

Cost Report Desk Review Procedures for the Consolidated and P/FDS Waiver Programs

Commonwealth of Pennsylvania
Office of Developmental Programs

Year 4 Desk Review Procedures for Cost Reports ending June 30, 2011

MPI #:	Provider Name:
Cost Report #	of
Name of person completing desk review procedures:	Date:
AE:	Date:

Overview

Once the provider has successfully submitted its Cost Report(s), the Cost Report enters the desk review phase. In Year 4 (historical reporting period July 1, 2010 – June 30, 2011), the Administrative Entities (AEs) are responsible for performing the desk review of the Cost Report submissions. ODP Regional Fiscal Office staff will provide oversight for the desk review process to support consistency across all desk reviews.

If all Cost Reports submitted by a provider pass the desk review conducted on each Cost Report submitted, the AE will indicate the acceptance in the Desk Review website and will notify ODP Regional Fiscal Office staff. ODP will then notify the provider its Cost Report submission has been approved. The provider's Cost Report data will be sent to the rate-setting database where their historical experience data will be considered as part of the rate development process. In the event that all Cost Reports submitted by a provider do not pass the desk review, the Cost Report submission package for that provider will not be approved or used in rate setting.

If the Cost Report submission fails any of the desk review procedures, the AEs will notify providers of the items that need to be corrected and will request a Cost Report resubmission. Providers with Cost Reports identified for resubmission will need to start at the beginning of the process (i.e., the Cost Report resubmission must first make it through the real-time edits). The Desk Review website will maintain documentation on the status of each Cost Report, allowing users to determine how many Cost Reports have passed the desk review and how many have failed the desk review and are pending resubmission.

To facilitate the desk review process, ODP issues a mapping of AEs to providers (via Master Provider Index [MPI]) to identify the MPIs that each AE is responsible for reviewing. Each AE will be provided with one user name and password to access the Desk Review website. The AE can share this information internally with all fiscal staff performing desk reviews. Using this information, the AE will be able to log in to the Desk Review website and download the Cost Reports and supporting financial documents specific to their assigned MPIs. For security purposes, AEs will only have access to Cost Report data for their assigned MPIs. AEs can begin monitoring the website in late October and start performing desk reviews of any uploaded Cost Reports. Please note, some providers will be testing the upload submission process so AEs will want to ensure submissions are finalized if beginning the desk review before November 4, 2011. Any Cost Reports that do not pass the real-time edits will not be uploaded.

ODP anticipates a very high volume of Cost Report uploads will occur during the last two weeks of October and first few days of November. Therefore, prior to the Cost Report submission deadline of November 3, 2011, AEs are encouraged to log in to the Desk Review website on a daily basis to check the files that have been uploaded for their assigned MPIs. After November 3, 2011, AEs will begin receiving e-mail notifications each time one of their assigned MPIs uploads a file. This system feature will alert AEs when resubmissions have been submitted and assist AEs in watching for audited financial statement submissions through March 2012.

Upon downloading the Cost Report(s) and supplemental schedules, the AEs will perform a standardized set of Year 4 desk review procedures, which are included in subsequent sections of this document.

Documentation

Comprehensive and readily accessible documentation records are crucial to support ODP in responding to provider inquiries. To that end, ODP will require the AE staff to maintain detailed documentation records of all e-mail and telephone communications with providers. To facilitate the documentation process, ODP has established a Connect website that AEs and ODP staff can access. The Connect website

will allow each AE to access a folder and upload documentation for each of their assigned MPIs. Items AEs must maintain include the completed desk review procedures, all e-mail correspondence between the AE and provider and documentation of any telephone conversations using ODP's standard telephone documentation template.

In addition to the documentation the AE will maintain on the Connect website, ODP will also require the AE to update the status of each MPI's desk review results on the Desk Review website. The Desk Review website provides five status options:

- Failed hard edits
- Passed hard edits, pending desk review
- Desk review performed, failed desk review
- Desk review performed, passed desk review
- Does not require pass/fail decision

While the automated system will automatically assign the status associated with the first two bullets described above, the AE will be responsible for updating the status upon completion of the desk review (i.e., choosing the third or fourth status option to acknowledge pass or fail). For Cost Reports that do not require a Desk Review (e.g., provider test submission), the AE is responsible for updating the status using the fifth status option above. This function will enable system users to run reports by MPI to understand how the Cost Report submission and desk review phases are progressing.

General Instructions for Completing the Desk Review Procedures

A desk review needs to be completed for each Cost Report received. The desk review procedures provide necessary documentation of why the provider's Cost Report has been approved or rejected.

For each item on the desk review procedure, enter an "X" in the appropriate column:

- **Yes – Compliant** – If the provider has completed the item correctly
- **No – Not Compliant [Action Required]** – If the information is incorrect and the provider must correct or the provider indicates supporting information or explanation is not available (e.g., if the provider indicates that "waiver hours" are not available for Schedule D, this is considered not compliant)
- **No – Not Compliant [NO Action Needed – not material]** – If the information is incorrect, but the item is not material enough to necessitate a correction by the provider
- **N/A** – If the item does not apply to this provider

The **Comments Column** must be completed if you have placed an "X" in either of the "No – Not Compliant" columns. If [NO Action Needed – not material] is selected, the comment entered by the desk reviewer must identify the error and explain why it is immaterial. If [Action Required] is selected, the comment entered by the desk reviewer should identify the error **and** how to correct it.

Approved Cost Reports

If the Cost Report submission is approved, the “Memorandum – Approval” should be completed and sent to ODP Regional Fiscal Office staff for formal notification to be sent to the provider. Enter the provider’s MPI number, Cost Report number, e-mail address (as indicated on the Certification Page) and the date the memorandum is completed. The ODP Regional Fiscal Office staff will only send the “Memorandum – Approval” to the provider (as opposed to the entire desk review procedures). Please note this memorandum will only be completed if **all** Cost Reports submitted by the provider have been approved. The AE is responsible for ensuring a copy of the desk review procedures, as well as the completed “Memorandum – Approval,” are saved in the MPI-specific folder on the Connect site and that the disposition is updated on the ODP Desk Review website.

Resubmission of Cost Reports Required

If the Cost Report is not approved, the “Memorandum – Resubmission Required” should be completed and sent to the provider (copying ODP Regional Fiscal Office staff and the Connect site) along with the completed desk review procedures. Enter the provider’s MPI number, Cost Report Number, e-mail address (as indicated on the Certification Page) and the date the memorandum is completed. If all of the Cost Reports are being returned to the provider for the same reason, you may enter “ALL” as the Cost Report number. Enter the desk review procedures reference number of all items that need to be corrected. For example, if findings are identified related to the desk review procedures questions 5, 12 and 17, indicate those in the “Memorandum – Resubmission Required” so that the provider knows which items need to be corrected. The comment for each of the unacceptable reference numbers in the desk review procedures should contain enough information for the provider to know how to correct the problem. The “Memorandum – Resubmission Required” and the entire desk review procedures need to be sent to the provider.

ODP requires that all initial desk reviews be completed and documented **on or before December 2, 2011**. All Cost Report resubmissions are due from providers by **December 13, 2011**. ODP requires that all resubmission desk reviews be completed on or before **January 5, 2012**.

If the resubmission fails the desk review, ODP Central Office will communicate to the provider that the Cost Report has failed the desk review process.

Memorandum – Resubmission Required

**Commonwealth of Pennsylvania
Office of Developmental Programs
Year 4 Cost Report Review
Memorandum – Resubmission Required**

**RE: Cost Report Submission MPI #: _____
Cost Report Number from Certification Page Line 12b: Cost Report _____ of _____
Provider E-mail Address indicated on Certification Page Line 3b: _____; Line 4b: _____
Date memorandum completed: _____
CC: [AE]@connectmail.mercer.com and Provider User Account Email and ODP Regional Fiscal Office staff**

Dear Provider,

Thank you for your submission of the Year 4 Cost Report covering the historical reporting period July 1, 2010 – June 30, 2011. The document referenced above has been received and reviewed. Findings were noted in the submitted document, as listed below. You must correct these findings and resubmit your Cost Report within seven business days of the date of the e-mail to which this memorandum was attached.

A copy of the desk review findings and errors contained in your Cost Report is attached. The numeric references correspond to each desk review procedure identified in the document that requires review or resolution. If the procedure is not identified below, you do not need to address it in your resubmission.

The following desk review procedure reference number(s) require review and resolution: _____

Please review these findings carefully and correct them as appropriate. Upload the revised Cost Report within **seven** business days of the date of the e-mail to which this memorandum was attached. Please note that the number of initial Cost Report submissions may not change during the resubmission process (e.g., collapsing service locations or procedure codes from multiple failed Cost Reports into one revised Cost Report.) If this occurs, AEs will reject the collapsed Cost Report resubmission during the desk review.

As a reminder, if you have not included your audited financial statement (AFS) with your Cost Report submission, please submit it to the website when available (but no later than 9 months from the end of the reporting period). Recall that the AFS must include the newly required supplemental schedule specific to the Waiver LOB expenses and revenues for the FY 2010/2011 reporting period and the newly required supplemental schedule that reconciles the Cost Report Waiver expenses and revenues for the FY 2010/2011 reporting period, as reported in the Cost Report, to the Waiver LOB supplemental schedule of expenses and revenues identified in the audit (Section 2 of Cost Report Instructions). To the extent your AFS requires an adjustment to your Cost Report submission, the desk review procedures will need to be performed on any restated Cost Reports.

Thank you for your prompt attention to this matter. If you have any questions, please contact your assigned AE at: _____.

General Procedures

#	Schedule: General Procedures Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
1	<p>Are comments noted for any schedules on the Comments Page or on supplemental schedules?</p> <p>Review the Comments Page and supplemental schedules. Using the comments column of this procedure, note each schedule that has a corresponding comment (e.g., A, B, D, D-1, etc.).</p> <p>Prior to review of each schedule, reference any applicable comments and supplemental schedules.</p> <p>Is there a comment on the Comments Page alerting the reviewer that information has been provided on the Provider Use Page?</p> <p><i>Note: For Year 4, providers were allowed to use the Provider Use Page to supply relevant information to be reviewed. In such cases, a comment must be made on the Comments Page to alert the reviewer that information has been provided on the Provider Use Page. The comment must be made in the section of the applicable schedule(s) that clearly states that additional information has been input into the Provider Use Page and that the provider requests the information be considered as part of the Cost Report submission. Any supporting information reported on the Provider Use Page must be clearly reported and formatted appropriately for ease of review.</i></p> <p><i>Note: If there are no comments recorded on the Comments Page and there are no supplemental schedules submitted, this item should be answered N/A.</i></p>					

Certification Page

#	Certification Page Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
2	<p>Does the “Number of Cost Reports Submitted” (Line 12a) agree with the actual number of Cost Reports uploaded by the provider and indicated in the file naming convention (see pages 124 of the CRI)?</p> <p><i>For example, if the provider indicates it is submitting 3 Cost Reports, have 3 Cost Reports (1 of 3, 2 of 3, 3 of 3) been received? Also, have they appropriately named these files (e.g., 123456789_CR_2011_01of03.xls, 123456789_CR_2011_02of03.xls, 123456789_CR_2011_03of03.xls)?</i></p>					
3	<p>For each Cost Report submitted, is the count of service locations for each MPI reported on this Cost Report (Line 11d) equal to the count of service locations on the Certification Page – Provider Service Location schedule for that MPI (Column B)?</p> <p><i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p>					

