**Section 140.582 Cost Adjustments**

a) Cost adjustments will be made on a minimum occupancy standard. Facilities having utilization levels below the standard will have their per patient day cost adjusted as if occupancy were at the standard.

1) For capital costs, a standard of 93 percent occupancy or actual, whichever is larger, shall be used.

2) For operating costs (support and nursing), a standard of actual or one-third of the difference between the actual occupancy and 93 percent, if the

3) The number of licensed beds in the cost reporting year shall be used in the calculation of the minimum occupancy standard.

b) On-site audits and desk audits shall be made to verify the accuracy and reasonableness of reported costs. Adjustments will be made for costs which are not allowable under the Department's rules or are not adequately supported by the facility's records. The Department will notify the nursing home regarding any adjustments made to the cost report as a result of a desk audit. Any objections to these adjustments must be summarized in a letter with all appropriate documentation enclosed to support the requested revision. All documentation and workpapers must be presented in an orderly and organized manner to allow for efficient review. The letter explaining the objections and all supporting documentation must be received by the Department within 45 days of the date of the letter notifying the nursing home regarding cost report adjustments. In order to provide for the efficient and accurate processing of the cost data and payment rates, no further revisions will be made to the desk audit adjustments at the request of the facility or its representatives for information submitted after this 45 day period.

c) Any non-exempt income or contribution available to or received by the recipient or the facility from any source on behalf of the recipient must be deducted in determining the amount of payment authorized by the Department.

(Source: Amended at 12 Ill. Reg. 19396, effective November 6, 1988)