](#) RCW, total allowable compensation shall be:

- (1) As provided in the employment contract, including benefits, whether such contract is written, verbal, or inferred from the acts of the parties; or
- (2) In the absence of a contract, gross salary or wages excluding payroll taxes and benefits made available to all employees, e.g., health insurance.

From [WAC 388-96-535](#)

(7) Central office costs, owner's compensation, and other fees or compensation, including joint facility costs for general administrative and management services, and management expense not allocated to specific services shall be subject to any cost center limit established by chapter [74.46](#) RCW and chapter [388-96](#) WAC.

From [WAC 388-96-536\(1\)](#)

(1) Total compensation including compensation received from a related or unrelated organization or company paid to an owner or relative of an owner shall be limited to ordinary compensation for necessary services actually performed.

From [WAC 388-96-585\(2\)\(i\)](#)

(i) Costs applicable to services, facilities, and supplies furnished by a related organization in excess of the lower of the cost to the related organization or the price of comparable services, facilities, or supplies purchased elsewhere.

SCHEDULE G-2 HO & SCHEDULE G-2

Allocated Costs for Joint Facilities and Facilities with a Home Office

As of the 2016 cost report year, no longer submit a JCAD report, as WAC 388-96-534 was repealed on 11-24-17. The information formerly reported on the JCAD is now incorporated into the cost report for the year that the costs and allocations apply to, on Schedules G-2 and/or Schedule G-2 HO. Schedule A Part F and G need to be completed for the entities providing allocations reported on Schedules G-2 and/or Schedule G-2 HO.

Schedule G-2 HO (Home Office) is used to allocate costs when costs are associated with a home office. Nursing homes operated as a part of a chain organization, or as part of a larger entity, with a home office are considered joint facilities and must complete Schedule G-2 HO.

Schedule G-2 is used to allocate costs when a nursing facility is sharing central services within the same campus. Such as, in the case of a combination facility (i.e., combination hospital/nursing home, retirement home/nursing home, etc.) that operates with a common set of books, only those costs that cannot be directly assigned to the nursing home should be included on Schedule G-2.

Column descriptions for both schedules are the same:

- Column 1 is for the name of the servicing organization.
- Column 2 is for the description of the service or expense.
- Column 3 is for the methodology used for the allocation (e.g., food, maintenance, laundry, housekeeping, etc...). **Recording “JCAD” is not an acceptable allocation basis methodology.**
- Column 4 is for the cost report account number affiliated with the allocation.
- Column 5 is for the total cost to be allocated.
- Column 6 is for the total cost allocated to the facility.

All costs allocated to the facility must be included on either Schedule G-2 HO Schedule G-2.

When transferring the costs from Schedule G-2 HO or Schedule G-2 to Schedule G, the allocated costs for all joint costs must be reported in the “Allocated Services or Allocated Expenses” on Schedule G per the account number reported on schedule G-2 HO & G-2. If there is difference between what is reported per account on schedule G-2 HO and G-2 and what is transferred to Schedule G then the adjustment needs to be showed on schedule G-5.

Management fees are the fees paid for general management services in accordance with a management agreement. Management fees paid to a consultant or other unrelated management organization must be reported in account 5496 Schedule G. Allocated management fees belong on Schedule G-2 HO or Schedule G-2 and on Schedule G, account 5417. Facilities that report amounts on Schedule G, 5417 and/or 5496 must complete Schedule A, Part G.

The allocated expenses (as reported on the appropriate Schedule G-2 HO or G-2 for general management services, including board of directors, are to be reported in account number 5495. **Facilities that report amounts on Schedule G, 5495 must complete Schedule A, Part F.**

Other Specific Services and the Related Overhead Costs – Cost of specific services are those expenses that are attributable to other specific nursing home services (such as accounting, dietary, etc.), excluding costs related to general management services. These costs are allowable if they are necessary, ordinary, reasonable, and related to patient care. These costs should be listed under other specific services including a brief description of the service provided. Space is provided for reporting the direct (e.g., salary, wages, and fringe benefits) and indirect or overhead expense associated with each specific service.