Certification Page – Provider Service Locations

#	Certification Page – Provider Service Locations Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
4	<p>Check that the MPI-service location code combinations are not duplicated within a Cost Report or across Cost Report(s) for Column B. If any MPI-service location code combinations are duplicated, the Cost Report(s) are not compliant and action is needed.</p> <p><i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p>					
5	<p>Are the begin dates of service in Column E between 7/1/10 and 6/30/11?</p> <p><i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p>					
6	<p>If end date of service is populated in Column F, is the date between 7/1/10 and 6/30/11?</p> <p><i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p>					
7	<p>Are all MPIs and Service Location Codes valid (i.e., there are no alpha characters in the MPI or Service Location Code columns)?</p>					
8	<p>Is the sum of the Waiver Census and Vacancies (Columns H and I) less than or equal to the size of the home indicated by the procedure code in Column G?</p>					

Certification Page – Service Selection

#	Certification Page – Service Selection Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
9	<p>If residential procedure codes have been selected, have Columns G through J been completed on the Certification Page – Provider Service Locations schedule for at least one service location?</p> <p><i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p>					
10	<p>Has at least one procedure code been selected/checked?</p> <p><i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p>					
11	<p>If Line 154 Fee Schedule Services/Outcomes-based Services is checked, are expenses reported in Schedule A, Column D?</p> <p>Alternatively, if expenses have been reported in Schedule A, Column D, did the provider check the Fee Schedule Services/Outcomes-based Services box (Line 154) on this schedule?</p> <p><i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p>					

Schedule A: Expense Report

Schedule A, Column F is auto populated by the supplemental schedules in the Cost Report. Schedule A is a critical component of the Cost Report as the data reflected in Schedule A will be used directly in the development of provider-specific rates for the services and locations included in the Cost Report.

#	Schedule A: Expense Report Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
12	<p>If a provider submitted multiple Cost Reports, is Schedule A, Column A (Total Provider Expenses – line items and totals) the same for each Cost Report submitted by the provider? If the provider submitted only one Cost Report, select N/A.</p> <p><i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p>					

#	Schedule A: Expense Report Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
13	<p>If there are no dollars in Excluded Non-allowable Waiver Expenses (Schedule A, Column E), has the provider confirmed this with a statement on the Comments Page? If there are no dollars in Excluded Non-allowable Waiver Expenses and no statement was made, follow-up with the provider is required.</p> <p><i>Per the guidance set forth in the CRI, if the provider determined that none of their expenses met the definition of “non-allowable”, then they were required to confirm with a statement on the Comments Page.</i></p> <p><i>Examples of non-allowable Waiver expenses include, but are not limited to, items such as bad debt, fines and penalties, fundraising expenses, entertainment/recreation expenses for participants and provider staff, goodwill and retained earnings.</i></p> <p><i>Please note that excess compensation expenses are also considered non-allowable Waiver expenses and are tested as part of the Schedule D, D-1, D-2 and D-3 procedures through use of Appendix B in this document.</i></p> <p><i>A more comprehensive list of non-allowable Waiver expenses is located in Section 8 of the CRI.</i></p>					

#	Schedule A: Expense Report Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
14	<p>Are the calculated unit costs in Lines 22 (Residential – Eligible), 23 (Non-residential) and 25 (Residential – Ineligible) reasonable for the service?</p> <p><i>Note: Please see Appendix A of this document for reasonable ranges by procedure code. If the unit cost for a given procedure code falls outside the range shown in Appendix A, request the provider confirm their expenses and units are reported correctly and have them provide support for the driving factors behind the low or high unit cost value (e.g., one individual in the home has very high needs).</i></p> <p><i>Procedure codes that do not appear in Appendix A do not need to be checked and will automatically be passed by the Excel tool.</i></p> <p><i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p>					
15	<p>If there are multiple residential services provided, does the relationship between the unit costs and the home-size make sense?</p> <p><i>For example, an eligible and ineligible rate for a two-individual home should generally be higher than the eligible and ineligible rate for a three-individual home for a similar service. If not, has the provider included a comment on the Comments Page to explain the relationship? If not, ask for an explanation why the reported relationship is correct. If the relationship is not correct, the provider may need to re-allocate costs more appropriately or correct the units.</i></p>					

#	Schedule A: Expense Report Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
16	<p>If there are multiple levels of the same non-residential services provided, does the relationship between the unit costs and the staffing ratio make sense?</p> <p><i>For example, a unit cost for Basic Staff Support should be lower than a unit cost for Level 1 Staff Support. If not, has the provider included a comment on the Comments Page? If not, ask for an explanation or the provider may need to re-allocate costs more appropriately.</i></p>					
17	<p>For residential ineligible codes, are the units reported in Lines 19 and 21 equal to the sum of the units for the corresponding eligible codes?</p> <p><i>For example, if W7025 (Community Residential ineligible code) shows 2,190 units available, does the sum of W7024 (Community Residential eligible code) and W7024TD (Community Residential with a nursing modifier eligible code) also show 2,190 units available?</i></p>					

Schedule B: Income Statement

#	Schedule B: Income Statement Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
18	<p>For providers that submitted multiple Cost Reports, is the revenue reported in Columns A and B the same for each Cost Report submitted? If only one Cost Report is submitted, mark N/A.</p> <p><i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p>					
19	<p>Is the amount reported in Line 8 Other income less than 5% of Total Revenue reported in Line 12 for each column? If not, has a supplemental schedule been submitted and are the revenues in the supplemental schedule reasonable?</p> <p><i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p>					
20	<p>If Investment Income is entered in Column A, Line 7, is a portion allocated to Column B, Line 7 for Waiver?</p> <p><i>If no portion of investment income is allocated to Column B, Line 7 and investment income is entered in Column A, Line 7, then an explanation must be requested from the provider as to why no investment income has been allocated to the Waiver program.</i></p> <p><i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p>					

#	Schedule B: Income Statement Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
21	<p>If Non-Restricted/Appropriated contributions are entered in Column A, Line 9a or Lines 10a through 10c, has the provider allocated contribution revenue to the Waiver in Columns B or C?</p> <p><i>If no allocation to the Waiver has been made, an explanation must be requested from the provider as to why no allocations to the Waiver were made.</i></p> <p><i>Please note that this procedure does <u>not</u> apply to Restricted/Appropriated contributions.</i></p> <p><i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p>					
22	<p>If Government Grants are entered in Column A, Lines 11a through 11c, has the provider allocated grant revenue to the Waiver in Columns B or C?</p> <p><i>If no allocation to the Waiver has been made, an explanation must be requested from the provider as to why no allocations to the Waiver were made.</i></p> <p><i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p>					
23	<p>Are all line item values in Column B less than or equal to the corresponding line item value in Column A?</p> <p><i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p>					
24	<p>Are all line item values in Column C less than or equal to the corresponding line item value in Column B?</p> <p><i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p>					

#	Schedule B: Income Statement Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
25	<p>If there are negative revenues reported, is there sufficient documentation (either in the comments tab or supplemental schedules) for the reviewer to understand the reason? If not, clarification should be requested.</p> <p><i>Revenue/contribution amounts should generally be entered as a positive number. In certain situations, the amount may be a negative value. For example, the Other Revenue line of Schedule B, Line 8 may be negative if it represents a significant loss on the sale of a fixed asset.</i></p>					

Schedules D through D-3: Staff Expenses

The purpose of Schedules D, D-1, D-2 and D-3 is: (1) to collect salary, wage and ERE costs related to different types of Waiver staff including direct care, other program, contracted and administrative staff and (2) to collect a count of full-time and part-time staff hours for tasks related to Waiver services. Reported information should be specific to the service location codes included on the Certification Page — Provider Service Locations schedule.

Procedure 26 is meant to check for general completeness of information reported within the staff expense schedules.

The position column is used to identify each classification or job title of staff who worked for the provider. More than one staff member of the same classification or job title may be reported on the same line if they are paid a similar wage (i.e., it is not necessary to list each employee separately). Some lines of the Cost Report template contained pre-populated examples of staff positions and credentials for the provider to use if applicable. These staff position descriptions and credentials are to be overwritten as necessary. The credentials field may be left blank if the position does not require credentials, licensure or a degree. Ensure that position descriptions are provided for each line that is populated and that descriptions do not include any type of employee identifying information (e.g., name, social security number, etc.).

Expenses for PTO and accrued PTO should not be separately itemized on any particular line within this schedule. Instead, these expenses should be included with the salary/wages expenses reported for each position.

Recall that for Schedule D-2 Contracted Staff Expenses, the ERE column is not included in this schedule because providers generally do not make contract payments for ERE and benefits for contracted staff are considered a non-allowable expense.

Also for Schedule D-2 Contracted Staff Expenses, there is a table specific to FLH stipends. If a provider does not deliver FLH services, then this table should be left blank. For providers who deliver FLH services, more than one FLH arrangement may be reported on the same line if they represent similar arrangements by procedure code (e.g., all adult one-individual homes on the same line, all child one-individual homes on a different line, all unlicensed one-individual homes on a different line, etc.).

#	Schedule D through D-3: Staff Expenses Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
26	Have all columns within Schedules D, D-1, D-2, and/or D-3 been completed for each position entered? <i>Note: The credentials field may be left blank if the position does not require credentials, licensure or a degree.</i>					

Schedule D: Program Direct Care Staff Expenses

Prior to allocation of expenses to Waiver allowable, the total compensation (i.e., salary and ERE) for each staff position (executive and non-executive, direct care, other program, contracted and administrative staff) should not exceed the limits on the compensation grid in Appendix B of this document (also located in Appendix E of the CRI). Staff compensation in excess of allowable limits is the responsibility of the provider and should be reported in the non-allowable expense column (Column E) of Schedule A.

