

Year 2 Cost Report Training — July 2009

Traditional Cost Report Questions and Answers

Question #	Subject Area	Question	Response
1.	Submitting cost report(s)	Who is required to submit a cost report?	<p>Please refer to Section 2 of the Cost Report Instructions.</p> <p>Providers who rendered certain Waiver services to individuals enrolled in the Consolidated and P/FDS Waiver programs during the cost reporting period and wish to have future rates established based on their own experience need to submit a cost report. See the Cost Report Instructions (Table 6 of Appendix B) for a list of applicable Waiver services that require cost report data in order to set the prospective payment rates. If you did not render at least one of these Waiver services to individuals enrolled in the Consolidated and P/FDS Waiver programs during the cost reporting period, you should not submit a cost report.</p>
2.	Submitting cost report(s)	I'm a relative and provide services. Am I required to submit a cost report?	Unless you are providing services under the Participant Directed Services program (Vendor Fiscal/Employer or Agency with Choice), you need to submit a cost report if you rendered certain Waiver services (see Table 6 of Appendix B of the Cost Report Instructions) to individuals enrolled in the Consolidated and P/FDS Waiver programs during the cost reporting period and wish to have future rates established based on your own experience. If you did not render at least one of these Waiver services to individuals enrolled in the Consolidated and P/FDS Waiver programs during the cost reporting period you should not submit a cost report.
3.	Submitting cost report(s)	What is the cost-reporting period of the second year's cost report?	July 1, 2008 through June 30, 2009.
4.	Submitting cost report(s)	I provide services that are identified as fee schedule services or outcomes-based services and do not provide any traditional agency-based services, including home and community habilitation. Am I required to submit a cost report?	No. If you only render services for which the payment is fee schedule based or outcomes-based, you do not need to submit a cost report. See the Cost Report Instructions (Table 6 of Appendix B) for a list of applicable Waiver services that require cost report data in order to set the prospective payment rates.
5.	Submitting cost report(s)	If our company provides services under the fee schedule, would we need to submit a cost report in order to seek reconciliation review or if we are seeking a rate adjustment?	<p>If your organization renders services for which the payment is fee schedule based, you do not need to submit a cost report to receive a rate. Office of Developmental Programs (ODP) establishes the fee schedule that is applicable to all fee schedule services and the providers who render those services. Fee schedule rates are not provider specific and will not be adjusted for individual providers.</p> <p>ODP is currently developing the final revenue reconciliation policy, which will outline the providers who are eligible to participate.</p>
6.	Submitting cost report(s)	I'm a home health agency and provide fee schedule services, such as Nursing Services or therapies, and Unlicensed Home and Community Habilitation. Am I required to submit a cost report?	Yes. Unlicensed Home and Community Habilitation is a service for which historical financial experience submitted on a cost report will be used as the basis to determine the prospective payment rate. The historical financial experience from the delivery of services for which the payment is fee schedule based (i.e., Nursing Services or therapies) would be reflected in Schedule A, Column D.

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7.	Submitting cost report(s)	How do I decide the number of cost reports to submit?	<p>Please refer to Section 4 of the Cost Report Instructions.</p> <p>The only instance for which multiple cost reports should be submitted is if the same service is rendered at multiple service locations AND the provider would like a different rate for that service at each location. For example, provider ABC renders services for one-individual community homes at three separate locations (location 0001, 0002, and 0003). If the provider wants an average rate across all locations, one cost report can be submitted. If the provider wants the same rate at locations 0001 and 0002, but a different rate at location 0003, the provider would submit two separate cost reports. The first cost report would include expenses for locations 0001 and 0002, and the second cost report would include expenses for location 0003 only.</p> <p>If you provide the same service at multiple locations and want the same rate for all locations and/or if you have multiple locations and do not provide the same service at any location, you should submit only one cost report combining expenses from multiple locations for a service, where applicable.</p>
8.	Submitting cost report(s)	If I have a new location which was not open during the cost reporting period, but opened after the cost reporting period ended, should I include it on a cost report?	No. Only expenses incurred during the cost reporting period should be included in the cost report. If a location was not open during the cost reporting period or the provider did not render services to Waiver-enrolled participants during the cost reporting period at that location, the location should not be included in the cost report. Please refer to Section 2 of the Cost Report Instructions.
9.	Submitting cost report(s)	Are there any exceptions to the submission deadline (i.e. medical emergency of preparer, etc.)?	The timelines have been established, and there will not be exceptions to the submission deadline.
10.	Submitting cost report(s)	For the October 9 test submission, can you submit just one of multiple cost reports? As long as you complete it correctly identifying there will be multiple cost reports submitted by October 16?	Yes. The test submission requires each provider attempt to upload at least one completed cost report by October 9th, 2009. The provider is still responsible for successfully submitting all cost reports (i.e., passing all real-time edits) by October 16th, 2009 in order for the cost reports to be moved to the desk review process.
11.	Certification Page	If I only have one Master Provider Index (MPI) number, do I need to list the primary MPI number entered in 1a in Line 11b1 on the Certification Page?	Yes.
12.	Certification Page	If a program is located in Philadelphia County, but LOAs were previously funded by Montgomery, what county should be reported?	We would need more information in order for ODP to answer this question correctly. We need to know what LOA is. Please submit this question with further clarification to the ODP cost report help desk. A link to the help desk can be found on the www.odpconsulting.net website under the Provider Information Center.
13.	Certification Page	Last year, even though it was in the cost report correctly, ODP was using the wrong email address for our CEO. Because of that, we did not receive the request for supplemental information and/or corrections until the very last minute (via phone). How can we be sure this won't happen again?	You can enter both a primary and secondary contact with their associated telephone numbers and email addresses on the Certification Page of the cost report. Contact information from the Certification Page will be used to contact the provider regarding cost reporting issues.

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14.	Certification Page — Provider Service Locations	If one or more locations provide only transportation services or respite camp services, do I need to include the service location codes on the Certification Page in the total number of unique service location codes (Line 11c and 11d) and on the Certification Page — Provider Service Locations?	No. Only service locations that provide Waiver services with rates developed from cost report data (see Appendix B of the Cost Report Instructions for a list of these services) should be included in the cost report. If a service location provides only transportation that is billed as a separate service or respite camp services, you should not include that service location code on the Certification Page — Provider Service Location worksheet or in the count of unique services locations on the Certification Page, Line 11c.
15.	Certification Page — Provider Service Locations	Why is there no end date (Column E) on the Certification Page — Provider Service Locations in the sample Cost Report?	As described in the Cost Report Instructions, if a service location was still active at the end of the fiscal year, this field should be left blank.
16.	Certification Page — Provider Service Locations	If one of my locations is Base-funded only, do I need to include it on the Certification Page — Provider Service Locations tab?	No. You should not include locations that are entirely Based-funded on the Certification Page — Provider Service Locations tab. If a provider service location renders Waiver services to Waiver-enrolled participants and Base-funded participants, the location does need to be included on the Certification Page — Provider Service Locations tab. For provider service locations included in the cost report, the expenses for the Base-funded participants should be reported on Schedule A, Column C and the expenses for the Waiver-enrolled participants should be included in Schedule A, Column F and allocated to the appropriate procedure code.
17.	Certification Page — Provider Service Locations	If the approved capacity is less than the licensed capacity, should we report the licensed available in all situations?	As described in the Cost Report Instructions, you should use the Approved Program Capacity (APC), even if this is less than the licensed capacity. If you have questions about your APC, please submit a question to ra-ratesetting@state.pa.us .
18.	Certification Page — Provider Service Locations	On the cost report, where do you list residential approved program capacity? If your Certificate of License lists two, but you historically have only used the site as a one-person site, how do you record this? If the location has both Waiver- and Base-funded individuals, do I record our capacity (three) as two in Waiver and zero vacancies and not show the Base-funded individual?	APC is reported on the Certification Page — Provider Service Locations tab and may not always be equal to the Licensed capacity. If you are uncertain what the APC is for a service location, please submit a question to ra-ratesetting@state.pa.us . Please see the example on Page 27 of the Cost Report Instructions for additional information about how to report census and vacancies for a service location. In your example, assuming three is your APC, you are correct that two Waiver individuals and zero vacancies would be repeated.

