



# State of Louisiana

Department of Health and Hospitals  
Bureau of Health Services Financing

## MEMORANDUM

**DATE:** May 7, 2015

**TO:** Administrator or Corporate Officer

**FROM:** Denis S. Beard, Program Manager

**SUBJECT:** Nursing Home Cost Report Filing Changes and Updates

All cost reports and supporting documentation are to be filed with our cost report acceptance contractor Myers & Stauffer LC. In addition, all Louisiana Medicaid NF cost reports are to be completed using the most recent version of the Microsoft Excel template. The most recent version of the Medicaid NF cost report is located on the web at:

<http://www.mslc.com/Louisiana/CaseMix.aspx>

Cost Reports are due five (5) months after the nursing facility's cost report period ends. Thus, cost reports with a December 31, 2014 year end are due to Myers & Stauffer LC by **May 31, 2015**.

Refer to the Louisiana Medicaid NF cost report "Instructions" tab and "Schedule L: Required Items" when preparing your facility's cost report. Any cost report submitted to Myers & Stauffer with missing documents, signatures, central office or management company's cost report and supporting documentation, etc., as noted on Schedule L will be considered incomplete and will not satisfy the requirements for timely filing. As stated in Section C-2(d) of your Provider Agreement with the State of Louisiana, a penalty of 5% of the total monthly payment for each month of non-compliance will be imposed. This penalty may be progressive by 5% for each succeeding month until all completed information is received.

Please pay close attention to the following requirements:

**Facility Worksheet A-6, A-8 and A-8-1 and Schedule I-1 adjustments & Home office Schedule B, C, D and Schedule I-2 adjustments**

Supporting documentation for all facility and home office Medicare and Medicaid cost reports must include general ledger account numbers, explanations, amounts and/or computational schedules for each adjustment. A listing of the adjustments that restates the cost report adjustments without explanation or computation, if necessary, is not acceptable documentation.

**Schedule B of the Louisiana Medicaid NF Cost Report:**

**1. Census days for each payor type is required on Line 4.00**

- a. **Census Days** – Census days reported on Schedule B of the Medicaid NF cost report and Worksheet S-3 of the Medicare cost report must agree to the monthly detailed census reports maintained by the provider.
- b. **Allowable Leave Days** - All hospital and home leave days paid by Medicaid **MUST** be reported on Line 4.00, column (m) on Schedule B of the Louisiana Medicaid NF Cost Report. The census records maintained by the provider must properly identify and accumulate all hospital and home leave days paid by Medicaid to support the days reported on the Louisiana Medicaid NF Cost Report.
- c. **Paid Bed Hold Days** – All hospital and home leave days paid by non-Medicaid payers and excess home and hospital leave days for Medicaid residents for which a payment is received from the resident or responsible party must be reported on Line 4.00, column (n) of Schedule B of the Louisiana Medicaid NF Cost Report.

**Schedule F-4 Reconciliation of Pass Through Costs to Supporting Documentation –**

The purpose of this schedule is to assist providers in gathering the required documentation needed to support property taxes and property insurance reported on Schedule F-1 of the Medicaid cost report. Detailed instructions are included in the Instructions tab of the excel template. The totals on Schedule F-4 should agree to the sum of Lines 1.00 and 1.01 for property taxes and the sum of Lines 2.00 and 2.01 for property insurance. Copies of all property tax notices and copies of all property insurance invoices/premium notices must be submitted with the cost report. Also, allocation schedules which reconcile property insurance invoice amounts to the property insurance expense amounts reported on the cost report must be submitted.

**Schedule H Series**

Specialized care expenditures, charges, and statistics are no longer required to be separately identified. Due to this change in cost reporting requirements, Schedules H-1, H-2, and H-3 have been removed from the cost report and are no longer required to be filed.

**Schedule I-1 Nursing Facility Reconciliation –**

Providers should continue to be aware that there is a newer section located on Schedule I-1. This section is for a Medicaid only reclassification to a facility's filed Medicare cost report for CareRise vendor expense. The provider will need to identify on line 16.00 of Schedule I-1 the amount (col. b), Medicare cost report line number (col. c), line description (col. d), and column (col. e) that CareRise vendor expense is contained in. This will allow the CareRise vendor expense to be classified in the appropriate rate component.

