

Instructions for Preparing the 2011 Annual Cost Report

Filing Procedure

A copy of the Annual Report can be downloaded from Craig J. Lubitski Consulting LLC's website at www.cjlc.com. If necessary, the provider can contact Craig J. Lubitski Consulting LLC at 860-610-9009 to receive a CD or DVD containing the Annual Report. When Annual Reports are returned to DSS, they must be written (Burned) to a CD or DVD.

Setup Microsoft Excel to Allow Macros to Run

Excel 2007 – 2010

Please Note: When opening the Annual Cost Report, a Security Warning should show up under the icon menu indicating that Macros have been disabled along with an “Options...” button. Click the “Options...” button to open the Security Alert screen. Choose the Enable this content option and close the Security Alert screen. **Not enabling Macros will cause loss of functionality and will not be supported.**

Excel 97 – 2003

Open Excel, go to Tools > Macro > Security and choose medium. Close and restart Excel. When opening the file, choose enable macros if prompted.

WARNING: Excel 2010 Users

There is a bug in Excel 2010 that causes form controls (Yes/No buttons) to shift when printing a document under certain conditions (manually selecting more than one sheet and printing or previewing). To work around this, either use the buttons on the Print Manager screen or *save* your work *before* printing and close the document *without saving* right after printing. The document can then be re-opened to the state it was in prior to printing. If you have any questions, please call Mary Chattelle at 860-610-9009 x144.

Important Note for Excel 2007 or 2010 Users

When using the Save As... option to save the Annual Cost Report be sure to choose “Excel 97-2003 workbook (.xls)” as the document type. **Saving as any other document type may cause loss of functionality and will not be supported.**

Overall Filing of the Annual Report

When filing the Annual Report do not cross out or alter any of the lines or descriptions. If the facility has an expense or revenue item which does not correspond with a specific line item, report the item on one of the “other” lines and provide a detailed description. All expenses and assets that do not relate to inpatient resident care should be clearly identified and adjusted for appropriately.

Page 1 Administrators / Owners Certification

For the Annual Report to be accepted for processing, a completed Page 1 with the necessary notarization must be provided. If the facility filing does not contain the proper signatures (Administrator/Owner only) or has not been notarized, it will be returned. All future amendments to the original filing must also be accompanied by this page with the proper signatures and notarization.

Page 1a Real Wage Growth

This page needs to be completed for ICFMRs only. All other licensure levels do not need to complete this page.

Page 2 General Information

When completing the Administrator section, report the Administrator as of the date the Annual Report is prepared.

Page 3 Partners

If the Facility is a Partnership or LLC taxed as a Partnership, please provide all the requested information.

Page 3a Corporate Owners

If the Facility is a Corporation or LLC taxed as a Corporation, please provide all the requested information. All stockholders owning 10% or more must be reported.

Page 3b Individual Proprietorship

Include all the requested information of an individually owned proprietorship.

Page 4 Related Parties

All related parties must be disclosed in the Annual Report. Please refer to the definition provided on Page 4 of the Annual Report in determining related parties.

Page 5 Basis for Allocation

For all multi-level facilities, review the listed allocation methods and fully explain all deviations from the methods provided.

Related Company Transactions

Explain the allocation of all related company transactions among other facilities and throughout the Annual Report.

Page 6 Operating Leases

Record only operating leases on Page 6 of the Annual Report. Do not include short-term rentals or expenses such as Tent Rentals, Cellular Phones, Beepers, Temporary Storage Rentals, etc. Include a copy of all newly acquired leases. The total amount reported on Page 6 should agree to Page 22, Line 6e.

Mileage logs are required to be kept for all leased vehicles. Indicate if mileage logs are maintained.

Page 7 Accounting Fees

Provide the name, address, services provided and expenses for all accounting firms. The total charge for the period should agree with the amount reported on Page 15, Line 1d of the Annual Report. If any unallowable accounting fees are reported, a disallowance must be made on Page 28, Line 10 of the Annual Report.

Legal Fees

Provide the name, address, telephone number, services provided and expenses for all legal firms. The total charge for the period should agree with the amount reported on Page 15, Line 1e of the Annual Report. If any unallowable legal fees are reported, a disallowance must be made on Page 28, Line 10 of the Annual Report.

Page 8

Resident days are reported on Page 8 of the Annual Report. When counting resident days, count the day of admission but not the day of discharge. Resident days and bed capacities must be separately identified for the period of 10/1/XX – 6/30/XX and 7/1/XX – 9/30/XX.

1A Certified Bed Capacity

The Certified Bed Capacity on last day of PREVIOUS report period 10/1 thru 6/30 must equal what was reported on the prior year report line 1B for 9/30.

1B

The Certified Bed Capacity on last day of THIS report period 10/1 thru 6/30 must equal the facility's bed capacity 6/30. The Certified Bed Capacity on last day of THIS report period 7/1 thru 9/30 must equal the facility's bed capacity on 9/30.

2A Number of Residents

The Number of Residents as of midnight of PREVIOUS report period 10/1 thru 6/30 must equal what was reported on the prior year report line 2B for 9/30.

2B

The Number of Residents as of midnight of THIS report period 10/1 thru 6/30 must equal the facility's census on 6/30. Number of Residents as of midnight of THIS report period 7/1 thru 9/30 must equal the facility's census on 9/30.

3 Total Number of Days

Provide the resident days for all requested categories. Each category must also be broken into the time period of 10/1/XX – 6/30/XX and 7/1/XX– 9/30/XX.

4 Reserve Bed Days

Separately identify Bed Reserve Days by Medicaid (Line 4A) and Other (Line 4B).

Page 9

Page 9 is used to report all bed changes, current self pay rates and PT, ST and OT therapy treatments.

4 Changes in Certified Bed Capacity

Record the date of change for all changes in certified bed capacity. The dates should correspond to the license issued by DPH. If additional room is needed a schedule or additional pages must be provided. Conversions for licensure levels must also be reported.

