August 1, 2015

**ADSA: NH RATES #2011-004**

**2016 Joint Cost Allocation Disclosure**

Dear Nursing Facility/Home Administrator:

WAC 388-96-534 applies to facilities that report costs which represent allocations of joint facility costs. The rule requires that such facilities submit Joint Cost Allocation Disclosures (JCADs) to the Department no later than September 30th for the following year.

“Central servicing organizations” are entities which provide services to more than one nursing facility, or to one nursing facility and any other entity. Examples of organizations that must submit a JCAD if joint costs are incurred include:

1) Chain operations;

2) Organizations operating more than one type of facility at a location (for example, a nursing facility and a hospital or a nursing facility and a boarding home);

3) Organizations operating more than one type of business (for example, a nursing facility and an apartment complex); and

4) Facilities providing services to another facility (for example, a facility providing laundry services to another facility).

As in previous years, only one disclosure form for each servicing organization is required. For example, if a central office provides services to five facilities, the central office is the servicing organization and should submit one disclosure. All servicing organizations allocating joint facility costs in 2015 must complete the form in its entirety and sign the certification on page 4. All signatures must be original signatures in ink.

The disclosure must identify the nature and purpose of all costs which represent an allocation of joint facility costs, describe the allocation methodology utilized, and list the entities to which the costs are to be allocated. An organization chart for the servicing organization is required to be submitted. The organization chart must define all staff positions with employee names and define services provided. Please disclose all management positions with the names of the current staff holding such positions. Also, changes from the prior year’s organization chart must be disclosed in Section 2.

To have joint facility costs for calendar year 2016 considered in the determination of allowable costs under WAC 388-96-585 and other related sections of Ch. 388-96 WAC, the allocation disclosure is required to be postmarked by September 30, 2015 per WAC 388-96-534 (3). The Department will review the methodology and notify the contractor of approval or denial by December 31, 2015 for all timely received JCADs in accordance with WAC 388-96-534 (4).

**PLEASE NOTE:** In accordance with WAC 388-96-534 (6), an amendment or revision to a JCAD must be submitted at least thirty days prior to the effective date of the amendment or revision. Also, contractors who will begin to incur joint costs at some time other than the beginning of the calendar year must submit a new JCAD ninety days prior to the time the costs will be incurred per WAC 388-96-534 (7).

For guidelines on the disclosure of joint facility cost allocation, please review WAC 388-96-534, 388-96-535, and 388-96-542; and the State of Washington Nursing Home Accounting and Reporting Manual sections III (J) and V (D) (3) and (4).

The following documents may be found on the Aging and Disability Services Administration Website at <http://www.adsa.dshs.wa.gov/professional/rates/>:

1) A 2016 disclosure form; (revised 6/25/09)

2) Copies of relevant sections of state law (RCW) and regulations (WAC) and excerpt pages of the Nursing Home Accounting and Reporting Manual;

3) Joint facility organization types;

4) Criteria for Approval of Provider Statements.

5) Nursing Facility Analyst List

Disclosures for calendar year 2016 must be postmarked by September 30, 2015 and submitted to:

Department of Social and Health Services

Aging and Disability Services Administration

Nursing Home Rates Section

Post Office Box 45600

Olympia, Washington 98504-5600

If you have any questions, please call the analyst responsible for your facility. If you do not know your assigned analyst, please see the Nursing Facility Analyst List on our website.

Sincerely,

Ken Callaghan, Chief

Office of Rates Management