KENTUCKY MEDICAL ASSISTANCE PROGRAM
Primary Care Centers, Rural Health Clinics, and Federally Qualified Health Centers
Universal Cost Report
Instructions

Department for Medicaid Services
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Kentucky Medicaid
Universal Cost Report
Instructions

INTRODUCTION:

These instructions are intended to assist providers in preparing the universal cost report (UCR). All instructions should be followed carefully. These forms must be used by all participating primary care centers, rural health clinics, and federally qualified health centers for cost reporting periods and should coincide with the provider's FYE. Some schedules will not be required for all providers and thus need not completed. However, the entire cost report must be submitted to the Department. Schedules that do not apply should be marked accordingly, and a brief explanation as to why these are not needed should be indicated on the appropriate schedules.

In completing the schedules, the provider name, identification number and address should be indicated on the cover page. In addition, the provider identification number and the inclusive dates covered by this cost report should be indicated on each page. Facilities must submit a cost report prepared on the accrual basis of accounting and otherwise consistent with generally accepted accounting principles. Generally, an accounting period consists of twelve (12) consecutive calendar months.

In addition, in completing the schedules, reductions to expenses must always be shown in brackets [].

MAILING INSTRUCTIONS:

Mail to:

Department for Medicaid Services
Director of Division of Physicians and Specialty Services
275 East Main Street, 6E-F
Frankfort, KY 40621
Phone: (502) 564-5969
Fax: (502) 564-3852

CERTIFICATION BY OFFICER OR ADMINISTRATOR:

This schedule must be completed and signed by an officer or administrator of the center after the cost report has been completed in its entirety. No cost report will be accepted unless this schedule is completed.

In addition, no cost report will be accepted without the Medicaid provider number reported on the cost report. The signature by the officer or administrator must be original; no facsimile with the signature will be accepted.

PROVIDER CONTACT OR DESIGNEE:

The Department for Medicaid Services (DMS) requires the provider identify a designee for correspondence of reimbursement matters. Please complete the box designated on the instructions that authorizes DMS to utilize in mailing other PPS matters.

STATISTICAL AND OTHER DATA:

(A) GENERAL INFORMATION. Enter on the appropriate lines the provider's name, date submitted, date licensed, name of chief administrative officer, title and phone number

(B) TYPE OF CONTROL. Indicate the type of ownership or auspices under which the institution is conducted.

(C) STATISTICAL DATA. Enter the number of patient visits **billed** during the accounting period. The number of visits shown for each major category of patient financial classification should reconcile to the **total** patient visits billed during the period. If a patient visit is billable to both Title XIX and other third party (other than Title XVIII), the visit should be counted as a Title XIX visit. For purposes of defining a visit to be utilized in calculating the composite average cost, for policy concerning a patient being seen by more than one professional during a single visit, payment for a second visit at the same location on the same day of service, or a second visit at a different location on the same day of service, please refer to **907 KAR 1:055**, Payments for primary care center, federally qualified health center, and rural health clinic services. Interpretation of tests and procedures not requiring a face-to-face encounter between the patient and the medical professionals listed in 907 KAR 1:055 **shall not** constitute a billable visit. A visit for the sole purpose of obtaining an injection or the administration of a drug **shall not** constitute a billable visit.

SCHEDULE A – ADJUSTMENT AND RECLASSIFICATION OF OPERATING EXPENSES:

(A) General. This schedule provides for recording the trial balance of operating expense accounts from the providers accounting books and records into functional cost classifications. It also provides for any necessary adjustments and reclassifications to certain amounts in cost classifications or centers. The cost centers on this schedule are listed in a manner that facilitates the transfer of the various cost center data to the cost finding schedules.

Not all cost centers will apply to all providers and some providers may have cost centers in addition to those listed. For example, not all providers may have a clinical pharmacist, in which case nothing would be entered on line 15. Costs associated with laundry and linen would be included with housekeeping. Cost of indirect and general service cost centers identified with activities other than indicated such as dietary and cafeteria, would be reported on line 16 or 17. Costs of direct service cost centers identified with activities other than those indicated, such as physical therapy services, would be reported on line 24 or 25. Costs of activities and services not considered to be related to patient care would be reported on lines 26 thru 28.