- 5 90 days after change** Section 5 needs to be completed only for the addition of “New Beds.” If the change in beds is due to a licensure conversion, then Section 5 does not need to be completed. If a change in bed capacity occurred within 90 days of the cost report year-end, then only report the days through 9/30/XX. (If the bed change occurred on 9/1 then only report the resident days from 9/1/XX – 9/30/XX). NOTE: **All** resident days are reported for the requested time frame, not just the resident days for the new beds.
- 6 Residents and Rates** Please provide the number of residents and the per diem rates being paid as of September 30th of the cost year. The yearly average Medicare rate should be reported.
- 7 Physical Therapy** Report physical therapy treatments by payor type.
- 8 Speech Therapy** Report speech therapy treatments by payor type
- 9 Occupational Therapy** Report occupational therapy treatments by payor type.

Page 10

Salaries and wages are reported on Page 10 of the Annual Report. Salaries and wages should be reported consistently from year-to-year. If the Facility accrued vacation and sick time in the prior year, the Facility must also accrue it in the current year. Hours reported should reflect all hours paid (not hours worked). Thus, hours for vacation, holidays, illness, etc. must be included. Facility must answer Yes/No as to whether time records are maintained by all individuals receiving compensation.

If multiple levels of care are reported, allocation methods should be clearly identified on Page 5 of the Annual Report. All salaries that do not relate to inpatient resident care should be disallowed on Page 28 of the Annual Report.

- A1 Operators/Owners** Include the salary expense for owners and operators who are not the Administrator, Assistant Administrator or if they perform non-managerial work. Page 11, “Section I” must be completed to reflect this information.
- A2 Administrators** Include the salary expense for the licensed Administrator for nursing facilities or the equivalent for RCH and ICFMR. Page 12, “Section III” must be completed to reflect this information.
- A3 Asst-Administrators** Include the salary expense for the Assistant Administrator. Page 12, “Section IV” must be completed to reflect this information.
- A5 Other Administrative** Include the salary expense for any and all employees performing administrative functions. (i.e. receptionists, clerks, secretaries, telephone operators).
- A6 – A11** Record personnel based on their appropriate categories.

A12a	Director of Nurses	Include the salary expense for both the Director and Assistant Director of Nurses.
A12b1	RN – Direct care	Include the salary expense for licensed RNs who are not the MDS Coordinator, In-service Training Coordinator and Infection Control Nurse.
A12b1	RN – Administrative	Include the salary expense for licensed RNs who are the MDS Coordinator, In-service Training Coordinator and Infection Control Nurse.
A12c1	LPN – Direct care	Include the salary expense for licensed LPNs who are not the MDS Coordinator, In-service Training Coordinator and Infection Control Nurse.
A12c1	LPN – Administrative	Include the salary expense for licensed LPNs who are the MDS Coordinator, In-service Training Coordinator and Infection Control Nurse.
A12d	Aides and Attendants	Include the salary expense for CNAs for nursing facilities and attendants for RCH and ICFMRs. If Aides and Attendants performed or assisted with PT, ST or OT treatments, the amount associated with the therapies should be reported on the appropriate therapy line.
A12e-g	Therapies	Include the salary expense for PT, ST and OT, including Aides to the Therapist. If any salaries are reported for therapies, the corresponding therapy treatments must be reported on Page 9 of the Annual Report.
A12i	Physicians	Include salary expenses for all physicians. If any resident care physicians (Line A12i3) are reported, disallow this amount on Page 28, Line 4. Exception: Disallowance is NOT made for RCH level.
A12j – A12m		Record personnel based on their appropriate categories.
A12n	Marketing	Include salary expenses for all personnel performing Marketing and/or Public Relations duties. This amount must be disallowed on Page 28, Line 2.
A12o	Other	Include salary expense only for personnel that provide indirect professional care of residents, all other administrative personnel should be recorded on Line A4. If more than one class of employee is included, separately identify hours, dollars and provide a job description for each job class.
A13	Total	Total all columns for dollars and hours.

Pages 11 - 12

Complete all the required information for the given categories.

Name

Include the name of each person reported.

Salary Paid

Include the dollar amount that is allocated to each level of care. This amount should reflect the information reported on Page 10 of the Annual Report.

Fringe Benefits

Include only benefits that are discriminatory in nature. **Do Not** include group benefits.

Full Description of Services

Include a description of the services provided and job title of each individual reported.

Total Hours Worked

Include the total hours paid. If the individual received time off that was in excess of the standard policies of the Facility it should be disclosed.

**Line where claimed
On Page 10**

Include the cross-reference to Page 10 of the annual report.

**Name and Address of all
Other Employment**

Include **ALL** other places of employment the related parties worked during the report period.

Total Hours Worked

Include the total hours worked at **ALL** other places of employment.

Compensation Received

Include the total compensation received at **ALL** other places of employment.

Section I Owners

Include all salaries paid to the owners/operators who are **NOT** the Administrator or do not perform non-managerial work. Both the salary paid and hours worked must agree with the amount reported on Page 10, Line A1.

Section II Related Parties

Related Parties are identified as any person related through marriage, ability to control, ownership, family or business association.

Section III Administrator

Include all Administrator(s) for the report period. If more than one Administrator is reported include the dates of employment, hours worked and dollars paid to each individual. Both the salary paid and hours worked must agree with the amount reported on Page 10, Line A2.

**Section III Assistant
Administrator**

Include the Assistant Administrator(s) for the report period. If the Assistant Administrators did not work full-time (2,080 hours) include the dates of employment, hours worked and dollars paid. Both the salary paid and hours worked must agree with the amount reported on Page 10, Line A3.

