

Commonwealth of Massachusetts
The Center for Health Information and Analysis
Adult Day Health
FY16 Cost Report Directions

The Center for Health Information and Analysis (Center), in accordance with its statutory authority under M.G.L. c. 12C, collects cost reports in furtherance of its mission to monitor the health care system in Massachusetts and to provide reliable information and meaningful analysis for those seeking to improve health care quality, affordability, access and outcomes. The data the Center collects through the Adult Day Health Cost Report (ADH Report) is used, among other things, to support the rate-setting obligations of the Executive Office of Health and Human Services (EOHHS) which uses the data to establish rates for adult day health providers and to complete additional analyses to inform policy-making. Once filed with the Center, these reports become public documents and will be provided upon request to any interested party.

PLEASE NOTE: The ADH cost report filing will NOT BE CONSIDERED COMPLETE until all relevant financial data and all additional documentation requested by the Center staff has been provided to the satisfaction of the Center staff.

In addition, the ADH cost report filing will NOT BE CONSIDERED COMPLETE until any and all additional documentation requested by the Center staff.

Agencies that fail to file required data with the Center will be subject to penalties in accordance with the Center's regulation, 957 CMR 6.00 and EOHHS regulation 101 CMR 310.00.

Specifically, if an agency fails to file a timely and complete the ADH cost report together with any additional information required by the Center, including supporting documentation, the Center may:

- Refer the delinquent agency to EOHHS and a fine of up to \$500.00 may be imposed on an agency that knowingly fails to file or that knowingly files falsified data; petition the Superior Court to issue an order directing governmental units to withhold payments to the agency if the agency has withheld information without a justifiable cause; refer the delinquent agency to EOHHS, with recommendations that EOHHS impose penalties which include a reduction in the delinquent agency's rates, removal of the delinquent agency from the list of eligible agencies, and any other penalty authorized by M.G.L. c 118E or applicable regulations.

1. WHO MUST FILE:

Adult Day Health providers that participated in the MassHealth (Medicaid) program for the reporting year.

The term "agency" will be used throughout these instructions to refer to all filers noted above.

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Exemptions

The following types of Adult Day Health programs will be exempt from the filing requirement:

- Those that are hospital-owned
- Those that have not been in business for the full year of the reporting period. Or
- Those who have \$50,000 or less in MassHealth revenue in its FY2016.

An agency claiming an exemption on any of the above grounds **must notify CHIA** of the reason for its exemption **by email** to CHIA.Data@state.ma.us.

2. WHAT TO FILE:

1. Cost Report. Agencies must file the cost report annually with the Center for the fiscal year ended in the year prior to the filing date. The report is available on CHIA's website, and requires registration to allow access to the system. For more details on how to register for access see the "How to File" section.

The reporting period shall be consistent with financial statements.

2. Financial Statements. Agencies must submit copies of financial statements and other external documentation supporting the accuracy of the data reported on the cost report. Acceptable documentation includes (in descending order of preference):

- Audited, reviewed, or compiled financial statements prepared by a Certified Public Accountant;
- For unaudited financial statements, a certification from a Certified Public Accountant attesting to the accuracy and validity of the data reported on the cost report is required (It is new for FY16). The CPA must not be a related party to the principal owners or partners of the agency. A form called ADH Accountant Certification can be found at: <http://www.chiamass.gov/information-for-data-submitters-adult-day-health-cost-reports/> in the section labelled "Information for 2016 Report";
- Copies of tax returns filed with the Internal Revenue Service for the reporting year.

Only one of the above documents is necessary.

Email your financial statement documents to the following email address: CHIA.Data@state.ma.us. If you need assistance submitting the documents through e-mail, please call CHIA's Pricing Cost Report Helpdesk at (617) 701-8297. Remember to label all PDF files with the ADH provider's name and document type. For example, financial statements can be labeled as **AgencyName_ADH16FS.pdf**).

