

Nursing Facilities (NF) Crosswalks of Expenses to Cost Report Steps

Table 1. Step 6c.

Expense	Reference	Definitions
Attendant Wages, Regular Pay - Related Party	TAC §355.103(b)(2)(A)	<p>Regular Pay is monetary compensation paid by an employer to an employee in exchange for work done. Payment may be calculated as a fixed amount for each task completed, at an hourly or daily rate, or based on an easily measured quantity of work done.</p> <p>The formula to compute the regular pay is: Total compensation in the workweek (except for statutory exclusions) ÷ Total hours worked in the workweek = Regular Pay for the workweek.</p> <p>Related Parties are people/contractors significantly associated with or in control of the organization providing a good or service. This category includes, but is not limited to:</p> <ul style="list-style-type: none"> • Spouse; • Natural/adopted/stepparent, child, sibling; • Uncles, aunts, nieces, and nephews; • First cousins; and • Business partners.

Expense	Reference	Definitions
Attendant Wages, Overtime Pay - Related Party	29 CFR 778.1(b)	<p>Overtime Pay is one and a half times a worker’s regular rate of pay. If Overtime pay is due, the worker must receive it for every hour worked over 40 hours in a workweek.</p> <p>Related Parties are people/contractors significantly associated with or in control of the organization providing a good or service. This category includes, but is not limited to:</p> <ul style="list-style-type: none"> • Spouse; • Natural/adopted/stepparent, child, sibling; • Uncles, aunts, nieces, and nephews; • First cousins; and • Business partners.
Attendant Wages, Regular Pay - Non-Related Party	TAC §355.103(b)(1)(A)	<p>Regular Pay is payment for standard, contracted hours for services that are deemed necessary. Hours are to be reimbursed at a reasonable rate for the value of the service.</p> <p>Non-Related Parties are people/contractors not significantly associated with or in control of the organization providing a good or service.</p> <p>Relatedness is determined on a case-by-case basis.</p>
Attendant Wages, Overtime Pay - Non-Related Party	29 CFR 778.1(b)	<p>Overtime Pay is one and a half times a worker’s regular rate of pay. If Overtime pay is due, the worker must receive it for every hour worked over 40 hours in a workweek.</p> <p>Non-Related Parties are people/contractors not significantly associated with or in control of the organization providing a good or service.</p> <p>Relatedness is determined on a case-by-case basis.</p>

Expense	Reference	Definitions
Attendant Benefits/Insurance	TAC §355.103(b)(1)(A)(iii)	<p>Attendant Benefits include, but are not limited to:</p> <ul style="list-style-type: none"> • Employer contributions to certain deferred compensation plans, retirement funds, or pensions; • Paid leave; • Provider-paid instructional courses; and • Health, disability, and life insurance policies. <p>Please see the TAC rule for information on how to report employee benefits.</p>
Attendant Mileage Reimbursement	TAC §355.103(b)(1)(A)(iii)(II)	<p>Attendant personal vehicle mileage reimbursement is to be reported as costs applicable to specific cost report line items. But, if reimbursement is subject to payroll taxes, it is to be reported as salaries and wages.</p>

Table 2. Step 6d.

Expense	Reference	Definitions
Other Resident Care Wages - Related Party	TAC §355.103(b)(2)(A)	<p>Non-attendant wages related party included wages for licensed professionals providing indirect care functions such as Registered Nurses (RN), Licensed Vocational Nurses (LVN), Physical Therapists (PT), behavioral support, etc., associated with or in control of the organization.</p> <p>Related Parties are people/contractors significantly associated with or in control of the organization providing a good or service. This category includes, but is not limited to:</p> <ul style="list-style-type: none"> • Spouse; • Natural/adopted/stepparent, child, sibling; • Uncles, aunts, nieces, and nephews; • First cousins; and • Business partners.

