

**State of Kansas
Department of Social & Rehabilitation Services (SRS)/
Department on Aging (KDOA)**

**INSTRUCTIONS FOR COMPLETING
THE NURSING FACILITY
FINANCIAL AND STATISTICAL REPORT
(FORM MS-2004)**

PURPOSE

The purpose of this report is to obtain the resident-related costs incurred by nursing facilities (NF) and nursing facilities-mental health (NF-MH) in providing services according to applicable state and federal laws, regulations, and quality and safety standards. The regulations governing the completion of this report and NF reimbursement can be found in the Kansas Administrative Regulations (KAR), Chapter 30, Part 10.

SUBMITTAL INSTRUCTIONS

1. The form MS-2004, Nursing Facility Financial and Statistical Report, will be available on the Department on Aging's website at <http://www.agingkansas.org/index.htm>. If needed, a facility may request that the Program and Policy Commission send the form, on diskette, to them. Each nursing facility in the Kansas Medical Assistance Program will either download or request the form, on diskette, before the end of the home's reporting period.
2. Send the completed form MS-2004 and form AU-3903 (Census Summary) for each month of the reporting period, along with a signed copy of page 16 of the MS-2004 to costreports@aging.state.ks.us. If sent on diskette, send to the following address:

**Kansas Department on Aging
New England Building
503 S. Kansas Avenue
Topeka, Kansas 66603-3404
Attention: Director, Nursing Facility Rate Setting**
3. All inquires on completion of these forms should be directed to the Director, NF Rate Setting at (785) 296-0703.

GENERAL

The cost report is organized by the following sections and numbering schemes. Not all line numbers within each range are used.

General Information	Lines 1-99
Schedule A, Operating Cost Center	Lines 101-199
Schedule A, Indirect Health Care Cost Center	Lines 201-299
Schedule A, Direct Health Care Cost Center	Lines 301-399
Schedule A, Ownership Cost Center	Lines 401-499
Schedule A, Non-Reimbursable/Non-Resident Related Expense Items	Lines 501-599
Schedule B, Expense Reconciliation	Lines 601-650
Schedule C, Statement of Owners and Related Parties	Not Numbered
Schedule D, Statement Related to Interest...	Lines 651-699
Schedule E, Balance Sheet	Lines 701-750
Schedule F, Beginning & Ending Residual Balances Reconciliation	Lines 751-799
Schedule G, Revenue Statement	Lines 801-850
Schedules H(1), Related ACH Info, and H(2), Non-Resident Related...	Lines 851-899
Schedule I, Fixed Asset, Depreciation & Amortization Questionnaire	Lines 901-950
Schedule J, Employee Turnover Report	Lines 951-999

1. Complete the forms accurately and legibly. Any report that is incomplete or is not legible shall be promptly returned to the provider. Failure to submit a complete cost report shall result in suspension of payment until the complete cost report is received.

2. All amounts must be rounded to the nearest dollar and sum to the total.
3. **DO NOT** add lines to the forms. Use "OTHER" lines for resident-related expenses not designated on the Expense Statement, Schedule A. Attach a schedule if necessary.
4. **DO NOT** cross out or re-title lines on the forms. **DO NOT** include more than one amount per line. If more than one amount or journal entry is combined, submit an attachment with explanation. The attachment should be **sorted by cost report line number** and should include subtotals.
5. Enter the ten (10) digit SRS provider number and the ten (10) digit EDS provider number on page 1 and in the blank space provided at the top of each schedule. **DO NOT** use your federal number assigned by the Dept. of Health & Environment.
6. Use the accrual method of accounting in reporting financial data. Revenues are reported in the period when **earned**, and not when received, and expenses are reported when **incurred**, not when paid.
7. Estimates of revenues and expenses are not acceptable.
8. All cost reports, historical or projected, must be for a period of 12 consecutive months except as provided in KAR 30-10-17. Providers who filed a projected cost report must file a historical report for the projection period and a historical report for the first calendar year following the end of the projection period.
9. All calendar year cost reports shall be received by the agency no later than the close of business on the last working day of February. All other historical cost reports covering a projection status period shall be received by the agency no later than the close of business on the last working day of the second month after the reporting period ends. The provider may request a one month extension of the due date by submitting the request in writing to the address in the submittal instructions within the time period allowed for filing the original cost report. The extension will be granted if the agency determines that the provider has shown good cause. **NOTE: IF A COST REPORT IS RECEIVED AFTER THE DUE DATE WITHOUT AN APPROVED TIME EXTENSION, THE PROVIDER IS SUBJECT TO THE PENALTIES SPECIFIED IN KAR 30-10-17.**
10. Each NF/NF-MH must maintain adequate accounting and/or statistical records. Inadequate record keeping is cause for suspension of payments. KAR 30-10-15b. If non-NF/NF-MH program expenses have been commingled with the NF or NF-MH, see the instructions for provider adjustments on Schedule A, Expense Schedule.
11. Reimbursement rates (per diem) for NF: The per diem rate of reimbursement for those facilities participating in the Kansas Medical Assistance program is based on the reported costs and resident days as adjusted by a desk review of the cost report and payment limitations. Each cost report is also subject to a field audit to arrive at a final settlement for the period upon which the per diem rate was based.
12. **KANSAS ADMINISTRATIVE REGULATIONS:** Copies of the regulations governing NF Kansas Medical Assistance reimbursement may be obtained at a cost by sending a request to the Department on Aging to the address given in the submittal instructions. **NOTE: SINCE THE REGULATIONS MAY BE CHANGED, THE PREPARER OF THE COST REPORT SHOULD CAREFULLY REVIEW THE MOST RECENT VERSION PRIOR TO COMPLETING THE FORM MS-2004 FOR SUBMISSION.**
13. **NURSING FACILITIES ATTACHED TO HOSPITALS:** A nursing facility that is attached or associated with a hospital and shares expenditures shall submit the cost report (MS-2004), census sheets (AU-3902), and the following Medicare schedules: W/S A, A-6, A-8, B Part I and B-1. Also include the working trial balance that includes both the hospital and the long-term unit. A "step-down process" will be run using the statistical information from W/S B-1 and the net expenses for cost allocation from Column 0 on W/S B Part 1. This will provide the indirect long-term care unit costs. Based on the long term care cost to net expense ratio, each department cost will be allocated to the appropriate line of the cost report. The total cost reported on the cost report should equal the long-

