

June 12, 2025

To: All North Dakota Nursing Facilities

From: LeeAnn Thiel, Medical Services Division

The 2025 Nursing Facility Cost Report template is available on our website at:

[Nursing Facilities Cost Reporting](#)

Complete the cost report, in accordance with the Rate Setting Manual for Nursing Facilities (July 2025). The manual will be posted on our website at:

[Nursing Facility Rate Setting Manual](#)

### **General Instructions**

The cost report and supporting documentation is due by October 1<sup>st</sup>.

A reminder that the 90% occupancy for the FRV or property, and passthrough portions of the rate will be based on the licensed beds and days reported on the June 30, 2025 cost report.

The top management compensation limit for the June 30, 2025 cost report is \$307,841.

Be sure to review the census reconciliation timeline in the Schedules B-2 instructions.

Do not use dashes in place of zeroes in any number fields on the cost report. It can result in problems with calculation totals.

Separately report the amounts from Schedule C-4, adjustments from Schedule D-1 and reclassifications from Schedule D-2 on each Schedule C-2. Do not report just the net amount or the cost report will be returned.

Clearly label the schedule that the supporting work papers are for within the supporting documentation file. Supporting work papers for Schedule C-3, Schedules D-1 and D-2, Schedule E, and Schedule W are required.

The administrator will receive an email with a link to upload the cost report and required documents before September 30<sup>th</sup>.

The cost report and supporting documents may be submitted in one zip file. If a zip file is used, all documents must still follow the naming convention outlined below. Do not submit multiple zip files for the same facility.

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Do not have multiple levels of folders within the zip file.

Do not use punctuation or special characters in the file names as it may cause file transfer issues.

The cost report will not be complete and will be returned to the provider if all the instructions below are not followed.

### **Required Files**

The following separate files must be submitted:

1. The excel cost report with the following naming convention:
  - a. *[Nursing Facility]* cost report 2025
2. Signed Schedule A with the following naming convention:
  - a. *[Nursing Facility]* Schedule A 2025
  - b. The letter authorizing work paper access may be included in this file
3. A census reconciliation for Schedule B-2b and B-2c in a separate excel file using the following naming convention:
  - a. *[Nursing Facility]* Census Reconciliation 2025
  - b. Census reconciliation must be submitted in a separate file. Any supporting documentation must also be in a separate file and cannot be included in the cost report supporting documentation file. This is to prevent unnecessary disclosure of PHI.
  - c. A report from vendor software with leave days highlighted may be submitted as support for Schedule B-2b Leave Days.
4. A PS&R report using the following naming convention:
  - a. *[Nursing Facility]* PS&R Report 2025
  - b. Medicare Provider Statistical and Reimbursement System (PS&R) Report #OD44203, with paid dates July 1, 2024 through June 30, 2025 and a report run date of approximately September 26<sup>th</sup>.
5. Depreciation / Fixed Asset schedules using the following naming convention:
  - a. *[Nursing Facility]* Fixed Asset Schedule 2025
6. Audited report of the Facility's financial records using the following naming convention:
  - a. *[Nursing Facility]* Audited Financials 2025
  - b. If final audited financial statements are not complete to submit with the cost report, draft financial statements may be submitted. A one-page income

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statement will not be accepted. Final audited financial statements must be submitted by October 31<sup>st</sup>.

7. Schedule U supporting documentation using the following naming convention:
  - a. *[Nursing Facility]* Schedule U 2025
  - b. Order the invoices by vendor/software in chronological order.
8. Audited Statement of Rates must be submitted.
  - a. The rates must be audited based on either the cost report period or the provider's fiscal year.
  - b. May be included with the financial statements.
9. Supporting documentation file(s)
  - a. Any supporting documentation submitted must be named with the nursing facility's name at the beginning of the document name.

### **Situational Files**

The following files may be required to be submitted along with the required files:

1. Audited financial statements for the home office if home office costs are reported on the cost report using the following naming convention:
  - a. *[Nursing Facility]* Home Office Audited Financials 2025
2. New loan agreements & amortization schedules
3. Schedule Tb
  - a. Due August 15<sup>th</sup>

### **Updated Architectural Map**

An updated map of the nursing facility building and any other buildings that have square footage allocated to the nursing facility will be required with the June 30, 2025 cost report. An excel file must be submitted with the room number, square footage and use of each room. The total square footage must match Schedule W total square footage for the building. The map must show the room number and square footage.

Include the room number from the map on the excel template.

Contact us if there have been no additions or remodeling since the map submitted in 2021. We will look at the previous map to determine if the information that was submitted is sufficient. Do not assume it was sufficient. The excel template will still need to be submitted.

