

NEW YORK STATE  
RESIDENTIAL HEALTH CARE FACILITY  
ACCOUNTING AND REPORTING MANUAL

C. THE COST FINDING -STATISTICS AND SAMPLING

A standard statistical allocation has been set forth for each functional reporting center. This prescribed minimum statistic must be reported based on facility records for functional reporting centers which have their own direct costs as well as centers which may receive only indirect costs as a result of cost-finding.

Alternative statistics may be developed and utilized for cost allocation of a functional center if such alternative basis had been used in the past and approved through audit by the Third-party Reimbursement Agency Auditor.

However, a nursing home utilizing an alternative statistical basis must also report the minimal acceptable statistics set forth in the Manual.

A nursing home wishing to change its statistical allocation basis at any time in the future must collect the data and submit same to the New York State Department of Health or other body if established, for approval as an exception to the approved cost allocation basis before it can be used. See procedure for same in the interpretation chapter of this Manual. Once an alternative statistic is used, it must remain in use until approval is given to alter the approved statistical basis.

It is understood that in some instances a nursing home may not be able to accumulate the statistics for a full year. Under these circumstances, the nursing home may use a sample for accumulation of the data. A discussion of the sampling technique is presented at the end of this chapter. The minimum mandated statistical basis for cost allocation is presented below. A more precise definition for the compilation of the data is provided in the next section.

NEW YORK STATE  
RESIDENTIAL HEALTH CARE FACILITY  
ACCOUNTING AND REPORTING MANUAL

MINIMAL ACCEPTABLE STATISTICAL BASIS

NONREVENUE SUPPORT SERVICES

ALLOCATION BASIS

Depreciation, Leases & Rentals  
Depreciation, Major Movable Equipment

Depreciation by Building by Department  
For assets acquired prior to 1/1/78, depreciation may be allocated to departments based on square feet, net. For major movable equipment acquisitions subsequent to 1/1/78, depreciation on such assets must be assigned based on the physical location of the equipment. Square Feet of Buildings for which debt incurred and actual depreciation of major movable equipment.

Interest on Capital Debt

Accumulated Costs

Fiscal Services

Accumulated Costs

Administrative Services

Plant Operation & Maintenance

Square Feet, Net

Grounds

Square Feet, Net

Security

Square Feet, Net

Laundry and Linen

Dry and Clean Pounds Distributed\*\*

Housekeeping

Assigned Time

Patient Food Service\*

Dietary Meals Served

Cafeteria

Average Number of Employees

Nursing Administration\*

Total Hours of Direct Nursing Service

Activities Program\*

Number of Participants, by Program

Nonphysician Education

Assigned Time of Students

Medical Education

Assigned Time - Interns and Residents

Medical Director's Office\*

Time Spent

Housing

Number of Rooms Occupied by Department Assigned

Medical Records\*

Hours of Service

Utilization Review\*

Number of Cases Reviewed by Program Area

Social Services\*

Hours of Service

Transportation\*

Number of Users by Program

\*For single level of care facilities (SNF only, HRF only, etc.) the cost allocation basis indicated is waived.

\*\*Includes the equivalent weight of disposable linens distributed. See "Schedule of Equivalent Weights for Disposable Linen Substitutes" on page 4316.

NEW YORK STATE  
RESIDENTIAL HEALTH CARE FACILITY  
ACCOUNTING AND REPORTING MANUAL

MINIMAL ACCEPTABLE STATISTICAL BASIS

ANCILLARY SERVICE REVENUE CENTERS

ALLOCATION BASIS

Laboratory Services	CAP Workload Measurement Units
Electrocardiology	CAP Workload Measurement Units
Electroencephalogy	CAP Workload Measurement Units
Radiology	Relative Value Units
Inhalation Therapy	Number of Treatments
Podiatry	Number of Visits
Dental	Number of Visits
Psychiatric	Number of Visits
Physical Therapy	Number of Treatments
Occupational Therapy	Number of Treatments
Speech and Hearing Therapy	Number of Treatments
Pharmacy**	Costed Requisitions
Central Service Supply**	Costed Requisitions
Medical Staff Services*	Hours of Service by Physician

\*For single level of care facilities (SNF only, HRF only, etc.) the cost allocation basis indicated is waived.

