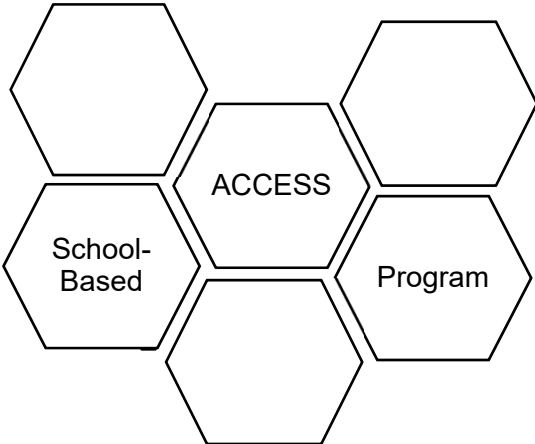


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ACCESS


School-Based

Program

## Cost Reconciliation Process

Fall 2019 Statewide Training

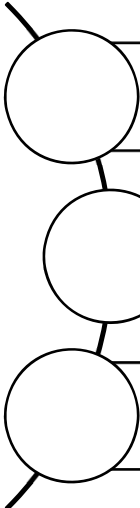
Presented by: Sivic Solutions Group (SSG))



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## Sivic Solutions Group (SSG)



Becky Stoddard

Paula Schmitt

Aaron Link



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# Agenda

## Welcome & Introductions

## Cost Reconciliation

- What is Cost Reconciliation
- Cost Reconciliation Sequence
- Allowable Costs

## Reporting & Outcomes

- Tuition
- Special Transportation

## Cost Settlement

- Certified Public Expenditure (CPE)
- Key Dates

## Oversight & Monitoring

- What to expect if my LEA is selected for Oversight & Monitoring?

## Additional Resources

- Where to get more information about Cost Reconciliation

## Questions



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# COST RECONCILIATION



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## Cost Reconciliation Overview

### What is Cost Reconciliation?

- ▶ **Cost Reconciliation** is the overall process to determine all overpayments and underpayments for the period.
  - LEAs initially receive payment for health-related services rendered based on claims submitted for those services (interim payment process).
  - The LEAs' annual, total Medicaid allowable costs are determined when LEAs complete and certify the Annual Cost Report for all school-based direct health-related services delivered during the previous state fiscal year (July 1-June 30).
  - Annually, the cost reconciliation process compares each LEA's interim payments for direct service claiming to each LEA's total Medicaid allowable costs to determine all overpayments and underpayments for that period.

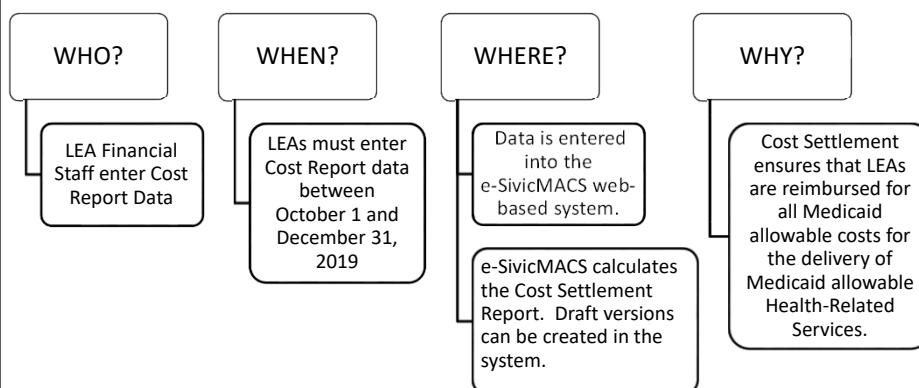


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## Cost Reconciliation Overview

### Reporting the Data



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## Cost Reconciliation Overview

### Cost Reconciliation Sequence

- ▶ Determining Allowable Costs
  - Salaried Staff and Contracted Staff and Services
  - Transportation Staff Costs
  - Direct Medical Service Materials and other Costs
- ▶ Depreciation
- ▶ Applying IEP Ratio
- ▶ UICR
- ▶ Reporting Tuition
- ▶ Special Transportation Ratio



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## Allowable Costs

### Salaried Staff and Contracted Staff and Services

- ▶ Pre-tax earnings for the period include wages, overtime, paid time off, etc. for employees included in the direct staff pool.
- ▶ LEA paid benefits such as health, dental, life, retirement, staff training, professional development, travel expenses, etc., for employees included in the direct staff pool.
- ▶ Payments made to contracted staff included in the direct staff pool.
- ▶ Note: Only salaried staff and contracted staff with valid credentials or licensing for entire billing period.



