

School Based Health Services:

Medicaid Cost Report and Cost Settlement Training

FY 2017-2018

State of West Virginia
Department of Health and Human Services
Bureau of Medical Services

October 24, 2017

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Agenda

- **Cost Settlement**
- **SBHS Program Components**
- **Annual Cost Report Components**
 - Direct Medical Service Costs
 - Specialized Transportation Costs
 - Federal Funds
- **Desk Reviews**
- **Contact Information**



SBHS: Medicaid Cost Report and Cost Settlement Training

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What is Cost Settlement?

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Medicaid Funding

Medicaid is a joint **federal** and **state** program that funds allowable medical services for eligible individuals.

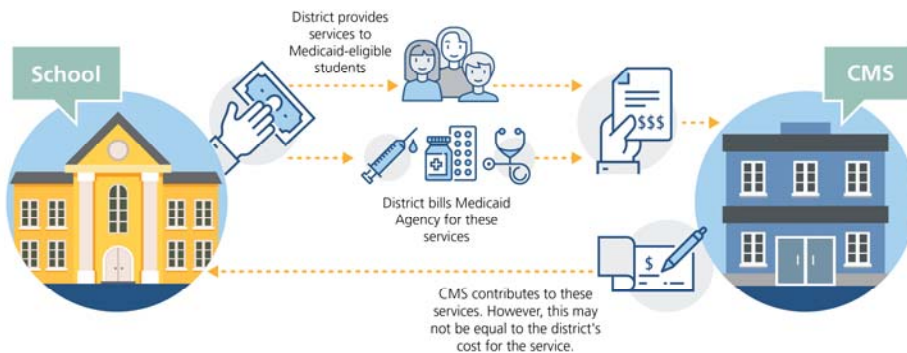


**The State Share is financed by the LEA as expenses already incurred by the school district*

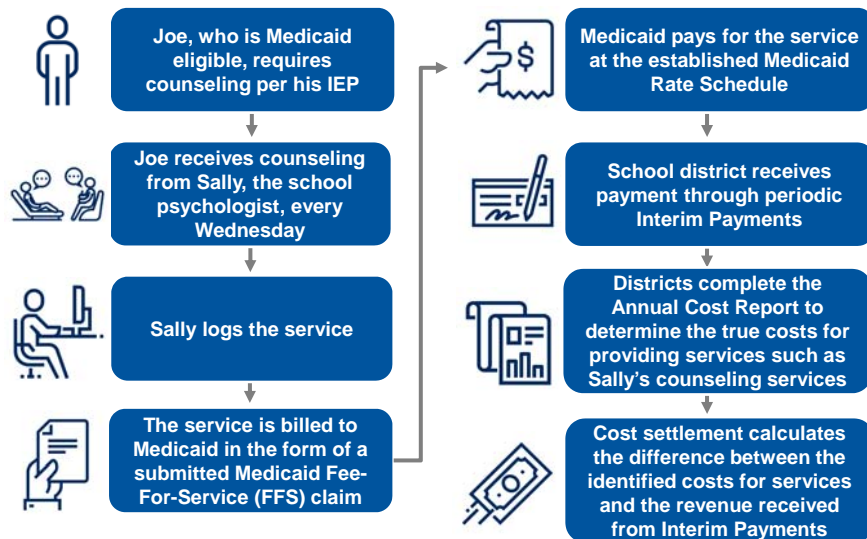
For every dollar a public school district spends to provide direct medical services to Medicaid eligible individuals, the **federal government is responsible for a portion of the costs.**

Why is there a Cost Settlement process?

- Cost settlement ensures that school districts are reimbursed appropriately with a cost-based reimbursement methodology to determine the actual cost of delivering SBHS to special education students.
- Compares the actual cost incurred by LEAs to the Medicaid interim payments (received through regular Fee-for-Service billing).



Cost Settlement Process Summary



Differing Costs Across the State

Cost settlement ensures districts receive the right amount of reimbursement because district costs can vary across the state.



