



School-Based Services

FY23 Medical Services Cost Reporting

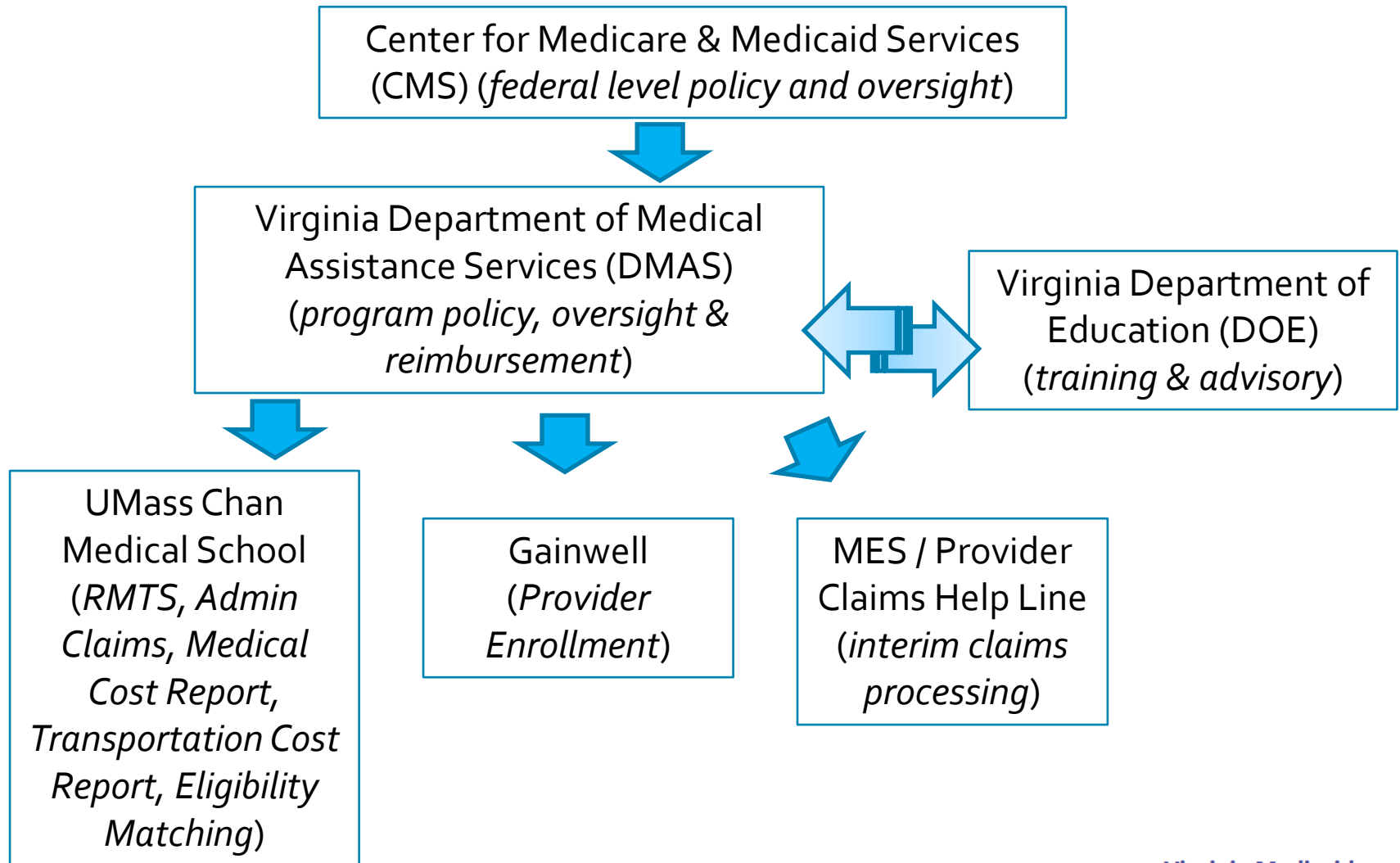
November 2023

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

Welcome & Housekeeping Notes

- Welcome to today's webinar: ***FY23 Medical Services Cost Reporting for Beginners***
- 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 "chat" 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



Agenda

- FY23 Cost Report Overview
- Cost Reporting Timeline
- Medicaid Eligibility Percentages
- Reporting Allowable Expenses
- Reconciliation & Certification
- Notes on Certain Unique Procedures this Year

