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

Version 5.0

Commonwealth of Pennsylvania
Office of Developmental Programs

FINAL
Contents

1. Introduction .............................................................................................................. 1
   ▪ Prospective Payment System Overview ............................................................. 1
   ▪ PPS Implementation .......................................................................................... 2
   ▪ Cost Reporting and Rate Development ............................................................ 2

2. Cost Report Requirements ..................................................................................... 4
   ▪ Situations Requiring Cost Report Completion .................................................... 4
   ▪ Supplemental Data Submissions ......................................................................... 6
   ▪ Audit Requirements ........................................................................................... 6

3. Cost Report Submission and Approval ..................................................................... 9
   ▪ Background ......................................................................................................... 9
   ▪ Year 2 Overview .................................................................................................. 9
   ▪ Submission Process ............................................................................................ 10
   ▪ Desk Review Approval Process ........................................................................ 10
   ▪ Other Financial Data Submissions ..................................................................... 11
   ▪ Timelines ............................................................................................................ 11

4. Completing the Year 2 Cost Report Template ....................................................... 13
   ▪ Guidelines for Provider Reporting ..................................................................... 13
   ▪ Accessing the Cost Report Template ................................................................ 19
   ▪ Overview of Cost Report Schedules ................................................................ 19
   ▪ Recommendations for Using the Cost Report Template .................................. 20
   ▪ Resubmission Requirements .............................................................................. 20

5. Certification Page ................................................................................................... 21
   ▪ Line Descriptions ............................................................................................... 21

6. Certification Page — Provider Service Locations ................................................ 25
   ▪ Column Descriptions ......................................................................................... 25
   ▪ Residential Service Location Example ............................................................ 27

7. Certification Page – Service Selection ................................................................... 28
   ▪ Special Considerations for Service Selection .................................................... 28
   ▪ Instructions for Completing the Certification Page – Service Selection Schedule... ................................................................. 30

8. Schedule A – Expense Report ............................................................................... 32

Version 5.0
1. Background ................................................................................................................. 32
2. Overview ..................................................................................................................... 33
3. Column Descriptions.................................................................................................. 34
4. Line/Expense Category Descriptions ......................................................................... 35
5. Capacity/Units of Service .......................................................................................... 45
6. Residential Occupancy .............................................................................................. 46
7. Total Expense ............................................................................................................. 47

9. Schedule B – Income Statement .................................................................................. 48
   a. Column Descriptions .................................................................................................. 48
   b. Line Descriptions ...................................................................................................... 49

10. Schedule C — Intentionally Blank .............................................................................. 55

11. Schedules D through D-3 – Staff Expenses ................................................................. 56
   a. Schedule D — Program Direct Care Staff Expenses (Waiver-Related) ................. 56
   b. Schedule D-1 — Other Program Staff Expenses (Waiver-Related) ................. 58
   c. Schedule D-2 – Contracted Staff Expenses (Waiver-Related) ....................... 58
   d. Schedule D-3 — Administrative Staff Expenses (Waiver-Related) ............... 59

12. Schedules E through E-2 – Provider Depreciation and Amortization Expenses ...... 60
   a. Background ................................................................................................................. 60
   b. Depreciation and Use Allowance Policies ............................................................... 61
   c. Schedule E – Provider Depreciation and Amortization Expenses – Buildings .... 64
   d. Schedule E-1 – Provider Depreciation and Amortization Expenses – Motor Vehicles .......................................................... 66
   e. Schedule E-2 – Provider Depreciation and Amortization Expenses – Fixed Assets/Equipment .......................................................... 67

13. Schedule F – Other Program Expenses (Waiver-Related) .......................................... 69
   a. Column Descriptions .................................................................................................. 69
   b. Line Descriptions ...................................................................................................... 70

14. Schedule F-1 – Other Occupancy Expenses – Administrative/Program Buildings (Waiver-Related) .......................................................... 73
   a. Column Descriptions .................................................................................................. 73
   b. Line Descriptions ...................................................................................................... 74

15. Schedule G – Related Party Transactions .................................................................. 76
   a. Line Descriptions ...................................................................................................... 76
16. Schedule H – Program Expense Allocation Procedures ........................................ 78
    - Line Descriptions ......................................................................................... 79

17. Schedule I – Participant Transportation Expenses (Waiver-Related) ...................... 80
    - Column Descriptions .................................................................................. 80
    - Line Descriptions ......................................................................................... 80

18. Schedule J – Residential Occupancy Expenses .................................................. 82
    - Column Descriptions .................................................................................. 82
    - Line Descriptions ......................................................................................... 82

19. Comments Page ............................................................................................... 84

20. Provider Use Page ............................................................................................. 85

21. Checklist to Complete Prior to Submission ....................................................... 86

22. Logistics Related to Submitting the Cost Report .................................................. 88
    - Instructions for Using the Excel Cost Report Template ..................................... 88
    - File Naming Conventions .............................................................................. 90
    - Instructions for Uploading Files ..................................................................... 91

Appendix A: Glossary of Terms

Appendix B: ODP Payment Method for Consolidated and P/FDS Waiver Services

Appendix C: Year 2 Cost Report Process Flow Chart
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 serve as the base data in developing 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, provider 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 provider 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 provider-specific cost-based approach (herein referred to as the provider-specific or 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 used to develop rates for a prospective period. For example, historical expense data in fiscal year (FY) 2007/2008 (the reporting period) were used to establish prospective rates in FY 2009/2010 (the rating period). To account for changes between the
reporting period and the rating period, ODP will consider 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 the following services: Supports Coordination services, Transportation services that are billed separately, and Respite Camp services.

**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 will be a short transition period for both ODP and providers. Throughout this document there are references to Year 1, Year 2 and Year 3, 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 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 used it as the basis for establishing Year 1, or FY 2009/2010, payment rates. The following table summarizes the rating period associated with the initial PPS years.

<table>
<thead>
<tr>
<th>Year of PPS</th>
<th>Historical Expense Data Period</th>
<th>Effective PPS Rating Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1</td>
<td>July 1, 2007 – June 30, 2008</td>
<td>July 1, 2009 – June 30, 2010</td>
</tr>
</tbody>
</table>

**Cost Reporting and Rate Development**

To establish provider-specific rates, ODP developed a Cost Report designed to ensure that historical expense data for a particular Waiver service are consistently reported across all providers. ODP will collect the provider-specific data in the Cost Report and use this data as a starting point in the prospective rate development process. Each Cost Report will undergo a desk review, and only those Cost Reports that are approved as part of this process will be used in rate development. In addition to collecting the Cost Report, ODP will collect any supplemental data (such as Attachment 1) and provider audited financial statements (AFS), as necessary. Once the Cost Report data has been adjusted, based on supplemental data requests and any audit adjustments, ODP will evaluate the data for each service. ODP will analyze certain cost components across providers. To the extent a provider’s expenses are identified as an outlier for a particular service, either at the cost component level or the overall unit cost level, ODP may adjust the Cost Report data upward or downward as appropriate. Once all adjustments are incorporated, the historical unit cost data (FY 2008/2009 for Year 2) will be projected forward to establish rates for the prospective period (FY 2010/2011 for Year 2).

ODP is not able to develop rates based on a provider’s own experience without Cost Report data. Therefore, it is critical that providers who wish to have future rates established based on their own experience complete the Cost Report for the Waiver services to which this payment methodology applies. 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 used in the rate development process.
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. Providers are allowed to submit a single Cost Report or multiple Cost Reports specific to their Master Provider Index (MPI) at their discretion. Providers with a Cost Report(s) approved through the desk review process will have prospective payment rates developed based on their historical experience for services rendered to Waiver-enrolled participants. Providers who do not successfully upload a Cost Report 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 Master Provider Index (MPI), all Cost Reports for that MPI must be approved for any of the provider’s Cost Report data to be used in prospective rate development (i.e., partial approvals will not be considered in the rate development process).

The following is NEW in Year 2. All Cost Report schedules need to be fully completed by all providers (regardless of the provider’s revenue) to qualify for cost-based rates. This is a change from Year 1 when providers with less than $100,000 in total revenue were allowed to complete only select schedules. Any Cost Report(s) only partially completed in Year 2 will be rejected through the real-time edit process or during the desk review process. Similarly, all providers of Licensed Day Habilitation Services — Older Adult Day Living Centers (W7094) need to fully complete the Cost Report for Waiver-enrolled participants regardless of whether they have an Area Agency on Aging (AAA) rate already established for another program.

Because there are several types of providers rendering services in the Consolidated and P/FDS Waiver programs, (e.g., traditional agency, vendors, financial management service (FMS) organizations), the following outlines the entities who 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 receive less than $500,000 in Federal funds for Pennsylvania services, are not required to submit a Cost Report unless they choose to register as a traditional service provider. 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 FMS, should not submit a Cost Report. However, if a traditional service provider (including incorporated agencies operated by a family member) delivers any service to Waiver-enrolled participants whose rate is to be established based on the cost-based methodology, the provider needs to complete a Cost Report.

Providers who render only services where the payment methodology is fee schedule or outcomes-based, such as an Agency with Choice FMS or Vendor Fiscal FMS, including those in the Participant-Directed Services (PDS) program, do not need to submit a Cost Report. However, if a provider delivers any service whose rate is to be established based on the cost-based methodology to Waiver-enrolled participants, the provider needs to complete a Cost Report. ODP recognizes that FY 2009/2010 service definitions were not used in FY 2008/2009, so providers must match historical expenses for services provided in FY 2008/2009 with the service definitions that are effective July 1, 2009. A description of the services included under each payment methodology (i.e., cost-based [via Cost Report], 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 for Year 2, a provider needs to have historical expense data for Waiver services during FY 2008/2009. Therefore, new providers (i.e., providers with no historical expense experience during FY 2008/2009) will not complete the Cost Report. For ODP to know that a new provider is interested in delivering services during Year 2, 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 based on the provider-specific rates established from the approved Cost Reports submitted by other providers.

Existing providers that are adding new services or new service locations for which no historical experience exists (i.e., provider has no historical expense experience during FY 2008/2009 for a given service or service location but intends to offer the service or open a new service location in Year 2) 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 2008/2009. Similarly, on the Cost Report Service Locations page, providers should only report service location codes for which they have historical expense data during FY 2008/2009.

Existing providers that have a change in service location for the same service between the historical experience period and the prospective rating period should indicate the service location for which the prospective rates will be developed. For example, a provider who rendered supported employment at service location 0001 during FY 2008/2009 moved the program to service location 0002 in FY 2009/2010. The provider does not anticipate moving
the service location in FY 2010/2011, and therefore, the Cost Report should include the
historical expense experience for this program under service location 0002 such that a FY
2010/2011 rate can be developed for this service location. As mentioned above, providers
should register for the 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 to support the cost-
based payment methodology. These items include:

- Supporting 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.
- Audited Financial Statement (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 FY.
- Attachment 1 - Providers may complete and submit an Attachment 1 data request in
  December 2009. This request provides information on staffing and payment
  responsibility changes resulting from service definition revisions effective July 1, 2009
  and participants’ changes in need throughout the experience period.
- Restated Schedule B - In February 2010, it is anticipated that providers will be given the
  opportunity to submit a restated Schedule B for cases where their revenue changed
  significantly from their initial submission.

Audit Requirements

Audit requirements vary based on the provider’s level of revenue, as described below:

- A provider that expends less than $300,000 in combined Federal and State funds during
  the program year (or is a vendor as defined by OMB Circular A-133), 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 should include the Waiver program in the audit, and submit a copy of the
  audit, even if funds expended are less than $300,000.
- If the provider expends $300,000 or more in combined Federal and State funds during
  the program year (but less than $500,000), the provider is required to have a
  Compliance Attestation completed in accordance with the American Institute of Certified
  Public Accountants’ (AICPA) Statements on Standards for Attestation Engagements
  Section 601, Compliance Attestation and shall be of a scope acceptable to DPW.
- Providers expending $500,000 or more in combined Federal and State funds during the
  reporting period (FY 2008/2009) must have an independent audit completed in
  accordance with Generally Accepted Government Auditing Standards (GAGAS). In
  instances where the provider expends $500,000 or more in Federal funds, they are
  subject to the Office of Management and Budget Circular A-133; Title 45, CFR 74.26 and
  any other Federal requirements.
To review the consistency of reporting between the Cost Report and the AFS, it is necessary for ODP to collect a Waiver-specific schedule as part of the audit report. This schedule will separately identify the Waiver-funded service expenses included in the scope of the Cost Report to enable reconciliation of the audit to the Cost Report. Providers should also ensure that audits distinguish reported revenue, such that revenue specific to the Consolidated and P/FDS Waiver programs is identified.

The provider’s total expenses and total revenue reported in the Cost Report (Schedule A, Column A and Schedule B, Column A, respectively) will be compared to the AFS. Providers should include explanations or additional schedules for any variances between Schedule A, Column A and the AFS and between Schedule B, Column A and the AFS. Please submit any reconciliation as a supplemental file, using the naming conventions described in Section 22 of these instructions. Note that for providers with FY ends other than June 30 (e.g., December 31), the Cost Report should be completed for the 12 months ending June 30, but the AFS can be for the 12 month period ending as of the provider’s FY end (e.g., December 31).

Audit reports and reconciliations must be submitted within nine months from the close of the FY, or earlier if completed. For providers subject to audit, the provider’s final rates may be delayed if the audit is received late, so early submission of the audit is encouraged. All audits and supporting reconciliations should be uploaded to ODP via the Cost Report submission website. Additional information related to the audit submission timelines and rate development is provided below. 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 to:

Office of Comptroller Operations
Bureau of Audits
Special Audit Support Services
555 Walnut St — 9th Floor
Harrisburg, PA 17101

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 Adjustments — NEW in Year 2**

If the provider has audit adjustments resulting from an independent audit, and the audit adjustments result in an impact that is greater than 1% of total Waiver costs, the provider needs to file a restated Cost Report that incorporates the audit adjustments. The restated Cost Report data will be used to calculate rates. A provider needs to resubmit a restated Cost Report if the audit adjustment results in a downward adjustment to the rate. For upward adjustments due to audit adjustments, it is the provider’s decision whether or not they choose to resubmit a restated Cost Report. Please note that ODP will not accept restated
Cost Reports for upward adjustments unless the audit adjustment is proposed by an independent accounting firm.

When resubmitting a Cost Report that has been restated for audit adjustments, the provider needs to 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 Tab. A copy of the audit adjustments should also be uploaded via supplemental schedule.

While ODP recognizes that not all audits will be completed until nine months after the close of the FY, ODP encourages providers to submit a revised Cost Report with all audit adjustments no later than January 1, to allow ODP sufficient time to review the restated Cost Report and develop rates. All submissions received by January 1 and approved before February 1 will be will be included in rate development. If a provider submits a restated Cost Report with audit adjustments after January 1, ODP will review these adjustments on a case-by-case basis. If ODP determines that rates should be adjusted to reflect the audit adjustments, these rates will be communicated to the provider after the initial release of provider rates (anticipated to take place in early May).

If the impact of the audit adjustments is less than 1%, and if such adjustments are the result of an inappropriate methodology and would also apply to the next year, the provider should include those audit adjustments in the following year’s Cost Report. As part of the audit desk review procedures, Administrative Entities (AEs) will review for appropriate application of audit adjustments.

