FY24 Medical Services Cost Reporting
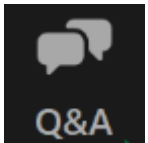
October 2024

Welcome and Housekeeping Notes

Welcome to today's webinar: **FY24 Medical Services Cost Reporting**

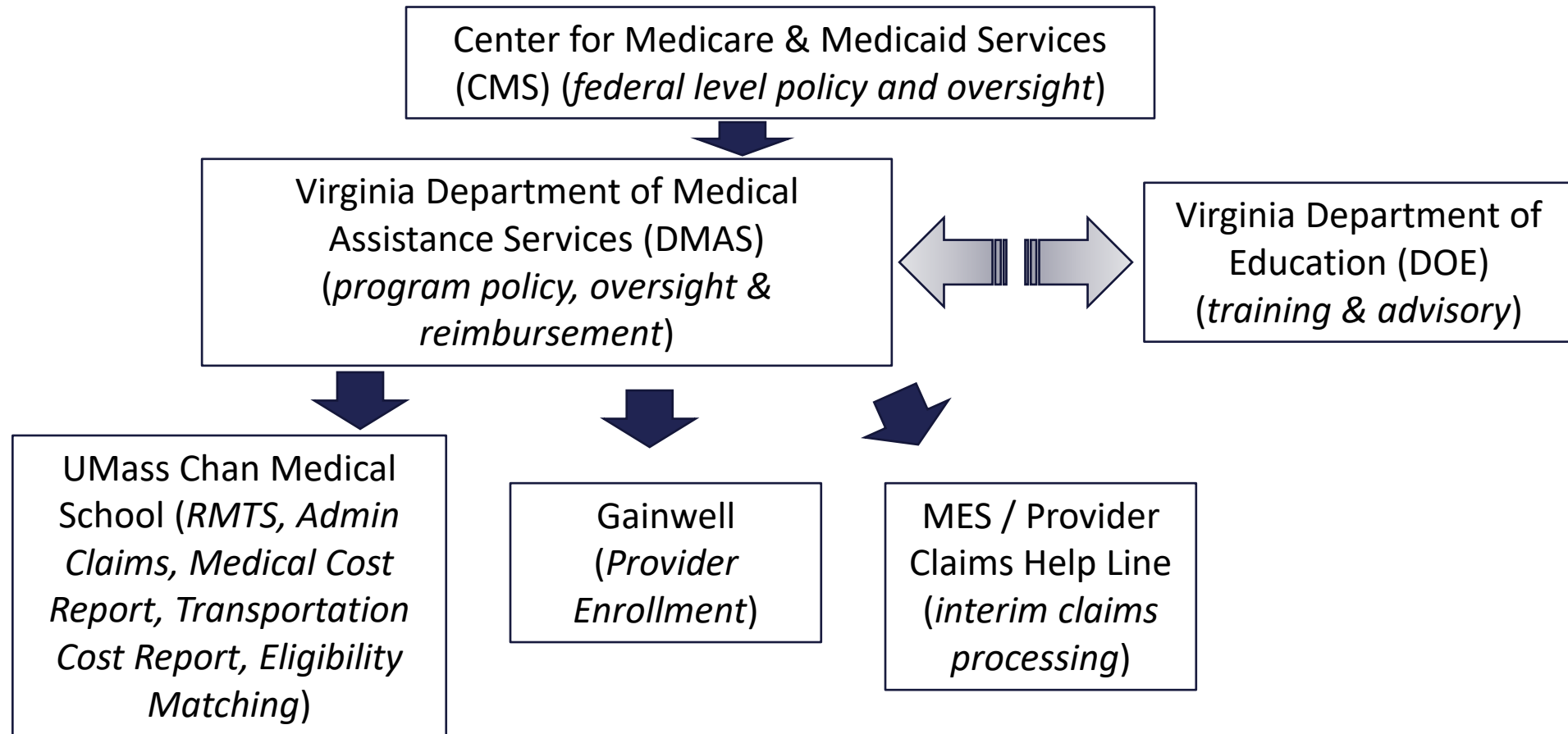Please remain on mute during the presentation to reduce background noise.

If you're accessing audio via your phone, *6 will mute and unmute.

Please take a moment to locate the Zoom "Q&A" feature where you can post questions. We will pause at several points along the way during today's presentation for questions, and then we'll also have time to take questions again at the end.

