

**REPORT
OF THE
DEPARTMENT OF WELFARE**

**REPORTED TO
THE GOVERNOR
AND
GENERAL ASSEMBLY OF VIRGINIA**



SENATE DOCUMENT NO. 8

**COMMONWEALTH OF VIRGINIA
Department of Purchases and Supply
Richmond
1976**



COMMONWEALTH of VIRGINIA
Department of Welfare
Office of the Commissioner

Blair Building
8807 Discovery Drive
Box K - 176
Richmond, Virginia 23288

November 24, 1975

William L. Lukhard
Commissioner
Robert L. Masden
Deputy Commissioner

TO: The General Assembly of Virginia

The report contained herein is pursuant to Senate Joint Resolution No. 139 which was passed by the 1975 session of the General Assembly. This report is the response of the Department of Welfare to the directive that a report be submitted on the cost of operation of homes for adults in the Commonwealth.

Respectfully submitted,

A handwritten signature in cursive script, reading "William L. Lukhard".

William L. Lukhard

REPORT
OF THE
DEPARTMENT OF WELFARE
TO
THE GENERAL ASSEMBLY OF VIRGINIA

COMMONWEALTH OF VIRGINIA

Department of Welfare

Richmond

1975

DEPARTMENT OF WELFARE

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Prepared by: Billy R. Baker

Supervisor, Medical Care Section

Report of the
Department of Welfare
to
The General Assembly of Virginia
Richmond, Virginia

To: The General Assembly of Virginia

INTRODUCTION

Senate Joint Resolution No. 139 of the 1975 session of the General Assembly directed the Department of Welfare to submit a report to the General Assembly on the cost of operation of homes for adults. Specifically, the report is to include the average cost of providing basic services, such as shelter, meals and other necessities, as well as the average cost of additional services. If the Department finds a wide disparity in cost by reason of geographic location within the State, the report is to show the average cost in each region.

SENATE JOINT RESOLUTION NO. 139

Directing the State Department of Welfare to submit a report to the General Assembly on the cost of operations of homes for adults

Patrons -- McNamara, Buchanan and Bendheim

WHEREAS, many elderly clients of the social service agencies in this State reside in homes for adults; and

WHEREAS, the present State supplemental grants are not sufficient to allow the operator of a home for adults to continue to receive these clients on a profitable basis; and

WHEREAS, the 1974 Appropriations Act authorized the payment of additional money if the operator of such a home submitted the actual cost of its operation to the State Department of Welfare; and

WHEREAS, the State Department of Welfare is presently receiving this cost data; and

WHEREAS, the General Assembly will need this cost data in order to make informed decisions during the budget-making process at its 1976 Session; now, therefore, be it

RESOLVED by the Senate, the House of Delegates concurring, That the State Department of Welfare is hereby directed to make a report to the General Assembly on the cost of operating a home for adults in this Commonwealth. The report shall include the average cost of providing basic services such as shelter, meals and other necessities as well as the average cost of additional services. If the Department finds that there is a wide disparity in cost by reason of geographic location within the State, the report shall show the average cost in each region.

The Department shall submit its report to the General Assembly not later than October one, nineteen hundred seventy-five.

Planning for the report began June 27, 1975, with personnel of the State Welfare Department meeting with representatives of the Virginia Nursing Home Association and the Virginia Association of Homes for the Aging. These representatives were of the opinion the report, to be meaningful, should be compiled by bed size of the facilities. It was agreed that each licensed home for adults that had not previously submitted operational cost data would be requested to do so. Each home that had previously provided data would be requested to submit the most current information available for the facility. The representatives also agreed to actively solicit the cooperation of its membership to provide current cost data following the request from the State Welfare Department to submit such data. The request for current data was mailed to all licensed homes for adults on July 3, 1975. One hundred and three of the 315 licensed homes for adults in Virginia responded to the request with usable information.

This report is organized as follows:

Section I	Background Information.
Section II	Cost Study Results.
Section III	Interpretations and Conclusions.
Appendix I	Copy of Letter to Facilities Having Previously Submitted Cost Information.
Appendix II	Copy of Letter to Facilities That Had Submitted No Prior Cost Information.
Appendix III	Copy of Form for Submitting Cost Information and Instruction for Its Completion.
Appendix IV	Summary of Significant Cost Data Submitted By Homes For Adults.

The cooperation of the Virginia Nursing Home Association, The Virginia Association for Homes for the Aging, and the staff of the Department's Division of Administration and Division of Financial Services who participated in the collection and recording of cost data received from the various homes is gratefully acknowledged. Special thanks go to Mr. David Branch of the Bureau of Fiscal Management who carried out the data gathering and compilation activities.

SECTION I BACKGROUND INFORMATION

On January 1, 1974, the federally financed adult assistance programs Old Age Assistance, Aid to the Blind, and Aid to the Permanently and Totally Disabled - - were replaced by the Supplemental Security Income Program (SSI). The prior programs had been administered by the states or their political subdivisions, while the SSI Program, which provides assistance to the same groups of individuals, is administered by the Social Security Administration. One significant change, however, was that the amount of assistance provided was not to be based upon an individual's need; instead, the maximum payment upon initiation of the program was \$130 per month for an eligible individual, irrespective of his or her circumstances.

With the maximum payment limited in the above way, it was necessary to establish a program on the state level to provide assistance to adults who required care in a home for adults but did not have sufficient resources to purchase such care. The existing policy establishing \$160 per month as the maximum rate which a home for adults could charge was continued. Even at that time, it was generally agreed by the State Department of Welfare, as well as the administrators of the homes themselves, that such a maximum rate was inadequate to cover the actual cost of care; however, available state funds mandated that such a rate continue.

The Department of Welfare recommended to the 1974 session of the General Assembly that a program be established to provide additional assistance to adults requiring care in homes for adults but who were unable to provide the cost of that care. At the same time, discussions were held with representatives of the Virginia Nursing Home Association and the Virginia Association of Homes For the Aging.

It was decided that if the program was funded by the General Assembly, a plan should be developed and implemented to establish payment for care which was based upon the operational cost of each home for adults. Subsequently, the 1974 session of the General Assembly did provide State funding to allow a maximum rate of \$200 per month for eligible adults under what was to be called the Auxiliary Grant Program.

As a result of these actions, effective July 1, 1974, the maximum rate for homes for adults was increased from \$160 to \$175 per month. In addition, those homes, which submitted appropriate operational cost data which justified a rate in excess of \$175 per month, would be eligible as of October 1, 1974 to receive a rate reflecting the cost of operation up to a maximum of \$200 per month.

Work was then begun to plan for the implementation of these new rates. Staff of the Department of Welfare and representatives of the Virginia Nursing Home Association and the Virginia Association of Homes for the Aging agreed that cost reporting should be patterned after that method utilized by Intermediate Care Nursing Homes, without requiring the detailed procedures followed by nursing homes. It was further agreed that the two associations could provide the expertise necessary in designing a form which could be completed by even the smallest home for adults, and they were requested to do so. The form and its instructions (See Appendix III) were developed and sent to all homes for adults in Virginia in the Summer of 1974.

SECTION II - COST STUDY RESULTS

The planning for the implementation of Senate Joint Resolution No. 139 began in June, 1975. Two meetings were held -- one among Department of Welfare staff and the other with representatives of the Department, the Virginia Nursing Home Association, and the Virginia Association of Homes for the Aging present. The first meeting consisted primarily of a discussion of alternative approaches to the study, with a decision made to utilize the Home for Adults Rate Information Form, which had been implemented in the Summer of 1974 as the means to identify relevant cost information.

Department of Welfare representatives then met with those of the above-mentioned associations and agreed on the following issues:

1. To be meaningful, the cost data should be compiled by bed size of the facilities, so that homes for adults would be grouped in ten-bed units up to one hundred beds and one hundred-bed units for larger facilities.
2. Each licensed home for adults which had previously provided data would be asked to submit more current information, while those which had not previously submitted cost data would be requested to do so.
3. The associations agreed to actively solicit the cooperation of its memberships following the State Department's request for cost data.

On July 3, 1975 requests for current cost data were sent over the signature of the Commissioner to 315 homes for adults in Virginia. Two cover letters were utilized, one for homes which had previously submitted cost data (See Appendix I) and one for homes which had not done so (See Appendix II). To help minimize potential problems which the homes for adults might have in the submission of cost data, the form and instructions prepared the year before by the Associations involved, and with which many homes had already had experience, were used.

One hundred and three of the 315 recipients of the rate form responded within the required time frame with usable information. Several other homes responded, but did so with inadequate data. This response compares favorably with the fact that ninety-six facilities provided the Department with usable rate information during the approximately one year period prior to July 3, 1975. Seventy of these ninety-six facilities submitted more current cost data in response to the request.

In accordance with the mandate in Senate Joint Resolution No. 139, the cost data submitted by the 103 facilities have been summarized by mean total per diem and per month costs, mean per diem and per month costs by type of operational expense, and mean per diem costs by region. All relevant cost data elements are presented in detail in Appendix IV. The more important elements of this data are presented below.

Table No. 1 indicates the number of facilities categorized by number of beds who provided the data utilized in this report. While slightly less than one-third of the facilities responded to the request with appropriate data, this number represents an increase in the number who had done so in the previous one year period for the purpose of requesting a reimbursement rate for services rendered up to a maximum of \$200 per month. The request for cost data was an opportunity for many homes to request a rate higher than the \$175 permitted all facilities, and the conclusion of the fiscal year was an opportune time to compile such cost data. In addition, the facilities had a vested interest in providing the requested data, in that the results of the study would be utilized by the 1975 session of the General Assembly in making informed budget decisions relating to the program.

TABLE NO. 1. Number of Homes for Adults Classified by Size of Facility which Responded to the Request for Cost Data

	Number of Beds													[Total
	4-10	11-20	21-30	31-40	41-50	51-60	61-70	71-80	81-90	91-100	101-200	201-300	301-400	
# Facilities Responding	34	27	13	11	5	2	3	2	1	2	1	1	1	103

The mean per diem cost of all facilities who responded to the special request for cost data is \$9.92, which yields a mean per month cost of \$300.81. This must be compared with the reimbursement rate, which varies from \$175 to \$200, as pointed out above. It should also be pointed out that these means were not developed by averaging the per diem costs of all facilities, but instead by taking a mean per diem cost of all residents in such facilities; in this way, all residents in such homes are equally weighted and larger facilities are more heavily weighted than smaller facilities.

