



***SPECIFIC INSTRUCTIONS
for the completion of the***

***FISCAL YEAR 2014
TEXAS DAY ACTIVITY AND HEALTH SERVICES
REQUEST FOR REVISION REPORT***

For assistance with the completion of the report, contact Rate Enhancement Analyst for this program listed on the following webpage: <http://www.hhsc.state.tx.us/rad/long-term-svcs/contacts.shtml>.

For assistance with the mailing and tracking of this report, contact:

Cost Reporting Specialist
Phone: (512) 707-6094
FAX: (512) 730-7475

PURPOSE

The purpose of the Request for Revision Report (RFR) is to gather information for the Texas Health and Human Services Commission (HHSC) to use in determining if a provider met a higher attendant compensation level for the reporting period than the level it met on its most recently audited report functioning as its fiscal year 2011 Attendant Compensation Report.

WHO MUST COMPLETE THIS REPORT?

All providers requesting a revision of their enrollment limitation for the fiscal year 2014 enhancement period (September 1, 2013 – August 31, 2014) must complete this report.

GENERAL INSTRUCTIONS

Except where otherwise noted, this RFR is governed by all rules and instructions pertaining to the completion of your 2011 DAHS (Day Activity and Health Services) Cost Report. Refer to:

- Cost Determination Process Rules at Title 1 of the Texas Administrative Code (TAC) §§355.101-355.111;
- Attendant Compensation Rate Enhancement Rules at 1 TAC §355.112;
- DAHS program-specific rules at 1 TAC §355.6907;
- Mandatory Training for the 2011 or 2012 Cost Reports; and
- Specific Instructions for the Completion of the 2011 or 2012 DAHS Cost Report.

DUE DATE

This report is due to HHSC by July 31, 2013. Send one completed copy of the RFR and all required attachments, including the certification and methodology pages with original signatures and notary stamps/seals, to:

REGULAR MAIL:

HHSC Rate Analysis
Mail Code H-400
P.O. Box 149030
Austin, Texas 78714-9030

SPECIAL DELIVERY:

HHSC Rate Analysis
Brown-Heatly Building
Mail Code H-400
4900 North Lamar
Austin, TX 78751-2399

Reports received after July 31, 2013 will not be accepted and the enrollment limitation specified on the provider's fiscal year 2014 "Enrollment Limitation Report" will apply.

GROUP REPORT VERSUS INDIVIDUAL REPORT

If your contract participated in the rate enhancement as part of a group in fiscal year 2011, you may submit one RFR for the entire group or one RFR for each individual contract. The result of the analysis of an RFR completed for a group will apply to all contracts included on the RFR for fiscal year 2014. If you did not participate as part of a group during fiscal year 2011, the RFR can be submitted only for an individual contract.

WEBSITE

An electronic version of the 2014 RFR is available on our website at:

<http://www.hhsc.state.tx.us/rad/long-term-svcs/index.shtml>

Once you enter the website, click on the link to “Day Activity and Health Services”, then scroll down to the heading “Rate Enhancement – Attendant Compensation”, click on “2014”, and then click on “2014 Enrollment Limitations Information”. Then locate and open the “2014 Request for Revision Report” element.

REPORTING PERIOD

The reporting period is September 1, 2012 through April 30, 2013. The report must be completed for the entire reporting period.

ROUNDING MONETARY AMOUNTS

All reported monetary amounts should be rounded to the nearest whole number (with no zeros included for "cents"). For example, \$25.49 should be rounded to \$25 and \$25.50 should be rounded to \$26. RFRs submitted without proper rounding of monetary amounts may be returned for proper completion.

ACCOUNTING METHOD

All information submitted on the RFR must be based on an accrual method of accounting, except where otherwise specified. Governmental entities may report on a cash basis or modified accrual basis.

COST ALLOCATION METHODS

Refer to the Cost Determination Process Rules (1 TAC §355.102(j) and §355.105(b)(2)(B)(v)) for information concerning allowable allocation methods and requirements for adequate allocation summaries. FICA/Medicare, unemployment, worker’s compensation premiums and paid claims and employee health paid claims may be allocated to attendants based on payroll or direct costed. Health insurance premiums, life insurance premiums and other employee benefits must be direct costed.

REPORT CERTIFICATION

Contracted providers must certify the accuracy of the RFR submitted to HHSC. Contracted providers may be liable for civil penalties, criminal penalties and/or imprisonment if the RFR is not completed according to HHSC requirements or if the information is misrepresented and/or falsified.

Before signing the certification pages, carefully read the certification statements to ensure that the signers have complied with the reporting requirements. The Methodology Certification advises preparers that they may lose the authority to prepare future reports if reports are not prepared in accordance with all applicable rules, instructions and mandatory training materials. **NOTE:** any report submitted without original signed and notarized Certification and Methodology Certification pages will be returned to the provider. Copies and faxes will not be accepted.

DEFINITIONS

Accrual Accounting Method - method of accounting in which revenues are recorded in the period in which they are earned and expenses are recorded in the period in which they are incurred. If a provider operates on a cash basis, it will be necessary to convert from cash to accrual basis for reporting purposes. Care must be taken to ensure that a proper cutoff of accounts receivable and accounts payable occurred both at the beginning and ending of the reporting period. Amounts earned although not actually received and amounts owed to employees and creditors but not paid should be included in the reporting period in which they were earned or incurred. Allowable expenses properly accrued during the reporting period must be paid within 180 days after the end of the reporting period in order to remain allowable costs for reporting purposes. If accrued expenses are not paid within 180 days after the end of the reporting period, the expense is unallowable and should not be reported on the report. In situations where a contracted provider, any of its controlling entities, its parent company/sole member or its related-party management company has filed for bankruptcy protection, the contracted provider may request an exception to the 180-day requirement for payment of accrued allowable expenses by submitting a written request to the Rate Analysis Department of HHSC. The written request must be submitted within 60 days of the date of the bankruptcy filing or at least 60 days prior to the due date of the report for which the exception is being requested, whichever is later. The contracted provider will then be requested by the Rate Analysis Department to provide certain documentation, which must be provided by the specified due date. Such exceptions due to bankruptcy may be granted for reasonable, necessary and documented accrued allowable expenses that were not paid within the 180-day requirement.