School-Based Services Program

Center for Medicare & Medicaid Services (CMS) (*federal level policy and oversight*)

↓

Virginia Department of Medical Assistance Services (DMAS) (*program policy, oversight & reimbursement*)

↔

Virginia Department of Education (DOE) (*training & advisory*)

↓

UMass Chan Medical School (*RMTS, Admin Claims, Medical Cost Report, Transportation Cost Report, Eligibility Matching*)

Gainwell (*Provider Enrollment*)

MES / Provider Claims Help Line (*interim claims processing*)
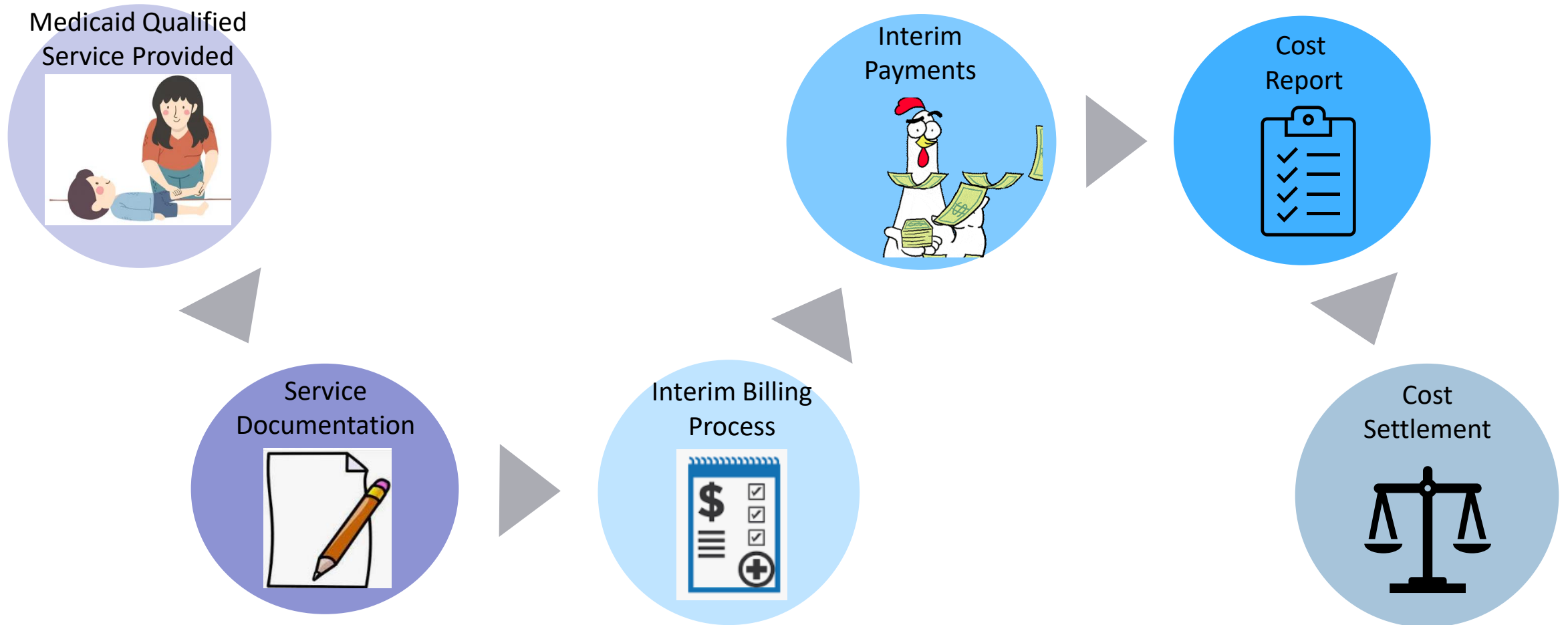
Agenda

- FY24 Cost Report Overview

- Cost Reporting Timeline

- Medicaid Eligibility Percentages

- Reporting Allowable Expenses

- Reconciliation & Certification

- Notes on Certain Unique Procedures this Year

What is Cost Reporting?

The Cost Report is used to report the costs incurred by school divisions to provide Department of Medical Assistance Services (DMAS) covered health-related direct services provided to students.

- As of 7/1/22 (the beginning of FY23) the School Based Services program _**expanded**_ to cover services to Medicaid, Medicaid Expansion, and Family Access to Medical Insurance Security (FAMIS) students
  - When provided pursuant to a student's IEP
  - When unrelated to a student's IEP

CardinalCare
Virginia's Medicaid Program

Cycle of Service Reimbursement

Medicaid Qualified Service Provided

Service Documentation

Interim Billing Process

Interim Payments

Cost Report

Cost Settlement

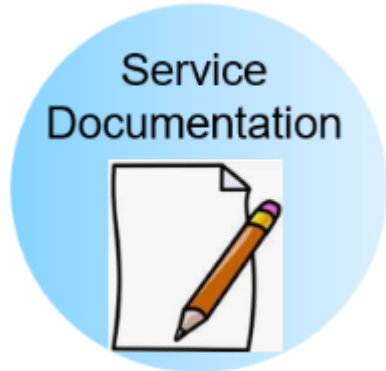# Medicaid Qualified Services

See the Local Education Agency (LEA) Provider Manual, Chapters 2 & 4: https://vamedicaid.dmas.virginia.gov/pdf_chapter/local-education-agency/#gsc.tab=0

1. Provider was Medicaid qualified *(and was supervised if required by their license level)*
2. Medicaid-covered service (including that it was medically necessary and required the skill level of the qualified practitioner)
3. If provider is a school division employee, then they must be included in the RMTS in appropriate Direct Service pool
4. Provider's salary & benefit costs eligible to be included in the cost report
   - Includes contractors who were not RMTS participants, but all met all other qualifications