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### **General Cost Report Instructions**

When completing the excel cost report the following instructions must be followed:

1. The cost report must be submitted electronically in excel format using the 2025 template.
2. Schedules that have the Not Applicable column grayed out on the Checklist must be completed.
3. Use only whole dollars and round all percentages to no more than eight decimal places. The cells highlighted in light blue are the cells that can be keyed in. All other cells are locked, and the entire sheet is password protected.
4. On Schedule A, the MA Provider Number must be the facility's 7-digit Nursing Facility Medicaid provider number.
5. All questions on Schedule A-2 must be answered accurately. If a 'Yes' is answered and supporting documentation is required, it must be submitted with the cost report.
6. Schedules with red reconciliation testing below or beside the worksheet must equal zero where indicated.
7. All links to outside worksheets/workbooks must be removed.
8. Total Days on Schedule B-1 Total Days and Schedule B-3 must equal. Total NF days on Schedule B-2s must equal Schedule B-1 NF days.
9. An allocation method on Schedule C-1 must be selected. If costs are 100% direct numbers 20 through 24 must be used.
10. Geropsych costs must be reported on Schedule C-4 in the Geropsych column. An adjustment on Schedule D-1 cannot be done to identify these costs.
11. Reclassifications must equal zero individually and in grand total on Schedules C-1 and D-2.
12. Schedule W must be completed for the entire campus. All applicable allocation areas must be completed, and the square footage reported on the appropriate line for the identified cost centers. Common square footage must be reported on the appropriate line for each allocation area.
13. Schedule W – the total square footage reported on the 2025 cost report cannot exceed the 2022 cost report total square footage in total unless new additional square footage was placed into service. Shared usage throughout NF and non-NF can shift within that total. Public restrooms are common square footage.
14. Do not report SSNs of board members.

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### **Additional Documentation**

The following documents must be submitted with the cost report in addition to the files outlined above to facilitate the review of the cost report:

- A letter, signed by the administrator and the facility's accounting firm, authorizing access to the preparer's work papers;
- The June 30<sup>th</sup> adjusting and reversing entries;
- A work paper reconciling the June 30, 2025 revenues and costs to the latest audited financial statements;
- A working trial balance or general ledger that ties to Schedule C-4;
- Current crosswalk of the accounts on the trial balance to the Schedule C-4 line and column;
- A work paper identifying the account number, description, amount, and total amount for any combination of accounts that appear on Schedule C-4.
- A work paper in spreadsheet format detailing the weighted square footage (WSF) calculation(s). If the WSF calculation is different than the one submitted with the June 30, 2022 cost report a detailed description of the changes must be submitted with the WSF calculation(s) and question #31.a and #31.b answered accurately on Schedule A-2. The current year statistics must be used even though the allocation method remains the same.
- If applicable, a request for a revised desk rate due to a significant reduction in census must be submitted with the cost report in a letter.

### **Bad Debt Reporting**

Bad debt supporting documentation must be submitted by August 15<sup>th</sup> on Schedule Tb using secure email. If Schedule Tb and supporting documentation is not received by August 15<sup>th</sup> the bad debt will be unallowable. A determination of allowable bad debt expense will be made before September 15<sup>th</sup>. The allowable bad debt expense must be reported on Schedules T & C-4.

- Payments must be applied to the oldest debt first.
- Submit detailed A/R statements for the time period being written off showing all charges.
- Each month must be on a separate line or the schedule will be returned.

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## **Desk Review**

The following process during the desk review will continue to be used:

- Requests for more information during the desk review will be sent to the e-mail address identified on Schedule A of the cost report. The timeliness of your response to the request for information will help ensure your facility's desk rates are issued on time.
- Adjustments based on the desk review will be sent electronically to the e-mail address on Schedule A of the cost report.
- Your response to adjustments made on the desk review must be received by Myers and Stauffer within seven working days of the notification of the adjustments. If a response is not received within seven working days, the desk rates will be issued based on the adjustments made during the desk review.

## **Summary of Updates**

The cost report has been revised to improve and ease both the preparation and audit review processes. Detailed instructions for each schedule are included later in this document. Here is a brief summary of the changes:

- Census reconciliation must be completed by July 24<sup>th</sup>.
- Check – Added a check for Schedule P.
- Schedule A-2 – updated question 6. All paid resident days must be included on Schedule B-1.
- Schedule A-2 – new question regarding whether you provide therapy services to nonnursing facility residents.
- Additional C-2s – a separate file will no longer be accepted. The additional schedules in the cost report must be used.
- Schedule C-2b – new schedule to report allocation of Therapies Costs.
- Schedule C-2f – new schedule to report allocation of Laundry Costs.
- Schedule C-2h – new schedule to report allocation of Activities Costs.
- Schedule C-2o – new schedule to report allocation of Social Services, Chaplain or Pharmacy Costs.
- Schedule C-3 – Additional Allocation Method Numbers have been added.
- Schedule R – new schedule to report detail information on therapies income or therapies expense offset.