Expense	Reference	Definitions
Other Resident Care Wages - Non-Related Party	TAC §355.103(b)(1)(A)	<p>Non-attendant wages non-related party includes wages for licensed professionals providing indirect care functions such as RNs, LVNs, PTs, behavioral support, etc., associated with or in control of the organization.</p> <p>Non-Related Parties are people/contractors not significantly associated with or in control of the organization providing a good or service.</p> <p>Relatedness is determined on a case-by-case basis.</p>
Other Resident Care Benefits/Insurance	TAC §355.103(b)(1)(A)(iii)	<p>Non-attendant benefits/insurance includes benefits for professionals providing indirect care functions such as RNs, LVNs, PTs, etc. These benefits must be direct costed, not allocated, except for paid claims where the employer is self-insured.</p> <p>Non-Attendant Benefits include, but are not limited to:</p> <ul style="list-style-type: none"> • Employer contributions to certain deferred compensation plans, retirement funds, or pensions; • Paid leave; • Provider-paid instructional courses; and • Health, disability, and life insurance policies. <p>Please see the TAC rule for information on how to report employee benefits.</p>
Other Resident Care Mileage Reimbursement	TAC §355.103(b)(1)(A)(iii)(II)	<p>Employee vehicle mileage reimbursement is to be reported as costs applicable to specific cost report line items. But, if reimbursement is subject to payroll taxes, it is to be reported as salaries and wages.</p> <p>Staff can claim mileage and reimbursement expenses for transporting individuals to and from HCS/TxHmL program services and activities in their personal vehicle. Expenses for allowable training sessions attended in their personal vehicle are also covered.</p>

Table 3. Step 6e.

Expense	Reference	Definitions
Administrative Wages - Related Party	TAC §355.102(f)(4)	Administrative Wages are regular pay for administration services that contribute to the operation of the contracted entity. They are reported as indirect costs.
Administrative Wages - Non-Related Party	TAC §355.102(f)(4)	Administrative Wages are regular pay for administration services that contribute to the operation of the contracted entity. They are reported as indirect costs.
Administrative Benefits/Insurance	TAC §355.103(b)(1)(A)(iii)	<p>Administrative Benefits/Insurance include, but are not limited to:</p> <ul style="list-style-type: none"> • Employer contributions to certain deferred compensation plans, retirement funds, or pensions; • Paid leave; • Provider-paid instructional courses; and • Health, disability, and life insurance policies. <p>Please see the TAC rule for information on how to report employee benefits.</p>
Administrative Mileage Reimbursement	TAC §355.103(b)(1)(A)(iii)(II)	Employee vehicle mileage reimbursement is to be reported as costs applicable to specific cost report line items. But, if reimbursement is subject to payroll taxes, it is to be reported as salaries and wages.
Central Office Wages - Related Party	TAC §355.102(f)(4)	Central Office Wages are regular pay for administration services performed in a central office that contribute to the operation of the contracted entity. They are reported as indirect costs.
Central Office Wages - Non-Related Party	TAC §355.102(f)(4)	Central Office Wages are regular pay for administration services staff performed in a central office that contributes to the operation of the contracted entity. They are reported as indirect costs.

Expense	Reference	Definitions
Central Office Benefits/Insurance	TAC §355.103(b)(1)(A)(iii)	<p>Central Office Benefits/Insurance includes benefits and insurance payments for central office staff.</p> <p>Central Office Benefits include, but are not limited to:</p> <ul style="list-style-type: none"> • Employer contributions to certain deferred compensation plans, retirement funds, or pensions; • Paid leave; • Provider-paid instructional courses; and • Health, disability, and life insurance policies. <p>Please see the TAC rule for information on how to report employee benefits.</p>
Central Office Mileage Reimbursement	TAC §355.103(b)(1)(A)(iii)(II)	<p>Employee vehicle mileage reimbursement is to be reported as costs applicable to specific cost report line items. But, if reimbursement is subject to payroll taxes, it is to be reported as salaries and wages.</p>

Table 4. Step 7.