term care total, Column 25, on W/S B Part 1.

COST REPORT INSTRUCTIONS

COVER PAGE

PROVIDER IDENTIFICATION:

Lines 11-20: Complete these lines as indicated on the report form.

Lines 21-23: Check only one box.

Line 21 Check if the cost data is for the calendar year report period and does not include any portion of a projection period.

Line 22 Applies to projected cost reports for new providers and newly constructed facilities.

Line 23 Applies to providers filing their first historical cost report for a non-calendar year.

Lines 26-32: Check only one box. Check the type of business organization which most accurately describes your provider status or explain on line 33, Other. Limited Liability Companies should check the box that matches their declaration for tax purposes.

NF and NF-MH:

Lines 43-43d: Enter the number of licensed NF or NF-MH beds under the BED COUNT column. Then calculate and record the number of bed days at that bed count (multiply the bed count by the number of calendar days this count is maintained, see example below). If a change in the number of beds has occurred during the reporting period, show the increase or decrease, the date of the change, the new bed count, and the bed days at that count.

Example of Bed Days calculation:

Assume a home of 20 beds was increased on July 1 to 25 beds, the number of bed days for the period would be determined as follows:

January 1 to June 30 - 181 days x 20 beds = 3,620 bed days
July 1 to December 31- 184 days x 25 beds = 4,600 bed days
8,220 bed days for period

Line 45: Record the bed count as of the ending date of the cost report period.

Line 46: **Total Bed Days** – Record the sum of the BED DAYS AT THIS COUNT column from lines 43-43d.

Line 48: **Total Resident Days** - The total number of resident days shall be determined in accordance with KAR 30-10-28. A resident day means that period of service rendered to a resident between the census-taking hours on two successive days and all other days for which the provider receives payment, either full or partial, for any Kansas Medical Assistance or non-Kansas Medical Assistance resident who was not in the facility (KAR 30-10-1a). If both the admission and discharge occur on the same day, it shall count as a resident day. If the provider does not make refunds on behalf of a resident for unused days in the case of death or discharge, and if the bed is available and actually used by another resident, these unused days shall not be counted as a resident day. Any bed days paid for the resident before an admission date shall not be counted as a resident day. The total resident day count for the cost report period shall be accurate. An estimate of the days of care provided shall not be acceptable. The total resident days must agree with the 12 month total as submitted on the Form AU-3902.

Day care and day treatment shall be counted as one resident day for 18 hours of service. The recipients of day care/treatment shall be listed on the monthly census summary of the Form (AU-3903) with the number of hours reflected on the appropriate day column.

Occupancy Percentage: Agency staff will determine this percentage.

Line 48a: **Total Kansas Medical Assistance Days** - Enter the total number of **Kansas Medical Assistance** days reported on the Form AU-3902. Partial, as well as full paid days must be included (please refer to KAR 30-10-28).

Line 48b: **Total Medicare Days** - Enter the total Medicare days in the report period.

OTHER FACILITY BEDS:

Lines 49: **Assisted Living/Res. Care** - Enter the number of beds for assisted living and residential health care. If a change in the number of beds occurred during the reporting period, show the increase or (decrease) and the date of the change. Attach a schedule if additional space is needed to show all changes in the number of licensed beds.

Line 50: **Unlicensed Beds** - Enter the number of unlicensed beds i.e., apartments within the facility. If a change in the number of beds occurred during the reporting period, show the increase or (decrease) and the date of the change. Attach a schedule if additional space is needed to show all changes in the number of licensed beds.

