



**Department
of Health**

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2024/25 Annual Cost Report (CR) Manual

**New York State Department of Health (NYSDOH) Nursing Home Transition and
Diversion (NHTD) & Traumatic Brain Injury (TBI) Waiver Programs**

Introduction

An annual Cost Report (CR) is required to be completed by all service providers receiving funds from the New York State Department of Health (NYSDOH) Nursing Home Transition and Diversion (NHTD) and Traumatic Brain Injury (TBI) Waiver programs regardless of when services began or how much Medicaid revenue was received.

NYSDOH NHTD and TBI programs are not reported on the Consolidated Fiscal Report (CFR), instead they are reported on a separate Excel CR template which is not required to be independently audited and certified.

Service providers operating programs under the jurisdiction of one or more of the other State agencies must also file an annual CFR to document the expenses related to those programs. If the service provider operates under the jurisdiction of more than one of the other State agencies, they will report on a single CFR. Other Medicaid programs may have their own cost reports for providers to complete that are separate from the CFR as well.

The instructions in this manual specify that a standard set of rules be followed to provide consistent data for comparison purposes.

Providers should review the reporting instructions at the top of, and within each tab prior to completing the tab.

NYSDOH reserves the right to reject information submitted if the instructions in this manual are not followed.

Reporting Periods

A service provider's annual reporting period is based on the geographic location of their corporate headquarters. Indicate the annual period dates for which you are reporting on rows 8 and 9 of the Summary Data tab.

Headquarters Location	Annual Reporting Period
New York City (5 boroughs)	July 1 through June 30 (Fiscal Year, FY)
Outside of New York City (rest of state)	January 1 through December 31 (Calendar Year, CY)

Note: Only expenses for the proper reporting period should be included on the CR template. CRs submitted with expenses for a different reporting period will not be accepted.

Due Dates

Completed NHTD and TBI annual CRs are due no later than 120 days after the close of a provider's respective reporting period. If a pre-approved extension request is submitted, the due date is no later than 150 days after the close of the reporting period.

Cost report due dates:

- Calendar Year (CY) Filers - reporting period 1/1-12/31
 - Cost report due to NYSDOH - **April 30th**
 - Cost report with approved 30-day extension due to NYSDOH - **May 31st**
- New York City Fiscal Year (FY) Filers - reporting period 7/1-6/30
 - Cost report due to NYSDOH - **October 31st**
 - Cost report with approved 30-day extension due to NYSDOH - **November 30th**

To request a 30-day extension:

- Send an email to: 1915CR@health.ny.gov.
- Include "request for extension" in the subject line of your email.
- Include the name of your facility, Medicaid Management Information System (MMIS)/Medicaid Provider Billing ID, and program (NHTD/TBI or both).

Notes: If there is an extension of the due dates NYSDOH will send a notification email to providers. It is important to keep your contact information up to date with eMedNY, Program and the Regional Resource Development Centers (RRDCs).

Non-submission or late submission of a CR may result in a sanction or penalty being imposed against the service provider.

Submissions

Submitting your Annual Cost Report is a three-step process:

Step 1: Complete all tabs on the CR Excel template.

Step 2: Executive review and affirmation of CR.

Step 3: Submit to 1915CR@health.ny.gov.

- Submissions are required in Excel format using the provided template.
- Completed submissions should not be sent as a pdf document, by Dropbox or as an encrypted/secure email.
- If necessary, Excel workbooks can be password protected from the “File” tab within the Excel workbook, and the password sent in a separate email.
- DOH will respond via email and assign a Document Control Number (DCN), confirming receipt of the report.

General Instructions

The CR is used as a year-end cost report and as a tool to analyze the appropriateness of fees and contracts. The CR is completed utilizing a consistent reporting methodology to enable the NYSDOH to compare costs between providers, regions and programs. The methodology includes:

- The use of accrual accounting; report costs and revenues based on when services were rendered (date of service), not when payments were received.
- Accrued costs - including the depreciation of equipment and property.
- The ratio value (R/V) method to allocate agency administration costs.

The CR tabs should be completed in the following order:

- Service Level Data tab
- Agency Admin tab
- Summary Data tab

It is a waiver requirement that providers complete the cost report in its entirety for each waiver program that they participate in.

- Providers participating in both NHTD and TBI Waiver programs, must submit 2 separate reports.
 - Enter all dollar amounts in whole dollars.
 - FTEs are calculated to three decimal places.
 - Input amounts only to the cells shaded in purple.
 - Gray cells will automatically populate as you complete each section and will carry over to the Summary Data tab from data input on the Service Level Data and Agency Admin tabs.
 - Do not add rows or columns, change column widths, or make any other modifications to the report. Modified reports will be considered a non-submission.
 - If any formulas in this workbook don't calculate as expected, please email 1915CR@health.ny.gov and advise.

