

M I N U T E S

SPECIAL COMMITTEE ON SOCIAL AND  
REHABILITATION INSTITUTIONS

October 15, 16 and 17, 1975

Room 514-S - State House

Members Present

Representative Roy Ehrlich, Chairman  
Senator John Crofoot, Vice-Chairman (October 17)  
Representative James Cubit  
Representative R. C. Zajic  
Representative Lloyd Buzzi  
Representative Rex Hoy  
Representative Jim Lawing  
Representative Ken Francisco  
Representative Robert Madden  
Representative Bill Wisdom (October 17)

Conferees

Dr. Robert Harder, Secretary, Department of Social and  
Rehabilitation Services  
Dr. Robert Haines, Director, Division of Mental Health and  
Retardation Services, Department of Social and Rehabili-  
tation Services  
Mr. Dwight Metzler, Secretary, Department of Health and  
Environment  
Mr. Don Hoffman, Office of the Attorney General  
Mr. Stu Entz, Executive Director, Kansas Association of Homes  
of the Aging  
Mrs. Elaine Carpenter  
Mr. John Erickson  
Mr. Charles Wurth  
Mr. Norman Durmaskin  
Mr. William Hollingsworth  
Mrs. Petey Cerf, Kansans for Improvement of Nursing Homes  
Ms. Diane Jones  
Dr. Marjorie Stith

Staff Present

John S. Schott, Legislative Research Department  
Don Hayward, Revisor of Statutes Office

October 15, 1975

Morning Session

The meeting was called to order by Chairman Roy Ehrlich at 10:00 a.m. At that time he emphasized that Dr. Harder was present to answer questions from the Committee concerning any of the several institutions visited during this interim by the Special Committee, and to provide the Committee with proposed plans developed by the Department of Social and Rehabilitation Services relative to the future utilization of the Southeast Kansas Tuberculosis Hospital facility in Chanute, Kansas.

In relation to Proposal No. 48 (Alternative Uses of Surplus Institutions), Dr. Harder indicated that juvenile judges in the State of Kansas feel that the establishment of a detention facility for hardcore juvenile offenders is necessary, and that there is some interest in using the Youth Center at Topeka for this purpose. Correspondingly, Dr. Harder felt that the Osawatomie State Hospital might ultimately become a regional facility for the Johnson County, Kansas City, Topeka and Emporia areas, geared to serving individuals of age 25 and under and, ultimately 18 and under. By concentrating the activities of Osawatomie State Hospital on the needs of younger Kansans, Dr. Harder felt that a more successful program could be developed. The re-direction of Osawatomie State Hospital under such a program assumes that the older mentally ill population could be taken care of at other locations, including community mental health centers, residential facilities and adult care homes.

The third section of Dr. Harder's presentation concerned the use of the Southeast Kansas Tuberculosis Hospital at Chanute. At this time, the Department of Social and Rehabilitation Services is considering the development of plans in one of two directions.

The first plan involves the use of SEKTH as a facility for placing chronically mentally ill geriatric patients who are not able to go to their own homes, to group facility or to an adult care home. Thus, the Southeast Kansas Tuberculosis Hospital would become a state adult care unit for the maintenance for the chronically mentally ill who need intensive supervisory care.

The other alternative concerns the use of the Chanute facility for the profoundly mentally retarded. Dr. Harder pointed out that at the Winfield State Hospital, three of the older buildings have been closed, and crowding of patients has occurred. He also noted that the advantages for using the Chanute facility for the mentally retarded include the fact that it would give immediate relief to the Winfield over-crowding problem, the Parsons State Hospital staff would be immediately available to the facility in Chanute, and, as an intermediate care facility for mentally retarded, the Chanute operation would likely be eligible to receive federal support through Title XIX.

Following this presentation, the Committee engaged in extensive discussion concerning the populations at the various state institutions as well as relative costs involved. Dr. Harder and Dr. Haines pointed out to the Committee that there is an effort to reduce the number of individuals in state institutions through Project Reintegration, and that a reduction in patient population is necessary in order for the various hospital and retardation facilities to provide an adequate and effective treatment program as opposed to a custodial operation.

In reviewing the costs of keeping an individual in a community based facility or in a state institution, the community based facility initially seemed to be the cheapest way to go. Dr. Harder explained that a state pays a maximum of \$16.50 a day per individual to an 8-10 bed, half-way house-type facility, while the Youth Center at Topeka costs between \$40 and \$50 per person per day. It was pointed out, however, that the cost per day on the local level does not include all costs, and does not generally include local mill levies, federal funds or other sources of income for these operations. As a result, community-based facilities are not necessarily cheaper than state institutions.

In discussing the relative merits of a community-based program versus a state institutional program, Dr. Harder explained that it is not necessarily an either/or situation. He felt that a good rehabilitation program requires a continuum of services, ranging from a loosely structured local community based facility to a more highly structured secure environment, such as that offered by the Youth Center at Topeka. He felt that such a continuum is necessary in order that individuals who need a more structured environment will have it available to them, just as the individual who needs a minimum amount of supervision will not have to be placed in a highly secure environment. He pointed out that the guidelines for the referral of juveniles to various institutions and facilities is being considered by another special committee during this interim.

In response to a question concerning the location of the SRS regional offices, which are currently in the Southeast Kansas Tuberculosis Hospital, Dr. Harder stated that this office will be transferred out of the hospital as soon as an appropriate program for the Southeast Kansas Tuberculosis Hospital has been identified and implemented. He pointed out that SRS currently has an architect on board and will look at the situation at the Southeast Kansas Tuberculosis Hospital. It was Dr. Harder's position that it was very unlikely that the facility at Chanute could be used for anything other than a hospital.

Dr. Harder and Dr. Haines were unable to provide the Committee with the specific detailed program of the utilization of the Southeast Kansas Tuberculosis Hospital in Chanute. As a result, Dr. Harder was directed by the Committee to prepare a final proposal for the use of this facility and present it to the Committee at its November 7 meeting.

Prior to the conclusion of his remarks, Dr. Harder discussed some of the relative costs of the operations of the Department of SRS. In identifying the medical program of the Department, Dr. Harder pointed out that approximately \$107 million are appropriated and spent annually. More than half of this amount is federal funds received by the state through Title XIX, and that a large portion of this is dedicated to adult separate care homes in Kansas. Dr. Harder told the Committee that state support for nursing home care is the highest cost item in the medical program budget of the Department of Social and Rehabilitation Services.

Following their presentations, the Committee thanked Dr. Harder and Dr. Haines and began discussing the outlines of SRS institutions in preparation for the staff in writing the final report. The afternoon was dedicated to this purpose, and the direction which was given to the staff relative to the writing of the final report on Proposals No. 47 and 48 will be reflected in a draft final report which will be reviewed by this Committee at its next meeting on November 7. The Chairman also requested that the minutes show that Senator Crofoot and Representative Wisdom were excused from the October 15 and 16 meeting, and that Senator Hudson was excused from all days of the meeting.

October 16, 1975

The Committee was called to order by Chairman Roy Ehrlich at 9:00 a.m. Mr. Metzler appeared before the Committee and gave a brief background concerning the licensure of adult care homes by the Department of Health and Environment (see Attachments I and II). In identifying the role of the Department of Health in the licensure and certification of adult care homes, Mr. Metzler pointed out that the licensing survey for the purposes of state licensure of adult care homes, is generally performed at the same time as the certification procedure, which is a function for determining whether or not a home meets the eligibility requirements of the federal government for Title XIX (Medicaid) payments. The licensing and certification surveys are generally done with a team from the Department of Health and Environment consisting of a nurse surveyor, a sanitarian, and a representative from the State Fire Marshal's Office.

Mr. Metzler explained to the Committee that the combination of extensive regulations for federal Title XIX certification has had the net effect in Kansas of decreasing the number of adult care homes, and increasing the number of beds. Additionally, there has been a corresponding decrease in the number of skilled nursing homes and an increase in the number of intermediate care facilities. In response to questioning by the Committee, Mr. Metzler indicated that, like many other areas, the profitability of an operation depends upon its largeness. A number of smaller homes which have been unable to comply with the federal regulations for certification

and thus are ineligible to receive Title XIX support have had to close their doors.

Mr. Metzler also indicated that the licensing survey for the state is occasionally done by the local health departments. He pointed out that in the current budget of the Department of Health and Environment there is a commitment to request funds to pay a portion of the costs of this inspection conducted by local health departments. Johnson County, which has done the inspection in the past for the Department of Health and Environment, has indicated it will not be conducting the survey in the future unless such funds are provided. The Department is attempting to get increased funds for this purpose.

On the topic of adult care home administrators, Mr. Metzler indicated that the Department of Health and Environment contracts with an organization which provides the testing for individuals who are interested in becoming nursing home administrators. The basic nursing home administrators test consists of course work followed by a comprehensive examination. Mr. Metzler pointed out that there is a special training course, a crash course, which provides intensive study in this field followed immediately by an examination. He also noted that there is no provision for a temporary adult care home administrator's license.

In relation to aides in adult care homes, Mr. Metzler indicated that implementation of an education process for nursing home aides is extremely important in upgrading the quality in nursing home care in Kansas. It was his position that a course taught in the home would substantially improve the services offered by nursing homes in Kansas. He felt that there is nothing to be gained by the certification or licensure of these aides, and that a reasonable amount of training should take place after an individual has spent a reasonable amount of time at the nursing home. Mr. Metzler further elaborated on this subject noting that his department is currently working with two groups to develop course content and training procedures for nursing home aides.

In considering the problems raised, Mr. Metzler indicated that the Department's primary problem involves staffing. Currently the Department is operating with only six nurse surveyors who do the critical job of state licensure and federal Title XIX certification surveys. For FY 1977 he is requesting both an increase in the number of nurse surveyors from 6-10, as well as an increase in pay for these individuals.

The second area of concern is that of the licensure of the adult care homes. Mr. Metzler indicated that currently the Department may deny, suspend, or revoke a license. This results in a home either being essentially qualified or not qualified to receive patients, with no middle ground. Mr. Metzler noted that there is a reluctance to suspend such licenses since patients at the various adult care homes would have to be moved to other facilities. In order to alleviate the situation, Mr. Metzler expressed an interest in establishing an interim program leading to compliance,

such as a fining system for adult care homes not meeting standards. The Department has also expressed an interest in having the power to appoint a trustee to manage a home when a licensed adult care home administrator is not present. Since a home must have a licensed administrator to receive its facility license, in the event that an administrator is not present or has left, the Department would like the ability to appoint a trustee to manage the home on an interim basis.

In his conclusions, Mr. Metzler indicated that the rules and regulations promulgated by the Department of Health and Environment relative to adult care homes need to be upgraded and asked the Committee for time to accomplish this task.

Chairman Ehrlich thanked Mr. Metzler for his presentation and introduced Dr. Robert Harder, Secretary, Department of Social and Rehabilitation Services. Dr. Harder began his presentation by introducing various members of his staff who are concerned with the payment function as it relates to adult care homes. In prefacing his remarks, Dr. Harder noted that on October 21, a social services workshop will be held at which time a homemaker and chore services program will be discussed. Dr. Harder voiced some optimism that this program, if implemented, would allow more individuals to stay in their own homes and would not require the services of an adult care home.

Dr. Harder began his presentation by noting the various lawsuits which had been filed against the Department of SRS relative to payments made to nursing homes for services rendered (see Attachments 3-7).

It was pointed out to Dr. Harder by the Chairman that several nursing homes had voiced concern about receiving prompt Title XIX payments from the Department of SRS. Dr. Harder explained that the cutoff date for receiving charges from an adult care home is set at the fifth day of the month and that every attempt is made to have the appropriate checks issued by the fifteenth of the month. It was pointed out that these deadlines have been missed very few times during the past several years.

Dr. Harder proceeded to explain to the Committee the various functions of the Department of SRS as they relate to adult care homes in Kansas. He noted that the Department of SRS conducts medical reviews of skilled nursing homes and independent professional reviews of intermediate care facilities. A yearly patient oriented review of only Title XIX recipients is conducted by a team from the Department of SRS consisting of a nurse, a social worker and, if necessary, an MD. It is their responsibility to review the patients records to see that such patients needs are being met and if they are receiving all the necessary care they require. As required by federal law, a utilization review is conducted periodically to assure that proper medical placements of patients are made. For skilled care, a utilization review is

conducted at least every 30-days and in an intermediate care facility such a review is conducted at least every six months. The Department of SRS monitors these utilization reviews, which are contracted through this department.

Dr. Harder also explained to the Committee that four Kansas state institutions, KNI, Winfield, Norton and Parsons State Hospital are classified as institutional intermediate care facilities and have approximately 1,800 recipients of Title XIX funds, which produces approximately \$5 million for the state in federal payments. Dr. Harder then briefly discussed the cost formula which is used to determine the various levels of reimbursement for the adult care homes in Kansas.

In concluding his remarks to the Committee, Dr. Harder indicated that he felt that a good effort had been made on the part of the adult care homes in Kansas to provide good quality care.