District 1

Costs

Employs 2 Occupational Therapists for \$50,000 each
(\$100,000 total)

Utilization

Each Occupational Therapist has a case load of 1:10
(20 students total)

Cost Per Student

\$5,000



District 2

Costs

Employs 2 Occupational Therapists for \$60,000 each
(\$120,000 total)

Utilization

Each Occupational Therapist has a case load of 1:10
(20 students total)

Cost Per Student

\$6,000

Cost Settlement Scenarios

The Annual Cost Report is an **opportunity** for LEAs to report their true costs for providing SEMI services in order to reconcile with the interim revenue received.

If the district's Medicaid Allowable Costs are less than the interim payments received, the district will **pay back the difference**, refunding the amount due.

Medicaid Allowable Costs	Interim Payments Received	Settlement Due
\$100,000	\$110,000	(\$10,000)

District owes back \$10,000

If the district's Medicaid Allowable Costs exceed the interim payments received, the district will **receive a payment** for the amount due

Medicaid Allowable Costs	Interim Payments Received	Settlement Due
\$120,000	\$110,000	\$10,000

District is owed \$10,000

Provider Involvement



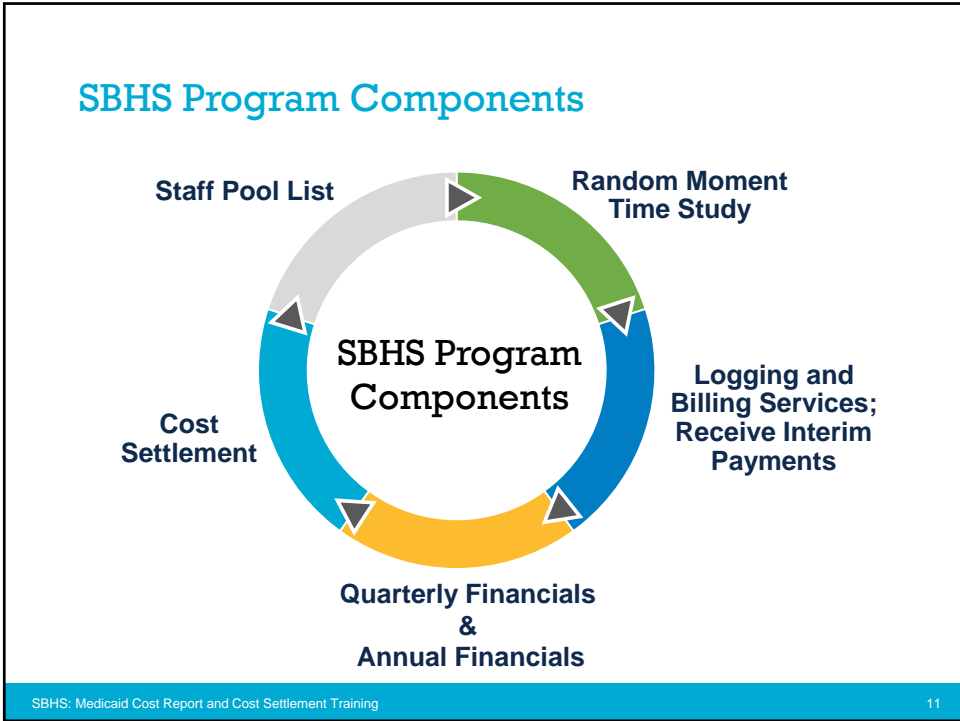
56 school districts throughout West Virginia participated in Annual Cost Settlement for the 2016-2017 school year

- Thank you for your continued effort and due diligence in this process!



Public Consulting Group (PCG) has been facilitating the cost settlement process on behalf of the Department of Health and Human Resources Bureau of Medical Services (DHHR/BMS) since 2011.

SBHS Program Components



What are RMTS and SPL?

Staff Pool List (SPL)

The SPL is the foundation of both programs, updated three times per year with each district's "list" of staff employees and contractors eligible to the RMTS survey.