Attendant - the unlicensed caregiver providing direct assistance to the clients with Activities of Daily Living (ADLs) and Instrumental Activities of Daily Living (IADLs). The attendant may perform some nonattendant functions. In such cases, the attendant must perform attendant functions at least 80% of his or her total time worked. Other staff in these settings not providing attendant services at least 80% of their total time worked are not considered attendants. Time studies must be performed in accordance with §355.105(b)(2)(B)(I) for staff in the DAHS program that are not full-time attendants but perform attendant functions to determine if a staff member meets the 80% requirement. Failure to perform the time studies for these staff will result in the staff not being considered attendants.

Attendants do not include the director, administrator, assistant director, assistant administrator, clerical and secretarial staff, professional staff, other administrative staff, licensed staff, attendant supervisors, cooks and kitchen staff, maintenance and groundskeeping staff, activity director and laundry and housekeeping staff. Attendants do include drivers.

Attendant/Driver Contract Labor – nonstaff attendants and drivers who provide services to the facility intermittently, whose remuneration (i.e., fee or compensation) is not subject to employer payroll tax contributions and who perform tasks routinely performed by employees. Contract labor does not include consultants. Expenses incurred for contracting public transportation for DAHS clients is not considered contract labor.

Contracted Provider - the business component with which DADS contracts for the provision of DAHS services.

Controlling Entity - the individual or organization that owns the contracting entity.

Mileage Reimbursement – reimbursement paid to the attendant for the use of his or her personal vehicle and which is not subject to payroll taxes.

Related Party - a person or organization related to the contracted provider by blood/marriage, common ownership, or any association that permits either entity to exert power or influence, either directly or indirectly, over the other. In determining whether a related-party relationship exists with the contracted provider, the tests of common ownership and control are applied separately. Control exists where an individual or organization has the power, directly or indirectly, to significantly influence or direct the actions or policies of an organization or institution. If the elements of common ownership or control are not present in both organizations, the organizations are deemed not to be related to each other. The existence of an immediate family relationship will create an irrefutable presumption of relatedness through control or attribution of ownership or equity interests where the significance tests are met. The following persons are considered immediate family for cost-reporting purposes: (1) husband and wife; (2) natural parent, child and sibling; (3) adopted child and adoptive parent; (4) stepparent, stepchild, stepsister, and stepbrother; (5) father-in-law, mother-in-law, brother-in-law, son-in-law, sister-in-law, and daughter-in-law; (6) grandparent and grandchild; (7) uncles and aunts by blood or marriage; (8) first cousins, and (9) nephews and nieces by blood or marriage. Disclosure of related-party information is required for all allowable costs reported by the contracted provider.

Workers' Compensation - for reporting purposes, the actual costs paid by the contracted provider during the reporting period related to employee on-the-job-injury (such as commercial insurance premiums or the medical bills paid on behalf of an injured employee).

COVER PAGE

9-DIGIT CONTRACT NUMBER (if report is for an individual contract)

Enter your 9-digit DAHS contract number. If, after looking at the upper right-hand corner of your most recent DAHS cost report, your recent payment information, correspondence from DADS, and/or your contract with DADS, you do not know your correct 9-digit DAHS contract number, please contact the Rate Enhancement Analyst for this program as listed on the HHSC website at: <http://www.hhsc.state.tx.us/rad/long-term-svcs/contacts.shtml>. If this report is for a group of contracts, leave this item blank.

GROUP NUMBER (if report is for a group of contracts)

Enter your DAHS group number assigned by the Rate Analysis Department if the report is for a group of contracts. If this report is for an individual contract, leave this item blank.

CONTRACTED PROVIDER IDENTIFICATION (if report is for an individual contract)

Enter the trade name or doing-business-as (dba) name and the physical address of the contracted provider if you are completing the report for an individual contract. If you are completing the report for a group of DAHS contracts, leave this item blank.

CONTRACTING ENTITY

Enter the requested information regarding the business entity that contracts with DADS to provide DAHS services. This item cannot be blank.

CONTACT

Each provider must complete the CONTACT section. The contact person is the employee of the provider, contracting entity, controlling entity, parent company, sole member, governmental body or related-party management company that is designated to be contacted concerning information reported on the RFR. The contact person should be able to answer questions about the contents of your contract's RFR that arise during the HHSC Rate Analysis Department's edit process and the HHSC Office of Inspector General's audit verification process.

PREPARER

Each provider must complete the PREPARER section. The preparer of the RFR is the person who actually prepared the report, whether the preparer is an employee of the provider, contracting entity, etc., or is contracted to complete the report. For this reporting period, the preparer must have attended the required DAHS cost report training or passed the online testing as per 1 TAC §355.102(d) (relating to General Principles of Allowable and Unallowable Costs) for completing the 2011 or 2012 DAHS Cost Report. If the preparer and contact are the same person, you may enter "See contact".