The following table breaks down the per diem costs reported after the July 3, 1975 request into eight types -- shelter, dietary, administration, social services, occupational therapy, nursing, motor services, and other services. Also included for each item in the table is a percentage that the specific per diem costs are of the total per diem cost. Except for two significant exceptions which are explained below Table No. 2, the percentages for each item appear relatively consistent across the different sizes of facilities involved. However, the total per diem costs by size of facility do appear to vary in a direct relationship to the size for facilities having more than seventy beds; that is, the larger the facility, the greater the per diem cost. However, the department does not feel capable of making any definite conclusions from this trend because of the very few facilities of these sizes reporting such cost data.

In addition, while the percentages for each item in the table below appear relatively consistent, despite the size of the facilities involved, in actuality the cost ranges among facilities grouped by size vary considerably. That is, the twenty-seven homes for adults having between eleven and twenty beds apiece reported total costs for items such as food, administration, and nursing care with a wide variance between the lowest and highest totals. This is not unexpected, since there are no individual cost standards by which such facilities must operate and the differences result from many operational factors; however, the Department is concerned that the variations reported are indicative of differences among the homes and issues which make accurate and definitive study conclusions difficult to achieve.

TABLE NO. 2. Total and Specific Per Diem Costs In Accordance with the Size of Facility For Those Cost Data Submissions After July 3, 1975

Per Diem Costs (Percentage of Total)									
# Beds	Total	Shelter	Dietary	Administration	Social Services	Occupational Therapy	Nursing	Motor Services	Other
4-10	\$ 9.86	\$2.76(28%)	\$2.77(28%)	3.41(35%)	\$.05(1%)	.00(0%)	.50(5%)	.31(3%)	.04(0%)
11-20	8.93	2.92(33%)	1.94(22%)	3.26(36%)	.02(0%)	.00(0%)	.53(6%)	.22(2%)	.05(1%)
21-30	9.40	3.27(35%)	2.18(23%)	2.90(31%)	.08(1%)	.02(0%)	.71(8%)	.13(1%)	.10(1%)
31-40	11.16	3.33(30%)	3.09(28%)	2.88(26%)	.05(0%)	.02(0%)	1.59(14%)	.10(1%)	.10(1%)
41-50	8.42	2.11(25%)	2.15(26%)	3.25(39%)	.04(0%)	-	.70(8%)	.07(1%)	.10(1%)
51-60	7.85	1.81(23%)	.52(7%) ¹	5.26(67%) ¹	-	-	.16(2%)	.10(1%)	-
61-70	16.59 ²	3.05(18%)	3.18(19%)	5.66(34%)	-	-	4.69(28%) ²	-	.00(0%)
71-80	10.53	2.56(24%)	3.07(29%)	1.78(17%)	-	.30(3%)	2.70(26%)	.04(0%)	.08(1%)
81-90	11.05	4.03(37%)	3.92(35%)	1.98(18%)	.12(1%)	.11(1%)	.80(7%)	.09(1%)	-
91-100	10.59	3.31(31%)	2.77(26%)	2.10(20%)	-	.03(0%)	1.72(16%)	.06(1%)	.60(6%)
101-200	11.36	6.24(55%)	2.60(23%)	2.08(18%)	.08(1%)	-	.20(2%)	.02(0%)	.14(1%)
201-300	12.23	3.09(25%)	4.56(37%)	1.17(10%)	-	-	.30(2%)	-	3.17(26%)
301-400	15.76	5.93(38%)	4.03(26%)	2.31(15%)	.08(1%)	.14(1%)	2.15(14%)	-	1.13(7%)

¹The low percentage for dietary cost and high percentage for administrative cost results from the cost data submitted by the two facilities of this size. Each included their dietary personnel costs in their total administrative costs, and one itemized no food costs in this category of expenses.

²The high total per diem cost for facilities of this size results from one of the three facilities submitting cost data. This facility submitted cost information which yielded a total per diem cost of greater than \$29, because this facility had recently been converted from a nursing home. This also caused the high percentage cost for nursing care.

Senate Joint Resolution No. 139 also requested the Department to show the average cost in each region of the State if a wide disparity in costs by reason of geographic location was found to exist. This issue was studied by breaking the State into seven regions, those regions by which the State Department of Welfare operates. The facilities within each region were further broken down by size; however, it was decided that cost data could not be reported in this manner, because, in the majority of size categories, there were too few facilities to yield significant and valid results. Consequently, the table below summarizes the total number of facilities and the daily and monthly costs for residents in such homes for each region in the State.

The Research Section of the Department's Bureau of Research and Data Systems analyzed the Regional data to determine if any of the means produced yields a level of significance at the .05 level (the standard which, if it occurs, generally indicates that only one time in twenty could the results have occurred by pure chance). Each figure below which was found to be statistically significant is indicated by an asterisk (*). It is important to note that the level of significance is dependent upon two factors--the difference between that regional figure and the mean of all seven regions and the number of facilities reporting. The greater the difference and the greater the number of facilities, the more likely that the figure will be statistically significant from the mean.