#	Schedule D: Program Direct Care Staff Expenses Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
27	<p>For program direct care staff, do the descriptions provide enough information for the reviewer to understand the nature of the position?</p> <p><i>Note: If the provider indicates “Other” as a position description with no other identifying information, this is not acceptable. All positions should have a description. It is acceptable to combine like positions on one row.</i></p>					
28	<p>Based on the type of provider and the type of services rendered, are appropriate and reasonable staff positions reported on this schedule?</p> <p><i>For example, do the positions listed by the provider appear to be direct staff type positions (e.g., habilitation worker, job coach, etc.)?</i></p>					

#	Schedule D: Program Direct Care Staff Expenses Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
29	<p>Columns B and C: For each position listed, does the proportion of Waiver Employee-Related Expenses (Column C) to Waiver Salary and Wages (Column B) seem reasonable?</p> <p><i>A reasonable range of ERE as a percent of total compensation expenses (Column B plus Column C) is 6% to 35%.</i></p> <p><i>Note: If the proportion of Waiver Employee-Related Expenses falls out of the reasonable range of 6% to 35%, the schedule is not compliant and the provider must provide an explanation. This applies to both individual positions and where applicable, the total compensation expenses from any supporting schedules containing compensation expenses for multiple positions. If a reasonable explanation is provided for ERE that falls outside the range of 6% to 35%, then the schedule is compliant for this procedure.</i></p> <p><i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p>					

#	Schedule D: Program Direct Care Staff Expenses Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
30	<p>Columns B and C:</p> <p>Do the expenses in these columns only reflect the portion of compensation that is allowable and net of any adjustments to remove non-allowable compensation expenses? <i>Reviewer should reference Lines 1 and 2 in Schedule A, Column E for the presence of Excluded Non-Allowable Waiver Expenses. Appendix B of this document has been provided to assist the reviewer in determining if allowable staff compensation limits have been exceeded and thus, identifying a circumstance where non-allowable compensation expenses were not removed.</i></p> <p><i>If any of the individual estimated hourly compensation amounts in Column E exceed the limits set forth in Appendix B of this document based on the provider's total expenses and service type, this schedule is not compliant and explanation should be requested of the provider.</i></p> <p><i>Note: Refer to Section 8 of the CRI for more detail regarding Program Direct Care Staff Salary/Wages and Program Direct Care Staff ERE. Also refer to Appendix E of the CRI for details and an example regarding allowable staff compensation limits.</i></p>					
31	<p>Column E:</p> <p>Does the Estimated Hourly Compensation seem reasonable for the staffing positions? <i>For example, are the hourly wages higher for more skilled positions such as those with credentials or higher education degrees?</i></p>					

#	Schedule D: Program Direct Care Staff Expenses Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
32	Column E: Do hourly amounts for all positions meet or exceed minimum wage (\$7.25/hour)? <i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i>					

Schedule D-1: Other Program Staff Expenses

Prior to allocation of expenses to Waiver allowable, the total compensation (i.e., salary and ERE) for each staff position (executive and non-executive, direct care, other program, contracted and administrative staff) should not exceed the limits on the compensation grid in Appendix B of this document (also located in Appendix E of the CRI). Staff compensation in excess of allowable limits is the responsibility of the provider and should be reported in the non-allowable expense column (Column E) of Schedule A.

#	Schedule D-1: Other Program Staff Expenses Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
33	<p>For other program staff, do the descriptions provide enough information for the reviewer to understand the nature of the position?</p> <p><i>Note: If the provider indicates “Other” as a position description, with no other identifying information, this is not acceptable. All positions should have a description. It is acceptable to combine like positions on one row.</i></p>					
34	<p>Based on the type of provider and the type of services rendered, are appropriate and reasonable staff positions reported on this schedule?</p> <p><i>For example, do the positions listed by the provider appear to be other program staff type positions (e.g., program coordinator, program specialist, etc.)?</i></p>					

#	Schedule D-1: Other Program Staff Expenses Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
35	<p>Columns B and C: For each position listed, does the proportion of Waiver Employee-Related Expenses (Column C) to Waiver Salary and Wages (Column B) seem reasonable?</p> <p><i>A reasonable range of ERE as a percent of total compensation expenses (Column B plus Column C) is 6% to 35%.</i></p> <p><i>Note: If the proportion of Waiver Employee-Related Expenses falls out of the reasonable range of 6% to 35%, the schedule is not compliant and the provider must provide an explanation. This applies to both individual positions and where applicable, the total compensation expenses from any supporting schedules containing compensation expenses for multiple positions. If a reasonable explanation is provided for ERE that falls outside the range of 6% to 35%, then the schedule is compliant for this procedure.</i></p> <p><i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p>					

#	Schedule D-1: Other Program Staff Expenses Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
36	<p>Columns B and C: Do the expenses in these columns only reflect the portion of compensation that is allowable and net of any adjustments to remove non-allowable compensation expenses? <i>Reviewer should reference Lines 3 and 4 in Schedule A, Column E for the presence of Excluded Non-Allowable Waiver Expenses. Appendix B of this document has been provided to assist the reviewer in determining if allowable staff compensation limits have been exceeded and thus, identifying a circumstance where non-allowable compensation expenses were not removed.</i></p> <p><i>If any of the individual estimated hourly compensation amounts in Column E exceed the limits set forth in Appendix B of this document based on the provider's total expenses and service type, this schedule is not compliant and explanation should be requested of the provider.</i></p> <p><i>Note: Refer to Section 8 of the CRI for more detail regarding Other Program Staff expenses. Also refer to Appendix E of the CRI for details and an example regarding allowable staff compensation limits.</i></p>					
37	<p>Column E: Does the Estimated Hourly Compensation seem reasonable for the staffing positions? <i>For example, are the hourly wages higher for more skilled positions such as a program director?</i></p>					

#	Schedule D-1: Other Program Staff Expenses Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
38	Column E: Do hourly amounts for all positions meet or exceed minimum wage (\$7.25/hour)? <i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i>					

Schedule D-2: Contracted Staff Expenses

Prior to allocation of expenses to Waiver allowable, the total compensation (i.e., salary and ERE) for each staff position (executive and non-executive, direct care, other program, contracted and administrative staff) should not exceed the limits on the compensation grid in Appendix B of this document (also located in Appendix E of the CRI). Staff compensation in excess of allowable limits is the responsibility of the provider and should be reported in the non allowable expense column (Column E) of Schedule A.

#	Schedule D-2: Contracted Staff Expenses Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
39	For contracted staff, do the descriptions provide enough information for the reviewer to understand the nature of the position? <i>Note: If the provider indicates “Other” as a position description, with no other identifying information, this is not acceptable. All positions should have a description. It is acceptable to combine like positions on one row.</i>					
40	Based on the type of provider and the type of services rendered, are appropriate and reasonable staff positions reported on this schedule? <i>For example, do the positions listed by the provider appear to be contracted staff type positions (e.g., habilitation worker)?</i>					

#	Schedule D-2: Contracted Staff Expenses Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
41	<p>Column B:</p> <p>Do the expenses in this column only reflect the portion of compensation that is allowable and net of any adjustments to remove non-allowable compensation expenses?</p> <p><i>Reviewer should reference Line 5 in Schedule A, Column E for the presence of Excluded Non-Allowable Waiver Expenses.</i></p> <p><i>Appendix B of this document has been provided to assist the reviewer in determining if allowable staff compensation limits have been exceeded and thus, identifying a circumstance where non-allowable compensation expenses were not removed.</i></p> <p><i>If any of the individual estimated hourly compensation amounts in Column D exceed the limits set forth in Appendix B of this document based on the provider's total expenses and service type, this schedule is not compliant and explanation should be requested of the provider.</i></p> <p><i>Note: Refer to Sections 8 and 11 of the CRI for more detail regarding Contracted Staff expenses. Also refer to Appendix E of the CRI for details and an example regarding allowable staff compensation limits.</i></p>					

#	Schedule D-2: Contracted Staff Expenses Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
42	<p>Column D:</p> <p>Does the Estimated Hourly Compensation seem reasonable for the staffing positions? <i>For example, are the hourly wages higher for more skilled positions such as a nurse or social worker?</i></p> <p><i>Where comparisons are possible, does the hourly compensation for contracted staff vary greatly from direct care or other program staff of similar credentials or qualifications?</i></p>					
43	<p>Family Living Home (FLH) Stipends:</p> <p>If costs are reported in Columns E and F, have the costs from Column E been allocated to only Eligible Family Living Home procedure codes on Schedule A, Line 5? Have the costs from Column F been allocated to only Ineligible Family Living Home procedure codes on Schedule A, Line 24?</p> <p><i>Note: Per the CRI, more than one FLH arrangement may be reported on the same line if they represent similar arrangements (e.g., all adult one-individual homes on the same line, all child one-individual homes on a different line, etc.). It is not necessary for the provider to list each FLH arrangement separately.</i></p> <p><i>Note: Refer to Section 8 of the CRI for more detail regarding FLH stipends.</i></p>					

Schedule D-3: Administrative Staff Expenses

#	Schedule D-3: Administrative Staff Expenses Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
44	<p>For administrative staff, do the descriptions provide enough information for the reviewer to understand the nature of the position?</p> <p><i>Note: If the provider indicates “Other” as a position description, with no other identifying information, this is not acceptable. All positions should have a description. It is acceptable to combine like positions on one row.</i></p>					
45	<p>Based on the type of provider and the type of services rendered, are appropriate and reasonable staff positions reported on this schedule?</p> <p><i>For example, do the positions listed by the provider appear to be administrative staff type positions (e.g., CEO, CFO, accountant, fiscal officer, desk clerk, etc.)?</i></p> <p><i>As another example, a provider that only renders residential services and has a Waiver census of 1 would not be expected to need a CEO, CFO and accountant.</i></p>					

#	Schedule D-3: Administrative Staff Expenses Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
46	<p>Columns A and B: For each position listed, does the proportion of Waiver Employee-Related Expenses (Column B) to Waiver Salary and Wages (Column A) seem reasonable?</p> <p><i>A reasonable range of ERE as a percent of total compensation expenses (Column A plus Column B) is 6% to 35%.</i></p> <p><i>Note: If the proportion of Waiver Employee-Related Expenses falls out of the reasonable range of 6% to 35%, the schedule is not compliant and the provider must provide an explanation. This applies to both individual positions and where applicable, the total compensation expenses from any supporting schedules containing compensation expenses for multiple positions. If a reasonable explanation is provided for ERE that falls outside the range of 6% to 35%, then the schedule is compliant for this procedure.</i></p> <p><i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p>					

#	Schedule D-3: Administrative Staff Expenses Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
47	<p>Columns A and B: Do the expenses in these columns only reflect the portion of compensation that is allowable and net of any adjustments to remove non-allowable compensation expenses? <i>Reviewer should reference Lines 6 and 7 in Schedule A, Column E for the presence of Excluded Non-Allowable Waiver Expenses. Appendix B of this document has been provided to assist the reviewer in determining if allowable staff compensation limits have been exceeded and thus, identifying a circumstance where non-allowable compensation expenses were not removed.</i></p> <p><i>If any of the individual estimated hourly compensation amounts in Column E exceed the limits set forth in Appendix B of this document based on the provider's total expenses and service type, this schedule is not compliant and explanation should be requested of the provider.</i></p> <p><i>Note: Refer to Appendix E of the CRI for details and an example regarding allowable staff compensation limits.</i></p>					
48	<p>Column D: Does the Estimated Hourly Compensation seem reasonable for the staffing positions? <i>For example, are the hourly wages higher for more skilled positions such as a CEO, CFO or accountant?</i></p>					
49	<p>Column D: Do hourly amounts for all positions meet or exceed minimum wage (\$7.25/hour)? <i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p>					

Schedules E through E-2: Provider Depreciation Expenses

The purpose of Schedules E, E-1 and E-2 is to collect information related to depreciable buildings, additions, leasehold improvements, motor vehicles, and tangible and intangible assets. All schedules have separate sections for non-residential and residential expenses. Participation (use) allowances are also included on these schedules. Schedules E, E-1 and E-2 should be completed at the total provider level, as well as for the Waiver provider service location codes reported on the Certification Page — Provider Service Locations schedule.

Procedure 50 is meant to check for general completeness of information reported within the staff expense schedules.

Recall from the CRI:

- For providers with Cost Reports containing expenses for other LOBs, Base-only service locations, or fee schedule/outcomes-based only locations, it is possible that some assets with depreciation expenses will receive no allocation to the Waiver in Column G. For these assets, providers must still provide the necessary detail in Column F for all assets, as these amounts populate total provider expenses in Column A of Schedule A. Failure to report all applicable expenses in Column F would understate expenses in Schedule A.
- Each asset is to be recorded separately on its own line. Alternatively, if more lines are needed, or if the provider prefers to use supporting schedules, they may combine like assets (e.g., all non-residential buildings) into a single line. Next to the description of the asset, the provider should enter “See Attached Schedule” and report the total depreciation in Column F and the Waiver depreciation in Column G. As support for the single line, the provider should provide the full detail of each individual asset (e.g., each non-residential building or each other motor vehicle) in the Comments Page or upload a supporting schedule and indicate this in the Comments Page. Supporting schedules must clearly agree to the amount entered on each line of Schedule E. In addition, supplemental schedules shall contain the same level of information for each asset as is required to complete columns A through G of this schedule.