SCHEDULE G-5

Schedule G-5 lists adjusting entries made to Cost Report schedules. In order to help reviewers of your Cost Report, please number the adjustments made on this schedule and reference them in column 7 on Schedules B & G called "Schedule G-5 Adjustment Numbers for adjustments in Columns 3 and 4". Use this column to annotate the adjustment numbers from Schedule G-5 corresponding to the adjustments made in the Adjustments and Reclassifications columns. This column can also be used to reference notes on other Cost Report schedules and allocations between Schedules G-2 HO and G2 to Schedule G. If there is another method of indicating which adjustments from G5 correspond with various accounts on Schedules B & G, please indicate what the method is and the adjustment numbers may be omitted.

Facilities that require more than one page for Schedule G-5 can add additional rows. There is no limit as to how many rows can be added. If adding additional rows, refined the print area. The facility may also use a separate worksheet showing adjustments, reclassification, and footnotes.

SCHEDULE G-7

THERAPIES

This worksheet will perform many of the rudimentary mathematical functions for the Cost Report preparer. The total derived from this worksheet will be used to check the reported allowable therapies on Schedule G. Data must be manually entered in Line 1-7, columns 2-6. All allowable therapies which should be run through Schedule G-7 are listed on Lines 1 through 7. Only lines 13, Total Direct One-On-One Therapy Expense and 19 Therapy Consultant Expense, need be completed for the lower section. The remainder of the worksheet will calculate automatically.

The following are definitions and instructions for completing the lines related to therapies:

RCW 74.46.020 (48) states 'Therapy care' means those services required by a nursing facility resident's comprehensive assessment and plan of care, that are provided by qualified therapists, or support personnel under their supervision, including related costs as designated by the department."

RCW 74.46.020 (38) states "Qualified therapist" means:

- (a) A mental health professional as defined by chapter [71.05](#) RCW;*
- (b) An intellectual disabilities professional who is a therapist approved by the department who has had specialized training or one year's experience in treating or working with persons with intellectual or developmental disabilities;*
- (c) A speech pathologist who is eligible for a certificate of clinical competence in speech pathology or who has the equivalent education and clinical experience;*
- (d) A physical therapist as defined by chapter [18.74](#) RCW;*
- (e) An occupational therapist who is a graduate of a program in occupational therapy, or who has the equivalent of such education or training; and*
- (f) A respiratory care practitioner certified under chapter [18.89](#) RCW.*

Please note that Music Therapists are no longer included as qualified therapists.

Qualified therapist costs include any related staff, supervised by the therapist, whether contracted or employees of the provider. This includes therapy assistants and therapy aides who perform one-on-one tasks.

Do not include Restorative Nursing as part of therapy. A restorative nurse's aide is a certified nursing assistant (CNA) who has additional, specialized training in restorative nursing care. Costs are reported in Schedule G Line 276 Unallowable CNA Training Account 901021.

Respiratory Therapy – Health Care Authority pays for respiratory therapy supplies, so this amount must not be included on the Cost Report. Respiratory therapy charges are reported on Schedule G-7.

Direct one-on-one therapy costs include:

- Contracted Therapy - The amounts a provider paid outside qualified therapists for one-on-one therapy treatments and evaluations. This payment includes travel time and any supplies provided by the outside therapist.
- Salaried In-House Therapy - The salaries, payroll taxes, fringe benefits, and reasonable vacation, holiday, and sick pay associated with the time qualified therapists spent on one-on-one therapy treatments and evaluations to patients.
- The "down time" or other direct costs of the therapy staff for scheduling and preparation time (including ordering supplies, etc.), clean up and documentation time, supervisory time, staff meetings, etc. The review of one-on-one therapy files or procedures by a therapy consultant whether contracted or an employee. Additional direct costs of one-on-one therapy include any costs included in the therapy cost centers on the Medicare Cost Report that may include supplies, expensed equipment, advertising (want ads for employment of therapy staff); in-service that therapy staff attended, and travel.
- The review of one-on-one therapy files or procedures by a therapy consultant whether contracted or an employee.

