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Title 22@ Social Security

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Division 3@ Health Care Services

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Subdivision 1@ California Medical Assistance Program

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Chapter 3@ Health Care Services

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Article 9@ Quality Assurance Fee and Long Term Care Reimbursement Methodology

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Section 52504@ Administrative Costs Category

52504 Administrative Costs Category

The Department shall calculate the daily administrative costs by dividing administrative costs by total resident days.

(a)

The benchmark for the daily administrative cost rate component shall be the 50th percentile of each peer group.

(b)

The Department shall determine the rate component for each facility either at actual inflated cost or the benchmark for its peer group, whichever is lower.

(c)

Each facility's administrative costs shall be adjusted by the California Consumer Price Index for All-Urban Consumers from the mid-point of the cost reporting period to the mid-point of the rate year.

(d)

Administrator compensation for services, provided by sole proprietors, partners, officers, directors or other administrators of skilled nursing facilities defined in Health and Safety Code Section 1250(c), shall be limited to: (1) The reasonable value of the services performed regardless of the type of service. (2)

Compensation essential to employ a staff person, in place of the administrator, in order to maintain the daily operations of the facility administrator. (3) The value of comparable services provided at a similar facility, based on the size and

classification of the facility, geographic location, the number and type of personnel supervised, the qualifications of the administrator and duties performed. (4) The value of services rendered in connection with resident care as determined by arm's length transactions.

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(4)

The value of services rendered in connection with resident care as determined by arm's length transactions.

(e)

If an assistant administrator is employed to perform duties of the administrator, this position shall be taken into consideration when determining reasonableness.

(f)

To be considered "full-time" and receive compensation for providing full-time services, an administrator shall devote at least 40 hours per week to the services for which compensation is provided. An administrator who devotes less than 40 hours per week to the services for which compensation is provided shall be compensated an amount proportionate to a full-time basis.

(g)

If an administrator performs services for several facilities, spending less than full-time at each facility, then the allowable compensation shall reflect an amount proportionate to a full-time basis.

(h)

For purposes of determining reasonable compensation, the Department shall conduct surveys to collect data regarding facility administrators in both proprietary and non-proprietary facilities in like geographic locations. (1) The data collected in the surveys from non-owner administrators, shall be used to develop compensation ranges by geographic location and number of beds to evaluate administrator compensation during audits and to adjust costs. (2) The compensation ranges shall be based on data that reflects "full time" compensation. (3) For years when no survey is completed, the compensation ranges shall be updated by an inflation factor provided by the federal Centers for Medicare & Medicaid Services.

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(3)

For years when no survey is completed, the compensation ranges shall be updated by an inflation factor provided by the federal Centers for Medicare & Medicaid Services.

(i)

Compensation paid to a relative of the owner of the facility shall be limited to the factors described in subsection (d). Relatives include:(1) spouse; (2) natural

parent, child or sibling; (3) adoptive parent or adopted child; (4) stepparent, stepchild, stepbrother or stepsister; (5) father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law; (6) grandparent or grandchild.

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father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law;

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