For Bureau of Financial Operations audits, any necessary adjustments will be communicated to the provider.
Cost Report Submission and Approval

Background
To support the PPS rate development process for Year 1, ODP requested all Consolidated and P/FDS Waiver service providers to use a uniform Cost Report template. This template allowed providers to submit historical expense data to use as a base in establishing cost-based rates for certain services. Providers reported historical expense, utilization and revenue information in the Cost Report(s) and uploaded their completed submissions to an ODP website. Manual desk reviews were performed on each Cost Report and questions were sent to the providers, as necessary. Data from the approved Cost Report(s) were then used to develop rates for the Year 1 rating period (i.e., FY 2009/2010).

Year 2 Overview
For Year 2, ODP has further automated the Cost Report submission and desk review processes. The main features of the Year 2 automated system include:

- Ability for providers to upload financial Cost Report templates and other financial documents (e.g., supplemental schedules, AFS, Attachment 1, restated Schedule B) 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
- In cases of Cost Report rejection, provision of a detailed error report so the provider understands the items that need to be revised to achieve a successful submission (note the successful receipt of the Cost Report does not ensure its approval in the desk review process)

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

Similar to the process used for Year 1, providers will complete standardized Cost Report templates in Excel format and upload them to a secure website. The main difference for Year 2 is increased automation. Based on provider feedback from the Year 1 process, ODP has incorporated changes to the Cost Report template. Many of these changes involve automatically populating cells to ensure values tie across Cost Report schedules, where appropriate. In addition, 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 username and password will be distributed to providers via email, and the provider can share this information internally with staff responsible for completing the Cost Report(s). Providers who do not receive username and password information via email will be directed to contact the E-help desk and request log-in information. The provider will log in to the automated system to upload the completed Cost Report(s) and supporting financial information specific to its MPI.

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. 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) 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 deadline, the provider’s Cost Report data will not be considered in the Year 2 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. ODP will assign service payment rates to the provider at a later date.

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 AE will notify the provider its Cost Report submission has been approved and will be used in developing the prospective payment rates. **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 used 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 used in developing the service payment rates for this provider. In this case, ODP will assign service payment rates to this provider without consideration for any of the Cost Report data submitted by the provider.

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) has 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 its AE 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 are acceptable for use in rate development. Items will not be “conditionally approved” in Year 2, as ODP expects providers will have had ample time to become familiar with the Cost Report. In addition, multiple resubmissions are not expected in Year 2. If a provider resubmits their Cost Reports and is unable to get all Cost Reports to successfully pass the desk review prior to the final deadline, none of the provider’s Cost Report data will be used in Year 2 rate development. The provider will receive a letter from ODP indicating their data will not be included in the Year 2 rate development process, and ODP will assign rates to this provider at a later date.

**Other Financial Data Submissions**

In addition to Cost Reports, the automated submission system will accept other financial data submissions including supporting schedules, AFS, Attachment 1 submissions and restated Schedule Bs. For each of these submissions, the system will only check that the file naming convention was followed. No additional real-time edits will be performed on these submissions. The AEs will perform a standard set of desk review procedures specific to each of the AFS, Attachment 1 submissions and Restated Schedule Bs.

**Timelines**

**Initial Submissions**

ODP will open the financial submission website in late September 2009 to allow providers sufficient time to upload their Cost Report(s) and supporting schedules for Year 2. To support providers in achieving timely and accurate Cost Report submissions for Year 2, ODP will provide training sessions prior to the Cost Report submission deadline. **Providers need to have made an initial attempt at an online Cost Report submission by October 9, 2009.** This interim deadline will allow providers to review real-time error reports for rejected Cost Reports and revise their submission to achieve a successful upload by October 16, 2009.
All providers need to successfully submit their Cost Report(s) (i.e., pass all real-time edits) and all supporting schedules by October 16, 2009 to be considered in the desk review process. 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 October 17, the online system will close and providers will be unable to submit Cost Reports. 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 all initial Cost Report desk reviews for Year 2 on or before November 6, 2009 to allow two weeks for providers to complete any necessary Cost Report resubmissions. By November 20, 2009, the system will close and additional Cost Report resubmissions will no longer be accepted. All AE-requested Cost Report resubmissions must successfully be uploaded by November 20, 2009 and must pass the desk review to be considered in Year 2 rate development.

Audited Financial Statements

Providers required to have an audit will be able to submit their AFS from October 2009 through March 31, 2010. 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. In cases of material differences where the provider has not resubmitted its Cost Report(s), the AE will request a Cost Report resubmission from the provider. Depending on the timing of the requested resubmission, the audit adjustments may or may not be included in the initial release of Year 2 rates. Rates established from the Cost Report data and issued to the provider may be adjusted at a later date to reflect the audit findings.

Other

In addition, some providers may need to submit the Attachment 1 (Data Request for Provider Specific Adjustments) in December 2009. Upon receipt, AEs will complete a desk review on each of the submissions prior to ODP incorporating adjustments to the Cost Report data.
Completing the Year 2 Cost Report Template

The purpose of this section is to explain general principles the provider should consider when completing the Cost Report. The items covered include the fiscal reporting period, general expense principles, guidelines for start-up costs, residential occupancy, providers with multiple service locations or multiple MPIs, supporting 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; one-individual home, ineligible, etc.

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 bulletins 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., Year 2 Cost Report should cover July 1, 2008 – June 30, 2009). 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 date of approval as a provider of service in the Consolidated and P/FDS Waiver program to June 30.
**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 CMS approval of the cost-based payment methodology and apply to the information reported on the Cost Report. Providers should also report in a manner consistent with Generally Accepted Accounting Principles (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.

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.

Provider 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 an 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 which 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 23 of Schedule A and detailed in Schedule J. All residential occupancy expenses must be allocated only to
the ineligible procedure codes. Please note that residential occupancy expenses for Licensed Out-of-Home Respite (eligible procedure code) can be reported on Line 23 of Schedule A.

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 (SOP) 98-5, Reporting on the Expenses of Start-up Activities. SOP 98-5 stated that start-up costs are those incurred during the course of undertaking one-time activities related to:

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

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 include:

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

The expense outside the scope of SOP 98-5 must be accounted for in accordance with other existing authoritative accounting recommendations. Any start-up costs that have been reimbursed by 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 2008/2009 reporting period, the provider should submit supporting information (via Comments Page or separate file upload) that describes what the start-up funds were used for, indicates 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 23 of Schedule A, separate from other Waiver expenses, with supporting detail included in Schedule J. The Commonwealth of Pennsylvania (Commonwealth) has appealed disallowances of occupancy expenses for residential buildings (including appeal to the Federal courts), as the Commonwealth believes these should be allocated to the eligible procedure codes for applicable Waiver services. Treatment of these expenses will be subject to the decision of the Federal courts in the appeal. The Commonwealth will not make a claim for Federal reimbursement for these expenses. However, the detail provided in Schedule J will enable the Commonwealth to calculate the portion of occupancy expenses for residential buildings that would be eligible for Federal reimbursement should the Commonwealth prevail in the appeal. Until then, the Commonwealth will reimburse providers for residential occupancy expenses using State-only dollars.

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:

- Providers may complete a single consolidated Cost Report, which would result in the same rates being paid for the applicable procedure codes across all service location codes. This is the most preferred method to expedite the rate-setting process.
  - This option may be appropriate for large providers who do not believe their expense experience varies significantly from service location to service location or who are willing to assume the risk that the average rate will be sufficient to fund services provided at all service location codes based upon their consolidated average expenses across all service location codes.

- Providers may complete a Cost Report by reporting multiple service locations codes on one Cost Report and completing separate Cost Reports specific to individual service location codes. This would result in procedure code rates specific to each grouping of 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.
  - This option may be appropriate for providers who operate in multiple counties or geographical areas where expenses vary between service location codes.

- Providers may complete a Cost Report for each service location code, which would result in procedure code rates specific to each service location code.
  - This option may be appropriate for providers who have one or two service location codes or who want rates specific to 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.

- 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.

For Year 2, providers may change the procedure code and service location code groupings that were used in their Year 1 Cost Report submissions, as deemed necessary. Providers do not need to obtain prior approval from ODP to make these changes in Year 2. Combining service location codes for Cost Reporting purposes will be viewed favorably to reduce administrative efforts necessary to review Cost Reports.

Beginning in Year 3 (fiscal reporting period of FY 2009/2010 and rating period July 1, 2011 – June 30, 2012), providers should use consistent procedure codes and service location code groupings in their Cost Report submissions from year to year. Providers may request a change from prior years reporting in writing by sending the details and rationale for the change to the Bureau of Financial Management and Budget. If the provider is granted permission to change the procedure codes or groupings, 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 must 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.

**Supporting 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. 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, if feasible. 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.

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**

1. Audited financial statements
2. Most recent A-133 report, if applicable
Schedule B – Income Statement:
1. Explanation to support Line 8: Other Income values that are greater than 5% of Line 12, Total Revenue
2. 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 and Amortization Expenses
1. Explanation to support any additions or deletions to property and equipment

Schedule F – Other Program Expenses
1. Classified loan schedule to support expenses 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
2. Explanation to support Line 13, Other Program Expense values that are greater than 5% of Line 14, Total Other Program Expenses

Schedule F-1 – Other Occupancy Expenses: Administrative/Program Buildings
1. Classified loan schedule to support expenses 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
2. Explanation to support Line 5, Other Occupancy Expense values that are greater than 5% of Line 6, Total Other Occupancy Expenses

Schedule G – Related Party Transactions
1. Explanation to support any related party transactions and associated financial terms

Schedule H – Program Expense Allocation Procedures
1. Explanation to support the allocation methodology used

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 2008/2009 that is submitted in October 2009 must be retained by the provider until October 2014. 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 audited financial statement.
Accessing the Cost Report Template

The Cost Report template is available electronically in Microsoft Office Excel 2003. To obtain the template, providers can access the “ODP Provider Information Center (PIC)” on the www.odpconsulting.net website.

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 “ODP PIC” at www.odpconsulting.net.

Completed Cost Reports in Excel format, including supporting information and all completed schedules, should be uploaded to the ODP website at www.odpconsulting.net (located under the “ODP PIC”). Detailed instructions for uploading files will be made available during the Cost Report training sessions.

Overview of Cost Report Schedules

ODP encourages providers to carefully review these instructions, as various schedules have been modified based on provider feedback from Year 1. The Year 2 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 and Amortization 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

Based on provider feedback from Year 1, ODP has incorporated changes to the Cost Report
template. Many of these changes involve automatically populating cells to ensure values tie
across Cost Report schedules. 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 auto-populating feature primarily impacts Schedule A, as this schedule contains many
formulas that pull data from supporting schedules in the Cost Report template. Due to this
increased 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
between Waiver, Base, Other Lines of Business (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 upload rejection or 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 4 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.
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. Please note this information will be used for all subsequent Cost Report and provider rate correspondence in Year 2.

(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-XXXXXXXX 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., 06/30/2009).
(Line 4) Period of Report:
The Year 2 Cost Report should be based on the historical experience period of FY 2008/2009 (July 1, 2008 through June 30, 2009). 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 07/01/2008. However, if you did not begin delivering Waiver services until after July 1, 2008, you will need to enter the actual date between July 1, 2008 and June 30, 2009 that you did begin delivering services (e.g., an organization who started providing services on November 1, 2008 would enter 11/01/2008). The “to” date has been pre-populated with 06/30/2009 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. Please note this information will be used for all subsequent Cost Report and provider rate correspondence in Year 2.

(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. Please note this information will be used for all subsequent Cost Report and provider rate correspondence in Year 2.

(Line 5a) Qualifying AE:
Enter the name of the AE that has qualified the services the provider will offer. A provider with multiple MPI numbers, whose experience will be combined in a single Cost Report submission, should include the AE that has qualified the services the provider will offer for the MPI listed on Line 1a. Qualifying AEs for the services the provider will offer for the other MPIs can be provided on the Comments Page.

(Line 7) Accounting Basis:
Indicate the basis on which you keep your books by selecting one of the following options via the drop down box in the Cost Report:

- Cash — Record revenue when received and expenses when paid
- Accrual — Record revenue when earned and expenses when incurred
- Modified Cash — Combination of cash and accrual methods
The Accrual basis is the method used for establishing rates and determining settlements based on actual expense. If you use either the Cash or Modified Cash basis of accounting, you should adjust your revenue and expense data to the Accrual basis in the Cost Report. Providers need to retain the accounting work papers used in adjusting records from Cash or Modified Cash to Accrual and should submit the work papers to ODP for review if requested.

(Line 8) Years in Business:
Enter the number of years, through June 30, 2009, 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 6.75).

(Lines 9 and 10) Audit:
As described in Section 2 of this document under Audit Requirements, providers must comply with Yellow Book audit requirements and A-133 audits, if applicable. Upon completion, providers need to upload an electronic copy of the latest independent audit and a copy of the A-133 audit.

On Line 9, use the drop down box to indicate if you have an audit of your financial statements completed by a certified public accounting firm. If you answer “Yes,” please enter the end date of the year of the audit in the MM/DD/YYYY format (e.g., 06/30/2009). On Line 10, using the drop down box, indicate whether an electronic version of the audit has been submitted to the ODP website.

(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 is not reported on this Cost Report for each MPI.

(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 on 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 4 are included in the Cost Report and indicated on 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 2008/2009 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., XXXXXXXXXXX_CRA_2009_01of04.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 were rejected due to hard edits or 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 Cost Report. This schedule also collects program capacity, census, vacancy and staffing data for residential service locations included in the Cost Report.

The following is NEW in Year 2. Instead of collecting all of the provider’s service location codes on this schedule (as was done in Year 1), ODP will only collect the service location codes for the unique service locations whose revenue and expense data are included in the Cost Report.

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 MPI-service location code combination on more than one Cost Report, the Cost Report submissions 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., XXXXXXXXXXX). 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:
Enter the four-digit service location code (using the XXXX format) for each service location included in the Cost Report. Providers should only enter one service location code per row. Leading zeroes must be included, where applicable. The MPI-service location code combinations included in this schedule should align with the service offerings in HCSIS and the claims submitted to PROMISe.
(Column C) 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) 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 D) Begin Date of Service:
Enter the first day in FY 2008/2009 each service location was available to render Waiver
services using the MM/DD/YYYY format. This date should be on or after July 1, 2008 and
before June 30, 2009. For example, a provider would enter 07/01/2008 for a location that
opened prior to FY 2008/2009 and 09/15/2008 for a location that opened on September 15,
2008.

(Column E) End Date of Service:
If a service location closed during FY 2008/2009 (i.e., before June 30, 2009), enter the date
the location closed using the MM/DD/YYYY format. If a service location was still active at the
end of the fiscal period (i.e., June 30, 2009), this field should be left blank.

Additional Questions for Residential Service Locations
Columns F through I only apply to residential service locations. For each service location
code that is non-residential, Columns F through I should be left blank.

(Column F) Residential Approved Program Capacity:
ODP collected data from, and worked with, providers to establish the maximum number of
individuals allowed to receive residential home and community habilitation in Licensed 6400
service locations for Year 1, regardless of funding stream. This is known as the Approved
Program Capacity for the service location.

