















to particular provider. Column 1 requires that the square feet of each non-patient care area and the patient care (in total) be listed so as to compute each area's percentage (%) relationship to the total. As an example:

	<u>Square Feet/ % of Total</u>	
Rental (Sub-Lease)	100	5%
Gift Shop	<u>100</u>	<u>5</u>
Non-Patient Care	200	10
Therapy Room	200	10
Patient Care	<u>1,600</u>	<u>80</u>
Total	<u>2,000</u>	<u>100</u>
	=====	=====

Based on the above, 5% of each cost center's total adjusted costs would be allocated to each of the non-patient care areas and 10% to the therapy room. The total allocated to each cost center for non-patient care areas (Line 12) would be transferred to Schedule B-2 as an adjustment to allowable costs. The total allocated to each cost center for the therapy room (line12a) should be transferred to Schedule B-1A to calculate the non-Medicaid utilization portion of the cost. Column 1a requires that pounds-of-laundry used in each non-patient care area and in the patient care area (in total) be listed so as to compute each area's percentage (%) relationship to the total. If pounds-of-laundry is used as an allocation statistic, at

least 3 months of documented usage during the cost reporting period must have been obtained. The use of pounds-of-laundry is optional and can only be used for the distribution of Laundry costs. Square feet will be used when pounds-of-laundry is not selected.

**Line 14** - Sum of Lines 12 and 13. The total amount allocated (Line 14) should agree with total expenses, as adjusted (Line 1).

Note that Schedule B-5 isolates only indirect expenses related to non-patient care and therapy activities. Any direct expenses (salary, supplies, etc.) applicable to such non-patient care activities should be (1) reflected on Schedule B-3, Part II, and thereby not require any adjustment because the amounts on Schedule B-3 are not included in allowable costs, or (2) listed as separate adjustments on Schedule B-4.

**SCHEDULE B-6**  
(Rev. 7/2016)

The purpose of Schedule B-6 is to list all contractual services provided only to the NF or ICF-ID facility by non-related parties for amounts of \$100 or more per month, or \$1200 or more per annum. In addition, ownership equity information for listed entities with less than five owners should be provided. This schedule should include all such services covered by contractual agreement, written or oral, such as management services, medical or pharmaceutical services, therapists, dieticians, maintenance or laundry services, catering services, etc. Supplying of products such as raw food, office supplies, etc. should not be included. Only one service should be listed on each line. If additional lines are required, submit that information on additional copies of Schedule B-6.

**SCHEDULE B-7**  
**(Rev. 7/2016)**

The purpose of Schedule B-7 is to compare the final settled Medicare cost report to the Medicare cost report utilized in preparing previously filed Medicaid cost reports. As these Medicare cost reports are settled, with the Medicare intermediary, Schedule B-7 should be completed for each "Final Settled Medicare Cost Report" since the last Medicaid cost report was filed. A detailed guideline for the Schedule B-7 preparation is as follows:

**Column 2** - The purpose of Column 2 of schedule B-7 is to accumulate the final "as adjusted" costs of the hospital based NF or ICF-ID from the final settled Medicare cost report. These costs are obtained from the appropriate NF/ICF-ID line(s) of the final settled Medicare cost report, Worksheet B, Part I.

**Column 3** - The purpose of Column 3 of Schedule B-7 is to report the depreciation expense of the hospital-based NF or ICF-ID from the final settled Medicare cost report. These costs are obtained from the appropriate NF/ICF-ID line(s) of the final settled Medicare cost report, Worksheet B, Parts II and III.

**Column 4** - Column 4 is obtained by subtracting Column 3 from Column 2.

**Column 5** - For Medicaid cost reports affected by final settled Medicare cost reports since the last Medicaid cost report was filed, enter the amounts relating to the NF or ICF-ID, as they originally were shown on Medicaid Worksheet B-2 for that year, in this column. In effect, copy Medicaid Worksheet B-2, column 5 for the year settled.

**Column 6** - Column 6 is obtained by subtracting Column 5 from Column 4. These amounts are the effect of Medicare audit adjustments relating to the NF or ICF-ID and are transferred to Schedule B-2, Column 7.

**SCHEDULE B-7/A**

The purpose of this schedule is to allocate certain items grouped within Medicare Worksheet B of Form 2552 to the appropriate cost centers for Medicaid Schedule B-5. This will facilitate the completion of Medicaid Worksheet B-5, for previously filed Medicare cost reports, using Form 2552 final settled since the last Medicaid report was filed.

**Column 2** - Enter amounts from Medicare Worksheet B, line 34 Form 2552 on the applicable line of this schedule.

**Column 4** - Amounts should be allocated to the cost centers indicated in a manner similar to the original filing. The amounts should then be transferred to the applicable line on Medicaid Worksheet B-7.

