

CENTER FOR HEALTH INFORMATION AND ANALYSIS

PRICING GROUP

501 BOYLSTON STREET

BOSTON, MA 02116

INSTRUCTIONS FOR PREPARING AND FILING

NURSING FACILITY COST REPORTS

2019 HCF-1

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INTRODUCTION

The Center for Health Information and Analysis (the Center) uses Forms HCF-1, REA-CR (formerly HCF-2-NH) and MGT-CR (formerly HCF-3) as the basis for computing per diem rates of payment for nursing facilities that care for publicly-aided patients. In addition, the Center uses this data for informational purposes to support public policy initiatives. It is extremely important that these reports are prepared by persons who are familiar with regulation 101 CMR 206.00: Standard Payments to Nursing Facilities. Copies of this regulation may be obtained on the Executive Office of Health and Human Services' (EOHHS) website at <https://www.mass.gov/lists/provider-payment-rates-hospitals-nursing-facilities-and-rest-homes>. The HCF-1 will be filed electronically via INET for the calendar year 2019. The MGT-CR is filed electronically via CHIA Submissions. **A new Realty Company Cost Report (REA-CR) will be deployed via CHIA submissions Spring 2020.**

General Instructions for Filing the HCF-1:

Where to File:

The HCF-1 is filed via CHIA-INET, located on the Center's website at <https://inet.chia.state.ma.us/inetn/>. To register for CHIA- INET, the provider must complete and sign a Non-Confidential Data Security Agreement on behalf of the entity, and each individual who will be filing data for the organization must complete a Nursing Facility User Agreement. The forms are located at <http://www.chiamass.gov/information-for-data-submitters/#inetinfo>.

The MGT-CR and the REA-CR (when available) are filed via CHIA Submissions, located on the Center's website at <https://chiasubmissions.chia.state.ma.us/>. Please refer to the MGT-CR and REA-CR instructions for filing instructions located at <http://www.chiamass.gov/nursing-facility-cost-reports-2/>.

Who Must File:

All Nursing Facilities that provide care to publicly aided patients must file form HCF-1. If a provider *closed* on or before November 30, the provider is not required to file. If a provider *changed ownership* on or before November 30, the seller is not required to file.

What Forms to File:

Nursing Facility Cost Report (HCF-1) - Each provider must complete an HCF-1 each calendar year and file with the Center. The HCF-1 is filed electronically. A paper copy of the HCF-1 cost report and instructions are available on our website at <http://www.chiamass.gov/nursing-facility-cost-report-forms-and-instructions/>.

Providers that intend to file a 2019 REA-CR need to complete the realty company claimed expenses on Schedules 4 and 5. This data must agree to the REA-CR when it becomes available. Schedules 21 – 23 of the HCF-1 are not required.

Realty Company Cost Report (REA-CR) - A provider that does not own the real property of the nursing facility and pays rent to an affiliated or non-affiliated realty trust or other business entity must file or cause to be filed an REA-CR with the Center. **The Realty Company Cost Report has been re-platformed and will be deployed Spring 2020.**

Management Company Cost Report (MGT-CR) - A provider must file a separate Management Company Cost Report with the Center for each entity for which it reports management or central office expenses related to the care of Massachusetts publicly aided residents.

Pediatric and Special Contract Supplemental Form (PSCSF) – A provider that received a Pediatric or Special Contract rate during the reporting year is required to file an HCF-1 Pediatric and Special Contract Supplemental Form (PSCSF). The PSCSF must be emailed as an attachment to CHIA.Data@state.ma.us.

When to File:

The HCF-1 is a calendar year cost report. All nursing facilities will receive an E-blast notification of the cost report deployment, which will include filing deadlines for the nursing facility cost report. Additionally, filing deadlines will be posted on CHIA's webpage located at [Information for Data Submitters: Nursing Facility Cost Reports](#). Reports not received within the filing deadline will be subject to sanctions according to 101 CMR 206.08 or 101 CMR 204.07. No additional extensions will be granted beyond this date.

Additional Information:

For assistance in completing these forms, contact the Help Desk at (617) 701-8297 or email CHIAcostreports.LTCF@State.MA.US.

What’s New for the 2019 Nursing Facility Cost Reports:

Providers that are required to file a Realty Company Cost Report (formerly HCF-2) will be required to file electronically this year using CHIA Submissions. This cost report is being rebranded as the REA-CR and will be available Spring 2020.

NOTE: Providers that are required to file a Realty Company Cost Report (known as the REA-CR) because they do not own the real property of the facility and pay rent to an affiliated realty company will not be required to complete Schedules 21-23 of the HCF-1.

Also, during the name change from HCF-2-NH, to the new name, REA-CR, cost report filers of the HCF-1 may encounter schedules and instructions referring to HCF-2-NH. In these instances, filers should consider this to be referring to the “REA-CR”.

A Few Reminders about the Nursing Facility Cost Reports:

- Providers are required to submit completed cost reports through CHIA’s online portals as follows:

Cost Report	Submission Tool	Link
HCF-1	CHIA INET	https://inet.chia.state.ma.us/inetn/
MGT-CR	CHIA Submissions	https://chiasubmissions.chia.state.ma.us/
REA-CR (new)	CHIA Submissions	https://chiasubmissions.chia.state.ma.us/

- When using CHIA Submissions, please note that this submission tool works best in [Google Chrome](#)®.
- Providers will use their existing credentials to log into either CHIA INET or CHIA Submissions.

Financial Statements. According to 101 CMR 206.08(1)(d) and 957 CMR 7.03(1)(d), nursing facilities and their parent organizations that are required or elect to obtain independently compiled, reviewed, or audited financial statements must file a completed copy of these financial statements with CHIA at CHIA.Data@massmail.state.ma.us. Please do not upload the financial statements through CHIA INET or CHIA Submissions. Note: Nothing in these regulations necessitates nursing facilities to obtain independently compiled, reviewed, or audited financial statements.

Providers that fail to file required cost report data with CHIA will be subject to penalties in accordance with CHIA regulation 957 CMR 7.07, and EOHHS regulation 101 CMR 206.08(7).

GENERAL INFORMATION

All cost reports must be completed using the *accrual basis* of accounting. These reports are essentially balance sheets and income statements that must accurately reflect the complete financial condition of the facility, realty trust, management company, or other reporting entity. It is essential that each report reflect the entire financial statement of the reporting entity (partial reporting is not acceptable). There is a minor exception to this requirement. Certain timing differences between the books of the provider and the claim for payment requirements may occur which could result in modest variances between the report and the provider's books. When this occurs, Schedule 12, Reconciliation of Reported Income and Financials, should identify the variances and explanations should be provided.

In addition to being a complete financial statement, these forms also constitute a claim for payment. On Form HCF-1, the conversion from a financial statement to a claim for payment begins with entering the total expenses, and subtracting the non-allowable expenses. The report also provides a vehicle to claim allowable fixed costs and costs that were generated through the entities that report on Forms REA-CR (realty company report) and/or MGT-CR (management and/or central office report).

Only **WHOLE DOLLARS** should be entered and rounding to the nearest dollar should be done carefully to ensure that all totals balance precisely. **MATHEMATICAL ERRORS will cause problems with balancing this report and may delay the ability to submit your report timely.**

Footnotes that reveal special information are not only permissible but are required whenever the cost report says "Explain." Please put all comments, explanations and addenda on Schedule 20, Footnotes and Explanations.

REALTY COMPANY REPORT:

The Center is currently developing an electronic submission tool for providers that need to file an REA-CR. This submission tool is scheduled to be available for filing 2019 cost report data in Spring 2020.

If the operating company incurs rent expense or if a value is reported on the HCF-1 in Real Property Rent Expense, account (4535.8), a Realty Company cost report, REA-CR must also be filed. Real property rent expense will be disallowed but the allowable fixed cost expenses of the realty company will be added to the HCF-1 as allowable expenses. The REA-CR is required whether or not the realty company is owned by a related party.

Additionally, whenever a nursing facility pays rent or its realty company allocates its expenses or allowances to it, it must also report the financial activities and financial condition of the entire realty company entity. The new REA-CR allows for this reporting in the same realty company cost report that a nursing facility must file.

For example, if a realty trust owns a nursing facility in Athol, parking garage in Orange and apartments in Greenfield, the nursing facility must file the REA-CR. This REA-CR is used to report the financial condition and realty activities of the following entities:

- The REA-CR is used to report the financial condition and realty activities related to the nursing facility;

- Schedule 7, Section 1 of the REA-CR also includes a downloadable REA-CR template. In this example the template would be downloaded to report the following:
 - the financial condition and realty activities related to other non-nursing facility entities (the Greenfield apartments and the parking garage in Orange; and
 - the financial condition and realty activities related to the entire realty company entity, which includes the nursing facility, the apartments, and the parking garage.

If the realty company of a nursing facility incurred other expenses (account # 9502.3) or utility and plant operation expenses (account # 9502.4) that relate directly to the nursing facility, these values should be entered on Schedule 24 so that these allowable nursing facility costs can be included in Schedule 3 and Schedule 4 add-backs.