The SPL indicates who at your district provides services on behalf of the SBHS program

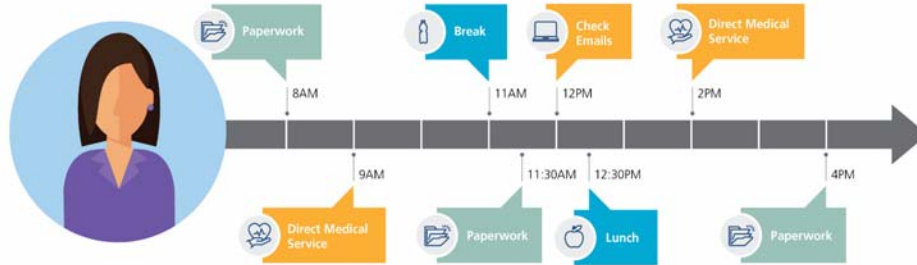
Random Moment Time Studies

The RMTS process is a federally approved technique of polling a statistically valid sampling of randomly selected moments (one moment = one minute) that are assigned to randomly selected participants. **This study determines the portion of time individuals are doing reimbursable activities.**

Everyone included on the SPL is eligible to receive moments.

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RMTS and Direct Medical Percentage



- In addition to providing counseling to students, Sally spends her day doing administrative as well as non-reimbursable tasks.
- The purpose of the Random Moment Time Study is to calculate the Direct Medical Percentage and the Administrative Percentage, or the average amount of time that Sally spends performing reimbursable activities such as providing services and filling out paperwork.
- The Direct Medical Percentage is applied to the total staff costs for each service category on the Annual Cost Report.

Difference Between the Two Reports

LEAs must complete the Annual Cost Report even if they have completed the quarterly financial reports.

Please note that the Annual financials should NOT be a sum of all of the quarterly financial reports

Quarterly Financials

- Costs associated with Medicaid Administrative Claiming (MAC)
- Direct service staff, support staff, and administrative staff
- Cash Accounting (date of PAYMENT driven reporting)

Cost report provides an additional revenue stream *in addition* to funding for provision of direct medical services

Annual Medicaid Cost Report

- Costs associated with direct medical services and specialized transportation only
- Accrual Accounting (date of SERVICE driven reporting)

Cost report tied directly to the interim revenue that an LEA receives through Medicaid billing for SBHS services

Quarterly vs. Annual Report: Examples

The diagram shows a timeline from April 2017 to July 2018. Key events include:

- Apr 2017:** Nursing Services Performed (FY17 | Q4)
- Jul 2017:** OT Services Performed (FY18 | Q1)
- Oct 2017:** Payment for Nursing Services (FY18 | Q2)
- Jan 2018:** Payment for OT Services (FY18 | Q3)
- Apr 2018:** PT Services Performed (FY18 | Q4)
- Jul 2018:** Payment for PT Services (FY19 | Q1)

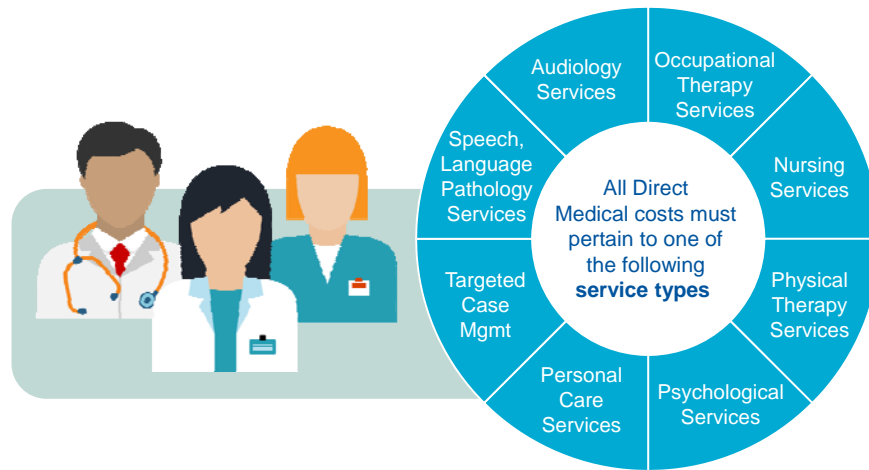
	<i>Claim on Quarterly (FY18)?</i>	<i>Claim on Annual(FY18)?</i>
Nursing Services	YES, these costs would be claimed in Q1 when they were paid	NO, the payment is for services rendered outside of the fiscal year and cannot be claimed in the FY18 annual report
OT Services	YES, because the services were paid for in Q3 of FY18	YES, because the services were rendered during FY18
PT Services	NO, these costs would be claimed in Q1 of FY19 because that is when they were paid	YES, even though these services were paid in a different fiscal year, the services were performed during FY18

