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RULES—Cite material in the *Missouri Register* by volume and page number, for example, Vol. 28, *Missouri Register*, page 27. The approved short form of citation is 28 MoReg 27.

The rules are codified in the *Code of State Regulations* in this system—

Title	Code of State Regulations	Division	Chapter	Rule
1	CSR	10-	1.	010
Department		Agency, Division	General area regulated	Specific area regulated

They are properly cited by using the full citation, i.e., 1 CSR 10-1.010.

Each department of state government is assigned a title. Each agency or division in the department is assigned a division number. The agency then groups its rules into general subject matter areas called chapters and specific areas called rules. Within a rule, the first breakdown is called a section and is designated as (1). Subsection is (A) with further breakdown into paragraph 1., subparagraph A., part (I), subpart (a), item I. and subitem a.

RSMo—The most recent version of the statute containing the section number and the date.

Rules appearing under this heading are filed under the authority granted by section 536.025, RSMo 2000. An emergency rule may be adopted by an agency if the agency finds that an immediate danger to the public health, safety or welfare, or a compelling governmental interest requires emergency action; follows procedures best calculated to assure fairness to all interested persons and parties under the circumstances; follows procedures which comply with the protections extended by the *Missouri* and the *United States Constitutions*; limits the scope of such rule to the circumstances creating an emergency and requiring emergency procedure, and at the time of or prior to the adoption of such rule files with the secretary of state the text of the rule together with the specific facts, reasons and findings which support its conclusion that there is an immediate danger to the public health, safety or welfare which can be met only through the adoption of such rule and its reasons for concluding that the procedure employed is fair to all interested persons and parties under the circumstances.

Rules filed as emergency rules may be effective not less than ten (10) days after filing or at such later date as may be specified in the rule and may be terminated at any time by the state agency by filing an order with the secretary of state fixing the date of such termination, which order shall be published by the secretary of state in the *Missouri Register* as soon as practicable.

All emergency rules must state the period during which they are in effect, and in no case can they be in effect more than one hundred eighty (180) calendar days or (thirty) 30 legislative days, whichever period is longer. Emergency rules are not renewable, although an agency may at any time adopt an identical rule under the normal rulemaking procedures.

**Title 13—DEPARTMENT OF SOCIAL SERVICES
Division 35—Children’s Division
Chapter 80—Payment of Residential Facilities**

EMERGENCY RULE

13 CSR 35-80.010 Residential Foster Care Maintenance Methodology

PURPOSE: This rule establishes a methodology for determination of the costs associated with the provision of foster care maintenance based on the statutory criteria contained in 42 U.S.C. 672/675(4)(A) and related rates for residential care agencies.

EMERGENCY STATEMENT: The division has determined that an emergency rule is necessary to establish a methodology for foster care maintenance payments to residential facilities. The United States District Court for the Western District (Central Division) has declared that the current methodology for determining foster care maintenance payments is not based on the statutory criteria in 42 U.S.C. 672/675(4)(A) and therefore in violation of federal law. The division has been enjoined from using the current methodology. The division finds that an immediate danger to the health, safety and welfare to the citizens of Missouri exists inasmuch as this action is necessary in order to obtain necessary cost data for determination of foster care maintenance payments and to ensure federal funding for the affected providers. The division finds that this emergency rule is necessary to preserve a compelling governmental interest in maintaining

continued federal funding for the treatment of children. A proposed rule, which covers the same material, is published in this issue of the Missouri Register. The scope of this emergency rule is limited to circumstances creating the emergency and complies with the protections extended in the Missouri and United States Constitutions. The division believes this emergency rule is fair to all interested persons and parties under the circumstances. This emergency rule was filed on January 16, 2004, effective January 26, 2004, and expires July 23, 2004.

(1) Objectives. This rule establishes a methodology for determination of the costs associated with the provision of foster care maintenance based on the statutory criteria contained in 42 U.S.C. 672/675(4)(A) and related rates for residential care agencies.

(2) General Principles.

(A) Four (4) child-specific foster care maintenance rates shall be determined in accordance with section (3) Residential Foster Care Maintenance Rate Methodology.

(B) Residential child caring agencies will be required to complete a cost report detailing their most recent fiscal year’s operating costs. Providers must also submit audited financial statements with their report for verification purposes.

(C) Foster care maintenance costs shall be obtained from residential care providers using the standard cost report completed in accordance with applicable instructions.

1. In order to be considered “Foster Care Maintenance,” agency costs shall first meet the general definition as ascribed within federal regulation, accompanying clarification or audit finding and be allowable as defined within OMB Circular A-122, OMB Circular A-87, and the *Child Welfare Policy Manual*.

2. Reported agency costs shall be reasonable in nature as defined with OMB Circular A-122 and OMB Circular A-87.

3. Cost must be appropriately allocated to all benefiting programs or services offered by an agency.

4. The calculation of the foster care maintenance rate must consider any applicable credits or payments received either directly from federal or state funding sources or indirectly via contracted services or reimbursement.

(D) Statewide foster care maintenance costs shall be rebased every three (3) years.

(E) The Department of Social Services (DSS) will submit budget items for the General Assembly’s consideration to revise rates in accordance with the results of the rate setting methodology. Rates will be adjusted in accordance with the Truly Agreed and Finally Passed appropriation by the General Assembly subject to veto by the Governor.

(3) Residential Foster Care Maintenance Rate Methodology. The foster care maintenance rate will contain two (2) separate components. A statewide average room and board component and a child-specific daily supervision component.

(A) Room and Board Component.

1. Because the general cost of providing room and board will not vary based on a child’s identified level of care or other programmatic considerations, a core, statewide, board rate will be calculated based on the average cost of all agencies providing such services.

2. The room and board component will be calculated by dividing the total net applicable room and board related costs for all agencies by the statewide total days of residential child caring services provided.

(B) Daily Supervision Component.

1. The daily supervision component will vary based upon required staffing ratios as defined within the *Missouri Code of State Regulations* “Rules of Department of Social Services, Division 40—Division of Family Services, Chapter 71—Licensing Rules for

Residential Care Agencies.” This document establishes basic expectations for staff/child ratios within residential care agencies as identified within Exhibit 1, *Residential Child Care Agency Staff/Child Ratios*.

Exhibit 1

Category	Age	Child Awake	Child Asleep
Basic Core Requirements	Birth – 6	1:4	1:6 (staff awake)
	6 – 8	1:6	
	8 – 21	1:10	
	7 – 21		1:12 (staff asleep)
	7 – 21		1:20 (staff awake)
Infant/Toddler /Preschool	Birth – 6	1:4	1:6 (staff awake)
Residential Treatment (DFS Levels II & III)	6	1:4	1:6 (staff awake)
	7	1:6	1:6 (staff awake)
	8 – 21	1:8	1:16 (staff awake)
Intensive Residential Care (DFS Level IV)	6	1:4	1:6 (staff awake)
	7–21	1:6	1:6 (staff awake)

2. Agencies will report days by type of service provided. To determine the child-specific daily supervision portion of the rate, agencies will be classified into one (1) of four (4) categories based upon the average level of supervision required by children in their care. This classification will allow for adequate differentiation of cost incurred in the provision of daily supervision across each category and permit calculation of the related rate component. After categorization of agencies into each of the defined categories, the daily supervision rate will be calculated by dividing the total net applicable supervision costs for all agencies within a category by the total days of child caring services provided by those agencies.

A. Days of service provided under the basic core requirements regardless of payor source. Examples of services under this category reimbursed by DSS include the following categories:

- (I) Emergency shelter;
- (II) Emergency crisis intervention;
- (III) Maternity care; and
- (IV) Maternity care with infant.

B. Days of service provided under the infant/toddler/preschool requirements regardless of payor source. Examples of services under this category reimbursed by DSS include the following contract categories:

- (I) Infant care; and
- (II) Toddler care.

C. Days of service provided under residential treatment requirements regardless of payor source. Examples of services under this category reimbursed by DSS include the following contract categories:

- (I) Moderate need (Level II);
- (II) Severe need (Level III); and
- (III) Family focused residential services.

D. Days of services provided under intensive residential care requirements regardless of payor source. Examples of services under this category reimbursed by DSS include the following contract categories:

- (I) Intensive need (Level IV).

(4) Inflation/Trend Factor Adjustments.

(A) For the purpose of establishing base year costs, the room and board component will be adjusted based on the change in the USDA Expenditures on Children by Families. For State Fiscal Year 2004, this amount would be two and seventy-five hundredths percent

(2.75%). The child-specific daily supervision component will be adjusted by the percentage COLA (cost of living adjustment) provided to state employees. For State Fiscal Year 2004, this amount would be one and thirty-five hundredths percent (1.35%).

(B) For the purpose of interim inflation/trend factor adjustments until rates are rebased, the department will submit budget items for the General Assembly’s consideration to revise rates in accordance with the results of the rate setting methodology. Rates will be adjusted in accordance with the Truly Agreed and Finally Passed appropriation by the General Assembly subject to veto by the Governor.

AUTHORITY: section 207.020, RSMo 2000. Emergency rule filed Jan. 16, 2004, effective Jan. 26, 2004, expires July 23, 2004. A proposed rule covering this same material is published in this issue of the Missouri Register.

