

August 18, 2011

Cost Report Instructions for
the Consolidated and
Person/Family Directed
Supports Waiver Programs

**Version 7.0 — Fiscal Year 2010/2011
Historical Expense Period**

Commonwealth of Pennsylvania
Office of Developmental Programs

FINAL

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Introduction

This document outlines the requirements and instructions established by the Department of Public Welfare (DPW), Office of Developmental Programs (ODP) for providers to report their historical financial experience from rendering services to individuals in the Consolidated and Person/Family Directed Supports (P/FDS) Waiver programs. The historical data reported in the Cost Report will be considered in the development of prospective payment rates for certain services. Providers should review this document in conjunction with ODP's service definitions to ensure the Cost Report is completed accurately and submitted to ODP for review, as appropriate. Section 2 includes additional information with respect to who is required to submit a Cost Report. Please note the terms DPW and ODP may be used interchangeably throughout this document.

Prospective Payment System Overview

The Consolidated and P/FDS Waiver programs (referred to as "Waiver(s)" throughout this document) are authorized by the Centers for Medicare & Medicaid Services (CMS) under a 1915(c) Home and Community-based Waiver (HCBW). These Waivers, including the methodology used in establishing payment rates for Waiver services, must meet federal requirements. Effective July 1, 2009, payment rates for services delivered to individuals enrolled in the Consolidated and P/FDS Waiver programs were established using a Prospective Payment System (PPS). The PPS is a methodology in which payment rates are established on a prospective basis for a defined rating period and are not cost settled at the end of the rating period. The PPS includes two rate-setting methodologies: a cost-based approach and a fee schedule approach. In addition, some Waiver services are outcomes-based, meaning the service payments are established by a vendor who also serves the self-paying public. Please see Appendix B for a summary of the services included in the cost-based approach, the fee schedule approach and the outcomes-based approach.

To develop rates under the cost-based approach, ODP developed a uniform Cost Report to be collected from all applicable Waiver providers. The historical expense data reported in the Cost Report are considered as part of the prospective rate development process. To account for changes between the reporting period and the rating period, ODP considers other factors when developing the prospective rates, such as programmatic changes and cost of living adjustments. It is important to note that a separate Cost Report and instructions have been

developed for providers to use in reporting historical expenses for Transportation services that are billed separately and not included as part of another service (i.e., W7273, W7274, W7275 and W7276).

PPS Implementation

The PPS was implemented July 1, 2009. Because the payment methodologies under the PPS present a significant change to the payment methodology used prior to July 1, 2009, there has been a short transition period for both ODP and providers. Throughout this document there are references to Year 1, Year 2, Year 3 and Year 4, which refer to the year in which payments are made under the new payment system. The reader will need to be aware of both the historical and prospective periods associated with the year being discussed. For example, Year 1 refers to the July 1, 2009 through June 30, 2010, or fiscal year (FY) 2009/2010 time period. Under the PPS, ODP collected historical expense data from July 1, 2007 through June 30, 2008, or FY 2007/2008, and considered it when establishing Year 1, or FY 2009/2010, payment rates. The following table summarizes the historical expense data period and the prospective rating period associated with the initial PPS years.

Year of PPS	Historical Expense Data Period	PPS Rating Period
Year 1	July 1, 2007 — June 30, 2008	July 1, 2009 — June 30, 2010
Year 2	July 1, 2008 — June 30, 2009	July 1, 2010 — June 30, 2011
Year 3	July 1, 2009 — June 30, 2010	July 1, 2011 — June 30, 2012
Year 4	July 1, 2010 — June 30, 2011	July 1, 2012 — June 30, 2013

Cost Reporting and Rate Development

ODP developed a Cost Report designed to ensure that historical expense data for a particular Waiver service are consistently reported across all providers. ODP collects data in the Cost Report and considers this data during the prospective rate development process. Each Cost Report undergoes a desk review, and only those Cost Reports that are approved as part of this process are considered in rate development. In addition to collecting the Cost Report, ODP collects provider audited financial statements (AFS) for those providers subject to the audit requirements outlined in Section 2. Once the Cost Report data have been adjusted for any audit differences (as applicable), ODP reviews the data for each service and considers it during the development of prospective payment rates.

ODP is not able to consider a provider's historical experience without having access to Cost Report data that has been approved in the desk review process. Therefore, it is critical that providers who wish to have ODP consider their historical experience data as part of the rate development process complete the Cost Report. Please review this document in its entirety to understand the requirements for completing and submitting a Cost Report, as well as the processes ODP has established for evaluating whether a Cost Report will be considered in the rate development process. Although the Cost Report instructions are published annually, programmatic changes occur on an ongoing basis, and providers are encouraged to monitor ODP announcements throughout the year to be aware of any changes to the rate-setting approach.



Cost Report Requirements

The following section outlines when and how providers should submit Cost Reports. A description of situations in which a provider needs to submit a Cost Report, an outline of the supplemental data submissions that should accompany the Cost Report and an overview of the audit requirements are presented.

Situations Requiring Cost Report Completion

Providers rendering certain services (refer to Table 6 of Appendix B) to individuals enrolled in the Consolidated or P/FDS Waiver programs need to submit a Cost Report under the PPS if they want ODP to consider their historical experience during the rate development process. Providers are allowed to submit a single Cost Report or multiple Cost Reports specific to their Master Provider Index (MPI) at their discretion. Historical experience data for providers with a Cost Report(s) that is approved through the desk review process will be considered in the development of prospective payment rates. Providers who do not successfully upload a Cost Report prior to the submission deadline or providers whose Cost Report(s) is not approved in the desk review process will be assigned prospective payment rates by ODP. **Please note that if a provider submits multiple Cost Reports specific to its MPI, all Cost Reports for that MPI must be approved for any of the provider's Cost Report data to be considered in prospective rate development (i.e., partial approvals will not be considered in the rate development process).**

All Cost Report schedules need to be fully completed by all providers to be considered by ODP. Any Cost Report(s) only partially completed will be rejected through the real-time edit process or during the desk review process.

Because there are several types of providers rendering services in the Consolidated and P/FDS Waiver programs, (e.g., traditional agency providers, providers of vendor services, financial management service (FMS) organizations), the following outlines whether the entities need to submit a Cost Report. Vendors, defined as entities that provide generic goods and/or services to the general (self-paying) public and who do not target their services to individuals with mental retardation, are not required to submit the Cost Report unless they choose to register as a traditional service provider. This would include homemaker/chore and transportation trip and per diem providers who meet the definition of a vendor.

Transportation trip and per diem providers should complete the separate Transportation Cost Report that will be released in the Fall of 2011.

A traditional service provider is an agency that renders direct services to individuals per a Medical Assistance agreement with ODP. Traditional service providers and individual professionals not affiliated with an agency that **only** render services where the payment methodology is fee schedule or outcomes-based, including those in the Participant-Directed Services (PDS) program such as Agency with Choice (AWC) FMS, should not submit a Cost Report. Please refer to Appendix B for a list of fee schedule and outcomes-based services. However, if a traditional service provider (including incorporated agencies operated by a family member or micro board) delivers **any** service to Waiver-enrolled participants whose rate is to be established based on the cost-based methodology, and the provider wants their historical experience to be considered in the development of prospective payment rates, the provider needs to complete a Cost Report. If a Cost Report is not completed, ODP will assign rates for the provider.

A description of the services included under each payment methodology (i.e., cost-based, fee schedule and outcomes-based) in the Consolidated and P/FDS Waiver programs is provided in Appendix B.

New Providers, Services and Service Locations

To complete a Cost Report, a provider needs to have historical expense data for Waiver services during FY 2010/2011. Therefore, new providers (i.e., providers with no historical expenditures during FY 2010/2011) will not complete the Cost Report. For ODP to know that a new provider is interested in delivering services during the Year 4 rating period (FY 2012/2013), the provider should register in the Services and Supports Directory (SSD) in the Home and Community Services Information System (HCSIS). Rates for new providers will be assigned by ODP.

Existing providers that are adding new services or new service locations for which no historical experience exists (i.e., provider has no historical expenditures during FY 2010/2011 for a given service or service location but intends to offer the service or open a new service location in the Year 4 rating period) should **not** indicate these new services or service location codes in the Cost Report. On the Cost Report Service Selection page, providers should only select the services for which they have historical expense data during FY 2010/2011. Similarly, on the Cost Report Service Locations page, providers should only report service location codes for which they have historical expense data during FY 2010/2011.

Existing providers that have a change in service location for the **same** service (i.e., same procedure code) between the historical experience period and the prospective rating period will indicate this by completing the "Change in Service Location Code" column on the Certification Page — Provider Service Locations Schedule. Please refer to Section 6 of this document for detailed guidance on how to report these situations. This does not include situations where the service being delivered has changed (i.e., the procedure code has changed). For example, a provider's service location may change from a two-individual home during the FY 2010/2011 reporting period to a three-individual home during the FY 2012/2013 reporting period. Because the service (i.e., procedure code) being delivered has

changed, the historical experience for the two-individual home is not appropriate to guide payment rate development for the three-individual home in the prospective period. As mentioned above, providers should register for any new services and new service locations in the SSD, and rates for the provider's new services and new locations will be assigned by ODP.

Supplemental Data Submissions

In addition to the Cost Report, ODP requests various other financial data that are considered in the development of prospective payment rates. These items include:

- Supplemental Schedules — Any schedules the provider submits to provide support for data entered in their Cost Report(s). For example, a provider may submit documentation to support the data they entered on their depreciation schedules. Refer to Section 4 for detail on the supporting documentation that should be prepared to support each schedule.
 - **The following is NEW.** Similar to the Cost Report schedules, supplemental schedules must not contain any Protected Health Information (PHI). PHI is any information (including demographic information) created or received by a provider or employer, provided this information relates to:
 - the past, present or future conditions of an individual
 - provision of health care or community-based services to an individual
 - payment for the provision of services to an individual and
 - this information identifies, or can reasonably be used to identify, such an individual.Examples include individuals' names, birth dates, diagnosis information, etc.
- AFS — For providers subject to an audit (as defined in the following paragraphs), audit reports must be submitted within nine months from the close of the provider's accounting period, or by the due date of the Cost Report, whichever is later. Providers subject to a Single Audit who do not anticipate being able to meet this nine-month AFS requirement must request an extension from the Bureau of Audits prior to the nine-month deadline. For providers subject to Single Audit (e.g., those entities receiving a GAGAS audit), extensions must be requested in writing to ra-ratesetting@pa.gov. Refer to the Audit Requirements section for detailed information related to AFS submissions.

Audit Requirements

The following is NEW. With the exception of newly required supplemental schedules in the AFS and changes to cost allocation plan requirements (described below), audit requirements have not changed from the Year 3 requirements. However, this section of the Cost Report instructions has been updated with additional information to help clarify audit requirements. The information presented here is consistent with the requirements communicated in June 2011 via ODP Announcement #077-11.

Providers should carefully review the entire list of audit requirements. Specific items are included below that are applicable to providers who deliver Base services, Waiver cost-based services, fee schedule and outcomes-based services, Transportation services, and/or AWC services. ODP recognizes that not all these types of providers will complete this

specific Cost Report; however, the bulleted items below have been included to provide a comprehensive list of audit requirements for all types of providers, regardless of whether or not this Cost Report is completed. Questions related to these audit requirements should be directed to the ODP Regional Fiscal Officers (RFOs).

The audit requirements for providers delivering Waiver services vary based on the types of services rendered by the provider and the associated level of expenditures. Note that if a provider enters into an agreement with a subcontractor for the performance of any primary contractual duties, the audit requirements are applicable to the subcontractor(s) with whom the provider has entered into an agreement. Consequently, the audit requirements must be incorporated into the contract between the provider and the subcontractor. Audit requirements are described below:

- Any provider who signs a county contract for Base funds is required to comply with the terms of the contract.
- All Waiver services whose rates are guided by the ODP Cost Report (i.e., cost-based services) are deemed to be subrecipient services. Federal awards expended as a subrecipient are subject to all Federal audit requirements, including OMB Circular A-133 and Title 45 CFR 74.26.
- If a provider does not have expenses for Waiver cost-based services but does have expenses for Waiver fee schedule services and/or outcomes-based services during FY 2010/2011, the provider is not required to submit an independent audit.
- A provider that expends less than \$300,000 in combined federal and Commonwealth of Pennsylvania (Commonwealth) funds during the FY 2010/2011 reporting period is exempt from DPW audit requirements for the Waiver program, but is required to maintain auditable records for each program year. Records should be available for review by DPW or its designee. If an audit is required for other programs in which the provider may participate, the provider must include the Waiver program in the audit and submit a copy of the audit, even if funds expended are less than \$300,000.
- Providers who expend \$300,000 or more in combined federal and Commonwealth funds during the FY 2010/2011 reporting period (but less than \$500,000) are **not** required to have a Compliance Attestation completed in accordance with the American Institute of Certified Public Accountants' (AICPA) Statement on Standards for Attestation Engagements (SSAE) No. 10 (AT § 601, Compliance Attestation). This will be a requirement in future years of the PPS. For the FY 2010/2011 reporting period, providers who meet these expenditure criteria are exempt from DPW audit requirements for the Waiver program. However, providers are required to maintain auditable records for each program year, and the records should be available for review by DPW or its designee. If an audit is required for other programs in which the provider may participate, the provider must include the Waiver program in the audit, and submit a copy of the audit, even if funds expended are less than \$500,000.
- Providers expending \$500,000 or more in combined federal and Commonwealth funds during the FY 2010/2011 reporting period must have an independent audit of their financial statements conducted in accordance with Generally Accepted Government

Auditing Standards (GAGAS), also known as Yellow Book. In instances where the provider expends \$500,000 or more in federal funds, they are subject to OMB Circular A-133 (Single Audit); Title 45, CFR 74.26 (federal guidance regarding audit requirements of for-profit entities) and any other federal requirements.

Please note that all for-profit entities that expend \$500,000 or more in federal funds and choose to provide a program-specific Yellow Book audit, as permitted by Title 45 CFR 74.26, and all providers that expend \$500,000 or more in combined federal and Commonwealth funds, but less than \$500,000 in federal funds are required to submit a Yellow Book audit. For purposes of this requirement, a Yellow Book audit has the same meaning as is described in Yellow Book Section 1.22a, financial statement audits (the 2007 version of the Yellow Book). Such providers are required to submit a complete set of financial statements, including notes thereto, prepared in accordance with Accounting Principles Generally Accepted in the United States of America (US GAAP), as of the provider's fiscal year end. These financial statements must be audited in accordance with Auditing Standards Generally Accepted in the United States of America (US GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. As such, the auditor must include a report on the financial statements and also a report on internal control over financial reporting and compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards.

- Providers who incur expenses for Waiver Cost Report-based services and also have expenses for fee schedule services and/or outcomes-based services must meet the \$500,000 threshold for subrecipient-type expenditures to meet the independent audit submission requirement. The total expenses for fee schedule and outcomes-based services are not included in the determination of the \$500,000 threshold. Base-funded fee schedule services and Base-funded outcomes-based services are also not included in the determination of the \$500,000 threshold. However, if the provider is required to have a Single Audit or Yellow Book audit performed for other federal funding, such provider is required to submit a copy of its Single Audit or Yellow Book audit to ODP.

Additionally, if a provider has other lines of business (LOBs) where the services provided are deemed to be subrecipient-type services, the expenditures related to subrecipient-type services should be included in the determination of the \$500,000 threshold. For example, if a provider has \$300,000 in expenses for Waiver cost-based services, \$400,000 in expenses for Fee Schedule Services, and \$250,000 in expenses for services deemed to be subrecipient-type services related to the provider's other line(s) of business, the provider would meet the \$500,000 ($\$300,000 + \$250,000 = \$550,000$) threshold for subrecipient-type expenditures, thus requiring an independent audit submission. If in this example, the expenses for services deemed to be subrecipient-type services for the provider's other line(s) of business were \$150,000 instead of \$250,000, the provider would not meet the \$500,000 ($\$300,000 + \$150,000 = \$450,000$) threshold for subrecipient-type expenditures and would not be required to submit an independent audit.

- **The following is NEW.** All providers who are required to submit an independent audit must include a supplemental schedule in their AFS that is specific to the Waiver LOB expenses and revenues for the FY 2010/2011 reporting period. This Waiver LOB

schedule should mirror Columns E & F of Schedule A of the Cost Report. The supplemental schedule should be consistent with and reflect the exact same level of detail as Schedule A, Columns E & F, Lines 1 through 18, 24 and 26. Note that contributions/revenue amounts on Line 17 of Schedule A are to be included as part of this supplemental schedule. For providers who submit multiple Cost Reports, the total Waiver LOB expense on the supplemental schedule should reflect the Total Waiver expense (i.e., sum of the Waiver expenses in Columns E and F of Schedule A across of all of the provider's Cost Reports).

The following is NEW. Regardless of the provider's fiscal year end, the AFS must also include an additional supplemental schedule that reconciles the Cost Report **Waiver** expenses (Schedule A, Column F) and revenues (Schedule B, Column B) 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, as described above. This reconciliation of Waiver expenses shall replace the Year 3 requirement for a supplemental schedule containing a reconciliation of variances between the provider's AFS and the provider's Total expenses reported in Schedule A, Column A and the provider's Total revenues reported in Schedule B, Column A, which was required to be submitted as a separate attachment.

The following is NEW. Both of these supplemental schedules (Waiver LOB and reconciliation) must be subjected to the auditing procedures applied in the audit of the basic financial statements and include an opinion on whether these supplemental schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole, as described in AICPA Statement on Auditing Standards No. 29, Reporting on Information Accompanying the Basic Financial Statements in Auditor-Submitted Documents (SAS 29), as amended (AU §551).

- **The following is NEW.** For the Year 4 Cost Report (FY 2010/2011 reporting period), providers are no longer required to upload a copy of their cost allocation plan as a supplemental schedule. However, providers are required to describe their cost allocation methodology within the appropriate expense allocation schedule of the Cost Report (i.e., Schedule H detailed in Section 16 of the Cost Report instructions). If deemed necessary, ODP may request a copy of the provider's cost allocation plan during the desk review process. For providers subject to audit, a separate audit opinion specific to the cost allocation plan is not required; disclosure of the cost allocation plan in the notes to the financial statements as part of the overall financial statement presentation is sufficient.
- Non-County providers who incur expenses for Waiver cost-based transportation services (per diem or trip) of \$500,000 or more in combined federal and Commonwealth funds during the FY 2010/2011 reporting period must have an independent audit of their financial statements conducted in accordance with GAGAS, also known as Yellow Book. In instances where the provider expends \$500,000 or more in federal funds, they are subject to OMB Circular A-133 (Single Audit); Title 45, CFR 74.26 (federal guidance regarding audit requirements of for-profit entities) and any other federal requirements.

Please note that all for-profit entities that expend \$500,000 or more in federal funds and choose to provide a program-specific Yellow Book audit, as permitted by Title 45 CFR 74.26, and all providers that expend \$500,000 or more in combined federal and

Commonwealth funds, but less than \$500,000 in federal funds are required to submit a Yellow Book audit. For purposes of this requirement, a Yellow Book audit has the same meaning as is described in Yellow Book Section 1.22a, financial statement audits (the 2007 version of the Yellow Book). Such providers are required to submit a complete set of financial statements, including notes thereto, prepared in accordance with US GAAP, as of the provider's fiscal year end. These financial statements must be audited in accordance with US GAAS and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. As such, the auditor must include a report on the financial statements and also a report on internal control over financial reporting and compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards.

County transportation providers must include the transportation expenses/revenues in their county audit.

- An Agency with Choice (AWC) provider that is subject to federal audit requirements (e.g. OMB Circular A-133 [Single Audit], Title 45, CFR 74.26 [federal guidance regarding audit requirements of for-profit entities], et.al.) based on the other services the provider delivers, must include a supplemental schedule in their AFS containing revenues and expenses that are specific to the AWC LOB. This supplemental schedule must be subjected to the auditing procedures applied in the audit of the basic financial statements and include an opinion on whether the supplemental schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole, as described in AICPA Statement on Auditing Standards No. 29, Reporting on Information Accompanying the Basic Financial Statements in Auditor-Submitted Documents (SAS 29), as amended (AU §551).

An AWC provider with expenditures of \$500,000 or more for Consolidated and P/FDS Waiver services (who is not subject to federal audit requirements, as described above) must submit an independent audit of their financial statements conducted in accordance with GAGAS, also known as Yellow Book. For purposes of this requirement, a Yellow Book audit has the same meaning as is described in Yellow Book Section 1.22a, financial statement audits (the 2007 version of the Yellow Book). Such providers are required to submit a complete set of financial statements, including notes thereto, prepared in accordance with US GAAP, as of the provider's fiscal year end. These financial statements must be audited in accordance with US GAAS and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. As such, the auditor must include a report on the financial statements and also a report on internal control over financial reporting and compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards.

- Providers should prepare their financial statements in accordance with the financial reporting policies outlined in the Cost Report instructions document and US GAAP, rather than the 4300 regulations.

Submission of Audited Financial Statements

Audit reports that support the Year 4 historical reporting period (July 1, 2010 — June 30, 2011) must be submitted within nine months from the close of the FY, or by the due date of the Cost Report, whichever is later. For providers whose organization's reporting is not based on a FY, the AFS for the year that ended during the period of July 1, 2010 — June 30, 2011 must be submitted (e.g., for providers whose organization's reporting is based on a calendar year (CY), the AFS for CY 2010 must be submitted).

For providers subject to audit, failure to submit an audit within nine months from the close of the provider's accounting period (or by the due date of the Cost Report, whichever is later) will result in ODP assigning a payment rate(s) to the provider. Failure to submit a revised Cost Report due to differences resulting from audit adjustments, if applicable, within 30 days of the date the final audit was issued, may also result in ODP assigning a rate(s).

Administrative Entities (AEs) may not grant AFS extensions for providers subject to Single Audit. Therefore, providers who submit Cost Reports (and are subject to Single Audit) and do not anticipate being able to meet the AFS deadline, need to request an extension from the Commonwealth of Pennsylvania, Office of the Budget, Comptroller Operations, Bureau of Audits (BOA) prior to the end of the nine month deadline. For providers not subject to Single Audit (e.g. those entities receiving a GAGAS audit), extensions must be requested in writing to ra-ratesetting@pa.gov. Extensions may not be granted by AEs.

Please note that even if the Cost Report due date is later than nine months after the close of the FY, Single Audits must still be submitted to the Bureau of Audits (BOA) within the nine-month time frame.

All audits should be uploaded to ODP via the Cost Report submission website. Additional information related to the audit submission timelines is provided below and in Section 3. Instructions for file naming conventions and uploading files are provided in Section 22 of this document.

In addition to uploading audit files to the website, all A-133 or Title 45 audits associated with the ODP Waiver program must be submitted electronically to:

Office of Comptroller Operations
Bureau of Audits
Special Audit Support Services
555 Walnut St — 9th Floor
Harrisburg, PA 17101
RA-BOASingleAudit@pa.gov

Instructions for submitting these audits to BOA can be obtained from their website:
www.budget.state.pa.us/portal/server.pt/community/single_audit_submissions/10670

Audit confirmation requests should be sent in writing to:

Office of Comptroller Operations
Division of Quality Assurance
c/o Steve Burkholder

555 Walnut St, 9th Floor
Harrisburg, PA 17101
RA-QAPromiseConf@pa.gov

In addition to GAGAS and A-133 audit requirements, ODP may conduct limited scope audits on the Cost Report. The focus of these audits will be to ensure that only allowable Waiver expenses have been included in the Cost Report (i.e., Column F of Schedule A).

Audit Findings

Providers are responsible for preparing a Corrective Action Plan (CAP) to address all findings of noncompliance, internal control weaknesses and/or significant deficiencies disclosed in the audit report. For each finding noted, the CAP should include: (1) a brief description identifying the finding; (2) whether the provider agrees with the finding; (3) the specific steps taken or to be taken to correct the deficiency, or specific reasons why corrective action is not necessary; (4) a timetable for completion of the corrective action steps; (5) a description of monitoring to be performed to ensure that the steps are taken and (6) the responsible party for the CAP. The CAP should be sent to the same location as the Audit Report (the Office of Comptroller Operations and/or the ODP Cost Report Submission Website).

Audit Adjustments

Differences Greater than 1% of Total Waiver Costs

If the provider has audit adjustments resulting from an independent audit, and the audit adjustments result in a difference that is greater than 1% of total Waiver costs, the provider must file a restated Cost Report that incorporates the audit adjustments. If a restated Cost Report is necessary, the restated Cost Report must be submitted within 30 days of the date the final audit was issued. If not submitted within 30 days of the date the final audit was issued, ODP may assign a payment rate(s). If the audit is completed earlier than nine months after the FY end, the restated Cost Report may be required to be submitted prior to the nine-month deadline. A provider is required to submit a restated Cost Report if differences due to the audit adjustment result in a downward adjustment to the rate. For upward adjustments due to differences resulting from audit adjustments, it is the provider's decision whether or not they choose to submit a restated Cost Report. Please note that ODP will not accept restated Cost Reports for upward adjustments unless the audit adjustment is proposed by the provider's independent auditors.

When resubmitting a Cost Report that has been restated for differences due to audit adjustments, the provider must indicate that the Cost Report has been revised due to audit adjustments by selecting the "Resubmission due to Audit" option on the Certification Page, Line 13. In addition, a note should be included on the Comments Page. A copy of the audit adjustments causing the differences should also be uploaded via supplemental schedule.

While ODP recognizes that providers have up to nine months after the close of the FY to submit their audit, ODP encourages providers to submit a revised Cost Report incorporating all necessary audit adjustments for the FY 2010/2011 reporting period no later than January 1, 2012. If a provider submits a restated Cost Report incorporating all necessary audit adjustments after January 1, 2012, ODP will review these adjustments on a case-by-case

basis. If ODP determines that the restated cost report data impacts the rate development process, revised rates may be developed and communicated after the initial rate release (anticipated to take place in May of each year).

Differences of 1% or Less of Total Waiver Costs

If the impact of the audit adjustments results in a difference of 1% or less of total Waiver costs, the provider may **not** restate the Cost Report. In these cases, if such adjustments are the result of an inappropriate methodology and would also apply to the next FY, the provider should include those audit adjustments in the following year's Cost Report. AEs will review the Cost Reports to ensure audit adjustments were properly applied, as part of the AFS desk review procedures.

For Bureau of Financial Operations (BFO) audits, ODP will communicate any necessary adjustments to the provider and applicable AE. It is recommended that if a BFO audit results in adjustments to reported costs in previous years, those same adjustments should be applied to future Cost Reports, if applicable, to avoid delays or additional adjustments to submitted Cost Reports.



Cost Report Submission and Approval

Background

ODP requires all Consolidated and P/FDS Waiver service providers use a uniform Cost Report template. This template allows providers to submit historical expense data that will be considered in the development of prospective payment rates for certain services. Providers report historical expense, utilization and revenue information in the Cost Report(s) and upload their completed submissions to an ODP website. As mentioned in Section 2, providers must not include any PHI data in their Cost Report submissions. Manual desk reviews are performed on each Cost Report and questions are sent to the providers, as necessary. Data from the approved Cost Report(s) is then considered as part of the prospective rate development process.

Year 4 Overview

For Year 4 of the PPS, ODP will use an automated system to facilitate the Cost Report submission and desk review processes. Similar to Year 3, the automated system will include the following key features:

- Ability for providers to upload financial Cost Report templates and other financial documents (e.g., supplemental schedules and AFS) via an online submission process; the system also allows providers to view the status of each uploaded file
- Real-time validation of various Cost Report data and immediate notification to providers of receipt or rejection of Cost Report submissions
- Provision of a detailed error report (in cases of Cost Report rejection) so the provider understands the items that need to be corrected to achieve a successful submission (note the successful receipt of the Cost Report **does not** ensure its approval in the desk review process; also, Cost Report resubmissions must be successfully uploaded by the resubmission deadline in order to be desk reviewed by the AE)

The Cost Report submission process, AE desk review approval process and the associated timelines are described in further detail below.

Submission Process

Similar to prior years, providers will complete standardized Cost Report templates in Excel format and upload them to a secure website. Cost Reports will go through a real-time edit process once submitted. The real-time edits will lead to instant rejection of the Cost Report submission if critical errors are identified.

To facilitate the online submission process, each provider will be assigned one username and password for its organization, specific to its MPI. The provider will log in to the automated system to upload the completed Cost Report(s) and supporting financial information specific to its MPI.

Providers who had a username and password for accessing the Cost Report website in Year 3 will use that same login information for Year 4. If a provider did not retain its Year 3 user account information, or needs to change the user account information for the organization, the provider should contact the E-help desk for assistance.

Providers who did not obtain a username in Year 3 need to apply for one by accessing the user account template available on the ODP Consulting website. Usernames and passwords for new user accounts will be distributed to providers via email. Providers can share this information internally with staff responsible for completing the Cost Report(s). Providers who request new user accounts and do not receive username and password information via email will be directed to contact the E-help desk and request login information.

If the provider's submission follows the file naming convention and passes all real-time edits, the provider will receive a message indicating its Cost Report(s) has been received and is moving to the desk review phase. At this point, the provider will wait to hear the results of the desk review from the AE. Additional information on the desk review process is contained in the "Desk Review Approval Process" paragraphs within Section 3 of this document.

If the submitted Cost Report does not follow the file naming convention or contains an error that fails the pre-defined edits (e.g., the sum of the Waiver expenses by procedure code does not equal the total Waiver service expenses), the website will reject the submission. The provider will receive a real-time message listing the error(s) that are present in its Cost Report(s), and the provider will need to correct these errors and upload a revised Cost Report(s). The provider will continue to upload the Cost Report(s) until it successfully passes all real-time edits (i.e., is received) within the submission timelines and is moved to the desk review phase. Please refer to Appendix C for a flow chart outlining the Cost Report submission and desk review processes.

Unsuccessful Cost Report Submissions

If a provider is unable to submit a Cost Report that passes the real-time edits prior to the submission deadline, the provider's Cost Report data will not be considered in the rate development process. The provider will be aware of the unsuccessful submission due to the real-time file rejection notice they receive from the website. In cases of rejected submissions, ODP will follow up with a letter to the provider confirming their unsuccessful Cost Report submission, and payment rates will be assigned.

Desk Review Approval Process

Once the provider has successfully submitted its Cost Report (i.e., the Cost Report is received), the Cost Report enters the desk review phase. If the Cost Report passes the desk review, the provider will receive an approval memorandum from their ODP RFO by late December 2011. All approved Cost Reports will be considered in developing prospective payment rates, pending the AFS desk reviews, as applicable. **If a provider submits multiple Cost Reports specific to its MPI, all of the Cost Reports associated with that MPI must be approved in order for any of the provider's Cost Report data to be considered in prospective rate development.** For example, if MPI 999999999 submits five Cost Reports and only four of the five Cost Reports pass the desk review procedures, none of the Cost Reports for MPI 999999999 will be considered in developing prospective payment rates; rates will be assigned by ODP.

If the Cost Report submission fails the desk review, the AE will notify the provider of the items that need to be corrected and will request a Cost Report resubmission. The AE will indicate the resubmission deadline (maximum turnaround time for a resubmission is seven business days). Providers whose Cost Report(s) have been identified for resubmission will submit their revised Cost Report(s) through the online submission process and all real-time edits will be run again.

If a provider finds an issue with their Cost Report submission while it is under desk review, the provider should contact the AE assigned to perform the desk review and obtain approval prior to uploading a resubmission. It is important to note that any time a provider needs to make a change to an item in its Cost Report, a new version must be uploaded online. **AEs do not have the ability to make changes to a Cost Report on behalf of the provider.**

Upon completion of the desk review procedures, the AE will determine whether or not all of the provider's Cost Reports will be approved. Multiple resubmissions are not expected. If a provider resubmits their Cost Reports and is unable to get all Cost Report(s) to successfully pass the desk review prior to the final deadline, none of the provider's Cost Report data will be considered during the development of prospective payment rates. Providers whose Cost Report(s) fail the desk review will not receive an approval memorandum from their RFO by late December 2011. These providers will instead receive a formal hard-copy letter via mail after the desk reviews are completed in December indicating their data will not be considered and rates will be assigned.

Other Financial Data Submissions

In addition to Cost Reports, the automated submission system will accept other financial data submissions including supplemental schedules and the AFS. For these submissions, the system will only check that the file naming convention was followed. No additional real-time edits will be performed. The AEs will perform a standard set of desk review procedures specific to each AFS submission. Recall from Section 2 of this document, supplemental schedules must not contain PHI.

Timelines

The following paragraphs provide information on the timelines associated with the various file submissions. Please refer to Appendix D for a general overview of key tasks and timelines associated with Year 4 of the PPS.

Initial Submissions

ODP will open the financial submission website in early October 2011 to allow providers sufficient time to upload their Cost Report(s) and supporting schedules for the FY 2010/2011 historical reporting period. To support providers in achieving timely and accurate Cost Report submissions, ODP will provide training sessions prior to the Cost Report submission deadline.

Providers need make an initial attempt at an online Cost Report submission for Year 4 by Thursday, October 27, 2011. An initial attempt means that the provider needs to log into the ODP Cost Report website and upload a Cost Report file using the appropriate Cost Report file naming convention. The uploaded Cost Report does not need to be complete and does not need to pass all the real-time edits by this date. This interim deadline will simply allow providers to review real-time error reports for rejected Cost Reports and revise their submission to achieve a successful upload by Thursday, November 3, 2011.

All providers need to successfully submit their Year 4 Cost Report(s) (i.e., pass all real-time edits) and all supplemental schedules by 11:59 PM EST on Thursday, November 3, 2011 to be considered in the desk review process. Please note that the E-help desk will close on Thursday, November 3, 2011 at 5:00 PM EST. The receipt date recognized by ODP for the filing of the Cost Report is the date the electronic Cost Report is submitted to the ODP website. **On November 3 at 11:59 PM EST, the online system will close and providers will be unable to submit Cost Reports. ODP is not in a position to grant extensions to this deadline.** The system will be reopened later to allow providers to resubmit any Cost Report(s) identified by the AE as not passing the desk review.

Resubmissions

AEs will aim to complete desk reviews on all initial Year 4 Cost Report submissions during the month of November. Providers will then have a designated window of time to complete any necessary Cost Report resubmissions. The system will then close and additional Cost Report resubmissions will no longer be accepted. The final deadline for all AE-requested Cost Report resubmissions will be communicated at a later point in time. **Note that resubmissions must be successfully uploaded by the deadline (and subsequently pass the desk review) in order to be considered during the rate development process .**

Audited Financial Statements

Providers required to have an audit will be able to submit their AFS to the ODP Cost Report website starting in October 2011. Providers whose AFS is based on a CY need to upload their CY 2010 AFS by September 30, 2011 or by the due date of the Cost Report, whichever is later. Providers whose AFS is based on a June 30 FY need to upload their FY 2010/2011 AFS by March 31, 2012.

Failure to submit a complete audit within nine months from the close of the provider's accounting period (or by the due date of the Cost Report, whichever is later) will result in ODP assigning a payment rate(s) to the provider. AEs may not grant AFS extensions for providers subject to audit requirements. Therefore, providers who submit Cost Reports (and are subject to Single Audit) who do not anticipate being able to meet the AFS deadline need to request an extension from the Commonwealth of Pennsylvania, Office of the Budget, Comptroller Operations, Bureau of Audits prior to the end of the nine-month deadline. For providers not subject to Single Audit requirements (e.g. those entities receiving a GAGAS audit), extensions must be requested in writing via email from ra-ratesetting@pa.gov.

AEs will complete desk reviews of the AFS on an ongoing basis to assist in identifying any expenses that are materially different than what was included in the Cost Report. It is the provider's responsibility to resubmit Cost Reports in cases where material differences exist between the Cost Report and the AFS (i.e., expenses in the Cost Report that differ by more than 1% from Total Waiver expenses in the AFS). Depending on the timing of the requested resubmission, the audit adjustments may or may not be considered in the initial release of the FY 2012/2013 payment rates. Interim rates may be adjusted at a later date to reflect audit findings or non-compliance with the audit submission requirements.

If adjustments are necessary as a result of the audit (i.e., expenses in the Cost Report differ by more than 1% from Total Waiver expenses in the AFS), it is expected that providers will resubmit their Cost Report within 30 days of the date that the final audit was issued. Failure to submit a revised Cost Report due to differences resulting from audit adjustments, if applicable, within 30 days of the date the final audit was issued, may also result in ODP assigning a rate(s). As a reminder, all audits are due no later than nine months after the end of the provider's FY or by the due date of the Cost Report, whichever is later. If the audit is completed earlier than nine months after the end of the provider's FY, this may mean the restated Cost Report is due prior to the nine-month deadline.



Completing the Year 4 Cost Report Template

The purpose of this section is to explain general principles the provider should consider when completing the Cost Report. This Cost Report instructions document provides the guidance to follow when completing the Cost Report. These instructions are generally consistent with GAAP and OMB Circular A-122. The items covered in this section include the fiscal reporting period, general allowable expense principles, guidelines for start-up costs, residential occupancy, providers with multiple service locations or multiple MPIs, supplemental schedules and records retention requirements. The section also covers how to access the Cost Report template, provides an overview of the schedules, recommends the order in which to complete the schedules and details resubmission requirements.

Included in this section is a discussion of Waiver services and procedure codes. Waiver services are the services included in the Consolidated and P/FDS Waivers, such as Licensed Residential Habilitation in Community Homes. For most Waiver services, there are several procedure codes associated with the service. For example, Licensed Residential Habilitation in Community Homes has distinct procedure codes for one-individual home, eligible; one-individual home, registered nurse (RN), eligible; and one-individual home, ineligible.

ODP encourages providers to follow the guidelines in this section, as many of these items will be checked through the desk review process. These instructions are not intended to be exhaustive. In completing the Cost Report, providers should refer to applicable rate-setting policies for guidelines on identifying allowable expenses and other reporting clarifications. In addition, the results of prior audits (e.g., DPW audits) specific to the provider should be considered in the preparation of the Cost Report.

Guidelines for Provider Reporting

Reporting Period

The Cost Report should cover a prior FY period of 12 consecutive months, ending June 30 (i.e., the Year 4 Cost Report should cover July 1, 2010 – June 30, 2011). Providers beginning operations during the fiscal period are exempt from the 12 consecutive months requirement. In these instances, providers will prepare a report from the commencement of

operations as a provider of service in the Consolidated and P/FDS Waiver program to June 30. ODP will use the partial year of expenses and units to determine the unit cost during the period in operation.

General Expense Principles

All payments to providers for a Waiver-enrolled participant must be based on the reasonable, allowable expense of providing the Waiver service. Providers who also render services to individuals not enrolled in the Waiver must separately report the expense of providing these services. Similarly, providers rendering non-Waiver services to Waiver-enrolled participants should separately report the expense of providing these services. There are columns in Schedule A in which these expenses should be reported to ensure they are not allocated to the Waiver procedure codes.

In general, the accounting principles in these instructions are based on the cost-based payment methodology and apply to the information reported on the Cost Report. Providers should also report in a manner consistent with GAAP, unless otherwise specified in these instructions. Where an allowable expense or expense standard is not explicitly described, federal guidelines such as OMB Circular A-122 apply (see http://www.whitehouse.gov/omb/circulars_a122_2004/).

Adjustments to convert to an accrual basis of accounting are needed if a provider's records are maintained on another accounting basis. The intent of these adjustments is to obtain expense information on a basis that is fair and comparable among providers of the service and consistent with GAAP.