The following is a suggested guideline for entering information from Medicare Worksheet B to Schedule B-7/A, Column 4:

<u>Worksheet B Description</u> (Form 2552)	<u>Schedule B-7</u> <u>Cost Center</u>	<u>Line #</u>
Net direct expenses from Worksheet A	Routine Services	1
<p><b>Depreciation, Operation and Maintenance of Plant and Housekeeping-a separate allocation of this total amount allocated to the NF will have to be made, based on portion of total original amounts, as follows:</b></p>		
Depreciation	Property and Related	39
Operation and Maintenance of Plant	Operation and Maintenance of Plant	22
Housekeeping	Laundry and Housekeeping	17
Employee Health and Welfare	Administration and General	31
Dietary and Cafeteria	Dietary	12
Nursing and Intern-Resident Services	Routine Services	5
<p><b>Other General Service Cost Centers-a separate allocation of this total amount allocated to the NF will have to be made, based on portion of total original amounts as follows: (*)</b></p>		
Laundry and Linen	Laundry and Housekeeping	17
Pharmacy	Special Services	9
Social Services	Special Services	7
All Other	Administration and General	29

(\*) The allocations required for a break out to the appropriate cost center category should be made on a separate schedule and attached to Medicare Worksheet B. As an example,

the allocation of depreciation, operation and maintenance of plant and housekeeping should be made as follows:

	Total For Hospital And NF (Per Column 7 of <u>Medicare Worksheet A</u> )	<u>%</u>	<u>Allocation to NF</u>
Depreciation-Buildings and Fixtures	\$10,000		
Depreciation-Movable Equipment	<u>5,000</u>		
	\$15,000	25%	\$1,500
Operation and Maintenance of Plant	15,000	25%	1,500
Housekeeping	<u>30,000</u>	<u>50%</u>	<u>3,000</u>
Total for Hospital and NF per Worksheet A	<u>\$60,000</u> =====	<u>100%</u> =====	
Total allocated to NF per Worksheet B			<u>\$6,000</u> =====

Note that a complete description is required of any amounts entered where blank lines are available for such descriptions.

#### SCHEDULE H

All related party transactions listed in Medicare Worksheet A-8-1 must be considered in Schedule H.

A related party may be a corporation, partnership, or individual. (Refer to Chapter 10 of CMS-15 for an explanation of what constitutes a related party, and how this can affect reimbursable costs.) In general related to the provider means that the provider, to a significant extent, is associated or affiliated with, or has control of, or is controlled by, the organization furnishing the services, facilities, supplies, etc. Further, costs applicable to services, facilities, and supplies furnished to the provider, by organizations related to the provider through common ownership or control, are includable in the allowable cost of the provider, at the cost to the related party. Such costs must not exceed the price of comparable services, facilities, or supplies that could be purchased elsewhere. Where the cost of a related party is included in allowable cost, supporting financial statements of the related organization and calculations supporting the related party cost, for the cost report period must be furnished.

However, as stated in CMS-15, and the policies and procedures manual by reference, payments to related parties operating on an arms length basis would be included in allowable costs on the basis of charges. Refer to Section 1010 of CMS-15 for further details on this exception to related party principle.

The following instructions indicate what is required to be included in Schedule H for related party transactions:

**Item 1** - This section is to summarize all the related parties listed in Medicare A-8-1 of the most recent Medicare cost report. The name of the related party (corporation, partnership, or individual) and the provider number, if applicable, should be listed in Columns 1 and 2. If the related party is a corporation or partnership, the stockholders or partners are required to disclose their names, ownership percentages, and social security numbers in Columns 3 through 5, respectively. If the related party is an individual, repeat the name from Column 1 in Column 3. A brief description of services provided should be included in Column 6. Column 7 is for DCH use only, and no information is required. Columns 8 and 9 should indicate the line number in Worksheet A of the Medicare report and the dollar amount included in expense. It will also be necessary to list in

Columns 10 and 11 any other services provided (and applicable provider number) by the related party which are reimbursed through other Medicaid programs. As an example, a related party providing some form of contractual services may be a physician, pharmacist, physical therapist, etc. who also bills for services provided individually to recipients.

**Item 2** - The name(s) of the owner(s) (corporation, partnership or individual) and percentage owned should be listed in Column 1. If the owner is a corporation or partnership, the stockholders or partners, their ownership percentages, and their social security numbers should be listed in Columns 2 through 4, respectively. If the entity is an individual, repeat the name and percentage of ownership from Column 1 in Columns 2 and 3. Columns 5 and 6 should detail the name and provider number of any other nursing homes in which the owning entity, the individual owners or their relatives (parent, spouse, child, grandparent, sibling and in-law) have interest. Attach a separate page, if necessary. It will also be necessary to list in Columns 7 and 8 any other services provided (and applicable provider number) by the owning entity, or the individual owners, which are reimbursed through other Medicaid programs. As an example, an owner may be a physician, pharmacist, physical therapist, etc., who also bills for services provided individually to recipients.

**Item 3** - Each employee or officer who (1) receives compensation and (2) is an owner (either directly or through beneficial interest) or is a relative (as defined in instructions to Item 2 above) of an owner, the administrator or assistant administrator must be listed in this section. The relationship is to be described in Column 4. The administrator and assistant administrator must be listed regardless of ownership interest. In addition, all directors should be listed by individual and the total directors. fees listed in Column 7 should agree with that in Medicare worksheet A. Also, if any employees with a classification of dietary supervisor, social worker, director of nursing, maintenance supervisor, activities/social service director, bookkeeper, office supervisor are paid by the nursing home, they should be listed accordingly in this schedule. If they are not a related party show a "not applicable" (N/A) in Column 4 under Item 3. The total number of directors' meetings attended should be listed in Column 8. Total other compensation must include the amount of compensation resulting from the personal use of autos, lodgings or other benefits not included in the total compensation amount.