

**WAC 388-835-0400 What are allowable costs?** (1) Allowable costs are documented costs that are necessary, ordinary, related to providing ICF/ID services to ICF/ID residents, and not expressly declared nonallowable by applicable statutes or regulations. Costs are ordinary if they are of the nature and magnitude that a prudent and cost conscious management would pay.

(2) Allowable costs do not include increased costs resulting from transactions or the application of accounting methods which circumvent the principles of the prospective cost-related reimbursement system.

(3) DSHS does not allow increased costs resulting from a series of transactions between the same parties and involving the same assets (e.g., sale and leaseback, successive sales or leases of a single facility or piece of equipment).

(4) When a provider requests a rate adjustment according to WAC 388-835-0900 or 388-835-0905, any cost audited previously and not disallowed is subject to DSHS review and reconsideration according to the criteria in this section.

[Statutory Authority: RCW 71A.12.030 and 44.04.280. WSR 15-09-069, § 388-835-0400, filed 4/15/15, effective 5/16/15. Statutory Authority: RCW 71A.20.140. WSR 01-10-013, § 388-835-0400, filed 4/20/01, effective 5/21/01.]