LOCATION OF RECORDS

Report the address where the provider's accounting records and supporting documentation used to prepare this RFR are maintained. This should be the address at which a field audit of these records can be conducted.

NUMBERED REPORT ITEMS

ITEM 1 (Is This Report for a Group of Contracts or an Individual Contract?)

Indicate whether the report is for a group of contracts or an individual contract. If the report is for a group of contracts, complete Schedule E.

ITEM 2 (DADS 9-Digit Contract Number – if report is for an individual contract)

If this report is for an individual contract, enter your 9-digit DAHS contract number. If this report is for a group of contracts, leave this item blank.

ITEM 3 (Group Number – if report is for a group of contracts)

If this report is for a group of contracts, enter your group number. If this report is for an individual contract, leave this item blank.

ITEM 4 (Texas County Code in Which Accounting Records are Located)

Report the 3-digit county code for the Texas County in which the accounting records and supporting documentation used to prepare this report are located. The Texas County codes are located in the back of the instructions. If the accounting records are located outside the state of Texas, enter "999". The response to item 4 should correspond to the information reported on the Cover Page in "Location of Records".

ITEM 5 (Reserved for Future Use)

This item is reserved for future use.

ITEM 6 (Reporting Period - Beginning Date)

The reporting period beginning date must be September 1, 2012.

ITEM 7 (Reporting Period - Ending Date)

The reporting period ending date must be April 30, 2013.

ITEM 8 (Attach copies of Mandatory Cost Report Training Certificate?)

Attach copies of the required state-conducted mandatory 2011 or 2012 DAHS Cost Report training completion or online testing certificate for your preparer. Reports submitted without a proper training completion or online testing certificate attached will not be processed until the required certificates have been received, and may be returned as unacceptable if the required certificates are not received in a timely manner.

ITEM 9 (Does Contracting Entity hold any other participating contracts?)

If the contracting entity holds any other contracts that are participating in the Attendant Compensation Rate Enhancement, report the total number of contracts in the box provided and list the type of contract (i.e., PHC, CBA, CLASS, DAHS, RC, CBA AL/RC, DB-MD) with its 9-digit contract number in the space provided. If you are completing this report for a group of contracts,

list all of the contracts that are participating within the group and any additional contracts that are participants in the Attendant Compensation Rate Enhancement. If the answer to item 8 is no, leave the box and lines blank.

ITEM 10 (Select Correspondence Address)

Select the address to which you want all future correspondence concerning this report to be mailed. The two choices correspond to the addresses indicated on the cover of the report.

ITEM 14 (Number of Miles Reimbursed)

If you reported mileage reimbursement in item 33, report the number of miles reimbursed in item 14. The reimbursement per mile will be checked by HHSC against the maximum allowed by the state.

ITEM 15 (Owner-employees or related-party employees?)

If "YES", complete Schedule C for each owner-employee or other related-party employee. Schedule C requires that an organization chart be attached thereto that clearly indicates each owner-employee's and related-party employee's position within the entire related organization.

ITEM 16 (Related-Party Contract Services provided by a related organization?)

If "YES", complete Schedule B, Section 1A for each related-party contract service. This item does NOT refer to related individuals or to individuals who are employees of the facility, its contracting entity, any of its controlling entities, its parent company, its sole member, its governmental body or its related-party management company. Refer to the DEFINITIONS section for the definitions of related parties.

ITEM 17 (Related-Party Contract Services provided by a related individual?)

If "YES", complete Schedule B, Section 1B for each related-party contract service. This item does NOT refer to related individuals or to individuals who are employees of the facility, its contracting entity, any of its controlling entities, its parent company, its sole member, its governmental body or its related-party management company. Refer to the DEFINITIONS section for the definitions of related parties.

ITEM 18 (Allocation of Expenses)

If any expenses reported on the RFR resulted from allocation, mark item 18 "YES".

The following expenses must be direct costed:

Salaries/Wages:

Employee Benefits/Insurance:

Accrued Vacation, Accrued Sick Leave

Employer-Paid Health/Medical/Dental Premiums

Employer-Paid Disability Insurance Premiums

Employer-Paid Life Insurance Premiums

Employer-Paid Contributions to acceptable retirement funds/pension plans

Employer-Paid Contributions to acceptable deferred compensation funds

Employer-Paid Child Day Care
Mileage Reimbursement
9/1/12 to 12/31/12 ceiling = 55.5 cents per mile
1/1/13 to 4/30/13 ceiling = 56.5 cents per mile

The following may be direct costed or allocated using a functional method based upon percentage of salaries:

FICA
Medicare
Unemployment (TUCA and FUTA)
Workers' Compensation Premiums
Workers' Compensation Paid Claims
Employer-Paid Health/Medical/Dental Paid Claims
Employer-Paid Disability Paid Claims

For allocation of expenses, attach (and properly cross-reference to each applicable item): a detailed allocation summary showing 100% of your expenses by cost category, the numerator and denominator of the allocation calculation in words and in numbers, the resulting allocation percentage (with 2 decimal places), the application of the allocation percentage to each shared cost, the amount allocated to each contract/program/business entity, and the report line item on which each allocated cost is reported on this report.

ITEMS 19 and 21 (Attendant and Driver Hours)

In item 19, report hours worked by attendants during your reporting period. In item 21 report hours worked by drivers during your reporting period. See the DEFINITIONS section for the definition of an attendant and requirements pertaining to staff members functioning in more than one capacity. Reported hours must be associated with allowable costs as defined in 1 TAC §355.103(b)(1). Round all reported hours to the nearest whole hour.