For all rural health clinics, the cost centers identified on the Medicare worksheet M-1 or the Medicare worksheet A will be incorporated into the cost centers on Schedule A of the UCR. The following crosswalk will identify the appropriate grouping of the cost centers from the Medicare cost report to the UCR.

Kentucky Medicaid
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Medicare Cost Report Crosswalk to Universal Cost Report

UCR - Schedule A		
		General Service Cost Centers:
1.		Depreciation
2.		Property & Plant Operation
3.		Housekeeping & Maintenance
4.		Employee Benefits
5.		Employee Education & Training
6.		Administration & General
7.		Central Services & Supplies
8.		Medical Records
9.		Patient Transportation
10.		Outreach
11.		Health Education Services
12.		Social Services
13.		Nutritional Counseling
14.		Family Planning Counseling
15.		Clinical Pharmacology
16.		Other
17.		Other
		Direct Service Cost Centers:
18.	18a	Medical & Nursing Services
	18b	Screening (EPSDT)
	18c	Home Health
	18d	Nurse Midwifery
	18e	Audiology
	18f	Other
	18g	Other
19.		Laboratory
20.		Radiology
21.		Pharmacy
22.		Dental Services
23.		Optometry Services
24.		Other
25.		Other
		Other Non-Reimbursable Cost Centers:
26.		Research
27.		Other Non-Reimbursable
28.		Other Non-Reimbursable

Note: Data in Column #1 (Compensation) on the Medicare cost report should be reported in Column #1 (Salary) on Schedule A of the UCR. Data in Column #2 (Other) on the Medicare cost report should be consistently reported in Column #2 (Other) on Schedule A of the UCR.

UCR - Sch. A	Medicare W/S A or M-1	
		FACILITY HC STAFF COSTS
18a	1.	Physician
18a	2.	Physician Assistant
18a	3.	Nurse Practitioner
18a	4.	Visiting Nurse
18a	5.	Other Nurse
18a	6.	Clinical Psychologist
18a	7.	Clinical Social Worker
19	8.	Laboratory Technician
18f	9.	Other - (Specify)
		COSTS UNDER AGREEMENT
18a	13.	Physician Services Under Agreement
18a	14.	Physician Supvn Under Agreement
18f	15.	Other - (Specify)
		OTHER HEALTH CARE COSTS
18a	17.	Medical Supplies
18a	18.	Transportation (HC STAFF)
1	19.	Depreciation-Medical Equipment
18a	20.	Prof Liability Insurance
18f	21.	Other - (Specify)
		FAC OH-FACILITY COSTS
1	26.	Rent
1	27.	Insurance
1	28.	Interest on Mortgage/Loan
6	29.	Utilities
1	30.	Depreciation-Bldgs & Fixt
1	31.	Depreciation-Equipment
3	32.	Housekeeping & Maintenance
1	33.	Property Tax
--	34.	Other - (Specify)
		FAC OH-ADMINISTRATIVE COSTS
6	38.	Office Salaries
1	39.	Depreciation-Office Equipment
6	40.	Office Supplies
6	41.	Legal
6	42.	Accounting
6	43.	Insurance - (Specify)
6	44.	Telephone
6	45.	Fringe Benefit & Payroll Tax
6	46.	Other - (Specify)
		COST OTHER THAN RHC/FQHC
21	51.	Pharmacy
22	52.	Dental
23	53.	Optometry
19	--	Lab Expenses
20	--	Radiology
24	--	Other - (Specify)
		NON-REIMBURSABLE COSTS
27	--	Contributions
27	--	Gifts & Entertainment
28	--	Other - (Specify)

SCHEDULE A – ADJUSTMENT AND RECLASSIFICATION OF OPERATING EXPENSES

Where the cost elements of a cost center are separately maintained on the providers books, a supporting schedule reconciling costs as recorded in the accounting books and records to those on the schedule must be submitted.

(B) Column Descriptions.

(1) Columns 1, 2 and 3 – Salaries, Other and Total. The expenses listed in these columns must agree with the provider's accounting books and records. Salary expenses must be reported in line 1. The cost of purchased services; supplies and all other costs would be entered in column 2. The sum of columns 1& 2 would be entered in column 3.