MANAGEMENT and /or CENTRAL OFFICE REPORT:

A management fee is the cost related to a second party overseeing the ongoing operation of all or part of the facility. Whenever management fees are incurred, a Management and/or Central Office Report, Form MGT-CR, must be filed. The actual management fees should be reported in account 4160.3. In the event that more than one Management Company or central office provides services to the facility, additional MGT-CRs must be filed. The management fee will be disallowed but the allowable costs of the management company/central office as allocated over the managed entities are allowed and will be added to the claimed expenses through the MGT-CR add-back accounts (9971.0, 9972.0, 9960.3, 9961.3, 9962.3, 9967.0, 9969.0 and 9968.0).

Form MGT-CR should reflect all of the costs of the management company/central office and should not be reported as net costs after adjustments. If expenses of the management company/central office have been reported directly on the HCF-1, this should be disclosed in the Footnotes and Explanations section on both the HCF-1 and the MGT-CR.

Management Consulting (4160.6) is the cost of a specific identifiable project or task done by an outside vendor and should be reported in account # 4160.6 Management Consultants. A separate MGT-CR is not required for these types of management consulting service fees.

NON-NURSING FACILITY ACTIVITY AND TRANSACTIONS:

Those facilities that provide Adult Day Care must file the Adult Day Health report with the Center via CHIA-INET. The amount reported on the HCF-1, account 8040.0 must match the total amount reported on the Adult Day Health Report. Schedule 5, Depreciation Expenses, on the HCF-1 should **not** include any fixed costs associated with the Adult Day portion of the facility. All activity and transactions related to Adult Day Care, Hospital Expenses - Non-Nursing Facilities, Outpatient Services, Assisted Living or Other Non-Nursing Facilities should be identified and reported on Schedule 6, in accounts 8040.0, 8045.0, 8046.0, 8060.0, and 8065.0 respectively. These accounts have been established to collect all of the relevant non-nursing facility costs, including fixed costs. Any asset addition, unless specifically identified and recorded as contributing only to one cost center, will be treated as shared by all activities.

Specific identifications of assets or other costs must be explained and documented.

DETERMINATION OF NEED:

If the facility received a letter of final approval of a Determination of Need, please send a copy of the letter outlining the approved maximum capital expenditures to the Pricing Group, Center for Health Information and Analysis, 501 Boylston Street, Boston, MA 02116, or email to CHIA.Data@state.ma.us with the name of the nursing facility and document type.

A detailed analysis reconciling the Determination of Need letter to the claim on Schedule 5, Claimed Fixed Costs, is required. This analysis should be provided in the Footnotes and Explanations section.

COST SPLITTING:

Any cost that is split across two or more accounts on the cost report(s) must be supported by adequate documentation. Each account affected by such cost splitting must be identified and the cost splitting fully explained in the Footnotes and Explanation section of the cost report.

SPECIFIC HCF-1 COST REPORT INSTRUCTIONS:

Access CHIA-INET Login Page:

Facilities will file the HCF-1 via a web-based application, CHIA INET. To begin the login process, complete the following steps:

1. Use <https://inet.chia.state.ma.us/inetn/Login.aspx> to login. Enter your User ID and Password. Click on “Continue” button.
2. Click on “Nursing Facility Cost Report (HCF-1)”, which will bring you to the home page.

Access Nursing Facility Selection Page:

3. Click on left side menu item “Filing” to expand it.
4. Click on “New HCF-1” to bring up Filing year and Nursing Facility Selection page.
5. Select the filing year.
6. To select the facility, click the cursor on the drop down list and type the first letter of the facility name and then scroll down to the facility name.
7. Click on “Create HCF-1”. The ID Page for the facility should appear.
8. Click on “Filing”, to bring up the list of the cost report schedules.

ID Page - Verify Facility Information:

All cells throughout this report that contain a formula or are pre-populated with data from another source will be grayed out and have a small ^x in the right hand corner of the cell.

All the text fields pertaining to the facility information are grayed out to signify that the information is automatically populated from information the Center has on file. The user is only allowed to indicate if the information is correct by clicking on the Yes/No radio buttons. If you answer “No” in the first section, you must call the Center’s Help Desk at (617) 701-8297 or email CHIAcostreports.LTCF@state.ma.us to correct this information. You will not be allowed to submit the report until this information is accurate.

Contact Person for this report:

Enter the name of a person who is knowledgeable with this HCF-1 cost report filing and will be able to answer questions about this report if contacted by Center staff. A check box has been added to pre-populate this section with the logged in user’s information. If another user wishes to change this information, all the original information must first be deleted before another user’s information can be inserted.

Note: Phone numbers are entered using the format – xxx-xxx-xxxx.

Before exiting all schedules, click on the floating toolbar item “Save”.

SCHEDULES:

1. General Information

This schedule asks a number of questions that confirm and update basic Center data, indicate changes of ownership, and disclose specific conditions or situations to help the Center staff to better understand the provider's operation and set rates.

Please note that the answers to several of the questions on this schedule may require a follow-up action, specific entries elsewhere on the report, or explanations on the Footnotes and Explanations page (Schedule 20).

The name(s) of the affiliated management and realty companies are pre-populated based upon the most current information on file with the Center. If no management company or realty company has been identified, the program will default to "none" in the pre-populated field. If the information in these fields is not correct, please call the Help Desk at (617) 701-8297 or email CHIAcostreports.LTCF@state.ma.us.

Preparer Information: If someone other than the Owner, Partner or Officer prepared this report, enter the preparer information and type of review. A check box has been added to pre-populate this section with the user's login information. If another user wishes to change this information, all the original information must first be deleted before another user's login information can be inserted. The preparer will be required to certify the type of review performed in the Attestation section of this report. To register for CHIA-INET, the provider must complete and sign a Non-Confidential Data Security Agreement on behalf of the entity, and each preparer must complete a Nursing Facility User Agreement.

Other Business Activity: If a facility has business activity that is not related to the provision of patient care, it must disclose this activity on the HCF-1. This includes activities occurring on the same grounds as the facility or that uses the same physical plant. To make the disclosure, the facility must:

- Check off all the appropriate boxes on page two;
- Self-disallow all non-nursing home business expenses reported in HCF-1 expense accounts in the designated fields;
- Document the non-nursing business activities and how the self-disallowed amounts were derived in the footnotes and explanation section of the cost report.

Legal Status: The legal status of the facility is grayed out to signify that the information is automatically populated from information the Center has on file. The user is only allowed to indicate if the information is correct by clicking on the Yes/No radio buttons. If you answer "No", you must call the Help Desk at (617) 701-8297 or email the Center at CHIAcostreports.LTCF@state.ma.us to correct this information. You will not be allowed to submit the report until this information is accurate.

Bed Licensure: All the fields pertaining to the bed information are grayed out to signify that the information is automatically populated from information the Center has on file. The user is only allowed to indicate if the information is correct by clicking on the Yes/No radio buttons. If you answer "No", you must call the Center's Help Desk at

(617) 701-8297 or email the Center at CHIAcostreports.LTCF@state.ma.us to correct this information. You will not be allowed to submit the report until this information is accurate.

Medicare Beds: Enter the number of licensed Medicare beds at the facility at the end of the reporting period. If you report Medicare patient days on Schedule 14, this value must be greater than zero.

Cost Report Questions: The Footnotes and Explanations should be used to expand your answers to some of these questions if space is not provided in the questions section. Some questions require that you send additional information to the Center. Please email to CHIA.Data@state.ma.us.

Disclosure Information

Question 1 – Name of Owner(s) - The names of all Direct and Indirect Owners, as defined below, will automatically be pre-populated for this question. The only column that must be entered is the Percentage of Ownership column. Due to program edit checks, you will not be allowed to submit the schedule until all the percentages of ownership have been entered beside the owners listed. If the owner information needs to be changed, contact the Center’s Help Desk at (617) 701-8297 or email the Center at CHIAcostreports.LTCF@state.ma.us.

A direct owner is the legal entity or individual that is the nursing facility’s owner of record. Enter the name of the corporation, trust, partnership, government agency, sole proprietor or other legal entity that is the legal owner of record.

An indirect owner is any individual or entity that holds a 5% or greater financial interest in the nursing facility direct owner. Enter the name of each stockholder, trust beneficiary, partner or any other individual or entity with such an interest.

Question 2 – A pre-populated list of other Massachusetts’ facilities that the owner(s) in question 1 own directly or indirectly will be displayed. You will be asked to confirm if this information is correct. If any of the pre-populated information is incorrect, please call the Help Desk at (617) 701-8297 or email the Center at CHIAcostreports.LTCF@state.ma.us for directions to correct the information on file. Otherwise, you will not be able to submit your cost report.

Question 3 - This question must be answered. If this question is not applicable to your facility or you are filing an MGT-CR report which lists the related facilities, click the “Not Applicable” button. If you are not filing an MGT-CR, list the names of the related Non-Massachusetts nursing and rest homes. To add a home, click the button “Add Non-Massachusetts nursing homes” and type the name of the facility. The state and owner must be selected from the drop down.

Question 5 – The list of owners will be a drop down list based on the owners listed in question 1. If the owner is not in the drop down, enter “Not on List” and disclose the name of the owner on Schedule 20. Please be aware that if multiple HCF-1 account numbers are being entered for the same related party good or service, the HCF-1

account numbers must be separated by a comma only. Otherwise, an error may be generated and any unsaved data may be lost.