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## **Detail Cost Report Schedule Instructions**

### Check

- The cost report will be returned to the provider to correct any errors on this tab:
  - Total days between Schedule B-1 and B-3 must reconcile for the cost report and nursing facility.
  - The Schedule C-2 comparisons must reconcile.
  - Schedule W must be completed, including the Resident Room section in cells P6 through Q14.

### Checklist

- The checklist must be completed and returned with all other schedules.

### Schedule A

- Schedule A provides for the completion of facility information, and an administrator's and accountant's certification. The MA Provider Number must be the facility's 7-digit Medicaid provider number. For certification signature, print, sign, and date. Return as a PDF file.

### Schedule A-1

- Schedule A-1 provides for the completion of licensing, occupancy and room type information. The number of rooms by type must equal the total licensed number of beds.
- Schedule A-1 provides for the reporting of all fees and charges for private pay residents.

### Schedule A-2

- Schedule A-2 contains questions relating to the cost report. The census portion should be completed prior to completing schedules B-1 and B-2, to allow potential necessary adjustments to be made to the accumulated information on B-1 and B-2. Be aware that certain questions may require adjustments on Schedule D-1.
- If you answer No to question 2 you must report the days on Schedule B-2c and include in the census reconciliation.
- If you answer Yes to question 2 you cannot report the days on Schedule B-2c since payment was sought.
- If you answer Yes to question 4 you must report the days on Schedule B-2c and include in the census reconciliation.

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- If you answer Yes to question 31.a or 31.b you must provide support for the changes with the rooms labeled and square footage per room identifying total square footage, storage areas, hallways, mechanical room square footage, total resident room square footage, on the spreadsheet detailing square footage for Schedule W.
- If you answer yes to question 32 regarding Medicare Advantage (Part C) you must separate the outpatient portion of revenues from the inpatient revenues and offset the outpatient portion if any exist. You must also provide a reconciliation and schedule of G/L accounts used for therapy charges delineated between inpatient and outpatient.
- Question 33 regarding Employee Retention Credit tax credit must be answered.
- Question 34 regarding providing therapies to nonnursing facility residents must be answered.

#### Schedule B-1

- Schedule B-1 is used to report the number of resident days by type, e.g., in-house or leave, on a monthly basis by licensed section; including Nursing Facility, Basic Care, Assisted Living, Hospital, and Other. Leave days include hospital and therapeutic leave days.
- Be sure to account for reconciling days based on your responses to questions 1-4 on Schedule A-2.

#### Schedules B-2

- All census discrepancies must be resolved by July 31<sup>st</sup> as the final June 30, 2025 census reports will be run at that time.
- The facility must work with Sheryl Kindsvogel between now and July 24<sup>th</sup> to resolve any discrepancies.
- There will be no allowances given for discrepancies on the reported days unless the facility sends me an email prior to July 31<sup>st</sup> on each resident discrepancy that you were unable to resolve after working with Sheryl.
- Geropsych and nongeriatric physically disabled days must be included in the labeled row.
- Schedule B-2s is used to summarize all resident days by classification by month adjusting gross resident days for leave days and non-billable days. Schedule B-2s is used to determine the facility's average case mix weight for the year ended June 30.
- Schedule B-2a is used to report all resident days. Schedule B-2a case mix days must agree to the facility's June 30 case mix report.

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- Schedule B-2b is used to report all leave days (days claimed as resident days regardless of remuneration) by classification and by month. All billable bed hold days, including hospital, therapeutic and institutional leave days, must be reported on Schedule B-2b by the classification.
  - Report as positive numbers
  - Do not report all leave days as PA1. The cost report will adjust these days to PA1 on Schedule B-2s.
  - This schedule cannot be blank
  - A report detailing all leave days must be submitted in a separate file. A report from vendor software with leave days highlighted may be submitted as support.
- Schedule B-2c is used to report nonbillable days. All nonbillable days such as Medicare noncovered leave day, Medicare date of death or VA date of death must be reported on Schedule B-2c.
  - Report as positive numbers
  - This schedule should not be blank
  - An excel report detailing all nonbillable days must be submitted in a separate file.
- Census records must be maintained on a daily basis; and provide identification of the resident, the type of day and classification for all days without exception.

#### Schedule B-3

- Schedule B-3 is used to report census days by source of payer for MDS level of care, including nursing facility private pay, Veterans Administration, nursing facility Medicare, nursing facility Medicaid, basic care assistance, basic care private pay, assisted living, hospital, and other. Private pay includes Medicaid Expansion residents since Medicaid Expansion is private-pay insurance. Geropsych and nongeriatric physically disabled days must be included in the labeled row and appropriate payer source column.
- Hospice days must be included in the appropriate payer source column. Do not report Hospice in the Other column.
- Total days must equal Total Days on Schedule B-1.

#### Schedule C-1

- Schedule C-1 provides for the total costs by cost center summarized on Schedule C-4, reclassifications & adjustments summarized on Schedule D, and for the subsequent allocation of costs using statistics as appropriate from Schedule C-3.
- An allocation method # must be selected for each cost center.