**Title 13—DEPARTMENT OF SOCIAL SERVICES
Division 35—Children’s Division
Chapter 80—Payment of Residential Facilities**

EMERGENCY RULE

13 CSR 35-80.020 Residential Care Agency Cost Reporting System

PURPOSE: This rule establishes a uniform cost reporting system to be used in reporting actual cost incurred in the operation of residential care agencies. The uniform cost reporting system provides the data necessary for the determination of the costs and rates associated with the provision of foster care maintenance.

EMERGENCY STATEMENT: The division has determined that an emergency rule is necessary to establish a methodology for foster care maintenance payments to residential facilities. The United States District Court for the Western District (Central Division) has declared that the current methodology for determining foster care maintenance payments is not based on the statutory criteria in 42 U.S.C. 672/675(4)(A) and therefore in violation of federal law. The division has been enjoined from using the current methodology. The division finds that an immediate danger to the health, safety and welfare to the citizens of Missouri exists inasmuch as this action is necessary in order to obtain necessary cost data for determination of foster care maintenance payments and to ensure federal funding for the affected providers. The division finds that this emergency rule is necessary to preserve a compelling governmental interest in maintaining continued federal funding for the treatment of children. A proposed rule, which covers the same material, is published in this issue of the Missouri Register. The scope of this emergency rule is limited to circumstances creating the emergency and complies with the protections extended in the Missouri and United States Constitutions. The division believes this emergency rule is fair to all interested persons and parties under the circumstances. This emergency rule was filed on January 16, 2004, effective January 26, 2004, and expires July 23, 2004.

(1) Objectives. This rule establishes a uniform cost reporting system to be used in reporting actual cost incurred in the operation of residential care agencies. The Residential Care Agency Cost Report included is one part of the two-part process set forth by the State of Missouri Department of Social Services in fulfilling the requirements for identifying foster care maintenance related expenditures within residential care agencies. The other part of the process involves participation in either a time study or random moment sample to determine the portion of time direct care staff spend performing foster care maintenance related activities.

(2) General Cost Reporting Principles. Residential Care Agency Cost Report line specific reporting instructions contained in Appendix A are included herein. The cost report must include all costs incurred

by the residential care agency. Costs included in the report can be grouped/categorized in several different ways and are subject to certain guidelines or requirements:

(A) Costs directly attributable to a function or activity may be charged in their entirety to that function or activity. Example: A staff person working in a single function or activity may have one hundred percent (100%) of their time charged to that function or activity.

(B) Costs not attributable to a single function or activity must be distributed based on an appropriate allocation methodology. Example: A staff person who spends a portion of their time working for several different functions or activities should have their related cost allocated across each program by some substantially documented methodology.

(C) Some staff will have their associated cost allocated through the application of activity-based Time Study or Random Moment Sample (RMS) results: All agency staff responsible for the provision of direct daily supervision of children on a regular basis will be included in the activity based allocation time study process. Those staff that should NOT participate in the time study include:

1. Agency administration. It should be noted that, in some agencies, an agency administrator might perform a significant amount of direct care of residents. In these instances, the individual should participate in the time study process.

2. Staff involved in the provision of a single function such as the provision of counseling or therapy; medical service; food preparation; cleaning; or facility maintenance.

(D) Costs are either considered allowable or unallowable, based on federal definitions and guidelines, for inclusion in the calculation of the residential foster care maintenance rate.

(E) Costs must be net of applicable credits when determining the portion attributable to the residential foster care maintenance rate. Any credits to reported costs will be applied as a function of the rate calculation process. Examples of applicable credits may include, but are not limited to:

1. IV-E Training payments;

2. USDA reimbursements;

3. Payments from school districts or the Department of Elementary and Secondary Education for the provision of educational services;

4. Reimbursements from the Department of Social Services (DSS), the Department of Mental Health (DMH) or other third party payors that offset reported costs such as, including, but not limited to:

A. Reimbursements for the development of the initial treatment plan, quarterly updates to the initial treatment plan and other treatment planning services reimbursed by others;

B. Reimbursements for day treatment; and

C. Reimbursements for counseling or other therapeutic services;

5. Reimbursements for medical and behavioral health services covered by the State's Medicaid State Plan (either directly or indirectly through MC+ Plans) including, but not limited to:

A. Physician's services;

B. Pharmacy-related services;

C. Psychology and counseling services; and

D. Targeted case management;

6. Other reimbursement from Medicaid or the MC+ plans for the provision of other medically necessary services;

7. Reimbursements for medical and behavioral health services covered by other third party payors.

(3) Explanation of Common Terms. To facilitate the completion of the cost report, cost-related terms used throughout the instructions are defined, and a brief explanation of their application is given.

(A) Reported Costs. For a cost to be included on the cost report it must meet the following general criteria:

1. Be reasonable for the performance of the activities of the agency;

2. Be accorded consistent treatment; and

3. Be adequately documented.

(B) Reasonable. A cost is reasonable if, in its nature or amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the costs. Reasonable costs are further defined in OMB Circular OMB A-87.

(C) Allowable. Allowable costs are those costs that are generally considered eligible for federal reimbursement based on the cost principles established in federal transmittals such as OMB Circular A-87 or A-122. Appendix A gives a list of items that are generally considered to be allowable. This is not an all-inclusive list and other costs not listed may be allowable. Although a cost may be considered ineligible for inclusion in the foster care maintenance rate based upon federal rules, regulations, or guidelines. (See "Eligible Cost")

(D) Unallowable. A cost is unallowable for reimbursement under, or claim to, any federal program based on established cost principles. Appendix A includes a list of items considered to be unallowable. All costs should be included on the cost report. Costs that are not allowable based on the federal guidelines should be placed in the "Unallowable" column on the cost report.

(E) Administrative Cost. Refers to those costs related to general operation and management of an agency or to those costs incurred in the support of multiple agency functions or programs. Examples of administrative costs include, but are not limited to:

1. Executive direction and supervision;

2. Bookkeeping and fiscal management;

3. Secretarial and clerical support;

4. Physical plant management;

5. Staff training (unless clearly related to a primary activity area); and

6. Related occupancy costs.

(F) Allocation Methodology. Documentation and/or description of the procedures/methods used to distribute costs to programs and to the direct service categories on the cost report. In general, costs should be allocated across the cost report's direct service categories/activities if there is a clear delineation and documentation for the allocation. Documentation must be maintained recording the methodology and detailing the specific calculation used to distribute costs. The use of estimates not based on a statistically sound methodology is unacceptable.

(G) Applicable Credits. The term applicable credits refers to those receipts, or reduction of expenditures which operate to offset or reduce expense items that are allocable to awards as direct or indirect costs. Typical examples of such transactions are: purchase discounts, rebates or allowances, recoveries or indemnities on losses, insurance refunds, and adjustments of overpayments or erroneous charges. To the extent that such credits accruing or received by the organization relate to allowable cost, they shall be credited to the federal government either as a cost reduction or cash refund, as appropriate. In some instances, the amounts received from the federal government to finance organizational activities or service operations should be treated as applicable credits. Specifically, the concept of netting such credit items against related expenditures should be applied by the organization in determining the rates or amounts to be charged to federal awards for services rendered whenever the facilities or other resources used in providing such services have been financed directly, in whole or in part, by federal funds. For rules covering program income (i.e., gross income earned from federally-supported activities) see Sec. 24 of Office of Management and Budget (OMB) Circular A-110, "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations."

(H) Random Moment Sample (RMS)/Time Study. A time study or RMS is a statistically based process to gather information from direct service child care staff members on how they spend their time. The information collected will be used for distributing the cost of direct staff among various activities. The results of this study are used to

determine the portion of the direct service providers cost related to foster care maintenance.

(I) Eligible Cost. For the purpose of determining the residential foster care maintenance rate, only those costs incurred in the provision of the following items/activities will be considered. The federal Department of Health and Human Services, Administration for Children and Families has published guidance in this regard in the *Child Welfare Policy Manual* Section 8.3.B.1. In general, this includes the cost of, and the cost of providing, the following:

1. Food;
2. Clothing;
3. Shelter;
4. Daily supervision;
5. School supplies;
6. Personal incidentals;
7. Liability insurance with respect to the child care;
8. Reasonable travel for the child for visitation as defined within the *Child Welfare Policy Manual*; and
9. Related administrative costs.

(4) Entities Covered by the Cost Report. The Missouri Residential Care Agency Cost Report is to be used in reporting actual costs incurred in the operation of residential care licensed under the Department of Social Services, Division 40—Children’s Division of Family Services, Chapter 71—Licensing Rules for Residential Care Agencies. Each cost report establishes the portion of that agency’s cost attributable to the provision of foster care maintenance. Information from all reporting agencies will be used, in aggregate, to establish foster care maintenance rates for each of the following four (4) categories based upon Missouri Licensing Rules for Residential Care Agencies:

- (A) Basic Core Requirements;
- (B) Infant/Toddler/Preschool;
- (C) Residential Treatment (DFS Levels II and III); and
- (D) Intensive Residential Care (DFS Level IV).

(5) Reporting Period and Filing Requirements.

(A) The cost report must reflect actual audited costs incurred in the provision of residential child care and related services by an agency for the most recent fiscal year.

(B) An initial cost report for the twelve (12) months which ended December 31, 2003 must be submitted by March 31, 2004.

(C) An annual cost report for fiscal years ending after December 31, 2003 must be submitted within ninety (90) days of the close of the fiscal year.

(D) Audited financial statements must be submitted with cost reports.

(6) Record Retention. Records used in support of costs reported on the cost report must be retained for a minimum of three (3) years from the end of the rate year for which the report is applicable. Records include, but are not limited to, financial, programmatic, statistical, recipient records, and supporting documentation. If any litigation, administrative review, claim, negotiation, audit, or other action involving the records has been started before the expiration of the three (3)-year period, the records shall be retained until completion of the action and resolution of all issues which arise from it, or until the end of the regular three (3)-year period, whichever is later. As part of the residential foster care maintenance rate calculation process, the state and/or its contracted representative may conduct reviews of the financial and programmatic information used as the basis for completion of an agency’s cost report. After completion of any such review, a written report will be completed addressing whether reported costs are adequately supported, allocated appropriately, and reasonable in nature. Documentation created while completing the cost report should be maintained recording the compilation of costs included in the report, and any methodologies or calculations used in the allocation of costs.

APPENDIX A—MISSOURI RESIDENTIAL CARE AGENCY COST REPORT
INSTRUCTIONS

GENERAL GUIDELINES FOR COMPLETING THE REPORT

An agency should take special care to be accurate and consistent when classifying and reporting operational costs.

An agency that operates more than one type of program (residential childcare, day treatment, adult services, etc.) should have, and retain on file at the agency, a cost allocation methodology that fairly and equitably distributes the costs to each of the various programs.

Note that throughout the cost report, Columns 3 through 9 require that costs be distributed (allocated) to specific direct service categories. Administrative costs are always reported in Column 2. The use of Column 2, Administrative Portion, is discouraged for the reporting of any cost that can be more properly allocated to the direct service categories in Columns 3 through 9.

Terms such as “other”, “miscellaneous”, “various”, etc., should not be used when completing the cost report. Reviewers must be able to discern that costs are properly allocated to the appropriate cost category.

For use in completing the cost report, the following federal cost principles publications may be used as a guide:

- (1) “Cost Principles for State and Local Governments,” OMB Circular A-87 and ASMB C-10, the A-87 Implementation Guide (lists forty-two separate allowable costs).
- (2) “A Guide for Nonprofit Organizations,” OMB Circular A-122 (lists fifty-six selected items of costs and principles to be applied in determining whether a cost is allowable).

Please refer to these circulars for more detailed guidance in determining whether or not costs incurred by your facility/agency are allowable.

In addition, the Federal Administration for Children and Families, Children’s Bureau, and other federal offices issue transmittals, clarification letters, Office of Inspector General findings, and directions specifying and clarifying Foster Care Maintenance related costs and allocation methods that may be applicable to this report. The *Code of Federal Regulations*, as well as copies of the above-mentioned publications may be obtained from any federal government bookstore or web site.

NOTE: The following guidelines have been developed to assist in the preparation of the Residential Child Care Cost Report and do not supercede federal publications.

DIRECT SERVICE COLUMN HEADING (ACTIVITY) DEFINITIONS

The cost report is broken down into ten columns that correspond to typical activities or services performed by child caring facilities. Columns 1 and 2, Total and Administrative appear in each section of the cost report. The remaining columns, which are categorized as “direct service activities”, do not appear in each section.

The following definitions explain the use of the 9 columns utilized throughout the cost report.

Total Costs (Salary) for this Report—Column 1

The total cost of an item, salary, or service for the reporting period should be entered in this column. Any cost entered in Column 1 will be reported to one or more direct service activity columns (2 though 9).

Administrative Portion of Total Costs (Salary)—Column 2

Costs that are necessary administrative and managerial functions of the residential program. For salaries, this would include the cost of such positions as an executive director, secretary, bookkeeper, physical plant manager, and staff training (unless clearly identified with one of the other primary activity areas). In the event that an administrative staff person spends a portion of their time working directly with children, their time should be included in the service category that is the best application of their duties. For instance, if the majority of their activities can be described as administrative in nature, their salary should be allocated to the “Administrative” area. If the majority of their time is spent working directly with children, or supervising direct child care staff, their salary should be allocated to the “Time Study” area. Examples of other types of costs that may be appropriately reported in this section are: general office expenses, payroll preparation, and other accounting/budgeting functions.

Room and Board—Column 3

This area will be used to report costs incurred in the provision of food, clothing, shelter, school supplies, and personal incidentals, for children in the child care program.

- Food – Actual food costs, kitchen and dining room operational costs including fuel and utilities directly related to the provision of food services, personnel, equipment and supplies associated with planning meals, ordering, preparing and serving food, cleanup work, and the cost of planned meals away from the institution.
- Clothing – Children’s personal wardrobe, including initial and replacement clothing. Expenses incurred in the upkeep of children’s clothing, including staff and supplies on grounds, and for services provided off grounds, such as washing, drying, mending, dry cleaning, alterations, etc.
- Shelter – Living space used by children, including rent or building use allowance, directly related to the provision of room and board.

P Furniture and upkeep for items related directly to the provision of shelter of children, e.g. living room, dining room, and bedroom equipment and furniture and furnishings, such as draperies, blinds, rugs, bedding, linens, etc. (but excluding equipment used for the provision of medical care.)

P Fuel and utilities directly related to the provision of shelter of children, e.g. heat, air conditioning, electricity, telephone, etc., if these item costs are not charged as part of rent.

P Routine maintenance and upkeep of property and equipment directly related to the provision of shelter of children. This includes staff and supplies for janitorial services, maintenance, and minor repairs to grounds and equipment.

- School supplies – Includes activity fees, class dues, paper, pens, books, calculator and other miscellaneous costs.
- Personal incidentals – Includes but is not limited to medicine chest supplies, personal hygiene items, such as comb, brush, toothbrush, soap, shampoo/conditioner, hair dryer, deodorant, sanitary needs, haircuts and other sundries and incidentals.
- Liability Insurance – with respect to the child. Other types of insurance may be allowable as an administrative cost.
- Transportation – Transportation for visitation within the definition provided in the *Child Welfare Policy Manual*.

Time Study—Column 4

In general, this column should be used to report 100% of personnel costs related to the following staff functions: All agency staff responsible for the provision of direct daily supervision of children on a regular basis.

Those staff whose related cost should not be included in this section include:

- Agency administration

- P It should be noted that, in some agencies, an agency administrator might perform a significant amount of direct care of residents. In these instances, the individual should participate in the time study process.
- Staff involved in the provision of a single function such as the provision of:
 - P counseling or therapy;
 - P medical service;
 - P food preparation;
 - P cleaning; or
 - P facility maintenance.

Should you have questions about the allocation of a particular staff person's cost, you may contact MAXIMUS.

Child Supervision—Column 5

This area will be used to report those costs incurred in the provision of activities that are necessary in the routine day-to-day direction and supervision of children as follows: (Please refer to the *Child Welfare Policy Manual* for guidance related to this activity.)

- **Daily Supervision**—In an institution, daily supervision is a **limited** function and includes routine day-to-day direction and supervision, it does not include social services, medical services, or educational services.
- **Social Services**—Examples of **UNALLOWABLE** “social services” may include but not be limited to:
 - P Counseling and therapy to help with the child's adjustment at the institution;
 - P Counseling and therapy to help a child resolve the problem(s) for which he or she was placed;
 - P Counseling and therapy with the child and his or her biological family to resolve the difficulties that led to the need for placement;
 - P Counseling and therapy for the return of the child to the community; and
 - P Psychological or educational testing, evaluation and assessment.

Crisis Intervention, Counseling, Therapy and Other Health-Related Services Not Covered as a Separate State Plan Service Under the State's Medicaid State Plan either Directly or Through the State's MC+ Program—Column 6

This category is used to identify the costs of providing crisis intervention, treatment and/or counseling or other therapeutic or treatment-related services to or on behalf of a child or group therapy sessions with a number of children and/or the family. The purpose of such activity would be to ameliorate or remedy personal problems or behaviors. Examples include:

- Intervention provided in order to relieve, or to offer remediation from, behavioral problems or issues.
 - Counseling and therapy to help a child's adjustment to the facility.
- Counseling and therapy to help a child resolve the problem(s) for which they were placed.
- Counseling or therapy with the child and his or her biological family to resolve the difficulties that led to the need for placement.
- Counseling or therapy for the return of the child home or to the community.
- Coordination and oversight of issues related to the provision of crisis intervention for the child.
- Referral and follow-up to such services, and arranging for participation in related conferences.
- Development and implementation of treatment plans and modifications to said plan.
- Provision of transportation to such services by agency staff.
- Arranging for health services.
- Providing transportation to health or medical services.
- Acting as a liaison with medical providers.
- Assisting in implementing medical/health regimen.

Medical/Psychological Treatment—Column 7

Medical treatment refers to the costs involved in the administration of medical procedures that require individuals carrying out the procedures to be licensed under State law as medical professionals and/or eligible to provide services covered as a separate state plan service under the State's Medicaid State Plan.

These would also include but not be limited to psychology/counseling services, testing, assessment, diagnosis and evaluation and treatment of a child's health or behavioral health conditions, EPSDT (HCY) services, and/or targeted case management.

Education—Column 8

This area includes activities that involve the provision of educational services, educational testing or assessment.

Unallowable—Column 9

This column is used for salaries (or portions of salaries) and other costs that are related to activities that are considered "unallowable" such as fund raising, research or development (except when related to the residential care program) and lobbying.

