



Medicaid ARTS & PRTF Cost Report Training

October 30th, 2025

&

November 6th, 2025



**MYERS AND
STAUFFER** LC
CERTIFIED PUBLIC ACCOUNTANTS

Meet the Presenters

- Andrea Crump – Andrea is a Senior Manager at Myers and Stauffer LC, bringing 25 years of experience in cost reporting, rate setting, and reimbursement. She oversees the review of Virginia Medicaid cost reports for hospitals, ICF/IIDs, FQHCs, ARTS providers, and PRTFs.
- Ann Li, CPA – Ann is a Senior Manager at Myers and Stauffer LC with 17 years of experience in cost reporting, rate setting, and reimbursement. She oversees the audit of Virginia Medicaid cost reports for nursing facilities, hospitals, ICF/IIDs, and FQHCs. In recent years, she has also contributed to PRTF and ARTS cost report reviews.
- Ayana Washington – Ayana is a Manager at Myers and Stauffer LC with 13 years of experience in cost reporting, rate setting, and reimbursement. She currently co-manages the review of Virginia Medicaid cost reports for hospitals and has also contributed to PRTF and ARTS cost report reviews in recent years.



AGENDA

- Objectives
- Medicaid Reimbursement Methodology
- Cost Report Form 608-25
- Submission & Review Timeline
- Regulations / Resources
- Q&A

Objectives

- Understand PRTF and ARTS reimbursement methodologies.
- Learn how to complete Cost Report Form 608-25.
- Discuss the cost report review process and data requests.
- Review required documentation for cost report submissions.
- Clarify submission and review timelines.



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Virginia Medicaid Psychiatric Residential Treatment Facilities (PRTF) & Addiction and Recovery Treatment Services (ARTS)

Reimbursement Methodology

- The providers are required to submit the cost reports when DMAS is preparing for rebasing
- Rebasing is every 3 years
- Last cost report was for SFY 06/30/2022
- Current rebasing year is SFY 06/30/2025
- The cost report form is RTF Form 608-25
- High level review is completed during a rebasing year
- Rate for facilities and the ceilings are established for each provider type – information can be found on DMAS website

Virginia Medicaid Psychiatric Residential Treatment Facilities (PRTF) & Addiction and Recovery Treatment Services (ARTS)

Reimbursement Methodology

- Role of cost reports in determining reimbursement
 - Cost reports play a critical role in ensuring providers are reimbursed fairly and in compliance with Medicaid and other program rules.
 - Key Roles include Establishing Medicaid Per Diem Rate; Evaluating reasonableness and efficiency of costs; Compliance and Review Verification; Rate Rebasing and Trend Analysis; Budget Planning;
- Common factors affecting rate adjustments
 - Changes in allowable costs
 - Occupancy/Patient Days
 - Inflation Factors
 - Review findings or Adjustments
 - Capital or Property-Related Changes
 - Intensity of Services

Tip: Accurate reporting ensures appropriate reimbursement and compliance.

Virginia Medicaid Psychiatric Residential Treatment Facilities (PRTF) & Addiction and Recovery Treatment Services (ARTS)

• Cost Report - RFT Form 608-25

- Purpose of the Form 608-25
 - Determines Reimbursement Rates – Provides the financial and statistical data used to calculate provider-specific Medicaid per diem rates. Costs include “room and board, daily supervision, treatment planning, care coordination, skill restoration, ADL restoration, and crisis interventions”.
 - Documents Allowable Costs – Captures costs associated with patient care and administrative operations in accordance with program rules.
- Sections of the cost report: statistical data, financial data, and certifications
 - Statistical data (Schedule A)
 - Financial data (Schedule B, B-1, B-2, B-3, C, D, E, and F)
 - Certifications (Schedule F)

Form 608-25 Schedule A - Statistical data

- Schedule A – Statistical Data

-Complete lines 1-8 as indicated –Line 3, total beds available, should be number of beds times number days in year/period.

-Line 4 Total inpatient days – paid days based on claims. Support must be provided.

-Line 9 – Report number of FTEs as indicated.

-Line 10 – Report most prevalent semi-private room rate in effect at the fiscal year end.

-Lines 11-13 –report information as indicated.