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- The Food and Dietary Supplements allocation method # is hard coded to 2.
- The Weighted Square Footage allocations from Schedule W are hard coded to 3.1 through 3.6.
- The Property Costs allocation method # is hard coded to 10.
- The Passthrough Costs allocation method # is hard coded to 10.1.
- The Nursing cost center allocation method #s are hard coded to 11 through 14.
- The Administration cost center allocation method #s are hard coded to 15 through 18.
- Allocation methods #20 through #24 must be used if the costs are 100% directly identified to Nursing Facility, Basic Care, Assisted Living, Hospital or Other. These have been defaulted to #20 though #24.

#### Schedule C-2(s)

- The Allocation Statistics section must be completed for any statistic used in the component cost allocations.
  - Document Reference – a brief description of the allocation method.
  - Allocation Method – the method number from Sch C-3.
  - Allocation Wkst. Name – a drop-down box for the component using the statistic.
  - Nursing Facility, Basic Care, Assisted Living, Hospital and Other – reports the statistic percentage from Sch C-3.
- The Cost Component sections must be completed if applicable.
  - GL Description – a brief description of the general ledger account.
  - Allocation Method – use the drop-down box to enter the allocation method used in the Allocation Statistics section. Use #20, #21, #22, #23, #24 for 100% direct allocation to Nursing Facility, Basic Care Facility, Assisted Living Facility, Hospital and Other.
  - Allocation Wkst Amount – total amount to be allocated based upon the allocation method statistic chosen.
- Enter direct costs on Direct line in the proper column: Nursing Facility, Basic Care, Assisted Living, Hospital and Other.
- Allocated costs are automatically calculated from the statistics above based on the allocation method number.
- All amounts from C-4, D-1 and D-2 must be separately reported. Do not net the amounts.

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- All adjustments from Schedule D-1 must be reported in the applicable cost component section.
- All reclassifications from Schedule D-2 must be reported in the applicable cost component section.

#### Schedule C-2a

- Schedule C-2a must be completed for all property & passthrough costs.
- There is a separate section for each of the property components consisting of depreciation, interest expense, property taxes and specials, lease and rentals and startup costs.
- Schedules S, T and U automatically transfer to schedule C-2a. These schedules must be completed as well if applicable.

#### Schedule C-2b

- Schedule C-2b must be completed for therapies costs.
- There is a separate section for each of the therapies cost center components consisting of salaries, fringe benefits, and other costs along with statistics.
- The amounts are not linked to other schedules. They must be manually entered on schedule C-3.

#### Schedule C-2c

- Schedule C-2c must be completed for nursing costs.
- There is a separate section for each of the nursing cost center components consisting of salaries, fringe benefits, drugs & supplies, and other costs along with statistics.
- The amounts are linked to schedule C-3. Even if there is no allocation the amounts must be entered on this schedule.

#### Schedule C-2i

- Schedule C-2i must be completed for administration costs.
- There is a separate section for each of the administration cost center components consisting of salaries, fringe benefits, malpractice costs, and other costs along with statistics.
- The amounts are linked to schedule C-3. Even if there is no allocation the amounts must be entered on this schedule.

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#### Schedule C-2f

- Schedule C-2f must be completed for laundry costs.
- There is a separate section for each of the laundry cost center components consisting of salaries, fringe benefits, and other costs along with statistics.
- The amounts are not linked to other schedules. They must be manually entered on schedule C-3.

#### Schedule C-2h

- Schedule C-2h must be completed for activities costs.
- There is a separate section for each of the activities cost center components consisting of salaries, fringe benefits, and other costs along with statistics.
- The amounts are not linked to other schedules. They must be manually entered on schedule C-3.

#### Schedule C-2l

- Schedule C-2l must be completed for plant costs.
- There is a separate section for each of the plant cost center components consisting of salaries, fringe benefits, utilities, and other costs along with statistics.
- The amounts are not linked to other schedules. They must be manually entered on schedule C-3.
- The Schedule C-3 Method # column must be used to designate which number on schedule C-3 is utilized for each of the cost categories allocations.

#### Schedule C-2m

- Schedule C-2m must be completed for housekeeping costs.
- There is a separate section for each of the housekeeping cost center components consisting of salaries, fringe benefits, and other costs along with statistics.
- The amounts are not linked to other schedules. They must be manually entered on schedule C-3.
- The Schedule C-3 Method # column must be used to designate which number on schedule C-3 is utilized for each of the cost categories allocations.

#### Schedule C-2n

- Schedule C-2n must be completed for Dietary costs.

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- There is a separate section for each of the dietary cost center components consisting of salaries, fringe benefits, other costs and food & dietary supplements along with statistics.
- The food and dietary supplements cost center is linked to Schedule C-3. Even if there is no allocation the amounts must be entered on this schedule.
- The dietary amounts are not linked to other schedules. They must be manually entered on schedule C-3.
- The Schedule C-3 Method # column must be used to designate which number on schedule C-3 is utilized for each of the cost categories allocations.