INSTRUCTIONS FOR COMPLETING THE COST REPORT

Agencies will complete a single report detailing all costs incurred in the operation of their residential child caring program and related services.

Cost Report Cover Page

The first page of the cost report identifies the operating agency submitting the report, the type of facility (or facilities) or program included in the report, and identifying information for each site. Space is also provided to identify the person completing the report and for the certification of accuracy of the information contained in the report by the authorized representative of the operating agency.

Section A. Identifying Information for Operating Agency

1. **Operating Agency Name:** Enter the name of the agency responsible for administering the facility represented in this cost report using the same agency (Licensee) title identified on the license.
2. **Mailing Address:** Enter the complete business address of the administrative office of the operating agency.
3. **City, State, and Zip Code:** Enter complete information in this box.
4. **Federal Tax ID Number:** Enter the operating agency's federal tax identification number.
5. **Telephone Number:** Enter the main telephone number of the operating agency.

Section B. DSS Payment Information

For each of the areas, 1 through 12, enter the days of service (Census Days) provided by contracted level of care and the associated payment (accrual basis) from DSS. In area 13, please enter the payment or reimbursement received for costs considered room, board, or supervision (as defined herein) such as, but not limited to:

- above Level IV Payments;
- clothing; and
- incidentals.

Section C. Identifying Information for Facilities

For each facility included in this report, complete the following information. If additional space is needed for facilities covered by this report, photocopy page 1, enter the necessary information in Section C, and attach to completed report.

1. **Facility/Program Name:** Enter the name of an individual facility, unit (cottage), or program in this box.
2. **Street Address:** Enter the complete business address of the facility.
3. **City, State, and Zip Code:** Enter complete information in this box.
4. **Telephone Number:** Enter the main telephone number of the facility.
5. **Licensed Capacity:** Enter the total number of beds.
6. **Days of Operation:** Enter the number of days during the reporting period that the facility provided services to eligible children.
7. **Occupancy Percent:** Identify the facility's occupancy percent for the period reported.
- 8.-12. **Census Days by Required Staffing Level:** Indicate the number of days of care provided by this facility by categorizing contracted levels of care into the following categories defined by Missouri Residential Care Licensing Rules. The following guidelines should be used when classifying and reporting this information:
 - Days of Service under the Basic Core Requirements regardless of payor source. Examples of services under this category reimbursed by DSS include the following contract categories:
 - P Emergency Shelter;
 - P Residential Treatment Emergency Crisis Intervention;
 - P Maternity Care; and
 - P Maternity Care with Infant.
 - Days of Service under the Infant/Toddler/Preschool Requirements regardless of payor source. Examples of services under this category reimbursed by DSS include the following contract categories.
 - P Infant/Toddler Care.
 - Days of Service under the Residential Treatment Requirements regardless of payor source. Examples of services under this category reimbursed by DSS include the following contract categories.
 - P Moderate Need (Level II);
 - P Residential Treatment Moderate Need (Level II);
 - P Severe Need (Level III); and
 - P Residential Treatment Severe Need (Level III).
 - P Family Focused Residential services.
 - Days of Service under the Intensive Residential Care Requirements regardless of payor source. Examples of services under this category reimbursed by DSS include the following contract categories.
 - P Intensive Need (Level IV); and
 - P Residential Treatment Intensive Need (Level IV).

In area 13, please enter the number of additional days of residential service provided other than those provided under the License Requirements identified above.

Section D. Total Census Days

Enter the sum of all Census Days provided by the agency.

Section E. Certification of Accuracy

1. **Name of Person Completing This Form:** Please print or type the name of the person completing the cost report who will be available to answer questions or provide clarification regarding any information contained in the report. The names listed in items 1 and 3 in Section E may be the same person or different people, as designated by the operating agency.
2. **Telephone Number:** Enter the telephone number of the person completing the cost report.
3. **Name and Title of Operating Agency Authorized Representative:** Print or type the name and position title of the chief executive officer of the operating agency or his/her designee.
4. **Fax Number:** Print or type the fax number of the person completing the cost report.
5. **Signature of Operating Agency Authorized Representative:** Self-explanatory.
6. **Date:** Enter the date that the cost report was completed, signed, and submitted.

COST REPORT AND RATE CALCULATION

Though the cost report establishes the portion of an individual agency's cost related to Foster Care Maintenance, the overall Statewide will be based upon aggregate data from all Residential Care Agencies and contain two separate components: A statewide average Room and Board component and a child-specific Daily Supervision component.

Because the general cost of providing room and board will not vary based on a child's identified level of care or other programmatic considerations, a core, statewide, Board Rate will be calculated based on the average cost of all agencies providing such services. This first component will be calculated by dividing the total net applicable Room and Board related costs for all agencies by the statewide total days of residential child caring services provided.

The second component, Daily Supervision, will vary based upon required staffing ratios as defined within the Missouri *Code of State Regulations* "Rules of Department of Social Services, Division 40—Division of Family Services, Chapter 71—Licensing Rules for Residential Care Agencies" as described, above.

To determine the child-specific Daily Supervision portion of the rate, agencies will be classified into one of four categories based upon the average level of supervision required by children in their care. This classification will allow for adequate differentiation of cost incurred in the provision of daily supervision across each category and permit calculation of the related rate component. After categorization of agencies into each of the defined categories, the Daily Supervision rate will be calculated by dividing the total net applicable Supervision costs for all agencies within a category by the total days of child caring services provided by those agencies.

Finally, the total child-specific Foster Care Maintenance Rate will be determined by adding the core Room and Board Rate to the calculated Daily Supervision rate based on the child's level-of-care requirement for each of the defined areas, above.

NOTE: ROUND ALL FIGURES TO THE NEAREST WHOLE DOLLAR

SECTION I. PERSONNEL COSTS

This section includes all salaries and wages paid for services rendered during the period of the cost report. Salaries and wages are allowable to the extent that the costs are reasonable for the services rendered and are supported by payroll vouchers or other generally accepted methods of documentation. Payroll must be further supported by time and attendance, or equivalent records, for individual employees. Salaries of employees chargeable to more than one program must be supported by documentation maintained by the operating agency that shows an equitable and appropriate distribution of time and effort.

The total salary entered in Column 1 (TOTAL SALARY) for each position will be allocated across one or more of the remaining columns in this section. Please note that the sum of columns (2) through (9) should equal the amount recorded in column 1. Salaries should be allocated to the primary direct service activity that most closely classifies the tasks performed by the staff

person(s), and allocated to two or more activities if there is a clear delineation and documentation of duties. If you have questions concerning the appropriate allocation for a position, please call MAXIMUS.

Only personnel costs associated with the operation of the residential care program and related services are to be included. If staff members divide their time between residential programs and other, unrelated, programs (for instance, adult services), only that portion of salary attributable to a residential program is to be reported.

The value of volunteer services is not to be included on this cost report. Contract consultants, and substitute or contract workers for whom no fringe benefits are paid are **not** to be included in on this page, but on Page 3, Section I-A, Consultant and Personal Service Contracts.

Position Title/Classification

List the actual job title, not the name of the employee. Abbreviations, but not acronyms, may be used. For example, "ch. care wrkr." not "CCW" or "Exec. Dir.," not "E.D."

Number of FTE Positions

Enter the number of full time equivalent (FTE—2,080 hours per year) positions in this program.

Example: The Child Care Worker's total wage is \$25,000, and is allocated between two agency programs at 10% and 90% respectively. A position's FTE is calculated by dividing the actual number of hours worked per year on a program, by the hours represented by the position's FTE value, or in the example above one-tenth of the Child Care Worker's time would be .10 FTE. The entry on the cost reports should be .10 FTE for \$2,500 and .90 FTE for \$22,500.

Identical positions may be reported on the same line on the salary page. For example:

Position Title/Classification	Number of FTE Positions
Cooks	2
Clerk	.5
Child Care Workers	8

Column 1—Total Salary for this Report

Enter the portion of an employee's salary that is related to the operation of the residential child caring agency and related services.

Column 2—Administrative Portion of Total Salary

Persons who act exclusively as management or administrative support for the residential program should have their entire salary listed in this column. Salaries of support or administrative staff who did not participate in the Time Study/RMS and whose function cannot be directly assigned to a direct service activity should be reported in this column. Examples are executive director, secretary, clerk, bookkeeper, and staff development trainer.

Column 3—Room and Board

The costs associated with the provision of/with food, clothing, and shelter are placed in this column. Examples of staff costs that may be classified as "Room and Board" include cook, housekeeper, laundry worker and maintenance.

Should an individual, such as a maintenance worker, provide service to multiple buildings serving multiple purposes, the portion of his salary attributable to Room and Board should be determined through the application of an allocation methodology such as the usage, by square footage, of the buildings maintained.

NOTE: If a staff member performs activities such as cooking or housekeeping for a portion of the day and acts as a child care worker for the remainder of the day, the entire salary should be listed in Column 4, Time Study and the individual should participate in the Time Study/RMS process.

Column 4—Time Study

This column should be used to report 100% of personnel costs related to the following staff functions: All agency staff responsible for the provision of direct daily supervision of children on a regular basis.

Those staff whose related cost should **NOT** be included in this section include:

- Agency administration
 - P It should be noted that, in some agencies, an agency administrator might perform a significant amount of direct care of residents. In these instances, the individual should participate in the time study process.
- Staff involved in the provision of a single function such as the provision of:
 - P counseling or therapy;
 - P medical service;
 - P food preparation;
 - P cleaning; or
 - P facility maintenance.