Service Documentation

See the Local Education Agency (LEA) Provider Manual, Chapter 6: https://vamedicaid.dmas.virginia.gov/pdf_chapter/local-education-agency/#gsc.tab=0

1. Documentation should be in accordance with the provider's licensing board and standards of practice
2. Documentation must be retained, and retrievable, for at least six years
3. Information about requirements for all types of relevant documentation is included in Chapter 6, including:
   - Evaluations
   - Plans of Care (POCs)
   - Student progress or service logs
   - Signature requirements, including Electronic signatures
   - Service-specific instructions

Interim Billing Process

See the Local Education Agency (LEA) Provider Manual, Chapter 5:
https://vamedicaid.dmas.virginia.gov/pdf_chapter/local-education-agency/#gsc.tab=0

- This is the process of submitting "claim" information to DMAS, that let's DMAS know that your division provided a Medicaid Qualified service to a Medicaid enrolled student
  - Claims are submitted electronically either via
    - Direct Data Entry (DDE) on the DMAS Provider Portal, or
    - In an electronic claim file using the HIPAA 5010 prescribed Professional Health Care Claim record format (837P)
  - LEAs may contract with a billing vendor/agent
  - LEAs may purchase medical billing software
  - Claims are submitted using interim rates

Interim Billing Rates

DMAS sets a maximum rate, but in cost-based reimbursement, school divisions should bill at a reasonable rate that approximates your anticipated reimbursement.

- Bill at a rate that is appropriate to your division's costs
- Review prior year cost settlements
- Remember that this is a federal matching program, so in general, Medicaid's share will only be 50% of allowable amount
- Weigh the cost/benefit of cash flow from interim payments vs. risk of recoupment at settlement

See the "***School Codes Modifiers and Interim Rates - 2024***" document on the DMAS website: https://www.dmas.virginia.gov/for-providers/benefits-services-for-providers/school-based-services/

Interim Payments

Interim Payment

Important point about Interim Billing Rates:
Once cost settlement is completed, **school divisions receive the same total reimbursement for the fiscal year** regardless of amount paid through interim claims vs. paid out at the end.

Hypothetical example:

	Bill at Rates Based on Costs	Bill at a Conservative Low Rates	Bill at the Maximum Allowed Rates
Total Reimbursable Amount for Direct Medical Services	$ 500,000	$ 500,000	$ 500,000
Subtract Interim Payments	$- 400,000	$- 100,000	$- 600,000
Settlement	$ 100,000	$ 400,000	$- 100,000

