

## 52000 Definitions

The following definitions shall apply only to Chapter 3.Article 9.

### (a)

"Administrator Compensation" means the remuneration paid to a facility administrator regardless of the form in which it is paid. "Administrator Compensation" includes salary, wages, fringe benefits, allowances, bonuses, debt forgiveness, severance payments, payments for accumulated but unused leave and payments of amounts previously deferred. "Administrator Compensation" includes fees regardless of the label placed on them, for example, consultant fees or director's fees.

### (b)

"Administrative Costs" means1) expenses including the facility's portion of home office costs related to the overall management and administration of the facility, including those of the medical director, general and patient accounting activities, communication systems, data processing activities, patient admissions, governing board activities, public relations, paid liability losses, theft insurance, auto insurance, property insurance, licenses and taxes (other than property and income taxes and facility license fee),2) taxes related to liability insurance,3) the production of indexes, abstracts, and statistics for facility management uses,4) procuring supplies, equipment and service necessary to facility operations, and 5) interest incurred on borrowing other than interest incurred on mortgage notes,

capitalized lease obligations and other borrowing for the acquisition of land, buildings and equipment.

**1)**

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**2)**

taxes related to liability insurance,

**3)**

the production of indexes, abstracts, and statistics for facility management uses,

**4)**

procuring supplies, equipment and service necessary to facility operations, and

**5)**

interest incurred on borrowing other than interest incurred on mortgage notes, capitalized lease obligations and other borrowing for the acquisition of land, buildings and equipment.

**(c)**

"Audited Cost Report Data" means data contained in audit reports issued by the Department.

**(d)**

"Benchmark" means the maximum allowable cost.

**(e)**

"Capital Costs" means costs of depreciation and amortization expense on land

improvements, building improvements, leasehold improvements and equipment; all leases and rental expenses related to building, equipment and leasehold improvements; and interest incurred on mortgage notes, capitalized lease obligations and other borrowing for the acquisition of land, buildings and equipment.

**(f)**

"De-Certified" means not currently certified to participate in the Medi-Cal Program.

**(g)**

"Direct Care Agency Costs" means expenditures for contractor staff for routine services and any ancillary services included in the Medi-Cal rate including all nursing, social services and activities.

**(h)**

"Direct Care Labor Costs" means salary, wages and benefits for routine nursing services and any ancillary services included in the Medi-Cal rate including all nursing, social services and activities provided by employees of the facility, as well as direct care salary costs of services provided to the facility by a related entity.

**(i)**

"Direct and Indirect Care Non-labor Costs" means costs related to services supporting the delivery of resident care (including the non-labor portion of nursing, housekeeping, laundry and linen, dietary, medical records, in-service education and plant operations and maintenance costs), and expenses for contracted plumbers, gardeners, equipment service contracts, contracts for facility repairs or remodeling, security guards, alarm services, pickup and delivery laundry services, non-administrative consultants or any other service agreement and minor equipment.

**(j)**

"Direct Pass-Through Costs for Care Giver Training" means costs, for a formal program of education that is organized to train students to enter a care giver licensed or certified occupational specialty, which includes salaries, wages and benefits of the instructor and expenses for related training materials or supplies; or the cost of a contracted instructor if services are performed within the facility.

**(k)**

"Direct Pass-Through Costs for Facility License Fees" means the annual fee for a license to operate a skilled nursing facility.

**(l)**

"Fair Rental Value System (FRVS)" means a system where reimbursement to a facility is based on the estimated current value of its capital assets in lieu of direct reimbursement for depreciation, amortization, interest, rent or lease payments.

**(m)**

"Freestanding Nursing Facility, Level-B (FS/NF-B)" means a licensed and certified skilled nursing facility that is not part of an acute care hospital and that meets the standards of participation in Welfare and Institutions Code Section 14091.21 and Title 22, California Code of Regulations Sections 51121 and 51215.

**(n)**

"Freestanding Subacute Nursing Facility, Level-B (FSSA/NF-B)" means a licensed and certified skilled nursing facility as defined in subsection (m) and meets additional standards of participation to provide adult subacute care services, pursuant to Title 22, California Code of Regulations Section 51215.5.

**(o)**

"Indirect Care Agency Costs" means expenditures for contractor staff for housekeeping, laundry and linen, dietary, medical records, in service education, and plant operations and maintenance.

**(p)**

"Indirect Care Labor Costs" means salary, wages and benefits for housekeeping, laundry and linen, dietary, medical records, in service education, and plant operations and maintenance for employees of the facility, as well as indirect care salary costs of services provided to the facility by a related entity.

**(q)**

"In-service Education" means a program of instruction, or training, provided by a facility for its employees.

**(r)**

"Labor Inflation Index" means an index created using the linear regression method to forecast future labor costs from historical facility-specific wage report data as specified in Health and Safety Code Section 128730.

**(s)**

"Liability Insurance Costs" means the reasonable costs of insurance premiums purchased from a commercial insurance carrier including the related brokerage fees and reasonable policy deductible costs or reasonable self insurance costs or reasonable costs of insurance purchased from a captive insurance company including the policy deductibles.

**(t)**

"Minor Equipment" means equipment or the combined equipment items of an integrated system with a useful life of less than 2 years or a cost of less than \$5,000.

**(u)**

"Peer Group" means a group of counties that are categorized and clustered together by means of the following factors: geographic urban/rural status, median/average direct care per diem costs, and the frequency of provider facilities

within each county.

**(v)**

"Rate Year" means the fiscal period from August 1 through July 31.

**(w)**

"Rental Factor" means the average 20-year US Treasury Bond yield for the calendar year preceding the rate year plus a two percent risk premium, subject to a floor of seven percent and a ceiling of ten percent.

**(x)**

"Replacement Project" means construction costs incurred from a completed project that materially altered architectural, structural, mechanical, electrical, and Fire & Life safety details of the existing facility or structure. Purchases of major items of equipment, such as capital additions are a "replacement project," provided the equipment is related and made in conjunction with a plan that when aggregated meets the \$500 per-bed cost threshold. Small unrelated costs that are accumulated in order to meet the \$500 per-bed threshold are not a "replacement project."