The costs associated with this column will be distributed to one of several functional categories based on statewide time distribution percentages generated by the Time Study/RMS. The entire salary for positions that have a portion of their time allocated to direct child care services should be entered in this column.

Please note: In the event that a certified medical professional (such as a nurse) provides direct care and supervision, their time may be allocated to the “Time Study” column on the report.

Column 6—Crisis Intervention Counseling & Therapy Not Covered as a Separate State Plan Service under the State’s Medicaid State Plan either Directly or Through the State’s MC+ Program.

Salaries of staff providing crisis intervention, treatment and/or counseling or other therapeutic or treatment-related services as defined above, including individual, family or group therapy sessions.

Column 7—Medical/Psychological Treatment

Salaries of staff who are licensed under State law as medical professionals qualified to administer medical procedures or treatment and/or eligible to provide services covered as a separate state plan service under the State’s Medicaid State Plan are included in this column. This includes nurses (**NOT PROVIDING DIRECT CARE AND SUPERVISION OF CHILDREN**), medical doctors, psychiatrists or psychologists who perform medically necessary services including but not limited to psychological testing or assessment, diagnosis and evaluation and treatment of a child’s health or behavioral health condition, EPSDT (HCY) services, Targeted Case Management.

Column 8—Education

This column is only used for positions associated with education services. A facility administrator who also manages or oversees the school program will allocate a portion of his or her time to this program area. The salaries of persons engaged in homework help and tutorial support provided outside the classroom and before or after the regular operating hours of the school program is placed in Column 4, Time Study.

Column 9—Unallowable

This column is used for salaries or portions of salaries for individuals whose activities are related to the provision of lobbying, fund-raising, and/or research activities.

THOSE SECTIONS OF THE COST REPORT SHADED GRAY MAY BE LEFT BLANK.

Line A. Total Salaries

Enter the dollar totals for each column. Please double-check the entries and totals for Administrative Portion, Column 2, and Direct Portion, Columns 3 through 9 to ensure that they add up to the total in Column 1, Total Salary for this report. Enter the Section I totals on Line A and on Line G (page 4) of the cost report.

Line B. Salary and Percent (%) By Activity

Compute and enter the percent of total salaries allocated to each column. This is accomplished by dividing the totals in line A for each of Columns 2 through 9 by the Total in Line A, Column 1. The total of line B, Columns 2 through 9 must equal 100%. Percentages should also be entered on Line E (page 4) of the cost report.

SECTION I-A. CONSULTANTS AND PERSONAL SERVICE CONTRACTS

Consultant and personal service contract fees are charges for the use of personal services provided by outside agencies or persons not on the regular payroll of the residential facility and for whom no fringe benefits are paid. List the type of job performed, not the name of the agency or individual. Costs should be allocated to the appropriate cost activity per previous instructions for salaried employees. For example, audit and legal fees should be listed as administrative costs in Column 2. Program-related charges, such as contracted child care workers, physicians, psychiatrists, etc., should be listed in the direct service Columns 3 through 9. **Do not** include contracts other than personal service contracts on this page.

Line C. Total Consultant and Personal Service Contracts

Total each line and column. Ensure the totals listed in Columns 2 through 9 add up to the total listed in Column 1. Enter the Section I-A totals on Line C and on Line J, page 4, of the cost report.

SECTION I-B. FRINGE BENEFIT & DIRECT SERVICE COST ALLOCATION

Fringe benefits should be included in this section for those full- and part-time positions that were included in Section I Personnel Costs. The total cost for each benefit for all positions should be included in Column 1, Total Costs. The list of benefits includes: the employer's share of social security and Medicare, workers' compensation, unemployment insurance, retirement, hospitalization insurance, life insurance, and other fringe benefit payments.

The cost of a professional liability insurance policy that is paid by the employer should be included in "Other" with a note detailing the entry. If professional liability insurance for the operating agency as a whole is obtained through a group policy, the cost of the group policy is to be listed in Section IV, Insurance Costs, on page 6 of the report.

Line D. Total Fringe Benefits

Enter the total of all fringe benefits listed above.

Lines E through L, and Total of all Personnel Costs, Line M, may be left blank. These lines add fringe benefits to the staff salaries from Section I Personnel Costs and costs for Consultants and Personal Service Contracts. The total personnel and fringe benefit costs are then distributed to the direct service columns based on the percentage results from the RMS.

Line E. Salary % (from Page 2, Line B)

Enter the salary percentages by activity for Columns 2 through 10 that were computed and also entered on Page 2, Line B.

Line F. Allocated Fringes

Multiply the total fringe benefits (Line D, Column 1) by each of the salary percentages by activity (Line E). Enter the results of each calculation in the appropriate column.

Line G. Salary Total

Enter the Salary Totals from Page 2, Line A for each of Columns 1 through 9.

Line H. Salaries Plus Allocated Fringes

For each of Columns 1 through 9, add Lines F and G and enter the results of each calculation in the appropriate column.

Line I. Total I-A Consultant and Personal Service Contracts

For Consultant and Personal Service Contracts. Enter the fee totals from Page 3, Line C.

Line J. Total Personnel and Consultant Costs

For each of Columns 1 through 9, enter the total of Lines H and I.

Line K. Time Study Results

The Time Study/RMS results used to distribute the personnel costs are printed in the corresponding columns for Administrative and Direct Service activities. It is possible that your facility may not have incurred one or more of the costs associated with each of the activities represented in Columns 3 through 9. However, based on the methodology adopted by the State of Missouri, a dollar figure must be calculated and entered on the next line, Line L, for each column.

Line L. Distribution of "Time Study" Costs

Multiply the "Time Study" Staff Cost, which is the total of "Time Study" Staff Salaries plus the allocated fringes from Line J, Column 4, by each of the percentages printed on Line K and enter the result of each of these calculations in the appropriate column on Line L. The dollar figures entered in Line L, Column 1, and Line J, Column 4, should be identical.

Line M. Total of All Personnel Costs by Activity

In Column 1, enter the same amount as listed in Line J, Column 1. For each of columns 2 and 3, enter the total of lines J and L. For Column 5, enter the same dollar amount that was computed and entered on Line L. For Columns 6 through 9, enter the total of Lines J and L. The totals for each column must also be entered in Section VIII, Summary, on Page 9 of the cost report.

To verify the accuracy of your calculations for Total 1, the total of Columns 2 through 9 must equal the amount listed in Column 1.

SECTION II. MATERIALS, SUPPLIES AND OTHER EXPENSES

The costs of materials, supplies, and other expenses necessary to carry out a program are to be included in this section. Such costs should be charged at their actual prices after deducting all cash discounts, trade discounts, rebates, and allowances received by the organization.

Withdrawals from general stores or stockrooms should be charged at cost under any recognized method of pricing consistently applied. Incoming transportation charges may be a proper part of material cost. Materials, supplies, and other expenses charged as a direct cost should include only the materials, supplies, and other expenses actually incurred in the operation of the child care agency. Due credit should be given for any excess materials or supplies retained, or returned to vendors.

Total II. Materials, Supplies and Other Expenses

Calculate both column and line totals. Ensure the totals listed for Columns 2 through 9 equal the total in Column 1. Entry of Section II totals on the appropriate line in Section VIII, Summary, of the cost report is optional.

Section II includes a diverse list of expenses related to operating a facility. The following are a few examples of costs questioned by providers:

- Drug Testing for employees is an allowable Administrative cost.
- Bank Fees for normal business costs are allowable, however if those fees result from fines and penalties then costs are considered unallowable.
- Health Care Supplies such as aspirin, band-aids, cough syrup, and other supplies that would be considered medicine chest supplies are allowable Room and Board costs.

Costs can be allocated based on use by activity area, percent (%) of personnel, square footage, or other applicable methodology.

SECTION III. OCCUPANCY COSTS

Providers reporting occupancy costs on the cost report must select and mark one of the following methods for reporting allowable building costs, (1) The actual rental charge, or if the building is owned by the provider, either (2) a 2% use allowance, or (3) depreciation of the original acquisition cost. If a provider incurs occupancy costs by more than one of the methods listed above, please check the one method that includes the majority of costs.

1. RENTAL COSTS—Rental costs of space in a privately owned building are allowable. The total cost must not exceed the rental cost of comparable space and facilities in other privately owned buildings in the same or similar locality.
2. USE ALLOWANCE—Compensation for the use of buildings is allowable through a use allowance. The use allowance shall be based on the acquisition cost, excluding the cost of land, and shall be computed at an annual rate not to exceed 2 percent of acquisition cost.
3. DEPRECIATION—Compensation for the use of buildings is allowable through depreciation. Any depreciation reported on the cost report shall be based on the acquisition cost, excluding the cost of land.

The Mortgage Interest cost entry can include interest and fees associated with bonds.

The costs of utilities, telephone, and property taxes for agency-owned buildings, and maintenance and repair are also allowed in conjunction with occupancy costs outlined above, provided they are not included as part of a rental agreement.

Costs for occupancy should be distributed to direct service activity areas by the most appropriate methodology available to the agency. It is expected that allocation by square footage will be the most commonly applied allocation method used.

TOTAL III. Occupancy Costs

Calculate both column and line totals. Ensure the totals listed for Columns 2 through 10 equal the total in Column 1. Entry of the Section III totals on the appropriate line in Section VIII Summary, on Page 9 of the cost report is optional.

SECTION IV. INSURANCE COSTS

Enter the cost incurred in the operation of the residential facility for necessary insurance premiums; subtract any refunds or good performance allowances (discounts). If insurance is purchased as a package and it is not possible to enter a separate premium for each category, note "package policy" and enter the total premium paid. **The cost of individual employee health, life or worker's compensation should be separated and entered in Section I-B, Personnel Costs, Fringe Benefits.**

Total IV. Insurance Costs

Calculate both column and line totals and enter the results in the appropriate columns. Ensure the totals listed for Columns 2 through 10 add up to the total listed in Column 1. Entry of the totals on the appropriate line in Section VIII Summary, on Page 9 of the cost report is optional.

SECTION V. TRAVEL COSTS

Enter the operating and maintenance costs of any agency owned vehicles. The costs of operating a vehicle for personal use of any employee of the residential facility may not be listed in this section. The acquisition cost of any vehicle owned or leased by the provider is **not** to be entered in this section, but in Section VI, Equipment. **Reimbursement for staff mileage is to be listed in the space provided at the actual rate paid, not to exceed 33 cents per mile.** Expenses for travel to conferences and meetings that pertain to the program or operation of the residential child caring institution should be listed in this section.

The types of travel costs listed above may be reported in Column 2 as an administrative cost, or, if it is possible to allocate these as direct service costs, then they should appear in one of the columns, 3 through 10, whichever is appropriate. Only those travel costs for transportation for visitation, as defined within the *Child Welfare Policy Manual* may be included as a direct room and board cost.

Purchased transportation refers to necessary transportation by a public carrier for the children placed at the residential care facility. Costs such as bus tickets or taxi fare for visits to the parental home are direct service costs and should be allocated to Room and Board.

Total V. Travel Costs

Calculate both column and line totals. Ensure the totals listed for Columns 2 through 10 add up to the total listed in Column 1. Entry of the Section V totals on the appropriate line in Section VIII, Summary, on Page 9 of the cost report is optional.

SECTION VI. EQUIPMENT COSTS

Ensure that only those equipment costs applicable to the type of program being reported are listed here. If the equipment is used less than 100% for the agency included in this report, only the actual percentage of use for this program is to be applied to the initial cost and expensed on this report. To the extent possible, equipment costs, including any depreciated equipment, should be allocated to direct cost categories, Columns 3 through 10. For example, household furnishings and kitchen equipment should be listed as Room and Board, Column 3. Office equipment costs used by Administration should be included in the Administrative service category. Equipment used in the provision of Educational services should be included in the Education service category, etc.

This section is divided into 4 categories:

- (A) Equipment purchases under \$5,000
- (B) Leased and rented equipment costs
- (C) Depreciated equipment costs
- (D) Maintenance and repair costs

LINE A. Small Equipment Purchase

Any item or group of items having an acquisition cost of less than \$5,000 should be included in this cost entry. List only those items that were purchased during the period covered by the cost report. Itemize costs or list a brief description of the categories of the items, e.g., office, household, medical, and the actual cost.

Equipment may be listed separately and expensed (four beds at \$100 each, four night stands at \$50 each); or grouped (four bedroom furniture sets, \$600). Both methods are acceptable. In either case, the reporting method used on the cost report should be an actual reflection of the accounting method used by the operating agency.

LINE B. Leased and Rented Equipment

List a brief description of the item and the total applicable annual charge for the item.

NOTE: Equipment costing over \$5,000 and obtained by lease/purchase agreement must be depreciated. Such costs are to be listed in Line C, Depreciated Equipment.

LINE C. Depreciated Equipment

Depreciable equipment is any item or group of items having an acquisition cost of more than \$5,000 and a useful life in excess of one year. Adequate property records to ensure that assets exist and are usable and needed must support any costs listed in this line. Adequate depreciation records indicating the amount of depreciation taken must be maintained by the operating agency. Please attach a copy of the depreciation schedule with the cost report. Claim only the portion of cost allocated to the remaining period of the cost report; e.g., if equipment was purchased in March, the cost report would carry depreciation for only the months March through December. The depreciation method once used shall not be changed for the life of the asset. If you have a more restrictive fiscal policy, items costing less than \$5,000 and having a useful life of more than one year may be depreciated.

LINE D. Maintenance and Repair

Enter the cost of keeping equipment in efficient operating condition. This may include the cost of an equipment maintenance contract.

TOTAL VI. Equipment Costs

In each column enter the total for that column. Entry of the Section VI totals on the appropriate line in Section VIII, Summary on page 9 of the cost report is optional. Ensure the totals listed for Columns 2 through 10 equal the total in Column 1.

SECTION VII. SUMMARY

Completion of the information requested on this page is optional.

Section VII is a summary of Sections I through VI of the cost report. The totals from each section are to be entered in the corresponding rows and columns of Section VIII. When all these entries have been made, total each of Columns 1 through 10 and enter the total for each column in the line labeled Total VIII Summary.

SECTION VIII. COST ADJUSTMENTS

Section VIII is a cost adjustment section that provides for the allocation of administrative costs to direct activities, and then calculates the total cost eligible for reimbursement under the Title IV-E Foster Care program.

Completion of Section VIII, Cost Adjustments, is optional. However, instructions for completion of Parts A through G are provided on the cost report form should you choose to complete this section of the form.

Line H. Maintenance Cost Allocation: This line calculates the average cost of providing Foster Care Maintenance per day for the agency. The totals of “Room & Board” and “Child Supervision” costs located in Line G should be summed and incorporated under the “Total Cost” column of Line H. The “Applicable Credits” total will derive from the total of “Room & Board” revenues from Section X. Revenue Schedule. The “Net Cost” column is the difference between the Total Cost and the Applicable Credits. A total for the Census Days column can be found in Box D on page 1 of the report. The “Net Cost” total divided by the “Census Days” total will provide the facility/program with its “Net Cost Per Day” dollar amount.

SECTION IX. REVENUE SCHEDULE

Funding sources provided (accrual basis) to your agency for services rendered should be included within this section of the report. Examples include, but are not limited to:

- **Social Services**—Examples of **UNALLOWABLE** “social services” may include but not be limited to:
 - IV-E Training Payments;
 - USDA Reimbursements;
 - Payments from school districts or the Department of Elementary and Secondary Education for the provision of educational services;
 - Reimbursements from the Department of Social Services (DSS) (including DFS or DYS), the Department of Mental Health (DMH) or other third party payors that offset reported costs such as, including but not limited to:
 - P Reimbursements for the Development of the Initial Treatment Plan, Quarterly Updates to the Initial Treatment Plan and other Treatment Planning Services Reimbursed by Others.
 - P Reimbursements for Day Treatment,
 - P Reimbursements for Counseling or other Therapeutic Services
 - P Reimbursements for Medical and Behavioral Health Services Covered by the State’s Medicaid State Plan (either directly or indirectly through MC+ Plans) including, but not limited to,
 - Physician’s services;
 - Pharmacy-related services;
 - Psychology and Counseling services;

Under the column entitled “Payor”, enter the agency name or source of funding for the revenue categories. Please be specific when listing the Payor Name. The following is a list of examples for the revenue categories:

Each credit will be analyzed based upon the service funded by the grant source and applied to the appropriate functional activity category thus reducing the agency expenditure eligible for consideration in the final calculation. Credits to the will be applied to the functional activity areas in accordance with the following guidelines:

- Administrative
 - IV-E Training Payments
 - Other payments offsetting costs related to administration.
- Maintenance
 - USDA
 - Other payments offsetting costs related to the provision of room and board related services

- Education
 - P Payment for provision of education services
 - P Reimbursement for related:
 - Q facility or building costs
 - Q staff costs
 - Q Other payments offsetting costs related to the provision of educational services.
- Crisis Intervention Counseling & Therapy Not Covered as a Separate State Plan Service under the State's Medicaid State Plan either Directly or Through the State's MC+ Program.
 - P Reimbursements for the Development of the Initial Treatment Plan, Quarterly Updates to the Initial Treatment Plan and other Treatment Planning Services Reimbursed by Others.
 - P Reimbursements for Day Treatment.
 - P Reimbursements for Counseling or other Therapeutic Services.
 - P Other payments offsetting costs related to the provision of crisis intervention, counseling and therapy not covered as a Separate State Plan Service under the State's Medicaid State Plan either Directly or Through the State's MC+ program.
 - P Reimbursements for Medically Necessary Travel.
 - P Reimbursements for Case Management Services.
- Medical Related:
 - P Reimbursements for Medical and Behavioral Health Services Covered by the State's Medicaid State Plan (either directly or indirectly through MC+ Plans) including, but not limited to,
 - Q Physician's services;
 - Q Targeted Case Management;
 - Q Pharmacy-related services;
 - Q Psychology and Counseling services;
 - Q EPSDT (HCY) services;
 - Q Other reimbursements from Medicaid or the MC+ Plans for the provision of other medically necessary services.

Please double-check your figures and calculations to verify the accuracy of the report. Remember, throughout the report, the total of Columns 2 through 10 must equal the totals in Column 1.

