Home Care Cost Report

2021 Lessons learned webinar

—

March 16, 2023

Webinar protocols

Protocols

- Please note that participants will be on mute for the duration of the session.

- If you have questions during the presentation, please enter them via the Q&A feature in Webex. DOH and KPMG will either answer the questions during this session or add the question and response to the list of FAQs, if applicable.

- Note that questions should be limited to Home Care Cost Report matters only.

Agenda

Topic	Speaker	Time
Introduction and recap of the 2021 Home Care Cost Report	DOH	5 minutes
Lessons learned	KPMG	35 minutes
Future cost report year updates	KPMG	5 minutes
Closing remarks and next steps	KPMG	5 minutes
Q&A period	DOH/KPMG	10 minutes
		Total time: 60 minutes

Introduction and recap of the 2021 Home Care Cost Report

Introduction and recap of the 2021 Home Care Cost Report

Introduction

- During today's session, we plan to highlight common issues and errors that were identified throughout the 2021 Home Care Cost Report submission and audit process.

- Our goal is to identify areas of the cost report that may have been unclear during the submission and audit process and clarify how to properly report each item so that providers can increase their compliance in future cost report years.

2021 Home Care Cost Report recap

- KPMG LLP (KPMG) and the NYS Department of Health (DOH) conducted five total webinars throughout the submission process, including the statewide kickoff webinar (June), three monthly webinars (July, August, and September), and an audit kickoff webinar (October).

- The 2021 Home Care Cost Report submissions were due on September 20, 2022. DOH reviewed the submitted cost reports and selected the agencies for audit.

- KPMG conducted audit procedures from October 4, 2022 through February 9, 2023.

- We would like to thank all of the providers who participated in the outreach sessions, cost report submission, and audit process for the 2021 cost report year. DOH and KPMG recognize that many providers demonstrated an eagerness to learn and showed significant improvement throughout the audit process.

| Introduction and recap | Lessons learned | Future cost report year updates | Closing remarks and next steps | Q&A period |

Introduction and recap of the 2021 Home Care cost report (continued)

Provider resources and materials

- DOH and KPMG made the following resources available in Instructions tab of the web-based tool (the Tool) to support providers in completing their cost report submission:

  - **Cost report instructions** (both in the Instructions tab drop-downs and as a PDF download)

    - DOH updated the Home Care Cost Report Instructions prior to the 2021 cost report year to add more detail based on feedback from the 2020 cost report year. Some examples included updated guidance on how to identify or calculate Workers' Recruitment & Retention (WR&R) revenue and properly report WR&R costs, expanded list of allowable/non-allowable costs, and helpful reporting tips from the 2020 lessons learned webinar.

  - **PDF presentations and recordings of the 2019, 2020, and 2021 cost report year outreach sessions,** including the 2019 and 2020 Lessons Learned webinars

  - **Supporting documentation templates**

    - DOH created three new WR&R revenue estimation templates (one for CHHAs, one for LHCSAs, and one for FIs) for providers to utilize to easily enter their data and estimate the amount of WR&R revenue that should be offset on Schedule 3 of the cost report.

    - DOH created a new policy and procedure template for providers to utilize to create a policy and procedure document for the preparation of their cost report.
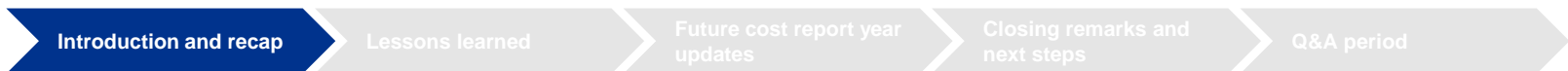
Introduction and recap of the 2021 Home Care cost report (continued)

- **Tutorial videos** for the various components of the Tool

- **Excel template of the cost report schedules** (for reference; not submission)

- **Information buttons** throughout the Tool to provide helpful reporting links and guidance on specific items.

- DOH also posted many of these materials on the DOH website at the following link: https://health.ny.gov/facilities/long_term_care/reimbursement/hccr/.

  - Additionally, DOH and KPMG reviewed the Q&A and chat questions from the 2021 outreach sessions and created FAQ documents, which are also available on the DOH website.

Impact of 2021 cost report

- The 2019 cost report submission and subsequent audit was considered a pilot year to help providers understand the new submission process. As such, the 2019 cost report was not used by DOH to set the 2021 Medicaid Reimbursement Rates.

- The 2020 and 2021 cost report submissions and subsequent audits were not considered pilots, as the cost report data is expected to be used by DOH to set the 2022 and 2023 Medicaid reimbursement rates.

- DOH confirmed that providers will not be penalized for the 2020 and 2021 cost report submissions in accordance with section 86-1.2 of the Title 10 regulations, which states that a 2 percent penalty for failure to submit or failure to accurately submit will be applied. However, the information submitted is expected to be used for rate-setting purposes.

| Introduction and recap | Lessons learned | Future cost report year updates | Closing remarks and next steps | Q&A period |

Lessons learned

Lessons learned summary

Lessons learned categories

01 Supporting documentation

02 Cost report schedules

03 General questionnaire

04 Audit process

Lessons learned: Supporting documentation

Supporting documentation

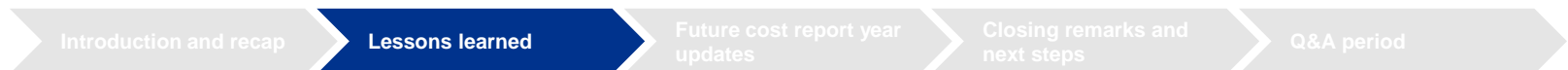| Common errors	Lessons learned

• There were several instances where the **supporting documentation provided was not sufficient** enough to allow audit teams to reconcile the information reported on the cost report or make a determination regarding the completeness or accuracy of the data.
 	
 • Some errors included providing hard-coded Excel files (no formula links) and not providing clear explanations for how the cost report numbers tied back to supporting documentation (e.g., general ledger, trial balance, and statistical report).
 	
 • Other errors included providing numerous supporting documentation files for one schedule without links between the different files. This makes it difficult to trace cost report values back to a reliable source, like a trial balance.
	• Agencies should provide supporting documentation that clearly verifies the completeness and accuracy of the data submitted in the cost report. Helpful tips include
	
	   - Use formulas to link tabs within Excel files.
	
	   - Demonstrate underlying calculations for the data, including any reconciliations or crosswalks for information on the cost report that do not tie directly to the supporting documentation (e.g., financial statement reconciliation).
	
	   - Provide credible third-party supporting documentation to validate the cost report and Excel files (e.g., trial balance, system-generated statistical reports, audited financial statements, etc.).
	
	   - Avoid submitting handwritten or hard-coded/PDF documentation. This data is difficult to decipher and reconcile.
	
	 • DOH requests that providers utilize the supporting documentation templates when compiling their support.

Useful Links

2021 Links
- 2021 Home Care Cost Report Instructions
- 2021 Home Care Cost Report Outreach Program

Supporting Documentation Templates
- Cost Report Policy and Procedure Template
- LHCSA Supporting Documentation Template
- CHHA Supporting Documentation Template
- FI Supporting Documentation Template
- CHHA WR&R revenue estimation template
- LHCSA WR&R revenue estimation template
- FI WR&R revenue estimation template

Introduction and recap | **Lessons learned** | Future cost report year updates | Closing remarks and next steps | Q&A period

Supporting documentation

Common errors	Lessons learned
• Some agencies **did not provide a clear allocation methodology** crosswalk to explain the allocation percentages used to allocate costs across entities and service types. This made it difficult for audit teams to conclude on the accuracy of the information reported in the cost report.	• Agencies should provide a clear allocation methodology crosswalk and explanation. For example, allocation crosswalks should include specific formulas that were used to arrive at the percentages in the supporting documentation, as well as an explanation as to why that allocation basis was used (e.g., percentage of total visits).
• There were many instances where agencies submitted their cost reports and/or supporting documentation past the deadlines set by DOH.	• Agencies should plan accordingly with their internal teams and/or any vendors hired to assist with the cost report process to help ensure that the cost report and supporting documentation files are submitted timely and in accordance with the format outlined by DOH. • Inaccurate or incomplete cost report submissions can lead to an inaccurate Medicaid rate calculation. As such, it is important that agencies submit their cost reports timely and accurately.

	A	B	C	D	E
1	**County Allocation Percentages**				
2	Summary of Hours (from system generated support)				
3					
4		County #1	County #2	County #3	Total
5	PC: Level I	2200	990	910	4100
6	PC: Level II	3950	1820	1580	7350
7	Live-In	1640	3600	750	5990
8	Total	7790	6410	3240	17440
9					
10					
11					
12	Allocation Percentages	County #1	County #2	County #3	Check
13	PC: Level I	12.61%	5.68%	5.22%	23.51%
14	PC: Level II	22.65%	10.44%	9.06%	42.14%
15	Live-In	9.40%	20.64%	4.30%	34.35%
16	Total	44.67%	36.75%	18.58%	100.00%
17					
18	Key assumptions:				
19	• The LHCSA provides PC Level I, PC Level II, and Live-in services.				
20	• The LHCSA operates in three counties.				
21	• The system-generated report tracks the number of hours per				
22	county.				

Lessons learned: Cost report schedules

General cost reporting

Common errors	Lessons learned
• There were several instances where agencies **did not report the accurate number of entities** within section I.3 of the Reporting Hierarchy tab within the web-based tool.	• Agencies should report all CHHA, LHCSA, and FI entities they operate under the Federal Tax-ID in section I.3 of the Reporting Hierarchy. • If an entity was not in operation during the cost report year being reported or does not provide home care services, etc., then the entity is not required to be reported. However, the agency must provide an explanation for why the entity was omitted from the cost report and provide a reconciliation of its total expenses that includes the nonreported entities in the Financial Reconciliation tab of the Tool. • If an entity that was providing home care services was in operation, this entity should be reported in the cost report. All entities reported in the cost report should have data reported within each entity-level schedule.

Reporting costs on Schedules 3 and 4

Common errors	Lessons learned
• There was **confusion regarding the types of costs** that should be reported on Schedules 3 and 4.	• **Schedule 3 should include the agency's total costs**, including direct care personnel (e.g., personal care aide salary and benefits), administrative personnel (e.g., administrative worker salary and benefits), nonpersonnel (e.g., rent, office supplies, insurance, etc.), and non-allowable (e.g., meal expenses and political contributions) costs.

- The total costs on Schedule 3 should reconcile to the total expenses per the agency's financial statements.

• **Schedule 4 should only include administrative personnel and nonpersonnel costs.**

- Direct care worker wages and benefits should not appear on Schedule 4.

Pro-tip! ➡

• **As such, the "Total Entity Costs" amount should be greater on Schedule 3 than on Schedule 4.**

• Costs from the trial balance should first be categorized into 1 of the 10 columns on Schedules 3 and 4 (e.g., Program Administration). If a cost is categorized into a column, it should be reported within that same column on both Schedules 3 and 4 unless it is a direct care personnel expense, in which case it should be omitted from Schedule 4 entirely.

Note: Examples of Schedules 3 and 4 reporting are included on the following slides.

Introduction and recap | **Lessons learned** | Future cost report year updates | Closing remarks and next steps | Q&A period

Reporting costs on Schedule 3

"Total Entity Costs" on Schedule 3 should reconcile to the total expenses per financial statements.

Administrative costs should be reported in Column 004.

Schedule Totals (sum of all like columns from each table)		Total Entity Costs (002 + 003) ⑦	Non-Allowable Costs (Adjustment to Expense) ⑦	Allowable Costs (Sum of 004 through 010)	Program Administration	Program Aide (Direct Care)	Program RN Supervision/ Assessment (Direct Care)	Program Staff Training	Transportation	Contracted Purchased Services ⑦	Other
		6,135,000	80,000	6,055,000	1,470,000	4,500,000	75,000			10,000	

LHCSA Name		LHCSA 1									
LHCSA County		Albany									
		Total Entity Costs (002 + 003) ⑦	Non-Allowable Costs (Adjustment to Expense) ⑦	Allowable Costs (Sum of 004 through 010)	Program Administration	Program Aide (Direct Care)	Program RN Supervision/ Assessment (Direct Care)	Program Staff Training	Transportation	Contracted Purchased Services ⑦	Other
		001	002	003	004	005	006	007	008	009	010
Direct Care											
PC: Level I	001	0	0	0	0	0	0			0	
PC: Level II	002	1,050,000	30,000	1,020,000	470,000	500,000	50,000				
PC: Level II - Hard to Serve	003	0	0	0	0	0		0	0		
Live-in	004	5,085,000	50,000	5,035,000	1,000,000	4,000,000	25,000			10,000	
Nursing Supervision	005	0	0	0							
Nursing Assessment	006	0	0	0							
Shared Aide: Level I	007	0	0	0	0	0		0	0		
Shared Aide: Level II	008	0	0	0							
Other non-allowable services ⑦	009	0	0	0		0	0				
GRAND TOTAL	010	6,135,000	80,000	6,055,000	1,470,000	4,500,000	75,000			10,000	

Non-allowable costs should be reported in Column 002.