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19.	Certification Page — Provider Service Locations	Page 25 of the Cost Report Instructions indicates that we are to use approved program capacity when we select the billing procedure code for a location. How are we to determine what the approved program capacity is for that location? Is it the licensed capacity or is it the number of people that we are presently serving in a location as agreed to with the county?	See response to question 17.
20.	Certification Page — Provider Service Locations	<p>What is approved program capacity? How is this different from licensed capacity?</p> <p>If a site has three participants (one Waiver, one county funded and one Mental Health funded), do I only record costs for the Waiver client? For the service code, do I select a three-person home eligible/ineligible code?</p>	<p>Please see the response to question 17. If you do not know your approved program capacity, which may be different than your licensed capacity, please submit a question to ra-ratesetting@state.pa.us.</p> <p>In the example, assuming the APC is defined as three, the provider would select the three-person eligible and ineligible codes to report expenses in the cost report. Expenses would be allocated across three columns on schedule A: Column B (Excluded Service Locations and Other LOB Expenses) would include the costs for the individual receiving Mental Health funding; Column C (Base Expenses) would include the costs for the individual receiving base funds; and Column F (Eligible and Ineligible Expenses for Waiver Participants) would include costs for the individual participating in the Waiver.</p>
21.	Certification Page — Service Section	On the Certification Page – Service Selection worksheet, what does the “UA” modifier mean?	The “UA” modifier indicates semi-independent living. Please see the service definition document for additional details.
22.	Certification Page — Service Selection	<p>If I have a service location that serves three people, one person is Base-funded and two persons are waiver, what procedure codes should I use, three-individual program or two-individual program? W7022 or W7024</p> <p>Similarly, if I have a program that serves two children and one adult, do I select two-individual home and also one-individual home? W7012 and W7020?</p>	<p>APC is based on the number of individuals that reside in a service location, regardless of the funding source. APC is not specific to Waiver-funded individuals. Also, the procedure code you should select on the Service Selection tab and allocate expenses to on Schedule A is the procedure code for which you have signed up to deliver services for the Waiver participants in the Supports and Services Directory (SSD). This is also the procedure code you will bill SFY 2010/2011 expenses incurred for the Waiver participants in PROMISE.</p> <p>The procedure code that is selected must match to location of service. Therefore if you have 3 individuals with mental retardation residing in one home and they are a combination of children and adults you select the 3 person procedure code associated with the type of service. It is not necessary to mix service types since the location should be one service type that just happens to serve both children and adults.</p> <p>Questions related to which procedure codes apply to specific service locations can be submitted to ra ratesetting@state.pa.us.</p>

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23.	Certification Page — Service Selection	When I hit the "Populate Schedule A" button on the "Certification Page – Service Selection" tab, the codes I selected do not populate on Schedule A. How do I correct this?	<p>Please be sure to select 'Enable Macros' when the file opens. If the problem persists, it may be the security settings within your Excel application. In order to resolve this problem, you will need to reduce the Macro security settings.</p> <p>For Excel 2007:</p> <ul style="list-style-type: none"> ▪ Open the Cost Report ▪ Click on the Office Button located in the top left of the screen ▪ Click on Excel Options located in the lower right of the screen ▪ Click on Popular ▪ Make sure the Developer tab in the Ribbon is checked ▪ Click on OK ▪ Click on the Developer tab located on the top row, second tab from the right ▪ Click on Macro Security located next to the exclamation point within the yellow triangle ▪ Note which level of security is checked for future reference ▪ Click on Enable all macros ▪ Click on OK ▪ Edit the Cost Report <p>Once you are done editing, repeat steps 1 thru 11 selecting the level of security that was in place previously. This process has to be repeated each time you open and edit the cost report.</p> <p>For Excel 2003:</p> <ul style="list-style-type: none"> ▪ Open just the Excel application ▪ Go to Tools, Macro, Security ▪ Under the Security tab, select "Medium" ▪ Click on OK ▪ Close Excel ▪ Re-open cost report and select "Enable Macros" <p>Please see Section 22 of the Cost Report Instructions. If you continue to experience problems, or you have a different version of Excel, please send an e-mail to the ODP Help Desk.</p>
24.	Schedule A	For Schedule A, Line 19 (Number of Units of Service Available), should we record the number authorized in the Individual Support Plan (ISP) or the total the provider has the capacity to provide?	Schedule A, Line 19 (Number of Units of Service Available) should be the total number of units the provider has capacity to provide, regardless of how many units the provider is authorized to provide in ISPs.

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25.	Schedule A	How do I identify the number of available units on Line 19 on Schedule A?	For each service, Line 19 represents the capacity of all staff delivering direct care services to Waiver-enrolled participants. This capacity should be determined by considering the total number of staff providing the service, the number of hours per day that each staff can bill and the number of days in a year that can be billed. These values should then be allocated by considering the portion of capacity that is available for Waiver participants and should be converted to a unit value based on the unit definition in Line 20.
26.	Schedule A	<p>For Schedule A, Line 19 (Number of Units of Service Available), should we record the licensed number or the units available based on our current staffing?</p> <p>On Line 21, regarding units provided vs. billed, our county has not given all units in funding. Our units provided could exceed units billed. If we exceed our authorization (i.e., Adult Training Facility), should we bill for all provided units, even if they exceed our authorization?</p>	<p>The units of service reported on Schedule A, line 19 should represent the units the provider had the capacity to provide in SFY 2008/2009. These should not be adjusted to current staffing levels, if different.</p> <p>On Line 21, providers should report all units of service delivered, even if they exceed the authorization. ODP does not expect providers to provide or bill for services beyond those that have been authorized.</p>
27.	Schedule A	<p>We have provided units we will not be paid for in 2008 — 2009 due to:</p> <p>1) rejections; 2) over our cap set by the rate setting, so we expect not to be paid for units provided over the cap</p> <p>What number of units should we report on Line 21 – Schedule A?</p>	On Schedule A, providers should report units for all services provided, regardless if they were paid. ODP does not expect providers to provide or bill for services beyond those that have been authorized.
28.	Schedule A	Please define “available units” vs. “provided units” on Schedule A. Are these units budgeted, authorized or actually paid?	See responses to questions 24 through 27.
29.	Schedule A	<p>One of our programs is switching from fixed contracts to fee based service for July 1, 2009. During the year, we utilized PROMISE billing and many individuals have run out of units for 2008 — 2009.</p> <p>The HCSIS Report will show the units utilized to be less than units attended. What should be my total units utilized?</p>	See the response to question 27.

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30.	Schedule A	If I have only tracked residential units according to the half-month units on which I was paid, how should I report the units (day) in the cost report to be consistent with the service definitions effective July 1, 2009?	<p>If you have only tracked residential units as half-month units during the cost reporting period, apply the following formula to determine the associated day units:</p> $\text{Day units} = (\text{total number of half-month units}) * 365 / 24$ <p>For example, provider ABC renders services at a two-individual community home (W6092). The provider delivered 24 half-month units to individual X during the cost reporting period and delivered 20 half-month units to individual Y during the cost reporting period. The total number of half-month units for W6092 is 44 (24 + 20). The corresponding day units are calculated as follows:</p> $\text{Day units} = (44 \text{ half-month units}) * 365 / 24 = 669 \text{ days}$
31.	Schedule A	Noted number of units available vs. provided — question was how I know what to use if nonresidential. It was said we use the number provided, the two numbers can be the same. Shouldn't available be licensed capacity for number of units available based as available staff time to ratio example if one full time employee? Difficult to look at only waiver capacity.	For non-residential services, the number of units that should be reported on Line 19 is the number of units the provider had the staffing capacity to provide in SFY 2008/2009, considering appropriate staffing ratios. In many cases, this will be the licensed capacity, but to the extent a provider was not staffed to provide as many units as would be allowed by the licensure, use the capacity based on the staffing available. ODP recognizes that determining Waiver capacity is difficult. Please make your best estimate.
32.	Schedule A	How do I allocate expenses when an individual is receiving residential habilitation or day-program services AND Behavioral Support services?	Expenses associated with the residential service should be allocated to the appropriate residential procedure code. Expenses associated with the day-program services should be allocated to the appropriate day-program code. Expenses associated with Behavioral Support services should be allocated to the fee schedule service column (Column D). These services should be authorized and billed as separate services.
33.	Schedule A	I am a residential provider, and have a contracted therapist. Do I net out these expenses in Column D, or do I include them in Column F? What if I have a therapist on staff?	Regardless of whether the therapist is contracted or on staff, these expenses for service locations on this cost report should be included in Column D of Schedule A, as therapy services are paid based on a fee schedule.
34.	Schedule A	If my residential costs from SFY 2008/2009 reflect both direct care and other services that are fee schedule services as of July 1, 2009, such as Behavioral Support services, how should I "unbundle" my costs for these services and allocate them appropriately to Schedule A?	See response to question 32.

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35.	Schedule A	I provide Nursing Services. How do I allocate nursing expenditures when a nurse works in both a direct care (residential habilitation versus other service such as direct nursing) and administrative capacity?	<p>If you are a provider who only renders Nursing Services, this service is reimbursed on a fee schedule basis and a cost report is not required.</p> <p>If you are a provider who has a nurse(s) on staff, or has contracted with a nurse to provide services within a residential setting, the expenses for the time a nurse is providing habilitative services in the residential setting would be allocated as a direct care staff expense to the appropriate residential procedure code with the nursing modifier (Column G+ on Schedule A). If the nurse spends a portion of his/her time in a residential setting and a portion of his/her time providing direct nursing services, the costs for this nurse would need to be allocated as a direct care staff expense between the appropriate residential code with the nursing modifier (Column G+) and the fee schedule column (Column D on Schedule A). If the nurse spends a portion of his/her time providing direct care to participants and a portion of his/her time performing administrative tasks, the salary/wages would need to be split between program direct care and administrative expense categories based on the amount of time spent in the different types of activities.</p>
36.	Schedule A	How do I allocate the cost for different individuals at the same home who require different levels of support on a cost report?	<p>Costs for shared staff in a home should be distributed equally among the participants living in the home. For example, in a two-individual home with one Waiver-enrolled participant and one Base-funded participant, the costs should be allocated equally to the applicable programs (i.e., half of the cost for the Waiver-enrolled participant to the two-individual home (Schedule A, Column G+) and half of the cost to the Base Expenses (Schedule A, Column C) for the Base-funded individual). However, 1:1 staffing expenses should be allocated entirely to the appropriate program. For example, in a home with two staff where one of the staff persons supports a Base-funded recipient exclusively, the salary for this staff person should be allocated entirely to the Base column (Schedule A, Column C).</p>
37.	Schedule A	Last year's cost report blended one-, two- and three-person residencies to get an average cost. Can this year's cost report be prepared by every resident (8 versus/report)? The averages are different.	<p>See response to question 7 regarding when to submit multiple cost reports.</p> <p>See response to question 36 regarding splitting costs for individuals in the same home.</p>
38.	Schedule A	If I have a large agency with Mental Retardation (MR) and Mental Health (MH) services, but separate audits for MR, do I need to include MH in Column B of Schedule A?	No, report only MR costs on Schedule A, Column A
39.	Schedule A	Where should I allocate the expenses incurred for my separate mental health services which are not Waiver-related?	<p>The expenses for other lines of business should be reported in Column B on Schedule A if the costs for such services are included in the financial statements that tie to Column A. If the financial statements used to tie to Column A do not include the costs for the separate mental health services, then these costs should not be included anywhere in the cost report(s).</p>
40.	Schedule A	On Schedule A where do we list expenses related to serving a private pay individual? For instance, if we have three consumers at a site (one Waiver, one Base, and One private pay). Base expenses go in column C, Waiver in column F...where do expenses for private pay go?	Enter all expenses for services rendered to non-ODP clients, including private pay individuals, in Column B on Schedule A.

