



# **Association for Long Term Care Financial Managers**

Craig J. Lubitski Consulting LLC



November 12, 2009

# Overview

- 2009 – 2010 Rate Status
- 2009 Annual Report
  - Downloading
  - Changes
  - Preparation
  - Submission
- Request for Information (RFI)
- Other Information



## 2009 – 2010 Rate Status

- Rates frozen per Public Act 09-5 September 2009 Special Session
- Rates provided to DSS this week
- Cost Year 2007 will be utilized as the base year
- All Providers should completely review their Rate Computation Reports, as this may be the first time their 2007 Rate Computation Report is being issued

# 2009 Annual Report - Downloading

- [www.cjlc.com](http://www.cjlc.com)
  - 2009 Annual Cost Report
  - 2009 and 2010 Salary Limitations
  - 2009 Annual Cost Report Checklist
  - 2009 Annual Cost Report Instructions
  - 2009 Annual Cost Report Visual Instructions
  - DSS Overview of Nursing Facility Rate Setting

# 2009 Annual Report - Changes

- Page 15, Line 1h – Telephone and Cellular Phones



- Line 1h1 – Telephone and Pagers – Report all telephone and pager expense. Pager expense was previously reported on Line 1h2
- Line 1h2 – Cellular Phones – Report only cellular phone expenses. Desk Review will no longer ask questions regarding this expense and will automatically limit the expense to the State guidelines



# 2009 Annual Report - Changes

- State Guidelines for Cell Phones
  - Allowed \$30/month per cell phone (\$360 per year) and excess should be disallowed on Page 28, Line 12

	<u>Beds</u>	<u># Cell Phones</u>	<u>Allowable</u>
1 – 100	3	\$1,080	
101 – 200	4	\$1,440	
201 – 300	5	\$1,800	
301 or more	6	\$2,160	

\*RCH's limited to two phones

# 2009 Annual Report - Preparation

- Top 3 Reporting Mistakes
- Automatic Adjustments Calculated by Rate System
- Penalties, Fines and Citations
- Contact Information

# Top 3 Reporting Mistakes

- #1 - Pre-Employment Expenses
- #2 - Capitalization of Assets
- #3 - Filing Amended Pages

# Top 3 Reporting Mistakes

#1

- Pre-Employment Expenses

- All pre-employment expenses such as employee physicals, drug screening and background checks should be reported in Other Administrative and General expense
- Pre-employment expenses should **NOT** be reported in Other Employee Benefits

# Top 3 Reporting Mistakes

#2


- Capitalization of Assets

- Provide detailed descriptions of assets being reported on Pages 23 and/or 24
- Assets should be reported in the cost year in which they have been placed into service
- Verify that assets have been correctly classified as movable or fixed additions

# Top 3 Reporting Mistakes

#3

- Filing Amended Pages

- Amended pages should be sent **directly** and **only** to the Department of Social Services
- All amended pages must be submitted with a new signed and notarized Page 1 of the Annual Report
- All changes to the Annual Report should be highlighted 
- All changes to expenses should be reflected in the totals

# Top 3 Reporting Mistakes

- Filing Amended Pages (continued)
  - An explanation must be provided when filing prior year amended pages
  - All amendments to assets or liabilities should flow through the balance sheet
  - Depreciation expense on Page 22 must equal depreciation expense on Page 23
  - Net book values on Page 23/24 must equal net book values on Page 31/32

# Automatic Adjustments Calculated by Rate System

I have prepared and reviewed this report and am familiar with the applicable regulations governing its preparation. I have read the most recent Federal and State issued field audit reports for the Facility and have inquired of appropriate personnel as to the possible inclusion in this report of expenses which are not reimbursable under the applicable regulations. All non-reimbursable expenses of which I am aware **(except those expenses known to be automatically removed in the State rate computation system)** as a result of reading reports, inquiry or other services performed by me are properly reported as such in this report on Pages 28 and 29 (adjustments to statement of expenditures). Further, the data contained in this report is in agreement with the books and records, as provided to me, by the Facility.

- Automatic adjustments include Physical and Speech Therapy, Dues in Excess of Limitation and Administrator and Assistant Administrator Salaries
- Desk Review will make adjustments for owners and related parties

# Penalties, Fines and Citations

- Report all penalties, fines and citations on Page 16, Line m13 (Other A&G) and self-disallow on Page 28, Line 23 (Other A&G Adjustment)
- Separately identify by type:
  - Federal Penalties (CMS)
  - State Citations (DPH)
  - User Fee Penalties / Interest

# Contact Information

- Questions while preparing the 2009 Annual Report should be directed to:
  - Liz Maglio - (860) 610-9009 x124
  - Email - [elizabeth.maglio@cjlc.com](mailto:elizabeth.maglio@cjlc.com)



# 2009 Annual Report - Submission

- Annual Report due to Department of Social Services by December 31, 2009
- Package to include:
  - 1 Original
  - 1 Copy
  - CD containing completed Annual Report
- Annual Report will be rejected if not properly signed and notarized or if alterations have been made to Page 37
- 10% rate reduction may be applied to facilities who do not file timely (approximately 66 facilities received a 10% reduction due to late filing of 2008 Annual Report)

