

9553.0036 NONALLOWABLE COSTS.

The costs listed in this part are not allowable for purposes of establishing total payment rates. If any of the costs in this part are included in any account of the provider or provider group, they must be identified on the facility's cost report.

A. Contributions, including charitable contributions, and contributions to political action committees or campaigns.

B. Salaries and expenses of a lobbyist.

C. Assessments made by or the portion of dues charged by associations or professional organizations for lobbying, contributions to political action committees or campaigns, or litigation, except for successful challenges to decisions of agencies of Minnesota. When the breakdown of dues charged to a facility by an association or professional organization is requested by the commissioner and is not provided, the entire cost shall be disallowed.

D. Advertising designed to encourage potential residents to select a particular facility. This item does not apply to a total expenditure of \$2,000 or less for all notices placed in the telephone yellow pages for the purpose of stating the facility's name, location, telephone number, and general information about services in the facility.

E. Assessments levied by the commissioner or the commissioner of the Minnesota Department of Health for uncorrected violations.

F. Purchases or activities not related to resident care such as flowers or gifts for employees or providers, employee parties, and business meals except as in part 9553.0040, subpart 3, item O.

G. Penalties, including interest charged on the penalty, interest charges which result from an overpayment, and bank overdraft or late payment charges.

H. Costs related to the purchase and care of pets which exceed the lesser of \$20 per year per licensed bed, or \$200 per year per facility.

I. Costs of sponsoring nonresident activities such as athletic teams and beauty contests.

J. Premiums on a life insurance policy for an owner or board member, of a facility, or for an employee of a related organization, except that the premiums shall be allowed if:

- (1) the coverage is included in the policy provided for all employees;
- (2) the coverage and premium is comparable to that provided for all employees; and
- (3) the insured person is an employee of the provider or related organization; or
- (4) such a policy is required as a condition of mortgage or loan for the facility and the mortgagee or lending institution is listed as the beneficiary.

K. Personal expenses of owners and employees, such as vacations, boats, airplanes, personal travel or vehicles, and entertainment.

L. Employee's or owner's membership or other fees for social, fraternal, sports, health, or similar organizations.

M. Training programs for anyone except residents, facility employees, volunteers in the facility, or a resident's family or legal guardians.

N. Training programs to meet the minimum educational requirements of a position, education that leads to a degree, or education that qualifies the employee for a new trade or profession.

O. Bad debts and related bad debt collection fees.

P. Costs of fundraising activities.

Q. Costs of personal need items, such as personal clothing, normally paid for by residents.

R. Costs incurred in providing other than ICF/DD services such as the costs of apartments, day activity center or work activity center costs, regular travel costs to attend day activity or work activity centers, and semi-independent living skills services (SILS).

S. Operating costs for goods and services to the extent that the goods and services are financed by gifts or grants from public funds. A transfer of funds from a local government unit to its governmentally owned facility is not a gift or grant under this item.

T. Telephones, televisions, and radios provided in a resident's room.

U. Costs of agreements not to compete.

V. Costs of services provided to a resident by a licensed medical, therapeutic, or rehabilitation practitioner or any other vendor of medical care which are billed separately on a fee for service basis, including:

(1) purchase of service fees paid to the vendor or his or her agent who is not an employee of the facility or the compensation of the practitioner who is an employee of the facility;

(2) allocated compensation and related costs of any facility personnel assisting in providing these services; and

(3) allocated cost of any operating or property-related cost for providing these services such as housekeeping, laundry, maintenance, medical records, payroll taxes, space, utilities, equipment, supplies, bookkeeping, secretarial, insurance, and supervisory and administrative staff costs.

If any of the expenses in subitems (1) to (3) are incurred by the provider, these expenses must be reported under nonreimbursable expenses together with any of the income received or anticipated by the facility, including any charges by the provider to the vendor.

W. Allowances for uniforms unless required by governmental rules or regulations.

X. Costs of therapeutic overnight trips, camping, or vacations for residents except as in part 9553.0035, subpart 11.

Y. Legal and related expenses for unsuccessful challenges to decisions of governmental agencies.

Z. Fringe benefits or payroll taxes associated with disallowed salary costs.

AA. Costs incurred in providing approved services for very dependent persons with special needs under parts 9510.1020 to 9510.1140.

BB. Payments made in lieu of real estate taxes, unless such payments are made according to a legally enforceable, noncancelable, written contract entered into prior to the date upon which parts 9553.0010 to 9553.0080 become effective.

CC. Costs incurred for activities directly related to influencing employees with respect to unionization.

DD. Costs associated with changes in ownership or reorganization of provider entities, including legal fees, accounting fees, administrative costs, travel costs, and the costs of feasibility studies attributed to the negotiation or settlement of a change in ownership or reorganization.

EE. Accruals of vacation and sick leave for employees who are not fully vested.

FF. Costs for pension or profit sharing plans which do not meet the requirements of part 9553.0035, subpart 10.

GG. Costs for which adequate documentation is not maintained or provided as required by parts 9553.0010 to 9553.0080.

Statutory Authority: *MS s 256B.501*

History: *10 SR 1298; L 2005 c 56 s 2*

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