Therapy Consultant Expense (Schedule G-7) includes the following:

- The time required preparing and presenting in-services to non-therapy staff members.
- The time spent with staff setting up non-chargeable feeding programs or their equivalent.
- The time spent training non-chargeable routine restorative aides.
- The time spent by therapy staff when consulting with nursing with respect to nursing and restorative care and equipment needs of residents who are either in transition from, or not actively receiving one-on-one therapy treatments.

Therapy expenses on schedule G account 5111.10 are entered in columns 3 & 4. Column 5 on Schedule G, account 5111.10 must agree with Schedule G-7, Total Allowable Therapy Expense. If the two do not agree, an ERR will appear on Schedule G, account 5111.10 Column 5. Make corrections to either Schedule G or Schedule G-7.

SCHEDULE G-8

This schedule calculates the Medicaid allowable bad debts and will perform rudimentary mathematical functions for the Cost Report preparer. The total derived from this worksheet will be used to check the reported allowable bad debts on Schedule G. Data must be entered to lines 1 through 4 manually. The remainder of the worksheet will calculate automatically.

The amount on Line 5, Current Year Projected Medicaid Bad Debt, is subject to the exam process. Supporting documentation is required to be submitted with the Cost Report. The detail page can be found [here – Bad Debt Spreadsheet](#). This documentation must include copies of award letters for Medicaid patients with bad debts, a bad debt schedule, **copies of at least 3 reasonable documented attempts indicating timely collection efforts and information on when the debt was incurred**. Medicare bad debt from a resident that had dual coverage (Medicare/Medicaid) is not eligible for the Cost Report.

An adjusting entry must be made to the Cost Report based on amounts derived from Schedule G-8 to move allowable bad debt costs to Schedule G, account 9905. Column 5 on Schedule G, account 9905 must agree with Schedule G-8, Total Allowable Bad Debt for Medicaid Cost Report. If the two do not agree, an ERR will appear. Make corrections to either Schedule G or Schedule G-8 to correct the ERR.

SCHEDULE L

Line 1: Enter the total number of W2's the facility generated for direct care staff in the following accounts:

- 5111.01 – Director of Nursing Services
- 5111.02 – RN
- 5111.03 – LPN
- 5111.04 – CNA
- 5111.05 – Other Nursing with Administrative Duties

Line 2: Enter the total number of W2's the facility generated for direct care staff that **EXITED** the following accounts (terminated, quit, transferred out of direct care to another position):

- 5111.01 – Director of Nursing Services
- 5111.02 – RN
- 5111.03 – LPN
- 5111.04 – CNA
- 5111.05 – Other Nursing with Administrative Duties

SCHEDULE M

Refer to the Suggested Keying Order above for the most efficient order to complete the Cost Report.

There are formulas which will total lines across and columns down. Enter days into columns 1 and 2. Enter dollar amounts as whole numbers (no cents) in columns 4 and 5. Remember to include Swing Bed Revenue. Column 1 includes class codes 20, 45, 50, 54, 60, 62 63, 66, 67 and 91.

Class code 92 is included as Medicaid.

Class code 60 is considered Community Home Project and now needs the offset like class codes 50, 62, 63 etc.

SCHEDULE N

Refer to the Suggested Keying Order above for the most efficient order to complete the Cost Report.

Schedule N - Medicaid patient days reported in column 1 & 2 include class codes 20, 45, 50, 54, 60, 62, 63, 66, 67, and 91 from the Medicaid Revenue and Census report and the facility census for unpaid Medicaid days. **Report all Medicaid Managed Care Days, including those billed or not billed, as Class Code 55.** If a line is not applicable, do not leave it blank, enter a "0" (zero).