Expense	Reference	Definitions
FICA & Medicare Payroll Taxes	TAC §355.103(b)(1)	<p>All wages/salaries/bonuses paid, including cash or non-cash, are subject to the Federal Insurance Contributions Act (FICA).</p> <p>For State purposes ONLY. FICA is to be reported at 7.65%. FICA applies to all employees except for contracted employees who are being paid through another agency. You would not report wages or taxes on these individuals.</p> <p>Self-employment taxes are to be reported under this item.</p>

Expense	Reference	Definitions
State and Federal Unemployment Taxes	TAC §355.103(b)(12)	<p>Allowable compensation of employees refers to the compensation paid to employees in transactions that are conducted at arm's length, where the employees are neither owners nor related parties of the company.</p> <p>This compensation is subject to the reasonable and necessary costs incurred by the providers in offering contracted services to clients. In other words, the payment to employees must be reasonable and justifiable, and it should not include any additional benefits or incentives that are not directly related to the employees' work performance or duties. It is an allowable tax to enter on your cost/accountability report.</p> <p>State and Federal unemployment taxes are paid for any proprietary entity that pays a wage of more than \$500.</p>
Workers' Compensation Premiums and Paid Claims	TAC §355.103(b)(13)	<p>Workers' Compensation premiums and paid claims are both reported.</p> <p>Compensation claims are to be reported under this item.</p>

Table 5. Step 8f – Facility Cost.

Expense	Reference	Definitions
Rent/Lease Building & Building Equipment	TAC §355.103(b)(10)	<p>Report the following in this item:</p> <ul style="list-style-type: none"> • Building and building equipment lease/rental costs; • Monthly building lease payments; and • Durable Medical Equipment. <p>If the total amount of the deposit is not refunded at the specific time noted in the lease, the unrefunded deposit amount not used for allowable remodeling and purchases of replacement items/fixtures is allowable for reporting as repairs/maintenance or depreciation, whichever is appropriate.</p>

Expense	Reference	Definitions
Interest - Mortgage	TAC §355.103(b)(11)	<p>Report the interest expense accrued during the reporting period from the purchase of a facility (mortgage interest).</p> <p>For a nonprofit entity that issues bonds for the purchase of the facility, report bond issuance cost.</p> <p>Unallowable costs – late payment fees and penalties.</p>
Insurance - Building and Equipment	TAC §355.103(b)(13)	<p>Report insurance premiums for buildings, contents, and grounds with accrued amounts for premiums, modifiers, and surcharges. Deduct any refunds, discounts, or settlements received during the same period.</p> <p>i.e., the premiums are accrued, and related expenses are reported on a cash basis.</p> <p>The amount of allowable self-insurance costs may be subject to a cost ceiling. See 1 TAC Section 355.103(b)(13)(E).</p>
Utilities & Telecommunications	TAC §355.103(b)(8)	<p>“To be allowable, the utilities must be used directly or indirectly in the provision of contracted services.”</p> <p>i.e., electricity, gas, water waste, and garbage.</p> <p>Telecommunications associated with the contracts refers to the cost for the telephone, pager, and facsimile services only.</p>

Expense	Reference	Definitions
Contracted Services and Maintenance and Repairs	TAC §355.103(b)(9)	<p>Report expenses for contract services related to building/grounds repairs and maintenance (including contracted janitorial services, fire alarm inspections, and lawn services).</p> <p>Report maintenance supplies related to facility maintenance and non-depreciable repairs and maintenance costs associated with buildings, building equipment, and grounds. For cost reporting purposes, repairs and maintenance expenses are categorized as ordinary or extraordinary repairs:</p> <ul style="list-style-type: none"> • Ordinary repairs and maintenance include but are not limited to painting, wallpapering, cop machines repair, or repairing an electrical circuit. • Extraordinary or major repairs include, but are not limited to, major improvements in a building’s electrical system, carpeting an entire building, replacing a roof, or strengthening the foundation of a building. Extraordinary repairs that cost \$2,500 or more and have a useful life of more than one year will not be reported here.
Taxes - Ad Valorem Real Estate	TAC §355.103(b)(12)	Report the cost of ad valorem real estate taxes related to Program Administration and/or Central Office buildings. Taxes must be reported on an accrual basis for the cost-reporting period only.
Depreciation - Building and Improvements, Building Fixed Equipment, Leasehold Improvements, Land Improvements and Other Amortization	TAC §355.103(b)(10)	This category includes all building improvements, building fixed equipment, leasehold improvements, land improvements, and amortizable items with a cost of \$5,000 or more and a useful life of more than one year.