For the service location code identified in Column B, enter the approved program capacity.
This number should agree with the service offering in HCSIS and the procedure code used
to authorize services and submit claims to PROMISe. This should be a whole number
(i.e., decimals will not be accepted).

(Column G) Waiver Census as of June 30th:
Enter the number of Consolidated and P/FDS Waiver participants living in the service
location identified in Column B as of the last day of the reporting period (June 30th). 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 H) Vacancy as of June 30th:
Enter the number of vacancies for the service location identified in Column B as of the last
day (June 30th) of the reporting period. 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) Average Weekly Direct Care Staff Hours:
Enter the total number of direct care staff hours routinely scheduled during a normal work
week. Do not include hours for temporary changes in direct care staff, hours for non-direct
care activities or hours for non-residential staff persons whose services will be billed
separately (e.g., physical therapist). The number of hours reported in this column should be
consistent with the typical staffing needs of the individuals residing at the service location. Entries may be made in quarter hour increments (e.g., 7.25 hours).

**Residential Service Location Example**

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, 2009:

- 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 FTEs each week:

<table>
<thead>
<tr>
<th>Shift</th>
<th>Monday — Friday</th>
<th>Saturday — Sunday</th>
<th>Total Hours/Week</th>
</tr>
</thead>
<tbody>
<tr>
<td>7:00 AM to 3:00 PM</td>
<td>1</td>
<td>2</td>
<td>72</td>
</tr>
<tr>
<td>3:00 PM to 11:00 PM</td>
<td>1</td>
<td>2</td>
<td>72</td>
</tr>
<tr>
<td>11:00 PM to 7:00 AM</td>
<td>1</td>
<td>1</td>
<td>56</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th>Column</th>
<th>Description</th>
<th>Example Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>MPI Number</td>
<td>123456789</td>
</tr>
<tr>
<td>B</td>
<td>Service Location Code</td>
<td>0034</td>
</tr>
<tr>
<td>C</td>
<td>County of Service Location Code</td>
<td>County A</td>
</tr>
<tr>
<td>D</td>
<td>Begin Date of Service</td>
<td>07/01/2008</td>
</tr>
<tr>
<td>E</td>
<td>End Date of Service</td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>Residential Approved Program Capacity</td>
<td>4</td>
</tr>
<tr>
<td>G</td>
<td>Waiver Census as of June 30th</td>
<td>1</td>
</tr>
<tr>
<td>H</td>
<td>Vacancy as of June 30th</td>
<td>1</td>
</tr>
<tr>
<td>I</td>
<td>Average Weekly Direct Care Staff Hours</td>
<td>200</td>
</tr>
</tbody>
</table>
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.

Effective July 1, 2009, ODP implemented revised service definitions with new procedure codes for these Waivers. Even though service authorizations and any claims submitted through PROMISe for FY 2008/2009 were based on the former service definitions and procedure codes, providers are expected to do their best to assign expenses to the appropriate procedure codes based on the service definitions effective in FY 2010/2011. For example, data for a Licensed Residential Habilitation Community Home with Approved Program Capacity of four that does not routinely use nursing staff to provide direct care would be assigned to W6096 (service or “Eligible” expenses) and W6097 (residential occupancy or “Ineligible” expenses).

It is important that the codes identified on the Certification Page – Service Selection schedule have been carefully cross-walked from the service definitions in effect during the experience period to the service definitions in effect during the rating period. The procedure codes identified on this schedule will be used to identify the procedure codes for which FY 2010/2011 provider specific rates will be developed. 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. For additional information regarding the service definition and procedure codes that will be used in FY 2010/2011, please refer to the most recent version of the Service Definitions posted on the ODP website.

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.
Unbundling of Services from Residential

In the service definitions effective July 1, 2009, some services that have historically been included in the residential service (e.g., therapy services, non-traditional day program services) have been “unbundled.” Providers will use separate procedure codes to bill for these services in the PPS. As such, providers should allocate the expenses associated with the services that will be billed separately from residential to the appropriate procedure code. For example, a provider whose residential service expenses include $300.00 per day ($250.00 for residential and $50.00 for behavioral support) would report $250 to the residential procedure code and $50.00 to the behavioral support procedure code.

Approved Program Capacity for Residential

As discussed in the previous section, the procedure code associated with a specific service location is determined by the approved program capacity for residential services. 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

With the new procedure codes, ODP implemented several modifiers to be 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 (Registered Nurse) 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 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 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-modifier combination for each type of service provided and assign costs to each combination appropriately. To simplify the cost reporting for services whose rates do not vary with the use of a modifier, the Cost Report will only collect data using the procedure code. Therefore, procedure code-modifier combinations are only included on this schedule for those services where the 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 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. In all cases except Family Living Homes, 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 Family Living Home 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 in the coming year 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 Family Living Home services and, to the extent possible, ODP requests that providers use these procedure codes to record the residential occupancy costs associated with this service.

The following is NEW in Year 2. In Year 1, ODP requested providers distinguish the expenses related to Ineligible procedure codes with modifiers in the same manner as the Eligible procedure codes. For Year 2, ODP has determined that the 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

As in Year 1, ODP expects to develop a “gross” Ineligible rate for residential services that reflects the total residential occupancy expenses for a home. Providers will be expected to submit claims to PROMISe for Ineligible procedure codes by billing for the gross rate and using the “consumer pay” section of the invoice to record the individual’s room and board payment. Please note that if the amount nets to zero, no invoice is submitted to PROMISe.

**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.

**Instructions for Completing the Certification Page – Service Selection Schedule**

To complete this schedule, providers must first complete a service definition cross-walk to ensure that FY 2008/2009 expenses are properly reported against the service definitions that are effective July 1, 2009. Next, 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 – 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 2008/2009. Once the provider has selected all the services provided during the reporting period, the provider will click on the 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 provider delivers fee schedule or outcomes-based services, the provider should indicate this by selecting the “Fee Schedule Services/Outcomes-based Services” option at the bottom of this schedule (Line 156). 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 are to be reported in Column D of Schedule A.
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 used directly in the development of provider-specific rates for the services and locations included in the Cost Report. Another important function of the data in Schedule A is to provide ODP with the means to make a direct comparison of total provider expenses to audited financial statements.

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 was a service with Provider-specific 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 clients and services rendered to ODP clients at service locations that are excluded from the Certification Page – Provider Service Locations schedule of the given Cost Report. ODP clients 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 clients 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 provider-specific rates rendered to Waiver-enrolled recipients 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.

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.

<table>
<thead>
<tr>
<th>Type of Individual</th>
<th>Type of Service</th>
<th>Service Locations Included in the Cost Report</th>
<th>Service Locations Excluded from the Cost Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waiver Participant</td>
<td>Waiver Services (Eligible and Ineligible) with Provider-specific Rates</td>
<td>Column F (Allowable) and Column E (Non-Allowable)</td>
<td>Column B</td>
</tr>
<tr>
<td>Waiver Participant</td>
<td>Fee Schedule or Outcomes-based Waiver Services</td>
<td>Column D</td>
<td>Column B</td>
</tr>
<tr>
<td>Waiver Participant</td>
<td>Base-funded Services</td>
<td>Column C</td>
<td>Column B</td>
</tr>
<tr>
<td>Base-funded Individual</td>
<td>Waiver Services with Provider-specific Rates</td>
<td>Column C</td>
<td>Column B</td>
</tr>
<tr>
<td>Base-funded Individual</td>
<td>Fee Schedule or Outcomes-based Waiver Services</td>
<td>Column C</td>
<td>Column B</td>
</tr>
<tr>
<td>Base-funded Individual</td>
<td>Base-funded Services</td>
<td>Column C</td>
<td>Column B</td>
</tr>
<tr>
<td>Non-ODP Client</td>
<td>Any Service</td>
<td>Column B</td>
<td>Column B</td>
</tr>
</tbody>
</table>
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. Note: this column should be the same on all Cost Reports for a given provider. Any difference between the amounts shown in this column and the AFS, general ledger or working trial balance should be disclosed and uploaded in a supplemental schedule. If the expenses in Column A do not tie 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.

**(Column B) Excluded Service Locations and Other LOB Expenses:**
Enter all expenses for services rendered to non-ODP clients (other LOB) and all expenses for services rendered to ODP clients at service locations that are excluded from the Certification Page – Provider Service Locations schedule of the given Cost Report. In addition, Supports Coordination services rendered to Waiver-enrolled participants should be reported in this column. There is a separate Supports Coordination Cost Report that will be used to collect historical expenses related to providing Supports Coordination services to Waiver-enrolled participants.

**(Column C) Base Expenses:**
Enter the expenses for services rendered to ODP clients at service locations included in the Cost Report that are reimbursable with Base funds. These expenses include those 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. Please note that participant salary/wage expenses in prevocational programs should be included in this column.

**(Column D) Fee Schedule and Outcome-based Service Expenses:**
Enter the expenses associated with services rendered to ODP clients at service locations included in the Cost Report that are reimbursed through a fee schedule (i.e., nursing services, therapy services, home finding services, behavioral support, homemaker/chore services, companion services, supports broker, out-of-home respite ineligible and respite camp ineligible) or via outcomes-based payments (i.e., 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 clients 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 and public relations expenses
- Amounts in excess of the actual lessor expenses (see Schedules F-1 and G)
- Bad debt
- Book versus straight line depreciation expense
- Benefits for contract staff
- Entertainment expenses
- Excess CEO compensation expenses
- Fines or penalties
- First class transportation
- Fundraising expenses
- Litigation expenses incurred against ODP or any other Commonwealth agency
- Lobbying expenses
- Luxury items such as luxury vehicles and extensive improvements to administrative offices

An example illustrating how Non-Allowable Expenses should be recorded in Schedule A is included in the instructions for Line 6 below.

(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 provider-specific 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. Columns G+ are established from the services selected in the Certification Page – Service Selection schedule.

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 client care services. The salary/wage amounts should include payments for
vacation leave, sick leave, civic duty leave, accrued vacation leave, etc.

The following is NEW in Year 2. For staff who provides direct client 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.

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 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 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
- Social Security
- Supplemental health and welfare benefits such as pharmaceutical, dental and vision
care
- Unemployment compensation
- Workers’ compensation insurance
- Disability insurance

The amount in Column F will be automatically populated from Schedule D, Column C, Line
61. 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 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/wage amounts should include
payments for vacation leave, sick leave, civic duty leave, accrued vacation leave, etc.
The following is NEW in Year 2. 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.

The amount in Column F will be automatically populated from Schedule D-1, Column B, Line 61. 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 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.

The amount in Column F will be automatically populated from Schedule D-1, Column C, Line 61. 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.

(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.

The amount in Column F will be automatically populated from Schedule D-2, Column B, Line 61. 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 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 are listed below with specific guidance related to the Allowable salary limits for the Chief Executive Officer (CEO). The salary/wage amounts should include payments for vacation leave, sick leave, civic duty leave, accrued vacation leave, etc.

Examples of Administrative staff positions include:

- Chief Executive Officer (CEO)
- Chief Operating Officer (COO)
- Chief Financial Officer (CFO)
- Chief Medical Officer (CMO)
- Chief Information Officer (CIO)
The following is NEW in Year 2. For staff who are engaged in administrative activities only some of the time, include only the salaries/wages that are associated with administrative activities. For example, a provider would only include 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.

The amount in Column F will be automatically populated from Schedule D-3, Column A, Line 61. 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.

**CEO Compensation**

CEO total compensation (i.e., salary and ERE) should align with the limits in the following grid prior to allocation of the expenses to the Waiver Allowable Expenses. This grid is updated annually effective July 1 of each year. CEO total compensation expense 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.

### Chief Executive Officer Grid

**Allowable Reimbursement Maximums, effective July 1, 2008**

<table>
<thead>
<tr>
<th>Pay Range</th>
<th>Salary and Benefits</th>
<th>Total Expenditures of Multiple Service Provider</th>
<th>Total Expenditures of Single Service Provider</th>
</tr>
</thead>
<tbody>
<tr>
<td>54</td>
<td>$176,221</td>
<td>$7,000,000</td>
<td></td>
</tr>
<tr>
<td>53</td>
<td>$168,624</td>
<td>$7,000,000</td>
<td></td>
</tr>
<tr>
<td>52</td>
<td>$168,624</td>
<td>$5,000,000</td>
<td></td>
</tr>
<tr>
<td>51</td>
<td>$151,111</td>
<td></td>
<td>$5,000,000</td>
</tr>
<tr>
<td>50</td>
<td>$151,111</td>
<td></td>
<td>$3,000,000</td>
</tr>
<tr>
<td>49</td>
<td>$132,340</td>
<td></td>
<td>$3,000,000</td>
</tr>
<tr>
<td>48</td>
<td>$132,340</td>
<td></td>
<td>$1,000,000</td>
</tr>
<tr>
<td>47</td>
<td>$132,340</td>
<td></td>
<td>$1,000,000</td>
</tr>
<tr>
<td>46</td>
<td>$115,945</td>
<td></td>
<td>$500,000</td>
</tr>
<tr>
<td>45</td>
<td>$115,945</td>
<td></td>
<td>$500,000</td>
</tr>
<tr>
<td>44</td>
<td>$115,945</td>
<td></td>
<td>$300,000</td>
</tr>
<tr>
<td>43</td>
<td>$101,532</td>
<td></td>
<td>$300,000</td>
</tr>
<tr>
<td>42</td>
<td>$101,532</td>
<td></td>
<td>$200,000</td>
</tr>
<tr>
<td>41</td>
<td>$101,532</td>
<td></td>
<td>$100,000</td>
</tr>
</tbody>
</table>
The above rates represent the Allowable total compensation maximums for each pay range. Note that some pay ranges have identical rates. This is because the benchmark for local government pay ranges has reached the maximum step (20) on the Commonwealth salary schedule.

The following example illustrates how the limits in the grid should be applied and where the allocations are appropriately reported on Schedule A.

**CEO Salary Example**
A provider that renders only residential services (and thus, is a single service provider) with $3,500,000 in expenditures has a CEO salary expense of $120,000 and ERE expenses of $40,000, for a total CEO compensation expense of $160,000. 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 CEO grid, $27,660 or roughly 17.3% ([($160,000 - $132,340) / $160,000]) of the CEO compensation is not Allowable. The Non-Allowable portion of the $120,000 CEO salary is $20,745 ($120,000 * 17.3%). The following table summarizes the Allowable and Non-Allowable components of the CEO salary and indicates where each component is reported on Schedule A based on the distribution above. The reporting of the CEO ERE Allowable and Non-Allowable components is described below in the instructions for Line 7.

<table>
<thead>
<tr>
<th>Salary Expense Distribution</th>
<th>Allowable*</th>
<th>Excluded, Non-Allowable*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Waiver related LOB (20%)</td>
<td>$19,851 is allocated to Column B</td>
<td>$4,149 is allocated to Column B</td>
</tr>
<tr>
<td>Base-funded services at excluded service locations (10%)</td>
<td>$9,926 is allocated to Column B</td>
<td>$2,075 is allocated to Column B</td>
</tr>
<tr>
<td>Waiver services at excluded service locations (30%)</td>
<td>$29,777 is allocated to Column B</td>
<td>$6,224 is allocated to Column B</td>
</tr>
<tr>
<td>Base-funded services at included service locations (10%)</td>
<td>$9,926 is allocated to Column C</td>
<td>$2,075 is allocated to Column C</td>
</tr>
<tr>
<td>Waiver services at included service locations (30%)</td>
<td>$29,777 is allocated to Column F**</td>
<td>$6,224 is allocated to Column E</td>
</tr>
</tbody>
</table>

* May not sum to total salary due to rounding
** Note that since Column F is automatically populated, this is the amount that should be reported on Schedule D-3

**(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.
The amount in Column F will be automatically populated from Schedule D-3, Column B, Line 61. 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.