Question 7 – The names of all Direct and Indirect Owners will automatically be pre-populated for this question. The only column that must be entered is the Percentage of Ownership column. Due to program edit checks, you will not be allowed to submit the Schedule until all the percentages of ownership have been entered beside the owners listed. If the owner information needs to be changed, contact the Center’s Help Desk at (617) 701-8297 or email the Center at CHIAcostreports.LTCF@state.ma.us.

Question 8 – For each direct or indirect owner listed in question 7, select “yes” or “no” for whether the owners own an interest of 5% or more of any Non-Massachusetts nursing home or rest home.

Question 9 – If the facility is rented and the new REA-CR will be filed, you must enter the reporting period of the REA-CR. These dates must agree with the REA-CR submitted to the Center. **The new automated realty company cost report (REA-CR) will be deployed Spring 2020.**

Question 10 – If the facility is rented and the realty company has changed ownership during the reporting period, select “yes”, next enter the date of the change of ownership of the realty company, and then contact the Help Desk at (617) 701-8297 or email CHIAcostreports.LTCF@state.ma.us for further instructions regarding how to complete the filing requirements for the REA-CR related expenses.

Questions 4 –10: You must answer all these questions. If the question is not applicable to your facility, click the “Not Applicable” button.

EXPENSE SCHEDULES

Expenses are grouped by expense cost categories such as Nursing Expenses (Schedule 2), A & G Expenses (Schedule 3), Variable Expenses (Schedule 4), Fixed Costs (Schedule 5) and Non-Nursing Home Expenses (Schedule 6). A summary and reconciliation of these expenses is on Schedule 7.

- Column 1, Reported Expenses, should be used to report your actual expenses according to your financial statements.
- Column 2, Non-allowable Expenses and Add-backs, should be used to self disallow expenses that are not allowable under 101 CMR 206.00 and to add-back allowable realty and management company expenses reported on the REA-CR and MGT-CR, respectively. This column is a negative column.
- Column 3, Total Allowable Expenses, equals column 1, Reported Expenses, minus column 2, Non-allowable Expenses and Add-backs. Providers do not need to enter a negative sign to disallow expenses. Add-backs are considered negative disallowances; therefore increasing Allowable Expenses. Add-back accounts should be reported in column 2 and are bracketed to prevent entering a negative sign.

Certain nursing facility expenses are not allowable per regulation 101 CMR 206.00 and will automatically be disallowed by the system. The descriptions of these expenses have an asterisk at the end of the description.

NOTE: For financial items below, unless otherwise indicated, the format should be entered without commas, decimal places or other non-numeric indicators (e.g., dollar sign). Please report data in WHOLE DOLLARS.

Schedule 2. Nursing Expenses

You will not be allowed to enter data in accounts 6025.2, 6035.2, 6042.2, 6052.2, 3192.0 and 3195.0. The amounts for Purchased Service Nursing, accounts 6025.2, 6035.2, 6042.2 & 6052.2, are automatically populated from Schedule 15. The amounts in Recoverable Nursing Income (3192.0) and Director of Nurses Income (3195.0) are automatically populated from Schedule 8.

Per Diem Staff: Per diem staff includes an individual who provides his/her own services on a temporary basis to the nursing facility. Such an individual is generally self-employed and is not employed by a temporary nursing agency (“nursing pool”) or other staffing organization. The facility contracts directly with the individual for the services provided. Account # 6025.1, 6035.1, 6042.1 and 6052.1 should be used to report these expenses.

9962.3 MGT-CR DON Addback

This account is entered manually in the HCF-1 from the MGT-CR. This is a bracketed account. The provider should enter the amount as a positive number.

4306.5 Nurses’ Aide Training Administrative Cost

The cost associated with training nurse aides, in accordance with the requirements set forth by the Department of Public Health, includes the instructor, books, and space rental, if necessary. These costs are reimbursed by MassHealth. The wages paid to the aide during the training program should be reported under nurse aide salaries.

4306.6 Nursing Other Required Education

This account should contain the cost of required continuing education and training for nursing staff.

4306.7 Nursing Job Related Education

This account should contain the cost of other continuing education and training for nursing staff that is not required however is job related and a generally available employee benefit.

Total Nursing Expenses (4610.0) will be posted to Schedule 7.

Schedule 3. Administrative and General Expenses

You will not be allowed to enter data in account 3191.0. The amount in Recoverable A&G Income (3191.0) is automatically populated from Schedule 8.

Acct

4110.1 Administration Salaries

This account should only reflect the administration salaries paid or accrued by the reporting entity. It should not include the balance of so called 'Draw' accounts.

9972.0 MGT-CR Administrator Add-back

This account should reflect the expenses associated with an Administrator that is employed by a management company or central office but works at the facility. This account is entered manually from the MGT-CR. This is a bracketed account. The provider should enter the amount as a positive number.

9971.0 MGT-CR Administrator-in-Training Add-back

This account should reflect the expenses associated with an Administrator-in-Training that is employed by a management company or central office but works at the facility. This account is entered manually from the MGT-CR. This is a bracketed account. The provider should enter the amount as a positive number.

4125.1 Officer Salaries

Officer salaries are presumed to be for non-active officers. If the officer performs an active role in the facility's operation, the salary and related benefits and taxes should be posted to the account representing the type of work done. For example, if the officer works in the nursing department, the salary and related expenses should be reported in nursing salaries and nursing benefit, taxes and workers compensation accounts.

4160.6 Management Consultants

Management Consultant expense is the cost of outside expertise assisting or advising the facility's staff with an identifiable project or task. Examples of consulting expense include public relations development, recruiting through personnel agencies, reorganization of medical records by outside vendors, and management minutes questionnaire consulting (excluding the actual cost to complete the MMQ).

4299.7 Direct Care Add-on Recruitment

These costs must be directly related to the improvement in recruitment and retention, as measured by improved staff turnover or lower staff vacancy rates. The expenses may include specific programs used (net of savings initiatives) including bonuses, training and increased recruitment efforts.

9502.3 Realty Company or Other Expense Add-Back

This account has replaced account 9502.2. This account must still be completed if the facility is claiming any miscellaneous expenses incurred by the realty company. This account is automatically populated from Schedule 24 of this report. This account must agree to the nursing facility's REA-CR.

9960.3 MGT-CR Allocated A & G

This account is entered manually from the MGT-CR. This is a bracketed account. The provider should enter the amount as a positive number.

9961.3 MGT-CR Allocated Fixed Cost

This account is entered manually from the MGT-CR. This is a bracketed account. The provider should enter the amount as a positive number.

Total A & G Expenses (4710.0) will be posted to Schedule 7.

Schedule 4. Variable Expenses

You will not be allowed to enter data in accounts 3150.0 and 3193.0. The amount for Vending Machine Income (3150.0) and Variable Recoverable Income (3193.0) are automatically populated from Schedule 8, Income Schedule.

Acct #

4275.5 Motor Vehicle Expense

All costs associated with the operation of a motor vehicle including insurance, excise tax, depreciation, and interest on a motor vehicle should be reported in this account.

9502.4 REA-CR Utilities/Plant Operations Add-back

This account must still be completed if the facility is claiming any Utilities or Plant Operation expenses for the nursing facility that were reported on the REA-CR. This account is automatically populated from Schedule 24 of this report.

6504.1 Quality Assurance Professional

This account should be used to report the salaries of quality assurance professionals who may or may not be licensed nurses. Quality assurance professionals are those who are primarily engaged in oversight functions which provide nursing facility management with assurances of compliance with company policy and governmental requirements.

6506.1 Management Minute Questionnaire (MMQ) Evaluation Nurse

This account should only include the cost to actually complete and/or review the management minutes questionnaire. If the person performing this function spends time in another job classification (i.e. RN Supervisor, DON, Quality Assurance, MDS coordinator or Staff Development Coordinator), the salary and the benefits, if any, should be split and reported under the different job classifications (i.e. If a portion of the salary is reported in nursing, then a portion of the benefits must be reported in nursing benefits.)

6508.1 MDS Coordinator

This account should only include the cost to complete and/or review the MDS (Minimum Data Set) assessment forms. If the person performing this function spends time in another job classification (i.e. RN Supervisor, DON, Quality Assurance, MMQ Evaluation Nurse or Staff Development Coordinator), the salary and the benefits, if any, should be split and reported under the different job classifications (i.e. If a portion of the salary is reported in nursing, then a portion of the benefits must be reported in nursing benefits.)

6550.0 Interpreters

This account should be used to report the salaries of staff that translate dialogue between patients and caregivers.

7011.1 Indirect Salaries

This account includes the salaries of physical therapists, occupational therapists, and speech, hearing and language therapists that provide the following: orientation programs for aides and assistants; in-service training to staff; consultation and planning for continuing care after discharge; pre-admission meetings with families; quality improvement activities such as record reviews, analysis of information and writing reports; personnel activities including hiring, firing, and interviewing; rehabilitation staff scheduling; and attending team meetings including quality improvement, falls, skin team, daily admissions, interdisciplinary, departmental staff, discharge planning, and family meetings when resident is not present.