Line 51: Enter the total number of other residential days with shared NF/NF-MH costs. The total other residential days must agree with the 12 month total as submitted on the Form AU-3903.

Line 52: Check the appropriate box regarding Medicare certified beds.

Line 53: Please indicate if the facility is a hospital based long term care (LTC) facility or a free standing facility.

SCHEDULE A - EXPENSE STATEMENT

Attach a copy of the working trial balance used to prepare the cost report.

Total Annual Hours Paid - Column 1 - Enter the total hours paid to the employees on each of the salary lines for the reporting period. Employees shall be reported on the appropriate salary line for their position classification.

Per Books or Federal Tax Return - Column 2 - Report the expenses reflected in the accounting records under the appropriate cost center (i.e., Operating, Indirect Health Care, Direct Health Care, Ownership and Non-Reimbursable). The total of all the expense lines (Column 1 - Line 599) shall reconcile to the income tax return and/or the accounting records.

Provider Adjustments - Column 3 - Enter the necessary adjustments to the expenses reported in Column 2 that are not resident-related according to the regulations and/or offset expense recoveries reported in the Revenue Statement, Schedule G. Attach a schedule if necessary.

Resident Related Expense - Column 4 - Enter the difference between Column 2 and Column 3. Please complete Column 4 even if no adjustments were made in Column 3, except for lines 501 through 514.

State Adjustments/Adjusted Resident Related Expenses - Columns 5 & 6 - Leave blank - FOR AGENCY USE ONLY

Expense Lines

General: All costs shall be reported on the designated expense lines. If all expense classifications are not addressed, report the amount on the line and in the cost center that most nearly describes the expense. For example, telephone expense is included in the Operating cost center. Therefore, the expense for telephone lines to the nurses' station shall **not** be reported in the Direct or Indirect Health Care cost center. See specific line instructions for more detail. **DO NOT CROSS OUT OR USE A LINE DESIGNATED FOR A PARTICULAR TYPE OF EXPENSE FOR SOME OTHER TYPE OF EXPENSE.**

The specific instructions, which follow, do not cover each line item of the expense statement, but are designed to cover items that may require additional explanation or examples.

All Salaries - Lines - 101-104, 201-213, and 301-306, - Salaries are compensation paid for personal services that were reported to the Internal Revenue Service (IRS). These lines, plus the owner/related party compensation lines, shall reconcile to your IRS 941 Report forms as adjusted by benefits or other bonuses.

Each facility must have a full time licensed administrator. Non-owner/related party administrator compensation shall be reported on line 101. Owner/related party administrator compensation shall be reported on line 121. A hospital-based long term care unit, under the jurisdiction of a hospital administrator, must report a percentage of the administrator's salary on line 101, and the salary of the staff person serving as an assistant administrator on line 102. Salaries and benefits of the administrator and co-administrator paid as central office costs shall be reported on lines 101, 102, and 119.

Report the salaries of the Direct Health Care Cost Center personnel on the most appropriate classification for lines 301-306. In the Indirect Health Care Cost Center, lines 205-210, are for reporting salaried employee therapists. DO NOT REPORT CONSULTANTS ON THESE LINES.

Employee Benefits - Lines 119, 219, and 319- Allocate employee benefits to the benefit lines in each cost center based on the percentage of gross salaries or the actual amount of expense incurred in each center. Employee benefits, if offered to substantially all employees may include, but are not limited to:

- 1) Employer's share of payroll taxes

- 2) State and federal unemployment contributions
- 3) Workers' compensation insurance
- 4) Group health and life insurance
- 5) Employee "non-cash" gifts
- 6) Moving/relocation expenses
- 7) Employee retirement plans
- 8) Employee parties - except alcoholic beverages
- 9) Profit sharing
- 10) Physical examinations
- 11) Malpractice insurance that specifically protects employees. This shall be specifically identified on the insurance bill from the agent.
- 12) Employee Uniforms
- 13) Employee Meals

Employee benefits shall not include:

- 1) Employee cash bonuses and/or incentive awards - these payments shall be considered additional compensation and be reported on salary lines.
- 2) Benefits given to owner/related parties - these benefits shall be reported on the owner/related party employee benefits lines (125, 225, 325).

Employee benefits with restrictions include:

- 1) Employee benefits offered to select non-owner/related party employees shall be reported as a benefit in the cost center in which the salary is reported.

Contracted Labor - Lines 130, 230 and 330. These lines shall be used to report all contract labor for services that would normally be provided by employees listed in the cost center.

Consultants - Lines 131, 231-238, and 331. Consulting fees paid to related parties are subject to the restrictions of KAR 30-10-1a and KAR 30-10-23b (c) and (d). Report fees paid to professionally qualified non-salaried consultants. List the titles of consultants reported on line 238.