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## Allowable Costs

### Transportation Staff Costs

- ▶ The same rules apply to transportation staff with the big exception that these staff are not on the Direct Service Staff Pool. You will need to enter these individuals manually to include their costs.
- ▶ Staff includes bus drivers, substitute bus drivers, and mechanics.
- ▶ Transportation staff does NOT include district transportation coordinators, bus attendants/aides.



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## Allowable Costs

### Health-Related Services Materials and Other Costs

- ▶ Only include materials and supplies found on the "List of Allowable Health-Related Services Supplies and Materials".
  - This list can be found on the e-SolixMACS Home Screen.
- ▶ Documentation should CLEARLY demonstrate purchased item(s) which are on the approved list.
- ▶ Any items being claimed must be primarily used for special education student(s) direct health-related services.



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# Allowable Costs

## Health-Related Services Materials and Other Costs

- ▶ What constitutes acceptable documentation?

- Dated Invoice
- Item Description, Qty, and Unit Price (clearly)
- Total Cost

**RehabMart**  
www.rehabmart.com  
1367 Sydneys Pass  
Watkinsville, GA 30677-8393  
Accounting Email: accounting@rehabmart.com

**INVOICE**

|           |           |
|-----------|-----------|
| Date      | Invoice # |
| 3/28/2017 | 18078     |

Order Dept Email: order@rehabmart.com

|         |         |
|---------|---------|
| Bill To | Ship To |
|---------|---------|

|             |      |        |     |           |          |
|-------------|------|--------|-----|-----------|----------|
| P.O. Number | RMID | Terms  | Rep | Ship Date | Ship Via |
| RMPO18078   |      | Net 30 | NK  | 3/22/2017 |          |

| Qty | Item Code / S Amount / Product Description   | Price Each | Amount |
|-----|--|------------|--------|
| 1   | SPW-2889 : Occupational Therapy Tactile Brushes<br>Link: <a href="http://www.rehabmart.com/product/27855.html">http://www.rehabmart.com/product/27855.html</a> | 28.17      | 28.17  |
| 1   | SPW-24152 : Washable Weighted Blanket<br>Link: <a href="http://www.rehabmart.com/product/27889.html">http://www.rehabmart.com/product/27889.html</a>           | 117.02     | 117.02 |

REMIT TO ADDRESS:  
Rehabmart, LLC  
Accounts Receivable  
1367 Sydneys Pass  
Watkinsville GA 30677-8393

Rehabmart Return Policy: Please email your product return reason to [returns@rehabmart.com](mailto:returns@rehabmart.com) to obtain a return authorization number, shipping address, and return shipping instructions. Returnable products can only be returned within 30 days from the date of first shipment unless a return authorization number is obtained. It is Rehabmart policy to charge a 35% re-stocking fee on most returned items. However, there are exceptions to the standard 35% re-stocking fee for items shipped directly from the manufacturer (e.g., Brinly HomeCare, BrinlyMed, and other vendors) in which case there may be higher restocking fees. Please refer to <http://www.rehabmart.com> for more information on our return policy. Items returned without a return authorization number will be refused. Thank you again for your order. Please contact us to correct us for any reason.

|                     |                 |
|---------------------|-----------------|
| Subtotal:           | \$145.19        |
| Sales Tax:          | \$0.00          |
| Flat Rate Shipping: | \$9.00          |
| Payments/Credits:   | \$0.00          |
| <b>Total Due:</b>   | <b>\$154.19</b> |

Rehabmart, LLC - EIN/TIN: 58-2515167  
Phone # 706-213-1144 Ext:1011 Fax # 888-507-7326 accounting@rehabmart.com

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# Allowable Costs

## Depreciation

- ▶ Depreciate approved direct medical equipment or transportation equipment valued over \$5,000.
- ▶ Straight-line depreciation is calculated by dividing the purchase price by the estimated useful life of the asset.