7012.1 Direct Salaries

This account includes the salaries of physical therapists, occupational therapists, and speech, hearing and language therapists that provide services directly to individual residents to reduce physical or mental disability and to restore the resident to maximum functional level. Direct Restorative Therapy Services are provided only upon written order of a physician, physician assistant or nurse practitioner who has indicated anticipated goals and frequency of treatment to the individual resident. Direct Restorative Therapy Services include supervisory, administrative and consulting time associated with provision of the services. These include, but are not limited to, reviewing pre-admission referrals, informally communicating with families, scheduling treatments, completing resident care documentation including MDS documentation, screening of patients, writing orders, meeting with aides to discuss patients, consulting with physicians and nurse practitioners, managing equipment and assessing equipment needs of patients.

7012.2 Direct Benefits

This account includes all associated salary costs such as employer payroll taxes, worker's compensation, health and life insurance, other benefits and pension associated with the Direct Salaries.

9967.0 MGT-CR Dietician Add-back

This account is entered manually from the MGT-CR. This is a bracketed account. The provider should enter the amount as a positive number.

9968.0 MGT-CR Indirect Restorative Add-back

This account is entered manually from the MGT-CR. This is a bracketed account. The provider should enter the amount as a positive number. This account should not include direct therapy costs from the MGT-CR.

9969.0 MGT-CR QA Professional Add-back

This account is entered manually from the MGT-CR. This is a bracketed account. The provider should enter the amount as a positive number.

Total Variable Expenses (4810.0) will be posted to Schedule 7.

Schedule 5. Claimed Fixed Costs

HCF-1 filers that pay rent to a realty company must complete the column labeled “Claimed HCF-2-NH Fixed Costs (if Applicable)” on Schedule 5 to claim all allowable realty company fixed cost expenses on Schedule 7. These fixed cost expenses must match those reported on the new REA-CR.

This schedule requires you to enter your actual fixed cost expenses and disallow the difference between your actual and claimed costs. Fully depreciated fixed assets should be reported in the column titled “Claimed Deletions”. The column titled “Reported Depreciation or Expense (from financials)” requires you to enter your actual fixed costs from your financials. The Non-Allowable Expenses and Add-back column should be used to disallow the non-allowable portion of your fixed cost expenses. Claimed HCF-1 Fixed Costs, is the difference between the Reported Depreciation or Expense (from financials) and Non-Allowable Expenses and Add-backs columns.

The last column is the Claimed REA-CR Fixed Costs. This is where you must report your fixed costs and fixed cost expenses reported by the nursing facility’s realty company on Schedules 2 and 3 of the new REA-CR. **Rent – Real Property (4535.8) will be automatically disallowed.**

You will not be allowed to enter data in accounts 4520.8 and 3196.0. The amount in account 4520.8, Long-Term Interest, is automatically populated from Schedule 19. The amount in account 3196.0, Recoverable Fixed Income is automatically populated from Schedule 8, Income Schedule.

If you report an amount in Account 4538.8 Other, you must provide a detailed description in footnotes and explanations on Schedule 20.

The allowable basis is seldom the same as actual cost; carefully review the provisions of 101 CMR 206.00. The starting point of this schedule should be your ending allowable basis from the previous year. Be sure to reflect the additions and deletions previously reported. The building depreciation % should be adjusted to the rate reflected on previous rates and may be greater than 2.5%.

The Total HCF-1 and REA-CR fixed cost expenses from accounts (9950.1) and (9950.2) will be posted to Schedule 7 as claimed fixed cost expense add-backs to total allowable nursing facility expenses.

Schedule 6. Non-Nursing Expenses

All the expenses in this schedule are non-allowable. Enter the actual expense from your Financial statements in the Reported Expense column. The system will automatically disallow these expenses.

Acct

8012.0 User Fee Assessment

This account should be used to report the nursing facility User Fee Assessment (114.5 CMR 12.00.)

8040.0 Adult Day Care Expenses

This account includes all the costs, including fixed costs and any portion of shared costs which relate to the operation of an Adult Day Care.

8047.0 Chapter 766 Program Expenses

This account includes **all** the costs, including fixed costs and any portion of shared costs which relate to the operation of a Chapter 766 Program. Facilities that received a Pediatric or Special Contract rate during the reporting period will be required to file an HCF-1 Pediatric and Special Contract Supplemental Form (PSCSF).

8048.0 Ventilator Program Expenses

This account should be used to report any direct expenses for ventilator patients not reported in other HCF-1 accounts. **Facilities that received a Ventilator Special Contract rate during the reporting period are required to file an HCF-1 Pediatric and Special Contract Supplemental Form (PSCSF).** Refer to the PSCSF instructions for reporting requirements for special contract patients.

8049.0 Acquired Brain Injury (ABI) Unit Expenses

This account should be used to report any direct expenses for ABI patients not reported in other HCF-1 accounts. **Facilities that received an ABI Special Contract rate during the reporting period will be required to file an HCF-1 Pediatric and Special Contract Supplemental Form (PSCSF).** Refer to the PSCSF instructions for reporting requirements for special contract patients.

8050.0 Other Special Program Expenses

This account should be used to report any specific expenses associated with any special program operated at the facility. This may include special programs for which the facility does not receive a special contract from Massachusetts including MS/ALS programs or costs associated with special contracts with other states.

8060.0 Hospital Expenses - Non-Nursing Facility

This account includes all the costs, including fixed costs and any portion of shared costs which relate to the Hospital.

8046.0 Outpatient Services Expenses

This account includes all the costs, including fixed costs and any portion of shared costs which relate to providing outpatient services.

8045.0 Assisted Living Expenses

This account includes all the costs, including fixed costs and any portion of shared costs which relate to providing assisted living expenses.

8065.0 Other Non-Nursing Facility Expenses

This account should collect all of the costs, including fixed costs and any portion of shared costs which relate to these activities and are not necessary for the care of publicly-aided residents in the nursing facility.

Schedule 7. Summary and Reconciliation of Expenses

All expenses from Schedules 2 – 6 should be posted to this schedule. This schedule should sum the facility's total expenses. Column 1, Reported Expense, should reconcile to your financial statements. Column 2, Non-Allowable Expenses and Add-backs should reflect the adjustments to the financial statements for allowable and non-allowable expenses per regulation 101 CMR 206.00. Column 3, Total Allowable Expenses, should reflect total claimed costs for the facility.

If you are filing electronically, all the reported expenses in Schedules 2-6 will automatically post to Schedule 7.

Schedule 8. Income Schedule

Acct #

3025.3 Adult Day Care Income

This account represents the income earned from Adult Day Care Services, of which the total cost should be reported in account 8040.0 (Schedule 6).

3025.5 Outpatient Services Income

This account represents the income earned from Outpatient Services, of which the total cost should be reported in account 8046.0 (Schedule 6).

3025.4 Assisted Living Income

This account represents the income earned from Assisted Living activities, of which the total cost should be reported in account 8045.0 (Schedule 6).

3026.2 Other Non-Nursing Facility Income

This account represents the income earned from all other Non-Nursing Facility activities which have not been specifically identified in the report. The total cost of these activities should be reported in account 8065.0 (Schedule 6).

3026.3 Resident Care

Facilities should report revenue received for patients receiving Resident care services, that is, patients residing in Level IV beds.

3185.0 Nurses' Aide Training Income

This account represents the amount received directly from the Department of Public Health for the administrative component of the Nurses' Aide Training Program.

If the provider reports Ancillary Income, it must report the expenses relating to that income in the section provided at the end of the Income schedule.

If the provider reports Endowment and Other Non-Recoverable Income (3120.0), it must provide a detail of the items reported in the section provided at the end of the Income schedule.

If the provider reports Recoverable Income (3191.0, 3192.0, 3193.0, 3195.0 and 3196.0), it must provide a detail of the items reported in the section provided at the end of the Income schedule.

Schedule 9. Balance Sheet

Bracketed accounts such as Reserve for Bad Debts, Accumulated Depreciation, and Accumulated Amortization of Mortgage Acquisition Costs are already programmed as negative accounts. Filers do not need to use a negative sign when entering amounts in these cells.

Assets / Current Assets / Cash

Acct #

1025.0 Cash and Cash Equivalents

This account should be used to report all cash equivalents that are short term, highly liquid investments (including note receivables) with a maturity of 3 months or less, excluding amounts whose use is limited by Board designation or other arrangements under trust agreements or with third party payers.

1040.0 Short-term investments

This account should be used to report all investments in equity or fixed-income securities with a maturity of 3 to 12 months.

1045.0 Current Portion of Assets Whose Use is Limited

This account should be used to report the current portion of assets, whose use is limited, either identified as board- designated, trustee-held, and other designations.

1050.0 Other Cash

This account should be used to report all other cash assets not included above.

1010.0 Total Cash

This account is a calculation (Total of accounts 1025.0 through 1050.0)

Accounts Receivable

1063.0 Self-Pay Patients (Private)

This account should be used to report all Accounts receivable due from a patient or his or her family

1066.0 Managed Care Patients (Private)

This account should be used to report all accounts receivable due from HMOs and PPOs that are not Medicare + Choice Plans

1069.0 Non-Managed Care Patients (Private)

This account should be used to report all accounts receivable as described above for non-managed care patients.

1073.0 Medicare Non-Managed Care Patients

This account should be used to report all accounts receivable as described above due for Medicare Part A & B.