Professional fees are reported on Page 13 of the Annual Report. Page 14 must also be completed for all fees claimed on Page 13. **Hours must be provided in order to determine the allowability of professional fees per State guidelines. Hours must be actual and cannot be estimated.**

- | | | |
|------------------|---|---|
| 1 | Dietician | Include the professional fees paid to Registered Dieticians. |
| 2 | Dentist | Include the professional fees paid to Dentists. |
| 3 | Pharmacist | Include the professional fees paid to Pharmacists. |
| 4 | Podiatrist | Include the professional fees paid to Podiatrists. |
| 5, 9, 10 | Physical, Speech, & Occupational Therapy | Include the professional fee expense for PT, ST and OT. The fees for resident care must be reported on Line "a" with the corresponding treatments reported on Page 9 of the Annual Report. Non-resident care fees should be reported on Line "b". |
| 6 | Social Worker | Include professional fees paid to Social Workers. |
| 7 | Recreation Worker | Include professional fees paid to Recreation Workers. |
| 8a | Medical Director | Include professional fees paid to the Facility Medical Director. |
| 8b | Utilization Review | Include professional fees paid for Utilization Review of Title 18 and 19 residents. |
| 8c | Resident Care Physicians | If expenses are reported for Resident Care Physicians, a corresponding disallowance must be made on Page 28, Line 5. Exception: Disallowance is NOT made for RCH level. |
| 8d1, 2, 3 | | Include fees paid for all Administrative resident care committees. |
| 8e | Other Physicians | Only include other physicians on this line. If more than one physician is reported, then each physician must be separately identified by description of services provided, compensation received and hours worked. |
| 11a1 | RN Direct Care | Include fees paid to nursing pools for direct care RNs. |
| 11a2 | RN Administrative | Include fees paid to nursing pools for administrative costs and hours associated with the following positions: MDS Coordinator, In-service Training Coordinator and Infection Control Nurse. |
| 11b1 | LPN Direct Care | Include fees paid to nursing pools for direct care LPNs. |
| 11b2 | LPN Administrative | Include fees paid to nursing pools for administrative costs and hours associated with the following positions: MDS Coordinator, Inservice Training Coordinator and Infection Control Nurse. |
| 11c | Aides | Include fees paid to nursing pools for direct care Aides. |

11d	Nursing Other	Include fees paid to nursing pools for other short term direct care assistance.
12	Other	Provide a detailed schedule to separately identify all other professional fees and hours. These individuals should provide indirect care to the residents. Do not include fees related to A&G and maintenance such as accountants, bookkeepers, maintenance fees, payroll, etc.
B13	Total	Total all columns for dollars and hours.
<u>Page 14</u>		Page 14 must be completed for ALL individuals / companies providing professional services reported on Page 13 of the Annual Report. Page 14 requires the name and address of the individual and the explanation of services provided. Should related parties provide services, an explanation of the relationship must be provided on Page 4 and 14 of the Annual Report. A further definition of a related party can be acquired from Page 4 of the Annual Report.
<u>Pages 15 and 16</u>		Administrative and general expenditures (other than salaries) are reported on Pages 15 and 16 of the Annual Report.
1a1-1a8 Fringe Benefits		Fringe benefits should be allocated to each level of care based on total salaries for each licensure level. For example, if total salaries on Page 10 for the CCH level of care is \$40 and total salaries for all licensure levels is \$100, then fringes of 40% (40/100) should be allocated to the CCH licensure level.
1a9	Other Employee Benefits	Other Fringe Benefits should only include group benefits that all employees are eligible to receive. All items should be separately identified by description and dollar amount on an attached schedule.
1b	Personal Retirement Plans	Include all pension and profit sharing plans of the Administrator that are not included in payroll and are not group benefits.
1c	Bad Debts	All Bad Debt expense should be reported on Page 15, Line 1c and must be fully disallowed on Page 28, Line 9.
1d	Accounting	Accounting fees reported on Page 15 of the Annual Report, must agree to the amounts reported on Page 7. Unallowable accounting fees must be disallowed on Page 28, Line 10.
1e	Legal	Legal fees reported on Page 15 of the Annual Report, must agree to the amounts reported on Page 7. Unallowable legal fees must be disallowed on Page 28, Line 10.
1f	Insurance	Include life insurance for the owner and operator. This amount must be disallowed on Page 28, Line 13.

1g	Office Supplies	Include all office supplies.
1h1	Telephone & Pagers	Include the cost of telephone and pager services. Do not include the expense associated with directory advertising and/or equipment. Disallow any personal use on Page 28, Line 11.
1h2	Cellular Phones	Report the costs, including leases, of All cellular phones. Do not report pager expenses on this line. Disallow any personal use or amount in excess of state guidelines on Page 28, Line 12.
1i	Appraisal	If any expense is claimed then state the purpose of the appraisal. This amount must be disallowed on Page 28, Line 23.
1j	Corporation Business Taxes	This amount less the minimal allowable tax (\$250) must be disallowed on Page 28, Line 23.
1k1	Income Taxes	This amount must be disallowed on Page 28, Line 19.
1k2	Other Taxes	Include other taxes such as sales tax. Do not include real estate or payroll taxes. A detailed schedule should be provided.
1k3	Resident Day User Fee	Include all taxes paid relating to the resident day user fee. This amount should not include any penalties and/or late fees. Penalties and/or late fees should be reported on Page 16, Line m13 and disallowed on Page 28, Line 23.

Page 16

L1	Resident Travel And Entertainment	Include the cost of travel (not ambulance) and entertainment of residents.
L2	Holiday Parties for Staff	Include the cost of holiday parties for staff. Parties in excess of one per year must be disallowed on Page 28, Line 23.
L3	Gifts to Staff and Residents	Include the cost of gifts to staff and residents. A disallowance must be made on Page 28, Line 23 for gifts in excess of \$25 per employee and gifts that are discriminatory in nature (such as gifts to department heads).
L4	Employee Travel	Include the cost of mileage reimbursement and travel expenses. All expenses for travel outside the continental U.S. or for more than one person traveling out of state must be disallowed on Page 28, Line 16.
L5	Education Expense	Include the cost related to seminars, conventions and outside training. All costs that are associated with tuition for an accredited course must be disallowed on Page 28, Line 15.