Table 6. Step 8f – Operations Cost.

Expense	Reference	Definitions
Rent/Lease Departmental Equipment	TAC §355.103(b)(10)(B)	Departmental equipment expenses include rent or lease payments for items such as telephone systems, pagers, fax machines, photocopiers, and computers.
Depreciation - Departmental Equipment	TAC §355.103(b)(10)(B)	Name the type of allocation method used if reporting more than one facility within the depreciation summary. Rule for depreciation - Departmental equipment with a cost of \$5,000 or more than a useful life of more than one year.
Operations Supplies	TAC §355.102(f)	Gross expenses minus any purchase discount, rebates, returns, or allowances are reported as net expenses. <ul style="list-style-type: none"> • Allowable – non-depreciable equipment, required to maintain and repair department equipment, garbage cans/bags, and cleaning supplies. • Unallowable – eyeglasses, cost for physicians’ visits, dental, and expenses.
Food and Dietary Supplies	TAC §355.102(f)(3)	Food and Dietary Supplies include expenses for fresh, frozen, canned, or dried meats, vegetables, fruits, and beverages purchased for the group home or used for activities of Day Habilitation services. Day Habilitation service was replaced by Individualized Skills and Socialization services effective 3/1/23. Dietary Supplies expenses are for dishes, flatware, utensils, paper products, detergents, reference books, and other resource materials used to plan meals and provide necessary nutritional services.

Expense	Reference	Definitions
Depreciation – Transportation Equipment	TAC §355.103(b)(10)(C)	<p>Transportation equipment is any vehicle with a cost of \$5,000 or more with a useful life of more than one year.</p> <p>Depreciation items if: Cost > or = to \$5,000 and > than 1-year useful life</p> <p>Examples of transportation equipment:</p> <ul style="list-style-type: none"> • Cars & Minivans – 3 years • Light trucks and vans – 5 years • Buses & Planes – 7 years • Used vehicles: longer of years remaining in useful life of the vehicle or 3 years)
Rent/Lease Transportation Equipment or Contracted Transportation Services	TAC §355.103(b)(10)(C)	<p>Transportation equipment that is leased or rented and accrues costs.</p> <p>Contracted Transportation services include a contract with local taxi company, monthly passes for individuals on a bus system, or other contracts to provide transportation to individuals; other allowable transportation expenses include license tags, parking fees, and tolls.</p>
Transportation – Maintenance, Repairs, Gas, Oil, Interest, Insurance, Taxes, Other	TAC §355.103(b)(9)	<p>Transportation service expenses include expenses related only to the delivery of HCS/TxHmL services, for example:</p> <ul style="list-style-type: none"> • Insurance on loans; • Property taxes; • Maintenance repairs; and • Gas and oil.