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Components of the Cost Report

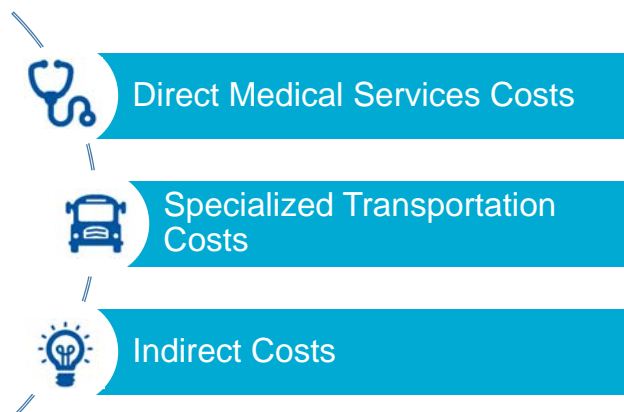
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Components of the Annual Cost Report



Cost Reporting Elements

The cost reimbursement methodology includes the following cost and data elements:



Components of the Cost Report

Direct Medical Services Costs

Direct Medical Services Total Costs



Salary, Benefits, and Contracted Staff

- Direct Medical Service providers on the RMTS Staff Pool List are the only individuals included on the Annual Cost Report
- Note that Administrative Personnel are not included

Materials and Supplies, Staff Travel & Training and Professional Dues and Fees

- Travel completed to attend a staff training
- Professional dues and fees specific to a provider's job at the district
- Materials and supplies on the CMS List of Allowable Materials and Supplies

Payroll Costs

HOURS AND EARNINGS						TAXES		
Description	Rate	Current Hours	Current Earnings	YTD Hours	YTD Earnings	Description	Current	YTD
Regular	20.346846	74.50	1,515.84	855.00	17,446.65	Fed Withholding	182.98	3,119.78
Sick	20.346846	3.50	71.21	19.50	395.51	Fed MED/EE	22.12	384.81
Bonus Leave	20.346846	2.00	40.69	16.00	325.27	Fed OASD/EE	94.58	1,438.15
Adverse Weather Cond III Close			0.00	3.00	60.81	NC Withholding	61.00	1,126.00
Civil Leave			0.00	8.00	162.23			
Holiday			0.00	72.00	1,459.97			
Mobile Communication Device-S70			0.00	0.00	560.00			
Overtime @ .50 Time			0.00	14.50	147.50			
Overtime - Straight Time			0.00	14.50	295.04			
Regular (Overtime Week)			0.00	360.00	7,296.84			
Vacation			0.00	27.50	557.39			
TOTAL:		80.00	1,627.74	1,300.00	28,767.31	TOTAL:	369.64	6,328.74

BEFORE TAX DEDUCTIONS			AFTER TAX DEDUCTIONS			EMPLOYER PAID BENEFITS		
Description	Current	YTD	Description	Current	YTD	Description	Current	YTD
TSERS - Retirement	97.66	1,688.82	NC State Empl Credit Union	25.00	425.00	TSERS - Retirement	278.83	4,685.51
Critical Illness	32.10	513.60	Reliance Standard AD&D Empl	1.00	32.00	State Health Plan 80/20	239.74	3,835.84
UNC Traffic Office - Parking	26.51	425.84				Imputed Income for LIF600*	0.00	157.48
NC Flex/Group Life Employee	12.79	205.19						
Dental Plan	10.61	169.76						
Cancer Plan	7.49	121.44						
State Health Plan 80/20	7.52	120.32						
Vision Plan	6.29	68.64						
NC Flex Voluntary AD&D Empl	6.85	110.40						
TOTAL:	199.83	3,225.32	TOTAL:	27.00	457.00	*TAXABLE		

Districts can include salary costs for eligible staff members, which include: regular wages, extra pay/overtime, paid time off, bonuses/longevity, stipends and cash incentives

Districts can also include employer paid benefits such as: Health/medical, life, disability, or dental insurance, Child care for children of employees, Retirement contributions, Worker's compensation