Rates based on allowable expenses will be limited to those expenses that are considered reasonable, necessary and related to the service provided. "Reasonable Expense" is defined as the amount of expense that would ordinarily be incurred by similar providers in similar markets. Alternatively, it is the level of expense which a prudent and expense-conscious buyer of goods and services is ordinarily willing to pay for these kinds of services. Only allowable expenses are allocable to Waiver services.

Principles governing the accumulation and allocation of expenses to programs and services include:

- Expenses reported for Waiver services shall not be reported as reimbursable expenses under any other funding source. Expenses incurred for non-Waiver services or Waiver services rendered to individuals not enrolled in the Waiver shall not be reported as reimbursable expenses for Waiver services.
- An expense is allocable to a particular expense objective (e.g., participant services) if the goods or services involved are chargeable or assignable to such expense objectives in accordance with relative benefits received.
- All activities and services that benefit from the administrative or other expense pools, including non-Waiver activities and services, will receive an appropriate allocation of administrative and other program expenses. That is, non-allowable and non-Waiver expenses should receive an allocation of administrative and other program expenses just as Waiver expenses do.
- To ensure there is no duplication of expenses, service expenses must be included under the appropriate procedure code and shall not also be allocated to a separate billable

procedure code. Expenses for goods or services that are not allowable under the Waiver programs must not be allocated to Waiver procedure codes.

- The expenses related to residential occupancy are captured on Line 24 of Schedule A and detailed in Schedule J. All residential occupancy expenses must be allocated only to the ineligible procedure codes.

If a specific line in the Cost Report is not discussed in the instructions, it was presumed to not require additional instruction. General expense principles, as discussed above, would apply.

Expenses for Start-up Costs

In April 1998, the American Institute of Certified Public Accountants (AICPA) issued Statement of Position 98-5, Reporting on the Costs of Start-Up Activities (SOP 98-5) (superseded by Financial Accounting Standards Board (FASB) Accounting Standards Codification Section 720). SOP 98-5 stated that start-up costs are those incurred during the course of undertaking one-time activities related to:

- Opening a new facility
- Introducing a new product or service
- Conducting business in a new territory
- Conducting business with a new class of customer or beneficiary
- Initiating a new process in an existing facility
- Commencing some new operation
- Organizing a new entity (commonly referred to as organization costs)

Start-up costs within the scope of SOP 98-5 need to be expensed as they are incurred, rather than capitalized. Costs defined to be outside the scope of the SOP 98-5 include:

- Costs of acquiring or constructing long-lived assets and preparing them for intended uses
- Costs of acquiring or producing inventory
- Costs of acquiring intangible assets
- Costs related to internally developed assets
- Costs that are within the scope of FASB Statement No. 2, Accounting for Research and Development Costs (superseded by FASB Accounting Standards Codification Section 730) and FASB Statement No. 71, Accounting for the Effects of Certain Types of Regulation (superseded by FASB Accounting Standards Codification Section 980)
- Costs of raising capital
- Costs incurred in connection with existing contracts as stated in paragraph 75d of AICPA Statement of Position No. 81-1, Accounting for Performance of Construction-Type and Certain Production-Type Contracts (SOP 81-1) (superseded by FASB Accounting Standards Codification Section 605-35-25-41)

The costs outside the scope of SOP 98-5 must be accounted for in accordance with other existing authoritative accounting principles (i.e. GAAP). Any start-up costs that have been reimbursed by ODP, or were funded with another funding source other than ODP previously, must be reported as income on Schedule B, Line 8. If the provider received start-up funds during the FY 2010/2011 reporting period, the provider should submit supporting information

(via Comments Page or separate file upload) that describes what the start-up funds were used for, indicates where the items purchased are included in the current year's Cost Report as expenses, and provides a summary of start-up costs included in the Cost Report.

Residential Occupancy

For purposes of the Cost Report, occupancy expenses for residential buildings are to be reported on Line 24 of Schedule A, separate from other Waiver expenses, with supporting detail included in Schedule J.

Providers with Multiple Service Locations

The instructions below apply to each Cost Report submitted by a provider under a given MPI number. Providers with more than one service location code should have a four-digit service location code for each service location that is included in the Cost Report. **All service location codes in the same physical address must be reported together on the same Cost Report.** Providers with multiple service location codes have the option of completing Cost Reports as follows (note that providers who submitted a Cost Report(s) for the FY 2009/2010 reporting period [Year 3] must submit the same number of Cost Report(s) or fewer Cost Report(s) in Year 4. See explanation on next page):

- Providers may complete a single consolidated Cost Report. This is the most preferred method to expedite the Cost Report submission, desk review and rate-setting processes.
- Providers may complete a Cost Report by reporting certain service location codes on one Cost Report and completing separate Cost Reports specific to other service location codes. Please note that an individual service location code can only be reported on one Cost Report and may not be split across Cost Reports.
- Providers may complete a Cost Report for each service location code.

When multiple Cost Reports are submitted for a provider agency, the Total Provider Expense amounts reported in Schedule A, Column A should be the same on each Cost Report submitted. Similarly, the Total Provider Revenue amounts reported in Schedule B, Column A, as well as the Total Waiver Revenue amounts reported in Schedule B, Column B, should each be the same on each Cost Report submitted.

It is important to note that ALL Cost Reports for a given provider must pass the desk review in order for ANY of the Cost Report data to be considered in rate development. Providers who choose to complete multiple Cost Reports should be confident they will have ample time to correctly complete all reports, as they risk having them all rejected.

The following is NEW. Providers who submitted a Cost Report(s) for the FY 2009/2010 reporting period (Year 3) must submit the same number of Cost Report(s) or fewer Cost Report(s) for the FY 2010/2011 historical reporting period (Year 4). For example, if a provider submitted four Cost Reports in Year 3 (1 of 4, 2 of 4, 3 of 4 and 4 of 4), the provider must submit four or fewer Cost Reports in Year 4. ODP encourages providers to use the same procedure code and service location code groupings that were used in Year 3, but combining service location codes for Cost Reporting purposes will be viewed favorably to reduce administrative efforts necessary to review Cost Reports.

If a provider wants to submit more Cost Reports in Year 4 (as compared to the number submitted in Year 3), prior approval from ODP must be obtained. Approval can be requested in writing by sending an email to the rate-setting mailbox at ra-ratesetting@pa.gov. Requests must include details and rationale for the change. If the provider is granted permission to increase the number of Cost Reports, the provider may need to submit restated Cost Reports from the prior year for affected service location codes using the new groupings along with the current year's Cost Report(s).

Providers with Multiple MPIs

If a provider has multiple MPI numbers, the provider should combine their experience for all MPIs in their Cost Report submission. The Cost Report submission may include one Cost Report or multiple Cost Reports across all MPIs and service locations at the provider's discretion. The MPI number for the main or largest organization should be entered on Line 1a of the Certification Page, and this MPI should be used in the file naming convention. The other MPIs should be identified on Line 11b of the Certification Page. More detail on file naming conventions is provided in Section 22.

Supplemental Schedules

Providers may not submit substitute schedules. However, exhibits providing additional supporting information are encouraged. Full disclosure is an important principle in conveying information on these Cost Report schedules and will facilitate the desk review process. Full disclosure requires that a knowledgeable financial reader, after reviewing the completed forms and attachments, would not be misled.

Providers should report the supporting information on the Comments Page. Any supporting information contained in a stand-alone file should be uploaded using the "Supplemental Schedule" file naming convention described in Section 22 of this document, and the provider should note these uploads on the Comments Page. Recall from Section 2 of this document that supplemental schedules must not contain PHI.

The following is a list of the supporting documentation that ODP is requesting be provided to accompany each of the Cost Report schedules. Please note this is not an exhaustive list.

Certification Page

- If applicable, AFS that supports the FY 2010/2011 historical reporting period. If the provider organization's reporting is on a CY basis, the AFS for CY 2010 should be submitted
- Most recent A-133 report, if applicable

Schedule B — Income Statement:

- Explanation to support Line 8: Other Income values that are greater than 5% of Line 12, Total Revenue
- Explanation to support any Other Contribution Revenue reported on Lines 10a through 10f and Government Grant Revenue reported on Lines 11a through 11c

Schedules E, E-1 and E-2 — Depreciation Expenses

- Explanation to support any additions or deletions to property and equipment

Schedule F — Other Program Expenses

The following is NEW.

- Explanation to support Line 1, Management Fees values that are greater than \$10,000 or 5% of Line 15, Total Other Program Expenses
- Explanation to support Line 2, Professional Services values that are greater than \$10,000 or 5% of Line 15, Total Other Program Expenses
- Explanation to support Line 3, Advertising (for staff recruitment and outreach purposes) values that are greater than \$10,000 or 5% of Line 15, Total Other Program Expenses
- Classified loan schedule to support expenses of \$5,000 or more submitted on Schedule F, Line 6 (Interest — Short-term Borrowing). This loan schedule should include the name of the lender, purpose of the loan, period of the loan, interest rate, interest expense and balance of the loan at the end of the report period
- Explanation to support Line 7, Legal Fees values that are greater than \$10,000 or 5% of Line 15, Total Other Program Expenses
- Explanation to support Line 14, Other Program Expense values that are greater than \$10,000 or 5% of Line 15, Total Other Program Expenses

Schedule F-1 — Other Occupancy Expenses: Administrative/Program Buildings

- Classified loan schedule to support expenses of \$5,000 or more submitted on Schedule F-1, Line 3 (Interest Expense – Buildings). This loan schedule should include the name of the lender, purpose of the loan, period of the loan, interest rate, interest expense and balance of the loan at the end of the report period
- Explanation to support Line 5, Other Occupancy Expense values that are greater than \$10,000 or 5% of Line 6, Total Other Occupancy Expenses

Schedule G — Related Party Transactions

- Explanation to support any related party transactions and associated financial terms

Schedule H — Program Expense Allocation Procedures

- Explanation to support the allocation methodology used

Schedule I — Participant Transportation Expenses (Waiver-Related)

The following is NEW.

- Explanation to support Line 7, Other Transportation Expense values that are greater than \$10,000 or 5% of Line 8, Total Participant Transportation Expenses

Schedule J — Residential Occupancy Expenses

The following is NEW.

- Explanation to support Line 6, Other Personnel Cost values that are greater than \$10,000 or 5% of the sum of Lines 1 through 6, Total Personnel Expenses

- Explanation to support Line 29, Other Operating Expense values that are greater than \$10,000 or 5% of Line 31, Total Operating Expenses

Records Retention

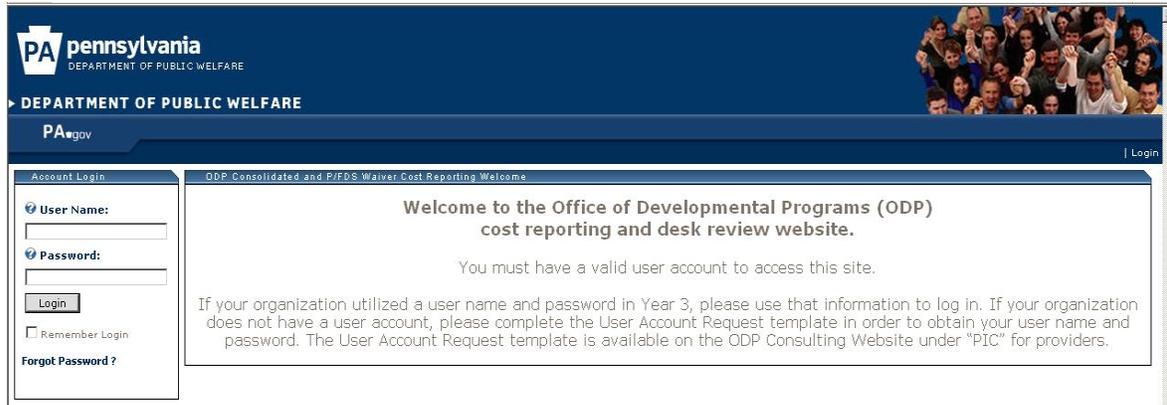
The data reported in the Cost Report must be based on financial and statistical records maintained by the provider. In general, providers should ensure that supporting documentation is maintained for all expenses reported, and providers should retain the supporting financial and statistical documentation for a minimum of five years. A year is defined as a FY. For providers whose FY is different from the State FY, records that support the State FY must be maintained. For example, a Cost Report reflecting historical experience for FY 2010/2011 that is submitted in November 2011 must be retained by the provider until November 2016. This documentation should be kept available in a format that can be easily audited at any time (i.e., should be detailed, orderly and complete). All reported amounts should allow for reconciliation to the provider's general ledger and AFS.

Accessing the Cost Report Template

To obtain the template, providers can access the "ODP Provider Information Center (PIC)" on the www.odpconsulting.net website. Please note that you do not need to log into the ODP Consulting website in order to obtain the Cost Report materials. The template is available electronically in Microsoft Office Excel. Users with Excel 2003, 2007 or 2010 will be able to access and use the Cost Report template.

Providers can verify their version of Excel by clicking on the Help button and then the About Microsoft Office Excel selection. This shows the version that is currently installed on the computer. If you need the Cost Report in a different version of Excel, please submit a request to the E-help desk by clicking on the link under "Provider Information Center (PIC)" at www.odpconsulting.net or by sending an email to odpcostreporhelp@mercer.com.

Completed Cost Reports in Excel format, including supporting information and all completed schedules, should be uploaded to the ODP Cost Report website. The ODP Cost Report website can be accessed via a link that is posted on www.odpconsulting.net under the "Provider Information Center (PIC)." Upon arriving at the ODP Cost Report website home page (see screen shot below), the provider should use their user account information to log into the website and upload their files. Detailed instructions for uploading files will be made available during the Cost Report training sessions.



Account Login

ODP Consolidated and P/FDS Waiver Cost Reporting Welcome

**Welcome to the Office of Developmental Programs (ODP)
cost reporting and desk review website.**

You must have a valid user account to access this site.

If your organization utilized a user name and password in Year 3, please use that information to log in. If your organization does not have a user account, please complete the User Account Request template in order to obtain your user name and password. The User Account Request template is available on the ODP Consulting Website under "PIC" for providers.

User Name:

Password:

Login

Remember Login

[Forgot Password ?](#)

Overview of Cost Report Schedules

ODP encourages providers to carefully review these instructions. While provider feedback requested that few changes be made to the instructions and template for Year 4, necessary changes to various schedules and processes have been incorporated. Changes are highlighted throughout this document with the label **"The following is NEW"** and also summarized in Appendix G. Changes will also be highlighted during the training sessions. In addition, clarifying language and examples were added throughout the document to better explain various topics that were frequently asked about in prior years.

The Year 4 Cost Report contains the following pages and schedules:

- Certification Page
- Certification Page — Provider Service Locations
- Certification Page — Service Selection
- Schedule A — Expense Report
- Schedule B — Income Statement
- Schedule C — Intentionally Blank
- Schedule D through D3 — Staff Expenses
- Schedule E through E2 — Provider Depreciation Expenses
- Schedule F — Other Program Expenses (Waiver-related)
- Schedule F-1 — Other Occupancy Expenses — Administrative/Program Buildings
- Schedule G — Related Party Transactions
- Schedule H — Program Expense Allocation Procedures
- Schedule I — Participant Transportation Expenses (Waiver-related)
- Schedule J — Residential Occupancy Expenses
- Comments Page
- Provider Use Page

Subsequent sections of this document contain detailed, line-by-line instructions for completing each of the above schedules.

The identifying information (Provider Name, MPI Number, Period of Report and Cost Report Number [i.e., X of Y]) at the top of each schedule will automatically populate from the entries made on the Certification Page. All information in the schedules should be provided unless the provider does not have expenses for a certain cost category or the information requested does not apply. Failure to properly complete applicable schedules will result in rejection of the Cost Report. Round monetary amounts to the nearest whole dollar by increasing any

amount of \$0.50 or more to the next higher dollar and reducing any amounts of \$0.49 or less to the next lower dollar.

Recommendations for Using the Cost Report Template

Providers will see several cells with yellow shading throughout the template. This shading is applied to cells that contain formulas and will be automatically populated based on data reported in non-highlighted cells. The template has been locked and protected to ensure consistent reporting by all providers. To assist providers with their use of the template, all cells within the template are viewable. This allows providers to move their cursor into any cell of the template and enables the provider to see the formulas that exist in highlighted cells. Many cells (including all formulas) are protected and cannot be changed by the provider, but being able to view the formulas should assist in the provider's understanding of the template and calculations performed. **It is important to note that when populating the Cost Report template, users should not use the “cut and paste” function in Excel, as this may cause errors to the cell formulas.**

The auto-populating feature primarily impacts Schedule A, as this schedule contains many formulas that pull data from other schedules of the Cost Report template. Due to this automation, providers may want to consider the order in which they complete the schedules. Providers may want to begin by reporting total provider expenses in Schedule A, Column A for each of the cost categories. Completing all the supporting schedules next may be appropriate as the supporting schedules will automatically populate many values on Schedule A. Once the supporting schedules are completed, the provider can complete the remaining columns on Schedule A to show how the total provider expenses are allocated among Waiver, Base (i.e., services funded with State-only dollars and county matching funds; no federal participation), other LOBs, etc. Finally, the provider can then determine how the Waiver expenses in Column F should be allocated across the service procedure codes in Columns G+.

Resubmission Requirements

Providers who resubmit the Cost Report due to a failed desk review must follow the same procedures as the original submission. The only changes the provider can make to the Cost Report during a resubmission are to fix the identified error(s) and indicate on Line 13 of the Certification Page that the Cost Report is a resubmission. **During a resubmission, the provider may not change the number of initial Cost Report submissions (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.**

In addition, the provider's resubmitted Cost Report must use the same naming convention that was used for the original submission. For example, a provider originally submits four Cost Reports (i.e., 1 of 4, 2 of 4, 3 of 4 and 4 of 4). The 2nd and 4th Cost Reports pass the desk review, while the 1st and 3rd reports fail the desk review and require resubmission. Upon fixing the errors in these two Cost Reports, the provider will upload the resubmissions using the naming conventions “1 of 4” and “3 of 4” to match the original naming conventions. The electronic date stamp will be used to identify the most current version when multiple versions of the Cost Report are submitted by the same provider.



Certification Page

The purpose of the Certification Page is to collect provider identifying information, as well as information on the number and type of Cost Report submissions. The provider must complete every item on this page, and a Certification Page must be completed for each Cost Report that is submitted.

Line Descriptions

(Lines 1, 2 and 3) Provider Name and Address:

Enter the official (1) provider name, (2) street address and (3) city, state (two-letter abbreviation) and zip code (five-digit). Generally, this is the name and address that appears on the provider's license or official letterhead.

(Line 1a) MPI Number:

Enter the provider MPI number in XXXXXXXXX format. This is the nine-digit number that can be found in PROMISe and HCSIS. If the MPI number contains leading zeros, these values must be entered in order to comply with the nine-digit requirement for this cell. Please note the MPI number is the number used in service authorizations and submitted on claim forms.

For a provider with multiple MPI numbers, the primary MPI should be entered on Line 1a. All other MPIs for which experience is reported on a Cost Report should be entered on Line 11b (one MPI per row) of this page.

(Line 1b) IRS Tax ID Number:

Enter the number assigned to the facility for federal tax purposes (federal withholding, etc.) in the XX-XXXXXXX format.

(Line 2a) Date of Fiscal Year End:

Enter the end date of the FY for the primary MPI in the MM/DD/YYYY format (e.g., 06/30/2011).

(Line 4) Period of Report:

The Year 4 Cost Report should be based on the historical experience period of FY 2010/2011 (July 1, 2010 through June 30, 2011). Using the MM/DD/YYYY format, enter the “from” date of the year for which the financial information is being provided. For most providers, this date will be 07/01/2010. However, if you did not begin delivering Waiver services until after July 1, 2010 (but before June 30, 2011) and want your historical expenses to be considered during rate development, then you still need to submit a Cost Report for the partial year’s expense. In this case, you will need to enter the actual date between July 1, 2010 and June 30, 2011 that you did begin delivering services (e.g., an organization who started providing services on November 1, 2010 would enter 11/01/2010). The “to” date has been pre-populated with 06/30/2011 to represent the latest date for which data is being collected.

(Line 5) Officer or Administrator Name:

Enter the name of the provider’s officer or administrator. This should be the same person who is responsible for the certification of the Cost Report.

(Line 6a) Primary Contact Person Regarding Questions about Cost Report:

Provide the name of the primary contact person with whom ODP or its agent can address questions about the information provided in the Cost Report. Generally, this will be the same person who prepared the report and who will check the attestation box during submission.

(Line 6b) Secondary Contact Person Regarding Questions about Cost Report:

Provide the name of the secondary contact person with whom ODP or its agent can address questions about the information provided in the Cost Report.

(Lines 3a and 3b) Primary Contact Telephone Number/Email Address:

Enter the area code and telephone number in the XXX-XXX-XXXX format and the current, valid email address for the primary contact person identified on Line 6a.

(Lines 4a and 4b) Secondary Contact Telephone Number/Email Address:

Enter the area code and telephone number in the XXX-XXX-XXXX format and the current, valid email address for the secondary contact person identified on Line 6b.

(Line 7) Accounting Basis:

The Cost Report must be prepared on the accrual basis of accounting. Under the accrual basis of accounting, revenue is recognized in the period when it is earned, regardless of when it is collected, and expenses are recognized in the period when they are incurred, regardless of when they are paid.

The accrual basis is the method used for establishing payment rates based on actual expense. If you use either the cash or modified cash basis of accounting, you must adjust your revenue and expense data to the accrual basis in the Cost Report. Providers need to retain the accounting work papers and documentation used in adjusting records from the cash basis or modified cash basis to accrual basis and should submit these work papers and documentation to ODP for review if requested.

The following is NEW. Using the drop-down box, confirm that your Cost Report was prepared on the accrual basis of accounting.

(Line 8) Years in Business:

Enter the number of years, through June 30, 2011, you have been providing services to individuals enrolled in the Consolidated or P/FDS Waiver programs. For partial years, enter the data in decimal format (e.g., a provider who first started serving Waiver participants on October 1, 2002 would enter 8.75).

(Lines 9 and 10) Audit:

As described in Section 2 of this document under Audit Requirements, providers must comply with Yellow Book financial audit requirements and OMB Circular A-133 audit requirements, if applicable. Upon completion, providers need to upload an electronic copy of the independent audit that covers the historical reporting period in the Cost Report (i.e., FY 2010/2011 for Year 4).

On Line 9, use the drop-down box to indicate if your financial statements have been audited by a certified public accounting firm. If you answer "Yes," please enter the end date of the year of the audit that is currently available, even if it is for a previous period. Enter this date in the MM/DD/YYYY format (e.g., 06/30/2011).

On Line 10, using the drop-down box, indicate whether an electronic version of the audit **for the Year 4 historical reporting period (i.e., FY 2010/2011)** has been submitted to the ODP website. Note that if your organization's financial reporting is based on a CY, you will need to upload your CY 2010 AFS. As mentioned in Section 3 of this document, FY 2010/2011 AFS files (i.e., year end June 30) must be uploaded by March 31, 2012, while CY 2010 AFS files must be uploaded by September 30, 2011, or by the due date of the Cost Report, whichever is later. Failure to meet this deadline may result in a provider having their payment rates assigned by ODP.

(Line 11a) Does this Cost Report Contain Expenses for Multiple MPIs?:

As mentioned above in the instructions for Line 1a, a provider may include historical experience for multiple MPI numbers on a single Cost Report submission. Using the drop-down box, indicate "Yes" if the Cost Report contains revenue and expense data for more than one MPI. Indicate "No" if the Cost Report contains revenue and expense data for only one MPI.

(Line 11b) List Each MPI Number for which Data is Reported in a Cost Report:

For a provider with multiple MPI numbers, the primary MPI number is entered on Line 1a. All MPIs for which data is reported on a Cost Report (including the MPI in Line 1a) should be entered on Line 11b (one MPI per row). As mentioned previously, MPI numbers must be nine-digits long and leading zeros must be entered if applicable. The purpose of Line 11b is to collect a master list of MPIs for each provider, even if experience for some MPIs is reported on a separate Cost Report.

(Line 11c and 11d) Unique Service Location Codes:

For the MPI(s) identified on Line 11b, enter the total number of unique service location codes that exist for that MPI on Line 11c and the number of unique service location codes for that MPI that are reported in Column B of the Certification Page — Provider Service Locations schedule on Line 11d. For example, a provider with an MPI that has a total of ten residential homes, of which four are included in the Cost Report and indicated in Column B of the

Certification Page — Provider Service Locations schedule, would enter 10 on Line 11c and 4 on Line 11d.

(Line 12a) Total Number of Cost Reports Submitted:

Enter the total number of completed Cost Reports you are submitting for the FY 2010/2011 reporting period (e.g., a provider who submits four completed Cost Reports would enter 4). This number should align with the total number of Cost Reports in the Cost Report file naming convention discussed in Section 22 of this document. **The total number of Cost Reports should not include any supplemental schedules the provider plans to upload.** For example, a provider who submits four completed Cost Reports and intends to submit two supplemental schedules would enter 4 for the number of Cost Reports being submitted.

(Line 12b) This Cost Report Represents Cost Report _ of _:

In the first space of Line 12b, indicate which of the Cost Reports identified on Line 12a that the given submission represents. The second space on Line 12b will automatically populate from the total number of Cost Reports you indicated on Line 12a. For example, a provider submitting a total of four Cost Reports would enter “1” on Line 12b for the first Cost Report, “2” for the second Cost Report, etc. The information on Line 12b should correspond with the information provided in the file naming convention (e.g., XXXXXXXXX_CR_2011_01 of 04.xls), which is described in Section 22.

(Line 13) Please Indicate the Type of File Being Submitted:

Using the drop-down box, indicate the type of file being submitted. If the Cost Report is the initial submission, choose “Initial Submission.” If the Cost Report is a resubmission of a previously submitted Cost Report, indicate “Resubmission.” This is appropriate for Cost Reports that need to be resubmitted to correct issues identified during the desk review process. If the AE requested the provider update the Cost Report submission to correct issues identified in the AFS desk review, the provider should select “Resubmission due to Audit.”

(Line 14) Form of Certification by Officer or Administrator of Provider:

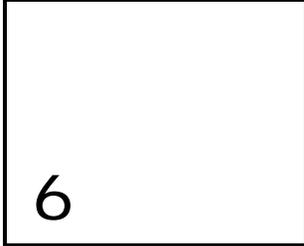
Provide the name and title of the person who is ultimately responsible for the content of the Cost Report. This is typically the Chief Executive Officer (CEO) or Chief Financial Officer (CFO) of the organization.

(Line 15) Statement of Preparer (If Other than Provider):

Provide the name of the person who prepared the Cost Report.

Attestation

The person who uploads the Cost Report to the website, whether it is the Officer, Administrator, Preparer or another person, will attest that the content is true and correct to the best of their knowledge and belief. After the person logs in to the website, this attestation is accomplished by clicking “Accept” when presented with the “Terms of Service.”



Certification Page — Provider Service Locations

The purpose of the Certification Page — Provider Service Locations schedule is to identify all provider service locations for which revenue and expense data is included in the supporting schedules of the Cost Report. This schedule also collects program capacity, census, vacancy and staffing data for residential service locations included in the Cost Report.

This schedule collects the service location codes for the unique service locations whose revenue and expense data are included in the Cost Report. If a provider service location renders Waiver cost-based services to Waiver-enrolled participants, the location should be included on this schedule. The expenses for Waiver-enrolled participants should be included in Schedule A, Column F and allocated to the appropriate procedure codes beginning in Column G. Note that expenses at this location for Base-funded services should be reported on Schedule A, Column C, and the expenses at this location for fee schedule or outcomes-based services should be reported on Schedule A, Column D.

Please note that service locations that are entirely Base-funded should not be reported on this schedule. The expenses for these locations should be reported on Schedule A, Column B because the service locations are not included on any Cost Report and are therefore “excluded” service locations. Similarly, service locations used only for transportation services that are billed separately (i.e., W7273, W7274, W7275 and W7276) or that render only fee schedule or outcomes-based services should not be reported on this schedule, and their expenses should be reported on Schedule A, Column B.

Each row in this schedule will contain data for a single, unique service location code. Each unique combination of MPI and service location code can only appear on one Cost Report. Providers with multiple Cost Reports may not include a unique MPI and service location code combination on more than one Cost Report. **If a provider tries to include the same combination of MPI and service location code on more than one Cost Report, each Cost Report submission will not pass the desk review process and will need to be resubmitted.**

Column Descriptions

(Column A) MPI Number:

Enter the MPI number associated with the service location code indicated in Column B using the nine-digit format (e.g., XXXXXXXXX). As mentioned previously, this value must include leading zeros, if applicable. The MPI numbers reported in this column must be a subset of the data reported on Lines 1a and 11b of the Certification Page.

(Column B) Service Location Code during Historical Reporting Period:

Enter the four-digit service location code (using the XXXX format) for each service location included in the Cost Report. In order to enter a service location code here, the provider must have historical expense data at this location during FY 2010/2011. If a given service location changed **during** the historical reporting period, enter the code of the service location that was active as of June 30, 2011. Providers should only enter one service location code per row. Leading zeroes must be included, where applicable. The MPI-service location code combinations should align with the FY 2010/2011 service offerings that were in HCSIS and the claims that were submitted to PROMISe as of June 30, 2011.

(Column C) Service Location Code Change After June 30, 2011 (if applicable):

In cases where the service location for a given service changed since the end of the FY 2010/2011 reporting period (i.e., after June 30, 2011), the provider should report the new service location code in this column. AEs will closely review these changes during the desk review process. For example, a provider who rendered supported employment at service location 0001 during FY 2010/2011 and moved the program to service location 0002 in FY 2011/2012 would include service location code 0001 in Column B and service location code 0002 in Column C.

If the service location code reported in Column B has not changed since June 30, 2011, the provider should leave Column C blank.

If the change in service location occurs after June 30, 2011 and results in a change in the service delivered (i.e., change in procedure code billed), this is considered a new service and should not be listed in Column C. For example, a provider's service location may change from a two-individual home during FY 2010/2011 to a three-individual home during FY 2011/2012. Because the service (i.e., procedure code) being delivered has changed, the historical experience for the two-individual home is not appropriate to consider when developing payment rates for the three-individual home in the prospective period. The provider would complete Column B based on the two-individual home service location information and leave Column C blank.

(Column D) County of Service Location Code:

Enter the name of the county where the MPI-service location code combination (identified by the MPI number in Column A and the service location code in Column B, or Column C, if appropriate) is located. This is generally the county where services are rendered. For services that are rendered in a person's home, the county of the administrative office of the provider should be entered.

(Column E) Begin Date of Service:

Enter the first day in FY 2010/2011 that each service location in Column B was available to render Waiver services using the MM/DD/YYYY format. This date should be on or after July 1, 2010 and before June 30, 2011. For example, a provider would enter 07/01/2010 for a location that opened prior to FY 2010/2011 and 09/15/2010 for a location that opened on September 15, 2010.

(Column F) End Date of Service:

If a service location in Column B closed during FY 2010/2011 (i.e., before June 30, 2011), enter the date the location closed using the MM/DD/YYYY format. If the service location in Column B was still active at the end of the fiscal period (i.e., June 30, 2011), this field should be left blank.

Additional Questions for Residential Service Locations

Columns G through J only apply to residential service locations. For each service location code that is non-residential, Columns G through J should be left blank. A description on how to complete each of these columns is outlined below and examples are also provided.

(Column G) Eligible Procedure Code with Capacity:

ODP collected data and worked with providers to establish the maximum number of individuals (regardless of funding stream) allowed to receive residential home and community habilitation in Licensed 6400 service locations. This is known as the Approved Program Capacity for the service location and determines the procedure code that should be used for the services provided at that location. In some cases, the Approved Program Capacity may differ from the Licensed Capacity. If you have questions about the Approved Program Capacity for your Licensed 6400 homes, please submit a question to ra-ratesetting@pa.gov.

For other types of residential service locations, services can be provided to a maximum number of individuals (regardless of funding stream) associated with the procedure code of the service. These situations include:

- Service locations that are exempt from licensing under 55 Pa. Code Chapter 6400
- Service locations subject to licensing or exempt from licensing under 55 Pa. Code Chapter 6500
- Service locations subject to licensing under 55 Pa. Code Chapter 3800 or 55 Pa. Code Chapter 5310

For example, a service location that renders child residential services – three-individual home (W7014) can serve up to a maximum of three individuals (regardless of funding stream) in that location.

Use the drop-down box in Column G to select the procedure code and corresponding capacity of the service being delivered at the given service location in Column B. Note the information provided in Column G should reflect the information for the procedure code effective on June 30, 2011 (or as of the date during FY 2010/2011 that the service location closed, if applicable) and should agree with the procedure code used to authorize services and submit claims to PROMISE.

(Column H) Waiver Census as of June 30th or End Date of Service:

Enter the number of Consolidated and P/FDS Waiver-enrolled participants living in the service location identified in Column B as of the last day of the reporting period (June 30th) or the date in Column F. Do not include individuals who were receiving respite services (capacity used for respite services should be counted as a vacancy). This should be a whole number (i.e., decimals will not be accepted).

(Column I) Vacancy as of June 30th or End Date of Service:

Enter the number of vacancies for the service location identified in Column B as of the last day of the reporting period (June 30th) or as of the date in Column F. Capacity used for respite services should be counted as a vacancy. This should be a whole number (i.e., decimals will not be accepted).

(Column J) Average Weekly Direct Care Staff Hours:

For each residential service location, enter the total number of direct care staff hours routinely scheduled during a normal work week. Do not include hours for temporary or permanent changes in direct care staff that are billed separately (i.e., via supplemental habilitation or additional individualized staffing), hours for non-direct care activities or hours for non-residential staff persons whose services are billed separately (e.g., physical therapist). The number of hours reported in this column should be consistent with the typical staffing needs for all individuals (as indicated in Column G) residing at the service location. Entries may be made in quarter hour increments (e.g., 7.25 hours).

Residential Service Location Examples

Example #1

A provider with an MPI of 123456789 has a Licensed 6400 home (service location 0034 in County A) with an Approved Program Capacity of four and began rendering services to Waiver participants in 2005. The following persons reside in this service location on June 30, 2011:

- One individual funded by the Base program
- One individual funded by the Consolidated Waiver
- One privately funded individual

This service location routinely schedules the following direct care staff full-time equivalents (FTEs) each week:

Shift	Monday — Friday	Saturday — Sunday	Total Hours/Week
7:00 AM to 3:00 PM	1	2	72*
3:00 PM to 11:00 PM	1	2	72
11:00 PM to 7:00 AM	1	1	56

***(8 hours x 1 FTE x 5 days) + (8 hours x 2 FTEs x 2 days) = 72 hours per week**

Therefore, the total number of direct care staff hours routinely scheduled for a week is 200 hours.

The following data entries should be made on the Certification Page — Provider Service Locations schedule for this home:

Column	Description	Example Data
A	MPI Number	123456789
B	Service Location Code during Historical Reporting Period	0034
C	Service Location Code Change	
D	County of Service Location Code	County A
E	Begin Date of Service	07/01/2010
F	End Date of Service	
G	Eligible Procedure Code with Capacity	W6096 (four-individual home)
H	Waiver Census as of June 30th or End Date of Service	1
I	Vacancy as of June 30th or End Date of Service	1
J	Average Weekly Direct Care Staff Hours	200

The following is NEW.

Example #2

A provider with an MPI of 123456789 has two Licensed 6400 homes (service locations 0045 and 0056 in County A), each with an Approved Program Capacity of three, and began rendering services to Waiver participants in 2005. On January 1, 2011, service location 0045 closed. As of the closure date, the following persons were residing in this service location:

- One individual funded by the Base program
- One individual funded by the Consolidated Waiver
- One privately funded individual

On February 1, 2011, service location 0056 was converted from a three-individual home to a four-individual home (i.e., Approved Program Capacity became four). As of June 30, 2011, the following persons were residing in this service location:

- Three individuals funded by the Consolidated Waiver
- One vacancy

Each of the above service locations routinely schedules the following direct care staff FTEs each week:

Shift	Monday — Friday	Saturday — Sunday	Total Hours/Week
7:00 AM to 3:00 PM	1	2	72
3:00 PM to 11:00 PM	1	2	72
11:00 PM to 7:00 AM	1	1	56

Therefore, the total number of direct care staff hours routinely scheduled for a week is 200 hours.

In addition to residential services, the provider also delivers Supported Employment services at service location 0678 in County A. In August 2011, the provider moves the delivery of these services to location 0789.

The following data entries should be made on the Certification Page — Provider Service Locations schedule for this provider's services. Please note that for Line 2 (service location 0056), when the procedure code changed during the FY 2010/2011 reporting period from W6094 to W6096, only the procedure code in effect at the end of the period (i.e., June 30th) is reported on this schedule. However, both procedure codes should be selected on the Service Selection schedule and the appropriate portion of units and expenses should be reported on Schedule A under each procedure code (i.e., units and expenses incurred from July 1, 2010 through January 31, 2011 should be reported under W6094 on Schedule A and units and expenses incurred from February 1, 2011 through June 30, 2011 should be reported under W6096 on Schedule A).

Column	Description	Line 1	Line 2	Line 3
A	MPI Number	123456789	123456789	123456789
B	Service Location Code during Historical Reporting Period	0045	0056	0678
C	Service Location Code Change			0789
D	County of Service Location Code	County A	County A	County A
E	Begin Date of Service	07/01/2010	07/01/2010	07/01/2010
F	End Date of Service	01/01/2011		
G	Eligible Procedure Code with Capacity	W6094 (three-individual home)	W6096 (four-individual home)	
H	Waiver Census as of June 30th or End Date of Service	1	3	
I	Vacancy as of June 30th or End Date of Service	0	1	
J	Average Weekly Direct Care Staff Hours	200	200	



Certification Page — Service Selection

The purpose of the Certification Page — Service Selection schedule is to identify all procedure codes associated with the services rendered at the service locations for which revenue and expense data is included in the Cost Report.

The historical experience data during the reporting period (FY 2010/2011) and the Year 4 prospective rating period (FY 2012/2013) should be based on similar service definitions, which means providers will not be required to map their historical expense data to different procedure codes. In most cases, the procedure code used in the historical experience period will be the same procedure code that will be used in the Year 4 rating period (FY 2012/2013). Providers should ensure services selected in the SSD are consistent with services reported in the Cost Report, where applicable. A list of Waiver services and procedure codes is provided in Appendix B. To the extent there are changes to service definitions effective July 1, 2012, providers are encouraged to watch for future communications from ODP for potential impacts on the Year 4 Cost Report submission.

Special Considerations for Service Selection

There are several scenarios that directly affect the services a provider selects on this schedule. These scenarios are discussed in the following paragraphs.

Approved Program Capacity for Residential

As discussed in Section 6 of this document, the Approved Program Capacity for Licensed 6400 residential service locations determines the procedure code that should be used for the services provided at that location. In some cases, the Approved Program Capacity may differ from the Licensed Capacity. If you have questions about Approved Program Capacity for your Licensed 6400 homes, please submit a question to ra-ratesetting@pa.gov. For service locations exempt from licensing under 55 Pa. Code Chapter 6400, subject to licensing or exempt from licensing under 55 Pa. Code Chapter 6500, or subject to licensing under 55 Pa. Code Chapter 3800 or 55 Pa. Code Chapter 5310, the capacity of a home is determined by the procedure code used to authorize and bill for services delivered in the home.

ODP expects that the same procedure code will be used to authorize and submit claims for all individuals residing in the same service location (i.e., it is not possible to have more than one procedure code for a specific MPI-service location code combination). This is also true with respect to the use of modifiers.