**CEO ERE Example**

Continuing with the example from Line 6, the Non-Allowable portion of the $40,000 CEO ERE is $6,915 (roughly 17.3%). The following table summarizes the Allowable and Non-Allowable components of the CEO ERE and indicates where each component is reported on Schedule A, based on the distribution described in the example.

<table>
<thead>
<tr>
<th>Salary Expense Distribution</th>
<th>Allowable*</th>
<th>Excluded, Non-Allowable*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Waiver related LOB (20%)</td>
<td>$6,617 is allocated to Column B</td>
<td>$1,383 is allocated to Column B</td>
</tr>
<tr>
<td>Base-funded services at excluded service locations (10%)</td>
<td>$3,309 is allocated to Column B</td>
<td>$692 is allocated to Column B</td>
</tr>
<tr>
<td>Waiver services at excluded service locations (30%)</td>
<td>$9,926 is allocated to Column B</td>
<td>$2,075 is allocated to Column B</td>
</tr>
<tr>
<td>Base-funded services at included service locations (10%)</td>
<td>$3,309 is allocated to Column C</td>
<td>$692 is allocated to Column C</td>
</tr>
<tr>
<td>Waiver services at included service locations (30%)</td>
<td>$9,926 is allocated to Column F**</td>
<td>$2,075 is allocated to Column E</td>
</tr>
</tbody>
</table>

* May not sum to total ERE due to rounding
** Note that since Column F is automatically populated, this is the amount that should be reported on Schedule D-3

(Line 8) **Program Supplies (Schedule F):**
Enter the expenses for all care-related supplies such as latex gloves, over-the-counter medications and other individual care supplies.

The amount in Column F will be automatically populated from Schedule F, Line 19. 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 9) **Other Vehicle Expense (Schedule E-1):**
Enter the amount of depreciation and amortization expense for the motor vehicles that are used for staff (i.e., non participant) transportation. This includes expenses for 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.

For vehicles that are used for both staff and participant transportation, the provider should allocate the appropriate portion of the total depreciation and amortization expenses to both Line 9 (staff use) and Line 11 (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 40 percent 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 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-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 Lines 1-9. 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 habilitation 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 incurred by staff in the normal course of performing required job duties
- Taxes that a provider is legally required to pay are Allowable, except for taxes that do not meet Medicaid requirements
- Library expenses

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 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
- Contributions to contingency reserves
- Fundraising expenses
- Lobbying
- Leases/purchases of luxury or “loaded” vehicles
- Assuming leases of officer-owned vehicles
The amount in Column F will be automatically populated from Schedule F, Line 14. 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.

(Line 11) Transportation — Participant Motor Vehicle (Schedule E-1):
Enter the amount of depreciation and amortization expense for the motor vehicles that are used for transporting Waiver participants. This includes expenses for vehicles maintained to transport 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).

For vehicles that are used for both staff and participant transportation, the provider should allocate the appropriate portion of the total depreciation and amortization expenses to both Line 9 (staff use) and Line 11 (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 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 participants.

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 Table 5 and 6 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. 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 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, air fare and other.

For vehicles that are used for both staff and participant transportation, the provider should allocate the appropriate portion of the ownership and maintenance 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.

The amount in Column F will be automatically populated from Schedule I, Line 8. 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.

Note that Column D includes expenses associated with participant transportation services that will be billed separately using the transportation procedure codes (see 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. 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-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 are 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 and amortization amounts attributed to fixed assets and equipment used to support non-residential program services or administrative functions. Do not include depreciation and amortization expenses for any fixed assets and equipment related to residential services. Specific guidance related to depreciation and amortization expenses are 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-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 Line 1 through Line 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
- Non-restricted/appropriated United Way contributions
- Other Non-restricted/appropriated contributions
- Government Grants

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-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+. To the extent that expense offsets are allocated to Ineligible procedure codes, the amounts will offset residential occupancy expenses on Line 23 during the rate development process. Please note these situations will display a negative expense on Line 18 and a negative unit cost on Line 22.

(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 0.
Capable/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 2008/2009 reporting period.
For services where the unit definitions changed between FY 2008/2009 and FY 2010/2011
(e.g., residential changed from a half-month unit to a day unit), convert the units included on
Line 19 for the reporting period to the same basis as defined by the new services definitions.

It may be helpful to think of these unit values as the “capacity” to render services to Waiver-
enrolled participants. Residential habilitation providers should report the units based on the
approved program capacity for a service location, as previously discussed in the instructions
for the Certification Page – Provider Service Locations schedule.

Do not include capacity for Base-funded recipients or other LOBs in the units reported on
Line 19. For example, a three-person residential home serving two Waiver-enrolled
participants and one Base-funded recipient that was open for all of FY 2008/2009 would
report 730 days (formerly 24 half-month units) on Line 19.

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.

The following is NEW in Year 2. In Year 1, ODP requested that providers distinguish the
expenses related to Ineligible procedure codes with modifiers in the same manner as the
Eligible procedure codes. For Year 2, ODP has determined that the modifiers will not be
used with Ineligible procedure codes and payment rates will not vary for Ineligible codes
even when there are distinct rates for the corresponding Eligible procedure codes. For
example, a provider with two three-person Licensed Residential Habilitation Community
Homes, one with and one without nursing staff, serving only Waiver-enrolled participants
would report the following capacity on Line 19:

<table>
<thead>
<tr>
<th>Procedure Code</th>
<th>Description</th>
<th>Units for Line 19</th>
</tr>
</thead>
<tbody>
<tr>
<td>W6094</td>
<td>Three Individual Home, Eligible</td>
<td>1,095</td>
</tr>
<tr>
<td>W6094 TD</td>
<td>Three Individual Home, Eligible (with RN modifier)</td>
<td>1,095</td>
</tr>
<tr>
<td>W6095</td>
<td>Three Individual Home, Ineligible</td>
<td>2,190</td>
</tr>
</tbody>
</table>

(Line 20) Type of Unit:
This field will be pre-populated in Columns G+ with the unit definition (effective July 1, 2009)
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 billed (must be a whole
number) for services rendered to Waiver-enrolled participants during the FY 2008/2009
reporting period. For services where the unit definitions changed between FY 2008/2009 and
FY 2010/2011 (e.g., residential changed from a half-month unit to a day unit), convert the
units included on Line 21 for the reporting period to the same basis as defined by the new services definitions.

ODP expects the reported units to be similar to the units submitted for payment through PROMISe. 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 new policy) should be included on Line 21. Do not include units billed for services provided to Base-funded recipients or other LOBs in the units reported on Line 21.

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. The units reported on this line should be less than or equal to the Number of Units Available (Line 19).

(Line 22) Cost per Unit of Service Provided:
For Columns G+, Line 22 is automatically calculated for each Eligible procedure code by dividing the expense amount on Line 18 by the corresponding unit amount on Line 21. Providers should review these calculated unit costs to verify their reported expenses and units generate a unit cost that is reasonably close to the rate the provider received during the FY 2008/2009 reporting period. 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.

Please note the Line 22 unit costs do not represent the rate that will be paid to the provider in the contract period (FY 2010/2011). As part of ODP’s rate development process, the Cost Report unit cost data is subject to review, verification, trending and various other adjustments. In addition, the contract period rates depend on the appropriations and audit results, where applicable.

Residential Occupancy
(Line 23) 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 Line 13). These expenses include:

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

Specific guidance related to the Allowable and Non-Allowable occupancy expenses are discussed in the instructions for Schedule F-1.

The amount reported in Column F will be automatically populated from Schedule J, Line 30. 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 24) Cost per Unit of Service Provided:
For Columns G+, Line 24 is automatically calculated for each Ineligible procedure code by dividing the expense amount on Line 23 by the corresponding unit amount on Line 21. Providers should review these calculated unit costs to verify their reported expenses and units generate a unit cost that is reasonably close to the “gross” rate the provider received during the FY 2008/2009 reporting period.

Please note the Line 24 unit costs do not represent the rate that will be paid to the provider in the contract period (FY 2010/2011). As part of ODP’s rate development process, the Cost Report unit cost data is subject to review, verification, trending and other adjustments. In addition, the contract period rates depend on the appropriations and the results of the provider’s audit, where applicable.

Total Expense
(Line 25) Total Expense:
This line is automatically calculated as the sum of Line 16 and Line 23. 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 2008/2009 by category for all provider operations. Revenues in this column should be consistent with revenues reported in the provider’s audited financial statements. For providers who submit multiple Cost Reports, the values in Column A must be the same in each Cost Report.

(Column B) Total Waiver Eligible and Ineligible Revenue/Expense:
Enter total revenue for FY 2008/2009 by category for Waiver services rendered to Consolidated and P/FDS Waiver-enrolled individuals for all service locations. Do not include revenue for other LOBs or Base-funded services. 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.

(Column C) Total Waiver Eligible and Ineligible Revenue/Expense for Service Locations Included in the Cost Report:
Enter total revenue for FY 2008/2009 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. 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.
Commonwealth of Pennsylvania

Cost Report Instructions Version 5.0

Line Descriptions

Revenues

(Lines 1-8) Fee-for-Service/Other Income:
Providers earn fee-for-service (FFS) income from a variety of sources as a result of providing services. Generally, providers receive Waiver revenue from ODP via payments through the Office of the Treasury and payment for Base-funded services 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). Lines 1-8 on this schedule identify the amount of income received by the provider for different sources. Please refer to the following descriptions of items that should be reported on each line.

(Line 1a) Waiver Revenue for Waiver Eligible Services:
Enter revenue received from ODP for Eligible services (see Table 6 in Appendix B) rendered in FY 2008/2009 to participants enrolled in the Consolidated and P/FDS Waivers. Do not include revenue for Base-funded services, Supports Coordination, Respite Camp, Agency with Choice (AWC) participant directed services, fee schedule or outcomes-based services or transportation that will be billed separately. 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 received from ODP for Ineligible services (see Table 6 in Appendix B) rendered in FY 2008/2009 (net of participant contributions) to participants enrolled in the Consolidated and P/FDS Waivers. Do not include revenue for Base-funded services, AWC participant directed services or 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 rendered in FY 2008/2009 with fee schedule or outcomes-based rates (see Tables 4 and 5 in Appendix B) to participants enrolled in the Consolidated and P/FDS Waivers, including Respite Camp services and Transportation services that are billed separately. Do not include revenue for Base-funded or AWC participant-directed services. 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 1d) Other Revenue:
Enter revenue received from ODP for all other services rendered in FY 2008/2009 that are not included on Lines 1a-1c. This includes revenue for Supports Coordination services, Consolidated and P/FDS, AWC participant-directed services and revenue from other Commonwealth programs including other Waivers (Autism, Aging, etc.), Medicaid FFS, and HealthChoices. Do not include revenue received for start-up costs. 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 2008/2009. 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 2008/2009 to private pay clients, such as payments from insurance carriers or Medicare.

(Line 4) United Way:
Enter revenue received in FY 2008/2009 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 2008/2009 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 clients for contributions to residential occupancy. Include all types of client revenue (SSA disability income, Supplemental Security Income (SSI), private pay, food stamps, etc.). Waiver-enrolled participants whose primary source of income is SSI generally contribute 72 percent 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 2008/2009. 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.

NOTE: 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 2008/2009 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 percent 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
supporting schedule that contains this information using the naming conventions for Supplemental Schedules (refer to Section 22 for naming conventions).

Revenue Example

A provider submits one Cost Report that covers all of their service location codes. The provider’s total revenue for FY 2008/2009 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 Waver and Base-funded individuals and $20,000 from the private pay individual)
- Behavioral support services in the amount of $20,000 that were part of the residential service but which will now be billed separately (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

Even though the provider would have received all Commonwealth revenue through county payments in FY 2008/2009, the revenues associated with services rendered to Waiver-enrolled participants should be reported separately. The table on the next page summarizes how the revenues in the example above would be reported.
<table>
<thead>
<tr>
<th>Line # &amp; Line Description (Revenue Type)</th>
<th>Column A: Total Provider Revenue/Expense</th>
<th>Column B: Total Waiver Eligible and Ineligible Revenue/Expense</th>
<th>Column C: Total Waiver Eligible and Ineligible Revenue/Expense for Service Locations included in the Cost Report</th>
<th>Notes:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1a: Waiver Eligible</td>
<td>$115,000</td>
<td>$115,000</td>
<td>$115,000</td>
<td>Waiver individual: One-third of the Residential Eligible revenue and one-half of prevocational revenue</td>
</tr>
<tr>
<td>1b: Waiver Ineligible</td>
<td>$10,000</td>
<td>$10,000</td>
<td>$10,000</td>
<td>Waiver individual: One-third of the Residential Ineligible revenue</td>
</tr>
<tr>
<td>1c: Waiver Fee Schedule/ Outcomes-based</td>
<td>$20,000</td>
<td>$20,000</td>
<td>$20,000</td>
<td>Waiver individual: Unbundled behavioral support services</td>
</tr>
<tr>
<td>1d: Other</td>
<td>$0</td>
<td></td>
<td></td>
<td>N/A</td>
</tr>
<tr>
<td>2: County</td>
<td>$125,000</td>
<td></td>
<td></td>
<td>Base-individual: One-third of the Residential Eligible revenue, one-third of Residential Ineligible revenue, and one-half of the prevocational revenue</td>
</tr>
<tr>
<td>3: Private Clients</td>
<td>$110,000</td>
<td>$0</td>
<td>$0</td>
<td>Private pay individual: One-third of the Residential Eligible revenue and one-third of the Residential Ineligible revenue</td>
</tr>
<tr>
<td>4: United Way (service fees)</td>
<td>$0</td>
<td></td>
<td></td>
<td>N/A</td>
</tr>
<tr>
<td>5: Commercial Sales/ Contract Sales Revenue</td>
<td>$12,000</td>
<td></td>
<td></td>
<td>Contract revenue from local business for prevocational program</td>
</tr>
<tr>
<td>6: Participant Contribution to Residential Occupancy</td>
<td>$40,000</td>
<td>$10,000</td>
<td>$10,000</td>
<td>Total of $40,000 in participant contributions, of which $10,000 were from a Waiver individual</td>
</tr>
<tr>
<td>7: Investment Income</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>N/A</td>
</tr>
<tr>
<td>8: Other</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>N/A</td>
</tr>
<tr>
<td>Subtotal</td>
<td>$432,000</td>
<td>$155,000</td>
<td>$155,000</td>
<td></td>
</tr>
</tbody>
</table>
Contributions

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

NOTE: Contribution revenue included on Lines 9 – 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 2008/2009 that is not appropriated or designated as restricted for a specific purpose. This includes interest earned on the contributions as long as the interest is not restricted or appropriated and is held in a separate account and not commingled with other funds.