L6	Automobile Expenses	Include the cost of automobile expense such as fuel and repairs. Do not include auto insurance, auto taxes or leases as they should be reported on Pages 22 and 27. Review the State guidelines and make any necessary disallowances on Page 28, Line 17.
L7	Other T & E	Include the costs associated with other travel and entertainment. Each item should be separately identified by dollar amount and description on the provided attachment.
M1	Help Wanted Advertising	Include the cost of advertising for staff. Also include the cost of any recruitment fees.
M2	Advertising Telephone	Include the cost of all telephone directory advertising. This amount must be disallowed on Page 28, Line 18 of the Annual Report.
M3	Advertising Other	Include all cost of other advertising such as print, radio, brochures, promotional pamphlets and other forms. This amount must be disallowed on Page 28, Line 18 of the Annual Report.
M4	Fund Raising	Include the cost of all fund raising expenses. This amount must be disallowed on Page 28, Line 20 of the Annual Report.
M5	Medical Records	Include the cost of supplies and expenses associated with medical records.
M6	Barber and Beauty	Include the cost of barber and beauty expense of the Facility. This amount must be disallowed on Page 28, Line 22.
M7	Postage	Include the cost of postage and overnight carriers.
M8	Dues and Fees to Professional Assoc.	Include the cost of fees paid to professional associations. Do not include Chamber of Commerce, Rotary or other civic organizations.
M8a	Chamber of Commerce and Other Non-Allowable Organizations	Include the cost of dues to Chamber of Commerce and non-allowable organizations (i.e., Rotary Club, civic clubs). This amount must be disallowed on Page 28, Line 23.
M9	Subscriptions	Include the cost of all subscriptions.
M10	Contributions	Include the cost of all contributions. This amount must be disallowed on Page 28, Line 20.
M11	Services Provided By Contract	Include the cost of all A&G services provided by contract. Page 21 must be completed for all purchased services over \$10,000.
M12	Administrative Management Services	Include the cost of ALL Administrative Management Services. Page 17 must also be completed. Any management fees that are unallowable or in excess of state agreements must be disallowed on Page 28, Line 21.

M13 Other A&G Include the cost of all other A&G expenses. All items must be separately identified by a detailed description and dollar amount. Any disallowances should be made on Page 28, Line 23. Report health code violations, clearly identifying whether they are State or Federal violations and disallow on Page 28, Line 23.

C14 Total A&G Total all Administrative and General expenses reported on Pages 15 and 16 of the Annual Report.

Page 17 Management Fees are reported on Page 17 of the Annual Report. Page 4 of the Annual Report should include the management company if it is a related party. Include any management company charges or allocations of home office overhead costs reported throughout the Annual Report. The following information must be provided:

- Name and Address of individual or company supplying service
- Cost of Management Service
- Full Descriptions of Service
- Location of Costs Claimed in the Annual Report

Page 18 Dietary costs and related information is reported on Page 18 of the Annual Report. Please note the cost of holiday parties for staff should not be reported on Page 18. Administrative and general expenses relating to the dietary department should be included on Pages 15, 16 or 22 of the Annual Report, not on Page 18.

2a1 Raw Food Include the cost of food provided to residents.

2a2 Non-Food Supplies Include the cost of non-food supplies such as kitchen plastic wrap, dish detergent, etc.

2a3 Other In House Prep Include the cost of all other dietary expenses. A separate detailed schedule must be provided for all items.

2b Purchased Services Include the cost of dietary purchased services. Page 21 must be completed for all purchased services over \$10,000.

2c Management Services Include the cost of any dietary management service. Page 17 of the Annual Report must also be completed to include these costs.

2d Other Include the cost of all other expenses related to the dietary department. **DO NOT** include administrative costs such as seminars, travel, repairs, maintenance or purchases of kitchen equipment.

2E Total Total all dietary expenses reported on Page 18.

2G	Resident Meals	Provide the number of meals served per day to residents. Count each tray served to a resident at meal time, but do not count liquids or other between meal snacks.
2H	Cost of Employee Meals	Indicate if cost of employees meals is included in Line 2E.
2I	Employees Meal Revenue	Indicate if revenue is received for employee meals. If so, indicate amount received.
2J	Employees Payment	Indicate where the revenue received from employee meals is reported in the Cost Report. State page and line number.
2K	Meals Provided to Others	Indicate if cost of meals provided to anyone other than residents or employees is included in 2E. If so, specify cost.
2L	Other Revenue	Indicate if revenue is received for meals provided to persons other than employees. If so, indicate amount received.
2M	Other Payments	Indicate where revenue received from other meals is reported in the Cost Report. State page and line number.
2N	Other Employee Food	Indicate if cost of employee food other than meals is included in 2E. If so, specify cost.
2O	Other Employee Revenue	Indicate if revenue is received for other employee food. If so, indicate amount received.
2P	Other Employee Payment	Indicate where revenue received from other employee food is reported in the Cost Report. State page and line number.

Page 19

Laundry costs and related information is reported on Page 19 of the Annual Report. Please note the cost of general facility maintenance and minor equipment should be reported on Page 22 of the Annual Report. Administrative and general expenses relating to the laundry department should be included on Pages 15, 16 or 22 of the Annual Report. Pounds of Laundry do not need to be reported for single level facilities.

3a1	In-House Laundry	Include the cost and pounds of cleaning bed linens, cubicle curtains, draperies, gowns and other resident care items washed, ironed and/or processed.
3a2	Employee Laundry	Include the cost and pounds of cleaning employee items such as uniforms that are washed, ironed and/or processed.
3a3	Personal Clothing	Include the cost and pounds of cleaning residents clothing that are washed, ironed and/or processed.
3a4	Repair/Purchase Linens	Include both the cost and pounds of linen that is purchased or repaired.

3b	Purchased Services	Include the cost of laundry purchased services. Page 21 must be completed for all purchased services over \$10,000.
3c	Management Services	Include the cost of any laundry management service. Page 17 of the Annual Report must also be completed to include these costs.
3d	Other	Include the cost of all other expenses related to the laundry department. Do not include administrative costs such as seminars, travel, repairs, maintenance or purchases of laundry equipment such as washing machines, dryers and minor equipment.
3E	Total	Total all laundry expenses reported on Page 19.
3G	Employees Cost	Indicate if cost of employees receiving laundry services is included in 3E. If so, indicate cost.
3H	Employee Revenue	Indicate if revenue is received from employees receiving laundry services. If so, indicate amount received.
3I	Recording of Payments	Indicate where revenue received from laundry services is reported in the Cost Report. State page and line number.
3J	Laundry Provided to Others	Indicate if cost of laundry services provided to persons other than residents or employees is included in 3E.
3K	Other Revenue	Indicate if revenue is received from persons other than employees. If so, indicate amount received.
3L	Recording of Payments	Indicate where revenue received from laundry services is reported in the Cost Report. State page and line number.