ITEMS 20 and 22 (Attendant and Driver Salaries and Wages)

In item 20, report accrued salaries and wages for attendants. In item 22, report accrued salaries and wages for drivers. Report only salaries and wages for individuals employed by the provider for whom FICA contributions are made in item 25. See the DEFINITIONS section for the definition of an attendant and requirements pertaining to staff members functioning in more than one capacity. Salaries and wages include overtime, bonuses, and taxable fringe benefits such as accrued/taken vacation, accrued/taken sick leave, and other allowances in accordance with 1 TAC §355.103(b)(1)(A)(iii)(II).

ITEM 23 (Attendant/Driver Contract Labor – Paid Hours)

Report hours worked by the contract attendants/drivers during your reporting period. Round all reported hours to the nearest whole hour.

ITEM 24 (Attendant/Driver Contract Labor - Compensation)

Report the total costs for contract labor functioning as attendants and drivers. See the

DEFINITIONS section for a definition of reportable contract labor.

ITEM 25 (Attendant and Driver Payroll Taxes – FICA and Medicare)

Report both FICA and Medicare taxes for attendants and drivers on item 25.

ITEM 26 (Does item 25 equal 7.65%?)

If the answer to this question is "NO", provide a detailed explanation on the line provided. If additional space is required, attach (and properly cross-reference) the detailed explanation. The explanation should provide a reconciliation. Federal regulations mandate an employer FICA contribution of at least 6.20% and Medicare contributions of 1.45%. Reasons why your facility's FICA contributions might not equal 6.20% of the payroll or why your facility's Medicare contributions might not equal 1.45% of the payroll might include the fact that certain employees participated in a cafeteria plan during the reporting period. The reconciliation explanation must be detailed, reporting the number of employees participating in a cafeteria plan and the amount of salaries associated with those employees, with the resulting dollar amount of salaries subject to FICA being multiplied by 6.20%, the resulting dollar amount subject to Medicare contributions and reconciled with the amount reported in item 25. Include as part of your reconciliation explanation a copy of your most recently submitted IRS Form 5500 (Schedule F; Fringe Benefit Plan Annual Information Return).

ITEM 27 (Attendant and Driver Payroll Taxes - State and Federal Unemployment)

Report both federal (FUTA) and state (TUCA) unemployment expenses for attendants and drivers. If this item is blank, provide a detailed explanation in the space provided as to why no unemployment expenses are reported. Unemployment expenses may be allocated based upon payroll; in such a situation, an acceptable allocation summary must be attached.

ITEM 28 (Attendant and Driver Workers' Compensation – Insurance (WCI) Premiums)

If your contract, any of its controlling entities, or its parent company/sole member is a subscriber to the Workers' Compensation Act, report the WCI premiums paid to your commercial insurance carrier for attendants and drivers. Premium costs include the base rate, any discounts for lack of injuries, any refunds for prior period overpayments, any additional modifiers and surcharges for experiencing high numbers of injuries (such as being placed in a risk pool).

If your contract, any of its controlling entities, or its parent company/sole member is not a subscriber to the Workers' Compensation Act, there are alternate insurance premium costs that can be reported in this item. Acceptable alternate insurance policies include industrial accident policies and other similar types of coverage for employee on-the-job injuries. Health insurance is not worker's compensation and should be reported in item 30.

If your commercially purchased insurance policy does not provide total coverage and has a deductible and/or coinsurance clause, any deductibles and/or coinsurance payments made by the employer on behalf of the employee would be considered paid claims (i.e., self-insurance) and must be reported in item 29.

WCI premium expenses may be allocated based upon payroll; in such a situation, an acceptable allocation summary must be attached.

ITEM 29 (Attendant and Driver Workers' Compensation - Paid Claims)

Report medical claims paid for employee on-the-job injuries for attendants and drivers. If you were not a subscriber to the Workers' Compensation Act (i.e., traditional workers' compensation insurance policy), and you paid workers' compensation claims for employee on-the-job injuries for the staff whose salaries and wages are reported in items 20 and/or 22 report the amount of claims paid in this item. If you maintained a separate banking account for the sole purpose of paying your workers' compensation claims for employee on-the-job injuries (i.e., a nonsubscriber risk reserve account), the contributions made to this banking account are not allowable. Paid claims may be direct costed or allocated based upon payroll. If paid claims are allocated, an acceptable allocation summary must be attached.

ITEM 30 (Attendant and Driver Employee Benefits - Health Insurance)

Report employer-paid health insurance for attendants and drivers whose salaries and wages are reported in items 20 and 22. Employer-paid health insurance premiums must be direct costed. Paid claims may be allocated based on payroll or direct costed. If paid claims are allocated, an acceptable allocation summary must be attached.

ITEM 31 (Attendant and Driver Employee Benefits - Life Insurance)

Report employer-paid life insurance for attendants and drivers whose salaries and wages are reported in items 20 and 22. Employer-paid life insurance premiums must be direct costed.

ITEM 32 (Attendant and Driver Employee Benefits - Other Benefits)

Report any employer-paid disability insurance and retirement contributions for attendants and drivers whose salaries and wages are reported in items 20 and 22. These benefits must be direct costed. The contracted provider's unrecovered cost of meals and room and board furnished to direct care employees, uniforms, job-related training reimbursements and job certification renewal fees are not to be reported in these items. Describe, in the space provided, the amount and type of each benefit comprising the total amount reported. Employee benefits must be reported in accordance with 1 TAC §355.103(b)(1)(A)(iii)(II).