Cost Report Overview

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

Cycle of Service Reimbursement

Medicaid Qualified
Service Provided



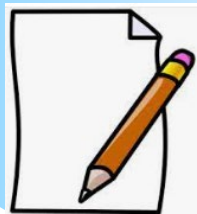
Interim
Payment



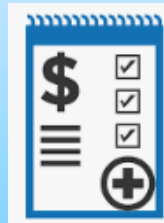
Cost
Report



Service
Documentation



Interim Billing
Process



Cost
Settlement



Medicaid Qualified Services

Medicaid Qualified
Service Provided



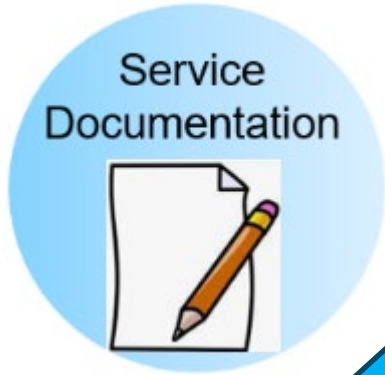
Will be updated
soon!

See the Local Education Agency (LEA) Provider Manual, Chapters 2 & 4:

<https://vamedicaid.dmas.virginia.gov/manuals/local-education-agency>

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/manuals/local-education-agency>

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

Will be updated soon!

Interim Billing Process

Interim Billing
Process



Will be updated
soon!

See the Local Education Agency (LEA) Provider Manual, Chapter 5:

<https://vamedicaid.dmas.virginia.gov/manuals/local-education-agency>

- 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***" document on the DMAS website: <https://www.dmas.virginia.gov/providers/school-based-services/>

Will be updated
soon!

Interim Payments



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 & Settlement

Cost
Report



- 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
Settlement

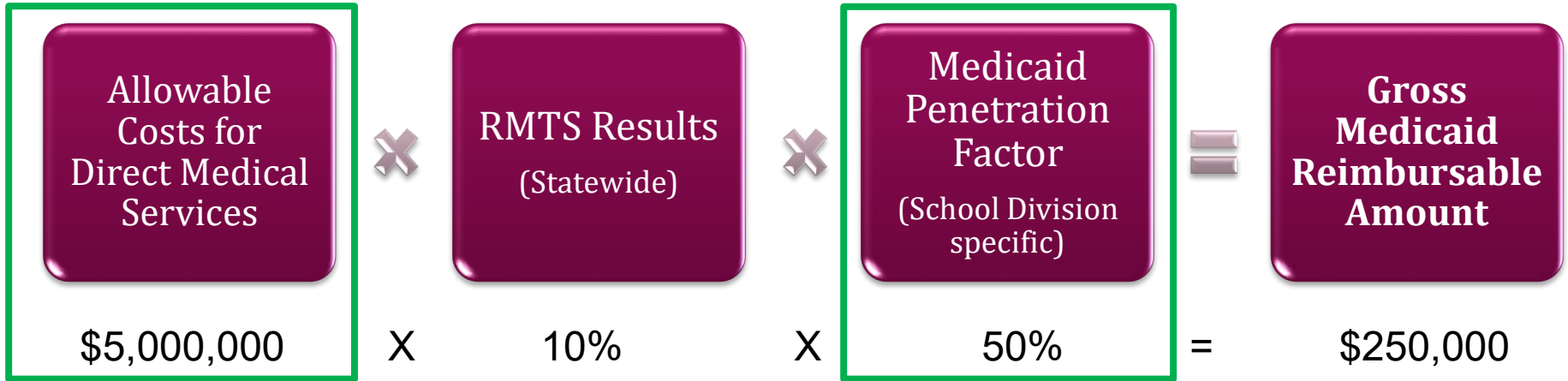


Questions?