Expense	Reference	Definitions
Staff Training	TAC §355.103(b)(15)(A)	To be allowable, the training must be located within the state of Texas (unless not available in Texas) and related directly to the job being performed by the staff person attending the training. i.e., Workshops on client services, health applications, on-the-job safety, data processing, accounting, supervisor techniques, and other administrative activities; instructor/consulting fees, training supplies, and visual aids, off-site training registration fees, seminar supplies, and classroom costs.
Insurance – Liability	TAC §355.103(b)(13)©(ii)	Insurance premiums for general liability and professional malpractice, liability insurance for board members, paid claims, and deductibles.
Travel	TAC §355.103(b)(15)(B)	Allowable travel for purposes other than training must be related directly and primarily to the job being performed by the staff person. Travel must be within the state of Texas except for travel for the “purpose of delivering direct contacted client services,” and travel must be between Texas and the contracted provider's central office. All costs for travel outside the continental United States are unallowable costs, these costs should not be reported in this step.
Alternative Device Management	2020-cr-ins-hcs.pdf (texas.gov)	Costs related to ordering, inventory management, installation, troubleshooting, and replacement costs associated with alternative devices (small pieces of hardware that allow caregivers to validate homecare visits and comply with EVV).

Expense	Reference	Definitions
Fees – Management Contract	TAC §355.103(b)(6)	<p>Reasonable management fees paid to non-related parties are allowable costs. If the contracted provider has a management agreement with a nonrelated business entity to provide management services to the contracts, include it in the Cost Report Group, report the fees incurred here, and upload a copy of the management agreement signed by all interested parties.</p> <p>If an expense is reported in this item, then Step 6.a., Question 1, “Do you have any contracted management costs to report?” must be “Yes.”</p>
Fees – Contracted Administrative, Professional, Consulting, and Training Services	TAC §355.103(b)(15)(A)(iii)	<p>Allowable management fees paid to related parties for administrative services are limited to the actual costs incurred by the related party manager for services provided.</p> <p>Within the narrow range of circumstances where legal expenses are allowable on the Cost Report, adequate documentation must be maintained as described in 1 TAC Section 355.105(b)(2)(B)(viii).</p> <p>This item can include clerical temporaries, printing, copying, and courier delivery, workers’ compensation administrative/legal expenses, and franchise fees.</p>
Licenses and Permits	TAC §355.103(b)(14)(A)	<p>Include fees for licenses and permits and license fees paid on behalf of an employee.</p> <p>i.e., Administrator license</p>
Interest – Other	TAC §355.103(b)(11)	<p>Maintain adequate documentation and report the cost of interest paid on working capital loans.</p> <p>i.e., lines of credit</p> <p>If a related party funded the loan, do not enter here.</p>
Taxes – Texas Corporate Franchise Tax	TAC §355.103(b)(12)(C)	<p>Report the cost of Texas corporate franchise tax expenses for the cost-reporting period only for corporate entities. Costs outside the reporting period must be prorated to only include costs associated with the reporting period in tax statements.</p>

Expense	Reference	Definitions
Taxes – Other	TAC §355.103(b)(12)	Personal property taxes related to the contents for HCS/TxHmL building(s) and other operational taxes associated with HCS/TxHmL building(s) only.
Advertising	TAC §355.103(b)(16)	Advertising expenses for recruitment of necessary personnel, yellow page listing is no larger than one-eighth of a page, advertising to meet statutory or regulatory requirements, and advertising for the procurement of items related to contracted resident care are allowable costs.
Dues and Memberships	TAC §355.103(b)(14)	Dues for membership in professional associations are directly and primarily concerned with the provision of HCS/TxHmL services for which the provider is contracted. Subscriptions to newspapers, journals, and magazines whose content is primarily concerned with the provision of services for which the provider is contracted.
Other Expenses	TAC §355.103(a)	Except where specific exceptions are noted, the allowability of all costs is subject to the general principles specified in 1 TAC §355.102. Refer to program-specific allowable and unallowable costs, as applicable.

Table 7. Step 8f – Resident Care.