(2) Column 4 – Adjustments to Expenses. Enter on the appropriate lines in column 4 the amounts of any adjustments to expenses indicated on schedule A-1, column 2. The total on Schedule A, column 4, line 29 must be equal the total on Schedule A-1, column 2, line 23.

(3) Column 5 – Reclassifications of Expenses. Enter in this column any reclassifications among the cost centers needed to effect proper cost allocation (i.e., to classify costs to be allocated on similar allocation basis and to similar direct service centers).

(4) Column 6 – Net Expenses. Enter the sum of columns 3, 4, and 5 in column 6. Transfer the amounts in column 6 to the appropriate lines on Schedule B, column 1.

(C) Line Descriptions.

(1) Line 1 – Depreciation. Enter the amounts of building, equipment and other depreciation calculated on the straight-line basis. Other expenses to be allocated to all direct service cost centers on the same basis may be reclassified to this line.

(2) Line 2 – Property & Plant Operations. Enter the expenses associated with plant operations, plant maintenance, repairs and maintenance, and other expenses related to the operation of plant and equipment.

(3) Line 3 – Housekeeping & Maintenance. Enter expenses associated with housekeeping, laundry & linen and other expenses related to housekeeping activities and maintenance.

(4) Line 4 - Employee Benefits. Enter expenses identified with employee benefits, such as employee health service, health insurance, social security taxes, unemployment taxes, pension plan costs, etc.

(5) Line 5 – Employee Education and Training. Enter expenses associated with employee education & training programs.

(6) Line 6 – Administration and General. Enter expenses associated with administrative activities, such as business office, data processing, billing and collections, administrative staff, etc.

(7) Line 7 – Central Services and Supplies. Enter expenses identified with central supplies, medical supplies and other supply items that may not have been charged directly to the cost centers.

(8) Line 8 – Medical Records. Enter expenses identified with medical records.

(9) Line 9 – Patient Transportation. Enter expenses identified with transportation services provided for patients without other available means of transportation.

(10) Line 10 – Outreach. Enter expenses associated with identifying health care needs within the service area.

(11) Line 11-Health Education Services. Enter expenses identified with providing health education and information services to concerned organizations and groups.

(12) Line 12 – Social Services. Enter expenses identified with social services counseling and referral activities.

(13) Line 13 – Nutritional Counseling. Enter expenses identified with nutritional counseling and education.

(14) Line 14 – Family Planning Counseling. Enter expenses identified with family planning counseling activities and programs.

(15) Line 15 – Clinical Pharmacology. Enter expenses identified with the activities of a clinical pharmacist.

(16) Line 16 & 17 – Other. Enter the expenses identified with other general services such as dietary and cafeteria.

(17) Lines18a, 18b, 18c, 18d, 18e, 18f, and 18g – Medical and Nursing Services. Enter the expenses of identified direct patient care services rendered by physicians, registered nurses, licensed practical nurses, nurse practitioners, nurse midwives, physician assistants, audiologist, and others as defined by the Program.

(18) Line 19 thru 25 – Other. Enter the expenses of other direct patient care services as noted. Lines 24 and 25 are provided for the provider to report other direct service activities such as physical therapy.

(19) Lines 26 thru 28 – Other Non-Reimbursable Cost Centers. Providers will use these lines to record the costs applicable to non-reimbursable cost centers to which general service center costs apply. However, where the expense (direct and all applicable overhead) attributable to any non-allowable cost area is so insignificant as not to warrant establishment of a non-reimbursable cost center and the sum total of all such expenses is so insignificant as not to warrant establishment of an aggregate non-reimbursable cost center, these expenses may be adjusted on Schedule A-1.

SCHEDULE A-1 – ADJUSTMENTS TO EXPENSES

(A) General. This schedule provides for the adjustments to the expenses listed on Schedule A, column 3. These adjustments are to be made based on cost or revenue. Enter the total revenue only if the cost, including direct and indirect cost, cannot be determined. If the total direct and indirect cost can be determined, enter the cost. Once an adjustment to an expense is made based on cost, the provider may not in future cost reporting periods determine the required adjustment to the expense based on revenue. The following symbols are to be entered in column 1 to indicate the basis for adjustments: "A" for cost; and "B" for revenue. Line descriptions indicate the more common activities which effect allowable cost or result in costs incurred for reasons other than patient care and therefore, require adjustments.