During the afternoon session the Committee heard from Mr. Don Hoffman from the Attorney General's Office concerning the special investigation conducted by the Attorney General relative to the nursing home industry in Kansas. (A copy of the Attorney General's report is on file in the Legislative Research Department.) Mr. Hoffman indicated that the nine homes which were visited were selected on the basis of complaints that had been received from employees, patients, and families of patients in these homes. He indicated this investigation was to see what the worst of the industry looked like and admitted that this investigation was conducted on a "somewhat of a bias".

In responding to questions after his initial statement. Mr. Hoffman stated that the homes they had visited were all non-chain homes and that the Attorney General's Office had no intention of filing any criminal charges for violations of regulations or statutes which were witnessed by those making the investigation.

The next six individuals appeared at the request of the Committee and substituted for the appearance which was scheduled for Mr. M. W. Howard of the Kansas Nursing Home Association. Among those items discussed by these six individuals were the following:

- a) While a training program for adult care home aides is appropriate and necessary, the industry does not feel that it could accept a mandatory aide-training program;
- b) enforcement of current rules and regulations would be adequate to bring the nursing home industry into line;
- c) the more services demanded by both federal and state regulators result in additional costs to the homes. The cost of the compliance with these regulations exceeds the income homes receive from welfare payments;

- d) the Attorney General should visit all homes as opposed to the eight sited in their investigation.

The last individual to appear before this Committee presented a list of five items which were voted on and unanimously accepted by members of the four nursing home care provider groups, which includes the Kansas Nursing Home Association, Kansas Association for Homes of the Aging, American College of Nursing Home Administrators and Kansas Professional Nursing Home Administrators Association (see Attachment No. 8).

Following a brief break, the Chairman then called on Mrs. Georgia Arnhart. As there was no response, the Chairman called for Mrs. Petey Cerf, representing the Kansans for Improvement of Nursing Homes. She stated that it was the position of their organization that in-service training for nursing home aides is virtually impossible to enforce. This organization advocated a preoccupation training program prior to employment, that wages be paid while an individual was in the training process, and that wages be brought up to the standards of hospital aides, an effort which the organization hoped would curb instances of turnover in nursing home aide personnel.

The last two individuals appearing before the Committee in the afternoon focused on aide training. It was pointed out to the Committee that a coordinated system of aide training was necessary and that appropriate training be given to individuals working as aides in nursing homes. It was also pointed out that there is a need for trained aides and there is a need to pay these individuals an adequate salary for services rendered.

Following these presentations, Chairman Ehrlich thanked all those present for appearing before the Committee and adjourned the meeting until 9:00 a.m., October 17.

October 17, 1975

The Committee met at 9:00 a.m., to begin discussions relative to direction to the staff for preparation of a report concerning Proposal No. 64. The Committee gave extensive consideration to a proposed rating system for adult care homes, which would involve an A, B or C rating for both skilled nursing facilities and intermediate care facilities, depending upon the quantity and quality of services offered. The advantages and disadvantages of this system were debated at length, including the costs relative to the implementation of such a system and the resulting advantages to be gained from such a rating procedure.

The Committee also expressed significant concern for the needs of both the Department of Health and Environment and the



Department of SRS for additional manpower and the effect of such additional physical presence would have on the adult care homes in motivating them to comply with the various standards and rules and regulations. The Committee felt that it might be more appropriate for a number of "generalists", specifically individuals who would have training in adult care home operations but who would not be "professionals" in the field, to make unscheduled, unannounced drop-in visits to adult care homes. Their function would be to oversee on a very generalized basis the functioning of adult care homes in Kansas. The primary function of these individuals would not be to take action themselves but to report the problems for violation of statutes of regulations to the appropriate agencies. Dr. Robert Harder pointed out to the Committee that there is a federal demonstration grant program available which would provide for an ombudsman for individuals in adult care homes in Kansas. He suggested that the Committee might want to consider this as an interfere with the generalist program it had been discussing. *all*

One of the major concerns of the Committee was that the individuals in adult care homes who have most direct contact with the patients, namely the nursing home aides, be adequately skilled to provide quality services to individuals. It was also felt that a uniform system of aide training be developed and implemented in the State of Kansas and that on-the-job-training be a portion of this proposed training operation.

Following extensive Committee discussion of these and associated topics, the following specific actions were taken by the Committee:

- a) It was moved and seconded that the additional staff requested by the Department of Health and Environment for licensing and certification surveys be supported by the Committee, and that the compensation upgrading of these positions be studied by the Department of Health and Environment. The motion carried.
- b) That the Committee receive at its next meeting specific suggestions and recommendations from the Department of Health and Environment and the Department of SRS relative to changes in legislation and/or regulations relative to the licensure of adult care homes.
- c) That Dr. Harder and Mr. Metzler discuss and present to the Committee at its November 7 meeting, a specific program proposal through which approximately five individuals would be hired by the appropriate department to serve as generalists for the purpose of unannounced visits to adult care homes in Kansas. It is anticipated that such a program would be coordinated with the ombudsman proposal as cited by Dr. Harder.

- d) The Committee requested staff to contact Mr. Metzler and to request him to provide the Committee and staff with a written proposal relative to proposed rules and regulations or statutes which would provide that the Department of Health and Environment would appoint a trustee to manage an adult care home for a specified period of time under certain conditions. This would provide for the interim management of a home which for some reason, does not have a licensed adult care home administrator on staff.
- e) The Committee directed the staff to also request of Mr. Metzler a status report concerning his work with nursing home groups in the area of training of nursing home aides. This report is to be supplied directly to the Committee and staff.

The Committee directed the staff to prepare reports which are as complete as possible for review at the next meeting. Prior to adjournment, the Committee decided that the next meeting will begin at 10:00 a.m.

There being no further business, the meeting was adjourned.

Prepared by John S. Schott

Approved by Committee on:

11-7-75  
(Date)

NOMENCLATURE

KANSAS

FEDERAL

SNH

SNH

INCH

ICF

↑ Nursing Homes ↑

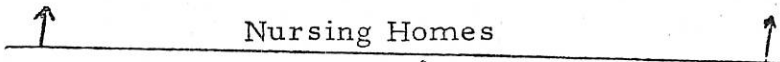
IPCH

We certify these

BCH

We license these

Adult Care Homes



ADULT CARE HOME  
LICENSING ACTIONS

	<u>On September 30, 1974</u>	<u>On September 30, 1975</u>
SNH	61 (5583)	56 (5222)
INCH	150 (9561)	190 (12342)
IPCH	184 (7067)	117 (5384)
BCH	<u>13 (209)</u>	<u>0</u>
	408 (22420)	363 (22948)

INTERMEDIATE CARE FACILITIES (ICF) SURVEY  
AND CERTIFICATION PROGRAM

TOTAL NUMBER OF FACILITIES ORIGINALLY CERTIFIED 312  
Between April '74 through March '75

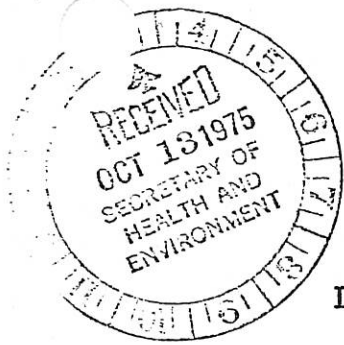
NURSING HOMES - 299 (APPROXIMATELY 19,000 BEDS)  
HOSPITAL LTC'S - 13 (APPROXIMATELY 500 BEDS)

RECERTIFICATION ACTION THROUGH 9-30-75

NUMBER OF FACILITIES RECEIVING ACTION	86 (5,114 BEDS)
NUMBER OF FACILITIES CERTIFIED	70 (5,545 BEDS)
NUMBER OF FACILITIES NOT CERTIFIED	16 ( 569 BEDS)
PERCENT OF FACILITIES NOT CERTIFIED	19%
PERCENT OF BEDS NOT CERTIFIED	11%

PROJECTED RECERTIFICATION ACTION FOR ALL FACILITIES

NUMBER OF FACILITIES CERTIFIED	269
NUMBER OF FACILITIES NOT CERTIFIED	43
NUMBER OF MEDICAID RESIDENTS TO BE RELOCATED (ESTIMATED 60% OF LICENSED BED CAPACITY)	1,274



Read

2

I have been asked to speak on the matter of nursing home regulations in Kansas. Obviously, this is a very broad subject and could well encompass the historical background of regulatory legislation, the philosophical aspects of public control over the business of providing medical care and supervision, or simply a description of the scope and function of the day-to-day job of enforcing a set of standards which are considered to be minimum for the care and housing of people who find themselves in a position of having to depend upon others. Since I am neither a philosopher nor a historian, I am hardly qualified to discuss the first two aspects. The third aspect - that of standards enforcement - is a different matter. For a number of years I have been very much involved in this area and every day has added to my knowledge of and attitude toward a very complex social structure. It has been a challenging, frustrating, satisfying, and, at times, a discouraging experience. It has been, and I am sure always will be, an experience that requires one to constantly remind himself of just what the whole thing is all about, which is simply making every decision and every action in the best interest of the nursing home resident. The environment in which our regulatory agency functions very often makes this extremely difficult. This environment is populated by a great variety of people with a broad range of interests and influence. It is very

refreshing, indeed, to anticipate that this environment might be further expanded by this group whose goals are spelled out in much the same fashion as those contained in the legislation that authorized the licensing program. Accordingly, I think it is appropriate at this point that the purpose of the act be noted and the following is extracted verbatim from KSA 39-924:

"The purpose of this act is the development, establishment, and enforcement of standards for the care, treatment, health, safety, welfare, and comfort of individuals in adult care homes licensed by the state board of health and for the construction, general hygiene, maintenance and operation of said adult care homes, which, in the light of advancing knowledge, will promote safe and adequate accommodation, care, and treatment of such individuals in adult care homes."

Having made these few introductory observations, I would like to comment briefly on: (a) regulatory legislation, both state and federal; (b) the major areas of nursing home operation covered under our state licensing regulations; and (c) the licensing agency organization and function. If there is time left at the end of my prepared remarks, I would welcome the opportunity to try to answer any questions which might occur to you. First, however, I think it would be well to clarify the terms "nursing home" and "adult care home." Sometimes I find myself

using them interchangeably but that is not accurate. The licensing law originally used the term "adult care home" to identify, collectively, three classifications of homes; i.e., (1) nursing home, (2) personal care home, and (3) boarding care home. Of the three, only a nursing home was required to provide a licensed nursing staff. Incidentally, in a recent revision of the original statute, these classifications were further complicated by creating two kinds of nursing homes; namely, a skilled nursing home and an intermediate nursing care home. This was done to parallel for licensure the two classifications of nursing homes recognized under the federal "Medicaid" program which are designated "skilled nursing facility" and "intermediate care facility."

Now that we have semantics cleared up, let us go back and review the events that have led to the state of the act as we have it today. The 1961 session of the legislature enacted KSA 39-923 through 944 which set forth all the fundamental aspects of the adult care home licensing program. In general, this statute identified classifications of homes; designated the licensing agency; outlined the process for applying for and issuing a license; set fees; detailed the procedure for revoking a license and explaining the applicant's appeal procedures; set forth requirements for the adoption of rules, regulations, and standards; and described the method of making and reporting inspections.

During the balance of 1961 and into 1962, the department developed the regulations authorized under the law which would provide the specific requirements in each of the areas spelled out in the "purpose of the act"



which I quoted earlier. I have been told that the creation of these standards was a long process that involved a great deal of research, numerous meetings with all conceivable interested individuals and groups, and numerous drafts. By early fall of 1962, the final draft was completed and submitted to the Revisor of Statutes. These regulations had the effect of law commencing January 1, 1963. I am sure that most of you, just as I, can remember the early '60's very clearly. Actually that was not so long ago, so, in terms of recent memory, the licensing program is fairly young!

I suppose the next significant date is July 1, 1972, for this is the day that KSA 65-2a01 became effective. The statute is commonly known as the "certificate of need" law and it was enacted to give statutory authority to the comprehensive health planning program that had commenced in Kansas a few years earlier. Under this statute, it was necessary that a nursing home be issued a certificate of need before it could be originally licensed or before an existing home could expand or make substantial capital improvements. The certificate was authorized to be issued by an areawide health planning council after the council had made an investigation and satisfied itself that there was, in fact, a justification for building the home. The rationale of this exercise was to control the proliferation of nursing homes with the result that patient care would suffer if overbedding caused undue competition among homes. At the same time, however, it gave the existing homes some degree of protection in the same manner that a public utility is protected.

The only difference is that the nursing home rates to its private paying residents are not regulated.

During the 1972 session the legislature also enacted legislation that gave the State Fire Marshal much broader authority to adopt standards for fire safety in a variety of fields, including institutions licensed by various state agencies. He promptly adopted the 1967 edition of the National Fire Protection Association Bulletin No. 101, which is commonly called the Life Safety Code, as applicable to nursing home construction. This code became effective on January 1, 1973, and is enforced through our adult care home statute that requires the State Fire Marshal to approve the issuance of each license. This fire safety code has become notorious since it is the basis for the installation of hundreds of thousands of dollars of sprinkler systems during the last two and one-half years!