TABLE NO. 3. Cost Data Submitted By Homes For Adults
From Each of the Seven Welfare Regions
In The State

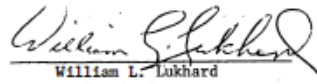
Regions	# Facilities	Per Diem Cost	Per Month Cost
Lynchburg	9	\$ 8.84 *	\$268.13
Northern Virginia	10	11.99 *	363.67
Richmond	25	10.82	328.18
Roanoke	16	8.57 *	259.94
Southwest	14	10.48	317.87
Tidewater	14	9.58	290.57
Valley	15	10.06	305.13

SECTION IV - INTERPRETATIONS AND CONCLUSIONS

Following are the conclusions drawn from the results of the cost study of homes for adults in Virginia:

1. The cost data variances reported by the 103 homes for adults and within each of the groupings of the facilities by size make accurate and definitive conclusions extremely difficult. These variations are caused by many factors. Some homes maintain financial records in an inadequate manner, while the records of others vary from the manner prescribed by the Home for Adults Rate Information Form, thus making completion of the form difficult. In addition, the State Department of Welfare is not staffed in such a way that personnel could work individually with each home to improve such records. The Department does not have an adequate accumulation of cost information which would provide a means to evaluate the reasonableness of the data submitted in this study. This capability can only be achieved with experiences which far exceed the one year experience with the current methodology by which cost data is submitted. Therefore, the Department considers the results and conclusions contained herein tentative and subject to further study.
2. On the basis of the data received and used in this study, the current maximum reimbursement rate of \$200 per month is inadequate to cover the cost of care in many homes for adults in Virginia. In fact, the cost data submitted for the study indicates that some facilities in Virginia expend up to two and one-half times that amount per month per resident, however, the data available does not provide the Department with the means to determine what that rate should be. A more definitive, lengthy, and, consequently, costly study would be necessary before such a recommendation could be made with an adequate level of confidence in its accuracy.
3. The available cost data suggests that differential rates of reimbursement for different geographic regions in the State and for different sized facilities may be appropriate, but the cost data upon which this statement is based is insufficient to draw any authoritative conclusions. Research has indicated that no valid means has been developed to differentiate cost-of-living by geographic region in Virginia at this time. Until such an indicator is developed, and/or until more extensive study referenced in item number two above is conducted, no differential rates can be recommended.

Respectfully Submitted,


William L. Lukhard
Commissioner

APPENDIX I - COPY OF LETTER TO FACILITIES
HAVING PREVIOUSLY SUBMITTED
COST INFORMATION

Blair Building
8007 Discovery Drive
Box K-176
Richmond, Virginia 23288



William L. Lukhard
Commissioner

Robert L. Masden
Deputy Commissioner

COMMONWEALTH of VIRGINIA

DEPARTMENT OF WELFARE

Telephone - 804-770-8571

July 3, 1975

TO: Owners/Administrators of Licensed Home for Adults
SUBJECT: COST OF DOMICILIARY CARE

Our records indicate that the current payment rate for your Home was established on the basis of information previously submitted to the Department of Welfare. We are grateful for the cooperation you have demonstrated in the past.

However, the 1975 session of the General Assembly directed the Department of Welfare to make a report by October 1, 1975, to the General Assembly on the cost of operating a Home for Adults in this Commonwealth. We have accepted this directive and have committed ourselves to submitting a report that is as comprehensive as possible.

It is this Department's desire to make a report that truly reflects the current cost of domiciliary care. To do this, we would like to have the most current cost information available regarding your facility. We realize that this request places an extra demand on your time. However, we anticipate that our report might ultimately benefit owners and administrators of Home for Adults, if it results in the establishment of a higher rate for domiciliary care.

Enclosed is a form and related instructions for providing the requested information. We ask that the completed form be returned no later than August 1, 1975, to:

Mr. David Branch, Accountant
Department of Welfare
Blair Building
8007 Discovery Drive
Box K-176
Richmond, Virginia 23288

A handwritten signature in cursive script, appearing to read "William L. Lukhard".

William L. Lukhard



APPENDIX II - COPY OF LETTER TO FACILITIES
THAT HAD SUBMITTED NO PRIOR
COST INFORMATION

Blair Building
8007 Discovery Drive
Box K-176
Richmond, Virginia 23288

William L. Lukhard
Commissioner

Robert L. Masden
Deputy Commissioner

COMMONWEALTH of VIRGINIA

DEPARTMENT OF WELFARE

Telephone - 804-770-8571

July 3, 1975

TO: Owners/Administrators of Licensed Homes for Adults

SUBJECT: COST OF DOMICILIARY CARE

The 1975 session of the General Assembly directed the Department of Welfare to submit a report to the General Assembly on the current cost of operating a Home for Adults in the Commonwealth. We have accepted this directive and have committed ourselves to submitting a report that is as comprehensive as possible.

Our records indicate that your Home has not previously submitted cost data on which a rate could be established. However, we are requesting that you submit such information at this time.

It does not appear likely that the General Assembly will give a favorable consideration to providing additional funding for the care of persons in Homes for Adults without the benefit of itemized cost data from a substantial number of Homes reflecting the current cost of domiciliary care. In order that this Department may make a comprehensive report that will provide the General Assembly with information that truly reflects the existing situation on a Statewide basis, we are requesting that you submit data which substantiates the current cost of care in your facility. A comprehensive report will ultimately benefit owners and administrators of Homes for Adults if it results in the establishment of a higher rate of payment for domiciliary care.