V. SUBMISSION OF COST REPORT

Attach to the completed cost report, copies of:

- The most recent State license/certificate/approval issued by the state agency responsible for licensing/certifying/approving residential child caring agencies.
- Copy of private facility's last completed independent audit or financial statements.
- Federal Internal Revenue Service certificate or letter of determination.

VI. COST DEFINITIONS

The following list does not reflect all allowable costs or complete definitions. Agency/provider staff completing a cost report is urged to review OMB Circulars A-87 and A-122 for a more complete listing of allowable and unallowable costs and respective definitions, policies, procedures and methods for calculations.

A. ALLOWABLE COSTS

Accounting – The cost of establishing and maintaining accounting and other information systems.

Advertising/Public Relations—Advertising costs are allowable only when the purpose is for employee recruitment, procurement of goods and services, and disposal of scrap or surplus materials. Public relations costs are allowable when communicating with the public and press relative to facility activities or accomplishments, and conducting general liaison with news media and government public relations offices.

Audit Services—Costs relative to audit are allowable.

Automated Electronic Data Processing—The cost of data processing is allowable.

Bonding Costs—The cost of bonding and related rates/premiums required for the general conduct of operations in accordance with sound business practice are allowable. This includes such Bonds as: bid, performance, payment, advance payment, infringement, and fidelity.

Budgeting—Costs incurred for the development, preparation, presentation, and execution of a budget are allowable.

Consultation Fees—The cost of consultation fees, that is, charges for the use of personal services of outside agencies or persons not on the payroll of the contracting agency, are allowable to the extent that they are necessary for the operation of the agency (i.e., audit service, legal counsel, and specialized consultation).

Deferred Compensation—Such cost is allowable to the extent that: (1) except for past service pension and retirement costs, it is for services rendered during the period of the cost report; (2) it is, together with all other compensation paid to the employee, reasonable in amount; (3) it is paid pursuant to an agreement entered into in good faith between the operating agency and its employees before the services are rendered, or pursuant to an established plan followed by the operating agency so consistently as to imply, in effect, an agreement to make such payments; (4) the benefits of the plan are vested in the employees or their designated beneficiaries and no part of the deferred compensation reverts to the employer; (5) in the case of past service pension costs, it is amortized over a period of ten years or more; and (6) for a plan which is subject to approval by the Internal Revenue Service (IRS), it falls within the criteria and standards of the *Internal Revenue Code* and regulations of the IRS.

Depreciation—Depreciation is the systematic reduction in value of capital equipment and/or property. The depreciable cost of capital equipment - any item with an acquisition cost in excess of \$5,000 - is allowable. Computation of depreciation is based upon the acquisition cost of the item excluding (1) any cost borne by the federal government through other federal grant programs, (2) any idle or excess equipment, and (3) the estimated salvage or trade-in value of the item. Adequate property records must be maintained. Depreciation methods once used shall not be changed for the life of an asset.

Example:

Computer purchased March, 200X
Total Cost \$ 5,500.00
Less salvage value (10%) \$ -550.00
Amount to be depreciated \$ 4,950.00
Divided by useful life (7 years) ÷ 7
Annual depreciation \$ 707.14

Expendable Equipment—Small equipment, that is, any item with an acquisition cost of less than \$5,000, necessary in providing services, may be expensed during the reporting period.

Incentive Compensation—Such payments to employees based on cost reduction, efficient performance, suggestion awards, etc., are allowable to the extent that the overall compensation is determined to be reasonable and such costs are paid or accrued pursuant to an agreement entered into in good faith between the operating agency and the employees before the services were rendered, or pursuant to an established plan followed by the operating agency so consistently as to imply, in effect, an agreement to make such payment.

Insurance Costs—Cost of insurance in connection with the general conduct of activities is allowable to the extent that the cost is in accordance with sound business practice. Protection against liabilities or loss of assets related to the provision of contract services should be provided. Major losses incurred through lack of available insurance coverage would be considered a non-allowable cost. However, the deductible portion of insurance coverage or minor uninsurable losses is allowable. The cost of insurance on the life of any officer or employee, for which the operating agency is beneficiary, is unallowable. Medical insurance costs are not allowable. Liability insurance costs should be entered under Section 4, page 6, of the cost report form.

Interest Cost—The interest cost associated with otherwise allowable costs of building acquisition, construction, or fabrication, reconstruction or remodeling.

Lease and Lease Purchase—The cost of equipment or facilities procured under a lease-purchase arrangement, is allowable to the extent of its use for the program, its reasonableness as sound business practice and as applicable to the cost of ownership (i.e., depreciation, utilities, maintenance, and repair).

Leased Equipment—Leased equipment is any item rented at a fixed price for a set period of time. The cost of leased equipment is allowable to the extent of its use for the program and its reasonableness as sound business practice.

Maintenance and Repair—Costs incurred for necessary maintenance, repair, and upkeep of property which neither add to the permanent value of the property nor appreciably prolong its intended life, but keep it in efficient operating condition are allowable. Costs incurred for necessary maintenance, repair, and upkeep of equipment are also allowable.

Materials, Supplies, and Other Expenses—The costs of materials, supplies, and other expenses necessary to carry out a program are allowable. Such costs should be charged at their actual prices after deducting all cash discounts, trade discounts, rebates, and allowances received by the organization. Withdrawals from general stores or stockrooms should be charged at cost under any recognized method of pricing consistently applied. Incoming transportation charges may be a proper part of material cost. Materials, supplies, and other expenses charged as a direct cost should include only the materials, supplies, and other expenses actually used for the performance of the contract or grant, and due credit should be given for any excess materials or supplies retained, or returned to vendors. Items of equipment with an acquisition cost of less than \$5,000 may be considered as supplies.

Medical Records—Costs of personnel whose duties include management of medical records may be eligible for IV-E if the position's primary function is maintaining centralized files that include relevant IV-E activities (case management, file/notes, billings to Office of Family and Children). A portion of their salary can be reported on the cost report if appropriately allocated to the service category of Administrative. For example, medical records salaries can be allocated to the service categories by a percentage of personnel costs. The percentage of direct care staff can be applied to the Administrative service category and the percentage of medical staff to the Medical service category.

Mortgage Interest Bonds—The cost entry can include interest and fees associated with bonds.

Occupancy Costs—Occupancy costs are those costs of renting and operating a building. The claiming of this cost is dependent on the type of ownership.

Payroll Related Expenses—Employee benefits in the form of employer contributions to Social Security, State and municipal retirement systems, life and health insurance plans, unemployment insurance coverage, workers' compensation insurance, and pension plans are allowable if equitably distributed.

Personal Incidentals Personal incidentals include but are not limited to medicine chest supplies, personal hygiene items, such as comb, brush, toothbrush, soap, shampoo/conditioner, hair dryer, deodorant, sanitary needs, haircuts, and other sundries and incidentals, and can be included under the category of Room and Board.

Rental of Privately Owned Building—Rental cost for space is allowable if the charge does not exceed the cost of comparable space and facilities in the same locality. The lease agreement must stipulate the extent of the lessor's responsibility for renovations. Major renovations that add to the permanent value of the property or appreciably prolong its life, the cost of which is borne by the provider, must be depreciated.

Rental of Publicly Owned Building—The rental cost of a publicly owned building is allowable if the charge does not exceed the cost of ownership. The rental charge should include the cost of service, maintenance, depreciation on the building, and depreciation of major renovation.

Salaries—Such costs include all salaries and wages, paid or accrued, for services rendered during the reporting period. The salaries and wages are allowable to the extent that the compensation is (1) reasonable for the services rendered, and (2) are supported by payroll vouchers or other documentation. Payroll amounts being claimed must be further supported by time and attendance or equivalent records for individual employees. Salaries of employees that are chargeable to more than one program or cost center must be supported by appropriate time distribution records. The method used should produce an equitable distribution of time and effort among the various programs staff are working on.

School Supplies and Fees—School Supplies and Fees that would be bought by a parent for a child while attending school can be included in the category of Room and Board. Examples of these would be paper, pencils, book fees, etc.

Severance Pay—Such cost, also commonly referred to as dismissal wages, is a payment in addition to regular salary and wages to workers being terminated. Costs of severance pay are allowable only to the extent that, in each case, it is required by (1) law, (2) employer/employee agreement, or (3) established policy that constitutes, in effect, an implied agreement on the operating agency's part. Costs should be directly allocated based on the type of personnel activity.

Travel—The costs of operation, maintenance, and repairs of agency vehicles are allowable when relevant to the delivery of services. Expenses for transportation, lodging, subsistence, and related items incurred by employees who are traveling on official business incidental to delivery of services are allowable either on an actual basis or a per diem and mileage basis. Expenses for meetings and conferences are allowable if the primary purpose is the dissemination of technical information relating to services. Purchased transportation is allowable if incidental to delivery of services.

Use Allowance of Depreciation of Provider Owned Building—The computation of use allowances or depreciation will be based upon acquisition cost. The computation will exclude (1) any cost borne by the federal government through other federal grant programs, (2) the cost of land, and (3) idle or excess facilities. The straight-line method of depreciation will be used for building and capital improvements. In lieu of depreciation, a use allowance for buildings and improvements may be computed at an annual rate not exceeding two percent of acquisition costs.

Utilities—Utility costs are those costs for heating, lighting, water, sewage, etc. Utility costs for related facilities are allowable if equitably distributed among programs and cost centers.

B. UNALLOWABLE COSTS

Alcoholic Beverages—The cost of alcoholic beverages is unallowable.