Another significant item of legislation had its genesis during the 1972 session and that was KSA 65-3501. This statute authorized the creation of a nursing home administrators' licensing program. Incidentally, the law was revised in the last session to require licensing administrators of all classifications of adult care homes except for the one and two-bed facilities. Obviously, the rationale of this legislation was the improvement of quality of nursing home management. The program requires initially passing a written examination and a subsequent program of continuing education to qualify for an annual renewal of the license.

Nursing homes had, for a number of years, offered care to clients under the Kansas Medical Assistance Program. As most of you know, this program is better known as Medicaid and it is authorized under Title XIX of the Social Security Act. The program provides matching state and federal funds payable directly to the nursing home for the care and treatment of indigent people. Until 1974, the requirements, other than licensure, were very minimal for a home to participate in this program. In January of 1974, however, DHEW issued a very comprehensive set of standards for both the skilled and intermediate classifications of homes. The standards place much more emphasis on institutional services, rehabilitation, policies and procedures, medication management, physician involvement, and restorative activities than do the licensure standards. I suspect that 12 years ago it would have been impossible to impose the requirements contained in the federal regulations and I am not sure it could be done now given the statutory authority presently available.

In general, the five regulatory programs I have just described constitute the environment in which our nursing homes exist. It is clearly evident that we have the tools available to produce a system of residential care for our elderly of a high order of quality.

Next, I would like to touch on the content and scope of our state licensure regulations. I think these are a good set of standards and have served their purpose well. In recent years they have been criticized and there has been pressure to have them significantly revised. I think there is some justification for this, particularly in the format

and the clarification and updating of some requirements. I also feel that there should be attention given to methods of enforcement to provide some leverage short of license revocation. In any event, in the near future we will turn our attention to this task and we shall expect no little input from this group! If there is nothing else to sustain the vitality of this organization, it should be the expectation of having a role in the improvement of these standards!

The book of regulations is called Standards, Rules, and Regulations for Adult Care Homes in Kansas. Nursing home people generally refer to it as the "Bible." It consists of six chapters and an introduction which, in general, provides a definition of terms used throughout the book. The chapters in numerical order are titled: Licensing Procedure, Administration, Nursing Care, Dietary Service, Environmental Health Standards, and Fire Safety. It is obvious from these titles that attention is given to every facet of health care and environmental safety. Each of the chapters treats in detail every aspect of the general area. These range from the prescribed form which the physician must complete before admitting a resident to a detailed specification on how the building must be constructed.

The regulations were written to accommodate the facilities in existence when the program began. Obviously, it was unreasonable to create a situation that would force homes to go out of business. Accordingly, two sets of construction standards were adopted - one for existing structures and another for new construction. However, in

order to keep from perpetuating extremely obsolete structures, the standards require that when a change of ownership occurs the facility must be brought up to essentially new construction standards before it can be licensed under the new owner. This has served to significantly eliminate obsolete homes in recent years.

As to the organization and functioning of the licensing agency, we are a section lodged within the Kansas Department of Health and Environment. We are charged with two other programs besides the licensing and certification of adult care homes; namely, the medical facilities planning and construction program (commonly known as Hill-Burton) and the licensing of the state's medical care facilities. This group includes general and special hospitals, recuperation centers, and outpatient surgical centers. A 16-member staff devotes almost full time to the adult care home survey and certification. This consists of 10 field surveyors, all of whom are registered nurses; one nurse consultant and coordinator; three clerks who are responsible for issuing licenses, maintaining files, and handling the routine contact and correspondence with the homes; and last, but far from least, two typists. The field surveyors are based in each of the district offices of the department; namely, Dodge City, Wichita, Chanute, Topeka, Salina, and Hays. These offices are somewhat centrally located within their area of responsibility so travel time and expense are held to a minimum. Assisting the field surveyors are six sanitarians who are also based in the district offices and four fire safety inspectors that operate out of

the State Fire Marshal's office. Both the sanitarians and the fire inspectors are assigned to other agencies but are made available to us on a part-time basis.

In addition to those I have mentioned, we have an architect and an accountant in our office who spend considerable time in the program. As you know, a condition of licensure is a building constructed to rather demanding specifications, both in terms of functional spaces and material. Our architect is responsible for conducting at least two plan review sessions and inspection of the construction. Our accountant was originally employed for another purpose but he has found himself spending most of his time directing and coordinating the field surveyors in their certification activities. Obviously, I also spend much of my time in the program.

Facilities are licensed every 12 months unless deficiencies are found and it is necessary to issue a provisional license for a shorter period not to exceed six months. The statute specifically limits the issuance of two six-month provisional licenses for the same deficiency. If the deficiency exists at the end of this period, revocation action must be taken. An original license or a renewal of a license is dependent upon a team evaluation of the facility. The visit is made unannounced unless it is being combined with a certification survey. Under the federal program, it is required that the survey be arranged so that the administrator is present and able to produce all the necessary documentation. Each facility has its own license anniversary date which allows us to distribute the survey workload fairly evenly over the year.

In addition to the annual survey, we schedule so-called interim visits throughout the year, depending upon the apparent need. These visits are always unannounced and are intended to simply maintain the "compliance momentum" built up at the time of the annual visit. I must also mention the very significant contribution made by the staffs of county health departments. We have adopted the policy of encouraging this participation and, in general, we have received good cooperation to the extent that the local departments have personnel and funds. Four of our largest counties (namely, Sedgwick, Shawnee, Wyandotte, and Johnson) have agreed to assume full responsibility for facilities in their counties. For this the law allows us to share licensing fee revenues with them.

In summary, I am sure you will agree that the whole system - legislation, regulations, and enforcement - can always be improved. The size of the job is big by any standards. At the end of August, we were licensing 363 facilities which represented 22,948 beds. During the past few years with the advent of the various items of legislation I described, there has been a great deal of fluidity in the nursing home field. It is interesting to note that of the 433 facilities which we licensed at the end of February 1974, 103 did not appear on the license list 18 months later. However, during that period of time, 37 new facilities came into existence and actually boosted the number of licensed beds by 893 over the same period. In net effect, statistically, homes are becoming fewer but bigger. The family operations conducted in a converted building in 1963 are rapidly giving way to big business. I am

sure that we all agree that this can be, to some extent, in the best interests of the resident but it could also represent only an effort to warehouse the elderly and treat them solely as a revenue-producing commodity. This threat of dehumanization should be the challenge for those of us who share a feeling for the dignity of the individual no matter how long he lives nor under whatever circumstances.



STATE DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

DIVISION OF SOCIAL SERVICES

MEDICAL SERVICES SECTION

FACT SHEET

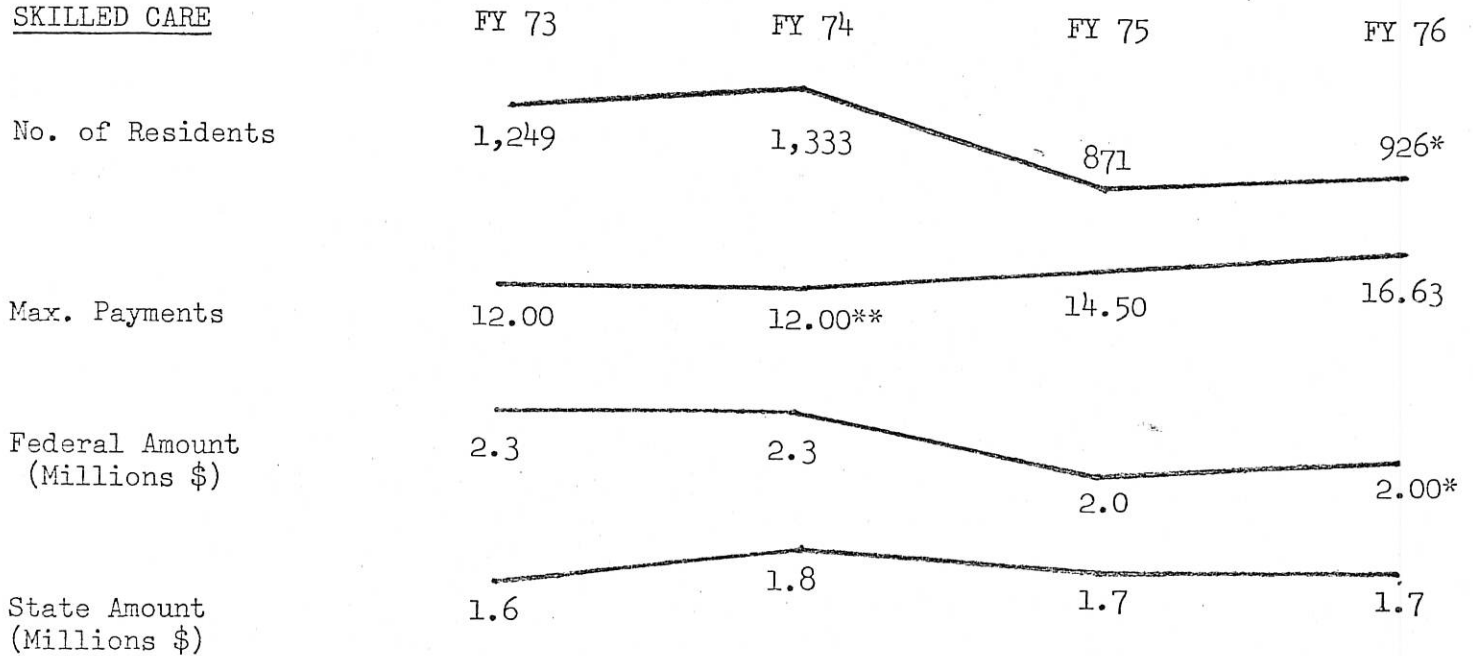
NURSING HOME PROGRAM

October 15, 1975

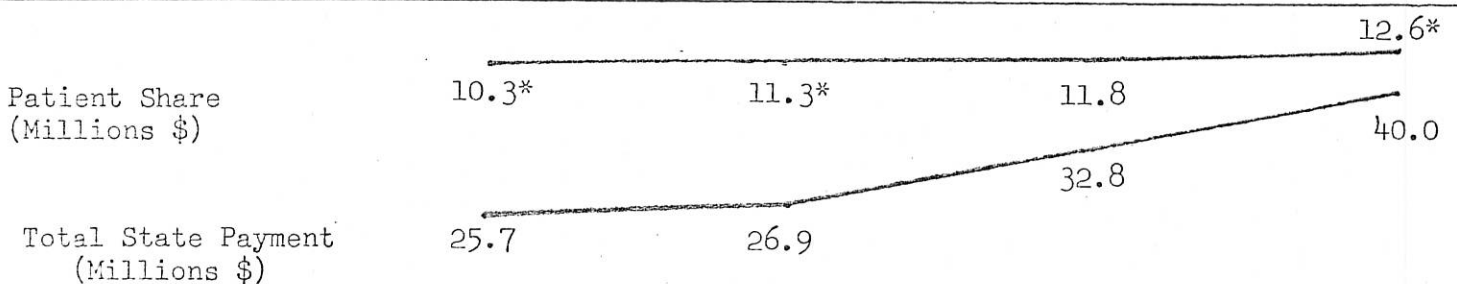
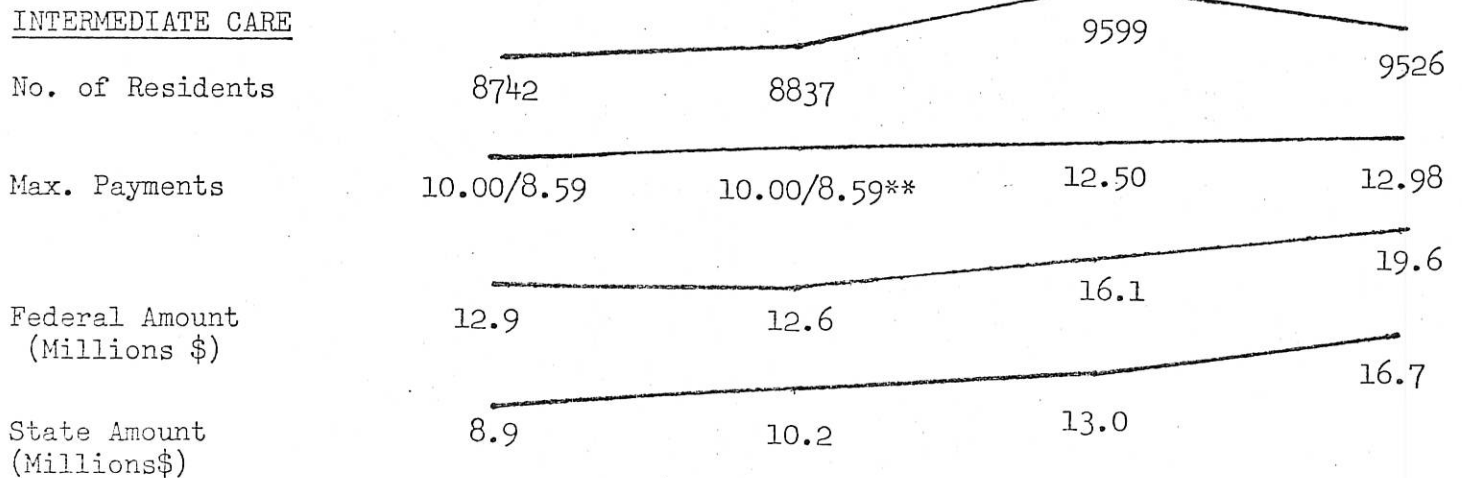
STATE DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES  
DEPARTMENT OF SOCIAL SERVICES

FACT SHEET  
NURSING HOME PROGRAM

SKILLED CARE



INTERMEDIATE CARE



\*\* Increased by .75 per patient day 5-1-74  
12.75 SNF    \$10.75/9.34 ICF

\* Estimated

Kansas Medicaid Nursing Home Program

Definitions of Types of Care:

Skilled Care

24-hour, 7 days a week, professional nursing supervision, R.N. or L.P.N.