INPATIENT STATISTICS - ALL PATIENTS		STATISTICAL DATA COMPLETE COLS 1 AND 2 FOR TYPE OF FACILITY CHECKED			
		1, 2, & 3 ABOVE DISTINCT PART OF FACILITY		TOTAL FACILITY	
		1		2	
1	BEDS AVAILABLE AT BEGINNING OF PERIOD	_____	_____	_____	_____
2	BEDS AVAILABLE AT END OF PERIOD	_____	_____	_____	_____
3	TOTAL BED DAYS AVAILABLE	_____	_____	_____	_____
4	TOTAL INPATIENT DAYS	_____	_____	_____	_____
5	PERCENTAGE OF OCCUPANCY (LINE 4 / LINE 3)			_____ #DIVIDE!	
6	DISCHARGES, INCLUDING DEATHS			_____	
7	AVERAGE LENGTH OF STAY - INPATIENTS			_____	
8	NUMBER OF ADMISSIONS			_____	
OTHER STATISTICS					
9	TOTAL NUMBER OF EMPLOYEES ON PAYROLL (FIRST WEEK OF QUARTER)			1ST QTR	2ND QTR
A	AVERAGE NUMBER OF FULL TIME EQUIVALENT ON PAYROLL (FIRST WEEK OF QUARTER)			_____	_____
B	NUMBER OF REGISTERED NURSES (FTE)			_____	_____
C	NUMBER OF LPNs (FTE)			_____	_____
D	NUMBER OF MENTAL HEALTH PROFESSIONALS (FTE)			_____	_____
E	NUMBER OF THERAPISTS (FTE)			_____	_____
F	NUMBER OF AIDES AND OTHER PERSONNEL ASSISTING IN PATIENT CARE (FTE)			_____	_____
10	MOST PREVALENT SEMI-PRIVATE ROOM RATE IN EFFECT AT FISCAL YEAR END			_____	
QUESTIONNAIRE					
11	HOW WAS DEPRECIATION INCLUDED IN COST STATEMENT CALCULATED?				
	1 _____ STRAIGHT LINE				
	2 _____ DECLINING BALANCE				
	3 _____ SUM-OF-YEARS DIGITS				
	4 _____ OTHER (SPECIFY)				
12	IS DEPRECIATION FUNDED? _____ YES _____ NO			BALANCE IN FUND AT END OF PERIOD:	_____
	IF YES: WHAT BASIS _____				
13	WERE THERE ANY GAINS OR LOSSES ON DISPOSALS OF CAPITAL ASSETS DURING PERIOD?				
	_____ YES _____ NO				
	INCLUDED IN EXPENSES? _____ YES _____ NO				
	WHERE? _____				

Form 608-25 Schedule B, Classification and Adjustment of Expense

- Report salaries and expenses as listed in the trial balance/general ledger under columns 1 and 2. The amounts under the two columns must be traced to a grouping schedule or an analysis prepared by the provider.
- NOTE: Administration and General, column 2 will come from expenses listed on Schedule B-2.
- Column 3 is the total of columns 1 and 2.
- Column 4 will include the total adjustments (increases/decreases) made to each cost center line as indicated on Schedule B-1.
- Column 5 is the facility's adjusted expenses.

ACCOUNT	DIRECT EXPENSES PER BOOKS			ADJUSTMENTS TO EXPENSES (SCH B-1) 4	ADJUSTED EXPENSES (COL 3 + 4) 5	
	SALARIES 1	OTHER 2	TOTAL (1 + 2) 3			
ADMINISTRATIVE AND GENERAL						1
INTEREST EXPENSE						2
DEPRECIATION-BUILDINGS, ETC.						3
DEPRECIATION-MOVABLE EQUIPMENT						4
DIETARY - RAW FOOD						5
DIETARY - OTHER EXPENSE						6
HOUSEKEEPING						7
LAUNDRY AND LINEN						8
OPERATION OF PLANT - UTILITIES						9
MAINTENANCE OF PLANT/REPAIRS						10
DIRECT CARE SERVICE						11
MEDICAL SUPPLIES AND EXPENSE						12
MEDICAL RECORDS						13
SOCIAL SERVICES						14
OCCUPATIONAL THERAPY						15
SPEECH THERAPY						16
PHYSICAL THERAPY						17
OTHER THERAPY						18
PATIENT ACTIVITIES PROGRAM						19

Form 608-25 Schedule B, Classification and Adjustment of Expense

- Non-Allowable costs on lines 25-30 will be deducted on Sch. F –amounts should be entered as positive numbers. These are costs associated with the Facility but not included in the rate.
- Ancillary Costs/Non-Allowable RTF Costs
 - Physician Services, Outpatient Hospital Services, Pharmacy Services, PTOTST for Youth, Dental Services, Customized DME, Vision, Emergency and Non-Emergency transports.