Bad Debt—Losses (actual or estimated) arising from accounts which cannot be collected and other claims and related costs are unallowable.

Contingencies—Contributions to a contingency reserve or any similar provision for unforeseen events are unallowable.

Contributions and Donations—Outlays of cash with no prospective benefit to the facility or program are unallowable.

Depreciation—Cost of depreciation on idle facilities, except when necessary to meet fluctuations in caseload, is unallowable.

Entertainment—Costs of amusement, social activities, ceremonials, and related incidentals for staff only are unallowable (includes costs such as meals, lodging, rentals, transportation, and gratuities).

Fines and Penalties—Costs of fines and penalties resulting from failure to comply with federal, state and local laws or imposed by court are unallowable.

Fundraising—Costs of organized fundraising are unallowable. Includes financial campaigns, solicitations of gifts, and similar expenses incurred to raise capital or obtain contributions.

Funds Claimed Against Other Federal Programs—Any costs specifically subsidized by other federal monies, with the exception of federal funds authorized by federal law to be used to match other federal funds.

Interest and Other Financial Costs—Interest on borrowing, bond discounts, or any cost of financing or refinancing operations is unallowable except interest incurred on building acquisition as referenced in Part A of this section under ‘OCCUPANCY COSTS’.

Investments—Costs of investment counsel and staff or similar expenses incurred solely to enhance income from investments are unallowable.

Organizational Costs—Organizational costs such as incorporation fees to accountants, attorneys, brokers, etc. in connection with establishment or reorganization are unallowable.

Prohibited Activities—Costs of prohibited activities for *Internal Revenue Code* Section 501(c)(3) organizations are unallowable.

Under Recovery of Costs Under Grant Agreements—Any excess of cost over the federal contribution under one grant agreement is unallowable under other grant agreements.

VII. IMPORTANT REMINDERS

- An agency that operates more than one type of program should have, and retain on file at the agency, a cost allocation plan that fairly and equitably distributes costs to each of the residential programs.
- Terms such as “other”, “miscellaneous”, “various”, etc. should NOT be used on the cost report.

Figures or calculations entered on the cost report form should always be checked for accuracy prior to submission.

RESIDENTIAL CARE AGENCY COST REPORT

(Please Print or Type) Reporting Period: _____ TO: _____

A. IDENTIFYING INFORMATION FOR OPERATING AGENCY

1. Operating Agency Name	4. Federal Tax I.D. Number	7. Operating Agency Type (Check One) <input type="radio"/> Public <input type="radio"/> Private / Not-For-Profit <input type="radio"/> Private / For-Profit
2. Mailing Address	5. Telephone Number	
3. City, State	6. Zip Code	

B. DSS SERVICE / PAYMENT INFORMATION

1. Emergency Shelter <i>Days / Payment</i>	2. REHAB - RT Emgoy. Crisis Intevention <i>Days / Payment</i>	3. Family Focused Residential Services <i>Days / Payment</i>
4. Maternity Care <i>Days / Payment</i>	5. Maternity Care with Infant <i>Days / Payment</i>	6. Infant / Toddler Care <i>Days / Payment</i>
7. Moderate Need (Level II) <i>Days / Payment</i>	8. REHAB - RT Moderate Need (Level II) <i>Days / Payment</i>	9. Severe Need (Level III) <i>Days / Payment</i>
10. REHAB -RT Severe Need (Level III) <i>Days / Payment</i>	11. Intensive Need (Level IV) <i>Days / Payment</i>	12. REHAB - RT Intensive Need (Level IV) <i>Days / Payment</i>
13. Other <i>Payment</i>		

C. IDENTIFYING INFORMATION FOR FACILITIES, UNITS, OR PROGRAMS

1. Facility # 1 Name	5. Licensed Capacity	9. Infant / Toddle / Pre-School
2. Street Address	6. Days of Operation	10. Residential Treatment
3. City, State, Zip Code	7. Occupancy Percent	11. intensive Residential Treatment
4. Telephone Number	8. Basic Core Requirements	12. Other Days of Residential Care Provided
1. Facility # 2 Name	5. Licensed Capacity	9. Infant / Toddle / Pre-School
2. Street Address	6. Days of Operation	10. Residential Treatment
3. City, State, Zip Code	7. Occupancy Percent	11. Intensive Residential Treatment
4. Telephone Number	8. Basic Core Requirements	12. Other Days of Residential Care Provided
1. Facility # 3 Name	5. Licensed Capacity	9. Infant / Toddle / Pre-School
2. Street Address	6. Days of Operation	10. Residential Treatment
3. City, State, Zip Code	7. Occupancy Percent	11. Intensive Residential Treatment
4. Telephone Number	8. Basic Core Requirements	12. Other Days of Residential Care Provided
1. Facility # 4 Name	5. Licensed Capacity	9. Infant / Toddle / Pre-School
2. Street Address	6. Days of Operation	10. Residential Treatment
3. City, State, Zip Code	7. Occupancy Percent	11. Intensive Residential Treatment
4. Telephone Number	8. Basic Core Requirements	12. Other Days of Residential Care Provided

D. TOTAL CENSUS DAYS

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E. CERTIFICATION OF ACCURACY

1. Name of Person Completing This Form (Please Print)	2. Telephone Number
3. Name and Title of Operating Agency Authorized Representative (Please Print)	4. Fax Number
I certify that information contained herein is correct and completed in accordance with instructions.	
5. Signature of Operating Agency Authorized Representative	6. Date

II. Materials, Supplies, and Other Expenses	ROUND ALL FIGURES TO THE NEAREST DOLLAR							
	(1) Total Costs	(2) Administrative Portion	(3) Room and Board	(5) Child Supervision	(6) Crisis Intervention Counseling and Therapy	(7) Medical Treatment	(8) Education	(9) Unallowable
Food (Less USDA)								
Household Supplies								
School Supplies and Fees								
Clothing								
Health Care Supplies								
Personal Items								
Office Supplies								
Professional Fees, Dues, and Subscriptions								
Advertising								
Program Supplies and Expenses								
Printing and Postage								
Conference and Training Fees								
Medical Supplies								
Employee Medical Exams								
Other								
Total II Materials, Supplies, and Other Expenses Enter Here and in Section VIII.								

ROUND ALL FIGURES TO THE NEAREST DOLLAR

III. OCCUPANCY COSTS		Distribution of Direct Service Fees by Type of Activity							
		(1) Total Costs	(2) Administrative Portion	(3) Room and Board	(4) Child Supervision	(5) Crisis Intervention Counseling and Therapy	(6) Medical Treatment	(7) Education	(8) Unallowable
Building Costs (Check only one) <input type="checkbox"/> Depreciation <input type="checkbox"/> Rent <input type="checkbox"/> 2% Use Allowance Mortgage Interest Property Taxes for Agency Owned Building UTILITIES Telephone Maintenance and Repair Other:									
Total III Occupancy Costs Enter here and in Section VIII									
IV. INSURANCE COSTS		Distribution of Direct Service Fees by Type of Activity							
		(1) Total Costs	(2) Administrative Portion	(3) Room and Board	(4) Child Supervision	(5) Crisis Intervention Counseling and Therapy	(6) Medical Treatment	(7) Education	(8) Unallowable
Liability Property Accident Auto Adhlin Insurance Policies									
Total IV Insurance Costs Enter here and in Section VIII									
V. TRAVEL COSTS		Distribution of Direct Service Fees by Type of Activity							
		(1) Total Costs	(2) Administrative Portion	(3) Room and Board	(4) Child Supervision	(5) Crisis Intervention Counseling and Therapy	(6) Medical Treatment	(7) Education	(8) Unallowable
Gas, Oil, Maintenance, etc. Staff Mileage Travel to Conference / Meetings Purchase Transportation (Specify) Depreciated Auto									
Total V Travel Costs Enter here and in Section VIII									

[Empty box for identification]

ROUND ALL FIGURES TO THE NEAREST DOLLAR

Distribution of Direct Service Fees by Type of Activity

	(1) Total Costs	(2) Administrative Portion	Distribution of Direct Service Fees by Type of Activity					(8) Education	(9) Unallowable
			(3) Room and Board	(5) Child Supervision	(6) Crisis Intervention Counseling and Therapy	(7) Medical Treatment	(8) Education		
I Total Personnel Costs									
II Total Materials, Supplies, and Other Expenses									
III Total Occupancy Costs									
IV Total Insurance Costs									
V Total Travel Costs									
VI Total Equipment Costs									
VII Total Cost Summary									

VIII. COST ADJUSTMENT

A. Non-Administrative Total Subtract Grand Total Admin Cost from Total VII Summary									
B. Administrative Cost (From Column 2, Above)									
C. Administrative Cost Credits (Section IX, Column 4)									
D. Net Administrative Cost Applied									
E. Administrative Allocation Percentage									
F. Administrative Cost Allocation									
G. Total Costs									
H. Maintenance Cost Calculation									

Multiply the Value in Row F by the Corresponding Value from Row E to distribute the Adjusted Cost Totals to the Correct Activity

	Total Cost	Applicable Credits	Net Cost	Census Days	Net Cost Per Day

*AUTHORITY: section 207.020, RSMo 2000. Emergency rule filed Jan. 16, 2004, effective Jan. 26, 2004, expires July 23, 2004. A proposed rule covering this same material is published in this issue of the **Missouri Register**.*