

**WAC 388-96-505 Offset of miscellaneous revenues.** (1) The methodology in (a) through (d) of this subsection is effective for services provided on or before June 30, 2016.

(a) The contractor must reduce allowable costs whenever the item, service, or activity covered by such costs generates revenue or financial benefits (such as purchase discounts, refunds of allowable costs or rebates) other than through the contractor's normal billing for care services. However, the department must not deduct from the allowable costs of a nonprofit facility unrestricted grants, gifts, and endowments, and interest therefrom.

(b) The contractor must reduce allowable costs for hold-bed revenue in the support services, operations, and property rate components only. In the support services rate component, the amount of reduction must be determined by dividing a facility's allowable housekeeping costs by total adjusted patient days and multiplying the result by total hold-room days. In the operations rate component, the amount of the reduction must be determined by dividing a facility's allowable operation costs by total adjusted patient days and multiplying the result by total hold-room days. In the property rate component, the amount of reduction must be determined by dividing allowable property costs by the total adjusted patient days and multiplying the result by total hold-room days.

(c) Where goods or services are sold, the amount of the reduction is the actual cost relating to the item, service, or activity. In the absence of adequate documentation of cost, the amount of the reduction is the full amount of the revenue received. Where financial benefits such as purchase discounts, refunds of allowable costs, or rebates are received, the amount of the reduction is the amount of the discount or rebate. Financial benefits such as purchase discounts, refunds of allowable costs and rebates, including industrial insurance rebates, must be offset against allowable costs in the year the contractor actually receives the benefits.

(d) Only allowable costs may be recovered under this subsection. Costs allocable to activities or services not included in nursing facility services (such as costs of vending machines and services specified in chapter 388-86 WAC not included in nursing facility services) are nonallowable costs.

(2) The methodology in (a) through (d) of this subsection is effective for services provided on or after July 1, 2016.

(a) The contractor must reduce allowable costs whenever the item, service, or activity covered by such costs generates revenue or financial benefits (such as purchase discounts, refunds of allowable costs, or rebates) other than through the contractor's normal billing for care services. However, the department must not deduct from the allowable costs of a nonprofit facility unrestricted grants, gifts, and endowments, and interest therefrom.

(b) The contractor must reduce allowable costs for hold-bed revenue in the indirect care rate component only. The amount of reduction must be determined by dividing a facility's allowable housekeeping costs by total adjusted patient days and multiplying the result by total hold-room days.

(c) Where goods or services are sold, the amount of the reduction is the actual cost relating to the item, service, or activity. In the absence of adequate documentation of cost, the amount of the reduction is the full amount of the revenue received. Where financial benefits such as purchase discounts, refunds of allowable costs, or rebates are received, the amount of the reduction is the amount of the discount or

rebate. Financial benefits such as purchase discounts, refunds of allowable costs, and rebates, including industrial insurance rebates, must be offset against allowable costs in the year the contractor actually receives the benefits.

(d) Only allowable costs may be recovered under this subsection. Costs allocable to activities or services not included in nursing facility services (such as costs of vending machines and services specified in chapter 388-86 WAC not included in nursing facility services) are nonallowable costs.

[Statutory Authority: RCW 74.46.800, 74.46.561(1). WSR 17-22-037, § 388-96-505, filed 10/24/17, effective 11/24/17. Statutory Authority: RCW 74.46.800. WSR 98-20-023, § 388-96-505, filed 9/25/98, effective 10/1/98. Statutory Authority: RCW 74.46.200 and 74.46.800. WSR 97-17-040, § 388-96-505, filed 8/14/97, effective 9/14/97. Statutory Authority: RCW 74.46.800 and 74.09.120. WSR 93-19-074 (Order 3634), § 388-96-505, filed 9/14/93, effective 10/15/93. Statutory Authority: RCW 74.46.800. WSR 92-16-013 (Order 3424), § 388-96-505, filed 7/23/92, effective 8/23/92. Statutory Authority: 1987 c 476. WSR 88-01-126 (Order 2573), § 388-96-505, filed 12/23/87. Statutory Authority: RCW 74.09.120. WSR 84-24-050 (Order 2172), § 388-96-505, filed 12/4/84; WSR 82-21-025 (Order 1892), § 388-96-505, filed 10/13/82. Statutory Authority: RCW 74.09.120 and 74.46.800. WSR 81-06-024 (Order 1613), § 388-96-505, filed 2/25/81. Statutory Authority: RCW 74.08.090 and 74.09.120. WSR 78-06-080 (Order 1300), § 388-96-505, filed 6/1/78; Order 1262, § 388-96-505, filed 12/30/77.]