NON-ALLOWED RTF COSTS:						24
EDUCATION/SCHOOL						25
PHARMACY/DRUGS						26
PROFESSIONAL FEES (PHYSICIANS)						27
THERAPY SERVICES FOR YOUTH						28
CUSTOMIZED DURABLE MEDICAL EQUIPMENT						29
OTHER						30
						31

Form 608-25 Schedule B-1, Adjustment/Reclass to Expenses

- This schedule is provided to record adjustments (decreases) for non-reimbursable costs. Examples: marketing, contributions, offset of miscellaneous income. (Marketing expenses related to business development are not allowable)
- This schedule is provided to record adjustments (increases) for allowable expenses not recorded in the trial balance. Examples: overhead costs, allocations from related parties (Allocation schedule from related parties must be provided as supporting document).
- The total adjustment amounts should trace to Column 4 of Schedule B.
- Record the description of adjustment, basis, amount of adjustment, name of cost center and the line number of the cost report.
- Detailed worksheets for adjustments including computations and account number should be furnished with the cost report.

ADJUSTMENT/RECLASS TO EXPENSES (Omit Cents)					
	DESCRIPTION	BASIS FOR ADJUSTMENT*	(1) AMOUNT INCREASE AND (DECREASES)	(2) SCHEDULE B EXPENSE CLASSIFICATION	(3) COL 4 LINE #
1	Telephone Service			ADMINISTRATIVE AND GENERAL	1
2	Radio and Television Service			ADMINISTRATIVE AND GENERAL	1
3	Vending Machines Commission			MAINTENANCE OF PLANT/REPAIRS	10
4	Employee and Guest Meals			DIETARY - RAW FOOD	5
5	Sale of Scrap, Waste, etc.			MAINTENANCE OF PLANT/REPAIRS	10
6	Rental of Quarters to Employees and Others			ADMINISTRATIVE AND GENERAL	1
7	Rental of Facility Space			MAINTENANCE OF PLANT/REPAIRS	10
8	Rebates and Refunds of Expenses			MEDICAL SUPPLIES AND EXPENSE	12
9	Trade, Quantity, Time and Other Discounts on Purchases			MEDICAL SUPPLIES AND EXPENSE	12
10	Interest on Unrestricted Funds			INTEREST EXPENSE	2
11	Grants, Gifts, and Income designated by the Donor for Specific Expenses			ADMINISTRATIVE AND GENERAL	1
12	Bad Debts			ADMINISTRATIVE AND GENERAL	1
13	Fund Raising Expenses			ADMINISTRATIVE AND GENERAL	1
14	Depreciation			DEPRECIATION-BUILDINGS, ETC.	3
15	Depreciation			DEPRECIATION-MOVABLE EQUIPMENT	4
16	Pharmacy			MEDICAL SUPPLIES AND EXPENSE	12
17					
18					
19					
20					
21					
22					

NOTE: Do not change/overwrite/mark out a standard description line in the Description column.

Indicate the basis for the adjustment (A=Expense amount; B=Offset of income amounts).

Form 608-25 Schedule B-2, Analysis of Administrative and General Other

- This schedule provides an analysis/breakdown of the Administrative and General (A&G) Costs –Other. All the costs reported on schedule B-2 need to be supported by documentation, which can be the working trial balance or grouping schedule.
- The total A&G costs should trace to Schedule B, line 1, column 2 (There is a formula in that cell on Schedule B to pick up the total).
- Non-allowable: Bad Debt, Fundraising, Cabel TV, Advertising (Check “Definitions” for Non-Reimbursable Costs)

ANALYSIS OF ADMINISTRATIVE AND GENERAL - OTHER (Omit Cents)		AMOUNT
	EXPENSE CLASSIFICATION	
1	Advertising (Employment)	
2	Telephone	
3	Dues & Subscriptions	
4	Equipment Rental	
5	Office Supplies	
6	Printing & Postage	
7	Other (Specify)	
a		
b		
c		
d		
8	Purchased Services	
9	Travel	
10	Auto	
11	Public Relations	
12	Taxes & Licenses	
13	Insurance	
14	Payroll Taxes / Employee Benefits	
15	Consultants (Specify)	
a		
b		
c		
d		
16	Non-Allowables: (Specify & post individually to Schedule B-1)	
a	Bad Debt	
b	Fund Raising	
c	Cabel TV	
d	Advertising (Marketing)	
e		
f		
g		
h		
i		
Total Administrative & General Cost (To Schedule B, Line 1, Col 2)		