Procedure Codes with Modifiers

The service definitions contain several modifiers that are used in conjunction with the procedure codes. The following outlines how modifiers may be used:

1. Modifiers may be used to indicate a different payment rate for a procedure code based on certain criteria. For example, when a provider staffs nurses to provide direct care in a residential home, the provider will use the TD (RN) or TE (Licensed Practical Nurse) modifier with the procedure code to distinguish the service from those homes that do not staff nurses. Providers will use procedure codes with these modifiers to report expenses in the Cost Report.
2. Modifiers may be used to track when specific circumstances occur but for which no distinct payment rate is established. For example, the TD or TE modifier should be used when billing for Enhanced Unlicensed Home and Community Habilitation, even though the payment rate for this service will be the same regardless of the type of credentials held by the service provider. Providers will use procedure codes without the modifier to report expenses in the Cost Report.

When a provider renders services that have distinct rates based on whether or not a modifier is attached to the procedure code, the provider should select the appropriate procedure code and modifier combination for each type of service provided and assign costs to each combination appropriately. To simplify the cost reporting for services whose payment rates do not vary with the use of a modifier, the Cost Report will only collect data using the procedure code. Therefore, procedure code and modifier combinations are only included on this schedule for those services where the payment rate is expected to vary. Please see Appendix B, Table 6 for a complete list of procedure code and modifier combinations used in the Cost Report.

Eligible and Ineligible Procedure Codes

Residential services generally have two types of payment rates, eligible and ineligible. Eligible procedure codes are used for the service component of residential habilitation services, and ineligible procedure codes are used for the residential occupancy component. Generally, a provider should submit a claim using both procedure codes to be reimbursed for residential services. As such, ODP expects providers will select both the eligible and ineligible procedure codes for a residential service with the following exception.

Please note the following exception. Residential providers who render supported living services to individuals paying their own room and board do not incur residential occupancy expenses. Providers would report \$0 to the ineligible procedure code for these situations. Also, providers would not report units for the ineligible procedure code in these situations. In addition, providers would not select the ineligible procedure code in the SSD for these situations. A comment should be included on the Comments Page to explain any of these unique situations. In all cases except this supported living situation and family living home

(FLH) services, a provider's Cost Report will be rejected if expenses are not reported separately for both the eligible and ineligible components.

For residential services provided in a FLH environment, ODP recognizes that providers use a wide variety of approaches to contract with families who provide this service to Waiver-enrolled participants. ODP intends to issue guidance that will clarify the expectations regarding data reporting and payment rates for this service, which will be similar to other residential services with respect to the use of ineligible procedure codes. Ineligible procedure codes are available for FLH services and, to the extent possible, ODP requests that providers use these procedure codes to record the residential occupancy costs associated with this service.

ODP has determined that modifiers will not be used with ineligible procedure codes; and therefore, payment rates will not vary for ineligible expenses even when there are distinct rates for the corresponding eligible procedure codes. For example, a provider with two three-individual Licensed Residential Habilitation Community Homes, one with and one without nursing staff, will select the following procedure codes in the Cost Report:

- W6094 for eligible expenses and units of service for the home without nursing staff
- W6094 TD for eligible expenses and units of service for the home with nursing staff
- W6095 for ineligible expenses and units of service for both homes

Respite Services Rendered in Residential Settings

Providers should report the expenses and revenues for respite services rendered in residential settings to the appropriate residential code. For example, a provider that uses a permanent vacancy to render respite services in a home would include these respite expenses and units in the residential procedure code for the home. These respite expenses and units should not be allocated to a respite procedure code.

Changes in Procedure Codes during the Reporting Period

When a provider has a service change (i.e., procedure code change) during the reporting period (e.g., a two-individual home is converted to a three-individual home), the provider should select both procedure codes on the Certification Page — Service Selection schedule of the Cost Report for which the expenses will be reported. Using the applicable procedure code, providers should report the partial year of expenses and units under each procedure code on Schedule A. As previously noted, only the service location code associated with the procedure code effective on June 30, 2011 (or as of the date during FY 2010/2011 that the service location closed, if applicable) should be reported on the Certification Page — Provider Service Locations schedule.

Instructions for Completing the Certification Page — Service Selection Schedule

The provider must check the appropriate codes for each Waiver service rendered at one or more of the service locations indicated in the Certification Page — Provider Service Location schedule. As the Cost Report is based on actual expenses, the provider will only need to indicate the appropriate codes for Waiver services the provider delivered during

FY 2010/2011. Please note that services only delivered through an AWC FMS arrangement for self-directing individuals should not be selected on this schedule.

Once the provider has selected all the services provided during the reporting period, the provider will click on the macro button in the upper left hand corner (“After all services have been selected below, please check this button to populate Schedule A”) to automatically populate the service names and procedure codes in Columns G+ of Schedule A. If the button is pushed and no data is populated in Columns G+, the provider needs to refer to Section 22 regarding steps needed to enable macros in Excel.

If the provider delivers fee schedule or outcomes-based services at any of the service locations reported on the Certification Page – Provider Service Locations schedule, the provider should indicate this by selecting the “Fee Schedule Services/Outcomes-based Services” option at the bottom of this schedule (Line 154). The selection of fee schedule or outcomes-based services will not populate a column on Schedule A, as expenses for fee schedule/outcomes-based services for service locations in the Cost Report are to be reported in Column D of Schedule A. Please review Appendix B for the current list of fee schedule services and their respective procedure codes . **Note that ODP will continue to review the Cost Report data to determine if additional cost-based services will be moved to a fee schedule rate-setting methodology.**



Schedule A — Expense Report

The purpose of Schedule A — Expense Report is to collect expense data by specified categories for Consolidated and P/FDS Waiver services, services funded by other payers and for the provider in total. In addition, Waiver expenses for the service locations identified in the Certification Page — Provider Service Locations schedule are allocated to the appropriate procedure codes indicated on the Certification Page — Service Selection schedule.

Schedule A is a critical component of the Cost Report, as the data reflected in Schedule A will be considered in the development of prospective payment rates. Another important function of the data in Schedule A is to provide ODP with the means to make a direct comparison between the provider's Cost Report Waiver expenses and revenues and the Waiver expenses and revenues in the supplemental schedule of the AFS.

Background

The following section provides an overview of the data collected in Schedule A. This overview relies on the classification of expenses based on various criteria, including:

- Service Location — Whether or not the expenses are associated with a service that was rendered at a service location that is included in the Cost Report
- Funding Stream — Whether Waiver, Base or other types of funds were used to pay for the service (note that individuals enrolled in the Waiver may still receive services that are paid for using Base funds)
- Payment Type — Whether the service rendered is a service with cost-based rates, fee schedule rates, outcomes-based payments or other type of payments (note that other types of payments are only used with other LOBs)

It is important to understand the difference between the terms “allowable” and “eligible.” Allowable expenses are those that are recognized as appropriate and necessary for a provider to be able to render services. Eligible expenses are those related to the procedure codes for which ODP receives federal funding. It is possible that a portion of the expenses for an Eligible service may be non-allowable based on the definition of allowable costs outlined in these instructions.

Overview

The data collected in Schedule A is intended to provide ODP with an understanding of the expenses related to various aspects of the provider's business. In Column A, total provider expenses are reported for all services rendered at all service locations, regardless of the program in which the individual is served.

The Column A expenses are then classified into two groups based on the service location and individuals served. First, Column B identifies all expenses related to services rendered to non-ODP individuals and services rendered to ODP individuals at service locations that are excluded from the Certification Page — Provider Service Locations schedule of the given Cost Report. ODP individuals are defined as individuals with a mental retardation diagnosis who are receiving services through one of the following ODP programs: the Consolidated Waiver program, the P/FDS Waiver program or the Base program. The remaining expenses for services rendered to ODP individuals at service locations included in the Cost Report are detailed in Column C through Column F.

Column F contains the allowable expenses for Waiver-funded services (both eligible and ineligible) with cost-based rates rendered to Waiver-enrolled participants in service locations that are included in the Cost Report. The data for this column, however, is not entered directly by the provider. This column is automatically populated from the supporting schedules.

A provider shall only consider expenses as allowable for inclusion in the Cost Report under the following circumstances:

- The cost is associated to the administration or provision of a needed Waiver service to a participant
- The cost is efficient, economic, necessary and reasonable for the administration or provision of a Waiver service to a participant
- The level of expense which a prudent and conscious buyer of goods and services is ordinarily willing to pay for these kinds of services
- The cost is compliant with Federal and State requirements
- The cost is designated as allowable by the Department

Once the supporting schedules have been completed, the provider can return to Schedule A and distribute the expenses in Column F to the appropriate procedure codes in Columns G+. Also, the provider can complete Column B through Column E, which indicate how the provider's total expenses in Column A are classified using the criteria discussed above and summarized in the following table.

Type of Individual	Type of Service	Service Locations Included in the Cost Report	Service Locations Excluded from the Cost Report*
Waiver Participant	Waiver Services (eligible and ineligible) with Cost-based Rates	Column F (allowable) and Column E (non-allowable)	Column B
Waiver Participant	Fee Schedule or Outcomes-based Waiver Services	Column D	Column B
Waiver Participant	Base-funded Services	Column C	Column B
Base-funded Individual	Waiver Services with Cost-based Rates	Column C	Column B
Base-funded Individual	Fee Schedule or Outcomes-based Waiver Services	Column C	Column B
Base-funded Individual	Base-funded Services	Column C	Column B
Non-ODP Individual	Any Service	Column B	Column B

*As mentioned in Section 6, service locations that are entirely Base-funded, service locations that only render fee schedule or outcomes-based services and service locations that only render transportation services that are billed separately (i.e., W7273, W7274, W7275, and W7276) should be considered “excluded” service locations.

Balancing the Schedule

Please note there are two critical real-time edits that will be run on Schedule A to confirm the schedule balances. For each line on Schedule A, the submission website will determine if Column A is equal to the sum of Columns B through F. This ensures that total provider expenses have been allocated to one of the categories required in the Cost Report. The second edit is that Column F equals the sum of Columns G+. This check ensures that the provider’s total Waiver eligible and ineligible expenses have been allocated to procedure codes.

When completing Schedule A, providers can refer to Excel Columns HT and HZ in the template to determine if their schedule is balancing. If any of these cells indicate “No”, then the schedule does not balance and the Cost Report will be rejected if the provider attempts to upload it. Please note that a threshold of plus or minus \$25.00 is built into these edits to accept small differences that are likely due to rounding.

The following instructions provide additional detail regarding the specific expenses that are included in the different columns and rows for Schedule A. Note the expenses allocated to different columns and rows in Schedule A should be based on reasonable, logical expense allocation statistics that are consistent with the expense allocation method for the expense category.

Column Descriptions

(Column A) Total Provider Expenses:

Enter the total operating expenses by expense category for the provider (all service locations and LOBs). The total expenses reported in this column should equal the total expenses included in the provider's AFS. This column should be the same on all Cost Reports for a given provider. If the expenses in Column A do not agree to the sum of expenses in Columns B through F, the provider's Cost Report will not pass the real-time edits performed during the upload process.

If a provider organization has a separate AFS containing expenses solely related to Waiver services, the provider is able to report their total Waiver expenses on Schedule A, Column A. Similarly, total Waiver revenues could be reported on Schedule B, Column A and total Waiver depreciation expenses could be reported in Column F of the Schedule Es. As outlined in Section 2, providers in this situation who are subject to audit will still need to include a supporting schedule in the AFS that reconciles the Waiver expenses in Schedule A, Columns E and F of the Cost Report to the Waiver expenses in the AFS.

(Column B) Excluded Service Locations and Other LOB Expenses:

Enter all expenses for services rendered to non-ODP individuals (other LOB) and all expenses for services rendered to ODP individuals at service locations that are excluded from the Certification Page — Provider Service Locations schedule of the given Cost Report. Excluded service locations include those locations that only render Base-funded, fee schedule, outcomes-based services or transportation services that are billed separately.

Please note that participant salary/wage expenses in prevocational programs should be included in this column, as well as expenses for AWC FMS services that were provided to self-directing Waiver-enrolled participants. In addition, Supports Coordination services rendered to Waiver-enrolled participants should be reported in this column.

(Column C) Base Expenses:

Enter the expenses for services rendered to ODP individuals at service locations included in the Cost Report that are reimbursable with Base funds. This includes expenses for Waiver services provided to Base-funded individuals and Base-funded services (e.g., support in a medical environment, family aide, special diet preparation, etc.) provided to both Base-funded and Waiver-enrolled individuals. Please see Column F instructions for reporting Waiver ineligible expenses.

(Column D) Fee Schedule and Outcomes-based Service Expenses:

Enter the expenses associated with fee schedule services rendered to ODP individuals in FY 2010/2011 at service locations included in the Cost Report (i.e., older adult daily living services, supplemental habilitation, nursing services, therapy services, behavioral support, homemaker/chore services, companion services, supports broker, unlicensed out-of-home respite ineligible and respite camp ineligible) or via outcomes-based payments (i.e., respite camp, home accessibility adaptations, vehicle accessibility adaptations, assistive technology, education support services, specialized supplies and certain transportation services).

(Column E) Excluded Non-Allowable Waiver Expenses:

Enter the expenses associated with services rendered to ODP individuals at service locations included in the Cost Report that are not allowable per the instructions, other ODP guidance, and OMB circulars. Examples of non-allowable expenses include, but are not limited to:

- Advertising (except for staff recruitment purposes), marketing and public relations expenses (except for outreach activities)
- Alcoholic beverages
- Amounts in excess of the actual lessor expenses (see Schedules F-1 and G)
- Bad debt
- Bail for participants
- Book versus straight-line depreciation expense
- Benefits for contract staff
- Contributions to contingency reserves
- Entertainment/recreation expenses for participants and provider staff (e.g., cost of admission to sporting events, movie tickets, etc.)
- Excess compensation expenses above grid limits for any staff member (executive, non-executive, direct, other program, contracted and administrative) of the provider organization (refer to Appendix E)
- Excessive interest expense (Per OMB Circular A-122, reasonable interest expenses are defined as expenses resulting from interest rates that are no greater than the fair market rate available to non-profit organizations from an unrelated third party. Therefore, anything in excess of a fair market rate would be deemed excessive.)
- Fines or penalties
- First class transportation
- Food purchased for entertainment or meetings
- Fundraising expenses
- Litigation expenses incurred against ODP or any other Commonwealth agency
- Lobbying expenses
- Luxury items such as luxury or “loaded” vehicles (leased or purchased) and extensive improvements to administrative offices
- Rents in excess of fair market value

The following is NEW.

The following non-allowable expenses are being added to the above list of examples:

- Compensation paid to a non-provider employee who is a member of the corporate board
- Goodwill
- Federal, State and local income taxes, as well as unrelated business income taxes
- Retained revenue/earnings and/or margin (note that amounts for retained revenue/earnings and/or margin are not to be reported as expenses in any of the Cost Report schedules)

An example illustrating how non-allowable compensation expenses should be recorded in Schedule A is included in Appendix E.

If you determine that none of your expenses meet the definition of “non-allowable”, please confirm this by including a statement on the Comments Page.

(Column F) Eligible and Ineligible Expenses for Waiver Participants:

This column is automatically populated with data from supporting schedules and identifies expenses that are allocable (directly or indirectly) to Waiver services with cost-based rates rendered to Waiver-enrolled participants in service locations included in the Cost Report. The amounts in Column F are to be allocated or directly charged to the appropriate procedure codes identified in Columns G+.

(Columns G+) Waiver Services with Procedure Codes:

Directly charge or allocate the expenses reported in Column F to applicable procedure codes in Columns G through the last column with a procedure code for which a provider is reporting expenses. The service names and procedure codes in Columns G+ are established by selecting services on the Certification Page — Service Selection schedule and running the macro.

(Columns HT and HZ) Schedule Balancing Checks:

These columns perform the balancing checks described earlier in this section. For each line on Schedule A, Column HZ determines if Column A is equal to the sum of Columns B through F. This ensures that total provider expenses have been allocated to one of the categories required in the Cost Report. Column HT ensures that Column F equals the sum of Columns G+. This ensures that the provider's total Waiver eligible and ineligible expenses have been allocated to procedure codes. If any of these cells indicate "No", then the schedule does not balance and the Cost Report will be rejected if the provider attempts to upload it.

The provider should maintain working papers to support the expenses reflected in all columns, documenting an audit trail from total provider expense through Waiver expenses allocated to applicable procedure codes. These working papers should be organized by individual provider service location codes, in detail by program or service and in an easily audited format traceable to supporting source documents. ODP, or its authorized agent, may conduct periodic audits of this information.

Line/Expense Category Descriptions

Instructions below provide guidance on the type of expenses that are included in each expense category and refer to the supporting schedule where the amounts reflected in Schedule A are further supported. For each expense category, data entered in the different columns should reflect the appropriate value based on the descriptions provided above.

(Line 1) Program Direct Care Staff Salary/Wages (Schedule D):

Enter the amount of salaries/wages for Program Direct Care staff associated with the delivery of direct care services. The salary/wages on this line should include expenses for paid time off (PTO), such as vacation, sick leave and civic duty leave. This would also include accrued PTO (unused), provided that the accrual is consistent with GAAP, which generally requires an accrual when the following conditions are met: 1) the compensated absence is earned on the basis of services already performed and 2) it is probable that the compensated absence will be paid.

For staff who provide direct individual care services some of the time and are engaged in management or administrative duties some of the time, include only the salaries/wages that

are attributed to the provision of direct care. For example, a provider would only include 50% of the salary/wage expenses on this line for a staff person who provides direct care 50% of the time and performs administrative duties 50% of the time.

Note that expenses reported on this line must be net of any excess expenses above the compensation limits provided in Appendix E. Any excess amounts are non-allowable and must be reported in Schedule A, Column E.

The amount in Column F of Schedule A will be automatically populated from Schedule D, Column B, Line 61. The amounts entered in Columns C-E of Schedule A must be specific to the service locations included in the Cost Report as indicated by the Certification Page — Provider Service Locations schedule. The amounts entered in Column B include expenses for other LOBs and service locations excluded from the Cost Report.

(Line 2) Program Direct Care Staff ERE (Schedule D):

Enter the amount of employee-related expenses (ERE) associated with the salaries/wages for Program Direct Care staff reported on Line 1. The following provider expenses are considered allowable employee benefits eligible for reimbursement under the Waiver:

- Hospital and medical insurance
- Life insurance
- Retirement
- Employer Social Security taxes
- Supplemental health and welfare benefits such as pharmaceutical, dental and vision care
- Unemployment compensation taxes
- Workers' compensation insurance
- Disability insurance

Please note that PTO is an allowable employee benefit; however, expenses related to PTO should be included in the salary/wages line.

Note that expenses reported on this line must be net of any excess expenses above the compensation limits provided in Appendix E. Any excess amounts are non-allowable and must be reported in Schedule A, Column E.

The amount in Column F of Schedule A will be automatically populated from Schedule D, Column C, Line 61. The amounts entered in Columns C through E of Schedule A must be specific to the service locations included in the Cost Report, as indicated by the Certification Page — Provider Service Locations schedule. The amounts entered in Column B include expenses for other LOBs and service locations excluded from the Cost Report.

(Line 3) Other Program Staff Salary/Wages (Schedule D-1):

Enter the amount of Other Program staff (e.g., program managers, quality managers, supervisors, program specialists) salary/wages associated with staff time that is spent performing activities that are not considered administrative, but are not directly attributable to direct care (e.g., supervising direct care staff). The salary/wages on this line should include expenses for PTO, such as vacation, sick leave and civic duty leave. This would also include accrued PTO (unused), provided that the accrual is consistent with GAAP.

For staff who are engaged in other program related activities only some of the time, include only the salaries/wages that are associated with other program activities. For example, a provider would only include 50% of the salary/wage expenses on this line for a staff person who performs supervisory duties 50% of the time and performs administrative duties 50% of the time.

Note that expenses reported on this line must be net of any excess expenses above the compensation limits provided in Appendix E. Any excess amounts are non-allowable and must be reported in Schedule A, Column E.

The amount in Column F of Schedule A will be automatically populated from Schedule D-1, Column B, Line 61. The amounts entered in Columns C-E of Schedule A must be specific to the service locations included in the Cost Report as indicated by the Certification Page — Provider Service Locations schedule. The amounts entered in Column B include expenses for other LOBs and service locations excluded from the Cost Report.

(Line 4) Other Program Staff ERE (Schedule D-1):

Enter the amount of ERE associated with the salaries/wages for Other Program staff reported on Line 3. Refer to the Line 2 instructions above for allowable employee benefits eligible for reimbursement under the Waiver.

Note that expenses reported on this line must be net of any excess expenses above the compensation limits provided in Appendix E. Any excess amounts are non-allowable and must be reported in Schedule A, Column E.

The amount in Column F of Schedule A will be automatically populated from Schedule D-1, Column C, Line 61. The amounts entered in Columns C-E of Schedule A must be specific to the service locations included in the Cost Report, as indicated by the Certification Page — Provider Service Locations schedule. The amounts entered in Column B include expenses for other LOB and service locations excluded from the Cost Report.

(Line 5) Contracted Staff (Schedule D-2):

Enter the amount paid to contracted staff performing program direct care, other program or administrative staff functions. Contracted staff may be performing these duties instead of, or in addition to, the provider's program direct care, other program staff and administrative staff. Contract payments are made to persons who are not employees of the provider. This line is also used to report the non-residential occupancy (i.e., non-room and board) portion of Family Living Home (FLH) stipends. The residential occupancy component of the FLH stipends is reported on Line 24 (Residential Occupancy).

Note that staff salary/wage expenses reported on this line must be net of any excess expenses above the salary limits provided in Appendix E. Any excess amounts are non-allowable and must be reported in Schedule A, Column E.

The amount in Column F of Schedule A will be automatically populated from the sum of Schedule D-2, Column B, Line 30 and Column E, Line 30. The amounts entered in Columns C through E of Schedule A must be specific to the service locations included in the Cost Report, as indicated by the Certification Page — Provider Service Locations schedule. The amounts entered in Column B include expenses for other LOBs and service locations excluded from the Cost Report.

(Line 6) Administrative Staff Salary/Wages (Schedule D-3):

Enter the amount of staff salary/wages associated with the staff time spent performing administrative activities. Examples of administrative staff positions include:

- CEO
- COO (Chief Operating Officer)
- CFO
- CMO (Chief Medical Officer)
- CIO (Chief Information Officer)
- HR (Human Resources) Officer
- Purchasing Officer
- Receptionist
- Accountants
- Claims Personnel

The salary/wages on this line should include expenses for PTO, such as vacation, sick leave and civic duty leave. This would also include accrued PTO (unused), provided that the accrual is consistent with GAAP.

For staff who are engaged in Waiver-related administrative activities only some of the time, include only the salaries/wages that are associated with Waiver-related administrative activities. For example, a provider would only include 50% of the salary/wage expenses on this line for a staff person who performs Waiver-related administrative duties 50% of the time and performs administrative duties for Other LOBs 50% of the time. Moreover, if some of the administrative time is related to residential occupancy, then that time should be allocated to Schedule J, Line 6.

Note that expenses reported on this line must be net of any excess expenses above the compensation limits provided in Appendix E. Any excess amounts are non-allowable and must be reported in Schedule A, Column E.

The amount in Column F of Schedule A will be automatically populated from Schedule D-3, Column A, Line 61. The amounts entered in Columns C through E of Schedule A must be specific to the service locations included in the Cost Report as indicated by the Certification Page — Provider Service Locations schedule. The amounts entered in Column B include expenses for other LOBs and service locations excluded from the Cost Report.

(Line 7) Administrative Staff ERE (Schedule D-3):

Enter the amount of ERE associated with the salaries/wages for administrative staff reported on Line 6. Refer to the Line 2 instructions for allowable employee benefits eligible for reimbursement under the Waiver.

Note that expenses reported on this line must be net of any excess expenses above the compensation limits provided in Appendix E. Any excess amounts are non-allowable and must be reported in Schedule A, Column E.

The amount in Column F of Schedule A will be automatically populated from Schedule D-3, Column B, Line 61. The amounts entered in Columns C through E of Schedule A must be specific to the service locations included in the Cost Report as indicated by the Certification Page — Provider Service Locations schedule. The amounts entered in Column B include expenses for other LOB and service locations excluded from the Cost Report.

(Line 8) Program Supplies (Schedule F):

Enter the expenses for all 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 supplies.

The amount in Column F of Schedule A will be automatically populated from Schedule F, Line 20. The amounts entered in Columns C through E of Schedule A must be specific to the service locations included in the Cost Report as indicated by the Certification Page — Provider Service Locations schedule. The amounts entered in Column B include expenses for other LOBs and service locations excluded from the Cost Report.

(Line 9) Other Vehicle Expense (Schedule E-1):

Enter the amount of depreciation expense for the motor vehicles that are used for staff (i.e., non-participant) transportation. This includes vehicles maintained for staff use in attending trainings, meetings, traveling from site to site for supervisory responsibilities, etc. Do not include vehicle expenses associated with participant transportation or residential maintenance. Specific guidance related to depreciation expenses is discussed in the instructions for Schedules E through E-2 (Section 12).

For vehicles that are used both for staff and participant transportation, the provider should allocate the appropriate portion of the total depreciation expenses to both Line 9 (staff use) and Line 11 (participant transportation). In addition, a portion of the depreciation expenses for vehicles used to maintain residential service locations (i.e., maintenance trucks) should be allocated to Line 24 and distributed to the appropriate columns (e.g., Waiver portion to ineligible procedure codes). This allocation should be based on provider records that demonstrate the expenses that are directly attributable to transporting participants versus staff use. To support the allocation, a provider could maintain a travel log that tracks the usage of the vehicle by service or individual. For example, a provider would allocate 40% of the depreciation expense to Line 9 for a vehicle driven 4,000 miles by staff in the performance of job duties and 6,000 miles transporting Waiver-enrolled participants.

The amounts in Columns A and F will be automatically populated from Schedule E-1, Column F, Line 9 and Column G, Line 9, respectively. The amounts entered in Columns C

through E by the provider must be specific to the service locations included in the Cost Report, as indicated by the Certification Page — Provider Service Locations schedule. The amounts entered in Column B include expenses for other LOBs and service locations excluded from the Cost Report.

(Line 10) Other Program Expense (Schedule F):

Enter all expenses that are reasonable and necessary for the provider to administer the program and are not included on any other lines. Examples of expenses that fall into this category include:

- Management fees
- Professional services
- Advertising expenses (for staff recruitment purposes and outreach activities)
- Telephone/communication expenses for non-residential service locations
- Insurance expenses
- Interest expense (includes auto loans)
- Legal fees
- Accounting and auditing expenses
- Office supplies that are not capitalized
- Information systems that are not capitalized
- Professional dues and membership fees
- Transportation expenses (i.e., mileage reimbursement) incurred by staff in the normal course of performing required job duties (vehicle depreciation is recorded on Line 9)
- Taxes that a provider is legally required to pay are allowable, except for taxes that do not meet Medicaid requirements (note that Federal, State and local income taxes, as well as unrelated business income taxes, are **not** allowable)
- Library expenses
- Expenses for staff training courses and staff development activities that are related to Waiver services

Please note that participant wage/salary expenses that are part of a prevocational program should be included on this line under Column B (Other LOB), regardless of whether the individual is a Waiver-enrolled participant or a Base-funded individual.

Examples of non-allowable expenses include, but are not limited to:

- Advertising (except for staff recruitment purposes), marketing and public relations expenses (except for outreach activities)
- Alcoholic beverages
- Amounts in excess of the actual lessor expenses (see Schedules F-1 and G)
- Bad debt
- Bail for participants
- Book versus straight-line depreciation expense
- Benefits for contract staff
- Contributions to contingency reserves
- Entertainment/recreation expenses for participants and provider staff (e.g., cost of admission to sporting events, movie tickets, etc.)

- Excess compensation expenses above grid limits for any staff member (executive, non-executive, direct, other program, contracted and administrative) of the provider organization (refer to Appendix E)
- Excessive interest expense (Per OMB Circular A-122, reasonable interest expenses are defined as expenses resulting from interest rates that are no greater than the fair market rate available to non-profit organizations from an unrelated third party. Therefore, anything in excess of a fair market rate would be deemed excessive.)
- Fines or penalties
- First class transportation
- Food purchased for entertainment or meetings
- Fundraising expenses
- Litigation expenses incurred against ODP or any other Commonwealth agency
- Lobbying expenses
- Luxury items such as luxury or “loaded” vehicles (leased or purchased) and extensive improvements to administrative offices
- Rents in excess of fair market value

The following is NEW.

The following non-allowable expenses are being added to the above list of examples:

- Compensation paid to a non-provider employee who is a member of the corporate board
- Federal, State and local income taxes, as well as unrelated business income taxes
- Goodwill
- Retained revenue/earnings and/or margin (note that amounts for retained revenue/earnings and or margin are not to be reported as expenses in any of the Cost Report schedules)

The amount in Column F will be automatically populated from Schedule F, Line 15. The amounts entered in Columns C through E by the provider must be specific to the service locations included in the Cost Report as indicated by the Certification Page — Provider Service Locations schedule. The amounts entered in Column B include expenses for other LOB and service locations excluded from the Cost Report.

(Line 11) Transportation — Participant Motor Vehicle (Schedule E-1):

Enter the amount of depreciation expense for the motor vehicles that are used for transporting Waiver participants. This includes depreciation expenses for vehicles maintained to transport Waiver-enrolled participants to their supportive activities as required by the service definitions and individual supports plans (e.g., between a residential home and day program).

For vehicles that are used for both staff and participant transportation, the provider should allocate the appropriate portion of the total depreciation expenses to both Line 9 (staff use) and Line 11 (participant transportation). In addition, a portion of the depreciation expenses for vehicles used to maintain residential service locations (i.e., maintenance trucks) should be allocated to Line 24. This allocation should be based on provider records that demonstrate the expenses that are directly attributable to transporting participants versus staff use. To support the allocation, a provider could maintain a travel log that tracks the usage of the vehicle by service or individual. For example, a provider would allocate 60% of the depreciation expense to Line 11 for a vehicle driven 4,000 miles by staff in the

performance of job duties and 6,000 miles transporting Waiver-enrolled participants. Please refer to Appendix F for additional examples on how to report transportation expenses.

The amounts in Columns A and F will be automatically populated from Schedule E-1, Column F, Line 5 and Column G, Line 5, respectively. The amounts entered in Columns C-E by the provider must be specific to the service locations included in the Cost Report as indicated by the Certification Page — Provider Service Locations schedule. The amounts entered in Column B include expenses for other LOB and service locations excluded from the Cost Report.

Note that Schedule A, Column D includes expenses associated with participant transportation services that are billed separately using the transportation procedure codes (see Tables 5 and 6 in Appendix B). Providers will need to complete a separate transportation Cost Report at a later date to obtain payment rates for these services. The provider will need to maintain sufficient documentation (such as a trip or mileage log) and allocate expenses associated with these transportation services to this column. In the example above, if 2,000 miles of participant transportation will be billed separately and 4,000 miles will be included in another service, the provider would allocate 20% of the total vehicle depreciation expenses to Column D and 40% of the expenses to the appropriate procedure code in Columns G+.

(Line 12) Transportation — Participant (Schedule I):

Enter the expenses related to transporting Waiver participants to their supportive activities as required by the service definitions and individual supports plans (e.g., between a residential home and day program). These expenses include ownership and maintenance expenses (excluding depreciation) for vehicles used for participant transportation, employee paid mileage, rental car expenses or transportation fees in lieu of depreciation such as bus fare, cab fare and other. Depreciation expenses for these vehicles (if applicable) should be recorded on Line 11.

For vehicles that are used for both staff and participant transportation, the provider should allocate the appropriate portion of the ownership and maintenance expenses (not including depreciation expenses) to both Line 10 as a part of other program expenses (staff use) and Line 12 (participant transportation). This allocation should be based on provider records that demonstrate the expenses that are directly attributable to transporting participants versus staff use. To support the allocation, a provider could maintain a travel log that tracks the usage of the vehicle by service or individual. For example, a provider would allocate 60% of the ownership and maintenance expenses to Line 12 for a vehicle driven 4,000 miles by staff in the performance of job duties and 6,000 miles transporting Waiver participants. Please refer to Appendix F for additional examples of how to report transportation expenses.

The amount in Column F will be automatically populated from Schedule I, Line 8. The amounts entered in Columns C through E by the provider must be specific to the service locations included in the Cost Report, as indicated by the Certification Page — Provider Service Locations schedule. The amounts entered in Column B include expenses for other LOBs and service locations excluded from the Cost Report.

Note that Schedule A, Column D includes expenses associated with participant transportation services that will be billed separately using the transportation procedure codes

(see Appendix B; will require completion of a separate transportation Cost Report at a later date). The provider will need to maintain sufficient documentation (such as a trip or mileage log) and allocate expenses associated with these transportation services to this column. In the example above, if 2,000 miles of participant transportation will be billed separately and 4,000 miles will be included in another service, the provider would allocate 20% of the total ownership and maintenance expenses for the vehicle to Column D and 40% of the expenses to the appropriate procedure code in Columns G+.

(Line 13) Other Occupancy Expenses (Schedule F-1):

Enter the amount of other occupancy expenses related to the maintenance of building space used to support program services, including expenses for service locations that strictly render licensed out-of-home respite services or administrative functions. These expenses include rent, utilities and maintenance, interest expense, insurance and property taxes, etc. Do not include depreciation expenses for any buildings or occupancy expenses for residential buildings. Specific guidance related to the allowable and non-allowable occupancy expenses are discussed in the instructions for Schedule F-1 (Section 14).

The amount reported in Column F will be automatically populated from Schedule F-1, Line 6. The amounts entered in Columns C through E by the provider must be specific to the service locations included in the Cost Report, as indicated by the Certification Page — Provider Service Locations schedule. The amounts entered in Column B include expenses for other LOBs and service locations excluded from the Cost Report.

(Line 14) Depreciation — Buildings (Schedule E):

Enter all depreciation and amortization amounts attributed to buildings used to support non-residential program services or administrative functions. Do not include depreciation and amortization expenses for any residential buildings. Specific guidance related to depreciation and amortization expenses is discussed in the instructions for Schedules E through E-2 (Section 12).

The amounts in Columns A and F will be automatically populated from Schedule E, Column F, Line 16 and Column G, Line 16, respectively. The amounts entered in Columns C-E by the provider must be specific to the service locations included in the Cost Report as indicated by the Certification Page — Provider Service Locations schedule. The amounts entered in Column B include expenses for other LOBs and service locations excluded from the Cost Report.

(Line 15) Depreciation — Fixed Assets/Equipment (Schedule E-2):

Enter all depreciation amounts attributed to fixed assets and equipment used to support non-residential program services or administrative functions. Do not include depreciation expenses for any fixed assets and equipment related to residential services. Specific guidance related to depreciation expenses is discussed in the instructions for Schedules E through E-2 (Section 12).

The amounts in Columns A and F will be automatically populated from Schedule E-2, Column F, Line 25 and Column G, Line 25, respectively. The amounts entered in Columns C through E by the provider must be specific to the service locations included in the Cost Report, as indicated by the Certification Page — Provider Service Locations schedule. The

amounts entered in Column B include expenses for other LOBs and service locations excluded from the Cost Report.

(Line 16) Total Expenses (Excluding Residential Occupancy):

This line is automatically calculated as the sum of Lines 1 through 15.

(Line 17) Contributions/Revenue (Expense Offset):

Enter the amount of contributions/revenue that was obtained for general use and not restricted to a specific purpose. These revenues are used to reduce provider expenses and include the following:

- Investment Income
- Other Revenue (including gains/losses from sale of assets)
- Non-restricted/appropriated United Way contributions
- Other Non-restricted/appropriated contributions
- Government Grants

Contribution/revenue amounts should generally be entered as a positive number. In certain situations, the offset 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. ODP requests that providers explain any negative offset in the Comment Page. Any negative offsets will be closely reviewed during the desk review process.

The amounts in Columns A and F of Schedule A will be automatically populated from Schedule B, Column A, Line 17 and Column C, Line 17, respectively. The amounts entered in Columns C through E by the provider must be specific to the service locations included in the Cost Report, as indicated by the Certification Page — Provider Service Locations schedule. The amounts entered in Column B include contributions and revenues for other LOBs and service locations excluded from the Cost Report.

The Waiver expense offset in Column F should be allocated to the proper procedure codes in Columns G+. If expense offsets are allocated to ineligible procedure codes, these situations will display a negative expense on Line 18 and a negative unit cost on Line 22 or Line 23.

(Line 18) Expenses, Net of Contributions/Revenue:

This line is automatically calculated as Line 16 minus Line 17. In most cases, the Cost Report will be rejected if this line is less than zero. However, for situations where there is an ineligible procedure code in Columns G+ that has an expense offset, the Cost Report will not be rejected when this line is less than zero.

Capacity/Units of Service

(Line 19) Number of Units of Service (Licensed or Staffed) Available:

For Columns G+, report the total number of units of each service that you were licensed or staffed to provide to *Waiver-enrolled participants* during the FY 2010/2011 reporting period. The reported units should be based on the unit definitions outlined in the services definitions effective July 1, 2010.

It may be helpful to think of these unit values as the “capacity” to render services to Waiver-enrolled participants. This capacity can be determined by considering the total number of units of service reserved to serve Waiver-enrolled participants. The number of units the provider is authorized to provide in an individual’s supports plan does not matter for the reporting on this line.

Determining Units Available for Residential Services

For residential services, the number of units of service available should be calculated as follows:

- Step 1: Based on the procedure code of the service, determine the number of individuals (regardless of funding stream) that can be served at each residential service location that is reported on the Certification Page-Provider Service Locations schedule (refer to Column G of the Certification Page-Provider Service Locations schedule).
- Step 2: For each service location code from Step 1, determine the number of days in the FY 2010/2011 reporting period that the service location was available to serve individuals (regardless of funding stream). It should be helpful to refer to Columns E and F of the Certification Page-Provider Service Locations schedule.
- Step 3: For each procedure code, sum the number of days available (from Step 2) across all service locations reported in the given Cost Report.
- Step 4: For each procedure code, multiply the result from Step 1 by the result from Step 3.
- Step 5: For each service location code from Step 1, determine the number of days in the FY 2010/2011 reporting period that were associated with individuals who were **not** enrolled in either the Consolidated or P/FDS Waivers. This value should include days when services were delivered to these individuals, as well as therapeutic leave days, medical leave days, and permanent vacancies.
- Step 6: For each procedure code, sum the number of days provided to non-Waiver individuals (from Step 5) across all service locations.
- Step 7: For each procedure code, subtract the Step 6 result from the Step 4 result. These values represent the total number of units available (i.e., reserved to serve Waiver-enrolled participants) that should be reported on Line 19 under the applicable procedure code.

The unit values reported on Line 19 must be whole numbers (i.e., decimals are not accepted) and should be specific to the service locations included in the Cost Report as indicated by the Certification Page — Provider Service Locations schedule.

Modifiers are not used with ineligible procedure codes and payment rates do not vary for ineligible codes, even when there are distinct payment rates for the corresponding eligible procedure codes. For example, a provider with two, three-person Licensed Residential Habilitation Community Homes that were open during all of FY 2010/2011, one with and one without nursing staff, serving only Waiver-enrolled participants would report the following capacity on Line 19:

Procedure Code	Description	Units for Line 19
W6094	Three-Individual Home, Eligible	1,095
W6094 TD	Three-Individual Home, Eligible (with RN modifier)	1,095
W6095	Three-Individual Home, Ineligible	2,190

Example

A provider has the following residential service locations:

- Service location 0001 that delivered Child Residential Services – Two-individual Home (W7012) from July 1, 2010 through December 31, 2010 and then began delivering Child Residential Services – Three-individual Home (W7014) on January 1, 2011 through present
- Service location 0002 that delivered Licensed Residential Habilitation in Community Homes – Four-individual Home (W6096) from July 1, 2010 through present
- Service location 0003 that delivered Licensed Residential Habilitation in Community Homes – Four-individual Home (W6096) from April 1, 2011 through present

Though the data for service location 0001 on the Certification Page — Provider Service Locations schedule should only be based on the information for W7014 (as this was the procedure code effective on June 30, 2011), the expense and units data on Schedule A should reflect information for both W7012 and W7014, since both services were delivered during the historical reporting period.