## Non-Allowable Costs

### Depreciation

► Do NOT include:

- **Costs for equipment applicable to ONLY general education students**
- **Items costing \$5,000 or less**
- **100% Federally funded costs**

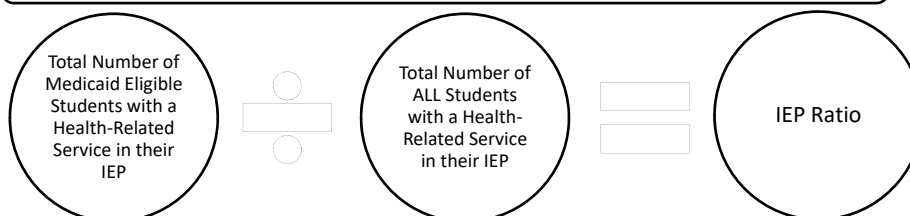


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## General Statistical Information

### IEP Ratio



- Used to calculate direct Medicaid allowable expenditures.
- **Based on December 1 eligibility count used for the current year's cost settlement.**
  - For coming year, LEAs will gather the list of students eligible as of 12/1/19.
- The purpose of the IEP ratio is to determine the Medicaid-allowable portion of costs incurred by LEAs in the provision of health-related services.



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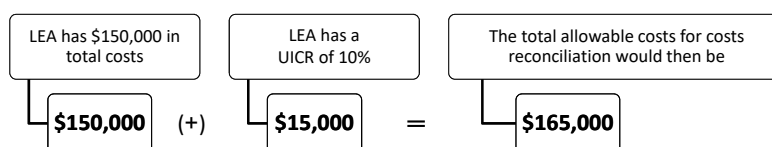
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## General Statistical Information

### Unrestricted Indirect Cost Rate (UICR)

#### ► Unrestricted Indirect Cost Rate (UICR)

- Indirect costs are an allowable component for LEA reimbursement.
- Examples of an Indirect Cost: Building Lease, Utilities, etc.



## General Statistical Information

### Unrestricted Indirect Cost Rate (UICR)

- Each LEA is encouraged to apply for an indirect rate with the Pennsylvania Department of Education (PDE), during the Annual Financial Report (AFR) process. Acquiring your unique UICR is an annual responsibility.
- The LEA must timely complete the AFR process and specifically request an indirect rate. If PDE does not provide a certified UICR to DHS by the February 15, 2019 deadline, a zero rate will be applied during cost settlement of FY18-19 resulting in reduced SBAP reimbursement.

## Reporting Tuition

| Question   | Answer |
|--|--------|
| Is your school paying tuition to another school outside the district?  | Yes    |
| Is the student receiving Medical Assistance (MA) health-related services that are listed on their IEP from the outside school?             | Yes    |
| Is your LEA the home district for the student? (Only one responsible entity can report for a student to ensure no duplication of claiming) | Yes    |
| No claims for the MA health-related service were submitted for the student this school year, by either institution? (No double dipping)    | Yes    |

- If the answer to ALL questions is Yes, then your LEA can report tuition costs as part of reconciliation process.



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## Reporting Tuition

### Tuition

- ▶ When reporting tuition for a student, the student must be the one receiving the health-related services through his/her IEP.
- ▶ LEAs may report 100% tuition costs for eligible students enrolled in an Approved Private School (APS) or Charter School for Blind and Deaf (CSDB), including those with partial PDE funding.



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## Reporting Tuition

### ▶ Health-Related Tuition Percentage

- ▶ Tuition payments (net Federal Funds) are multiplied by the Health Related Percentage.
- ▶ Purpose of the Health-Related Tuition Percentage is to determine how much of the tuition costs are being used for Health-Related Services.
- ▶ Health-Related Tuition Percentage is unique for each school/institution.
- ▶ Calculated by SSG using AFR information or cost data collected by LEA.



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## Reporting Tuition

### ▶ Health-Related Tuition Percentage

- ▶ If an institution already has a Health-Related Tuition Percentage rate in SSG's system, it can be found here.

