

**STATE OF MAINE**  
**DEPARTMENT OF HEALTH AND HUMAN SERVICES**  
**INSTRUCTIONS FOR COMPLETING THE COST REPORT**  
**FOR INTERMEDIATE CARE FACILITIES**

All Intermediate Care Facilities in the State of Maine are required to submit an annual cost report and financial statements within five (5) months of the end of each fiscal year to the State of Maine Department of Health and Human Services, Division of Audit. Utilize the Department's approved file transfer program to upload the completed cost report in .xlsx format, along with the required supporting documents. If you do not have access to the internet, mail the information to the State of Maine DHHS, Division of Audit, 11 State House Station, Augusta, Maine 04333-0011. If a provider fails to file an acceptable cost report by the due date, the Division of Audit may send the provider a notice by certified mail advising the provider that all payments are suspended until an acceptable cost report is filed. These instructions are intended to offer guidance in completing the cost report. These instructions are not intended to offer interpretation or clarification of the Principles of Reimbursement for Intermediate Care Facilities (10-144 Chapter 101, MaineCare Benefits Manual (MBM), Chapter III, Section 50). **If any conflict arises out of the interpretation of these instructions versus the interpretation of the Principles of Reimbursement, the Principles of Reimbursement will take precedence.**

The annual cost report must be completed and filed on forms prescribed by the Division of Audit. These forms will not be acceptable if they are changed in any way without prior approval by the Department or if they are not completed in accordance with these instructions. The Principles of Reimbursement in effect during the fiscal year of the cost report will determine allowable cost. Providers are required to file cost reports using the accrual basis of accounting, unless the Provider is a State or municipal institution that operates on a cash basis. All schedules must be filled out completely and legibly in accordance with these instructions. Failure to complete all forms could result in an unacceptable cost report.

A copy of the provider's financial statements must be submitted with the cost report, along with a copy of the financial statements of any related real estate entity or any other type of related organization involved in transactions with the facility.

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### Specific Instructions

The following includes specific instructions for each cost report schedule in the order that they appear in the cost report. It is important to note that this is not necessarily the order in which the forms need to be completed. **In general, cells highlighted in blue contain formulas. The formulas in these cells should not be altered. A cell that is highlighted in yellow indicates that the cost report preparer must enter that information manually into that particular cell.**

### General Info – Cost Report/Facility/Ownership Information

This section of the cost report provides general information about the provider and the operating period.

In Part I, enter the Facility Name, Facility Address, Telephone Number, Email Address, Cost Report Status (as-filed or revised), the Fiscal Year Begin date, the Fiscal Year End date, the facility's 10-digit NPI+3 ID's used for Medicaid billing, and the Number of Licensed Beds.

In Part II, enter the name of the facility's Corporation or Central Office, Corporate Address, Telephone Number, and Email Address. Select the Ownership Type from the dropdown list. List the names of all owners/corporate officers and provide their title and number of shares or percentage of ownership.

In Part III, enter the name of the Accounting Firm providing accounting services to the facility, the Firm's address, Telephone Number, and Email Address.

In Part IV, list the names for all persons who served as the facility's administrator during the fiscal period, including from/to dates, identify if the administrator served as an administrator at another facility, and list the names for all persons who participated in an Administrator in Training program including the start/completion dates.

In Part V, list the Business Name, Address, Type, Service Rendered, Property Leased, Product Supplied, Amount of Charges, Applicable Trial Balance Account, and the Actual Cost of the service, property, or product to the related organization with which the facility conducts business transactions. A supplemental schedule must be submitted to support the actual cost of the service, product or property supplied by a related party.

In Part VI, list the names of all persons living in the facility who are not residents, and their reason for living in the facility. Also, identify any buildings on the grounds or areas within the facility that are not directly related to resident care, including a description of the building/area, the associated square footage, and the functional use of the building/area.

### Attestation – Certification by Officer or Administrator of Provider

Print this form **after** completing all other cost report schedules. Ensure that the name of the facility and the reporting period are displayed correctly at the top of the form. Print the provider's name, license number and period beginning and end dates in the appropriate fields within the certification statement.

Print the Preparer's Name, Accounting Firm, Telephone Number, the Officer's/Administrator's Name and Title, and the Date completed. Both the cost report preparer and Officer/Administrator must sign on the appropriate lines. This form must be submitted with the cost report bearing original signatures.

### **Schedule A – Summary of Reimbursement Settlement – ICF/IID**

Schedule A is used to summarize the final settlement amount due to the Provider or the State. This is a lead schedule incorporating information from Schedules B, E, and J. No manual entry is required on this schedule.

### **Schedule B – Schedule of Allowable Costs**

The purpose of this schedule is to determine allowable costs. Expenses are entered from the provider's records, and then adjusted to the Principles of Reimbursement. The primary source for this schedule should be the trial balance of expenses that ties to the provider's financial statements. This trial balance must be submitted with the cost report.