3. Provider Contact Form (It is new for FY16): The Agency Information schedule of the ADH cost report has been expanded for FY16 and includes auto-populated data from our records that you must verify on this form. Please refer to the online version of the

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cost report and check the data in the first section of the Agency Information schedule, "Organization", to complete this form. If the information is correct, check the box next to the line item. If the information needs to be updated, use the line next to the item to add edits. *Note:* If an organization does not have a Parent Company and a blank line appears in the Agency Information schedule online, make sure to check the box on this form to confirm that the organization does not have a Parent Company. The Provider Contact Form can be found at: <http://www.chiamass.gov/information-for-data-submitters-adult-day-health-cost-reports/> in the section labelled "Information for 2016 Report".

The Provider Contact Form should be submitted by all providers by February 28, 2017. Please email a **signed** form to:
CHIA-DL-Data-Submitter-HelpDesk@MassMail.State.MA.US

3. WHEN TO FILE:

For FY16, all ADH providers have the same due date. Agencies must file the ADH cost report and financial statements no later than **April 30, 2017**.

Extensions

Agencies may request a filing extension for a period of two weeks if the following criteria are met:

- The extension request must be submitted in writing to the attention of Cost Report Submission. E-mail is an acceptable method to request an extension. Please send your request to chia.data@state.ma.us
- The request must demonstrate just cause/circumstances for the filing extension.

4. HOW TO FILE:

Access the ADH Cost report online:

The report is available on CHIA's website. To access the cost report on the INET system, each individual user filing for an organization is required to complete two forms, the INET User Agreement Form and the Business Partner Security Agreement Form. Both forms can be found at: <http://www.chiamass.gov/information-for-data-submitters-adult-day-health-cost-reports/>. Completed and signed forms must be submitted to chia.data@state.ma.us. Call the CHIA Pricing Cost Report Helpdesk at **(617) 701-8297** if you need assistance completing these forms.

GENERAL COST REPORT INSTRUCTIONS

Agencies should use the accrual basis of accounting. All amounts should be

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reported in whole dollars rounded to the nearest dollar.

You may navigate among the schedules of the ADH cost report using the left hand menu which allows you to select the schedule to which you wish to go. In the Agency Information schedule, the first section is auto-populated and cannot be edited in INET. In Schedules A-G, the cursor moves across schedules rather than down. It may hasten data entry if you print a blank copy of the report and create a data entry template from which to work. **SAVE ENTERED DATA OFTEN.**

Save each schedule individually before printing a PDF copy. This will ensure that all schedules have been updated with the latest entries.

Agency Information

The Agency Information schedule has been expanded for FY16. Some line items are auto-populated and some must be filled in. There are three sections of the Agency Information schedule:

1. The first section, "Organization", includes Operating Name (Doing Business As), Parent Company (if any), Mass Health Provider ID (This consists of 9 numbers for the provider ID# and 1 letter for the location. Ex: 123456789A) and Mailing Address.

The followings are definitions for terms used in the Agency Information schedule:

- Operating Name DBA (Doing Business As) – The name of a stand-alone ADH program or a subsidiary of a parent company. For example, a company called ADH Centers of Massachusetts owns and operates an ADH center called "Plainville ADH". In this example, the subsidiary or Operating Name of the ADH would be "Plainville ADH". For our purposes, the Operating Name is also the name of an independently owned ADH with no other affiliations/parent company.
- Parent Company – Some organizations structure includes an entity that operates and controls all its affiliates. For example, a company called "ADH Centers of Massachusetts" owns and operates two ADH centers called "Plainville ADH" and "Centerville ADH". In this example, the parent company would be "ADH Centers of Massachusetts".

The information in this section is pre-populated from our records and you will not be able to make edits in INET. Review this information and click on the box that says "Is the Above Information Accurate?" to verify the information. When you click on the box a pop-up message will read:

"All applicable fields must be completed. Also, please confirm that all organization information in the above section is correct. To update information please refer to instructions for "Agency Information". Parent organization may not be applicable to

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some organizations. If you have a parent organization name and this field is blank please refer to the instructions for “Agency Information”.