The following table illustrates how to follow the process described above for this situation. The values in the “Step 7” column represent the values that would be entered on Line 19 of Schedule A.

Service Location	Procedure Code	Begin DOS	End DOS	Step 1: Service Capacity based on Procedure Code	Step 2: Days in FY 10/11 that Location was Available (based on Begin and End DOS columns)	Step 3: Day Totals by Procedure Code	Step 4: Step 1 * Step 3	Step 5: Days Provided to Non-Waiver Individuals	Step 6: Non-Waiver Day Totals by Procedure Code	Step 7: Units Available to Waiver Participants (Step 4 Minus Step 6)
0001	W7012	7/1/10	12/31/10	2	184	184	368	184	184	184
0001	W7014	1/1/11	N/A	3	181	181	543	181	181	362
0002	W6096	7/1/10	N/A	4	365	456	1,824	730	730	1,094
0003	W6096	4/1/2011	N/A	4	91			0		

Determining Units Available for Non-Residential Services

For non-residential service locations, the number of units available should be determined by multiplying the number of direct care staff hours (e.g., 2,080 for a staff person that works 40 hours per week) by the appropriate conversion factor, based on the unit definition for the procedure code. The conversion factor will include consideration for the staffing ratio as well as the portion of an hour defined as a unit. For example, a provider delivers Unlicensed Home and Community Habilitation, Staff Support Level 1 – W7058 (staff ratio of <1:6 to 1:3.5 and 15-minute unit) only to Waiver-enrolled participants. In this situation, a conversion factor between 14 (3.5 individuals and 4 units per hour) and 24 (6 individuals and 4 units per hour) would be used. If this provider employs a single staff person who works 40 hours per week to deliver W7058, the units available to bill would range from 29,120 (2,080 x 14) to 49,920 (2,080 x 24), depending on the average number of individuals the provider generally serves under the given staffing ratio. If the provider's employees deliver direct care services to non-Waiver individuals, the provider will need to determine the portion of units that are reserved to serve Waiver-enrolled participants.

The unit values reported on Line 19 must be whole numbers (i.e., decimals are not accepted) and should be specific to the service locations included in the Cost Report as indicated by the Certification Page — Provider Service Locations schedule.

(Line 20) Type of Unit:

This field will be pre-populated in Columns G+ with the unit definition (effective July 1, 2010) for each selected service (e.g., 15 minutes, day) based on the services selected in the Certification Page — Service Selection schedule. Please refer to the Certification Page — Service Selection schedule for the unit definition that corresponds to each procedure code.

(Line 21) Total Number of Units of Service Provided:

For Columns G+, report the total number of units of each service delivered (must be a whole number) for services rendered to *Waiver-enrolled participants* during the FY 2010/2011 reporting period. To ensure that expenses align with units, providers should include all units for services provided, regardless if the provider was paid for all units (e.g., rejected claims, units that exceed authorizations). Please note that ODP does not expect providers to provide or bill for services beyond those that have been authorized. The reported units should be based on the unit definitions outlined in the services definitions effective July 1, 2010.

Units of service that a residential provider would have billed for temporary vacancies in a home or respite services rendered during a permanent vacancy (consistent with the policy) should be included on Line 21. Do not include units billed for services provided to Base-funded participants or other LOBs in the units reported on Line 21.

ODP expects the reported units to be similar to the units submitted for payment through PROMISE. Providers should compare their unit reporting to their internal records and their remittance advices to ensure consistency. This will be reviewed as part of the desk review.

The unit values reported on Line 21 should be specific to the service locations included in the Cost Report as indicated by the Certification Page — Provider Service Locations schedule. Service locations that experienced a change in procedure codes during FY 2010/2011 should report the units applicable to each procedure code as appropriate. For example, a provider with a two-individual home that was converted to a three-individual home on January 1, 2011 would report the units for the first half of the year under the two-individual home procedure code, and the units for the second half of the year under the

three-individual home procedure code. The units reported on this line should be less than or equal to the Number of Units of Service Available (Line 19).

(Line 22) Cost per Unit of Service Available:

For Columns G+, Line 22 is automatically calculated for each eligible **residential** procedure code by dividing the expense amount on Line 18 by the corresponding unit amount on Line 19. Residential providers should review these calculated unit costs to verify that their allocation of expenses is reasonable and the units reported on Line 19 are accurate.

As mentioned previously, for ineligible codes with an offset, this unit cost value will be negative and should be considered in the provider's review of the residential occupancy unit costs.

Although the historical unit cost data will be considered during the rate development process, the Line 22 unit costs do not represent the payment rates that will be paid to the provider in the contract period (FY 2012/2013). The contract period payment rates depend on the appropriations and audit results, where applicable.

(Line 23) Cost per Unit of Service Provided:

For Columns G+, Line 23 is automatically calculated for each eligible **non-residential** procedure code by dividing the expense amount on Line 18 by the corresponding unit amount on Line 21. Non-residential providers should review these calculated unit costs to verify their cost allocations are reasonable and the units entered on Line 21 are accurate.

Although the historical unit cost data will be considered during the rate development process, the Line 23 unit costs do not represent the payment rates that will be paid to the provider in the contract period (FY 2012/2013). The contract period payment rates depend on the appropriations and audit results, where applicable.

Residential Occupancy

(Line 24) Residential Occupancy (Schedule J):

Enter the amount of other occupancy expenses related to the maintenance of building space used to support residential services (note that occupancy expenses for service locations that strictly render licensed out-of-home respite services are reported on Schedule A, Column B, Line 13). These expenses include:

- Personnel expenses
- Depreciation expenses for buildings, equipment and vehicles
- Operating expenses such as rent, real estate taxes, insurance, utilities and maintenance, etc.

Specific guidance related to the non-depreciation allowable and non-allowable occupancy expenses for administrative and non-residential program buildings is discussed in the instructions for Schedule F-1. This guidance also applies to residential buildings.

The amount reported in Column F will be automatically populated from Schedule J, Line 31. The amounts entered in Columns C-E by the provider must be specific to the service locations included in the Cost Report as indicated by the Certification Page — Provider Service Locations schedule. The amounts entered in Column B include expenses for other LOBs and service locations excluded from the Cost Report.

(Line 25) Cost per Unit of Service Available:

For Columns G+, Line 25 is automatically calculated for each ineligible procedure code by dividing the expense amount on Line 24 by the corresponding unit amount on Line 19. Residential providers should review these calculated unit costs to verify their cost allocations are reasonable and the units entered on Line 19 are accurate.

Although the historical unit cost data will be considered during the rate development process, the Line 25 unit costs do not represent the payment rates that will be paid to the provider in the contract period (FY 2012/2013). The contract period payment rates depend on the appropriations and audit results, where applicable.

Total Expense

(Line 26) Total Expense:

This line is automatically calculated as the sum of Line 16 and Line 24. This line is used to automatically populate Schedule B, Line 13.



Schedule B — Income Statement

The purpose of Schedule B — Income Statement is to identify revenue sources and amounts at three levels: Total Provider, Total Waiver, and Waiver specific to the service locations included in the Cost Report. The schedule also calculates Net Income/(Loss).

Column Descriptions

(Column A) Total Provider Revenue/Expense:

Enter total revenue for FY 2010/2011 by category for all provider operations. Revenues in this column should be consistent with revenues reported in the provider's AFS. For providers who submit multiple Cost Reports, the values in Column A must be the same in each Cost Report.

If a provider organization has a separate AFS containing revenues and expenses solely related to Waiver services, then the provider is able to report their total Waiver revenues on Schedule B, Column A. Similarly, total Waiver expenses would be reported on Schedule A, Column A and total Waiver depreciation expenses would be reported in Column F of the Schedule Es.

(Column B) Total Waiver Eligible and Ineligible Revenue/Expense:

Enter total revenue for FY 2010/2011 by category for Waiver services rendered to Consolidated and P/FDS Waiver-enrolled individuals for all service locations.

The following is NEW. Include revenue for fee schedule and outcomes-based services on Line 1c for both service locations included in the provider's Cost Report(s) and for locations that deliver only fee schedule or outcomes-based services.

In this column, include any revenue reconciliation payments or recoupments that are known at the time of submission. Do not include revenue for other LOBs or Base-funded services in this column. Note that Column B is a subset of Column A. For providers who submit multiple Cost Reports, the values in Column B should be the same in each Cost Report. In addition, the amounts reported in Column B should equal the sum of the amounts reported in Column C across all Cost Reports. The one exception is for providers who have locations that only deliver fee schedule or outcomes-based services, in which case Column B will also contain

revenues from those locations, and therefore, Column B will be greater than the sum of the amounts reported in Column C across all Cost Reports.

(Column C) Total Waiver Eligible and Ineligible Revenue/Expense for Service Locations Included in the Cost Report:

Enter total revenue for FY 2010/2011 by category for Waiver services rendered to Consolidated and P/FDS Waiver-enrolled individuals specific to the service locations included in the Cost Report as indicated by the Certification Page — Provider Service Locations schedule. Include any revenue reconciliation payments or recoupments that are known at the time of submission. Do not include revenue for other LOBs, Base-funded services or service locations that are excluded from the Cost Report. Note that Column C is a subset of Column B. For providers who submit a single Cost Report, the values in Column B should be the same as the values in Column C. The one exception is for providers who have service locations that only deliver fee schedule or outcomes-based services, in which case Column B will exceed the values in Column C.

Line Descriptions

Revenues/Contributions

Providers typically receive revenue for Waiver services rendered to Consolidated and P/FDS Waiver-enrolled participants from ODP via payments through the Office of the Treasury and receive revenues for Base-funded services via payments from the county or AE. Providers also earn other types of income in the normal course of doing business (e.g., contract fees, interest income). Please refer to the following descriptions of items that should be reported on each line.

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 loss on the sale of a fixed asset. Any negative revenues/contributions will be closely reviewed during the desk review process.

(Line 1) Commonwealth of Pennsylvania:

Providers should review their remittance advices to determine the amount of revenue that was paid by the Commonwealth for providing services to Waiver-enrolled participants. This amount should be allocated to the following four categories:

(Line 1a) Waiver Revenue for Waiver Eligible Services:

Enter revenue received from ODP for eligible services with cost-based rates (see Table 6 in Appendix B) rendered in FY 2010/2011 to individuals enrolled in the Consolidated and P/FDS Waivers. Any FY 2010/2011 revenue reconciliation payments or recoupments (regardless of when they were processed) related to eligible services delivered at service locations included in the Cost Report should be netted against the revenues on this line. Providers should use their allocation methodology to determine how much of the total payments/recoupments are attributed to the specific service locations and procedure codes that are reported on each Cost Report.

Do not include revenue for Base-funded services, Supports Coordination, AWC FMS services, fee schedule services, outcomes-based services or transportation services that

are billed separately (W7273, W7274, W7275, and W7276). Since Line 1a includes only Waiver revenue, the amounts reported in Column B are automatically populated to equal the amounts reported in Column A.

(Line 1b) Waiver Revenue for Waiver Ineligible Services:

Enter revenue (net of participant contributions) received from ODP for Ineligible services (see Table 6 in Appendix B) rendered in FY 2010/2011 to individuals enrolled in the Consolidated and P/FDS Waivers. Any FY 2010/2011 revenue reconciliation payments or recoupments (regardless of when they were processed) related to ineligible services delivered at service locations included in the Cost Report should be netted against the revenues on this line. Providers should use their allocation methodology to determine how much of the total payments/recoupments are attributed to the specific service locations and procedure codes that are reported on each Cost Report.

Do not include revenue for Base-funded services, AWC FMS services, fee schedule or outcomes-based services. Since Line 1b includes only Waiver revenue, the amounts reported in Column B are automatically populated to equal the amounts reported in Column A.

(Line 1c) Waiver Revenue for Fee Schedule and Outcomes-based Services:

Enter revenue received from ODP for services with fee schedule or outcomes-based rates (see Tables 4 and 5 in Appendix B) rendered in FY 2010/2011 to participants enrolled in the Consolidated and P/FDS Waivers. Columns B and C of this line should include revenues for Transportation services that are billed separately (W7273, W7274, W7275, W7276) with revenues for all service locations reported in Column B and revenue for the service locations included in the Cost Report reported in Column C. Do not include revenue for Base-funded or AWC FMS services. Since Line 1c includes only Waiver revenue, the amounts reported in Column B are automatically populated to equal the amounts reported in Column A.

(Line 1d) Other Revenue:

Enter revenue received from ODP for all other services rendered in FY 2010/2011 that are not included on Lines 1a through 1c. This includes revenue for Supports Coordination services, Consolidated and P/FDS AWC FMS services and revenue from other Commonwealth programs including other Waivers (Autism, Aging, etc.), Medicaid fee-for-service (FFS), and HealthChoices. Do not include ODP revenue received for start-up costs, as this should be reported on Line 8 of Schedule B. Since Columns B and C collect revenue for Consolidated and P/FDS Waiver services, these lines should not have revenue outside of Waiver revenue, and therefore, do not need to be completed.

(Line 2) County:

Enter revenue received from the counties or AEs for services rendered in FY 2010/2011. In most instances, the remittance advice should assist you in determining the amount of revenue received from the county or AE. This includes revenue received for rendering Waiver services to Base-funded individuals or Base-funded services to any individual. It also includes revenue received for start-up costs funded by the county or AE and other county-funded programs not specific to the Consolidated and P/FDS Waiver programs. These revenues are reported in Column A.

(Line 3) Private Clients:

Enter revenue received for services rendered in FY 2010/2011 to private pay clients, such as payments from insurance carriers or Medicare.

(Line 4) United Way:

Enter revenue received in FY 2010/2011 from United Way for fees related to an employment service program. For example, a provider who receives fees for laundry services rendered by Waiver-enrolled participants as part of a prevocational program would report this revenue on Line 4. These revenues are reported in Column A.

(Line 5) Commercial Sales/Contract Sales Revenue:

Enter revenue received in FY 2010/2011 from other contracts for fees related to an employment service program. For example, a provider who receives a monthly fee for janitorial services rendered by Waiver-enrolled participants as part of a prevocational program would report this revenue on Line 5. These revenues are reported in Column A.

(Line 6) Participant Contribution to Residential Occupancy:

Enter the total amount collected from individuals for contributions to residential occupancy. Include all types of individual revenue (Social Security Administration income benefits, Supplemental Security Income (SSI), private pay, food stamps, etc.). Waiver-enrolled participants whose primary source of income is SSI generally contribute 72% of their SSI income to residential occupancy. Waiver-enrolled participants with other sources of income may have a different contribution amount.

(Line 7) Investment Income:

Enter the total amount of investment or interest income received during FY 2010/2011. This includes income that can be directly attributable to Waiver assets or allocated to the Waiver based on reasonable, logical allocation statistics that are consistent with the revenue allocation method. The allocation methodology should be explained in Schedule H.

Note that investment or interest income included on Line 7 must be reported net of related expense (i.e., investment income must be reduced by related investment expenses).

(Line 8) Other:

Enter revenue received in FY 2010/2011 from all other sources, including revenues received directly from ODP (i.e., not from the county or AE) for start-up costs and gains/losses from the sale of assets. Gains or losses from the sale of assets should be calculated by subtracting the sales price from the net depreciated value of the asset.

When the other revenue reported on Line 8 is greater than 5% of total provider revenue, the provider should include an explanation on the Comments Page that itemizes the components of Other revenue. Alternatively, the provider may upload a supplemental schedule that contains this information using the naming conventions for supplemental schedules (refer to Section 22 for naming conventions). If you upload a supplemental schedule, please include a note on the Comments page to "see supplemental schedule ## of ##" as a means of facilitating the desk review.

Revenue Example

A provider submits one Cost Report that covers all of their service location codes. The provider's total revenue for FY 2010/2011 was \$432,000 and was based on the following operations:

- One three-individual home serving one Waiver, one Base-funded and one private pay individual (\$300,000 eligible and \$30,000 ineligible, equal revenue amounts for each individual)
- Payments from individuals for room and board in the amount of \$40,000 (\$10,000 from each of the Waiver and Base-funded individuals and \$20,000 from the private pay individual)
- Behavioral support services in the amount of \$20,000 (note all services were rendered to the Waiver-enrolled participant)
- \$30,000 for a prevocational program that provides an equivalent amount of services to Waiver and Base-funded individuals (note this is the service revenue from ODP)
- \$12,000 in contract sales revenue received from a local business who purchases the services of the prevocational program (e.g., package assembly services) and uses the Waiver and Base-funded individuals equally

The table on the next page summarizes how the revenues in the example above would be reported.

Line # & Line Description (Revenue Type)	Column A: Total Provider Revenue/ Expense	Column B: Total Waiver Eligible and Ineligible Revenue/ Expense	Column C: Total Waiver Eligible and Ineligible Revenue/Expense for Service Locations included in the Cost Report	Notes:
1a: Waiver Eligible	\$115,000	\$115,000	\$115,000	Waiver individual: One-third of the residential eligible revenue and one-half of prevocational revenue
1b: Waiver Ineligible	\$10,000	\$10,000	\$10,000	Waiver individual: One-third of the residential ineligible revenue
1c: Waiver Fee Schedule/ Outcomes-based	\$20,000	\$20,000	\$20,000	Waiver individual: Behavioral support services
1d: Other	\$0			N/A
2: County	\$125,000			Base-individual: One-third of the residential eligible revenue, one-third of residential ineligible revenue, and one-half of the prevocational revenue
3: Private Clients	\$110,000	\$0	\$0	Private pay individual: One-third of the residential eligible revenue and one-third of the residential ineligible revenue
4: United Way (service fees)	\$0			N/A
5: Commercial Sales/ Contract Sales Revenue	\$12,000			Contract revenue from local business for prevocational program
6: Participant Contribution to Residential Occupancy	\$40,000	\$10,000	\$10,000	Total of \$40,000 in participant contributions, of which \$10,000 were from a Waiver individual
7: Investment Income	\$0	\$0	\$0	N/A
8: Other	\$0	\$0	\$0	N/A
Subtotal	\$432,000	\$155,000	\$155,000	

(Lines 9-11) Contributions:

Providers may receive charitable contributions or grant revenues that are not related to the provision of services. Lines 9 through 11 identify revenues received from different sources. Please refer to the following detailed descriptions of items to report under each line.

Note that contribution revenue included on Lines 9 through 11 should be reported net of related expense (i.e., donations should be reduced by related fundraising expenses).

(Line 9a) United Way Contributions not Restricted/Appropriated:

Enter contribution revenue received from United Way during FY 2010/2011 that is not appropriated or designated as restricted for a specific purpose. This includes interest earned on the contributions.

(Line 9b) United Way Contributions Restricted/Appropriated:

Enter contribution revenue received from United Way during FY 2010/2011 that is restricted by United Way for a specific purpose. This includes interest earned on the contributions when this interest is also restricted or appropriated and is held separate and not commingled with other funds.

(Lines 10a–10c) Other Contributions not Restricted/Appropriated:

Enter all other contribution revenue received during FY 2010/2011 that is not appropriated or designated as restricted for a specific purpose. This includes interest earned on the contributions. Include a brief description of the contributions on Lines 10a through 10c and provide a complete description on the Comments Page.

(Lines 10d–10f) Other Contributions Restricted/Appropriated:

Enter all other contribution revenue received during FY 2010/2011 that is restricted by the donor for a specific purpose. This includes interest earned on the contributions when this interest is also restricted or appropriated and is held separate and not commingled with other funds. Include a brief description of the contributions on Lines 10d-10f and provide a complete description on the Comments Page.

(Lines 11a–11c) Government Grants:

Enter revenue received in FY 2010/2011 from government grant contributions. Government grants should be listed on Lines 11a through 11c and explained on the Comments Page or in a supplemental schedule. The explanation should include the source of the funding, the funding purpose, the period of the grant, and the program to which the grant pertains.

(Line 12) Total Revenue:

This line is automatically calculated as the sum of Lines 1 through 11.

Expenses**(Line 13) Total Expenses (from Schedule A):**

The following is NEW. In Column B, enter the total allowable expenses for Waiver services with cost-based rates, fee schedule rates or outcomes-based payments rendered to Waiver-enrolled participants in FY 2010/2011 for all of your service locations (i.e., include expenses

for fee schedule/outcomes-based only locations). Do not include expenses for other LOBs or Base-only service locations.

For providers who submit multiple Cost Reports, the values in Column B should be the same in each Cost Report. In addition, the amounts reported in Column B should equal the sum of the amounts reported in Column C across all Cost Reports. The one exception is for providers who have locations that only deliver fee schedule or outcomes-based services. In these cases, Column B will also contain expenses from those locations that only deliver fee schedule and outcomes-based services, and Column B will be greater than the sum of the values in Column C across all Cost Reports. For providers who submit a single Cost Report, the values in Column B should be the same as the values in Column C. The one exception is for providers who have locations that only deliver fee schedule or outcomes-based services, in which case Column B will exceed the values in Column C.

Column A is automatically populated from Schedule A, Column A, Line 26. Column C is automatically populated as the sum of Schedule A, Column D, Line 26 and Schedule A, Column F, Line 26.

(Line 14) Net Income/(Loss):

This line is automatically calculated as Line 12 (Total Revenue) less Line 13 (Total Expenses).

(Line 15) Beginning Equity or Fund Balance:

Enter the amount of equity or fund balance at the beginning of the FY 2010/2011 reporting period. The beginning equity or fund balance represents the cumulative retained earnings year over year for each provider. Providers must report the final balance for the entire organization in Column A. For Column B, ODP recognizes that there may not be a balance sheet or fund balance specific to the Waiver program. In this instance, the beginning fund balance should be the accumulation of net income / (loss) from the Year 1 Cost Report (reporting period of July 1, 2007 — June 30, 2008), Year 2 Cost Report (reporting period of July 1, 2008 — June 30, 2009) and the Year 3 Cost Report (reporting period of July 1, 2009 — June 30, 2010).

(Line 16) Ending Equity or Fund Balance:

This line is automatically calculated as the sum of Lines 14 and 15 (Net Income/(Loss) + Beginning Equity or Fund Balance).

(Line 17) Total Contributions/Revenue (Expense Offset):

This line is automatically calculated as the sum of Lines 7, 8, 9a, 10a, 10b, 10c, 11a, 11b, and 11c. This line automatically populates Schedule A, Line 17.



Schedule C — Intentionally Blank

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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. The provider should report this information specific to the service location codes included on the Certification Page — Provider Service Locations schedule.

The Cost Report contains separate schedules for each staffing category. Schedule D — Program Direct Care Staff Expense collects expense and hours data for program direct care staff who deliver Waiver services that can be billed through PROMISE. Schedule D-1 — Other Program Staff Expense collects data for other program staff who perform Waiver functions (e.g., supervisor, program specialist) that are not directly billable through PROMISE. Providers should use Schedule D-2 — Contracted Staff Expense to report data for staff they contract with to perform Waiver functions (direct care, programmatic or administrative tasks) as well as to report FLH stipend expenses. Schedule D-3 — Administrative Staff Expense collects data for staff who perform administrative functions related to the Waiver (e.g., CEO, HR, receptionist).

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 E. 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.

These schedules automatically populate Column F on Schedule A and should therefore only include the appropriate allowable expenses for Waiver services delivered in the service locations included in the Cost Report. The amounts in the salary/wages and ERE columns should be net of any adjustments to remove non-allowable compensation expenses. Refer to the instructions in Appendix E for detailed information on allowable compensation expenses.

Schedule D — Program Direct Care Staff Expenses (Waiver-Related)

Schedule D collects data on program direct care staff. Examples of direct care staff positions include: habilitation worker, respite worker, job coach and workshop instructor. A nurse or therapist may be considered direct care staff if they are delivering direct care services and providing these services as part of the regular staffing pattern for the service.

For staff who provide direct care services some of the time and are engaged in program management or administrative duties some of the time, the provider should only report the salaries/wages attributed to the provision of direct care on this schedule. For example, for a staff person who provides direct care 50% of the time and performs administrative duties 50% of the time, the provider would only report 50% of the salary/wage expenses on this schedule. Only compensation and hours related to Waiver services with cost -based rates should be reported on this schedule. Staffing expenses for fee schedule or outcomes-based services delivered at service locations included in the Cost Report should be reported on Schedule A, Column D, Lines 1 and 2.

Please note that staff who do not provide direct care services to Waiver participants should not be included on this schedule. For example, other program staff positions like program director, house leader, program specialist, and vocational evaluator are reported on Schedule D-1. Persons who are not employees of the provider (i.e., contracted staff) are reported on Schedule D-2. Administrative staff positions (e.g. CEO, CFO, accountant, receptionist, HR personnel, etc.) are reported on Schedule D-3. Please refer to the descriptions of those schedules for additional information.

Column Descriptions

Program Direct Care Staff Position:

This column is used to identify each classification or job title of direct care 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). Lines 1 through 3 of the Cost Report template contain pre-populated examples of staff positions and should be overwritten as necessary. Ensure that position descriptions are provided for each line that is populated but do not include any type of employee identifying information (e.g., name, social security number, etc.). Providers need to maintain supporting documentation identifying the type of staff and number of FTEs devoted to Waiver services.

Please note that staffing costs for nurses and therapists should only be reported on this schedule if they provide these services as part of the regular staffing pattern for the service. If this is not the case, then these expenses are likely associated with fee schedule services and need to be reported on Schedule A, Column D for service locations included in the Cost Report.

(Column A) Credentials, Licensure or Degree:

Column A is used to collect the type of credentials, licensure or degree applicable to the staff in each position. Lines 1 through 3 of the Cost Report template contain pre-populated

examples of credentials. These credentials should be overwritten as necessary. This field may be left blank if the position does not require credentials, licensure or a degree.

(Column B) Waiver Salary and Wages:

Column B is used to report the salary and wages paid to full-time and part-time program direct care staff who delivered Waiver services to Waiver-enrolled participants during FY 2010/2011. In addition, salary and wages paid to the direct care workers during times they are at training sessions should be reported here. The salary and wages should be specific to the staff at the service locations reported on the Certification Page — Provider Service Locations schedule. The Column B total amount will automatically populate Schedule A, Column F, Line 1.

The salary/wages in this column should include expenses for PTO, such as vacation, sick leave and civic duty leave. This would also include accrued PTO (unused), provided that the accrual is consistent with GAAP, which generally requires an accrual when the following conditions are met: 1) the compensated absence is earned on the basis of services already performed and 2) it is probable that the compensated absence will be paid. **The following is NEW.** 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.

As mentioned previously, this column should only reflect the portion of compensation that is allowable and should be net of any adjustments to remove non-allowable compensation expenses. Refer to Appendix E for detailed information on allowable compensation expenses.

(Column C) Waiver Employee-Related Expenses (ERE):

Column C is used to report ERE corresponding to the salary and wages reported in Column B. Please refer to Section 8 of this document for information on the allowable employee benefits that are eligible for reimbursement under the Waiver. The Column C total amount will automatically populate Schedule A, Column F, Line 2.

As mentioned previously, this column should only reflect the portion of compensation that is allowable and should be net of any adjustments to remove non-allowable compensation expenses. Refer to the instructions in Appendix E for detailed information on allowable compensation expenses.

(Column D) Waiver Hours:

Column D is used to report the number of hours that full-time and part-time staff were paid during FY 2010/2011 to provide Waiver services to Waiver-enrolled participants. These amounts should include hours that align with the expenses reported in Column B. For example, hours associated with PTO should be included here. In addition, hours the worker spends at training sessions should be reported here.

(Column E) Estimated Hourly Compensation:

Column E automatically calculates the average hourly compensation by taking the sum of staff salary and ERE costs in Columns B and C and dividing the result by the hours in Column D. The provider should review the reasonableness of these values prior to submitting the completed Cost Report.

Line Descriptions

(Lines 1-29) Program Direct Care Staff Position:

Enter those positions that provided direct care services to Waiver-enrolled participants during FY 2010/2011. Lines 1 through 3 of the Cost Report template contain pre-populated examples of positions, which should be overwritten as necessary. These staff should be specific to the Waiver cost-based services delivered at the service locations included on the Certification Page — Provider Service Locations schedule. For each position, enter the salary/wages, ERE and hours. Additional entries may be made on Lines 31 through 59.

(Line 30) Subtotal:

This line automatically calculates as the sum of Lines 1 through 29.

(Lines 31-59) Program Direct Care Staff Position:

If additional positions are necessary, use Lines 31 through 59 to report these job titles and corresponding salary/wages, ERE and hours.

(Line 60) Subtotal:

This line automatically calculates as the sum of Lines 31 through 59.

(Line 61) Total:

This line automatically calculates as the sum of Line 30 and Line 60. Line 61 amounts in Columns B and C will automatically populate Schedule A, Column F, Lines 1 and 2, respectively.

Schedule D-1 — Other Program Staff Expenses (Waiver-Related)

Schedule D-1 collects data on other program staff. Examples of these staff positions include: program director, house leader, program specialist, and vocational evaluator.

For staff who are engaged in other program related activities only some of the time, include only the salaries/wages that are associated with other program activities. For example, if a staff person performs supervisory duties 50% of the time and performs administrative duties 50% of the time, only 50% of the salary/wage expenses should be reported on this schedule. Only compensation and hours related to Waiver cost-based services should be reported, and the salary and wages should be specific to the staff at the service locations reported on the Certification Page — Provider Service Locations schedule. Staffing expenses for fee schedule or outcomes-based services delivered at service locations included in the Cost Report should be reported on Schedule A, Column D, Lines 3 and 4.

Please note that administrative staff positions (e.g. CEO, CFO, accountant, receptionist, HR personnel, etc.) are reported on Schedule D-3. Please refer to the description of Schedule D-3 for additional information.

Column and Line Descriptions

The columns and lines on this schedule are exactly the same as Schedule D, except they are for Other Program staff, rather than Program Direct Care staff. Please refer to the Schedule D instructions in the previous paragraphs for guidance on the information that should be provided in each column and on each line. The total amount in Column B, Line 61 will automatically populate Schedule A, Column F, Line 3, and the total amount in Column C, Line 61 will automatically populate Schedule A, Column F, Line 4.

Please note that the amounts in the salary/wages and ERE columns of this schedule should only reflect the portion of compensation that is allowable and should be net of any adjustments to remove non-allowable compensation expenses. Refer to the instructions in Appendix E for detailed information on allowable compensation expenses.

Schedule D-2 — Contracted Staff Expenses (Waiver-Related)

Contract payments are made to persons who are not employees of the provider. Contracted staff can perform a range of functions, from direct care to administrative tasks. Only contract payments and hours related to Waiver cost-based services should be reported on this schedule, and the salary and wages should be specific to the staff at the service locations reported on the Certification Page — Provider Service Locations schedule. Contracted staff expenses for fee schedule or outcomes-based services delivered at service locations included in the Cost Report should be reported on Schedule A, Column D, Line 5.

Recall that the total compensation for each contracted staff should not exceed the limits on the compensation grid in Appendix E. Contracted 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.

Expense data for FLH stipends is also reported on this schedule.

Column and Line Descriptions

Contracted Staff

The columns and lines on the left-hand side of this schedule are the same as Schedule D, with the exception of the ERE column. Because providers generally do not make contract payments for ERE and benefits for contracted staff are considered a non-allowable expense, the column has not been included in this schedule. As mentioned previously, the amounts in this schedule should only reflect the portion of compensation that is allowable and should be net of any adjustments to remove non-allowable compensation expenses. Refer to Appendix E for detailed information on allowable compensation expenses.

Since providers may not pay all contracted staff on an hourly basis, the following should help providers complete the Waiver Hours column (Column C). If you pay your contracted staff a rate based on a unit other than an hour unit (i.e., day or month), you should first determine the number of hours the contracted staff works during that unit. Then you should multiply the number of units by the number of hours per unit to estimate the number of hours associated

with the provider's contract payments. For example, if the contracted staff is paid per day and works an average of eight hours per day, the provider should multiply the number of days by 8 to estimate the total hours.

Hours Example

Assume the contracted staff provided direct care services to Waiver-enrolled participants six hours per day, on average, and worked 3 days a week for 50 weeks, or 150 days during the cost reporting period. The total hours worked by the contract staff are 900 (6 hours/day * 150 days/year).

Please refer to the Schedule D instructions for guidance on the information that should be provided in the other columns. The total amount in Column B, Line 30 will be added to the total in Column E, Line 30 and this will automatically populate Schedule A, Column F, Line 5.

FLH Stipends

FLH stipend data is to be reported such that the room and board portion is reported separately from the non-room and board portion (commonly referred to as the support stipend or counseling stipend). The Residential Occupancy (room and board) portion of the FLH stipend will automatically populate Schedule J, Line 30, while the non-room and board portion will automatically populate Schedule A.

Column Descriptions

On the right-hand side of Schedule D-2, 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.).

(FLH Arrangement):

This column is used to identify the FLH contracts that the provider maintained during FY 2010/2011. **The following is NEW.** Drop-down boxes with the FLH procedure codes have been provided on each line for consistent arrangement reporting by all providers. The provider should select the procedure code for each applicable arrangement (or arrangements, if like arrangements are combined onto one line within this schedule).

If a provider needs more than 29 lines, the total of all arrangements may be reported on this schedule and a supplemental schedule outlining the specific arrangements, by procedure code, can be uploaded using the Supplemental Schedule file naming convention specified in Sections 22.

(Column E) Non-Room and Board Portion of Stipend:

Column E is used to report the non-room and board portion of the stipend, which is commonly referred to as the support stipend or counseling stipend. The total of this column will be added to the total contracted staff fees in Column B, and this amount will automatically populate Schedule A, Column F, Line 5.

(Column F) Room and Board Portion of Stipend:

Column F is used to report the residential occupancy, or room and board, portion of the stipend. If the contract does not include a portion of the stipend for room and board, this line would be left blank. The total for this column will automatically populate Schedule J, Line 30.

(Column G) Total Stipend Amount:

This column automatically calculates as the sum of Columns E and F. Providers should review these amounts to verify the total stipend amount matches the stipend payments made for their FLH arrangements.

*Line Descriptions***(Lines 1-29) FLH Arrangement:**

Enter any FLH arrangements in place for Waiver-enrolled participants during FY 2010/2011.

The following is NEW. Drop-down boxes with the FLH procedure codes have been provided on each line for consistent arrangement reporting by all providers. The provider should select the procedure code for each applicable arrangement (or arrangements, if like arrangements are combined onto one line within this schedule)

(Line 30) FLH Total:

This line sums Lines 1 through 29. The total amount in Column F, Line 30 will automatically populate Schedule J, Line 30. The total amount in Column E, Line 30 will be added to Column B, Line 30, and this sum will automatically populate Schedule A, Column F, Line 5.

Schedule D-3 — Administrative Staff Expenses (Waiver-Related)

Schedule D-3 collects data on administrative staff. Examples of these staff positions include: CEO, CFO, accountant, receptionist and HR personnel. Note that this schedule should not include personnel whose job function is to maintain residential facilities (e.g., housekeeping, maintenance, dietary), as expenses related to these positions are reported on Schedule J.

For staff who are engaged in administrative activities only some of the time, include only the salaries/wages that are associated with administrative activities on this schedule. For example, a provider would only report 50% of the salary/wage expenses on this line for a staff person who performs administrative duties 50% of the time and performs other program related duties 50% of the time. If some of the administrative time is related to residential occupancy, then that time should be allocated to Schedule J, Line 6. Only compensation and hours related to Waiver cost-based services should be reported, and the salary and wages should be specific to the staff at the service locations reported on the Certification Page — Provider Service Locations schedule. Administrative staff expenses for fee schedule or outcomes-based services delivered at service locations included in the Cost Report should be reported on Schedule A, Column D, Lines 6 and 7.

Column and Line Descriptions

With the exception of the “Credentials, Licensure or Degree” column, the columns and lines on this schedule are exactly the same as Schedule D. Please refer to the Schedule D instructions for guidance on the information that should be provided in each column and on each line.

Please note that the amounts in Column A of this schedule should only reflect the portion of compensation that is allowable and should be net of any adjustments to reflect non-allowable compensation expenses. Refer to the instructions in Appendix E for detailed information on allowable compensation expenses. The total amount in Column A, Line 61 will automatically populate Schedule A, Column F, Line 6, and the total amount in Column B, Line 61 will automatically populate Schedule A, Column F, Line 7.

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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.

Background

Typically, assets are not “split” or “allocated” across different LOBs. Therefore, for those assets owned by a provider that support the Waiver LOB and also support other LOBs, Schedules E, E-1 and E-2 have been designed to collect depreciation expenses across all of the provider’s operations (consistent with Schedule A, Column A). In addition, each of these schedules requests the provider to also determine the portion of total depreciation expenses that is directly related to Waiver services with cost-based rates for the service location codes reported on the Certification Page — Provider Service Locations schedule. The total provider depreciation expense and the Waiver-specific depreciation expense from each of these three schedules will automatically populate Columns A and F, respectively, of Schedule A.

Depreciation for GAAP purposes and depreciation and use allowances recognized in the Cost Report may differ. The provider may record differences in the depreciation methods in Schedule A, Column E, Excluded Non-Allowable Waiver Expenses. The reconciliation to the AFS should summarize any differences between GAAP depreciation and Cost Report depreciation.

There are three depreciation methods discussed in the schedules and instructions that follow. **For each asset, only one of these methods can be used at the same time.** For example, a provider cannot charge principal and interest, as well as a use allowance, at the

same time. Similarly, a provider cannot charge depreciation and a use allowance at the same time.

- Straight-line (SL) — In this method, the same amount is charged each month/year over the estimated useful life of the asset.
- 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.
- Use Allowance/Participation Allowance (UA) — The terms “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 following paragraphs outline the depreciation and use allowance policies for Capital Assets. In addition, they provide guidance for how the provider should complete the columns and lines within each of the three depreciation schedules.

Depreciation and Use Allowance Policies

The depreciation and use allowance policies for Capital Assets are defined below. These policies apply to Schedules E, E-1 and E-2. The title of any capital asset acquired will remain with the provider.

Capital Assets — Administrative and Non-residential

Expenses for new administrative and non-residential capital assets acquired on or after July 1, 2009 are recognized through depreciation consistent with GAAP and OMB circulars, as approved by CMS.

Buildings

Capital assets include buildings and improvements used for administrative purposes and non-residential programmatic buildings. Buildings will be depreciated annually over the estimated useful life of the building, using the straight-line method of depreciation in accordance with GAAP. Expenses related to administrative and non-residential buildings are recognized as follows:

- If a building was acquired during the historical reporting year, depreciation shall be prorated by month. For example, if a building is acquired 6 months into the year, one-half, or six 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 to all assets each year. The provider should note such policy in the Comments Page.
- Once a building is fully depreciated, a continuing participation allowance of 2% of the original expense per year is an allowable expense. Depreciation and a continuing

participation allowance for the same asset cannot be recognized at the same time. That is, depreciation is recognized until the asset is fully depreciated. Once fully depreciated, a participation allowance can be taken. However, when a participation allowance is taken on a building, the entire building must be treated as a single asset. The building components (e.g., plumbing, heating, air conditioning) would be subject to the 2% participation allowance, and not the fixed asset participation allowance. Items such as heating systems and plumbing are considered permanently fixed to the building. Conversely, equipment that can be removed without costly repairs would be considered fixed assets, and subject to the participation allowance discussed under the “Fixed Assets” section below. Furnishings and decorations (including flooring, carpeting, etc.) are also considered fixed assets and not a component of the building. Participation allowances may be taken for as long as the asset is in use.

