Cost Settlement: Frequently Asked Questions

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General Questions

3. What time period does the Annual Cost Report cover?
   The annual cost report covers dates of service between July 1 and June 30. For example, the first
   cost report covered the July 1, 2012 through June 30, 2013 time period.

4. When is the Annual Cost Report due?
   The annual cost report is due by December 31 following the close of the time period covered by the
   cost report. For example, for the cost report covering the July 1, 2013 through June 30, 2014 time
   period, the cost report would be due by December 31, 2014.

5. Will we be entering this info on the old MCRCS system since it has all the previously reported
   quarters on it or will we be using the new MCRCS system?
   LEAs will using the old MCRCS system for the 2013-2014 School Year. This is the same system that
   was used to complete the FY 2012-2013 cost report.

6. Are we reporting costs associated with only Medicaid eligible students or both Medicaid eligible
   and non-Medicaid eligible students?
   The costs associated with both Medicaid eligible and non-Medicaid eligible students should be
   reported.

7. Can we simply lump our quarterly costs together and report those figures on the annual report?
   No. The annual report must be completed using accrual based accounting while the quarterlies are
   completed using cash based accounting.

8. Will the information we entered for the quarterly reports roll over in to the annual report?
   No, due to the differences in accounting methodologies mentioned above, the costs will not roll
   over.
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Annual Payroll Information

9. There was no RMTS in July, August and September of 2013. Why do people have a 1 in that column?
Any individuals who participated in the RMTS during the April through June 2013 quarter would be considered to have participated for the August – September 2013 quarter.

10. Do we have to report values for paid hours?
No, this is not a mandatory data field. LEAs are encouraged to report this information however, leaving this field blank will not create any system edits or prevent you from certifying.

11. Can we report the costs of providers not included in the RMTS?
No, only costs for those providers who participated in the RMTS at some point throughout the reporting period can be included. Costs can only be included for those quarters for which a provider participated.

12. Will we have to enter in employee’s and contractor’s names into the Annual Payroll Information page?
No all relevant employee’s and contractor’s names will already be entered into the system for the LEA.

13. If an employee only participated in the RMTS for one quarter but worked the full year, can we report the full year’s salary?
No. You may only report salary associated with the quarters that the employee participated in the RMTS.

14. If an individual is not listed as having participated in the RMTS for all 4 quarters, can I use a percentage to determine the appropriate cost? I.e., two quarters equals 50% of overall salary?
Payroll costs should not be reported as a percentage of overall salary. You must report the actual payroll associated with dates of service within the quarters the individual was participating in the RMTS.

15. What should I do about clinicians listed on my payroll page that should not have been included?
Leave those lines blank. They will then be flagged in the Annual Edits page where you can enter an explanation for not including any cost data.

16. Do I need to report the federal portion of salaries and benefits or can I just report the allowable salary information?
Yes, you should report total salary and benefit information and then report the federal portion under Compensation Federal Revenues. The system will automatically subtract the cost for you to determine the allowable costs.

17. What do I do with duplicates?
Enter all costs associated with the allowable quarters under one name. Report in the explanation page under the blank name that it was a duplicate and all information was reported under one name.
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Direct Medical Service Percentage Calculation

18. Can you please explain how the direct cost percentage was calculated? Is the information available by different service provider categories?
The Direct Medical Service Percentage was calculated based on the average of the random moment time studies conducted between October 1, 2012 and June 30, 2013 for the direct services staff pool only. For every response to a moment received throughout the 3 quarterly time studies, the information provided in the responses to the 5 questions is reviewed and coded to one of the defined activity codes within the time study process. Once all responses are coded, the coding is reviewed and validated by DPW at which point the direct service percentage is calculated. The calculation is based on the number of moments coded to the direct service activity code as a percentage of the total of all valid responses.

19. As related to the RMTS, is the percentage the time health care providers (nurses, etc.) provide to all students or just Medicaid students?
The direct medical service percentage determines the time direct service providers spend providing services to all students with a direct medical service in their IEP. The IEP Ratio, which is applied following the application of the Direct Medical Service Percentage and the inclusion of Indirect Costs, will determine what portion of these costs pertain to the provision of services for Medicaid eligible students.

20. Do all districts participate in the random moment time studies? Can we appeal the percentage based on our own district-specific calculation?
In order to participate in Medicaid Administrative Claiming and Cost Settlement, a district needs to participate in the Random Moment Time Study. The Direct Medical Service Percentage is a state-wide calculation (as the RMTS is conducted on a state-wide basis) which has been approved by the Centers for Medicare and Medicaid Services (CMS). This calculation is not district-specific and cannot be appealed.