Types of items to be entered on Schedule A-1 are; (1) those needed to adjust expenses to reflect actual expense incurred; (2) those items which constitute recovery of expenses through sales, charges, fees, grants, gifts, etc.; (3) those items needed to adjust expenses in accordance with the Program regulations; and (4) those items which are provided for separately in the cost apportionment process.

Where an adjustment to an expense effects more than one cost center, the provider should either record the adjustment to each cost center on a separate line on Schedule A-1 or include an attachment containing this information.

(B) Line Description.

(1) Line 1 – Investment Income Commingled Restricted and Unrestricted Funds. Investment income on restricted and unrestricted funds that are commingled with other funds must be applied against, but should not exceed the total interest expense included in allowable costs. The investment income on restricted and unrestricted funds that are commingled with other funds should be applied against the interest cost centers.

(2) Line 12 – Finance and Penalty Charges. Enter on this line the revenues from imposition of interest, finance or penalty charges on overdue receivables. This income must be used to offset the allowable administrative and general costs.

(3) Line 14 – Grants, Gifts, and Income Designated by Donor for Specific Expenses. Enter on line 14 any grants, gifts or endowment income designated by a donor for a specific operating cost that is included on Schedule A, column 3. Also, any carryover of the excess of grants, gifts, or endowment income over the specific operating costs incurred in a cost reporting period.

If the grant, gift, or endowment income has been designated to pay for a specific direct operating expense within a cost center, the amount of such income to be entered on line 14 should not exceed the total of the specific operating expense stipulated in the restriction established by the donor. Any excess of the income over the direct cost should be carried over to the subsequent cost-reporting year.

On the other hand, if the grant, gift, or endowment income has been designated to pay for the operating cost of an entire cost center, the provider must use all such income as an offset even though it exceeds the specific direct operating costs shown on Schedule A column 3. Any excess of the income over the direct cost should be shown in brackets []. See the instructions for Schedule B concerning the treatment of any such excess with respect to cost finding and the possible carryover to the subsequent cost reporting period. NOTE: Do not include any Federal research grants on this line. Regarding Public Health Service grants, such as grants for the purposes of providing services to meet health needs of limited geographic

scope or of specialized regional and national significance, if restricted, shall serve to reduce allowable costs by the amount of the grants. However, where such grants are to be used for the purposes of stimulating and supporting, for an initial period, new programs of health services, these funds shall not serve to reduce allowable costs.

(4) Line 17 – Depreciation. Where depreciation expense computed on the straight-line basis in accordance with the Program regulations differs from depreciation expense entered on the provider's books, enter the difference on line 17.

(5) Line 18 – Adjustment Resulting from Transactions with Related Organizations. The amount to be entered on this line is obtained from Schedule A-3, part B, column 6, line 5, Note that Schedule A-3, part B, lines 1 thru 4 represent the detail of various cost centers to be adjusted on Schedule A.

(6) Line 19 – Gains and Losses on Disposals of Capital Assets. Where gains and losses on disposal of capital assets have been incurred by the provider, in accordance with the Principles of Reimbursement such gains and losses are not to be included in the computation of reasonable allowable cost. If the effects of such gains and losses have been included on Schedule A, enter the appropriate amount on this line to exclude those gains and losses. If a gain was realized the amount would be an increase, and if a loss was realized the amount would be decreased in the allowable cost.

(7) Line 20 thru 22 – Other. Enter on these lines any additional adjustments that are appropriate or are required under the Principles of Reimbursement. The lines should be appropriately labeled to indicate the nature of the required adjustments.

(8) Line 23 – Total Adjustments. Enter on this line the total of line 1 thru 22. Transfer the amounts in column 2 to Schedule A, column 4.

SCHEDULE A – 2 – RECLASSIFICATION OF EXPENSES:

(A) General. The schedule provides for the reclassification of certain amounts to effect proper cost allocation under cost finding. For example, certain expenses pertaining to buildings and fixtures and movable equipment must be allocated or directly assigned on the same basis as the respective depreciation expenses, such as insurance on buildings and fixtures and movable equipment, rent on buildings and fixtures and moveable equipment interest on funds borrowed to purchase buildings and fixtures and movable equipment, personal property taxes and real property taxes. However, interest on funds borrowed for operating expenses must be allocated with administrative and general expenses.