Cost Report and Settlement
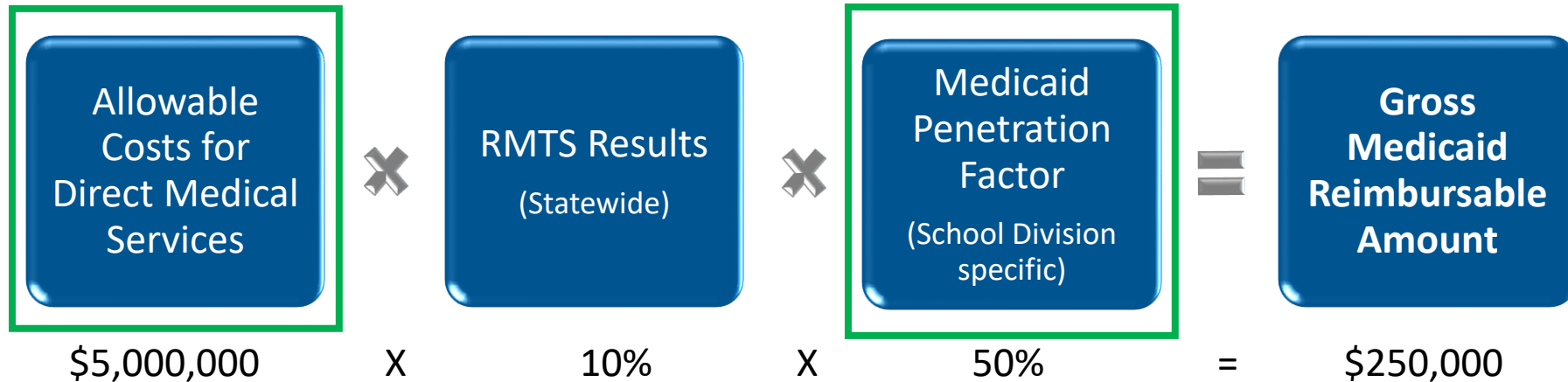
Cost Report

Cost Settlement

- The cost report is an accounting of allowable costs and statistics related to the provision of health care services.
  - Staff salary & benefit costs (direct health care service providers & Medicaid billing staff)
  - Contracted staffing costs (health care service providers)
  - Capital costs
  - Materials, supplies & other costs
  - Indirect costs
  - Student statistics
- Cost settlement compares the calculated reimbursable portion of LEA costs to what the LEA already received in interim payments and "settles"
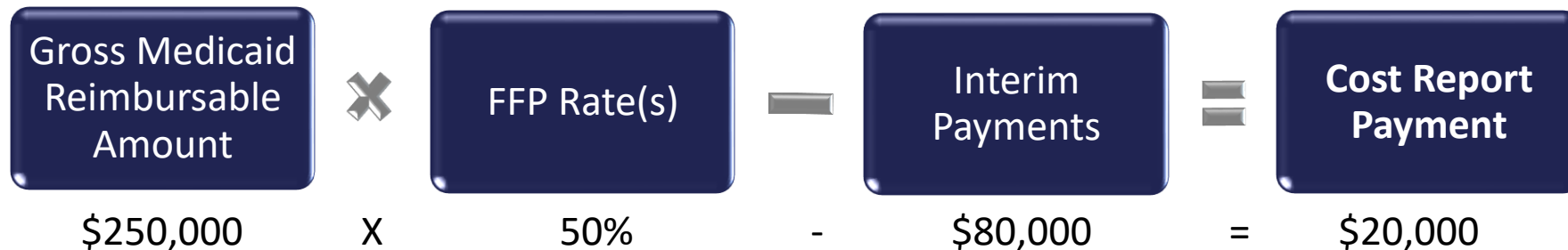
Cost Report Overview

Cost-Based Reimbursement Methodology:

Allowable Costs for Direct Medical Services	✖	RMTS Results (Statewide)	✖	Medicaid Penetration Factor (School Division specific)	=	Gross Medicaid Reimbursable Amount
$5,000,000	X	10%	X	50%	=	$250,000

Cost Settlement:

| Gross Medicaid Reimbursable Amount	✖	FFP Rate(s)	−	Interim Payments	=	Cost Report Payment
$250,000	X	50%	-	$80,000	=	$20,000

Cost Report Instructions & Resources

- Find the written instructions on the DMAS website page that's dedicated to Medicaid school-based services: https://www.dmas.virginia.gov/for-providers/benefits-services-for-providers/school-based-services/

Cost Reimbursement

Medical Services Cost Reporting

- Cost Report Instruction Guide - Updated January 2024 ⬀
- Cost Report Training - November 2023 ⬀
- School Services Reimbursement Training - October 2023 ⬀
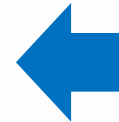
Cost Report Timelines

- **Throughout the fiscal year: (date of service 7/1 – 6/30)**
  - Track & bill Medicaid *direct Medical services* all year
  - Add/Remove/Edit Employees to participate in the Direct Service Pools of the RMTS on a quarterly basis
  - Track Contractor payments for Cost Report reimbursement
- **Summer/Early Fall**
  - UMass uploads each schools' December 1st special education child count (received directly from VDOE) into UMass eligibility system

    - **1st week of November**
      - Cost Reports opened (UMass sends email notification)
    - **December 6th**
      - Deadline to complete & submit Cost Report
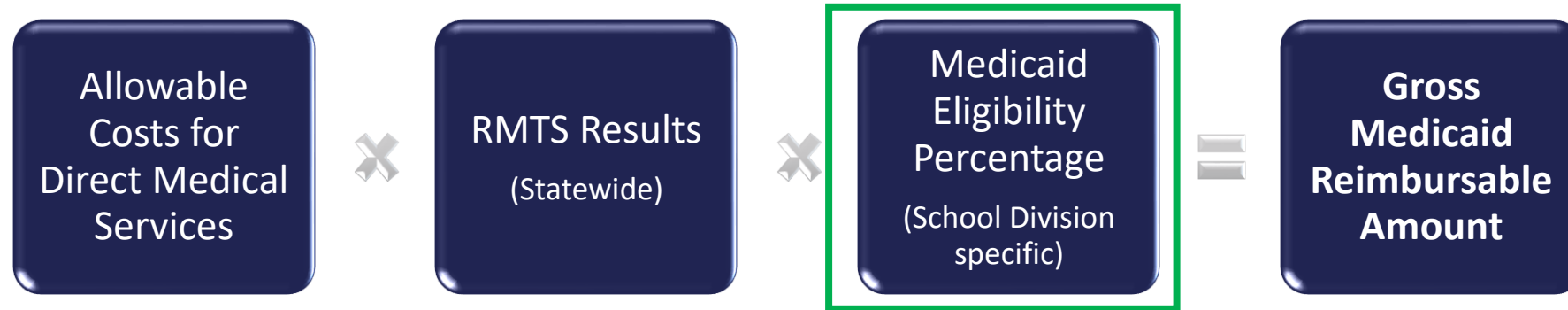
Cost Report Timelines, continued

- **December through February**
  - UMass reviews Cost Reports, and ask follow-up questions
  - Schools respond to questions & correct any errors (if applicable)
- **March**
  - Last opportunity to submit interim claims to VAMMIS approximately March 15-18 for settlement against cost report
- **April**
  - Final review and settlement calculations completed
  - Certification of Public Expenditure must be received by UMass before payment can be released (UMass emails CPE with approval notification)
- **May & June**
  - DMAS issues payments to schools in the order that a correct CPE is received by UMass
  - Notice of Provider Reimbursement (NPR) letters sent to Superintendents, Business/Finance Managers & Cost Report Preparers

