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Medicare Cost Report Updates for SNFs Coming in September 2025

September 11, 2025



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Session CPE Requirements

You need to attend 50 minutes to receive the full 1 CPE credit.

There will be 4 polling questions throughout the presentation. You must respond to a minimum of 3 to receive the full 1 CPE credit.

****Both requirements must be met to receive CPE credit****



Learning Objectives

At the end of the session, you will be able to:

- Recognize the purpose of the Medicare cost report, the uses by CMS, and the changes to the report for periods ending September 30, 2025 and after
- Identify potential changes in financial reporting and documentation requirements to support information reported on the Medicare cost report
- Recall how CMS may provide enhanced reporting based on expanded data on the new cost report



Agenda

Why changes are being made

Overview of the Medicare cost report changes and worksheet details

Planning and documentation considerations providers can take

References and questions



Medicare Cost Report Purpose

The purpose of a Medicare cost report is to provide Medicare with detailed financial and statistical data about healthcare providers' costs, enabling CMS to determine appropriate Medicare payments and ensure accurate reimbursement for services. These reports are crucial for setting future prospective payment rates and wage indexes, as well as for auditing and oversight of Medicare payments. The data can also be used to inform policy decisions and improve the overall quality of care in Skilled Nursing Facilities (SNFs)

The report also requires SNFs to disclose costs associated with related parties. This helps ensure that related-party costs are not inflated and that Medicare is not overpaying for services.

SNF providers must file a Medicare cost report on an annual basis. The annual report is due 5 months after the end of the fiscal year. If report is not timely filed, CMS will withhold payment until a cost report is filed and accepted by the Medicare Administrative Contractor (MAC).



Why Did CMS Change the Medicare Cost Report?

First major change to report in 15 years!



Greater transparency into Medicare and Medicaid Managed Care revenues and census



Possible development of SNF wage index



Provide CMS more relevant data for rate-setting and allow for Medicare Trust Fund projections



Calculate more accurate program margins



Overview of Medicare Cost Report Changes

- *Effective for cost reporting periods ending on or after September 30, 2025*
- Reporting of Medicare Advantage/HMO and Medicaid HMO data
- Reporting room and board, and ancillary revenue for different payers
- Expansion of contract labor expenses
- Enhanced Home Office contract and wage expense reporting
- Separate reporting of the following expenses:
 - Quality Assurance and Performance Improvement (QAPI)
 - Training and In-Service Education
 - Patient Transportation Part A
 - IV therapy costs for administering IV fluids, drugs, or blood products.
 - Preventative vaccines
- Removal of non-applicable worksheets





Detail Review of Medicare Cost Report Changes



Summary of Worksheet S Series Revisions

Worksheet S, Parts I, II, III and Worksheet S-2

Reorganized to remove lines for FQHC, RHC, and CMHC and obsolete questions

Worksheet S-3

Revised to collect Medicare and Medicaid HMO census

Revised S-3, Part V to add data collection for Home Office direct care expenditures

Worksheets S-5, S-6 and S-7

Eliminated obsolete worksheets from form



Polling Question

When does the new CMS 2540-24 reporting period take effect?

- A. June 30, 2025
- B. September 30, 2025
- C. December 31, 2025
- D. Right away!



Old Worksheet S-3 Part I

08-16

FORM CMS-2540-10

4190 (Cont.)

SKILLED NURSING FACILITY AND
SKILLED NURSING FACILITY HEALTH CARE COMPLEX
STATISTICAL DATA

PROVIDER CCN:

PERIOD :
FROM _____
TO _____

WORKSHEET S-3
PART I

Component	Number of Beds	Bed Days Available	Inpatient Days / Visits					Discharges					
			Title V	Title XVIII	Title XIX	Other	Total	Title V	Title XVIII	Title XIX	Other	Total	
	1	2	3	4	5	6	7	8	9	10	11	12	
1 Skilled Nursing Facility													1
2 Nursing Facility													2
3 ICF / IID													3
4 Home Health Agency													4
5 Other Long Term Care													5
6 SNF-Based CMHC													6
7 Hospice													7
8 Total (sum of lines 1-7)													8

Component	Average Length of Stay				Admissions					Full Time Equivalent		
	Title V	Title XVIII	Title XIX	Total	Title V	Title XVIII	Title XIX	Other	Total	Employees on Payroll	Nonpaid Workers	
	13	14	15	16	17	18	19	20	21	22	23	
1 Skilled Nursing Facility												1
2 Nursing Facility												2
3 ICF / IID												3
4 Home Health Agency												4
5 Other Long Term Care												5
6 SNF-Based CMHC												6



New Worksheet S-3 Part I

STATISTICAL DATA							PROVIDER CCN: _____	PERIOD: FROM: _____ TO: _____		WORKSHEET S-3 PART I			
PART I - VISITS AND CENSUS DATA													
	NUMBER OF BEDS	BED DAYS AVAILABLE	INPATIENT DAYS					DISCHARGES					
	1	2	TITLE V 3	TITLE XVIII 4	TITLE XIX 5	OTHER 6	TOTAL 7	TITLE V 8	TITLE XVIII 9	TITLE XIX 10	OTHER 11	TOTAL 12	
1	SNF - FFS												1
2	SNF - HMO												2
3	NF - FFS												3
4	NF - HMO												4
5	ICF/IID												5
6	HOSPICE												6
7	TOTAL												7
	AVERAGE LENGTH OF STAY					ADMISSIONS					FTE		
	TITLE V 13	TITLE XVIII 14	TITLE XIX 15	OTHER 16	TOTAL 17	TITLE V 18	TITLE XVIII 19	TITLE XIX 20	OTHER 21	TOTAL 22	EMPLOYEE 23	NON-PAID 24	
1	SNF - FFS												1
2	SNF - HMO												2
3	NF - FFS												3
4	NF - HMO												4
5	ICF/IID												5
6	HOSPICE												6
7	TOTAL												7

New: Reporting of SNF-HMO and NF-HMO inpatient, admissions, and discharges.

Removed: Reporting of Home Health Agency, Other Long-Term Care, SNF-Based CMHC and SNF-Based CORF.



Old Worksheet S-3 Part II

4190 (Cont.)

FORM CMS-2540-10

08-16

SNF WAGE INDEX INFORMATION

PROVIDER CCN:

PERIOD :

FROM _____

TO _____

WORKSHEET S-3
PARTS II & III

PART II - DIRECT SALARIES

	Amount Reported	Reclass. of Salaries from Wkst. A-6	Adjusted Salaries (col. 1 ± col. 2)	Paid Hours Related to Salary in col. 3	Average Hourly Wage (col. 3 ÷ col. 4)	
	1	2	3	4	5	
SALARIES						
1 Total salary (see instructions)						1
2 Physician salaries-Part A						2
3 Physician salaries-Part B						3
4 Home office personnel						4
5 Sum of lines 2 through 4						5
6 Revised wages (line 1 minus line 5)						6
7 Other Long Term Care						7
8 Home Health Agency						8
9 CMHC						9
10 Hospice						10
11 Other excluded areas						11
12 Subtotal excluded salary (sum of lines 7 through 11)						12
13 Total adjusted salaries (line 6 minus line 12)						13
OTHER WAGES AND RELATED COSTS						
14 Contract Labor: Patient Related & Mgmt.						14
15 Contract Labor: Physician services-Part A						15
16 Home office salaries & wage related costs						16
WAGE RELATED COSTS						
17 Wage related costs core (see Pt. IV)						17
18 Wage related costs other (see Pt. IV)						18
19 Wage related costs (excluded units)						19
20 Physicians Part A - WRC						20
21 Physicians Part B - WRC						21
22 Total adjusted wage related cost (see instructions)						22



New Worksheet S-3 Part II

PART II - SNF WAGE INDEX - DIRECT SALARIES							
		AMOUNT REPORTED	RECLASS- IFICATIONS	ADJUSTMENTS	TOTAL	PAID HOURS	AVERAGE HOURLY WAGE
		1	2	3	4	5	6
SALARIES							
1	TOTAL SALARY (SEE INSTRUCTIONS)						1
2	PHYSICIAN SALARIES-PART A						2
3	PHYSICIAN SALARIES-PART B						3
4	HOME OFFICE PERSONNEL						4
5	SUM OF LINES 2 THROUGH 4						5
6	REVISED WAGES (LINE 1 MINUS LINE 5)						6
7	HOME HEALTH AGENCY						7
8	HOSPICE						8
9	OTHER EXCLUDED AREAS						9
10	SUBTOTAL EXCLUDED SALARY (SUM OF LINES 7 THROUGH 9)						10
11	TOTAL ADJUSTED SALARIES (LINE 5 MINUS LINE 10)						11
OTHER WAGES AND RELATED COST							
12	CONTRACT LABOR: PATIENT RELATED & MGMT						12
13	CONTRACT LABOR: PHYSICIAN SERVICES-PART A						13
14	HOME OFFICE SALARIES AND WAGE RELATED COSTS						14
WAGE RELATED COSTS							
15	WAGE RELATED COSTS CORE (SEE PT. IV)						15
16	WAGE RELATED COSTS (EXCLUDED UNITS)						16
17	PHYSICIANS PART A - WRC						17
18	PHYSICIANS PART B - WRC						18
19	TOTAL ADJUSTED WAGE RELATED COST (SEE INSTRUCTIONS)						19

Added an "Adjustments" column in order to capture any salary related adjustments.



Old Worksheet S-3 Part III

PART III - OVERHEAD COST - DIRECT SALARIES						
	Amount Reported	Reclass. of Salaries from Wkst. A-6	Adjusted Salaries (col. 1 ± col. 2)	Paid Hours Related to Salary in col. 3	Average Hourly Wage (col. 3 ÷ col. 4)	
	1	2	3	4	5	
1 Employee Benefits						1
2 Administrative & General						2
3 Plant Operation, Maintenance & Repairs						3
4 Laundry & Linen Service						4
5 Housekeeping						5
6 Dietary						6
7 Nursing Administration						7
8 Central Services and Supply						8
9 Pharmacy						9
10 Medical Records & Medical Records Library						10
11 Social Service						11
12 Nursing and Allied Health Ed. Act.						12
13 Other General Service (specify)						13
14 Total (sum lines 1 through 13)						14



New Worksheet S-3 Part III

10-24

FORM CMS-2540-24

4995 (CONT.)

STATISTICAL DATA

PROVIDER CCN:

PERIOD:

FROM: _____

TO: _____

WORKSHEET S-3
PART III

PART III - SNF WAGE INDEX - OVERHEAD COST - DIRECT SALARIES

		AMOUNT REPORTED	RECLASS OF SALARIES	ADJUSTED SALARIES	TOTAL	PAID HOURS	AVERAGE HOURLY WAGE	
		1	2	3	4	5	6	
1	EMPLOYEE BENEFITS DEPARTMENT							1
2	ADMINISTRATIVE AND GENERAL							2
3	PLANT OP. MAINT & REPAIRS							3
4	LAUNDRY AND LINEN SERVICE							4
5	HOUSEKEEPING							5
6	DIETARY							6
7	NURSING ADMINISTRATION							7
8	CENTRAL SERVICES AND SUPPLY							8
9	PHARMACY							9
10	MEDICAL RECORDS							10
11	MEDICAL SOCIAL SERVICES							11
12	ACTIVITIES PROGRAM							12
13	QA & PERFORMANCE IMPROVEMENT PROGRAM							13
14	TRAINING AND IN-SERVICE EDUCATION							14
15	PATIENT TRANSPORTATION PART A							15

New departments added (QAPI, Training, Transportation)
Adjustments column added.



Old Worksheet S-3 Part IV

Line 25 – Other Wage Related Costs – removed. If costs do not fit Lines 1-24 descriptions, should be reported elsewhere on the report.

08-16		FORM CMS-2540-10		4190 (Cont.)	
SNF WAGE RELATED COSTS		PROVIDER CCN:	PERIOD : FROM _____ TO _____	WORKSHEET S-3 PART IV	
Part A - Core List				Amount Reported	
RETIREMENT COST					
1	401k Employer Contributions				1
2	Tax Sheltered Annuity (TSA) Employer Contribution				2
3	Qualified and Non-Qualified Pension Plan Cost				3
4	Prior Year Pension Service Cost				4
PLAN ADMINISTRATIVE COSTS (Paid to External Organizations)					
5	401K/TSA Plan Administration fees				5
6	Legal/Accounting/Management Fees-Pension Plan				6
7	Employee Managed Care Program Administration Fees				7
HEALTH AND INSURANCE COST					
8	Health Insurance (Purchased or Self Funded)				8
9	Prescription Drug Plan				9
10	Dental, Hearing and Vision Plan				10
11	Life Insurance (If employee is owner or beneficiary)				11
12	Accidental Insurance (If employee is owner or beneficiary)				12
13	Disability Insurance (If employee is owner or beneficiary)				13
14	Long-Term Care Insurance (If employee is owner or beneficiary)				14
15	Workers' Compensation Insurance				15
16	Retirement Health Care Cost (Only current year, not the extraordinary accrual required by FASB 106 Non cumulative portion)				16
TAXES					
17	FICA - Employers Portion Only				17
18	Medicare Taxes - Employers Portion Only				18
19	Unemployment Insurance				19
20	State or Federal Unemployment Taxes				20
OTHER					
21	Executive Deferred Compensation				21
22	Day Care Cost and Allowances				22
23	Tuition Reimbursement				23
24	Total Wage Related cost (sum of lines 1 -23)				24
Part B Other than Core Related Cost				Amount Reported	
25	Other Wage Related Costs (specify)				25



Old Worksheet S-3 Part V

4190 (Cont.)		FORM CMS-2540-10		08-16	
SNF REPORTING OF DIRECT CARE EXPENDITURES		PROVIDER CCN:		PERIOD : FROM _____ TO _____	
				WORKSHEET S-3 PART V	
	Amount Reported	Fringe Benefits	Adjusted Salaries (col. 1 + col. 2)	Paid Hours Related to Salary in col. 3	Average Hourly Wage (col. 3 ÷ col. 4)
OCCUPATIONAL CATEGORY	1	2	3	4	5
Direct Salaries					
Nursing Occupations					
1 Registered Nurses (RNs)					1
2 Licensed Practical Nurses (LPNs)					2
3 Certified Nursing Assistants/Nursing Assistants/Aides					3
4 Total Nursing (sum of lines 1 through 3)					4
5 Physical Therapists					5
6 Physical Therapy Assistants					6
7 Physical Therapy Aides					7
8 Occupational Therapists					8
9 Occupational Therapy Assistants					9
10 Occupational Therapy Aides					10
11 Speech Therapists					11
12 Respiratory Therapists					12
13 Other Medical Staff					13
Contract Labor					
Nursing Occupations					
14 Registered Nurses (RNs)					14
15 Licensed Practical Nurses (LPNs)					15
16 Certified Nursing Assistants/Nursing Assistants/Aides					16
17 Total Nursing (sum of lines 14 through 16)					17
18 Physical Therapists					18
19 Physical Therapy Assistants					19
20 Physical Therapy Aides					20
21 Occupational Therapists					21
22 Occupational Therapy Assistants					22
23 Occupational Therapy Aides					23
24 Speech Therapists					24
25 Respiratory Therapists					25
26 Other Medical Staff					26



New Worksheet S-3 Part V

Added greater home office reporting to better align with PBJ reporting.

10-24		FORM CMS-2540-24		4995 (CONT.)	
STATISTICAL DATA		PROVIDER CCN:	PERIOD:	WORKSHEET S-3	
			FROM:	PART V	
			TO:		
PART V - SNF REPORTING OF DIRECT CARE EXPENDITURES					
	AMOUNT REPORTED	EMPLOYEE WAGE- RELATED COSTS	ADJUSTED SALARIES (COL 1 + COL 2)	PAID HOURS RELATED TO SALARY IN COL 3	AVERAGE HOURLY WAGE (COL 3 + COL 4)
DIRECT SALARIES	1	2	3	4	5
NURSING EMPLOYEES					
1 REGISTERED NURSE					1
2 LICENSED PRACTICAL NURSE					2
3 CERTIFIED NURSING ASSISTANT					3
4 TOTAL NURSING EXPENDITURES					4
TECHNICAL / PROFESSIONAL EMPLOYEES					
5 PHYSICAL THERAPIST					5
6 PHYSICAL THERAPY ASSISTANT					6
7 OCCUPATIONAL THERAPIST					7
8 OCCUPATIONAL THERAPY ASSISTANT					8
9 SPEECH-LANGUAGE PATHOLOGIST					9
10 THERAPY AIDES AND STUDENTS					10
11 RESPIRATORY THERAPIST					11
12 OTHER MEDICAL STAFF					12
CONTRACT LABOR					
NURSING EMPLOYEES					
15 REGISTERED NURSE					15
16 LICENSED PRACTICAL NURSE					16
17 CERTIFIED NURSING ASSISTANT					17
18 TOTAL NURSING EXPENDITURES					18
TECHNICAL / PROFESSIONAL EMPLOYEES					
19 PHYSICAL THERAPIST					19
20 PHYSICAL THERAPY ASSISTANT					20
21 OCCUPATIONAL THERAPIST					21
22 OCCUPATIONAL THERAPY ASSISTANT					22
23 SPEECH-LANGUAGE PATHOLOGIST					23
24 THERAPY AIDES AND STUDENTS					24
25 RESPIRATORY THERAPIST					25
26 OTHER MEDICAL STAFF					26
HOME OFFICE CHAIN ORGANIZATION					
NURSING EMPLOYEES					
29 REGISTERED NURSE					29
30 LICENSED PRACTICAL NURSE					30
31 CERTIFIED NURSING ASSISTANT					31
32 TOTAL NURSING EXPENDITURES					32
TECHNICAL / PROFESSIONAL EMPLOYEES					
33 PHYSICAL THERAPIST					33
34 PHYSICAL THERAPY ASSISTANT					34
35 OCCUPATIONAL THERAPIST					35
36 OCCUPATIONAL THERAPY ASSISTANT					36
37 SPEECH-LANGUAGE PATHOLOGIST					37
38 THERAPY AIDES AND STUDENTS					38
39 RESPIRATORY THERAPIST					39
40 OTHER MEDICAL STAFF					40



Summary of Worksheet A Series Revisions

Worksheet A

Contract labor costs column added
Additional standard cost
centers added

Removed cost centers for nursing
and allied health education, other
long-term care, clinic, RHC, FQHC,
CMH, interest expense, and
utilization review

Worksheet A-7

Added Part II to report
reconciliation of capital costs

Worksheet A-8-1

Added a column to identify the
Medicare home office number
used when completing the SNF's
home office cost statement



Polling Question

What are some of the reasons for the updated form 2540-24?

- A. Remove obsolete worksheets
- B. Expanded reporting of Medicare Advantage/HMO and Medicaid HMO data
- C. Possible development of SNF wage index
- D. All of the above



Old Worksheet A (Lines 1-47)

4190 (Cont.)			FORM CMS-2540-10		
RECLASSIFICATION AND ADJUSTMENT OF TRIAL BALANCE OF EXPENSES			PROVIDER CCN:		
Cost Center Description			SALARIES	OTHER	TOTAL (col. 1 + col. 2)
A	B	C	1	2	3
GENERAL SERVICE COST CENTERS					
1	0100	Capital-Related Costs - Buildings & Fixtures			
2	0200	Capital-Related Costs - Movable Equipment			
3	0300	Employee Benefits			
4	0400	Administrative and General			
5	0500	Plant Operation, Maintenance and Repairs			
6	0600	Laundry and Linen Service			
7	0700	Housekeeping			
8	0800	Dietary			
9	0900	Nursing Administration			
10	1000	Central Services and Supply			
11	1100	Pharmacy			
12	1200	Medical Records and Library			
13	1300	Social Service			
14	1400	Nursing and Allied Health Education			
15		Other General Service Cost			
INPATIENT ROUTINE SERVICE COST CENTERS					
30	3000	Skilled Nursing Facility			
31	3100	Nursing Facility			
32	3200	ICF/IID			
33	3300	Other Long Term Care			
ANCILLARY SERVICE COST CENTERS					
40	4000	Radiology			
41	4100	Laboratory			
42	4200	Intravenous Therapy			
43	4300	Oxygen (Inhalation) Therapy			
44	4400	Physical Therapy			
45	4500	Occupational Therapy			
46	4600	Speech Pathology			
47	4700	Electrocardiology			



Old Worksheet A

(Lines 48-100)

09-11			FORM CMS-2540-10		
RECLASSIFICATION AND ADJUSTMENT OF TRIAL BALANCE OF EXPENSES					PROVIDER CCN:
Cost Center Description			SALARIES	OTHER	TOTAL (col. 1 + col. 2)
A	B	C	1	2	3
48	4800	Medical Supplies Charged to Patients			
49	4900	Drugs Charged to Patients			
50	5000	Dental Care - Title XIX only			
51	5100	Support Surfaces			
52		Other Ancillary Service Cost			
OUTPATIENT SERVICE COST CENTERS					
60	6000	Clinic			
61	6100	Rural Health Clinic (RHC)			
62	6200	FQHC			
63		Other Outpatient Service Cost			
OTHER REIMBURSABLE COST CENTERS					
70	7000	Home Health Agency Cost			
71	7100	Ambulance			
72		Outpatient Rehabilitation (specify)			
73	7300	CMHC			
74		Other Reimbursable Cost			
SPECIAL PURPOSE COST CENTERS					
80	8000	Malpractice Premiums & Paid Losses			
81	8100	Interest Expense			
82	8200	Utilization Review			
83	8300	Hospice			
84		Other Special Purpose Cost			
89		SUBTOTALS (sum of lines 1 through 84)			
NON REIMBURSABLE COST CENTERS					
90	9000	Gift, Flower, Coffee Shops and Canteen			
91	9100	Barber and Beauty Shop			
92	9200	Physicians' Private Offices			
93	9300	Nonpaid Workers			
94	9400	Patients' Laundry			
95		Other Nonreimbursable Cost			
100		TOTAL			



New Worksheet A

(Lines 1-27)



		SALARIES & WAGES 1	CONTRACT LABOR COSTS 2	LABOR SUBTOTAL 3	OTHER COSTS 4	SUBTOTAL 5	
GENERAL SERVICE COST CENTERS							
1	0100	CAPITAL RELATED - BUILDINGS & FIXTURES					1
2	0200	CAPITAL RELATED - MOVABLE EQUIPMENT					2
3	0300	EMPLOYEE BENEFITS DEPARTMENT					3
4	0400	ADMINISTRATIVE AND GENERAL					4
5	0500	PLANT OP, MAINT & REPAIRS					5
6	0600	LAUNDRY AND LINEN SERVICE					6
7	0700	HOUSEKEEPING					7
8	0800	DIETARY					8
9	0900	NURSING ADMINISTRATION					9
10	1000	CENTRAL SERVICES AND SUPPLY					10
11	1100	PHARMACY					11
12	1200	MEDICAL RECORDS					12
13	1300	MEDICAL SOCIAL SERVICES					13
14	1400	ACTIVITIES PROGRAM					14
15	1500	QA & PERFORMANCE IMPROVEMENT PROGRAM					15
16	1600	TRAINING AND IN-SERVICE EDUCATION					16
17	1700	PATIENT TRANSPORTATION PART A					17
18	1800						18
INPATIENT ROUTINE NURSING COST CENTERS							
25	2500	SKILLED NURSING FACILITY					25
26	2600	NURSING FACILITY					26
27	2700	ICF/IID					27

Note: Contract labor costs are required for any and all departments, not just direct care.



New Worksheet A (Lines 30-47)

			SALARIES & WAGES	CONTRACT LABOR COSTS	LABOR SUBTOTAL	OTHER COSTS	SUBTOTAL	
			1	2	3	4	5	
ANCILLARY SERVICE COST CENTERS								
30	3000	RADIOLOGY - DIAGNOSTIC						30
31	3100	RADIOLOGY - THERAPEUTIC/CHEMOTHERAPY						31
32	3200	LABORATORY						32
33	3300	IV THERAPY						33
34	3400	RESPIRATORY THERAPY						34
35	3500	PHYSICAL THERAPY						35
36	3600	OCCUPATIONAL THERAPY						36
37	3700	SPEECH LANGUAGE PATHOLOGIST						37
38	3800	AUDIOLOGY						38
39	3900	ELECTROCARDIOLOGY						39
40	4000	MEDICAL SUPPLIES CHARGED TO PATIENTS						40
41	4100	DRUGS: DRUGS CHARGED TO PATIENTS						41
42	4200	DRUGS: IV SOLUTIONS						42
43	4300	DENTAL CARE						43
44	4400	APPLIANCES AND EQUIPMENT						44
45	4500	BLOOD AND BLOOD PRODUCTS						45
46	4600	BLOOD TRANSFUSION/PROCESSING/STORAGE						46
47	4700							47

Note: Line numbers have changed, more ancillary cost center lines to use (if applicable).



New Worksheet A (Lines 60-100)

			SALARIES & WAGES	CONTRACT LABOR COSTS	LABOR SUBTOTAL	OTHER COSTS	SUBTOTAL	
			1	2	3	4	5	
OUTPATIENT SERVICE COST CENTERS								
60	6000	SCREENING & PREVENTATIVE SERVICES						60
61	6100	OUTPATIENT LABORATORY						61
62	6200	PORTABLE X-RAY SERVICES						62
63	6300	OUTPATIENT DURABLE MEDICAL EQUIPMENT						63
64	6400							64
OUTPATIENT REIMBURSABLE COST CENTERS								
70	7000	HOME HEALTH AGENCY						70
71	7100	AMBULANCE						71
72	7200	HOSPICE						72
73	7300	OUTPATIENT REHABILITATION (SPECIFY)						73
74	7400							
COST REIMBURSED COST CENTERS								
80	8000	PREVENTIVE VACCINES						80
81	8100							81
89	8900	SUBTOTALS						89
NONREIMBURSABLE COST CENTERS								
90	9000	GIFT, FLOWER, COFFEE SHOPS & CANTEN						90
91	9100	NONPAID WORKERS						91
92	9200	PHYSICIAN PRIVATE OFFICES						92
93	9300							93
100		TOTAL						100

1. Added preventive vaccines as reimbursable service.
2. Reduced non-reimbursable cost centers.



New Worksheet A-7

RECONCILIATION OF CAPITAL COST CENTERS						PROVIDER CCN: _____	PERIOD: FROM: _____ TO: _____	WORKSHEET A-7
PART I - ANALYSIS OF CHANGES IN CAPITAL ASSET BALANCES								
		BEGINNING BALANCE	ACQUISITIONS			DISPOSALS AND RETIREMENTS	ENDING BALANCE	FULLY DEPRECIATED ASSETS
		1	PURCHASES 2	DONATIONS 3	TOTAL 4	5	6	7
1	LAND							1
2	LAND IMPROVEMENTS							2
3	BUILDINGS AND FIXTURES							3
4	BUILDING IMPROVEMENTS							4
5	FIXED EQUIPMENT							5
6	MOVABLE EQUIPMENT							6
7	SUBTOTAL							7
8	RECONCILING ITEMS							8
9	TOTAL							9
PART II - RECONCILIATION OF CAPITAL COST CENTERS (SUMMARY OF CAPITAL)								
		DEPRECIATION	LEASE	INTEREST	INSURANCE	TAXES	OTHER CAPITAL RELATED COSTS	TOTAL
		1	2	3	4	5	6	7
1	CAPITAL RELATED COSTS - BUILDINGS & FIXTURES							1
2	CAPITAL RELATED COSTS - MOVABLE EQUIPMENT							2
3	TOTAL							3

Note – Part II added to reconcile capital costs back to lines 1 & 2 of Worksheet A.



Summary of Worksheet C and D Revisions

Worksheet C

Revised to reflect revisions on Worksheet A
Added column to reflect reclassification of charges from Worksheet C-6

Worksheet C-6 (NEW Worksheet)

Added to reclassify charges between cost centers for cost-to-charge ratio calculations on Worksheet C

Worksheet D

Combined Part I and II
Eliminated Part III
Revised to reflect revisions on Worksheet A

Worksheet D-1

Eliminated Part II



Old Worksheet C

4190 (Cont.)	FORM CMS-2540-10	08-16
RATIO OF COST TO CHARGES FOR ANCILLARY AND OUTPATIENT COST CENTERS	PROVIDER CCN:	PERIOD : FROM _____ TO _____
WORKSHEET C		

	Total (from Wkst. B, Pt. I, col. 18)	Total Charges	Ratio (col. 1 divided by col. 2)	
Cost Center Description	1	2	3	
ANCILLARY SERVICE COST CENTERS				
40 Radiology				40
41 Laboratory				41
42 Intravenous Therapy				42
43 Oxygen (Inhalation) Therapy				43
44 Physical Therapy				44
45 Occupational Therapy				45
46 Speech Pathology				46
47 Electrocardiology				47
48 Medical Supplies Charged to Patients				48
49 Drugs Charged to Patients				49
50 Dental Care - Title XIX only				50
51 Support Surfaces				51
52 Other Ancillary Service Cost				52
OUTPATIENT SERVICE COST CENTERS				
60 Clinic				60
61 Rural Health Clinic (RHC)				61
62 FQHC				62
63 Other Outpatient Service Cost				63
71 Ambulance				71
100 Total				100



New Worksheet C

10-24		FORM CMS-2540-24		4995 (CONT.)	
RATIO OF COST TO CHARGES FOR ANCILLARY AND OUTPATIENT COST CENTERS		PROVIDER CCN:	PERIOD:	WORKSHEET C	
			FROM:		
			TO:		
	TOTAL COST	TOTAL CHARGES	RECLASS- IFICATIONS	RECLASSIFIED CHARGES	COST TO CHARGE RATIO
	1	2	3	4	5
INPATIENT ROUTINE NURSING COST CENTERS					
25	SKILLED NURSING FACILITY				25
26	NURSING FACILITY				26
27	ICF/IID				27
ANCILLARY SERVICE COST CENTERS					
30	RADIOLOGY - DIAGNOSTIC				30
31	RADIOLOGY - THERAPEUTIC/CHEMOTHERAPY				31
32	LABORATORY				32
33	INTRAVENOUS THERAPY				33
34	RESPIRATORY THERAPY				34
35	PHYSICAL THERAPY				35
36	OCCUPATIONAL THERAPY				36
37	SPEECH LANGUAGE PATHOLOGIST				37
38	AUDIOLOGY				38
39	ELECTROCARDIOLOGY				39
40	MEDICAL SUPPLIES CHARGED TO PATIENTS				40
41	DRUGS: DRUGS CHARGED TO PATIENTS				41
42	DRUGS: IV SOLUTIONS				42
43	DENTAL CARE				43
44	APPLIANCES AND EQUIPMENT				44
45	BLOOD AND BLOOD PRODUCTS				45
46	BLOOD TRANSFUSION/PROCESSING/STORAGE				46
47					47
OUTPATIENT SERVICE COST CENTERS					
64					64
OUTPATIENT REIMBURSABLE COST CENTERS					
71	AMBULANCE				71
COST REIMBURSED SERVICES COST CENTERS					
80	PREVENTIVE VACCINES				80
81					81
100	TOTAL				100



Worksheet C-6

RECLASSIFICATIONS OF CHARGES						PROVIDER CCN: _____	PERIOD: FROM: _____ TO: _____	WORKSHEET C-6	
	EXPLANATION OF RECLASSIFICATION 1	CODE 2	INCREASES			DECREASES			
			WORKSHEET C COST CENTER 3	WKST C LINE NO. 4	AMOUNT 5	WORKSHEET C COST CENTER 6	WKST C LINE NO. 7	AMOUNT 8	
			1						
2									2
3									3
4									4
5									5
6									6
7									7
8									8
9									9
10									10

Document cost-to-charge ratio reclassifications made.



Polling Question

How optimistic are you regarding current economic conditions?

- 5 = Very confident
- 4 = Confident
- 3 = Neutral
- 2 = Somewhat confident
- 1 = Not at all confident



Old Worksheet D Part I

03-18		FORM CMS-2540-10		4190 (Cont.)	
APPORTIONMENT OF ANCILLARY AND OUTPATIENT COST		PROVIDER CCN:	PERIOD : FROM _____ TO _____	WORKSHEET D PART I	
Check applicable box:	<input type="checkbox"/> Title V (1)	<input type="checkbox"/> Title XVIII	<input type="checkbox"/> Title XIX (1)		
Check applicable box:	<input type="checkbox"/> SNF	<input type="checkbox"/> NF	<input type="checkbox"/> ICF / IID	<input type="checkbox"/> Other _____	<input type="checkbox"/> PPS - Must also complete Part II
PART I - CALCULATION OF ANCILLARY AND OUTPATIENT COST					
Cost Center Description	Ratio of Cost to Charges (from Wkst. C, col. 3)	Health Care Program Charges		Healthcare Program Cost	
		Part A	Part B	Part A (col. 1 x col. 2)	Part B (col. 1 x col. 3)
1	2	3	4	5	
ANCILLARY SERVICE COST CENTERS					
40 Radiology					40
41 Laboratory					41
42 Intravenous Therapy					42
43 Oxygen (Inhalation) Therapy					43
44 Physical Therapy					44
45 Occupational Therapy					45
46 Speech Pathology					46
47 Electrocardiology					47
48 Medical Supplies Charged to Patients					48
49 Drugs Charged to Patients					49
50 Dental Care - Title XIX only					50
51 Support Surfaces					51
52 Other Ancillary Service Cost					52
OUTPATIENT COST CENTERS					
60 Clinic					60
61 Rural Health Clinic (RHC)					61
62 FQHC					62
63 Other Outpatient Service Cost					63
71 Ambulance (2)					71
100 Total (sum of lines 40 - 71)					100

(1) For titles V and XIX use columns 1, 2 and 4 only.

(2) Line 71 columns 2 and 4 are for titles V and XIX. No amounts should be entered here for title XVIII.



Old Worksheet D Part II

4190 (Cont.)		FORM CMS-2540-10		03-18
APPORTIONMENT OF ANCILLARY AND OUTPATIENT COST		PROVIDER CCN:	PERIOD : FROM _____ TO _____	WORKSHEET D PARTS II & III
TITLE XVIII ONLY				
PART II - APPORTIONMENT OF VACCINE COST				
1	Drugs charged to patients - ratio of cost to charges (from Wkst. C, col. 3, line 49)			1
2	Program vaccine charges (From your records or the PS&R report)			2
3	Program costs (line 1 x line 2) (Title XVIII, PPS providers, transfer this amount to Wkst. E, Pt. I, line 18)			3



New Worksheet D

10-24		FORM CMS-2540-24			4995 (CONT.)			
APPORTIONMENT OF ANCILLARY AND OUTPATIENT COSTS					PROVIDER CCN: _____	PERIOD: FROM: _____ TO: _____	WORKSHEET D	
SELECT PROGRAM		<input type="checkbox"/> TITLE V <input type="checkbox"/> TITLE XVIII <input type="checkbox"/> TITLE XIX						
SELECT COMPONENT		<input type="checkbox"/> SNF <input type="checkbox"/> NF <input type="checkbox"/> ICF / IID						
		RATIO OF COST TO CHARGES	HEALTHCARE CHARGES			HEALTHCARE COSTS		
			INPATIENT	OUTPATIENT	PREVENTIVE VACCINES	INPATIENT	OUTPATIENT	PREVENTIVE VACCINES
		1	2	3	4	5	6	7
ANCILLARY SERVICE COST CENTERS								
30	RADIOLOGY - DIAGNOSTIC							30
31	RADIOLOGY - THERAPEUTIC/CHEMOTHERAPY							31
32	LABORATORY							32
33	INTRAVENOUS THERAPY							33
34	RESPIRATORY THERAPY							34
35	PHYSICAL THERAPY							35
36	OCCUPATIONAL THERAPY							36
37	SPEECH LANGUAGE PATHOLOGIST							37
38	AUDIOLOGY							38
39	ELECTROCARDIOLOGY							39
40	MEDICAL SUPPLIES CHARGED TO PATIENTS							40
41	DRUGS: DRUGS CHARGED TO PATIENTS							41
42	DRUGS: IV SOLUTIONS							42
43	DENTAL CARE							43
44	APPLIANCES AND EQUIPMENT							44
45	BLOOD AND BLOOD PRODUCTS							45
46	BLOOD TRANSFUSION/PROCESSING/STORAGE							46
47								47
OUTPATIENT SERVICE COST CENTERS								
64								64
OUTPATIENT REIMBURSABLE COST CENTERS								
71	AMBULANCE							71
COST REIMBURSED SERVICES COST CENTERS								
80	PREVENTIVE VACCINES							80
81								81
100	TOTAL							100



New Worksheet E, Parts A and B

CALCULATION OF REIMBURSEMENT SETTLEMENT - MEDICARE PART A		PROVIDER CCN: _____	PERIOD: FROM: _____ TO: _____	WORKSHEET E PART A
1	INPATIENT PPS AMOUNT			1
2	ALLOWABLE BAD DEBTS			2
3	ALLOWABLE BAD DEBTS FOR INDIGENT DUAL ELIGIBLE BENEFICIARIES			3
4	REIMBURSABLE BAD DEBTS			4
5	TOTAL REIMBURSABLE COST			5
6	PRIMARY PAYER AMOUNTS			6
7	COINSURANCE			7
8				8
9	DEMONSTRATION PAYMENT ADJUSTMENT AMOUNT BEFORE SEQUESTRATION			9
10	SEQUESTRATION AMOUNT FOR NON-CLAIMS BASED ITEMS			10
11	SEQUESTRATION AMOUNT			11
12	DEMONSTRATION PAYMENT ADJUSTMENT AMOUNT AFTER SEQUESTRATION			12
13	NET REIMBURSABLE COST			13
14	INTERIM PAYMENTS			14
15	TENTATIVE ADJUSTMENT			15
16	BALANCE DUE PROVIDER/PROGRAM			16
17	PROTESTED AMOUNTS			17

- Name change from Worksheet E, Part I, Part A and Worksheet, E, Part I, Part B to Worksheet E, Part A and Worksheet E, Part B.
- More consistent across other cost reporting settlement worksheets.



Summary of Worksheet G Revisions

Worksheet G-1

Eliminated Statement of Changes
in Fund Balances collection

Worksheet G-2

Removed obsolete lines
Expanded reporting of patient
revenues by payer type

Worksheet G-3

Per Instructions, “this worksheet requires the reporting of total revenues for the entire SNF and total operating expenses for the entire SNF. If cost report total revenues and total expenses differ from those on your filed financial statement, submit a reconciliation report with the cost report submission.”



Old Worksheet G-2, Parts I and II

4190 (Cont.)		FORM CMS-2540-10		08-16
STATEMENT OF PATIENT REVENUES AND OPERATING EXPENSES		PROVIDER CCN:	PERIOD : FROM _____ TO _____	WORKSHEET G - 2 PARTS I & II

PART I - PATIENT REVENUES				
	INPATIENT	OUTPATIENT	TOTAL	
Revenue Center	1	2	3	
General Inpatient Routine Care Services				
1 Skilled nursing facility				1
2 Nursing facility				2
3 ICF / IID				3
4 Other long term care				4
5 Total general inpatient care services (sum of lines 1 - 4)				5
All Other Care Service				
6 Ancillary services				6
7 Clinic				7
8 Home health agency				8
9 Ambulance				9
10 RHC/FQHC				10
11 CMHC				11
12 Hospice				12
13 Other (specify)				13
14 Total patient revenues (sum of lines 5 - 13) (transfer to Wkst. G-3, col. 3, line 1)				14



New Worksheet G-2, Parts I and II

STATEMENT OF PATIENT REVENUES AND OPERATING EXPENSES						PROVIDER CCN: _____	PERIOD: FROM: _____ TO: _____	WORKSHEET G-2				
PART I - PATIENT REVENUES												
		INPATIENT				OUTPATIENT						
	MEDICARE FFS	MEDICARE HMO	MEDICAID 3	MEDICAID HMO	OTHER 5	MEDICARE FFS	MEDICARE HMO	MEDICAID 8	MEDICAID HMO	OTHER 10	TOTAL 11	
	1	2	3	4	5	6	7	8	9	10	11	
GENERAL INPATIENT ROUTINE CARE SERVICES												
1	SKILLED NURSING FACILITY										1	
2	NURSING FACILITY										2	
3	ICF/IID										3	
4	TOTAL GENERAL INPATIENT CARE SERVICES										4	
ALL OTHER SERVICES												
5	ANCILLARY SERVICES										5	
6	HOME HEALTH AGENCY										6	
7	AMBULANCE										7	
8	HOSPICE										8	
9	ALL OTHER REVENUES										9	
10	TOTAL PATIENT REVENUES										10	
PART II - OPERATING EXPENSES												
		TOTAL										
		1										
11	OPERATING EXPENSES											11
12												12
13	TOTAL ADDITIONS											13
14												14
15	TOTAL DEDUCTIONS											15
16	TOTAL OPERATING EXPENSES											16

- Expanded reporting of patient revenues by payer types.
- No longer includes Other Long-Term Care.



Polling Question

I would like someone from CLA to contact me to discuss the following services:

- Cost report preparation and/or reimbursement advisory
- Outsourced accounting support
- Digital transformation
- Nothing at this time





Data Collection Changes and Recommendations



Documentation Considerations

- Understand financial and census software for tracking and reporting capabilities with new requirements.
- Review general ledger account structure to allow for proper reporting of the following:
 - Revenue by payer type
 - Contract labor by vendor/service performed
 - Payroll reporting of QAPI, Training and In-Service Education and Patient Transportation Part A



Anticipated Changes for 2025 and 2026 Reporting



There are **no changes** to vaccine cost or Medicare bad debt settlements



Utilization review cost reimbursement removed



Assisted living/independent living are to be reported as non-reimbursable cost center. Statistical data still needed for allocation of costs



Additional time necessary for transition year to update groupings (census, revenue and expenses)

Resources

- [The Provider Reimbursement Manual - Part 2, Provider Cost Reporting Forms and Instructions, Chapter 49, Form CMS-2540-24](#)
- Skilled Nursing Facility Cost Report Instructions – CMS Pub. 15-II Chapter 49
- [CMS Transmittal R1P249i](#) – Summary of major revisions to the cost report Form CMS-2540-10 to CMS-2540-24



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