Providers may have charged some of these amounts to the proper cost center before the end of the accounting period. Therefore, Schedule A-2 should be completed only to the extent that expenses have been included in cost centers that would differ from the result that would be obtained using the instruction of the preceding paragraph.

(1). Line 1 – Employee Benefits. Enter in column 3, line 1 the employee benefit expenses included in the administrative & general cost center Schedule A, column 3, line 6, which be included in the employee benefits cost center. In column 6 enter the total employee benefit expense included in the administrative and general cost center. The amounts of detail items comprising this amount may be entered on lines 2 thru 10 for purposes of explanation only.

(2). Line 11 – Depreciation. Enter in the appropriate columns on line 13, the amount of property taxes, insurance expense, interest expense, rental expense, etc., applicable to buildings and fixtures, movable equipment or space occupancy. The amounts of detail items comprising this amount may be entered on lines 12 thru 16 for purposes of explanation only.

(3). Lines 17 thru 19 – Depreciation. These lines provide for the grouping of the cost identified with property & plant operations, housekeeping & maintenance, laundry & linen, etc., into the depreciation cost center for proper allocation on the same basis as depreciation.

(4). Lines 20 thru 21 – Employee Benefits. These lines provide for the grouping of the costs identified with employee education etc., into the employee benefits cost center for proper allocation on the same basis as employee benefits.

(5) Lines 22 thru 27 – Administrative & General. These lines provide for the grouping of the costs identified with central services and supplies, medical records, patient transportation, etc., into the administrative and general cost center for proper allocation on the same basis as administrative and general expenses.

(6) Lines 28 and 29 – Outreach. These lines provide for the consolidation of health education and other appropriate general services into the outreach cost center for proper allocation directly to the medical and nursing services and dental services cost centers on the same basis as outreach costs.

(7) Lines 30 and 31 – Social Services. These lines provide for the grouping of nutritional counseling, family planning counseling, clinical counseling, clinical pharmacology and other appropriate general services into the social services cost center for proper allocation directly to the medical and nursing services cost center. The clinical psychologist and clinical social worker should be recorded directly to medical and nursing for any assessments performed.

(8) Lines 33 thru 39 on Schedule A-2, lines 1 thru 46 on Schedule A-2-1. These lines provide for other reclassifications and groupings that may be necessary to effect proper cost allocation of other expenses such as the following: Central services and supplies which are directly identifiable with other cost centers such as medical and nursing services or dental services may be reclassified as appropriate to effect proper cost allocation of other expenses included in central services and supplies which are not directly identifiable.

SCHEDULE A-3 – STATEMENT OF COSTS OF SERVICES FROM RELATED ORGANIZATIONS:

(A) General. This schedule provides for the computation of any necessary adjustments to costs applicable to services, facilities, and supplies furnished to the provider by related organizations.

(B) Part A. Part A must be completed by all providers If the answer to Part A is "Yes"; Parts B and C must also be completed.

(C) Part B. Costs applicable to services, facilities, and supplies furnished to the provider by organizations related to the provider by common ownership or control are includable in the allowable cost of the provider, not to exceed the cost of those services, facilities and supplies to the related organization. However, such cost must not exceed the amount a prudent and cost conscious buyer would pay for comparable services, facilities or supplies that could be purchased elsewhere.

Column Description.

(1) Columns 1 and 2 Line No.; Cost Center. Enter in these columns the line references and names of cost centers in which costs identified with items furnished by related organizations have been reported.

(2) Column 3 – Expense Items. Enter in this column the description of the items furnished by related organizations.

(3) Column 4 – Amount Reported. Enter in this column the amount of reported costs identified with items furnished by related organizations.

(4) Column 5 – Amount Allowable. Enter in this column the cost of those items to the related organization not to exceed the amount a prudent and cost-conscious buyer would pay for comparable items if purchased elsewhere.