Providers must also verify this contact information by submitting an “Adult Day Health Provider Contact Information Form” which is **due on February 28, 2017**. For more details on completing the form see the “Provider Contact Form” section.

2. The second section, “Sites”, asks for all agency site addresses that an ADH provider has. To complete this section, fill in the Location Name, Mailing Address, City, State and Zip Code for each location the ADH agency has. Press “Save Site” after entering each site address. Press “Add Site” to input an additional site. You can delete a site address entry by using the “Delete Site” button. You may add as many sites as needed.
3. **The third section, “Cost Report Contact Information”, must be completed in its entirety. ADH providers must fill in the primary contact’s Name, Title, Telephone and Email address line items.**

Schedule A: General Information

Complete each applicable section.

Schedule B: Patient Census Information/Operations Information

Patient Census

Patient Census Information: Enter both full day and 15 minute units for each service level for the fiscal year. Please note that this section counts individual patients multiple times if they attended the ADH program on multiple days.

Total Days of Operation: Enter the number of days for the year for which the center was scheduled to be open for the service.

Total Number of Absences: Enter the difference between the total number of clients booked and the total number of clients that physically arrived at the center for both full day and 15 minute units.

Total Unplanned Closings: Enter the number of days that the center cancelled operations due to snow days or other conditions that were beyond the control of the center.

Operations Information

Hours per week: Enter the number of hours per week that constitutes full-time employment at the agency. This is typically 40 hours or less.

The box situated below the first box will calculate the number of hours/year which

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corresponds to the answer for hours/week.

Hours of service: Enter the hours that the agency operates in the “From” and “To” boxes. An example:

Monday	From	To
	08:00AM	04:00PM

Schedule C: Direct Client Transportation

Client transportation expense: Travel expense incurred by transporting clients to and from the center. Only direct client transportation expense should be recorded on Schedule C. **THESE EXPENSES SHOULD NOT BE ENTERED ON SCHEDULES D AND E.**

Other transportation expenses, such as mileage paid to administrative staff, or wages paid to staff for other transportation needs of the agency should be included in the transportation related line items on schedules D and E.

Total Client transportation billed to MassHealth: The total amount billed to MassHealth for direct client transportation.

Direct Client Transportation: All client transportation expense. This includes expenses incurred transporting private pay clients.

Agency-Provided Expense Breakdown: Transportation expense incurred when the agency itself provides the transport (i.e., use of an agency van). This must be reported in detail by category of expense.

Any program that records Schedule C “Total Client Transportation” expense but does not record applicable MassHealth transportation revenue on Schedule G Statement of Revenue, Part 1, Direct Third Party Revenues, next to “MassHealth (Medicaid) Transport”, will be unable to submit the cost report via INET: an error message will appear when attempting to submit.

Expense Information (Schedules D, E, F)

This section of the cost report consists of Schedule D “Staffing Information”, Schedule E “Statement of Expenses”, and Schedule F “Statement of Basis of Allocated Cost”. These schedules request cost information for both the adult day health center, and, if applicable, the overall parent organization. The information for the entire agency will facilitate the accurate allocation of costs that cannot be allocated on a direct basis to the adult day program.

Bases of Allocation

CHIA provides the following acceptable methods to allocate general ledger expenses to

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the three potential cost centers of a parent agency (Agency Administration, Adult Day Program, and Other Programs).

Schedules D (Staffing Information) and E (Statement of Expense) contain drop-down buttons indicating each method with a capital letter-designation, as noted below.

Wherever possible, the Direct Expense Basis should be used.

The following section describes each method and provides the identifying letter.

