

## **Cost Reporting Requirements for Services Funded by the Developmental Disabilities Administration**

Fee Payment System for Licensed Residential and Day Programs (COMAR 10.22.17)  
Community Supported Living Arrangements Payment System (COMAR 10.22.18)

As defined in COMAR 10.22.17.05 and COMAR 10.22.18.03, providers who receive funding from the Developmental Disabilities Administration (DDA) for services regulated by the Administration must submit an annual cost report for each service not later than 6 months after the end of the state fiscal year. The cost report must:

- document the provider's actual expenditures for the fiscal year being reported;
- be based on the provider's audited financial statements; and
- contain a certification by an independent certified public accountant for the individual copayments collected and for actual attendance days.

The regulations permit the Administration, after notice and an opportunity to be heard, to impose a penalty not exceeding \$500 per day on providers that fail to comply with the cost reporting requirements (Health-General Article, §7-910 (c), Annotated Code of Maryland).

To be in compliance with the cost reporting requirements outlined in the state law and regulations referenced above, providers must submit the following documents to DDA:

- Cost Report Data Form (2 copies with original signatures); FY04 cost report only;
- Audited Financial Statements (2 copies);
- Certification of attendance and contribution to room and board and cost of care by an independent CPA (2 copies); and
- a 3½" floppy disk containing the completed Cost Report Data Form or send by email to Ms. Josie Harris at [harrisj@dhhm.state.md.us](mailto:harrisj@dhhm.state.md.us).

### **Instructions Cost Report Data Form for Services Funded by the Developmental Disabilities Administration**

Note: You can access an electronic copy of the Cost Report Data Form from the DDA website ([www.ddamaryland.org](http://www.ddamaryland.org), "Forms" tab).

#### **Instructions for Cover Page (page 1):**

1. Provider Data: The provider name, provider number, address, the fiscal year the cost report covers, a contact person and telephone number of that person should appear in the appropriate spaces.
2. Attestation: The provider must complete and sign this section certifying that the report is complete and accurate. This should be signed by the agency's executive director or an authorized officer.

#### **General Instructions for Schedule A: Residential Services, Schedule B: Day Services, Schedule**

## **C: Supported Employment Services, and Schedule D: CSLA Services**

1. Identification data: Make certain that the provider name, provider number and fiscal year appear at the top of each schedule.

2. Columns:

- **Balance per Provider Record:** Identify the expenditures for each line item. If you can not find a specific line item that coincides with your records, list the expenditure under the most appropriate of the Aother≅ line items. If you need to use the “Other Expenses” line item please attach a schedule listing the type of expenses and the amounts that support “Other Expenses” line item.
- **Direct Support Cost Center:** Identify the direct support expenses associated with each line item. These would include direct support and certified nursing assistant (CNA) salaries and fringe benefits, as well as food, utilities, rent or building depreciation, supplies and equipment that relate to the direct support of consumers. Include in this column the salaries of all employees whose responsibilities directly impact the provision of direct support services to consumers (e.g. aide, service worker, first line supervisor, house manager, nurse, etc.). Other costs related to the employees identified in this cost center should appear in this column.
- **Administrative Cost Center:** Identify the administrative expenses associated with each line item. This should reflect all overhead costs, and would include administrative salaries (e.g. executive director; program directors; assistant program directors; clerical support; fiscal, human resources, and other administrative staff, etc.), fringe benefits associated with administrative salaries, cost of administrative offices, insurance, supplies, etc. These administrative expenditures support the provision of direct support services to consumers. The allocation of these costs should follow the allocation method used in your audited financial records.
- **Add-on Components/Staff Augmentation:** Complete this column for residential, day, and supported employment, if appropriate. This would include total expenditures reimbursed under add-on components and/or a staff augmentation grant. While it is not necessary to submit back-up schedules that detail the expenditures by add-on components and staff augmentation grants, this information should be available upon request. The back-up schedule for a staff augmentation grant should be consistent with the Form 440 which is submitted to Program Cost and Analysis.
- **Supplemental Services column:**
  - For residential, day, and supported employment: Identify the costs associated with the provision of supplemental services funded through FPS.
  - For CSLA: Identify the costs associated with the provision of supplemental services funded through the CSLA Payment System.
- **Totals:** This column will be the sum of the corresponding line item expenses for the ADirect Support Cost Center,≅ AAdministrative Cost Center,≅ “Add-on Components/Staff Augmentation,” and “Supplemental Services” columns. This column should match the “Balance per Provider Record” column.