Owners and Related Party Compensation - Lines 121, 122, 221, and 321. - Record the amount earned and reported to IRS for owner/related parties. In order to be allowed, the compensation must be paid within 75 days after close of the cost report period. The amount reported must be in agreement with entries made in Schedule C. Compensation may be included in allowable cost only to the extent that it represents reasonable remuneration for managerial and administrative functions, professionally qualified health care services and other services related to the operation of the nursing facility, and was rendered in connection with resident care. All compensation paid to an owner/related party shall appear on the appropriate lines above regardless of the label placed on the services rendered (See KAR 30-10-24).

"Other" - Lines 181 and 281 - "Other" or blank lines have been provided in the operating and indirect health care cost centers. Types of expense entered on these lines shall be identified and be applicable to the cost center unless further restricted. Attach a schedule to the cost report. **Failure to do so can cause unnecessary delay in the processing of your cost report.**

Management Consultant Fees - Line 131 - Report fees paid to non-related party management consultants. If the management services company is owned or controlled by the company or person(s) that own or control the facility, actual cost of the management company must be reported as central office costs and/or owner's compensation. See instructions for reporting central office costs - line 151.

Allocation of Central Office Costs - Line 151 - All providers with more than one facility and pooled administrative costs shall report allocated costs on line 151. All facilities, including the central office, must

use the same reporting period. Central office costs shall be reported in accordance with KAR 30-10-27. **Attach a detailed schedule listing the central office costs and method of allocation to each facility.** Submit a copy of the Medicare Home Office Cost Report if applicable. The same method of allocation used on the Medicare Cost Report must be used in the Medicaid Cost Report.

Allowable central office costs are subject to the following conditions:

- Only expense allocations related to Kansas facilities will be allowed.
- Purchases from related-party vendors - Costs of resident-related goods and services supplied to the central office by related parties will be allowed at the lower of the cost to the vendor or the charge to the central office;
- Costs directly attributable to a specific provider or non-provider activity must be allocated directly to the entity for which they were incurred;
- Salaries of owner/related parties - Any of these costs that are included in central office costs must be reported on line 121;
- Central office bulk purchases of adult care home supplies - These expenses may be allocated to the supplies lines in the appropriate cost centers, if the allocation method is adequately documented; and
- Consultants - Costs directly applicable to the indirect and direct health care cost centers may be reported on the applicable consultant lines in these cost centers.

Office Supplies and Printing - Line 152 - Report all office supplies, postage, duplicating and printing expenses on this line. The printing and duplicating of forms are considered to be an administrative expense and shall **not** be reported in any other cost center. **The exception to this rule is medical records forms that may be reported on line 351, Nursing Supplies.**

Telephone and Other Communication - Line 153 - Report routine telephone and communications expense on this line regardless of the department or cost center benefit.

Travel - Line 154 - Report administrative and staff travel expenses that are related to resident care. **Vehicle costs must be documented by detailed expense and mileage records kept at the time of the travel activity.** Estimates shall not be acceptable. Exceptions:

- 1) Long term or recurring vehicle lease expense for business purposes shall be reported on line 402.
- 2) Expenses associated with the personal use of a vehicle are not allowable unless reported within otherwise allowable limits of compensation.
- 3) Costs related to "in town" entertainment are non-allowable.
- 4) Travel expenses related to **Provider** board meetings are non-allowable.
- 5) Resident transportation expense shall be reported on line 258.

Advertising & Recruitment- Line 155 - Report allowable advertising and recruitment expense on this line. This line shall be used for fees paid to employment agencies, employment advertisements and ads in telephone directories. Fund raising, public relations, advertising for resident utilization and sponsorships are **not allowable** and shall be reported on line 505.

Licenses and Dues - Line 156 - Report allowable licenses and dues expense on this line. Refer to KAR 30-10-23a for non-reimbursable dues and membership costs. Personal automobile club memberships are not allowable unless reported as compensation.

Accounting and Data Processing - Line 157 - Report accounting expense on this line, except fees paid to owner/related party firms or individuals which must be reported on the owners compensation line 121.

Data processing expense related to financial management (i.e., accounting, payroll, budgeting, etc.) shall be reported on this line.

Liability Insurance - Line 158 - Report liability insurance expense on this line.

Other Insurance - Line 159 - Report property insurance expense on this line. Workers' compensation and employee health and life insurance expense shall be reported on employee benefit lines. Insurance premiums on lives of owners and related parties are not an allowable expense, and shall be reported on line 505.

Interest - Line 160 - Report the interest expense related to operating loans and equipment purchases. Submit copies of each new note of \$5,000 or more for the year originated. Interest on loans for real and personal property that is included in a re-base, in accordance with KAR 30-10-25e, shall be reported with real estate interest on line 401.

Legal - Line 161 - Report allowable legal expense on this line, subject to KAR 30-10-1a, 23a, and 23b. Allowable fees paid to owner/related party firms or individuals must be reported as owner/related party compensation on line 121.

Criminal Background Check - Line 162 - Report the amount expended for criminal background checks for all employees on this line.

Real Estate and Personal Property Taxes - Line 163 - Report all real and personal property taxes on this line.