Direct care costs should be reported in Columns 005–010.

Reporting costs on Schedule 4

"Total Entity Costs" on Schedule 4 should be less than "Total Entity Costs" on Schedule 3.

Administrative expenses should be reported in Column 004.

Schedule Totals (sum of all like columns from each table)	Total Entity Costs (002 + 003)	Non-Allowable Costs (Adjustment to Expense)	Allowable Costs (Sum of 004 through 010)	Program Administration	Program Aide (Direct Care)	Program RN Supervision/ Assessment (Direct Care)	Program Staff Training	Transportation	Contracted Purchased Services	Other
	1,510,000	40,000	1,470,000	1,470,000						

| LHCSA Name | | LHCSA 1 | | | | | | | | |
| LHCSA County | | Albany | | | | | | | | |

		Total Entity Costs (002 + 003)	Non-Allowable Costs (Adjustment to Expense)	Allowable Costs (Sum of 004 through 010)	Program Administration	Program Aide (Direct Care)	Program RN Supervision/ Assessment (Direct Care)	Program Staff Training	Transportation	Contracted Purchased Services	Other
		001	002	003	004	005	006	007	008	009	010
GENERAL SERVICE COST CENTERS											
Criminal Background Check & Fingerprinting	001	10,000	0	10,000	10,000						
Capital Related - Building & Fixtures	002	0		0							
Capital Related - Movable Equipment	003	0		0							
Plant Operations & Maintenance	004	200,000		200,000	200,000						
Rent-Building	005	200,000		200,000	200,000						
Rent-Furnishings	006	0		0							
Rent-Vehicles	007	0		0							
Interest-Property	008	0		0	0						
Depreciation-Plant	009	10,000	10,000	0							
Depreciation-Equipment & Furnishings	010	0		0	0						
Depreciation-Vehicles	011	0		0							
Transportation	012	30,000		30,000	30,000						
Utilities	013	0		0	0						
Office Supplies & Materials	014	0		0	0						
Insurance	015	0		0	0						
Administration & General	016	1,030,000	30,000	1,000,000	1,000,000						
Employee physicals/uniforms/immunizations	017	0		0	0						
Medical Supplies	018	30,000		30,000	30,000						
Other	019	0	0	0							
GRAND TOTAL	020	1,510,000	40,000	1,470,000	1,470,000						

Non-allowable costs should be reported in Column 002.

No direct care personnel expenses should be reported on Schedule 4.
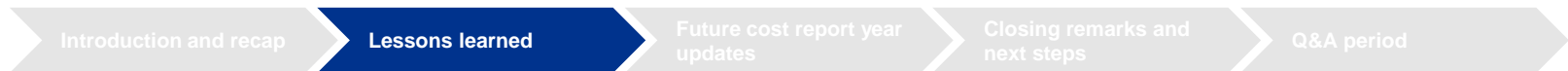
| Introduction and recap | **Lessons learned** | Future cost report year updates | Closing remarks and next steps | Q&A period |

Reporting costs on Schedules 3 and 4 (continued)

Common errors	Lessons learned
• Some agencies reported costs as negative values on Schedules 3 or 4 of the cost report.	• The Home Care Cost Report requires the reporting of actual expenses incurred during the calendar year being reported. Unlike the previous cost report in which "adjustments to expenses" were reported as negative values, all costs should be recorded as positive values. • If an agency has a negative balance on their trial balance due to refunds or reimbursements on expense accounts, they should be omitted from the cost report. These negative values can be shown as a reconciling items in the Financial Reconciliation tab. • Any negative costs reported on the cost report will be treated as a zero for rate setting purposes.

Reporting costs on Schedule 3 (continued)

Common errors	Lessons learned
• There was confusion regarding the costs that should be reported in the "Non-Allowable Costs" Column (002) versus the "Other non-allowable services" row (009) on Schedule 3.	• The "Other non-allowable services" row (009) should be used to report costs incurred when the agency is acting as the subcontractor for direct care services. These subcontractor costs should be reported in Column 005 (Program Aide). • The "Other non-allowable services" row (009) should also be used to report costs for other non-allowable services, such as Nursing Home Transition and Diversion (NHTD) and Traumatic Brain Injury (TBI) services. These costs should be reported within Column 002 (Non-allowable Costs). • All other non-allowable costs (e.g., marketing to attract new patients, meal expenses, and political contributions) should be reported in "Non-Allowable Costs" Column (002). • A list of allowable versus non-allowable is included within the cost report instructions.

Schedule 3

| LHCSA Name | | | LHCSA 1 | | | | | | | |
LHCSA County			Albany							
		Total Entity Costs (002 + 003)	Non-Allowable Costs (Adjustment to Expense)	Allowable Costs (Sum of 004 through 010)	Program Administration	Program Aide (Direct Care)	Program RN Supervision/ Assessment (Direct Care)	Program Staff Training	Transportation	Contracted Purchased Services	Other
		001	002	003	004	005	006	007	008	009	010
Direct Care											
PC: Level I	001	0	0	0	0	0	0			0	
PC: Level II	002	0	0	0	0	0	0				
PC: Level II - Hard to Serve	003	0	0	0	0	0		0	0		
Live-in	004	0	0	0	0	0	0			0	
Nursing Supervision	005	0	0	0							
Nursing Assessment	006	0	0	0							
Shared Aide: Level I	007	0	0	0	0	0		0	0		
Shared Aide: Level II	008	0	0	0							
Other non-allowable services	009	2,000	0	2,000	0	2,000	0				
GRAND TOTAL	010	2,000		2,000		2,000					

Reporting costs on Schedules 3 and 4 (continued)