Entering Employee Costs – Job Span Toolbar

18% of Year Worked
 Q1: July 1 – Sept 4 (30 hrs/wk)
 Q2: No
 Q3: No
 Q4: No

50% of Year Worked
 Q1: No
 Q2: No
 Q3: Jan 1 – Mar 31 (30 hrs/wk)
 Q4: Apr 1 – June 30 (30 hrs/wk)

100% of Year Worked
 Q1: July 1 – Sept 30 (30 hrs/wk)
 Q2: Oct 1 – Dec 31 (30 hrs/wk)
 Q3: Jan 1 – Mar 31 (30 hrs/wk)
 Q4: Apr 1 – June 30 (30 hrs/wk)

The system indicates the amount of time an employee was listed on the Staff Pool List by the Job Span toolbar.

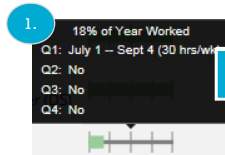
Please note that the period July-Sept may not accurately reflect staff participation in the RMTS.

- If an individual was included on any other quarter for the fiscal year and was working and performing Medicaid eligible services during the July-September quarter, LEAs in WV are allowed to include the costs for that quarter.

Entering Employee Costs – Job Span Toolbar

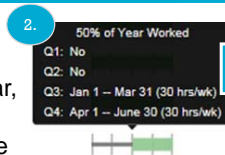
Regardless of how much time an individual may have worked during the school year, the only eligible costs that can be recorded are for the time periods that they are listed on the Staff Pool List.

Sally the Psychologist was promoted to Principal as of January 1st...



Costs can only be recorded for time worked as a Psychologist, which includes Q1 and Q2.

Mike the Physical Therapist was employed the full year, but was accidentally left off the SPL for the October-December quarter...



Costs can only be recorded for the *first, third and fourth* quarters despite Mike working in Q2.

Direct Medical Services Material and Supplies

Direct Medical Materials and Supplies

Materials and supplies must fit the following criteria:

- Be on the CMS List of Allowable Materials and Supplies (Refer to handout)
- Pertain to special education students
- Tie back to direct medical needs identified in the student's IEP

Materials and supplies used for general education can not be reported

Documentation must clearly identify what specific items were included on the report and prove that the items met the criteria listed above:

- Documentation cannot solely be handwritten notes or explanations
- The account, program, and object codes must support the inclusion of costs

X Do NOT Include X

- Costs for materials and supplies applicable to **ONLY** general education students
- Costs for materials and supplies used in out of district (tuition-paid) institutions
- Individual items costing more than \$5,000 → DEPRECIATE THESE in the depreciation section
- Federally funded costs (you should report NET of any federal funds)

Direct Medical Services Other Costs - Examples

IPad used as an e-book for special education students



Not allowable
because it is not on the CMS approved list of materials and supplies

Audiology testing materials used by general education and special education students



Allowable because it is on the CMS approved list of materials and supplies and is used for special education students

Wheelchair used by special education student



Allowable because it is on the CMS approved list of materials and supplies but must be depreciated if over \$5,000

Direct Medical Percentage

Direct Medical Percentage



The purpose of this percentage is to identify the percentage of time providers spend, on average, performing eligible direct medical services



Calculated by PCG from the results of the quarterly Random Moment Time Study (RMTS) - the average results of the three quarterly time study periods (Oct – Dec, Jan – Mar, and Apr – Jun) that occurred during the fiscal year



It is a statewide percentage and is not school district specific



This percentage is applied to the Direct Medical Service Costs and directly affects the cost settlement for every district

Unrestricted Indirect Cost Rate (UICR)

The Indirect Cost Rate is used to include additional costs of doing business that cannot be easily identified within a particular grant, contract, or program, but are necessary for the general operation of the organization.

- Example: overhead costs, such as heating or electricity
- The UICR will be prepopulated in the system by PCG based upon data provided by WVDE
- LEA's without an approved ICR will use a default rate of 10%.