3. Line Items:

- **Salaries and Wages (excluding transportation)**
  - **Fringe Benefits**
    - General employees: Examples include executive director; program directors; assistant program directors; clerical support; fiscal, human resources, and other administrative staff.
    - Direct support employees: Examples include aides, service workers, first line supervisors,

- certified nursing assistants, house managers.
- Professional employees: Examples include doctors, nurses, psychologists, psychiatrists. Professional employees providing hands-on care should be included in the direct support cost center.
- Contracted Services: Include in this section expenditures for individuals who are not employees of your agency. Contracted services should include costs associated with services from temporary employment agencies, as well as costs associated with individuals who are not supervised by your corporation. Use the examples listed above as guidelines for determining general, direct support, and professional staffing.
- Transportation Costs: Transportation costs are associated with transporting consumers to **all activities**. This includes transportation to and from the day program, doctors' offices, and other activities. The transportation cost center includes all costs related to consumer transportation. If you receive the \$2,000 supplement for day consumers record the associated costs in the supplemental service column.

#### 4. Attendance Data:

- Information regarding attendance days needs to be supplied for each service. The attendance days should be reported by quarters (i.e. 1<sup>st</sup> Q: July through September; 2<sup>nd</sup> Q: October through December, etc.) Use the actual date you began serving each consumer (not the date services were authorized to begin) to calculate the total number of attendance days per quarter.
- Include the attendance days reimbursed by FPS or CSLA in the rows labeled "FPS attendance" or "CSLA attendance." On the rows labeled "Other attendance" include days for which DDA does not pay: nonpayable days, nonFPS/nonCSLA payment system days.
- The FPS and CSLA attendance totals should agree with the audited attendance days certified by your CPA.
- For supported employment for FY04, the attendance reported should reflect the total number of attendance days for all supported employment consumers funded by DDA.

#### 5. Site Information Data:

- This data will provide DDA with general information about provider operations. It is understood that this data changes frequently, and it should reflect conditions as of June 30 for the fiscal year being reported.
- For residential sites, list the number of sites by occupancy level.
- For day sites, list the number of consumers served at each location.
- For CSLA, list the number of locations by occupancy level and hours per week.

### **Instructions for Reconciliations, Transportation Data (page 6)**

1. Reconciliations: These schedules should be used to reconcile the residential, day, supported employment, and CSLA program revenues and expenses with the provider's audited financial statements. Provider name, provider number and fiscal year should be supplied.

- Expenditures: Transfer the totals from the previous pages for each service. Based on the expenses listed on the audited financial statements, list all other expenses (for all additional programs) in the ATotal≡ column, so that the starred total will reconcile with your audited financial statements.
- Revenue:

- In this schedule the provider should list the contribution to room and board and cost of care for the residential program and any local funding for the day program. (Local funding is defined as those funds which are provided directly to an agency by the local subdivision, in accordance with the 1984 state/county agreement.) The contribution to room and board and cost of care amount should be the amount certified by a CPA firm.
- In the second section, list Fee Payment System and CSLA Payment System revenue under the proper program. If the agency has received staff augmentation awards from DDA that have expenditures listed in Schedules A and/or B, list that revenue under the proper program. AOther revenue≅ should include other funds received from third parties and used for residential, day, supported employment, and CSLA programs. This would include private pay, insurance, DORS, United Way, etc.
- In the final section, record all other revenue received so that the final total reconciles with the audited financial statements.

2. Transportation Data: Please complete the transportation data schedule which asks for four (4) types of data. They are the average number of clients per trip, the average number of miles driven per trip, the total number of miles logged transporting clients and average number of trips per client per week. This information is pertaining to transporting consumers only. The data should be based on FY2004 records. This information can be obtained either through your yearly records or statistical sample. Please be as accurate as possible. If you do not have the data for FY2004 you can base the information on an average day in your programs.

3. Certification of client fees and attendance: There is an additional requirement for the auditor certification. The auditor statement should include at a minimum the following statement: "In our opinion, the Statement of client attendance days and Client Fees present fairly the client attendance days and client fees of (Agency, name) for the year ending June 30, 2004."

**Submission Information:** The FY2004 cost reporting documentation is due to DDA by **November 30, 2004**.

Please include the following items in your submission:

- Cost Report Data Form (2 copies with original signatures);
- Audited Financial Statements (2 copies);
- Certification of attendance and contribution to room and board and cost of care by an independent CPA (2 copies); and
- a 3½" floppy disk containing the completed Cost Report Data Form or email to Ms Josie Harris at [harrisj@dhhm.state.md.us](mailto:harrisj@dhhm.state.md.us).

Submit this information to:

Ms. Josie Harris  
Division of Rate Setting, DDA  
Department of Health and Mental Hygiene  
201 West Preston Street, Room 422-A  
Baltimore, Maryland 21201

Requests for deadline extensions: All requests for deadline extensions must be submitted in writing to Ms. Aud-

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rey Waters and must include justification of the need for the extension. You will receive written notification indicating whether or not your request has been approved.