21. Why is the direct medical service percentage for 2012-13 the same for all services? Does mean that all nurses/speech/aides, etc. were all working exactly 22% of the day?
The percentage is the same because the RMTS includes all direct service staff in a single cost pool and as such the results are applied consistently to all service categories. This percentage means that, on average, direct medical service providers across the state of Pennsylvania spend roughly 22% of their time providing direct medical services. As this is an average of all provider types, some individuals may spend a higher percentage of their time providing these services, while others may spend a lower percentage of their time on these services.

22. Is the Direct Medical Percentage the average of just direct staff or does it include administrative staff as well? Both complete the RMTS.
The Direct Medical Service Percentage is calculated based on the average of the time studies for the direct services staff pool only. The percentages for administrative staff are only utilized on the quarterly financials for MAC.
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23. What is the Direct Medical Percentage for 13-14? In the estimation tool it still shows 22.73% The Direct Medical Service Percentage for 2013-14 has not yet been confirmed and is pending the finalization of the coding and validation of the responses from the April – June 2014 quarter. When it is calculated, the information will be loaded in to MCRCS and LEAs will be notified of the new percentage.

The 22.73% is the 2012-2013 percentage and is a placeholder in the estimation tool.

24. Direct Medical Service Percentage - Cost Settlement is significantly driven by this amount. Can you please explain why this number isn't yet available if it is a calculation of data that was submitted during the 13-14 year which was over 5 months ago? For every response to a moment received throughout the quarterly time studies, the information provided in the responses to the 5 questions is reviewed and coded to one of the defined activity codes within the time study process. Once all responses are coded, the coding is reviewed and validated by DPW at which point the direct service percentage is calculated. The percentages cannot be finalized until all coding reviews and validations are completed.

The final percentage is pending the finalization of the coding and validation of the responses from the April – June 2014 quarter. When it is calculated, the information will be loaded in to MCRCS and LEAs will be notified of the new percentage.

25. On the cost report can we include any staff member who provides direct medical services regardless of the percentage of time? You are able to include any staff member who provides direct medical services on the staff pool list and claim their costs on the cost report. LEAs are reminded that they should not include staff members that are 100% federally funded.

Annual Tuition Costs

26. Do we just need to know how much tuition was paid for a Medicaid eligible student and the system will calculate how much can be claimed? On the tuition page, the LEA will input the specific school/program to which tuition was paid; the total annual tuition paid to the specific school/program; and the portion of the tuition cost paid using Federal Funds (if applicable). Tuition can be included for those students sent out of district who are receiving a direct medical service as indicated in their IEP. In addition, your LEA must retain the responsibility for billing these services on behalf of the student. If the other school assumes billing responsibility and thus receives reimbursement for these services, you are unable to claim these tuition costs on the cost report.

The system will calculate the Medicaid Allowable costs for out-of-district tuition through the application of the IEP ratio.
27. Do we include tuition costs for all students with IEP’s that we send to educational facilities outside the district?
   An LEA can include tuition costs for students with at least one direct medical service in their IEP. In addition, your LEA must retain the responsibility for billing these services on behalf of the student, if the student is Medicaid eligible. If the other school assumes billing responsibility, if the student is Medicaid eligible and thus would be the entity receiving reimbursement for these services, you are unable to claim these tuition costs on the cost report.

28. Why are out of state tuition costs excluded from this federal program? This impacts schools situated on the border of DE and MD.
   Medicaid is a state specific program and as such the requirements for Medicaid services in states like DE and MD may not be exactly the same as those in PA. As a result, any services provided outside of PA would not be eligible for Medicaid reimbursement in PA.

29. Why wouldn’t we report students who are in an IU program in the Annual Tuition Cost Summary? Especially if we are paying for some of the direct service providers.
   Tuition costs incurred from IU’s can be reported only if the IU is not billing Medicaid for the services provided to the tuition students.

30. Do you use the entire tuition cost for this student or do you pro-rate based on the time they receive these services?
   LEAs should report the total tuition cost for a student on the cost report. MCRCS will apply the Health Related Percentage which is a school specific percentage calculated for each approved school to determine the amount of tuition which pertains to the provision of direct medical services.