Maintenance & Repairs - Line 164 - Report all maintenance and repair expenses applicable to the building, grounds, equipment and vehicles.

Operating Supplies - Line 165 - Report supplies expense incidental to the operation and maintenance of the building, grounds, and equipment.

Small Equipment - Line 166 - Equipment purchases of \$1,000 to \$5,000 that were not capitalized must be expensed on this line. Equipment purchases of \$1 to \$999 may be reported in the cost center of benefit as a supply expense.

Other - Line 181 - Report miscellaneous expenses incidental to the operation and/or maintenance of the facility and grounds. These include but are not limited to amortization of administrative organizational and/or start-up costs, trash hauling, snow removal and lawn care. This line shall be used for training and educational expenses for employees with salaries reported in the operating cost center.

Housekeeping Salaries - Line 202 - Report the hours paid and salaries of housekeeping and janitorial staff involved in floor care and in cleaning of the building.

Therapy Salaries - Lines 205-210 - Report the hours paid and salaries of therapists who are directly involved in providing health care. Note: Physical, occupational, speech, and respiratory therapy salaries are subject to the same allowance as therapy consultants.

Medical Records/Resident Activities/Social Worker/ Other Salaries - Lines 204, 211-213 - Report the hours paid and salaries on the appropriate line for these classifications. Specify the job classification of other indirect health care salaries.

Consultants - Lines 231-238 - Record the fees paid to consultants on the appropriate lines. Provider adjustments for physical therapy, occupational therapy, speech therapy, respiratory therapy, and other therapies shall be in accordance with KAR 30-10-15a(b)(5). Submit a work paper with the cost report that shows the units and calculation of the allowable Medicaid/Medikan therapy expenses.

Utilities Except Telephone - Line 251 - Report expenses for gas, water, electricity, heating oil, trash hauling, etc. Cablevision may be considered a utility or resident activity expense.

Food - Line 252 - Report all food costs. Nutritional supplements are to be included on line 351. The provider shall be required to keep records on the total number of meals served to residents, employees, guests, and outside programs. If the food expense for the employees, guests, and outside programs is included in the MS-2004 expenses, the expense should be offset against the dietary cost center as follows:

- A. Line 201 - Dietary Salaries
 - Line 219 - Dietary Portion Employee Benefits
 - Line 221 - Dietary Owner/Related Party Compensation
 - Line 231 - Dietary Consultant
 - Line 252 - Food
 - Line 253 - Dietary Supplies
 - Line 281 - Other
- Total Dietary Cost ÷ Total Number of Meals Served = Cost Per Meal

B. Cost per meal x number of meals served to employees, guests, and outside programs = amount of offset

C. The cost of free employee meals shall be allocated and reported on employee benefit lines. If employees pay less than the cost for a meal, the difference between the meal revenue and cost may be reported as an employee benefit.

Dietary Supplies - Line 253 - Report supplies expense directly related to the preparation and service of food to the residents unless further restricted by another expense line (i.e., printed menus are reported on line 152 - Office Supplies and Printing). Examples include but are not limited to paper goods, kitchen utensils, etc.

Linen and Bedding Material - Line 254 - Report linen and bedding material expenses on this line.

Laundry and Linen Supplies - Line 255 - Report all supplies expense directly related to laundry and linen services for the residents, unless restricted by another line.

Housekeeping Supplies - Line 256 - Report all supplies expense related to keeping the building clean and sanitary. Floor care supplies shall be expensed on this line.

Resident Activity Supplies - Line 257 - Report the supplies expense involved in providing resident activities. This does not include the cost of newsletters, which should be included in line 152.

Resident Transportation - Line 258 - Report resident transportation expense incurred for non-emergency medical, shopping, activities, etc., in which the residents are the primary passengers. **Trip logs must be kept to document the expense. Do not include vehicle lease, interest, depreciation, insurance or other expense restricted to another expense line.**

Acceptable methods of allocating cost to line 258, Resident Transportation are as follows:

1) Allocated at a set rate per mile. The rate would be determined by dividing total vehicle expense, not restricted to another expense line, by the total miles. The IRS allowed rate per mile is not acceptable because it includes factors for depreciation, insurance and repairs.

2) Allocated directly per the following formula:

$$\frac{\text{Resident Travel Miles}}{\text{Total Miles}} \times \text{Total Vehicle Expenses not Restricted to Another Expense Line} = \text{Resident Travel Expense}$$

- 3) If private vehicles are used to transport residents, the entire amount of the reimbursement paid to the employee for use of the vehicle is allowable as Resident Transportation. The rate of reimbursement must, however, be reasonable.

Barber and Beauty – Line 259 – Report the barber and beauty expenses on this line. If you charge residents for these services offset the expense up to the revenue received in column 3.

Nursing Aide Training - Line 260 - Report the costs of fees, tuition, books, etc. for education or training seminars provided to aides with salaries reported on lines 303, 304, and 306. Travel, lodging and meals associated with the education/seminars may be reported on this line.