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41.	Schedule A	Can I split the costs for different services delivered at the same location among multiple cost reports?	No. All services for a single location must be included on only one cost report. For example, if a single location delivers both residential habilitation and respite services, the Waiver expenses for each service should be allocated to the corresponding procedure code on Schedule A on a single cost report. Please refer to Sections 4 and 6 of the Cost Report Instructions.
42.	Schedule A	How do I report my expenses and units for my Base-funded participants on the cost report?	<p>The expense for any Waiver-eligible or Base-only services provided to a Base-funded individual at the services locations included in the cost report should be recorded in Column C on Schedule A. The expense for Base-funded participants at locations other than those included in the cost report should be recorded in Column B of Schedule A.</p> <p>Units reported under each service code identify only the number of units provided to Waiver-enrolled participants. Units for Base-funded participants are not reported on the cost report.</p>
43.	Schedule A	Do I need to report units for both eligible and ineligible procedure codes?	Yes. Note, eligible units for residential services should be reported in days (vs. half-month units) as defined in the service definitions. Also note that ineligible units should equal the sum of eligible units unless the provider has an eligible procedure code for which they do not incur residential occupancy expenses or bill for the corresponding ineligible services. See Page 45 of the Cost Report Instructions.
44.	Schedule A	How do I report my eligible and ineligible expenses on the cost report?	<p>When completing Schedule A of the cost report for an eligible Waiver service (excluding Licensed Out-of-Home Respite services), expenses should ONLY be reported in Rows 1 through 15, as appropriate. There should not be any expenses reported in Row 23, expense category 'Residential Occupancy' for an eligible Waiver service.</p> <p>When completing Schedule A of the cost report for an ineligible Waiver service, expenses should ONLY be reported in Row 23, expense category 'Residential Occupancy.' There should not be any expenses reported in Rows 1 through 15.</p> <p>Licensed Out-of-Home Respite is the only eligible service for which expenses can be reported in Rows 1 through 15 AND 23, expense category 'Residential Occupancy.'</p>
45.	Schedule A	We have several supported living clients who pay their own room & board expenses directly out of their own funds. Therefore we do not have any ineligible cost and do not need an ineligible rate, even though this is a residential service (unlicensed Residential Habilitation). How do we handle this if we need to show both eligible and ineligible service codes?	Providers who render supported living services to clients who pay their own room and board do not incur residential occupancy expenses and would report \$0 to the ineligible procedure code for these clients. Also, the provider would not report units for the ineligible procedure code for these clients. Finally, the provider should not select the ineligible procedure code in the SSD for these clients.

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46.	Schedule A	How do I report staff salary and employee related expenses?	<p>The total provider expense for salary and employee related expenses (ERE) is reported on Schedule A, Column A and should add up to the sum of columns B through F of Schedule A. The Waiver portion of salary and ERE should be reported on the appropriate Schedule D and will auto populate the appropriate line on Schedule A, Column F.</p> <p>For Waiver salary and ERE, the expenses indicated in Schedule A, Column F, Lines 1 through 7, should be allocated by service (Columns G+) and expense category (Lines 1 through 7). Each row in Column F on Schedule A should add up to the sum of Columns G through the last column on Schedule A that is populated with a Waiver service.</p>
47.	Schedule A	I have never recorded accrued paid time off (PTO.) The Cost Report Instructions allow this. How should I handle this? Can I record the prior year's PTO?	<p>You can record accrued PTO if the following conditions are met:</p> <ul style="list-style-type: none"> ▪ The provider's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' services already rendered ▪ The obligation relates to rights that vest or accumulate ▪ Payment of the compensation is probable ▪ The amount can be reasonably estimated <p>The cost report should only represent the current year's expense. That is, any accrued PTO recorded (and expensed) can only represent PTO earned in the current year. For example, I earn 10 PTO days per year. I used nine days this year and will carry over one day. The current year expense can only include accrued PTO for one day earned, but not used, in the current year.</p> <p>Another approach is to record the difference between accrued PTO for Year 1 and for Year 2. For example, if my accrued/unused PTO balance is \$100,000 as of Year 1, and \$105,000 as of Year 2, the \$5,000 difference (\$105,000 - \$100,000) would be recorded in the current year's cost report.</p> <p>We recognize that this is a transition year and accrued PTO may not have been recorded in the past. However, providers should not use Year 2 as a "catch-up" year. Only current year expenses should be recognized in the cost report.</p>
48.	Schedule A	If an employee has accrued a substantial amount of time and would like to "cash-out" several hours and continue to work, how would these funds be recorded on the cost report?	Please see the response to question 47.
49.	Schedule A	Where should staff training expenses be reported?	Please see the response to question 114.
50.	Schedule A	Should my offset to expenses (Row 17 on Schedule A of the cost report) be reported as a negative number on the cost report?	No. If you received contributions or revenue that offset Waiver expenses during the cost-reporting period, these should be reported in Row 17, expense category 'Contributions/Revenue (Expense Offset)' as a positive value. The cost report will be rejected if there is a negative number on Schedule A, Line 17.

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51.	Schedule A	What expense components of residential services, as I currently provide them, should be reported on the cost report? Which expense components should not be included?	All costs associated with providing residential services should be reported in your cost report. Please review Section 4 of the Cost Report Instructions for guidance on allowable costs and on which schedules specific expenses should be reported.
52.	Schedule A	I provide Unlicensed Home and Community Habilitation. How do I report costs when it is provided as non-traditional day service?	The cost should be reported to Unlicensed Home and Community Habilitation, consistent with the activities included in the service definition.
53.	Schedule A	Where should I allocate the transportation expenses that are not integral to delivering the direct care services to Waiver participants, which are different by zone, to the cost report and the expenses associated with respite camp?	Expenses for transportation services rendered at service locations included in the cost report and that will be billed separately should be allocated to the fee schedule column (Schedule A, Column D). Similarly, respite camp expenses for those service locations included in the cost report should be reported in the fee schedule column (Schedule A, Column D). Expenses for service locations that are not included in the cost report should be included in the Excluded Service Locations and Other LOB column (Schedule A, Column B).
54.	Schedule A	On Schedule A, we identify county funding in other lines of business (LOB). If for FY 2010/2011, a child will be funded by ODP, should we record this child's costs under Waiver or other LOB? I know we are documenting 2008/2009 costs, but we are also reallocating indirect and fee schedule costs to reflect FY 2010/2011 circumstances.	Expenses and revenues related to the services delivered to this child should not be reported as Waiver expenses/revenues; they should be reported as a county-funded program expenses in Column C.
55.	Schedule A	If Column B on Schedule A is empty (Excluded Service Locations and Other LOB Expenses), will the cost report be rejected?	There are no real-time edits to reject the cost report during upload if Column B of Schedule A is empty. However, this will be reviewed in the desk review for reasonability. It is acceptable for this column to be empty if the provider is submitting a single cost report that includes all services locations and the provider has no other LOBs included in Column A.
56.	Schedule A	On page 34 of the Cost Report Instructions (Cost Report Instructions), for Schedule A, Column C (Base Expenses), the last line states that participant wages in a prevocational program should be included in Column C. However, Pages 41 and 69 of the Cost Report Instructions say that these wages should be reported in Column B (Excluded Service Locations and Other LOB Expenses). Which is correct?	Participant wages for prevocational programs should be reported in Column B (Excluded Service Locations and Other LOB Expenses) as described on pages 41 and 69 of the Cost Report Instructions.