Expense	Reference	Definition
Consultants	TAC §355.103(b)(3)	Enter here the cost for Non-Related Party Consultants for Medical Director, Registered Nurse, Pharmacist, Social Worker, Activity Director, Medical Records, and Other Resident Care Consultants (provide a description in the Notes box)

Expense	Reference	Definition
Contracted Services (Non-Related Party Contracted Cost)	TAC §355.103(b)(3)	<p>For Participants in the Direct Care Staff Compensation Rate Enhancement, report the days and payments to the third-party contractor here.</p> <p>HHSC will allocate 50% of reported payments to the direct care staff compensation cost area for inclusion with other allowable direct care staff costs to determine the total direct care staff compensation spending.</p>
Supplies	TAC §355.509(e)(1)	<p>Report only net expenses, meaning gross expenses less any purchase discounts, rebates, returns, or allowances for nursing and medical supplies, resident care staff in-service training supplies, activity supplies, social service supplies, and laundry/housekeeping supplies. Includes the following:</p> <ul style="list-style-type: none"> • Tongue depressors, swabs, Band-Aids, cotton balls, alcohol, diapers, personal hygiene items, nursing reference books, cannulas, tubes, masks, IV fluids, IV equipment, over-the-counter drugs, alcoholic beverages prescribed by a physician for medicinal purposes, sheets, spreads, bath/hand towels. • For Medicaid residents, those prescription drugs not covered by the Texas Vendor Drug Program. • If available to all residents – cable, newspaper, magazine prescriptions; food, toys, supplies, and veterinary expenses for pets housed.
Off-site Training/Seminars & Travel	TAC §355.103(b)(15)(B)	<p>The training must be located within the state of Texas (unless not available in Texas), be related directly and primarily to resident care, and be limited to the cost of registration fees, transportation, meals, and lodging.</p> <p>Do not include Training/Seminar costs incurred for administrative, maintenance, and other nonresident care staff.</p>

Expense	Reference	Definition
Bio-Hazard Waste Disposal	TAC §355.103(b)(3)	<p>Report costs for infectious control practices (referred to as "red bag" waste, including infectious waste bags and infection control book).</p> <p>If there are no costs include a message in the Notes box and explain why there are no costs reported.</p>
Other Resident Care Expenses	TAC §355.509(b)	<p>Report costs related to medical record supplies and non-depreciable equipment, contracted medical records services, supplies used to administer Hepatitis B vaccinations to facilitate resident care staff, costs associated with TB tests, chest x-rays, drug tests, and physicals for facility resident care staff, resident care staff employee benefits not subject to payroll taxes (e.g., uniforms), and other nursing expenses (such as ambulance service costs) that are not associated with the expense categories for items Step 6.c., Step 6.d. or in #18 above.</p>
Therapy Supplies	TAC §355.102(f)(2)(D)	<p>Include here therapy supplies for Physical, Occupational & Speech Therapy.</p>

Expense	Reference	Definition
Consultants - Physical, Occupational & Speech Therapy	TAC §355.313(b)	<p>Report salaries and wages for Physical, Occupational, and Speech Therapists; also report the cost of consultants, contracts, and off-site therapy.</p> <ul style="list-style-type: none"> • Physician therapy costs include salaries and wages for <i>occupational</i> therapists/therapy assistants licensed by the TX Board of Physical Examiners. • Occupational Therapy costs include salaries and wages for <i>occupational</i> therapists/therapy assistants and consultants licensed by the TX Board of Occupational Therapy Examiners. • Speech Therapy costs include salaries and wages for licensed Texas speech-language pathologists, or those who meet the educational requirements for a license and are accumulating supervised professional experience through an internship, as well as Texas-licensed audiologists or those who meet the educational requirements for a license and are accumulating supervised professional experience through an internship. Additionally, the costs of speech therapy consultants are also included.
Contract and Off-Site Therapy	TAC §355.103(b)(3)	Report here Physical, Occupational, and Speech Therapy costs for contract and off-site therapy.
Supplies: Nutritional Therapy Supplies, Medical, Nursing & Incontinent	TAC §355.102(f)(3)	Nutritional Therapy Food Supplies include the costs of parenteral and enteral nutritional products.
Diagnostic Laboratory and Radiology	TAC §355.8610	Personnel costs related to these items are to be transferred from Column G to item Step 6, while other related costs are to be transferred from Column G to here.

