



STATE OF WASHINGTON
DEPARTMENT OF SOCIAL AND HEALTH SERVICES
Aging and Long Term-Support Administration
Management Services Division
PO Box 45600, Olympia, WA 98504-5600

September 9, 2016

AL TSA: NH Rates #2016-004

RE: JOINT COST ALLOCATION DISCLOSURE (WAC 388-96-534)

Dear Nursing Facility Administrator:

WAC 388-96-534 Joint Cost Allocation Disclosure (JCAD) is currently under emergency rule, with the following main change from prior years reporting; a contractor is no longer required to submit their Joint Cost Allocation Disclosure by September 30th if their allocations are not changing. JCADs are only required when the allocation is changing. Currently the rule states:

- (1) *The contractor must disclose to the department:*
 - (a) *The nature and purpose of all costs representing allocations of joint facility costs; and*
 - (b) *The methodology of the allocation utilized.*
- (2) *The contractor must demonstrate in such disclosure:*
 - (a) *The services involved are necessary and nonduplicative; and*
 - (b) *Costs are allocated in accordance with benefits received from the resources represented by those costs.*
- (3) *Upon receipt of a disclosure, the department must review the joint cost allocation disclosure (JCAD) and either approve or deny the disclosure. Once a JCAD is submitted and approved, it is valid until changed or amended.*
- (4) *A new contractor must submit the first year's disclosure together with the submissions required by WAC 388-96-026.*
- (5) *Within this section, the meaning of the:*
 - (a) *"Effective date" is the date the department will recognize allocation per an approved JCAD; and*
 - (b) *"Implementation date" is the date the facility will begin or began incurring joint facility costs or the allocation of joint costs has changed.*
- (6) *The contractor must submit to the department for approval an amendment or revision to an approved JCAD at least thirty days prior to the implementation date of the amendment or revision. For amendments or revisions received less than thirty days before the implementation date, the effective date of approval will be thirty days from the date the JCAD is received by the department.*
- (7) *When a contractor, who is not currently incurring joint facility costs, begins to incur joint facility costs during the calendar year, the contractor must provide the information required in subsections (1) and (2) of this section at least ninety days prior to the implementation date. If the JCAD is not received ninety days before the implementation date, the effective date of the approval will be ninety days from the date the JCAD is received by the department.*

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(8) Joint facility costs not disclosed, allocated, and reported in conformity with this section are unallowable costs. Joint facility costs incurred before the effective dates are unallowable. Costs disclosed, allocated, and reported in conformity with a department-approved JCAD must undergo review and be determined allowable costs for the purposes of rate setting and audit.

As the Department further develops WAC 388-96 in accordance with the new methodology the JCAD process may be amended further. In order to receive timely updates regarding the WAC development and information about how you can participate, please ensure that your contact information is up to date with the Office of Rates Management. You, or any other interested parties, may also sign for the Rates ListServ <http://listserv.wa.gov/cgi-bin/wa?A0=AL TSA-UPDATES>. If you have questions, please contact your analyst. The facility/analyst list is available on our website at <https://www.dshs.wa.gov/altsa/management-services-division/nursing-facility-cost-reports>.

Sincerely,



Peter Graham, Chief
Office of Rates Management

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cc: Interested Parties