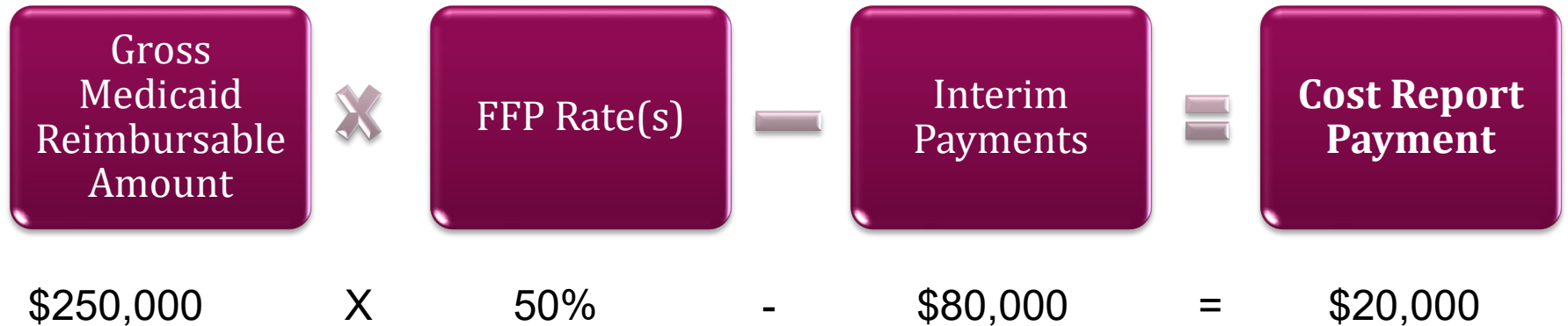


Cost Report Overview

Cost-Based Reimbursement Methodology:



Cost Settlement:



Cost Report Overview

Find the written instructions on the DMAS website page that's dedicated to Medicaid school-based services:

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

Cost Reimbursement

 Cost Report Instruction Guide

**Will be updated
soon!**

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
- **November 20th**
 - Cost Reports opened (UMass sends email notification)
- **December 20th**
 - Deadline to complete & submit Cost Report

Cost Report/BCR High Level Timelines

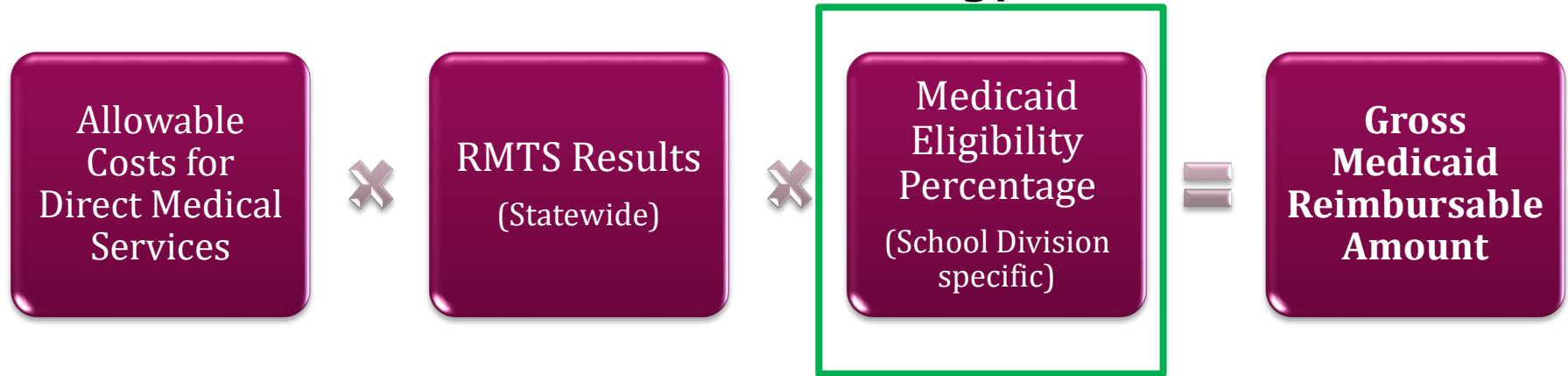
- **December through February**
 - UMass reviews Cost Reports, and ask follow-up questions
 - Schools respond to questions & correct any errors (if applicable)
- **March**
 - Last opportunity to submit interim claims to VAMMIS approximately March 15-18 for settlement against cost report
- **April**
 - 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

Medicaid Eligibility Percentage (MEP)