#### Resources

|                      | Description  |
|----------------------|--|
| <a href="#">View</a> | Allowable Direct Medical Services Supplies and Materials     |
| <a href="#">View</a> | Cost Settlement Training 2018                                |
| <a href="#">View</a> | System Training - Cost Reporting and Settlement Process 2018 |
| <a href="#">View</a> | SBAP Handbook, September 2018                                |
| <a href="#">View</a> | SBAP Cost Settlement Policy FAQ                              |
| <a href="#">View</a> | Monitoring Compliance Training                               |
| <a href="#">View</a> | FY 2017-2018 Non-Public School Health Related Percentages    |



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## Reporting Tuition

### ► Health-Related Tuition Percentage

- If the institution is not on the list, the LEA may want to obtain cost data from the institution.
- LEAs reporting tuition costs may want to obtain Health-Related Tuition Percentage cost data from the applicable institution(s). If you choose to not obtain the Health-Related Tuition Percentage, the institution will default to a rate of 2.5%



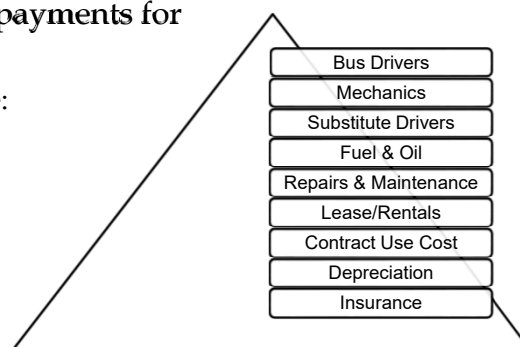
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## Reporting Special Transportation

- Allowable transportation costs include only those personnel and non-personnel costs associated with Special Education reduced by any federal **payments** for those costs.

- The costs may include:



**Reminder:** A LEA must have paid transportation claims to include allowable transportation costs in cost reconciliation

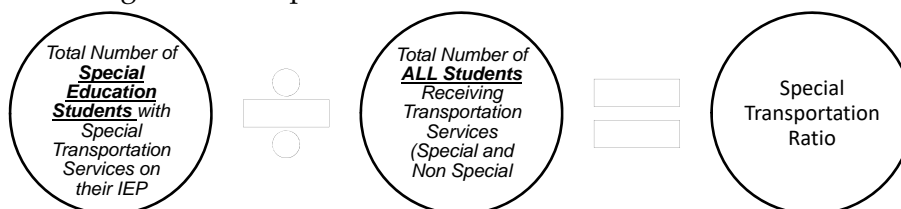


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## Reporting Special Transportation

- ▶ You do not need to enter a transportation ratio if you are not claiming any transportation costs. HOWEVER, if you enter special transportation costs you must enter both the Special Transportation Ratio AND One-Way Trip Ratio.
- ▶ What is the Special Transportation Ratio?
  - The Special Transportation Ratio is applied when an LEA cannot discretely break out its special transportation costs from its general transportation costs.

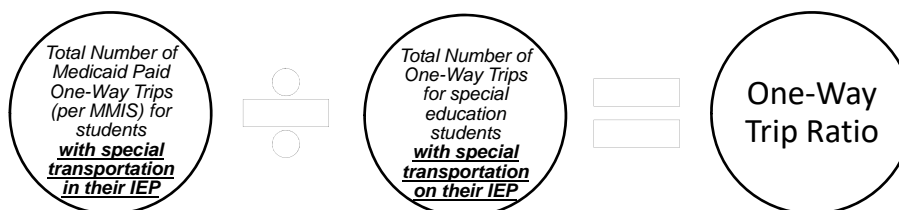


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## Reporting Special Transportation

- ▶ What is the One-Way Trip Ratio?
  - The One-Way Trip Ratio is used to determine the Medicaid-allowable portion of special transportation costs incurred by LEAs for the provision of SBAP Special Transportation services.



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## Reporting Special Transportation

|                       | Only Special Transportation  | Not Only Special Transportation   | General Education Transportation  |
|-----------------------|--|---|---|
| Description           | Transportation costs for services and assets only used by special education students.                              | When transportation costs are for both general education students AND special education students and the LEA is unable to separate the two.   | These are costs for transportation services provided only to general education students. These costs should <u>NOT</u> be included in your cost report. |
| Example               | A bus, driver, fuel, etc. that is special fit with a wheelchair lift and only services special education children. | There is a bus that picks up general education students and some special education students. The costs for the driver, bus, fuel, etc. can be reported as Not Only Special Transportation | You are not allowed to report the costs of a bus, driver, etc. that only is used to transport general education students.                               |
| What Ratio is applied | One-way Trip Ratio   | Special Transportation <u>AND</u> One-way Trip Ratio  | Not Used  |



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## COST SETTLEMENT



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## Cost Settlement Process

### What is Cost Settlement?

- ▶ **Cost Settlement** is the last step in the Cost Reconciliation process.
- This process is intended to provide for LEA reimbursement for Medicaid-allowable costs incurred in the delivery of Health-Related Services.
- Costs are reported on an accrual basis. This means expenses are counted when the LEA received the good/service, NOT when the LEA paid for the good/service.