- Improvements shall be handled similarly to buildings. Improvements should be depreciated over their estimated useful life, using the straight-line method of depreciation. Once fully depreciated, a continuing participation allowance of 2% may be taken subject to the requirements described above related to continuing participation allowances.
- Buildings and improvements currently in use, for which the provider has an outstanding original loan (with a term of 15-years or more) as of June 30, 2009, will be “grandfathered” to allow the provider to continue to claim principal and interest payments for the building over the term of the loan. The provider cannot claim both the loan and a participation allowance at the same time. Once the loan is fully expensed, the provider can then claim the 2% participation allowance
- Depreciation and/or use allowances cannot be claimed on buildings that are donated. If a Waiver-related building is donated, rather than capitalizing and depreciating the asset, the value of the asset should be expensed as an other program expense (Schedule F, Line 14), and contribution revenue of the same amount recorded on Schedule B, Column C, Lines 10 a through 10c. This will result in no impact on net expenses (i.e., expenses less contribution/revenue offsets). This will also likely be a reconciling item between the Cost Report and a provider’s AFS.
- The computation of depreciation and participation allowances shall also exclude land (but not its improvements, such as paved driveways).

Fixed Assets

Capital assets also include fixed assets with a cost of \$5,000 and above. Fixed assets (including motor vehicles) should be depreciated annually over the estimated useful life of the fixed asset, using the straight-line method of depreciation, in accordance with GAAP. Expenses related to administrative and non-residential fixed assets are recognized as follows:

- Fixed assets below \$5,000 will be expensed on Line 14 of Schedule F. However, if a provider has been depreciating an asset whose original acquisition cost was less than \$5,000, the provider should continue to depreciate that asset, even if below \$5,000, and record that depreciation on Schedule E-1 and/or E-2. If the provider chooses to expense the item that is below \$5,000, then only the amount not yet depreciated may be expensed. Any non-residential or administrative fixed asset below \$5,000 and acquired after July 1, 2009 is to be expensed on Schedule F.

- If an asset was acquired during the historical reporting year, depreciation shall be prorated by month. For example, if an asset is acquired six months into the year, one-half, or six 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 to all assets each year. The provider should note such policy in the Comments Page.
- Once a fixed asset is fully depreciated, a continuing participation allowance of 6 2/3% of the original cost (for assets \$5,000 and above) is an allowable expense. Depreciation and a continuing participation allowance for the same asset cannot be recognized at the same time. That is, depreciation is recognized until the asset is fully depreciated. Once fully depreciated, a participation allowance can be taken. Participation allowances may be taken for as long as the asset is in use.
- Depreciation and/or use allowances cannot be claimed on fixed assets that are donated. If a fixed asset is donated, instead of capitalizing and depreciating the asset, the value of the asset should be expensed as an other program expense (Schedule F, Line 14), and contribution revenue of the same amount recorded on Schedule B, Column C, Lines 10 a through 10c. This will result in no impact on net expenses (i.e., expenses less contribution/revenue offsets). This will also likely be a reconciling item between the Cost Report and a provider's AFS.
- If a loan is acquired to purchase the fixed asset, the interest expense would be recorded on Schedule F, Line 6.

Capital Assets — Residential

Buildings

Effective July 1, 2009, expenses for residential buildings are recognized as follows:

- ODP will participate in payments in lieu of rent for buildings owned by a provider or related party (e.g., an inter-company lease arrangement between a parent company and one of its subsidiaries) and used for residential programs by a provider. The amount charged to a given program shall be prorated in direct relation to the amount of space and time utilized by the program.
- The payments in lieu of rent may include expenses related to down payments, closing expenses, principal and interest on mortgages or other loans for residential property, and continuing participation allowances. ODP will participate in the expenses of lease-purchase agreements and seller-financed mortgages between unrelated parties when the expenses conform to the same kind or type of expenses allowable for residential property loans.
- ODP may participate in the expense of a down payment required by a lending institution for obtaining a mortgage or other loan for the purchase of residential property, not to exceed 25% of the property value subject to prior, written approval. ODP will communicate its decision to approve or disapprove a down payment in writing to the provider within 30 days of receiving a request that includes information reasonably required by ODP to render a decision. If the request is denied, ODP will identify the facts in support of its decision and explain the reason(s) for the denial. The mortgage or other loan for residential property shall be based on a property value not to exceed the lesser

of expense or fair market value at the time of original purchase or construction by the provider. The fair market value shall be determined by a written appraisal from an individual who holds at least one of the following designations approved by the Society of Real Estate Appraisers: Senior Real Property Appraiser, Senior Residential Appraiser, Senior Real Estate Analyst or Member of the American Institute of Real Estate Appraisers.

- Real estate purchased with a down payment reimbursed by ODP shall be used in the program for at least five years. If the real estate is not used for the program for five years, the provider shall refund to ODP the part of the down payment previously funded, proportionately equal to the remaining unused time in the five-year period.
- Providers may fund down payments for real estate using their own resources. ODP will participate in an allowance to recognize the provider's equity in the properties. The allowance may not exceed an amount equal to 8% of the original down payment. ODP will participate in an allowance during the period in which principal and interest are allowed for the amortization of a mortgage. ODP will not participate in this down payment allowance for debt-free real estate.
- ODP will participate in the cash disbursements of principal and interest related to the amortization of a mortgage or other loan for residential property. For a mortgage or other loan for residential property with a term of 15 years or more, ODP will participate in the actual cash disbursements of principal and interest. For a mortgage or other loan for residential property with a term of less than 15 years, ODP will participate in the actual cash disbursements of principal and interest less the amount by which the total cash disbursements of principal, interest and major renovations and improvements exceeds the fair rental value of the property. The fair rental value shall be determined by an appraisal from an individual who holds at least one of the following designations approved by the Society of Real Estate Appraisers: Senior Real Property Appraiser, Senior Residential Appraiser, Senior Real Estate Analyst or Member of the American Institute of Real Estate Appraisers. The fair rental value shall be the average of two independent appraisals obtained by the provider. Appraisals shall be in writing and specify the valuation approach, as well as other components, used in the estimation of fair rental value.
- ODP will reimburse continuing participation allowance for the use of space in debt-free real estate. The continuing participation allowance percentage will be applied to the lesser of the:
 - Acquisition cost plus the cost of major renovations and improvements or
 - The fair market value at the time of purchase plus the cost of renovations and improvements. (The fair market value is by a written appraisal from an individual who holds a least one of the following designations approved by the Society of Real Estate Appraisers: Senior Real Property Appraiser, Senior Residential Appraiser, Senior Real Estate Analyst or Member of the American Institute of Real Estate Appraiser.)
 - A participation allowance cannot be taken at the same time that a provider is amortizing the building's loan (property would not be debt-free) or claiming depreciation.
- For FYs 2009/2010 and 2010/2011, the continuing participation allowance may not exceed an amount equal to the continuing participation allowance percentage the provider claimed in FY 2007/2008. For real estate that becomes debt-free between July 1, 2009 and June 30, 2011, a continuing participation allowance of the lesser of 8%

or the agency's expense of debt service on the real estate will be an allowable expense. The continuing participation allowance percentages in effect on June 30, 2011, will remain in effect until ODP adopts revised percentages.

- When a provider discontinues operations of a facility and commences operations at a new facility, ODP will participate in principal and interest or a continuing participation allowance. ODP's participation is limited to principal and interest on debt in excess of the fair market value of the new facility less the net equity most recently determined for the old facility. Fair market value is determined by a written appraisal from an individual who holds at least one of the following designations approved by the Society of Real Estate Appraisers: Senior Real Property Appraiser, Senior Residential Appraiser, Senior Real Estate Analyst or Member of the American Institute of Real Estate Appraisers. Net equity is obtained by reducing property value by the documented selling expenses and outstanding debt.
- ODP will participate in the expenses of refinancing real estate when the purpose is to reduce real estate debt expenses and the transaction was executed after July 1, 1987. ODP's participation in new mortgages or other loans for residential property is limited to principal and interest payments on a principal amount not exceeding the remaining principal balance of the previous mortgage or other loan for residential property. ODP will not participate in refinancing expenses that exceed the expenses under the previous mortgage or other loan for residential property. ODP will participate in the expense of refinancing real estate for purposes other than reducing real estate debt expenses only with the prior, written approval of ODP.
- ODP will participate in the expense of liquidating debt prior to completion of the term of a mortgage or loan for residential property. The provider shall obtain prior, written approval from ODP to liquidate debt. ODP will communicate its decision to approve or disapprove debt liquidation in writing to the provider within 30 days of receiving a request that includes sufficient information for ODP to render a decision. If the request is denied, ODP will identify the facts in support of its decision and explain the reason(s) for the denial. ODP will not participate in a continuing participation allowance for such property until after the life of the original mortgage or loan for residential property. If a property reimbursed for the expense of liquidating debt is removed from use in the program before the end of the original life of the mortgage or other loan for residential property, the provider shall refund to ODP a part of the expense of liquidating the debt which is proportionately equal to the remaining unused time in the life of the original mortgage.
- ODP will participate in costs for residential buildings classified as renovations, improvements or repairs and maintenance (collectively, renovations). All renovations with costs over \$75,000 (major renovations) shall receive prior, written approval from ODP. ODP will communicate its decision to approve or disapprove a major renovation in writing to the provider within 30 days of receiving a request that includes sufficient information for ODP to render a decision. If the request is denied, ODP will identify the facts in support of its decision and explain the reason(s) for the denial. Renovations may be expensed in the period in which the renovation was completed (July 1, 2010 — June 30, 2011 for Year 4) or amortized. If the renovation is expensed, the applicable expenses should be reported on Schedule J, Line 24. Major renovations should be used in the program for at least five years. If the major renovations are not used for five years, the provider will refund ODP that part of the major renovations funded by ODP, proportionately equal to the remaining unused time in the five-year period.

- Depreciation and/or use allowances cannot be claimed on buildings that are donated unless the provider was claiming a participation allowance in FY 2007/2008, in which case, the provider can continue to claim the participation allowance subject to the limitations described herein.
- If a residential building is donated, rather than capitalizing and depreciating the asset, the value of the asset should be expensed as an other operating expense (Schedule J, Line 29), and contribution revenue of the same amount recorded on Schedule B, Column C, Lines 10 a through 10c. This will result in no impact on net expenses (i.e., expenses less contribution/revenue offsets). This will also likely be a reconciling item between the Cost Report and a provider's AFS.
- The computation of depreciation and use allowances shall exclude land (but not its improvements, such as paved driveways).

Fixed Assets

Capital assets also include fixed assets (which includes motor vehicles), with a cost of \$5,000 and above, used in the program for residential facilities. Fixed assets will be depreciated annually over the estimated useful life of the fixed asset, using the straight-line method of depreciation, in accordance with GAAP. Expenses related to residential fixed assets are recognized as follows:

- Residential fixed assets with a cost below \$5,000 will be expensed on Schedule J, Line 29. However, if a provider has been depreciating an asset acquired prior to July 1, 2009, whose original acquisition cost was less than \$5,000, the provider should continue to depreciate that asset, even if below \$5,000, and record that depreciation on Schedule E-1 and/or E-2. If the provider chooses to expense the item that is below \$5,000, then only the amount not yet depreciated may be expensed. Any residential fixed asset below \$5,000 and acquired after July 1, 2009, is to be expensed on Schedule J.
- If an asset is acquired during the year, depreciation shall be prorated by month. For example, if an asset is acquired six months into the year, one-half, or six 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 to all assets each year. The provider should note such policy in the Comments Page.
- Once a fixed asset is fully depreciated, a continuing participation allowance of 6 2/3% of the original cost (for assets \$5,000 and above) is an allowable expense. Depreciation and a continuing participation allowance for the same asset cannot be recognized at the same time. That is, depreciation is recognized until the asset is fully depreciated. Once fully depreciated, a participation allowance can be taken. Participation allowances may be taken for as long as the asset is in use.
- Depreciation and/or use allowances cannot be claimed on fixed assets that are donated. If a fixed asset is donated, instead of capitalizing and depreciating the asset, the value of the asset should be expensed as an other program expense (Schedule J, Line 29), and contribution revenue of the same amount recorded on Schedule B, Column C, Lines 10 a through 10c. This will result in no impact on net expenses (i.e., expenses less contribution/revenue offsets). This will also likely be a reconciling item between the Cost Report and a provider's AFS.

- If a loan is acquired to purchase the fixed asset, the interest expense would be recorded on Schedule J, Line 29.

Schedule E — Provider Depreciation and Amortization Expenses — Buildings

Schedule E is used to identify provider depreciation and amortization expenses for provider-owned buildings. The schedule is separated into two sections, one for non-residential buildings and one for residential buildings. Within each of these sections, there are lines for Buildings, Additions (includes capital improvements and building renovations), Leasehold Improvements and Other. Please note that leaseholder improvements for leased properties from related parties are to be recorded separately on their own line and terms of the agreement should be reported on Schedule G.

Summary of Applicable Depreciation Policies (Administrative/Non-residential Buildings)

A more complete description of depreciation policies is summarized in the “Background” section of Section 12 of this document.

GF	SL	UA
<ul style="list-style-type: none"> ▪ If building (and improvements) purchased prior to June 30, 2009 and a loan exists for the building, provider can continue to claim principal and interest payments for a loan with a term of 15 years or more ▪ Principal and interest payments would be recorded on Schedule E, and the provider would select “GF” as the depreciation method 	<ul style="list-style-type: none"> ▪ If building purchased after June 30, 2009, the straight-line method of depreciation must be used and applied over the estimated useful life of the building in accordance with GAAP ▪ Depreciation is recorded on Schedule E and the provider would select “SL” as the depreciation method 	<ul style="list-style-type: none"> ▪ After the loan is fully amortized, or the building fully depreciated, the provider may claim a participation allowance of 2% for the use of the building (for as long as the building is in use) ▪ Participation allowance is recorded on Schedule E and the provider would select “UA” as the depreciation method

Summary of Applicable Depreciation Policies (Residential Buildings)

A more complete description of depreciation policies is summarized in the “Background” section of Section 12 of this document.

GF	SL	UA
<ul style="list-style-type: none"> ▪ Providers may continue to amortize residential buildings over the life of the loan ▪ Principal and interest payments would be recorded on Schedule E, and the provider would select “GF” as the depreciation method 	<ul style="list-style-type: none"> ▪ If the provider has elected to use the straight-line method of depreciation for residential buildings, the building must be depreciated over the estimated useful life of the building in accordance with GAAP ▪ Depreciation is recorded on Schedule E and the provider would select “SL” as the depreciation method; interest would be recorded on Schedule J, Line 29. 	<ul style="list-style-type: none"> ▪ After the building is debt-free, ODP will reimburse a continuing participation allowance ▪ For FY 2009/2010 and FY 2010/2011, the participation allowance may not exceed the allowance percentage that the provider claimed in FY 2007/2008 ▪ For buildings that become debt free between July 1, 2009 and June 30, 2011, a participation allowance of the lesser of 8% or the provider’s expense of debt service on the real estate will be an allowable expense ▪ Participation allowance is recorded on Schedule E and the provider would select “UA” as the depreciation method

Column Descriptions

(Column A) Month & Year Acquired:

Record the month and year when the building was acquired or when the capital or leasehold improvement was made. This should be entered in the MM/YYYY format. For example, if an asset was acquired in March of 2006, 03/2006 would be entered in this column.

(Column B) Original Cost:

Record the original cost for the building, the addition or the leasehold improvement. For example, if \$20,000 was originally paid for the improvement, enter \$20,000.

(Column C) Depreciation/Loan Payments Recorded Prior Years:

Obtain this information by adding the depreciation accumulated from previous years (back to the date the asset was acquired) less any disposals. This represents depreciation on all provider-owned assets. For example, if an improvement that originally cost \$20,000 is being depreciated over 10 years (straight-line), and the improvement was done four years ago, accumulated depreciation from prior years should be four times \$2,000, or \$8,000.

If the property is grandfathered, Column C would represent previous years' interest and principal payments on the loan.

(Column D) Depreciation Method:

Using the drop-down box, indicate which of the following depreciation methods has been used:

- SL for the straight-line method
- GF if the property is grandfathered (this means that the provider is recording principal and interest; not depreciation)
- UA if a use allowance is in effect

(Column E) Annual Rate or Loan Term:

Enter the annual percentage rate used in calculating the depreciation. If the property is grandfathered, then convert the number of years that the loan is payable (e.g., 15-year loan) to a percentage. This is done by starting with 100 and dividing by the number of years in the loan term (i.e., $100 / 15 \text{ years} = 6.67\%$).

(Column F) Total Provider Use Allowance, Depreciation Expense, and/or Loan Payment:

Enter the total amount of straight-line depreciation, grandfathered principal and interest payments, or use allowance expensed in the current year. The following paragraphs provide examples of each scenario.

If, for example, an improvement originally cost \$20,000 and is being depreciated over 10 years (straight-line), the current year's expense would be \$2,000.

If, for example, the provider was expensing (amortizing) a loan for a building (i.e., grandfathered) and the principle and interest payment was \$1,000 a month, the current year's expense would be \$12,000.

If, for example, an administrative building was fully depreciated or the loan fully amortized, and the original expense of the building was \$100,000, the provider would expense \$2,000, or 2% of the original expense.

Note that if a provider organization has a separate AFS containing revenues and expenses solely related to Waiver services, then the provider is able to report their total Waiver depreciation expenses on Schedule E, Column F. Similarly, total Waiver expenses could be reported on Schedule A, Column A and total Waiver revenues on Schedule B, Column A. As outlined in Section 2, providers in this situation who are subject to audit will still need to

include a supporting schedule in the AFS that reconciles the Waiver expenses in Schedule A, Columns E and F of the Cost Report to the Waiver expenses in the AFS.

(Column G) Waiver Use Allowance, Depreciation Expense, and/or Loan Payment:

Enter the amount of the provider's total depreciation, use allowance or loan payment (Column F) that is directly related to Waiver services with cost-based rates for the service locations included on the Certification Page — Provider Service Locations schedule. For example, if an improvement originally cost \$20,000, and is being depreciated over 10 years (straight-line), the current year's expense would be \$2,000. If the improvement is used 50 percent of the time for non-Waiver individuals and 50 percent of the time for Waiver-enrolled participants, then \$1,000 would be recorded in Column G.

The following is NEW. 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.

Line Descriptions

Record each asset separately on its own line. Alternatively, if you need more lines, or prefer to use supporting schedules, you may combine like assets (e.g., all non-residential buildings) into a single line. Next to the description of the asset, 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, provide the full detail of each individual asset (e.g., each non-residential building) 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.

(Lines 1-16) Buildings Non-Residential

(Lines 1-3) Non-Residential Buildings:

Record each non-residential building separately.

(Lines 5-7) Additions (includes capital improvements and building renovations):

Record capital improvements and building renovations for each non-residential building.

(Lines 9-11) Leasehold Improvements:

Record leasehold improvements for each non-residential building separately.

(Lines 13-14) Other:

Record other expenses for each non-residential building separately.

(Line 16) Total Non-Residential Buildings:

This line is automatically populated and is the sum of Lines 4, 8, 12 and 15. This amount will automatically populate Line 14 on Schedule A.

(Lines 17-32) Buildings Residential**(Lines 17-19) Residential Buildings:**

Record each residential building.

(Lines 21-23) Additions (includes capital improvements and building renovations):

Record capital improvements and building renovations for each residential building.

(Lines 25-27) Leasehold Improvements:

Record leasehold improvements for each residential building.

(Lines 29-30) Other:

Record other expenses for each residential building.

(Line 32) Total Residential Buildings

This line is automatically populated and is the sum of Lines 20, 24, 28 and 31. This amount will automatically populate Line 8 on Schedule J.

(Line 33) Total Depreciation and Amortization Expenses — Buildings

This line is automatically populated and is the sum of Lines 16 and 32.

Building Depreciation Example

A provider who only delivers Waiver services purchased a **residential** building in July 2007 and began delivering services at the building the following month. The building is located at 555 First Street. The purchase price of the building was \$120,000. The provider used its own funds for the down payment of \$20,000 and financed the remaining cost (i.e., \$100,000) via a 15-year loan. The principal and interest payments for the loan are \$800 per month. Per the residential depreciation policies, the provider is amortizing the residential building over the life of the loan and has been charging an 8% use allowance for the down payment.

The following table shows how this situation would be reported on Schedule E. Please note that loan amounts and down payments should be recorded on separate lines.

Sample Excerpt from Schedule E

Buildings -
Residential

		A	B	C	D	E	F	G
Residential Buildings		Month & Year Acquired	Original Expense	Depreciation/Loan Payments Recorded in Prior Years	Depreciation Method	Annual Rate or Loan Term	Total Provider Use Allowance, Depreciation Expense and/or Loan Payment	Waiver Use Allowance, Depreciation Expense and/or Loan Payment
Line 17	555 First Street (Loan)	07/2007	\$100,000	\$28,800 (3 years at \$800 per month)	GF	6.67% (100/15- year loan)	\$9,600 (1 year at \$800 per month)	\$9,600 (provider only delivers Waiver services)
Line 18	555 First Street (Down Payment)	07/2007	\$20,000	\$4,800 (3 years at 8% of \$20,000 per year)	UA	8.0% (per depreciation policies)	\$1,600 (1 year at 8% per year)	\$1,600 (provider only delivers Waiver services)
Line 19								
Line 20 - Subtotal			\$120,000	\$33,600			\$11,200	\$11,200

Schedule E-1 — Provider Depreciation Expenses — Motor Vehicles

Schedule E-1 is used to identify provider depreciation expenses for motor vehicles. The schedule is separated into the following sections: Participant Expense (Lines 1 through 4), Non-Residential Other Motor Vehicle Expense (Lines 6 through 8), and Residential – Motor Vehicle Expense (Lines 11 through 14). The first section is for participant expense, which captures the costs associated with motor vehicles used to transport Waiver-enrolled participants, including individuals at residential service locations (e.g., transportation to and from day programs). The next section is for other motor vehicle expense, which captures the costs associated with other motor vehicles that are not used for Waiver-enrolled participant transportation but are used for staff travel to meetings or training sessions (does not include residential maintenance vehicles). The last section captures motor vehicle expenses used for maintenance of a residential facility (i.e., vehicles that are not used for Waiver-enrolled participant transportation). This amount will automatically populate Schedule J, Line 9. Please refer to Appendix F for examples of how to report transportation expenses.

Summary of Applicable Depreciation Policies (Fixed Assets — Motor Vehicles, Participant, Non-Residential and Residential):

Non-Residential fixed assets with a cost below \$5,000 are expensed on Schedule F. However, if a provider has been depreciating an asset acquired prior to July 1, 2009, whose original acquisition cost was less than \$5,000, the provider should continue to depreciate that asset, even if below \$5,000, and record that depreciation on Schedule E-1. Any non-residential fixed asset with a cost below \$5,000 and acquired after July 1, 2009 is to be expensed on Schedule F.

A more complete description of depreciation policies is summarized in the “Background” section of Section 12 of this document.

GF	SL	UA
<ul style="list-style-type: none"> ▪ Not applicable 	<ul style="list-style-type: none"> ▪ Fixed assets, \$5,000 and above, shall be depreciated using the straight-line method of depreciation over the estimated useful life of the fixed asset ▪ Depreciation is recorded on Schedule E-1, and the provider should select “SL” as the depreciation method 	<ul style="list-style-type: none"> ▪ Once a fixed asset is fully depreciated, a participation allowance of 6 2/3% of the original expense (for assets \$5,000 and above) is an allowable expense (for as long as the asset is still in use) ▪ The use allowance is recorded on Schedule E-1 and the provider would select “UA” as the depreciation method

Column Descriptions

The columns on this schedule are exactly the same as the columns on Schedule E. Refer to Schedule E instructions for detail on what should be reported in each column for motor vehicles. The only difference is that motor vehicles cannot be grandfathered. Therefore, Column D of Schedule E-1 only allows the option of selecting the straight-line or use allowance depreciation methods, and Column E only represents the annual rate.

Line Descriptions

Record each asset separately on its own line. Alternatively, if you need more lines, or prefer to use supplemental schedules, you may combine like assets into a single line. Next to the description of the asset, 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, provide the full detail of each individual asset (e.g., each other motor vehicle) in the Comments Page or upload a supplemental schedule and indicate this in the Comments Page. Supplemental schedules must clearly agree to the amount entered on each line. In addition, supplemental schedules shall contain the same level of information for each asset that is required to complete columns A through G of this schedule.

Program-Related:

(Lines 1-4) Motor Vehicles — Participant Expense:

Record use allowance or depreciation expenses for each provider-owned motor vehicle that is used to transport Waiver-enrolled participants for both residential and non-residential services. The sum of Lines 1 through 4 will automatically populate Columns A and F of Schedule A, Line 11.

Please note that the depreciation expenses included in Column G on Lines 1 through 4 should only include those depreciation expenses associated with Waiver-enrolled participant transportation that IS NOT billed separately via a separate transportation procedure code (see Appendix B).

(Lines 6-8) Non-Residential — Other Motor Vehicle Expense:

Record use allowance or depreciation expenses for each provider-owned motor vehicle that is NOT used to transport Waiver-enrolled participants (e.g., driving to staff meetings or training sessions) and not used for residential purposes (i.e., maintenance vehicle that goes from home to home to fix property issues). The sum of Lines 6 through 8 will automatically populate Columns A and F of Schedule A, Line 9.

(Line 10) Total Program-Related Motor Vehicle Depreciation:

This line is automatically calculated as the sum of Lines 5 and 9.

Residential

(Lines 11–14) Residential Motor Vehicle Expense:

Record use allowance or depreciation expenses for each provider-owned motor vehicle that is NOT used to transport Waiver-enrolled participants but is used for residential purposes.

An example of this type of vehicle is a utility truck that is used to perform maintenance tasks related to the residential home.

(Line 15) Total Residential — Motor Vehicle Depreciation:

This line is automatically populated and is the sum of Lines 11 through 14. Line 15 will automatically populate Line 9 on Schedule J.

(Line 16) Total Depreciation – Motor Vehicles:

This line is automatically populated and is the sum of Lines 10 and 15.

Schedule E-2 — Provider Depreciation Expenses — Fixed Assets/Equipment

Schedule E-2 is used to identify provider depreciation expenses related to tangible and intangible depreciable assets. The schedule is separated into two sections, one for non-residential fixed assets/equipment (Lines 1 through 25) and one for residential fixed assets/equipment (Lines 26 through 41). Within the non-residential section, there are lines for building equipment, departmental equipment, office furniture and fixtures, and other.

Summary of Applicable Depreciation Policies (Fixed Assets — Residential and Non-Residential):

Non-Residential fixed assets with a cost below \$5,000 are expensed on Schedule F, Line 14. However, if a provider has been depreciating an asset acquired prior to July 1, 2009, whose original acquisition cost was less than \$5,000, the provider should continue to depreciate that asset, even if below \$5,000, and record that depreciation on Schedule E-2. Any non-residential fixed asset with a cost below \$5,000 and acquired after July 1, 2009, is to be expensed on Schedule F.

A more complete description of depreciation policies is summarized in the “Background” section of Section 12 of this document.

GF	SL	UA
<ul style="list-style-type: none"> ▪ Not applicable 	<ul style="list-style-type: none"> ▪ Fixed assets, \$5,000 and above, shall be depreciated using the straight-line method of depreciation over the estimated useful life of the fixed asset ▪ Depreciation is recorded on Schedule E-2, and the provider would select “SL” as the depreciation method 	<ul style="list-style-type: none"> ▪ Once a fixed asset is fully depreciated, a participation allowance of 6 2/3% of the original expense (for assets \$5,000 and above) is an allowable expense (for as long as the asset is still in use) ▪ The use allowance is recorded on Schedule E-2, and the provider would select “UA” as the depreciation method

Column Descriptions

The columns on this schedule are exactly the same as the columns on Schedule E. Refer to Schedule E instructions for detail on what should be reported in each column for fixed assets/equipment. The only difference is that fixed assets/equipment cannot be grandfathered. Therefore, Column D of Schedule E-2 only allows the option of selecting the straight-line or use allowance depreciation methods, and Column E only represents the annual rate.

Line Descriptions

Each asset or group of like-assets should be reflected individually. When items are purchased as an integrated system, all items should be considered as a single asset when applying the capitalization threshold. Items that have a stand-alone functional capability may be considered on an item-by-item basis. For example:

- An integrated system of office furniture (interlocking panels, desktops that are supported by locking into panels) should be considered as a single asset when applying the threshold.
- Stand-alone office furniture (e.g., chairs, free standing desks) is considered on an item-by-item basis.

Record each asset separately on its own line. Alternatively, if you need more lines, or prefer to use supplemental schedules, you may combine all like assets into a single line. Next to the description of the asset, 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, provide the full detail of each individual asset (i.e., each non-residential departmental equipment item) in the Comments Page. Supplemental schedules must clearly agree to the amount entered on each line. In addition, supplemental schedules shall contain the same level of information for each asset that is required to complete columns A through G of this schedule.

(Lines 1-25) Fixed Assets/Equipment Non-Residential

(Lines 1-5) Non-Residential Building Equipment:

Record each non-residential building fixed asset/equipment item.

(Lines 7-11) Non-Residential Departmental Equipment:

Record each non-residential departmental equipment item.

(Lines 13-17) Non-Residential Office Furniture & Fixtures:

Record each non-residential office furniture and fixture item.

(Lines 19-23) Non-Residential Other:

Record other expenses for each non-residential equipment item.

(Line 25) Total Non-Residential Fixed Assets/Equipment:

This line is automatically populated as the sum of Lines 6, 12, 18 and 24. This line will automatically populate Line 15 on Schedule A.

(Lines 26-41) Fixed Assets/Equipment Residential

(Lines 26-32) Residential Building Equipment:

Record each residential fixed asset/equipment item.

(Lines 34-39) Residential Other:

Record each residential other item.

(Line 41) Total Residential Fixed Assets/Equipment:

This line is automatically populated as the sum of Lines 33 and 40. This amount will automatically populate Line 10 on Schedule J.

(Line 42) Total Depreciation — Fixed Assets/Equipment:

This line is automatically populated as the sum of Lines 25 and 41.



Schedule F — Other Program Expenses (Waiver-Related)

The purpose of Schedule F — Other Program Expenses is to identify other program expense data related to Waiver services. The schedule should be completed for the service locations identified in the Certification Page — Provider Service Locations schedule.

As described in the instructions for Schedule A, 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 (e.g., management fees, professional services, certain advertising expenses). Expenses that are not allowable are listed in Section 8 of this document.

Please note that participant wage/salary expenses that are part of a prevocational program should not be included on this schedule. They should be reported on Schedule A, Column B (Other LOB), regardless of whether the individual is a Waiver-enrolled participant or a Base-funded individual.

Column Descriptions

(Column A) Waiver Expense:

Other program expenses reported on this schedule should reflect expenses incurred in FY 2010/2011 related to the provision of Waiver services with cost-based rates to Waiver-enrolled participants specific to the service locations included on the Certification Page — Provider Service Locations schedule.

Note the expenses allocated to the Waiver should be based on reasonable, logical expense allocation statistics that are consistent with the expense allocation method for the expense category. The provider should maintain working papers to support the expense allocations, documenting an audit trail from total provider expense through Waiver expenses allocated to applicable service location codes. These working papers should be organized in an easily audited format traceable to supporting source documents. ODP, or its authorized agent, may conduct periodic audits of this information.

Line Descriptions

(Line 1) Management Fees:

Enter expenses related to charges from a parent or affiliated company.

If management fees exceed \$10,000 or 5% of the provider's total Other Program expenses (Line 15 of Schedule F), the provider must use the Comments Page or attach a supplemental schedule that details what is included in the management fee expense. Any expenses identified as non-allowable per the Cost Report instructions are also non-allowable as management fees. 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 were followed must be provided.

(Line 2) Professional Services:

Enter the expense for other types of professional services that are incurred during the reporting period. For example, a provider with expenses for professional and consulting services rendered by persons who are members of a particular profession or possess a special skill (e.g., IT consultants) and who are not officers or employees of the provider would report these expenses on Line 2. Do not include legal fees or accounting expenses on Line 2 as these are reported on Lines 7 and 8, respectively. In addition, do not include any expenses that were already reported on Schedule D-2 — Contracted Staff Expense.

The following is NEW. If professional service expenses exceed \$10,000 or 5% of the provider's total Other Program expenses (Line 15 of Schedule F), the provider must use the Comments Page or attach a supplemental schedule that details what is included in the professional services expense. If you upload a supplemental schedule, please include a note on the Comments page to "see supplemental schedule ## of ##" as a means of facilitating the desk review. Any expenses identified as non-allowable per the Cost Report instructions are also non-allowable as professional services. Documentation to confirm the instructions were followed must be provided.

(Line 3) Advertising (for Staff Recruitment and Outreach Purposes):

Enter the advertising and marketing expenses incurred in the reporting period. 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:

- Informational mailings to existing individuals
- Informational mailings 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

Other types of marketing and public relations expenses are not allowable and must be reported on Schedule A, Column E.

The following is NEW. If advertising expenses exceed \$10,000 or 5% of the provider's total Other Program expenses (Line 15 of Schedule F), the provider must use the Comments Page or attach a supplemental schedule that details what is included in the advertising expense. If you upload a supplemental schedule, please include a note on the Comments page to "see supplemental schedule ## of ##" as a means of facilitating the desk review.

(Line 4) Telephone:

Enter the expenses for telephone and communications systems that support administrative and program activities. These expenses include telephone installation and setup activities, system maintenance, and recurring expenses. Do not include telephone or communication expenses for residential habilitation service locations on this schedule, as they should be reported on Schedule J.

(Line 5) Insurance:

Enter expenses to secure and maintain insurance coverage that is required or approved such as vehicle insurance for non-participant transportation and general liability. Do not include insurance expenses for buildings (see Schedule F-1), Waiver-enrolled participant transportation (see Schedule I) or insurance related to residential services (see Schedule J).

(Line 6) Interest — Short-term Borrowing:

Enter the amount of interest paid for short-term borrowing (i.e., terms less than five years) and auto loans. Do not include interest expenses attributable to fully depreciated assets. For expenses of \$5,000 or more, providers must submit a classified loan schedule that includes the name of the lender, purpose of the loan, period of the loan, interest rate, interest expense and balance of the loan at the end of the reporting period.

(Line 7) Legal Fees:

Enter the amount of expense incurred in the reporting period for legal fees. Legal fees incurred in the administration of federal programs are allowable (e.g., legal fees for the review of provider contract materials). The following expenses are not allowable and must be excluded from the amount reported on Line 7:

- Legal expenses for prosecution of claims against the Commonwealth
- Expenses incurred for claims against ODP or any other Commonwealth agency

The following is NEW. If expenses for legal fees exceed \$10,000 or 5% of the provider's total Other Program expenses (Line 15 of Schedule F), the provider must use the Comments Page or attach a supplemental schedule that details what is included in the legal fees expense. If you upload a supplemental schedule, please include a note on the Comments page to "see supplemental schedule ## of ##" as a means of facilitating the desk review.

(Line 8) Accounting and Auditing:

Enter the amount of expense incurred during the FY 2010/2011 reporting period related to accounting and audits.

(Line 9) Office Supplies:

Enter the amount of expenses related to office supplies that are not capitalized (see Section 12 instructions for guidance on what should be capitalized).

(Line 10) Information Systems:

Enter the amount of expenses related to information system maintenance, upgrades or software enhancements that are not capitalized (see Section 12 instructions for guidance on what should be capitalized) and not related to telephonic systems.

(Line 11) Professional Dues:

Enter the amount of expenses related to provider memberships in professional organizations, provided the memberships are to non-profit organizations and the services provided are related to the Waiver services. Do not include expenses for a provider's membership to an organization defined as a lobbying group under the Lobbying Registration and Regulation Act. Do not include individual/personal memberships, unless cost effective to do so.

(Line 12) Staff Transportation:

Enter the non-depreciation, non-ownership transportation expense incurred by staff in the normal course of performing required job duties (e.g., mileage reimbursement or rental fees for trips that do not involve transporting Waiver-enrolled participants). Please refer to Appendix F for examples of how to report staff transportation expenses.

(Line 13) Staff Training/Development Expenses:

Enter the expenses incurred by staff in attending training courses or staff development meetings pertaining to Waiver services or relevant topics. Examples of expenses include the cost of the training sessions and necessary training materials. Expenses for wages paid to staff during their attendance at training should be reported on the applicable Schedule D, D-1, D-2 or D-3.

(Line 14) Other:

Enter other expenses that are incurred in the reporting period related to the administration of the program but not reported on Lines 1 through 13. Examples of other program expenses include:

- Federal and State corporation taxes (not to include Federal, State and local income taxes or unrelated business income taxes)
- Books, documents and subscriptions to journals pertaining to Waiver services and other relevant topics
- Non-Residential fixed assets less than \$5,000

For expenses that exceed \$10,000 or 5% of the provider's total Other Program expenses (Line 15 of Schedule F), the provider should itemize and report the expense separately with an explanation on the Comments Page or provide a supplemental schedule. If you upload a supplemental schedule, please include a note on the Comments page to "see supplemental schedule ## of ###" as a means of facilitating the desk review.

(Line 15) Subtotal Other Program Expenses:

This line is automatically calculated as the sum of Lines 1 through 14.

(Line 16-19) Program Supplies:

Enter the expense incurred for all 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. Provide a specific description of the type of supply on each line and report the corresponding expenses in Column A. Please note that descriptions must provide enough detail to allow the reader to understand the types of supplies being reported (e.g., a generic description of “program supplies” or “habilitation supplies” is not sufficient). To further describe these expenses, you may provide additional explanation in the Comments Page or provide a supplemental schedule. If you upload a supplemental schedule, please include a note on the Comments page to “see supplemental schedule ## of ##” as a means of facilitating the desk review.

(Line 20) Subtotal Program Supplies:

This line is automatically calculated as the sum of Lines 16 through 19.

(Line 21) Total Other Program Expenses and Supplies:

This line is automatically calculated as the sum of Lines 15 and 20.



Schedule F-1 — Other Occupancy Expenses — Administrative/Program Buildings (Waiver-Related)

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. The schedule should be completed for the provider service locations included on the Certification Page — Provider Service Locations schedule.

Other occupancy expenses related to the maintenance of building space used to support program services (including service locations that strictly render licensed out-of-home respite services) or administrative functions include rent, utilities and maintenance, interest expense and insurance and property taxes. Note this schedule does not include occupancy expenses for residential service locations, as those expenses are reported on Schedule J. Also, if a building has been grandfathered (as discussed in the instructions for Schedule E), the interest and principal payments must be recorded on Schedule E.

Column Descriptions

(Column A) Waiver Expense:

Other occupancy expenses for administrative and non-residential program buildings reported on this schedule should reflect expenses incurred in FY 2010/2011 related to the provision of Waiver services with cost-based rates to Waiver-enrolled participants specific to the service locations included on the Certification Page — Provider Service Locations schedule.

Note the expenses allocated to the Waiver should be based on reasonable, logical expense allocation statistics that are consistent with the expense allocation method for the expense category. The provider should maintain working papers to support the expense allocations, documenting an audit trail from total provider expense through Waiver expenses allocated to applicable service location codes. These working papers should be organized in an easily audited format traceable to supporting source documents. ODP, or its authorized agent, may conduct periodic audits of this information.