Example Calculation:

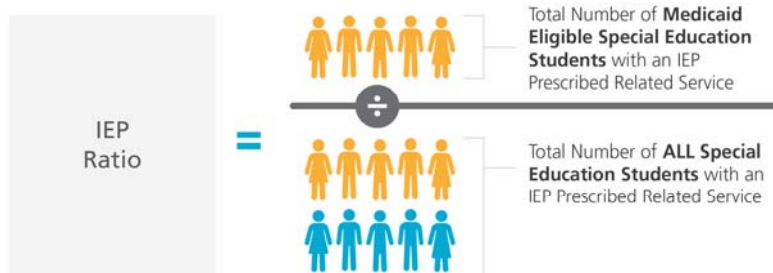
Net Direct Service Costs (less federal funds)	\$800,000
Indirect Cost Rate (10%)	.10
Indirect Costs	\$80,000
Net Direct Service Costs + Indirect Costs	\$880,000

Individualized Education Program (IEP) Ratio

What is the purpose of this ratio?

Identifies the portion of costs that pertain to the delivery of direct medical services specifically to **Medicaid-eligible special education students with a prescribed reimbursable related service in their IEP**

- PCG will input this number from data provided by WVDE



Direct Medical Costs Summary

Example Calculation of Medicaid Allowable Costs

Direct Medical Services Salary and Benefits Summary

Service Type	# line items	Salaries	Benefits	Contracted Staff Costs	Fed Funds and Other		
					Total Costs	Staff Costs	
▶ Psychological Services	6	\$30,000.00	\$30,050.00	\$0.00	\$60,050.00	\$0.00	\$60,050.00
		\$30,000.00	\$30,050.00	\$0.00	\$60,050.00	\$0.00	\$60,050.00

Direct Medical Services Total Costs Summary

Service Type	Staff Costs	Other Costs	Other Cost Fed Funds	Total Costs	Direct Medical Percentage	Net DMS	Unrestricted Indirect Cost Rate	Indirect Costs	Net All Costs Plus		Medicaid Allowable Costs
									Indirect Costs	IEP Ratio	
Psychological Services	\$60,050.00	\$0.00	\$0.00	\$60,050.00	47.65 %	\$28,613.83	10 %	\$2,861.38	\$31,475.21	17.37 %	\$5,467.24
Totals	\$60,050.00	\$0.00	\$0.00	\$60,050.00		\$28,613.83		\$2,861.38	\$31,475.21		\$5,467.24

Components of the Cost Report

Specialized Transportation Costs

Transportation Reimbursement

Specialized Transportation Services include:

- Travel to and from a Medicaid covered direct IEP service to be rendered on school premises or another location.
- Specialized transportation is included on the IEP as a separate service.
- Use of a specially adapted vehicle (such as a specially adapted bus or van).

LEA's can report Specialized Transportation if:

- Vehicle has modified specialized equipment
- Transport occurs on the same day student receives a direct medical service
- Written in IEP (retain copies)
- Keep bus logs of one-way trips
- Bill Medicaid & log service



Transportation Costs



Districts may report salary and benefit costs for **drivers, bus aides, and mechanics** who provide specialized transportation



Districts may report costs for **Renting or Contracting** specialized transportation services



Districts may report **insurance** for all vehicles which provide specialized transportation



Districts may **depreciate** costs for all **vehicles** which provide specialized transportation



Districts may report **fuel and oil** for all vehicles which provide specialized transportation

Districts may report **repairs and maintenances** for all vehicles which provide specialized transportation



Transportation Service Type: Only and Not Only

	Only Specialized Transportation	Not Only Specialized Transportation	General Transportation Costs
Report When:	Costs that pertain only to providing specialized transportation services should be reported as 'Specialized Only'. These are costs that can be isolated from your general transportation costs.	If an LEA is unable to isolate special transportation costs from general transportation costs.	Any costs pertaining to transportation costs for only general education students should not be included.
Example:	Salaries and benefits coded to 227XX (Specialized Transportation) and buses with a wheelchair lift which transport only special education students.	A bus is adapted to transport special education students per their IEP, but also transports general students. Fuel costs may be listed as 'Not Only Specialized' if the total fuel cost includes fuel for both specialized vehicles and general transport vehicles.	Unallowable costs that include buses that only transport general education students (including related bus driver salaries) or fuel, maintenance, and insurance costs for these vehicles if separately available in the accounting system.
Ratio(s) Applied:	One-Way Trip Ratio <u>ONLY</u>	Specialized Transportation Ratio <u>AND</u> One-Way Trip Ratio	N/A

Specialized Transportation Costs

DHHR has indicated that only a bus with a lift meets the criteria to provide specialized transportation.