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## Cost Settlement

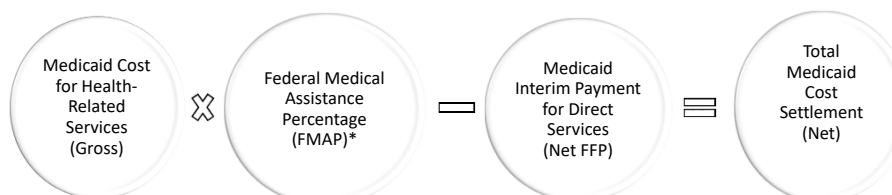
- ▶ Cost Settlements are calculated by comparing the total Medicaid allowable costs to the LEA's interim payments for health-related services provided during the applicable fiscal year being reported.
- ▶ A notice of cost settlement is issued to the LEA and indicates the amount due to the LEA or to be paid back by the LEA.
- ▶ An LEA receiving a Cost Settlement Notice is required to complete a Certified Public Expenditure (CPE) to certify the expenditures reported are allocable and allowable with the SBAP for the applicable fiscal year being reported.
  - ▶ An incomplete CPE form – whether missing account codes, date, or signature, will result in no cost settlement for your LEA.
  - ▶ The Cost Reconciliation process is completed within 12 months after the close of the fiscal year.



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## Cost Settlement Process



\* The Federal share based on rates published by Health & Human Services



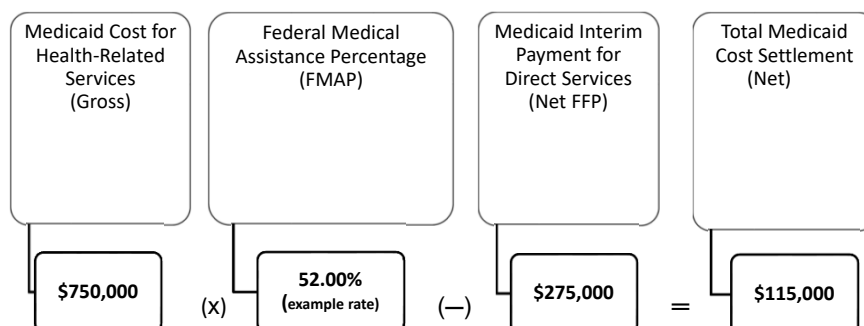
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## Cost Settlement Outcomes

### ► Outcome Example #1:

- The Medicaid costs exceed the interim payments received during the school year, resulting in a net settlement payment to the LEA.



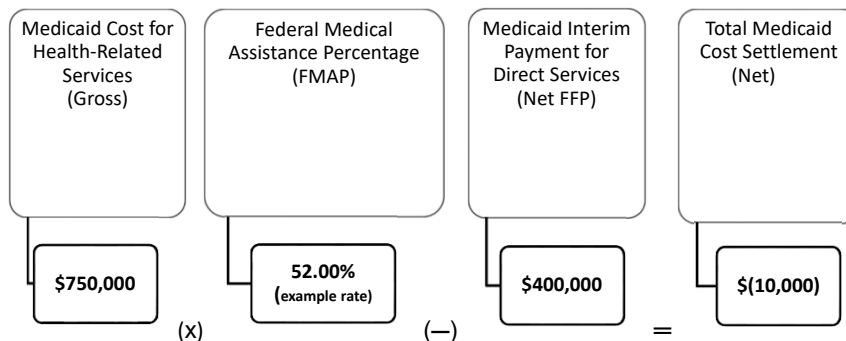
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## Cost Settlement Outcomes

### ► Outcome Example #2:

- The LEA received interim payments greater than their allowable Medicaid costs, resulting in a required return of the overpayment amount.