CardinalCare
Virginia's Medicaid Program
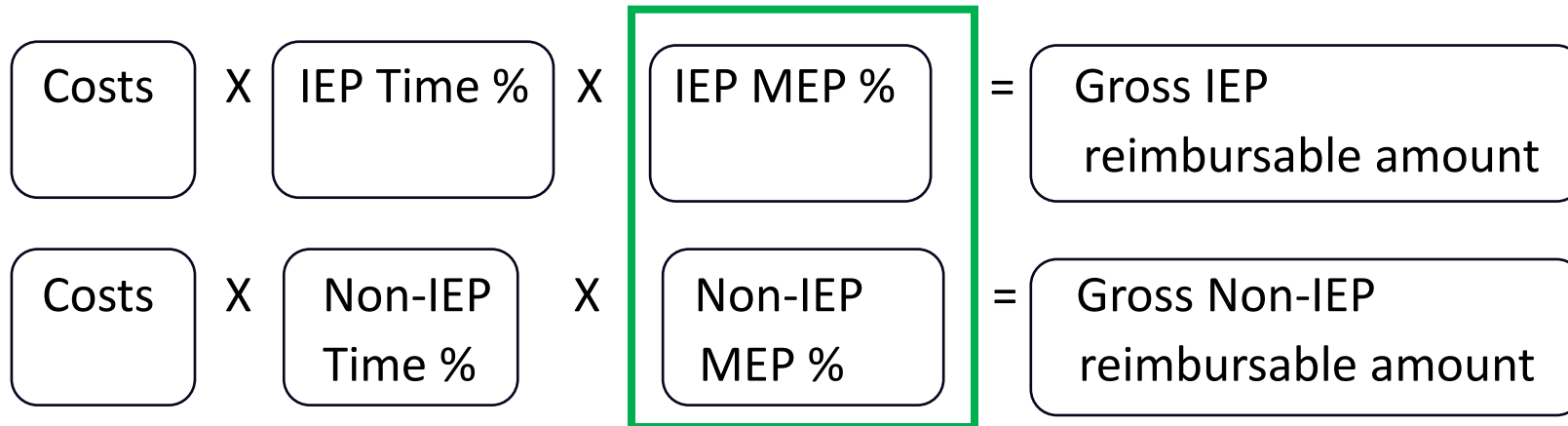
Medicaid Eligibility Percentage (MEP)

- **The Cost Report uses 2 separate MEPs**
  1. For school divisions participating in reimbursement for services pursuant to student IEPs
  2. For school divisions participating in reimbursement for services that are **<u>not</u>** related to IEPs

- Divisions participating in **both** reimbursement streams must submit **both** sets of MEP statistics

Medicaid Eligibility Percentages (MEPs)

Cost-Based Reimbursement Methodology:

Allowable Costs for Direct Medical Services **X** RMTS Results (Statewide) **X** Medicaid Eligibility Percentage (School Division specific) **=** Gross Medicaid Reimbursable Amount

In reality, the calculations above are actually done separately:

Costs **X** IEP Time % **X** IEP MEP % **=** Gross IEP reimbursable amount

Costs **X** Non-IEP Time % **X** Non-IEP MEP % **=** Gross Non-IEP reimbursable amount

Separate Reimbursement Categories

Staffing Costs

$500K

Time Study Percentages		School Division MEP		Gross Reimbursable
IEP Services	**60%**	**IEP Students**	**35%**	**$105K**
Non-IEP Services	10%	All Students	32%	$16K
Medicaid Admin	5%	All Students	32%	$8K
Other	25%			

Cost Allocation: applies allocation factors (RMTS% and MEP%) to costs to determine Medicaid's share.

Cost Settlement

Calculation Step	Factor	Amount
Gross Allowable Costs		$500,000
% attributed to Medicaid IEP Services	60%	$300,000
IEP Student MEP	35%	$105,000
Gross Allowable Costs		$500,000
% attributed to Medicaid Non-IEP services	10%	$50,000
Non-IEP MEP (all students)	32%	$16,000
Sub-Total (IEP + Non-IEP)		$121,000
FFP (Federal match rate example)	50%	$60,500
School Division share of FFP	95%	$57,475
Less Interim Payments	- $25K	$32,475

Example Cost Settlement Amount: $32,475

Medicaid Eligibility Percentage (IEP MEP)

MEP for IEP Services

- What percentage of your division's special education students whose IEP includes health related services are enrolled in the Medicaid program?

December 1st (12/1) DOE Certified Child Count Match

- UMMS receives your school division's certified child count information directly from DOE.

- The list of students in your DOE certified December 1 Child Count is the starting point for identifying your school division's "population" of special education students for the purpose of calculating the Medicaid Eligibility Percentage for Cost Report reimbursement of IEP services.