- D - Direct Expense Basis - Any cost that can be identified as applying only to the adult day health program, or only to other programs, should be entered directly into that cost center.
- H - Hours of Service Basis - Compensation expense that cannot be charged directly is allocated by the percentage of time spent in each cost center. (Applies to Schedule D).
- S - Square Footage Occupancy Basis - Space occupancy costs and maintenance and housekeeping salaries that cannot be charged directly are allocated on the basis of the percentage of square footage occupied by each cost center. If the adult day health program cost can be charged on a direct basis (e.g., rent for a separate building), the balance of the cost is allocated between the other two cost centers (if it applies to both) based on the percentage of square footage occupied by each remaining cost center out of the total. The square footage percentages for both cases are calculated in Schedule F, Part 1.
- O - Operating Expense Basis – In cases where expenses apply only to the agency as a whole, or cannot be charged directly, allocate on the basis of the percentage of each cost center’s operating expense of the total agency’s operating expense. These percentages are calculated in Schedule F, Part 3.
[Note: each applicable expense would appear in Column 3, Schedule E, “Agency Administrative Expense”, and would be auto-summed in line 26. On the basis of Schedule F, Part 3, an automatic allocation would occur to Columns 4 and 5].
- C - Compensation Expense – Use this method in cases where an expense applies to all three cost centers, but the costs of the adult day program can be charged directly. Allocate the balance of that expense between Agency Administration and Other Programs, based upon the percentage of compensation expense of each remaining cost center out of the total of the two. Schedule F, Part 2 will provide these percentages.

Please contact CHIA if the agency has another method that more accurately depicts how its resources should be allocated. An allocation example appears at the end of these instructions, in appendix A.

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Schedule D: Staffing Information

Complete Schedule D for all categories of staff that worked at the agency during the reporting period. This includes:

1. Staff on the adult day payroll
2. Staff on the parent agency payroll
3. Staff on other agency program payroll
4. Purchased direct-care staff (i.e., staff from outside vendors or agencies not employed by the adult day program or the parent agency)
5. Donated personnel, i.e. volunteers who worked in positions that would normally be occupied by paid personnel. Each non-paid worker's qualifications must be comparable to those of paid workers.

Please group employees by job title. If a position has split responsibilities between direct care and administrative function, the salaries and FTEs must be reported appropriately on Schedule D.

Reporting ADH and Non-ADH Positions on Schedule D

ADH Positions:

We have expanded the list of ADH positions listed in Schedule D for FY16. Three new staffing line items include: "Therapeutic Activity Director", "Registered Dietician" and "Qualified Cook". If you have a position title that is not included in the staffing line items, use line 16 "Specify Other Staffing Info". To input information press button named "Add Other Info" located on the left hand side below line 16. You can add the staff title in the "Category" column and corresponding staffing expenses associated with it.

Note: Staff who are "social workers", but are not L.S.W.'s, L.C.S.W's, or L.I.C.S.W's, may best fit in the "Program Assistants" category rather than in the "Other" category.

Non-ADH Positions:

CHIA prefers that the "Specify Other Staffing Info" category in multi-service agencies be used to describe all staff not involved at all in ADH. For example, other "Program Directors" could be consolidated here with other "Clerical", other "Registered Nurses", etc.

Another acceptable method would be to assign the same position types (for example, various Program Directors) into the staff categories provided for ADH positions. Position types that do not match available position categories would be inserted in the "Other Staffing Info" line. Remember that those positions not involved in ADH would not be represented in the actual ADH portion of Schedule D.

Reconciliation to the Financial Statements

If the numbers on the cost report cannot be traced directly to the financial statements,

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please include a reconciliation of the numbers in the cost report and the financials.

Instructions for each column of Schedule D

Columns 1 – 5 Total Agency - All Programs

These columns are for compensation expenses and hours for staff in all the programs of the parent agency, including adult day. If the adult day program is independent of any parent organization, the information in these columns would be simply that of the adult day program.

Columns 1, 2, 3 - Enter the gross salaries, employee benefits, and payroll taxes for each staff category for all agency programs for the fiscal year. The following definitions apply:

Employee Benefits: expenses for items such as health insurance, retirement plans and life insurance.

Payroll Taxes: Taxes on paid wages; e.g. FICA, Massachusetts Unemployment and Federal Unemployment Taxes.

Note: workers' compensation should be reported on Schedule E, where indicated, not on schedule D.

Column 4 - Agency Total Expense

This column will automatically sum Columns 1, 2, and 3.

Column 5 - Total Hours Compensated - Agency

Enter the total hours paid for each position for all programs in the fiscal year. Include hours worked as well as hours for paid time off.

Column 6 - Total Hours Compensated - ADH

This column should be completed in a similar manner to Column 5 but only compensated ADH hours should be recorded.

Enter the total compensated hours in the reporting year for adult day services only. If 100% of an employee's time is in Adult Day, all hours would be shown in that program. If not, the hours should be allocated among the programs based on a time study or on the program director's knowledge of how many hours per year the employee spends in the adult day program. (IMPORTANT: A dollar amount should be imputed for donated services, and the hours and FTEs must be reported. Also, use Column 17 "ADH Donation Source" to indicate how the dollar amount was calculated.)

Columns 7a and 7b - FTEs ADH Admin and Direct

Calculate full-time equivalents in the adult day program for each employee category by dividing

Column 6, "Total Hours Compensated", by the number of full-time hours reported on line 1

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of Schedule B, "Operations Information".

For example, if a person is compensated for 1040 hours in adult day health, and full time is considered to be 2080 hours (40 hours per week x 52 weeks), then the person represents 0.5 FTE. The FTE then must be classified in the correct column or columns, as an administrative or direct care FTE. In some cases providers split the FTE proportionally among the staff member's various functions.

CHIA expects every program to show some FTE administrative time in Column 7a for program direction and oversight. This would most likely be for "Program Director(s)", but other positions may fulfill this role. Remember that a salary must appear in Column 12 ("ADH Expense Admin") for each FTE equivalent in Column 7a.

Failure to include administrative FTE time for program direction will automatically prevent the provider from successfully submitting the report via the INET (an error message will appear).

Note: Column 12, ADH Expense Admin and Column 13, ADH Expense Direct Care must reflect compensation for the FTEs in the corresponding Columns 7a and 7b.

Column 8 - Percent ADH Total Hours

This column calculates this percentage by dividing Column 6 "Total Hours Compensated" (in ADH) by Column 5 "Total Hours Compensated" (total agency), and multiplying by 100. This figure is designed to assist in the allocation of compensation of employees who split their time between adult day and other agency programs (see Column 10 "Basis of Allocation (Percent)").

Column 9 - Agency Total Expense

This column automatically carries over the entry from Column 4, "Agency Total Expense", for each employee type.

Column 10 - Basis of Allocation (Percent)

Enter the method to be used to allocate the compensation expense in Column 9 to Columns 11, 12, and 13. Enter the percentage of the allocation. Basis of allocation includes direct expense, hours of service, square footage occupied and operating expense (see Bases of Allocation section beginning on page 5).

Column 11 - Agency Admin Expense

Enter the compensation of executive staff (Executive Director, Assistant Director, Medical Director, Clinical Director, Controller) and clerical and support staff (secretaries, medical records personnel, billing clerks, drivers) whose services benefit the entire agency. Do not include administrative staff of individual programs whose compensation can be charged directly to those programs. For those administrators who spend a portion of their time in direct client care, only the portion of the employee's salary corresponding to the time spent in the management position should be included in this column.

If the administrative employee's time is 100% administrative, then the compensation

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should be entered in Column 11. If the employee splits time between the agency and adult day program, the expense should be allocated on the basis of hours of service in each. All of the costs in Column 11 will be summed and further allocated to Adult Day and Other Programs on Schedule E, line 27, on the basis of operating expense.

Column 12 - ADH Expense Admin

Enter the compensation expense of executive, clerical, and support staff that spend 100% of their time in the adult day health program. If employees split their time between adult day administration and adult day direct care, agency administration, or other programs, allocate on the basis of hours of service. Do not allocate agency administrative salaries from Column 11 to adult day, as they will be allocated in Schedule E on the basis of operating expense.

Maintenance and housekeeping staff that provided services only to adult day are also included in this column. Otherwise they should be allocated on the basis of percent of square footage occupied by the adult day program relative to the total agency. This percentage is derived from Schedule F Part 1, "Square Footage Basis of Allocation".

Column 13- ADH Expense Direct Care

This includes the compensation expense of direct care staff. If they spend 100% of their time in the adult day program, their expense should be charged directly. If they split their time between direct care in adult day and time in other programs, the basis is the percentage of hours from Column 8.

Column 14 - Total ADH Compensation

Enter the sum of Columns 12 and 13.

Column 15 - Total Other Program Expense

Enter compensation expense of all staff in other programs. Include those who split their time between these programs and adult day or agency administration, allocating their expense on the basis of hours of service.

Columns 16a and 16b - ADH Expense Paid and Donated

These columns split the amount in Column 14 into compensation actually paid by the adult day program or total agency, and expense which is donated by some other source (e.g., volunteer services). Please note: if you have "donated staff", include only those who provide 20 hours or more per week.

Column 17 - ADH Donation Source

Enter the source of the donation (e.g. DMH, EOEA, or some other source).

Schedule E: Statement of Expenses

Schedule E requests cost information for the agency as a whole, with apportionment to the adult day program, other programs, and, in cases where there are other programs, "Agency Administrative Expense". Instructions follow for each column, in addition to

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definitions for each line item expense.

Column 1 - G. L. Parent Agency

This column is populated automatically by summing the data entered in columns 3, 4, and 5.

Column 2 - Basis of Allocation (See examples in Appendix A)

Enter the method and the percentage of the basis for allocating the general ledger expenses to the three cost centers - Agency Administration, Adult Day Program, and Other Programs (Columns 3, 4 and 5).

Column 3 - Agency Admin. Expense

Enter administrative compensation, other direct administrative costs and general overhead costs that apply to the agency as a whole. This includes expenses that cannot be allocated to the three cost centers on either the direct, hours of service, or square footage basis.

Column 4 -Total Adult Day Expense

This includes all costs that apply to adult day. These costs are allocated from Column 1, General Ledger on a direct, hours-of-service, or square footage basis. (Agency administrative costs are summed and allocated to the adult day program and other programs on the basis of operating expense, on line 27 of Schedule E. **Note: this line will not be computed until you have saved Schedule F Part 3.)**

Column 5 - Total Other Program Expense

This includes all costs that apply to programs other than adult day health; allocate from Column 1 on the appropriate basis.

Column 6 - Total Outside Entity(ies).

Occasionally a provider will render services to entities outside of the parent agency. These entities are not part of the parent agency ledger. They might be programs such as outpatient mental health, or something very different like real estate development, or development work for specialized schools. We require the operating expenses of the entity(ies) to appear on Schedule E, line 26, "Other Operating Expense". As a result, the administrative allocation for the ADH program and any "Other Programs" of the parent agency will be affected because part of the administrative allocation will include apportionment of expenses to these outside activities. Schedule F of the cost report gives instructions for allocations of administrative expenses.

The following expense definitions apply to line items on Schedule E.

1. Staff Expense - Totals from Schedule D, Columns 9, 11, 14, and 15 are automatically carried to columns 1, 3, 4, and 5, respectively, of Schedule E.
2. Legal and accounting - necessary and reasonable legal and accounting expenses including computer processing, license application fees, and auditing services.

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3. Purchased Services - all direct purchased services including but not limited to restorative services, such as MassHealth required consultative services.
4. Advertising and Recruiting - newspaper, radio or other advertisement used to recruit personnel.
5. Telephone, Internet expense.
6. Office Supplies - administrative supplies, including postage, that are consumable items. Rental or lease of office equipment should be specified under Indirect Purchase Service.
7. Interest (Mort. only) - interest on a mortgage payable for buildings used for the adult day program. This interest may not exceed the amount that would be allowable depreciation. Mortgage principal payment is not an allowable expense.
8. Interest Other - necessary and proper interest on both current and capital indebtedness. This does not include mortgage interest.
9. Rent - facilities-only rent. Rental and leasehold expenses should be included as reasonable operating cost to the extent of prevailing rents for comparable properties in the area. The expenses should not exceed the amount that would be allowable if the provider owned the facilities and claimed the allowable depreciation.
10. Maintenance Expense - supplies for maintenance and housekeeping functions. Contract cleaning services should be recorded under Indirect Purchased Services.
11. Utilities - items such as gas, electricity, heating fuel, and water.
12. Depreciation Auto (not direct client) - depreciation of transportation vehicles, using the straight-line method in conformity with the useful lives stated in the *American Hospital Association Estimated Lives of Depreciable Hospital Assets*. **If the vehicle is used exclusively for patient transportation service, do not include the expense on this line: include it in Schedule C.**
If the vehicle(s) are used part of the time for direct client transportation, please specify the percentage of use for this purpose and for other administrative tasks. Include only the amount applicable to other administrative tasks on this line.
13. Depreciation Bldg - depreciation of buildings based upon accepted accounting principles using the original acquisition cost and/or donated value, if title is held by the facility. The straight-line method should be applied in conformity with the useful lives stated in the *American Hospital Association Estimated Lives of Depreciable Hospital Assets*. Include any necessary capital renovations as a result of the Department of Public Health Licensure requirements.
14. Depreciation Other - all other depreciation (use the same standards as previously described).

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15. Recreational Supplies - the expense of recreational supplies that are needed to fulfill the program requirements.
16. Other supplies - supplies not accounted for in previous lines.
17. Food Supplies- food supplied to patients at the expense of the adult day program.
18. Indirect Pur. Service - services other than direct adult day services (such as housekeeping, security, etc.) purchased from outside vendors.
19. Insurance Expense - premiums for worker's compensation, fire, liability, bonding and malpractice insurance, etc., purchased by the agency. [Note: health insurance should be included in benefits on Schedule D]
20. Vehicle Expense (not direct client) - administrative transportation expenses. Exceptions: Depreciation of vehicles owned by the agency or program should be recorded in line 12 Depreciation - Auto. **Direct Client Transportation expense should be recorded on Schedule C.**
21. Management Fees - fees paid to a parent or outside management firm.
22. Donated Space (Imputed) - the imputed fair market value of donated space determined by the valuation per square-foot that reflects comparable costs in the area where the facility is located.
23. Other Donations - fair market value of in-kind contributions of goods or services by benefactors of the agency. (Donated salaried positions are accounted for in Schedule D.) Valuation of donations must be at fair market value.
24. Bad Debt - accounts receivable written off as uncollectable. This is not the provision for bad debts.
25. Other (Specify) - please describe each expense listed here on line 30.
26. Total Operating Expense - enter total of each column.
27. Administrative Allocation - the administrative allocation for the adult day health program and other programs, calculated in Schedule F, Part 3, will automatically fill line 27. Remember that line 27 must be completed for Column 6 if Column 6 is applicable to the agency.
28. Total Expense: lines 26 and 27 should automatically add together with the total appearing in line 28, Columns 4 and 5) and, if applicable, Column 6.
29. Total Direct Client Transportation from Schedule C should automatically fill line 29, Column 4.

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Schedule F: Calculation of Allocation Bases

The allocation bases of square footage, compensation expense and operating expense are calculated in Schedule F, "Statement of Basis of Allocated Costs". In the case of the operating expense basis (Part 3), the allocation itself is also calculated. Instructions are provided on the schedule. Note: Examples are in Appendix A.

Schedule G: Statement of Revenue

The final Schedule in the cost report is the Statement of Revenue. Part 1 is for direct third party revenues; Part 2 is for unrestricted grants, gifts and donations; Part 3 is for restricted grants, gifts and donations; Part 4 is for other income.