(Line 9b) United Way Contributions Restricted/Appropriated:
Enter contribution revenue received from United Way during FY 2008/2009 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 2008/2009 that is not appropriated or designated as restricted for a specific purpose. This includes interest earned on the contributions as long as the interest is not restricted or appropriated and is held separate and not commingled with other funds.

(Lines 10d – 10f) Other Contributions Restricted/Appropriated:
Enter all other contribution revenue received during FY 2008/2009 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.

(Lines 11a – 11c) Government Grants:
Enter revenue received in FY 2008/2009 from government grant contributions. Government grants should be 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):
In Column B, enter the total Allowable Expenses for Waiver services with provider-specific rates, fee schedule rates or outcomes-based payments rendered to Waiver-enrolled participants in FY 2008/2009 for all service locations. The value in Column B should equal the sum of the values in Column C for all Cost Reports submitted by the provider.
Column A is automatically populated from Schedule A, Column A, Line 25. Column C is automatically populated as the sum of Schedule A, Column D, Line 25 and Schedule A, Column F, Line 25.

(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 2008/2009 reporting period. Column B and Column C should reflect a portion of the equity or fund balance 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.

(Line 16) Ending Equity or Fund Balance:
This line is automatically calculated as the sum of Line 14 and Line 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.
Schedule C — Intentionally Blank
### 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 (i.e., 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). Schedule D-3 – Administrative Staff Expense collects data for staff who perform administrative functions related to the Waiver (i.e., CEO, Human Resources).

### 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, workshop instructor, and nurse.

The following is NEW in Year 2. 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 should be reported.
**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 of the same classification or job title may be reported on the same line if they are paid a similar wage and work an equivalent number of hours. It is not necessary to list each employee separately. Lines 1-4 of the Cost Report template contain pre-populated examples of staff positions and should be overwritten as necessary. Providers need to maintain supporting documentation identifying the type of staff and number of full-time equivalents (FTEs) devoted to Waiver services.

**(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 1-4 of the Cost Report template contain pre-populated examples of credentials including Registered Nurse (RN). 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 participants during FY 2008/2009. 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.

**(Column C) Waiver Employee-Related Expenses (ERE):**
Column C is used to report ERE corresponding to the salary and wages reported in Column B. The Column C total amount will automatically populate Schedule A, Column F, Line 2.

**(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 2008/2009 to provide Waiver services to Waiver participants.

**(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 participants during FY 2008/2009. Lines 1 – 4 of the Cost Report template contain pre-populated examples of positions, which should be overwritten as necessary. These staff should be specific to 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 – 59.
(Line 30) Subtotal:
This line automatically calculates as the sum of Line 1 through Line 29.

(Lines 31 — 59) Program Direct Care Staff Position:
If additional positions are necessary, use Line 31 through Line 59 to report these job titles and corresponding salary/wages, ERE and hours.

(Line 60) Subtotal:
This line automatically calculates as the sum of Line 31 through Line 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.

The following is NEW in Year 2. 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 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.

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 above 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

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 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. Note that providers should include Family Living stipends per the Family Living contract in this Schedule.

**Column and Line Descriptions**
The columns and lines on 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, the column has not been included in this schedule. 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 61 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, HR personnel, janitor, and fundraising director.

The following is NEW in Year 2. 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. Only compensation and hours related to Waiver 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.

**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 Allowable compensation expenses. Refer to the instructions for Schedule A, Line 6 and Line 7 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.
Schedules E through E-2 – Provider Depreciation and Amortization 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. Schedules E and E-2 have separate sections for Non-residential and Residential buildings, while Schedule E-1 has separate sections for vehicles related to participants and other motor vehicles. 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, 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 the Waiver program 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 will differ. The provider may record differences in the depreciation methods in Schedule A, Column E, Excluded Non-Allowable Waiver Expenses. A reconciliation to the AFS will be necessary to summarize the difference between GAAP depreciation and Cost Report depreciation.

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, E-2 and J.

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 the Office of Management and Budget circulars, as approved by CMS. Fixed assets of $5,000 and below will be expensed.

Capital assets include buildings used for administrative purposes, non-residential programmatic buildings and fixed assets above $5,000. Expenses for buildings and fixed assets will be depreciated annually using the straight line method of depreciation. The expenses of the buildings, improvements and fixed assets will be depreciated over the estimated useful life of the building, improvement or fixed asset. Once a capital asset is fully depreciated, a continuing participation allowance of two percent of the original expense per year for buildings and 6 and 2/3 percent of the original expense per year for fixed assets above $5,000 will be an Allowable Expense. The title of any capital asset acquired and depreciated will remain with the provider.

Buildings currently in use for which the provider has an outstanding original loan 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. Allowable Expenses include:

- Annual continuing participation allowance of two percent of the original expense per year of debt-free buildings that were purchased before July 1, 2009
- Six and 2/3 percent of the original expense per year for fixed assets above $5,000 that were purchased before July 1, 2009

Capital Assets – Residential Buildings

Effective July 1, 2009, expenses for capital assets 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 will 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 percent 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 eight percent 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 expenses 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 expense 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 expense of principal and interest less the amount by which the total expense 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 expense plus the expense of major renovations and improvements or
  - The fair market value at the time of purchase plus the expense of renovations and improvements. (The fair market value is 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 Appraiser.)
- 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 eight percent or the agency’s expense of debt service on the real estate will be an Allowable Expense. ODP will convene a representative group of providers to assist ODP in a review of the participation allowance percentages to be applied after FY 2010/2011. 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 which 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 expenses classified as renovations, improvements or repairs and maintenance (collectively, renovations). All renovations with expenses over $75,000 (major renovations) should receive prior, written approval from ODP. ODP will communicate its decision to approve or disapprove a major renovation in writing to the provider within 30 days of receiving a request that includes sufficient information for ODP to render a decision. If the request is denied, ODP will identify the facts in support of its decision and explain the reason(s) for the denial. Renovations may be expensed or amortized. Major renovations should be used in the program for at least five years. If the
major renovations are not used for five years, the provider will refund ODP that part of
the major renovations funded by ODP, proportionately equal to the remaining unused
time in the five-year period.

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 its own line and terms of the
agreement should be reported on Schedule G.

Column Descriptions
(Column A) Month & Year Acquired:
Record the month and year when the building was purchased or when the capital or
leaseholder improvement was made. This should be entered in the MM/YY format. For
example, if an asset was acquired in March of 2006, 03/2006 would be entered in this
column.

(Column B) Original Expense:
Record the original expense for the building, the addition or the leaseholder improvement.
For example, if $20,000 was originally paid for the improvement, enter $20,000.

(Column C) Depreciation Recorded Prior Years:
Obtain this information by adding the depreciation accumulated from previous years 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.

(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 or
– UA if a use allowance is in effect

(Column E) Annual Rate:
Enter the annual percentage rate used in calculating the depreciation.
(Column F) Total Provider Use Allowance and Depreciation Expense:
Enter the total amount of straight-line depreciation, grandfathered or use allowance
expensed in the current year. 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.

(Column G) Waiver Use Allowance and Depreciation Expense:
Enter the amount of the provider’s total depreciation (Column F) that is directly related to the
Waiver program 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% of the time for non-Waiver individuals and 50% of the time
for Waiver participants, then $1,000 would be recorded in Column G.

**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 should agree with the amount entered on
each line.

**(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 leaseholder 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 leaseholder 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.

Schedule E-1 – Provider Depreciation and Amortization Expenses – Motor Vehicles
Schedule E-1 is used to identify provider depreciation and amortization expenses for motor vehicles. The schedule is separated into two sections: Participant Expense (Lines 1 – 4) and Other Motor Vehicle Expense (Lines 6 – 8). The first section is for Participant Expense, which captures the costs associated with motor vehicles used to transport participants, and the second section is for Other Motor Vehicle Expense, which captures the costs associated with the rest of the motor vehicles.

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 gives the option of selecting the SL or UA depreciation methods.

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 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 supporting schedule and indicate this in the Comments Page. Supporting schedules should agree with the amount entered on each line.

(Lines 1-4) Motor Vehicles – Participant Expense:
Record each motor vehicle that is used to transport participants. Line 5 will automatically populate Line 11 on Schedule A.

Please note that the depreciation and amortization expenses included in Column G on Lines 1 - 4 should only include those expenses associated with participant transportation that WILL NOT be billed separately via a separate transportation procedure code (see Appendix B).
(Lines 6-8) Motor Vehicles – Other Motor Vehicle Expense:
Record each other motor vehicle that is not used to transport participants. Line 9 will automatically populate Line 9 on Schedule A.

(Line 10) Total Depreciation and Amortization Expenses – Motor Vehicles
This line is automatically populated and is the sum of lines 5 and 9.

Schedule E-2 – Provider Depreciation and Amortization Expenses – Fixed Assets/Equipment
Schedule E-2 is used to identify provider depreciation and amortization expenses related to tangible and intangible depreciable assets. The schedule is separated into two sections, one for Non-residential fixed assets/equipment (Lines 1 – 25) and one for Residential fixed assets/equipment (Lines 26 – 41). Within the Non-residential section, there are lines for building equipment, departmental equipment, office furniture and fixtures, and other.

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 gives the option of selecting the SL or UA depreciation methods.

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 supporting 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. Supporting schedules should agree with the amount entered on each line.
(Lines 1-25) **Fixed Assets/Equipment Non-Residential**

(Lines 1-5) **Non-Residential Building Equipment:**
Record each non-residential building 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 and Amortization - 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 include, but are not limited to:

- Advertising (except for staff recruitment purposes), marketing and public relations expenses (except for outreach activities)
- Alcoholic beverages
- Contributions to contingency reserves (will be transferred to Allowable Expense if/when incurred)
- Fundraising expenses
- Lobbying
- Leases/purchases of luxury or “loaded” vehicles
- Assuming leases of officer-owned vehicles

Please note that participant wage/salary expenses that are part of a prevocational program should be 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 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 2008/2009 related to the provision of Waiver services to Waiver-enrolled participants specific to the service locations included on the Certification Page – Provider Service Locations worksheet.
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 company.

(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.

(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 client outreach activities, including:

- Informational mailings to existing clients
- Informational mailings to prospective clients, upon request by client/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.

(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.

(Line 5) Insurance:
Enter expenses to secure and maintain insurance coverage that is required or approved such as vehicle insurance for non-Waiver participant transportation and general liability. Do
not include insurance expenses for buildings (see Schedule F-1), Waiver-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.

(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., consulting 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

(Line 8) Accounting and Auditing:
Enter the amount of expense incurred during the FY 2008/2009 report period related to accounting and audits.

(Line 9) Office Supplies:
Enter the amount of expenses related to office supplies that are not capitalized (see Schedule E (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 Schedule E (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 transportation expenses incurred by staff in the normal course of performing required job duties (e.g., mileage reimbursement for trips that do not involve transporting Waiver participants).

(Line 13) 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 12 (e.g., expenses for books, documents and subscriptions to journals pertaining to Waiver services and other relevant topics). For any expense that exceeds 5 percent of the provider’s total other program expenses, the provider should itemize and report the expense separately with an explanation on the Comments Page or provide a supporting schedule.
(Line 14) **Subtotal Other Program Expenses:**
This line is automatically calculated as the sum of Lines 1 through 13.

(Line 15-18) **Program Supplies:**
Enter the expense incurred for all care-related supplies such as latex gloves, over-the-counter medications and other individual care supplies. List the type of supply on each line and report the corresponding expenses in Column A. To further describe these expenses, you may provide additional explanation in the Comments Page or provide a supporting schedule.

(Line 19) **Subtotal Program Supplies:**
This line is automatically calculated as the sum of Lines 15 through 18.

(Line 20) **Total Other Program Expenses and Supplies:**
This line is automatically calculated as the sum of Lines 14 and Line 19.
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.

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 2008/2009 related to the provision of Waiver services 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 2008/2009 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 “less-than-arms-length” leases are not Allowable.
- 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, 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. Please note that a classified loan schedule should be uploaded to support expenses submitted on this line. 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 not 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. For any expense that exceeds five percent 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 supporting 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 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.

In the normal course of business, there may be numerous routine and recurring transactions with parties who meet the definition of a related party. A related party is defined as an organization related through control, from ownership, capital investment, directorship or other means. Although each party may be appropriately pursuing its respective interest, transactions between them should be disclosed. Organizations should disclose their financial and statistical records to determine whether a related party relationship exists and to document the validity of expenses.

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 one percent of total ODP revenue.

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. This schedule identifies the actual expense incurred by the related party landlord. Refer to the instructions for Lines 1 through 5 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.
(Line 2a) Indication of Other Related Party Transactions:
Using the drop down box, indicate “Yes” if the Cost Report includes other related party transactions. If not, indicate “No.”

(Line 2b) Description of Financial Terms for Other Related Party Transactions:
If Line 2a indicates there are other related party transactions included in the Cost Report, provide a description of the financial terms for each arrangement. If the information does not fit on Line 2b, providers may include additional information on the Comments Page or via a supplemental schedule.

The disclosure of the transactions should include:

- The nature of the relationship(s) involved
- A description of the transactions, including transactions to which no or nominal amounts were ascribed for each of the periods for which income statements are presented and such other information deemed necessary to an understanding of the effects of the transactions on the financial statements
- The financial terms of any agreements
- The dollar amounts of transactions for each of the periods for which income statements are presented and the effects of any change in the method of establishing the terms from that used in the preceding period
- Amounts due from or to related parties as of the date of each balance sheet presented and, if not otherwise apparent, the terms and manner of settlement
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.

Examples of acceptable exclusion and 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
  - Proportional to direct care expenses
- Other

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

Supporting schedules should be uploaded to fully disclose how expenses are being allocated between the different programs and services. If expense allocation methods are not fully disclosed, 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 included in the rate development process.
Line Descriptions

(Line 1) Description of Program Expenses that are Allocated:
Identify which program expenses are directly assigned and which are allocated to different expense categories, programs and/or procedure codes.

(Line 2) Description of Allocation Methodologies:
Describe each methodology used to allocate expenses and indicate which expenses are allocated based on each methodology.

(Line 3) Supporting Documentation Indication:
Using the drop down box, indicate “Yes” if additional documentation has been provided beyond the response to Line 2. Otherwise indicate “No.”

(Line 4) 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.”

(Line 5) 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.”

(Line 6) Comments:
Provide any additional comments regarding the allocation of expenses to different expense categories, programs and/or procedure codes.
Schedule I – Participant Transportation Expenses (Waiver-Related)

The purpose of Schedule I – Participant Transportation Expenses (Waiver-related) is to collect detail on 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 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 transportation expenses associated with participant transportation services that will be 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 for vehicles used for 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, air fare and other.

For vehicles that are used for both staff and 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 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 percent 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 participants. This 60 percent allocation would be further reduced if some of the 6,000 miles were for transportation services that will be billed separately. For example, if 2,000 of these 6,000 miles would be billed separately, only 40 percent of the total vehicle ownership and maintenance costs would be included in this schedule.

(Line 1) Lease/Loan Charge:
Enter the appropriate portion of expenses for lease and loan charges for your company vehicles used to transport participants for the service locations included in the Cost Report.

(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 Cost Report.

(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 Cost Report.

(Line 4) Insurance:
Enter the appropriate portion of the insurance expenses for your company owned/leased vehicles used to transport 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 participants for the service locations included in the Cost Report.