Line Descriptions

(Line 1) Rent of Space:

Enter the amount paid for rent during the FY 2010/2011 reporting period. Rental expenses for non-residential program and administrative buildings are allowable to the extent that the rates are reasonable in light of such factors as:

- Rental expenses of comparable property, if any
- Market conditions in the area
- Alternatives available
- Type, life expectancy, condition and value of the property leased

Rental arrangements should be reviewed periodically to determine if circumstances have changed and other options are available.

Expenses for building and office space rented or leased by related or unrelated parties to support administrative and non-residential programs are allowable. The amount of rent charged to a given program shall be prorated in direct relation to the amount of space utilized by the functions they support. The allowable rent expense for any facility is the lesser of:

- The expenses allowed for mortgages or other property loans, or
- The rental charge published for the general public for similar space in the geographic area.

Any amounts in excess of the allowable rent expense must be recorded on Schedule A, Column E, as a non-allowable expense. The amount recorded in Schedule F-1 would represent only the allowable rent expense allocated to the Waiver program.

Allowable cost guidelines for the rent of space are outlined below:

- Rental expenses under “sale and lease back” arrangements are allowable only up to the amount that would be allowed had the provider continued to own the property. This amount would include expenses such as depreciation or use allowance, maintenance, taxes and insurance.
- Rental expenses under leases which are required to be treated as capital leases under GAAP are allowable only up to the amount that would be allowed had the provider purchased the property on the date the lease agreement was executed. The provisions of FASB Statement 13, Accounting for Leases, (superseded by FASB Accounting Standards Codification Section 840) shall be used to determine whether a lease is a capital lease.

(Line 2) Utilities & Maintenance:

Enter the expenses incurred for utilities, such as heat, electric, water, sewage and fuel necessary to maintain and occupy a building.

(Line 3) Interest Expense — Buildings:

Enter the amount of interest paid for long-term building borrowing. If a building has been grandfathered (as discussed in the instructions for Schedule E), the interest and principal

payments (which are in lieu of depreciation) must be recorded on Schedule E, not Schedule F-1. If an administrative or non-residential building was purchased after July 1, 2009, and is being depreciated, the depreciation would be recorded on Schedule E, and the interest expense would be recorded on Schedule F-1.

Please note that a classified loan schedule should be uploaded to support expenses submitted on this line that are \$5,000 and above. The schedule should include the name of the lender, purpose of the loan, period of the loan, interest rate, interest expense and balance of the loan at the end of the reporting period.

Allowable interest expenses include, but are not limited to:

- Financing expenses (including interest) paid or incurred which are associated with the otherwise allowable expenses of building acquisition, construction or fabrication, reconstruction or remodeling completed on or after October 1, 1980, and
- Financing expenses (including interest) paid or incurred on or after September 1, 1995, for land or associated with otherwise allowable expenses of equipment.

Allowable interest expenses are subject to the conditions below:

- The financing is provided (from other than tax or user fee sources) by a bona fide third party external to the provider
- The assets are used in support of the program
- Earnings on debt service reserve funds or interest earned on borrowed funds pending payment of the construction or acquisition expenses are used to offset the current period's expense or the capitalized interest, as appropriate

(Line 4) Insurance and Property Tax:

Enter the total expenses related to insurance and property taxes for buildings that support administrative and non-residential programs. Required occupancy-related taxes and payments made in lieu of taxes are an allowable expense. However, penalties resulting from delinquent tax payments, including legal fees, are non-allowable. Do not include general liability insurance (see Schedule F), insurance for Waiver-enrolled participant transportation (see Schedule I), or insurance related to residential services (see Schedule J).

(Line 5) Other Occupancy:

Enter the total amount of other expenses related to the maintenance and occupancy of building space that supports administrative or non-residential programs. If the expense on this line exceeds \$10,000 or 5% of the provider's total other occupancy expenses, the provider should itemize and report the expense separately with an explanation on the Comments Page or provide a supplemental schedule.

(Line 6) Total Other Occupancy Expenses: Administrative/Program Buildings:

This line is automatically calculated as the sum of Lines 1 through 5.



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.

A related party has the same meaning as defined in the FASB Accounting Standards Codification Section 850-10-20, as may be amended or superseded by the FASB, or any successor organization. In the normal course of business, there may be numerous routine and recurring transactions with parties who meet the definition of a related party. Although each party may be appropriately pursuing its respective interest, transactions between them must be disclosed. If requested, organizations should disclose their financial and statistical records to determine whether a related party relationship exists and to document the validity of expenses. 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.**

ODP may request financial statements of any related party that provides management and/or administrative services to the provider if the dollar amount paid or allocated to the related party is in excess of 1% of total Waiver revenue.

Examples of related parties and related party transactions include but are not limited to:

- A parent company and its subsidiaries
- Subsidiaries of a common parent
- Principal owners and/or management of an entity and their immediate family members
- Affiliates
- The provider's CEO purchases building maintenance services from a family member
- The administrative or residential building is leased from the provider's CFO's family member (e.g., sibling, son, daughter)

- A parent company provides administrative/management services to its subsidiaries' owners, management and members of their immediate families
- A provider purchases consulting services from an executive's immediate family member

Line Descriptions

(Line 1a) Indication of Related Party Lease Arrangements:

Using the drop down box, indicate "Yes" if the provider leases property from a related party. If not, indicate "No".

(Line 1b) Schedule of Lessor's Expenses:

If Line 1a indicates property is leased from a related party, complete the Schedule of Lessor's Expenses for each applicable property. **The following is NEW.** Information for each property should be entered separately in the spaces provided; do not combine information for multiple properties into one column. This schedule identifies the actual expense incurred by the related party landlord. Refer to the instructions for Schedule F-1 for a description of the expense for each line in the Schedule of Lessor's Expenses.

If the actual expense of the property indicated in the Schedule of Lessor Expenses is less than the rental charge published for the general public for similar space in the geographic area, the provider should substitute the actual expense of the property on Schedule F-1, Line 1.

The following is NEW.

(Line 1c) Required additional information for related party lease arrangements:

For all properties disclosed in Line 1b, complete the additional required information table.

Additional required information includes:

- Current rental expenses — Enter the rental expenses paid to the lessor by the provider for the current cost reporting period
- Building type — Use the drop-down boxes for each property to select the applicable building type. Options include administrative/program buildings or residential buildings
- Schedule where rental expenses are reported — use the drop-down boxes for each property to select the applicable schedule where the rental expenses are reported. Options include Schedule F-1 or Schedule J
- Nature of the relationship(s) involved — Use the drop-down boxes for each property to identify the nature of the related party relationship. Options include parent company, subsidiary of common parent, family member, affiliate or other. If other is selected, a description must be entered in the space provided
- Name of the related party — Enter the name of the related party entity, organization or person
- Confirmation that current rental expenses for each property meet the following requirements:
 - Use the drop-down boxes for each property to confirm whether or not expenses are the lesser of the actual expense of the property indicated in the Schedule of Lessor's Expenses or the amount paid to the related party by the provider
 - Use the drop-down boxes for each property to confirm whether or not expenses are in excess of the rental charge published for the general public for similar space in the geographic area

- If applicable, use the drop-down boxes for each property to confirm whether or not amounts in excess of the allowable rent expense are recorded on Schedule A, Column E, as a non-allowable expense

If the provider has more than eight properties that are leased from a related party, the provider must submit a supplemental schedule listing each property separately. The supplemental schedule should be prepared in the same format as Schedule G. For each property on the supplemental schedule, the provider should include the same amount of information for each applicable property as is required in Lines 1b and 1c of this schedule. If you upload a supplemental schedule, please include a note on the Comments page to “see supplemental schedule ## of ##” as a means of facilitating the desk review.

The following is NEW.

(Line 2a) Indication of related party transactions for management services, administrative services, professional services and/or other services:

Using the drop-down box, indicate “Yes” if the Cost Report includes related party transactions for management services, administrative services, professional services and/or other services. If not, indicate “No”.

The following is NEW.

(Line 2b) Related party transaction detail:

If Line 2a indicates there are management services, administrative services, professional services and/or other services related party transactions included in the Cost Report, provide transaction details for each type of arrangement. Ongoing transactions with a related party during the current reporting period such as administrative service agreements can be combined into one transaction on Schedule G.

Transaction detail includes:

- Type of service performed by the related party — Use the drop-down boxes for each transaction type to select the applicable service type. Options include management services, administrative services, professional services and other services. If other service is selected, a description must be entered in the space provided
- Nature of the relationship(s) involved — Use the drop-down boxes for each transaction type to identify the nature of the related party relationship. Options include parent company, subsidiary of common parent, family member, affiliate or other. If other is selected, a description must be entered in the space provided
- Name of the related party — Enter the name of the related party entity, organization or person
- Related party's actual cost for services provided during the cost reporting period — Enter the actual expenses of the related party for services rendered to the provider during the current cost reporting period. For example, in the circumstance where a parent company provides administrative services to the provider, the expenses that should be entered here should reflect the parent company's actual cost for providing administrative services rather than a predetermined contractual amount to be paid for such services
- Amount paid to the related party by the provider for services provided during the current cost reporting period — Enter the expenses paid to the related party by the provider for services provided during the current cost reporting period
- Basis for allocation (if applicable) — Use the drop-down boxes for each transaction type to identify the allocation methodology used to determine the cost charged to and paid by

the provider. Options include allocation methods similar to those in Schedule H. Refer to the instructions for Schedule H for a description of the allocation methods. In addition to allocation methods described in Schedule H, options here also include allocation methods based on the provider's total revenue, Waiver revenue, total expenses and Waiver expenses. If other is selected, a description must be entered in the space provided. If allocations are not applicable to the particular related party transaction, select "NA" from the drop down box

- Schedule where applicable expenses are reported — Use the drop-down boxes for each transaction to select the applicable schedule where the related party transaction expenses are reported. Options include Schedules D, D-1, D-2, D-3, Schedule F, Schedule I or Schedule J
- Confirmation that current related party expenses for each transaction meet the following requirements:
 - Use the drop-down boxes for each transaction to confirm whether or not 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. Select "NA" if the transaction is not applicable to this requirement
 - If applicable, use the drop-down boxes for each transaction to confirm whether or not amounts in excess of the allowable expense are recorded on Schedule A, Column E, as a non-allowable expense

If the provider has more than eight transaction types involving a related party, the provider must submit a supplemental schedule, listing each transaction separately. The supplemental schedule should be prepared in the same format as Schedule G. For each transaction on the supplemental schedule, the provider should include the same amount of information as is required in Line 2b of this schedule. If you upload a supplemental schedule, please include a note on the Comments page to "see supplemental schedule ## of ##" as a means of facilitating the desk review.

The following is NEW.

(Line 2c) Additional information

If needed, use this space to further detail any of the properties or transactions disclosed in Line 1b or Line 2b. The Comments Page or a supplemental schedule may also be used to provide detail necessary to adequately describe any transactions disclosed in Line 1b or Line 2b.



Schedule H — Program Expense Allocation Procedures

The purpose of Schedule H — Program Expense Allocation Procedures is to collect information related to provider operations and accounting procedures for allocation of expenses.

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.

There are two areas of allocation the provider must provide an explanation for:

- Expense allocation across the various procedure codes within the Waiver LOB, including expense allocations among the Waiver eligible and ineligible procedures codes.
- Expense allocation procedures for providers who have expenses in Columns B through E of Schedule A (other LOBs, Base, fee schedule/outcomes-based or excluded non-allowable). Providers need to explain how expenses were allocated to the Waiver LOB versus these other expense categories. This will not apply for providers who only have expenses for the Waiver LOB.

Within each of these allocations, the provider must address the allocation basis used, which will likely differ depending upon the expense category. For example, depreciation may be allocated based upon square footage used, while transportation may be allocated based upon mileage logs.

Examples of acceptable allocation bases are:

- Salaries — Time studies or actual time spent
- ERE — Salary and wage allocations
- Program supplies — Direct charges or usage (supply allocation may be made based on requisition from a central storeroom, etc.)
- Transportation — Mileage logs

- Occupancy — Square footage occupied or proportional to direct care expenses
- Other — See below

If the provider is using other methods to allocate expenses to all services and programs (e.g., the percentage of individuals served within each program or service), the provider should be sure to specify the method and supply supporting justification.

If necessary, providers should use the Comments Page or upload supporting documentation to adequately describe methodologies used to allocate expenses between the different programs and services. If you upload a supplemental schedule, please include a note on the Comments page to “see supplemental schedule ## of ##” as a means of facilitating the desk review. Recall from Section 2 of this document, supplemental schedules must not contain PHI. If expense allocation methods are not clearly explained, the Cost Report will not be approved in the desk review process. Any Cost Reports that do not pass the desk review will not be considered during the rate development process.

Recall from Section 2 that for the Year 4 Cost Report (FY 2010/2011 reporting period), providers are no longer required to upload a copy of their cost allocation plan as a supplemental schedule. However, providers are required to describe their cost allocation methodology within Schedule H. If deemed necessary, ODP may request a copy of the provider’s cost allocation plan during the desk review process. For providers subject to audit, a separate audit opinion specific to the cost allocation plan is not required; disclosure of the cost allocation plan in the notes to the financial statements as part of the overall financial statement presentation is sufficient.

Line Descriptions

(Line 1) Allocation Methodology Across Procedure Codes within Waiver Line of Business:

The expense categories from Schedule A have been listed in Column A of this schedule. For each expense category in Column A, use the drop-down box in Column B to identify whether the expenses for the procedure code(s) are allocated or actual. If you did not report expenses on Schedule A for a given expense category, select “Actual” from the drop down menu.

For all expenses that are allocated, use the drop-down box in Column C to identify the basis for allocation. Options for basis of allocation include:

- Time study – Time tracked over a period of time sufficient to represent what likely occurs over a broader period of time (e.g., a staff person spends 60% of his/her time providing respite direct care services (procedure code W7265), so 60% of his/her wages and benefits is allocated to procedure code W7265)
- Actual time spent or billed – Actual billings/time spent as noted on time sheets or some other method of capturing and billing
- Direct charge – Charge noted can be specifically attributed to a procedure code or cost area
- Usage – Allocated based upon degree of usage of an asset, as measured by some form of log or tracking

- Mileage log – Allocated based upon miles driven as measured by some form of a log (e.g., 40% of time mileage attributed to direct care so 40% of vehicle cost allocated as participant transportation)
- Square footage – allocated based upon square footage of a building used for a specific cost center or procedure code (e.g., 30% of the square footage of building used for administrative purposes so 30% of building costs allocated to non-residential, administrative building costs)
- Proportional to direct care expenses – Allocated based upon the percent of expenses attributed to direct care for a specific cost area or procedure code as compared to all direct care expenses (e.g., procedure code W7265 accounts for 10% of all direct care, so 10% of administrative costs are allocated to code W7265)
- Other

(Line 2) Description of Allocation Methodology for “Other” Allocation bases:

If any expense category in Line 1 indicated “other” as the allocation basis in Column C, please state the expense category, the allocation method and describe how the method results in a fair and equitable distribution of expenses. If more room is needed, please include additional explanation on the Comments Page or via supplemental schedule.

(Line 3) Allocation Methodology Across Lines of Business:

Describe the methodology used to allocate expenses across categories (other LOBs, Base, fee schedule/outcomes-based, excluded non-allowable, Waiver) on Schedule A, Columns B through F. Also describe how the method results in a fair and equitable distribution of expenses across LOBs.

(Line 4) Supporting Documentation Indication:

Using the drop down box, indicate “Yes” if additional documentation has been provided beyond the responses to Lines 2 and 3. Otherwise indicate “No”.

(Line 5) Change in Methodology Indication:

Using the drop down box, indicate “Yes” if the same allocation methodology is used from year to year. Otherwise indicate “No”. If “No”, provide an explanation on the Comments Page.

(Line 6) Allocation Reasonable in Proportion to Benefit:

Using the drop down box, indicate “Yes” if the expenses allocated to different categories, programs and/or procedure codes are reasonable in proportion to the benefits associated with the expenses. Otherwise indicate “No”. If “No”, provide an explanation on the Comments Page.

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Schedule I — Participant Transportation Expenses (Waiver-Related)

The purpose of Schedule I — Participant Transportation Expenses (Waiver-related) is to collect detail on non-depreciation expenses for transportation services rendered as part of another service (e.g., transportation to and from a day program from a residence as part of the residential service). The schedule should be completed for the provider service locations included on the Certification Page — Provider Service Locations schedule.

Column Descriptions

(Column A) Waiver Expense:

Enter non-depreciation expenses related to transporting Waiver participants to their supportive activities as required by the service definitions and individual supports plans (e.g., between a residential home and day program) specific to the service locations included on the Certification Page — Provider Service Locations schedule. Do not include expenses associated with Waiver-enrolled participant transportation services that are billed separately using the transportation procedure codes (as shown in Appendix B). The provider will need to maintain sufficient documentation (such as a trip or mileage log) and allocate expenses associated with these transportation services to this column.

Line Descriptions

Lines 1 through 5 include ownership and maintenance expenses (excludes depreciation) for vehicles used for Waiver-enrolled participant transportation. Line 6 includes expenses for employee paid mileage reimbursement when transporting Waiver-enrolled participants, and Line 7 includes transportation fees in lieu of depreciation such as bus fare, cab fare and other.

For vehicles that are used for both staff and Waiver-enrolled participant transportation, the provider must only include the appropriate portion of the ownership and maintenance expenses associated with participant transportation. This allocation should be based on provider records that demonstrate the expenses that are directly attributable to transporting Waiver-enrolled participants versus staff use. To support the allocation, a provider could

maintain a travel log that tracks the usage of the vehicle by service or individual. For example, a provider would include 60% of the ownership and maintenance expenses on this schedule for a vehicle driven 4,000 miles by staff in the performance of job duties and 6,000 miles transporting Waiver-enrolled participants. This 60% allocation would be further reduced if some of the 6,000 miles were for transportation services that are billed separately. For example, if 2,000 of these 6,000 miles are billed separately, only 40% of the total vehicle ownership and maintenance costs would be included in this schedule. Please refer to Appendix F for additional examples of how to report transportation expenses.

(Line 1) Lease/Loan Charge:

Enter the appropriate portion of expenses for lease and loan charges for your company vehicles used to transport Waiver-enrolled participants for the service locations included in the Certification Page – Provider Service Locations schedule.

(Line 2) Fuel:

Enter the appropriate portion of fuel expense for your company owned/leased vehicles used to transport participants for the service locations included in the Certification Page – Provider Service Locations schedule.

(Line 3) Maintenance:

Enter the appropriate portion of maintenance expenses for your company owned/leased vehicles used to transport participants for the service locations included in the Certification Page – Provider Service Locations schedule.

(Line 4) Insurance:

Enter the appropriate portion of the insurance expenses for your company owned/leased vehicles used to transport Waiver-enrolled participants for the service locations included in the Cost Report. Do not include general liability insurance (see Schedule F), building insurance (see Schedule F-1) or insurance related to residential services (see Schedule J).

(Line 5) License/Registration/Taxes:

Enter the appropriate portion of the license/registration/taxes for your company owned/leased vehicles used to transport Waiver-enrolled participants for the service locations included in the Certification Page – Provider Service Locations schedule.

(Line 6) Reimbursed Mileage:

Enter the amount of mileage that was reimbursed to employees for providing transportation services to Waiver-enrolled participants for the service locations included in the Certification Page – Provider Service Locations schedule.

(Line 7) Other:

Enter any other expenses for providing transportation services to Waiver-enrolled participants that are not identified above for the service locations included in the Certification Page – Provider Service Locations schedule. Expenses may include the amount of bus fare purchased and made available or the amount of cab fare expenses incurred.

The following is NEW.

If the expense on this line exceeds \$10,000 or 5% of the provider's total participant transportation expenses on Line 8, the provider should itemize and report the expense separately with an explanation on the Comments Page or provide a supplemental schedule.

If you upload a supplemental schedule, please include a note on the Comments page to “see supplemental schedule ## of ##” as a means of facilitating the desk review.

(Line 8) Total Participant Transportation Expense:

This line is automatically calculated as the sum of Lines 1 through 7.



Schedule J — Residential Occupancy Expenses

The purpose of Schedule J — Residential Occupancy Expenses is to collect detailed information regarding the occupancy expenses for residential buildings. The only expenses that should be included on this schedule are those related to Waiver-enrolled participants for residential buildings. The schedule is completed for the provider service locations included on the Certification Page — Provider Service Locations schedule.

Column Descriptions

(Column A) Expenses for Waiver Participants:

Report expenses for residential services provided to Waiver-enrolled participants. These expenses should be specific to the service locations included on the Certification Page — Provider Service Locations schedule.

Line Descriptions

(Lines 1-6) Personnel Expenses:

Enter the expenses associated with personnel who work at residential facilities. The personnel with expenses reported on this schedule should be necessary for the maintenance of the physical plant (e.g., housekeeping, food preparation, landscaping, maintenance, etc.) for the residential service locations included in the Certification Page — Provider Service Locations schedule. Do not include expenses for staff, including contracted staff, who perform program functions. If some of the administrative staff time (generally reported on Schedule D-3) is related to residential occupancy, then that time should be allocated to Schedule J, Line 6.

For Line 6, note that expenses for staff, including contracted staff, who perform program functions should not be included here. **The following is NEW.** If expenses on this line exceed \$10,000 or 5% of the total personnel expenses (sum of Lines 1 through 6), the provider must itemize the Line 6 expenses and include an explanation on the Comments Page or provide a supplemental schedule. If you upload a supplemental schedule, please include a note on the Comments page to “see supplemental schedule ## of ##” as a means of facilitating the desk review.

(Line 7) This line has intentionally been left blank.

(Lines 8-11) Depreciation:

Lines 8, 9 and 10 will be automatically populated from Schedule E, Column G, Line 32, Schedule E-1, Column G, Line 15, and Schedule E-2, Column G, Line 41, respectively. Enter expenses associated with adaptations for residential buildings on Line 11 for the service locations included in the Certification Page — Provider Service Locations schedule. Do not include expenses for adaptations that are billed using the environmental modification procedure code.

(Line 12-28) Operating Expenses:

Enter the expenses incurred for each category for residential buildings for the service locations included in the Certification Page — Provider Service Locations schedule. Do not include any operating expenses that have already been reported on another schedule.

(Line 29) Other:

This line should include interest expense for short term borrowings related to residential items. In addition, if the provider is using the straight-line method of depreciation for its residential building (i.e., **only** depreciation is recorded on Schedule E), and also has a loan for the residential property, the interest associated with that loan would be recorded on Line 29 of Schedule J. If the provider is claiming principal and interest payments in lieu of depreciation (recorded as GF on Schedule E), then no interest payments would be reported on this line.

This line is also used to report expenses for any residential fixed assets under \$5,000 (e.g., dishwasher). However, if a provider has been depreciating an asset acquired prior to July 1, 2009, whose original acquisition cost was less than \$5,000, the provider should continue to depreciate that asset on Schedule E-2. Any residential fixed asset below \$5,000 and acquired after July 1, 2009 is to be expensed on this schedule.

The following is NEW.

If the expense on this line exceeds \$10,000 or 5% of total operating expenses in Line 31, the provider should itemize and report the expense separately with an explanation on the Comments Page or provide a supplemental schedule. If you upload a supplemental schedule, please include a note on the Comments page to “see supplemental schedule ## of ##” as a means of facilitating the desk review.

(Line 30) Room and Board Portion of Family Living Home Stipends:

The room and board portion of the FLH Stipends will be automatically populated from Schedule D-2, Column F, Line 30.

(Line 31) Total Residential Occupancy Expenses:

This line is automatically calculated as the sum of Lines 1 through 30.



Comments Page

This schedule allows the provider to input clarifying comments specific to each schedule. To the extent the provider prefers to upload supplemental schedules, please note this on the Comments Page. If the provider runs out of room on the Comments Page, supplemental schedules should be uploaded.

The following is NEW. Security settings on this schedule have been modified to allow providers flexibility to expand the cell size and format the rows and columns.



Provider Use Page

This schedule allows the provider to paste data for their own use and will generally not be reviewed by ODP or its agent. Supporting information that the provider wants the AE to review during the desk review should only be reported on the Comments Page or uploaded in a supporting schedule.

The following is NEW. If the provider requires the use of this page to supply relevant information to be reviewed or considered by ODP or its agent, 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 this schedule must be clearly reported and formatted appropriately for ease of review.

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Checklist to Complete Prior to Submission

The purpose of this section is to highlight items ODP encourages the provider to review prior to submitting the Cost Report. Many of these items represent issues that commonly caused providers to have to resubmit their Cost Report(s) in prior years and issues that were frequently sent to the ODP E-Help Desk.

Prior to submitting the Cost Report, the provider should review the real-time edits in Appendix H that will be performed when the Cost Report is submitted. In addition, the provider should ensure the following items have been addressed.

Issues that Commonly Require Cost Report Resubmission

- Certification Page — Provider Service Locations
 - Did you include unique MPI-service location code combinations on only a single Cost Report? (A unique MPI-service location code combination cannot be reported on more than one Cost Report.)
- Certification Page — Service Selection
 - If you are a residential provider, did you select both the eligible and ineligible procedure codes?
 - If you deliver fee schedule or outcomes-based services at service locations included in the Cost Report, did you check the box for Line 154 and report those expenses on Schedule A, Column D?
- Schedule A — Expense Report
 - Did you review the procedure codes in Columns G+ to ensure they represent the services for which you reported FY 2010/2011 expenses?
 - Did you report your staff salary and ERE in total and classify any amounts above the allowable limits as excluded non-allowable expenses in Column E?
 - If you do not have any non-allowable expenses in Column E, did you include a comment on the Comments Page confirming this is appropriate?
- Schedule B — Income Statement
 - If the amount you reported on Line 8, Other is greater than 5% of the total revenue on this schedule, did you provide an explanation on the Comments Page or upload a supporting schedule?
- Schedule D — Staff Expense

- Did you only report those positions that are associated with the location codes reported on the Certification Page — Provider Service Locations schedule?
- Did you report your staffing expenses by job position title?
- Did you ensure each staff position was reported on the appropriate Schedule D, D-1, D-2 or D-3?
- Did you identify credentials, licensure or degree when appropriate?
- Schedule E — Depreciation
 - If you entered your depreciation on a single line, did you attach a schedule with the supporting documentation that clearly agrees to Schedule E?
 - Did you separate the residential and non-residential buildings and equipment in the appropriate schedule?
 - Did you ensure that your reporting complies with the depreciation policies outlined in Section 12 of the instructions?
 - Did you review your reporting to ensure the values can be re-calculated appropriately by a reviewer?
- Schedule F — Other Program Expenses
 - Have you correctly reported expenses on this schedule related to staff transportation required to perform their job functions (i.e., not for transporting participants)?
 - If the amount you reported on Line 1, Management Fees exceeds \$10,000 or is greater than 5% of the total other program expenses reported on this schedule, did you provide an explanation on the Comments Page or upload a supporting schedule?
 - If the amount you reported on Line 2, Professional Services exceeds \$10,000 or is greater than 5% of the total other program expenses reported on this schedule, did you provide an explanation on the Comments Page or upload a supporting schedule?
 - If the amount you reported on Line 3, Advertising exceeds \$10,000 or is greater than 5% of the total other program expenses reported on this schedule, did you provide an explanation on the Comments Page or upload a supporting schedule?
 - Line 6, Interest — Short-term Borrowing; for expenses of \$5,000 or more, did you submit a classified loan schedule that includes the name of the lender, purpose of the loan, period of the loan, interest rate, interest expense and balance of the loan at the end of the reporting period?
 - If the amount you reported on Line 7, Legal Fees exceeds \$10,000 or is greater than 5% of the total other program expenses reported on this schedule, did you provide an explanation on the Comments Page or upload a supporting schedule?
 - If the amount you reported on Line 14, Other exceeds \$10,000 or is greater than 5% of the total other program expenses reported on this schedule, did you provide an explanation on the Comments Page or upload a supporting schedule?
 - For program supplies, did you provide an adequate description of each program supply within the schedule and/or on the Comments Page or upload a supporting schedule?
- Schedule F-1 – Other Occupancy Expenses
 - Did you provide a classified loan schedule to support the expense reported on Line 3, Interest Expense — Buildings?
 - If Line 5 exceeds \$10,000 or is greater than 5% of the total expense reported on this schedule, did you provide an itemization on the Comments Page or upload a supporting schedule?

- **Schedule G – Related Party Transactions**
 - For each of your related party transactions, did you provide all the requested information and upload a supporting schedule for any transactions beyond the space provided in Schedule G?
- **Schedule H — Program Expense Allocation Procedures**
 - Did you define how expenses were allocated to the Waiver LOB and across procedure codes?
- **Schedule I — Participant Transportation Expenses**
 - Did you exclude the allowable transportation expenses that are discretely billed and only reflect the transportation expenses that are included as part of a specific service?
 - If the amount you reported on Line 7, Other exceeds \$10,000 or is greater than 5% of the total participant transportation expenses reported on this schedule, did you provide an explanation on the Comments Page or upload a supporting schedule?
- **Schedule J — Residential Occupancy Expenses**
 - Did you only report those expenses related to the residential buildings associated with the service locations on the Certification Page – Provider Service Locations schedule?
 - Did you confirm that any expenses reported on this schedule were not reported on one of the other Cost Report schedules?
 - If the amount you reported on Line 6, Other Personnel Costs exceeds \$10,000 or is greater than 5% of the total personnel expenses (Lines 1 through 6) reported on this schedule, did you provide an explanation on the Comments Page or upload a supporting schedule?
 - If the amount you reported on Line 29, Other exceeds \$10,000 or is greater than 5% of the total operating expenses reported on Line 31 of this schedule, did you provide an explanation on the Comments Page or upload a supporting schedule?

22

Logistics Related to Submitting the Cost Report

The following section provides detailed information regarding the process the provider should follow to successfully complete and upload the Cost Report(s) and other financial submissions. Topics covered include:

- Considerations for users with different versions of Excel (e.g., 2003, 2007, or 2010)
- File naming conventions that must be used to ensure the submissions are not rejected upon upload
- The website address where completed submissions should be uploaded
- The process steps for uploading a file to the website
- Technical specifications related to internet and other computer settings that are required to upload files

The following is NEW. In addition to using Excel 2003 or Excel 2007 to complete and submit the Cost Report, Year 4 represents the first year that providers will also have the option of using Excel 2010 to complete and submit the Cost Report. Year 4 also represents the first year that providers who use Excel 2007 or 2010 will be able to upload completed Cost Reports to the website in “.xlsx” or “.xlsm” file formats, rather than having to convert the files back to “.xls” format. Excel 2007 and 2010 users should carefully review the “Considerations for Excel 2007/Excel 2010 Users” section on the following pages and follow that guidance.

Instructions for Using the Excel Cost Report Template

Providers must use the ODP Cost Report template, Version 7.0. Attempts to upload Version 6.0 will not be successful. The Cost Report template, Version 7.0 is available electronically in Microsoft Office Excel. Users with Excel 2003, 2007 or 2010 will be able to access and use the Cost Report template. To obtain the template, providers can access the “ODP Provider Information Center (PIC)” on the www.odpconsulting.net website. Providers do not need to log into the ODP Consulting website in order to obtain this template.

Enabling Macros

It is important that providers have the Excel security options for enabling macros set to 'Enable' so that functionality within the Cost Report works correctly. In order to do this the following steps should be performed:

For Excel 2003:

1. Open the Excel application
2. Go to Tools, Macro, Security
3. Under the Security Tab, Select "Medium"
4. Click on OK
5. Close Excel

For Excel 2007:

1. Open the Cost Report template
2. Click on the Office Button located in the top left of the screen
3. Click on Excel Options located in the lower right of the screen
4. Click on Popular
5. Make sure the Developer tab in the Ribbon is checked
6. Click on OK
7. Click on the Developer tab located on the top row, second tab from the right
8. Click on Macro Security located next to the exclamation point within the yellow triangle
9. Note which level of security is checked for future reference
10. Click on Enable all macros
11. Click on OK
12. Edit the Cost Report. Once you are done editing, repeat steps 1 through 11 selecting the level of security that was in place previously. This process has to be repeated each time you open and edit the Cost Report.

For Excel 2010:

Enabling macros in Excel 2010 may require a multi-step process. Note that the guidance below was obtained online but has not been formally tested for functionality. ODP and its agents generally work in Excel 2003 or Excel 2010 and are not in a position to provide technical assistance to users with Excel 2010 questions.

PART 1

1. Open Excel. Click the FILE tab above the Office ribbon (first tab on the left)
2. In the left-side menu, click OPTIONS
3. In the "Excel Options" window that appears, scan the left menu and click TRUST CENTER
4. On the right side of the screen, click the TRUST CENTER SETTINGS button
5. Now, you'll see the TRUST CENTER window. In the left menu, select MACRO SETTINGS
6. You will now see four "Macro Settings" options. Choose "Enable all macros...."
7. Click the OK button at the bottom right of the "Trust Center" window
8. Click the OK button at the bottom right of the "Excel Options" window
9. Close Excel, and then reopen it. Macros should now be enabled.

Although macros have now been enabled, if "Protected View" is enabled (which it generally is by default), then macros will still NOT run. Rather than disabling "Protected View," it is suggested that you create a "Trusted Locations" folder and save your trusted, macro-enabled spreadsheets in it and run them from there. Doing so will allow Excel macros

to run, but only in spreadsheets that you've stored in the folder (or folders) you designate as "Trusted Locations. Steps to do this are outlined in the "Part 2" section below.

PART 2

1. On your hard drive, create a folder into which you'll save all your trusted, macro-enabled spreadsheets
2. Open Excel 2010. Click the FILE tab. Click OPTIONS in the left-side menu
3. In the "Excel Options" window that appears, click the TRUST CENTER button on the left
4. Click the TRUST CENTER SETTINGS button on the right
5. On the left, select TRUSTED LOCATIONS
6. Near the bottom, click the ADD NEW LOCATION button
7. A small window appears. Click the BROWSE button
8. Navigate to the folder you created above. Select the folder, and click OK
9. You should be back to the "Microsoft Office Trusted Location" window. Checkmark the "Subfolders of this location are also trusted" option. Then click the OK button.
10. You should be back to the "Trust Center" window. Click OK.
11. You should be back to the "Excel Options" window. Click OK
12. Close Excel. Place a trusted, macro-enabled spreadsheet in your "Trusted Locations" folder. When you open it, all macros should be functional.

If a provider is unsure which version of Excel is on its computer, this can be verified by clicking on the Excel Help menu and then selecting the "About Microsoft Office Excel" option. This shows the version that is currently installed on the computer. If you need the Cost Report in an older version of Excel or experience problems with the macro functionality, please submit a question to the E-Help Desk via the link under "Provider Information Center (PIC)" on the www.odpconsulting.net website.

Considerations for Excel 2007/Excel 2010 Users

There have been interaction issues between Excel 2003 and Excel 2007/Excel 2010. If the provider repeatedly switches back and forth between using Excel 2003 and Excel 2007/Excel 2010, the provider may experience file corruption issues. ODP recommends the provider use one version of Excel when completing the Cost Report. Providers who do switch back and forth between Excel 2003 and Excel 2007/Excel 2010 may see that Excel adds an extra tab to the Cost Report template file listing potential errors that occurred in the conversion. In this case, the provider will need to delete the extra tab prior to uploading the file to the automated website or the Cost Report file will be rejected.

The following is NEW. Year 4 is the first time that the automated system will accept Excel 2007 and Excel 2010 files with a file extension of ".xlsm" or ".xlsx". Therefore, providers should no longer need to convert Excel 2007 or Excel 2010 Cost Report files to ".xls" format prior to file upload.

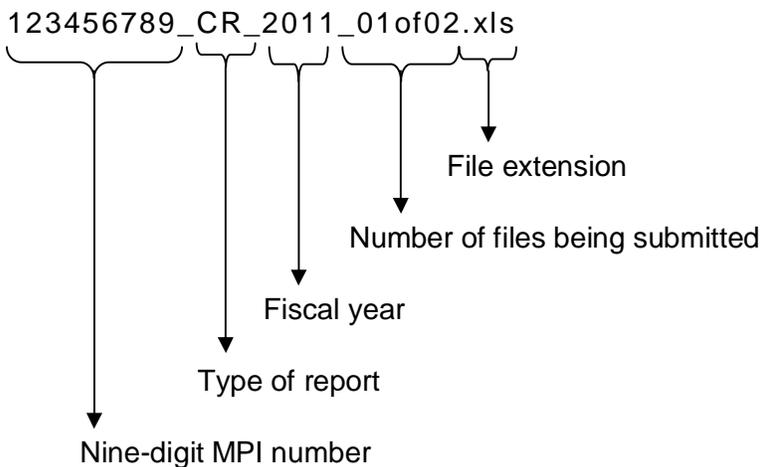
Lastly, Excel 2007 and Excel 2010 cause the Cost Report file size to grow extremely large. This increased file size will contribute to longer upload times, and providers need to be patient to ensure the entire file transmits successfully.

File Naming Conventions

Each file that a provider uploads to the ODP website must conform to specific naming conventions. Any files that do not exactly follow the naming conventions will be rejected in real-time and will require resubmission. The file naming conventions are as follows:

Character #	Description
1 – 9	Numeric – nine-digit assigned MPI number, including leading zeros (if applicable) (123456789)
10	_ (underscore)
11 – 12	Alpha/numeric – file type (Cost Report = CR, Supplemental Schedule = SS, Audited Financials = AF)
13	_ (underscore)
14 – 17	Numeric – Fiscal Year (FY 2010/2011 = 2011)
18	_ (underscore)
19 – 24	Alpha/numeric – file number being submitted of total files to be submitted (e.g., 01of04)
25	. (dot)
26 – 28	Alpha – file extension (Excel = xls, xlsx, PDF= pdf, Word = doc, docm, docx, ASCII text = txt, ZIP = zip) Note: Cost Report submissions (file type = CR) can only be submitted via Excel (xls, xlsx) format. Other file types (i.e., SS and AF) can be zipped prior to upload.

File name example: 123456789_CR_2011_01of02.xls



As indicated, characters 11 and 12 indicate the type of file being submitted. All Cost Report submissions must be based on the ODP Cost Report, Version 7.0 template file and must contain a file type of "CR" in the naming convention to be recognized as a Cost Report submission. In addition, Cost Report files cannot be zipped prior to upload. If a Cost Report is uploaded as a zip file (file extension is .zip), the file will be rejected. If the provider's completed Cost Report files are very large in size, and the provider is experiencing significantly slow upload durations, the provider should submit a question to the E-Help Desk via the link under "Provider Information Center (PIC)" on the www.odpconsulting.net website.

If a non-Cost Report file is submitted with "CR" in the naming convention, the file will be rejected. Similarly, any supplemental schedules containing information that supports the Cost Report must be named with an "SS" file type. It is important to note that the "SS" file number being submitted does not have to correspond to the "CR" file number. For example, provider 999999999 may submit three Cost Reports (i.e., 1 of 3, 2 of 3 and 3 of 3), accompanied by one supplemental schedule that provides documentation supporting the third Cost Report submission (3 of 3). Since there is only one supplemental schedule, it should be labeled as 999999999_SS_2011_01of01.xls.

File names for resubmission must exactly match the file name of the initial submission. For example, a provider originally submits four Cost Reports (i.e., 1 of 4, 2 of 4, 3 of 4 and 4 of 4). The 2nd and 4th Cost Reports pass the desk review, while the 1st and 3rd fail the desk review and require resubmission. Upon fixing the errors in these two Cost Reports, the provider will upload the resubmissions using the naming conventions "1 of 4" and "3 of 4" to match the original naming conventions. The electronic date stamp will be used to identify the most current version when multiple versions are submitted by the same provider.