(5) Column 6 – Adjustment. Enter in this column and on Schedule A-1 the resulting adjustments to the respective cost centers necessary to reduce the cost of those items to amounts not to exceed the amounts reported in column 5.

(D) Part C. This part is used to show the interrelationship of the provider to organizations furnishing services, facilities or supplies to the provider. The requested data relative to all individuals, partnerships, corporations or other organizations having either a related interest to the provider, a common ownership of the provider, or control over the provider as defined in the principles of Reimbursement, Section 215, must be shown in columns 1 thru 4, as appropriate. Only those columns that are pertinent to the type of relationship that exists should be completed.

Column Descriptions.

(1) Column 1 – Code. Enter the appropriate symbol that describes the interrelationship of the provider to the related organization.

(2) Column 2 – Name. If the symbol A, D, E, F, or G, if appropriate, is entered in column 1, enter the name of the related individual in column 2.

(3) Column 3 – Ownership. If the individual in column 2 or the organization in column 4 has a financial interest in the provider, enter in this column the percent of ownership in the provider.

(4) Column 4 – Name. Enter in this column the name of the related corporation, partnership or other organization.

(5) Column 5 – Ownership. If the individual in column 2 or the provider has a financial interest in the related organization, enter in this column the percent of ownership in such organization.

(6) Column 6 – Type of Business. Enter in this column the type of business in which organizations related to the provider by common ownership or control engage (e.g., medical drugs and/or supplies, laundry and linen service). In addition, certain information concerning the related organizations with which the provider has transacted business should be shown. Attach additional pages if necessary.

SCHEDULE A-4 – STAFFING COSTS

(A) General. This schedule provides for the summery of the compensation and productivity of the provider's staff. The cost of compensation, fringe benefits and payroll taxes incurred on behalf of all staff members of the provider are to be included, except for purchased services furnished under arrangements, which are to be reported on Schedule A-4-1. The amounts reported on this schedule should agree with the provider's payroll, timekeeping and accounting records.

(B) Column Descriptions.

(1) Business Ownership. Enter in this column the percent of business ownership of each employee, if any, as defined in Part II, Section 214.

(2) Column 1 – Number of staff FTES. Enter in this column the number of full-time equivalent employees who are employed in the respective positions. Each individual who works full time (or two or more individuals who, in the aggregate, work the equivalent amount of hours of a full-time individual) is counted as one full-time equivalent employee. The minimum number of hours required to be considered one full-time equivalent employee is 1,820 hours.

If the hours actually worked, in the aggregate, by all individuals included in that position averages 1,820 hours or more, then each individual reported in that position will be considered a full time equivalent employee. If the average number of hours actually worked by all employees in that position is less than 1,820 hours, then the number of full-time equivalent employees is determined by dividing the total hours worked in that position by 1,820.

(3) Column 2 – Annual Hours. Enter in this column the total number of hours worked by the provider's staff in the respective positions during the cost reporting period.

(4) Columns 3, 4, 5, and 6 – Cost. Enter in these columns the cost of compensation, fringe benefits and payroll taxes of the provider's staff.

(5) Column 7 – Total Visits. Enter the number of billable visits. The number of visits should include visits for all patients of the provider. All visits recorded must be consistent with the definition of a visit in Part I, Section 103, of this manual. The total number of visits in column 7, line 26 should agree with the total visits on line 3d of the Statistical and Other Data schedule.

(6) Columns 8, 9, and 10 – Unit Cost. Enter the quotient of column 6 divided by the amounts in the respective columns 1, 2, and 7.

(C) Line Descriptions.

Line 4 – Other Administrative Staff. Enter on this line the data for all other administrative staff, including clerical personnel. The data identified with the official administrative responsibilities of any professional staff should also be included here.

Lines 13 and 14 - Other. Enter the Data for any other direct service medical staff not previously identified such as visiting nurse.

SCHEDULE B – COST ALLOCATION AND SCHEDULE B1 – COST ALLOCATION STATISTICS

(A) General. Schedule B provides for the allocation of the expenses of each service cost center to those direct service cost centers that receive the services. The total direct expenses to be allocated are obtained from Schedule A, column 6.

Schedule B1 provides for the prorating of the statistical data needed to equitably allocate the expenses of the general service cost centers on Schedule B.