31. If a student is receiving is Special Transportation and no other Health Related Services, can we report the tuition in the Cost summary report?
   Tuition costs can only be included if the student is receiving a direct medical service as listed in their IEP.

32. Can the tuition costs for both Medicaid eligible and non-Medicaid eligible students be reported?
   Yes. As tuition costs are subjected to the LEA’s IEP ratio to determine the portion of Medical Allowable Health Related Tuition costs, it is appropriate for the tuition amounts to be inclusive of both MA and non-MA eligible students. As a reminder, the LEA can only include tuition costs that are inclusive of both the educational and health related services. Tuition payments made for students that are not receiving health related services as part of the tuition payment are not eligible to be reported on the annual cost report. Further, the LEA can only include tuition costs if they would be the entity responsible for billing Medicaid for the services if the student were Medicaid eligible. It is also important that any students for which the tuition payments are reported on the Annual Tuition page are included in the IEP ratio, with the total of all students included in the denominator and the MA eligible number included in the numerator as well.

33. If we are billed the cost for a 1:1 aide, can we include that cost?
   If the LEA is billed separately for the aide and that aide is included on your RMTS staff pool list and meets the applicable clinician qualifications, you would be able to report the costs incurred specific to that 1:1 aide as a contract cost on the Annual Payroll Page.
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34. I have tuition costs for schools that are not listed, what should I do?
   Please email a list of the missing schools to SBAPsupport@pcgus.com. The list of schools will be reviewed in conjunction with DPW and PDE to determine their inclusion in the list of tuition schools/programs.

Special Transportation & One-Way Trip Ratio

35. Can you please provide the definition of specialized transportation?
   Specialized transportation service costs are those that are specifically incurred to provide specialized transportation services.

   Special transportation services are services prescribed by a physician or other licensed practitioner of the healing arts within the scope of his or her practice under state law and include:
   - Travel to and from school and between schools or school buildings on a day when a Medicaid service is on the IEP to be rendered on school premises and special transportation is included on the IEP as a separate service.
   - Travel to and from off-site premises on a day when a Medicaid service is on the IEP to be rendered off-site and special transportation is included on the IEP as a separate service.

   Please refer to the Cost Reporting Guide for a list of special transportation limitations.

   The 7 CMS-approved cost and data elements used to determine Medicaid costs for Specialized Transportation Services include:
   1. Salary costs for eligible specialized transportation service providers
   2. Benefit costs for eligible specialized transportation service providers
   3. Approved Specialized Transportation Non Personnel costs
   4. Depreciation costs for Approved Specialized Transportation Non Personnel costs
   5. LEA Indirect Cost Rates (ICR) (pre-populated by PCG)
   6. Specialized Transportation Ratio (if needed)
   7. One Way Trip Ratio

36. Can you please provide the Specialized Transportation Ratio?
   The Specialized Transportation Ratio is applied when an LEA cannot discretely break out its specialized transportation costs from its general transportation costs.

   Specialized Transportation Ratio =
   \[
   \frac{\text{Total Number of IEP Students Receiving Specialized Transportation Services}}{\text{Total Number of ALL Students Receiving Transportation Services (Specialized or Non Specialized)}}
   \]

37. If transportation is contracted and we just pay a flat yearly rate how would you report costs?
   You may report contracted costs on the ‘Transportation Other Costs’ page. This applies for both contracted transportation services and contracted transportation equipment.
38. Are bus driver expenses a reportable transportation costs? What about the district transportation coordinator?  
Salary and benefit expenses for bus drivers can be reported on the annual cost report. These costs could be defined as either specialized transportation only or not only specialized transportation. District transportation coordinators are not an approved transportation provider and therefore cannot be included on the cost report.

39. Can we put costs in both service types? (regarding transportation services)  
Yes, it is allowable to record costs under both service types. However, the preference is to report costs in one of the two categories for transportation. Any costs reported as ‘Not Only Specialized Transportation’ would be subjected to the Specialized Transportation Ratio and the One Way Trip Ratio. Costs reported as ‘Only Specialized Transportation’ would only be subjected to the One Way Trip Ratio.

40. In the Specialized Transportation Ratio do the IEP students have to have a related service to be counted as Special Ed?  
The numerator of the Specialized Transportation Ratio should include any student who requires specialized transportation as listed in their IEP.

