

Worksheet 2
FACILITY LEASE INFORMATION AND ADJUSTMENT SCHEDULE

General Instructions

Worksheet 2, Facility Lease Information and Adjustment Schedule, is a supplementary document of the Title XIX cost report. The information requested on this worksheet is to support the costs incurred by related party organizations for leases of portions of or entire buildings and/or equipment to related nursing facility providers. All transactions between nursing facility providers and related party organizations to provide equipment, supplies, land or buildings must be reported. For Medicaid reimbursement purposes, the lease amounts charged by the related lessor must be deleted from the provider's cost report and the actual costs reported.

Instructions for Completing Worksheet 2

Enter the provider name and period of report as shown on the cost report.

I. Lessor Entity Identification

Name of Lessor

Enter the complete corporate or legal name of the lessor as shown on the lease agreement. Also enter the name under which the lessor does business, if applicable.

Address

Enter the lessor's present mailing address.

Telephone

Enter the lessor's complete telephone number, including area code.

II. Straight Line Depreciation Expense

This section of the schedule is very similar to a depreciation schedule. The information to be recorded on this portion supports the allowable depreciation expense of the related party organization claimed by the nursing facility provider. This section is to be completed as follows:

Description (column 1)

Common asset descriptions are listed. Enter a description complete enough to identify any assets listed as "other";

Date Acquired (column 2)

Enter the date (month and year) the asset was purchased and put into use by the related organization;

Cost (column 3)

Enter the cost basis of the asset as defined in State Regulation 13 CSR 70-10.015. The cost basis is to be the lower of the lessor's book value, the fair market value at the time of acquisition, or the recognized IRS basis:

Life in Years (column 4)

Enter the useful life for each asset listed. For example, if the facility is being depreciated over 30 years, enter 30 in this column. For equipment, list the ranges of years used for each item, i.e., 3 – 10 years;

Accumulated Depreciation Beginning of Period (column 5)

Enter the accumulated depreciation for prior fiscal years on the straight line basis;

Depreciation for the Reporting Period (column 6)

Enter the depreciation expense for the current reporting period based on the straight line method;

- 1) Total Building – Enter the sums of columns 3, 5 and 6 for the building section on this line;
- 2) Total Equipment – Enter the sums of columns 3, 5 and 6 for the equipment section on this line;
- 3) Total depreciation expense – Enter the sum of lines 1 and 2, column 6 (Depreciation for the Reporting Period);
- 4) Mortgage interest expense – Enter the interest expense actually incurred by the related organization for the assets leased on the provider;
- 5) Property taxes – Enter the actual expense incurred by the related organization for the assets leased to the provider;
- 6) Property insurance – Enter the actual expense incurred by the related organization for the assets leased to the provider;
- 7) Miscellaneous – Enter and describe miscellaneous expenses incurred by the related organization for assets leased to the provider.
- 8) Total – Enter the sum of lines 3 through 7;
- 9) Total lease expense to Provider – Enter the lease charge made by the related organization. This amount is included on Schedule B, line 103 and on Schedule G of the provider's cost report;
- 10) Adjustment to Allowable Cost – Enter the difference between line 8 and line 9. This adjustment amount should also be recorded on Schedule B, line 103, column 3 and Schedule G of the provider's cost report.