Form 608-25 Schedule B-3, Statement of Revenues– Financial Data

- Identify Total and Program- Specific Revenue Sources
 - Patient Service Revenue (Medicare, Medicaid, self-pay, other third-party payers, etc.)
 - Non-patient revenue (grants, donations, investment income, cafeteria, gift shop, etc.)
- Certain revenues must be offset against expenses
 - Investment Income
 - Purchase Discounts, Rebates, or Refunds
 - Non-Patient Related Revenues such as gift shop, cafeteria, etc.
 - Office Space Rental

STATEMENT OF REVENUES (Omit Cents)		AMOUNT
	REVENUE DESCRIPTION	
1	Medicaid Revenue	
2	Private Insurance Revenue	
3	Private Pay	
4	Purchase Discounts, Returns, Refunds & Allowances	
5	Meals sold to guests & employees	
6	Sales of Personal Supplies to Residents such as snack, school supplies, personal hygiene items, etc.	
7	Investment/Interest Income	
8	Vending Machine Revenue	
9	Political Contributions	
10	Donations	
11	Barber & Beauty Services	
12	Personal telephone and cable services	
13	Office Rental (Lease Revenues)	
14	Outside Consulting Services	
15	Other (Specify)	
a		
b		
c		
d		
e		
f		

Form 608-25 Schedule C, Statement of Costs of Services from Related Organizations

- Complete this schedule if the RTF has incurred costs which are the result of transactions with a related organization.
- Related organizations are defined in Chapter 10 of the CMS PUB 15-1: 1000, and See “Definitions” for related party expenses.
- If there are costs from related organizations, complete sections B and/or C.
- Remove profit/mark up % before including amount as allowable cost.

A IN THE AMOUNT OF COSTS TO BE REIMBURSED BY THE HEALTH INSURANCE PROGRAM, ARE ANY COSTS INCLUDED WHICH ARE A RESULT OF TRANSACTIONS WITH A RELATED ORGANIZATION AS DEFINED IN CHAPTER 10 OF CMS PUB. 15-1?
 ___ YES ___ NO (IF "YES", COMPLETE PART B, AND SUBMIT SCHEDULE ITEMIZING TOTAL EXPENSES AND BASIS OF ALLOCATION)

B COSTS INCURRED AS A RESULT OF TRANSACTIONS WITH RELATED ORGANIZATIONS (Omit Cents)

FORM NO	LINE NO	COST CENTER	EXPENSE ITEM	AMOUNT INCLUDED IN SCH B	AMOUNT ALLOWABLE IN COST
B					
B					
B					
B					
B					
B					

C NAME AND PERCENT OF OWNERSHIP IN THE RELATED ORGANIZATIONS

PERCENTAGE OF OWNERSHIP	NAME OF RELATED ORGANIZATION	TYPE OF BUSINESS

Form 608-25 Schedule F, Calculation of Residential Treatment Facility Cost Per Day

- This schedule is provided for calculating the Medicaid Program cost per day.
- Plant Costs in Cost Center Lines 2 - 4 and Non-allowable Facility Costs in Cost Center Lines 24-30 are removed before calculating the Operating Costs.
- All fields on the schedule are formulas except Line 2 –Total RTF Medicaid Program Days. A copy of support for Total Medicaid days is required.
- Program Operating Cost Per Day + Program Plant Cost Per Day = Program RTF Facility Cost Per Day

CALCULATION OF RESIDENTIAL TREATMENT FACILITY COST PER DAY (Omit Cents) FOR THE COST REPORTING YEAR

1	TOTAL PATIENT DAYS (FROM RTF-608, SCHEDULE A, COLUMN 1, LINE 4)	_____
2	TOTAL RTF MEDICAID PROGRAM PATIENT DAYS (FROM PROVIDER'S RECORDS)	_____
3	PERCENT OF RTF PROGRAM PATIENT DAYS TO TOTAL DAYS (LINE 2 / LINE 1)	0.00%
4	TOTAL RTF FACILITY COSTS (FROM RTF-608, SCHEDULE B, LINE 31)	_____
5	LESS NON-ALLOWABLE RTF FACILITY COSTS (SCHEDULE B - SUM OF LINES 24 - 30)	_____
6	LESS PLANT COSTS (SCHEDULE B - SUM OF LINES 2 - 4)	_____
7	OPERATING COSTS (LINE 4 MINUS LINES 5 AND 6)	_____
8	PROGRAM OPERATING COST (LINE 3 x LINE 7)	_____
9	PROGRAM OPERATING COST PER DAY (LINE 8 / LINE 2)	#DIV/0!
10	PROGRAM PLANT COST (LINE 3 x LINE 6)	_____
11	PROGRAM PLANT COST PER DAY (LINE 10 / LINE 2)	#DIV/0!
11	PROGRAM RTF FACILITY COST PER DAY (LINE 8 + LINE 10)	#DIV/0!