Page 20

Section 4

Housekeeping expenses are reported on Page 20, Lines 4a thru 4E. Administrative and general expenses relating to the housekeeping department should be included on Pages 15, 16 or 22 of the Annual Report, not on Page 20. Housekeeping expenses should be limited to the actual supplies purchased for the daily housekeeping requirements of the Facility (i.e., mops, brooms, cleaning solutions, floor wax, paper supplies).

4a	In-House Care Supplies	Include the cost of supplies used to clean resident rooms.
4b	Purchased Services	Include all housekeeping services which are performed on a contract basis. Page 21 must be completed for all purchased services over \$10,000.
4c	Management Services	Include all housekeeping expenses paid to a management company. All expenses reported must be detailed on Page 17.

4d	Other	Include the cost of all other expenses related to the housekeeping department. Do not include administrative costs such as seminars, travel, repairs, maintenance or purchases of housekeeping equipment.
Section 5		Resident care expenses are reported on Page 20, Lines 5a thru 5K. Resident care expenses include all ancillaries and recreation expenses. Administrative and general expenses relating to resident care should be included on Pages 15, 16 or 22 of the Annual Report, not Page 20.
5a1, 2	Prescription Drugs	Include all prescription drugs purchased from related and non-related pharmacies. All prescription drugs must be disallowed on Page 29, Line 27.
5b	Medicine Cabinet Drugs	Include all over the counter medications (i.e., aspirin, Tylenol, antacids).
5c	Medical/Therapeutic Supplies	Include all medical supplies used during daily routine care (i.e., bandaids, gauze, tape).
5d	Ambulance	Include all ambulance charges for transporting residents. This expense should not be reported an expense on Page 16, Line L1 or L6. All ambulance expense must be disallowed on Page 29, Line 28.
5e1, 2	Oxygen	Properly differentiate between emergency oxygen and all other oxygen. A disallowance must be made for all non-emergency oxygen on Page 29, Line 32
5f	X-rays	Include all radiological expenses. Amount must be disallowed on Page 29, Line 29.
5g	Dental	Include all dental expenses other than those that are reported on Page 13. Expenses include procedures other than cleanings.
5h	Laboratory	Include all laboratory fees. Amount must be fully disallowed on Page 29, Line 30.
5j	Other	Include the cost of all other expenses related to miscellaneous resident care. Do not include costs such as seminars, travel, repairs and maintenance.

Page 21

Include all of the required information for purchased services over \$10,000, which are reported on Pages 16, 18, 19, 20 or 22. Be sure to include:

- Name of individual or company
- Explanation of any related party transactions
- A full explanation of the services provided
- The page and line reference of the expense
- Allocation of expenses if multi-level Facility

Page 22

Section 6

Repairs and maintenance expenses are reported on Page 22, Line 6a thru 6g. Repairs and maintenance expenses should include all expenses for the daily maintenance and upkeep of the Facility and all of the utility expenses of the Facility.

6a Repairs and Maintenance

Include all expenses relating to minor repairs and maintenance of the Facility. Any expense in excess of \$2,500 with a useful life should be capitalized.

6b, c, d Heat, Light & Power and Water

Include all heating, lighting, water and sewer expenses. Note, there should be only 12 months of expenses reported for any of these items.

6e Equipment Lease

Include all leases paid on a contract basis. Do not include month to month leases or “as needed” rentals. Total lease expense reported on Page 22, Line 6e must equal leases reported on Page 6 of the Annual Report.

6f Other Repairs and Maintenance

Include all miscellaneous maintenance expenses. Any miscellaneous expenses related to purchased services over \$10,000 must also be detailed on Page 21.

6g Total Maintenance & Operating Expenses

Total Lines 6a through 6f.

Section 7

Depreciation expenses are reported on Page 22, Line 7a through 7e. Depreciation expenses reported on Page 22 must tie to Page 23 as follows:

7a Land Improvements

Must tie to Page 23, Line A-4

7b Building and Building Improvements

Must tie to Page 23, Line B-4

7c Non Movable Equipment

Must tie to Page 23, Line C-4

7d Movable Equipment Must tie to Page 23, Line D-3

7e Total Depreciation Must tie to Page 23, Line E

Section 8 Amortization expenses are reported on Page 22, Line 8a through 8e. Amortization expenses reported on Page 22 must tie to Page 24 as follows:

8a Organization Expense Must tie to Page 24, Line A-4

8b Mortgage Expense Must tie to Page 24, Line B-4

8c Leasehold Improvements and Other Must tie to Page 24, Line C-4

8e Total Amortization Must tie to Page 24, Line D

9 Rental Payments on Leased Rental Property Include all rental payments made on leased real property less any real estate taxes paid. (Real estate taxes paid should be reported on Page 22, Line 10a). If rental payments are made to a related party, this should also be reported on Page 4 on the Annual Report.

Section 10 Property tax expenses are reported on Page 22, Line 10a through 10c. Property tax expenses include taxes paid on real estate and personal property including automobiles. Note, there should be only 12 months of expense reported. Property taxes allocable to any non-inpatient resident care programs or personal use portion of facility assets must be disallowed on Page 29, Line 37.

11 Total Property Expenses Total must agree to the sum of Page 22, Lines 7e + 8e + 9 + 10a + 10b + 10c.

Page 23

Complete all required information for the given categories. Clearly identify any assets that are not related to the nursing home such as items used for personal use or other business activities (i.e., Adult Day, Meals on Wheels). If the facility has other programs run within the Facility, an allocation of common costs, such as a roof replacement must be made. Facility must indicate Yes/No as to whether a mileage log is maintained.