ITEM 33 (Mileage Reimbursement)

Report the mileage reimbursement paid to attendants and/or drivers in item 33. Refer to the Definitions section regarding mileage reimbursement. The amount of mileage reimbursement reported in this item will be divided by the number of miles reported in item 14 to verify mileage reimbursement ceilings. Allowable mileage reimbursement cannot exceed the reimbursement rate applicable for the reporting period as set by the Texas Legislature for state employee travel. The mileage reimbursement ceiling for 9/1/12 to 12/31/12 is 55.5 cents per mile. The mileage reimbursement ceiling for 1/1/2013 to 4/30/2013 is 56.5 cents per mile.

ITEM 34 (Total Attendant Cost)

Sum items 20, 22, 24, 25, 27 through 33.

ITEM 35 (Title XIX and XX DAHS)

Report the units of service provided in this reporting period for those Title XIX and XX client for whom you have received payment from DADS or for whom you expect to bill DADS and to receive payment, even though payment has not yet been received. Report the units of service for those Title XIX clients who participate in the Community Based Alternatives (CBA) Waiver.

ITEM 36 (Private and Other)

Report the total number of units of service during the reporting period for private clients and other clients, respite clients and Star+Plus clients. Report your private client units of service in the same manner as the DADS units of service, which may require conversion of private client units to the DADS unit of service definition. Report units of service provided for any type of client that you served who later decided that they did not want to participate in DAHS services. You must report these units of service even if you know you will not be paid for serving the client. Report units of service for DADS Title XIX or XX clients whom you served prior to their eligibility determination, even if you do not expect to be paid for the services provided during that time.

ITEM 37 (Total Units of Service)

Sum items 35 and 36.

SCHEDULE A: RESERVED FOR FUTURE USE

SCHEDULE B

See 1 TAC §355.102(i) for specific details and requirements on related-party transactions.

The purchase of services from related organizations or related individuals by the provider or the provider's central office must be reported as related-party transactions on Schedule B.

Expenses in related-party transactions are allowable at the cost to the related organization; however, the cost must not exceed the price of comparable services that could be purchased elsewhere in an arm's-length transaction. The related organization's costs include all reasonable costs, direct and indirect, incurred in the furnishing of services to the provider. The intent is to treat the costs incurred by the supplier as if the contracted provider itself incurred them. Therefore, if a cost would be unallowable if incurred by the contracted provider, it would be similarly unallowable to the related organization.

See the DEFINITIONS section for a definition of related-party.

EXCEPTIONS TO THE RELATED-PARTY RULE

An exception (1 TAC §355.102(I)(5)) is provided to the general rule applicable to related

organizations if the contracted provider demonstrates on each report that certain criteria have been met. If **all of the conditions** of this exception are met, the charges by the related-party supplier to the contracted provider for such services are allowable costs. **The contracted provider must submit documentation either prior to or upon submission of the report to demonstrate that all of the following criteria have been met:**

- The supplying organization is a bona fide separate organization.
- A majority of the supplying organization's business activity is transacted with other organizations not related to the contracted provider.
- There is an open, competitive market for the type of services furnished by the related organization.
- The services are those that commonly are obtained by entities such as the contracted provider from other organizations and are not a basic element of contracted client care.
- The charge to the contracted provider is comparable to open market prices and does not exceed the charge made to others.

If Medicare has made a determination that a related-party situation does not exist or has granted an exception to the related-party definition, and you desire that DADS accept that determination, you must submit a copy of the applicable Medicare determination, along with evidence supporting the Medicare determination for the current reporting period with each affected report. If the exception granted by Medicare is no longer applicable due to changes in circumstances of the contracted provider or because the circumstances do not apply to the contracted provider, HHSC can choose not to accept the Medicare determination.

SECTION 1A

Complete this section if contract attendant/driver services were purchased from a related organization (for related individuals, see Section 1B).

Column A (Name of Related Party/Organization) - Enter the name of the related party or organization. If the contracted provider is a proprietorship, the related organization could be the individual owner rather than a separate corporation. If the contracted provider is a partnership, the related organization could be one of the partners. Refer to the DEFINITIONS section for information regarding related parties.

Column B (Percentage of Ownership) - Enter the percent of the contracted provider owned by the related party. For example, if the contracted provider is a 50-50 partnership and the related party in Column A was one of the partners, the percentage of common ownership would be 50%. If the contracted provider is one "branch" of a central corporation and the related party in Column A was the central office, the percentage of common ownership would be 100%. If the contracted provider is a corporation and the related party in Column A was a stockholder with 2% of the stock, then the percentage of common ownership would be 2%.

The percentage of common ownership may be 0% if the related-party is deemed related due to

control (including being a member of the contracted provider's Board of Directors) or the existence of an immediate family relationship (other than a spousal relationship in a community property state in which case the percentage of common ownership would be the same as the owner's/stockholder's). In situations where the percentage of common ownership is 0%, a properly cross-referenced attachment should explain how the individual meets the criteria as a related party.

Column C (Description of Purchased or Leased Services) - Describe the services purchased or leased from the related party.

Column D (Cost to Provider) - This amount should be the exact cost incurred (and paid within the acceptable accrual period) by the contracted provider for the purchased/leased services.

Column E (Cost to Related Party/Organization) - This amount should be the exact cost to the related organization and should be the amount reported on the report.

SECTION 1B

Complete this section if contract attendant services were purchased from a related individual (for related organizations, see Section 1A). If the related individual is an employee of the contracted provider, a controlling entity, or other related party, do not complete this section, but rather complete Schedule C.

Column A (Name of Related-Party Individual) - Enter the name of the person who is the related party. If the contracted provider is a proprietorship, the related party could be the individual owner. If the contracted provider is a partnership, the related party could be one of the (individual) partners. Only individuals should be listed in this column; services purchased from related organizations should be reported in Section 1A, not 1B. Refer to the DEFINITIONS section for information regarding related parties.