Other Health Care Training - Line 261 - Report the costs of fees, tuition, books, etc., for education or training seminars to employees, except aides reported on line 303, 304 and 306, with salaries reported in the Indirect or Direct Health Care cost centers. Travel, lodging and meals associated with the education/seminars may be reported on this line.

Aides- Lines 303, 304, and 306 - Record the hours paid and salaries of aides involved in direct resident care, on the line that most appropriately defines their classification.

Nursing Supplies - Line 351 - Report expenses of all **routine** supplies directly related to the provision of nursing and/or health related services for residents, unless further restricted by another expense line. Medical records forms may be expensed on this line. Nutritional supplements shall be reported on this line.

Total Rate Formula Costs - Line 399 - Enter the sum of the totals in the Operating, Indirect Health Care, and Direct Health Care cost centers.

Interest on Real Estate - Line 401 - Report all interest expense incurred for the acquisition or construction of real estate. Describe fully on Schedule D. Include amortization expense for loan costs. The interest for equipment and furnishings purchased along with the building shall be reported on this line. Report interest expense on loans for real and personal property included in a re-base of the real and personal property fee, in accordance with KAR 30-10-25e.

Rent or Lease Expense - Line 402 - Report all recurring rent and lease expense regardless of the item and use except therapeutic beds which are non-allowable or computer software lease expense which can be reported in the cost center of benefit or line 157, Accounting and Data Processing.

Amortization of Leasehold Improvement - Line 403 - Report only amortization of leasehold improvements on this line. Leasehold improvements are defined as betterments and additions made by the lessee to the leased property. Such improvements become the property of the lessor after the expiration of the lease.

Depreciation Expense - Line 404 - This amount must be computed by the straight-line method. Such amounts must be reconciled to a detailed depreciation schedule. The determination of capitalized property must be in conformity with Generally Accepted Accounting Principles. **Attach a detailed depreciation schedule to the cost report.**

Non-Reimbursable & Non-Resident Related Items

General: Lines 501-514- Provider adjustments must be made in column 3 that offset column 2 expenses in total. Column 4 will show zero expenses.

Fund Raising/Public Relations/Advertising for Resident Utilization - Line 505- Include non-allowable advertising expenses. See Line 155 – Advertising and Recruitment.

Oxygen Concentrators & Cylinders - Line 507 - Billing for reimbursement of oxygen, cylinder rental and allowable supplies is to be done by the oxygen supplier to the fiscal agent. Homes with a central supply are to bill the fiscal agent directly.

Drugs (Pharmaceuticals) - Line 508 - Report expenses for prescription drugs and other items not covered as a routine item in KAR 30-10-15a.

Resident Purchases - Line 511 - Report the expense for items purchased for residents but not listed as routine services or supplies in KAR 30-10-15a.

SCHEDULE B - EXPENSE RECONCILIATION

General: This schedule shall be used to reconcile the expenses reported on the Nursing Facility Financial and Statistical Report (Form MS-2004) to the provider's financial books and federal tax return.

Books - Column 1 - Reflect the expenses as they appear in the general ledger or other financial records.

Federal Tax Return - Column 2 - Reflect the expenses as they appear on the federal tax return.

Cost Report - Column 3 - Reflect the expenses as they were reported on the cost report the Expense Statement, Schedule A.

Total Expenses Per Books - Line 601 - Record the total expenses per the general ledger or other financial records in Column 1.

Total Expenses Per Federal Tax Return - Line 602 - Record total expenses from tax return in Column 2.

Total Expenses Per Cost Report - Line 603 - Enter total expenses from the Expense Statement, Schedule A (Column 2 line 599) in Column 3.

Expenses on Books or Federal Tax Return Not on Cost Report - Lines 604 & 605 - Itemize each expense reflected in the books or federal tax return and not included in the cost report. These expenses should be recorded in the appropriate column under books and/or federal tax return as an offset to the total expense in that column. Use an additional schedule if necessary to list expenses.

Expenses on Cost Report Not on Books or Federal Tax Return - Lines 606 & 607 - Itemize the expense reflected in the cost report but not in the total from the books or tax return. These items should be offset to the total expense in Column 3 - Cost Report. Use an additional schedule if necessary.

Totals - Line 608 - The differences between the totals per lines 601 (books), 602 (federal tax return) and 603 (cost report) less the negative adjustments in lines –604-607 in each of the three columns shall be entered on line 608. The adjusted totals per the books, federal tax return and cost report shall agree after the applicable offsets to the total expenses reported.

Working Trial Balance: The working trial balance should reflect how the costs on the books are reported on the Nursing Facility Financial and Statistical Report. This detailed reconciliation also applies to providers who use a different fiscal year end for IRS but are reporting on the required calendar year end, beginning in 1991, for Medicaid rate setting purposes.

SCHEDULE C - STATEMENT OF OWNERS AND RELATED PARTIES

General: List all owners of the provider entity with 5% or more ownership interest and all related parties (KAR 30-10-24). Fill out Schedule C completely and accurately. Attach an additional schedule if more explanation or space is needed. Providers shall base all allocations on reasonable factual information and make the information available on request. Such information shall include details of dates, hours worked, nature of work performed, how it relates to resident care and the prevailing wage rates for such activities.