#	Schedules E through E-2: Provider Depreciation Expenses Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
50	<p>Schedules E, E-1, & E-2</p> <p>All Columns – General:</p> <p>For each asset listed, does the asset meet the criteria of an allowable expense and does data exist in each column (Columns A through G)?</p> <p><i>Note: If provider combined several assets on one line, then at a minimum, Columns F and G in the cost report need to be completed with the full detail for each column and each asset provided in the supplemental schedule.</i></p> <p>If the provider has attached a supplemental schedule:</p> <ol style="list-style-type: none"> 1) Does the supplemental schedule include all information that would be reported in Columns A through G of Schedules E, E-1 and E-2? 2) Are the supplemental schedules clearly labeled and broken out into the subsections shown on Schedule E, E-1 and E-2 (e.g., Non-residential buildings, additions, leaseholder improvements, etc.)? 3) Where applicable, do the supplemental schedules clearly agree with the amount entered on each line of Schedules E, E-1 and E-2? <p><i>Note: For each asset listed, if the depreciation method listed in Column D is UA, it is not required that expenses be present in Column C.</i></p>					

Schedule E: Depreciation and Amortization – Buildings

Prior to completing the desk review of the depreciation schedules, the AE should review the CRI, Section 12. There are three methods that will be tested throughout the depreciation schedules:

- Straight-line (SL) – In this method, the same amount is charged each month/year over the estimated useful life of the asset. Estimated useful lives will vary depending upon the asset, and may also vary depending upon whether the asset was acquired as new or used. The reviewer should be able to recalculate current year depreciation (Column F) by taking the original expense (Column B) and multiplying by the annual rate (Column E). There are exceptions for assets acquired during the year. See below for more detail.
- Grandfathered (GF) – This method applies to non-residential buildings purchased prior to July 1, 2009 and allows the provider to continue to claim the principal and interest over the life of the loan. This method is also used to indicate that a residential building's loan is being amortized over the life of the loan. The reviewer will not be able to recalculate GF amounts since the loan terms (e.g., interest rate, etc.) are not in the Cost Report.
- Use Allowance/Participation Allowance (UA) – The term “use” and “participation” are used interchangeably. The participation allowance allows for an annual allowance of 2% of the original acquisition cost for fully depreciated buildings and 6 2/3% for fully depreciated fixed assets to be expensed in the Cost Report. Use allowances can only be taken for as long as the asset is in use. The reviewer should be able to recalculate current year use allowance (Column F) by taking the original expense (Column B) and multiplying by the annual rate (Column E).

Other items to note include:

- It is likely that assets will be acquired throughout the year. Depreciation shall be prorated by month. For example, if an asset is acquired 6 months into the year, one half, or 6 months of the annualized depreciation shall be recorded in the Cost Report. Alternatively, if a provider maintains a policy that is acceptable to their auditors and allows for depreciation by quarter, or annually, even if acquired later during the year, it is acceptable to continue that approach, provided such approach is applied consistently each year. The provider should note such policy in the Comments Page.
- Assets \$5,000 and above should be capitalized. Assets below \$5,000 should be expensed; however, if the reviewer notes assets below \$5,000 that are being depreciated in their Cost Report, this is acceptable as long as the asset was not acquired during the current year. Providers were told that if they were already depreciating an asset valued at less than \$5,000, they could continue to do so.
- Assets may convert from one method (e.g., SL to UA) to another during the reporting period, but two methods cannot be used at the same time for the same asset. For example, an asset may become fully depreciated 6 months into the year. So the provider would list the asset on a line and recognize depreciation for 6 months. Assuming the asset is still in use, the provider would then list the same asset on another line, but indicate UA for the second 6 months.
- For assets with GF selected in Column D, Column C will represent the principal and interest payments. This means that for GF only, Column C may exceed Column B, which is acceptable. The reviewer cannot recalculate previous year payments.
- If a provider has a significant number of capital assets, the reviewer could consider “spot checking” the supporting detail for the steps that follow. That is, recalculate every 5th item for example, rather than recalculating every line. If errors are noted, the reviewer should indicate which asset the error was noted on so that the provider can address it. If errors are noted, the reviewer should do a more comprehensive recalculation of depreciation.
- See CRI, Section 12 for additional scenarios that may occur, such as use allowances for down payments for residential facilities, etc.

#	Schedule E: Depreciation and Amortization - Buildings Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
51	Column A: Are all acquisition dates prior to July 1, 2011?					
52	<p>Column C (SL selected in Column D): Multiply the original expense in Column B by the annual rate in Column E. Multiply the result by the number of years that have occurred from the acquisition date through June 30, 2010. For any asset purchased during the year, determine the portion of the year for which the calculated depreciation would apply. For example, if the asset was purchased in January, this would represent .5 (or half a year) of depreciation. Is the calculated depreciation within 2% of the amount reported in Column C for depreciation, prior years? If so, the reported depreciation is compliant.</p> <p><i>Perform this step for each line in the Cost Report. If a supplemental schedule was submitted, perform this step for every few lines. If GF or UA is selected in Column D, skip this step and enter N/A.</i></p> <p><i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p> <p>Is the amount in Column C less than or equal to the amount in Column B? <i>If GF or UA is selected in Column D, skip this step and enter N/A.</i></p>					
53	<p>Column D: (Non-residential) If GF selected, is the month and year acquired prior to July 1, 2009? <i>If SL or UA is selected in Column D, skip this step and enter N/A.</i></p>					

#	Schedule E: Depreciation and Amortization – Buildings Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
54	Column E: If GF selected, is Column E equal to 6.67% or less (e.g., 15 year loan or longer)? <i>If SL or UA is selected in Column D, skip this step and enter N/A.</i>					
55	Column E: If SL selected, do annual rates seem reasonable? <i>If GF or UA is selected in Column D, skip this step and enter N/A.</i> <i>Note: Annual rates represent the estimated useful life of an asset. As an example, an annual rate of 10% represents an estimated useful life of 10 years. An annual rate of 3.33% represents an estimated useful life of 30 years. Estimated useful lives for most buildings are 30-40 years. Estimated useful lives for improvements generally range from 5-10 years. Leasehold improvements are generally depreciated over the life of the lease.</i> <i>Note: Please reference Appendix C of this document for this check. Appendix C contains a rate conversion table.</i>					
56	Column E: (Non-residential) If UA selected, are annual rates 2% or less? <i>If SL or GF is selected in Column D, skip this step and enter N/A.</i>					
57	Column E: (Residential) If UA selected, is the annual rate 8% or less? <i>If SL or GF is selected in Column D, skip this step and enter N/A.</i>					

#	Schedule E: Depreciation and Amortization - Buildings Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
58	<p>Column F (SL selected in Column D): Take the original expense in Column B and multiply by the annual rate in Column E. If the asset was purchased during the year, account for this as well. For example, if the asset was purchased in January, this would represent .5 (or half a year) of depreciation. Is the result of this calculation within 2% of the amount reported in Column F? <i>Perform this step for each line or every few lines, if a supplemental schedule.</i> <i>If GF or UA is selected in Column D, skip this step and enter N/A.</i> <i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p>					
59	<p>Column F (UA selected in Column D): Take the original expense in Column B and multiply by the annual rate in Column E. If the asset was purchased during the year, account for this as well. For example, if the asset was purchased in January, this would represent .5 (or half a year) of use allowance. Is the result of this calculation within 2% of the amount reported in Column F? <i>Perform this step for each line or every few lines, if a supplemental schedule.</i> <i>If GF or SL is selected in Column D, skip this step and enter N/A.</i> <i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p>					

#	Schedule E: Depreciation and Amortization - Buildings Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
60	<p>Column G: Do the amounts allocated to the Waiver appear to be reasonable?</p> <p><i>For residential buildings, it may be reasonable that 100% of the costs are allocated to the Waiver if the residential facility is occupied only by Waiver-funded individuals. If the Certification Page – Provider Service Locations indicates a Waiver census that is less than the capacity and/or Base expenses are recorded in Schedule A, Column C, Line 24, at least some depreciation for the residential facilities should not be allocated to the Waiver.</i></p> <p><i>For reference, the reviewer should note how the provider described allocations of depreciation in Schedule H.</i></p> <p><i>It would also be expected that if the provider has lines of business other than Waiver, that at least some of the depreciation for administrative buildings would be allocated to non-Waiver programs.</i></p>					

Schedule E-1: Depreciation – Motor Vehicles

#	Schedule E-1: Depreciation – Motor Vehicles Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
61	Column A: Are all acquisition dates prior to July 1, 2011?					
62	<p>Column C (SL selected in Column D): Multiply the original expense in Column B by the annual rate in Column E. Multiply the result by the number of years that have occurred from the acquisition date through June 30, 2010. For any asset purchased during the year, determine the portion of the year for which the calculated depreciation would apply. For example, if the asset was purchased in January, this would represent .5 (or half a year) of depreciation. Is the calculated depreciation within 2% of the amount reported in Column C for depreciation, prior years? If so, the reported depreciation is compliant.</p> <p><i>Perform this step for each line or every few lines, if a supplemental schedule.</i></p> <p><i>If UA is selected in Column D, skip this step and enter N/A.</i></p> <p><i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p> <p>Is the amount in Column C less than or equal to the amount in Column B? <i>If UA is selected in Column D, skip this step and enter N/A.</i></p>					

#	Schedule E-1: Depreciation – Motor Vehicles Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
63	<p>Column E: If SL selected, do annual rates seem reasonable? <i>Note: Annual rates represent the estimated useful life of an asset. As an example, an annual rate of 20% represents an estimated useful life of 5 years. Estimated useful lives for most motor vehicles are 3-7 (or 14%-33% annual rate) years.</i> If UA is selected in Column D, skip this step and enter N/A. <i>Note: Please reference Appendix C of this document for this check. Appendix C contains a rate conversion table.</i></p>					
64	<p>Column E: If UA selected, is the annual rate 6.67% or less? <i>If SL is selected in Column D, skip this step and enter N/A.</i></p>					
65	<p>Column F (SL selected in Column D): Take the original expense in Column B, and multiply by the annual rate in Column E. If the asset was purchased during the year, account for this as well. For example, if the asset was purchased in January, this would represent .5 (or half a year) of depreciation. Is the result of this calculation within 2% of the amount reported in Column F? <i>Perform this step for each line or every few lines, if a supplemental schedule.</i> If UA is selected in Column D, skip this step and enter N/A. <i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p>					

#	Schedule E-1: Depreciation – Motor Vehicles Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
66	<p>Column F (UA selected in Column D): Take the original expense in Column B, and multiply by the annual rate in Column E. If the asset was purchased during the year, account for this as well. For example, if the asset was purchased in January, this would represent .5 (or half a year) of use allowance. Is the result of this calculation within 2% of the amount reported in Column F?</p> <p><i>Perform this step for each line or every few lines, if a supplemental schedule.</i></p> <p><i>If SL selected in Column D, skip this step and enter N/A.</i></p> <p><i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p>					
67	<p>Column G: Do the amounts allocated to the Waiver appear to be reasonable?</p> <p><i>The reviewer should note how the provider described allocations of depreciation in Schedule H.</i></p>					