Intermediate Care

Professional nursing services 7 days a week on the day shift.

Kinds of inspections:

State Licensing Inspection

By State Department of Health and Environment or local health department.

Certification Inspection

Federal requirement for participation in the Title XIX program. Essentially the same as licensing inspection. Measurement is against federal standards. Performed by State Department of Health and Environment under contract from the State Department of Social and Rehabilitation Services.

Medical Reviews of Skilled Nursing Homes

Independent Professional Reviews of Intermediate Care Facilities

Federally required inspections which are essentially the same. A yearly patient-oriented review of only Title XIX recipients. A team from SRS, consisting of a nurse, a social worker, and if necessary, an M.D., reviews to see if patient needs the care they are receiving and if they are receiving all the care they require.

Utilization Review

Federally required periodic review to ensure proper medical placements of patients.

Skilled Care Utilization Review - at least every 30 days.  
Intermediate Care Facility Utilization Review - at least every 6 months.

Institutional Intermediate Care Facility

Kansas Neurological Institute  
Winfield State Hospital  
Norton State Hospital  
Parsons State Hospital

1,800 Recipients Mentally Retarded  
As of June 1975

Approximately \$ 5,000,000

Facilities Participating in Medicaid Program

Skilled - 52

Intermediate - 320

## Kansas Medicaid Nursing Home Program

### Cost Formula

Nursing home facilities' rates were established by allocating their reported costs into four major cost centers: administration, property, room and board, and health care. To the administration (exclusive of owners compensation and administrators' salaries), room and board, and health care cost centers an amount was added to adjust costs on a historical inflated basis to the end of the reporting period and a factor was added for estimated inflation. The Consumer Price Index was used as the basis for determining the appropriate increase in the historical inflation rate. An annualized factor equal to a 6% yearly inflation rate was added for estimated inflation. Administrators' and co-administrators' salaries, owner compensation and non-arms length management consultant fees were added together, not inflated, and limited to the 90th percentile of administrators' and co-administrators' salaries, which is \$1.17 per patient day. The total per day limit was established at the 75th percentile. Costs in the individual cost centers were allowed up to the 75th percentile.

A factor was included in the rates of facilities which were below the total per day limit to reflect minimum wage increases which were not reported in the costs. The minimum wage is calculated on a scale using the facility's fiscal year end. A minimum wage factor of \$1.26 was added for an increase effective May 1, 1974, an additional factor of \$.42 was added for an increase effective January 1, 1975, making a total increase of \$1.68. Facilities with fiscal year ended before May 1, 1974, will receive \$1.68 per day. Facilities with fiscal years ending after May 1, 1974, will be scaled down from a \$1.68 to .04 per patient day. Depending on their fiscal year end.

An efficiency factor was added to the rate of all facilities whose allowable costs were below the average allowable cost for their type of care. The reported average cost for Skilled Nursing Facilities is \$14.37 and \$10.88 for Intermediate Care. The efficiency factor is 25% of the difference between the cost and the average.

SUMMARY OF NURSING HOME LAWSUITS

Seneca Nursing Home, et al.

This case is now proceeding in United States District Court for a determination of damages, i.e., the alleged differences between welfare reimbursements and other payments and the reasonable, usual and customary charges of 100 nursing homes for the period of May 12, 1967, through June 30, 1971 (of which 1967-1970 was a county administered program and 1970-1971 began the state administration). The 3.3 million dollars of claims (as publicly reported) has already been reduced by the striking (on our motion) of 188 claims improperly filed by plaintiffs for 4 nursing homes which had requested to be excluded from the action--leaving a present amount claimed of \$3,070,408. The Court has presently allowed a 60 day period for this department to be allowed to inspect supportive documents of the nursing home claims and has set a further hearing to determine final discovery procedures on December 15.

In view of the rehearing status of *Brown v. Wichita State University, et al.*, it is impossible to predict as to how a money judgment of that potential magnitude could be enforced as against this department which is without funds to pay such alleged obligations of previous fiscal years which are based upon county as well as state actions.

Country Club Home, Inc.

After a long delay due to the absence of a judge while Judge Fletcher was appointed to the U.S. Court of Military Appeals, a pretrial was conducted in this matter this week by Judge Clement. Trial for this matter has been set for March 9 and 10, 1976.

During the pretrial conference the plaintiffs' counsel indicated that they are dropping their challenge of state licensure standards versus HEW set certification standards and are also dropping their attack on the HEW required inspections and reviews and may now recognize that the department has the right to enforce such standards and requirements. The plaintiffs now retain their previous theories of challenge only to show that these requirements cause them increased expenditures for which they claim they should receive higher charges than now paid by the department.

Thus, after plaintiffs prepare the order or journal entry to effect those changes it may be possible to normalize some of the communications between the department and the class of nursing homes concerning regulations and procedures. These relations were quite limited by the previous claims and by the unsuccessful attempt of the plaintiffs to charge Dr. Harder with contempt.

This action continues to attempt to become a sequel to the Seneca case and to challenge payments made since July 1, 1971.

IN THE DISTRICT COURT OF MORRIS COUNTY , KANSAS

COUNTRY CLUB HOME, INC. et. al

PLAINTIFFS,

Vs.

No. 11,509

ROBERT C. HARDER, et.al

DEFENDANT.

MOTION FOR CITATION

The Plaintiffs move the Court for an order directing the Clerk to issue a citation directing the Defendant Robert C. Harder to appear in this court on a day certain and show cause why he should not be proceeded against for contempt for the following reasons:

1. That on October 22, 1974, upon application of Plaintiff and hearing thereon, the court entered a temporary injunction providing:

That the Emergency Regulations filed herein and contained in Appendix A ( KAR 30-10) be suspended until further order of this court;

That the temporary injunction does not operate to question the operation nor validity of federal regulations issued under the federal social security act;

That the Defendant assure payment to the Plaintiffs of reasonable charges as required by law for the services Plaintiffs provide to the defendant in caring for the medically indigent; that the payments made by the Defendant to the Plaintiffs class pending the final judgment be applied as payments on the final account which this court shall determine is owed, if any, the plaintiff class by the Defendant;

That said temporary injunction has remained in full force at all times subsequent to October 22, 1974.

2. That notwithstanding the order that the payments made be applied as payments on the final account to be determined by this court the Defendant has:

(a) Sent checks totaling \$25,127 to Ivy Manor Home Inc. a member of the plaintiff class for "the \$1 difference between the \$10 per day which you were paid for nursing home patients

during the period 7/1/70 - 6/30/72 and the agreed payment of \$11 per day"; and said forwarding letter and checks bore the provision "This payment constitutes final payments for services rendered to nursing home patients for the period mentioned." A copy of said letter is attached. The issues in action concern the failure of the Defendant to pay reasonable charges from the period July 1, 1971, to present.

(b) That the provision for "final payment" is contrary to the temporary injunction requiring that all payments made pending the final decision of this court in this action be applied on the final account to be determined by this court;

(c) That the said provision in said letter of Defendant constitutes contempt of the said injunction by ignoring the authority of this court to determine the final payment due.

(d) The said Ivy Manor Home Inc. has not been excluded from the class action order herein dated February 25, 1974; no negotiations for settlement were made with the appointed representative of the class;

(e) No consent for such settlement was obtained from the court;

(f) That this Plaintiff representative believes the Defendant has made other attempted settlements with members of Plaintiff class of which this representative and its attorneys have no knowledge; and that the Defendant ought to be ordered to make a full disclosure to this court of all similar communications and payments or activities directed toward such efforts to make settlements with members of Plaintiff class or with other adult care homes in order that this court may be informed of the full extent of such acts of the Defendant and proper action taken to protect the members of the plaintiff class.

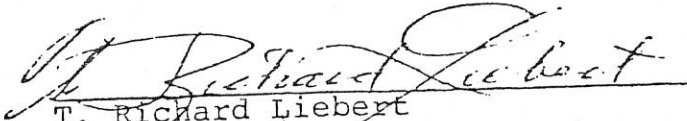
3. That notwithstanding the temporary injunction suspending the enforcement of Defendant's regulations in Appendix A the Defendant has continued to enforce the said regulations by :

(a) Reducing payments for care delivered to indigents by members of plaintiff class under the provisions of the Emergency Regulations in Appendix A (KAR 30-10-8 and 30-10-9); said regulations purport to allow the Defendant to review the decision of the attending physician of patients on the matter of the medical necessity for care provided in the plaintiff homes by the use of "guidelines" developed by the Defendant which are placed in issue in the action herein and barred by the temporary injunction suspending the enforcement of the said regulations pending adjudication thereof;

(b) Reducing payments to members of Plaintiff class under the Emergency Regulations in Appendix A (KAR 30-10-12) for indigents in care by refusing to pay for items which said suspended regulations define as "routine services and supplies" and which prior to said regulations had been charged and paid for by the indigents out of their own funds or by members of the family of such indigents.

(c) Circulating among members of the plaintiff class a notice purporting to state an interpretation of the temporary injunction which has not been approved by this court; this notice and interpretation purports to justify by implication that this court has approved the Defendant's enforcement actions on the ground that Defendant's regulations are federal regulations and that any regulation of the Defendant relating the subject matter of federal regulations are not covered by the temporary injunction issued herein.

WHEREFORE Plaintiff moves the court for a citation for contempt under the provisions of KSA 20-1207 and for such other and appropriate relief as the court determines.

  
T. Richard Liebert  
Liebert & Liebert, Attorneys  
Terminal Building, P.O. Box 266  
Coffeyville, Kansas, 67337  
(316-251-5950)

Walter E. Hembrow  
Attorney at Law  
Council Grove, Kansas, 66846

Attorneys for Plaintiff



State Office Building  
TOPEKA, KANSAS 66612  
ROBERT C. HARDER, Secretary



ROBERT B. DOCKING, Governor

Division of  
Social Services

Division of  
Vocational Rehabilitation

Division of  
Mental Health and Retardation

Division of  
Children and Youth

February 11, 1975

Mr. Norman Durmaskin  
Ivy Manor Nursing Home, Inc.  
3410 East Funston  
Wichita, Kansas 67218

Dear Mr. Durmaskin;

Enclosed are two checks totaling \$25,127. This amount represents the \$1 difference between the \$10 per day which you were paid for nursing home patients during the period 7/1/70 - 6/30/72 and the agreed payment of \$11 per day.

This payment constitutes final payment for services rendered to nursing home patients for the period mentioned.

If you have any questions regarding this matter contact A.W. Schnellbacher at 913-296-3984.

Sincerely,

A handwritten signature in cursive script that reads "Wayne E. Bales".

Wayne E. Bales, Director  
Finance, Accounts and Audits

WEB:klb

Enclosure



DEPARTMENT OF ADMINISTRATION  
DIVISION OF ACCOUNTS AND REPORTS  
**STATE OF KANSAS**

No 1604925

TO THE TREASURER OF STATE

TOPEKA, KANSAS

PAY TO THE ORDER OF

IVY MANOR NURSING HOME, INC

DOLLARS	CENTS
\$ ****11,214	18

MO	DAY	YR.	FUND	AGENCY	ACCT NO	VOUCHER
02	04	75	0105	628	0331	26909

1604925

THIS WARRANT PAYABLE AT ANY TOPEKA, KANSAS, BANK, AT PAR  
IF CLEARED THROUGH REGULAR BANKING CHANNELS.

CASH IMMEDIATELY  
VOID ONE YEAR FROM DATE OF ISSUE.

*James Cobler*  
DIRECTOR OF ACCOUNTS AND REPORTS  
STATE TREASURER

⑈ 21604925⑈ ⑆ 10110115⑆ 9999911⑈



DEPARTMENT OF ADMINISTRATION  
DIVISION OF ACCOUNTS AND REPORTS  
**STATE OF KANSAS**

No 1604926

TO THE TREASURER OF STATE

TOPEKA, KANSAS

PAY TO THE ORDER OF

IVY MANOR NURSING HOME, INC

DOLLARS	CENTS
\$ ****13,912	82

MO	DAY	YR.	FUND	AGENCY	ACCT NO	VOUCHER
02	04	75	4145	628	9931	26910

1604926

THIS WARRANT PAYABLE AT ANY TOPEKA, KANSAS, BANK, AT PAR  
IF CLEARED THROUGH REGULAR BANKING CHANNELS.