1076.0 Medicare Managed Care Patients

This account should be used to report all accounts receivable as described above due for Medicare managed care plans.

1079.0 Mass. Medicaid Non-Managed Care Patients

This account should be used to report all accounts receivable as described above due for Mass Medicaid non-managed care plans.

1081.0 Mass. Medicaid Managed Care Patients

This account should be used to report all accounts receivable as described above due for Mass Medicaid managed care plans.

1083.0 MA Senior Care Organization Patients

This account should be used to report all accounts receivable as described above for all organizations participating in the Senior Care Options program sponsored by the MA Medical Assistance.

1086.0 PACE Patients

This account should be used to report all accounts receivable as described above for Programs of All-inclusive Care for the Elderly.

1100.4 Non-MA Medicaid Patients

This account should be used to report all accounts receivable as described above for Medicaid programs other than MA.

1101.2 Other Public Patients

This account should be used to report all accounts receivable as described above for Veteran's Administration or other non-Title XIX state or federal payments.

1089.0 Other Patients

This account should be used to report all accounts Receivable as described above for any other product not categorized above.

1140.0 Reserve for Bad Debt

This account should be used to report all allowances for uncollectible receivables.

1060.0 Net Patient Account Receivables

This account is a calculation (Total of Accounts 1063.0 through 1140.0)

Prepaid Expenses

1270.0 Prepaid Interest

This account should be used to report all interest benefits paid for in advance.

1280.0 Prepaid Insurance

This account should be used to report all insurance benefits paid for in advance.

1290.0 Prepaid Taxes

This account should be used to report all tax benefits paid for in advance.

1295.0 Capitalized Pre-opening Costs

This account should be used to report all operating expenses which were incurred prior to the admission of patients in new facilities and which have been capitalized by the provider. Examples of such costs, which are sometimes called start-up costs, would include the salaries and related expenses of an administrator and other staff who were hired prior to the date of licensure and the arrival of the first patient. Because new facilities benefit from other special provisions, the amortization expense related to these capitalized pre-opening costs must be reported in account #4435.0, Pre-Opening Expenses (Schedule 6), because they are automatically disallowed by the Center.

1300.0 Other Prepaid Expenses

This account should be used to record expenditures for future benefits. An example would be prepaid rent. This account should not be used to capitalize improvements or maintenance expenses which, in the provider's opinion, may benefit future periods. Any improvements or maintenance costs that will benefit future periods should be capitalized into the appropriate Improvement Fixed Asset Account and depreciated over its aggregate useful life established by the Center's regulations. Similarly, this account should not be used to record and subsequently claim pre-opening costs which are not allowable, or to record training costs which, while allowable, are to be expensed in the period in which they are incurred.

1260.0 Total Prepaid Expenses

This account is a calculation (Total of Accounts 1270.0 through 1300.0).

1310.0 Other Current Assets

This account should be used to report all other current assets except those cited above.

1005.0 Total Current Assets

This account is a calculation (Total of Accounts 1010.0, 1060.0, 1150.0, 1190.0, 1210.0, 1260.0, and 1310.0).

Non-Current Assets

1511.1 Land-Cost

This account should be used to report the gross value of land.

1510.0 Land- Book Value

This account should be used to report the net amount of land.

1521.1 Building-Cost

This account should be used to report the gross value of the building(s).

- 1522.2 Building-Accumulated Depreciation**
This account should be used to report the cumulative amount of depreciation on the building(s).
- 1520.0 Building-Book Value**
This account should be used to report the net amount of building.
- 1611.1 Building Improvements -Cost**
This account should be used to report the gross value of building improvements.
- 1612.2 Building Improvements-Accumulated Depreciation**
This account should be used to report the cumulative amount of depreciation on building improvements.
- 1610.0 Building Improvements-Book Value**
This account should be used to report the net amount of building improvements.
- 1626.1 Leasehold Improvements-Cost**
This account should be used to report the gross value of leasehold improvements.
- 1627.2 Leasehold Improvements-Accumulated Depreciation**
This account should be used to report the cumulative amount of depreciation on leasehold improvements.
- 1625.0 Leasehold Improvements-Book Value**
This account should be used to report the net amount of leasehold improvements.
- 1631.1 Other Improvements – Cost**
This account should be used to report the gross value of other improvements.
- 1632.2 Other Improvements – Accumulated Depreciation**
This account should be used to report the cumulative amount of depreciation on other improvements.
- 1630.0 Other Improvements – Book Value**
This account should be used to report the net amount of other improvements.
- 1616.1 HCF Capital Improvements – Cost**
This account is used to report the gross value of HCF capitalized Improvements as a result of an audit conducted by the Center.
- 1617.2 HCF Capital Improvements – Accumulated Depreciation**
This account is used to report the cumulative amount of depreciation on HCF capital improvements.
- 1615.0 HCF Capital Improvements – Book Value**
This account is used to report the net amount of HCF Capital Improvements.
- 1651.1 Equipment – Cost**
This account should be used to report the gross value of equipment.
- 1652.2 Equipment – Accumulated Depreciation**
This account should be used to report the cumulative amount of depreciation on equipment.
- 1650.0 Equipment – Book Value**
This account should be used to report the net amount of equipment.
- 1661.1 HCF Capital Equipment – Cost**
This account is used to report the gross value of HCF Capital Equipment as a result of an audit conducted by the Center.
- 1662.2 HCF Capital Equipment – Accumulated Depreciation.**
This account is used to report the cumulative amount of depreciation on HCF capital equipment.
- 1660.0 HCF Capital Equipment – Book Value**
Net amount of HCF Capital Equipment.
- 1701.1 Motor Vehicles - Cost**

- This account should be used to report the gross value of motor vehicles.
- 1702.2** Motor Vehicles – Accumulated Depreciation
This account should be used to report the cumulative amount of depreciation on motor vehicles.
- 1700.0** Motor Vehicles – Book Value
This account should be used to report the net amount of motor vehicles.
- 1710.1** Software - Cost
This account should be used to report the gross value of software.
- 1710.2** Software – Accumulated Depreciation
This account should be used to report the cumulative amount of depreciation on software.
- 1710.0** Software – Book Value
This account should be used to report the net amount of software.
- 1715.1** HCF Capital Software – Cost
This account is used to report the gross value of HCF Capital Software as a result of an audit conducted by the Center.
- 1715.2** HCF Capital Software – Accumulated Depreciation
This account should be used to report the cumulative amount of depreciation on HCF capital software.
- 1715.0** HCF Capital Software – Book Value
This account should be used to report the net amount of HCF Capital Software.
- 1500.0** TOTAL - FIXED ASSETS
This account is a calculation (Total of accounts 1510.0 through 1715.0)

Deferred Charges & Other Assets

- 1975.1** Mortgage Acquisition Costs
This account is used by providers to disclose the balances that relate to the annual amortization reported as additional interest expense on Schedule 19, Summary of Notes Payable.
- 1979.0** Construction in Progress
Construction in progress or work in progress should be reported in this account. Such construction or work in progress should never be reported and claimed as an allowable asset on Schedule 5, Claimed Fixed Costs. Only when the asset has been converted to full use for care of patients should it be entered on Schedule 5.
- 1975.3** Long Term Investments
This account should be used to report the equity investments with maturities over 12 months
- 1975.4** Non-Current Assets Whose Use is Limited
This account should be used to report the noncurrent portion of assets whose use is limited, either identified as board-designated, trustee-held, and other designations.
- 1980.0** Other
This account should be used to report the other non-current assets.
- 1900.0** Total Deferred Charges and Other Assets
This account is a calculation (Total of Accounts 1910.0 through 1980.0)
- 1000.0** TOTAL ASSETS
This account is a calculation (Total of Accounts 1005.0, 1500.0, and 1900.0)

LIABILITIES AND NET WORTH

Current Liabilities

ACCOUNTS PAYABLE

2030.0 Accrued Expenses

This account should be used to report all expenses that have been incurred, but not yet paid.

2040.2 Due Medicaid – Non-MA

This account should be used to report all amounts received from Medicaid for Non-Massachusetts residents which may be in excess of allowable amounts and may therefore be paid back to Non- Massachusetts Medicaid programs or else resolved favorably and recognized as revenue in the future. Also the current portion of deferred revenue.

2040.3 Due Medicaid MA – Nursing Care

This account should be used to report all amounts received from Medicaid, as above, except for monies received from Massachusetts Medicaid for Nursing Care

2040.4 Due Medicaid MA – Resident Care

This account should be used to report all amounts received from Medicaid, as above, except for monies received from Massachusetts Medicaid for Resident Care

2041.0 Due Medicaid – Estimated

This account should be used to report the estimated liabilities to the Commonwealth which have arisen from petitions granted in 2005; such as Nurses' Aide Training Administrative Costs which have been advanced by the Department of Public Health.

2046.0 Due Medicare – Estimated

This account should be used to report all amounts received from Medicare which may be in excess of allowable amounts and may therefore be paid back to Medicare or else resolved favorably and recognized as revenue in the future. Also the current portion of deferred revenue.

2049.0 Due Other Payers – Estimated

This account should be used to report all amounts received from other third party payers which may be in excess of allowable amounts and may therefore be paid back to third parties or else resolved favorably and recognized as revenue in the future. Also the current portion of deferred revenue.