Only buses with a lift and their associated drivers would be considered specialized transportation.

This vehicle must be used to transport a student who has specialized transportation listed in their IEP.

If these conditions are met, this cost may be included on the cost report as 'only specialized transportation.'

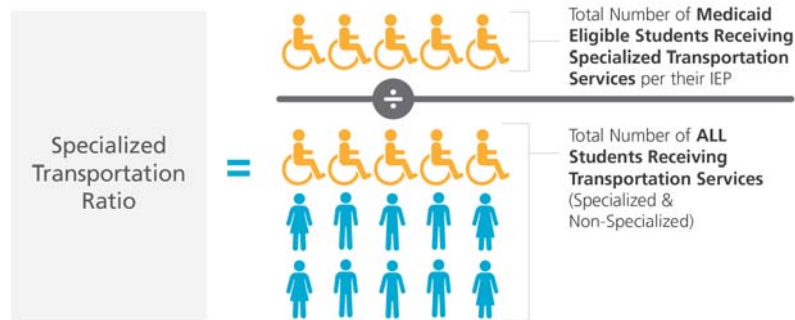
An IEP alone is not enough to qualify transportation as specialized – Medicaid will not cover transportation costs for (as an example) a student with Speech Therapy in their IEP who is able to ride a regular school bus.



Specialized Transportation Ratio

The **Specialized Transportation Ratio** is used when specialized transportation costs cannot be discreetly broken out their from general transportation costs.

- Only applies to costs reported as Not Only Specialized.
- PCG will populate the numerator and denominator based on data provided by WVDE.



One Way Trip Ratio

The **Specialized Transportation One Way Trip Ratio** allocates a portion of specialized transportation costs to the Medicaid Program.

- PCG will input the numerator based on paid claims data, but if you report any specialized transportation, then **you must input the denominator**.

A Medicaid **One Way Trip** is defined as a trip to or from school for a special education student with specialized transportation in their IEP on the same day the student received a SBHS direct medical service.

- Transportation to **AND** from school would be considered two one way trips.



Calculation of Medicaid Allowable Transportation Costs

Transportation Salary and Benefits Summary

Service Type	# line items	Salaries	Benefits	Total Costs	Fed Funds and Other Reductions	Staff Costs
▶ Only Specialized Transportation	1	\$20,000.00	\$7,800.00	\$27,800.00	\$3,000.00	\$24,800.00
▶ Not Only Specialized Transportation		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
		\$20,000.00	\$7,800.00	\$27,800.00	\$3,000.00	\$24,800.00

Transportation Total Costs Summary

Service Type	Staff Costs	Other Costs	Other Cost Fed Funds	Total Costs	Unrestricted Indirect Cost Rate	Indirect Costs	Net Direct Costs Plus Indirect Costs	Specialized Transportation Ratio	One Way Trip Ratio	Medicaid Allowable Costs
Only Specialized Transportation	\$24,800.00	\$1,666.67	\$166.67	\$26,300.00	10 %	\$2,630.00	\$28,930.00	100 %	10 %	\$2,833.00
Not Only Specialized Transportation	\$0.00	\$12,450.00	\$1,900.00	\$10,550.00	10 %	\$1,055.00	\$11,605.00	5.71 %	10 %	\$56.27
Totals	\$24,800.00	\$14,116.67	\$2,066.67	\$36,850.00		\$3,685.00	\$40,535.00			\$2,959.27