(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 Cost Report.

(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 Cost Report. Expenses may include the amount of bus fare purchased and made available, the amount of air fare purchased, or the amount of cab fare expenses incurred.

(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 Cost Report. Do not include expenses for staff, including contracted staff, who perform program or administrative functions.

**Line 7-11** Depreciation/Amortization:
Enter the depreciation/amortization expenses for buildings and equipment on Lines 7 and 9 respectively. Enter expenses associated with adaptations for residential buildings on Line 11 for the service locations included in the Cost Report. Do not include expenses for adaptations that are billed using the environmental modification procedure code. Line 8 will be automatically populated from Schedule E, Column G, Line 32. Line 10 will be automatically populated from Schedule E-2, Column G, Line 41.
(Line 12-29) Operating Expenses:
Enter the expenses incurred for each category in FY 2008/2009 for residential buildings for
the service locations included in the Cost Report. Do not include any operating expenses
that have already been reported on another schedule.

(Line 30) Total Residential Occupancy Expenses:
This line is automatically calculated as the sum of Lines 1 through 29.
Comments Page

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

This schedule allows the provider to paste data for their own use. Nothing on this schedule will be reviewed or considered by ODP or its agent.
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.

Prior to submitting the Cost Report, the provider should review the real-time edits (provided during Cost Report training) that will be performed when the Cost Report is submitted. In addition, the provider should ensure the following items have been addressed:

- 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?

- Schedule A – Expense Report
  - Did you report the CEO’s salary and ERE in total and identify the excluded Non-Allowable amount in Column E?

- 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 identify credentials, licensure or degree when appropriate?

- Schedule E – Depreciation and Amortization
  - If you entered your depreciation on a single line, did you attach a schedule with the supporting documentation?
  - Did you separate the residential and non-residential buildings and equipment in the appropriate schedule?

- 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 13, Other is greater than 5% of the total reported on this schedule, did you provide an explanation on the Comments Page or upload a supporting schedule?
– For program supplies, did you provide a description 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 cost reported on Line 3, Interest Expense – Buildings?
  – If Line 5 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 H – Program Expense Allocation Procedures
  – Did you define how expenses were allocated to the service 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?

□ Schedule J – Residential Occupancy Expenses
  – Did you only report those expenses related to the residential buildings that are included in this Cost Report?
  – Did you confirm that any expenses reported on this schedule were not reported on one of the other Cost Report schedules?
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 Cost Reports and other financial submissions. Topics covered include considerations for users with different versions of Excel (i.e., 2000 or 2007), file naming conventions that must be used to ensure the submissions are not rejected upon upload, and the website address where completed submissions should be uploaded. Detailed, step-by-step instructions for the upload process will be provided at the September training sessions.

Instructions for Using the Excel Cost Report Template

Providers must use the ODP Cost Report template, Version 5.0. The Cost Report template is available electronically in Microsoft Office Excel 2003. To obtain the template, providers can access the “ODP Provider Information Center (PIC)” on the [www.odpconsulting.net](http://www.odpconsulting.net) website.

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 just 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
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 thru 11 selecting the level of security that was in place previously. This process has to be repeated each time you open and edit the cost report.

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 “ODP PIC” on the www.odpconsulting.net website.

**Considerations for Excel 2007 Users**

There have been interaction issues between Excel 2003 and Excel 2007. If the provider repeatedly switches back and forth between using Excel 2003 and Excel 2007, the provider may experience file corruption issues. If possible, ODP recommends the provider only use Excel 2003 when completing the Cost Report. In cases where the provider only has access to Excel 2007, ODP recommends the provider work in Excel 2007 the entire time.

Another consideration for providers using Excel 2007 is that the automated system will not accept Cost Report files with a file extension of “.xlsm.” Macro-enabled Cost Report files with file extension “.xlsm” will be rejected upon upload because this format is not compatible with the online system. Therefore, providers will need to ensure they have converted any macro-enabled Cost Report files (those with a file extension of “.xlsm”) to non-.xlsm format prior to file upload. Step-by-step instructions for converting Excel files from the “.xlsm” format will be provided at the September training sessions. Alternatively, the provider can submit a question to the E-Help Desk via the link under “ODP PIC” on the www.odpconsulting.net website that requests assistance with the conversion process.
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:

<table>
<thead>
<tr>
<th>Character #</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 – 9</td>
<td>Numeric – nine-digit assigned MPI number, including leading zeros (if applicable) (123456789)</td>
</tr>
<tr>
<td>10</td>
<td>_ (underscore)</td>
</tr>
<tr>
<td>13</td>
<td>_ (underscore)</td>
</tr>
<tr>
<td>18</td>
<td>_ (underscore)</td>
</tr>
<tr>
<td>19 – 24</td>
<td>Alpha/numeric – file number being submitted of total files to be submitted (e.g., 01of04)</td>
</tr>
<tr>
<td>25</td>
<td>. (dot)</td>
</tr>
<tr>
<td>26 – 28</td>
<td>Alpha – file extension (Excel = xls, PDF= pdf, Word = doc, ASCII text = txt, ZIP = zip)</td>
</tr>
</tbody>
</table>

**Note:** Cost Report submissions (file type = CR) can only be submitted via Excel (xls) format. Other file types (i.e., SS, AF, A1, and RB) can be zipped prior to upload.

File name example: 123456789_CR_2009_01of02.xls

As indicated above, characters 11 and 12 indicate the type of file being submitted. All Cost Report submissions must be based on the ODP Cost Report template file and must contain a file type of “CR” in the naming convention to be recognized as a CR 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 “ODP 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_2009_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**

Providers submitting a Cost Report should submit the Cost Report, and all supplemental information (including audited financial statements), to ODP. 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 “ODP PIC”. Specific instructions for the upload process will be provided during the Cost Report training sessions. If you have problems uploading your files, please contact the E-help desk via the link provided at the ODP Consulting website under the “ODP PIC”.

Note: If you are using a dial-up modem or do not have Internet accessibility, please contact the E-help desk via the ODP Consulting website for instructions for submitting your Cost Report on a CD.
# Glossary of Terms

<table>
<thead>
<tr>
<th>Term</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>A-133</td>
<td>Audits of states, local governments and non-profit organizations</td>
</tr>
<tr>
<td>AE</td>
<td>Administrative Entity</td>
</tr>
<tr>
<td>AFS</td>
<td>Audited Financial Statements</td>
</tr>
<tr>
<td>Agency</td>
<td>A multi-service organization</td>
</tr>
<tr>
<td>Agency with Choice (AWC)</td>
<td>A participant directed services model where the agency is a financial management service organization that is in a joint-employment arrangement with the managing employer (Waiver individual or surrogate)</td>
</tr>
<tr>
<td>Allowable Expense</td>
<td>An expense that is allowable under the constraints defined by the Cost Report instructions for the Consolidated and P/FDS Waivers</td>
</tr>
<tr>
<td>Attestation</td>
<td>To confirm to be true</td>
</tr>
<tr>
<td>Base-funded Services (Base)</td>
<td>Services funded with State-only dollars and required county matching funds (i.e., no Federal participation)</td>
</tr>
<tr>
<td>CMS</td>
<td>Centers for Medicare &amp; Medicaid Services</td>
</tr>
<tr>
<td>Commonwealth</td>
<td>Commonwealth of Pennsylvania</td>
</tr>
<tr>
<td>DPW</td>
<td>Department of Public Welfare</td>
</tr>
<tr>
<td>Excluded Non-allowable Waiver Expense</td>
<td>Expense that is not reimbursed by the Consolidated and P/FDS Waivers in accordance with Allowable Expense definitions</td>
</tr>
<tr>
<td>Fee Schedule Services</td>
<td>Services that are paid on a fee schedule include:</td>
</tr>
<tr>
<td></td>
<td>▪ Nursing services</td>
</tr>
<tr>
<td></td>
<td>▪ Therapies – physical, occupational, speech/language, behavior, visual/mobility</td>
</tr>
<tr>
<td></td>
<td>▪ Home finding</td>
</tr>
<tr>
<td></td>
<td>▪ Behavioral support</td>
</tr>
<tr>
<td></td>
<td>▪ Homemaker/chore</td>
</tr>
<tr>
<td></td>
<td>▪ Companion services</td>
</tr>
<tr>
<td></td>
<td>▪ Supports Broker</td>
</tr>
<tr>
<td></td>
<td>▪ Out-of-Home Respite, Ineligible</td>
</tr>
<tr>
<td></td>
<td>▪ Respite Camp, Ineligible</td>
</tr>
<tr>
<td>Term</td>
<td>Explanation</td>
</tr>
<tr>
<td>-----------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Fiscal Year (FY)</td>
<td>Refers to the time period July 1 through June 30. For example, July 1, 2008 through July 1, 2009 is FY 2008/2009.</td>
</tr>
<tr>
<td>GAAS</td>
<td>Generally Accepted Auditing Standards</td>
</tr>
<tr>
<td>GAGAS</td>
<td>Generally Accepted Government Auditing Standards</td>
</tr>
<tr>
<td>GAAP</td>
<td>Generally Accepted Accounting Principles</td>
</tr>
<tr>
<td>HCBS</td>
<td>Home and Community-Based Services</td>
</tr>
<tr>
<td>HCBW</td>
<td>Home and Community-Based Waiver</td>
</tr>
<tr>
<td>HCSIS</td>
<td>Home and Community Services Information System</td>
</tr>
<tr>
<td>IPA</td>
<td>Independent Public Accountant</td>
</tr>
<tr>
<td>Lines of Business (LOBs)</td>
<td>General classification of the types of individuals served by a provider such as privately funded, Waiver-funded, Base-funded, etc.</td>
</tr>
<tr>
<td>Master Provider Index (MPI)</td>
<td>A nine-digit unique provider ID number</td>
</tr>
<tr>
<td>Non-allowable Expense</td>
<td>Any expense that does not meet the definition of “Allowable Expense”</td>
</tr>
<tr>
<td>ODP</td>
<td>Office of Developmental Programs</td>
</tr>
<tr>
<td>Outcomes-based Services</td>
<td>Services with outcomes-based payments include:</td>
</tr>
<tr>
<td></td>
<td>• Certain Transportation Services</td>
</tr>
<tr>
<td></td>
<td>• Home Accessibility Adaptations</td>
</tr>
<tr>
<td></td>
<td>• Vehicle Accessibilities Adaptations</td>
</tr>
<tr>
<td></td>
<td>• Assistive Technology</td>
</tr>
<tr>
<td></td>
<td>• Education Support Services</td>
</tr>
<tr>
<td></td>
<td>• Specialized Supplies</td>
</tr>
<tr>
<td>PDS</td>
<td>Participant Directed Service</td>
</tr>
<tr>
<td>P/FDS</td>
<td>Person/Family Directed Supports</td>
</tr>
<tr>
<td>PPS</td>
<td>Prospective Payment System</td>
</tr>
<tr>
<td>Procedure Code</td>
<td>HCPCS Pennsylvania local code which defines the service</td>
</tr>
<tr>
<td>PROMISE</td>
<td>Provider Reimbursement and Operations Management Information System</td>
</tr>
<tr>
<td>Provider</td>
<td>A provider of service</td>
</tr>
<tr>
<td>Rate-setting Bulletins</td>
<td>Bulletins providing clarification regarding rate setting policies prepared by the Commonwealth of Pennsylvania</td>
</tr>
<tr>
<td>Reasonable Expense</td>
<td>The amount of expense that would ordinarily be incurred by similar providers in similar markets</td>
</tr>
<tr>
<td>Service Location Code</td>
<td>A four-digit number appended to the MPI to create the ID under which claims are billed to PROMISE</td>
</tr>
<tr>
<td>Services and Supports Directory (SSD)</td>
<td>The place where providers indicate the services they will provide to the Consolidated and P/FDS Waiver participants within HCSIS</td>
</tr>
<tr>
<td>Total Provider Expenses</td>
<td>The total expenses of the provider across all LOBs</td>
</tr>
<tr>
<td>Waiver</td>
<td>Authority granted to ODP to provide HCBW services to individuals with mental retardation ages three and above</td>
</tr>
<tr>
<td>Term</td>
<td>Explanation</td>
</tr>
<tr>
<td>----------------------------------------------</td>
<td>----------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Waiver Revenue for Waiver Eligible Services</td>
<td>Revenue paid by the Commonwealth for Waiver Eligible services</td>
</tr>
<tr>
<td>Waiver revenue for Waiver Ineligible services</td>
<td>Revenue paid by the Commonwealth for Waiver Ineligible services (i.e., Residential Occupancy)</td>
</tr>
<tr>
<td>Yellow Book Audit</td>
<td>Audit performed in accordance with GAGAS</td>
</tr>
</tbody>
</table>
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) Provider-specific, cost-based rates; 2) Fee schedule rates or 3) Outcomes-based payments. The sections below summarize the rate methodology and indicate the Waiver services for which each methodology 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.

Provider-specific Rates (Cost Report Rates)

Under the cost-based rate methodology, provider-specific historical allowable expense data are collected from providers who submit Cost Reports to ODP using a standard reporting process. Provider-specific rates are established based on actual Allowable Expense data from the historical period that is adjusted and trended forward to a prospective rating period. There is no cost settlement at the end of the rating period.

Table 1 provides a summary of services that are reimbursed using the provider-specific, cost-based rate 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 in order to receive provider-specific rates. The established provider rates will apply to services the provider delivers under the Consolidated and P/FDS Waivers and to services delivered under the Base program for service locations that serve at least one Waiver participant.