Historical Cost Exclusive of Land:

1 Acquired PRIOR to this report period The amount reported on this line must agree to the sum of “Acquired prior to this report period” + “Acquired during this report period” – “disposals” from the prior year Annual Report, by category.

2 Disposals Report the amount originally paid for the assets that are being disposed of.

3	Acquired during this report period	The amount reported on this line should be the total additions for the report period. Detailed schedules must be attached and include the following: <ul style="list-style-type: none"> ○ Acquisition Date ○ Detailed description of the addition ○ Cost ○ Useful life ○ Depreciation expense
	Less Salvage Value	Include the salvage or scrap value of purchased assets.
	Cost to Be Depreciated	The amount reported on this line should equal “Historical Cost Exclusive of Land” – “Salvage Value”.
Accumulated Depreciation to Beginning of Year’s Operations:		
1	Acquired PRIOR to this report period	The amount reported on this line must agree to the sum of “Acquired prior to this report period + “Acquired during this report period” from the prior year Annual Report.
2	Disposals	Report the accumulated depreciation for the assets that are being disposed of.
3	Acquired during this report period	There should not be an amount reported on this line. This applicable depreciation expense should be reported under “Depreciation for This Year.”
	Method of Computing Depreciation	Straight-line depreciation method must be used.
	Useful Life	Useful life must be noted. If there are several additions in the reporting period with several different useful lives, this can be noted with “various.” <i>However</i> , the useful lives must be detailed in the schedule of additions that must be attached.
Depreciation for This Year:		
1	Acquired PRIOR to this report period	The amount reported on this line should equal the depreciation expense for the current report period for all additions made prior to the current report period.
3	Acquired during this report period	The amount reported on this line should equal the depreciation expense for all additions made in the current report period.

Totals

A4	Land Improvement	Must equal Line A1 + A2 + A3. Must also tie to Page 22, Line 7a.
B4	Building and Building Improvements	Must equal Line B1 + B2 + B3. Must also tie to Page 22, Line 7b.
C4	Non-Movable Equipment	Must equal Line C1 + C2 + C3. Must also tie to Page 22, Line 7c.
D3	Movable Equipment	Must equal Line D1a+1b+1c+1d+2a+2b+2c. Must also tie to Page 22, Line 7d.
E	Total Depreciation	Must equal Line A4+B4+C4+D3. Must also tie to Page 22, Line 7e.

Page 24

Complete all required information for the given categories.

Date of Acquisition

The month and year of acquisition must be noted. If there are several additions in the reporting period with several different useful lives, this can be noted with “various.” *However*, the dates of acquisition must be detailed on any required attached schedules.

Length of Amortization

The length of amortization must be noted in years. If there are several additions in the reporting period with several different useful lives, this can be noted with “various.” *However*, the length of amortization must be detailed on any required attached schedules.

Cost to Be Amortized

The amount reported on this line should be the total cost being amortized.

Accumulated Amort. To Beginning of Years Operations

The amount reported on this line must agree to the sum of “Accumulated Amortization To Beginning of Year’s Operations + Amortization for This Year” from the prior year Annual Report.

Basis for Computing Amortization

Amortization methods must be reported. Percentage rate or useful life must be noted. If there are several additions in the reporting period with several different useful lives, this can be noted with “various.” *However*, the useful lives must be detailed in the schedule of additions which must be attached.

Amortization for This Year

The amount reported on this line should equal the amortization expense for the current period.

Totals

A4	Organization Expense	Must equal Line A1 + A2 + A3. Must also tie to Page 22, Line 8a.
B4	Mortgage Expense	Must equal Line B1 + B2 +B3. Must also tie to Page 22, Line 8b.
C4	Leasehold Improvements	Must equal Line C1 + C2 + C3. Must also tie to Page 22, Line 8c + 8d.

D	Total Amortization	Must equal Line A4 + B4 + C4. Must also tie to Page 22, Line 8e. Leasehold Improvements acquired during the current year need to be detailed on an attached schedule. The detailed attached schedule must include the following: <ul style="list-style-type: none"> ○ Acquisition Date ○ Detailed description of the addition ○ Cost ○ Useful Life ○ Amortization expense
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Page 25 Property Questionnaire

A1, 2	Provide necessary information if the original owner is the current owner.
A3	Provide the Date of Purchase if the current owner is not the original owner.
A4, 5, 6, 7	Provide the necessary information.
B1a – F	Provide the necessary information as of the Annual Report year-end date.
B1g – l	Provide the necessary information only if refinancing occurred during Annual Report cost year.
Part C	Provide the necessary information ONLY if the property IS NOT owned by the facility or leased from a related party.

Page 26

	Interest expenses are reported on Pages 26 and 27 and Property/Liability insurance expense is reported on Page 27 of the Annual Report. Interest expense is broken out as follows:
12A4 and 12B1-12B5	Detail all mortgage interest paid.
12A1-12A4	Include all interest expense associated with a first, second, third and/or fourth mortgage. Include the name and address of the lender and the interest rate of the mortgage.
12B1-12B5	Include information specific to CHEFA financing.
12B7	Total Building Interest Exp
	Must equal Line 12A1 + 12A2 + 12A3 + 12A4 + B5.