**Schedule J of the Louisiana Medicaid NF cost report –** All input amounts required on Schedule J must agree to the final as-filed Medicare cost report and the final DHH rate letters for the cost report period. It is imperative that this schedule be completed fully and accurately. Providers should separate Worksheet A-6, A-8 and A-8-1 adjustments between salary and other for lines 40 through 55. See detailed instructions for this schedule in the Instructions tab in the excel template.

Through the review process it has been noted that there is an issue with providers not selecting the proper employee benefit allocation basis on Schedule J, Line 6. There are three options (Gross Salaries, Net Salaries, Other) that the provider has in selecting an employee benefit allocation basis. Please review the below explanation of each option for additional guidance before selecting an employee benefit allocation basis on Schedule J, Line 6:

1. Gross Salaries: Select the "Gross Salaries" option if the 2540-10 Cost Report Worksheet B-1, Column 3 (Column 4 for 2552-10 providers) employee benefit allocation statistics have been calculated using Worksheet A, Column 1 salary amounts plus all Worksheet A-6 salary reclassifications.
2. Net Salaries: Select the "Net Salaries" option if the 2540-10 Cost Report Worksheet B-1, Column 3 (Column 4 for 2552-10 providers) employee benefit allocation statistics have been calculated using the Worksheet A, Column 1 salary amounts plus all Worksheet A-6 salary reclassifications and Worksheet A-8 salary adjustments.
3. Other: Select the "Other" option if the 2540-10 Cost Report Worksheet B-1, Column 3 (Column 4 for 2552-10 providers) employee benefits allocation statistics have been calculated using any method other than the two defined above.
  - a. If the provider has home office/related party salary adjustments on Worksheet A-8-1 and the provider has deemed these salary adjustments to not be appropriate to include in the Worksheet B-1, Column 3 (Column 4 for 2552-10 providers) employee benefit statistics, the "Other" option MUST be selected and Schedule J, Line 7 must also be completed.

**Support for Medicare cost report Worksheet B-1 square footage statistical information-**

The provider is required to maintain appropriate documentation supporting the statistical information reported on Worksheet B-1 of the Medicare cost report. Specifically, to support square footage, the provider should maintain detailed documentation of the measurement of the facility. This measurement should reconcile to the square footage by cost center that is reported on Worksheet B-1 of the Medicare cost report. This measurement would ideally be obtained from the detailed blueprint or architect's drawing of the facility. If that is not available, the provider should perform a measurement or engage a qualified professional to perform a measurement.

**Private Room Conversion-** Providers who are participating in the Department's Private Room Conversion Program should maintain census records that segregate the number of census days per month in the rooms identified for Private Room Conversion. The provider should develop a unique census code to identify such census days. These days should be reported on line 8 on Schedule B of the Louisiana Medicaid NF cost report.

For more detailed information on cost report preparation please refer to the attached detailed instructions as well as the handouts from the most recent cost reporting training held on January 18, 2013 which can be found on the DHH website at:

<http://new.dhh.louisiana.gov/index.cfm/newsroom/detail/1574>

If you require further information, please contact Denis S. Beard at (225) 342-6116.

Attachment

DSB

c: Dan Brendel  
Missy Peroyea

## **DETAILED INSTRUCTIONS FOR FILING NURSING HOME COST REPORT(S) FOR YEAR ENDING 12/31/14**

The cost report packet submitted to Myers & Stauffer will be reviewed to determine if all required information was received timely. The packet must include an electronic copy of the Louisiana Medicaid NF cost report in the most current Excel template, an electronic copy of the Medicare cost report in ECR format and all of the applicable supporting documentation as listed on Schedule L of the Louisiana Medicaid NF cost report.

A signed and completed Medicare Home Office cost report and Louisiana Medicaid NF cost report and **ALL** required attachments for both cost reports should be completed and submitted for all home offices.