Items completed automatically:

- Column 1 – Medicaid Days Less Swing Bed Days, is completed from Schedule M automatically as well as Line 18, Swing Bed Days.
- Line 13 – Formulas will total these columns.
- Column 8 – Total Patient Days will total the lines across.
- Line 15 – Maximum Patient Days will calculate once Lines 13 and column 9 are completed. If the dates on Schedule A were for a partial year, the formula will take this into consideration. Otherwise, the formula assumes a full year Cost Report.
- Line 16 – Percent Occupancy will calculate automatically.

Items to be completed by the Cost Report Preparer:

- Column 2 through 7 are completed by the Cost Report preparer.
NOTE: Make sure and report Medicare Advantage Part C properly and not just put it in Other as it will affect the SNA Reconciliation.
- Medicaid MANAGED CARE DAYS Class Code 55. **Report all Medicaid Managed Care Days, including those billed or not billed, as Class Code 55.**
- Column 6 - include Class Code 87 Tribal Enhancement.
- Column 9 – If a change in licensed bed size occurred between the 1st and the 15th of a given month, then the bed size change is effective the first day of the month in which the licensed bed size changed. For a bed license change between the sixteenth and the last day of the month, the bed change is effective the first day of the following month. The

cells for the bed license count by month (column 9) must be completed whether there was a bed license change or not. Do not include swing beds.

- Line 14 – Total Licensed Beds as of the ending of the report period and do not include swing beds.
- Line 17 – Hold Room Days – do not include these days on lines 1 through 13.
- Line 19 – Number of Swing Beds.

SCHEDULE O

Refer to the Suggested Keying Order above for the most efficient order to complete the Cost Report.

The only thing the Cost Report preparer must complete is Part B Weighted Rates, lines 4 through 12. If there are more than eight rates for Part B, please contact the department for instructions.

Preliminary Settlement

Materiality - Preliminary settlements showing amounts of \$100 or less on either Line 43 (due provider) or Line 44 (due DSHS) of Schedule O, Page 2 will be considered immaterial.

Do not change the way you complete Schedule O. When the department reviews the provider's proposed preliminary settlement under **WAC 388-96-218**, those facilities affected by the materiality issue will be notified through the department's preliminary settlement letter.

Please note that this materiality does not apply to final settlements.

Payment of amounts due - **Do not** send a check for any Preliminary Settlement amount due to the department with the Cost Report. The department will review the Preliminary Settlement report in accordance with **WAC 388-96-211**, and **WAC 388-96-218** and then notify the contractor of the amount due.

No entry needs to be input in the stabilizer gain section of this schedule Part C, it will compute automatically.

SCHEDULE P - PROSHARE

Refer to the Suggested Keying Order above for the most efficient order to complete the Cost Report.

ProShare

ProShare Revenue and Expenses – Schedule P, lines 1 through 20, records revenues and expenses associated with funds disbursed under State Plan Supplement A to Attachment 4.19 – d, Part 1. This schedule applies only to Public Hospital District Nursing Homes participating in the ProShare program. ProShare revenues should be reported on Schedule G, account number 4690 – Other Non-Operating Revenue.

PART A – Identifying the Allocation and Use of ProShare Funds

Part A confirms the existence of ProShare activity.

Lines 2 and 3 – This is self-explanatory and must reconcile with department records.

Line 4 – This line is calculated automatically.

PART B – Total Public Hospital District Expenditures of ProShare Funds

Part B identifies the entity where the ProShare funds were expended.

Lines 7, 8, and 9 – Indicate the application of funds in the form of expenditures. Line 9 requires further explanation on the bottom of the schedule.

Line 10 - This line is calculated automatically.

PART C – Unspent ProShare Revenue

Part C identifies the amount of ProShare funds retained by the entity that remained unspent as of the end of the Cost Report period.

Line 13 records the unspent amount of the retained ProShare funds. Please provide a detailed explanation on the bottom of the schedule.