Schedule E-2: Depreciation – Fixed Assets/Equipment

#	Schedule E-2: Depreciation – Fixed Assets/Equipment Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
68	Column A: Are all acquisition dates prior to July 1, 2011?					
69	<p>Column C (SL selected in Column D): Multiply the original expense in Column B by the annual rate in Column E. Multiply the result by the number of years that have occurred from the acquisition date through June 30, 2010. For any asset purchased during the year, determine the portion of the year for which the calculated depreciation would apply. For example, if the asset was purchased in January, this would represent .5 (or half a year) of depreciation. Is the calculated depreciation within 2% of the amount reported in Column C for depreciation, prior years? If so, the reported depreciation is compliant.</p> <p><i>Perform this step for each line or every few lines, if a supplemental schedule.</i></p> <p><i>If UA is selected in Column D, skip this step and enter N/A.</i></p> <p><i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p> <p>Is the amount in Column C less than or equal to the amount in Column B? <i>If UA is selected in Column D, skip this step and enter N/A.</i></p>					

#	Schedule E-2: Depreciation – Fixed Assets/Equipment Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
70	<p>Column E: If SL selected, do annual rates seem reasonable? <i>Note: Annual rates represent the estimated useful life of an asset. As an example, an annual rate of 10% represents an estimated useful life of 10 years. Estimated useful lives will vary for fixed assets. Estimated lives of 5-10 years should be representative of most equipment and fixed assets, but there may be instances that are above or below that range. If UA is selected in Column D, skip this step and enter N/A.</i></p> <p><i>Note: Please reference Appendix C of this document for this check. Appendix C contains a rate conversion table.</i></p>					
71	<p>Column E: If UA selected, are annual rates 6.67% or less? <i>If SL is selected in Column D, skip this step and enter N/A.</i></p>					

#	Schedule E-2: Depreciation – Fixed Assets/Equipment Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
72	<p>Column F (SL selected in Column D): Multiply the original expense in Column B by the annual rate in Column E. For any asset purchased during the year, determine the portion of the year for which the calculated depreciation would apply. For example, if the asset was purchased in January, this would represent .5 (or half a year) of depreciation. Is the calculated depreciation within 2% of the amount reported in Column F for depreciation? If so, the reported depreciation is compliant. <i>Perform this step for each line or every few lines, if a supplemental schedule.</i> <i>If UA selected in Column D, skip this step and enter N/A.</i> <i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p>					
73	<p>Column F (UA selected in Column D): Multiply the original expense in Column B by the annual rate in Column E. For any asset purchased during the year, determine the portion of the year for which the calculated depreciation would apply. For example, if the asset was purchased in January, this would represent .5 (or half a year) of depreciation. Is the calculated depreciation within 2% of the amount reported in Column F for depreciation? If so, the reported depreciation is compliant. <i>Perform this step for each line or every few lines, if a supplemental schedule.</i> <i>If SL selected in Column D, skip this step and enter N/A.</i> <i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p>					

#	Schedule E-2: Depreciation – Fixed Assets/Equipment Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
74	Column G: Do the amounts allocated to the Waiver appear to be reasonable? <i>The reviewer should evaluate how the provider described allocations of depreciation in Schedule H.</i>					

Schedule F: Other Program Expenses

Other program expenses are those expenses that are necessary to support the provider's operation but are not directly related to the provision of services. Section 13 of the Cost Report Instructions should be referenced as part of the review of this section as it contains examples of the type of expenses for each category.

#	Schedule F: Other Program Expenses Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
75	<p>If expenses for Management Fees (Line 1) exceed either \$10,000 or 5% of Total Other Program Expenses (Line 15), review the required Management Fees detail. If any expenses noted appear to duplicate expenses in Lines 2 through 14 of Schedule F, or if any expenses listed appear to be non-allowable, this schedule is not compliant and a request should be made to the provider to submit an explanation.</p> <p>If the required supplemental schedule for expenses exceeding these thresholds was not submitted by the provider, this schedule is not compliant and a request should be made to the provider to submit an explanation.</p> <p><i>If Management Fees are less than \$10,000 and less than 5% of Total Other Program Expenses, skip this step and enter N/A.</i></p> <p><i>The reviewer should recall from the CRI that any expenses identified as non-allowable per the CRI are also non-allowable as Management Fees. See Section 8 of the CRI for a list of non-allowable expenses. For example, if staff compensation has been allocated to the Waiver program through Management Fees, those salaries and benefits must also comply with the compensation limits discussed in Appendix E. Documentation to confirm the instructions are required to be provided. If this documentation was not received, it should be requested from the provider.</i></p> <p><i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p>					

#	Schedule F: Other Program Expenses Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
76	<p>If expenses for Professional Services (Line 2) exceed either \$10,000 or 5% of Total Other Program Expenses (Line 15), review the required Professional Services detail. If any expenses noted appear to duplicate expenses in Line 1 or Lines 3 through 14 of Schedule F, or appear to be duplicative of expenses reported in Schedule D-2 – Contracted Staff, or if any expenses listed appear to be non-allowable, this schedule is not compliant and a request should be made to the provider to submit an explanation.</p> <p>If the required supplemental schedule for expenses exceeding these thresholds was not submitted by the provider, this schedule is not compliant and a request should be made to the provider to submit an explanation.</p> <p><i>If expenses for Professional Services are less than \$10,000 and less than 5% of Total Other Program Expenses, skip this step and enter N/A.</i></p> <p><i>Note: Any expenses identified as non-allowable per the CRI are also non-allowable as Professional Services. See Section 8 of the CRI for a list of non-allowable expenses.</i></p> <p><i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p>					

#	Schedule F: Other Program Expenses Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
77	<p>If expenses for Advertising (Line 3) exceed either \$10,000 or 5% of Total Other Program Expenses (Line 15), review the required Advertising detail. If any expenses noted appear to be non-allowable, this schedule is not compliant and a request should be made to the provider to submit an explanation.</p> <p><i>Recall from the CRI that expenses incurred in staff recruitment activities, such as help-wanted advertising or recruitment services rendered by an employment agency, are allowable. Providers may also include expenses associated with individual outreach activities, including:</i></p> <ul style="list-style-type: none"> – Informational mailings to existing individuals and to prospective individuals (upon request by individual/family) – Health/supports-related fairs – Websites providing information – Responses to consumer and family inquiries – Consumer satisfaction surveys – Market research <p>Other types of marketing and public relations expenses are <u>not</u> allowable and must be reported in Schedule A, Column E.</p> <p>If the required supplemental schedule for expenses exceeding these thresholds was not submitted by the provider, this schedule is not compliant and a request should be made to the provider to submit an explanation.</p> <p><i>If expenses for Advertising are less than \$10,000 and less than 5% of Total Other Program Expenses, skip this step and enter N/A.</i></p> <p><i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p>					

#	Schedule F: Other Program Expenses Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
78	<p>If expenses for Legal Fees (Line 7) exceed either \$10,000 or 5% of Total Other Program Expenses (Line 15), review the required Legal Fees detail. If any expenses noted appear to be non-allowable, this schedule is not compliant and a request should be made to the provider to submit an explanation.</p> <p><i>Recall from the CRI that the following expenses are not allowable and must be excluded from the amount reported in Line 7:</i></p> <ul style="list-style-type: none"> – Legal expenses for prosecution of claims against the Commonwealth – Expenses incurred for claims against ODP or any other Commonwealth Agency <p>If the required supplemental schedule for expenses exceeding these thresholds was not submitted by the provider, this schedule is not compliant and a request should be made to the provider to submit an explanation.</p> <p><i>If expenses for Legal Fees are less than \$10,000 and less than 5% of Total Other Program Expenses, skip this step and enter N/A.</i></p> <p><i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p>					

#	Schedule F: Other Program Expenses Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
79	<p>If Other (Line 14) is greater than either \$10,000 or 5% of the Total Other Program Expenses (Line 15), review the required Other expense detail. If any expenses noted appear to duplicate expenses in Lines 1 through 13 of Schedule F, or if any expenses listed appear to be non-allowable, this schedule is not compliant and a request should be made to the provider to submit an explanation.</p> <p>If the required supplemental schedule for expenses exceeding these thresholds was not submitted by the provider, this schedule is not compliant and a request should be made to the provider to submit an explanation.</p> <p><i>If expenses for Other are less than \$10,000 and less than 5% of Total Other Program Expenses, skip this step and enter N/A.</i></p> <p><i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p>					
80	<p>If items and expenses have been identified in the Program Supplies section, do the expenses and types of supplies appear reasonable based on the types of services rendered by the providers?</p> <p><i>For example, acceptable items would include individual care-related supplies such as latex gloves, adult diapers and over-the-counter medications. This line should not include expenses for residential supplies, maintenance supplies, housekeeping supplies, or any other building-related supply.</i></p>					

Schedule F-1: Other Occupancy Expenses

The purpose of Schedule F-1 – Other Occupancy Expenses: Administrative/Program Buildings is to identify non-depreciation and non-amortization expenses for building space that supports administrative and non-residential program functions.

#	Schedule F-1: Other Occupancy Expenses Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
81	<p>If expenses for Other Occupancy (Line 5) exceed either \$10,000 or 5% of the Total Other Occupancy (Line 6), review the required Other Occupancy detail. If any expenses noted appear to duplicate expenses in Lines 1 through 4 of Schedule F-1, or if any expenses listed appear to be non-allowable, this schedule is not compliant and a request should be made to the provider to submit an explanation.</p> <p>If the required supplemental schedule for expenses exceeding these thresholds was not submitted by the provider, this schedule is not compliant and a request should be made to the provider to submit an explanation.</p> <p><i>If expenses for Other Occupancy are less than \$10,000 and 5% of Total Other Occupancy, skip this step and enter N/A.</i></p> <p><i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p>					

Schedule G: Related Party Transactions

The purpose of Schedule G — Related Party Transactions is to identify expenses associated with related parties and describe the financial terms of related party transactions. The schedule should be completed for the provider service locations included on the Certification Page — Provider Service Locations schedule. All related party transactions shall be similar in nature to that made by a prudent buyer and not result in any favorable treatment to the related party. For cost reporting purposes, allowable costs are limited to the lesser of the actual cost of the goods or services incurred by the related party or the amount paid to the related party by the provider.

#	Schedule G: Related Party Transactions Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
82	<p>If property is leased from a related party (the answer to question 1a is “Yes”) or if there are other non-property related party transactions (the answer to question 2a is “Yes”), review the applicable confirmations within question 1c (Lines 7, 8 & 9) and/or question 2b (Lines 11 & 12). If any of the confirmations selected by the provider indicate that reported related party expenses are not compliant with the CRI (see below), mark “No-Not Compliant, Action Needed” and request that the provider resubmit their Cost Report with the correct reporting of related party expenses.</p> <p><i>Confirmations that indicate the reported related party expenses are <u>not compliant</u> are as follows:</i></p> <p><i>1c. Line 7: “Reported Expenses are Not Lesser of”</i></p> <p><i>1c. Line 8: “In Excess of”</i></p> <p><i>1c. Line 9: “Excess Reported as Allowable in Schedule A”</i></p> <p><i>2b. Line 11: “Reported Expenses are Not Lesser of”</i></p> <p><i>2b. Line 12: “Excess Reported as Allowable in Schedule A”</i></p>					

#	Schedule G: Related Party Transactions Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
83	<p>If the provider has more than eight property related party transactions or more than eight non-property related party transactions, has the provider submitted a supplemental schedule listing each additional transaction separately and with the required amount of detail?</p> <p>If all eight columns have been completed by the provider for either type of transaction, it could be an indication that there are additional transactions. Check question 2c of Schedule G and the Comments Page for any additional detail or reference to the use of a supplemental schedule. If all eight columns are filled out for either type of transaction and no comment was made, ask the provider to confirm that all applicable related party transactions have been disclosed within Schedule G.</p>					

Schedule H: Expense Allocation Procedures

Expense allocations are needed for program expenses that cannot be directly assigned to a specific program or procedure code. This schedule contains questions about methods the provider used to allocate expenses to different expense categories, programs or procedure codes. The provider should be able to support the basis used in allocating these expenses.