Service Level Data Tab

The Service Level Data tab is used to report Personal Service (PS) expenses: billed units of service, wages, fringe benefits, and FTEs associated with each position title (job function), as well as Other Than Personal Service (OTPS) expenses if they can be fully attributed to the NHTD or TBI Waiver program (if they can't be fully attributed then OTPS should be reported on the Agency Admin tab).

A position title should not be selected based solely on the employee's job title designated by the employer or solely on the professional license of the employee (i.e., an individual who is professionally licensed in a clinical or direct care area must be reported under an administrative position title if his/her job functions are administrative in nature).

Multiple position titles must be used when an employee performs job duties that relate to more than one function. The wages and associated fringe benefits of an individual who splits their time between two or more functions must be allocated based on the number of hours worked in each position.

Allocation methods:

Method 1. Actual Hours of Service - Actual hours of service is the preferred statistical basis upon which to allocate wages and fringe benefits for staff who function in more than one service.

Providers must maintain appropriate documentation (e.g., payroll records) reflecting the hours used in this allocation.

Example: Actual Hours of Service (the preferred method):

Agency XYZ employs a direct care worker who works at service A and at service B. The standard work week for this person is 40 hours. Payroll records indicate 25 hours per week are spent providing service A and 15 hours per week on service B. This person's wages are allocated as follows:

Service A - \$22,400 (annual salary) X (25/40) = \$14,000

Service B - \$22,400 (annual salary) X (15/40) = \$ 8,400

Method 2. Time Studies - If the preferred method cannot be utilized, allocations based on time studies will be accepted.

Example: Acceptable Time Study allocation:

Agency XYZ employs a Nurse Practitioner (NP) who provides multiple services. The NP must maintain a time study to properly allocate time to the proper service. Their actual hours worked were not maintained.

NP salary: \$25,000 Per time study

The NP spent 20% of his/her time providing service A and 80% providing service B

Service A - \$25,000 (annual salary) X 20% = \$ 5,000

Service B - \$25,000 (annual salary) X 80% = \$20,000

Method 3. Housekeeping and Janitorial Staff - For housekeeping and janitorial staff who serve more than one service, wages and fringe benefits may be allocated according to the square footage of the space the staff is maintaining.

Note: The fringe benefit allocation should use the same methodology as the wage allocation.

- Only PS related to employees of the service provider are reported.
- Initial Service Coordination – providers may include the cost of onboarding individuals who never become waiver participants due to death, decline in status, inability to secure housing etc.

Total Billed Units of Service: For each service enter the # of units for this reporting period on row 10.

- This number should be the same as the total units of service actually billed for the reporting period. It is critical that the units of service delivered during the reporting period are captured, counted and reported correctly and reflect the approved units established by the program.

Note: The unit increments that are listed on row 8 for each service and record according to the total units provided.

Non-Contracted Staff: Wages (by title): Non-contracted staff are considered staff that receive a W-2 tax form at the end of the year.

- Include salaries and other compensation (excluding fringe).
- Include all overtime, bonuses, and cafeteria or split dollar benefits.
- Cash paid as a cafeteria plan option is to be included here as salary, not as fringe.

Non-Contracted Staff: Fringe Benefits (by title): Report the total amount paid to non-contracted staff for fringe benefits.

- Use the sum of both mandated and non-mandated fringe.

- **Mandated Fringe Benefits:** The costs of all employer contributions mandated by federal, state or local laws for agency administration staff salaries (i.e., Social Security, Workers Compensation/Unemployment Insurance and New York State Disability).
- **Non-Mandated Fringe Benefits:** The costs of all fringe benefits not mandated by federal, state or local laws for agency administration staff salaries (i.e., vacation accruals, sick leave accruals (vested and funded), employer contributions of health insurance, dental insurance, major medical, combined insurance plans (single premium which includes health, dental, and/or major medical) and/or life insurance; and pension and/or retirement plan costs.

Note: The employee contribution in a deferred compensation program should be reported as salary rather than a fringe benefit.

Non-Contracted Staff: FTEs (by title): Employee FTEs must be allocated if they provide more than one service or more than one position (job function).

- Calculate the FTE by dividing the number of hours paid by the product of the standard full-time work week times 52 weeks per year.

$$\text{FTE} = \frac{\text{Hours Paid}}{40 \times 52}$$

Contracted Staff: Wages (by title): Staff who receive a 1099 tax form, and do not receive a W-2, are considered to be independent contractors or contracted staff.