PART D – Nursing Home ProShare Expenditures by Rate Component

Part D identifies ProShare expenditures by rate component. Include amounts adjusted on Schedule G-5 for unallowable ProShare costs.

Lines 16 through 19 – List the ProShare expenditures by cost component. Please provide additional explanations at the bottom of this schedule.

Line 20 – This line is calculated automatically.

NOTES (OR DETAILS)

Place comments in this section as required. Detail may include, but is not limited to, account descriptions, account numbers, and explanations.

Report ProShare Revenue and Expenses. The purpose of this schedule is to report ProShare Revenue and Expenses. Key in amounts in lines 2 through 3, 7 through 9, 13, and 16 through 20.

SUPPLEMENTAL SCHEDULE O-1

Refer to the Suggested Keying Order above for the most efficient order to complete the Cost Report.

Use the facility's Medicaid Revenue Census Report received from the Department. If the facility has any amounts under Class Codes 50, 54, 60, 62, 63, 66, 67, 68, 69 and 91 then you need to complete Supplemental Schedule O-1.

Class Codes key:

- 50 – ECS (Behavioral Support)
- 54 – COVID POSITIVE Unit
- 60 – Community Home Project
- 62 – ECS Plus (Behavioral Support Plus)
- 63 – ECS Respite (Behavioral Support Respite)
- 66 – Ventilator (daily rate combined with wrap-around)
- 67 – Tracheotomy (daily rate combined with wrap-around)
- 68 – Ventilator wrap-around only
- 69 – Trach wrap-around only
- 91 – Exceptional Care Hospital Discharge
- 92 – State Funded Medical Care Services (MCS)

For example, assume a facility, upon reviewing the Revenue and Census Report from the department, discovers that there were 31 Community Home Project or Expanded Community Services Days in January (using Billed Days under Class Codes (50, 54, 60, 62, 63, 66, 67, 68, 69 and 91).

- On Line 1, Column 2, the facility keys in their Medicaid Payment Rate for class code 20 for the month.
- Column 3, the facility keys in Billed Days for Class Codes 50, 54, 60, 62, 63, 66, 67, 68, 69, and 91 from the Revenue and Census Report for cost report year.
- Column 4 calculates the Routine Care Revenue Portion of Class Codes 50, 54, 60, 62, 63, 66, 67, 68, 69, and 91 by multiplying Column 2 by Column 3.
- In Column 5, the facility keys in the Billed Dollars for Class Codes 50, 54, 60, 62, 63, 66, 67, 68, 69, and 91 from the Revenue and Census Report for cost report year.
- Column 6 calculate the Class Code 50, 54, 60, 62, 63, 66, 67, 68, 69, and 91 Enhanced Revenue over Routine Revenue by subtracting Column 5 from Column 4. Column 6 Line 13 calculates the total of the Enhanced Revenue over Routine Revenue. The expense related to only Class Codes Class Codes 50, 62, 63, 66, and 67 (not Class Codes 54, 60, and 91) should be reported on Sch. G Mental Health Line 252 – 257, Expanded Community Services Line 260 - 266, Ventilator Line 290 or Tracheotomy Line 291. In addition, an offset for the expense must be shown on Sch. G Mental Health Line 252 – 257, Expanded Community Services Line 260 -266, Ventilator Line 290 or Tracheotomy Line 291. If any of the expense is reported in Direct Care there must be an offset to Account 9903.

- Column 7, the facility keys in from the Billed Amount for Vent/Trach Class Code 68 and 69 from the Revenue and Census Report for the cost report year. The total amount on Line 13, Column 7 should be reported in Sch. G Unallowable section for Ventilator Line 290 and Tracheotomy Line 291 and an offset made to Sch. G Direct Care Revenue Offset Line 120 Account 9903 if there are expenses related to Class Code 68 and 69. All adjustments need to be described and shown on Sch. G-5.
- Schedule O, line 41 includes the Supplemental Schedule O-1 Enhanced Revenue over Routine Revenue from Line 13, Column 6 for Class Code 50, 54 ,60 , 62, 63, 66, 67, and 91.