Submission of Cost Report

Once all data have been entered on the applicable schedules and the agency is ready to submit the report to CHIA, the actual filer must click on the "Submit ADH Report" link in the left Navigation pane. A screen will appear that contains the automatically-inserted authorized user's name, attesting to the truth, accuracy and completeness of the report. **You must click on the "Submit ADH Report" icon when the report is completed; otherwise it will remain only as "saved" and will not be considered as submitted to CHIA.**

PLEASE NOTE: The ADH cost report filing will NOT BE CONSIDERED COMPLETE until:

- **The cost report is completed and has a "submitted" status. To do this you must click on the "Submit ADH Report" icon on the left navigation pane.**
- **FY16 financial statements have been received. If financial statements are unaudited, you must include an "ADH Accountant Certification" form.**
- **For FY16, all providers must submit a "Provider Contact" form to verify/update information appearing in the "Agency Information" schedule. This form is due on February 28, 2017.**
- **For more details on materials that must be filed please see the "WHAT TO FILE" section at the beginning of this document.**

Appendix A: Allocation Examples

The following is an overview of the allocation methods to be used in the Adult Day Health Cost Report.

The Adult Day Health Cost Report is formatted so that all of the costs of the entire agency

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(including donations) are reported in Schedule E, "Statement of Expenses", under Column 1 - G. L. Parent Agency, in Lines 1–25. Each of these line items must be allocated, as applicable, to the cost centers of Agency Administrative Expense, Total Adult Day Expense, and/or Total Other Programs Expense [Columns 3, 4, and 5, respectively]. The bases for allocating the costs are:

- D - Direct Expense
- H - Hours of Service
- S - Square Footage Occupied
- O - Operating Expense
- C - Compensation (Staff) Expense

Determination of an allocation method depends upon the type of expense and to which cost center that expense is applied. Specific examples are provided below.

Case I - Direct Expense Allocation

Whenever a portion of a general ledger expense can be identified and documented as applying only to the adult day health program, it should be charged directly ("D" basis) to the Adult Day Expense column. The allocation of the balance of that expense depends on which of the following cases apply.

- A. If the balance of the expense can be identified as applying to Agency Administrative and/or Other Programs, it should be charged to them directly. Medical supplies and travel represent costs that might be allocated in this way. The "D" in the drop-down for column 2 on Schedule E would indicate this allocation example.

- B. If the balance cannot be charged directly, follow the direction below.
 - 1) Space occupancy cost. The Square Footage basis, "S", should be used if the cost represents space occupancy (building, utilities, etc.) or maintenance/housekeeping staff cost. These percentages are calculated in Schedule F, Part 1. Since this allocation is only between Agency Administrative and Other Programs, use the "Allocation between Two Cost Centers" percentages in Schedule F, Part 1.

 - 2) Other than space occupancy cost. The Compensation Expense basis, "C", should be used (e.g., telephone expense). These percentages are derived in Schedule F, Part 2.

In both of these cases, multiply the percentages by the difference between the General Ledger amount and the Adult Day Health amount, and enter the resulting allocation to Columns 3 and 5 in Schedule E.

Case II - Other than Direct Expense Allocations

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If the adult day health program expense has not been charged directly, the allocations should be as follows:

Basis	Source	Costs
H – Hours of Service	Schedule F, Part 2, Time study or best estimate	All staff except maintenance and housekeeping (see Schedule D)
S – Square Footage Occupied	Schedule F, Part 1	Space occupancy costs, including donated space, maintenance, and housekeeping staff expense
O – Operating Expense	Schedule F, Part 3	All other costs

These allocation methods are identified for each line item in the drop-down for Schedule E, Column 2, but the direct expense basis takes precedence when applicable.

When allocating costs based on Operating Expense, the costs should be entered under Agency Administration, Column 3 in Schedule E, only. Do not further allocate to Columns 4 and 5, as this will be done automatically at line 27.