Column B (Percentage of Ownership) - Enter the percent of the contracted provider owned by the related individual. If the contracted provider is a 50-50 partnership and the related party in Column A was one of the partners, the percentage of common ownership would be 50%. If the contracted provider is a corporation and the related party in Column A was a stockholder with 4% of the stock, then the percentage of common ownership would be 4%.

The percentage of common ownership may be 0% if the related-party is deemed related due to control (including being a member of the contracted provider's Board of Directors) or the existence of an immediate family relationship (other than a spousal relationship in a community property state in which case the percentage of common ownership would be the same as the owner's/stockholder's). In situations where the percentage of common ownership is 0%, a properly cross-referenced attachment should explain how the individual meets the criteria as a related party.

Column C (Description of Service Performed) - Enter a description of the service performed.

Column D (Total Hours Worked in Program) - Enter the total hours the related individual worked in the program during the entire reporting period. Itemized invoices and/or timesheets

should substantiate the amount reported in this column. Dividing the total compensation received from Column E by the total hours worked from Column D should result in the average compensation per hour for the services described in Column C.

Column E (Total Compensation Earned) - Enter the amount of compensation the related-party individual received during the reporting period for the services described in Column C. This amount should be the amount included in the report.

SCHEDULE C

This schedule must be completed by **every** contracted provider that has an owner-employee or other related-party employee acting as an attendant/driver regardless of whether the owner-employee or other related-party employee received **any compensation** for their services during the reporting period.

For reporting purposes, an employee who meets the definition of a related party or an owner who is a sole proprietor, a partner owning 5% or more of the partnership, or a corporate stockholder owning 5% or more of the outstanding stock of the contracted provider must report their compensation on a Schedule C (these meet the definition of an "owner-employee").

If no compensation was paid, received, or properly accrued during the reporting period for an owner-employee or a related-party employee, complete items 1 - 10 and indicate "None" or "N/A" in the remaining items. Be sure to clearly explain in item 10 why no compensation is being reported.

An organizational chart must be attached to the Schedule C indicating the owner-employee's or the related-party employee's name and position within the organization. When organizational structures are composed of several corporations and the owner-employee and/or other related-party employee is associated with more than one of the corporations, it is necessary to submit at least two organizational charts: one picturing the entire organizational structure of various corporations and one detailing the organizational structure of the corporation providing the services covered by the specific RFR.

Allowable Compensation (see 1 TAC §355.103(b)(2))

Allowable compensation for an owner-employee or other related-party employee is governed by the principles that the services rendered are necessary functions, that the compensation is for the reasonable value of services rendered, that the compensation is not based on profitability, and that the services performed do not duplicate those performed by another employee of the facility.

A function is deemed necessary when, if the owner or related party had not performed said function, the facility would have had to employ another person to perform that function. To be necessary, a

function must pertain to direct or indirect activities in the provision or supervision of contracted resident services.

The test of reasonableness requires that the compensation of owner-employees and other related-party employees be such an amount as would ordinarily be paid for comparable services performed by non-owners or unrelated parties. Reasonable compensation is limited to the fair market value of services rendered by the owner-employee or other related-party employee in connection with resident care. Education and experience of the owner are pertinent only as they relate to the job being performed and the services being rendered, in this case, attendant/driver services.

NOTE: Record all monetary amounts rounded to the nearest whole dollar (with no zeros included for cents).

PART 1 - COMPENSATION

Item 1 (Name) - Indicate the name (Last Name, First Name, and Middle Name/Initial) of the owner-employee or the related-party employee.

Item 2 (Title) - Indicate the title of the owner-employee or other related-party employee. The title must correspond to the title indicated on the organizational chart attached to the RFR.

Item 3 (Type of Position) - Identify the type of position filled by the owner-employee or other related-party employee. Only attendant and driver positions should be included in this RFR.

Item 4 (Location of Position Within Organizational Structure) - Indicate the location of the owner-employee's or other related-party employee's position within the organizational structure (i.e., facility, contracting entity, a controlling entity, or parent company/sole member/related-party management company). Item 4 should relate to the organizational chart(s) attached to the RFR.

Item 5 (Description of Duties) - Provide a description of the duties performed by the owner-employee or other related-party employee as they relate to the specific RFR or attach and properly cross-reference a copy of the person's written job description and provide a summary of how those duties relate to the specific RFR. See 1 TAC §355.105(b)(2)(B)(xi). Only attendant and driver positions should be included on this RFR.

Item 6 (Relationship to Provider) - Indicate the owner-employee's or other related-party employee's relationship to the contracted provider. If the schedule is being completed for an owner-employee, indicate that the employee is an owner and describe the type of ownership (e.g., owner-sole proprietor; owner- % partner; owner- % stockholder). If the schedule is being completed for a related-party employee other than the owner, identify the relationship (e.g., husband of owner-sole proprietor; daughter-in-law of % partner; brother of % stockholder). If the schedule is being completed for a member of the Board of Directors (related through control), identify that fact in this item.

Item 7 (Percentage of Ownership) - If the schedule is being completed for an owner-employee, enter the percentage of ownership for that employee. If the schedule is being completed for a related-party employee who has no ownership interest, indicate "None" as the ownership percentage. If the schedule is being completed for a related-party employee who is the spouse of an owner in a community property state, indicate the same ownership percentage as the owner.