Instructions for Uploading Files

In order to upload files to the ODP Cost Report website, providers need a valid user account. Please reference the "Submission Process" paragraphs in Section 3 for more information on user accounts. Providers submitting a Cost Report should submit the Cost Report, and all supplemental information (including AFS to ODP via the website. Upon naming all files in accordance with the file naming conventions, these documents should be uploaded through a link provided on the ODP Consulting website at www.odpconsulting.net under the "Provider Information Center (PIC)".

Upon arriving at the ODP Cost Report website home page (see screen shot in Section 4), the provider should use their user account information to log into the website and upload their files. The "Terms of Service" on the website must then be reviewed and accepted before the provider can upload any files. Providers should review the information summarized on the home page of the website.

In order to upload files, providers should click on the menu (at the top of the page) that is titled "File Submissions". After clicking in the box on the page, providers can browse their computer network to navigate to the files that need to be uploaded. Once a file is selected (must comply with the file naming conventions outlined on the previous pages), the provider can push the "Submit File" button and the system will upload the file.

Providers will know that their submission was successfully submitted if they receive a green check mark and a submission ID number indicating that the file was submitted. This will also

be apparent because the uploaded file will appear under the “Dashboard” list on the bottom of the screen. If a provider receives a red “X” and an unsuccessful submission message, then the file that was uploaded did not make it past the real-time edits (refer to Appendix H). In these cases, providers need to review the error reports that were generated in real-time, correct the reporting issues and re-upload their files to ensure successful submission. If you have problems uploading your files, ODP recommends you review the technical specifications below to ensure your computer settings are appropriate. If you follow the steps outlined below and continue to have upload issues, please contact the E-help desk via the link provided at the ODP Consulting website under the “Provider Information Center (PIC)” or by sending an email to odpcostreporhelp@mercer.com.

Internet Settings and Capabilities

Internet Connectivity

A high-speed internet connection is required to download or upload the Cost Report template. Using a dial-up modem will likely result in the action timing out before the entire file has been downloaded to your computer or before the entire file is uploaded to the website. Providers that have a dial-up modem should submit an e-mail to the E-help desk indicating that they have dial-up internet connectivity and need assistance in obtaining the Cost Report template and in submitting their completed Cost Report.

Internet Browser

It is recommended that you use a current version of an internet browser. Most commonly used browsers include Internet Explorer and Firefox. It is recommended that you use Internet Explorer Version 6.0 or higher and Firefox Version 2.3 or higher.

Pop-up Windows

Pop-up windows must be enabled to see the real-time error messages and submission confirmation reports. If you are not seeing these types of items, then pop-ups may be blocked on your computer. Please follow these steps to enable them:

- Internet Explorer
 - Open Internet Explorer
 - Click on Tools
 - Click on Pop-up Blocker
 - Click on Turn Off Pop-up Blocker
 - Click on Yes when prompted to turn off Internet Explorer’s pop-up blocker

- Firefox
 - Open Firefox
 - Click on Tools
 - Select Options
 - Select Content
 - Uncheck Block pop-up windows

Internet Cookies

Internet Cookies must be accepted in order for the Cost Report upload processes to work correctly. To enable Internet Cookies please follow these steps:

- Internet Explorer
 - Open Internet Explorer
 - Click on Tools
 - Click on Privacy
 - Click Settings bar level to Low
 - Click on Apply

- Firefox
 - Open Firefox
 - Click on Tools
 - Select Options
 - Select Privacy
 - Be sure Accept cookies from sites is checked
 - Click on OK

Macintosh Computers

There are issues with the Excel Cost Report template not being fully functional on a Macintosh computer. The macro in the Cost Report template does not appear to work on a Macintosh computer, and this will likely prevent you from being able to successfully submit a Cost Report. ODP recommends Macintosh computers not be used for work related to the Cost Report template.

Appendix A

Glossary of Terms

Term	Explanation
A-133	Audits of states, local governments and non-profit organizations
AE	Administrative Entity
AFS	Audited Financial Statements
Agency	A multi-service organization
AWC (Agency with Choice)	A PDS model where the agency is a FMS organization that is in a joint-employment arrangement with the managing employer (Waiver individual or surrogate)
Allowable Expense	An expense that is allowable under the constraints defined by the Cost Report instructions for the Consolidated and P/FDS Waivers
Attestation	To confirm to be true
Base-funded Services	Services funded with State-only dollars and required county matching funds (i.e., no federal participation)
CMS	Centers for Medicare & Medicaid Services
CPA	Certified Public Accountant
Commonwealth	Commonwealth of Pennsylvania
DPW	Department of Public Welfare
Excluded Non-Allowable Waiver Expense	Expense that is not reimbursed by the Consolidated and P/FDS Waivers in accordance with allowable expense definitions (e.g., luxury vehicle)

Term	Explanation
Fee Schedule Services	Consolidated and P/FDS Waiver services that are paid on a State-set fee schedule include: <ul style="list-style-type: none"> ▪ Nursing services ▪ Therapies – physical, occupational, speech/language, behavior, visual/mobility ▪ Behavioral support ▪ Homemaker/chore ▪ Companion services ▪ Supports broker ▪ Unlicensed out-of-home respite, ineligible ▪ Respite vamp, ineligible ▪ Older adult daily living services ▪ Supplemental habilitation ▪ Additional individualized staffing
FY (Fiscal Year)	Refers to the time period July 1 through June 30. For example, July 1, 2010 through June 30, 2011 is FY 2010/2011
GAAS	U.S. Generally Accepted Auditing Standards
GAGAS	Generally Accepted Government Auditing Standards
GAAP	U.S. Generally Accepted Accounting Principles
HCBS	Home and Community-based Services
HCBW	Home and Community-based Waiver
HCSIS	Home and Community Services Information System
LOBs (Lines of Business)	General classification of the types of individuals served by a provider such as privately funded, Waiver-funded, Base-funded, etc.
MPI (Master Provider Index)	A nine-digit unique provider ID number
Non-Allowable Expense	Any expense that does not meet the definition of “allowable expense”
ODP	Office of Developmental Programs
Outcomes-based Services	Consolidated and P/FDS Waiver services with outcomes-based payments include: <ul style="list-style-type: none"> ▪ Certain Transportation Services ▪ Home Accessibility Adaptations ▪ Vehicle Accessibilities Adaptations ▪ Assistive Technology ▪ Education Support Services ▪ Specialized Supplies ▪ Respite Camp
PDS	Participant Directed Service
P/FDS	Person/Family Directed Supports

Term	Explanation
PHI	Protected Health Information - Any information (including demographic information) created or received by a provider or employer, provided this information relates to the past, present or future conditions of an individual, provision of health care or community-based services to an individual, or payment for the provision of services to an individual, and this information identifies, or can reasonably be used to identify, such an individual. Examples include individuals' names, birth dates, diagnosis information, etc.
PPS	Prospective Payment System
Procedure Code	HCPCS Pennsylvania local code which defines the service
PROMISe	Provider Reimbursement and Operations Management Information System
Provider	A provider of service
Rate-setting Policies	Polices prepared by the Commonwealth of Pennsylvania that provide clarification regarding the rate setting process
Reasonable Expense	The amount of expense that would ordinarily be incurred by similar providers in similar markets The level of expense which a prudent and conscious buyer of goods and services is ordinarily willing to pay for these kinds of services
Service Location Code	A four-digit number appended to the MPI to create the ID under which claims are billed to PROMISe
SSD (Services and Supports Directory)	The place where providers indicate the services they will provide to the Consolidated and P/FDS Waiver participants within HCSIS
Total Provider Expenses	The total expenses of the provider across all LOBs
Waiver	Authority granted to ODP to provide HCBW services to individuals with mental retardation ages three and above
Waiver Revenue for Waiver Eligible Services	Revenue paid by the Commonwealth for Waiver eligible services
Waiver revenue for Waiver Ineligible services	Revenue paid by the Commonwealth for Waiver ineligible services (i.e., Residential Occupancy)
Yellow Book Audit	Financial statement audit performed in accordance with GAGAS

Appendix B

ODP Payment Method for Consolidated and P/FDS Waiver Services

Effective July 1, 2009, ODP implemented a PPS for the Consolidated and P/FDS Waiver programs. Under the PPS, service rates are developed using one of the following methods: 1) cost-based rates; 2) fee schedule rates; or 3) outcomes-based payments. The sections below indicate the Waiver services for which each method is applied. In addition, the tables at the end of the appendix provide detail on each service at the procedure code level and provide guidance on how the procedure codes used for billing translate to the procedure codes in the Cost Report.

Cost-based Rates

Under the cost-based methodology, historical allowable expense data are collected from providers who submit Cost Reports to ODP using a standard reporting process. The historical expense data are considered as part of the prospective rate development process. To account for changes between the reporting period and the rating period, ODP considers other factors when developing the prospective rates, such as programmatic changes. There is no cost settlement at the end of the rating period.

Table 1 provides a summary of services that are reimbursed using the cost-based methodology. Traditional service providers who deliver any of the services in Table 1 to Consolidated or P/FDS Waiver-enrolled participants will need to submit a Cost Report if they want ODP to consider their historical experience when developing prospective payment rates.

Table 1: Services based on Cost-based Methodology

Unlicensed Home and Community Habilitation
Unlicensed Residential Habilitation (in Community Homes and FLHs)
Licensed Residential Home and Community Habilitation (Child Residential Services, Community Residential Rehabilitation Services, Adult FLHs, Child FLHs and Community Homes)
Licensed Day Habilitation Services — Adult Training Facilities
Prevocational Services, Vocational Facilities
Respite Services — Eligible (In-Home, Unlicensed Out-of-Home, Licensed Out-of-Home)
Employment Services (Supported Employment and Transitional Work)
Transportation Services (Per Diem and Zone)*

*Developed via separate Cost Report specific to the service

Fee Schedule Rates

Table 2 provides a summary of the services that are reimbursed under a fee schedule. The fee schedule rates vary by four regional areas, which were determined by ODP to have cost variations. Providers who only render services identified in Table 2 or Table 3 do **not** need to submit a Cost Report.

Table 2: Services based on Fee Schedule Methodology

Companion Services
Supports Broker
Therapy Services (Physical, Occupational, Speech and Language, Behavior and Visual/Mobility)
Nursing Services
Behavioral Support
Homemaker/Chore Services
Respite — Ineligible (Unlicensed Out-of-Home and Camp)
Licensed Day Habilitation Services — Older Adult Daily Living Centers
Supplemental Habilitation
Additional Individualized Staffing

Outcomes-based Payments

Table 3 provides a summary of services that are reimbursed on an outcomes basis, which is essentially a payment based on the total expense in rendering the service. Providers who render **only** the following services or only fee schedule services do **not** need to submit a Cost Report.

Table 3: Services based on Outcomes-based Payments

Respite Camp
Public Transportation and Mileage
Home Accessibility Adaptations
Vehicle Accessibility Adaptations
Assistive Technology
Education Support Services
Specialized Supplies

Table 4: Rate Development Method - Fee Schedule

PPS Service Name	Procedure Code & Modifier	Staff Level	Special Considerations for Completing Cost Report
Companion Services	W1724	Basic	Rates for these services are not developed using the cost-based methodology, which means expenses are not reported at the procedure code level. For service locations on the Certification Page - Provider Service Locations schedule, the provider must reflect their FY 2010/2011 expenses for these services on Schedule A, Column D and their revenue for these services on Schedule B, Columns A-C, Line 1c.
	W1725	Level 1	
	W1726	Level 2	
	W1727	Level 3	
Supports Broker	W7096	Supports Broker	
Therapy Services	T2025 GP	Physical Therapy	
	T2025 GO	Occupational Therapy	
	T2025 GN	Speech and Language Therapy	
	T2025 HE	Behavior Therapy, Individual	
	T2025 HE, HQ	Behavior Therapy, Group	
Nursing Services	W7246	Visual/Mobility Therapy	
	T2025 TD	Registered Nurse	
	T2025 TE	Licensed Practical Nurse	
Behavioral Support	W7095	Behavioral Support	
Homemaker/Chore	W7283	Permanent	
	W7283 UA	Temporary	
Unlicensed Out-of-Home Respite Ineligible - Day	W6060 - W6065	Unlicensed Out-of-Home Respite - Ineligible	
Unlicensed Out-of-Home Respite Ineligible - 15 Minutes	W6066 - W6071	Unlicensed Out-of-Home Respite - Ineligible	
Respite Camp Ineligible - Day	W8401	Respite Camp - Ineligible	
Respite Camp Ineligible - 15 Minutes	W8400	Respite Camp - Ineligible	
Supplemental Habilitation	W7070	1:1	
	W7084	2:1	
Licensed Day Habilitation Services - Older Adult Daily Living Centers	W7094	Older Adult Daily Living Centers	
Additional Individualized Staffing	W7085	1:1	
	W7086	2:1	
Supports Coordination	W7210	Supports Coordination	For purposes of this Cost Report, the provider must reflect their FY 2010/2011 expenses for this service on Schedule A, Column B and their revenue for this service on Schedule B, Column A, Line 1d.

Table 5: Rate Development Method - Outcomes-based

PPS Service Name	Procedure Code & Modifier	Staff Level	Special Considerations for Completing Cost Report
Transportation	W7271	Per Mile	Rates for these services are not developed using the cost-based methodology, which means expenses are not reported at the procedure code level. For service locations on the Certification Page - Provider Service Locations schedule, the provider must reflect their FY 2010/2011 expenses for these services on Schedule A, Column D and their revenue for these services on Schedule B, Columns A-C, Line 1c.
	W7272	Public Transportation	
Home Accessibility Adaptations	W7279	Home Accessibility Adaptations	
Vehicle Accessibility Adaptations	W7278	Vehicle Accessibility Adaptations	
Assistive Technology	T2028 SE	Non-Medical Assistive Technology	
	T2029 SE	Medical Assistive Technology	
Education Support	W7284	Education Support Services	
Specialized Supplies	W6089	Specialized Supplies	
Respite Camp - Day	W7285	Respite Camp - Eligible	
Respite Camp - 15 Minutes	W7286	Respite Camp - Eligible	

Table 6: Rate Development Method - Cost-based Rates

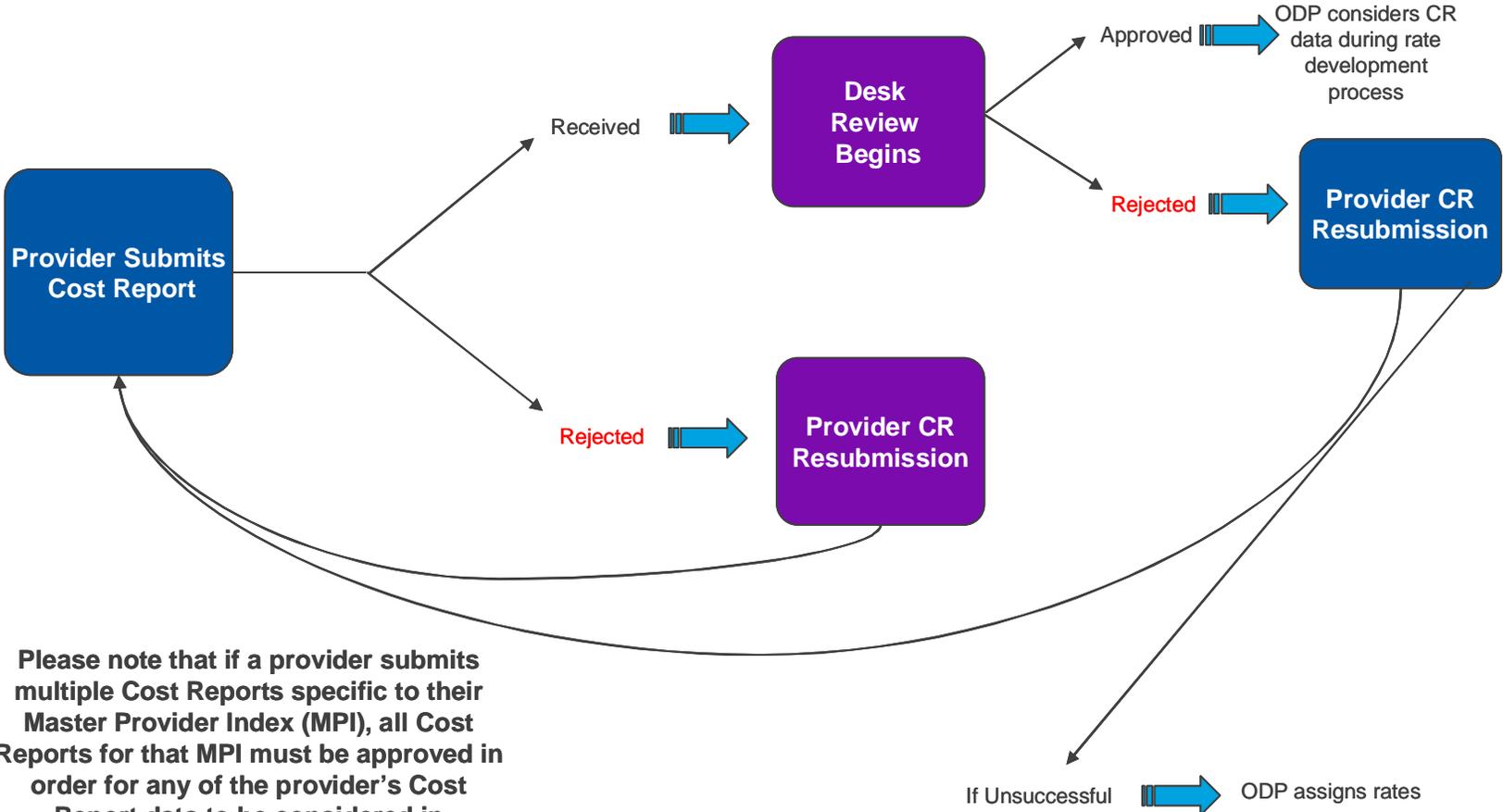
PPS Service Name	Procedure Code & Modifier Used for Billing	Staff Level	Special Considerations for Completing Cost Report	Procedure Code(s) to Select on Service Selection Tab in Cost Report (i.e., Codes where Rates will be Developed)
Unlicensed Home & Community Habilitation	W7057	Basic		W7057
	W7058	Level 1		W7058
	W7059	Level 2		W7059
	W7060	Level 3		W7060
	W7061	Level 3 Enhanced	TD and TE modifiers are for informational purposes only and do not affect the rate of service. Therefore, for Level 3 Enhanced, the Cost Report only contains W7061, and providers must report all costs for W7061, W7061 TD and W7061 TE under this code.	W7061
	W7061 TD	Level 3 Enhanced (RN)		
	W7061 TE	Level 3 Enhanced (LPN)		
	W7068	Level 4		W7068
	W7069	Level 4 Enhanced	TD and TE modifiers are for informational purposes only and do not affect the rate of service. Therefore, for Level 4 Enhanced, the Cost Report only contains W7069, and providers must report all costs for W7069, W7069 TD and W7069 TE under this code.	W7069
W7069 TD	Level 4 Enhanced (RN)			
W7069 TE	Level 4 Enhanced (LPN)			
Unlicensed Residential Habilitation in Community Homes	W7078	One-Individual Home, Eligible	For each home size, provider must ensure that expenses and units have been reported for the eligible procedure code and the corresponding ineligible procedure code.	W7078
	W7079	One-Individual Home, Ineligible		W7079
	W7080	Two-Individual Home, Eligible		W7080
	W7081	Two-Individual Home, Ineligible		W7081
	W7082	Three-Individual Home, Eligible		W7082
Unlicensed Residential Habilitation in Family Living Homes	W7083	Three-Individual Home, Ineligible		W7083
	W7037	One-Individual Home, Eligible	For each home size, provider should select both the eligible and the corresponding ineligible procedure code. ODP understands that some providers may not use the ineligible codes.	W7037
	W7038	One-Individual Home, Ineligible		W7038
	W7039	Two-Individual Home, Eligible		W7039
W7040	Two-Individual Home, Ineligible	W7040		
Child Residential Services	W7010	One-Individual Home, Eligible	For each home size, provider must ensure that expenses and units have been reported for the eligible procedure code and the corresponding ineligible procedure code.	W7010
	W7010 TD	One-Individual Home (RN), Eligible		W7010 TD
	W7010 TE	One-Individual Home (LPN), Eligible		W7010 TE
	W7011	One-Individual Home, Ineligible		W7011
	W7012	Two-Individual Home, Eligible		W7012
	W7012 TD	Two-Individual Home (RN), Eligible		W7012 TD
	W7012 TE	Two-Individual Home (LPN), Eligible		W7012 TE
	W7013	Two-Individual Home, Ineligible		W7013
	W7014	Three-Individual Home, Eligible		W7014
	W7014 TD	Three-Individual Home (RN), Eligible		W7014 TD
	W7014 TE	Three-Individual Home (LPN), Eligible		W7014 TE
	W7015	Three-Individual Home, Ineligible		W7015
	W7016	Four-Individual Home, Eligible		W7016
	W7016 TD	Four-Individual Home (RN), Eligible		W7016 TD
	W7016 TE	Four-Individual Home (LPN), Eligible		W7016 TE
	W7017	Four-Individual Home, Ineligible		W7017
	W7018	Five-to-Ten-Individual Home, Eligible		W7018
	W7018 TD	Five-to-Ten-Individual Home (RN), Eligible		W7018 TD
W7018 TE	Five-to-Ten-Individual Home (LPN), Eligible	W7018 TE		
Respite, Child Residential	W7019	Five to Ten-Individual Home, Ineligible		W7019
	W9591	Respite 24 Hours	If the provider has a temporary open bed (due to medical or therapeutic leave) and the provider delivers Respite during this temporary vacancy, the provider will receive their daily residential eligible and ineligible rates. A separate rate will not be developed for this procedure code, and therefore, this procedure code is not present in the Cost Report. Providers should report costs and utilization for temporary Respite in the Cost Report under the applicable Residential procedure code.	N/A
Community Residential Rehabilitation Services	W7020	One-Individual Home, Eligible	For each home size, provider must ensure that expenses and units have been reported for the eligible procedure code and the corresponding ineligible procedure code.	W7020
	W7020 TD	One-Individual Home (RN), Eligible		W7020 TD
	W7020 TE	One-Individual Home (LPN), Eligible		W7020 TE
	W7021	One-Individual Home, Ineligible		W7021
	W7022	Two-Individual Home, Eligible		W7022
	W7022 TD	Two-Individual Home (RN), Eligible		W7022 TD
	W7022 TE	Two-Individual Home (LPN), Eligible		W7022 TE
	W7023	Two-Individual Home, Ineligible		W7023
	W7024	Three-Individual Home, Eligible		W7024
	W7024 TD	Three-Individual Home (RN), Eligible		W7024 TD
	W7024 TE	Three-Individual Home (LPN), Eligible		W7024 TE
	W7025	Three-Individual Home, Ineligible		W7025
	W7026	Four-Individual Home, Eligible		W7026
	W7026 TD	Four-Individual Home (RN), Eligible		W7026 TD
	W7026 TE	Four-Individual Home (LPN), Eligible		W7026 TE
	W7027	Four-Individual Home, Ineligible		W7027
	W7028	Five-to-Ten-Individual Home, Eligible		W7028
	W7028 TD	Five-to-Ten-Individual Home (RN), Eligible		W7028 TD
	W7028 TE	Five-to-Ten-Individual Home (LPN), Eligible		W7028 TE
	W7029	Five to Ten-Individual Home, Ineligible		
Respite, Community Residential Rehabilitation Services	W9592	Respite 24 Hours	If the provider has a temporary open bed (due to medical or therapeutic leave) and the provider delivers Respite during this temporary vacancy, the provider will receive their daily residential eligible and ineligible rates. A separate rate will not be developed for this procedure code, and therefore, this procedure code is not present in the Cost Report. Providers should report costs and utilization for temporary Respite in the Cost Report under the applicable Residential procedure code.	N/A

PPS Service Name	Procedure Code & Modifier Used for Billing	Staff Level	Special Considerations for Completing Cost Report	Procedure Code(s) to Select on Service Selection Tab in Cost Report (i.e., Codes where Rates will be Developed)		
Adult Family Living Home	W7291	One-Individual Home, Eligible	For each home size, provider should select both the eligible and the corresponding ineligible procedure code. ODP understands that some providers may not use the ineligible codes.	W7291		
	W7291 TD	One-Individual Home (RN), Eligible		W7291 TD		
	W7291 TE	One-Individual Home (LPN), Eligible		W7291 TE		
	W7292	One-Individual Home, Ineligible		W7292		
	W7293	Two-Individual Home, Eligible		W7293		
	W7293 TD	Two-Individual Home (RN), Eligible		W7293 TD		
	W7293 TE	Two-Individual Home (LPN), Eligible		W7293 TE		
Child Family Living Home	W7294	Two-Individual Home, Ineligible	For each home size, provider should select both the eligible and the corresponding ineligible procedure code. ODP understands that some providers may not use the ineligible codes.	W7294		
	W7295	One-Individual Home, Eligible		W7295		
	W7295 TD	One-Individual Home (RN), Eligible		W7295 TD		
	W7295 TE	One-Individual Home (LPN), Eligible		W7295 TE		
	W7296	One-Individual Home, Ineligible		W7296		
	W7297	Two-Individual Home, Eligible		W7297		
	W7297 TD	Two-Individual Home (RN), Eligible		W7297 TD		
Respite, Family Living Homes	W7297 TE	Two-Individual Home (LPN), Eligible	If the provider has a temporary open bed (due to medical or therapeutic leave) and the provider delivers Respite during this temporary vacancy, the provider will receive their daily residential eligible and ineligible rates. A separate rate will not be developed for this procedure code, and therefore, this procedure code is not present in the Cost Report. Providers should report costs and utilization for temporary Respite in the Cost Report under the applicable Residential procedure code.	W7297 TE		
	W7298	Two-Individual Home, Ineligible		W7298		
	W9593	Respite 24 Hours		N/A		
	Licensed Residential Habilitation in Community Homes	W6090		One-Individual Home, Eligible	For each home size, provider must ensure that expenses and units have been reported for the eligible procedure code and the corresponding ineligible procedure code.	W6090
		W6090 TD		One-Individual Home (RN), Eligible		W6090 TD
		W6090 TE		One-Individual Home (LPN), Eligible		W6090 TE
		W6090 UA		One-Individual Home, Eligible, Semi-independent		W6090 UA
W6090 TD UA		One-Individual Home (RN), Eligible, Semi-independent	W6090 UA			
W6090 TE UA		One-Individual Home (LPN), Eligible, Semi-independent	W6090 UA			
W6091		One-Individual Home, Ineligible	W6091			
W6092		Two-Individual Home, Eligible	W6092			
W6092 TD		Two-Individual Home (RN), Eligible	W6092 TD			
W6092 TE		Two-Individual Home (LPN), Eligible	W6092 TE			
W6092 UA		Two-Individual Home, Eligible, Semi-independent	W6092 UA			
W6092 TD UA		Two-Individual Home (RN), Eligible, Semi-independent	W6092 UA			
W6092 TE UA		Two-Individual Home (LPN), Eligible, Semi-independent	W6092 UA			
W6093		Two-Individual Home, Ineligible	W6093			
W6094		Three-Individual Home, Eligible	W6094			
W6094 TD		Three-Individual Home (RN), Eligible	W6094 TD			
W6094 TE		Three-Individual Home (LPN), Eligible	W6094 TE			
W6094 UA		Three-Individual Home, Eligible, Semi-independent	W6094 UA			
W6094 TD UA		Three-Individual Home (RN), Eligible, Semi-independent	W6094 UA			
W6094 TE UA		Three-Individual Home (LPN), Eligible, Semi-independent	W6094 UA			
W6095		Three-Individual Home, Ineligible	W6095			
W6096		Four-Individual Home, Eligible	W6096			
W6096 TD		Four-Individual Home (RN), Eligible	W6096 TD			
W6096 TE		Four-Individual Home (LPN), Eligible	W6096 TE			
W6096 UA		Four-Individual Home, Eligible, Semi-independent	W6096 UA			
W6096 TD UA		Four-Individual Home (RN), Eligible, Semi-independent	W6096 UA			
W6096 TE UA		Four-Individual Home (LPN), Eligible, Semi-independent	W6096 UA			
W6097		Four-Individual Home, Ineligible	W6097			
W6098		Five-to-Ten-Individual Home, Eligible	W6098			
W6098 TD		Five-to-Ten-Individual Home (RN), Eligible	W6098 TD			
W6098 TE	Five-to-Ten-Individual Home (LPN), Eligible	W6098 TE				
W6098 UA	Five-to-Ten-Individual Home, Eligible, Semi-independent	W6098 UA				
W6098 TD UA	Five-to-Ten-Individual Home (RN), Eligible, Semi-independent	W6098 UA				
W6098 TE UA	Five-to-Ten-Individual Home (LPN), Eligible, Semi-independent	W6098 UA				
W6099	Five to Ten-Individual Home, Ineligible	W6099				
Respite, Licensed Residential Habilitation in Community Homes	W9594	Respite 24 Hours	If the provider has a temporary open bed (due to medical or therapeutic leave) and the provider delivers Respite during this temporary vacancy, the provider will receive their daily residential eligible and ineligible rates. A separate rate will not be developed for this procedure code, and therefore, this procedure code is not present in the Cost Report. Providers should report costs and utilization for temporary Respite in the Cost Report under the applicable Residential procedure code.	N/A		
Licensed Day Habilitation Services - Adult Training Facilities	W7072	Basic	TD and TE modifiers are for informational purposes only and do not affect the rate of service. Therefore, for Level 3 Enhanced, the Cost Report only contains W7076, and providers must report all costs for W7076, W7076 TD and W7076 TE under this code.	W7072		
	W7073	Level 1		W7073		
	W7074	Level 2		W7074		
	W7075	Level 3		W7075		
	W7076	Level 3 Enhanced		W7076		
	W7076 TD	Level 3 Enhanced (RN)		W7076		
	W7076 TE	Level 3 Enhanced (LPN)		W7076		
	W7035	Level 4		W7035		
	W7036	Level 4 Enhanced		W7036		
	W7036 TD	Level 4 Enhanced (RN)		W7036		
W7036 TE	Level 4 Enhanced (LPN)	W7036				

PPS Service Name	Procedure Code & Modifier Used for Billing	Staff Level	Special Considerations for Completing Cost Report	Procedure Code(s) to Select on Service Selection Tab in Cost Report (i.e., Codes where Rates will be Developed)
Prevocational Service	W7087	Basic		W7087
	W7088	Level 1		W7088
	W7089	Level 2		W7089
	W7090	Level 3		W7090
	W7091	Level 3 Enhanced	TD and TE modifiers are for informational purposes only and do not affect the rate of service. Therefore, for Level 3 Enhanced, the Cost Report only contains W7091, and providers must report all costs for W7091, W7091 TD and W7091 TE under this code.	W7091
	W7091 TD	Level 3 Enhanced (RN)		
	W7091 TE	Level 3 Enhanced (LPN)		
	W7092	Level 4		W7092
	W7093	Level 4 Enhanced	TD and TE modifiers are for informational purposes only and do not affect the rate of service. Therefore, for Level 3 Enhanced, the Cost Report only contains W7093, and providers must report all costs for W7093, W7093 TD and W7093 TE under this code.	W7093
	W7093 TD	Level 4 Enhanced (RN)		
W7093 TE	Level 4 Enhanced (LPN)			
Supported Employment	W7235	Supported Employment		W7235
Transitional Work	W7237	Basic		W7237
	W7239	Level 1		W7239
	W7241	Level 2		W7241
	W7245	Level 3		W7245
In-Home Respite - 24 Hours	W7247	Basic		W7247
	W7248	Level 1		W7248
	W7250	Level 2		W7250
	W7251	Level 2 Enhanced	TD and TE modifiers are for informational purposes only and do not affect the rate of service. Therefore, for Level 3 Enhanced, the Cost Report only contains W7251, and providers must report all costs for W7251, W7251 TD and W7251 TE under this code.	W7251
	W7251 TD	Level 2 Enhanced (RN)		
	W7251 TE	Level 2 Enhanced (LPN)		
	W7252	Level 3		W7252
	W7253	Level 3 Enhanced	TD and TE modifiers are for informational purposes only and do not affect the rate of service. Therefore, for Level 3 Enhanced, the Cost Report only contains W7253, and providers must report all costs for W7253, W7253 TD and W7253 TE under this code.	W7253
W7253 TD	Level 3 Enhanced (RN)			
W7253 TE	Level 3 Enhanced (LPN)			
In-Home Respite - 15 Minutes	W7255	Basic		W7255
	W7256	Level 1		W7256
	W7258	Level 2		W7258
	W7264	Level 2 Enhanced	TD and TE modifiers are for informational purposes only and do not affect the rate of service. Therefore, for Level 3 Enhanced, the Cost Report only contains W7264, and providers must report all costs for W7264, W7264 TD and W7264 TE under this code.	W7264
	W7264 TD	Level 2 Enhanced (RN)		
	W7264 TE	Level 2 Enhanced (LPN)		
	W7265	Level 3		W7265
	W7266	Level 3 Enhanced	TD and TE modifiers are for informational purposes only and do not affect the rate of service. Therefore, for Level 3 Enhanced, the Cost Report only contains W7266, and providers must report all costs for W7266, W7266 TD and W7266 TE under this code.	W7266
W7266 TD	Level 3 Enhanced (RN)			
W7266 TE	Level 3 Enhanced (LPN)			
Unlicensed Out-of-Home Respite - 24 Hours	W8000	Basic		W8000
	W8001	Level 1		W8001
	W8002	Level 2		W8002
	W8003	Level 2 Enhanced	TD and TE modifiers are for informational purposes only and do not affect the rate of service. Therefore, for Level 3 Enhanced, the Cost Report only contains W8003, and providers must report all costs for W8003, W8003 TD and W8003 TE under this code.	W8003
	W8003 TD	Level 2 Enhanced (RN)		
	W8003 TE	Level 2 Enhanced (LPN)		
	W8004	Level 3		W8004
	W8005	Level 3 Enhanced	TD and TE modifiers are for informational purposes only and do not affect the rate of service. Therefore, for Level 3 Enhanced, the Cost Report only contains W8005, and providers must report all costs for W8005, W8005 TD and W8005 TE under this code.	W8005
W8005 TD	Level 3 Enhanced (RN)			
W8005 TE	Level 3 Enhanced (LPN)			
Unlicensed Out-of-Home Respite - 15 Minutes	W8010	Basic		W8010
	W8011	Level 1		W8011
	W8012	Level 2		W8012
	W8013	Level 2 Enhanced	TD and TE modifiers are for informational purposes only and do not affect the rate of service. Therefore, for Level 3 Enhanced, the Cost Report only contains W8013, and providers must report all costs for W8013, W8013 TD and W8013 TE under this code.	W8013
	W8013 TD	Level 2 Enhanced (RN)		
	W8013 TE	Level 2 Enhanced (LPN)		
	W8014	Level 3		W8014
	W8015	Level 3 Enhanced	TD and TE modifiers are for informational purposes only and do not affect the rate of service. Therefore, for Level 3 Enhanced, the Cost Report only contains W8015, and providers must report all costs for W8015, W8015 TD and W8015 TE under this code.	W8015
W8015 TD	Level 3 Enhanced (RN)			
W8015 TE	Level 3 Enhanced (LPN)			
Respite - Licensed Out-of-Home - 24 Hours	W7259	Basic		W7259
	W7260	Level 1		W7260
	W7262	Level 2		W7262
	W7263	Level 2 Enhanced	TD and TE modifiers are for informational purposes only and do not affect the rate of service. Therefore, for Level 3 Enhanced, the Cost Report only contains W7263, and providers must report all costs for W7263, W7263 TD and W7263 TE under this code.	W7263
	W7263 TD	Level 2 Enhanced (RN)		
	W7263 TE	Level 2 Enhanced (LPN)		
	W7299	Level 3		W7299
	W7300	Level 3 Enhanced	TD and TE modifiers are for informational purposes only and do not affect the rate of service. Therefore, for Level 3 Enhanced, the Cost Report only contains W7300, and providers must report all costs for W7300, W7300 TD and W7300 TE under this code.	W7300
W7300 TD	Level 3 Enhanced (RN)			
W7300 TE	Level 3 Enhanced (LPN)			
Respite - Licensed Out-of-Home - 15 Minutes	W7267	Basic		W7267
	W7268	Level 1		W7268
	W7270	Level 2		W7270
	W7400	Level 2 Enhanced	TD and TE modifiers are for informational purposes only and do not affect the rate of service. Therefore, for Level 3 Enhanced, the Cost Report only contains W7400, and providers must report all costs for W7400, W7400 TD and W7400 TE under this code.	W7400
	W7400 TD	Level 2 Enhanced (RN)		
	W7400 TE	Level 2 Enhanced (LPN)		
	W7401	Level 3		W7401
	W7402	Level 3 Enhanced	TD and TE modifiers are for informational purposes only and do not affect the rate of service. Therefore, for Level 3 Enhanced, the Cost Report only contains W7402, and providers must report all costs for W7402, W7402 TD and W7402 TE under this code.	W7402
W7402 TD	Level 3 Enhanced (RN)			
W7402 TE	Level 3 Enhanced (LPN)			
Transportation	W7273	Per Diem	Rates for these transportation services are based on cost data collected by the AEs. For purposes of this Cost Report, the provider must reflect their FY 2010/2011 expenses for services delivered at service locations on the Certification Page - Provider Service Locations schedule on Schedule A, Column D and their revenue for these services on Schedule B, Columns A-C, Line 1c. For service locations that only render these transportation services, the FY 2010/2011 expenses should be reported on Schedule A, Column B and the revenue on Schedule B, Column A, Line 1d.	W7273
	W7274	Zone 1		W7274
	W7275	Zone 2		W7275
	W7276	Zone 3		W7276



Cost Report Process Flow Chart



Please note that if a provider submits multiple Cost Reports specific to their Master Provider Index (MPI), all Cost Reports for that MPI must be approved in order for any of the provider’s Cost Report data to be considered in prospective rate development (i.e., partial CR submission approvals will not be considered during rate development).



Anticipated Timelines for Year 4 of the PPS

Anticipated Timelines for Year 4 of the PPS

Task	CY 2011												CY 2012												
	July		August		Sept		Oct		Nov		Dec		Jan		Feb		Mar		Apr		May		June		
	1-15	16-31	1-15	16-31	1-15	16-30	1-15	16-31	1-15	16-30	1-15	16-31	1-15	16-31	1-15	16-28	1-15	16-31	1-15	16-30	1-15	16-31	1-15	16-30	
ODP publishes Year 4 cost report (CR) instructions and template																									
ODP holds web-based CR training sessions																									
Providers complete CR																									
E-help desk is open to providers for CR questions																									
ODP holds online follow-up CR training session																									
ODP CR and desk review (DR) website open for CR submission																									
Year 4 CR initial upload attempt due																									
Year 4 CR and supplemental schedule uploads are due																									
Providers to ensure SSD is updated to match the service locations and procedure codes reported in the CR																									
AEs begin DR of CRs																									
AEs complete initial DR on CRs and request resubmissions, as necessary																									
AEs complete DR on CR resubmissions																									
Providers on a CY must upload CY 2010 Audited Financial Statements (AFS)																									
Providers on a FY must upload FY 10/11 AFS																									
AEs complete DR on AFS files																									
ODP conducts rate-setting activities																									
ODP distributes proposed FY 2012/2013 rates to providers																									



Appendix E

Allowable and Non-Allowable Staff Compensation

Compensation Limits

Prior to allocation of expenses to Waiver allowable, total compensation (i.e., salary and ERE, including one-time payments, bonuses and stock option grants or payments) for each staff position (i.e., executive, non-executive, direct, other program, contracted and administrative) must align with the limits in the following grid. Moreover, these limits apply to any compensation costs allocated from parent/affiliated organizations via management fees. This grid is reviewed annually effective July 1 of each year to determine if updates will be made. Moreover, compensation is limited to reasonable levels as defined by Section 4958 of the United States Internal Revenue Code, which states, “the amount that would ordinarily be paid for like services by like enterprises.” 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.