#### Schedule C-2o

- Schedule C-2o must be completed for social services, chaplain or pharmacy costs.
- There is a separate section for each of the cost center components consisting of salaries, fringe benefits, and other costs along with statistics.
- The amounts are not linked to other schedules. They must be manually entered on schedule C-3.

#### Schedule C-3

- Schedule C-3 provides statistical data to be used to allocate costs for a combination facility, or a facility with non-resident related activities.
- Detailed work papers supporting the facility's accumulation of the statistical data must be submitted with the cost report.
- Schedule C-2a automatically transfers to Schedule C-3 for both property and passthrough cost centers.
- Schedules C-2c, C-2i and Food and Dietary Supplements automatically transfer to C-3.
- Schedules C-2l, C-2m & C-2n do not automatically transfer to C-3. These schedules must be used to report costs and allocation statistics for these specific cost centers.
- Use Schedule C-3 #20, #21, #22, #23, #24 for 100% direct allocation to Nursing Facility, Basic Care Facility, Assisted Living Facility, Hospital and Other.
- Other allocations must be identified and supported by a Schedule C-2 for cost centers that do not have an identified C-2 within the cost report.
- Do not use open allocation lines if the allocation is already listed on C-3. For example, do not add an additional WSF allocation that is the same as one that is reported on 3.1 through 3.6.

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#### Schedule C-4

- Schedule C-4 provides facility cost information which must tie to the trial balance submitted with the cost report. Fringe benefits must be reported on schedule C-5.

#### Schedule C-5

- Schedule C-5 provides information on fringe benefits. Where the facility directly assigns fringe benefits, the costs should be entered in the direct column. Fringe benefits not directly assigned will be allocated to the various cost centers based on the percent of salaries to the total salaries. Costs identified in the total column by cost center will automatically transfer to Schedule C-4.
- Only costs as defined in the Rate Setting Manual for Nursing Facilities, Section 1.25 and 1.33 can be included as fringe benefits.

#### Schedule C-6

- Facilities with fiscal years differing from the report year must submit work papers detailing the reconciliation of costs reported.

#### Schedule C-8

- Schedule C-8 identifies revenue by general ledger account number.
- Schedule C-8 reconciles total revenue to total financial statement revenue.
- A trial balance that lists all revenue accounts by account number, name, and amount may be submitted in lieu of Schedule C-8.

#### Schedule D

- Schedule D summarizes all adjustments and reclassifications made on Schedules D-1 and D-2 by cost components within the cost centers. The amounts on Schedules D-1 & D-2 are automatically transferred to Schedule C-1.

#### Schedule D-1

- Schedule D-1 is used to record adjustments under the cost center and cost component directly affected. It may be necessary to allocate the adjustment between Salaries, Fringes and Other when no direct relationship exists. Adjust costs for Medicaid Expansion services paid for by the facility on Schedule D-1.
- Detailed work papers supporting the facility's adjustments must be submitted with the cost report.

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- Use the drop-down lists to record the adjustments in the proper Cost Center and Cost Component.
- Ensure that when an adjustment impacts Property Costs, select Property Costs in both the Cost Center and Cost Component drop-down lists.
- Ensure that when an adjustment impacts Passthrough Costs, select Passthrough Costs in both the Cost Center and Cost Component drop-down lists.
- If a cost center and cost component are not selected from the drop-down lists, the amounts on Schedule D-1 will not transfer to Schedule D or reconcile to certain linked schedules such as Schedule E, Schedule H, Schedule S, Schedule T, and Schedule U. The total of Schedule D-1 will not equal the Schedule D-1 Total column on Schedule D. These amounts must equal for the cost report to be complete.

#### Schedule D-2

- Schedule D-2 is used to record all reclassifications between cost centers and cost components. Each individual reclassification entry and the grand total of all reclassifications must equal zero.
- Detailed work papers supporting the facility's reclassifications must be submitted with the cost report.
- Use the drop-down lists to record the reclassifications in the proper cost center and cost component.
- Ensure that when a reclassification impacts Property Costs, select Property Costs in both the Cost Center and Cost Component drop-down lists.
- Ensure that when an adjustment impacts Passthrough Costs, select Passthrough Costs in both the Cost Center and Cost Component drop-down lists.
- If a cost center and cost component are not selected from the drop-down lists, the amounts on Schedule D-2 will not transfer to Schedule D or reconcile to certain linked schedules such as Schedule E, Schedule H, Schedule S, Schedule T, and Schedule U. The total of Schedule D-2 will not equal the Schedule D-2 Total column on Schedule D. These amounts must equal for the cost report to be complete.

#### Schedule D-5

- Schedule D-5 provides information on compensation for top management personnel.
- Report compensation for all administrators of the facility during the cost report year.
- Each administrator must be separately identified. The most recent should be in column B.
- Be sure to complete the Employed From Date and Employed To Date for all entries.