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## Certified Public Expenditure (CPE)

- A CPE is a statutorily recognized Medicaid financing approach by which a local education agency, incurs an expenditure eligible for FFP under the state's approved Medicaid state plan.
- Based on this certification, the state is able to claim the federal share of these costs, which may then be paid to the LEAs.
- Completion of this form is the final and critical step in the cost reconciliation process.

| Sample Data     |                  | Participant Data        |                     | Admin Claim |  | Cost Settlement  |  | Reports |  |
|-----------------|------------------|-------------------------|---------------------|-------------|--|------------------|--|---------|--|
| Fiscal Year*    | FY 2014-2015     |                         |                     |             |  |                  |  |         |  |
| LEA*            | 101 - Cheltenham |                         |                     |             |  |                  |  |         |  |
| Cost Settlement |                  | Upload CPE Form         |                     |             |  |                  |  |         |  |
| 1. Calculate    |                  | 2. View Cost Settlement |                     |             |  | 3. View CPE Form |  |         |  |
| Calculated By   | AMosby           | Calculated Date         | 9/9/2016 5:37:20 PM |             |  |                  |  |         |  |
| Approved By     |                  | Approved Date           |                     |             |  |                  |  |         |  |
| Approve         |                  |                         |                     |             |  |                  |  |         |  |



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## Certified Public Expenditure (CPE)

- ▶ Make sure to enter expenditure account codes and sign the CPE form. The form is not valid without this information.

### Section II:

#### LEA Financial Account Code

The expenditures identified above as the match for the federal funds received from Medicaid are drawn from the following approved local account(s):

**List your school financial account codes  
these expenditures are drawn from**

Signature of Signer  
(CEO, CFO, or Superintendent)

Title of Signer

### Sign & Date CPE Form

Printed/Typed Name of Signer

Date

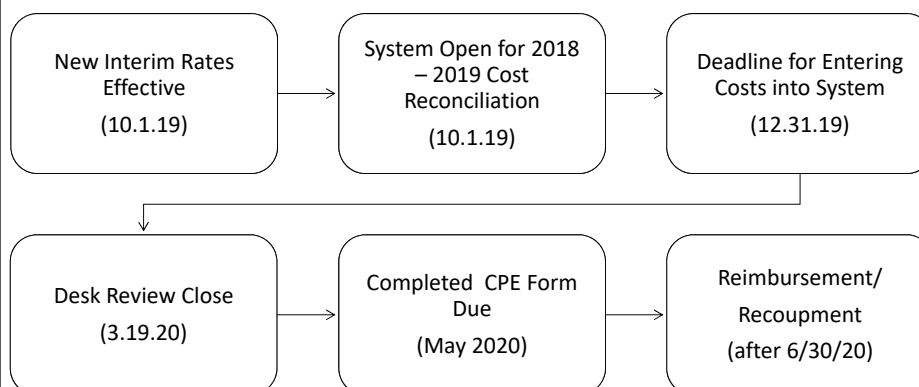
- ▶ An incomplete CPE form – whether missing account codes, date, or signature, will result in no cost settlement for your LEA.



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## Cost Reconciliation Key Dates




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# OVERSIGHT & MONITORING





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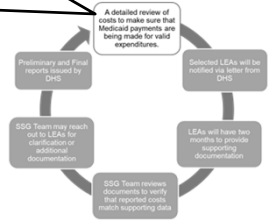
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## Oversight & Monitoring Process


**What is Oversight & Monitoring?**

Oversight & Monitoring is a detailed review of costs to make sure that Medicaid payments are being made for valid expenditures.



```

graph TD
    A["A detailed review of costs to make sure that Medicaid payments are being made for valid expenditures."]
    B["Preliminary and Final reports issued by GHS"]
    C["SSG Team may reach out to LEAs for clarification or additional documentation"]
    D["SSG Team reviews documents to verify that reported costs match supporting data"]
    E["LEAs will have two months to provide supporting documentation"]
    F["Selected LEAs will be notified via letter from GHS"]
    
    A --> B
    B --> C
    C --> D
    D --> E
    E --> F
    F --> A
    
```