Common errors	Lessons learned

• There were many instances where **agencies did not properly estimate and offset the WR&R** revenue received through the WR&R rate add-on from their WR&R costs, and as a result, a portion of WR&R costs were incorrectly reported as allowable on Schedules 3 and 4.	• All WR&R costs covered by the WR&R revenue should be reported as non-allowable in Column 002 on Schedules 3 and 4. Only WR&R costs net of the WR&R revenue received through the WR&R rate add-on should be reported as allowable.
	  - The non-allowable WR&R costs (portion covered by the revenue) should be offset from the column where the WR&R expenses are reported. For example, if your WR&R costs relate to direct care salaries/benefits, the non-allowable WR&R costs should be offset from Column 005 on Schedule 3.
	• Prior to the 2021 cost report, DOH provided updated instructions on how agencies can identify WR&R revenue on their FFS rate sheet or estimate their WR&R revenue using the DOH-estimation calculation. DOH also created three WR&R revenue estimation templates that providers could leverage. Providers are encouraged to use these materials to properly estimate WR&R revenue in future years.
	  - WR&R revenue should be calculated using both Medicaid Managed Care and Medicaid FFS units of service, if applicable.

Examples of WR&R costs:
- Overtime pay
- Retention or hiring bonuses
- Wellness programs
- Employee referral awards

Useful Links

2021 Links
- 2021 Home Care Cost Report Instructions
- 2021 Home Care Cost Report Outreach Program

Supporting Documentation Templates
- Cost Report Policy and Procedure Template
- LHCSA Supporting Documentation Template
- CHHA Supporting Documentation Template
- FI Supporting Documentation Template
- CHHA WR&R revenue estimation template
- LHCSA WR&R revenue estimation template
- FI WR&R revenue estimation template

Introduction and recap | **Lessons learned** | Future cost report year updates | Closing remarks and next steps | Q&A period

Reporting of contracted services (direct care and administrative)

Common errors	Lessons learned
• There were instances where agencies reported direct care contracted services incorrectly on Schedule 3 or omitted them entirely from the cost report.	• The agency acting as the subcontractor should report the expenses they incurred performing the direct care services (e.g., paying the direct care worker for the hours worked providing the service, transportation for the worker to get to the patient to provide the subcontractor services, etc.) in the "Other non-allowable services" row (009) in the "Program Aide (Direct Care)" Column (005) on Schedule 3. • The agency contracting out the direct care services should report the costs they incurred purchasing the service (e.g., the amount they paid the subcontractor) in the "Contracted Purchased Services" Column (009), within the applicable service type row on Schedule 3.
• In some instances, agencies incorrectly reported program administration contracted services (e.g., bookkeeping and cleaning services) in the "Contracted Purchased Services" Column (009).	• Administrative-related contracted purchased services costs, such as cleaning, bookkeeping, administrative computer services, and other services not related to direct patient care, should be reported in Column (004) "Program Administration" within the "Administration & General" row (016).

Note: Examples of the reporting of both direct care and program administration contracted services are included on the next slide.
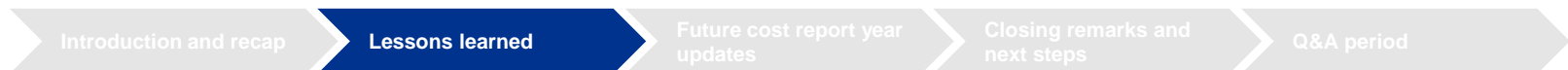
Reporting of contracted services (Direct care)

Proper reporting for the agency acting as the subcontractor for the provision of direct care services on Schedule 3:

LHCSA Name		LHCSA 1								
LHCSA County		Albany								
		Total Entity Costs (002 + 003)	Non-Allowable Costs (Adjustment to Expense)	Allowable Costs (Sum of 004 through 010)	Program Administration	Program Aide (Direct Care)	Program RN Supervision/ Assessment (Direct Care)	Program Staff Training	Transportation	Contracted Purchased Services	Other
		001	002	003	004	005	006	007	008	009	010
Direct Care											
PC: Level I	001	0	0	0	0	0	0			0	
PC: Level II	002	0	0	0	0	0	0				
PC: Level II - Hard to Serve	003	0	0	0	0	0		0	0		
Live-in	004	0	0	0	0	0	0			0	
Nursing Supervision	005	0	0	0							
Nursing Assessment	006	0	0	0							
Shared Aide: Level I	007	0	0	0	0	0		0	0		
Shared Aide: Level II	008	0	0	0							
Other non-allowable services	009	2,000	0	2,000	0	2,000	0				
GRAND TOTAL	010	2,000		2,000		2,000					

Proper reporting for the agency contracting direct care services on Schedule 3:

LHCSA Name		LHCSA 1								
LHCSA County		Albany								
		Total Entity Costs (002 + 003)	Non-Allowable Costs (Adjustment to Expense)	Allowable Costs (Sum of 004 through 010)	Program Administration	Program Aide (Direct Care)	Program RN Supervision/ Assessment (Direct Care)	Program Staff Training	Transportation	Contracted Purchased Services	Other
		001	002	003	004	005	006	007	008	009	010
Direct Care											
PC: Level I	001	2,000	0	2,000	0	0	0			2,000	
PC: Level II	002	0	0	0	0	0	0				
PC: Level II - Hard to Serve	003	0	0	0	0	0		0	0		
Live-in	004	0	0	0	0	0	0			0	
Nursing Supervision	005	0	0	0							
Nursing Assessment	006	0	0	0							
Shared Aide: Level I	007	0	0	0	0	0		0	0		
Shared Aide: Level II	008	0	0	0	0	0	0				
Other non-allowable services	009	0	0	0	0	0	0				
GRAND TOTAL	010	2,000		2,000						2,000	

Reporting of contracted services (Administrative)

Proper reporting for administrative contracting services on Schedule 4:

LHCSA Name		LHCSA 1								
LHCSA County		Albany								
		Total Entity Costs (002 + 003) ⓘ	Non-Allowable Costs (Adjustment to Expense)	Allowable Costs (Sum of 004 through 010)	Program Administration ⓘ	Program Aide (Direct Care)	Program RN Supervision/ Assessment (Direct Care)	Program Staff Training	Transportation	Contracted Purchased Services	Other
		001	002	003	004	005	006	007	008	009	010
GENERAL SERVICE COST CENTERS											
Criminal Background Check & Fingerprinting	001	0	0	0	0						
Capital Related - Building & Fixtures	002	0		0							
Capital Related - Movable Equipment	003	0		0							
Plant Operations & Maintenance	004	0		0	0						
Rent-Building	005	0		0	0						
Rent-Furnishings	006	0		0							
Rent-Vehicles	007	0		0							
Interest-Property	008	0		0	0						
Depreciation-Plant	009	0	0	0							
Depreciation-Equipment & Furnishings	010	0		0	0						
Depreciation-Vehicles	011	0		0							
Transportation	012	0		0	0						
Utilities	013	0		0	0						
Office Supplies & Materials	014	0		0	0						
Insurance	015	0		0	0						
Administration & General	016	1,000	0	1,000	1,000						
Employee physicals/uniforms/immunizations	017	0		0	0						
Medical Supplies	018	0		0	0						
Other	019	0	0	0							
GRAND TOTAL	020	**1,000**		**1,000**	**1,000**						

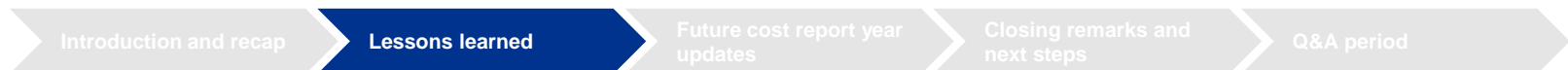Introduction and recap | **Lessons learned** | Future cost report year updates | Closing remarks and next steps | Q&A period

Reporting service types on Schedules 3 and 5

Common errors	Lessons learned
• Several agencies incorrectly reported costs for service types on Schedule 3 that did not have any statistics reported on Schedule 5, or vice versa.	• If patients received a particular service type, costs should be allocated to that service type on Schedule 3 and statistics should be reported on Schedule 5. Therefore, all service type rows (e.g., Live-in and Shared Aide: Level II) with allocated costs on Schedule 3 should have corresponding statistics reported on Schedule 5 (e.g., Live-in and Shared Aide: Level II) for each entity.

Schedule 3

Schedule 5

Reporting service types on Schedules 3 and 5 (continued)

Common errors	Lessons learned
• Several agencies did not report all statistics on Schedule 5.	• Statistics should be reported on Schedule 5 regardless of whether reimbursement was received. • If costs are reported for non-allowable services on Schedule 3, statistics for those non-allowable services should be reported within the "Other non-allowable services" row on Schedule 5.
• Several agencies incorrectly reported RN Supervision and RN Assessment expenses and statistics on Schedules 3 and 5 of the cost report. This included reporting administrative supervision of the aide within Column 006 and not reporting corresponding statistics for services on Schedule 5.	• Costs related to the mandated administrative supervision of the aide should be reported in Column 004 (Program Administration) and no statistics should be reported for this service on Schedule 5 as it is not related to direct patient care. • Costs related to nursing supervision or nursing assessment services that relate to direct patient care should be reported within Column 006 (Program RN Supervision/Assessment) on Schedule 3. These services should have corresponding statistics within row 005 (Nursing Supervision) and row 006 (Nursing Assessment) on Schedule 5.

Note: Examples of RN Supervision/Assessment reporting on Schedules 3 and 5 are included on the following slides.

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Reporting service types on Schedules 3 and 5 (continued)

Administrative supervision of the aide

RN Supervision and RN Assessment costs (patient care services)

Schedule 3

No administrative supervision of the aide reported here

RN Supervision/ RN Assessment statistics

Schedule 5

Introduction and recap | **Lessons learned** | Future cost report year updates | Closing remarks and next steps | Q&A period

Reporting Medicaid revenue on Schedule 19

Common errors	Lessons learned
• There were several instances where agencies misreported their Medicaid revenue on Schedule 19.	• Medicaid revenue should be reported in rows 001 – 003 on Schedule 19. • The type of Medicaid revenue (FFS or MC) reported on Schedule 19 should be consistent with the Medicaid statistics reported on Schedule 5.

Schedule 19

Home Care Service Revenue:		$
Medicaid	001	50,000
Fee-for-service	002	20,000
Managed Care	003	30,000
Medicare	004	0
Private Pay	005	0
Commercial	006	0
TOTAL HOME CARE SERVICE REVENUE	007	50,000

Schedule 5

		FFS			Medicaid MC			Total Medicaid (FFS + MC)		
		Patients	Units of Service: Visits/Days	Units of Service: Hours	Patients	Units of Service: Visits/Days	Units of Service: Hours	Patients	Units of Service: Visits/Days	Units of Service: Hours
		001	002	003	004	005	006	007	008	009
Direct Care										
PC: Level I	001	1		1	1		1	2	0	2
PC: Level II	002	1		1	1		1	2	0	2
PC: Level II – Hard to Serve	003	1		1	1		1	2	0	2
Live-in	004	1	1		1	1		2	2	0
Nursing Supervision	005	1	1		1	1		2	2	0
Nursing Assessment	006	1	1		1	1		2	2	0
Shared Aide: Level I	007	1		1	1		1	2	0	2
Shared Aide: Level II	008	1		1	1		1	2	0	2
Other non-allowable services	009	1	1	1	1	1	1	2	2	2
GRAND TOTAL	010	9	4	6	9	4	6	18	8	12

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Lessons learned: General questionnaire/ Agency representation tab

General questionnaire

Common errors	Lessons learned
• Many agencies did not demonstrate appropriate segregation of duties during the 2021 cost report submission process (resulted in an Observation).	• Agencies should have more than one individual involved in the cost report preparation, review, and submission of the cost report.
• Some agencies incorrectly responded to G.10 on the General Questionnaire, which asks whether the agency has any direct care contracting relationships.	• The response to G.10 should only be "Yes" if the agency uses a subcontractor for services or acts as a subcontractor for the provision of direct care services (e.g., home health aide or personal care aide services). - If the agency responds "Yes" to G.10, then there should be data reported in Column 009 (if the agency uses a subcontractor for services) or in the "Other non-allowable services" row (if the agency is acting as the subcontractor) on Schedule 3. Refer to slides 21-23 for more details. • Contracts with MCOs/MLTCs and administrative contracting relationships (e.g., bookkeeping, cleaning services, etc.) should not be included in agency responses to this question.

Question: G.1

Please provide the following regarding the preparation, review and submission of the cost report.