- Include salaries and other compensation.
- Include all overtime, bonuses, and cafeteria or split dollar benefits.
- Cash paid as a cafeteria plan option is to be included here as salary.

Contracted Staff: FTEs (by title): Employee FTEs must be allocated if they provide more than one service or more than one position (job function).

- Calculate the FTE by dividing the number of hours paid by the product of the standard full-time work week times 52 weeks per year.

$$\text{FTE} = \frac{\text{Hours Paid}}{40 \times 52}$$

Other Than Personal Services (OTPS): OTPS spending can be reported using one of the following three methods. The total reported agency costs will be the same regardless of which method is used, but the services the costs are attributed to will be

determined by which tab they are reported on. The same costs should never appear in both the OTPS sections of the Service Level Data and Agency Admin tabs.

Method 1. On the Service Level Data tab (method 1 is the preferred method) - The provider agency utilizes a targeted/informed approach to determine which services OTPS costs should be allocated to. This allows for a more appropriate distribution of OTPS costs when calculating the rate for each service.

Method 2. On the Agency Admin tab - OTPS costs that cannot be correctly allocated by service should be reported on the Agency Admin tab. The workbook will then apply the ratio value (R/V) method to distribute OTPS costs relative to program operational costs.

Method 3. Under Total Agency Expenses - OTPS costs unrelated to the provision of NHTD or TBI Waiver services, should be reported on row 62 of the Agency Admin tab (Total Expenses for all programs operated by the agency).

Example 1: A provider has a total of \$5000 in OTPS spending costs, and they have determined that some of the costs are associated with specific NHTD/TBI services, and some of the costs are not.

The provider would use method 1 to report the NHTD/TBI-specific service costs by allocation:

- Service/rate code 1: \$1000
- Service/rate code 2: \$2000
- Service/rate code 3: \$500

The provider would then use method 2 to report the non-NHTD/TBI specific service costs which still partially supported those programs:

- OTPS spending cost: \$1000

Last, the provider would use method 3 to report any OTPS costs completely unrelated to NHTD/TBI services:

- OTPS spending cost: \$500

Example 2: Imagine there was a provider that delivers TBI Waiver services and radiology services. The provider has 3 separate phone lines, 1 designated to TBI Waiver services, 1 designated to radiology services and 1 designated to corporate headquarters.

- The costs for the phone line designated to TBI Waiver services would be reported and allocated as an expense on the “Service Level Data” tab.

- The costs for the phone line designated to corporate headquarters would be reported as an expense in the OTPS section of the “Agency Admin” tab.
- The costs for the phone line designated to radiology services would be reported as an expense on the “Agency Admin” tab Total Expenses – line 62.

Building:

- Rent - The rent or lease expense.
 - If the lease itemizes charges for utilities, real estate taxes, and other expenses separately, report these items on the appropriate lines on this tab.
 - If these other expenses are provided for in the lease agreement, but cannot be separated, include here.
- Depreciation - The depreciation of building costs for the basic structure or shell and additions to the site. (Refer to Appendix A).
- Mortgage Interest - The interest expense related to real property.

Vehicle:

- Lease - The lease and/or rental expense for vehicles used for official business.
- Depreciation - The depreciation expense associated with vehicles purchased by the agency and used exclusively in official business. (Refer to Appendix A).
- Interest - The interest expense for vehicles used exclusively in official business.

Equipment:

- Lease - The lease and/or rental expense for fixed, major moveable and minor equipment located at agency offices.
- Depreciation - The depreciation expense associated with office equipment purchased by the agency and used exclusively by the agency. (Refer to Appendix A).
- Interest - The interest expense for equipment used exclusively in official agency business.

Expensed Equipment: The cost of all expensed equipment for the agency purchased during the cost report period. Such equipment must have a value of less than \$5,000 or a useful life of less than two years.

Office Supplies: The costs of office supplies, printing, copying and postage used in the general agency operations.

Utilities: The costs of electricity, heat, water, sewage system, telephone, cable and internet charges related to agency space or facilities and used by staff.

Insurance: The equipment and property related insurance expenses for the agency. Costs for general liability, bonding (crime/fidelity), professional malpractice, vehicle, building, equipment or other insurance costs related to the agency.

Travel/Other Transportation Expenses: The staff travel costs associated with the agency.

Repairs and Maintenance: The costs related to minor repairs of the program/site physical plant and/or costs that maintain or restore an asset to its normal or expected useful life related to the agency. Also, include costs for contracted services, such as housekeeping, garbage removal (including medical waste) and snow removal. Repairs and maintenance costs incurred which extend the useful life of or substantially increase the productivity of an asset, must be capitalized and depreciated.

Property Taxes: The real estate taxes associated with the agency such as school and property. Include a lease add-on from a lease's base year directly attributed to an increase in the property's real estate tax or payments made to a municipality in lieu of real estate taxes.

Other Taxes: Please specify.

Other: Other expenses not listed – please specify.

Agency Admin Tab

The Agency Admin tab is used to report administration expenses for the entire agency and should include all administrative costs that are not directly related to NHTD or TBI Waiver programs/services (unless the only programs a provider operates are NHTD or TBI Waiver programs), but are attributable to the overall operation of the agency such as costs for:

- Overall expenses/cost of the organization
- General record keeping
- Budget and fiscal management
- Governing board activities
- Public relations (excluding fund raising and special events)
- Parent agency expenses
- Personal Service costs of agency administrative staff (i.e., Executive Director, Comptroller, Personnel Director, etc.)
- Leave accruals and fringe benefits corresponding to the personal services listed above
- Other than personal services costs (OTPS) costs associated with agency administration activities (i.e., telephone, repairs and maintenance, utilities)
- Agency-wide auditing costs for independent licensed or certified public accountants
- Depreciation and/or lease costs associated with vehicles and equipment used by agency administration staff
- Depreciation and/or lease costs associated with space occupied by agency administrative offices
- Additional administrative expenses not specifically listed can be reported on the rows entitled "Other". Please include a description

Notes: Agency administration costs do not include fundraising costs, special events costs and management services contracts provided to other entities.

Agency administration costs do not include NHTD or TBI Waiver program specific costs or program administration costs.

Non-Contracted Agency Admin Staff: Wages/Other Compensation (Excluding Fringe): The amount paid to all employees in the position title for the reporting period.

- Cash paid as a cafeteria plan option is to be included here as salary.
- Include all overtime, bonuses, and cafeteria or split dollar benefits.
- Fringe: Use the sum of both mandated and non-mandated fringe.
 - **Mandated Fringe Benefits:** The costs of all employer contributions mandated by federal, state or local laws for agency administration staff salaries (i.e., Social Security, Workers Compensation/Unemployment Insurance and New York State Disability).
 - **Non-Mandated Fringe Benefits:** The costs of all fringe benefits not mandated by federal, state or local laws for agency administration staff salaries (i.e., vacation accruals, sick leave accruals (vested and funded), employer contributions of health insurance, dental insurance, major medical, combined insurance plans (single premium which includes health, dental, and/or major medical) and/or life insurance; and pension and/or retirement plan costs.

Note: The employee contribution in a deferred compensation program should be reported as salary rather than a fringe benefit.

- FTEs: Calculate the FTE by dividing the number of hours paid by the product of the standard full-time work week times 52 weeks per year.

$$\text{FTE} = \frac{\text{Hours Paid}}{40 \times 52}$$

- Average Wage Per FTE: this field will automatically populate.

Contracted Agency Admin Staff: The aggregate amount paid to all employees in a position title for the reporting period.

Agency Admin Other Than Personal Service (OTPS) (including agency admin capital & equipment): All OTPS spending which facilitates the provision of NHTD/TBI Waiver services, that could not be attributed to individual services on the Service Level Data tab.

- Instructions for each expense category are listed in the Service Level Data tab section above.

Total Agency Admin: This field will automatically populate.

Total Expenses – for all programs operated by agency (not just NHTD or TBI): This field must be completed, please enter the total expenses for your entire organization.

Total Expenses Less Agency Admin: This field will automatically populate.

Agency Admin to Operating Cost Factor (for allocation of agency admin to services/programs): This field will automatically populate.

- This is used for allocation of agency admin to NHTD or TBI Waiver program/services. The ratio is applied to program operational costs to calculate NHTD/TBI specific program admin costs.

Summary Data Tab

This tab is used to report agency specific information, contact information, and the report affirmation.

Costs and revenues are summarized for the designated reporting period.

Contact for Cost Report:

- Enter the name of the person responsible for completing the cost report.
- Enter the title of the person responsible for completing the cost report.
- Enter their contact phone number.
- Enter their email address.

Affirmation: Completion of this section indicates that the data on the CR has been reviewed for accuracy and is correct. Affirmation must be completed by the owner, officer, or head of the agency.

- Enter the name of the owner, officer or head of the agency that is affirming to the accuracy of the report.
- Enter the title of the owner, officer or head of agency.
- Select the type of agency from the drop down.
- Enter the annual salary of the owner, officer or head of the agency.
- Enter the total annual fringe benefits of the owner, officer or head of the agency.

Revenues:

- Enter all Medicaid revenues received or anticipated for this waiver program for dates of service within the reporting period.
- Enter any State aid received or anticipated, associated with this waiver program, for this reporting period.
- Enter any other grant funds received or anticipated, for this waiver program, for this reporting period.
- Enter LTC Workforce Retention and/or Training Stipends received or anticipated, associated with this waiver program, for this reporting period.

- Enter Health Care Worker Bonus awards received, associated with this waiver program, for this reporting period.
- Enter aggregate total of any other revenue received or anticipated, associated with this waiver program, for this reporting period.

The remainder of the tab will self-populate as long as the CR has been correctly completed in its entirety.

Any questions related to the completion of the annual cost report should be sent to 1915CR@health.ny.gov.

TBI provider website:

https://www.health.ny.gov/facilities/long_term_care/#tbi_waiver

NHTD provider website:

https://www.health.ny.gov/facilities/long_term_care/nhtd/provider/index.htm

NHTD/TBI Cost Report FAQs

General:

Q: If a provider did not provide any NHTD/TBI Waiver services during the specified reporting period, are they required to submit a CR?

A: The NYSDOH requires all NHTD/TBI providers, including those that did not provide any services during the reporting period to submit a CR with the agency information on the “Summary Data” tab completed to ensure compliance with federal requirements.

Reporting Periods and Due Dates:

Q: Can you clarify the reporting periods and due dates for the 2024/25 CR?

A: For the 2024/25 CR the reporting period dates for providers whose **corporate headquarters** is located outside of NYC is 1/1/2024-12/31/2024.

The reporting period dates for providers whose **corporate headquarters** is located within NYC is 7/1/2024-6/30/2025.

Bonuses:

Q. How should the Health Care Worker Bonuses (HWB) and other one-time pandemic-related payments including Long Term Care Workforce, Value Based Payment Readiness Directed Payments, stipend payments, etc. be reported?

A. Costs associated with bonuses and stipends should be reported in the salaries of the employees as reported on the Service Level Data tab. Any associated revenue should be reported on lines 38 and 39 of the “Summary Data” tab, which has been revised to discretely identify recent bonus and stipend revenue streams. Any revenue sources not currently listed should be input on the “Summary Data” tab – line 40.

“Other” Reporting Lines:

Q: Can the DOH clarify the level of detail the DOH is requesting in the “Other” lines in the “Service Level Data”, and “Agency Admin” tabs?

A: If needed, providers should identify the next largest categories of expenses and specify those utilizing the first “Other” lines. The last “other” line should be utilized to report an aggregate total for any other expenses not otherwise listed. We will use this information to validate and help determine if there are other specific titles/spending items we might want to have discretely reported in future templates.

Personal Services (PS) vs. Other Than Personal Services (OTPS):

Q: What should be included in the Total Expenses – line 62?

A: Line 62 should reflect all operational expenses across the entire agency - *including* expenses solely attributable to the NHTD/TBI Waiver programs, expenses partially attributable to the NHTD/TBI Waiver programs, and expenses associated with other lines of business. It should include all expense categories including PS, OTPS, and Administration expenses. The line should reflect all costs associated with *all* agency operations.

Agency Administration

Q: Where should costs for administrative positions that support only NHTD/TBI Waiver programs, and not the overall agency be input so that they are entirely allocated to the NHTD/TBI Waiver program operating costs?

A: PS costs that are solely attributed to the provision of NHTD/TBI Waiver services should be, to the extent possible, allocated between the relevant rate codes on the “Service Level Data” tab.

PS expenses which are only partially attributed to the provision of waiver services and support the overall agency should be input on the relevant staff lines of the “Agency Admin” tab.

PS expenses of an agency that are completely unrelated to the provision of waiver services should not be reported as a PS expense in either location. Those expenses should be included in the Total Agency Expenses - line 62 of the “Agency Admin” tab.

Q: Where and how should we be allocating the portion of our overall agency admin expenses attributed to the specific TBI/NHTD Waiver program?

A: Providers do not do this allocation themselves. When a CR is correctly completed, all allocations are calculated by formulas within the workbook.

The PS (units of service, amounts paid, fringe, and FTEs) and OTPS costs are allocated by position title and rate code/service to the NHTD/TBI Waiver programs on the “Service Level Data” tab.

OTPS expenses not solely attributed to the provision of Waiver services are input in the OTPS section of the “Agency Admin” tab.

The “Agency Admin” tab includes a formula which calculates the ratio value (R/V) percentage, which is then used to calculate the amount of overall agency administrative expenses attributed to the provision of waiver services.

Q: On the “Agency Admin” tab, how is the Admin to Operating Cost Factor – line 66 formula calculated?

A: The formula is Total Agency Admin divided by Total Expenses minus Total Agency Admin. This calculates the “admin to operating to cost factor”. This factor is then applied to

agency operating costs to calculate the amount of admin expenses attributable to the provision of waiver services.

We appreciate that there is more than one way to do these calculations, but our current method is modeled after the approach utilized in the NYS Consolidated Fiscal Report (CFR) for consistency.

Upon calculating total overall agency administrative costs, agency administrative costs must be allocated to each applicable program. In order to ensure equity of distribution and to provide uniformity in allocation, the ratio value (R/V) method of allocation is used. The ratio value method uses operating costs as the basis for allocating agency administration costs. The total of the expenses as reported on line 62 of the "Agency Admin" tab must be allocated to the NHTD/TBI Waiver program based upon the ratio of the service provider's agency administration costs to the service provider's total operating costs. Operating costs include PS, leave accruals, fringe benefits and OTPS. Operating costs do not include equipment and property.

To demonstrate this concept with an example, please find below a fictitious demonstration of the principles surrounding how we factor in agency admin based on what is reported in the cost report.

Programs/Lines of Business	PS Costs		OTPS Costs	
NHTD	100,000	Reported on Service Level Data tab	100	Reported on NHTD OTPS tab
TBI	85,000	Reported on Service Level Data tab	85	Reported on TBI OTPS tab
Radiology Services	30,000	Not discretely reported, but is included in Agency Admin tab line 62	30	Not discretely reported, but is included in Agency Admin tab line 62
Shared Between all 3 lines of business	50,000	Totals of lines 24 & 34 of Agency Admin tab	50	Included in line 58 of Agency Admin tab
Total	265,000		265	

Agency Admin - line 60 - Admin not 100% attributable to a waiver program - essentially total of Agency Admin tab 50,050

Agency Admin - line 62 - Total Expenses for the entire agency 265,265

Agency Admin - line 64 - everything that is not Admin 215,215

Agency Admin - line 66 - Admin to 23%
 Operating Cost Factor (ratio value
 method)

NHTD Costs	
Service Costs	100,000
OTPS	100
Non-Admin Total	100,100
Admin Allocation	23,279
Total	123,379

TBI Costs	
Service Costs	85,000
OTPS	85
Non-Admin Total	85,085
Admin Allocation	19,787
Total	104,872

Radiology Service Costs	
Service Costs	30,000
OTPS	30
Non-Admin Total	30,030
Admin Allocation	6,984
Total	37,014

Q: How are Total Expenses (excluding Agency Admin) – line 109, Agency Administration – line 111, and Total Program Expenses – line 113 on the “Summary Data” tab calculated?

A: Line 109 – adds the costs of wages and fringe for contracted and non-contracted staff and the cost of OTPS for the waiver programs (from the “Service Level Data” tab) to calculate Total Program Expenses (excluding agency admin).

Line 111 – multiplies line 109 by the % of Admin to Operating Cost Factor calculated on line 66 of the “Agency Admin” tab to calculate the amount of overall agency administration allocated to the waiver programs.

Line 113 – adds lines 109 and 111 to calculate Total Program Expenses. This is the total expenses to operate the waiver programs only.

Q: How are the final surplus/loss amount & % calculated on the “Summary Data” tab – lines 134 & 135?

A: Lines 116-136 of the "Summary Data" tab is a small table that populates final totals and provider surplus/loss for the NHTD/TBI Waiver programs.

Total Medicaid and other revenues are carried down and totaled on lines 123-125.

Non-contracted and contracted staff wages, fringe expenses and OTPS for the NHTD/TBI Waiver programs are pulled in from the "Service Level Data" tab.

Agency Administration expenses for the NHTD/TBI Waiver programs are carried down from line 111. This is the amount of total overall agency admin that was calculated by multiplying by the % factor to calculate the amount of total overall agency admin expenses allocated to the NHTD/TBI Waiver programs.

Line 132 is the Total Expenses to operate the NHTD/TBI Waiver programs.

Line 134 is simply Total Revenues minus Total Expenses to show a profit or loss for the NHTD/TBI Waiver programs.

Line 135 is the % of profit or loss for the NHTD/TBI Waiver programs.

Appendix A: Guidelines for Depreciation and Amortization

Depreciation

The CR does not include tabs detailing depreciation expense on assets such as buildings, equipment and vehicles. However, the service provider is required to maintain depreciation schedules that include the following minimum information:

- Description of Asset
- Date of Acquisition
- Cost at Acquisition
- State/Federal Funding for Items
- Salvage Value
- Depreciation Method
- Useful Life Used for Depreciation Purposes
- Annual Depreciation Amount
- Accumulated Depreciation

The following general rules shall apply for the calculation and reporting of depreciation expense:

Assets having a unit cost of \$5,000 or more and a useful life of 2 years or more must be depreciated. Conversely, items having a unit cost less than \$5,000 or a useful life of less than 2 years may be expensed. A provider may establish a capitalization policy with lower minimum criteria, but under no circumstances may the minimum limits be exceeded. Please note the new threshold of \$5,000 is effective with periods beginning January 1, 2009 for calendar filers and July 1, 2009 for fiscal filers. Assets acquired prior to these dates should continue to be capitalized using the depreciation guidelines in effect at the time of purchase.

Costs incurred that extend the useful life of an existing asset or substantially increase its' productivity must be capitalized and depreciated if \$5,000 or greater.

Group purchases of like items should be treated as a single purchase. Group purchases of unlike items must be treated as if each item was purchased individually. Telephone systems and computer systems should be treated as a group purchase.

For CR purposes, the depreciable base is calculated by taking the total cost of the asset and subtracting the salvage value and the amount funded by state or federal monies. (Note: funds received via rates, prices, fees or net deficit funding should not be included in the calculation of state and federal monies). If 100% of the cost of an asset is funded specifically by state or federal monies, the asset cannot be depreciated on the CR.

Depreciation on assets which are shared among programs/sites or among program/sites and administration should be allocated on a reasonable basis. Documentation for the allocation basis must be available upon request.

The "straight line method" of depreciation must be used for all classes of assets funded by the New York State agencies. Use of the one month, six month, or full year convention is acceptable.

When assets are shared by programs funded by more than one New York State agency, the rules of majority funding shall dictate.

The useful life of depreciable assets shall be the higher of the reported useful life or the useful life from the latest available edition of the Estimated Useful Lives of Depreciable Hospital Assets.

The Estimated Useful Life Guidelines must be used in the calculation of depreciation expense unless the service provider can justify that an alternative useful life is more appropriate. Documentation to support the use of alternative useful lives must be available upon request.

Amortization

In general, amortization is the process of allocating the cost of an intangible asset over a period of time. Except where otherwise stated by the funding State agency, intangible assets are reported on the CR in accordance with U.S. GAAP.

The CR does not include schedules that calculate the amortization expense. However, the provider is required to maintain amortization schedules which include the following minimum information:

- Description of Item
- Beginning Date of Amortization
- Length of Amortization
- Costs to be Amortized
- Accumulated Amortization
- Current Year Amortization

Examples include but are not limited to:

Leasehold improvements in operating leases which are the responsibility of the service provider under the terms of a lease are amortized over the shorter of the useful life of the assets or the remaining term of the lease.

Software purchased for internal use or developed for internal use which is amortized over the useful life of the software.

Loans such as mortgages and related mortgage costs which are amortized using straight line.

Capital leases which are amortized in a manner consistent with the lessee's normal depreciation policy for owned assets or over the lease term.

In accounting for pension benefits or other postretirement benefits, amortization is the systematic recognition in net periodic pension cost or other postretirement benefit cost over several periods of amounts previously recognized in other comprehensive income, that is, gains or losses, prior service cost or credits, and any transition obligation or asset.

Appendix B: Non-Allowable Expenses

This appendix lists certain items of expense that are considered non-allowable.

A cost must be reasonable and/or necessary for providing services in both its nature and amount. In determining the reasonableness of a given cost, consideration will be given to whether the cost is generally recognized as ordinary and necessary for the operation of the organization and the restraints or requirements imposed by federal and state laws and regulations. Unreasonable and or unnecessary costs are not allowable.

Except where otherwise indicated in the CR Manual, costs determined not to be in accordance with U.S. generally accepted accounting principles (GAAP) are not allowable.

Bad debts resulting from uncollectible accounts receivable and related costs.

Costs that are not properly related to program/site participant care or treatment and which principally afford diversion, entertainment, or amusement to owners, operators or employees.

Costs incurred by a service provider as a result of making a monetary or non-monetary contribution to another individual or organization (for example, political contributions, charitable contributions, etc.).

Costs applicable to services, facilities and supplies furnished to the provider by a related organization are excluded from the allowable cost of the provider if they exceed the cost to the related organization. Therefore, such cost must not exceed the lower of actual cost to the related organization or the price of comparable services, facilities or supplies that could be purchased elsewhere.