Question #	Subject Area	Question	Response
57.	Schedule A	If only Waiver-related salaries, ERE and hours are reported on the Schedule Ds, how do I determine the salary and ERE expense to report on Columns B through E on Schedule A?	You will need to determine the appropriate allocation to the excluded service locations and other LOB, base expenses, fee schedule and outcome-based expenses, as well as excluded non-allowable Waiver expenses. If an employee splits his/her time between Waiver and non-Waiver services, then the portion of time spent on the Waiver services should be applied to the salary, ERE and hours and allocated to the appropriate Schedule D in the cost report. The portion of time spent on the other non-Waiver services (base, fee schedule, etc.) should be allocated across Columns B through E on Schedule A, keeping in mind Columns C through E should only include expenses from the service locations specified on the cost report.
58.	Schedule A	Can you provide examples of acceptable allocation methodologies?	Salaries may be allocated based on a time study of a period of time that would be representative of your regular operation. The ERE allocation would then use the same allocation as your salaries. Program supplies could be allocated based on requisitions from your central supply room. Transportation allocation could be based on mileage logs. Occupancy expenses could be based on a square footage occupied and proportioned to direct care expenses. Please refer to Section 16 of the Cost Report Instructions.
59.	Schedule A	If we have added daytime staff (with approval) to a CLA to provide care for a client who cannot attend a day program, is this still considered part of our residential note? Or should this be allocated to our day program expense?	If a client does not attend a day program and requires supervision from residential habilitation staff during the day, this is part of the residential expense. This individual would not have any day program services authorized in the ISP. Staffing expenses incurred in the residential program must be reported in the residential procedure code.
60.	Schedule A	Should "Agency With Choice" expenses be reported in Schedule A, Column B or D? The service is not listed as a fee schedule service.	Agency with Choice expenses should be reported in Column B of Schedule A.
61.	Schedule A	Is Transportation as a fee schedule item, Column B or Column D?	Transportation services that are billed separately will have rates established from a separate cost reporting process. For the purpose of this cost report, the provider should treat this type of transportation as a fee schedule service (Column D) if it is delivered at a service location in the cost report. If the separately billed transportation service is delivered at a service location not in the cost report, expenses should be reported in Column B.
62.	Schedule A	Since we don't track our Waiver expenses separately from our other lines of business, why can't the cost report be structured to track all expenses and not just Waiver expenses?	Centers for Medicare & Medicaid Services (CMS) has stringent requirements regarding accounting for services for which federal match is provided. Since CMS provides federal match for the Waiver-eligible services, costs for these services must be tracked separately by provider and service to ensure future federal participation
63.	Schedule B	How do I determine the beginning equity or fund balance on Line 15 of Schedule B?	The beginning equity or fund balance represents the cumulative retained earnings year over year for each provider. Providers must report the fund balance for the entire organization in Column A of Schedule B. If the provider has a fund set aside that supports the Waiver program and retained earnings as of 7/1/08 can be determined, this value should be entered on this line in Columns B and C. If this value is not available, it is acceptable for the Year 2 cost report to report \$0 in Columns B and C as the beginning fund balance.

Question #	Subject Area	Question	Response
64.	Schedule B	We are able to provide our fund balance in total for whole agency (Column A), but we do not break it out by program or service. How do we fill in this fund balance data for Columns B and C? Should it just be a proportion of the total?	See Page 54 of the Cost Report Instructions specific to Schedule B, Line 15 — Beginning Equity or Fund Balance.
65.	Schedule B	I am a day program provider and provide transportation for another LOB for a residential provider. Where do I report the revenue I receive from the residential provider on Schedule B?	Revenue received from other LOBs would be reported on Schedule B, Line 8 — Other.
66.	Schedule B	Schedule B, Line 5 — Commercial Sales, Why is the Waiver column blanked out? If I can't offset the Waiver portion then this would make the Base rate lower because all this revenue will offset base expenses?	Revenue from Commercial Sales is not used to offset Waiver costs. Related expenses should not be allocated to Schedule A, Column F.
67.	Schedule B	In which category on Schedule B would MH income be recorded? 1d — other revenue (other commonwealth program) 2 — a county program or 8 — other, \$ comes through our Administrative Entity (AE)?	By MH income, we assume you are referring to revenue generated from OMHSAS-sponsored programs. This revenue should be reported on Line 1d of Schedule B.
68.	Schedule B	Is it correct to say revenue reported on Schedule B, Line 1c can only be reported in Column A, since fee schedule sites are not included in Schedule A, Column F?	No. Fee schedule revenue reported on Schedule B, Line 1c should be reported in Column A, and the cost report template automatically makes the revenue in Column B equivalent to the revenue in Column A. The provider should then allocate a portion to Column C based on the service locations included in the cost report. The expenses on Line 13 of Schedule B pull Schedule A expenses from both Columns D and F, which allows the revenue and expenses to be on an equivalent basis.
69.	Schedule B	A county owes us over \$140,000 for June services, but has claimed that it has yet to receive the money from ODP. If we do not receive this money by the time that the cost reports are due, do we count this money as income? My understanding is that the funding has been approved, but payments have not been sent.	Cost reports should reflect accrued revenue. Consistent with generally accepted accounting principles, this revenue should be accrued to SFY 2008/2009 and a receivable would be established if there is reasonable expectation the income will be received.
70.	Schedule B	Can rent rebates be split between two months if the amount produces a negative ineligible amount?	The amounts reported on the Cost Report are annual amounts so the aggregate amount should not be negative.

Question #	Subject Area	Question	Response
71.	Schedule B	Can you provide a set of general guidelines for allocating revenue into eligible and ineligible categories based on Maximus guidelines? This seems like an important issue that all providers should be addressing uniformly.	To reallocate revenue to Line 1a and Line 1b in Schedule B, use the following approach: <ol style="list-style-type: none"> 1. Add the eligible and ineligible revenue received for waiver participants in SFY 08/09 to calculate the total waiver revenue 2. Divide the total expenses (Line 30) on Schedule J by the total expenses in Column F (Line 25) on Schedule A to calculate the percent of ineligible expenses 3. Multiply the percent calculated above to the total waiver revenue to calculate the total ineligible revenue 4. Subtract the total ineligible revenue from the total waiver revenue to calculate the eligible revenue; report this figure on Line 1a of Schedule B 5. Subtract the participant contributions (Line 6) on Schedule B from the total ineligible revenue (Step 3 above) to calculate the waiver ineligible revenue; report this figure on Line 1b of Schedule B
72.	Schedule B	Should Schedule B, Line 1a include both State and Federal Waiver revenue?	Yes.
73.	Schedule B	I don't have any Commonwealth revenue as I was paid by the county.	Although you received payment from the County, some funds were an allocation from the Commonwealth to the County/AE. The remittance advice from the County should assist you in identifying Waiver (Commonwealth) versus Base (County/AE) revenue. You should record the revenue that you received for the Consolidated and P/FDS Waiver programs on Schedule B, Lines 1a — Waiver Revenue for Waiver Eligible Services, 1b — Waiver Revenue for Waiver Ineligible Services, and 1c — Waiver Revenue for Fee Schedule and Outcomes-based Services, and record the revenue that you received for other Commonwealth programs or services in Line 1d — Other Revenue (includes Supports Coordination, AWC and other Commonwealth programs). County revenue (i.e., Base funds) should be reported on Line 2.
74.	Schedule B	Where do I record the revenue that was generated from my employment workshops?	You should report contract or commercial sales revenue on Schedule B, Line 5 — Contract Revenue. You should report revenue received from the Commonwealth for delivering employment-related Waiver services, such as Supported Employment and Prevocational services, to Schedule B, Lines 1a through 1d — Waiver Revenue and other Commonwealth revenue.
75.	Schedule B	Where do I record the revenue that I collected from participants?	The amount that you collect from participants in residential settings should be recorded on Schedule B, Line 6 — Participant Contribution to Residential Occupancy.
76.	Schedule Ds	Compensation — How do I report a position (not CEO) whose expenses are over the State scale? Shouldn't those be ineligible as well or only follow for CEO?	Compensation limits only apply to the CEO position at this time.
77.	Schedule Ds	Where and how should the CEO compensation be reported and allocated in the cost report?	Page 38 in the Cost Report Instructions provides a table of CEO compensation limits. Typically, the total CEO compensation would be reported on Schedule D-3, Column A. Any additional compensation above the limits shown in the Cost Report Instructions should be reported on Schedule A, Column E, Lines 6 and 7.

Question #	Subject Area	Question	Response
78.	Schedule Ds	How should I report my direct care staff, indirect staff, contracted staff and administrative staff expenses on Schedules D, D-1, D-2, and D-3?	When reporting staff expenses, like positions can be bundled together with Waiver salary and wages, ERE and hours combined. For example, if you have two habilitation workers without a degree and two habilitation workers with a degree, you can bundle the salary, ERE and hours for the two without a degree on Line 1 and the salary, ERE and hours for the two staff with a degree on Line 2. For examples of the type of staff who should be reported under each category, please refer to Section 11 of the cost report instructions. In cases where an employee spends time in various staffing categories, the portion of Waiver salary and wages, ERE and hours should be allocated accordingly to each category. In all cases, staff expenses reported on Schedules D through D-3 should only be for Waiver staff and should be specific to the service location codes included on the Certification Page — Provider Service Locations schedule.
79.	Schedule Ds	If I employ a program specialist or a supervisor who spends 50% of his/her time providing direct care and the other 50% of his/her time on program specialist or supervisory duties, how should I allocate the salary, ERE and hours to the Schedule Ds?	Assuming the employee spends all of his/her time on Waiver services, you would multiply the portion of time spent on providing direct care services (50%) by the employee's total salary, ERE, and hours and allocate these amounts to Schedule D. You would then multiply the portion of time spent on program specialist and/or supervisory duties (50%) by the employee's total salary, ERE and hours and allocate these amounts to Schedule D-1.
80.	Schedule Ds	We were told to include the family living stipend on Schedule D-2 as contracted services. How do we record the number of hours worked in family living? Our stipend is paid at a daily rate.	See response to Question 86.
81.	Schedule Ds	If I have a residential home with nursing, how should the wages be allocated to Schedule D? Since nursing wages are higher, will that skew the total average hourly compensation?	You should enter "nurse" as the position on Schedule D and then complete Columns A through D as applicable to the nursing staff. Your total average direct care wage will likely be higher than other residential facilities without nursing staff, but this would be expected. Please remember that nursing in a residential home is reported as part of staffing expenses when the nurse provides habilitation and is part of the regular staffing pattern for that home.
82.	Schedule Ds	What is the definition of "Supervision Duties" compared to "Administrative Duties" as it applies to the D Schedules?	Staff performing Supervision Duties (reported on Schedule D-1) include staff that are supervising direct care staff or program specialist staff, and therefore, are closely involved in the delivery of services to Waiver participants. Staff performing Administrative Duties (reported on Schedule D-3) include staff who work to support the general operations of the provider organization. Examples of administrative positions include CEO, accountant, receptionist, HR personnel, janitor, etc.
83.	Schedule Ds	How do we allocate Administrative wage costs to Waiver program for an Unlicensed Home & Community Habilitation provider serving only a few clients in an agency serving about 500 non-Waiver clients per year?	You may use time studies or actual time reports to allocate the appropriate portion of the Administrative Salary and ERE to the Waiver portion.