Item 8 (Total Compensation) - Report the total amount of compensation paid to (or properly accrued by) the owner-employee or other related-party employee during the reporting period. See 1 TAC §355.103(b)(2)(A-B) and §355.105(b)(2)(B)(xi).

Total compensation includes regular salary, overtime pay, bonuses and any other forms of compensation subject to payroll taxes, as well as any accrued compensation that had not been paid to the employee at the end of this reporting period. (Note: Accrued expenses must be paid within 180 days after the end of the reporting period in order to be allowable for reporting purposes.)

Item 9 (Number of Hours Worked) - Report the number of hours worked during the reporting period by the employee in order to earn the total compensation reported in item 8. In other words, if item 8 were divided by item 9, the result would be the employee's average compensation per hour.

Item 10 (Direct Costing Method) - If the services provided by this employee benefited more than the contract for which the RFR is being completed, if the employee's salary is reported in more than one item on this RFR, or if the employee performed both attendant and nonattendant functions for this contract, the salary must be directly charged based upon timesheets. Describe the basis upon which the compensation has been directly charged to this report or between line items. For example, you might state that the salary has been directly charged based upon daily timesheets, attach a copy of a completed timesheet, attach a copy of the written instructions applicable to the completion of the timesheet, report the total number of hours recorded by all timesheets during the reporting period (the denominator), report the total number of hours directly chargeable to the specific report based upon the results of the daily timesheets (the numerator), and show the calculation of the percentage of compensation directly charged to this report (a percentage with two decimal places).

PART 2 – ALLOCATION OF COMPENSATION

Item 11 (Breakdown of Total Compensation) - Provide a breakdown by business component of how the total allowable compensation reported in item 8 was directly charged. If the owner-employee or other related-party employee performed both attendant and nonattendant functions for this contract, provide a breakdown between the employee's attendant and nonattendant compensation.

The owner-employee or other related-party employee must report in item 11 the total compensation received from all business entities (components) that benefit from his/her effort or work. If the business component has a state of Texas vendor/provider number, report the number in the business component blank (e.g., CBA AL/RC #XXXXXXXXXX; CBA #XXXXXXXXXX; NF

#XXXXXXXXXX; ERS #XXXXXXXXXX; DAHS #XXXXXXXXXX; RC #XXXXXXXXXX).

Compensation should be directly charged to each business entity based on the level of effort involved in providing services to or working for the entity (and supported by daily timesheets).

Item 12 (% of Total Compensation) - Report the percentage of the total employee compensation from item 8 that has been directly charged to this report. Report the percentage with two decimal places (i.e., 33.33%).

Item 13 (% of Total Hours) - Report the percentage of the employee's total hours (item 9) directly charged to this report. Report the percentage with two decimal places. If the percentage of hours reported in item 13 is different from the percentage of compensation reported in item 12, please provide a detailed explanation for the variance. If additional pages are required, please cross-reference any attachments.

Item 14 (Report Item Numbers) - Enter each RFR item number on which the salary directly charged to this report is reported. The explanation provided in item 10 should clearly explain how the amount was calculated for each report item number completed in item 14.

SCHEDULE D: RESERVED FOR FUTURE USE

SCHEDULE E

If you are completing the Request for Revision Report for more than one contract, you must complete Schedule E. If you are completing the Request for Revision Report for one contract, do not complete Schedule E.

List the 9-digit DAHS contract numbers for every contract you are proposing to include in your group for fiscal year 2011 (attach additional sheets if necessary). For each 9-digit contract listed you must report the same beginning and ending date of the reporting period for that contract.

CERTIFICATION PAGES

REPORT CERTIFICATION

This page must be completed and signed by an individual legally responsible for the conduct of the provider, such as an owner, partner, Corporate Officer, Association Office, governmental official or L.L.C. member. The program administrator may not sign this certification page unless he/she holds one of these positions. The responsible party's signature must be notarized. The signature date should be the same or after the date the preparer signed the Methodology Certification page, since

the report certification indicates that the report has been reviewed after preparation.

The certification page must contain original signatures and original notary stamps/seals.

Multi-contract organizations participating as individuals may submit one RFR containing original signatures and notary stamps/seals. All other reports submitted by the multi-contract provider can be submitted with copies of the original certification page. For multi-contract organizations that choose this option:

- the original certification page must include a list of the 9-digit contract numbers of the reports being submitted with copies of the original certification page; and
- the copies of the original certification page must indicate the 9-digit contract number of the report being submitted with the original certification page.

METHODOLOGY CERTIFICATION

This page must be signed by the person identified on the cover page of this report as *PREPARER*. This person must be the individual who actually prepared the report or who has primary responsibility for the preparation of the report for the provider. Signing as *PREPARER* carries the responsibility for an accurate and complete report prepared in accordance with applicable methodology rules and instructions. Signing as *PREPARER* signifies that the preparer is knowledgeable of the applicable methodology rules and instructions and that the preparer has either completed the report himself/herself in accordance with those rules and instructions or has adequately supervised and thoroughly instructed his/her employees in the proper completion of the report. Ultimate responsibility for the report lies with the person signing as *PREPARER*. If more than one person prepared the report, an executed Methodology Certification page (with original signature and original notary stamp/seal) may be submitted by each preparer. Preparers should make note of the additional statement on Page 8 notifying preparers that they may lose their authority to prepare future reports if the reports are not prepared in accordance with all applicable rules, instructions and mandatory training materials.

Note: Each person signing as preparer must have attended any required HHSC state-sponsored Mandatory Cost Report Training or successfully completed the online testing for the 2011 or 2012 DAHS Cost Report and a valid completion or online testing certificate must be attached to the report for each preparer. If a valid completion or online testing certificate is not attached, the report will not be processed until such time as the required certificates are provided. If the required certificates are not provided in a timely manner, the report will be returned as unacceptable.