CASH IMMEDIATELY  
VOID ONE YEAR FROM DATE OF ISSUE.

*James Cobler*  
DIRECTOR OF ACCOUNTS AND REPORTS  
STATE TREASURER

⑈ 21604926⑈ ⑆ 10110115⑆ 9999911⑈

NOTICE TO ALL PARTICIPATING FACILITIES IN THE  
NURSING HOME PROGRAM OF THE KANSAS MEDICAL  
ASSISTANCE PROGRAM (TITLE XIX) ADMINISTERED BY  
THE STATE DEPARTMENT OF SOCIAL AND REHABILITATION  
SERVICES OF KANSAS

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The federal Department of Health, Education and Welfare has published regulations in the Federal Register, Volume 39, Number 231--Friday, November 29, 1974, pages 41604-41618, which regulations are to become effective on February 1, 1975, and the federal Department of Health, Education and Welfare has further promulgated SRS program regulation 40-4(C-8) dated December 17, 1974, which revised 45 CFR 250.30, effective November 25, 1974. A copy of these regulations is attached. These regulations may affect the state plan, the rules and regulations, and the administration of and federal financial participation in the funding of the nursing home program of the Kansas Medical Assistance Program (Title XIX) of the State Department of Social and Rehabilitation Services of Kansas.

An injunction has been entered in *Country Club Home, Inc. and Lawrence Sowers as Administrator, v. Robert C. Harder as Secretary of Social and Rehabilitation Services of Kansas*, in the District Court of Morris County, Kansas, Number 11,509, which states, in part, that:

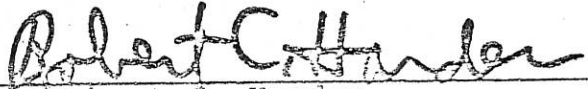
MR. LIEBERT: No. 2. That the Emergency Regulations filed herein as Appendix A shall be suspended until further order of this court, but nothing herein shall operate to prevent the defendant from using such of the Emergency Regulations as are required to comply with Federal law to secure Federal financial participation in the funding of the medical assistance program. (Extract Transcript of proceedings had on 22 October 1974, page 3)

Counsel for the plaintiff in the above indicated action has further stated:

MR. LIEBERT: We will address ourselves to the State implementation of those, so that this order would allow the defendant to have regulations, pending the trial of this case, to comply with the requirements under Federal

law that it have a plan that includes these broad mandates of standards. There has been a conception--or a misconception, I think--that we are desiring to affect the State plan. We are not. We are talking--addressing ourselves only to State regulations. Now, the sequence of events was that the former regulations that we had when we started in this case were revoked by Emergency Regulations made effective August the 16th. We have some new Emergency Regulations in Appendix A. Insofar as those regulations are required to fulfill the Federal mandate, we don't want to dislocate the Federal funding, and to--but all of this is temporary and if there are any--and the issues, the specific issues will be raised in the supplemental petition.

(Extract Transcript of proceedings had on 22 October 1974, page 4)



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Dr. Robert C. Harder  
Secretary of Social and  
Rehabilitation Services  
of Kansas

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE  
SOCIAL AND REHABILITATION SERVICE  
WASHINGTON, D.C. 20201

SRS PROGRAM REGULATION 40-4(C-3)

December 17, 1974

TO: STATE ADMINISTRATORS AND OTHER INTERESTED ORGANIZATIONS  
AND AGENCIES

SUBJECT: Title XIX, Social Security Act: Payment for  
reserved beds in long-term care facilities

CONTENT: Revision of 45 CFR 250.30, Reasonable charges, to  
specify the conditions under which Federal financial  
participation under the Medicaid program will be  
available in State payments to reserve a bed in  
long-term care facilities. Such payments may be  
made when recipients are undergoing hospitalization  
or are on therapeutic home visits.

EFFECTIVE DATE: November 1, 1974

BACKGROUND: Interim regulations were published in the Federal  
Register on June 19, 1974, and were transmitted to  
State by PR 40-4(C-6). This regulation supersedes  
PR 40-4(C-6) and contains changes responsive to  
comments received.

PLAN MATERIAL: A revised page of the preprinted State plan is  
being mailed to State title XIX agencies.

INQUIRIES TO: SRS Regional Commissioners

Acting Administrator

VERIFICATION

State of Kansas )  
 ) SS.  
County of Montgomery )

T. Richard Liebert of Legal age deposes:

That he is the attorney for the Plaintiff in the action hereto stated;

That he has read the attached Motion for Citation and verily believes the allegations stated therein are true and that he verily believes the copy of the letter from the State Department of Social and Rehabilitation dated February 11, 1975, and the copies of warrants of the State of Kansas numbers 1604925 and 1604926 are true copies of the original documents in the possession of the said Ivy Manor Nursing Home, Inc.; and that the copy of the notice mentioned in paragraph 3 (c) is attached and is a true copy of the said notice (without the copy of the Federal Register which was attached thereto) which is on file in the records of this action in the office of the Clerk.

TS  
\_\_\_\_\_  
T. Richard Liebert

Subscribed and sworn to before me this 17<sup>th</sup> day of February, 1975.

H Kathryn Wisdom  
\_\_\_\_\_  
Notary Public

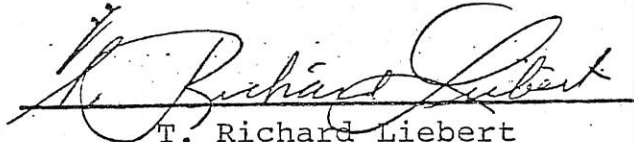
My Commission Expires:

12-9-76

CERTIFICATE OF MAILING

The undersigned hereby certifies that on the 17th day of February, 1975, he served pursuant to K.S.A. 60-205, a copy of the attached pleading by mailing (or delivering) the same to the following person at his (their) last known address as stated, to-wit:

Hal E. DesJardins  
Bruce A. Roby  
Legal Division  
State Department of Social and  
Rehabilitation Services  
State Office Building  
Topeka, KS 66612  
(913) 296-3967

  
T. Richard Liebert  
Liebert & Liebert  
Suite 9, Terminal Bldg.  
Coffeyville, Kansas.

ACKNOWLEDGMENT OF SERVICE

I, \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
attorney for \_\_\_\_\_  
do acknowledge receipt of a copy of the attached pleading on this  
\_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

Skilled Nursing Facilities  
and

Intermediate Care Facilities

10

Skilled Nursing Facilities

Intermediate Care Facilities

	<u>Skilled Nursing Facilities</u>			<u>Intermediate Care Facilities</u>			<u>Intermediate Care Facilities</u>		
	<u>Persons</u>	<u>Expenditures</u>	<u>Avg. Per Person</u>	<u>Persons</u>	<u>Expenditures</u>	<u>Avg. Per Person</u>	<u>Persons</u>	<u>Expenditures</u>	<u>Avg. Per Person</u>
July 1973	1,227	\$ 316,492	\$257.94	8,696	\$1,790,948	\$205.95	9,923	\$2,107,440	\$212.37
August	1,242	339,350	273.23	8,794	1,892,512	215.20	10,036	2,231,862	222.39
September	1,258	337,418	268.22	8,805	1,907,732	216.66	10,063	2,245,150	223.11
October	1,266	332,600	262.72	8,785	1,822,166	207.42	10,051	2,154,766	214.38
November	1,229	327,952	266.84	8,737	1,890,643	216.39	9,966	2,218,595	222.62
December	1,279	330,424	258.35	8,798	1,816,402	206.46	10,077	2,146,826	213.04
January 1974	1,263	337,637	267.33	8,840	1,901,906	215.15	10,103	2,239,543	221.67
February	1,245	336,279	270.10	8,807	2,005,320	227.70	10,052	2,341,599	232.95
March	1,296	319,756	246.72	8,792	1,756,500	199.78	10,088	2,076,256	205.81
April	1,326	375,102	282.88	8,830	2,008,420	227.45	10,156	2,383,522	234.69
May	1,326	348,347	262.70	8,787	1,855,606	211.18	10,113	2,203,953	217.93
June	1,333	393,197	294.97	8,837	2,142,123	242.40	10,170	2,535,320	249.29
<b>FY 1974 Total</b>	<b>15,290</b>	<b>4,094,554</b>	<b>267.79</b>	<b>105,508</b>	<b>22,790,278</b>	<b>216.01</b>	<b>120,798</b>	<b>26,884,832</b>	<b>222.56</b>
July 1974	1,304	373,131	286.14	8,884	2,074,584	233.52	10,188	2,447,715	240.25
August	1,179	348,517	295.60	8,975	2,174,819	242.32	10,154	2,523,336	248.51
September	1,125	324,932	288.83	8,942	2,160,097	241.57	10,067	2,485,029	246.85
October	1,044	320,157	306.66	9,203	2,410,966	261.98	10,247	2,731,123	266.53
November	1,039	333,392	320.88	9,214	2,525,225	274.06	10,253	2,858,617	278.81
December	1,034	310,618	300.40	9,293	2,455,735	264.26	10,327	2,766,353	267.88
January 1975	993	327,488	329.80	9,084	2,484,229	273.47	10,077	2,811,717	279.02
February	947	299,240	315.99	9,281	2,613,059	281.55	10,228	2,912,299	284.74
March	906	258,864	285.72	9,143	2,263,210	247.53	10,049	2,522,074	250.98
April	900	300,969	334.41	9,219	2,636,801	286.01	10,119	2,937,770	290.32
May	917	281,978	307.50	9,545	2,610,440	273.49	10,462	2,892,418	276.47
June	871	273,597	314.12	9,599	2,725,270	283.91	10,470	2,998,867	286.42
<b>FY 1975 Total</b>	<b>12,259</b>	<b>3,752,883</b>	<b>306.13</b>	<b>110,382</b>	<b>29,134,435</b>	<b>263.94</b>	<b>122,641</b>	<b>32,887,318</b>	<b>268.16</b>
<i>July 1975</i>	<i>869</i>	<i>266,982</i>	<i>307.23</i>	<i>9563</i>	<i>2,613,680</i>	<i>273.31</i>	<i>10,432</i>	<i>2,880,661</i>	<i>276.14</i>



	TYPE OF PAYMENT	SKILLED NURSING FACILITIES				INTERMEDIATE CARE FACILITIES				ADD-ONS	INCLUDES REIMBURSEMENT FOR PROJECTED COSTS OF COMPLIANCE
		OCTOBER 1974		AUGUST 1975		OCTOBER 1974		AUGUST 1975			
		CEILING LIMIT	AVERAGE PAYMENT	CEILING LIMIT	AVERAGE PAYMENT	CEILING LIMIT	AVERAGE PAYMENT	CEILING LIMIT	AVERAGE PAYMENT		
KANSAS	Cost-Related	14.50	12.51	16.63	14.37	12.50	9.49	12.98	10.88	Oxygen	No
ARKANSAS	Flat Fee	15.95	15.95	17.92	15.95	13.32	11.92	14.63	14.63	None	No
COLORADO	Cost-Related	14.99	14.99	16.60	*	14.99	13.81	16.60	*	None	No
IOWA	Cost-Related	-----	-----	n/a	32.27	14.79	13.24	19.00	14.00	None	No
MISSOURI	Cost-Related Flat Fee	n/a	12.89	n/a	15.50	14.30	11.84	n/a	15.00	None	No
NEBRASKA	Flat Fee	15.62	15.62	16.93	16.93	13.15	11.11	13.97	11.01	Oxygen	No
NEW MEXICO	Cost-Related	19.73	16.85	21.68	*	16.80	18.54	18.23	*	None	No
NORTH DAKOTA	Cost-Related	n/a	13.92	n/a	17.50	n/a	9.62	n/a	9.50	None	For Additional Staff Only
OKLAHOMA	Cost-Related Flat Fee	15.12	12.49	16.11	13.48	12.49	11.51	13.48	13.15	Oxygen Catheters	No
SOUTH DAKOTA	Cost-Related	13.51	14.79	15.15	14.80	11.54	12.82	13.01	12.80	None	For All Compliances
TEXAS	Cost-Related Flat Fee	16.87	16.87	**	19.89	14.66	13.28	**	17.69	None	New Flat Fee Allows for Additional Staff
UTAH	Flat Fee	16.36	16.36	20.00	20.00	10.36	10.36	15.00	15.00	Catheters	No
WYOMING	Cost-Related Flat Fee	14.37	14.37	16.60	16.60	12.89	11.65	15.04	15.04	None	Medical Director Only

\* Not Available At Time Of Survey

\*\* Plus \$.34 Per Patient Per Day For Life Safety Code Compliance



Robert F. Bennett  
Governor

STATE DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

State Office Building  
TOPEKA, KANSAS 66612  
ROBERT C. HARDER, Secretary

Division of  
Social Services

Division of  
Vocational Rehabilitation

Division of  
Mental Health and Retardation

TO: All Nursing Home Facilities participating  
in the Kansas Medical Assistance Program (Title XIX)

Enclosed are two copies of SRS Form Med-4 and instructions for completing this form. The form Med-4 is used to update rate data in this office and to establish rates for new facilities or facilities which have changed ownership.

Read the instructions carefully before you complete the forms. It is recommended that you use the services of an accountant in the completion of these forms. The regulation pertaining to these forms can be found in K.A.R. 30-10-12 and K.A.R. 30-10-13.

Your cooperation in the program is appreciated.

Sincerely,

William A. Newman, Director  
Medical Services Section

WAN:vk

Enclosures

## General Information

### Submittal Instructions

Two copies of the form SRS Med-4 are being sent to each nursing home facility participating in the Kansas Medical Assistance Program (Title XIX) for completion.

Forward only one completed copy which has been signed by an officer of the nursing home facility to: Director

Finance, Accounts and Audits Section  
State Department of Social and Rehabilitation  
Services

State Office Building - 6th floor  
Topeka, Kansas 66612

Attention: Mr. Carl Hawkins

Any inquiries regarding completion of these forms should be directed to Mr. Carl Hawkins, Auditor, at 913-296-3836.

### General Instructions

The intent of these forms is to obtain information concerning cost of providing care to patients on a basis that is fair and comparable among nursing home facilities, as is possible considering the effects of difference in the accounting basis, systems, and procedures. All pages of the forms must be completed. Most of the requested information will be key-punched so all forms should be neatly completed. Round all cents amounts to the nearest dollar.

Rates of nursing home facilities participating in the Kansas Medical Assistance Program (Title XIX) will be based on an individual review of the per diem cost to provide patient care in each facility, in accordance with K.A.R. 30-10-12 B4 and 30-10-13.

Costs related to patient care shall be defined in accordance with generally accepted accounting principles. However, all costs or expenses related to patient care shall be examined for reasonableness. All costs or expenses from transactions between related persons or business entities will be examined for reasonableness. Limitations will be placed on these types of transactions since they will be construed not to have arisen through an arms-length negotiation. Related persons or related business entities will be defined in accordance with K.A.R. 30-10-12 B492.

The cost data must be based on the accrual method of accounting. Under the accrual method of accounting, revenue is reported in the period when it is earned regardless of when it is collected and expenses are reported in the period in which they are incurred regardless of when they are paid.

Each nursing home facility participating in the Kansas Medical Assistance Program (Title XIX) shall establish a 12-month period which is to be designated as the facility's fiscal year. It is required that the fiscal year be the same as the facility uses for income tax purposes. In no case will estimates, budgets, or projections be acceptable except for changes of ownership and new facilities.

Failure to maintain adequate accounting and/or statistical records is cause for termination or suspension of participation in the Kansas Medical Assistance Program (Title XIX).

Where per diem rate(s) based on cost data are found to contain errors when audited, an adjustment will be made in accordance with K.A.R. 30-10-12B-4(a-9).

Failure of a nursing home facility to submit its cost data within 90 days after the end of the facility's fiscal year, will result in the assignment of the lowest rate(s) paid for the level(s) of care in which it participates in the Kansas Medical Assistance Program (Title XIX). Facilities may present their request to the Director of the Medical Services Section for an extension in submitting this report if they properly document the reasons for the additional time.

INSTRUCTIONS FOR THE COMPLETION OF PAGE 1

- Line 1 -- Provider Number - Give the provider number assigned to the facility under the Kansas Medical Assistance Program (Title XIX)
- Line 2 -- Federal Identification Number - Number assigned the nursing home for taxing purposes (Federal Withholding, etc.)
- Line 3 -- Name of Facility - Complete to indicate exact name of the facility, (the name as it appears on the state license)
- Line 4 -- Street Address - Give street address in which the facility is located
- Line 5 -- City, State and Zip Code - Give address in which the facility is located
- Line 6 -- Administrator's Name - Print administrator's name  
Telephone Number - Give telephone number of facility  
 Example: 000-000-0000
- Line 7 -- Period of Report - Show the inclusive dates this report covers. The "Total no. months" should be 12
- Line 8 -- Fiscal Year Ends - Show the ending date of your fiscal period
- Line 9A - Existing Facility - Check if appropriate
- Line 9B - New Ownership - Check if appropriate
- Line 9C - New Facility - Check if appropriate
- Line 9D - Self-explanatory
- Line 9E - Self-explanatory
- Line 9F - Self-explanatory
- Line 9G - Self-explanatory
- Line 9H - Self-explanatory
- Line 9I - Self-explanatory

General Information - Lines 10 through 12 -- Indicate the type of care the facility is certified to provide under the Kansas Medical Assistance Program (Title XIX). Write in the space available the number of beds certified under the program.

Accuracy in statistical data is essential. A patient day is that period of service rendered a patient between the census taking hours on two (2) successive days, the day of discharge being counted only when the patient was admitted that same day. The total in-patient days for the period is the most important statistic in the report. Patient days should include days for patients having special duty nurses. It is essential that this statistic be accurate and not an "estimate" of days of care provided except on projections.

Lines 13 and 14 -- Beds Certified at Beginning of Period and Beds Certified at End of Period - Self-explanatory

Line 15 -- Total Bed Days Certified - In homes where the number of beds certified throughout the year has not changed, the total bed days certified will be computed by multiplying beds times 365 (366 in leap years) which will show the maximum certified bed days. Where the number of beds change during the period, compute as shown in the example below:

Assume a home of 20 beds was increased on July 1 to 25 beds, the number of bed days for the period would be determined as follows:

January 1, to June 30 - 181 days x 20 beds = 3,620 bed days  
 July 1, to December 31 - 184 days x 25 beds = 4,600 bed days

Total 8,220 bed days for period

- Line 16 -- Total In-Patient Days - The total patient days will be the actual days of care rendered to patients for the period. Count the day of admission, but not the day of discharge or death. Reserve days for which payment was approved will be included as in-patient days.
- Line 17 -- Percentage Occupancy - Total patient days divided by total certified bed days for the period gives the percent of occupancy.
- Line 18 -- Total Allowable Expenses - All Patients - Taken from total of line 89 column 3 on page 3
- Line 19 -- Number of Patient Days Per Year - Taken from "total" of all skilled, ICF, IMR, and other patient days in your home for the year.
- Line 20 -- Average Computed Per Diem Reasonable Costs - Total nursing home expenses divided by total number of patient days per year.

#### INSTRUCTIONS FOR COMPLETION OF THE EXPENSE STATEMENT, PAGES 2 and 3

Expense centers are listed on the lines numbered 22 to 89. Column 1 must reflect your Books (General Ledger) or Federal Income Tax Return. Column 2 must reflect all adjustments to column 1. All adjustments will reflect items which are not included in cost to provide patient care. Column 3 will show the expense related to patient care for the purpose of this statement.

The expenses should be classified sufficiently within the accounting records to allow preparation of this statement. All adjustments to eliminate expenses or to apply expense recoveries are to be made on this statement.

The specific instructions do not cover each line on the Expense Statement, but are designed to cover items which, it's believed, may require additional explanation or provide an example.

#### Specific Instructions for Completion of the Expense Statement

Column 1 -- Lines 22 to 89 are to be used to reflect your books (General Ledger) or Income Tax Return. This is your reported cost.

Salaries means compensation for services. Compensation means the total benefits received by an individual for services rendered to the facility. Examples: Gross wages, amounts paid by the facility for personal benefits, cost of ~~assets~~ and services which the proprietor receives from the facility, deferred compensation, etc.

When the lines with Other are used, specify the expense item. Attach supporting statement if necessary.

- Line 25 -- Payroll Taxes (employer's share only) - Employer's share of FICA tax and Workman's Compensation, State and Federal Unemployment taxes. Do not use if salaries are reported as a gross amount in the individual cost centers.
- Line 27 -- Management Consulting Fees - Includes only cost of arms-length consultant fees for management. Any fees paid to owners other than administrators or co-administrators, should be shown on Line 27A. (Does not include accounting cost, promotion of corporate stock, stockholder relations, underwriting).
- Line 27A - Owner's Compensation - A reasonable allowance of compensation for services of owners is an allowable cost provided the services are actually performed in a necessary function. Compensation may be included in allowable cost only to the extent that it represents reasonable remuneration for managerial, administrative, professional and other services related to the operation of the nursing home facility and rendered in connection with patient care. All compensation paid to an owner is owner's compensation and, except for administrator or co-administrator compensation, should appear on Line 27A regardless of the label placed on it. (See K.A.R. 30-10-13B-3)
- Line 28 -- Allocation of Home Office Cost - Cost incurred by home office for bookkeeping and professional fees. Attach a statement showing the total home office cost and method of cost allocation to the particular facilities. (Does not include consultant fees).
- Line 30 -- Travel and Entertainment related to Patient Care - Expense incurred in administrative travel for professional reasons that are related to patient care.
- Line 34 -- Insurances (except on Life Insurance) - Include all insurance expense except Life Insurance expenses on officers and administrator of the facility. For Life Insurance expenses, see Line 82.
- Line 35 -- Interest Expense (except on real estate loans) - All Interest Expenses not related to the Real Estate Mortgage must be supported on page 6, Loan, Note and Mortgage Statement.
- Line 39 -- Interest on Real Estate Mortgage - All interest Expense related to the Real Estate Mortgage must be supported on page 6, Loan, Note and Mortgage Statement.
- Line 41 -- Amortization of Leasehold Improvement - See page 4. Total is transferred from page 4, columns 5 and 7 so that the amount in column 3 on page 2 is equal to the straight-line method.

- Line 42 -- Depreciation Expense - See page 4. Total is transferred from page 4, column 5, and 7 so that the amount entered in column 3 is equal to the straight-line method of depreciation.
- Line 49 -- Consultant Fees - Amount paid to the Dietary Consultant. Consultant must meet the standards established in the regulations.
- Line 55 -- Supplies - Includes the purchase of linens and bedding.
- Line 56 -- Other (specify) - Use this line and specify if facility uses a commercial laundry service and owns its own supply of linen and bedding.
- Line 60 -- Registered Nurse (R.N.) - Compensation to all Registered Nurses.
- Line 61 -- Licensed Practical Nurse (L.P.N.) - Compensation to all Licensed Practical Nurses.
- Line 62 -- Other Nursing Personnel - Compensation to all other nursing personnel involved in direct patient care.
- Line 63 -- Consultant Fees - This line is for Consultants to Nursing Services only. See lines 71, 72, and 73, other consultants.
- Line 65 -- Nursing Supplies - This line includes supplies noted in K.A.R. 30-9-12 and catheters and catheter accessories.
- Line 66 -- Drugs and Pharmaceuticals - This line includes drugs listed in K.A.R. 30-9-12.
- Line 79 -- Board of Director's Fee - Complete the Statement of Director's Fees, page 6. This information will be reviewed for inclusion in patient related cost. The statement must be complete before consideration will be given for that inclusion.
- Line 89 -- Totals - Total all columns. Carry forward column 1, line 89 to page 3, line A, column 1 below. Carry forward column 3, line 89 to page 1, line 19.
- Column 2 - Lines 22 to 89 are to be used to show adjustments to your books (General Ledger) or Income Tax Returns for expenses which are not related to patient care. The adjustments should come from the Revenue Statement, Depreciation and/or Amortization Expense Statement, Statement of Owners and Transactions with Other Related Parties, Statement of Loan, Notes and Mortgages and other specified material.
- Column 3 - Lines 22 to 89 are to be used to show patient related cost. This column should reflect the difference between column 1 and column 2.



INSTRUCTIONS FOR REVENUE STATEMENT, EXCLUSIVE OF THE ROUTINE DAILY SERVICE ACCOUNT,  
PAGE 3

This statement is an incomplete revenue statement and serves as a worksheet to determine adjustments to expenses listed on the expense statement. The specific lines are self-explanatory. List in column 1 the general ledger balance of all revenue accounts except the routine daily service account. This information is needed as support for certain offsets to related expense accounts.

Include in column 2 the cost of certain revenues that should properly reduce an expense. If a facility uses accounting procedures that credit the related expense accounts directly it will normally have no adjustment in column 2. If a facility credits a revenue account instead of the related expense account for such items it is necessary that the cost of that revenue be listed in column 2 in the following cases:

1. The revenue was the result of a sale to anyone except a patient or resident in the home. This includes sales to employees, relatives of patients or resident in the home. This includes sales to employees, relatives of patients and other outside parties, or
2. The revenue was the result of a sale to a patient (usually private pay) for an item not covered in K.A.R. 30-9-12.

This means that the cost of items for which you receive reimbursement from your private pay patients may be left in your expense accounts provided such items were covered in K.A.R. 30-9-12 and the items were equally available to Title XIX patients at the regular per diem rate.