Question #	Subject Area	Question	Response
84.	Schedule Ds	If I have a therapist on staff and receive a fee schedule rate for these services, should I include that person on Schedule D?	No. Expenses on Schedule D feed lines 1 and 2 in Column F on Schedule A, which is for Waiver services with provider-specific rates (i.e., non fee schedule or outcomes-based services). Staff expenses for employees delivering services that are fee schedule or outcomes-based should not be included on Schedule D. The portion of time spent on the other non-Waiver services (base, fee schedule, etc.) should be allocated across Columns B through E on Schedule A, keeping in mind Columns C through E should only include expenses from the service locations specified on the cost report.
85.	Schedule Ds	Indirect staff perform direct care services that are not included on the consumers' ISPs. Can these costs be split between direct care hours & indirect?	The cost report is intended to capture actual expenses incurred during the cost reporting period. Indirect staff who incurred expenses for delivering direct care services for Waiver participants during the cost reporting period should allocate the portion of their salary, ERE and hours spent delivering the direct care services to Schedule D and the remaining portion of their salary, ERE, and hours they spent performing other non-direct care work to Schedule D-1.
86.	Schedule Ds	When inputting the provider payments under contracted services, is it necessary to provide the total hours to get an hourly rate? Our providers are paid by day and not hour. If we are, do we base it on 24 hours or a certain time frame during the day?	<p>If you pay your contracted staff a rate based on a unit other than an hour unit (i.e. day or month), you should first determine the number of hours the contracted staff works during that unit. Then you should multiply the number of units by the number of hours per unit to estimate the number of hours associated with the provider's contract payments. For example, if the contracted staff is paid per day and works an average of eight hours per day, the provider should multiply the number of days by 8 to estimate the total hours.</p> <p>For example, assume the contracted staff provided direct care services to Waiver participants 6 hours per day, on-average, and worked 3 days a week for 50 weeks, or 150 days (3 * 50), during the cost reporting period. The total hours worked by the contract staff are 900 (6 hours/day * 150 days/year).</p>
87.	Schedule Ds	How do I account for accrued PTO on the cost report?	<p>You should expense accrued PTO from the cost reporting period only (not from prior years) on the appropriate Schedule D in the ERE column.</p> <p>We recognize that this is a transition year and that accrued PTO may not have been recorded in the past. It is expected that providers do not use Year 2 as a "catch up" year. Only current year expenses should be recognized in the cost report. For example, I earn 10 PTO days per year. I used 9 days this year and will carry over 1 day. The current year expense can only represent accrued PTO for the 1 day earned but not used in the current year.</p> <p>Another approach used is to record the difference between accrued PTO as of Year 1 and the accrued PTO for Year 2. For example, if my accrued/unused PTO balance is \$100,000 as of Year 1, and \$105,000 as of Year 2, the \$5,000 difference (\$105,000 - \$100,000) would be recorded in the current year cost report.</p>
88.	Schedule Es	How do I report depreciation?	Depreciation is to be reported on Schedule E for Buildings, Schedule E-1 for Motor Vehicles and Schedule E-2 for Fixed Assets/Equipment. You must report the date when the asset was purchased, the original cost, the amount that has already been depreciated, the depreciation method, the annual rate, the total amount of depreciation and the amount of depreciation that is attributable to Waiver.

Question #	Subject Area	Question	Response
89.	Schedule Es	What is the depreciation method?	<p>There are three depreciation methods:</p> <p>Straight Line (SL) — When the same amount is charged each year.</p> <p>Grandfathered (GF) — Only applies to buildings that were purchased prior to July 1, 2009, and allows the provider to claim the principal and interest over the life of the loan.</p> <p>Use Allowance (UA) — A use allowance is permitted for assets acquired prior to July 1, 2009. An annual allowance of 2% for debt-free buildings is permitted and up to 6 2/3% is permitted for fixed assets above \$5,000.</p>
90.	Schedule Es	I received a donated vehicle valued at \$20,000. How do I record that in the cost report?	We assume this is an unrestricted donation. In this instance, instead of capitalizing this asset and depreciating, expense the entire asset (\$20,000) as an other program expense (Schedule A, Line 10), and then record \$20,000 on Schedule B, Line 10). This will result in no impact on your rate (e.g., the \$20,000 expense would be offset by the \$20,000 contribution revenue on Schedule A, Line 17). This will also likely be a reconciling item between the cost report and your audit.
91.	Schedule Es	If our agency received a donated car or a donation to purchase a car, can we depreciate the cost of the vehicle?	Please refer to the response to Question 90.
92.	Schedule Es	Regarding use allowance for vehicles purchased before 7/1/09, please explain what this is and how to determine the correct amount. Where should this amount be recorded? For how many years can we include this expense in the cost report?	Regardless of whether the vehicle was purchased before or after 7/1/09, it should be depreciated over its estimated useful life using the straight line method of depreciation. Once the vehicle has been fully depreciated, the provider can then claim a use allowance for the capital asset if this asset was purchased prior to 7/1/09. The use allowance is calculated as 6 2/3% of the original expense. All depreciation and use allowance expenses for vehicles should be reported in Schedule E-1. Providers can include this expense in the cost report as long as the asset is still in use.
93.	Schedule Es	I have an automobile I was depreciating over the life of the loan, which was 3 years, but the Cost Report Instructions indicate I should use the straight line method and depreciate it over 5 years. How should I reflect the remaining depreciated amount on the cost report?	If the asset was being depreciated in prior years, continue to depreciate the asset as you previously have, until fully depreciated.
94.	Schedule Es	If a vehicle is paid off and is used to provide transportation services to Waiver participants, can I claim the 6 2/3% as an expense allowance in the cost report?	If the vehicle is fully depreciated and still in use, then the provider can report a use allowance of 6 2/3% of the original expense on Schedule E-1, provided the vehicle was purchased prior to July 1, 2009.
95.	Schedule Es	If a vehicle is "program funded" by the AE, do we expense that item in the FY or do we depreciate the vehicle over the next 5 years for cost report purposes?	We assume program funded means that the AE provided all of the funding necessary for the purchase of the vehicle. The revenue provided by the county would be recorded in accordance with the appropriate funding source on Schedule B. The vehicle would be depreciated in accordance with Section E of the cost report instructions.

Question #	Subject Area	Question	Response
96.	Schedule Es	If I have one vehicle that provides services to Waiver participants and also provides transportation for my staff when they are not providing direct care services to Waiver participants, how should I allocate the depreciation of this vehicle?	You need to determine the portion of the time used to provide transportation to Waiver participants and the portion of time used for transportation of staff not providing direct care services to Waiver participants (e.g., picking up groceries for the facility), and allocate the portion of the original expense on Schedule E-1 in Column B accordingly. This can be done through a mileage log or another form of documented transportation usage. So the amounts attributed to participant transportation would go on Lines 1 through 4 of schedule E-1, and the amounts attributed to staff would go on Lines 6 through 8 of Schedule E-1.
97.	Schedule Es	If I have an item for a fixed asset that is less than \$5,000 and is not fully depreciated due to previous depreciation methods, how should I reflect this in the cost report?	If the asset was being depreciated in prior years, continue to depreciate the asset as you previously have, until fully depreciated.
98.	Schedule E	For the FY 2008-2009 cost report, should assets on the books that are under \$5,000, with remaining book value or fully expensed this year?	See response to Question 97.
99.	Schedule Es	How do we handle property with a cost less than \$5,000 purchased in a prior year? Is it grandfathered?	If the asset was being depreciated in prior years, continue to depreciate the asset as you previously have, until fully depreciated.
100.	Schedule Es	We are a county-operated provider that does not depreciate fixed assets and cannot complete certain schedules of the cost report because they are not applicable to our organization. One of the trainers said that if all the Schedules are not completed, our cost report will not be accepted. We need clarification of or exception to this requirement.	If you do not track depreciation for fixed assets, you do not need to complete Schedules E through E-2. However, you should indicate this in the comments section.
101.	Schedule Es	Where should I report continuing expense allowances for my fixed assets?	You should report fully-depreciated assets on the appropriate Schedule E, select the use allowance as the depreciation method, and allocate the appropriate use allowance percentage to the fully depreciated asset. If the asset was purchased after July 1, 2009, a use allowance may not be charged. Only repairs and maintenance can be charged as another program expense (schedule F, line 13).