Cost Report files **MUST** be submitted electronically to Myers & Stauffer using the e-mail address: ([LANF@mslc.com](mailto:LANF@mslc.com)). All other items should be mailed **or** scanned and e-mailed to Myers & Stauffer. If mailing items, please submit **ALL SUPPORTING DOCUMENTATION** numbered, as specified on Schedule L of the Louisiana Medicaid NF cost report, and in numerical order. Before sending cost reports or supporting documents electronically:

- Review the file name format requirements listed at the bottom of Schedule L.
- When mailing documents to Myers & Stauffer **DO NOT** staple any of them.
- Review all files for readability and legibility.
- If the provider chooses to print spreadsheets to PDF files prior to submission:
  - Do not reduce files below 50% reduction
  - Use appropriate page orientation (portrait vs. landscape) for each file

Below are other issues which require your attention:

### **Rate Warning:**

DHH will include costs in your Medicaid case-mix rate and direct care/care-related floor calculations based on both your Medicare cost report and your Louisiana Medicaid NF cost report. To ensure all of the appropriate costs are included in your rate and your floor calculations, it is important that you review the Case Mix Cross-Walk tab of the Medicaid Excel cost report template to see which cost centers are included from your Medicare cost report and then properly complete your Medicare cost report and your Louisiana Medicaid NF cost report.

While the Medicare regulations may allow more than one option for classifying costs, Medicaid will only recognize costs in a rate and floor component based on the case mix cross-walk shown on the Case Mix Cross-Walk Tab of the Medicaid Excel cost report template. If a facility chooses to classify cost on their Medicare cost report in a manner that excludes that cost from their direct care or care-related rate component and floor,

then the cost will forever be excluded from the direct care and care-related rate and floor, unless adjusted at audit or desk review. If there are any questions related to the cross-walk, please contact DHH or Myers and Stauffer for clarification.

**Signatures** – Original signatures are required on the Louisiana Medicaid NF cost report, the Medicare cost report (2540-10) and the home office cost report (287-05) to be mailed to Myers & Stauffer.

**Louisiana Medicaid NF Cost Report** – All items reported on the Louisiana Medicaid NF cost report must tie to that amount on the Medicare cost report when indicated. Pay attention to all instructions on the Louisiana Medicaid NF cost report which indicate when a specific amount or description should be obtained from the Medicare cost report. Any submitted cost reports which are inaccurate and do not tie to the Medicare cost report where applicable will be sent back to the provider and will be required to be revised before the cost report packet is considered complete.

In addition, all lines and columns in all sections of the Medicaid NF cost report should be completed even if the appropriate response is “none” or “not applicable” or “\$0”.

**Electronic Files** – The electronic files required **MUST** be in the correct electronic cost report format: Medicaid NF cost reports in Excel (xls) and Medicare cost report in ECR format (SN\_\_.14A). These cost reports and any electronic supporting documentation are to be e-mailed to Myers & Stauffer at [LANF@mslc.com](mailto:LANF@mslc.com). Files submitted in the incorrect format will be rejected.

**Salary Maximums** – The maximum allowable salary for the Administrator (AS624) is \$122,595. The maximum allowable salary for the Assistant Administrator (AS622) is \$107,078. The salary maximums are effective 7/1/07. Documentation to support the administrator and assistant administrator salaries must be submitted. Such documentation would include payroll journals and W-2's (for calendar year providers). Note: W-2s are on the cash basis and, if provided, should be reconciled to the accrual basis salary reported on the cost report. The administrator salary maximum also applies to all home office personnel.

**Purchase of Assets** – Fixed assets acquired through a purchase of assets in use in the Medicare/Medicaid programs must be recorded at the original owner's net book value. No step-up in basis is permitted. Depreciation expense and related interest expense, if any, must be adjusted if a step-up in basis was recorded at the time of purchase.