Expense	Reference	Definition
Drugs and Pharmaceuticals	TAC §355.509(e)	Report Chargeable Drugs and Pharmaceuticals include drugs included or approved for inclusion in the U.S. Pharmacopoeia, the National Formulary, or the U.S. Homeopathic Pharmacopoeia. Also includes hemophilia clotting factors and other blood products. None of these items should have been paid for through the Medicaid vendor drug program or any other payment source if they are reported here.
Oxygen	TAC §355.307(e)	Include here the expense incurred for providing physician-ordered oxygen to Medicaid-only residents. Equipment costing less than \$5,000 or with a useful life of less than one year and supplies associated with the delivery of oxygen may be included.
DME Purchased by Provider	TAC §355.103(b)(10)(B)	Chargeable Durable Medical Equipment (DME) and Equipment Rental include medical equipment that can withstand repeated use, is primarily and customarily used to serve a medical purpose, generally is not useful to a person in the absence of illness or injury, and is appropriate for use in the resident's place of residence (i.e., the NF). General-use wheelchairs and hospital beds not prescribed by a physician are not considered DME and should not be depreciated as departmental equipment.
DME Rental/Lease Expense	TAC §355.103(b)(10)(B)	Report here your durable medical equipment (DME) rental and lease expenses. i.e., wheelchairs, walkers, and hospital beds
Contract Dietary Services	TAC §355.102(f)(3)	Report on this item the cost incurred for dietary contract services. Do not include the rental/lease of dietary/kitchen departmental equipment (e.g., dishwasher, freezer, ice machine, or range).

Expense	Reference	Definition
Supplies/Other Dietary Costs	TAC §355.102(f)(3)	<p>Report the following for this item:</p> <ul style="list-style-type: none"> • Expenses for food supplies, including fresh, frozen, canned, or dried meats, vegetables, fruits, and beverages. • Costs for special dietary supplements, oral nutritional therapy food supplies, and nutritional supplements delivered by the total parental nutrition (TPN) systems and enteral nutrition (EN) systems. • Expenses for dishes, flatware, utensils, paper products, detergents, reference books, and other resource materials used to plan meals and provide necessary nutritional services. <p>Remember to report costs net of any purchase discounts, rebates, returns, or allowances. Non-depreciable equipment should be reported as supplies in this item.</p> <p>Examples of costs include costs related to the drug testing of dietary employees, physicals for dietary employees, Hepatitis B vaccinations for dietary employees, TB testing/x-rays for dietary employees, mileage reimbursement for dietary employees, and seminar costs for dietary employees in item #2.</p> <p>Non-depreciable repairs and maintenance costs for departmental dietary equipment should be reported in item #10 above; depreciable repairs and maintenance costs for departmental dietary equipment should be reported in item #7 above.</p>

Table 8. Step 8h

Expense	Reference	Definition
All Other Costs (Unallowable)	<u>TAC §355.103(a), Chapter 32 of the Texas Human Resources Code, 32.028(n)</u>	Unallowable cost is a cost that is not reasonable or necessary to provide contracted client care. If an expense is classified as unallowable for purposes of cost reporting, it does not mean that individual contracted providers may not make such expenditures. Except where specific exceptions are noted, the allowability of all costs is subject to the general principles specified in 1 TAC §355.102.

Section 2, Senate Bill 48, 79th Regular Session, 2005, amended Chapter 32 of the Texas Human Resources Code, 32.028 by adding Subsection (n), which requires HHSC to ensure that rules governing the determination of rates paid for nursing home services provide for the reporting of all revenue and costs, without regard to whether a cost is an allowable cost for reimbursement under the medical assistance program. The following item is included in the cost report to meet this statutory requirement. Please note that the information gathered by this item is self-reported, will not be audited, is for informational purposes only, and will not be used in the rate determination process. Some costs included in this item may not be allowable in the current reporting period but will be reported as allowable in future years.