ENTER - Name, Social Security Number and Address

Column (1) - % of ownership (if applicable) or state the relationship to owner

Column (2) - % of time devoted to this facility per customary workweek

Column (3) - Total salaries, drawings, consulting fees, and other payments to owners and related parties as defined in KAR 30-10-1a and KAR 30-10-24.

Column (4) - List the titles, functions or descriptions of the jobs performed or transactions made with all owners and related parties. The job titles should correspond with those included in the Owner/Related Party Salary Chart (please refer to KAR 30-10-24).

Column (5) - Enter the distribution by cost report line item of the total compensation incurred for all job functions. Owner/related party compensation shall be reported on the owner compensation expense lines (121, 122, 221, and 321) in Schedule A.

Totals - The total compensation in Column 3 and Column 5 should agree. These two totals should also agree with the total of lines 121, 122, 221, and 321 from Schedule A.

SCHEDULE D - STATEMENT RELATED TO INTEREST ON ALL BONDS, LOANS, NOTES, AND MORTGAGES PAYABLE

Note: Submit copies of loan agreements and amortization schedules with this cost report for all loans of \$5,000 or more. Failure to document interest expense is cause for disallowance. (KAR 30-10-15b). Schedules need to be submitted for related party loans showing the interest paid, check numbers and dates.

Column (1) - Enter the original date and duration of the loan in months.

Column (2) - Enter the interest rate. If it is a variable rate, provide the range of the interest rates for the cost report period.

Column (3) - Enter the amount of the loan.

Column (4) - Enter the unpaid principal balance at the end of the cost report period. The total of Column 4, Line 667, must agree with the Balance Sheet, Schedule E.

Column (5) - Enter the total amount of interest and principal payments made during the cost report year.

Column (6) - Enter the total amount of interest incurred during the cost report year. The total of Column 6, Line 667 must agree with the total interest reported on Schedule A, Lines 160 and 401.

Lines -651-666 - Enter each lender's name, address and the items financed. Indicate whether the interest expense was reported on line 160 or line 401 of Schedule A. If interest expense on a loan is pro-rated to both lines, show the breakdown.

Line 667 - Enter the totals of Column 4 - Unpaid Balance and Column 6 - Interest Expense, for Lines 651-666 as reported on lines 160 and 401 in Schedule A.

SCHEDULE E - BALANCE SHEET

General: The balance sheet should be prepared from the books of the specific facility for which the cost report is filed. In other words, chain units should report only those balance sheet accounts that relate to the particular facility for which the cost report applies. Subject to the above, the balance sheet must be prepared in conformity with Generally Accepted Accounting Principles. Report all ownership claims that are customarily used by your particular type of entity. A partial listing of these accounts by type of entity follows:

Individual Proprietor	Owner's Capital
Partnership	Partner's Capital Accounts
Not-For-Profit Entities	Fund Balance
Corporation.....	Common Stock, Additional Paid in Capital, Retained Earnings
Chain Unit -- All Chain Units.....	Central or Home Office Account
(regardless of type of ownership)	

NOTE: Beginning of period account balances shall be reported for providers allowed to submit projected cost reports.

Lines 705, 706, 707 & 723 - If the amount reported exceeds \$10,000, attach a schedule showing the details.

SCHEDULE F - RECONCILIATION OF BEGINNING AND ENDING RESIDUAL BALANCES

General: This schedule explains the change in owner's equity or the fund balance from the beginning to the end of the cost reporting period.

Beginning Balance

Line 751 - Enter the beginning owner's equity or fund balance. This is the total of Column 2 lines 727-729 in the Balance Sheet, Schedule E.

Increase to Owner's Equity or Fund Balance

Line 752 - Enter total revenue from Schedule G, Column 1, Line 822.

Line 753 - Enter the total of cash or other assets transferred or contributed by the owners.

Line 754 - Enter the total of cash or other assets transferred or contributed by the central office.

Line 755 - Enter the proceeds from the sale of common stock.

Line 756 & 757 - Enter and specify all other transactions which increase the residual owner equity or fund balance accounts.

Line 758 - Enter the total of Lines 752-757.

Decreases to Owner's Equity or Fund Balance

Line 761 - Enter the total expenses per Schedule A, Column 2, Line 599.

Line 762 - Enter total of cash or other assets withdrawn by the owners but not reported in the Expense Statement, Schedule A.

Line 763 - Enter total cash or other assets withdrawn by the central office.

Line 764 - Enter the total of duly declared dividends paid to stockholders.

Line 765 - Enter the depreciation expense in excess of the straight line method unless reflected as a negative adjustment in Schedule A, Line 404, Column 3.

Line 766 & 767 - Enter and specify all other transactions which decrease the residual owner equity or fund balance accounts.

Line 768 - Enter the totals of Lines 761-767.