Page 27

12C1-	Moveable Equipment	Include all interest expense associated with automobiles and movable equipment. Include all of the requested informational details such as the name and address of the lender, interest rate and amount borrowed.
12C2	Expense	
12C3	Total Movable Equipment	Must equal Line 12C1 + 12C2.
12D	Other Interest Expense	Include interest expense not related to mortgages or movable equipment (i.e., vendor interest, working capital interest).
13	Total All Interest Expense	Must equal Page 26, Line 12B7 + Page 27, Line 12C3 + 12D.
	Insurance Expense	Insurance reported on Page 27, Lines 14a-14d, is for property and liability insurance only. All health insurance expenses are reported on Page 15, Line 1a5.
14a	Insurance on Property	Include all insurance expenses on the building structure only. Note, there should be only 12 months of expenses reported. Disallow any insurance allocable to non-inpatient care programs on Page 29, Line 41.
14b	Insurance on Automobiles	Include all insurance expenses on the Facility automobile. Note, there should be only 12 months of expenses reported. Disallow any personal use portion of automobile expense.
14c	Insurance Other than Property	Include all insurance expenses other than building or automobile insurance which are reported on Lines 14a and 14b. Any expenses for mortgage insurance must be disallowed on Page 29, Line 40.
14c1	Umbrella (Blanket Coverage)	Include all insurance expense for Umbrella coverage.
14c2	Fire and Extended Coverage	Include all insurance expense on the facility for fire coverage.
14c3	Other	Include the cost of all other Insurance expense. All items must be separately identified by a detailed description and dollar amount. Any disallowances should be made on Page 29, Line 41.
14d	Total Insurance Expenditures	Must equal the sum of Lines 14a,b, c1, c2, and c3.

15	Total All Expenditures	For each licensure level the sum of Page 10, Line A13 + Page 13, Line B13 + Page 16, Line C14 + Page 18, Line 2E + Page 19, Line 3E + Page 20, Line 4E + Page 20, Line 5K + Page 22, Line 6g + Page 22, Line 11 + Page 27, Line 13 + Page 27, Line 14d, must equal.
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Pages 28 and 29

All unallowable costs based on State and Federal Regulations, Statutes and Policies must be adjusted for on Page 28 and 29 of the Annual Report. The only exceptions are for those expenses that are automatically disallowed through the rate promulgation system such as: costs in excess of allowable medians, inflation controls, dues limits, fair rent, Physical Therapy, Speech Therapy and salary limits. All unallowable costs that are not automatically adjusted through the rate system must be self-disallowed on Page 28 and 29 of the Annual Report.

All adjustments must be recorded as positive numbers. Pages 28 and 29 include the most prevalent disallowances, but is not an all inclusive list. If there is not an appropriate line for an unallowable expense then use the corresponding Line 4, 7, 23, 34, 39, or 49 – other adjustments. To avoid double adjustments, be sure to include the page and line number reference for all adjustments.

Page 30

I1a-I4b Room & Board

1a Medicaid

Include all Connecticut Medicaid revenue recorded for the daily room and board charges of the Facility including applied income. Room and board revenue should be reconciled to actual census days multiplied by applicable rates.

2a Medicaid – Other States

Include all Medicaid revenue received from other states for the daily room and board charges of the Facility including applied income. Room and board revenue should be reconciled to actual census days multiplied by applicable rates.

3a Medicare

Include all Part A revenue recorded for the daily room and board charges of the Facility including applied income, insurance payment, co-insurance, pension payments, etc. Room and board revenue should be reconciled to actual census days multiplied by applicable rates.

4a Private Pay & Other

Include all private pay, private insurance and VA revenue recorded for the daily room and board charges of the Facility including applied income. Room and board revenue should be reconciled to actual census days multiplied by applicable rates.

**1b, 2b, 3b & 4b
Contractual Allowances**

For each payer type, report contractual allowances and payer discounts as a separate line item. When contractual allowances are booked, the net of the room and board revenue and the contractual allowance should be reconciled to actual census days multiplied by applicable rates.

IIIa-5d Prescription Drugs, Medical Supplies, & Therapies	Record all ancillary resident revenue according to the appropriate cost category. Amounts should be reported according to payer type (Medicare vs. non-Medicare). Also, contractual allowance needs to be separately reported by payer type (Medicare vs. Non-Medicare).
IIba-b6 Other Resident Revenue	All other resident revenue must be broken out between Medicare and non-Medicare. A detailed schedule must be attached which includes a page reference of the corresponding expense. Other resident revenue should also be reported net of contractual allowances.
III Total Resident Rev.	Equals the sum of Line IIa through II6b.
IV Other Revenue	
1. Meals Sold	Include all revenue received from the sale of meals to guest, employees and others. This amount must be disallowed on Page 28, Line 24.
2. Rental of Rooms	Include all revenue received from the rental of rooms to anyone other than a resident. This amount must be disallowed on Page 29, Line 38.
3. Telephone/Telegraph	Include all revenue received for telephones. This could include pay phones located at the Facility or reimbursement for personal phone calls made by employees or guests. This amount must be disallowed on Page 28, Line 11.
4. Rental of Television and Cable Services	Include all revenue received for the rental of television and cable services. This amount must be disallowed on Page 29, Line 43.
5. Interest Income	Include all interest income received. A detailed schedule must be attached that includes the following: <ul style="list-style-type: none"> ○ The amount of each asset which earned interest income. ○ Where in the balance sheet the asset is reported. ○ The amount of interest earned by the asset.
6. Private Duty Nurses Fees	Include all revenue received for private duty nursing services.
7. Barber & Beauty/ Gift Shop	Include all revenue received from barber and beauty service or gift shop revenue. This amount must be disallowed on Page 28, Line 22.
8. Other	Include all miscellaneous revenue. A detailed schedule must be attached which includes a page reference of the corresponding expense.
V Total Other Revenue	Equal the sum of Line IV1 through IV8.

