



NC DEPARTMENT OF
**HEALTH AND
HUMAN SERVICES**

ROY COOPER • Governor

MANDY COHEN, MD, MPH • Secretary

Laketha M. Miller • Controller

MEMORANDUM

TO: Facility Operators

FROM: Laketha M. Miller
DHHS Office of the Controller

DATE: May 15, 2019

SUBJECT: 2018 – 2019 Adult Care Cost Reporting

The purpose of this memo is to provide facilities with information regarding the **Adult Care Cost Report** for the 2018-2019 reporting period. The Adult Care Cost Report is mandated by the North Carolina General Assembly under General Statute 131 D-4.1-4.3. Changes were made to 131D-4.2 in Session Law 2015-241, section 12G.2 requiring the cost report be submitted every two years. The 2018-2019 is the next cost reporting cycle **due on September 30, 2019**.

Adult Care Cost Reports must be submitted by facilities that receive State/County Special Assistance Program funds from residents and are licensed under General Statutes 131D (adult care home), 131E (nursing home combination facilities with adult care beds) and 122C (mental health supervised living facilities). Facilities **exempt** from cost reporting for the 2018-2019 reporting cycle are facilities that **do not** receive any funds through State/County Special Assistance Program. Facilities exempt from reporting **are required** to complete the 2018-2019 Exemption Form found on the DHHS Office of the Controller's website at www.ncdhhs.gov/about/administrative-offices/office-controller/adult-care-facilities. The form must be submitted to the DHHS Office of the Controller prior to the due date of September 30, 2019.

The 2019 cost report should be prepared based upon the latest fiscal/accounting year end of the facility ending on or before June 30, 2019. For example, if a facility's fiscal/accounting year ended on September 30, 2018 or December 31, 2018, that financial information would be used for the cost report due on September 30, 2019.

Combined nursing homes subject to the adult care cost reporting requirements will utilize the same reporting period as their last filed Medicaid Cost Report. For example, if the combination nursing home has a Medicaid cost report year end of September 30, 2018 (filed by February 28, 2019) or December 31, 2018 (filed by May 31, 2019), that information would be used for the adult care cost report due by September 30, 2019.

Your facility must use the 2018-2019 electronic version of the cost reporting forms. Any cost report submitted on prior year's forms will be denied and returned. Please read the instructions and review the forms carefully before attempting to complete the cost report.

Important Highlights for 2018-2019 cost reporting cycle:

- For **ONLY HAL facilities with 31 or more beds** - A new Schedule F has been added to the cost report program. The new schedule relates to cost modeling information that will be collected from this size of licensed facilities. A new procedure has been added to the Agreed Upon Procedures (AUPs) to go along with the new schedule. The CPA/independent accountant must indicate that the procedure has been verified in their report.
- The cost report program still uses Microsoft Access that the user will have to download onto their computer.

NC DEPARTMENT OF HEALTH AND HUMAN SERVICES • OFFICE OF THE CONTROLLER

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AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER

- Cost Report training is recommended with the addition of the new schedule, especially for those homes with 31+ beds. Please check the Office of the Controller's web page for training opportunities. There will be on-site training and web-based training available.
- All cost report and training information should be posted by May or early June 2019.

Based upon changes made in Session Law 2015-241, "Agreed Upon Procedures" (AUPs) are also due every two years. Facilities licensed for 7 beds or more are required to submit AUPs with the Adult Care Cost Report for the 2018-2019 reporting year. If your facility is currently licensed for 7 beds or more, you must print or download a copy of the AUP guidelines that are to be utilized by the certified public accountant (CPA)/independent accountant performing the procedures on the facility's cost report. **The Adult Care Cost Report, Agreed Upon Procedures and the Independent Accountant's Certification form (if applicable) are to be submitted to the DHHS Office of the Controller by September 30, 2019.**

Please note that if the AUP indicates that your accountant was unable to perform certain procedures or utilized unapproved alternative procedures, your cost report and AUP will be returned for corrections. If corrections are not possible or timely, your cost report may be excluded from the rate setting process and your facility may be subject to a state audit.

Additionally, if any data on the Adult Care Cost Report is subsequently revised and submitted to the Department after the AUP was received by the DHHS Office of the Controller, the revision must be resubmitted in hard copy. The hard copy must have changes highlighted and an explanation for the revisions must be included with the cost report. If the revisions affect the expense item that was subject to an AUP test, a revised AUP must also be resubmitted along with the revised cost report.

The Adult Care Cost Report (.accdb file) should be submitted electronically. In addition, a pdf file of the complete cost report with signatures on Schedule A and AUP should also be submitted electronically. Cost reports are processed much quicker and the user will receive verification that the cost report was received and processed if submitted electronically. However, if it is necessary to submit a paper cost report, they can be typed or hand written but must be legible.

If the preparer or the CPA cannot access the Adult Care Cost Report or other Adult Care information on the internet and needs a printed copy or an electronic blank email copy of the report, please send an email request to Susan Kesler (email below) indicating the document's name, license type and number of beds in the facility. If there are questions regarding the audit procedures/requirements, please email your questions to AUP.questions@dhhs.nc.gov. This email address is **ONLY** for questions regarding the AUPs. Please do not use it for questions concerning the cost report program. Questions regarding the cost report program or any other Adult Care Cost Report materials should be directed to Susan Kesler at 919-855-3680 or emailed to Susan.Kesler@dhhs.nc.gov. The fax number is 919-715-3095.

Thank you for your cooperation.

LMM/sk

Cc: Joyce Massey-Smith – Division of Aging and Adult Services
Curtis Crouch – Office of the Controller
Megan Lamphere – Division of Health Service Regulation
Libby Kinsey – Division of Health Service Regulation
Suzanne Beasley – Office of the Controller
Susan Kesler – Office of the Controller