**Section 140.533 General Administration Costs**

General administration costs are allowable as follows:

a) Administrative – Allowable costs are reasonable costs of salaries paid to the administrator and assistant administrator (reasonableness to be determined by hours worked, need for position, and prevailing salaries in the industry); central office expenses in accordance with Medicare guidelines; and miscellaneous administrative expenses not otherwise classified. Compensation paid to a nonworking officer or owner is not allowable.

b) Bad Debts – Costs attributed to uncollectable accounts are not allowable. This includes professional fees incurred for the collection of such accounts.

c) Clerical – Allowable costs are salaries and wages of clerical staff, officer supplies, printing, postage, copier expenses, telephone and telephone leasing expense, and other miscellaneous expenses. Clerical costs relating to fund raising or other non-care activities are not allowable.

d) Contributions – Contributions made to charitable or political organizations are not allowable.

e) Directors' Fees – Reasonable fees paid to directors are allowable. Reasonableness will be determined by the duration of the meeting and the customary directors' fees paid by similar institutions. The director must attend the meeting in order for a director's fee to be allowable. Auditable records indicating attendance and duration of meetings must be kept.

f) Dues, Fees, Subscriptions, Promotions – Reasonable cost of membership in organizations reasonably related to the development and operation of patient care facilities and programs, or the rendering of patient care is allowable. The cost of membership in civic, social, or fraternal organizations is not allowable. The cost of subscriptions to professional, technical, or business related periodicals is allowable. Allowable advertising costs include: those in connection with recruiting personnel, or for procurement of scarce items or services related to patient care. Advertising costs are not allowable in connection with public relations, fund raising, or to encourage patient utilization. Trust fees are also a non-allowable expense.

g) Employee Benefits and Payroll Taxes – Allowable costs include retirement plans, life insurance, health insurance, malpractice insurance for the medical director, payroll taxes, uniform allowance, unemployment insurance, workmen's compensation and employee meals. Benefits claimed as costs must be required by law, a written contract, or written policies of the facility. Premiums on key-man life insurance where the corporation or facility is the beneficiary, or where similar insurance is not available to all employees are not allowable except as required by lending institutions.

h) Good Will and Covenant not to Compete – Costs are not allowable.

i) Inservice Training and Education – Allowable costs are travel, food, lodging, attendance fees, and cost of bringing training personnel to the facility. The cost of training employees or volunteers who will work in the facility is allowable. The cost of training non-employees is not allowable.

j) License or Application Fees – Fee for licensure of the facility as well as the license application fee are allowable costs.

k) Malpractice Insurance – Cost of malpractice insurance for the facility is allowable.

l) Professional Services – Reasonable legal and accounting fees incurred incident to the operation of the facility are allowable. Legal and accounting costs incident to corporate matters not related to patient care are not allowable. Retainer fees are also not allowable. Legal fees for law suits against the State or Federal governments are not allowable. Management fees are allowable to the extent they are reasonable in relation to services performed.

m) Property and Liability Insurance – The cost of property and liability insurance premiums paid on care related assets is an allowable cost.

n) Travel and Seminar – The reasonable and necessary cost of attending meetings and seminars (related to patient care) is an allowable cost. Travel, lodging, food and registration expenses related to attending conferences and conventions beyond 50 miles of Illinois are not allowable. Conferences held in-state, or within 50 miles of Illinois are allowable under the following conditions:

1) The conference is specifically of an educational nature (i.e., improvements of skill levels). Meetings directed towards lobby activities are not considered educational.

2) Staff in attendance are those involved in supervising and providing direct care to clients.

3) Costs associated with other than direct care staff (e.g., accountant, bookkeeper, dietary, housekeeping) are allowable when attendance at a conference was at the request of, or sponsored by, the state, or if the seminar is directly related to government cost reporting and reimbursement.

o) Utilization Review – Reasonable expenses incurred in utilization review in skilled cases are allowable.

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