Calculating the IEP MEP

- **Calculating the IEP MEP**
  1. UMMS uploads each school division's December 1st child count list of students into UMMS eligibility system
  2. Medicaid Coordinators are alerted via email that the file has been uploaded
  3. School Division staff login to the Eligibility Matching system and locate the uploaded Child Count file in Quarter 2 of the Cost Report fiscal year. The file will be labeled as "**88**."
  4. School Division staff complete the matching process
     - Review 'possible' matches
     - Override any students who failed to successfully match
     - **Finalize** the match after all matching steps are complete
  5. Review final matching results.

Adjusted Child Count for IEP MEP

- **Calculating the IEP MEP – Create an "adjusted" child count**
  1. Create an "adjusted" file that only includes students with an IEP that includes at least one health-related service for which your division seeks reimbursement
  2. This adjusted file should be named "**77**" and should be uploaded and matched to Quarter 2 of the Cost Report fiscal year.
  3. Important:
     - The adjusted file must include all students from the original "88" Child Count file whose IEP included at least one health-related service, **regardless of whether the student is enrolled with Medicaid**
     - Start with your full child count file, and identify all student meeting the criteria, regardless of Medicaid status.

IEP MEP as a Ratio

Unduplicated count of LEA students as of 12/1 that are:

- included in the LEA's VDOE-certified child count **and whose IEP includes at least one health-related service**
- for whom the LEA is seeking reimbursement, and
- who were matched to the DMAS 12/1 enrollment data as actively enrolled in Medicaid

Unduplicated and adjusted 12/1 VDOE-certified child count

Translates to:
For whom the LEA has obtained Parental Consent

= **IEP MEP Ratio**

Medicaid Eligibility Percentage (Non-IEP MEP)

MEP for Non-IEP Services

- What percentage of your division's students who received health services not related to an IEP are enrolled in the Medicaid program?

December 1st (12/1) Enrollment "snapshot" is the starting point

- Includes all students, those in Special Education and not, because an IEP student might also receive services unrelated to their IEP

- Enrolled with the school division as of 12/1

- You likely already have this list of students gathered because it's the same list used in your Q2 Administrative Activity Claim

CardinalCare
Virginia's Medicaid Program

Adjusted Enrollment File for Non-IEP MEP

MEP for Non-IEP Services

- Create an adjusted December 1st enrollment snapshot file for eligibility matching

- Include **all students (including students not enrolled with Medicaid)** who received non-IEP related services for which your division has included costs in the cost report

- Suggest uploading this file with the label "66"

- Complete the matching process, including review of possible matches, and finalize the matching results

Non-IEP MEP as a Ratio

Unduplicated count of LEA students as of 12/1 that are:

- Enrolled in the LEA as of 12/1,

- Includes Special Education & Non-SpEd students,

- **Who received at least one non-IEP health service**

- for whom the LEA is seeking reimbursement, and

- who were matched to the DMAS 12/1 enrollment data as actively enrolled in Medicaid

---

Unduplicated and adjusted LEA Enrollment

as of 12/1

**Translates to:
For whom the LEA has obtained Parental Consent**

= **Non-IEP MEP Ratio**

Medicaid Eligibility Matching Instructions

Help with eligibility matching process is available on the DMAS website:

https://www.dmas.virginia.gov/for-providers/benefits-services-for-providers/school-based-services/
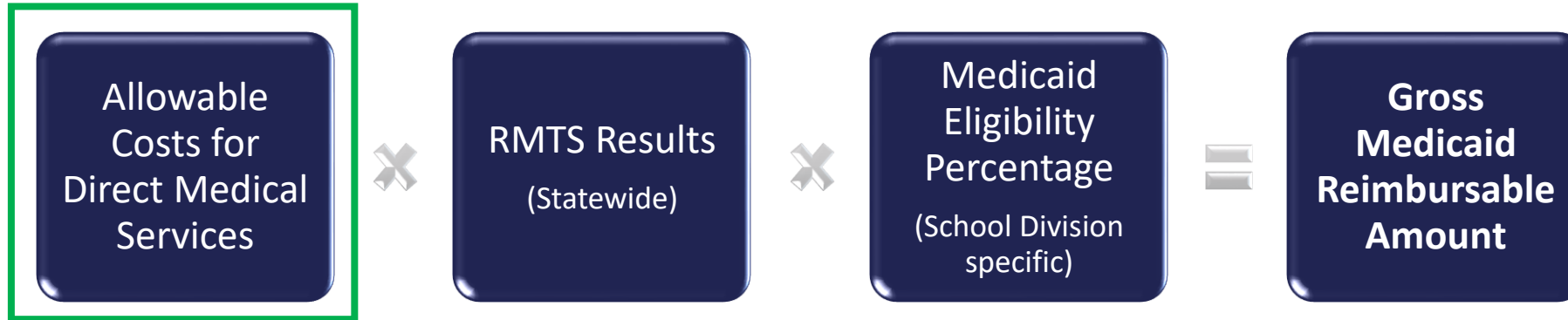
Eligibility Matching

- **Eligibility Matching Training** ☒
- **Medicaid Eligibility Matching User Guide** ☒