Question #	Subject Area	Question	Response
102.	Schedule Es	<p>For Non-residential administrative buildings the Cost Report Instructions say that any new building purchased on or after July 1, 2009 we would have to show depreciation for and for any buildings with an outstanding loan as of June 31, 2009 we would be able to "grandfather" and claim principle and interest payments over the life of the loan. We purchased an administrative building on 8/31/08 and have an outstanding loan as of 6/31/09. For this cost report and going forward we would continue to expense the principle and interest over the life of the loan. Once the loan is satisfied we would then claim the applicable use allowance, this would also be the same for any admin renovations or fixed assets above \$5,000.</p> <p>The GAAP depreciation would only apply if we purchased a new building, renovation or fixed asset above \$5,000 after 7/1/09 correct? The exception to this would be motor vehicles which must be depreciated regardless of when they were purchased.</p> <p>Lastly, for residential and administrative vehicles that are fully depreciated is the use allowance 6 2/3% of the original expense as it is for other capital assets?</p>	<p>For non-residential administrative buildings that were purchased prior to July 1, 2009 and have an outstanding loan will be grandfathered to allow the provider to continue to claim principal and interest payments over the life of the loan. Once the loan on the building is satisfied, a use continuing participation allowance of 2% of the original expense per year may be expensed.</p> <p>Expenses for new administrative and non-residential capital assets acquired on or after July 1, 2009 are recognized through depreciation consistent with GAAP and the Office of Management and Budget circulars, as approved by CMS. Fixed assets of \$5,000 and below are to be expensed. Motor vehicles are to be depreciated in accordance with GAAP over their useful life.</p> <p>Fixed assets with a value greater than \$5,000 are eligible for a continuing participation of 6 and 2/3 percent if purchased prior to July 1, 2009</p>
103.	Schedule Es	I have an old vehicle that is having maintenance costs. If I wish to purchase a new car in SFY 2010/2011 for transporting Waiver participants, how do I obtain the funds given the current cost reporting structure?	The design of the Prospective Payment System (PPS) inherently includes a two year lag. Purchases made in a given fiscal year are not funded until two years later when the expenses are reported in the cost report reporting period (i.e., funds cannot be obtained prior to the purchase). When you purchase your new vehicle, you would calculate the purchase price of the vehicle and depreciate the cost of the vehicle over 5 years applying straight line depreciation (20% per year). This depreciation expense would be reported in the Cost Report for the reporting period during which the purchase was made. This produces a level cost for vehicles that would be included in the Waiver rates. You can also expense the interest on the vehicle loan on Schedule F, Line 6 (Interest — Short-term).
104.	Schedule Es	What if I have been depreciating assets under \$5,000? Do I now expense all of them?	The current year's cost report should only reflect current year's expenses. If you have been depreciating assets under \$5,000, continue to depreciate those over the remaining estimated useful life applying the straight-line method. For new assets acquired that are below \$5,000, those may be fully expensed in the current year, as long as they were acquired in the current year.

Question #	Subject Area	Question	Response
105.	Schedule Es	How do I expense or depreciate a vehicle and/or environmental modification in a residential setting, since the service is not covered?	Home and vehicle modifications are an allowable expense, even if they are not billed separately. Please see service definitions for allowable environmental modifications. All modifications should be depreciated using the straight line method of depreciation, and depreciated over the remaining estimated useful life of the asset they are associated with. The depreciation expense for the vehicle modification would be reported on schedule E-2 under Fixed Assets – Residential. The depreciation expense for the home modification would be reported on Schedule E under Buildings — Residential. These amounts will be auto-populate Schedule J.
106.	Schedule E	I have a construction truck that is used for the residential facility. Where should I depreciate this (On Schedule E2 under Fixed Assets/Equipment — Residential, under Residential Building Equipment)?	You should report depreciation for this asset on Schedule E-2 under Fixed Assets/Equipment — Residential, Line 34, Residential Other to ensure that the amount auto populates on Schedule J.
107.	Schedule Es	It is my understanding that based on the Cost Report Instructions for Schedules E through E-2, that principle and interest expense can be claimed on residential buildings as long as the loan is equal to or longer than 15 years.	Yes. Also see also Section 12 of the Cost Report Instructions.
108.	Schedule Es	Where is a “continuing participation allowance” for fully depreciated buildings and fixed assets reported on the cost report? 1) Schedule to use 2) Line # to use	Continuing participation is reported on Schedule E for buildings and Schedules E-1 and E-2 for motor vehicles and fixed assets. You would report the depreciation method in Column D as “UA”. The line number to use depends on the type of building and/or type of fixed asset. Please refer to section 12 of the Cost Report Instructions for a description of items to report on each line.
109.	Schedule Es	The use allowance allowed by AE in the past was 8%. Can I continue to use this as the use allowance percentage?	If the asset is a residential building that was acquired before July 1, 2009 and was debt-free before July 1, 2009, the use allowance may not exceed the use allowance you claimed in SFY 2007/2008. If you claimed 8% in SFY 2007/2008, then you can continue to use 8%. If the residential building was acquired before July 1, 2009 but became debt free after July 1, 2009, the use allowance is the lesser of 8% or the agency’s expense of debt service on the real estate. While this policy is applicable to this year’s cost reporting process, ODP is reviewing the use allowance percentages that will be in effect in future years. If the asset is an administrative building purchased prior to July 1, 2009, and is debt-free, the use allowance is 2%. If the asset is a non-residential fixed asset and was purchased prior to July 1, 2009, (e.g., motor vehicles, equipment, etc.) above \$5,000, the use allowance is 6 2/3%.
110.	Schedule Es	How long may I report continuing participation allowance?	If the asset was acquired prior to July 1, 2009, the use allowance may be claimed as long as the asset is in use.
111.	Schedule F	Are there any dos or don’ts regarding general administrative (GA) expenses? Which schedules are for GA only and which schedules have no GA at all?	Review Sections 13 and 14 of the Cost Report Instructions. GA expenses should be reported on Schedules F and F-1 and line 10 and 13 of Schedule A.
112.	Schedule F	We are a non-profit organization, but not a 501(c)(3). We pay federal and State corporation taxes. Where should this be reported on the cost report.	Federal and State corporation taxes are reported as an “Other Program Expense” on Schedule A, Line 10 (see page 41 of the Cost Report Instructions), and on Schedule F, Line 13.

Question #	Subject Area	Question	Response
113.	Schedule F	Where does the expense for quarterly & annual tax expenses go on report? Also, for training expenses and workman's' comp?	Please refer to Question 112 for an explanation on where to report tax expenses. Staff training expenses should be reported in Schedule F, Line 13, Other and workman's compensation expenses should be reported in Schedules D through D-3 under the ERE column.
114.	Schedule F	Where should I allocate my staff development costs?	For Year 2, allocate staff development costs to Schedule F, Line 13 (Other). ODP will consider creating a separate line item for this in Year 3. Refer to Question 49.
115.	Schedule G	Do related parties include individuals or just organizations?	Related parties are organizations and individuals. For example, if the organization's CEO purchases building maintenance services from a brother (an individual), this transaction must be disclosed as a related party transaction. Similarly, if a residential building is leased from a Board member's spouse (an individual), the transaction must be identified and disclosed as a related party transaction. This will be updated in the Cost Report Instructions for Year 3. As a reminder, related party transactions must be at arms-length, and represent terms that would be similar to that of an unrelated party.
116.	Schedule J	Should we enter our total residential occupancy expenses on Schedule J or the net amount after participant contributions have been subtracted?	The total residential occupancy costs (i.e., not the net amount) should be reported on Schedule J. Participant contributions should be reported on Schedule B.
117.	Schedule J	This question is based on state generated budgets for FY 2007/2008. It has been my understanding that certain residential costs were split between eligible and ineligible costs, such as communication. The State budgets we prepared for FY 2007/2008 showed communication (phone) as eligible and cable as ineligible – also certain housekeeping supplies as a split between the two, etc. Am I to only put the "ineligible expense" on Schedule J? Then where do I put the eligible portion? Under other?	If you are a residential provider, the entire cost of maintaining the residential facility including communication, cable, housekeeping, and other residential occupancy related expenses associated with Waiver-enrolled participants should be fully allocated to Schedule J on the appropriate line (i.e., do not exclude any portion of an allowable residential occupancy cost). None of these expenses are to be reported as eligible in the Cost Report, even if the state budgets considered a portion of these expenses as eligible prior to the implementation of the PPS.
118.	Schedule J	Can a residential adaptation ever be considered "eligible" because it was habitative? Can this expense be allocated between 2 schedules (other than residential occupancy cost)? Perhaps if it is done for a day program, it should only be reported on Schedule J.	Typically, residential adaptations are considered an occupancy expense and should be reported as such on Schedule J (and Schedule E, if depreciated) and allocated to the appropriate Ineligible procedure code. If you have questions about a specific adaptation, please submit a question to ra-ratesetting@state.pa.us . Adaptations to non-residential buildings should be allocated to the appropriate Eligible procedure code.
119.	Schedule J	Where do I report ineligible admin costs?	Administration expenses allocated to the ineligible procedure codes can be included on Schedule J in the "Other" line. Please include a description of this allocation in the comments section.