2010.0 Total Accounts Payable

This account is a calculation (Total of accounts 2020.0 through 2049.0)

2055.0 Patient Funds Due (Self-Pay)

This account should be used to report all amounts received which may be required to be paid back to self-pay and current portion of deferred revenue.

2060.0 Patient Funds Due (Third Party Settlement)

This account should be used to report all amounts received from third parties which may be in excess of allowable amounts and may therefore be paid back to third parties or else resolved favorably and recognized as revenue in the future. Also the current portion of deferred revenue.

CURRENT LONG-TERM DEBT

2110.0 Officer, Owner, Related Parties

This account should be used to report the portion of loans to the nursing facility by the Owner, Officer or Related Parties due within a year.

2120.0 Subsidiaries and Affiliates

This account should be used to report the portion of loans to the nursing facility by a subsidiary or affiliate

2130.0 Banks

This account should be used to report line of credit amount due within a year.

2150.0 Other Short-Term Financing

This account should be used to report working capital from any source not individually listed that is due within a year.

2160.0 Payments Due w/in One Year on Long Term Debt

Most providers have long-term debt and accordingly, report values in Mortgages (**2310.0**), and Other Long Term Debt (**2320.0**). Any provider who reports a mortgage or other long term debt must also enter the amount which is due within one year under Current Liabilities, Account 2160.0. If no portion of the long-term debt is due within one year, an explanation should be provided in the Footnotes and Explanations section.

2100.0 Total Current Long-Term Debt

This account is a calculation (Total of accounts 2110.0 through 2160.0)

ACCRUED SALARIES & PAYROLL LIABILITIES

2190.0 Accrued Salaries

This account should be used to report all salaries due, but not yet paid.

2220.0 Other Payroll Liabilities

This account should be used to report other Payroll liabilities due, but not yet paid.

2180.0 Total Accrued Salaries & Payroll Liabilities

This account is a calculation (Total of accounts 2190.0 through 2220.0)

OTHER CURRENT LIABILITIES

2260.0 Accrued State & Federal Taxes

This account should be used to report state & Federal taxes due, but not yet paid.

2270.0 Accrued Interest Payable

This account should be used to report interest due, but not yet paid.

2280.0 Accrued Bonus & Profit Sharing

This account should be used to report bonus and profit sharing amounts due, but not yet paid.

2290.0 Other Current Liabilities

This account should be used to report all other current liabilities.

2250.0 Total Other Current Liabilities

This account is a calculation (Total of accounts 2260.0 through 2290.0)

2005.0 TOTAL CURRENT LIABILITIES

This account is a calculation (Total of Accounts 2010.0, 2055.0, 2060.0, 2100.0, 2180.0, and 2250.0)

Non-Current Liabilities

2330.0 Due to Affiliates/Related Parties

This account should be used to report transferred funds (including loans, advances, transfers and equity contributions received) that are expected to be paid or returned to affiliated entities, beyond the current accounting cycle.

2320.0 Other Long-Term Debt

This account should be used to report all other non-current liabilities.

2300.0 TOTAL NON-CURRENT LIABILITIES

This account is a calculation (Total of accounts 2310.0 through 2320.0)

2015.0 TOTAL LIABILITIES

This account is a calculation (Total of accounts 2005.0 and 2300.0)

NET ASSETS

Net Worth Not-For-Profit

2410.0 Unrestricted

This account should be used to report net assets without donor restrictions.

2420.0 Temporarily Restricted

This account should no longer be used.

2430.0 Permanently Restricted

This account should be used to report net assets with donor restrictions.

2400.0 TOTAL NET ASSETS

This account is a calculation (Total of accounts 2410.0 through 2430.0)

Net Worth Proprietorship or Partnership

2545.0 Contributions

This account is used to record Proprietorship and Partnership Contributions.

This amount will automatically be carried over to
Schedule 13.

2510.0 TOTAL PROPRIETORSHIP OR PARTNERSHIP

This account is a calculation (Total of accounts 2520.0 through 2550.0)

Net Worth Corporate

2610.0 Total Corporation Calculation

(Total of accounts 2620.0 through 2650.0)

2000.0 TOTAL LIABILITIES AND NET WORTH

This account is a calculation (Total of accounts 2015.0 and 2500.0)

Schedule 10. Statement of Operations

This schedule consolidates the information found in the revenue and expense schedules. The amounts reported in the Statement of Operations must be consistent with the financial statements for the entity's reporting period.

Operating Revenue

9605.0 Net Patient Service Revenue

This account should be used to report total inpatient and outpatient income from services provided.

9610.0 Other

This account should be used to report all income such as nurse aide training income and income relating to non-nursing facility activities.

9615.0 Net Assets Released from Restriction

This account should be used to report restricted funds released due to satisfaction of time, program or other restrictions.

9620.0 Total Operating Revenue

This account is a calculation (Total of accounts 9605.0 through 9615.0)

Operating Expenses

9625.0 Salaries and Wages

This account should be used to report all salaries and wages.

9630.0 Employee Benefits

This account should be used to report all benefit expenses such as health insurance, life insurance, workers' compensation.

9635.0 Supplies and Other (including payroll taxes)

This account should be used to report all other operating expenses not identified elsewhere in this section.

9640.0 Interest

This account should be used to report all interest expense.

9645.0 Provision for Bad Debt

This account should be used to report allowances for uncollectible and doubtful accounts.

9650.0 Depreciation and Amortization

This account should be used to report the estimated amount of tangible and intangible assets 'used up' during the current accounting period.

9655.0 Total Operating Expenses

This account is a calculation (Total of accounts 9625.0 through 9650.0)

9660.0 Income from Operations

This account is a calculation (Account 9620.0 less account 9655.0)

Non-Operating Revenue

9690.0 Total Non-Operating Revenue

This account is a calculation (Total of accounts 9665.0 through 9685.0)

9695.0 Excess of Revenue over Expenses (Net Income before Taxes or Extraordinary Items if For Profit)

This account is a calculation (Total of accounts 9660.0 and 9690.0) and should agree with Schedule 10, HCF-1 Income (Loss) before reconciling items.

(If Non-Profit, Continue Here)

Other Changes in Unrestricted Net Assets

9700.0 Net Change in Unrealized Appreciation on Investments

This account should be used to report the net change in unrealized gains or losses on investment other than trading between current year and prior year.

9705.0 Net Assets Released from Restrictions for Property, Plant & Equipment

This account should be used to report net assets released for purchase of property plant or equipment.

9710.0 Change in Beneficial Interest in Net Assets

This account should be used to report foundation or subsidiary controlled by or for benefit of nursing facility, difference in value between current and prior year is entered here.

9715.0 Cumulative Effect of Change in Accounting Principle

This account should be used to report any other gains (losses) such as amount resulting from changes in accounting practices.

9720.0 Other Changes in Unrestricted Net Assets

This account should be used to report any other change in net assets without donor restrictions and not categorized above such as transfers.

9725.0 Total Other Changes in Unrestricted Net Assets

This account is a calculation (Total of accounts 9700.0 through 9720.0)

9730.0 Increase (Decrease) in Unrestricted Net Assets, before Extraordinary Item

This account is a calculation (Total of accounts 9695.0 and 9725.0)

9735.0 Extraordinary Item

This account should be used to report any gain, loss or expense from an unusual event such as a fire, bankruptcy or other one-time events. Provide a description of the item.

9740.0 Extraordinary Item

(Same as 9735.0)

9745.0 Total Extraordinary Item

This account is a calculation (Total of accounts 9735.0 and 9740.0)

9750.0 Increase (Decrease) in Unrestricted Net Assets

This account is a calculation (Total of accounts 9730.0 and 9745.0)

(If For Profit, Continue Here)

9755.0 Provision for Income Tax

This account should be used to report income tax owed for the year.

9760.0 Income Before Cumulative Effect of Change in Accounting Principles

This account is a calculation (Total of accounts 9695.0 and 9755.0) and should agree with Schedule 10, HCF-1 Income (Loss) before reconciling items.

Cumulative Effect of Change in Accounting Principles

9770.0 Other (Specify)

Same as account 9715.0

9775.0 Other (Specify)

Same as account 9715.0

9780.0 Total Cumulative Change in Accounting Principles

This account is a calculation (Total of accounts 9770.0 and 9775.0)

9785.0 Net Income

This account is a calculation (Total of accounts 9760.0 and 9780.0) and must equal the reported amount in Schedule 12 for net income/(loss) per financials (after reconciling items).

Schedule 11. Cash Flow Statement

This schedule is an informational tool that reflects the sources and uses of cash for the entity.

Please be aware that the amounts reported in accounts 9825.0 (Capital Expenditures) and 9845.0 (Payments on long-term debt and capital lease expenditures) should be input as a NEGATIVE number. If necessary, other accounts can be input as negative numbers.

Cash flows from operating activities

9805.0 Change in net assets (net income)

If non-profit, please use the “unrestricted” section to report net assets without donor restrictions and “permanently restricted” to report net assets with donor restrictions. This account reports the total of change in net assets with donor restrictions and net assets without donor restrictions. See Schedule 9 descriptions of the accounts.