#### Columns 2 and 4:

In column 4 labeled "Expenses per Provider's Records", enter each amount from the facility's trial balance (T/B). The T/B expense should correspond with the Schedule B expense line that matches it the closest. Input each entry rounded to the nearest dollar. In column 2, enter the T/B account number corresponding to the expense in column 4.

If more than one T/B account is included on an expense line in column 2, document this on Schedule D and reference Schedule D in column 2. If one T/B account is allocated to more than one expense line in column 2, document this on Schedule D and reference Schedule D in column 2 for each applicable expense line.

Complete the Salaries & Wages expense lines 1 through 18 with the amounts from Schedule H, column 3. Complete expense line 19, Vacation/Sick/Holiday Pay, with the amounts from Schedule H, column 4. In column 2, reference Schedule H for all the Salaries and Wages and Vacation /Sick/Holiday Pay lines.

The payroll taxes come directly from the trial balance. If there is an Administrator in Training (AIT), the payroll taxes will need to be net of the AIT.

AIT wages, benefits, and payroll taxes are included with fixed costs. Benefits include vacation pay, sick pay, holiday pay, workers' compensation, health insurance, and qualified retirement contributions. The portion of workers' compensation, health insurance, and/or qualified retirement contributions for the AIT will need to be removed from lines 23 through 25. This can be done through adjustments in columns 6 that are included on Schedule C, or through a supporting work paper showing the allocations that tie back to the trial balance.

On line 28, enter, if any, the excess wage adjustment identified on Schedule I.

#### Columns 5 and 6:

For any adjustment to the provider's expenses in column 4, the adjustment number is entered in column 5 and the amount of the adjustment is entered in column 6. For adjustments intended to reduce the amount of the expense, enter a minus sign (-) before the number. The negative number will be displayed in parentheses. The adjustments to the provider's expenses are explained on Schedule C.

On line 109, enter the total expenses per the trial balance. Explain any material variance identified on line 110. A separate work paper may be attached, if necessary, to explain the variance.

**Schedule B-1 – Revenue Summary**

The purpose of this schedule is to report the facility revenue. Revenues are entered from the provider’s records. The primary source for this schedule should be the provider’s financial statements or trial balance.

If column 1, lines 1 through 9, do not include all the facility’s revenue categories, enter a description of the “other” revenues in lines 10 through 13. In column 2, enter the trial balance account numbers associated with the revenue and contractual adjustments in the corresponding lines. In column 3, enter the dollar amount of the revenue and contractual adjustments, rounded to the nearest dollar.

**Schedule C – Explanation of Adjustments to Schedule B**

The purpose of this schedule is to explain the provider’s adjustments on Schedule B. Each individual adjustment is assigned a number in column 1. In column 2, indicate whether the adjustment is to labor, fixed costs, or variable costs. In column 3, provide a brief description of the adjustment for each individual adjustment. In column 4, enter the applicable Principles of Reimbursement reference to support the individual adjustments. In column 5, enter the amount associated with each adjustment. All adjustments on Schedule B must be included on Schedule C. Any expenses included with the extraordinary circumstance allowance (ECA) outbreak reconciliation due to a COVID-19 outbreak need to be removed from the allowable expenses on the cost report. The ECA Outbreak will be settled separately from the cost report.

**Schedule D – Schedule B / Trial Balance Reconciliation**

The purpose of this schedule is to reconcile any line item on Schedule B that consists of more than one trial balance account, or if one trial balance account is allocated to more than one line on Schedule B.

Sch B Line No	Schedule B Line Description	Amount	T/B Acct #	Description	Amount
			6520	Plowing/Sanding	\$1,300
			6530	Rubbish Removal	\$1,575
69	Snow & Rubbish Removal	\$2,875			\$2,875
79	Pharmacy Consultant	\$1,525			
80	Dietary Consultant	\$600			
		\$2,125	9050	Consultants	\$2,125

Additional pages may be added if necessary.

**Schedule E – Computation of Variable Costs with Savings/Adjustments**

Part I of this schedule is used to calculate the reimbursable variable cost per day along with any savings or disallowance. Part II combines the three cost components (labor, variable, and fixed) into the total allowable costs per resident day used in the cost settlement on Schedule A.

On line 1, enter the prospective rate or operating ceiling on variable costs per day from the rate letter.

**Schedule F – Intentionally Omitted****Schedule G – Reconciliation of Payroll Wages and Taxes**

The purpose of this schedule is to reconcile the total payroll wages and taxes reported on the following Federal and State tax forms to the total payroll wages and taxes reported on Schedule H and total taxes per trial balance.:

- Form 941: Employer's Quarterly Federal Tax Return
- Form 940: Employer's Annual Federal Unemployment Tax Return
- Form 941ME: Quarterly Filing for Income Tax Withholding
- Form ME UC-1: Quarterly Unemployment Contributions Reports

List the quarters that are contained within the cost reporting period in column 1. There are six lines to list the quarter ending dates to account for facilities with unique year-ends such as May 31. In column 2, enter any tax-exempt wages paid during each quarter. In column 3, enter the total FICA taxable wages paid during each quarter per Form 941. In column 4, enter the total FICA tax reported on Form 941 for each quarter. In column 5, enter the Maine State unemployment (SUTA) taxable wages reported on Form ME UC-1 for each quarter. In column 6, enter the SUTA tax paid for each quarter. In column 7, enter the Federal unemployment (FUTA) tax paid for each quarter per Form 940. In column 8, enter the employer's share of the FICA tax reported in column 4 for each quarter.