41. Specialized Transportation must be written in the IEP? We transport special education students to special programs outside the district but it is not written in the IEP and it requires no configuration or extraordinary equipment.  
The need for specialized transportation must be included in the student’s IEP to be included in the numerator of the specialized transportation ratio. If a student does not have the need for specialized transportation identified in the IEP, the transportation would not be considered specialized transportation.

42. Can you please define one-way trip and provide the formula for the one way trip ratio?  
A Medicaid one-way trip is a trip in which a Medicaid enrolled student who has specialized transportation services in their IEP and received another SBAP service provided by the LEA on the day of the trip.

The purpose of the One Way Trip ratio is to allocate specialized transportation costs to the Medicaid Program. In other words, it is used to determine Medicaid’s portion of specialized transportation costs incurred by LEAs for the provision of SBAP specialized transportation services.

One Way Trip Ratio =  
\[
\frac{\text{Total Number of Medicaid One Way Trips (based on Medicaid paid claims data)}}{\text{Total Number of ALL One Way Trips (based on LEA bus logs)}}
\]

The numerator will be completed by PCG based on paid claims data. The denominator should be reflective of all one way trips provided to all students that have specialized transportation documented in their IEP, regardless of whether or not the trip met all of the requirements to be Medicaid billable. That is, the trips should be included for students regardless of Medicaid eligibility status and for trips provided regardless of whether another SBAP related service is provided on the same day or not.
CMS’ expectation is that LEAs maintain bus logs for all students receiving specialized transportation for every school day, regardless of the student’s Medicaid eligibility and regardless of whether or not the student receives another SBAP related service on the day of the trips.

43. Where are the two transportation ratios? I don’t seem them.  
The transportation ratios will only be visible once you enter in transportation costs. Once an LEA reports transportation costs, the Medicaid One Way Trip Ratio will be available on the General & Statistical Information Page. If any transportation costs are reported as not only specialized transportation, the Specialized Transportation Ratio would also become available on the General & Statistical Information Page.

44. Do I still fill out the Medicaid one way trip ratio if we contract all specialized transportation?  
Yes.

45. Are transportation providers included in the RMTS?  
No, transportation providers will not participate in the RMTS. Information for transportation providers must be entered in by the LEA and will not be prepopulated.

46. Can the cost for bus attendants/aides be included?  
No, bus attendants/aides are not approved in the State Plan Amendment under the specialized transportation service and therefore must be excluded from the transportation section of the cost report. If the aide is included on the RMTS roster for the Personal Care service, the cost for that aide could be reported on the direct service portion of the cost report.

47. How do we know to include transportation costs?  
If your LEA has submitted Transportation Claims to Medicaid for dates of service between July 1, 2013 and June 30, 2014 then you would include Transportation Costs in the Medicaid Cost Report.

48. Do we include all bus drivers in transportation payroll section or only those driving the specialized buses/vans?  
You may report all bus drivers if you use the not only specialized transportation service category to identify those costs. You also have the ability to report only those drivers providing specialized transportation using the specialized transportation only category.

49. Should I report my full transportation cost under “Not Only Specialized Trans” and then the portion for specialized transportation under “Only Specialized Trans”?  
No, you can either report the full cost under “Not Only Specialized Trans” or the broken out cost under “Only Specialized Trans”.

50. Should I report all of my busses?  
If you are reporting transportation costs as not only specialized transportation, then you may report all busses. If you are reporting transportation costs as specialized transportation only, then costs should be reported for only those busses used in providing specialized transportation.

51. I have a bus that transports Special Ed students, some with Specialized Transportation in their IEP, some without. Can I report that bus under “Only Specialized Trans”?  
No. Since not all of the students on the bus require specialized transportation services, you must report the cost of the bus as “Not Only Specialized Trans”.

Public Consulting Group, Inc.  
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**Cost Settlement:** Frequently Asked Questions

**IEP Ratio**

52. Please review the LEA process for doing the IEP ratio? When is this to be done?  
The LEA will be required to self-report both the numerator and denominator of their IEP ratio when filing their cost report.

The numerator will be based on the total number of students with an SBAP health related service included in their IEP who are Medicaid eligible based on the LEA’s Promise system.

The denominator will be based on the total number of students with at least one direct medical service in their IEP, based on student enrollment as of December 1 for each July – June school year.

For the School Year 2014 cost report, covering dates of service from July 1, 2013 through June 30, 2014, the appropriate date for the ratio would be December 1, 2013.

53. What do you mean by prescribed direct medical service?  
A prescribed direct medical service is an SBAP health related service that is included in student’s IEP.