VI	Total All Revenue	Equals the sum of Line III + Line V.
<u>Page 31</u> Assets		
A1	Cash	Amount should represent the sum of all reconciled cash accounts as of September 30 th . Petty cash should be included in this total.
A2	Resident Accounts Rec.	Amount should represent the balance of all outstanding resident accounts receivable through September 30 th . Do not include any pre-billing that is done by the Facility.
A3	Other Accts Receivable	Amount should include any receivable due to the Facility other than resident accounts receivable or related party receivables.
A4	Inventories	Amount should represent inventory taken on September 30 th .
A5	Prepaid Expense	Amount should represent any prepaid balances on operating expenses as of September 30 th . A detailed schedule must be included which includes the expense and amount being prepaid.
A6	Interest Receivable	Amount should include any interest due to the Facility as of September 30 th .
A7	Medicare Final Statement	Amount should represent Medicare settlements that are owed to the Facility as of September 30 th that the Facility has not yet received. The Facility should have detail of the settlement due.
A8	Other Current Assets	Include any miscellaneous current assets. A detailed description with dollar amounts should be included. All related party assets should be clearly identified.
A9	Total Current Assets	Equals the sum of Line A1 through A8.
B1	Land	Report the historical cost for land.
B2-B7	Historical Cost	Must agree with historical cost reported on Page 23 or Page 24 of the Annual Report.
	Accumulated Depreciation	Must agree with accumulated depreciation reported on Page 23 or Page 24 of the Annual Report
	The current Net Book Value	Should agree to the Prior Year Net Book Value + Current Year Additions – Current Year Depreciation Expense.
B8	Minor Equipment Not Depreciable	Include any minor equipment classified as an asset for which depreciation is not claimed.
B9	Other Fixed Assets	Include any miscellaneous fixed assets. A detailed description with dollar amounts should be included.
B10	Total Fixed Assets	Equals the sum of Line B1 through B9.

Page 32

C1	Land	Amount should equal the cost claimed for leased land.
C2 – C6	Historical Cost	Must agree with historical cost reported on Page 23 or Page 24 of the Annual Report.
	Accumulated Depreciation	Must agree with accumulated depreciation reported on Page 23 or Page 24 of the Annual Report.
	The current Net Book Value	Should agree to the Prior Year Net Book Value + Current Year Additions – Current Year Depreciation Expense.
C7	Minor Equipment Not Depreciable	Include any minor equipment classified as an asset for which depreciation is not claimed.
C8	Total Leasehold Properties	Equals the sum of Line C1 through C7.
D1	Deferred Deposit	Include prepaid mortgage expense and other deferred deposits.
D2	Escrow Deposits	Identify all escrow deposits that are interest bearing.
D3	Historical Cost	Must agree with historical cost reported on Page 24 of the Annual Report.
	Accumulated Depreciation	Must agree with accumulated depreciation reported on Page 23 or Page 24 of the Annual Report.
	The current Net Book Value	Must agree to the Prior Year Net Book Value + Current Year Additions – Current Year Depreciation Expense.
D4	Goodwill	Include purchased Goodwill.
D5	Investments Related to Resident Care	Provide a detailed schedule of all Investments Related to Resident Care.
D6	Loans to Owners	Include all loans to owners or related parties. A detailed schedule should be included which itemizes the balance.
D7	Other Assets	Provide a detailed schedule of all other assets.
D8	Total Investments	Equals the sum of Line D1 through D7.
D9	Total All Assets	Equals the sum of Line A9 + B10 + C8 + D8.

Page 33 Liabilities

A1	Trade Accounts Payable	Include the balance of all accounts payable at September 30 th .
A2	Notes Payable	Include all ending balances of notes payable at September 30 th . A detailed schedule should be included which itemizes the balance.

A3	Loans Payable for	Include the current portion of the ending equipment balances of loans payable for equipment at September 30 th . A detailed schedule should be included which itemizes the balance.
A4	Accrued Payroll	Exclusive of owners, include the ending balance of accrued payroll at September 30 th . Amount should represent salaries and wages for hours worked in September, but not paid until October.
A5	Accrued Payroll/Owners	For owners and/or stockholders, include the ending balance of accrued payroll at September 30 th . Amount should represent salaries and wages for hours worked in September, but not paid until October.
A6	Accrued Payroll Taxes	Include the ending balance of accrued payroll taxes payable at September 30 th .
A7	Medicare Final Statement	Include the ending balance of any Medicare final settlement payable at September 30 th . Amount should represent money due to Medicare that has not been paid as of September 30 th .
A8	Medicare Current Financing Payable	Include the current balance as of September 30 th .
A9	Mortgage Payable	Include the current portion of all mortgage payables at September 30 th . The long-term portion is reported on Page 34, Line B2.
A10	Interest Payable	Include the ending balance of all interest payable at September 30 th . Do not include interest payable to owners and/or related parties.
A11	Accrued Income Taxes	Include the balance of all accrued income taxes due at September 30 th . This is business income tax; do not include taxes withheld from employees. A copy of the owner's Federal Income Tax Return must be attached.
A12	Other Current Liabilities	Include the balance of all miscellaneous current liabilities. A detailed schedule must be attached which itemizes the total amount reported.
A13	Total Current Liabilities	Equals the sum of Line A1 through A12.

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B1	Loans Payable-Equipment	Include the long-term portion of loans payable-equipment at September 30 th . A detailed schedule should be included which itemizes the balance.
B2	Mortgages Payable	Include the long-term portion of all mortgage payables at September 30 th . The short-term portion is reported on Page 33, Line A9.

B3	Loans to Owners	Include the balance of all loans to owners or related parties at September 30 th . A detailed schedule should be included which itemizes the balance.
B4	Other Long Term Liabilities	Include the balance of all miscellaneous long-term liabilities. A detailed schedule must be attached which itemizes the total amount reported.
B5	Total Long Term	Equals the sum of Line B1 through B4.
C	Total All Liabilities	Equals the sum of Line A13 + B5.

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Should agree to Facility's financial statements for all line items. Line B6 (Gain or Loss) must agree with Total Revenue (Page 30) less Total Expenses (Page 27). Line D, Total Liabilities, Reserves and New Worth must agree with Total Assets (Page 32).

Page 36

A	Balance-Prior Period	Amount reported should equal the prior year cost report, Page 36, Line H.
B	Total Revenue	Amount should equal total revenue reported on Page 30, Line 3.
C	Total Expenditures	Amount should equal total expenditures reported on Page 27, Line 15.
D	Net Income or Deficit	Equals Line B – Line C.
E	Balance	Equals Line A + Line D.
F1-F3	Additions	Include any additions to capital. A detailed description of all additions should be included.
G1-G3	Deductions	Include any deductions to capital. A detailed description of all deductions should be included.
H	Balance at End of Period	Equals the sum of Line E + Line F3 – Line G3.

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Must be signed by the preparer. No alterations should be made on this page.