Professional name, title, and email address of the person who is responsible for the preparation of the cost report:

Name	Title	Email address
No applicable data		

Is someone other than the preparer responsible for reviewing the cost report?

Question: G.10

Does your agency have any contracting relationships with other agencies for the delivery of direct care services? Please answer "Yes" if your agency contracts out the delivery of direct care services to another agency or if your agency serves as a subcontractor to another agency for the delivery of these direct care services.

Contracts with MCOs/MLTCs, as well as contracts for the delivery of administrative services such as bookkeeping and maintenance services, should not be noted for this question.

Introduction and recap | **Lessons learned** | Future cost report year updates | Closing remarks and next steps | Q&A period

General questionnaire/Agency representation

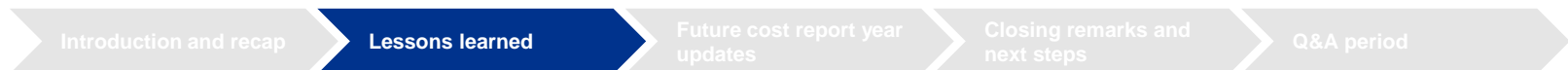| Common errors	Lessons learned
• Many agencies submitted the Agency Representation tab prior to submitting their 2021 cost report. This caused their report to lock and delay submission.	• Agencies should not submit the Agency Representation tab until they have submitted their cost report as the representation is meant to certify the information submitted in the cost report.
• There were many instances during the submission process where the agency's response to G.12 on the General Questionnaire was not consistent with the information reported within the Reporting Hierarchy and therefore, it delayed the submission of the cost report.	• For each entity type the agency operates, the agency should indicate whether it provides services under FFS, MC, or both. The agency should then select any entity type(s) that they operate and select "N/A" for any that they do not operate. • The response to G.12 should be consistent with the entity types in the Reporting Hierarchy. - For example, if the agency indicates that it only operates one CHHA entity within the Reporting Hierarchy, then "N/A" should be selected under both FI and LHCSA on G.12.

Question: G.12

For each provider type that you operate (CHHA, LHCSA, and/or FI), please indicate below whether you provide services for Medicaid Fee-for-Service only, Medicaid Managed Care only, both, or neither. If you do not operate that entity type, please select 'Not applicable'.

LHCSA
Medicaid Fee-for-Service Only

FI
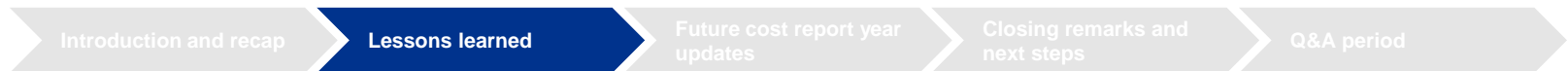Medicaid Fee-for-Service AND Medicaid Managed Care

CHHA
Medicaid Managed Care Only

Lessons learned: Audit process

Audit process

| Common errors	Lessons learned

• In some instances, sufficient documentation was not initially provided and additional support was required for the audit team to gain comfort over the information reported in the Home Care Cost Report. Additional documentation was also required if the agency was selected by DOH for field audit procedures.	• Agencies should upload **all documentation necessary to support the inputs** in the Home Care Cost Report.
	• Agencies should be prepared to provide additional supporting documentation as requested by the assigned auditors.
	• Providers should have the following documentation prepared in the event that they are selected for field audit procedures:
	  - Transaction detail for contracting service and advertising expenses, and an explanation of WR&R costs
	  - Payroll register
	  - Patient-level statistical reports (system generated)

• In some instances, agencies did not submit their cost report adjustments within the "Adjusted Cost Report Schedules" tab of the Tool or approve/deny the audit team to make minor adjustments on their behalf within the time period communicated by the audit team.	• Agencies should make adjustments by the due date requested within the email sent by the audit team within the "Adjusted Cost Report Schedules" tab of the Tool or request a reasonable extension. Additionally, agencies should approve or deny audit teams making minor adjustments within a timely manner.

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Audit process (continued)

Common errors	Lessons learned
• Some agencies did not submit their management response and corrective action plans within the Exit Dashboard during the allotted timeframe at the conclusion of audit procedures.	• Agencies are required to provide a management response and corrective action plan for any identified findings. • These responses should be submitted by the deadline indicated in the Exit Dashboard communication.

Summary of Findings:

Finding	Subfinding	Comment	Location	Agreement	Management Response
12. Improper reporting of Service Statistics: Agencies are required to follow requirements from the Department of Health related to the submission of cost reports. The 2019 Home Care Cost Report Instructions provide guidance for the correct Service Statistics reporting methodology.	c. An adjustment to the cost report was required as a result of the agency reporting FI units of service in the incorrect service type category (Schedule 5c). The adjustment was properly executed during audit procedures.	KPMG Finding Note	Document RequestDocumentation Request Language	No Answer Yet	
8. Improper reporting of Direct Care Costs: Agencies are required to follow requirements from the Department of Health related to the submission of cost reports. The 2019 Home Care Cost Report Instructions provide guidance for the correct Direct Care reporting methodology.	a. An adjustment to the cost report was required as a result of the agency misreporting allowable and/or non-allowable costs related to CHHA Direct Care Costs (Schedule 3a). The adjustment was properly executed during audit procedures.	KPMG Finding Note	Financial Statement Follow-up - CHHA	No Answer Yet	
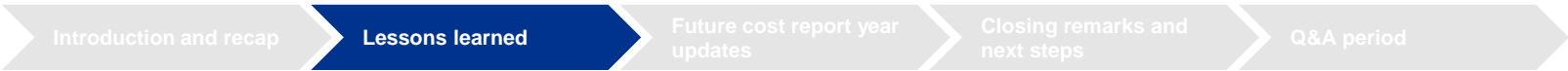
Future cost report year updates

Future cost report year updates

Future cost report impact

- DOH expects all applicable providers to make every effort to comply with all aspects of the cost report requirements as the cost report data will be used to set the Medicaid reimbursement rates.

Provider responsibility for consultants

- For the 2019, 2020, and 2021 Home Care Cost Reports, a high volume of providers hired CPA firms and industry consultants to assist with the cost report submission and audit process. DOH has observed that some consultants have had issues preparing and submitting accurate cost reports. DOH would like to reiterate that it is acceptable to hire vendors to support the Home Care Cost Report submission and audit; however, the provider is ultimately responsible for accurate and timely submissions and encourages every provider to be engaged throughout the process.