#	Schedule H: Expense Allocation Procedures Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
84	<p>If the provider selected “Allocated” from the drop down menu in Column B on question 1, does the basis for allocation selected from the drop down menu in Column C seem reasonable and logical for each expense category (e.g., for the transportation expenses categories, a methodology based on a “mileage log” would likely be more appropriate than a methodology based on a “time study”)?</p> <p><i>See Section 16 of the CRI for examples of acceptable allocation methods for the various expense categories.</i></p>					
85	<p>Do the expenses in Schedule A appear to have been fairly and consistently distributed across expense categories?</p> <p><i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p> <p><i>Note: For any expense allocation flagged by the Excel Tool, review the Comments Page to see if the provider included sufficient explanation/details to explain significant differences and/or note the allocation approach described in question 1. Confirm the explanations are reasonable in light of the expense allocations noted in Schedule A.</i></p>					

#	Schedule H: Expense Allocation Procedures Procedure	Yes - Compliant	No - Not Compliant [Action Needed]	No - Not Compliant [NO Action Needed - not material]	N/A	Comments
86	If expenses are reported in Schedule A, Columns B, C & D did the provider enter detail in question 3 describing the methodology used to allocate expenses across categories (other LOBs, base, fee schedule/outcomes based, excluded non allowable, Waiver) in Schedule A, Columns B through F? Did the provider also include a description as to how the method results in fair and equitable distribution of expenses across LOBs?					

Schedule I: Participant Transportation Expenses

The transportation expenses reported on this schedule are for transportation expenses that are part of the normal service delivery for Waiver participants only and are not billed discretely.

#	Schedule I: Participant Transportation Expenses Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
87	<p>Other (Line 7): If expenses exceed either \$10,000 or 5% of the Total Participant Transportation Expense, Line 8, has a supplemental schedule been submitted and is the explanation for the types of items reported on this line reasonable? <i>If expenses for Other are less than \$10,000 and 5% of the Total Participant Transportation Expense, skip this step and enter N/A.</i> <i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p>					

Schedule J: Residential Occupancy

This schedule should only be completed by providers who deliver residential services at service locations included on the Certification Page – Service Locations Schedule of this cost report. Expenses reported on this schedule should not be reported on any other schedule, with the exception of the auto populated depreciation lines.

#	Schedule J: Residential Occupancy Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
88	If the provider selected residential procedure codes on the Service Selection tab, is this schedule completed? If residential procedure codes were not selected on the Service Selection tab, indicate “N/A”. <i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i>					

#	Schedule J: Residential Occupancy Procedure	Yes - Compliant	No - Not Compliant [Action Needed]	No - Not Compliant [NO Action Needed - not material]	N/A	Comments
89	<p>Other Personnel Costs</p> <p>If expenses in Line 6 exceed \$10,000 or 5% of the Total Personnel Expenses (i.e., the sum of Lines 1 through 6), has a supplemental schedule or explanation been submitted and is the explanation for the types of items reported on this line reasonable? If an explanation was not provided, a request must be made to the provider.</p> <p><i>If expenses for Other Personnel Costs are less than 5% of Total Personnel Expenses, skip this step and enter N/A.</i></p> <p><i>Expenses for staff, including contracted staff, who perform program functions should <u>not</u> be included here.</i></p> <p><i>If some of the administrative staff time on Schedule D-3 is related to residential occupancy, then that time should be allocated to Line 6 of this schedule. The reviewer needs to ensure time isn't captured elsewhere on the provider Cost Report.</i></p> <p><i>Note: Please use the Desk Review Procedures Excel Tool as part of this check.</i></p>					

#	Schedule J: Residential Occupancy Procedure	Yes - Compliant	No - Not Compliant [Action Needed]	No - Not Compliant [NO Action Needed - not material]	N/A	Comments
90	<p>Operating Expenses – Other (Line 29): If the “Other” expense category exceeds either \$10,000 or 5% of Total Operating Expenses (Line 31), has a supplemental schedule or explanation been submitted and is the explanation for the types of items reported on this line reasonable? If an explanation was not provided, a request must be made to the provider.</p> <p><i>If the “Other” expense category is less than \$10,000 and 5% of Total Operating Expenses, skip this step and enter N/A.</i></p> <p><i>Note: Please use the Desk Review Procedures Excel Tool as part of this check.</i></p>					

General Procedures – Final

#	General Procedures – Final Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
91	<p>Do all reported expenses and descriptions appear consistent with the Cost Report instructions and reasonable?</p> <p><i>Note: This step should be considered a general procedure that applies to all schedules. Examples of items noted from Year 3 desk reviews that may not have been addressed in the previous procedures include: inclusion of expenses for retained earnings, recording large amounts for auto repairs when only 1 or 2 vehicles are owned or leased, reporting large amounts of utilities and maintenance for one building, etc.</i></p>					
92	<p>Validation of PROMISe billing and CR submission procedure codes:</p> <p>Do procedure codes billed through PROMISe for the period July 1, 2010 – June 30, 2011, match what the provider has selected for procedure codes on the Certification Page -Service Selection and reported on Schedule A?</p> <p>If no, provider to review procedure codes selected on the cost report to confirm provider has selected correct procedure codes.</p> <p><i>Procedure codes selected should represent services the provider delivered during FY 2010/2011.</i></p> <p><i>Note: Please use the Desk Review Procedures Excel Tool as part of this check. You will also need to use the PROMISe data file posted to your Connect site.</i></p>					

Appendix A – Unit Cost Ranges

Service	Service Description	Minimum Unit Cost above the "Average - 2 Standard Deviations"	Maximum Unit Cost below the "Average + 2 Standard Deviations"
W6090	Licensed One-Individual Home - Community Homes – Eligible	\$247.47	\$854.65
W6091	Licensed One-Individual Home - Community Homes – Ineligible	\$5.87	\$157.51
W6092	Licensed Two-Individual Home - Community Homes – Eligible	\$130.59	\$619.82
W6093	Licensed Two-Individual Home - Community Homes – Ineligible	\$7.44	\$97.77
W6094	Licensed Three-Individual Home - Community Homes – Eligible	\$101.28	\$416.72
W6095	Licensed Three-Individual Home - Community Homes – Ineligible	\$17.36	\$67.31
W6096	Licensed Four-Individual Home - Community Homes – Eligible	\$84.66	\$350.96
W6097	Licensed Four-Individual Home - Community Homes – Ineligible	\$16.41	\$57.09
W6098	Licensed Five-to-Ten-Individual Home - Community Homes – Eligible	\$74.47	\$278.04
W6099	Licensed Five-to-Ten-Individual Home - Community Homes – Ineligible	\$14.36	\$49.33
W7037	Unlicensed Family Living Home - One Individual – Eligible	\$35.68	\$150.43
W7038	Unlicensed Family Living Home - One Individual – Ineligible	\$9.52	\$32.13
W7057	Unlicensed Home and Community Habilitation - Basic Staff Support	\$1.69	\$8.00
W7058	Unlicensed Home and Community Habilitation - Level 1	\$1.60	\$6.90
W7059	Unlicensed Home and Community Habilitation - Level 2	\$2.34	\$13.24
W7060	Unlicensed Home and Community Habilitation - Level 3	\$1.87	\$15.05
W7061	Unlicensed Home and Community Habilitation - Level 3 Enhanced	\$3.80	\$25.27
W7068	Unlicensed Home and Community Habilitation - Level 4	\$4.54	\$14.16
W7072	Licensed Day - Adult Training Facilities - Basic Staff Support	\$1.34	\$4.32
W7073	Licensed Day - Adult Training Facilities - Level 1	\$1.48	\$5.24
W7074	Licensed Day - Adult Training Facilities - Level 2	\$1.52	\$6.85
W7075	Licensed Day - Adult Training Facilities - Level 3	\$2.74	\$13.44
W7078	Unlicensed Residential One-Individual Home – Eligible	\$16.40	\$257.86
W7079	Unlicensed Residential One-Individual Home – Ineligible	\$2.65	\$71.10
W7080	Unlicensed Residential Two-Individual Home – Eligible	\$26.07	\$148.54
W7081	Unlicensed Residential Two-Individual Home – Ineligible	\$8.31	\$46.86
W7087	Prevocational Services - Basic Staff Support	\$1.03	\$3.43
W7088	Prevocational Services - Level 1	\$1.14	\$4.29
W7089	Prevocational Services - Level 2	\$1.59	\$5.97
W7090	Prevocational Services - Level 3	\$4.20	\$12.73
W7235	Supported Employment	\$2.11	\$31.44
W7237	Transitional Work Services - Basic Staff Support	\$1.30	\$6.24
W7241	Transitional Work Services - Level 2	\$1.96	\$19.72
W7250	In-Home Respite: 24 Hours - Level 2	\$65.91	\$474.58
W7258	In-Home Respite: 15 Minutes - Level 2	\$3.19	\$9.89
W7291	Licensed Adult Family Living Home - One Individual – Eligible	\$29.76	\$187.91
W7292	Licensed Adult Family Living Home - One Individual – Ineligible	\$4.35	\$33.25
W7293	Licensed Adult Family Living Home - Two Individual – Eligible	\$27.59	\$152.56
W7294	Licensed Adult Family Living Home - Two Individual – Ineligible	\$10.54	\$24.39
W8002	Unlicensed Out-of-Home Respite: 24 Hours - Level 2	\$42.05	\$407.85

For use with procedure number 14

Appendix B – Compensation Limits – Average Hourly Rate Limits (an expansion of Appendix E in CRI)

Total compensation expense for any staff member in excess of the applicable limits is the responsibility of the provider and shall be reported as an excluded non-allowable expense in Column E of Schedule A.

To determine the total expenditures of the provider, the reviewer should look at Schedule A, Column A, Line 26. It is possible that the provider has operations beyond what is reported in Schedule A, Column A, but unless the provider has provided a comment in the comments tab, the reviewer should use Column A, Line 26 to determine the maximum allowable salary and benefits. To determine multiple service versus single service provider, the reviewer should reference the Procedure Code Cost Categories table included below within Appendix B. The reviewer should look at Schedule A, Columns G+ to understand the list of all Waiver cost report services (i.e., procedure codes) that the provider delivers and should also consider any fee schedule or outcomes-based services the provider delivers. The reviewer should also consider all services the provider delivers across all of their service locations (i.e. if a provider submitted multiple cost reports, the services identified across all cost reports should be considered for this determination and not just consideration of services identified in any one of multiple cost reports for a particular provider). If a provider delivers services that fall within more than one of the ten separate service categories listed in the Procedure Code Cost Category table below, the provider should be considered a multiple service provider for purposes of determining maximum compensation. If a provider delivers services that fall within only one of the ten separate service categories listed in the Provider Code Cost Category table below, the provider should be considered a single service provider for purposes of determining maximum compensation.

As an example for making the determination of multiple service versus single service provider, assume a scenario where a provider delivers the following services (i.e., expenses were reported on Schedule A, Columns G+ for the following procedure codes):

- Unlicensed Home and Community Habilitation (W7060 – Level 3)
- Licensed Residential Habilitation Community Homes (W6094 - Three-Individual Home, Eligible)
- Licensed Residential Habilitation Community Homes (W6095 - Three-Individual Home, Ineligible)
- Licensed Day Services - Adult Training Facilities (W7072 – Basic Staff Support)
- Licensed Day Services - Adult Training Facilities (W7074 – Staff Support Level 2)
- Supported Employment (W7235 – Supported Employment)

Using the Provider Code Cost Categories table below, this provider would be considered a multiple service provider due to the fact that this provider delivers services that fall within four of the ten separate service categories. Specifically code W7060 falls within Category 4, codes W6094 and W6095 fall within Category 2, codes W7072 and W7074 fall within Category 1, and code W7235 falls within Category 3. Recall that a provider delivering services that fall within two or more of the ten separate service categories is considered a multiple service provider for purposes of determining maximum compensation.

If the provider fails this desk review procedure because it appears they have exceeded the maximum allowable salary and benefits, request the provider to confirm if there are other services being delivered, other LOBs and the size of the overall organization and to recheck their compensation related to the limits. If the provider provides additional information in their resubmission that indicates higher limits should apply because of other factors, the higher limits can be used but the provider must provide some sort of financial statement or documentation indicating that there are other services or LOBs and the overall size (expenditures) of those other services. These can be attached as supporting schedules.

Staff Compensation Grid

Allowable Reimbursement Maximums, effective July 1, 2008

Pay Range	Salary and Benefits	Salary and Benefits Hourly Compensation Limits	Total Expenditures of Multiple Service Provider	Total Expenditures of Single Service Provider
	\$297,564	\$143.06	\$60,000,000	
	\$284,567	\$136.81		\$60,000,000
	\$273,751	\$131.61	\$50,000,000	
	\$249,432	\$119.92		\$50,000,000
	\$243,693	\$117.16	\$37,500,000	
	\$227,931	\$109.58		\$37,500,000
	\$220,191	\$105.86	\$27,500,000	
	\$210,358	\$101.13		\$27,500,000
	\$194,436	\$93.48	\$17,500,000	
	\$185,752	\$89.30		\$17,500,000
	\$185,752	\$89.30	\$12,500,000	
	\$176,221	\$84.72		\$12,500,000
54	\$176,221	\$84.72	\$7,000,000	
53	\$168,624	\$81.07		\$7,000,000
52	\$168,624	\$81.07	\$5,000,000	
51	\$151,111	\$72.65		\$5,000,000
50	\$151,111	\$72.65	\$3,000,000	
49	\$132,340	\$63.63		\$3,000,000
48	\$132,340	\$63.63	\$1,000,000	
47	\$132,340	\$63.63		\$1,000,000
46	\$115,945	\$55.74	\$500,000	
45	\$115,945	\$55.74		\$500,000
44	\$115,945	\$55.74	\$300,000	
43	\$101,532	\$48.81		\$300,000
42	\$101,532	\$48.81	\$200,000	
41	\$101,532	\$48.81		\$100,000

For use with procedure numbers 13, 30, 36, 41 and 47

Procedure Code Cost Categories

Service Categories with Procedure Code Mapping

Service Name	Procedure Code & Modifier Used for Billing	Staff Level	Category	Notes
Category 1: Community Habilitation				
Licensed Day Habilitation Services - Adult Training Facilities	W7072	Basic	Category 1	
	W7073	Level 1	Category 1	
	W7074	Level 2	Category 1	
	W7075	Level 3	Category 1	
	W7076	Level 3 Enhanced	Category 1	
	W7076 TD	Level 3 Enhanced (RN)	Category 1	
	W7076 TE	Level 3 Enhanced (LPN)	Category 1	
	W7035	Level 4	Category 1	
	W7036	Level 4 Enhanced	Category 1	
	W7036 TD	Level 4 Enhanced (RN)	Category 1	
	W7036 TE	Level 4 Enhanced (LPN)	Category 1	
Licensed Day Habilitation Services - Older Adult Daily Living Centers	W7094	Older Adult Daily Living Centers	Category 1	Fee Schedule
Category 2: Community Residential Services				
Child Residential Services	W7010	One-Individual Home, Eligible	Category 2	
	W7010 TD	One-Individual Home (RN), Eligible	Category 2	
	W7010 TE	One-Individual Home (LPN), Eligible	Category 2	
	W7011	One-Individual Home, Ineligible	Category 2	
	W7012	Two-Individual Home, Eligible	Category 2	
	W7012 TD	Two-Individual Home (RN), Eligible	Category 2	
	W7012 TE	Two-Individual Home (LPN), Eligible	Category 2	
	W7013	Two-Individual Home, Ineligible	Category 2	
	W7014	Three-Individual Home, Eligible	Category 2	
	W7014 TD	Three-Individual Home (RN), Eligible	Category 2	
	W7014 TE	Three-Individual Home (LPN), Eligible	Category 2	
	W7015	Three-Individual Home, Ineligible	Category 2	
	W7016	Four-Individual Home, Eligible	Category 2	
	W7016 TD	Four-Individual Home (RN), Eligible	Category 2	
	W7016 TE	Four-Individual Home (LPN), Eligible	Category 2	
	W7017	Four-Individual Home, Ineligible	Category 2	
	W7018	Five-to-Ten-Individual Home, Eligible	Category 2	
	W7018 TD	Five-to-Ten-Individual Home (RN), Eligible	Category 2	
	W7018 TE	Five-to-Ten-Individual Home (LPN), Eligible	Category 2	
W7019	Five to Ten-Individual Home, Ineligible	Category 2		
Community Residential Rehabilitation Services	W7020	One-Individual Home, Eligible	Category 2	
	W7020 TD	One-Individual Home (RN), Eligible	Category 2	
	W7020 TE	One-Individual Home (LPN), Eligible	Category 2	
	W7021	One-Individual Home, Ineligible	Category 2	
	W7022	Two-Individual Home, Eligible	Category 2	
	W7022 TD	Two-Individual Home (RN), Eligible	Category 2	
	W7022 TE	Two-Individual Home (LPN), Eligible	Category 2	
	W7023	Two-Individual Home, Ineligible	Category 2	
	W7024	Three-Individual Home, Eligible	Category 2	
W7024 TD	Three-Individual Home (RN), Eligible	Category 2		

Service Name	Procedure Code & Modifier Used for Billing	Staff Level	Category	Notes
	W7024 TE	Three-Individual Home (LPN), Eligible	Category 2	
	W7025	Three-Individual Home, Ineligible	Category 2	
	W7026	Four-Individual Home, Eligible	Category 2	
	W7026 TD	Four-Individual Home (RN), Eligible	Category 2	
	W7026 TE	Four-Individual Home (LPN), Eligible	Category 2	
	W7027	Four-Individual Home, Ineligible	Category 2	
	W7028	Five-to-Ten-Individual Home, Eligible	Category 2	
	W7028 TD	Five-to-Ten-Individual Home (RN), Eligible	Category 2	
	W7028 TE	Five-to-Ten-Individual Home (LPN), Eligible	Category 2	
	W7029	Five to Ten-Individual Home, Ineligible	Category 2	
Adult Family Living Home	W7291	One-Individual Home, Eligible	Category 2	
	W7291 TD	One-Individual Home (RN), Eligible	Category 2	
	W7291 TE	One-Individual Home (LPN), Eligible	Category 2	
	W7292	One-Individual Home, Ineligible	Category 2	
	W7293	Two-Individual Home, Eligible	Category 2	
	W7293 TD	Two-Individual Home (RN), Eligible	Category 2	
	W7293 TE	Two-Individual Home (LPN), Eligible	Category 2	
	W7294	Two-Individual Home, Ineligible	Category 2	
Child Family Living Home	W7295	One-Individual Home, Eligible	Category 2	
	W7295 TD	One-Individual Home (RN), Eligible	Category 2	
	W7295 TE	One-Individual Home (LPN), Eligible	Category 2	
	W7296	One-Individual Home, Ineligible	Category 2	
	W7297	Two-Individual Home, Eligible	Category 2	
	W7297 TD	Two-Individual Home (RN), Eligible	Category 2	
	W7297 TE	Two-Individual Home (LPN), Eligible	Category 2	
	W7298	Two-Individual Home, Ineligible	Category 2	
Unlicensed Residential Habilitation in Community Homes	W7078	One-Individual Home, Eligible	Category 2	
	W7079	One-Individual Home, Ineligible	Category 2	
	W7080	Two-Individual Home, Eligible	Category 2	
	W7081	Two-Individual Home, Ineligible	Category 2	
	W7082	Three-Individual Home, Eligible	Category 2	
	W7083	Three-Individual Home, Ineligible	Category 2	
Unlicensed Residential Habilitation in Family Living Homes	W7037	One-Individual Home, Eligible	Category 2	
	W7038	One-Individual Home, Ineligible	Category 2	
	W7039	Two-Individual Home, Eligible	Category 2	
	W7040	Two-Individual Home, Ineligible	Category 2	
Licensed Residential Habilitation in Community Homes	W6090	One-Individual Home, Eligible	Category 2	
	W6090 TD	One-Individual Home (RN), Eligible	Category 2	
	W6090 TE	One-Individual Home (LPN), Eligible	Category 2	
	W6090 UA	One-Individual Home, Eligible, Semi-independent	Category 2	
	W6090 TD UA	One-Individual Home (RN), Eligible, Semi-independent	Category 2	
	W6090 TE UA	One-Individual Home (LPN), Eligible, Semi-independent	Category 2	
	W6091	One-Individual Home, Ineligible	Category 2	
	W6092	Two-Individual Home, Eligible	Category 2	
	W6092 TD	Two-Individual Home (RN), Eligible	Category 2	
	W6092 TE	Two-Individual Home (LPN), Eligible	Category 2	
	W6092 UA	Two-Individual Home, Eligible, Semi-independent	Category 2	
	W6092 TD UA	Two-Individual Home (RN), Eligible, Semi-independent	Category 2	
	W6092 TE UA	Two-Individual Home (LPN), Eligible, Semi-independent	Category 2	
	W6093	Two-Individual Home, Ineligible	Category 2	