Costs resulting from violations of, or failure to comply with federal, state and local government laws, rules and regulations, including fines, parking tickets, or the costs of insurance policies obtained solely to insure against such penalty.

Dues or portions of dues paid to any professional association or parent agency whose primary function is of a political or lobbying nature and whose intent is to influence legislation or appropriation actions pending before local, state or federal bodies.

Cost increases created by the lease, sale or purchase of a program/site physical plant which has not received the prior approval from the appropriate state agency office.

Costs of providing services and/or treatment to individuals who have not met the required eligibility criteria for the program/site.

Costs related to the purchase of alcoholic beverages.

Compensation to members of a community mental health, mental retardation or alcoholism services board, in excess of expenses incurred in the performance of official duties.

Costs associated with local governmental legislative bodies or executive staff not associated with the provision of services.

Costs of books, subscriptions or periodicals which are not addressed to the provider agency.

Costs associated with the conferring of gifts or providing cash payment to an individual when the primary intent is to confer distinction on, or to symbolize respect, esteem or admiration for the recipient. If such gifts or honoraria constitute acknowledgement for services rendered, such as a speaker's fee, such costs are allowable.

Real estate taxes (except if part of a lease agreement or if part of purchase agreement), sales tax, excise taxes on telephone services and other use taxes where organizations are eligible for exemptions from such taxes.

Costs incurred prior to the approved beginning date of a new program/site or expansion of a program/site unless such costs are specifically approved in writing by the required state agency.

Costs incurred by a service provider that does not have an approved operating certificate or provider agreement where required, to render the particular services.

Fees for psychiatric examinations under the Criminal Procedures Law or Family Court Act including fees paid to State employees if the examination is conducted during normal working hours (except for reasonable transportation expenses); fees paid to State employees if not accompanied by documentation from the County Fiscal Officer that there is a shortage of examiners in the county; fees above \$200 for one (1) person including both an examination and court appearance.

Unless specified judicially, the cost of services provided to an agency or a program participant of an agency in legal actions against the State.

Agency payment of individual employee professional licensing and/or credentialing fees.

Where appropriate, costs that need approval by the Division of Budget and approval has not been received.

Fringe benefit expenses that are not reasonable and available to all employees including but not limited to Supplemental Executive Retirement Plans or any Non-Qualified Deferred Compensation Plans subject to IRC Subsection §457(f).

That portion of the cost of company-furnished automobiles that relates to personal use by employees (including transportation to and from work) is not allowable regardless of whether the cost is reported as taxable income to the employees.

Expenses that are prohibited by federal, state or local laws.

Expenses included as a cost of any other program in a prior, current or subsequent fiscal period.

Costs of investment counsel and staff and similar expenses incurred solely to enhance income from investments.

Costs of insurance on the lives of trustees, officers, or other employees holding positions of similar responsibilities are allowable only to the extent that the insurance represents additional compensation. The cost of such insurance when the organization is identified as the beneficiary is not allowable.

Rental costs under leases which are required to be treated as capital leases under GAAP are allowable only up to the amount that would be allowed had the organization purchased the property or asset on the date the lease agreement was executed. The provisions of FASB Accounting Standards Codification Section 840 shall be used to determine whether a lease is a capital lease. Non-allowable costs include amounts paid for profit, management fees, and taxes that would not have been incurred had the organization purchased the property or asset.

Costs related to interest expense for programs receiving Aid to Localities funding that are in excess of an approved rate, fee, contract or funded amount. This also includes expenses associated with the cost of borrowing (however represented) and costs of financing and refinancing operations and associated expenses except where specific authority exists, and prior approval has been obtained from the appropriate DMH office. Interest paid to a related individual is not allowable unless the provider is owned and operated by members of a religious order and borrows from the Mother House or Governing Body of the religious order.

Costs for mental health clinics or other services operated exclusively in conjunction with schools (applicable to Aid to Localities funding only).

For programs funded through Aid to Localities, costs representing capital additions or improvements are not allowable as operating expenses (Title 14 NYCRR) unless specifically authorized in a legislative appropriation.

For programs receiving funding through Aid to Localities, the costs associated with debt service, whether principal or interest are not allowable (Title 14 NYCRR). These operating costs may include that part of rental costs paid to those community health or mental retardation service companies that represent interest paid on obligations

incurred by such companies organized pursuant to Article 75 and who participated in mortgage financing in accordance with Chapter 1304 of the Laws of 1969.

A goodwill impairment loss is a non-allowable cost.

Costs of training afforded staff that does not relate to enhancing the performance of that staff in fulfillment of their duties to the organization are not allowable.