Additional guidance materials

- Based on the lessons learned from the 2021 audit year, KPMG and DOH will be updating the cost report instructions for the 2022 cost report submission period to include detail related to reporting areas that were challenging during the 2021 cost report process.

Future cost report year updates (continued)

2021 Tool updates

- DOH and KPMG will be deploying updates to the web-based tool to help streamline the cost report submission and audit process in future cost report years. These updates include the following:

  - *Structural changes*

    - KPMG and DOH expect to make structural changes to the cost report schedules tab to help clarify proper reporting locations for providers.

    - KPMG and DOH expect to make a change to prevent agencies from entering negative numbers on the cost report.

  - *Additional general questionnaire questions:*

    - KPMG and DOH may add new question(s) to the General Questionnaire for providers to answer prior to submitting the cost report, to collect additional information related to the agency's structure and processes.

  - *Budgeted cost reports:*

    - KPMG and DOH are implementing a new budgeted cost report feature in the Tool for new agencies that require a budgeted rate. The budgeted cost report will require the completion of Schedules 1, 2, 3, 4, 5, and 7 with budgeted cost data.

    - Note that all budgeted rate requests should be sent to the Department for approval. The data entered in the budgeted cost report will be sent to DOH to calculate a budgeted rate. Further information will be provided on this process in the coming months.

Future cost report year updates (continued)

2021 Tool updates

- **Additional edit checks:** During the 2021 cost report year, KPMG implemented 21 new automatic checks in the Tool, which triggered a warning message to appear to notify the provider of the potential error on its cost report. Additionally, the message included links to helpful guidance materials related to the error that providers could leverage to correct it prior to submission. **In the 2022 cost report year, some of the automatic checks that are critical to accurate rates may prevent cost report submission if not corrected.** Further, additional checks may be added in the 2022 cost report.

Schedule Validation

Some schedules are incomplete or contain inconsistent data. These may be resolved as you complete additional schedules.

Related Schedule(s)	Message
Schedule 4a	Program Administration (Column 004) totals do not match on Schedule 3a and Schedule 4a. Please correct this error so that the program administration totals are equal at both the agency and entity level on Schedule 3a and Schedule 4a. For additional instructions on how to correct this error, click here.

OK

Future cost report year updates (continued)

Cost report instructions updates

- **Schedules 3 and 4:** Beginning with the 2022 cost report year, "criminal background check and fingerprinting" and "employee physicals/uniforms/immunization" costs for both direct care and program administration employees should be reported as program administration costs in Column 004 (Program Administration) on Schedules 3 and 4.

		Total Entity Costs (002 + 003) ⑦	Non-Allowable Costs (Adjustment to Expense)	Allowable Costs (Sum of 004 through 010)	Program Administration ⑦	Program Aide (Direct Care)	Program RN Supervision/ Assessment (Direct Care)	Program Staff Training	Transportation	Contracted Purchased Services	Other
		001	002	003	004	005	006	007	008	009	010
GENERAL SERVICE COST CENTERS											
Criminal Background Check & Fingerprinting	001	200,000	0	200,000	200,000						
Capital Related - Building & Fixtures	002	0		0	0						
Capital Related - Movable Equipment	003	0		0	0						
Plant Operations & Maintenance	004	0		0	0						
Rent-Building	005	0		0	0						
Rent-Furnishings	006	0		0	0						
Rent-Vehicles	007	0		0	0						
Interest-Property	008	0		0	0						
Depreciation-Plant	009	0	0	0	0						
Depreciation-Equipment & Furnishings	010	0		0	0						
Depreciation-Vehicles	011	0		0	0						
Transportation	012	0		0	0						
Utilities	013	0		0	0						
Office Supplies & Materials	014	0		0	0						
Insurance	015	0		0	0						
Administration & General	016	0	0	0	0						
Employee physicals/uniforms/immunizations	017	750,000		750,000	750,000						
Medical Supplies	018	0		0	0						
Other	019	0	0	0	0						
GRAND TOTAL	020	950,000		950,000	950,000						

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Closing remarks and next steps

Closing remarks and next steps

Closing remarks

DOH and KPMG would like to thank all of the Home Care providers that participated in the 2019, 2020, and 2021 Home Care Cost Report submissions and audit processes. We look forward to continuing to work with the NYS Home Care agencies as we approach the 2022 Home Care Cost Report process.

Next steps

- DOH and KPMG have begun preparing for the 2022 Home Care Cost Report submission and audit process. The 2022 submission launch date has not yet been finalized, but the cost report will likely open in early June.
  - Once determined, a communication will be distributed to providers with the relevant dates and timeline for the 2022 Home Care Cost Report activities. Please be on the lookout for communications from DOH (Homecare.reports@health.ny.gov) and KPMG (us-advrisknyshc@kpmg.com) regarding the launch of the 2022 Home Care Cost Report. These communications will include:
    - The kickoff date and timeline for the submission of the cost report
    - The kickoff webinar information
- DOH will be providing the 2022 Medicaid reimbursements rates along with further information on the 2022 Medicaid rate calculation and how the cost report inputs were used to calculate the rates. Please be on the lookout for a communication from DOH in the near future.
- If your agency requires any additional contributors to be added to the web-based tool prior to the launch, please reach out to us-advrisknyshc@kpmg.com with the agency name and names and emails of the new contributors needing to be added.

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Q&A period

Q&A Period

Thank you

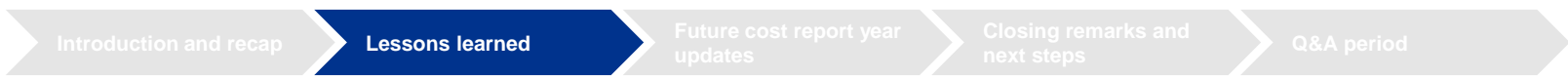# Appendix: Recurring lessons learned from previous audits

Reporting costs on Schedules 3 and 4

Common errors	Lessons learned
• There were several instances where agencies reported program administration costs, such as office supplies, depreciation, rent, etc., in Column 010 (Other) on Schedules 3 and 4, instead of in Column 004 (Program Administration).	• All Program administration costs such as supplies, depreciation, rent, etc., should be reported in Column 004 (Program Administration) on Schedule 3 and Schedule 4. Examples of program administration costs are included on page 15 and 16 of the Home Care Cost Report Instructions, which can be accessed at the following link: Home Care Cost Report Instructions. • On Schedules 3 and 4, "Other" Column 010 should only include items that cannot be appropriately included in any other columns. Providers may be asked to provide explanations for any costs reported in Column 010.