To facilitate the allocation process, the general format of Schedules B and B-1 are identical. Each general service cost center has the same line number as its respective column number across the top. In addition, the column and line numbers for each general service cost center, direct service cost center and non-reimbursable cost centers are identical on the two schedules.

The statistical basis shown at the top of each column on Schedule B-1 is the basis of allocation of the cost centers indicated. For example, the basis of allocation for employee benefits (column 3) is the gross salaries included on Schedule A, column 1.

Most cost centers are allocated on different statistical basis.

However, for those cost centers where basis is the same (e.g., square feet), the cost centers are combined for allocation.

When allocating the cost of the general service cost centers, the cost centers are listed in the sequence (left to right on the schedule) in which the cost must be allocated. However, the circumstances of a provider may be such that a more accurate result is obtained by allocating to certain cost centers in a sequence different from that followed on these schedules.

NOTE: A Provider wishing to change its allocation basis for a particular cost center or the order in which the cost centers are allocated must make a written request to the Department for approval of the change and must submit reasonable justification for such change prior to the fourth quarter of the cost reporting period for which the change is to apply. The effective date of the change will be the beginning of the cost-reporting period for which the request has been made.

If the amount of any cost center on Schedule B, column 1, represents an excess of donor restricted grant, gift, or endowment income over direct cost, this amount will be shown as a credit balance. (See the instructions for completing Schedule A-1, line 14.) The costs from the applicable overhead cost centers will be allocated in the normal manner to that direct service center showing a credit balance.

If the specific operating cost to which the grant, gift, or endowment income is to be applied constitute a direct service cost center and such cost center still has a credit balance after receiving overhead allocations through cost finding, such credit balance will be carried forward and applied in the succeeding cost reporting period as an adjustment to expenses on Schedule A-1. However, if the donor stipulated that the grant is for the current cost reporting period only, the excess will not be carried forward and is free from restriction.

If the specific operating cost to which the grant, gift, or endowment income is to be applied constitute a general service cost center and that cost center has an excess of grant, gift, or endowment income over

direct costs, such an amount should not be allocated. Rather, that amount should be carried forward and applied in the succeeding cost reporting period as an adjustment to expenses on Schedule A-1. On Schedule B-1, enter on line 22 in the column of the cost center being allocated, the total statistical base over which the expenses are to be allocated (e.g., column 2 – depreciation-buildings & fixtures, enter on line 22, the total square feet of the buildings and fixtures within the direct service and other non-reimbursable cost centers on which depreciation was taken).

For all cost centers to which the depreciation is being allocated enter that portion of the total statistical base applicable to each. The total sum of the statistical base applied to each cost center receiving services rendered must equal the total base entered on line 22.

Enter on line 23 the total expenses of the cost center to be allocated. These amounts are obtained from Schedule B, column 1, lines 1 thru 8.

Divide the amount entered on line 23 by the total statistical base entered in the same column on line 22. Enter the resulting Unit Cost Multiplier on line 24. The Unit Cost Multiplier is to be rounded to at least the nearest four decimal places (e.g., $4,000 divided by 15,000 sq. ft. = .26666 round to .2667).

Multiply the Unit Cost Multiplier by that portion of the total statistical base applicable to each cost center receiving the services rendered. Enter the result of each computation on Schedule B in the corresponding column and line.

After the Unit Cost Multiplier has been applied to all cost centers receiving the services rendered, the total expenses (line 22) of all the cost centers receiving the allocation on Schedule B must equal the amount entered on line 23, Schedule B-1.

The preceding procedures must be preformed for each general cost service center. Each cost service center must be completed on both Schedule B and B-1 before proceeding to the next cost center.

After all the costs of the general service cost centers have been allocated on Schedule B, enter in column 11, the sum of expenses in columns 1 thru 10, lines 9 thru 21. The total expenses entered in column 11, line 22 should equal the total expenses entered in column 1, line 22.

Transfer the totals in column 11, lines 9 thru 17 to schedule C, column 4, lines 1 thru 8.

The non-reimbursable cost center totals, lines 18 thru 21, are not transferred.

(B) Column Descriptions.