54. This is specific to the 12/1 IEP ratio date. Are you expecting us to verify that all children were MA eligible on that date? If we know they are eligible most of the year, is it important for us to verify that specific date?  
It is important that you verify eligibility for this particular date in time. In the event of an audit, the number included in the IEP ratio would be verified against the December 1\textsuperscript{st} date. If there are inconsistencies between the total student eligibility on the December 1\textsuperscript{st} date and the date recorded in the IEP ratio, your district will be responsible for any fiscal liabilities as a result of these findings.

55. Where do we input the IEP ratio?  
On the General and Statistical information page in MCRCS, you would record both the numerator and the denominator of the IEP ratio.

**Interim Payments**

56. What is the best way to verify the accuracy of the interim payments received in Step 3 of the cost settlement calculation?  
The best way to verify the accuracy of the interim payments identified in Step 3 would be to contact the PCG SBAP Support team for a detailed report on your FFS claims for the dates of service covered by the cost reporting period. LEAs can also access the Claim Status Report by Date of Service in EasyTrac.
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Indirect Cost Rate

57. Are indirect costs being calculated by each LEA? How is this determined?
   No. At this time a 10% indirect cost rate is being used for every LEA that is participating in the SBAP program. This rate will be prepopulated in MCRCS by PCG.

58. How did you come up with the 10% Indirect Cost rate?
   The 10% indirect cost rate is based on guidance from OMB Circular A-87, which allows for the use of an indirect cost rate of 10% when an indirect cost rate, approved by the cognizant agency is not available.

Materials and Supplies

59. Are the materials and supplies only for the costs for the people on the Direct Services Pool and not the Administration Pool in the RMTS?
   The materials and supplies which can be included on the annual cost report must be used during the provision of a direct medical service, so these materials and supplies would likely be used only by direct service providers. Materials and supplies utilized by staff in the administration pool can be claimed on the MAC quarterly financial report.

60. What is the name of the list that we can look at for estimated life when reporting depreciation?
   The American Hospital Association publishes “The Estimated Useful Life of Depreciable Hospital Assets” which can be used to determine the estimated useful life of depreciable assets.

61. Where can we find the reference for depreciation for medical supplies?
   It is required to report direct medical service materials and supplies as depreciated cost if a single direct medical service material and supply cost exceeds $5,000. Only those items included within the approved list can be reported on the Medicaid cost report. The approved list can be found in the Cost Reporting Guide and on the PCG SBAP website under ‘CMS Approved Materials and Supplies.’

62. If equipment was purchased for an Autism sensory room with ACCESS funds can we claim that total cost in the materials and supplies?
   Yes, you may claim these costs as long as the equipment is listed on the CMS Approved Materials and Supplies list which is posted on the Dashboard page of MCRCS.

63. What about medical supplies nurses order? Does it have to be broken out by student?
   Medical supplies do not have to be broken out by individual student. However, these supplies should be used either by Special Education students only, or by both General and Special Education students. Please do not record the costs for any supplies which would be used only by General Education students.
64. **If we enter the information into the estimation tool, can it then be uploaded into the summary online? Or are we doing the work 2 times?**

   The estimation tool was developed to assist LEAs in estimating their annual Medicaid Cost Settlement for the 2013-2014 School Year. These same schedules will be populated based on the data entered in to the cost report schedules by the LEA as well as the inclusion of various statistical data and the final Medicaid paid claims data. The estimation tool is not intended to be used to complete the cost report itself or provide final results but to allow the LEAs to better understand the settlement calculation and loosely estimate what their settlement may look like.

65. **What does FMAP stands for?**

   FMAP stands for Federal Medical Assistance Percentages and are used to determine the amount of Federal matching funds for State expenditures for assistance payments regarding certain medical and social service programs in the United States of America.

66. **What is MMIS?**

   MMIS is the Medicaid Management Information System, which is the Medicaid claims processing and information system that states utilize.

**PROMISE System**

67. **What if we used PCG's EasyTRAC system to verify eligibility instead of checking individually in Promise?**

   The data in the EasyTRAC system reflects the information for only those students you have provided data for. The Promise system should contain the Medicaid eligibility for all Medicaid eligible individuals and would be a comprehensive data set. Additionally, referencing the “Parental Consent and MA Eligibility Report” from EasyTrac it will pull current eligibility, not the date stamp needed as of 12/1/2013.