If Schedule O-1 is not applicable to this facility, indicate “NA” in the box provided and leave the remainder of the schedule blank.

SCHEDULE Q

The purpose of this schedule is to determine if the skilled nursing facility reported on the Certification Page is exempt from paying the Safety Net Assessment by qualifying as residing in a CCRC (Continuing Care Retirement Community) like situation as defined by RCW 74.48.010 (2).

Complete Column A first. Nursing facilities classified as state, tribal, county, or public hospital nursing facility only need to complete Line 1, Column A. All other nursing facilities must complete Line 1, Column A and all other Lines and Columns as needed.

RCW 74.48.10 Definition

*(2) "Continuing care retirement community" means a facility that provides a continuum of services by one operational entity or related organization providing independent living services, or *boarding home or assisted living services under chapter [18.20](#) RCW, and skilled nursing services under chapter [18.51](#) RCW in a single contiguous campus. The number of licensed nursing home beds must be sixty percent or less of the total number of beds available in the entire continuing care retirement community. For purposes of this subsection "contiguous" means land adjoining or touching other property held by the same or related organization including land divided by a public road.*

RCW 18.390 Definition

4) "Continuing care retirement community" means an entity that agrees to provide continuing care to a resident under a residency agreement. "Continuing care retirement community" does not include an assisted living facility licensed under chapter [18.20](#) RCW that does not directly, or through a contractual arrangement with a separately owned and incorporated skilled nursing facility, offer or provide services under chapter [74.42](#) RCW.

UN-ALLOWABLES

All expenses associated with unallowable services must be reported in the unallowable accounts. If the expenses are unidentifiable, then revenues must be offset against expense where required

by **WAC 388-96-502** and **WAC 388-96-505**. Even though all revenue from unallowable services may be offset, if cost exceeds charges, the excess cost should be reported as unallowable. If revenue is not offset and unallowable expenses are not identified, explain your reasoning in a footnote.

The depreciation that used to be reported on schedule G is unallowable due to the new methodology.

- Costs for unallowable depreciation is reported in account 6513.
- Costs for unallowable interest is reported in account 6517.
- Costs for unallowable allocated property is reported in account 6518.

Use Schedule B, Columns 4 and 5, to eliminate unallowable land, building, equipment, and related improvements. Unallowable items include fixed equipment used for services not covered by the routine Medicaid rate, such as purchased barber and beauty services, vending machines, or pharmacy.

WAC 388-96-010 - Definitions.

"Building" means the basic structure, shell, structures, or shells of a facility and additions thereto. All allowable sections of a building are enclosed on all sides with a roof and are permanent.

"Building improvements" are betterments and additions made by a building owner to the building.

"Fixed equipment" means attachments to buildings including, but not limited to, wiring, electrical fixtures, plumbing, elevators, heating system, and air conditioning system. Generally, fixed equipment is permanently attached to the building and not subject to transfer.

"Leasehold improvements" are betterments and additions made by the lessee to the leased property that become the property of the lessor after the expiration of the lease.

In addition, off-site home office fixed assets are unallowable. Other unallowable items may also exist and should be shown in Columns 4 and 5 of Schedule B.

COST REPORT AMENDMENTS

Each year Cost Report revisions (or amendments) are received. When submitting a Cost Report revision or amendment, please refer to the following:

- Make necessary changes to the appropriate schedules on the copy of the Cost Report you have saved. Remember that other schedules may be affected by these changes.
- Upload a copy of the Cost Report to the secure site. This copy of the Cost Report will contain some schedules as originally filed and some schedules as revised.
- Upload a copy of the Amendment Certification Page indicating the schedules that were revised, to the Rates office. In accordance with **WAC 388-96-117**, the contractor **MUST**

sign this page and the signature must be notarized. A copy of this page is on the department's website.

- Revisions or amendments submitted without the certification page will not be processed.

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