9810.0 Adjustments to reconcile changes in net assets (net income)

Add or subtract non-cash items such as depreciation and provision for bad debt, gains/(losses), items that are not unrestricted, (opposite sign).

9815.0 Increases (decreases) to cash provided by operating activities

Sources and uses of cash such as increases or decreases in inventory, A/R, A/P.

9820.0 Net cash from operating activities

Calculation (Total of accounts 9805.0 through 9815.0)

Cash flows from investing activities

9825.0 Capital expenditures

This account should be used to report expenditures on property, plant or equipment.

9830.0 Other cash used in investing activities

This account should be used to report cash proceeds from sale of property, plant, equipment or other fixed asset.

9835.0 Net cash used in investing activities

This account is a calculation (Total of accounts 9825.0 and 9830.0)

Cash flows from financing activities

9840.0 Proceeds from issuance of long-term debt

If non-profit includes cash from long-term debt and capital leases. Also includes bond issuance costs. If for profit, would also include issuance of stock.

9845.0 Payments on long-term debt and capital lease expenditures

If non-profit includes repayment of long-term debt and capital leases. If for profit would also include buy back of stock, dividends paid.

9850.0 Other cash used in financing activities

This account should be used to report other current and non-current liabilities as a result of financing activities, such as line of credit.

9855.0 Net cash used in financing activities

This account is a calculation (Total of accounts 9840.0 through 9850.0)

9860.0 Net increase/ (decrease) in cash and cash equivalents

This account is a calculation (Total of accounts 9820.0, 9835.0 and 9855.0)

9865.0 Cash/cash equivalents beginning of year

This account is Account 1025.0 from prior year

9870.0 Cash/cash equivalents end of year

This account is a calculation (Total of accounts 9860.0 and 9865.0). Should equal 1025.0 for current year.

Schedule 12. Reconciliation of Reported Income and Financials

This schedule should be used to disclose any difference between the cost report and the books of the provider. HCF-1 Net Income (Loss) before reconciling items must agree with Schedule 13, Net Income (Loss). Material items appearing on this schedule should be explained in detail in the Footnotes and Explanations section.

The HCF-1 Net Income (Loss) **before reconciling items** should be consistent with Schedule 10, Net Income before taxes or extraordinary items, account **9695.0** (Non-Profit Entities) or Income before cumulative effect of change in account principles, account **9760.0** (For Profit Entities). During the edit/error check process a warning will be given if the net income before reconciling items in Schedule 12 does not match the reported amount in Schedule 10. Although warnings do not prevent you from submitting the cost report, they should be considered carefully, because they may lead to failures elsewhere.

The Net Income/(loss) **per financials** (after the reconciling items) must agree to the corresponding reported amount reported in Schedule 10, account **9785.0**. If the amount does not agree, you will receive a failure and will not be able to submit the cost report until the error is corrected. If you require assistance, please call the Center's Help Desk at (617) 701-8297 or email CHIAcostreports.LTCF@state.ma.us.

Schedule 13. Reconciliation of Net Worth

This schedule summarizes the changes in net worth during the reporting period. Proprietorships and Partnerships should complete the section labeled Proprietorships and Partnerships. For-Profit Corporations should complete the section labeled Corporations and Not-For-Profit Corporations should complete the section labeled Non-For-Profit. The beginning balance of Net Worth on line 1 must be the same as the reported ending net worth on the previous year's cost report. Any variance must be explained in detail with footnotes. The ending balance must agree with the reported net worth on this year's cost report. The Net Income (Loss) amount must equal the amount reported on Schedule 12 before reconciling items.

Schedule 14. Patient Day Statistics

Self-pay: Includes any payments made directly to the facility from a patient or his or her family. Does not include any payments made from commercial or government insurance programs.

Managed Care: Includes Health Maintenance Organizations (HMOs) and Preferred Provider Organizations (PPOs) that are not Medicare+ Choice plans.

Non-Managed Care: Includes commercial indemnity products and long term care insurance payments made directly to facilities, excluding HMOs, PPOs, and Medicare+ Choice plans.

Medicare Non-Managed Care: Includes Medicare Parts A & B. Resident Care days have been blocked out because they should not be reported in this column.

Medicare Managed Care: A health plan, such as a Medicare managed care plan or Private Fee-for-Service plan offered by a private company and approved by Medicare. Includes Medicare+ Choice plans. Resident Care days have been blocked out because they should not be reported in this column.

Massachusetts Medicaid Non-Managed Care: Includes fee-for-service MassHealth, Massachusetts Commission for the Blind, and other fee-for-service Title XIX days associated with the Massachusetts Medicaid Program, excluding Senior Care Options or

PACE days. Resident Care days have been blocked out because they should not be reported in this column.

Massachusetts Medicaid Managed Care: Includes days associated with beneficiaries enrolled in a MassHealth managed care organization, excluding Senior Care Options or PACE days. Resident Care days have been blocked out because they should not be reported in this column.

Senior Care Options & PACE: Includes organizations participating in the Senior Care Options program sponsored by the Massachusetts Executive Office of Health and Human Services or Programs of All-inclusive Care for the Elderly (PACE).

Non-Massachusetts Medicaid: Includes any other state Medicaid program.

Veteran's Administration, DTA and Other Public: Includes Department of Transitional Assistance (DTA) days for patients in Resident care beds (L IV) and Veteran's Administration or other non-Title XIX state or federal payments, such as the TriCare program for military employees or retirees.

Other: Includes any other product not categorized above.

Nursing: Includes days for patients in Level I, II and III nursing home beds. Do not include Pediatric, Ventilator Unit, Head Trauma or Other Medicaid Special Contract patient days.

Resident Care: Includes days for patients in Level IV nursing home beds.

Pediatric: Includes days for patients in Pediatric licensed beds and billed as a pediatric patient.

Ventilator Unit: Includes days for patients billed at the special contract Ventilator rate.

Head Trauma/ABI: Includes days for patients billed at the special contract Head Trauma/ABI rate.

Other Medicaid Special Contract: Includes days for patients billed at all other MassHealth special contract rates.

Nursing Leave of Absence (Paid): Includes all days that the nursing facility held a bed for a Level I, II or III patient and was paid.

Nursing Leave of Absence (Unpaid): Includes all days that the nursing facility held a bed for a Level I, II or III patient but was not paid.

Resident Leave of Absence (Paid): Includes all days that the nursing facility held a bed for a Level IV patient and was paid.

Resident Leave of Absence (Unpaid): Includes all days that the nursing facility held a bed for a Level IV patient but was not paid.

Average Length of Stay (0190.0)

The Average Length of Stay is the sum of each resident's Length of Stay (LOS) divided by the total number of residents surveyed. LOS is defined as the period of stay from the date of the resident's most recent admission to the facility to the date of the survey interview (for current residents) or to the day of discharge (for discharges).

Special Cases:

Hospice: The classification of payer for hospice days is based on the payer of "Room and Board" services, whether the payment is made directly or indirectly to the facility by a third-party (such as a hospice provider).

Additional Coverage: In cases where the patient is covered by multiple sources, the day should be reported based on the payer with the highest share.

Schedule 15. Detail of Purchased Service Nursing

This schedule requires providers to report the details of expenses relating to the services of Temporary Nursing Agencies. A facility may not claim expenses for services provided by a temporary nursing agency that is not registered with the Department of Public Health at the time the service was provided.

To enter expenses provided by an agency registered with the Department of Public Health, click the "Add Registered RN, LPN or Nurses' Aide" buttons and select the agency name from the drop down list.

If the agency does not appear in the drop down or you wish to self-disallow any nursing purchased service expense, enter the expense using the "Add Unregistered RN LPN or Nurses' Aide/Other Non-Allowable" buttons. Charges related to unregistered temporary nursing agencies and other non-allowable expenses will be automatically disallowed in the "Non-allowable Expenses and Add-backs" column. Expenses related to per diem staff must not be included on Schedule 15. A new section has been added for DON Purchased Services.

If the name of a registered nursing agency does not appear on the drop down, please call the Center's Help Desk at (617) 701-8297, or email CHIAcostreports.LTCF@state.ma.us.

The sum of the Total Charges columns will automatically populate the Schedule 2, Nursing Expenses, under DON Purchased Service Temporary Agency Staff (6025.2), RN Purchased Service Temporary Agency Staff (6035.2), LPN Purchased Service Temporary Agency Staff (6042.2) and Nurses' Aide Purchased Service Temporary Agency Staff (6052.2).

Schedule 16. Supplemental Salary/Hour Data

Do not leave any of the fields blank. If the value is zero, input zero.

A. Overtime Wages for RNs, LPNs, and CNAs – This section requires the provider to report total wages and the respective hours for all overtime wages.

B. Wage Differentials for RNs, LPNs and CNAs –

1. This section requires the provider to report the increases in wages due to shift differentials.

2. This section requires the provider to report other types of wage differentials that are not shift differentials. Examples include differentials paid for training staff or for assuming the duties of a position with a higher hourly wage.
- C. Detail of Administrator’s Salary and Benefits – This section requires the provider to report the amount of salary and benefits paid to the licensed administrator(s) during the year.
- D. Staff and Hours by Position - This schedule requires the provider to furnish data for persons employed as staff of the facility. Do not report data on staff hired through temporary staffing agencies or those hired as “day-laborers”. Staff hired for the facility by a management company or central office should be reported so that they are included in the HCF-1 Operating Expense accounts referenced in the following instructions. Data should be provided on the **accrual basis** and should correspond to the values in the HCF-1 accounts referenced.