**Crosswalk to Worksheets A, C, G, G-1, G-2, G-3** – The grouping schedule submitted with the cost report must include cost center totals that agree to columns 1 and 2 on Worksheet A and to Worksheets C, G, G-1, G-2, and G-3 of the CMS Form 2540. Trial

balances without cost center totals will be rejected as insufficient support for the costs reported on Worksheet A. The crosswalk should clearly show which accounts are included in each cost center. Account numbers and account titles should be included for all accounts. For example:

Acct Number	Acct Title	Amount
444	Administrator Salary	\$1,000
445	Asst. Admin Salary	\$1,000
446	Clerical Salaries	\$2,000
Total A&G Salaries		\$4,000 – this total should agree to Worksheet A

**Allowable Leave Days** – Schedule B of the Louisiana Medicaid NF cost report includes a column entitled “Allowable Leave Days.” All hospital and home leave days that are paid by Medicaid should be reported in this column and should be excluded from columns a through k. Paid bed hold days should be reported in column (n) if payment is received from the resident or responsible party after allowable leave days are exceeded for Medicaid residents and for paid leave days for non-Medicaid residents. The provider must maintain census records which identify and summarize allowable leave days and paid bed hold days. The provider’s census records must support the census days reported on Worksheet S-3 of the Medicare cost report and Schedule B of the Louisiana Medicaid NF cost report.

**Property Taxes** – All property taxes should be reported on lines 1 and 2 on Worksheet A of the Medicare cost report. Property taxes reported on lines 1.00 and 1.01 on Schedule F-1 of the Louisiana Medicaid NF cost report should agree to the property taxes reported on Worksheet A of the Medicare cost report. If property taxes paid by a related party lessor are added to allowable costs on Worksheet A-8-1, the provider should include these property taxes on lines 1.00 and 1.01 on Schedule F-1 of the Louisiana Medicaid NF cost report. Property taxes related to the home office should not be reported on Schedule F-1 of the facility’s Louisiana Medicaid NF cost report. Copies of the **property tax notices** are the required supporting documentation for property taxes. This documentation requirement includes any property taxes paid by a related party lessor that are reported as allowable costs on Worksheet A. If a provider is exempt from property taxes, please affirmatively note that exemption in the supporting documentation submitted with the cost report. If the provider’s cost report period is not the same as the property tax period, the provider must include all property tax notices that relate to the cost report period and a supporting schedule documenting the amount of each tax notice recorded in the cost report period.

**Property Insurance** – Only property insurance (including autos) should be reported on lines 1 and 2 on Worksheet A of the Medicare cost report. Other insurance such as general liability, malpractice or employee related health insurance should be reported

appropriately in other cost centers. If the provider's general ledger does not segregate insurance for appropriate reporting on Worksheet A of the cost report, the provider must perform an analysis of the insurance amount(s) and make reclassification entries, as necessary, on Worksheet A-6 of the cost report. Property insurance reported on lines 2.00 and 2.01 on Schedule F-1 of the Louisiana Medicaid NF cost report should agree to property insurance reported on Worksheet A of the Medicare cost report. Property insurance related to the home office should not be reported on Schedule F-1 of the facility's Louisiana Medicaid NF cost report. Copies of **invoices/premium notices** for property insurance are the required supporting documentation for property insurance. A copy of the financing document should also be submitted, if applicable. The invoice (and any related supporting schedule) must segregate the property insurance from other types of insurance and must include the policy period. If a supporting schedule is included, it should reconcile to the invoices submitted and to the allowable property insurance reported on Worksheet A and Schedule F-1. Also, if the property insurance premium period is not the same as the provider's cost report period, the provider must include all invoices that relate to the cost report period and a supporting schedule documenting the amount of each invoice recorded in the cost report period. In addition, if the property insurance invoice relates to multiple facilities, an allocation schedule documenting the allocation of property insurance to each facility is required.

**Food costs** – Food costs reported on line 4.00 on Schedule F-1 of the Louisiana Medicaid NF cost report should include food supplements.

**Contract Services** – Contract services reported on lines 3.00 and 3.01 on Schedule F-1 of the Louisiana Medicaid NF cost report should **ONLY** include contract nursing staff. Consultant RN's, physicians, pharmacists, etc., should **NOT** be included.

**Nurse Aide Training & Testing costs** – The Medicare Worksheet A line and column number must be disclosed for any nurse aide training and testing costs reported on Schedule E-1 of the Louisiana Medicaid NF cost report. Also, salaries and benefits reported on Schedule E-1 of the Louisiana Medicaid NF cost report should be that of instructors only, not the nurse's aides in training.

**Specialized Care** – Schedules H-1, H-2 and H-3 – Specialized Care Supplemental Schedules are no longer required to be filed and have been removed from the Louisiana Medicaid NF cost report.