# Request for Information (RFI)

- RFI Process
- Submission of RFI
- RFI Responses
- Standard RFI Questionnaire

# RFI Process

- RFI's are mailed up to 2 times
- Mailed every other Friday
- If no response after 2<sup>nd</sup> mailing, DSS is notified of non-compliance
- DSS will then mail out a non-compliance letter to the facility
- If no response is received after the non-compliance letter is sent, rates will not be issued
- Call Liz Maglio for verification of RFI receipt

# Submission of RFI

- 2 copies submitted to Department of Social Services
- All totals should be rechecked for accuracy
- Verify that all RFI questions have been addressed

# RFI Responses

- RFI Question:

Please state the reason for the significant increase in Real Estate Taxes from \$42,000 in 2007 to \$189,000 in 2008

# How NOT to Answer an RFI

- Facility Response:

- First response

*The significant increase in Real Estate Taxes from 07 to 08 was due to .....*

- Second response

*The significant increase in Real Estate Taxes from 07 to 08 was due to an increase in Property Tax*

- Third response

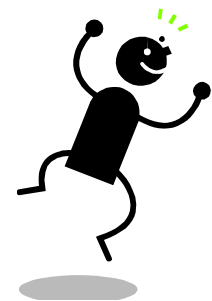
*The significant increase was due to an increase in property taxes per month. In addition, credits were posted for prior year expenses. The actual 2007 expense should be \$140,000 and 2008 should be \$155,000*



# How To Answer an RFI

- Proper Response:

Amended pages are being filed to correct the 2007 and 2008 real estate tax expense



# RFI Responses

- RFI Question:

Please state the expense associated with Radio and Television Revenue for \$1,700. Also, please state where the expense is reported in the Annual Report

# How NOT to Answer an RFI

- Facility Response:

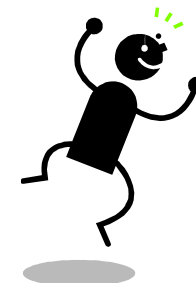
*Radio and television is associated with \_\_\_\_\_ expense. And included into the annual report*



# How To Answer an RFI

- Proper Response:

The expense associated with Radio and Television Revenue is cable television for \$2,500 reported in recreation expense on Page 20, Line 5i



# RFI Responses

- RFI Question:

Please state the expense associated with the Direct Nursing refund adjustment for \$15,000. Also, please state where the expense is reported in the Annual Report

# How NOT to Answer an RFI

- Facility Response:

*This is Rebates & Refunds for medical supplies/services reported on Pg. 30 In IV8 and the expense is reported on pg 20 In 5a 5b, 5j and pg 13 In B11a1*

# How To Answer an RFI

- Proper Response:

The expenses associated with the Direct Nursing refund adjustment for \$15,000 are as follows:

- Pharmacy for \$4,000 reported on Page 20, Line 5a1
- Nursing supplies for \$3,000 reported on Page 20, Line 5j
- Medicine cabinets drugs for \$6,000 reported on Page 20, Line 5b
- Nursing pools for \$2,000 reported on Page 13, Line B11a1

# Standard RFI Questionnaire

- E-mail contact for follow up Desk Review questions
- GPO's
- Excluded Provider/Individuals

# Other Information

- Fair Rent
- Census Survey
- Property Only Reviews

# Fair Rent

- 2009 Fair Rent Rate of Return has not been released yet
- Useful lives determined by 2008 Edition of American Hospital Association Guide for Estimated Useful Lives
- To calculate Fair Rent utilize fair rent calculator located at [www.cjlc.com](http://www.cjlc.com)



# Census Survey

- Current census with bed hold days separately identified
- New staff should be aware of telephone census survey
- Census is conducted for Nursing Facilities only
- Next survey will be conducted on or about the week of December 7, 2009
- Requesting an e-mail contact for future surveys



# Property Only Reviews

- Beginning with the 2007 Annual Report, Fixed and Movable equipment additions have been reviewed by Desk Review
- RFI will include questions asking for invoices and cancelled checks for selected additions
- Invoices and cancelled checks will be reviewed when the RFI answer is received
- Follow up questions may be required
- Include check distributions if cancelled checks requested are for several different invoices

# Property Only Reviews

- If the facility is reporting major additions that require a CON, provide a detailed schedule instead of a description that says “renovation”
- If the facility no longer receives cancelled checks from the bank, then a copy of the bank statement showing an image of the check is acceptable
- All Providers should completely review their Rate Computation Reports to ensure accuracy of fixed asset additions

# Property Only Reviews

- Supporting documentation should include the following:
  - Date
  - Vendor Name and Address
  - Facility Name
  - Facility Address
  - Dollar Amount
  - Description of the services or products provided
  - If an invoice states “refer to purchase order”, “work order”, “contract”, or any other documentation, the additional documentation must be provided with the invoice

# Going Green



- In an effort to save paper and go green this presentation was not printed and distributed. However, it may be downloaded from our website [www.cjlc.com](http://www.cjlc.com)
  - 2009 ALTCFM Desk Review Presentation
  - 2009 ALTCFM Audit Presentation





# Questions