Line 7 is the sum of lines 1 through 6. Lines 8 through 16 are used to reconcile total payroll reported on the tax forms to total payroll reported on Schedules G-1 and H. Line 8 is for the total tax-exempt wages reported in column 2. On line 9, enter any third-party disability wages not reported as wages in columns 2 or 3. On line 10, enter the prior year payroll accrual as a negative (-) amount. On line 11, enter the current year payroll accrual. On line 12, enter the prior year earned time accrual as a negative (-) amount. On line 13, enter the current year earned time accrual. Line 14 is the sum of column 3, lines 7 through 13. Line 15 is the gross payroll reported on Schedule G-1, column 1, line 26. If line 15 does not equal line 14, a variance is calculated on line 16. If a material variance exists, explain the variance (see note).

On line 12b, enter the prior year payroll tax accrual as a negative (-) amount. On line 13b, enter the current year payroll tax accrual. Line 14b is the sum of column 9, lines 7 through 13b. Line 15b is the total payroll taxes reported on Schedule N, column 1, line 23. If line 15b does not equal line 14b, a variance is calculated on line 16b. If a variance exists, explain the variance (see note).

**NOTE:** An explanation that the variance is due to “other programs, entities, or cost centers” is not sufficient. If the variances on lines 16 and 16b are due to additional wages and taxes paid for other programs, entities, or cost centers reported on the 941s but not claimed on this cost report, the provider must include a supplemental schedule reconciling the total payroll and payroll taxes on lines 15 and 15b to the provider’s consolidated financial statements.

**Schedule G-1 – Schedule of Wages and Payroll Taxes**

The purpose of this schedule is to report the total wages and payroll taxes for the entire agency, by cost center, per the agency’s trial balance/financial statements.

At the top of this schedule is a reconciliation for this program’s wages. Please explain any variance noted.

For the second portion of this schedule, lines 1 through 25, enter each cost center, facility, or program per the agency's trial balance/financial statements. In column 1, enter the wages reported on Schedule H, column 5, line 21. In column 2, enter the total payroll taxes for each cost center.

The totals reported in columns 1 and 2 must agree with the trial balance/financial statements. Please explain any variance.

### **Schedule H – Payroll Information-Salaries and Wages**

The purpose of this schedule is to identify the salaries and wages to be included on Schedule B and to identify the hours worked for each cost center (including any contract labor hours).

#### For lines 1 through 18:

In column 1, enter the actual hours worked for each cost center as well as any contract labor hours. This column must not include any benefit hours. In column 3, enter the actual worked wages paid for each cost center. This column must not include any benefit wages. In column 4, enter the benefit wages paid for each cost center.

On line 20, enter the actual hours worked, the actual worked wages, and the benefit wages paid for the Administrator in Training.

#### For lines 22 through 28:

In column 1, enter the hours for purchased contract labor. In column 5, enter the dollars for purchased contract labor.

### **Schedule I – Facility Staffing Pattern**

The purpose of this schedule is to compare the approved hours to the actual hours worked for the audit period and to adjust for any hours in excess of the approved staffing pattern.

In column 1, enter the approved hours for each cost center.

Column 3 calculates the difference between approved hours and worked hours. If the provider is under their approved hours, no adjustment is necessary. If the provider is over their approved hours, an adjustment for excess wages and fringe benefits is necessary.

### **Schedule I-1 – Calculation of the Average Hourly Rate and Fringe Benefit Percentage**

The purpose of this schedule is to calculate the average hourly rate and the fringe benefit percentage. No manual entry is required on this schedule.

### **Schedule J – Schedule of ICF/IID Resident Days and Payments**

The purpose of this schedule is to report State resident days, total resident days, and the MaineCare amounts received for the cost report period.

Enter the applicable year next to each month. In column 1, enter the State days billed. In column 2, enter the authorized rate for each month from the rate letter. In column 3, enter the amount received for each month. In column 3, line 13, subtract the amount received, if any, for the extraordinary circumstance allowance (ECA) outbreak rate increase due to a Maine Centers for Disease Control (CDC) confirmed COVID-19 outbreak.

The ECA Outbreak funds will be settled separately from the cost report. In column 4, enter the private resident days for each month.

**Schedule K – Intentionally Omitted**

**Schedule L – Income Offset Against Costs on Schedule B**

The purpose of this schedule is to report any income that is offset based on the Principles of Reimbursement. If any offset adjustments are necessary, these must be added to Schedule C.