

129-10-23a. Nonreimbursable costs. (a) Costs not related to resident care, as set forth in K.A.R. 30-10-1a, shall not be considered in computing reimbursable costs. In addition, the following expenses or costs shall not be allowed:

- (1) Fees paid to nonworking directors and the salaries of nonworking officers;
- (2) uncollectable debts, which are also known as “bad debts”;
- (3) donations and contributions;
- (4) fund-raising expenses;
- (5) taxes, as follows:
  - (A) Federal income and excess profit taxes, including any interest or penalties paid on these taxes;
  - (B) state or local income and excess profits taxes;
  - (C) taxes from which exemptions are available to the provider;
  - (D) taxes on property that is not used in providing covered services;
  - (E) taxes levied against any resident and collected and remitted by the provider;
  - (F) self-employment taxes applicable to individual proprietors, partners, or members of a joint venture; and
  - (G) interest or penalties paid on federal and state payroll taxes;
- (6) insurance premiums on lives of owners and related parties;
- (7) the imputed value of services rendered by nonpaid workers and volunteers;
- (8) utilization review not related to quality assurance;
- (9) costs of social, fraternal, civic, and other organizations that concern

themselves with activities unrelated to their members' professional or business activities;

(10) accrued expenses that are not liquidated within 180 days after the end of the cost reporting period;

(11) vending machines and related supplies;

(12) board of director costs;

(13) resident personal purchases;

(14) advertising for resident utilization;

(15) public relations expenses;

(16) penalties, fines, and late charges;

(17) prescription drugs as defined in K.A.R. 30-10-1a;

(18) dental services;

(19) radiology;

(20) lab work;

(21) items or services provided only to non-Kansas medical assistance program residents and reimbursed from third-party payors;

(22) automobiles and related accessories in excess of \$25,000.00 each. Buses and vans for resident transportation shall be reviewed for reasonableness and may exceed \$25,000.00 in costs;

(23) provider-owned or related party-owned, -leased, or -chartered airplanes and related expenses;

(24) bank overdraft charges or other penalties;

(25) personal expenses not directly related to the provision of long-term resident

care in a nursing facility;

(26) management fees paid to a related organization that are not clearly derived from the actual cost of materials, supplies, or services provided directly to an individual nursing facility;

(27) business expenses not directly related to the care of residents in a long-term care facility. These expenses shall include business investment activities, stockholder and public relations activities, and farm and ranch operations;

(28) legal and other costs associated with litigation, unless the litigation is decided in the provider's favor and is directly related to Kansas nursing facility operations;

(29) lobbying expenses and political contributions.

(b) Purchase discounts, allowances, and refunds shall be deducted from the cost of the items purchased. Refunds of prior years' expenses shall be deducted from the related expenses.

(Authorized by K.S.A. 2007 Supp. 75-7403 and 75-7412; implementing K.S.A. 2007 Supp. 75-7405 and 75-7408; effective Sept. 19, 2008.)