

### **The Determination of Allowable Costs for Nursing Facility Employees**

Some salaried employees of certain providers devote some of their time to activities other than those directly related to their duties for the nursing facility. In many cases the provider does not maintain time records for those employees. This lack of documentation makes it difficult for the Division to make an accurate determination of the amount of time those employees spend on duties related to nursing home resident care and consequently the amount of their salaries that are allowable costs as required by V.D.R.S.R. §4.2.

#### Contemporaneous Time Records

V.D.R.S.R. §2.5 (a) requires that, “each provider maintain complete documentation, including accurate financial and statistical records, to substantiate the data reported on the uniform financial and statistical report (cost report) . . .” To satisfy this requirement, the Division recommends that contemporaneous time records be completed and retained for all employees, including salaried personnel and owners. The records should document the time of arrival and departure, the date worked, and the time spent on activities related to resident care and on activities unrelated to resident care. The time sheets must also detail the time worked in each cost center when the employee works in multiple cost centers, or at other related or non-related entities, such as a Level III or assisted living facility.

#### Recognition of Wage and Salary Costs When Time Records Are Not Maintained

In the absence of contemporaneous time records, the Division will treat the wages and salaries of employees that lack such records as follows. An employee’s remuneration will be allowable on a provider’s cost report only to the extent that he or she provides services related to nursing facility resident care for that provider.

1. To the extent that an employee provides services to other providers or entities, his or her wages or salaries will be allocated to the other providers or entities and the allocated amount disallowed on the nursing facility cost report. If no time records are maintained as recommended, the allocation will be made on whatever reasonable basis the Division, in its sole discretion, deems appropriate.
2. If it comes to the Division’s attention, that an employee’s wages or salary have been paid for work unrelated to resident care, the Division, in its sole discretion, may disallow an appropriate proportion of the employees’ wages or salary.

Effective: December 29, 1999

s/David Yacovone by Marjorie Power  
David Yacovone  
Director