Enclosed is a form and related instructions for providing cost information. We request that the form be completed and returned not later than August 1, 1975 to:

Mr. David Branch, Accountant
Department of Welfare
Blair Building
8007 Discovery Drive
Box K-176
Richmond, Virginia 23288

Handwritten signature of William L. Lukhard in cursive script.
William L. Lukhard

STATEMENT OF INCOME AND EXPENSE (OMIT CENTS)	Name of Facility	
	Period Statement Covers	
Revenue - Residents.....	\$ _____	
Less-Allowances and discounts on patient's accounts (Attach Schedule).....	_____	
Total Revenue from Residents.....		\$ _____
Less: Operating Expenses		
Administrative & General (Incl. Wages & Salaries)...	\$ _____	
Taxes (Attach Schedule).....	_____	
Dietary (Incl. Wages & Salaries).....	_____	
Housekeeping (Incl. Wages & Salaries).....	_____	
Laundry (Incl. Wages & Salaries).....	_____	
Linen.....	_____	
Operation of Plant (Util., etc.-Incl. Wages & Salaries)	_____	
Motor Service (Autos, trucks, etc.).....	_____	
Repairs (Bldgs. & Equip.).....	_____	
Social Services (Incl. Wages, Salaries & Supplies)....	_____	
Occupational Therapy (Incl. Wages, Salaries & Supplies)	_____	
Licensed Nursing Service		
a. Full-time.....	_____	
b. Part-time (Specify as if employed full-time \$ _____ Salary paid.....	_____	
Interest Expense.....	_____	
Depreciation.....	_____	
Other (Attach Schedule).....	_____	
Total Expenses.....		\$ _____
Net Income from Services.....		\$ _____
Other Income		
Contributions.....	\$ _____	
Investment Income.....	_____	
Meals Sold to Other Than Residents.....	_____	
Pay Telephone.....	_____	
Purchase Discounts.....	_____	
Other (Attach Schedule).....	_____	
Total Other Income.....		\$ _____
Total.....		\$ _____
Other Expenses (Attach Schedule).....		\$ _____
Net Income (Loss) for the Period.....		\$ _____

APPENDIX III - COPY OF FORM FOR SUBMITTING COST
INFORMATION AND INSTRUCTIONS FOR
ITS COMPLETION

DEPARTMENT OF PUBLIC WELFARE

HOMES FOR ADULTS - RATE INFORMATION

Date Prepared: _____

Statistical and Financial Data

Name of Facility		Address	
Type of Control			
1. <input type="checkbox"/> Voluntary Nonprofit: <input type="checkbox"/> Church <input type="checkbox"/> Other (Specify) _____ _____	2. <input type="checkbox"/> Proprietary: <input type="checkbox"/> Individual <input type="checkbox"/> Partnership <input type="checkbox"/> Corporation <input type="checkbox"/> Other (Specify) _____ _____	3. <input type="checkbox"/> Government (Non-Federal): <input type="checkbox"/> State <input type="checkbox"/> City-County <input type="checkbox"/> County <input type="checkbox"/> Hospital Dist. <input type="checkbox"/> City <input type="checkbox"/> Other (Specify) _____ _____	
Period Covered by Statement	From	To	
Statistical Data			

Inpatients

1. Beds available at beginning of period..... _____
2. Beds available at end of period..... _____
3. Total bed days available..... _____
4. Total resident days..... _____
5. Percentage of occupancy (Line 4 divided by Line 3)..... _____
6. Discharges including deaths..... _____
7. Average length of stay-residents (Line 4 divided by Line 6)..... _____
8. Number of admissions..... _____

Other Statistics

9. Total private rooms..... _____
10. Total semi-private rooms (2-4 beds)..... _____
11. Total wards (5 or more beds)..... _____
12. Total meals served..... _____
13. Number of licensed nurses on staff - Full-Time _____ Part-Time _____ Total _____
14. Average number of equivalent full-time employees (incl. nurses) _____
15. Who prepared accompanying financial statements?..... Bookkeeper Outside
Accountant

DEPARTMENT OF PUBLIC WELFARE

Schedule A

HOMES FOR ADULTS

Per Diem Cost Computation

Facility: _____

Address: _____

Period Covered: _____

Total Operating Cost \$ _____

Less: Nonallowable expense (Attach Details) \$ _____

Income Tax Expense (If Personal Expense Inc.) _____

Income from Pay Telephone, Radio & T.V. Rentals _____

Vending Machine Income _____

Restricted Contributions _____

Investment Income _____

Other Income (List) _____

Adjusted Operating Cost \$ _____

Plus: Depreciation Expense (5% of Adjusted Operating Cost if not Included in Financial Data) \$ _____

Equity Capital _____

Inflationary Factor _____

Total Allowable Cost \$ _____

Total Resident Days (From Item #4, Statistical Data) _____

Per Diem Cost (Allowable Cost ÷ Resident Days) \$ _____

I hereby certify that the statistical data and financial information included in this statement covering the period _____ are, to the best of my knowledge, true and correct.

Date _____

(Name of Facility)

(Signature)

(Title)

INSTRUCTIONS FOR COMPLETION OF RATE INFORMATION FORMS
FOR HOMES FOR ADULTS

The following explains what information is to be entered in the various spaces identified in the form:

Statistical and Financial Data

Headings

Date Prepared: Enter the date on which the form is prepared.

Name of Facility - Address: Enter the name and address of the facility as it is licensed by the State Welfare Department.

Type of Control: Put an X in the box which denotes how your facility is owned. **Example:** If you are the sole owner of your facility in column 2, check "Proprietary" and "Individual."