\*\*For Pharmacy and the Central Services Supply cost centers in single level of care facilities, the cost allocation bases are waived. However, requisitions for these cost centers for the sample periods must be retained as an audit trail showing that such supplies were not utilized in areas other than the program area. Also, for Pharmacy costs in multicare facilities, see Footnote\* on page 5403 for alternate pricing out of requisitions allowable.

NEW YORK STATE  
RESIDENTIAL HEALTH CARE FACILITY  
ACCOUNTING AND REPORTING MANUAL

D. SAMPLING TECHNIQUE

The following allocation bases may be sampled rather than having actual cost allocation statistics accumulated for a full year.

- Dry and clean pounds distributed (Laundry and Linen)
- Hours of Service (Medical Records) (Medical Staff Services) (Social Services)
- Time Spent (Medical Director's Office)
- Total hours of Nursing Service (Nursing Administration)
- Costed Requisitions (Pharmacy) (Central Service Supply)
- Assigned Time (Housekeeping)
- The allocation basis for any cost center not having direct costs, but which receives indirect costs as a result of the cost finding process.

The sampling plan used by the nursing home need not conform to the strict mathematical concepts inherent to statistical sampling. The recommended approach to be used to sample statistics used as an allocation basis are as follows:

1. A minimum of eight calendar weeks will be selected each year for the accumulation of data.
2. These eight weeks will be representative of the full year.  
In order to achieve this, the home will select a two-week block (14 consecutive days) within each fiscal quarter for the collection of the data.
3. The same two-week block need not be used for all statistics.
4. During the testing period, actual counting, weighing, etc. will be done for all shifts involved in the particular area.

NEW YORK STATE  
RESIDENTIAL HEALTH CARE FACILITY  
ACCOUNTING AND REPORTING MANUAL

SAMPLING TECHNIQUE (Cont'd)

5. Periods of "unusual" circumstances should be avoided as test weeks. The principle of representative samples is the ultimate goal.

It should be noted that sampling techniques can only be utilized for those statistical bases indicated above and only with respect to cost allocation. Statistics utilized for the standard unit of measure can not be sampled.

E. COMPILATION OF STATISTICAL DATA

The cost allocation process utilizes statistics in distributing costs among the various nursing home services. In order to facilitate the development of appropriate statistical data, set forth below is a definition and source of the required statistics for the nonrevenue producing departments. The statistical bases for cost allocation for ancillary services are the same as the standard units of measure except that such statistics must be segregated by program level of patients served.

Definitions and Sources of  
Statistics for Cost Allocation

<u>Statistic</u>	<u>Definition or Method of Computation</u>	<u>Source</u>
Square feet, net	The number of net square feet in each department should be determined either by a physical measurement of the home or by a measurement from blueprints. Floor area measurements should be taken from the center of walls to the center of adjoining corridors if a hallway services more than one department. Exclude stairwells, elevators, and other shafts. General and unused areas are also to be excluded. Hallways, waiting rooms, storage area, etc., serving only one department should be included in that department. When changes in assigned areas have been made during the year as a result of new construction, departmental relocation, expansion, or curtailment of service, statistical data should be maintained to allow for the development of "weighted" areas for the fractional part of the year. For example, the addition or deletion of 1,200 square feet for a six month period would be an adjustment of 600 square feet; where the same area serves more than one function, this area must be apportioned between or	Blueprints of the nursing home facility or actual measurement if blueprints are not available.

NEW YORK STATE  
RESIDENTIAL HEALTH CARE FACILITY  
ACCOUNTING AND REPORTING MANUAL

COMPILATION OF STATISTICAL DATA (Cont'd)

Definitions and Sources of  
Statistics for Cost Allocation

<u>Statistic</u>	<u>Definition or Method of Computation</u>	<u>Source</u>
	among the appropriate functions. Where costs applicable to a particular building are identifiable, e.g., depreciation, the costs should be distributed by the square feet in that building alone, and to the corresponding department.	
Square feet, gross	The number of gross square feet in each department should be determined by a physical measurement of the nursing home or by a measurement from blueprints. Measurement should be taken from the exterior wall or railing to the center of adjoining interior corridors if a hallway services more than one department. Exclude stairwells, elevators, and other shafts. General and unused areas are also to be excluded. Hallways, waiting rooms, storage area, etc., serving only one department should be included in that department. When changes in assigned areas have been made during the year as a result of new construction, departmental relocation, expansion, or curtailment of service, statistical data should be maintained to allow for the development of "weighted" areas for the fractional part of the year. For example, the addition or deletion of 1,200 square feet for a six month period would be an adjustment of 600 square feet; where the same area serves more than one function, this area must be apportioned between or among the appropriate	Blueprints of the nursing home facility or actual measurement if blueprints are not available.