Pause for Questions on MEPs

Allowable Costs for Cost Reporting

Cost-Based Reimbursement Methodology:

Allowable Costs for Direct Medical Services **×** RMTS Results (Statewide) **×** Medicaid Eligibility Percentage (School Division specific) **=** **Gross Medicaid Reimbursable Amount**

Allowable costs:

- Staff salary & benefit costs (direct health care service providers & Medicaid billing staff)
- Contracted staffing costs (health care service providers)
- Capital costs
- Materials, supplies & other costs
- Indirect costs

CardinalCare
Virginia's Medicaid Program

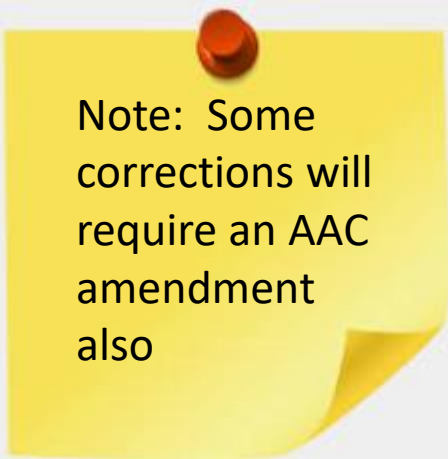# Reimbursable Expenses: Employees

Salary & employer paid benefit costs of employees who:

1. Provided Medicaid-covered health-related services
2. Meet all licensure qualifications – Costs for staff during any periods where they were unlicensed, if required, must be removed
3. Participated in the RMTS in the appropriate Direct Service Pool
4. At least some portion of their salary was paid from State/Local funds

NOTE: School divisions can only be reimbursed for the portion of the employee's salary & benefit costs that were funded from State/Local funding sources and were not a required match for a federal grant

Pre-populated Employee Cost Information

- For all quarters where your school division has submitted an Administrative Activities Claim (AAC), that has been **approved by October 15th**, your employee salary and benefit information will be pre-populated into the Cost Report for you.

- Verify the data is accurate and make any necessary changes.

  - Funding percentages,

  - All costs are allowable for the cost report,

  - RMTS participant lists were submitted prior to the start of each quarter – predicting the future! So now is the time to verify that everything went as planned and make updates if needed.

Note: Some corrections will require an AAC amendment also

Reimbursable Expenses: Contractors

Reimbursable Contracted Service Provider Costs

1. Contractors who perform Medicaid covered Direct Medical Services are not included in the RMTS

2. Contractor costs for direct medical service providers may be included in the Cost Report

3. Report the invoice amount paid for services provided during the reporting period as the 'salary' cost for each contractor

4. Contractor costs are reported by individual practitioner, not rolled up by agency. *(Hint: Plan ahead and gather this information regularly, as invoices are paid throughout the year, so you are ready to go at cost report time)*

5. Include valid license type and license number for direct medical services contractors

Reimbursable Expenses: Medicaid Billing Vendors

Reimbursable Contracted Medicaid Billing Costs

- If your division uses a billing agency/vendor/contractor, the costs for their work to do Medicaid Billing can be included in the cost report only if:
  - Only costs related to Medicaid Billing can be included

    (i.e. costs related to the provision of IEP software or other educational work must be excluded)
  - Costs may only be included if the contractor/agency/vendor is NOT paid on a contingency fee basis

    (i.e. if you pay them a percentage of your claims/reimbursement, you cannot include this expenditure).

Reimbursable Expenses
Non-Personnel Costs

Materials & Supplies	Travel Costs
1. The School Division may include the cost of supplies paid for with state and local dollars used by employees claimed in cost report. (e.g., if claims were submitted to DMAS for nursing services, the cost of nursing clinic / health room supplies may be included)	1. Costs of travel can be included if paid for with state and local dollars, for employees with allowable costs in the cost report. 2. Mileage log must be retained as supporting documentation 3. Use the IRS mileage rate for the period

Can I Include Costs for [supply]?

- Service provider guidelines / handbook identifies supplies likely to be used by the different service providers in delivery of their services. But the list is not all-inclusive. And just because an item is listed does not mean that you can claim the cost.

- You actually only need to know one simple rule:

    School Divisions may include the cost of supplies paid for with state and local dollars used by personnel with allowable costs in cost report in performance of their direct health care duties.

- Examples:
    - If your division has allowable costs for nursing services, the cost of nursing supplies may be included
    - If your division has allowable costs for PT, the cost of PT supplies may be included

Materials/Supplies Examples

Apply the rule: School Divisions may include the cost of supplies paid for with state and local dollars used by personnel with allowable costs in cost report in performance of their direct health care duties.

Curriculum purchased for use by school nurses who teach health education classes?	No, educational
Office supplies like pencils, sticky notes, paper, file folders, paper clips used by the SLP during therapy sessions?	Yes, but only if costs excluded from Admin claim
"Achievement tests" used for psych evaluations?	Yes, as long as they are evidence-based
I-pads or chrome books with software used during SLP or OT therapy sessions?	No: I-pads/chrome books; Yes: software
Books in reading/language curriculum used during speech therapy sessions?	Yes, as long as used exclusively for SLP (not shared with gen. ed.)