STATE OF TEXAS COUNTY CODES

| <u>County Name / Code</u> |
|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Anderson 001 | Crockett 053 | Hays 105 | Mason 157 | Shackelford 209 |
| Andrews 002 | Crosby 054 | Hemphill 106 | Matagorda 158 | Shelby 210 |
| Angelina 003 | Culberson 055 | Henderson 107 | Maverick 159 | Sherman 211 |
| Aransas 004 | Dallam 056 | Hidalgo 108 | McCulloch 160 | Smith 212 |
| Archer 005 | Dallas 057 | Hill 109 | McLennan 161 | Somervell 213 |
| Armstrong 006 | Dawson 058 | Hockley 110 | McMullen 162 | Starr 214 |
| Atascosa 007 | Deaf Smith 059 | Hood 111 | Medina 163 | Stephens 215 |
| Austin 008 | Delta 060 | Hopkins 112 | Menard 164 | Sterling 216 |
| Bailey 009 | Denton 061 | Houston 113 | Midland 165 | Stonewall 217 |
| Bandera 010 | DeWitt 062 | Howard 114 | Milam 166 | Sutton 218 |
| Bastrop 011 | Dickens 063 | Hudspeth 115 | Mills 167 | Swisher 219 |
| Baylor 012 | Dimmit 064 | Hunt 116 | Mitchell 168 | Tarrant 220 |
| Bee 013 | Donley 065 | Hutchinson 117 | Montague 169 | Taylor 221 |
| Bell 014 | Duval 066 | Irion 118 | Montgomery 170 | Terrell 222 |
| Bexar 015 | Eastland 067 | Jack 119 | Moore 171 | Terry 223 |
| Blanco 016 | Ector 068 | Jackson 120 | Morris 172 | Throckmorton 224 |
| Borden 017 | Edwards 069 | Jasper 121 | Motley 173 | Titus 225 |
| Bosque 018 | Ellis 070 | Jeff Davis 122 | Nacogdoches 174 | Tom Green 226 |
| Bowie 019 | El Paso 071 | Jefferson 123 | Navarro 175 | Travis 227 |
| Brazoria 020 | Erath 072 | Jim Hogg 124 | Newton 176 | Trinity 228 |
| Brazos 021 | Falls 073 | Jim Wells 125 | Nolan 177 | Tyler 229 |
| Brewster 022 | Fannin 074 | Johnson 126 | Nueces 178 | Upshur 230 |
| Briscoe 023 | Fayette 075 | Jones 127 | Ochiltree 179 | Upton 231 |
| Brooks 024 | Fisher 076 | Karnes 128 | Oldham 180 | Uvalde 232 |
| Brown 025 | Floyd 077 | Kaufman 129 | Orange 181 | Val Verde 233 |
| Burleson 026 | Foard 078 | Kendall 130 | Palo Pinto 182 | Van Zandt 234 |
| Burnet 027 | Fort Bend 079 | Kenedy 131 | Panola 183 | Victoria 235 |
| Caldwell 028 | Franklin 080 | Kent 132 | Parker 184 | Walker 236 |
| Calhoun 029 | Freestone 081 | Kerr 133 | Parmer 185 | Waller 237 |
| Callahan 030 | Frio 082 | Kimble 134 | Pecos 186 | Ward 238 |
| Cameron 031 | Gaines 083 | King 135 | Polk 187 | Washington 239 |
| Camp 032 | Galveston 084 | Kinney 136 | Potter 188 | Webb 240 |
| Carson 033 | Garza 085 | Kleberg 137 | Presidio 189 | Wharton 241 |
| Cass 034 | Gillespie 086 | Knox 138 | Rains 190 | Wheeler 242 |
| Castro 035 | Glasscock 087 | Lamar 139 | Randall 191 | Wichita 243 |
| Chambers 036 | Goliad 088 | Lamb 140 | Reagan 192 | Wilbarger 244 |
| Cherokee 037 | Gonzales 089 | Lampasas 141 | Real 193 | Willacy 245 |
| Childress 038 | Gray 090 | LaSalle 142 | Red River 194 | Williamson 246 |
| Clay 039 | Grayson 091 | Lavaca 143 | Reeves 195 | Wilson 247 |
| Cochran 040 | Gregg 092 | Lee 144 | Refugio 196 | Winkler 248 |
| Coke 041 | Grimes 093 | Leon 145 | Roberts 197 | Wise 249 |
| Coleman 042 | Guadalupe 094 | Liberty 146 | Robertson 198 | Wood 250 |
| Collin 043 | Hale 095 | Limestone 147 | Rockwall 199 | Yoakum 251 |
| Collingsworth 044 | Hall 096 | Lipscomb 148 | Runnels 200 | Young 252 |
| Colorado 045 | Hamilton 097 | Live Oak 149 | Rusk 201 | Zapata 253 |
| Comal 046 | Hansford 098 | Llano 150 | Sabine 202 | Zavala 254 |
| Comanche 047 | Hardeman 099 | Loving 151 | San Augustine 203 | |
| Concho 048 | Hardin 100 | Lubbock 152 | San Jacinto 204 | |
| Cooke 049 | Harris 101 | Lynn 153 | San Patricio 205 | |
| Coryell 050 | Harrison 102 | Madison 154 | San Saba 206 | |
| Cottle 051 | Hartley 103 | Marion 155 | Schleicher 207 | |
| Crane 052 | Haskell 104 | Martin 156 | Scurry 208 | |