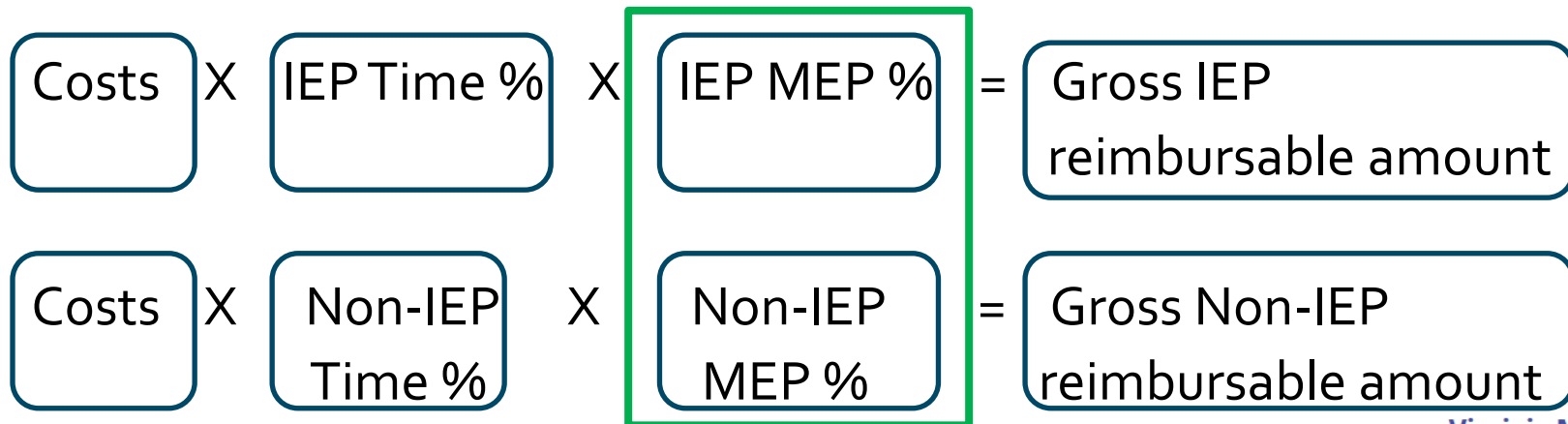
- **The Cost Report uses 2 separate MEPs**
 1. For school divisions participating in reimbursement for services pursuant to student IEPs
 2. For school divisions participating in reimbursement for services that are **not** related to IEPs
- Divisions participating in **both** reimbursement streams must submit **both** sets of MEP statistics

Medicaid Eligibility Percentages (MEPs)

Cost-Based Reimbursement Methodology:



In reality, the calculations above are actually done separately:



Separate Reimbursement Categories

Staffing
Costs



Time Study		MEP		Gross
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 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 comprises 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.

Medicaid Eligibility Percentage (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.

Medicaid Eligibility Percentage (IEP MEP)

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

- included in the LEA's VDOE-certified child count,
- for whom the LEA is seeking reimbursement, and
- who were matched to the DMAS 12/1 enrollment data as actively enrolled in Medicaid

Translates to:
For whom the LEA
has obtained
Parental Consent

=

IEP MEP

Ratio

Unduplicated 12/1 VDOE-certified
child count

Medicaid Eligibility Percentage (Non-IEP MEP)

MEP for Non-IEP Services

- What percentage of your division's students are enrolled in the Medicaid program?

December 1st (12/1) Enrollment "snapshot"

- 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 12/1/22
- You likely already have this list of students gathered because it's the same list used in your Q2 Administrative Activity Claim

Medicaid Eligibility Percentage (Non-IEP MEP)

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

- Enrolled in the LEA as of 12/1/22,
- Includes Special Education & Non-SpEd students,
- for whom the LEA is seeking reimbursement, and
- who were matched to the DMAS 12/1 enrollment data as actively enrolled in Medicaid

Translates to:
For whom the LEA
has obtained
Parental Consent

=

**Non-IEP
MEP
Ratio**

Unduplicated LEA Enrollment
as of 12/1/22

Medicaid Eligibility Percentages (MEPs)