Service Name	Procedure Code & Modifier Used for Billing	Staff Level	Category	Notes
	W6094	Three-Individual Home, Eligible	Category 2	
	W6094 TD	Three-Individual Home (RN), Eligible	Category 2	
	W6094 TE	Three-Individual Home (LPN), Eligible	Category 2	
	W6094 UA	Three-Individual Home, Eligible, Semi-independent	Category 2	
	W6094 TD UA	Three-Individual Home (RN), Eligible, Semi-independent	Category 2	
	W6094 TE UA	Three-Individual Home (LPN), Eligible, Semi-independent	Category 2	
	W6095	Three-Individual Home, Ineligible	Category 2	
	W6096	Four-Individual Home, Eligible	Category 2	
	W6096 TD	Four-Individual Home (RN), Eligible	Category 2	
	W6096 TE	Four-Individual Home (LPN), Eligible	Category 2	
	W6096 UA	Four-Individual Home, Eligible, Semi-independent	Category 2	
	W6096 TD UA	Four-Individual Home (RN), Eligible, Semi-independent	Category 2	
	W6096 TE UA	Four-Individual Home (LPN), Eligible, Semi-independent	Category 2	
	W6097	Four-Individual Home, Ineligible	Category 2	
	W6098	Five-to-Ten-Individual Home, Eligible	Category 2	
	W6098 TD	Five-to-Ten-Individual Home (RN), Eligible	Category 2	
	W6098 TE	Five-to-Ten-Individual Home (LPN), Eligible	Category 2	
	W6098 UA	Five-to-Ten-Individual Home, Eligible, Semi-independent	Category 2	
	W6098 TD UA	Five-to-Ten-Individual Home (RN), Eligible, Semi-independent	Category 2	
	W6098 TE UA	Five-to-Ten-Individual Home (LPN), Eligible, Semi-independent	Category 2	
W6099	Five to Ten-Individual Home, Ineligible	Category 2		
Supplemental Habilitation	W7070	1:1	Category 2	Fee Schedule
	W7084	2:1	Category 2	Fee Schedule
Additional Individualized Staffing	W7085	1:1	Category 2	Fee Schedule
	W7086	2:1	Category 2	Fee Schedule
Category 3: Employment Services				
Supported Employment	W7235	Supported Employment	Category 3	
Transitional Work	W7237	Basic	Category 3	
	W7239	Level 1	Category 3	
	W7241	Level 2	Category 3	
	W7245	Level 3	Category 3	
Category 4: Home and Community Services				
Unlicensed Home & Community Habilitation	W7057	Basic	Category 4	
	W7058	Level 1	Category 4	
	W7059	Level 2	Category 4	
	W7060	Level 3	Category 4	
	W7061	Level 3 Enhanced	Category 4	
	W7061 TD	Level 3 Enhanced (RN)	Category 4	
	W7061 TE	Level 3 Enhanced (LPN)	Category 4	
	W7068	Level 4	Category 4	
	W7069	Level 4 Enhanced	Category 4	
	W7069 TD	Level 4 Enhanced (RN)	Category 4	
	W7069 TE	Level 4 Enhanced (LPN)	Category 4	
Home Accessibility Adaptations	W7279	Home Accessibility Adaptations	Category 4	Outcomes Based

Service Name	Procedure Code & Modifier Used for Billing	Staff Level	Category	Notes
Vehicle Accessibility Adaptations	W7278	Vehicle Accessibility Adaptations	Category 4	Outcomes Based
Homemaker/Chore	W7283	Permanent	Category 4	Fee Schedule
	W7283 UA	Temporary	Category 4	Fee Schedule
Specialized Supplies	W6089	Specialized Supplies	Category 4	Outcomes Based
Assistive Technology	T2028 SE	Non-Medical Assistive Technology	Category 4	Outcomes Based
	T2029 SE	Medical Assistive Technology	Category 4	Outcomes Based
Education Support	W7284	Education Support Services	Category 4	Fee Schedule
Companion Services	W1724	Basic	Category 4	Fee Schedule
	W1725	Level 1	Category 4	Fee Schedule
	W1726	Level 2	Category 4	Fee Schedule
	W1727	Level 3	Category 4	Fee Schedule
Category 5: Agency with Choice				
Supports Broker	W7096	Supports Broker	Category 5	Fee Schedule
Category 6: Pre-Vocational Services				
Prevocational Service	W7087	Basic	Category 6	
	W7088	Level 1	Category 6	
	W7089	Level 2	Category 6	
	W7090	Level 3	Category 6	
	W7091	Level 3 Enhanced	Category 6	
	W7091 TD	Level 3 Enhanced (RN)	Category 6	
	W7091 TE	Level 3 Enhanced (LPN)	Category 6	
	W7092	Level 4	Category 6	
	W7093	Level 4 Enhanced	Category 6	
	W7093 TD	Level 4 Enhanced (RN)	Category 6	
	W7093 TE	Level 4 Enhanced (LPN)	Category 6	
Category 7: Respite				
Respite, Child Residential	W9591	Respite 24 Hours	Category 7	
Respite, Community Residential Rehabilitation Services	W9592	Respite 24 Hours	Category 7	
Respite, Family Living Homes	W9593	Respite 24 Hours	Category 7	
Respite, Licensed Residential Habilitation in Community Homes	W9594	Respite 24 Hours	Category 7	
In-Home Respite - 24 Hours	W7247	Basic	Category 7	
	W7248	Level 1	Category 7	
	W7250	Level 2	Category 7	
	W7251	Level 2 Enhanced	Category 7	
	W7251 TD	Level 2 Enhanced (RN)	Category 7	
	W7251 TE	Level 2 Enhanced (LPN)	Category 7	
	W7252	Level 3	Category 7	
	W7253	Level 3 Enhanced	Category 7	
	W7253 TD	Level 3 Enhanced (RN)	Category 7	
	W7253 TE	Level 3 Enhanced (LPN)	Category 7	
In-Home Respite - 15 Minutes	W7255	Basic	Category 7	

Service Name	Procedure Code & Modifier Used for Billing	Staff Level	Category	Notes
	W7256	Level 1	Category 7	
	W7258	Level 2	Category 7	
	W7264	Level 2 Enhanced	Category 7	
	W7264 TD	Level 2 Enhanced (RN)	Category 7	
	W7264 TE	Level 2 Enhanced (LPN)	Category 7	
	W7265	Level 3	Category 7	
	W7266	Level 3 Enhanced	Category 7	
	W7266 TD	Level 3 Enhanced (RN)	Category 7	
Unlicensed Out-of-Home Respite - 24 Hours	W8000	Basic	Category 7	
	W8001	Level 1	Category 7	
	W8002	Level 2	Category 7	
	W8003	Level 2 Enhanced	Category 7	
	W8003 TD	Level 2 Enhanced (RN)	Category 7	
	W8003 TE	Level 2 Enhanced (LPN)	Category 7	
	W8004	Level 3	Category 7	
	W8005	Level 3 Enhanced	Category 7	
	W8005 TD	Level 3 Enhanced (RN)	Category 7	
	W8005 TE	Level 3 Enhanced (LPN)	Category 7	
Unlicensed Out-of-Home Respite - 15 Minutes	W8010	Basic	Category 7	
	W8011	Level 1	Category 7	
	W8012	Level 2	Category 7	
	W8013	Level 2 Enhanced	Category 7	
	W8013 TD	Level 2 Enhanced (RN)	Category 7	
	W8013 TE	Level 2 Enhanced (LPN)	Category 7	
	W8014	Level 3	Category 7	
	W8015	Level 3 Enhanced	Category 7	
	W8015 TD	Level 3 Enhanced (RN)	Category 7	
	W8015 TE	Level 3 Enhanced (LPN)	Category 7	
Respite - Licensed Out-of-Home - 24 Hours	W7259	Basic	Category 7	
	W7260	Level 1	Category 7	
	W7262	Level 2	Category 7	
	W7263	Level 2 Enhanced	Category 7	
	W7263 TD	Level 2 Enhanced (RN)	Category 7	
	W7263 TE	Level 2 Enhanced (LPN)	Category 7	
	W7299	Level 3	Category 7	
	W7300	Level 3 Enhanced	Category 7	
	W7300 TD	Level 3 Enhanced (RN)	Category 7	
	W7300 TE	Level 3 Enhanced (LPN)	Category 7	
Respite - Licensed Out-of-Home - 15 Minutes	W7267	Basic	Category 7	
	W7268	Level 1	Category 7	
	W7270	Level 2	Category 7	
	W7400	Level 2 Enhanced	Category 7	
	W7400 TD	Level 2 Enhanced (RN)	Category 7	
	W7400 TE	Level 2 Enhanced (LPN)	Category 7	
	W7401	Level 3	Category 7	
	W7402	Level 3 Enhanced	Category 7	
	W7402 TD	Level 3 Enhanced (RN)	Category 7	
	W7402 TE	Level 3 Enhanced (LPN)	Category 7	

Service Name	Procedure Code & Modifier Used for Billing	Staff Level	Category	Notes
Respite Camp - Day	W7285	Respite Camp - Eligible	Category 7	Outcomes Based
Respite Camp - 15 Minutes	W7286	Respite Camp - Eligible	Category 7	Outcomes Based
Unlicensed Out-of-Home Respite Ineligible - Day	W6060 - W6065	Unlicensed Out-of-Home Respite - Ineligible	Category 7	Fee Schedule
Unlicensed Out-of-Home Respite Ineligible - 15 Minutes	W6066 - W6071	Unlicensed Out-of-Home Respite - Ineligible	Category 7	Fee Schedule
Respite Camp Ineligible - Day	W8401	Respite Camp - Ineligible	Category 7	Fee Schedule
Respite Camp Ineligible - 15 Minutes	W8400	Respite Camp - Ineligible	Category 7	Fee Schedule
Category 8: Specialized Supports				
Therapy Services	T2025 GP	Physical Therapy	Category 8	Fee Schedule
	T2025 GO	Occupational Therapy	Category 8	Fee Schedule
	T2025 GN	Speech and Language Therapy	Category 8	Fee Schedule
	T2025 HE	Behavior Therapy, Individual	Category 8	Fee Schedule
	T2025 HE, HQ	Behavior Therapy, Group	Category 8	Fee Schedule
	W7246	Visual/Mobility Therapy	Category 8	Fee Schedule
Nursing Services	T2025 TD	Registered Nurse	Category 8	Fee Schedule
	T2025 TE	Licensed Practical Nurse	Category 8	Fee Schedule
Behavioral Support	W7095	Behavioral Support	Category 8	Fee Schedule
Category 9: Supports Coordination				
Supports Coordination	W7210	Supports Coordination	Category 9	Fee Schedule
Category 10: Transportation Services				
Transportation	W7273	Per Diem	Category 10	
	W7274	Zone 1	Category 10	
	W7275	Zone 2	Category 10	
	W7276	Zone 3	Category 10	
Transportation	W7271	Per Mile	Category 10	Outcomes Based
	W7272	Public Transportation	Category 10	Outcomes Based

Appendix C - Term and Rate Table

Term Years	Annual % Rate
1	100.00%
2	50.00%
3	33.33%
4	25.00%
5	20.00%
6	16.67%
7	14.29%
8	12.50%
9	11.11%
10	10.00%
11	9.09%
12	8.33%
13	7.69%
14	7.14%
15	6.67%
16	6.25%
17	5.88%
18	5.56%
19	5.26%
20	5.00%
21	4.76%
22	4.55%
23	4.35%
24	4.17%
25	4.00%
26	3.85%
27	3.70%
28	3.57%
29	3.45%
30	3.33%
31	3.23%
32	3.13%
33	3.03%
34	2.94%
35	2.86%
36	2.78%
37	2.70%
38	2.63%
39	2.56%
40	2.50%
41	2.44%
42	2.38%
43	2.33%
44	2.27%
45	2.22%
46	2.17%
47	2.13%
48	2.08%
49	2.04%
50	2.00%

For use with procedure numbers 55, 63 and 70