Period Covered: This is the accounting year under which your facility operates. For example: If your business year runs from January 1 through December 31, or July 1 through June 30, whichever is applicable would be the period to be covered by this statement.

If it is impossible to reconstruct your past accounting year, initial data may be submitted covering a lesser period but not less than a 3-months period.

For a new licensed facility without any historical data, it will be necessary to negotiate a rate with the State Welfare Department. The negotiated rate will be based on comparable data of other facilities in the area within the maximum rate authorized by the State Board of Welfare.

STATISTICAL DATA

Inpatients

1. Beds available at beginning of period means the number of beds for which you were licensed at the beginning of the period covered by the cost statement.
2. Beds available at the end of the period means the number of beds for which you were licensed at the end of the period covered by the cost statement.
3. Total bed days available, that is, total bed days available for occupancy, is the number of beds available during the period covered by the statement multiplied by the number of days in the period covered by the statement. **Example:** A home for adults has 20 licensed beds at the beginning and end of the period covered by the cost statement. The period covered by the cost statement is January through December 31, or 365 days. 365 multiplied by 20 is 7,300, the total bed days available.

4. Total resident days is the number of days of care you provided the residents in your home during the period covered by the cost statement. Each 24-hour period is a resident day of care. An appropriate record should be kept so that you can readily determine, at any time, how many days of care you have actually provided. The day of admission is a day of care. The day of discharge or death is not counted as a day of care.
5. To determine percentage of occupancy, divide number 4 above (total resident days) by number 3 above (total bed days available).
6. The number of discharges including deaths which occur during the period covered by the cost statement is to be included here. An appropriate record should be kept so that you can readily determine, at any time, the number of discharges which occur.
7. Average length of stay - residents, is determined by dividing line 4 above (total resident days) by line 6 (discharges including deaths).
8. Number of admissions. This is the number of admissions to your facility during the period covered by the cost statement. An appropriate record should be kept so that you can readily determine, at any time, the number of admissions.

Other Statistics

9. Total private rooms - list the total number of private one (1) bedrooms in the facility.
10. List here the total number of semi-private rooms in your facility. A semi-private room is one having from two (2) to four (4) beds.
11. List here the total number of wards in your facility. A ward is a room having five (5) or more beds.
12. List here the total number of meals served to residents during the period covered by the cost statement. For example: if you serve 3 meals a day for each resident, 3 multiplied by item 4 above (total resident days) would be a means of determining the number of meals served.
13. List here the number of full-time licensed nurses and the number of part-time nurses on your staff. A licensed nurse is defined as being a registered nurse or a licensed practical nurse. Full time is defined as 40 hours per week. Part-time is defined as any period less than 40 hours per week.
14. The simplest way to determine average number of equivalent full-time employees (including nurses) is to divide the number of hours worked by 40. Hours worked can readily be determined from payroll records and should reflect the total hours worked by employees of the facility (including the administrator).

15. If either your bookkeeper or an outside accountant is filling out these rate information forms, put an X in whichever block is appropriate. If you are the owner or administrator and consider yourself the bookkeeper, then check "bookkeeper" block and underneath that write in parenthesis "Owner or Administrator."

STATEMENT OF INCOME AND EXPENSES

Name of Facility: Give the name of the facility as it is licensed by the State Welfare Department.

Period Statement Covers: This is the accounting year under which your facility operates. It is the same as that period identified in the heading of the page, Statistical and Financial Data.

Total Revenue from Residents: Record here the total cash receipts received from all residents of your facility during the period covered by your books where you will record the monthly charge you make to each resident.

OPERATING EXPENSES

Administrative and General: Includes salaries for the owner, if he is also the administrator or an administrator who is not the owner. Includes other salaries or fees including receptionist, bookkeeper, auditor fees, typist, stenographer, etc. Also includes Workmen's Compensation, general business, and all other kinds of insurance; telephone, utilities, printing, postage, stationery, license fees, subscriptions, dues, advertising, want ads, and expenses for attendance at conferences.

Taxes: Includes all taxes in the operation of the facility such as property taxes, business taxes, real estate taxes. Does not include personal income tax of owner/administrator and retail sales tax.

Dietary: Includes wages and salaries of cooks, waitresses, dishwashers, and porters. Also all food purchases, dishes, cooking utensils, kitchen equipment such as stoves, refrigerators, etc.

Includes wages and salaries of maids, porters, yardmen, cleaning supplies, floor waxes, buffers, vacuum cleaners, etc.

- Laundry:** Includes wages for anyone doing laundry, soaps, purchase of washers or dryers, and fees to commercial laundries for doing the facilities laundry or resident's laundry. If residents pay for laundry, it is income to be accounted for under "Other Income."
- Linen:** Purchase of sheets, pillow cases, towels, table cloths, etc.
- Motor Service:** All costs associated with the operation and repair of vehicles used by the facility - gas, oil, inspection fees, repair bills, tires, etc.
- Repairs (Buildings and Equipment):** Items associated with the maintenance and the upkeep of the premises. Such items as contract labor and repairs of plumbing, refrigeration, heating plant, etc. Also includes parts for equipment needing repairs.
- Social Services:** Costs related to the staff member who counsels with residents and their families; takes applications for admission to the facility; refers residents to local social service agencies for Medicaid and Auxiliary Grant assistance; and assists with other social services needed by a resident within and without the facility.
- Occupational Therapy:** Cost related to the staff member salary and supplies used in the provision of activity programs such as arts and crafts.
- Licensed Nursing Service:**
- a. Full time - Wages and salaries of RN or LPN who is employed full time (40 hours per week).
 - b. Part-time - Wages and salaries of RN or LPN who are employed on a part-time basis. In the blank following the words "full time," enter the amount you would pay this person if she worked full time. On the next line enter the salary actually paid.
- Interest Expenses:** Interest actually paid on debt that is an obligation of the facility.
- Depreciation:** If you have an established accounting system that has been set up to identify year by year depreciation using the straight line method, enter the amount for the last accounting period. In the event you have not established such an accounting system see, "Depreciation Expense" on page "Per Diem Cost Computation," following "Adjusted Operating Cost."

