

Cost categories

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The cost report has defined cost categories, which are groups of similar activities that share similar characteristics.

There are two main types of cost categories: direct care and administration. Direct care cost categories refer to the costs to provide PCA/CFSS services, such as supplies and staffing.

Administration cost categories refer to the business costs to oversee programs, maintain compliance, plan work, train employees, etc. The six main cost categories are listed below:

Direct care cost categories

- PCA/CFSS services costs.

Note: There are additional specific cost categories related to PCA/CFSS services, but these only apply to direct care staff. We explain these subcategories further down the page in the [direct care worker cost categories](#) section.

- Other HCBS services costs.
- All other services costs.

Administration cost categories

- PCA/CFSS services administration costs.
- Self-direction administration costs.
- All other administration costs.

The direct care and administration cost categories align with CFSS services definitions. However, these categories might not align directly with a provider organization's cost allocations. The cost report preparer might have to do additional work to align the provider's cost categories to these definitions.

Example: A provider organization considers its office supplies a program cost because it assigns the supplies to different services based on the usage by that service. Even though the organization considers office supplies a program cost, DHS considers this an administration cost because it is not connected to the direct care the organization provides.

Direct care cost categories

The direct care cost categories are costs that the provider can reasonably attribute to the direct provision of services. These cost categories include:

- One specific cost category that aligns with the PCA/CFSS service types.
- Two specific cost categories that capture other types of services an organization may provide (i.e., other HCBS services and all other services) to include all direct care costs that may be partially associated with CFSS costs.

Example: Ana is an employee at Provider Agency XYZ. She supervises workers who provide CFSS services as well as workers who provide other HCBS services. The organization allocates a portion of Ana's time to the PCA/CFSS services cost category and a portion of her time to the other HCBS services cost category.

The cost report includes some services that are either no longer available or no longer a CFSS service. There are two reasons for this:

- Provider organizations can bill for a service up to 12 months after they deliver it.
- The cost report must include information from past fiscal years.

This could result in reporting costs for up to 41 months after a service is no longer considered a CFSS cost.

Example: If a service was discontinued in July 2022, a provider may bill for that service for up to a year later (i.e., through July 2023), which could be considered a 2023 CFSS cost. An organization could be able to report on July 2023 CFSS costs through December 2025, depending on the organization's cost-reporting period.

Direct care worker cost subcategories

The cost report sections for [direct care and supervisor cost allocation – employees](#) and [direct care and supervisor payment allocations – contractors](#) include additional, more specific cost subcategories

that break down CFSS costs further. These subcategories are based on the different wage assumptions for CFSS rates.

The following subcategories allocate direct care worker costs under the PCA/CFSS services cost category:

- PCA/CFSS direct care staff.
- Enhanced PCA/CFSS direct care staff.
- Supervisory staff for PCA/CFSS services.
- Program plan support for PCA/CFSS services.

The PCA/CFSS services cost category includes options for PCA/CFSS direct care staff, enhanced PCA/CFSS direct care staff, supervisory staff for PCA/CFSS services and program plan support for PCA/CFSS services because these are all different direct care roles within the PCA and CFSS services. This allocation allows the provider to connect reported costs to the appropriate rate assumptions and allows DHS to understand the costs to provide CFSS services.

The cost report includes an additional category for program support in each of the direct care cost categories. This accounts for direct care staff time that may not be spent working directly with people but is still related to providing services. This could include:

- Documentation.
- Service preparation activities.
- Communication between shift staff.

The cost report preparer can also report the travel time between people receiving services as program support when it is considered outside of service delivery. While this category likely will not be a large portion of most staff members' time, it is important to understand how much time staff members spend outside of providing direct care.

Administration cost categories

The administration cost categories are costs that the provider can reasonably attribute to the administration of the organization's business. This broad category includes two specific categories:

1. CFSS service administration costs category: Administration costs associated with CFSS services.
2. All other administration costs category: Administration costs for all other services provided by the organization that are **not** associated with the delivery of CFSS services, which could include:

- Other HCBS disability waiver services.
- Medical Assistance programs.
- Other government-paid programs.
- Insurance-paid programs.
- Private-pay programs.

The all other administration costs category allows the cost report preparer to include all administration costs that may be partially associated with CFSS costs.

Example: Provider Agency ABC has a president who oversees the entire organization, but only part of the president's time is associated with CFSS services administration. The organization can allocate part of the president's time to the CFSS services administration costs category and the rest to the other administration costs category.

Next step

Next, review [allocation methodologies](#).