Form 608-25 Schedule F, Certification by Officer or Administrator of Provider(s)

- A formal attestation by the provider's leadership that the cost report is
 - True, correct, and complete
 - Prepared in accordance with applicable laws, regulations, and instructions, and
 - Submitted under penalty of law (i.e., subject to civil and criminal penalties for false statement).
- Who should sign (certify) the cost report?
 - Only an authorized officer or administrator of the provider can sign the certification, not a consultant, preparer, or accounting firm.
 - Examples (CEO, CFO, Administrator, Owners)

INTENTIONAL MISREPRESENTATION OF FALSIFICATION OF ANY INFORMATION CONTAINED IN THIS COST REPORT MAY BE PUNISHABLE BY FINE AND/OR IMPRISONMENT UNDER FEDERAL LAW.

CERTIFICATION BY OFFICER OR ADMINISTRATOR OF PROVIDER(S)

I HEREBY CERTIFY that I have read the above statement and that I have examined the accompanying Statement of Reimbursable Cost and the Statements of Financial Position, Activities and Cash Flows prepared by:

_____ for the cost report period beginning _____ and ending _____, and that to the best of my knowledge and belief, it is a true, correct, and complete statement prepared from the books and records of the provider(s) in accordance with applicable instructions, except as noted.

(Signed)

Officer or Administrator of Provider

Title

Date

Virginia Medicaid Psychiatric Residential Treatment Facilities (PRTF) & Addiction and Recovery Treatment Services (ARTS)

• Cost Report - RFT Form 608-25

- Common errors to avoid when completing the form
 - Inconsistent or Missing Data
 - Incorrect Cost Allocations
 - Non-reconciled Financial Records
 - Misclassification of Costs
 - Incomplete Statistical Data
 - Costs Under Different Provider Arrangements
 - Late or Unsigned Certifications
 - Failure to Follow Instructions or Updates
- Importance of consistency with cost report information
 - Accuracy in Reimbursement
 - Regulatory Compliance
 - Credibility and Transparency
 - Avoids Delays and Adjustments

Tip: Double-check allocation methods and cost classifications (Non-allowable vs allowable).

Documentation Needed for Cost Report Review

- One complete and manually signed copy of (Form 608-25) Medicaid cost reporting form – (Excel and PDF).
- A copy of the working trial balance and/or grouping schedule that supports amounts given on the cost report (Excel preferred).
- A copy of your audited financial statements including, but not limited to, a balance sheet, a statement of income and expenses, a statement of retained earnings (or fund balances) and a statement of cash flows, the auditor's report in which an opinion is expressed, footnotes to the financial statements, and the management report. If the auditor did not prepare a management letter, so disclose in your filing.
- A schedule that reconciles financial statements and trial balance to expenses claimed in the cost report.
- A schedule supporting the computation of all schedule B-1 cost adjustments/reclassifications.
- A schedule supporting the computation of related party costs/allocations.
- A schedule supporting costs recorded on schedule B-2
- Home office cost report, if applicable
- Depreciation schedule that includes description of assets, cost, date of acquisition, disposals, and depreciable life (if applicable)
- A schedule supporting patient day information (total for Sch A; Medicaid for Sch F, line 2).



Review Process of the Cost Report

- Analyst will review cost report and documentation submitted. Additional information may be requested via email to complete review. Please respond fully and promptly to facilitate the review process.
- Be sure the contact person and email address are correct if it is changed during the review process.
- Once the cost report has had management review, you will receive an email containing a revised report with adjustments. Please respond with agreement to adjustments or with further documentation/questions.
- Request for signed Management Representation Letter will be sent. Please print to your company's letterhead; should be signed and dated by the Administrator, Officer or someone legally allowed to sign for the Provider.



Submission of the Cost Report/Documentation

- The completed cost report and documentation should be submitted to the DMAS Cost Settlement and Auditing contractor, Myers and Stauffer LC by email to ARTSproforma@mslc.com.
- **DO NOT SEND PHI!** If a secure method is needed, please send request to ARTSproforma@mslc.com and we will request access to our MSLC FTP website.
- Submission deadline is Monday, November 24, 2025.

Regulations / Resources

- Residential Treatment Services Manual
 - Chapter 5, Billing Instructions
 - <https://vamedicaid.dmas.virginia.gov/pdf/chapter/residential-treatment-services#gsc.tab=0>
- CMS Provider Reimbursement Manual
 - Publication 15-1
 - <https://www.cms.gov/regulations-and-guidance/guidance/manuals/paper-based-manuals-items/cms021929>