Other
(Attach Schedule): Other operating expenses not identified under one of the above headings are to be entered on this line. Attach a statement stating specifically what this cost represents.

Total Expenses: This is the total of all your operating expenses that you have listed above.

Net Income from Services: Determine the differences between "Total Revenue from Residents" and "Total expenses" and enter the result.

OTHER INCOME

Contributions: Money donated to your home which is not a payment for services. Contributions may be "restricted" or "nonrestricted." A "restricted" contribution is one that the donor specifies must be used for a specific purpose. A "nonrestricted" contribution is one that can be used for any purpose. You must identify contributions as "restricted" or "nonrestricted."

Investment Income: Interest on a company savings account, interest on bonds, dividends or stock, etc.

Meals Sold to Other Than Residents: Income for meals sold to employees and visitors.

Pay Telephone: Money received from a coin-operated telephone or money received from persons who have used the phone for long distance calls.

Purchase Discounts: Rebates or refunds of expenses or discounts for volume purchases or discounts for prompt payment. If you deducted these items from the expense account, you would have nothing shown here. Generally, if a supplier refunds money to you for one of the reasons above, it would be shown here as income.

Other: Income not listed elsewhere such as: Fees charged for barber and beauty treatments, gift or flower shop, sale of candy, cigarettes, supplies sold to other than patients, and money received from TV or radio rentals.

Total Other Income: Add up the totals for each category of "other income."

Net Income (Loss) For the Period: If net income from services is a "plus" figure, that amount plus total other income is to be entered here. If net income from services is a "minus" figure, that amount would be reduced by total other income and the difference entered here.

PER DIEM COST COMPUTATION

Facility -
Address: Name and address of the facility as licensed by the State Welfare Department.

Period Covered: This is the accounting year under which your facility operates. It is the same as that period identified in the heading of the page, Statistical and Financial Data, and the page, Statement of Income and Expense.

Total Operating Cost: This figure is to be obtained from the Statement of Income and Expense page, line entitled "Total Expenses."

Deductions From Total Operating Cost: Amounts to be listed under the various headings on this portion of the form should be secured from "Other Income" portions of the Statement of Income and Expense page. After listing, the total is to be entered in the far right-hand column.

Adjusted Operating Cost: Subtract total deductions from "Total Operating Cost."

Additions to Adjusted Operating Cost: If you do not itemize depreciation expense under operating expenses on the "Statement of Income and Expense" page, you may deduct 5 percent of adjusted operating cost as depreciation expense.

Equity Capital: Equity capital is the facility's average net worth during the period covered by the report. You may enter 10 percent of that amount here, if your facility is a proprietary one.

Inflationary Factor: You may add 6 percent of your adjusted operating cost as the inflationary factor.

Total Allowable Cost: The total of the additions to "Adjusted Operating Cost" are to be carried to the far right-hand column and that amount added to "Adjusted Operating Cost."

Total Resident Days: This figure is the same as that listed in Item #4, Statistical Data, page 2.

Per Diem Cost: Divide Total Allowable Cost by Total Resident Days.
Carry the division two positions to the right of the decimal.

Certification: The certification at the bottom of the page, following the per diem cost computation, is to be signed by the owner or administrator.

The statistical and financial information reported must be taken from the records of your facility because this is the only reflection of your cost of operation. Any forms that are projections are not acceptable for establishing a rate in excess of \$175 a month and will be returned without processing.

APPENDIX IV - SUMMARY OF SIGNIFICANT
 COST DATA SUBMITTED BY
 HOMES FOR ADULTS

# Beds	# Facilities	# Resident Days	Total Allowable Cost	Mean Allowable Cost	Resident Cost Per Diem	Resident Cost Per Month
4-10	34	70,146	\$ 691,904	\$ 20,350	\$ 9.86	\$299.06
11-20	27	141,874	1,267,245	46,935	8.93	270.86
21-30	13	112,986	1,061,978	81,691	9.40	285.11
31-40	11	122,106	1,362,642	123,877	11.16	338.49
41-50	5	71,752	604,324	120,865	8.42	255.39
51-60	2	35,237	276,769	138,385	7.85	238.10
61-70	3	62,600	1,038,583	346,194	16.59	503.19
71-80	2	45,382	477,677	288,839	10.53	319.39
81-90	1	29,091	321,360	321,360	11.05	335.16
91-100	2	70,348	744,676	372,338	10.59	321.21
101-200	1	36,411	413,735	413,735	11.36	344.56
201-300	1	99,570	1,217,321	1,217,321	12.23	370.95
301-400	1	99,739	1,571,637	1,571,637	15.76	478.02

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# Beds	% Cost For Shelter	Resident Shelter Cost Per Diem	Resident Shelter Cost Per Month
4-10	27.99%	\$ 2.76	\$ 83.71
11-20	32.65%	2.92	88.57
21-30	34.80%	3.27	99.18
31-40	29.82%	3.33	101.00
41-50	25.05%	2.11	64.00
41-60	23.12%	1.81	54.90
61-70	18.37%	3.05	92.51
71-80	24.33%	2.56	77.65
81-90	36.51%	4.03	122.23
91-100	31.28%	3.31	100.40
101-200	54.96%	6.24	189.27
201-300	25.26%	3.09	93.72
301-400	37.60%	5.93	179.86

# Beds	% Cost For <u>Dietary</u>	Resident <u>Dietary</u> Cost Per Diem	Resident <u>Dietary</u> Cost Per Month
4-10	28.11%	\$ 2.77	\$ 84.02
11-20	21.73%	1.94	58.84
21-30	23.23%	2.18	66.12
41-40	27.71%	3.09	93.72
41-50	25.52%	2.15	65.21
51-60	6.57%	.52	15.77
61-70	19.19%	3.18	96.45
71-80	29.20%	3.07	93.12
81-90	35.49%	3.92	118.90
91-100	26.16%	2.77	84.02
101-200	22.88%	2.60	78.86
201-300	36.82%	4.50	136.49
301-400	25.55%	4.03	122.23

# Beds	% Cost for Administration	Resident Administration Cost Per Diem	Resident Administration Cost Per Month
4-10	34.62%	\$ 3.41	\$ 103.43
11-20	36.46%	3.26	98.88
21-30	30.86%	2.90	87.96
31-40	25.80%	2.88	87.35
41-50	38.62%	3.25	98.58
51-60	66.97%	5.26	159.54
61-70	34.13%	5.66	171.67
71-80	16.90%	1.78	53.99
81-90	17.94%	1.98	60.06
91-100	19.81%	2.10	63.70
101-200	18.30%	2.08	63.09
201-300	9.55%	1.17	35.49
301-400	14.68%	2.31	70.06

# Beds	% Cost for Social Services	Resident Social Services Cost Per Diem	Resident Social Services Cost Per Month
4-10	0.54%	\$.05	\$ 1.52
11-20	0.27%	.02	.61
21-30	0.89%	.08	2.43
31-40	0.49%	.05	1.52
41-50	0.49%	.04	1.21
51-60	-	-	-
61-70	-	-	-
71-80	-	-	-
81-90	1.09%	.12	3.64
91-100	-	-	-
101-200	0.73%	.08	2.43
201-300	-	-	-
301-400	0.50%	.08	2.43

# Beds	% Cost for Occupational Therapy	Resident Occupational Therapy Cost Per Diem	Resident Occupational Therapy Cost Per Month
4-10	.03%	\$.00	\$.00
11-20	.03%	.00	.00
21-30	.26%	.02	.61
31-40	.10%	.02	.61
41-50	-	-	-
51-60	-	-	-
61-70	-	-	-
71-80	2.82%	.30	9.10
81-90	.96%	.11	3.34
91-100	.24%	.03	.91
101-300	-	-	-
201-300	-	-	-
301-400	.86%	.14	4.25

# Beds	% Cost for Nursing Services	Resident Nursing Cost Per Diem	Resident Nursing Cost Per Month
4-10	5.10%	\$.50	\$ 15.17
11-20	5.93%	.53	16.08
21-30	7.57%	.71	21.54
31-40	14.27%	1.59	48.23
41-50	8.35%	.70	21.23
51-60	2.05%	.16	4.85
61-70	28.29%	4.69	142.25
71-80	25.65%	2.70	81.89
81-90	7.24%	.80	24.26
91-100	16.26%	1.72	52.17
101-200	1.75%	.20	6.07
201-300	2.44%	.30	9.10
301-400	13.65%	2.15	65.21

# Beds	% Cost For <u>Motor Services</u>	Resident <u>Motor</u> Service Cost Per Diem	Resident <u>Motor</u> Service Cost Per Month
4-10	3.15%	\$.31	\$ 9.40
11-20	2.41%	.22	6.67
21-30	1.33%	.13	3.94
31-40	0.86%	.10	3.03
41-50	0.78%	.07	2.12
51-60	1.28%	.10	3.03
61-70	-	-	-
71-80	0.34%	.04	1.21
81-90	0.77%	.09	2.73
91-100	0.56%	.06	1.82
101-200	0.14%	.02	.61
201-300	-	-	-
301-400	-	-	-

# Beds	% Cost for <u>Other Services</u>	Resident <u>Other</u> Services Cost Per Diem	Resident <u>Other</u> Services Cost Per Month
4-10	0.45%	\$.04	\$ 1.21
11-20	0.52%	.05	1.54
21-30	1.06%	.10	3.03
31-40	0.86%	.10	3.03
41-50	1.19%	.10	3.03
51-60	-	-	-
61-70	0.02%	.00	0.00
71-80	0.76%	.08	2.43
81-90	-	-	-
91-100	5.69%	.60	18.20
101-200	1.25%	.14	4.25
201-300	25.93%	3.17	96.15
301-400	7.17%	1.13	34.27