Column 1:

Employee positions, as referenced throughout the HCF-1.

Staff Development Coordinator – The person(s) employed in the facility in the capacity of Staff Development Coordinator (4306.1).

Plant Operation Staff – The person(s) employed by the facility to fulfill the maintenance functions within the facility (5105.1).

Dietary Staff – The person(s) employed by the facility to fulfill the dietary functions within the facility (5205.1).

Dietician – The person(s) employed by the facility to fulfill the dietician functions within the facility (5231.1).

Laundry Staff – The person(s) employed by the facility to fulfill the laundry functions within the facility (5310.1).

Housekeeping Staff – The person(s) employed by the facility to fulfill the housekeeping functions within the facility (5410.1).

Q.A. Professional – The person(s) employed by the facility to fulfill the quality assurance functions within the facility (6504.1).

Ward Clerks / Medical Records Staff – The person(s) employed by the facility to function in these capacities (6505.1).

MMQ Evaluation Nurse(s) – The licensed person(s) employed by the facility to collect data, prepare and/or review the Management Minutes Questionnaires for the residents of the facility (6506.1).

MDS Coordinator – The person(s) employed by the facility to collect data, prepare and/or review the MDS (Minimum Data Set) assessment forms of the facility (6508.1).

Social Services Staff – The person(s) employed by the facility to provide social service support to the residents of the facility (6540.0).

Interpreters – The person(s) employed by the facility that translate dialogue between patients and caregivers (6550.0).

Restorative – Indirect – The person(s) employed by the facility to provide restorative therapy training to other staff of the facility (7011.1).

Restorative – Direct – The person(s) employed by the facility to provide restorative therapy to residents of the facility (7012.1).

Recreation Therapy Staff – The person(s) employed by the facility to provide recreational therapy to residents of the facility (7021.1).

Administrator - The person(s) licensed to function in the facility in the capacity of Administrator (4110.1).

Officer - The person(s) appointed by the facility as an officer (4125.1).

Clerical Staff – The person(s) employed by the facility to fulfill clerical functions within the facility (4140.1).

Administrator(s) – in – Training – The person(s) employed by the facility as part of a recognized Administrator-in-Training Program (4170.1).

Director of Nursing (DON) – The registered nurse(s) employed by the facility to function in the capacity of DON, as required by the facility’s license (6020.1).

RNs – The registered nurse(s) employed by the facility to function in the capacity of providing direct care to the residents of the facility, including those fulfilling supervisory functions; except that of the Director of Nurses (6030.1).

LPNs – The licensed practical nurse(s) employed by the facility to function in the capacity of providing direct care to the residents of the facility, including those fulfilling supervisory functions (6041.1).

Certified Nurses’ Aides (CNAs) – The certified nurses’ aide(s) employed by the facility to function in the capacity of providing direct care to the residents of the facility (6051.1).

Column 2: The number of persons employed as staff of the facility in each category. Part-time employees and those employed for less than the full year (52 weeks) are each counted as one employee.

Column 3: The total hours for which time records were kept and wages were paid for staff in each category, as recorded on the accrual basis. This should include all accrued sick, vacation, personal and holiday time for this reporting period. Volunteer hours are not reported, but hours worked by non-paid workers should be included.

Schedule 17. Proprietorship/Partnership/Corporation Information

This schedule is used to report the names of the legal owners of the business and to disclose the salary and other compensation paid to owners as well as what accounts were charged. Sole proprietors should report the same amount as reported in the draw account and under no circumstances should any amount be claimed for personal services in an account other than draw. If additional space is needed, use Schedule 20, Footnotes and Explanations.

Schedule 18. Highest Paid Salaries

List the names, salaries, benefits, number of hours worked and percentage of time devoted by HCF-1 account number for each of the three employees who have the highest compensation being claimed on this report.

Schedule 19. Summary of Notes Payable

This schedule should include all mortgages and notes payable whether or not interest expense has been incurred. Rates of interest should be clearly indicated. For variable rate mortgages use “VAR” or “Prime + XX%” if appropriate. Period expenses, such as mortgage insurance, should be reported as a period expense with a detailed disclosure made in Schedule 20, Footnotes and Explanation. Liabilities relating to working capital debt should be reported on Part 2. All existing debt should reconcile to the balance sheet and income statement accounts. Consistent balances should be carried forward from the previous year’s cost report. New financing or refinancing should be completely disclosed on this schedule. New notes or enhancements of existing notes should be reported separately on a new line. Details of items, such as mortgage acquisition costs, bond discounts, bond premiums, bond service fees, interest earned on escrow funds and negative principal

payments, as well as any other significant information with regards to this long-term debt should be disclosed in the Footnotes and Explanations section of this cost report. Long-term debt bonds should be reported at face or stated value of the bonds at the time of issue and bond discounts or premiums reported as a mortgage acquisition cost. Total disclosure of all facts regarding such financing should be made in Schedule 20 Footnotes and Explanations.

REMINDER: When reporting a loan, all cells in in each row must be filled in, otherwise you will get an error message.

If the provider reports interest expense in “Other Total”, the mortgage details must be provided on Schedule 20, Footnotes and Explanations.

New loans should be entered in the “Balance 1/1/2019” column. The Center will know it is a new loan by the acquired date.

The amount reported in account 4520.8 “Long-term Interest” will automatically populate the amount reported in account 4520.8 in Schedule 5.

Schedule 20. Footnotes and Explanations

This schedule is used to provide details on any of the information provided on the report. This information can be cut and pasted from a word document or an excel worksheet.

Schedule 21. Realty Company Balance Sheet

REMINDER: Nursing facilities that do not own the real property of the nursing facility and that pay rent to an affiliated or non-affiliated realty trust or other business entity will **not** have to complete this schedule when filing its HCF-1 for calendar year 2019. Nursing facilities will need to complete the REA-CR once it is made available.

Schedule 22. Realty Company Statement of Income and Expense

REMINDER: Nursing facilities that do not own the real property of the nursing facility and that pay rent to an affiliated or non-affiliated realty trust or other business entity will **not** have to complete this schedule when filing its HCF-1 for calendar year 2019. Nursing facilities will need to complete the REA-CR once it is made available.

Schedule 23. Realty Company Mortgages and Notes Supporting Fixed Assets

REMINDER: Nursing facilities that do not own the real property of the nursing facility and that pay rent to an affiliated or non-affiliated realty trust or other business entity will **not** have to complete this schedule when filing its HCF-1 for calendar year 2019. Nursing facilities will need to complete the REA-CR once it is made available.

Schedule 24. Realty Company Detail of Other Operating Expenses

REMINDER: Nursing facilities that do not own the real property of the nursing facility and that pay rent to an affiliated or non-affiliated realty trust or other business entity **may not** have to complete this schedule when filing its HCF-1 for calendar year 2019. However, if the nursing

facility's realty company reports amounts in either of the two following accounts, it will need to complete this schedule:

- Account 9502.3 - Other Expenses and/or
- Account 9502.4 - Utilities/Plant Operation Expenses.

Reporting expenses in these two accounts on this specific schedule is necessary so that the INET system will include these amounts as allowable expense add-backs to Schedules 3 and 4 of this cost report. Specifically, the amount reported in account 9502.4 is added-back on the HCF-1, Schedule 4 Variable Expenses. Also, the amount reported in account 9502.3, Other Expenses, is added back on the HCF-1, Schedule 3, Administrative and General. NOTE: Providers will still need to enter details of each operating expense that is included in Other Operating expenses (9502.2) and Utilities/Plant Operations Expenses (9502.4) in Schedule 24.

Attestation Section:

Digital signatures are required to submit the cost report electronically. There are three sections that require a signature: (A) Preparer certification, (B) Accuracy of Reported Cost certification by Owner, Partner or Officer and (C) Use of Public Funds certification by Owner, Partner, Officer or Administrator. The preparer and authorized signatory, if not already a registered web submitter, must complete User Agreements in order to submit the cost report.

NAVIGATING THE HCF-1:

SAVE – saves the input up to present.

ERROR CHECK – all schedules have certain edit rules. To see if the filing of a given page/schedule violated any edit rules, use floating toolbar item “Error Check”. For error list of entire Cost Report go to “Edit Review” on Filing menu.

HOME – takes you out of HCF-1, back to website home page.

PDF – to print only current schedule open. To print entire Cost Report go to PDF All.

CANCEL – to discard changes.

FINAL INSTRUCTIONS:

EDIT REVIEW – creates “Edits Error List”, identifying location of errors by schedule and account number.

F = failure, error must be corrected in order to submit HCF-1.

W = warning, indicates error exists, but allows submission without correcting error.

ATTESTATION – when all fail edit rules are followed the attestation page comes up, select “Agree”, and click on “Attest” button. Once a report is attested you will not be allowed to amend / edit the report until a “Reopen Request” is filed.

PDF ALL – to print entire Cost Report.

REOPEN REQUEST – click on “Reopen Request” under the Filing menu.