



North Carolina Department of Health and Human Services  
Division of Aging and Adult Services

Pat McCrory  
Governor

Aldona Z. Wos, M.D.  
Ambassador (Ret.)  
Secretary DHHS  
Suzanne P. Merrill  
Division Director

July 15, 2015

**MEMORANDUM**

**TO:** Facility Operators

**FROM:** Suzanne P. Merrill, Director  
*Suzanne P. Merrill*  
Division of Aging and Adult Services

**SUBJECT:** 2014 – 2015 Adult Care Cost Reporting

The purpose of this memo is to provide facilities with information regarding the **Adult Care Cost Report** for the 2014-2015 reporting period. The Adult Care Cost Report is mandated by the North Carolina General Assembly under General Statute [131 D-4.1-4.3](#). Adult Care Cost Reports must be submitted by facilities that receive State/County Special Assistance Program funds from residents and are licensed under General Statutes [131D](#), [131 E](#) (nursing home combination facilities with adult care beds) and [122C](#) (mental health supervised living facilities). Facilities **exempt** from cost reporting for the 2014-2015 fiscal year are facilities that **do not** receive any funds through the State/County Special Assistance Program. Facilities exempt from reporting, are required to complete the 2014-25 Exemption Form found on the DHHS Office of the Controller's website at [www.ncdhhs.gov/control](http://www.ncdhhs.gov/control). The form must be submitted to the DHHS Office of the Controller prior to December 31, 2015.

**The 2014-2015 reporting period for facilities licensed under Chapter 122C is July 1, 2014 through June 30, 2015. The reporting period for all other facilities is October 1, 2014 through September 30, 2015. The report due date is December 31, 2015.** Failure to submit your Adult Care Cost Report by the due date will result in the suspension of admissions and possible license revocation.

The cost report program instructions and the Agreed Upon Procedures (AUP) will be available by September 11, 2015. The **Chart of Accounts** for the 2014-2015 reporting year, which provides a listing of the required cost centers and narrative descriptions for the revenues and expenditure accounts, and the **Exemption Form** are currently available. As the cost report program instructions and AUP become available, they can be found on the DHHS Office of the Controller's website at [www.ncdhhs.gov/control](http://www.ncdhhs.gov/control) using the 'Adult Care Facilities' link.

As in previous years, **all facilities, except Nursing Homes/combo facilities, are required to fill out the Schedule D – Schedule of Related Party Transactions.** These items will be reviewed to ensure only appropriate costs are included in the rates established.

[www.ncdhhs.gov](http://www.ncdhhs.gov) • [www.ncdhhs.gov/aging](http://www.ncdhhs.gov/aging)  
Tel 919-855-3400 • Fax 919-733-0443

Location: Taylor Hall, 693 Palmer Drive • Raleigh, NC 27603  
Mailing Address: 2101 Mail Service Center • Raleigh, NC 27699-2101  
An Equal Opportunity / Affirmative Action Employer



Your facility **must use** the 2014-2015 electronic web version of the cost reporting forms. Any cost report submitted on prior year's forms will be returned. Please read the instructions and review the forms carefully before attempting to complete the cost report.

Important highlights for this year are:

- DHHS Office of the Controller has one (1) version of the program available on its website:
  1. Microsoft Access 2007 Version (will work Access 2007 or higher)
  2. If you do not have Microsoft Access, download the runtime version to use with the Access 2007 Version.
- The blank report forms must be accessed from the website utilizing the electronic web version.
- Most Personal Care expense lines cannot be populated. All Personal Care expense should be consolidated and input only on the "Miscellaneous" expense lines.
- The AUP pop-up box information should indicate the person or firm completing the audit requirements. Please email Susan Sibbett (email address below) with any information that needs to be updated within the pop-up box.
- **All HAL licensed facilities with Special Care Unit beds must complete the Special Care Unit Cost Report which separates Adult Care Home bed costs and Special Care Unit bed costs.** All facilities that have Special Care Unit beds must complete Schedule E – "Basis of Allocating Expenses Between Special Care and Adult Care Beds." The electronic web version includes a tab for Schedule E.
- Each facility that receives funds under the State/County Special Assistance Program must be able to identify costs in accordance with the Chart of Accounts.

**Please note that facilities licensed for 7 beds or more are required to submit "Agreed Upon Procedures" with the Adult Care Cost Report for the 2014-2015 reporting year.** Therefore, if your facility is currently licensed for 7 beds or more, you must print or download a copy of the AUP guidelines that are to be utilized by the certified public accountant (CPA)/independent accountant performing the procedures on your facility's cost report. **The Adult Care Cost Report, Agreed Upon Procedures and the Independent Accountant's Certification form (if applicable) are to be submitted to the DHHS Office of the Controller by December 31, 2015.**

**Please note that if the AUP indicates that your accountant was unable to perform certain procedures or utilized unapproved alternative procedures, your cost report and AUP will be returned for corrections. If corrections are not possible or timely, your cost report may be excluded from the rate setting process and your facility may be subject to a state audit. If the AUP indicate that the auditor was unable to verify total resident days or that the facility did not maintain documentation to support the allocation of personnel costs to cost centers, your cost report data will be excluded from the rate setting process and you may be subject to a state audit.**

**Additionally, if any data on the Adult Care Cost Report is subsequently revised and submitted to the Department after the AUP was received by the DHHS Office of the Controller, the revision must be re-submitted in hard copy. The hard copy must have changes highlighted and an explanation for the revisions must be included with the cost report. If the revisions affect an expense item that was subject to an AUP test, a revised AUP must also be re-submitted along with the revised cost report (in duplicate).**

The Adult Care Cost Report can be submitted by one of the following three methods:

- Send a flash drive containing an electronic copy of the cost report (.accdb file) and AUP document. In addition, a pdf file of the complete cost report with signatures on Schedule A and AUP should be submitted.
- Submit the cost report (.accdb file) and AUP document electronically via email. Fax or email (.pdf files) the complete cost report and AUP with signatures.
- Mail one paper copy of the cost report and AUP.

**Paper copies will be requested in case of technical difficulties importing information into Microsoft Access.**

Mailing Address (for regular mail):

Department of Health and Human Services  
Office of the Controller  
Attn: Susan Kesler Sibbett  
2019 Mail Service Center  
Raleigh, NC 27699-2019

Street Address (if Federal Express or UPS):

Department of Health and Human Services  
Office of the Controller  
Attn: Susan Kesler Sibbett  
1050 Umstead Drive  
Raleigh, NC 27603

The Department strongly recommends the use of electronic files. However, if you have to submit paper cost reports, they can be typed or handwritten but must be **legible**. If the preparer or the CPA cannot access the Adult Care Cost Report or other Adult Care information on the internet and want a printed copy, please send an email request to Susan Sibbett (email below) indicating the document name(s) and the **fiscal year**. Please include in the email a mailing address where the printed files should be sent. If you have any questions regarding the audit procedures/requirements, please email your questions to [AUP.questions@dhhs.nc.gov](mailto:AUP.questions@dhhs.nc.gov). If you have any questions regarding the Adult Care Cost Report materials, contact Susan Sibbett with the DHHS Office of the Controller at (919) 855-3680 or email to [Susan.Sibbett@dhhs.nc.gov](mailto:Susan.Sibbett@dhhs.nc.gov). The fax number is (919) 715-3095.

Thank you for your cooperation.

SM/sks

cc: Laketha M. Miller – Office of the Controller  
Curtis Crouch – Office of the Controller  
Paul Cole – Office of the Controller  
Susan Sibbett – Office of the Controller  
Libby Kinsey – Division of Health Service Regulation