<table>
<thead>
<tr>
<th>Table 1: Services Based on Cost Report Rate Methodology</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unlicensed Home and Community Habilitation</td>
</tr>
<tr>
<td>Unlicensed Residential Habilitation (In Community Homes and Family Living Homes)</td>
</tr>
</tbody>
</table>
Table 1: Services Based on Cost Report Rate Methodology

<table>
<thead>
<tr>
<th>Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Licensed Residential Home and Community Habilitation (Child Residential Services, Community Residential Rehabilitation Services, Adult Family Living Homes, Child Family Living Homes and Community Homes)</td>
</tr>
<tr>
<td>Supplemental Habilitation</td>
</tr>
<tr>
<td>Licensed Day Habilitation Services — Adult Training Facilities</td>
</tr>
<tr>
<td>Licensed Day Habilitation Services — Older Adult Day Living Centers</td>
</tr>
<tr>
<td>Prevocational Services, Vocational Facilities</td>
</tr>
<tr>
<td>Employment Services (Supported Employment and Transitional Work)</td>
</tr>
<tr>
<td>Respite Camp — Eligible*</td>
</tr>
<tr>
<td>Transportation Services (Per Diem and Zone)*</td>
</tr>
<tr>
<td>Supports Coordination*</td>
</tr>
</tbody>
</table>

*Developed via separate Cost Report specific to each service

Fee Schedule Rates

Table 2 provides a summary of the services that will be reimbursed under a fee schedule. The fee schedule rates vary by four regional areas, which were determined by ODP to have significant cost variations. The fee schedule rates apply to services covered under the Consolidated Waiver, P/FDS Waiver and the Base program. 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

<table>
<thead>
<tr>
<th>Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Companion Services</td>
</tr>
<tr>
<td>Supports Broker</td>
</tr>
<tr>
<td>Therapy Services (Physical, Occupational, Speech and Language, Behavioral and Visual/Mobility)</td>
</tr>
<tr>
<td>Nursing Services</td>
</tr>
<tr>
<td>Behavioral Support</td>
</tr>
<tr>
<td>Home Finding Services</td>
</tr>
<tr>
<td>Homemaker/Chore Services</td>
</tr>
<tr>
<td>Respite — Ineligible (Unlicensed Out-of-Home and Camp)</td>
</tr>
</tbody>
</table>

Outcomes-based Payments

Table 3 provides a summary of services that will be 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

<table>
<thead>
<tr>
<th>Public Transportation and Mileage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home Accessibility Adaptations</td>
</tr>
<tr>
<td>Vehicle Accessibility Adaptations</td>
</tr>
<tr>
<td>Assistive Technology</td>
</tr>
<tr>
<td>Education Support Services</td>
</tr>
<tr>
<td>Specialized Supplies</td>
</tr>
</tbody>
</table>

### Table 4: PPS Year 2 (FY 2010/2011) Rate Development Method - Fee Schedule

<table>
<thead>
<tr>
<th>Year 2 PPS Service Name</th>
<th>Procedure Code &amp; Modifier</th>
<th>Staff Level</th>
<th>Special Considerations for Completing Cost Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>Companion Services</td>
<td>W1724</td>
<td>Basic</td>
<td>These are not Cost Report services, so provider-specific rates will not be developed for these services. However, the provider must reflect their FY 2008/2009 expenses for these services on Schedule A, Column D and their revenue for these services on Schedule B, Columns A-C, Line 1c.</td>
</tr>
<tr>
<td></td>
<td>W1725</td>
<td>Level 1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>W1726</td>
<td>Level 2</td>
<td></td>
</tr>
<tr>
<td></td>
<td>W1727</td>
<td>Level 3</td>
<td></td>
</tr>
<tr>
<td>Supports Broker</td>
<td>W7096</td>
<td>Supports Broker</td>
<td></td>
</tr>
<tr>
<td>Therapy Services</td>
<td>T2025 GP</td>
<td>Physical Therapy</td>
<td></td>
</tr>
<tr>
<td></td>
<td>T2025 GO</td>
<td>Occupational Therapy</td>
<td></td>
</tr>
<tr>
<td></td>
<td>T2025 GN</td>
<td>Speech and Language Therapy</td>
<td></td>
</tr>
<tr>
<td></td>
<td>T2025 HE</td>
<td>Behavior Therapy, Individual</td>
<td></td>
</tr>
<tr>
<td></td>
<td>T2025 HE, HQ</td>
<td>Behavior Therapy, Group</td>
<td></td>
</tr>
<tr>
<td></td>
<td>W7246</td>
<td>Visual/Mobility Therapy</td>
<td></td>
</tr>
<tr>
<td>Nursing Services</td>
<td>T2025 TD</td>
<td>Registered Nurse</td>
<td></td>
</tr>
<tr>
<td></td>
<td>T2025 TE</td>
<td>Licensed Practical Nurse</td>
<td></td>
</tr>
<tr>
<td>Behavioral Support</td>
<td>W7095</td>
<td>Behavioral Support</td>
<td></td>
</tr>
<tr>
<td>Home Finding</td>
<td>W7277</td>
<td>Home Finding</td>
<td></td>
</tr>
<tr>
<td>Homemaker/Chore</td>
<td>W7283</td>
<td>Permanent</td>
<td></td>
</tr>
<tr>
<td></td>
<td>W7283 UA</td>
<td>Temporary</td>
<td></td>
</tr>
<tr>
<td>Respite Camp Ineligible - 24 Hours</td>
<td>W8401</td>
<td>Respite Camp - Ineligible</td>
<td></td>
</tr>
<tr>
<td>Respite Camp Ineligible - 15 Minutes</td>
<td>W8400</td>
<td>Respite Camp - Ineligible</td>
<td></td>
</tr>
</tbody>
</table>

### Table 5: PPS Year 2 (FY 2010/2011) Rate Development Method - Outcomes-based

<table>
<thead>
<tr>
<th>Year 2 PPS Service Name</th>
<th>Procedure Code &amp; Modifier</th>
<th>Staff Level</th>
<th>Special Considerations for Completing Cost Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transportation</td>
<td>W7271</td>
<td>Per Mile</td>
<td>These are not Cost Report services, so provider-specific rates will not be developed for these services. However, the provider must reflect their FY 2008/2009 expenses for these services on Schedule A, Column D and their revenue for these services on Schedule B, Columns A-C, Line 1c.</td>
</tr>
<tr>
<td></td>
<td>W7272</td>
<td>Public Transportation</td>
<td></td>
</tr>
<tr>
<td>Home Accessibility Adaptations</td>
<td>W7279</td>
<td>Home Accessibility Adaptations</td>
<td></td>
</tr>
<tr>
<td>Vehicle Accessibility Adaptations</td>
<td>W7278</td>
<td>Vehicle Accessibility Adaptations</td>
<td></td>
</tr>
<tr>
<td>Assistive Technology</td>
<td>T2028 SE</td>
<td>Non-Medical Assistive Technology</td>
<td></td>
</tr>
<tr>
<td></td>
<td>T2029 SE</td>
<td>Medical Assistive Technology</td>
<td></td>
</tr>
<tr>
<td>Education Support</td>
<td>W7284</td>
<td>Education Support Services</td>
<td></td>
</tr>
<tr>
<td>Specialized Supplies</td>
<td>W6089</td>
<td>Specialized Supplies</td>
<td></td>
</tr>
</tbody>
</table>

Version 5.0
## Table 6: PPS Year 2 (FY 2010/2011) Rate Development Method - Provider-specific Rates (Cost Report Rates)

<table>
<thead>
<tr>
<th>Procedure Code &amp; Modifier Used for Billing</th>
<th>Staff Level</th>
<th>Special Considerations for Completing Cost Report</th>
<th>Procedure Code(s) to Select on Service Selection Tab in Cost Report (i.e., Codes where Rates will be Developed)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unlicensed Home &amp; Community Habilitation</strong></td>
<td></td>
<td></td>
<td>W7067 Basic</td>
</tr>
<tr>
<td>W7065</td>
<td>Level 1</td>
<td></td>
<td>W7067</td>
</tr>
<tr>
<td>W7066</td>
<td>Level 2</td>
<td></td>
<td>W7067</td>
</tr>
<tr>
<td>W7069</td>
<td>Level 3</td>
<td></td>
<td>W7067</td>
</tr>
<tr>
<td>W7061</td>
<td>Level 3 Enhanced</td>
<td>TD and TE modifiers are for informational purposes only and do not affect the rate of service.</td>
<td>W7067</td>
</tr>
<tr>
<td>W7061 TD</td>
<td>Level 3 Enhanced (RN)</td>
<td>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.</td>
<td>W7067</td>
</tr>
<tr>
<td>W7064</td>
<td>Level 4</td>
<td></td>
<td>W7067</td>
</tr>
<tr>
<td>W7069</td>
<td>Level 4 Enhanced</td>
<td>TD and TE modifiers are for informational purposes only and do not affect the rate of service.</td>
<td>W7067</td>
</tr>
<tr>
<td>W7069 TD</td>
<td>Level 4 Enhanced (RN)</td>
<td>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.</td>
<td>W7067</td>
</tr>
<tr>
<td>W7070</td>
<td>Level 5</td>
<td></td>
<td>W7067</td>
</tr>
<tr>
<td><strong>Unlicensed Residential Habilitation in Community Homes</strong></td>
<td></td>
<td></td>
<td>W7081</td>
</tr>
<tr>
<td>W7079</td>
<td>One-Individual Home, Eligible</td>
<td>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.</td>
<td>W7079</td>
</tr>
<tr>
<td>W7080</td>
<td>Two-Individual Home, Eligible</td>
<td>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.</td>
<td>W7080</td>
</tr>
<tr>
<td>W7081</td>
<td>Two-Individual Home, Ineligible</td>
<td>For each home size, provider must ensure that expenses and units have been reported for the ineligible procedure code.</td>
<td>W7081</td>
</tr>
<tr>
<td>W7082</td>
<td>Three-Individual Home, Eligible</td>
<td>Therefore, this procedure code is not present in the Cost Report. Providers should report costs 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 eligible and ineligible rates. A separate rate will not be developed for this procedure code, and</td>
<td>W7082</td>
</tr>
<tr>
<td>W7083</td>
<td>Three-Individual Home, Ineligible</td>
<td>Therefore, for Level 3 Enhanced, the Cost Report only contains W7083, and providers must report all costs for W7083 under this code.</td>
<td>W7083</td>
</tr>
<tr>
<td><strong>Unlicensed Residential Habilitation in Family Living Homes</strong></td>
<td></td>
<td></td>
<td>W7087</td>
</tr>
<tr>
<td>W7077</td>
<td>One-Individual Home, Eligible</td>
<td>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.</td>
<td>W7077</td>
</tr>
<tr>
<td>W7078</td>
<td>One-Individual Home, Ineligible</td>
<td>Therefore, for Level 4 Enhanced, the Cost Report only contains W7078, and providers must report all costs for W7078, W7078 TD and W7078 TE under this code.</td>
<td>W7078</td>
</tr>
<tr>
<td>W7079</td>
<td>One-Individual Home, Ineligible</td>
<td>Only procedure code and the corresponding ineligible procedure code.</td>
<td>W7079</td>
</tr>
<tr>
<td>W7080</td>
<td>Two-Individual Home, Eligible</td>
<td>Therefore, for Level 3 Enhanced, the Cost Report only contains W7080, and providers must report all costs for W7080, W7080 TD and W7080 TE under this code.</td>
<td>W7080</td>
</tr>
<tr>
<td>W7081</td>
<td>Two-Individual Home, Ineligible</td>
<td>Only procedure code and the corresponding ineligible procedure code.</td>
<td>W7081</td>
</tr>
<tr>
<td>W7082</td>
<td>Three-Individual Home, Eligible</td>
<td>Therefore, for Level 4 Enhanced, the Cost Report only contains W7082, and providers must report all costs for W7082, W7082 TD and W7082 TE under this code.</td>
<td>W7082</td>
</tr>
<tr>
<td><strong>Child Residential Services</strong></td>
<td></td>
<td></td>
<td>W7097</td>
</tr>
<tr>
<td>W7010</td>
<td>One-Individual Home, Eligible</td>
<td>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.</td>
<td>W7010</td>
</tr>
<tr>
<td>W7010 TE</td>
<td>One-Individual Home (LPN), Eligible</td>
<td>Some Staff levels are for informational purposes only and do not affect the rate of service.</td>
<td>W7010</td>
</tr>
<tr>
<td>W7011</td>
<td>One-Individual Home Ineligible</td>
<td>Therefore, for Level 3 Enhanced, the Cost Report only contains W7011, and providers must report all costs for W7011 under this code.</td>
<td>W7011</td>
</tr>
<tr>
<td>W7012</td>
<td>Two-Individual Home, Eligible</td>
<td>Therefore, for Level 4 Enhanced, the Cost Report only contains W7012, and providers must report all costs for W7012, W7012 TD and W7012 TE under this code.</td>
<td>W7012</td>
</tr>
<tr>
<td>W7013</td>
<td>Two-Individual Home, Ineligible</td>
<td>Some Staff levels are for informational purposes only and do not affect the rate of service.</td>
<td>W7013</td>
</tr>
<tr>
<td>W7014</td>
<td>Three-Individual Home, Eligible</td>
<td>Therefore, for Level 3 Enhanced, the Cost Report only contains W7014, and providers must report all costs for W7014, W7014 TD and W7014 TE under this code.</td>
<td>W7014</td>
</tr>
<tr>
<td>W7015</td>
<td>Three-Individual Home, Ineligible</td>
<td>Some Staff levels are for informational purposes only and do not affect the rate of service.</td>
<td>W7015</td>
</tr>
<tr>
<td>W7016</td>
<td>Four-Individual Home, Eligible</td>
<td>Therefore, for Level 4 Enhanced, the Cost Report only contains W7016, and providers must report all costs for W7016, W7016 TD and W7016 TE under this code.</td>
<td>W7016</td>
</tr>
<tr>
<td>W7017</td>
<td>Four-Individual Home, Ineligible</td>
<td>Some Staff levels are for informational purposes only and do not affect the rate of service.</td>
<td>W7017</td>
</tr>
<tr>
<td>W7018</td>
<td>Five-to-Ten Individual Home, Eligible</td>
<td>Therefore, for Level 3 Enhanced, the Cost Report only contains W7018, and providers must report all costs for W7018, W7018 TD and W7018 TE under this code.</td>
<td>W7018</td>
</tr>
<tr>
<td>W7019</td>
<td>Five-to-Ten Individual Home, Ineligible</td>
<td>Some Staff levels are for informational purposes only and do not affect the rate of service.</td>
<td>W7019</td>
</tr>
<tr>
<td><strong>Respite, Child Residential</strong></td>
<td></td>
<td></td>
<td>W7091</td>
</tr>
<tr>
<td>W7091</td>
<td>Respite 24 Hours</td>
<td>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 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 eligible and ineligible rates.</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Community Residential Rehabilitation Services</strong></td>
<td></td>
<td></td>
<td>W7092</td>
</tr>
<tr>
<td>W7092</td>
<td>One-Individual Home, Eligible</td>
<td>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.</td>
<td>W7092</td>
</tr>
<tr>
<td>W7093</td>
<td>One-Individual Home, Ineligible</td>
<td>Some Staff levels are for informational purposes only and do not affect the rate of service.</td>
<td>W7093</td>
</tr>
<tr>
<td>W7094</td>
<td>Two-Individual Home, Eligible</td>
<td>Therefore, for Level 3 Enhanced, the Cost Report only contains W7094, and providers must report all costs for W7094, W7094 TD and W7094 TE under this code.</td>
<td>W7094</td>
</tr>
<tr>
<td>W7095</td>
<td>Two-Individual Home, Ineligible</td>
<td>Some Staff levels are for informational purposes only and do not affect the rate of service.</td>
<td>W7095</td>
</tr>
<tr>
<td>W7096</td>
<td>Four-Individual Home, Eligible</td>
<td>Therefore, for Level 4 Enhanced, the Cost Report only contains W7096, and providers must report all costs for W7096, W7096 TD and W7096 TE under this code.</td>
<td>W7096</td>
</tr>
<tr>
<td>W7097</td>
<td>Four-Individual Home, Ineligible</td>
<td>Some Staff levels are for informational purposes only and do not affect the rate of service.</td>
<td>W7097</td>
</tr>
<tr>
<td>W7098</td>
<td>Five-to-Ten Individual Home, Eligible</td>
<td>Therefore, for Level 3 Enhanced, the Cost Report only contains W7098, and providers must report all costs for W7098, W7098 TD and W7098 TE under this code.</td>
<td>W7098</td>
</tr>
<tr>
<td>W7099</td>
<td>Five-to-Ten Individual Home, Ineligible</td>
<td>Some Staff levels are for informational purposes only and do not affect the rate of service.</td>
<td>W7099</td>
</tr>
<tr>
<td><strong>Respite, Community Residential Rehabilitation Services</strong></td>
<td></td>
<td></td>
<td>W7095</td>
</tr>
<tr>
<td>W7095</td>
<td>Respite 24 Hours</td>
<td>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 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 eligible and ineligible rates.</td>
<td>N/A</td>
</tr>
<tr>
<td>Year 2 PPS Service Name</td>
<td>Procedure Code &amp; Modifier Used for Billing</td>
<td>Staff Level</td>
<td>Special Considerations for Completing Cost Report</td>
</tr>
<tr>
<td>------------------------</td>
<td>------------------------------------------</td>
<td>-------------</td>
<td>--------------------------------------------------</td>
</tr>
<tr>
<td>Adult Family Living Home</td>
<td>W7221 One-Individual Home, Eligible</td>
<td></td>
<td>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.</td>
</tr>
<tr>
<td></td>
<td>W7221 TD One-Individual Home (TN), Eligible</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>W7221 TE One-Individual Home (LPN), Eligible</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>W7225 Two-Individual Home, Eligible</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>W7225 TD Two-Individual Home (TN), Eligible</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>W7225 TE Two-Individual Home (LPN), Eligible</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>W7224 Two-Individual Home, Ineligible</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>W7224 TD Two-Individual Home (TN), Ineligible</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>W7224 TE Two-Individual Home (LPN), Ineligible</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Child Family Living Home</td>
<td>W7226 One-Individual Home, Eligible</td>
<td></td>
<td>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.</td>
</tr>
<tr>
<td></td>
<td>W7226 TD One-Individual Home (TN), Eligible</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>W7226 TE One-Individual Home (LPN), Eligible</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>W7227 Two-Individual Home, Eligible</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>W7227 TD Two-Individual Home (TN), Eligible</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>W7227 TE Two-Individual Home (LPN), Eligible</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>W7226 TD One-Individual Home, Ineligible</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>W7226 TE One-Individual Home (LPN), Ineligible</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>W7227 Two-Individual Home, Ineligible</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>W7227 TD Two-Individual Home (TN), Ineligible</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>W7227 TE Two-Individual Home (LPN), Ineligible</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Respite, Family Living Homes

