



NC DEPARTMENT OF
**HEALTH AND
HUMAN SERVICES**
Office of the Controller

JOSH STEIN • Governor

DEV DUTTA SANGVAI • Secretary

LAKETHA M. MILLER • Controller

MEMORANDUM

TO: Facility Operators

FROM: Laketha M. Miller
DHHS Office of the Controller

DATE: May 28, 2025

SUBJECT: 2024 – 2025 Adult Care Cost Reporting

DocuSigned by:

Laketha M. Miller

423C6C605E08405...

The purpose of this memo is to provide facilities with information regarding the **Adult Care Cost Report** for the 2024-2025 reporting cycle. The Adult Care Cost Report is mandated by the North Carolina General Assembly under General Statute 131 D-4.1-4.3. Changes were made to 131D-4.2 in Session Law 2016-94, section 12G.2 requiring the cost report to be submitted every two years. The next reporting cycle for 2024-2025 is **due on September 30, 2025**.

Adult Care Cost Reports must be submitted by facilities that receive State/County Special Assistance Program funds from residents and are licensed under General Statutes 131D (adult care home), 131E (nursing home combination facilities with adult care beds) and 122C (mental health supervised living facilities).

The 2023 cost report should be prepared based on the latest fiscal/accounting year end of the facility ending on or before June 30, 2025. For example, if a facility's fiscal/accounting year ended on September 30, 2024 or December 31, 2024, that financial information would be used for the cost report due on September 30, 2025.

Combined nursing homes subject to the adult care cost reporting requirements will utilize the same reporting period as their last filed Medicaid Cost Report. For example, if the combination nursing home has a Medicaid Cost Report year end of September 30, 2024 (filed by February 28, 2025) or December 31, 2024 (filed by May 31, 2025), that information would be used for the Adult Care Cost Report due by September 30, 2025.

Important Highlights for 2024-2025 cost reporting cycle:

- The web-based Adult Care Cost Report program will be used for this cost reporting cycle. All that is needed is a computer and internet connection. Nothing needs to be downloaded. This web-based program should be used to **file both** Exemptions and Cost Reports, as **no paper copies** will be accepted.
- For **ONLY HAL facilities with 31 or more beds** – Schedule F is still a required form to be completed. This schedule relates to cost modeling information that will be collected from this size of licensed facilities. There is a procedure in the Agreed Upon Procedures (AUPs) to go along with Schedule F. The CPA/independent accountant must indicate that the procedure has been verified in their report.
- It is **strongly recommended** that facilities and/or their CPA/accounting consultants attend cost report training. Learn how to log into the web-based system for this next cycle. To see what new improvements have been made. Find out what some of the hot topics and issues were discovered last time. Get a refresher course on how to use the program and key

NC DEPARTMENT OF HEALTH AND HUMAN SERVICES • OFFICE OF THE CONTROLLER

LOCATION: 1050 Umstead Drive, Spruill Annex, Raleigh, NC 27603

MAILING ADDRESS: 2019 Mail Service Center, Raleigh, NC 27699-2019

www.ncdhhs.gov/control • TEL: 919-855-3700 • FAX: 919-733-1635

AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER

2024-25 Adult Care Cost Reporting

May 28, 2025

Page 2 of 2

- information. Please check the Office of the Controller's web page for training opportunities. All training will be web-based/online training.
- AUPs have been updated. If there are questions concerning those updates or an alternate procedure needs to be used, please email that to AUP.questions@dhhs.nc.gov. This email should **ONLY** be for questions regarding the AUPs. Questions or issues with the cost report and/or cost report program should be directed to Rate Setting staff.
 - All cost report and training information should be posted on the DHHS Office of the Controller's web site at <https://www.ncdhhs.gov/about/administrative-offices/office-controller/adult-care-facilities> by May/June 2025.

Based upon changes made in Session Law 2016-94, Agreed Upon Procedures (AUPs) are also due every two years. Facilities licensed for 7 beds or more are required to submit AUPs with the Adult Care Cost Report for the 2024-2025 reporting cycle. If the facility is currently licensed for 7 beds or more, you must print or download a copy of the AUP guidelines that are to be utilized by the certified public accountant (CPA)/independent accountant performing the procedures on the facility's cost report. The Adult Care Cost Report, Agreed Upon Procedures and the Independent Accountant's Certification form (if applicable) are to be submitted to the DHHS Office of the Controller by September 30, 2025.

Please note that if the AUP indicates that your accountant was unable to perform certain procedures or utilized unapproved alternative procedures, the cost report and AUP will be returned for corrections. If corrections are not possible or timely, the cost report may be excluded from the rate setting process and your facility may be subject to a state audit.

The Adult Care Cost Report and Exemption Forms must be submitted using the new web-based program. It will be considered signed when submitted. The AUPs and Independent Accountant's Certification should be submitted electronically, preferably by email, to Rate Setting staff (Susan Kesler, see contact information below). These will be matched to cost reports submitted through the web-based program. Cost reports submitted through the web-based program that require an AUP and the AUP is not submitted by email, or as a last resort by fax or mail, will be considered incomplete. A facility with an incomplete cost report at the end of the cost reporting cycle will be on the delinquent list and be at risk of having their admissions suspended.

Rate Setting staff are Susan Kesler and Yashaciqa Davis. Susan can be reached at 919-855-3680 or email/Teams to susan.kesler@dhhs.nc.gov. Yashaciqa can be reached at 919-527-7175 or email/Teams to Yashaciqa.davis@dhhs.nc.gov. The fax number is 919-715-3095.

Thank you for your cooperation.

LMM/sk

Cc: Joyce Massey-Smith – Division of Aging and Adult Services
Scarlette Edwards – Office of the Controller
Megan Lamphere – Division of Health Service Regulations
Susan Kesler - Office of the Controller

NC DEPARTMENT OF HEALTH AND HUMAN SERVICES • OFFICE OF THE CONTROLLER

LOCATION: 1050 Umstead Drive, Spruill Annex, Raleigh, NC 27603

MAILING ADDRESS: 2019 Mail Service Center, Raleigh, NC 27699-2019

www.ncdhhs.gov/control • TEL: 919-855-3700 • FAX: 919-733-1635

AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER