Instructions for the Cost/Accountability Reports

COVID-Related Information and Updates

The Health and Human Services Commission (HHSC) Provider Finance Department (PFD) has developed the information below to provide guidance and address questions for the Cost and Accountability Reports related to COVID-19. The following sections include guidance on COVID-19-related revenue providers may have received and instructions on when to report or offset revenue against incurred expenses. Additionally, the Cost/Accountability Reports were updated to include questions designed to collect information on the initial impact of COVID-19 from providers. Those questions and instructions are below.

COVID-19 Funding Questions

CARES ACT

The Coronavirus Aid, Relief, and Economic Security (CARES) Act was passed by Congress and signed into law on March 27, 2020. The CARES Act provides that “...these funds may not be used to reimburse expenses or losses that have been reimbursed from other sources or that other sources are obligated to reimburse....” (CARES Act, H.R. 748, 116th Cong.). In this case, Medicaid is considered an “Other Source” that is obligated to reimburse the expense of providing Medicaid services.

Furthermore, Title 1 of the Texas Administrative Code (TAC) Section 355.103(b)(18)(B), provides:

Grants and contracts from federal, state or local government, such as transportation grants, United States Department of Agriculture grants, education grants, Housing and Urban Development grants, and Community Service Block Grants, should be offset, prior to reporting on the cost report, against the particular cost or group of costs for which the grant was intended.

For purposes of the Cost/Accountability reports, the CARES Act Provider Relief Funds, the Paycheck Protection Program (PPP), and portions of the Economic Injury Disaster Loans are considered grants because the funds are forgiven under the terms of the loan programs, the terms and conditions of the funds received, or both.

For Nursing Facility reports, grant funds should be reported under “Gifts, Grants, Donations, Endowments and Trusts” on step 5 of the cost report as applicable. Funds should be reported as “Grants and Contracts from Federal, State and Local Government Sources” on step 5 of the cost report for Community Care reports, federal, state, or local grants, as applicable.
CARES ACT – Provider Relief Funds (PRF)

Qualified providers of health care, services, and support may receive Provider Relief Fund payments for healthcare-related expenses or lost revenue due to COVID-19. These distributions do not need to be repaid to the US government, assuming providers comply with the terms and conditions.

For the Cost/Accountability Reports, providers and cost report preparers should offset any PRF recognized as revenue by the provider. This offset is based on increased costs due to COVID-19 that are not reimbursed by another source against any cost or group of costs incurred to prepare for, prevent, or respond to the federally-declared coronavirus public health emergency (PHE). These expenses should not be those already recorded on the provider unadjusted trial balance before reporting on the actual cost report. Providers can reflect the detail of this offset in the trial balance or allocation summary uploaded as supporting documentation and report the final adjusted expenses on the cost or accountability report. For Nursing Facility reports, grant funds should be reported under “Gifts, Grants, Donations, Endowments and Trusts” on step 5 of the cost report as applicable. For Community Care reports, federal, state, or local grant funds should be reported as “Grants and Contracts from Federal, State and Local Government Sources” on step 5 of the cost report as applicable.

An example may include, but is not limited to the following:

- A facility experiences an increase in expenses related to COVID-19 of $100,000.
- Assuming the $100,000 of additional COVID-19 related cost was paid for using PRF funds, the $100,000 would be offset against any expense incurred to prepare for, prevent, or respond to coronavirus prior to reporting on the cost report.
- The offset can be reflected in the provider’s trial balance or allocation summary.

PRF revenue recognized as a result of lost revenue should not reduce any expenses included on the unadjusted trial balance before reporting those expenses on the cost report, because these lost revenue dollars are not associated with any specific expense. For Nursing Facility cost reports, this PRF revenue recognized as a result of lost revenue should instead be reported as “Gifts, Grants, Donations, Endowments and Trusts” on step 5 of the cost or accountability report, as applicable. It will have no impact on the allowable expenses reported. For Community Care cost reports, report this PRF revenue recognized as a result of lost revenue as “Grants and Contracts from Federal, State and Local Government Sources” on step 5 of the cost or accountability report, as applicable. It will have no impact on the allowable expenses reported.
CARES ACT – Paycheck Protection Program

The Cares Act also established the Paycheck Protection Program (PPP). PPP funds are forgivable as per the terms and conditions of the program. For the Cost/Accountability Reports, providers and cost report preparers should offset an amount equal to any staff wages reimbursed by PPP against any otherwise incurred salary during the cost reporting period, before reporting. An offset should also be made to any other non-payroll-related expense for the portion of the PPP loan utilized for those non-payroll items. Providers can reflect the detail of this offset in the trial balance or allocation summary uploaded as supporting documentation and report the final adjusted expenses on the cost or accountability report.

An example may include, but is not limited to the following:

- A facility received a PPP loan in the amount of $10,000 and met the requirements for forgiveness before its fiscal year-end.
- Assuming 60% of the loan amount was used for payroll-related costs and 40% was used for non-payroll costs, an offset of $6,000 would occur against any department(s) otherwise incurred payroll-related expenses.
- $4,000 would be offset against any non-payroll-related expenses on the unadjusted trial balance before reporting the net wages on the cost or accountability report.

Temporary COVID-19 Add-On Rate Increases for Nursing Facilities and certain HCS Providers

Nursing Facility (NF) and certain HCS providers received a temporary COVID-19 rate add-on effective April 1, 2020. It will conclude no later than the end of the federally-declared PHE. The official federally-declared COVID-19 PHE notifications can be viewed here.

The payment rate add-ons for the HCS waiver apply only to providers delivering in-home day habilitation services to persons with intellectual disabilities or related conditions residing in three or four-bed group homes and receiving Supervised Living or Residential Support Services. These rate increases will apply to the current day habilitation rates so that providers delivering services in group homes can maintain hourly direct care staff wages due to reduced client-to-staff ratios. NF providers may utilize the additional funding for COVID-related expenses, including direct care staff salary and wages, PPE, and dietary needs and supplies.

The costs compensated with these funds should be included on the cost report in the applicable section(s) and not be reduced by the amount of the temporary rate increase earned.
Rate Enhancement

Providers enrolled in the Attendant Compensation/Direct Care Compensation Rate Enhancement program receive additional funds to provide increased wages and benefits for attendants or direct care staff. They must demonstrate compliance with enhanced staffing or spending requirements. Spending requirements related to rate enhancement apply only to paid units reported on the cost/accountability reports. TAC Sections 355.308(j) and 355.112(s) outline the determination of staffing requirements for rate enhancement participants. Staffing is based on direct care hours, and the offset of PRF and PPP revenues described above should not impact the hours reported for any department on the cost or accountability report. While the offset of some PRF and PPP revenues could reduce certain salaries reported on the cost report, the number of hours reported should agree with the actual hours for the unadjusted salaries. Even if the salary was funded using PRF or PPP dollars, the actual hours incurred did not change and should not be reduced on the cost or accountability report. In these instances, the provider may be required to provide an explanation and reference the PRF or PPP offset.

Covid-19 Grant Programs

Pursuant to Senate Bill (S.B.) 8, 87th Legislature, 3rd Called Session, 2021, the Health and Human Services Commission will administer one-time grants for nursing facilities, assisted living facilities, home health agencies, intermediate care facilities for individuals with intellectual and developmental disabilities or related conditions, and providers of community attendant services.

Pursuant to TAC Section 355.103(b)(18)(B):

Grants and contracts from federal, state or local government, such as transportation grants, United States Department of Agriculture grants, education grants, Housing and Urban Development grants, and Community Service Block Grants, should be offset prior to reporting on the cost report, against the particular cost or group of costs for which the grant was intended.

COVID-19 Grants must be offset before reporting on the cost or accountability report in the time period the grant funds are applied. Providers can reflect the detail of this offset in the trial balance or allocation summary uploaded as supporting documentation and report the final adjusted expenses on the cost or accountability report.

For Nursing Facility reports, COVID-19 grants should be reported as “Gifts, Grants, Donations, Endowments and Trusts” on step 5 of the cost report, as applicable. For Community Care reports, these grants should be reported as “Grants and Contracts
from Federal, State and Local Government Sources” on step 5 of the cost report, as applicable.

Local Funds

Pursuant to TAC Section 355.103(b)(18)(B):

   Grants and contracts from federal, state or local government, such as transportation grants, United States Department of Agriculture grants, education grants, Housing and Urban Development grants, and Community Service Block Grants, should be offset, prior to reporting on the cost report, against the particular cost or group of costs for which the grant was intended.

If you have any questions about the treatment of local funds for purposes of the cost report, please contact the LTSS Center for Information and Training at PFD-LTSS@hhs.texas.gov.

Supporting Documentation

As in prior years, providers may be required to submit support documentation (e.g., trial balances, allocation summary, etc.) to support the information reported in their Cost/Accountability Report. The state acknowledges that providers may be required to submit reports to local or federal jurisdictions based on funds received (e.g., PRF, etc.). Do not provide the State with a copy of these reports nor any applicable support documentation for these reports.

COVID-19 Related Questions

Beginning in the 2020 Cost Reports, HHSC PFD included optional questions in Step 4 to obtain information on how providers were impacted by COVID-19 in their cost report year. These questions are similar to questions previously included for natural disasters (e.g., hurricanes). The responses will assist HHSC in evaluating potential short- and long-term impacts on providers. The questions and applicable instructions are below.

Did you experience a decrease in costs/utilization directly related to COVID-19?

HHSC acknowledges providers may have experienced a decrease in costs, utilization, or both related to COVID-19. It is possible for a provider to experience a decrease in cost or utilization and also experience an increase in costs (see next question).

Click either “Yes” or “No”.

Did you incur an increase in costs directly related to COVID-19? For example, some providers may have paid more for Personal Protective Equipment (PPE) – either because they had to purchase more PPE, it was more expensive, or both.

Click either “Yes” or “No”.

If “Yes” is clicked, you will be prompted with the following questions:

a) If Yes, was it an increase in units of service? Click either “Yes” or “No”.

b) If Yes, was it due to an increase in cost per unit of service? Click either “Yes” or “No”.

Did you incur costs for a category (or categories) that historically is (or are) not incurred when administrating or delivering this program or service? If Yes, please upload the Microsoft Excel template outlining these costs.

This question is specific to “new” costs that the provider has not historically incurred. Click either “Yes” or “No”. If “Yes” is clicked, you will be prompted to upload an Excel template outlining these costs and categories.

Did you receive local, state, or federal grants directly related to COVID-19?

Click either “Yes” or “No”. If “Yes” is clicked, you will be prompted to enter the total amount of the grant(s) received and used during the cost report year for either local, state, federal, or other categories. Do not include grant funds received that will either be returned to the granting authority or utilized in subsequent cost report years.

Please round your reported amount to the nearest whole dollar.