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

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

➔ For Coordinators

- *“Coordinator Training on Eligibility matching August 2023”*

➔ Eligibility Matching

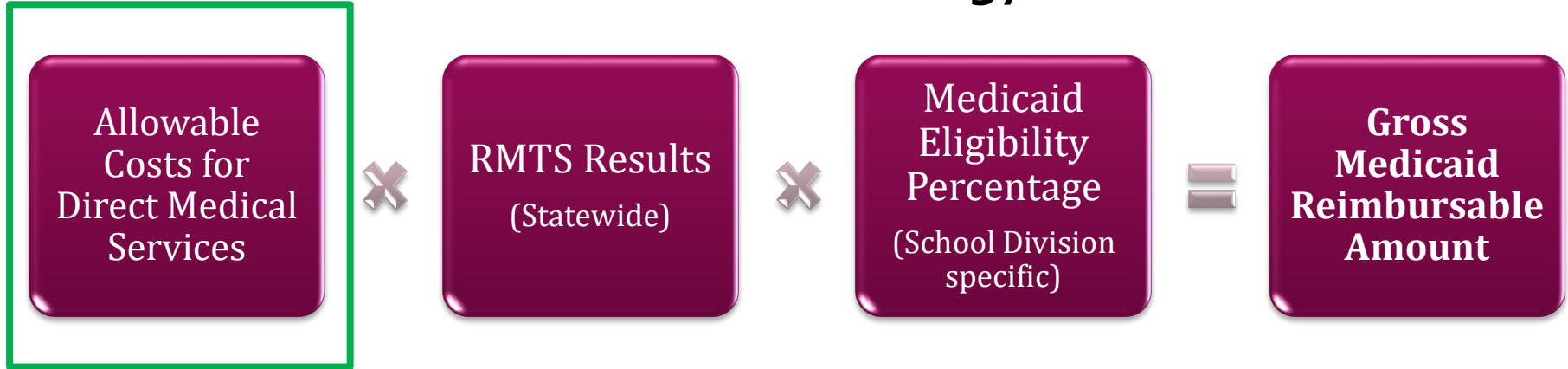
- *“Medicaid Eligibility Matching User Guide”*

Questions?



Allowable Costs for Cost Reporting

Cost-Based Reimbursement Methodology:



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

Reimbursable Expenses Employees

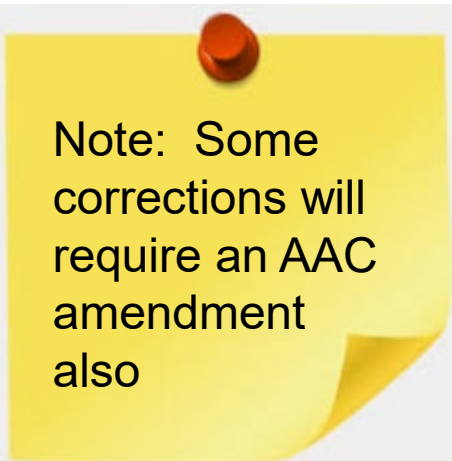
Salary & employer paid fringe benefit costs of employees who:

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 & fringe benefit costs that were funded from State/Local funding sources and were not a required match for a federal grant

Reimbursable Expenses Employees

- 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 updates:
 - Funding percentages,
 - All costs are allowable for the cost report,
 - RMTS participant lists were submitted prior to the end 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 Contractors & Billing

Reimbursable Contracted Medicaid Billing Costs

1. 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:
 - a. 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*)
 - b. 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

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)

Travel Costs

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

Can I Include Costs for [supply]?

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?
- Office supplies like pencils, sticky notes, paper, file folders, paper clips used by the SLP during therapy sessions?
- “Achievement tests” used for psych evaluations?
- I-pads or chrome books with software used during SLP or OT therapy sessions?
- Books in reading/language curriculum used during speech therapy sessions?

No, educational

Yes, but only if costs excluded from Admin claim

Yes, as long as they are evidence-based

No: I-pads/chrome books; Yes: software

Yes, as long as used exclusively for SLP (not shared with gen. ed.)

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

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 FY22 cost report which still have remaining useful life in FY23 will be pre-populated *(For all new items added in FY23, please upload invoice documenting acquisition cost to system)*
4. Straight line depreciation will be calculated by the system based on acquisition date, acquisition cost and useful life information supplied by the School Division

Reimbursable Expenses

Direct Service Capital Equipment Costs

Apply the rule: 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)
- Only expenditures funded from State/Local funding sources can be claimed

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)

Questions?



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.viriniamedicaid.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

Questions?



Unique Procedures for FY23 Reports

1. Due to the very limited time between receiving SPA approval and needing to get cost reports filed, UMass was unable to make system changes to support the methodology changes.
2. 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
3. However, no calculations will be performed accurately in the system. It is being used for data collection only!
4. Pages and "views" that show calculations should be ignored!
5. Do not complete a BCR!
6. If you're participating in Non-IEP reimbursement, you'll need to email your Non-IEP MEP statistics.

Unique Procedures for FY23 Reports

1. The “Review Claims” page will be updated, probably in January, to start showing IEP v Non-IEP service claims data.
2. UMass is treating all claims submitted so far (without the Non-IEP modifier) as Non-IEP services.
3. Cost settlement calculations will be performed by UMass outside of the application. We will share calculations with you when available.

Demonstration

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/school-based-services/>