(1) Column 2 – Depreciation – Buildings and Fixtures. Depreciation on buildings and fixtures and, to facilitate cost allocation, expenses pertaining to buildings and fixtures such as insurance, interest, rent, and real estate taxes are combined in this cost center, as well as other cost centers which may appropriately are allocated to the same cost centers on the same basis. All expenses should be allocated to the cost centers based on square feet of area occupied.

Providers that do not directly assign to the applicable cost centers depreciation on movable equipment and expenses pertaining to movable equipment such as insurance, interest and rent as part of their normal accounting systems must accumulate the expenses in this cost center.

(2) Column 5 – Administrative and General. The administrative and general expenses are allocated based on accumulated costs. Therefore, the amount to be entered on Schedule B-1 column 5, line 22 is the sum of (1) the amounts on line 9 thru 21 on Schedule B, column 4; plus (2) the adjustment for grants, gifts, and income designated by donor for specific expenses entered on Schedule A-1, line 14.

The amounts to be entered on Schedule B-1 column 5, lines 9 thru 21 are obtained from Schedule B, column 4, after these have been increased by the amounts appearing on Schedule A-1, line 14. If adjustments to expenses were made on Schedule A-1 line 14, the provider must attach a supplemental schedule showing the computation of the amounts entered on Schedule B-1, column 5, lines 9 thru 21. That cost, which was reduced by the grant, must be fully reflected in the appropriate cost center(s) in this column to receive a fair share of administrative and general expense.

SCHEDULE C – APPORTIONMENT OF DEPARTMENTAL COSTS TO TITLE XIX:

(A) General. This schedule provides for the apportionment of the costs in the direct service cost centers to the Title XIX Program

(B) Column Descriptions:

(1) Unit of Service Column. This column indicates the nature of the units of service that are to be used for apportioning the allowable cost to the Title XIX Program. These units of service are measures of productivity of the cost center and bear the relationship to the manner in which costs centers are incurred. These units have been defined to readily isolate only those costs identified with allowable or covered service as defined by the Program.

(2) Column 1 – Title XIX Units of Service. Enter in this column only the Title XIX services paid (as determined from the Program's paid claims listing) that are rendered to the program beneficiaries as defined and covered under the Title XIX Primary Care Center and/or Rural Health Clinic Programs.

Line Descriptions.

(a) Line 1 – Medical and Nursing Service Covered Visits. Enter the number of Title XIX covered visits as defined in the Universal Cost Report Instructions.

(b) Line 2 – Laboratory Procedures. Enter the number of covered laboratory procedures.

(c) Line 3 - Radiology Procedures. Enter the number of covered radiology procedures.

(d) Line 4 - Pharmacy Prescriptions. Enter the number of covered prescriptions or drug requisitions.

(e) Line 5 – Dental Services. Enter the number of covered dental visits

(f) Line 6 - Optometry Services. Enter the number of Title XIX covered vision visits rendered.

(g) Lines 7 thru 9 – Other Services. Enter the number of Title XIX covered visits or services as may be defined by the Department as appropriate covered services under the PCC and/or RHC Program (i.e., holding beds).

(3) Column 2 – Total Units of Service. Enter in the column the amount included in column 1 plus non-Title XIX units of service rendered to all other patients. These units of service should be uniform and consistent with those units as defined under the PCC and/or RHC Program as measures of the productivity of cost centers.

(4) Column 3 - Title XIX % Utilization. Enter in this column the quotient of the amount in column divided by the amount of column 2.

(5) Column 4 – Total Departmental Cost. Enter in this column the total departmental costs of the respective Title XIX reimbursable cost centers from Schedule B, column 11, lines 9 thru 17.

(6) Column 5 – Title XIX Departmental Cost. Enter in this column the product of amounts in column 3 multiplied by amounts in column 4.

SCHEDULES E, E-1 AND E-2 – FINANCIAL STATEMENTS:

General. Schedule E – Balance Sheet, Schedule E1 Statement or Revenues and Expenses, And Schedule E2 – Statement of Changes in Fund Balance, are schedules to be prepared from the provider's accounting books and records Additional Schedules may be submitted as necessary. The provider may substitute its own audited financial statements in lieu of these forms provided the information shown on such statements is at least as detailed as that requested on these forms.