Reimbursable Expenses: Direct Service Capital Equipment Costs

1. Capital equipment costs are only allowable if the item is used exclusively for the delivery of health care services

2. For any services for which claims are submitted and paid, the School Division includes the cost for any item with a **per unit purchase price over $5,000**; purchased with state/local dollars; and has a **useful life of at least 2 years**

3. Capital items included in each School Division's FY23 cost report which still have remaining useful life in FY24 will be pre-populated *(For all new items added in FY24, please upload invoice documenting acquisition cost to system)*

4. Straight line deprecation will be calculated by the system based on acquisition date, acquisition cost and useful life information supplied by the School Division

NOTE: The capital asset acquisition cost increases to $10,000 effective 10/1/2024, so plan ahead for gathering information that you will need in next year's cost report

Reimbursable Expenses
Direct Service Capital Equipment Costs

<u>Apply the rule</u>: School Divisions may include the cost of capital equipment paid for with state and local dollars used exclusively by personnel with allowable costs in cost report in performance of their direct health care duties.

- Air conditioners purchased for classrooms with student with a medical condition that can't regulate their body heat?

  No, indirect (facilities)

- Equipment used by the Physical Therapist during therapy sessions?

  Yes, as long as exclusively used for PT (not shared with P.E. or athletics)

- Facility modification costs for handicapped accessibility?

  No, indirect (facilities)

- Electronic Health Record (EHR) software/system?

  Yes, as long as exclusively for health records (not IEPs, not academic records)

Note: *This is not an exhaustive list, these are only examples.*

Reporting Costs Accurately

For all expenditures that are allowable in the cost report, these things are always true:

- All costs are claimed in the period related to the service date of the costs (not cash-based accounting)

- All expenditures that were funded by a Federal Grant (including IDEA & CARES funding) must be excluded

- All expenditures that were a required match for a Federal Grant must be excluded

- All costs used to calculate the Indirect Cost Rate must be excluded. (Those costs are reimbursed through the application of the ICR to the cost report)

- **<u>Only expenditures funded from State/Local funding sources can be claimed</u>**

CardinalCare
Virginia's Medicaid Program

Reporting Costs in the Correct Period

- All costs are claimed in the period relative to the service date of the costs (not cash-based accounting)

- Also, the Medicaid Program is a reimbursement program, which means that expenditures must have already been incurred (paid) to be claimed.

- Example:

Expense	Service Date/Period	Date Paid ("check date")	Claim Quarter
Staff Salary	9/13-9/24 (work days)	9/28	Q1 (7/1-9/30)
Supplies	9/20 (order received)	10/26	Q1 (7/1-9/30)
Health Insurance	October (coverage effective)	9/15	Q2 (10/1-12/31)

Pause for Questions on Allowable Costs

Monitor Interim Claiming Activity

To maximize your division's Medicaid reimbursement, it is very important to monitor your billing activity and ensure that interim claims are submitted for all Medicaid-qualified services.

- DMAS offers all school divisions access to remittance vouchers and live claim inquiries on the DMAS portal: https://www.virginiamedicaid.dmas.virginia.gov/

- Some vendor billing systems include claim reconciliation and reporting options

- UMass Cost Report website includes "Review Claims" section: https://cbe-cr.chcf-umms.org

Certification of Public Expenditure

1. Certification of Public Expenditure (CPE) letters are emailed to each School Division in **early April**, after the final interim claim data is applied and the final settlement calculated

2. Print on School Division letterhead. A scanned signature is required by the superintendent or designee authorized to act in their behalf to certify the school division's allowable state/local expenditures for which federal Medicaid matching funds are being claimed

3. Cost Report settlements will be submitted to DMAS for final review and payment in the order in which the certification letters are received by UMass

CardinalCare
Virginia's Medicaid Program

Pause for Questions on Timelines and Steps

Unique Procedures for FY24 Reports

1. Same as last year, we are leveraging the cost report system as best as we can to make things as easy as possible for school divisions, including:
   - Data will be pre-populated from your AAC, as always
   - Data from last year's report will be carried forward, i.e. capital items
   - The process of entering data into the cost report system remains the same

2. However, no calculations will be performed accurately in the system. It is being used for data collection only!

3. Pages and "views" that show calculations should be ignored!

4. Do not complete a BCR!

5. The Cost Report Supplemental Report is required for all divisions and must be emailed to UMass.

Other Information

- The Cost Report Submission Form is required and should be emailed to UMass when you've submitted your report.

  - It has been slightly revised since last year, so please use updated form

Resources

UMass Chan Medical School

Center for Health Care Finance Solutions

333 South Street, Shrewsbury, MA 01545

800-535-6741

VACostReport@umassmed.edu

Emily Hall

508-421-5855

Emily.Hall@umassmed.edu

DMAS Website

School-Based Services program information

https://www.dmas.virginia.gov/for-providers/benefits-services-for-providers/school-based-services/