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- Additional Schedule D-5s must be submitted as supporting documentation for top management personnel, such as at the home office, if there are not enough columns on the schedule in the cost report.
- Adjust compensation for all top management personnel in excess of the limitation on Schedule D-1.
- Compensation for top management personnel employed for less than a year must be limited to an amount equal to the limitation divided by 365 times the number of calendar days the individual was employed.

#### Schedule D-7

- Schedule D-7 is to be completed by a facility which operates or is associated with non-resident related activities excluding hospital, basic care and assisted living activities. This schedule allows the facility to determine if costs for the non-resident related activity should be included on Schedule C-4 or whether administration costs are to be allocated to the non-resident related activities based on revenues.
- Non-resident costs of five percent or greater of total nursing facility costs must be included as non-LTC costs on Schedule C-4.
- For non-resident related activities which are less than five percent of total facility costs, each activity is to be identified individually on the schedule. Enter gross revenues by activity and calculate the percent of revenues to total. The nursing facility column percentage on Line 10 is determined by subtracting the non-resident related activity percentages from 100%.
- Total administration costs will transfer from Schedule C-1. Administration adjustments made on Schedule D, less this adjustment, are linked also. Allocate adjusted administration costs using the percentages on Line 11, after the total adjustment costs are determined for non-resident related activities, costs must be apportioned to salaries, fringe benefits, malpractice insurance and other costs based on the percentage of the line item to total administration costs.
- If the revenue allocation methodology is used, the facility must include the costs for the non-resident related activities as Non-LTC costs on Schedule C-4, and an adjustment to exclude the non-resident related costs must be made on Schedule D-1.
- Make the adjustment on Schedule D-1 under the established reference code 11.3.b cell #'s C17, C18 & C19. The amounts must be entered as negative numbers.

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#### Schedule D-8

- Schedule D-8 provides for the adjustment of dues, contributions and advertising costs limited by section 12.9 of the Rate Setting Manual for Nursing Facilities.
- Provide the detail accounts for dues, contribution, and advertising with this schedule.
- Provide the detail of lobby percent calculations for the salaries and expenses related to lobbying which are non-allowable.

#### Schedule E

- Schedule E provides information on Home Office costs. This schedule must be completed by a facility who has claimed costs for a home office or a parent organization.
- A supporting work paper of the home office costs, adjustments made, allocation to the related providers and reconciliation of prior year reported home office costs must be submitted with the cost report.
- A reconciliation must occur if estimates to home office costs were reported on the June 30, 2023 cost report. Reconciliation of prior year reported estimated home office costs to actual home office costs must be completed on an annual basis if estimates are used.
- The filed Medicare form CMS-287-05 must be utilized to determine actual costs.

#### Schedule F

- Schedule F summarizes interest income and identifies various requirements that must be met to qualify for funded depreciation and a section for fair rental value reserve. If the answers to the questions on Schedule F are not in compliance with section 22 of the Rate Setting Manual for Nursing Facilities, an adjustment must be made and included on Schedule D-1.
- This schedule must be completed if interest income has been earned and interest expense has been claimed.
- Funded Depreciation section provides for information on funded depreciation accounts. Identify the GL Account # of each account designated as funded depreciation.
  - Provide a description of how the withdrawals, transfer, and amount expended for capital assets were used.
- Fair Rental Value Reserve section:
  - The Rate Setting Manual Section 23.3 identifies that the increase in the property rate for Fair Rental Value (FRV) must be reserved until a renovation or

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replacement of at least \$2,000 per licensed bed is placed into service. Only allowable costs for building, land improvements, and fixed equipment will be used to calculate the \$2,000 per bed. The cost report will be reviewed to ensure the renovation or replacement meets the criteria.

- This section must be completed unless a qualifying renovation or replacement project was completed during the 2023 cost report year. Email communication was sent to the administrator for those facilities that had a qualifying project.
- The reserve deposit should be made monthly within the cost report year and corrected to audited census. A separate general ledger account must be set up to track the reserve. The account balance must be at least equal to the required reserve amount.
- Interest earned on the reserve account or from investments of the reserve must be deposited in and becomes part of the FRV reserve account. If the required reserve amount is not deposited into the account, any income earned must be offset to interest expense.
- There is no provision to borrow funds from the reserve account.
- This section must be completed for each cost report year until no longer required per regulation. There will be rows to enter the monthly deposits, interest earned and capital purchases. Capital purchases reported on this schedule must agree to amounts reported on Schedule J.
- The total census will be automatically populated from Schedule B-2s.
- The Fair Rental Value Rate must be the 2024 computed rate for the July-December 2024 census and the 2025 computed rate for the January-June 2025 census. The Cost Based Property Rate must be the computed rate from the January 1, 2023 desk rate file. The calculation of the reserve amount is the difference between the fair rental value per diem rate and the cost based per diem rate times the actual total census.