NEW YORK STATE  
RESIDENTIAL HEALTH CARE FACILITY  
ACCOUNTING AND REPORTING MANUAL

COMPILATION OF STATISTICAL DATA (cont'd)

Definitions and Sources of  
Statistics for Cost Allocation

<u>Statistic</u>	<u>Definition or Method of Computation</u>	<u>Source</u>
	functions. Where costs applicable to a particular building are identifiable, e.g., depreciation, the costs should be distributed by the square feet of that building alone, and to the corresponding department.	
Major Movable Equipment Depreciation, By Department	Depreciation on Major Movable Equipment allocated to departments based on the department where the equipment is physically located and utilized. For acquisitions prior to 1/1/78, allocation may be based on square feet, net.	General accounting records and blue-prints of the nursing home or actual measurement.
Square feet of building for which debt incurred and actual depreciation of major movable equipment	The interest expense related to the building and fixed equipment must be allocated to departments in the building based upon gross square feet. The interest expense related to the major movable equipment will be allocated based upon actual departmental depreciation of major movable equipment.	General accounting records and blue-prints of the nursing home or actual measurement.
Depreciation by building, by department	The depreciation, lease & rental expenses (on land, buildings & fixed equipment) applicable to each building distributed through gross square feet to departments in that building.	General accounting records and blue-prints of the nursing home or actual measurement.
Accumulated costs	The direct costs of each cost center and indirect costs previously allocated.	Stepdown report (For other than the matrix inversion process.)
Hours of service	Accumulated hours of service to departments or by program.	Departmental records
Dietary meals served	Number of meals served shall include only regularly scheduled meals and exclude snacks and fruit juices served between regularly scheduled meals. Also, includes tube feeding at the rate of three meals for each day so fed.	Actual count maintained by dietary department
Average number of employees	The average number of employees in each department. This average	Payroll records



NEW YORK STATE  
RESIDENTIAL HEALTH CARE FACILITY  
ACCOUNTING AND REPORTING MANUAL

COMPILATION OF STATISTICAL DATA (cont'd)

Definitions and Sources of  
Statistics for Cost Allocation

<u>Statistic</u>	<u>Definition or Method of Computation</u>	<u>Source</u>
	should be computed by using at least one pay period per quarter.	
Total hours of direct nursing service	Hours of nurses providing direct patient care for which administration is provided.	Payroll records
Assigned time of students	Hours of students enrolled in programs by assigned department.	Education records
Assigned time-interns and residents	Number of full-time equivalent interns and residents in approved teaching programs by assigned departments.	Education records
Time spent	Number of minutes/hours utilized by a department	Departmental log
Dry and clean pounds distributed	Statistic shall include the weight of linen distributed for the nursing home's use (including linen of personnel quarters and employee housing). Also shall include equivalent weight of disposable linens distributed. (See "Schedule of Equivalent Weights for Disposable Linen Substitutes" on page 4316.)	Actual count maintained in the laundry and linen department
Number of rooms occupied by department assigned	Where housing is provided, a count of the number of rooms occupied by physicians and employees, totaled by the departments they're assigned to, regardless as to whether or not the home receives income.	Personnel records and general accounting records.
Costed Requisitions	The aggregate cost* of goods supplied to departments	General accounting records
Number of cases reviewed by program area	Number of patient cases reviewed by Utilization Review personnel by program area.	Departmental records
Number of users by program area	Number of patients using transportation by program area.	Departmental log

\*For purposes of determining "Costed Requisitions" for the Pharmacy cost center, the prices shown in the Red Book or Blue Book reference manuals may be utilized rather than actual invoice price. Such reference manuals are published annually (the Red Book one half of the year; the Blue Book, the other).

NEW YORK STATE  
RESIDENTIAL HEALTH CARE FACILITY  
ACCOUNTING AND REPORTING MANUAL

COMPILATION OF STATISTICAL DATA (Cont'd)

Definitions and Sources of  
Statistics for Cost Allocation

<u>Statistic</u>	<u>Definition or Method of Computation</u>	<u>Source</u>
Assigned Time	The hours (or other unit of time) assigned to service each department. Exclude common or unused areas. Time assigned to shared areas is to be allocated to the cost centers sharing those areas on an equitable basis.	Departmental log.