Staff Compensation Grid

Allowable Reimbursement Maximums, effective July 1, 2008

Pay Range	Salary and Benefits	Total Expenditures of Multiple Service Provider	Total Expenditures of Single Service Provider
	\$297,564	\$60,000,000	
	\$284,567		\$60,000,000
	\$273,751	\$50,000,000	
	\$249,432		\$50,000,000
	\$243,693	\$37,500,000	
	\$227,931		\$37,500,000
	\$220,191	\$27,500,000	
	\$210,358		\$27,500,000
	\$194,436	\$17,500,000	
	\$185,752		\$17,500,000
	\$185,752	\$12,500,000	
	\$176,221		\$12,500,000
54	\$176,221	\$7,000,000	
53	\$168,624		\$7,000,000
52	\$168,624	\$5,000,000	
51	\$151,111		\$5,000,000
50	\$151,111	\$3,000,000	
49	\$132,340		\$3,000,000
48	\$132,340	\$1,000,000	
47	\$132,340		\$1,000,000
46	\$115,945	\$500,000	
45	\$115,945		\$500,000
44	\$115,945	\$300,000	
43	\$101,532		\$300,000
42	\$101,532	\$200,000	
41	\$101,532		\$100,000

For organizations with expenditures above \$17,500,000, the compensation amounts are based on the compensation grid proposed in the March 8, 2006 Interim Rate Setting Procedures For FY 2006/2007 Bulletin (00-06-06), adjusted for cost of living increases of 2% for 2006/2007 and 1% for 2007/2008. For Single Service Providers with up to \$12,500,000 in expenditures, the compensation amount was set to the Pay Range 54 pay rate of \$176,221. For Multiple Service Providers with up to \$12,500,000 in expenditures, the compensation amount was set to \$185,752, which is the compensation amount for Single Service Providers with up to \$17,500,000 in expenditures. Determination of Single service Providers and Multiple Service Providers is discussed in detail below. ODP chose to set the compensation for these two levels, as amounts resulting from adjusting the compensation levels in the interim rate-setting bulletin were less than the Pay Range 54 compensation amount.

The above salary and benefit amounts represent the allowable total compensation maximums for each pay range. Note that some amounts are identical for different provider total expenditure ranges. This is because the benchmark for local government pay ranges has reached the maximum step (20) on the Commonwealth salary schedule.

The following is NEW. Specific guidance on the Single-Service versus Multiple Service Provider criteria is included in the instructions this year to ensure consistent interpretation across all providers. 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 shall 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. All services that a provider delivers (i.e., all services the provider delivers across all of their service locations) should be considered in making this determination. Additionally, a provider that delivers services in at least one of the service categories listed below and also delivers services related to other LOBs (e.g. mental health services) shall be considered a Multiple Service Provider for purposes of determining maximum compensation.

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	

Service Name	Procedure Code & Modifier Used for Billing	Staff Level	Category	Notes
	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	
	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	

Service Name	Procedure Code & Modifier Used for Billing	Staff Level	Category	Notes
	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	
	W6094	Three-Individual Home, Eligible	Category 2	
	W6094 TD	Three-Individual Home (RN), Eligible	Category 2	

Service Name	Procedure Code & Modifier Used for Billing	Staff Level	Category	Notes
	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 &	W7057	Basic	Category 4	

Service Name	Procedure Code & Modifier Used for Billing	Staff Level	Category	Notes
Community Habilitation	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
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			

Service Name	Procedure Code & Modifier Used for Billing	Staff Level	Category	Notes
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	
	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	
	W7266 TE	Level 3 Enhanced (LPN)	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	

Service Name	Procedure Code & Modifier Used for Billing	Staff Level	Category	Notes
	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	
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

Service Name	Procedure Code & Modifier Used for Billing	Staff Level	Category	Notes
	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	
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

Non-Allowable Compensation Example

The following example illustrates how the limits in the grid should be applied and where the allocations are appropriately reported on Schedule A. Note that because Column F of Schedule A is automatically populated from the Schedule Ds, the allowable amounts are reported on the Schedule Ds and the non-allowable amounts are reported on Schedule A, Column E. This policy applies to all staff positions on Schedules D, D-1, D-2 and D-3, as well as to the Management Fees line on Schedule F (Line 1).

A provider that renders only residential services (and thus, is a Single Service Provider) with \$3,500,000 in expenditures has an employee salary expense of \$120,000 and ERE expenses of \$40,000, for a total compensation expense of \$160,000. This is the only employee within the organization whose compensation expense exceeds the salary grid limit. Based on the services delivered, the provider has determined that these expenses need to be distributed to different LOBs as follows:

- 20% to other, non-Waiver related LOBs
- 10% to Base-funded services at locations excluded from the Cost Report
- 30% to Waiver service locations excluded from the Cost Report
- 10% to Base-funded services at locations included in the Cost Report
- 30% to Waiver service locations included in the Cost Report

According to the compensation grid, \$27,660 or roughly 17.3% $([\$160,000 - \$132,340] / \$160,000)$ of the employee's compensation is non-allowable.

Salary

The non-allowable portion of the \$120,000 salary is \$20,745 ($\$120,000 \times 17.3\%$). The following table summarizes the allowable and non-allowable components of the salary and indicates where each component is reported on Schedule A based on the distribution above. The reporting of the ERE allowable and non-allowable components is described below.

Salary Expense Distribution	Allowable	Excluded, Non-Allowable
Non-Waiver related LOB (20%)	\$19,851 is allocated to Column B	\$4,149 is allocated to Column B
Base-funded services at excluded service locations (10%)	\$9,926 is allocated to Column B	\$2,075 is allocated to Column B
Waiver services at excluded service locations (30%)	\$29,777 is allocated to Column B	\$6,224 is allocated to Column B
Base-funded services at included service locations (10%)	\$9,926 is allocated to Column C	\$2,075 is allocated to Column C
Waiver services at included service locations (30%)*	\$29,777 is allocated to Column F	\$6,224 is allocated to Column E

May not sum to total salary due to rounding

* Note that since Column F of Schedule A is automatically populated, the allowable values above are the amounts that should be reported on the applicable staffing schedule (Schedule D, D-1, D-2 or D-3) based on the employee's role within the organization. The non-allowable amounts above are reported in Schedule A, Column E.

ERE

Continuing with the example from above, the non-allowable portion of the \$40,000 employee ERE is \$6,915 (roughly 17.3%). The following table summarizes the allowable and non-allowable components of the ERE and indicates where each component is reported on Schedule A, based on the distribution described in the example.

Salary Expense Distribution	Allowable	Excluded, Non-Allowable
Non-Waiver related LOB (20%)	\$6,617 is allocated to Column B	\$1,383 is allocated to Column B
Base-funded services at excluded service locations (10%)	\$3,309 is allocated to Column B	\$692 is allocated to Column B
Waiver services at excluded service locations (30%)	\$9,926 is allocated to Column B	\$2,075 is allocated to Column B
Base-funded services at included service locations (10%)	\$3,309 is allocated to Column C	\$692 is allocated to Column C
Waiver services at included service locations (30%)*	\$9,926 is allocated to Column F	\$2,075 is allocated to Column E

May not sum to total ERE due to rounding

* Note that since Column F of Schedule A is automatically populated, the allowable amounts above are the amounts that should be reported on the applicable staffing schedule (Schedule D, D-1, D-2 or D-3) based on the employee's role within the organization. The non-allowable values above should be reported on Schedule A, Column E.

Appendix F

Transportation Example

This appendix provides an example of how to report different types of transportation expenses in the Cost Report. The provider in the example below delivers services to both Waiver-enrolled participants and Base-funded individuals. In general, 50% of the provider's services are delivered to Waiver participants. Unless otherwise stated below, the transportation being delivered is part of another service and is not billed separately through a transportation procedure code.

Assumptions

A provider uses mileage reimbursement to compensate staff who use their personal vehicles to perform job duties. In addition, the provider owns the following vehicles:

- Utility truck #1 that is used by maintenance staff who are responsible for the upkeep of residential facilities
- Utility truck #2 that is used by maintenance staff who are responsible for the upkeep of administrative and non-residential program buildings
- A passenger van that is used to transport individuals in residential homes to program-related activities, including transporting individuals between residential and day program service locations
- Staff vehicle #1 that is used by staff to perform job duties (e.g., driving to meetings and required training sessions)
- Staff vehicle #2 that is used by staff to transport only Waiver participants to program-related activities

The expenses during the historical reporting period for the mileage reimbursement, as well as each of the vehicles above, are outlined in the following table.

Expense	Utility Truck #1	Utility Truck #2	Passenger Van	Staff Vehicle #1	Staff Vehicle #2	Mileage Reimbursement
Depreciation	\$3,000	\$2,000	\$3,500	\$2,500	\$1,500	N/A
Fuel	\$4,000	\$3,000	\$10,000	\$6,000	\$3,500	N/A
Maintenance	\$500	\$400	\$850	\$700	\$600	N/A
Insurance	\$1,000	\$1,000	\$5,000	\$1,000	\$1,500	N/A
License/Registration/Taxes	\$200	\$200	\$200	\$200	\$200	N/A
Mileage Reimbursement	N/A	N/A	N/A	N/A	N/A	\$6,000

To properly allocate the expenses for the Passenger Van, the provider maintains a vehicle log. Based on the vehicle log, the provider notes that the Passenger Van is used to transport individuals as follows: 70% of the time it is used for Waiver participants, 20% of the time it is used for Base-funded individuals and 10% of the time it is used to deliver zone transportation services (i.e., services billed through a separate transportation procedure code) to Waiver participants.

Of the \$6,000 in mileage reimbursement,

- \$2,500 was for transporting individuals (50% of which were for services delivered to Base-funded individuals)
- \$3,500 was for performing job duties (e.g., driving to meetings)

Expense Allocations

The appropriate Cost Report allocations for this provider's transportation expenses are described below.

Utility Truck #1 (Residential)

Depreciation expenses for vehicles used to support maintenance of residential homes (i.e., not related to transporting participants) are reported on Schedule E-1 in the "Motor Vehicles – Residential" section. Non-depreciation expenses for these vehicles are reported on Schedule J. The appropriate expense allocations in the Cost Report for Utility Truck #1 are summarized in the following table.

Expense	Total Expenses*	Waiver Expenses	Comments
Depreciation	\$3,000 in Schedule E-1, Column F, Line 11	\$1,500 in Schedule E-1, Column G, Line 11	As noted in the example, roughly 50% of the provider's services are delivered to Waiver participants. Therefore, the total expenses are multiplied by 50% to obtain the Waiver amounts that are reported on Schedule E-1, Column G and on Schedule J.
Fuel	\$4,000	\$2,000 in Schedule J, Line 29	
Maintenance	\$500	\$250 in Schedule J, Line 29	Since the remaining 50% of these transportation costs are for Base-funded individuals, these costs should be reported on the appropriate line of Schedule A, Column C.
Insurance	\$1,000	\$500 in Schedule J, Line 29	
License/Registration/Taxes	\$200	\$100 in Schedule J, Line 29	

*Note that total provider expenses are only itemized out in the Cost Report on the depreciation schedules.

Utility Truck #2 (Administrative Buildings)

Depreciation expenses for vehicles used to support administrative and non-residential program buildings are reported on Schedule E-1 in the "Motor Vehicles – Program-Related, Non-Residential-Other" section. Non-depreciation expenses for these vehicles (i.e., not used for transporting individuals) are reported on Schedule F. The expense allocations in the Cost Report for Utility Truck #2 are summarized in the table below.

Expense	Total Expenses*	Waiver Expenses	Comments
Depreciation	\$2,000 in Schedule E-1, Column F, Line 6	\$1,000 in Schedule E-1, Column G, Line 6	As noted in the example, roughly 50% of the provider's services are delivered to Waiver participants. Therefore, the total expenses are multiplied by 50% to obtain the Waiver amounts that are reported on Schedule E-1, Column G and on Schedule F.
Fuel	\$3,000	\$1,500 in Schedule F, Line 14	
Maintenance	\$400	\$200 in Schedule F, Line 14	Since the remaining 50% of these transportation costs are for Base-funded individuals, these costs should be reported on the appropriate line of Schedule A, Column C.
Insurance	\$1,000	\$500 in Schedule F, Line 14	
License/Registration/Taxes	\$200	\$100 in Schedule F, Line 14	

*Note that total provider expenses are only itemized out in the Cost Report on the depreciation schedules.

Passenger Van

Depreciation expenses for vehicles used for transporting individuals in residential homes are reported on Schedule E-1 in the “Motor Vehicles – Program-Related, Participant” section. Non-depreciation expenses for vehicles used for participant transportation in residential homes are reported on Schedule I. The expense allocations in the Cost Report for the Passenger Van are summarized in the table below.

Expense	Total Expenses*	Waiver Expenses	Comments
Depreciation	\$3,500 in Schedule E-1, Column F, Line 1	\$2,450 in Schedule E-1, Column G, Line 1	As noted in the example, roughly 70% of the time the van is used for Waiver participants. Therefore, the total expenses are multiplied by 70% to obtain the Waiver amounts that are reported on Schedule E-1, Column G and on Schedule I.
Fuel	\$10,000	\$7,000 in Schedule I, Line 2	
Maintenance	\$850	\$595 in Schedule I, Line 3	Also, 20% of the time the van is used to transport Base-funded individuals, so 20% of the total expense should be reported on the appropriate line of Schedule A, Column C.
Insurance	\$5,000	\$3,500 in Schedule I, Line 4	
License/Registration/Taxes	\$200	\$140 in Schedule I, Line 5	10% of the time the van is used to provide transportation that is billed separately (should be treated as a fee schedule service) to Waiver participants. Therefore, 10% of the total expense should be reported on the appropriate line of Schedule A, Column D.

*Note that total provider expenses are only itemized out in the Cost Report on the depreciation schedules.

Staff Vehicle #1 (Staff Transportation)

Depreciation expenses for vehicles used for staff job duties (e.g., attending meetings) are reported on Schedule E-1 in the “Motor Vehicles – Program-Related, Non-Residential Other” section. Non-depreciation expenses for these vehicles are reported on Schedule F. The expense allocations in the cost report for Staff Vehicle #1 are summarized in the following table.

Expense	Total Expenses*	Waiver Expenses	Comments
Depreciation	\$2,500 in Schedule E-1, Column F, Line 7	\$1,250 in Schedule E-1, Column G, Line 7	As noted in the example, roughly 50% of the provider's services are delivered to Waiver participants. Therefore, the total expenses are multiplied by 50% to obtain the Waiver amounts that are reported on Schedule E-1, Column G and on Schedule F.
Fuel	\$6,000	\$3,000 in Schedule F, Line 12	
Maintenance	\$700	\$350 in Schedule F, Line 12	Since the remaining 50% of these transportation costs are for Base-funded individuals, these costs should be reported on the appropriate line of Schedule A, Column C.
Insurance	\$1,000	\$500 in Schedule F, Line 12	
License/Registration/Taxes	\$200	\$100 in Schedule F, Line 12	

*Note that total provider expenses are only itemized out in the Cost Report on the depreciation schedules.

Staff Vehicle #2 (Participant Transportation)

Depreciation expenses for vehicles used by staff for transporting participants are reported on Schedule E-1 in the "Motor Vehicles – Program-Related, Participant" section. Non-depreciation expenses for vehicles used by staff for participant transportation are reported on Schedule I. The expense allocations in the Cost Report for Staff Vehicle #2 are summarized in the table below.

Expense	Total Expenses*	Waiver Expenses	Comments
Depreciation	\$1,500 in Schedule E-1, Column F, Line 2	\$1,500 in Schedule E-1, Column G, Line 2	As noted in the example, this vehicle is only used to transport Waiver participants. Therefore, all expenses are Waiver-related and thus reported on Schedule E-1, Column G and on Schedule I.
Fuel	\$3,500	\$3,500 in Schedule I, Line 2	
Maintenance	\$600	\$600 in Schedule I, Line 3	
Insurance	\$1,500	\$1,500 in Schedule I, Line 4	
License/Registration/Taxes	\$200	\$200 in Schedule I, Line 5	

*Note that total provider expenses are only itemized out in the Cost Report on the depreciation schedules.

Mileage Reimbursement

Mileage reimbursement for staff transportation necessary for job duties (i.e., not related to transporting individuals) is reported on Schedule F. Mileage reimbursement for transporting individuals is reported on Schedule I. The expense allocations in the Cost Report for mileage reimbursement are summarized in the following table.

Expense	Total Expenses*	Waiver Expenses	Comments
Participant Transportation	\$2,500	\$1,250 in Schedule I, Line 6	As noted in the example, roughly 50% of the provider's services are delivered to Waiver participants. Therefore, the total expenses are multiplied by 50% to obtain the Waiver amounts that are reported on Schedule I and on Schedule F. Since the remaining 50% of these transportation costs are for Base-funded individuals, these costs should be reported on the appropriate line of Schedule A, Column C.
Non-participant Transportation	\$3,500	\$1,750 in Schedule F, Line 12	

*Note that total provider expenses are only itemized out in the Cost Report on the depreciation schedules.

Appendix G

List of Changes Made to Year 4 Cost Report Instructions and Template

Based on feedback received, and questions that were frequently submitted to the E-help desk in Year 3, ODP has made various changes to the Cost Report instructions and template for Year 4. The following table provides a summary of these changes to help the reader identify and understand what is different for Year 4. Many of these changes are highlighted throughout the document with the following text, “**The following is NEW.**” Please note that this grid aims to summarize the significant changes made to the Cost Report instructions and does not include every change (some changes are considered immaterial for the purposes of this grid in that they do not significantly impact the cost reporting process). As this grid is a summary of changes and clarifications, it is highly recommended that the reader reference the relevant sections within the Cost Report instructions for complete descriptions and more detailed information.

Changes and Clarifications to Cost Report Policies, Schedules or Submission Process

Section of Instructions	Change/Clarification
Section 2: Cost Report Requirements	<ul style="list-style-type: none"> ▪ Similar to the Cost Report schedules, supplemental schedules must <u>not</u> contain any Protected Health Information (PHI). Examples include individuals’ names, birth dates, diagnosis information, etc.
Section 2: Audit Requirements	<ul style="list-style-type: none"> ▪ As previewed in Year 3, a new Waiver LOB requirement and reconciliation requirement have been added to the AFS requirements for Year 4. Providers should review the detailed language in Section 2 to understand the new requirements. ▪ Providers are no longer required to upload a copy of their cost allocation plan as a supplemental schedule. For providers subject to audit, a separate audit opinion specific to the cost allocation plan is not required; disclosure of the cost allocation plan in the notes to the financial statements as part of the overall financial statement presentation is sufficient. ▪ Clarification added that restated Cost Reports may NOT be submitted for audit differences of 1% or less ▪ Clarification added that fee schedule-only providers are not subject to audit requirements

 Changes and Clarifications to Cost Report Policies, Schedules or Submission Process

Section of Instructions	Change/Clarification
	<ul style="list-style-type: none"> ▪ Clarification added that for-profit providers are subject to audit requirements per Title 45, CFR 74.26 ▪ Clarification added that all providers who deliver services that are subject to cost reporting have been deemed to be “subrecipient” services ▪ Clarification added regarding provider audit obligations under Base contracts ▪ Audit confirmation requests can now be sent via email to RA-QAPromiseConf@pa.gov
Section 3: Cost Report Submission and Approval	<ul style="list-style-type: none"> ▪ Timelines updated to reflect Cost Report and desk review deadlines for Year 4
Section 4: Completing the Cost Report Template	<ul style="list-style-type: none"> ▪ Due to fact that service locations open, close and change from year to year, the following requirement has been removed from the instructions for Year 4: <ul style="list-style-type: none"> – “Providers need to use the same procedure code and service location code groupings used in prior years. In subsequent years, providers must continue to use consistent procedure codes and service location code groupings in their Cost Report submissions from year to year.” ▪ Providers need to submit the same number of Cost Reports or fewer Cost Reports in Year 4, as compared to Year 3. Providers may request a change from prior years reporting in writing by sending the details and rationale for the change to the rate-setting mailbox at ra-ratesetting@pa.gov. ▪ Additional items have been added to the list of requested Cost Report schedule supporting documentation. Refer to Section 4 for details.
Section 5: Certification Page	<ul style="list-style-type: none"> ▪ Line 7 regarding Accounting Basis has been modified to request the provider confirm their Cost Report was prepared on the accrual basis of accounting, rather than indicating the basis of accounting (i.e., cash, modified cash, accrual).
Section 6: Certification Page — Service Locations	<ul style="list-style-type: none"> ▪ Example added to clarify how to report service locations that opened or closed during the reporting period and service locations where the service being delivered change during the reporting period (i.e., changed from Three-Individual Home to a Four-Individual Home)
Section 8: Schedule A	<ul style="list-style-type: none"> ▪ Several items were added to the list of examples of Non-Allowable expenses including: <ul style="list-style-type: none"> – Compensation paid to a non-provider employee who is a member of the corporate board – Goodwill – Federal, State and local income taxes, as well as unrelated business income taxes – Retained revenue/earnings and/or margin (note that amounts for retained revenue/earnings and margin are not to be reported as expenses in any of the Cost Report schedules)
Section 9: Schedule B	<ul style="list-style-type: none"> ▪ Modified Schedule B, Column B to collect data for all service locations across all Cost Reports, including data for fee schedule and outcomes-based only service locations that have been excluded from Cost Reports. Note that this means Column C may not sum across multiple Cost Reports to the amounts in Column B

Changes and Clarifications to Cost Report Policies, Schedules or Submission Process	
Section of Instructions	Change/Clarification
	<ul style="list-style-type: none"> Clarification added regarding how revenue reconciliation payments and recoupments are reported on this schedule
Section 11: Schedules D through D-3	<ul style="list-style-type: none"> Clarification added to indicate that 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 On Schedule D-2, drop-down boxes with the FLH procedure codes have been provided on each line for consistent arrangement reporting by all providers Regarding Schedule D-2, clarification added that compensation limits also apply to Contracted staff
Section 12: Schedules E through E-2	<ul style="list-style-type: none"> For “Depreciation recorded prior year”, clarification added to explain it is not just the amount from the prior year, but that is meant to capture costs for all applicable years prior Clarified that fixed assets below \$5,000 and acquired after July 1, 2009 must be expensed.
Section 13: Schedule F — Other Program Expense	<ul style="list-style-type: none"> Requirement added that supporting detail must be provided for professional service expenses (Line 2) exceeding \$10,000 or 5% of total “Other” expenses Requirement added that supporting detail must be provided for advertising expenses (Line 3) exceeding \$10,000 or 5% of total “Other” expenses Requirement added that supporting detail must be provided for legal fees (Line 7) exceeding \$10,000 or 5% of total “Other” expenses Clarification that taxes on Line 14 (Other) cannot include Federal, State and local income taxes or unrelated business income taxes, as these are Non-Allowable expenses
Section 15: Schedule G	<ul style="list-style-type: none"> Schedule significantly redesigned to collect information at a more detailed level. Section 15 should be reviewed in its entirety to in order to view all of the changes.
Section 16: Schedule H	<ul style="list-style-type: none"> Clarification added to explain that Line 1 requests information on the allocation method across procedure codes, not LOB. Line 3 is LOB specific. Providers are no longer required to upload a copy of their cost allocation plan as a supplemental schedule. For providers subject to audit, a separate audit opinion specific to the cost allocation plan is not required; disclosure of the cost allocation plan in the notes to the financial statements as part of the overall financial statement presentation is sufficient. Areas where explanations are to be provided have been expanded for ease of use. Security settings have been modified to allow user to modify row and column width and height settings for ease of use
Section 17: Schedule I	<ul style="list-style-type: none"> Requirement added that supporting detail must be provided for Other expenses (Line 7) exceeding \$10,000 or 5% of total Transportation expenses
Section 18: Schedule J	<ul style="list-style-type: none"> Clarified that allocation of some of Schedule D-3 expenses for Administrative staff should likely be made to Schedule J Requirement added that supporting detail must be provided for Other Personnel expenses (Line 6) exceeding \$10,000 or 5% of total personnel

Changes and Clarifications to Cost Report Policies, Schedules or Submission Process	
Section of Instructions	Change/Clarification
	<p>expenses</p> <ul style="list-style-type: none"> Requirement added that supporting detail must be provided for Other expenses (Line 29) exceeding \$10,000 or 5% of total operating expenses
Section 19: Comments Page	<ul style="list-style-type: none"> Areas where explanations are to be provided in Comments Page have been expanded for ease of use. Security settings have been modified to allow user to modify row and column width and height settings for ease of use
Section 20: Provider Use Page	<ul style="list-style-type: none"> If the provider requires the use of this page to supply relevant information to be reviewed or considered by ODP or its agent, 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 this schedule must be clearly reported and formatted appropriately for ease of review
Section 21: Checklist to Complete Prior to Submission	<ul style="list-style-type: none"> Checklist updated to reflect the new requirements mentioned above
Section 22: Logistics Related to Submitting the Cost Report	<ul style="list-style-type: none"> Cost Report website has been modified to accept Excel 2007 and Excel 2010 Cost Report files in .xlsm or .xlsx format. These file types do not need to be converted to .xls format, as done in previous years Technical specifications regarding upload process and IT troubleshooting tips added to this section
Appendices	<ul style="list-style-type: none"> Appendix D updated to reflect timelines associated with Year 4 Appendix E updated to include definition of Single Service versus Multiple Service Provider Appendix G added to highlight main changes between Year 3 and Year 4 cost reporting process Appendix H added to provide list of Excel validation checks and real-time edits that each Cost Report must satisfy in order to upload to the website successfully

Appendix H

List of Real-time Edits Performed upon Cost Report Upload to Website

The process for collecting Year 4 Cost Report data is automated to facilitate the submission and collection of high quality experience data. The following three types of validation checks will be performed on each Cost Report prior to the completion of the desk review procedures:

- **Excel Validations** — Certain validation checks are built directly into the Excel template. In cases where a provider inputs an invalid value into a cell (e.g., enters a seven-digit MPI number instead of nine-digits), upon hitting “Enter”, the provider will instantly receive an error message indicating what needs to be fixed. If Excel validation failures are not corrected, Excel does not allow the provider to move to other cells.
- **Real-time Edits** — Once the provider has completed the Excel Cost Report, the provider will then upload the Excel file via the ODP Cost Report website. ODP has incorporated several edits that are checked once the provider clicks the “Upload” button. Within a few seconds, the provider will receive a message indicating whether the upload was successful. In cases where one or more of the edits fail, the provider will receive a message indicating the upload was not successful and will receive an error report for review. The error report will help the provider understand the items that need to be fixed to allow for a successful submission.
- **Initial Desk Review Checks** — Before the AE performs the entire set of desk review procedures on the Cost Report, the AE will perform a few initial checks on the Cost Report submissions. If the Cost Report fails any of these checks, the AE will instantly reject the Cost Report, and the provider will need to correct the items and resubmit the Cost Report.

The following table outlines the various validation checks that will be performed on each schedule of the Cost Report and indicates the type of check (i.e., Excel validation, real-time edit, or initial desk review check). ODP encourages providers to review this list periodically as they complete the Cost Report to ensure their submissions satisfy the following validations.

Cost Report Schedule	Conditions That Must Be Satisfied Prior to Desk Review Being Performed	Validation Type
All Schedules	<ul style="list-style-type: none"> ▪ The type of data entered into each cell must be consistent with the Cost Report instructions. For example, if a provider enters text (e.g., "N/A") into a cell that should contain a dollar amount, the Cost Report will be rejected through the upload process, and the provider will be alerted of the cell containing the incorrect data type ▪ The tab names cannot be changed, and tabs cannot be added or deleted, as these items will cause the Cost Report to be rejected ▪ Only the Year 4 Cost Report (Version 7.0) can be uploaded to the ODP Cost Report website. Cost Report versions from prior years cannot be used. 	Real-time Edit
	<ul style="list-style-type: none"> ▪ For each schedule, all applicable line items must be populated 	Initial Desk Review Check
Certification Page	<ul style="list-style-type: none"> ▪ The MPI numbers on Line 1a and Lines 11b1 through 11b15 must contain nine-digits. Providers must enter leading zeros, if applicable ▪ Certain line items have drop-down boxes that allow the provider to choose from a set of specific responses. If the provider attempts to enter something other than the options in the drop-down menu, Excel will produce an error message and require the provider to choose a response from the drop-down menu. 	Excel Validation
	<ul style="list-style-type: none"> ▪ All line items on this schedule must be populated or the Cost Report will be rejected. The only exceptions to this edit include the second part of Line 9, Lines 11b2 through 11b15, 11c2 through 11c15, 11d2 through 11d15 and Line 15. These line items may not apply to all providers, and in these cases, a provider should leave the questions blank. ▪ Cost Reports must be prepared on the accrual basis of accounting, which means that any Cost Reports for providers who indicate "No" in response to Line 7 will be rejected ▪ For each of Lines 11d1 through 11d15, the populated value must be less than or equal to the corresponding value in Lines 11c1 through 11c15 	Real-time Edit
	<ul style="list-style-type: none"> ▪ The "From" date on Line 4 must be on or after 7/1/2010. It must also be before 6/30/2011 	Initial Desk Review Check

Cost Report Schedule	Conditions That Must Be Satisfied Prior to Desk Review Being Performed	Validation Type
Certification Page — Provider Service Locations	<ul style="list-style-type: none"> ▪ The MPI numbers in Column A must contain nine-digits. Providers must enter leading zeros, if applicable ▪ The service location codes in Column B (and Column C, if applicable) must contain four-digits. Providers must enter leading zeros, if applicable ▪ The Waiver Census and Vacancy values in Columns H and I must be whole numbers greater than or equal to zero 	Excel Validation
	<ul style="list-style-type: none"> ▪ Line 1 must be populated for at least Columns A, B, D and E since each Cost Report must contain at least one service location code ▪ If a service location code is entered in Column B, then the following items must also be populated: Column A (MPI number); Column D (County of Service Location Code); and Column E (Begin Date of Service) ▪ If an Eligible Procedure Code with Capacity is selected in Column G, the Waiver Census in Column H, Vacancy in Column I and Average Weekly Direct Care Staff Hours in Column J must be populated 	Real-time Edit
	<ul style="list-style-type: none"> ▪ The “Begin Date of Service” in Column E must be on or after 7/1/2010. It must also be before 6/30/2011 ▪ For service locations that are currently operating (or closed on or after 7/1/2011), the “End Date of Service” in Column F may be left blank. However, if it is populated, the date must be after 7/1/2010 and before 6/30/2011 ▪ For each MPI-service location code combination, all applicable columns must be completed ▪ The MPI-service location code combinations on a given Cost Report must be unique. In addition, the MPI-service location code combinations cannot be repeated on any of the provider’s other Cost Reports 	Initial Desk Review Check
Certification Page — Service Selection	<ul style="list-style-type: none"> ▪ At least one service must be checked on this tab or the Cost Report will be rejected. After each modification of service selections, providers must click on the macro button in the upper left hand corner of the tab to ensure appropriate service code columns are populated on Schedule A 	Initial Desk Review Check

Cost Report Schedule	Conditions That Must Be Satisfied Prior to Desk Review Being Performed	Validation Type
Schedule A — Expense Report	<ul style="list-style-type: none"> ▪ The Number of Units of Service Provided (Line 21) must be less than or equal to the Number of Units of Service Available (Line 19). Line 19 needs to be populated before Line 21 ▪ When populated, Units Available and Units Provided must be entered as whole numbers greater than zero 	Excel Validation
	<ul style="list-style-type: none"> ▪ Schedule A must contain at least some Total Provider expenses in Column A and some Waiver Eligible expenses in Column F (i.e., Column A, Line 16 and Column F, Line 16 must each be greater than zero) ▪ Schedule A must contain at least some expenses allocated to a procedure code in Column G (i.e., Column G, Line 16 must be greater than zero) ▪ For Lines 1 through 18, Line 24 and Line 26, Total Provider expenses in Column A must be equal to the sum of the expenses in Columns B through F. This edit has a tolerance of \$25 to allow for rounding issues. ▪ For Lines 1 through 18, Line 24 and Line 26, Waiver expenses in Column F must be equal to the sum of the expenses in Columns G+. This edit has a tolerance of \$25 to allow for rounding issues ▪ For each column in Columns G+, if Total Expenses (Line 26) is greater than zero, then Units Available (Line 19) and Units Provided (Line 21) must also be greater than zero ▪ For each Eligible code column in Columns G+, the Expense (Line 16) must be greater than zero ▪ For each Eligible Residential code column in Columns G+, the Cost per Unit of Service Available (Line 22) must be greater than zero ▪ For each non-residential code column in Columns G+, the Cost per Unit of Service Provided (Line 23) must be greater than zero ▪ For each Eligible Residential code column in Columns G+, the Residential Occupancy Expense (Line 24) must be equal to zero or be null, with the exception of Licensed Out-of-Home Respite ▪ For each Ineligible code column in Columns G+, the Expense (Line 16) must be equal to zero or be null ▪ For each Ineligible code column in Columns G+, the Residential Occupancy Expense (Line 24) must be greater than or equal to zero, with the exception of FLH ▪ For each Ineligible code column in Columns G+, the Residential Occupancy Cost per Unit (Line 25) must be greater than or equal to zero, with the exception of FLH 	<p>Real-time Edit</p> <p>Real-time Edit, cont.</p>
	<ul style="list-style-type: none"> ▪ Expenses for fee schedule and outcomes-based services must be reported in Column D if the provider selected the check box on Line 154 of the Certification Page — Service Selection tab 	Initial Desk Review Check
Schedule B — Income Statement	<ul style="list-style-type: none"> ▪ Waiver revenue for Waiver-eligible services (Line 1a) must be greater than zero for each column on 	Real-time Edit

Cost Report Schedule	Conditions That Must Be Satisfied Prior to Desk Review Being Performed	Validation Type
	<p>Schedule B to justify a completed Cost Report</p> <ul style="list-style-type: none"> ▪ Total Provider Revenue (Column A, Line 12) must be greater than or equal to Total Waiver Revenue (Column B, Line 12) ▪ Total Waiver Revenue (Column B, Line 12) must be greater than or equal to Total Waiver Revenue for Service Locations Included in the Cost Report (Column C, Line 12) ▪ The Total Waiver Eligible and Ineligible Expense (Column B, Line 13) must be populated ▪ The Beginning Equity or Fund Balance (Line 15) must be populated for each column on Schedule B to justify a completed Cost Report 	
Schedule C — Intentionally Blank	<ul style="list-style-type: none"> ▪ Not Applicable 	Not Applicable
Schedule D — Direct Care Staff	<ul style="list-style-type: none"> ▪ For each position line that is populated with staffing expenses, Waiver Salary and Wages (Column B), ERE (Column C) and Hours (Column D) must each be greater than zero 	Excel Validation
	<ul style="list-style-type: none"> ▪ For each Waiver Salary and Wages (Column B) line that is populated, Hours (Column D) must be populated 	Real-time Edit
Schedule D1 — Other Program Staff	<ul style="list-style-type: none"> ▪ For each position line that is populated with staffing expenses, Waiver Salary and Wages (Column B), ERE (Column C) and Hours (Column D) must each be greater than zero 	Excel Validation
	<ul style="list-style-type: none"> ▪ For each Waiver Salary and Wages (Column B) line that is populated, Hours (Column D) must be populated 	Real-time Edit
Schedule D2 — Contracted Staff	<ul style="list-style-type: none"> ▪ For each position line that is populated, Waiver Contractor Fees (Column B) and Hours (Column C) must each be greater than zero ▪ For each line that is populated, Non-Room and Board Portion of Stipend (Column E) and Room and Board Portion of Stipend (Column F) must each be greater than or equal to zero 	Excel Validation
	<ul style="list-style-type: none"> ▪ For each Waiver Contractor Fees (Column B) line that is populated, Hours (Column C) must be populated 	Real-time Edit
Schedule D3 — Administrative Staff	<ul style="list-style-type: none"> ▪ For each position line that is populated, Waiver Salary and Wages (Column A), ERE (Column B) and Hours (Column C) must each be greater than zero 	Excel Validation
	<ul style="list-style-type: none"> ▪ For each Waiver Salary and Wages (Column A) line that is populated, Hours (Column C) must be populated 	Real-time Edit
Schedule E — Depreciation: Buildings	<ul style="list-style-type: none"> ▪ The only acceptable options for Column D (Depreciation Method) include Straight-line (SL), Use Allowance (UA) or Grandfathered (GF) 	Excel Validation
Schedule E-1 — Depreciation: Motor Vehicles	<ul style="list-style-type: none"> ▪ The only acceptable options for Column D (Depreciation Method) include SL and UA 	Excel Validation
Schedule E-2 — Depreciation: Fixed Assets &	<ul style="list-style-type: none"> ▪ The only acceptable options for Column D (Depreciation Method) include SL and UA 	Excel Validation

Cost Report Schedule	Conditions That Must Be Satisfied Prior to Desk Review Being Performed	Validation Type
Equip		
Schedule F — Other Program Expenses	<ul style="list-style-type: none"> Not Applicable 	Not Applicable
Schedule F-1 — Admin-Program Occupancy Expenses	<ul style="list-style-type: none"> Not Applicable 	Not Applicable
Schedule G — Related Party Transactions	<ul style="list-style-type: none"> Questions 1a and 2a must be answered with a “Yes” or “No”. If the answer to Question 1a is “Yes”, then the Total Lessor’s Expenses (Question 1b, Line 6) must be greater than zero for at least Property 1. If the answer to Question 1c, Line 4 is “Other” for a given property, Question 1c, Line 5 must be populated for each applicable property. If the answer to Questions 2a is “Yes”, then the Type of Service Performed by the Related Party (Question 2b, Line 1) must be populated for at least Transaction 1. If the answer to Question 2b, Line 1 is “Other” for a given transaction, then Question 2b, Line 2 must be populated for each applicable transaction. If the answer to Question 2b, Line 3 is “Other” for a given transaction, then Question 2b, Line 4 must be populated for each applicable transaction. If the answer to Question 2b, Line 8 is “Other” for a given transaction, then Question 2b, Line 9 must be populated for each applicable transaction. 	Real-time Edit
Schedule H — Allocation Procedures	<ul style="list-style-type: none"> For each expense category in Question 1, Column A, “Allocated” or “Actual” must be selected in Column B. Note: If there are no expenses for a category, “Actual” should be selected from the drop-down list in Column B. For each expense category in Question 1, Column B that indicates “Allocated”, Column C must be populated with the appropriate basis for allocation. If any expense category response to Question 1, Column C indicates “Other” as the basis for allocation, Question 2 must be populated. Questions 4, 5, and 6 must be answered with a “Yes” or “No”. 	Real-time Edit
Schedule I — Participant Transportation	<ul style="list-style-type: none"> Not Applicable. 	Not Applicable
Schedule J — Residential Occupancy	<ul style="list-style-type: none"> Not Applicable. 	Not Applicable
Comments Page	<ul style="list-style-type: none"> Not Applicable. 	Not Applicable
Provider Use Page	<ul style="list-style-type: none"> Not Applicable. 	Not Applicable

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