#### Schedule G

- Schedule G must be completed for everyone who qualifies in one of the categories listed on the schedule.
- Documentation must be available to indicate the types of services performed and the number of hours worked by month and day.
- Indicate the basis of valuation for the hourly salary.

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#### Schedule H

- This schedule provides for reporting the actual costs of ownership of a facility leased from a related party and information on the related party organization.

#### Schedule I

- This schedule provides for organizational information on the owners and operators of the facility.

#### Schedule J

- Schedule J provides information on the assets and related depreciation expense of the campus along with report year project costs improvements and/or square footage additions. This must include all assets of the entity including but not limited to nursing facility, basic care, assisted living, hospital, etc.
- The Current Year Additions must tie to depreciation expense on Schedule C-4 line 34.
- Project Costs Detail must be for nursing facility only.
  - For facilities with both NF and non-NF entities, only projects for departments that are directly shared with the nursing facility can be allocated.
  - Costs in non-nursing facilities should not be included using the weighted square footage percentage method as they relate typically only to immaterial shared administration and employee offices i.e. business office, social services, medical records. Co-locates with hospitals/clinics have revenue producing departments which involve the majority of capital expenditures. This disproportionately allocates hospital capital expenditures to the nursing facility using overall hospital weighted square footage percentages.
- Project Cost Supporting Documentation
  - Asset must be reported on the depreciation schedule and placed into service during the current cost report year
  - If there is no supporting documentation the costs of that project will not be included
  - For leased buildings the cost of improvements paid by the lessor must be available with supporting documentation for the costs of that project to be included
- Project Cost Detail Instructions
  - Project Description

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- Include all projects completed in June 30 of report year. Completed projects that meet the \$1,000 per licensed bed for the timeframe July 1 through June 30 are to be included.
- Include replacement building if applicable
  - Enter 'Replacement Building Construction' in the description
  - Make sure to include the square footage and beds
  - The costs will not be used in the calculation, but the information is needed to reconcile
    - Provide a brief description of the project
    - Only include project costs for other buildings (outbuildings, garages) or storage spaces if they're permanently heated
    - Do not include project costs for square footage that is temporarily used for storage
    - Project total must be at least \$1,000 per licensed bed at the time of the completion of the project
    - A supporting excel spreadsheet tying the amounts to the supporting documentation must be submitted for each reported project or group of multiple projects
    - Multiple projects within a cost report period (July 1 through June 30) may be combined if the projects were placed into service in the same cost report period
      - These projects should be reported on one line
    - Projects that include renovation of existing space and addition of square footage must be separated and put on separate lines on this schedule
    - It is not necessary to include projects that do not meet the \$1,000 per licensed bed threshold
- Date Completed
  - Identify the date the project was completed and placed into service
- Licensed Beds
  - The number of licensed beds will be as reported on schedule A since the date the project was completed and placed into service must be during the report year.
- Additional Square Footage
  - Identify the additional square footage for this project

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- Must include a map to identify the location and amount of the additional square footage
- Only include other buildings (outbuildings, garages) or storage spaces if they're permanently heated
- Do not include square footage that is temporarily used for storage
- C-1 Allocation Method
  - Identify the C-3 Allocation Method number from the cost report that was used to allocate the mixed-use square footage for this project
- Columns F through J
  - Separately identify the costs for this project by the major asset categories
    - Only include costs for the nursing facility portion of the project
    - Provide the supporting calculation in excel of the nursing facility costs utilizing the appropriate allocation method from Schedule C-3
  - Costs in these columns must tie out to the supporting documentation
- Column K
  - This column calculates the total of columns F through J
- Column L
  - This column calculates the total of columns G through I
- Column M
  - This column calculates the project costs per bed using the total in column L
  - This figure will determine whether the project meets the \$1,000 per bed threshold
  - If the project cost per bed is less than \$1,000 the project costs will not be allowed

#### Schedule K

- Schedule K provides information on debt and interest expense claimed by the facility. Workers compensation and vendor interest expense must be identified.
- Interest expense must be segregated between property interest and working capital interest on schedule K.
- Property interest expense must tie to schedule C-2a cell B9.
- Working capital interest expense must tie to schedule C-4 line 35 Administration column.

#### Schedule L

- Schedule L provides information on lease or rental of building and equipment from non-related parties.

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- Total building lease/rental expense must be reported in addition to total equipment lease/rental expense.
- All buildings and/or equipment leases/rentals must be listed.

#### Schedule N

- Schedule N provides information on the usage of Nursing Facilities Incentive Program funds.

#### Schedule P

- Schedule P provides information on costs and hours for various employees and contracted labor. It requires providing salaries and hours included on schedule C-4 that only pertain to the nursing facility.
- All columns must be completed even if the Nursing Facility columns equal the Total columns.

#### Schedule R

- Schedule D-3 provides detailed information on therapy income or therapy costs that are offset on Schedule D-1.