Schedule 4

Introduction and recap | Lessons learned | Future cost report year updates | Closing remarks and next steps | Q&A period

Reporting costs on Schedules 3 and 4 (continued)

Common errors	Lessons learned
• There were several instances where agencies incorrectly reported medical supply expenses (e.g., gloves and masks) as program administration costs on Schedules 3 and 4 instead of as direct care costs.	• All medical supply expenses (e.g., gloves and masks) are considered direct care costs and should be reported within the "Program Aide (Direct Care)" Column (005) on Schedules 3 and 4. • Supplies and materials should be broken out into two separate rows on Schedule 4, row 014 "Office Supplies & Materials" and row (018) "Medical Supplies" to clarify the proper reporting locations of administrative versus medical supplies.

Schedule 4

Schedule Totals (sum of all like columns from each table)		Total Entity Costs (002 + 003)	Non-Allowable Costs (Adjustment to Expense)	Allowable Costs (Sum of 004 through 010)	Program Administration	Program Aide (Direct Care)	Program RN Supervision/ Assessment (Direct Care)	Program Staff Training	Transportation	Contracted Purchased Services	Other
		1,510,000	40,000	1,470,000	1,470,000						
LHCSA Name				LHCSA 1							
LHCSA County				Albany							
		Total Entity Costs (002 + 003)	Non-Allowable Costs (Adjustment to Expense)	Allowable Costs (Sum of 004 through 010)	Program Administration	Program Aide (Direct Care)	Program RN Supervision/ Assessment (Direct Care)	Program Staff Training	Transportation	Contracted Purchased Services	Other
		001	002	003	004	005	006	007	008	009	010
GENERAL SERVICE COST CENTERS											
Criminal Background Check & Fingerprinting	001	10,000	0	10,000	10,000						
Capital Related - Building & Fixtures	002	0		0							
Capital Related - Movable Equipment	003	0		0							
Plant Operations & Maintenance	004	200,000		200,000	200,000						
Rent-Building	005	200,000		200,000	200,000						
Rent-Furnishings	006	0		0							
Rent-Vehicles	007	0		0							
Interest-Property	008	0		0	0						
Depreciation-Plant	009	10,000	10,000	0							
Depreciation-Equipment & Furnishings	010	0		0	0						
Depreciation-Vehicles	011	0		0							
Transportation	012	30,000		30,000	30,000						
Utilities	013	0		0	0						
Office Supplies & Materials	014	0		0	0						
Insurance	015	0		0	0						
Administration & General	016	1,030,000	30,000	1,000,000	1,000,000						
Employee physicals/uniforms/immunizations	017	0		0	0						
Medical Supplies	018	30,000		30,000	30,000						
Other	019	0	0	0							
GRAND TOTAL	020	1,510,000	40,000	1,470,000	1,470,000						

Reporting costs on Schedules 3 and 4 (continued)

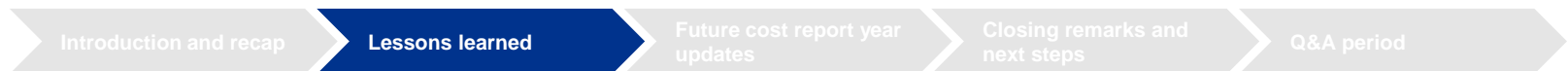| Common errors	Lessons learned
• There were instances where taxes and benefits were not allocated between program administration and direct care workers. Rather, the agencies lumped these costs in one group or the other.	• Taxes and benefits should be allocated across direct care and program administration workers and reported in the Direct Care (005 and 006) and Program Administration (004) columns, respectively.
• Some agencies incorrectly reported bad debt as an allowable cost (resulted in a Finding). • Other agencies reported bad debt as a non-allowable cost (resulted in an Observation).	• Bad debt should be treated as an offset to revenue. Therefore, bad debt should not be reported with costs on Schedule 3 or Schedule 4.
• Some agencies incorrectly reported meal expenses and advertising costs (for the purposes of attracting patients) as allowable.	• Meal expenses and advertising costs (for the purposes of attracting patients) are non-allowable costs and should be reported in Column 002 on Schedule 3 and Schedule 4.

Reporting of service statistics on Schedule 5

Common errors	Lessons learned

• There was confusion regarding how Medicaid Fee-for-Service and Medicaid Managed Care statistics should be allocated and reported on Schedule 5.	• Before reporting Medicaid statistics on Schedule 5, agencies should review the services they provide to understand the difference between Medicaid Fee-for-Service and Medicaid Managed Care. Helpful tips include the following:
	  - Review all data fields in system-generated statistical reports, such as HHAeXchange. Many of these reports identify the source of admission.
	  - Understand the source of your Medicaid reimbursement. Direct reimbursement from New York State relates to Fee-for-Service, while reimbursement from MCOs/MLTCs relates to Managed Care.
	• Fully review and understand the structure of the Medicaid section of Schedule 5. There are columns created for Fee-for-Service and Managed Care. It is critical that statistics are reported properly in these locations as they have a direct impact on reimbursement.

Schedule 5:

| | | Medicaid | | | | | | Total Medicaid (FFS + MC) | | |
| | | FFS | | | MC | | | | | |
		Patients	Units of Service: Visits/Days	Units of Service: Hours	Patients	Units of Service: Visits/Days	Units of Service: Hours	Patients	Units of Service: Visits/Days	Units of Service: Hours
		001	002	003	004	005	006	007	008	009
Direct Care										
PC: Level I	001	1		1	1		1	2	0	2
PC: Level II	002	1		1	1		1	2	0	2
PC: Level II - Hard to Serve	003	1		1	1		1	2	0	2
Live-in	004	1	1		1	1		2	2	0
Nursing Supervision	005	1	1		1	1		2	2	0
Nursing Assessment	006	1	1		1	1		2	2	0
Shared Aide: Level I	007	1		1	1		1	2	0	2
Shared Aide: Level II	008	1		1	1		1	2	0	2
Other non-allowable services	009	1	1	1	1	1	1	2	2	2
GRAND TOTAL	010	9	4	6	9	4	6	18	8	12

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