To recap this procedure the facility must remove from their expense accounts the cost of items sold to all non-patients and the cost of non-covered items sold to patients for which a reimbursement was to be received.

INSTRUCTIONS FOR PAGE 4 -- DEPRECIATION AND/OR AMORTIZATION EXPENSE

Following are instructions to explain data required on this portion of this report:

Cost - Fixed assets purchased for cash should be shown in the amount of cash paid for the asset which may also include such items as freight and installation charges. Cash discounts taken on the purchase of a fixed asset should be treated as a reduction to the cost of the asset. If a fixed asset is purchased for credit, the cost of the asset is the amount of the liability incurred less any finance or carrying charges incorporated therein. Interest expense incurred during construction may be capitalized.

Depreciation Allowable in Prior Years - The figures shown in this column should be specifically the amount of depreciation allowable in prior years per books (General Ledger) or Income Tax Return whether or not such depreciation was charged as an expense in those prior years.

Method - Anyone of several allowable depreciation methods may have been used by your facility in determining depreciation expense per books (General Ledger) or Income Tax Return, however, for purposes of this report only the straight-line method will be allowable. You should show the actual method which you used in determining depreciation expense in this column.

Annual Rate % - Show the percentage which was applied to the depreciable balance for the fiscal period covered by this report per the facility's books (General Ledger) or Income Tax Return.

Recorded Depreciation Expense - Show the actual amount of depreciation expense charged on the facility's books (General Ledger) or Income Tax Return.

Straight-Line Depreciation Expense - Show the amount of depreciation expense which would have been computed if the straight-line method had been used.

Adjustment to Expense - By subtracting the amount shown in column 6 from the recorded depreciation expense in column 5 the proper adjustment is made to reflect depreciation expense as if the straight-line depreciation method had been used.

Date of Construction - Show date of construction of the nursing home and any additions and/or capital improvements.

The cost of improvements (leasehold improvements) which are the responsibility of the provider under the terms of a lease may be amortized over the useful life of the improvement or the remaining time of the lease, whichever is shorter. Leasehold improvements include betterments and additions made by the lessee to the leased property.

Questions -

1. Check appropriate block and attach a copy of the lease or rental agreement.
2. Check appropriate block and attach statement if applicable.
3. Check appropriate block and attach statement if applicable.
4. Check appropriate block and attach statement if applicable.

INSTRUCTIONS FOR STATEMENT OF OWNERS AND TRANSACTIONS WITH OWNER RELATED PARTIES,  
PAGE 5

Section I - List the names and social security numbers of all owners (all individuals, all partners and stockholders with 10% or more ownership interest) in column 1. Describe their title, duties and functions in column 2. Attach a statement if necessary. Indicate their percentage of ownership in column 3 and the percent of the customary workweek devoted to the business of this particular facility in column 4. Indicate in column 5 the amount of compensation included in the expense statement and the line number of that expense in column 6.

Section II - List the results of each transaction (similar transactions with the same party may be added together) between the facility and the owners of the facility or anyone related to an owner of the facility. This will result in the listing of all transactions that did not arise from arms-length bargaining.

In column 1 list the name of related party and his social security number (if individual) or his federal identification number (if corporation). Describe the transaction in column 2 and list amount and line number in columns 3 and 4.

Section III - Related Nursing Home Information - If your answer is yes, list the related homes and describe the relationship.

STATEMENT RELATED TO COMPENSATION PAID TO BOARD OF DIRECTORS, PAGE 6

Column 1 -- Name and Social Security Number - Self-explanatory

Column 2 -- Position (Title) - Show job classification

Column 3 -- Function on Board - Show purpose served on board such as legal advice, general policy, etc. Show further explanation on attached sheet, if necessary.

Column 4 -- Number Hours per week Devoted to Meetings - Show number of hours in actual attendance at meetings for which compensated.

Column 5 -- Show line, item, and column if compensated amount is included on the Expense Statement, page 2 and 3.

Total amount shown on this statement should be carried forward and be the same as shown on page 3, line 79.

STATEMENT RELATED TO ALL BONDS, LOANS, NOTES, AND MORTGAGES PAYABLE FOR THE NURSING HOME FACILITY

Column 1 -- Lender's Name and Address - Show lender's name on top line and city below.

Column 2 -- Security Pledged for Loans, etc. - Examples: nursing home and furnishings, accounts receivable, etc.

Column 3 -- Date of Loan - Show original date that loan was made.

Column 4 -- Term of Loan (duration) - Show time span of loan (years or months)

Column 5 -- Interest Rate - Show annual rate specified in loan.

Column 6 -- Original Amount of Loan - Self-explanatory

Column 7 -- Unpaid Balance at End of Cost Reporting Period - Balance of loan (principal amount) at end of period reported on.

Column 8 -- Total Annual Payments Made by Home on Loan (includes interest and principal) - Self-explanatory

Column 9 -- Amount of Interest Paid - Amount of interest paid on loan during period reported on.

INSTRUCTIONS FOR STATEMENT RELATED TO ALL CONSULTANT FEES, PAGE 7 AND 8

If your nursing home facility has reported consulting fees of any type on the SRS-Med-4, Schedule J must be fully completed. Each item is self-explanatory. If further space is needed, attach a separate sheet.

THE DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES  
DIVISION OF SOCIAL SERVICES  
MEDICAL SERVICES SECTION  
STATE OFFICE BUILDING  
TOPEKA, KANSAS 66612

FORM SRS MED-4  
(REV. 4-75)

FINANCIAL AND STATISTICAL REPORTS FOR NURSING HOMES

Note: See instructions before completing forms. It is suggested that the person who normally prepares your income tax return also prepare this report.

A. Identification Information

AGENCY USE ONLY

Line  
No.

- 1. Provider No. \_\_\_\_\_ 2. Employer's Federal Identification No. \_\_\_\_\_
- 3. Name of Facility \_\_\_\_\_
- 4. Street Address \_\_\_\_\_
- 5. City, State and Zip Code \_\_\_\_\_
- 6. Administrator's Name \_\_\_\_\_ Phone # \_\_\_\_\_

7. Period of Report: From \_\_\_\_\_ to \_\_\_\_\_

8. Fiscal Year Ends \_\_\_\_\_

- 9A.  Existing Facility (Historical) 9B.  New Ownership (Projected) 9C.  New Facility (Projected)
- 9D. If new ownership, give date assumed ownership \_\_\_\_\_
- 9E. If new facility, give date of opening \_\_\_\_\_

9F.  Sole Proprietorship 9G.  Partnership 9H.  Corporation

9I.  \_\_\_\_\_  
(Other)

B. General Information

My facility is certified as a:

- 10. Skilled Nursing Facility \_\_\_\_\_ Number of Beds \_\_\_\_\_ Certified
- 11. Intermediate Care Facility \_\_\_\_\_ Number of Beds \_\_\_\_\_ Certified
- 12. Intermediate Care for the Mentally Retarded \_\_\_\_\_ Number of Beds \_\_\_\_\_ Certified

C. Inpatient Statistical Data - All Patients:

Line No.	(TITLE XIX) MEDICAID ONLY		PRIVATE & OTHER	(4) TOTAL
	(1) SNF	(2) ICF	(3) P & O	
Beds Certified at beginning of period	13	_____	_____	_____
Beds Certified at end of period	14	_____	_____	_____
Total Bed Days Certified	15	_____	_____	_____
Total Inpatient Days	16	_____	_____	_____
Percentage Occupancy (Line 16 ÷ Line 15)	17	_____	_____	_____

D. Other Statistics:

	Line No.	Inpatient
Total Allowable Expenses - All Patients (Omit Cents) (from Page 3, Line 89, Column 3)	18	_____
Number of patient days per year (from Line 16, Column 4)	19	_____
Average computed per diem reasonable cost (Line 18 ÷ Line 19)	20	_____

E. DECLARATION BY OWNER AND PREPARER

I declare that I have examined this cost study, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, complete and in agreement with the related Books of Federal Income Tax Return except as explained in the reconciliation on page 3 of this cost study. Declaration of preparer (Other than Owner) is based on all information of which preparer has any knowledge.

\_\_\_\_\_  
Your signature Title/Position Date

\_\_\_\_\_  
Preparer's Signature (other than owner) Title/Position Date

\_\_\_\_\_  
Preparer's Street Address City and State Zip

	Line No.	Per Books or Federal Tax Return (1)	Adjustments (2)	Patient Expenses (3)	Agency Use Only (4)
<u>PATIENT RELATED EXPENSES ONLY</u>					
<b>Administration and General</b>					
Salaries - Administrator . . . . .	22	_____	_____	_____	_____
Salaries - Co-Administrator . . . . .	23	_____	_____	_____	_____
Other Adm. Salaries . . . . .	24	_____	_____	_____	_____
Payroll Taxes (Employer's Share Only) . . . . .	25	_____	_____	_____	_____
Office Supplies and Printing . . . . .	26	_____	_____	_____	_____
Management Consulting Fees . . . . .	27	_____	_____	_____	_____
Owner's Compensation . . . . .	27A	_____	_____	_____	_____
Allocation of Home Office Cost . . . . .	28	_____	_____	_____	_____
Telephone and Other Communications . . . . .	29	_____	_____	_____	_____
Travel and Ent. Related to Patient Care . . . . .	30	_____	_____	_____	_____
Advertising . . . . .	31	_____	_____	_____	_____
Licenses and Dues . . . . .	32	_____	_____	_____	_____
Legal and Accounting . . . . .	33	_____	_____	_____	_____
Insurance (Except Life Insurance) . . . . .	34	_____	_____	_____	_____
Interest (Except on Real Estate Loans) . . . . .	35	_____	_____	_____	_____
Other (Specify) _____	36	_____	_____	_____	_____
Other (Specify) _____	37	_____	_____	_____	_____
<b>Property and Maintenance Expense</b>					
Real Estate and Personal Property Taxes . . . . .	38	_____	_____	_____	_____
Interest on Real Estate Mortgage . . . . .	39	_____	_____	_____	_____
Rent or Lease Expense . . . . .	40	_____	_____	_____	_____
Amort. Leasehold Imp. (From Page 4) . . . . .	41	_____	_____	_____	_____
Depreciation Expense (From Page 4) . . . . .	42	_____	_____	_____	_____
Salaries . . . . .	43	_____	_____	_____	_____
Utilities (Except telephone) . . . . .	44	_____	_____	_____	_____
Maintenance and Repairs . . . . .	45	_____	_____	_____	_____
Supplies . . . . .	46	_____	_____	_____	_____
Other (Specify) _____	47	_____	_____	_____	_____
<b>Dietary</b>					
Salaries . . . . .	48	_____	_____	_____	_____
Consultant Fees . . . . .	49	_____	_____	_____	_____
Food . . . . .	50	_____	_____	_____	_____
Supplies . . . . .	51	_____	_____	_____	_____
Other (Specify) _____	52	_____	_____	_____	_____
<b>Laundry and Linen</b>					
Salaries . . . . .	53	_____	_____	_____	_____
Linen and Bedding Rental . . . . .	54	_____	_____	_____	_____
Supplies . . . . .	55	_____	_____	_____	_____
Other (Specify) _____	56	_____	_____	_____	_____
<b>Housekeeping</b>					
Salaries . . . . .	57	_____	_____	_____	_____
Supplies . . . . .	58	_____	_____	_____	_____
Other (Specify) _____	59	_____	_____	_____	_____
<b>Nursing</b>					
Registered Nurse (R.N.) . . . . .	60	_____	_____	_____	_____
Licensed Practical Nurse (L.P.N.) . . . . .	61	_____	_____	_____	_____
Other Nursing Personnel . . . . .	62	_____	_____	_____	_____
Consultant Fees . . . . .	63	_____	_____	_____	_____
Purchase Services . . . . .	64	_____	_____	_____	_____
Nursing Supplies . . . . .	65	_____	_____	_____	_____
Drugs and Pharmaceuticals . . . . .	66	_____	_____	_____	_____
Other (Specify) _____	67	_____	_____	_____	_____
<b>Patient Activities</b>					
Salaries and Consultant Fees . . . . .	68	_____	_____	_____	_____
Supplies . . . . .	69	_____	_____	_____	_____
Other (Specify) _____	70	_____	_____	_____	_____
<b>Other Patient Related Services</b>					
Registered Record Adm. Consultant . . . . .	71	_____	_____	_____	_____
Pharmacist Consultant . . . . .	72	_____	_____	_____	_____
Social Worker Consultant . . . . .	73	_____	_____	_____	_____
Physician Consultant . . . . .	74	_____	_____	_____	_____
Other (Specify) _____	75	_____	_____	_____	_____

CODE 76

(Agency Use) Provider Number    
(Only)