#### Schedule S

- Schedule S is to be used if the facility claims education expense for an individual who is currently enrolled in an accredited academic or technical educational facility.
- Schedule S is also to be used if the facility has an agreement for the repayment of the employee's student loan.
- Total allowable costs automatically transfer to Schedule C-2a.
- The adjustments must be included on Schedule D-1.
- Schedule S must be completed to be considered as passthrough costs.

#### Schedule T

- Schedule T is used to report bad debt in summary. It includes offsets related to bad debt recoveries and non-allowable bad debt.
- Bad debt detail supporting information must have been submitted by August 15<sup>th</sup>.
- Total allowable costs automatically transfer to Schedule C-2a.
- Schedule T must be completed to be considered as passthrough costs.

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### Schedule U

- Schedule U is used to report and identify all software and related technology costs.
- Non-allowable software and related technology costs include:
  - Copiers, Printers & other paper-based systems.
  - Preventative Maintenance Contracts.
  - Assets that are to be capitalized and depreciated per AHA guidelines and Rate Setting Manual for Nursing Facilities.
  - Outsourced information technology professional fees paid in lieu of an in-house employee.
  - Outsourced payroll professional and processing fees paid in lieu of an in-house employee.
- A separate general ledger account for software costs should be utilized. A name, brief description and cost must be included on the schedule U.
- Complete the Vendor Name and Description of the software for each line with reported costs.
- Costs must be divided between Direct and Shared:
  - Direct Costs must be reported in one of five categories: Nursing Facility, Basic Care, Assisted Living, Hospital and Other.
  - Shared Costs will be allocated through accumulated costs. Shared Costs must be broken out by the vendor on the invoice by nursing facility, basic care, assisted living, hospital and other or sufficient documentation provided from the vendor supporting the allocation.
- Copies of all invoices for both Direct and Shared Costs must be included in a separate file with the cost report. All direct and shared costs are subject to additional supporting documentation requests.
- Total allowable costs automatically transfer to Schedule C-2a.
- Schedule U must be completed to be considered as passthrough costs.

### Schedule W

- Schedule W is used to report and allocate the entire campus square footage by facility or service area (allocation area). This schedule calculates the nursing facility square footage per bed for the fair rental value model.
- There are five allocation areas to allocate square feet: Nursing Facility, Basic Care, Assisted Living, Hospital and Other.
  - All square footage not identified in the first four above must be included in the

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Other category.

- A separate supporting spreadsheet detailing the square footage must be submitted. This spreadsheet must not include any percentage allocations.
- A description of the usage of any space in non-nursing facility buildings that is allocated to the nursing facility must be submitted.
  - A map detailing the space must be submitted also.
- Identify an acceptable allocation method for each of the cost categories per Section 11 – Cost Allocations in the Rate Setting Manual for Nursing Facilities. For example: meals or in-house resident days statistics for dietary square feet.
- Allocation Area:
  - Identified Cost Centers – enter the square feet for each cost center on these lines. Do not use blank lines for these cost centers.
  - Blank Cost Centers – enter square feet for cost centers not uniquely identified. Do not lump cost centers together.
  - Allocation Method – the method number from Sch C-3.
  - Percentage – automatically transferred from Sch C-3 based on method number entered in Allocation Method each cost center.
  - Plant and Housekeeping – are automatically calculated using allocated square feet per the Rate Setting Manual for Nursing Facilities.
  - Subtotal Allocated Square Feet – do not enter other allocations below this line unless a waiver has been granted to do so.
    - There are two additional rows in each section for square footage that is allocated using the total weighted square footage (#3.6).
  - Common Square Feet – enter common square feet on this line only.
    - Allocated square feet percentage is used to allocate common areas, the same method as plant and housekeeping.
    - Common square feet are defined as shared square footage between the Nursing Facility and Non-Nursing Facility service lines. Non-Nursing Facility service lines include Basic Care, Assisted Living, Hospital and Other.
      - Common space may include rooms, lobby entrances, corridors, elevators, restrooms, gift shops and coffee shops. Public restrooms are common square footage.
      - Service lines can be used as a determinant of facility type. For example: Home Health or independent living would be considered Other.
- Room Square Feet Detail – NF Only section:

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- Complete square feet and number of rooms for each uniquely sized private room and semi-private rooms for the Nursing Facility only.
- Include bathrooms in square feet.
- WSF percentages for each of the allocation areas such as Nursing Facility, Basic Care, Assisted Living, Hospital, Other and Total WSF are linked to Schedule C-2a and must be used. Do not use a replacement allocation. Also use these method names on Schedule C-3 when allocating other cost centers on WSF.
- Sufficiently detailed maps to scale should be available to provide proof of square footage in total and detail. Rooms should be identifiable as to square footage reported.
  - Pictures (jpg images) or hand drawings are not acceptable.
  - Color coded areas must be legible, and a legend included identifying the colored categories.

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