Components of the Cost Report

Federal Funds

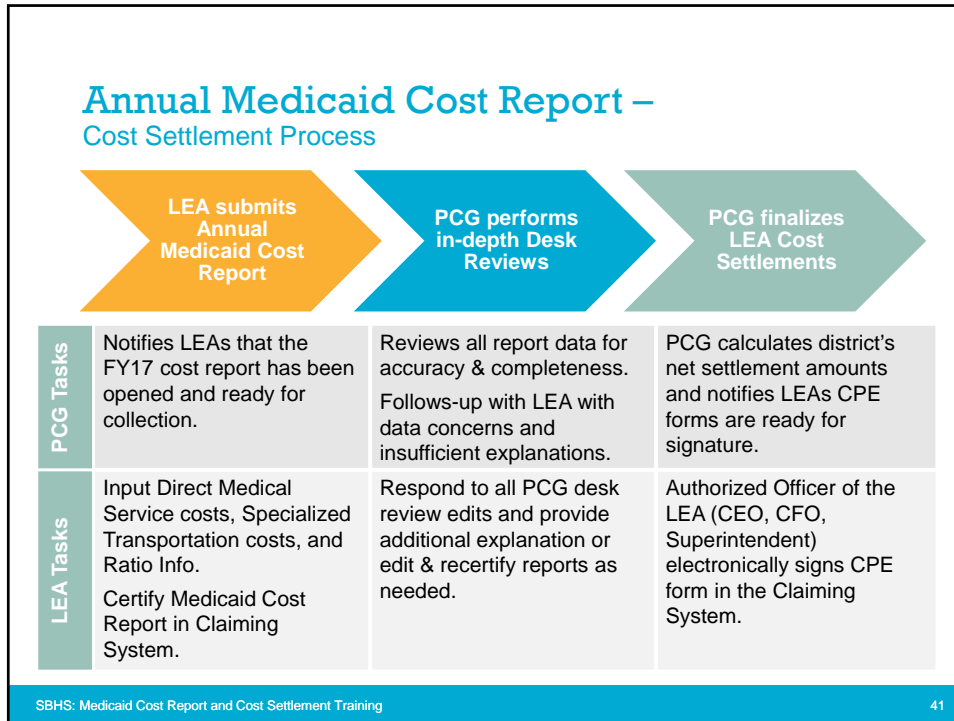
Federal Funds

- Costs paid for by the district using federal funds are not represented in the cost settlement calculation
- To assure federal funds are properly removed, the district must:
 - Report costs as a gross amount (State, Local & Federal Dollars) and then identify the federal funds amount (Federal Dollars), the system will subtract out the federal funds and find the net
 - Alternatively, the district can back out federal funds prior to reporting costs in the system
- Staff members or costs that are 100% federally funded should not be reported and should not be included in the RMTS staff pool list




FY 18 Cost Settlement

Next Steps





Desk Reviews



PCG conducts desk reviews after all cost reports have been certified


Desk reviews help protect LEAs from federal audits and potential pay-back situations.





When preparing your cost report, keep clear & organized documentation for ease of reference during the review

Confident statements of understanding are necessary! Avoid phrases like “I believe...” or “Somebody told me...”



An in-depth training can be found on the “Resources” section of the Claiming System homepage

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Potential Audit Risks

- 1 Inputted Salary and Benefit costs are inconsistent with the staff member's Job Span Bar, which is their allowable claimable time listed on the Staff Pool List
- 2 Licensure is not an active or the employee does not hold an appropriate license during the time periods which the participant was active on the Staff Pool List
- 3 Salary and Benefit documentation does not align with what is reported in the PCG Claiming System
- 4 Transportation costs are not correctly categorized as either "Only Specialized Transportation" or "Not Only Specialized Transportation"
What does your documentation support?

If you have any questions about documentation and allowable costs, **don't ever hesitate to reach out to PCG!**

Certification of Public Expenditure (CPE) Form

- Signing off on your Certification of Public Expenditures Form ensures the federal government that all costs and ratios are reported accurately and supported by documentation.
- Signing off on your Certification of Public Expenditures Form will be done in the PCG Claiming System using electronic signature.
- This page will not be available to view until PCG has released the cost settlement and your district has approved the settlement amount.

"I am the officer authorized by the referenced government agency to submit this form and I have made a good faith effort to assure that all information reported is true and accurate."



Contact Information and Next Steps

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Annual Medicaid Cost Report – FY18 Deadlines



This is due in the PCG Claiming System site by **Monday, December 31st**.

The Annual Medicaid Cost Report for the reporting period can be accessed through <https://claimingsystem.pcgus.com/wy>

Ensure your district enters all eligible costs for each section of the Cost Report before certifying and submitting!

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PCG Contacts

If you have any questions about the Annual Medicaid Cost Report, or the Cost Settlement process, please reach out to us!



Public Consulting Group

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1-877-908-1745