EXPENSE STATEMENT (Round to Nearest Dollar) -- Continued

<u>NON-REIMBURSABLE ITEMS AND ITEMS NOT RELATED TO PATIENT CARE</u>	Line No.	Per books or Federal Tax Return (1)	Adjustments (2)	Patient Expenses (3)	Agency Use Only (4)
Bad Debts . . . . .	77	_____	_____	XXXXXXXXXX	_____
Provisions for income taxes . . . . .	78	_____	_____	XXXXXXXXXX	_____
Board of Directors' Fees (See instruction)	79	_____	_____	XXXXXXXXXX	_____
Non-working officers and non-working owners' salaries . . . . .	80	_____	_____	XXXXXXXXXX	_____
Donations . . . . .	81	_____	_____	XXXXXXXXXX	_____
Fund Raising expenses . . . . .	82	_____	_____	XXXXXXXXXX	_____
Insurance premiums on lives of officers and owners . . . . .	83	_____	_____	XXXXXXXXXX	_____
Other expenses not related to patient care . . . . .	84	_____	_____	XXXXXXXXXX	_____
Utilization Review . . . . .	85	_____	_____	XXXXXXXXXX	_____
Oxygen . . . . .	86	_____	_____	XXXXXXXXXX	_____
Specify _____	87	_____	_____	XXXXXXXXXX	_____
Specify _____	88	_____	_____	XXXXXXXXXX	_____
Totals . . . . .	89	=====	=====	=====	=====

RECONCILIATION (Round to Nearest Dollar)

	Books (1)	Federal Income Tax Return (2)	Cost Study (3)
Total Expenses per Books	_____	XXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXX
Total Expenses per Federal Return (Line 89,)	XXXXXXXXXXXXXXXXXX	_____	XXXXXXXXXXXXXXXXXX
Total Expenses per Cost Study (Column 1)	XXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXX	_____
Expenses on Books or Federal Return not on Cost Study:			
Specify _____	_____	_____	_____
Specify _____	_____	_____	_____
Specify _____	_____	_____	_____
Specify _____	_____	_____	_____
Expenses on Cost Study not on Books or Federal Return:			
Specify _____	_____	_____	XXXXXXXXXXXXXXXXXX
Specify _____	_____	_____	XXXXXXXXXXXXXXXXXX
Specify _____	_____	_____	XXXXXXXXXXXXXXXXXX
Specify _____	_____	_____	XXXXXXXXXXXXXXXXXX
TOTAL (should be equal)	=====	=====	=====

SCHEDULE B

REVENUE STATEMENT-EXCLUSIVE OF ROUTINE DAILY SERVICE (Round to Nearest Dollar)

REVENUES:	Revenues Per Books or Federal Tax Return (1)	Adjustment To Expense Accounts (2)	Line Number Of Related Expense (3)
Pharmacy--drugs and medications . . . . .	_____	_____	66
Nursing supplies . . . . .	_____	_____	65
Revenue from meals sold to guests & employees	_____	_____	50
Beauty, barber shop . . . . .	_____	_____	_____
Personal purchases for patients . . . . .	_____	_____	_____
Purchase discounts & returns & allowances . . . . .	_____	_____	_____
Revenues from supplies sold . . . . .	_____	_____	_____
Reimbursement for WIN employees . . . . .	_____	_____	_____
Investment income . . . . .	_____	_____	35 or 39
Specify _____	_____	_____	_____
Specify _____	_____	_____	_____

TOTALS

Provider Number

SCHEDULE C

Description	Cost	Depreciation Allowable in Prior Years	Method	Annual Rate %	Recorded Depreciation Expense	Straight-Line Depreciation Expense	Adjustment to Expense Col. 5-Col. 6
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>EQUIPMENT:</b>							
Building equipment (fixed)							
Equipment							
Furniture and fixtures							
Motor vehicles							
Other _____ (Specify)							
<b>BUILDINGS:</b>							
	Date of Construction						
Nursing Home							
Additions							
Other: _____ Specify							
Land Improvements							
<b>TOTAL DEPRECIATION</b>							
Transfer to Page 2, Line 42					Col. 1		Col. 2
<b>SCHEDULE D</b>							
LEASEHOLD IMPROVEMENTS	Date of Construction						
Description							
<b>TOTAL AMORTIZATION</b>							
Transfer Total to Page 2, Line 41					Col. 1		Col. 2

Questions:

- Building: Owned  Rented  Leased   
(If leased, submit a copy of the lease. If rented, submit a copy of the rental agreement.)
- If leased or rented, is the lessor and lessee the same person or related in any way other than through the lease? Yes  No
- Does the lease contain an option to purchase the leased property? Yes  No
- If owned, was the purchase an arms-length transaction? Yes  No   
Attach a statement outlining details of the purchase.

Provider Number



STATEMENT OF OWNERS AND TRANSACTIONS  
WITH OWNER RELATED PARTIES

SCHEDULE E

I. List all owners (all individuals, all partners, and stockholders with 10% or more ownership interest):

<u>Name</u>	Title and Function	% of Owner- ship	See Below *	Compensation Included in Expense Statement	
Social Security Number (1)				Amount (5)	Line No. (6)
Totals					

\*Percentage of Customary Work Week Devoted to Business

II. List below the results of all transactions (other than items listed in I above) with owners or owner-related parties.

SCHEDULE F

Related Party S.S. or F.I. No. (1)	Description of Transaction** (2)	Amount Included in Expense (3)	Line No. of Expense (4)
Totals			

\*\*Furnish details on separate page, if necessary.

III. RELATED NURSING HOME INFORMATION SCHEDULE G

Do any of the owners (any individual, any partner, and any stockholder with 10% or more ownership interest) or employees have an interest, directly or indirectly, as an employee or owner in any other nursing home? (Except stock ownership as a passive investment in publicly held corporations).

Yes       No

If your answer is no, do not complete the rest of this page.

If your answer is yes, list below all nursing homes under common control or ownership located in Kansas such as a parent firm and its chain units. Attach schedule if necessary. This information is necessary in order to correctly analyze your cost study.

Related Home's Federal I.D. Number	Related Home's Provider Number	Cost Study Filed?		Describe nature of relationship such as common ownership and shared employees.
		Yes	No	

Provider Number



SCHEDULE J

STATEMENT RELATED TO ALL CONSULTANT FEES

1. List the name and social security number of each and every consultant utilized by your nursing home facility.

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2. List any relationships between your nursing home facility (i.e., owner, partner, stockholder, or other financial interest) and each and every consultant utilized by your nursing home facility.

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3. List the business address of each and every consultant utilized by your nursing home facility.

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4. List the formal education, experience or other qualifications of each and every consultant utilized by your nursing home facility.

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5. For each and every consultant utilized by your nursing home facility during the last fiscal year list:

a) the dates and the number of hours on each of those dates that consultant services were performed for your nursing home facility and where each of those services were performed

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b) the specific purpose of each date of consultant services

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- c) the specific charge for each and every consultant service and the method of payment utilized by your nursing home facility to pay each and every one of those charges including dates and amounts of payments

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- 6. List the name and the amount of increase for each consultant who had not been utilized by your facility prior to your last fiscal year and for those consultants who received increased payments or fees from your facility during the last fiscal year over the previous fiscal year for your facility.

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Provider Number

R P G J	HOME NO.	NO. BEDS	% OCCUP	**** B E F O R E ADMIN.	**** B E F O R E PROPRTY	I N F L A T I O N RM & BD	I N F L A T I O N HLTH CR	***** TOTAL	HSTRC INFLT	PROSP INFLT	***** A F T E R ADMIN.	***** A F T E R PROPRTY	I N F L A T I O N RM & BD	I N F L A T I O N HLTH CR	***** TOTAL
	HIGH	207	99.9	5.23	6.67	5.27	9.69	21.42			5.78		6.18	11.28	23.19
	99TH	207	99.9	5.23	6.67	5.27	9.69	21.42			5.78		6.18	11.28	23.19
	95TH	150	99.7	3.42	5.29	4.39	7.64	18.81			3.74		4.88	8.62	20.86
	90TH	142	99.6	3.11	4.08	4.37	7.18	18.53			3.41		4.87	8.01	20.30
	85TH	108	98.4	2.98	4.02	4.20	6.82	16.76			3.28		4.83	7.46	18.26
	80TH	100	97.3	2.89	3.74	4.12	6.67	15.95			3.14		4.49	7.37	17.49
	75TH	100	97.2	2.80	3.72	3.95	6.36	15.80			3.06		4.25	6.89	16.63
	70TH	100	96.1	2.48	3.39	3.69	5.67	14.72			2.67		4.00	6.65	16.14
	65TH	100	95.4	2.23	3.26	3.55	5.59	14.46			2.42		3.92	6.24	15.95
	60TH	100	94.8	2.16	3.19	3.45	5.51	14.44			2.39		3.85	6.18	15.58
	55TH	100	93.2	2.14	3.18	3.36	5.32	14.15			2.25		3.72	5.89	15.13
	50TH	100	92.1	2.11	3.03	3.21	5.23	14.02			2.23		3.63	5.78	15.04
	40TH	91	90.5	1.95	2.68	3.02	4.92	13.39			2.07		3.41	5.54	14.33
	30TH	79	84.7	1.80	2.40	2.92	4.62	12.65			1.98		3.22	5.28	14.24
	20TH	66	81.2	1.67	1.89	2.68	4.56	12.19			1.87		3.14	5.11	13.32
	10TH	50	61.4	1.46	1.61	2.43	4.15	11.26			1.56		2.83	4.83	12.19
	1ST														
	LOW	38	34.4	1.11	1.59	2.28	3.49	10.49			1.17		2.61	3.85	11.85
	MEAN	96	87.4	2.30	3.11	3.38	5.58	14.38			2.50		3.80	6.28	15.69
	WTMN		89.3	2.18	2.99	3.38	5.39	13.94			2.36		3.81	6.08	15.24
	HOMS	33	33	33	33	33	33	33			33		33	33	33

NUMBER OF BEDS

	UNDR 20	20 - 50	51 - 75	76 - 100	OVR 100
HIGH		16.41	20.86	23.19	18.26
LOW		14.87	11.85	12.19	12.07
MEAN		15.75	15.29	16.30	14.45
WTMN		15.72	14.58	15.90	14.27
HOMS		4	5	17	7

R P G J	HOME NO.	NO. BEDS	% OCCUP	**** B ADMIN.	E F O R E PROPRTY	I N F L A T I O N RM & BD	***** HLTH CR	TOTAL	HSTRC INFLT	PROSP INFLT	***** A ADMIN.	F T E R PROPRTY	I N F L A T I O N RM & BD	***** HLTH CR	TOTAL
	HIGH	162	100.0	6.27	9.24	5.72	9.35	22.68			6.27		6.06	10.89	24.40
	99TH	121	100.0	4.79	6.81	4.85	6.93	20.13			5.22		5.54	7.66	20.52
	95TH	100	99.9	2.92	5.25	4.41	5.75	16.41			3.07		4.87	5.99	17.06
	90TH	100	99.4	2.54	4.04	3.92	4.82	14.88			2.70		4.23	5.25	15.34
	85TH	85	99.0	2.38	3.71	3.71	4.54	13.55			2.57		4.00	4.95	14.35
	80TH	76	98.7	2.33	3.15	3.50	4.33	12.71			2.43		3.87	4.75	13.58
	75TH	67	98.3	2.25	2.98	3.41	4.14	12.12			2.35		3.77	4.56	12.98
	70TH	60	97.8	2.15	2.86	3.32	3.98	11.54			2.30		3.67	4.45	12.68
	65TH	56	97.3	2.07	2.68	3.21	3.88	11.25			2.20		3.54	4.32	12.14
	60TH	52	97.0	1.99	2.54	3.13	3.77	10.96			2.11		3.47	4.23	11.91
	55TH	50	96.5	1.92	2.38	3.07	3.67	10.74			2.06		3.39	4.12	11.63
	50TH	50	96.2	1.86	2.25	2.98	3.58	10.54			1.99		3.30	3.96	11.42
	40TH	50	94.8	1.75	1.98	2.80	3.36	10.23			1.86		3.13	3.73	11.08
	30TH	49	92.3	1.60	1.68	2.63	3.10	9.82			1.72		2.97	3.47	10.73
	20TH	42	86.7	1.44	1.40	2.46	2.85	9.33			1.55		2.77	3.25	10.24
	10TH	32	76.1	1.30	1.03	2.16	2.65	8.42			1.41		2.42	3.01	9.21
	15T	11	33.0	1.00	.59	1.49	1.21	6.04			1.06		1.69	1.34	6.90
	LOW	5	28.3	.87	.35	1.07	.09	5.62			.91		1.18	.10	5.85
	MEAN	57	91.5	1.96	2.48	3.02	3.69	11.14			2.08		3.35	4.09	12.00
	WTMN		92.3	1.92	2.50	3.00	3.71	11.11			2.04		3.33	4.12	11.98
	HOMS	260	260	260	260	260	259	260			260		260	259	260

NUMBER OF BEDS

	UNDR 20	20 - 50	51 - 75	76 - 100	OVR 100
HIGH	12.28	20.20	24.40	21.82	16.82
LOW	5.85	7.55	6.90	6.38	9.30
MEAN	10.49	11.74	12.10	12.81	12.31
WTMN	10.53	11.72	11.90	12.42	12.20
HOMS	7	137	63	43	10