Question #	Subject Area	Question	Response
120.	Schedule J	When would I allocate wages, salary and employee benefit expenses to Schedule J?	Wage, salary and employee benefit expenses for facility personnel who are necessary to maintain the physical plant for residential service locations should be reported on Schedule J. For example, if you hire a maintenance, lawn/garden or food preparation employee who performs no direct, indirect or administration tasks, his/her salary and benefit expenses should be reported on Schedule J. If facility personnel maintain both residential and non-residential buildings, their expenses should be distributed between Schedule D-3 and Schedule J based on an allocation methodology that is reasonable.
121.	Schedule J	If furniture for a residence (under \$15,000) is purchased and expensed, what form and what line is this recorded on?	If the furniture purchased is less than \$5,000 you would report the expense on Schedule J, Line 29, Other. If the amount is greater than \$5,000, then you would report the depreciation on Schedule E-2 beginning on Line 26.
122.	Schedule J	It is my understanding that renovations, improvements or repairs to a residential facility are allowed to be expensed in the year they are completed even if they are over \$5,000 as long as they do not exceed \$75,000.	ODP will participate in expenses classified as renovations, improvements or repairs and maintenance (collectively, renovations). All renovations with expenses over \$75,000 (major renovations) should receive prior, written approval from ODP. ODP will communicate its decision to approve or disapprove a major renovation in writing to the provider within 30 days of receiving a request that includes sufficient information for ODP to render a decision. If the request is denied, ODP will identify the facts in support of its decision and explain the reason(s) for the denial. Renovations may be expensed or amortized. Major renovations should be used in the program for at least five years. If the major renovations are not used for five years, the provider will refund ODP that part of the major renovations funded by ODP, proportionately equal to the remaining unused time in the five-year period. See also section 12 of the Cost Report Instructions.
123.	Schedule J	Suppose a residential provider rents a residential house from a member of the provider's board of directors. This has historically been recorded as a rental expense for the provider. Please discuss how this situation affects Schedules J, G and E.	The rent would be included as an expense on Schedule J. As this building is not owned, there is no depreciation expense to report on Schedule E. The owner's expenses incurred to maintain the house should be reflected on Schedule G.
124.	Schedule J	Can you put a tutorial on the website or more documentation regarding the Maximus initiative and the revenue reclass we are being requested to do on Schedule J?	ODP will not be offering a separate tutorial on Schedule J. ODP requests that you report all residential occupancy expenses on Schedule J. If you have specific questions on filling out Schedule J, please submit them to the ODP cost report e-help desk. A link to the help desk can be found on the www.odpconsulting.net website under the Provider Information Center. For information related to the reclassification of revenue, please see the response to question 71.
125.	Schedule J	As of 07/01/09 we are collecting as a pass through the R&B funds from the representative payee and forwarding those funds to the family living provider so we can show it on our books. Do I need to show this anyway? By estimating or calculating this expense and show as an ineligible expense with offsetting revenue? Does this expense, go on Schedule J? Where do I show the revenue?	Yes, payments received from a representative payee for R&B are a source of revenue for the provider and should be reported on Schedule B, Line 6, Participant contribution to Residential Occupancy. The corresponding payment of these funds to the family, if intended to cover only residential R&B expenses for Waiver participants, should be reported on Schedule J, Line 12, Rent. This will result in a rate that can be used to submit claims for the Ineligible services, offset by the payments received from the representative payee, thus having the net impact of a \$0 rate.

Question #	Subject Area	Question	Response
126.	Allowable Expenses	<p>“CEO salary in excess of State schedule should be listed in Schedule A; Column E”.</p> <p>The cost report for FY 2008/2009 serves as the basis for rates for FY 2010/2011. Since effective July 1, 2009, The 4300 (Fiscal) regulations do not apply and the CEO compensation “State” table is a part of the 4300 regulations, How can CEO compensation in excess of “State Tables” exist?</p>	The Cost Report Instructions outline the allowable costs that can be reported in the Cost Report.
127.	Allowable Expenses	To the extent different Commonwealth programs have different limits on compensation; will there be discrepancies with varying staffing costs?	ODP recognizes there will be variation in compensation limits across Commonwealth programs. The Waiver compensation expenses reported in the Cost Report must comply with the limits outlined in the Cost Report Instructions. Please note that ODP is issuing an addendum to the Cost Report Instructions to amend the current CEO compensation grid.
128.	Allowable Expenses	The Cost Report Instructions have the CEO Grid stopping at pay range 54, the \$7,000,000 mark as of 7/1/2008. The Mental Retardation Bulletin from March 2006 and the attachments referred to in the last page of that Bulletin signed by Kevin Casey provided a Grid that goes up to a \$60,000,000 agency, far beyond pay range 54. What is the July 1, 2008 allowable amount for CEO compensation as of July 1, 2008 when updating Attachment 1 for the FY 2009 Cost Report?	ODP is issuing an addendum to the Cost Report Instructions to amend the current CEO Compensation Grid.

Question #	Subject Area	Question	Response
129.	Allowable Expenses	Please define "one time" expenses and how/if they relate to start-up expenses. Additionally, if the provider did not request any additional funds from an AE to complete renovations for consumers to join an existing program, do those expenses need to be separated out from the cost of the home as "start -up" expenses?	<p>In April 1998, the American Institute of Certified Public Accountants (AICPA) issued Statement of Position (SOP) 98-5, Reporting on the Expenses of Start-up Activities. SOP 98-5 stated that start-up costs are those incurred during the course of undertaking one-time activities related to:</p> <ul style="list-style-type: none"> ▪ Opening a new facility ▪ Introducing a new product or service ▪ Conducting business in a new territory Conducting business with a new class of customer or beneficiary ▪ Initiating a new process in an existing facility ▪ Commencing some new operation ▪ Organizing a new entity (frequently referred to as organization expenses) <p>The expense outside the scope of SOP 98-5 must be accounted for in accordance with other existing authoritative accounting recommendations. Any start-up costs that have been reimbursed by DPW, or were funded with another funding source other than DPW previously, must be reported as income on Schedule B, Line 7. If the provider received start-up funds during the FY 2008/2009 reporting period, the provider should submit supporting information (via Comments Page or separate file upload) that describes what the start-up funds were used for, indicates whether the items purchased are included in the current year's Cost Report as expenses, and provides a summary of start-up costs included in the Cost Report.</p>
130.	Attachment 1	How do I know if I need to fill out an Attachment 1 form?	<p>You should complete an Attachment 1, Supplemental Data Request form if you are impacted by one or more of the items listed below.</p> <p>If you are a day-program provider for which, effective July 1, 2009, you are financially responsible for all required staffing needs for Waiver participants attending your program(s) AND you did not pay for the required staffing expenses during SFY 2008/2009.</p> <p>If you are a residential provider for which, effective July 1, 2009, you are no longer responsible for the required staffing needs for Waiver participants leaving your residential facility to attend a day-program AND you did pay for the required staffing expenses during SFY 08/09.</p> <p>If you are a residential provider for which, effective July 1, 2009, you are responsible for all transportation to and from the day-program for waiver participants to whom you provide residential services AND you did not pay for the transportation to and from the day-program during SFY 2008/2009.</p> <p>If you had a mid-year change in staff to accommodate a waiver participant's change in need that resulted in a change in staff expenses that are included in the cost report for only a partial year for changes that occurred in SFY 2008/2009 or are not included at all for changes that occurred in SFY 2009/2010.</p>

Question #	Subject Area	Question	Response
131.	Audits	We are a calendar year-end agency. How should adjustments be handled that may occur in either the first 6 months or last 6 months of our calendar year-end that would reflect inaccurate 12 month data when reported for the State's fiscal year period.	If an adjustment that results from your calendar year end audit would impact reported costs as reported in your June 30 cost report, you must file a restated cost report along with an explanation as to why the restatement is necessary.
132.	Audits	If our agency has a different fiscal year end than June 30, do I have to provide reconciliation between the most recent financial statements and the cost report?	No, but please include a note on the Comments Page that indicates there is a difference in time periods and include any supporting information for the reviewer's benefit. The AE will review the audit and check for reasonableness between the financial statements and footnotes.
133.	Audits	Our fiscal year does not end on 6/30. May we submit our audit without full audit reconciliation?	Please refer to the response for Question 132.
134.	Audits	Audits from counties may be late; they may not be received until after March. How should we proceed?	Providers should submit a request for an extension if they will be unable to submit audited financial statements by the due date. If a draft of the audit is available, it should be submitted. Final audits should be submitted as soon as they are available.
135.	Audits	Our audit will not be available when the cost report is submitted. How can we complete Schedule A, Column A without the audit?	The information reported on Schedule A, Column A should be obtained from your internal financials. When it becomes available, the audit will confirm the amounts reported in Column A or identify findings that must be reconciled to the amounts reported on in the cost report. If audit findings are material, a restated cost report will need to be submitted.
136.	Audits	Is it preferred that the Waiver eligible and Waiver ineligible revenue adjustments for occupancy expenses be made to the AFS as well?	No, the AFS should reflect the actual revenues received. If the AFS distinguished between eligible and ineligible revenue, you will need to provide a supporting schedule to reconcile to the revenues reflected in the cost report, which are adjusted to reflect the reclassification of a portion of the eligible revenue to the ineligible revenue (similar to the expense reclassification).
137.	Audits	Will ODP develop schedules to be included in the audit for consistent way to show waiver costs in a program? It would be better to have units shown by funding source, then ODP can take total cots divided by total units = Rate. Then take waiver rate times number of units to know total costs of waiver.	There will not be schedules developed for the audit. Providers should ensure that total expenses as reported on Schedule A, Column A, Line 25 are reconciled to their audit and reported revenues (Schedule B) are reconciled to their audit. Providers should also ensure a reconciliation schedule is included to tie to expenses reported on Schedule A, Column F and revenue as reported on Schedule B, Column B for the Waiver program.
138.	Based-Funded Services	As a governmental entity, how are we to reconcile program-funded county programs?	Please submit this question with additional context to ra-ratesetting@state.pa.us or contact your ODP regional program manager to discuss this issue.
139.	Billing	We have provided approved services above the cap for that service. Can other funds be used to pay for these services?	Please submit this question to the rate-setting mailbox at ra-ratesetting@state.pa.us .
140.	Billing	How will the net ineligible rate be reported during the PROMISe billing process?	Please submit questions related to billing to ra-ratesetting@state.pa.us .

Question #	Subject Area	Question	Response
141.	Billing	What can you do about a consumer that can't afford to pay their portion? We have a consumer that owes SSI money and is unable to pay their liability. The overpayment occurred before they came to our agency and they just discovered the overpayment recently.	Please submit this question to the rate-setting mailbox at ra-ratesetting@state.pa.us . or contact your regional program manager to discuss this issue.
142.	Billing	We were told that the Ineligible rates issued for 2009/2010 were gross rates and must be offset by room and board. It was my understanding that the amount billed needs to equal the number of units served multiplied by the authorized rate. If we offset the gross ineligible amount by room and board, won't our billing be denied? For example, if the rate was \$5/day and room and board was \$1/day, we would bill \$4 for each of 10 units or \$40. However, HCSIS would be looking for \$5 for each of 10 units or \$50. How should this situation be billed?	Please review the Billing Webcasts and Provider Handbook on www.odpconsulting.net
143.	Desk Review	Regarding the desk review of the Cost Report – We have contracts with multiple AE's but the bulk of the money and units is with Allegheny county. Can I request that our agency be assigned to Allegheny County for the desk review of our cost report?	ODP will assign AEs to perform the desk review.
144.	Family Living Home	At the Cost Report training in Valley Forge on 7/29, it was requested that we unbundle the expenses for any H&C Habilitation or companion services that licensed/unlicensed family living individuals are receiving in the FY 2009 cost reports. However, the most recent crosswalk "Home & Community Services Grid" we have indicates that an ISP cannot have Unlicensed / Licensed Residential services and concurrently have either Unlicensed Habilitation or Companion Services. It seems that if they are unbundled, the H&C Habilitation or Companion Services will be disallowed. Can you please clarify?	ODP will provide additional guidance separately.

Question #	Subject Area	Question	Response
145.	Family Living Home	If I run a family living home, where do costs get allocated when the family gets a stipend and a portion of the stipend is for the residential occupancy expenses?	At this time, due to the current variability of the stipends being paid across the Commonwealth, ODP will be reviewing this issue and establishing clarification for Year 3. For the Year 2 cost report, determine the portion of the family stipend that is attributed to residential occupancy and allocate that amount to Schedule J and the remainder to Schedule D-2 under Contracted Staff Expenses.
146.	Family Living Home	The information on lifesharing still needs to be clarified. Home and Community Habilitation cannot be provided in a licensed home per the service definitions. The need for additional support staff is reflected in on individual's ISP but it is not authorized as separate service. The lifesharing caregiver does not pay the worker through the stipend. The cost of the habilitation worker is part of the rate to the provider agency. How are expenses reported?	ODP will provide additional guidance separately.
147.	Family Living Home	Can the minimum 5 - 10 hours per week of non-family living provider hours be rolled into family living rate and not billed separately? This won't skew the rate in a material way. If a person needs more than 10 hours per week, it may skew rate.	ODP will provide additional guidance separately.
148.	Family Living Home	I operate a Family Living Home and receive a stipend to provide services. How do I allocate my expenses on the cost report?	Host Families who render Family Living Home services and receive stipends from a qualified Medicaid waiver provider do not need to complete a cost report. Only the qualified Medicaid provider of Family Living needs to complete a cost report. If you are both the Medicaid provider and are also the Host Family then you should contact your ODP regional program staff for technical assistance.
149.	Family Living Home	We have a family living client whose provider has an unusually high stipend because she is also paid to provide this client's day service. Can/should this be unbundled)? Should we bill her day program under the day program code?	ODP will provide additional guidance separately.
150.	Respite Camp	When will the forms for respite camp be available?	ODP is currently working on drafting modified cost report forms for respite camp providers in an effort to address the respite camp variable rates and the limited number of procedure codes currently available for respite camp. Once completed ODP will solicit feedback from the respite camp providers prior to finalizing the modified cost report. ODP plans to have the draft forms completed by September and the final forms completed by November.
151.	Revenue Reconciliation	Why is the targeted revenue amount different from the cost report amount?	Revenue reconciliation questions should be submitted to ra-ratesetting@state.pa.us.
152.	Start-up Costs	How will start up costs be handled in the future? Is there a written policy available?	A written policy is currently being drafted by ODP.

Question #	Subject Area	Question	Response
153.	Start-up Costs	We are trying to locate a residential building to purchase. We understand that we need to request approval from ODP for help with the down payment (up to 25%). How do we do that? Cannot find instructions. The individual is now residing in a home we lease and we'd like to buy a place and move him before he gets kicked out (due to his behaviors). Who do we write to or call?	A written policy is currently being drafted by ODP. Please contact your Regional Program Manager for assistance on this issue.
154.	Transportation	What is so special about transportation? Why isn't the cost report process used to determine transportation rates?	Transportation services have specific rate-setting considerations that are more appropriately addressed in an alternative, but similar, cost reporting process. For example, rates cannot be established for public transportation, as local transportation entities have pre-established bus fare rates.
155.	Transportation	If a service location code is only used for transportation services (i.e., Zone 1), does it matter whether or not that location code is listed on the Certification Page?	Service location codes used only for transportation services that are billed separately should not be listed in the Certification Page — Provider Service Locations schedule of the cost report.
156.	Transportation	We contract with an agency for staffing and transportation. We have a single number that combines salaries, benefits, mileage and other costs. Do we need to separate these costs on the cost report?	Where contract payments are reported in the cost report depends on what is "purchased" from the agency, and they do not generally need to be separated to different cost categories. For example, if transportation services are purchased from the agency, contract payments can be reported to the transportation schedule(s). Alternatively, if habilitation services are purchased, and this also includes transportation for the habilitation service, contract payments should be reported to the salary schedule(s).
157.	Transportation	What are the different types of transportation that should be included in the cost report and how should I allocate each type?	<p>Participant transportation services are either billed separately or are part of another service. Participant transportation services that are billed separately should be treated as a fee schedule service in the cost report (Schedule A, Column D) if they are delivered at a service location included in the cost report. If they are delivered at a service location not included in the cost report, they should be reported in Schedule A, Column B.</p> <p>Participant transportation expenses that are part of another service will be reported on Schedule E-1 (depreciation related expenses) and Schedule I (non-depreciation related expenses).</p> <p>Additionally, providers may have transportation expenses that are not participant-related (e.g., staff transportation). Depreciation expenses for non-participant transportation are reported on Schedule E-2 and non-depreciation expenses are reported on Schedule F.</p> <p>Transportation expenses that are incurred to support both participant and non-participant functions should be allocated to the appropriate Schedule. Transportation expenses that are incurred to support separately billed transportation services and those that are part of another service should be allocated to the appropriate column in Schedule A. The allocation methodology should be described in Schedule H.</p>

Question #	Subject Area	Question	Response
158.	Transportation	As I understand it, transportation of an individual to a day program is the responsibility of the residential provider. What about transportation to the individual's job – is that the individual's responsibility?	Whether an individual is enrolled in a day program or engaged in employment, the transportation to and from these activities are considered to be integral to the residential service and are therefore the responsibility of the residential provider based on the service definitions effective July 1, 2009. However, Waiver participants may choose to pay for their own transportation. In this case the provider would not incur an expense. When an individual receiving residential services chooses to pay for their own transportation the team should confirm that this was decided by the individual and not the residential provider and that this is appropriate given the individual's financial circumstances. This should be documented in the ISP so there is no question that this was based on choice of the person and validated by the team to be appropriate.
159.	Transportation	What transportation expenses should show up on Schedule A in Column D?	Transportation services that are billed separately should be reported in Schedule A, Column D. As outlined in Appendix B of the Cost Report Instructions, these procedure codes include W7271, W7272, W7273, W7274 and W7275.
160.	Transportation	What type of transportation would not be part of another service?	Under the Consolidated and P/FDS Waivers, ODP offers a discrete transportation service, which is not part of another service. Typically, these include transportation services between a participant's home and day program rendered to individuals that are not receiving residential services. Please refer to the Waiver service definitions for further information. Also, please refer to Question 160.
161.	Transportation	We own trucks to transport goods produced by our clients. Can this expense be recorded on Schedule I?	No, Schedule I is for expenses related to transporting participants. This does not appear to be an allowable expense necessary for the provision of waiver services. Therefore, these costs would be excluded on Schedule A, Column B or Column E.
162.	Transportation	Has there been anything official in writing stating what the official rate for reimbursement for mileage?	The current mileage rate is 55 cents. The service definition does include language about the mileage rate which states, "the current state rate for mileage reimbursement effective January 1 st immediately preceding the beginning of the impacted Fiscal Year." This rate information was included in the transportation modified Cost Report Instructions.