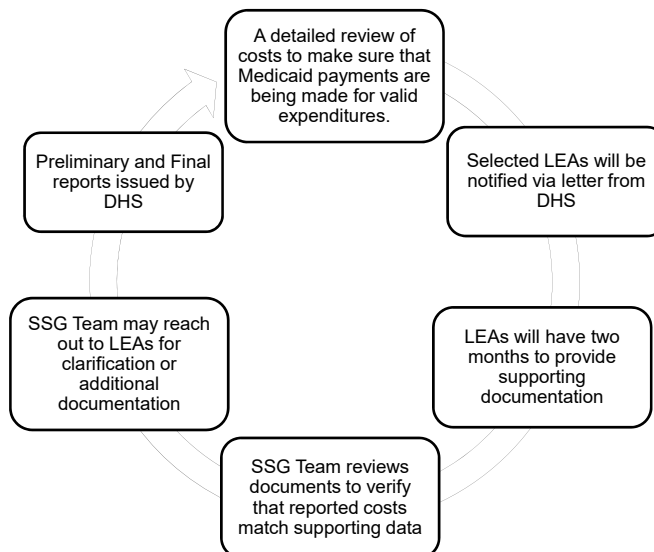


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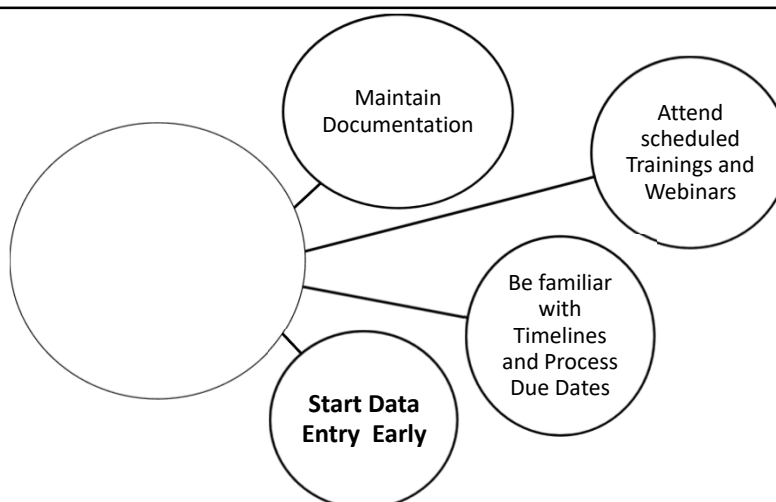
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## Oversight & Monitoring Process



## Oversight & Monitoring Process

### How Can You Be Prepared?



# PROGRAM RESOURCES



## Program Resources

### Cost Settlement Webinars

| Date                      | Time (EST)         |
|---------------------------|--------------------|
| Friday; October 11, 2019  | 3:00 PM            |
| Friday; October 18, 2019  | 10:00 AM & 1:00 PM |
| Friday; October 25, 2019  | 10:00 AM & 2:00 PM |
| Friday; November 1, 2019  | 3:00 PM            |
| Friday; November 8, 2019  | 9:00 AM            |
| Friday; November 15, 2019 | 1:00 PM            |
| Friday; November 22, 2019 | 1:00 PM            |
| Friday; December 6, 2019  | 10:00 AM           |

Reminder: Don't wait until the last minute to start entering your data

- Toll free: 1-877-916-3222
- [PAsupport@sivicsolutionsgroup.com](mailto:PAsupport@sivicsolutionsgroup.com)

## Program Resources

SBAP Cost Reporting and Settlement - e-SivicMACS  
Pennsylvania State  
Home

[Link, Aaron](#) | [Home](#) | [Logout](#)



Cost Settlement Reports

- e-SivicMACS home screen contains resources such as:

- Help Desk
- Allowable Direct Medicaid Services Supplies and Materials List
- Training presentation slides
- SBAP Handbook
- Cost Reconciliation FAQ

| Help Desk    |                                   |
|--------------|-----------------------------------|
| Toll-Free #: | (877) 916-3222                    |
| Email:       | PAsupport@sivicsolutionsgroup.com |

| Resources            |  |
|----------------------|--|
|                      | Description  |
| <a href="#">View</a> | Approved Direct Medical Services List                        |
| <a href="#">View</a> | Cost Settlement Training 2017                                |
| <a href="#">View</a> | System Training - Cost Reporting and Settlement Process 2017 |
| <a href="#">View</a> | SBAP Handbook, March 2018                                    |
| <a href="#">View</a> | SBAP Cost Settlement Policy FAQ                              |
| <a href="#">View</a> | FY15-16 Compliance Review Training                           |



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## ACCESS Resources

### Cost Reconciliation Data Elements

Salaried Staff Costs and Contracted Staff and Services Costs - (*Handbook Section 3*)

Health-Related Services Materials and Other Costs - (*Handbook Section 3*)

Transportation Staff Costs - (*Handbook Section 7.4*)

Transportation Other Costs - (*Handbook Section 7.4*)

Depreciation - (*Handbook Section 7.4*)

Tuition - (*Handbook Section 7.5.a*)

General Statistical Information - (*Handbook Section 9*)



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# Questions