Ending Balance

Line 769 - Enter the net of adding lines 751 and 758 and subtracting line 768. The balance at the end of the period (line 769) should equal the total of Column 4, lines 727-729 in the Balance Sheet, Schedule E.

SCHEDULE G - REVENUE STATEMENT

Column 1 - Enter the revenues from the general ledger accounts on the appropriate lines. Revenues from services not designated on this schedule must be identified and reported on line 821. The amount of the total revenue entered on line 822, Column 1 must also be entered on line 752, Beginning and Ending Residual Balances Reconciliation, Schedule F.

Column 2 - Enter the amount of the offset to the appropriate expense accounts. **Note the Following:** The amount of the offset should be the cost of reimbursable expenses. Non-reimbursable items (i.e. Vending) are offset at cost.

Column 3 - Enter the line number of the expense reported on the Expense Statement, Schedule A, against which the offset has been made. The amount of the offset must be entered in Column 3, Provider Adjustments, on the Expense Statement, Schedule A.

Line 807 - Routine Nursing supplies sold to private pay residents.

There is no offset required for routine items covered under KAR 30-10-15a that are sold to private pay residents.

Line 810 - Resident Purchases/Non Routine Items Sold - Enter the total of all reimbursements for personal purchases not designated as routine items in KAR 30-10-15a.

Line 817- Adult Day Care/Treatment Income - Enter total revenue from all sources for adult day care and day treatment programs.

Line 820 – Non-Nursing Facility Residential Income – Enter total revenue from assisted living, residential care, and apartments.

SCHEDULE H(1) - STATEMENT OF RELATED ADULT CARE HOME INFORMATION

General: All Kansas facilities operated by common ownership or related parties shall be listed. Common ownership and related parties are defined in KAR 30-10-1a. Additional schedules shall be attached as necessary. If the provider is a publicly held entity, provide the annual report and a Form 10-K.

SCHEDULE H(2) – STATEMENT OF NON-RESIDENT RELATED ACTIVITIES

General: Indicate any non-resident related activities that you participate in at the facility for which you are reporting by marking yes in column (1). If adjustments were made on schedule A for any of these activities indicate so by marking yes in column (2). List additional activities that are not identified on the lines provided. Attach a separate schedule if additional room is required.

SCHEDULE I - FIXED ASSET, DEPRECIATION AND AMORTIZATION QUESTIONNAIRE

General: Each question shall be answered completely and accurately.

Lines 902-909 - Complex Capital Structures:

Attach a complete explanation of the ownership/management structure of the nursing facility including owners with 5% or more interest in the property and/or business, related parties as defined in KAR 30-10-1a, and all relevant contracts, leases, and assignments. This information must be accurate and comprehensive enough to present a true and clear account of the ownership and control of the adult care home.

Line 911 - If the facility is leased, a copy of the original lease agreement and subsequent amendments and/or agreements shall be submitted and on file with the agency. A provider making payments under Industrial Revenue Bonds with a nominal purchase upon maturity shall report the cost of ownership versus lease expense.

Line 914 - A new provider that purchases a facility shall submit a copy of the loan agreement(s), and any other pertinent information concerning the transaction.

Line 915- Each asset shall be listed with the cost, date of purchase, life, salvage value, accumulated depreciation expense and current depreciation expense. Depreciation must be computed using the STRAIGHT LINE method. If the provider has filed a detailed depreciation schedule with the agency, an annual submission of addition and deletion schedules and a summary of depreciation expense are permissible.

SCHEDULE J - EMPLOYEE TURN OVER REPORT

Column 2 - Show the total number of employees at the beginning of the cost report period for each classification.

Column 3 - Show the total number of employees hired during the cost report period for each classification.

Column 4 - Show the total number of employees who ended employment during the cost report period for each classification.

Column 5 - Show the total number of employees at the end of the cost report period for each salary classification.

Column 6 - From the total number of employees listed in column 5, show how many are full-time and how many are part-time.

Column 7 - From the total number of employees listed in column 5, show how many were included in column 2 as employees at the beginning of the cost report period.

The number of employees listed in column 2, plus the number of employees listed in Column 3, less the number of employees reflected in Column 4, should equal Column 5. Please explain any discrepancy. The W-2's are an excellent source of information for the calendar year end cost report.

ATTENTION

The cost report is not considered complete unless all required documents are submitted with the cost reports. Review the list of questions/documents following Schedule J in the Cost Report.

DECLARATION STATEMENT

Declaration by Owner; Partner; or Officer of the Corporation, City or County which is the Provider. The cost report is not considered complete unless signed by an owner or authorized agent of the facility and/or business and the preparer. If person signing is not an owner or partner, documentation or a resolution stating their authority to sign needs to be attached. It is not required, if it has been submitted previously and has not changed. If the facility/business owner and the preparer are the same individual, please sign both spaces. Print the names of the owner/authorized agent and preparer in the space provided. **PLEASE READ DECLARATION STATEMENT.**