<table>
<thead>
<tr>
<th>Procedure Code &amp; Modifier Used for Billing</th>
<th>Staff Level</th>
<th>Special Considerations for Completing Cost Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>W9593</td>
<td>Respite 24 Hours</td>
<td>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.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>N/A</td>
</tr>
</tbody>
</table>

Licensed Residential Habilitation in Community Homes

<table>
<thead>
<tr>
<th>Procedure Code &amp; Modifier Used for Billing</th>
<th>Staff Level</th>
<th>Special Considerations for Completing Cost Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>W6089</td>
<td>One-Individual Home, Eligible</td>
<td>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.</td>
</tr>
<tr>
<td>W6090 TD</td>
<td>One-Individual Home (TN), Eligible</td>
<td>W6090</td>
</tr>
<tr>
<td>W6090 TE</td>
<td>One-Individual Home (LPN), Eligible</td>
<td>W6090 TE</td>
</tr>
<tr>
<td>W6090 UA</td>
<td>One-Individual Home, Eligible, Semi-independent</td>
<td>W6090 UA</td>
</tr>
<tr>
<td>W6092 TD UA</td>
<td>One-Individual Home (TN), Eligible, Semi-independent</td>
<td>W6092 UA</td>
</tr>
<tr>
<td>W6093 TE UA</td>
<td>One-Individual Home (LPN), Eligible, Semi-independent</td>
<td>W6093</td>
</tr>
<tr>
<td>W6093</td>
<td>One-Individual Home, Ineligible</td>
<td>W6093</td>
</tr>
<tr>
<td>W6094 TD</td>
<td>One-Individual Home (TN), Eligible</td>
<td>W6094</td>
</tr>
<tr>
<td>W6094 TE</td>
<td>One-Individual Home (LPN), Eligible</td>
<td>W6094 TE</td>
</tr>
<tr>
<td>W6094 UA</td>
<td>One-Individual Home, Eligible, Semi-independent</td>
<td>W6094 UA</td>
</tr>
<tr>
<td>W6096</td>
<td>Four-Individual Home, Eligible</td>
<td>W6096</td>
</tr>
<tr>
<td>W6096 TD</td>
<td>Four-Individual Home (TN), Eligible</td>
<td>W6096 TD</td>
</tr>
<tr>
<td>W6096 TE</td>
<td>Four-Individual Home (LPN), Eligible</td>
<td>W6096 TE</td>
</tr>
<tr>
<td>W6096 UA</td>
<td>Four-Individual Home, Eligible, Semi-independent</td>
<td>W6096 UA</td>
</tr>
<tr>
<td>W6098 TD UA</td>
<td>Four-Individual Home (TN), Eligible, Semi-independent</td>
<td>W6098 UA</td>
</tr>
<tr>
<td>W6099</td>
<td>Five-to-Ten Individual Home, Eligible</td>
<td>N/A</td>
</tr>
<tr>
<td>W6099</td>
<td>Five-to-Ten Individual Home, Ineligible</td>
<td></td>
</tr>
</tbody>
</table>

Respite, Licensed Residential Habilitation in Community Homes

<table>
<thead>
<tr>
<th>Procedure Code &amp; Modifier Used for Billing</th>
<th>Staff Level</th>
<th>Special Considerations for Completing Cost Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>W9594</td>
<td>Respite 24 Hours</td>
<td>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.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>N/A</td>
</tr>
</tbody>
</table>

Licensed Day Habilitation Services - Adult Training Facilities

<table>
<thead>
<tr>
<th>Procedure Code &amp; Modifier Used for Billing</th>
<th>Staff Level</th>
<th>Special Considerations for Completing Cost Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>W7074</td>
<td>Basic</td>
<td>W7074</td>
</tr>
<tr>
<td>W7073</td>
<td>Level I</td>
<td>W7073</td>
</tr>
<tr>
<td>W7074</td>
<td>Level II</td>
<td>W7074</td>
</tr>
<tr>
<td>W7075</td>
<td>Level III</td>
<td>W7075</td>
</tr>
<tr>
<td>W7076</td>
<td>Level 3 Enhanced</td>
<td>W7076</td>
</tr>
<tr>
<td>W7077</td>
<td>Level 4 Enhanced</td>
<td>W7077</td>
</tr>
<tr>
<td>W7078</td>
<td>Level 5 Enhanced</td>
<td>W7078</td>
</tr>
<tr>
<td>W7079</td>
<td>Level 6 Enhanced</td>
<td>W7079</td>
</tr>
<tr>
<td>W7080</td>
<td>Level 7 Enhanced</td>
<td>W7080</td>
</tr>
<tr>
<td>W7081 TD</td>
<td>Level 3 Enhanced (TN)</td>
<td>W7081 TD</td>
</tr>
<tr>
<td>W7082 TD</td>
<td>Level 4 Enhanced (TN)</td>
<td>W7082 TD</td>
</tr>
<tr>
<td>W7083 TD</td>
<td>Level 5 Enhanced (TN)</td>
<td>W7083 TD</td>
</tr>
<tr>
<td>W7084 TD</td>
<td>Level 6 Enhanced (TN)</td>
<td>W7084 TD</td>
</tr>
<tr>
<td>W7085 TD</td>
<td>Level 7 Enhanced (TN)</td>
<td>W7085 TD</td>
</tr>
<tr>
<td>W7086 TE</td>
<td>Level 3 Enhanced (LPN)</td>
<td>W7086 TE</td>
</tr>
<tr>
<td>W7087 TE</td>
<td>Level 4 Enhanced (LPN)</td>
<td>W7087 TE</td>
</tr>
<tr>
<td>W7088 TE</td>
<td>Level 5 Enhanced (LPN)</td>
<td>W7088 TE</td>
</tr>
<tr>
<td>W7089 TE</td>
<td>Level 6 Enhanced (LPN)</td>
<td>W7089 TE</td>
</tr>
<tr>
<td>W7090 TE</td>
<td>Level 7 Enhanced (LPN)</td>
<td>W7090 TE</td>
</tr>
</tbody>
</table>

ODP understands that some providers may not use the ineligible codes.
### Year 2 PPS Service Name

<table>
<thead>
<tr>
<th>Procedure Code &amp; Modifier Used for Billing</th>
<th>Staff Level</th>
<th>Special Considerations for Completing Cost Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>W7094</td>
<td>Older Adult Daily Living Centers</td>
<td>All providers of Licensed Day Habilitation Services – Older Adult Day Living Centers (W7094) need to fully complete the Cost Report for Waiver-enrolled participants regardless of whether they have an Area Agency on Aging (AAA) rate already established for another program.</td>
</tr>
</tbody>
</table>

#### Prevocational Service

<table>
<thead>
<tr>
<th>Year 2 PPS Service Name</th>
<th>Procedure Code</th>
<th>Modifier Used</th>
<th>Staff Level</th>
<th>Special Considerations for Completing Cost Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>W7087</td>
<td>Basic</td>
<td>Level 1</td>
<td>W7087</td>
<td></td>
</tr>
<tr>
<td>W7089</td>
<td>Level 2</td>
<td>W7089</td>
<td></td>
<td></td>
</tr>
<tr>
<td>W7090</td>
<td>Level 3</td>
<td>W7090</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **W7087**: In-Home Respite - 24 Hours
  - Level 1

- **W7090**: In-Home Respite - 15 Hours
  - Level 3

- **W7236**: Supported Employment
  - Supported Employment W7236

#### In-Home Respite - 24 Hours

<table>
<thead>
<tr>
<th>Year 2 PPS Service Name</th>
<th>Procedure Code</th>
<th>Modifier Used</th>
<th>Staff Level</th>
<th>Special Considerations for Completing Cost Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>W7247</td>
<td>Basic</td>
<td>Level 2</td>
<td>W7247</td>
<td></td>
</tr>
<tr>
<td>W7250</td>
<td>Level 3</td>
<td>W7250</td>
<td></td>
<td></td>
</tr>
<tr>
<td>W7251</td>
<td>Level 2 Enhanced</td>
<td>TD and TE modifiers are for informational purposes only and do not affect the rate of service. Therefore, for Level 2 Enhanced, the Cost Report only contains W7251, and providers must report all costs for W7251, W7251 TD and W7251 TE under this code.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>W7252</td>
<td>Level 4</td>
<td>W7252</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **W7247**: In-Home Respite - 24 Hours
  - Level 2

- **W7250**: In-Home Respite - 15 Minutes
  - Level 3

### Unlicensed Out-of-Home Respite - 24 Hours

<table>
<thead>
<tr>
<th>Year 2 PPS Service Name</th>
<th>Procedure Code</th>
<th>Modifier Used</th>
<th>Staff Level</th>
<th>Special Considerations for Completing Cost Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>W8000</td>
<td>Basic</td>
<td>Level 1</td>
<td>W8000</td>
<td></td>
</tr>
<tr>
<td>W8001</td>
<td>Level 1</td>
<td>W8001</td>
<td></td>
<td></td>
</tr>
<tr>
<td>W8003</td>
<td>Level 2 Enhanced</td>
<td>TD and TE modifiers are for informational purposes only and do not affect the rate of service. Therefore, for Level 2 Enhanced, the Cost Report only contains W8003, and providers must report all costs for W8003, W8001 TD and W8001 TE under this code.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>W8004</td>
<td>Level 3</td>
<td>W8004</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **W8000**: Unlicensed Out-of-Home Respite - 24 Hours
  - Basic

- **W8003**: Unlicensed Out-of-Home Respite - 24 Hours
  - Level 2 Enhanced

### Respite - Licensed Out-of-Home - 24 Hours

<table>
<thead>
<tr>
<th>Year 2 PPS Service Name</th>
<th>Procedure Code</th>
<th>Modifier Used</th>
<th>Staff Level</th>
<th>Special Considerations for Completing Cost Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>W7259</td>
<td>Basic</td>
<td>Level 1</td>
<td>W7259</td>
<td></td>
</tr>
<tr>
<td>W7260</td>
<td>Level 2</td>
<td>W7260</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **W7259**: Respite - Licensed Out-of-Home - 24 Hours
  - Basic

- **W7260**: Respite - Licensed Out-of-Home - 24 Hours
  - Level 2
### Staff Level Special Considerations for Completing Cost Report

<table>
<thead>
<tr>
<th>Year 2 PPS Service Name</th>
<th>Procedure Code &amp; Modifier Used for Billing</th>
<th>Staff Level</th>
<th>Special Considerations for Completing Cost Report</th>
<th>Procedure Code(s) to Select on Service Selection Tab in Cost Report (i.e., Codes where Rates will be Developed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Respite - Licensed Out-of-Home - 15 Minutes</td>
<td>W7267 Basic</td>
<td>Level 1</td>
<td></td>
<td>W7267</td>
</tr>
<tr>
<td>W7268</td>
<td>Level 2</td>
<td></td>
<td></td>
<td>W7268</td>
</tr>
<tr>
<td>W7400</td>
<td>Level 2 Enhanced</td>
<td></td>
<td>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.</td>
<td>W7400</td>
</tr>
<tr>
<td>W7401</td>
<td>Level 3</td>
<td></td>
<td></td>
<td>W7401</td>
</tr>
<tr>
<td>W7402</td>
<td>Level 3 Enhanced</td>
<td></td>
<td>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.</td>
<td>W7402</td>
</tr>
<tr>
<td>W7285</td>
<td>Respite Camp - Eligible</td>
<td></td>
<td>Here is a stand-alone Cost Report for this service. Providers must access the Cost Report that is specific to Respite Camp and complete that for purposes of obtaining Respite Camp rates.</td>
<td>W7285</td>
</tr>
<tr>
<td>W7286</td>
<td>Respite Camp - Eligible</td>
<td></td>
<td>For purposes of this Cost Report, the provider must reflect their FY 2008/2009 expenses for these services on Schedule A, Column D and their revenue for these services on Schedule B, Column A, Line 1c.</td>
<td>W7286</td>
</tr>
<tr>
<td>Supports Coordination</td>
<td>W7210 Supports Coordination</td>
<td></td>
<td>Here is a stand-alone Cost Report for this service. Providers must access the Cost Report that is specific to Supports Coordination and complete that for purposes of obtaining Supports Coordination rates. For purposes of this Cost Report, the provider must reflect their FY 2008/2009 expenses for these services on Schedule A, Column D and their revenue for these services on Schedule B, Column A, Line 1c.</td>
<td>W7210</td>
</tr>
<tr>
<td>Transportation</td>
<td>W7273 Per Mile</td>
<td></td>
<td>Rates for these transportation services are based on cost data collected by the AEs and are often provider-specific. For purposes of this Cost Report, the provider must reflect their FY 2008/2009 expenses for these services on Schedule A, Column D and their revenue for these services on Schedule B, Column A, Line 1c.</td>
<td>W7273</td>
</tr>
<tr>
<td>W7274 Zone 1</td>
<td></td>
<td></td>
<td></td>
<td>W7274</td>
</tr>
<tr>
<td>W7275 Zone 2</td>
<td></td>
<td></td>
<td></td>
<td>W7275</td>
</tr>
<tr>
<td>W7276 Zone 3</td>
<td></td>
<td></td>
<td></td>
<td>W7276</td>
</tr>
</tbody>
</table>
Appendix C

Year 2 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 used in prospective rate development (i.e., partial CR submission approvals will not be used for rate development).