

## **Direct Medical Services Cost Report Instructions Virginia Department of Medical Assistance Services (DMAS)**

Medicaid and FAMIS cover the following services provided by school division providers.

- Speech Language Pathology
- Occupational Therapy
- Physical Therapy
- Nursing
- Psychology
- Audiology
- Medical Evaluation
- Personal Care

Final reimbursement for these services is determined by the IEP Related School Based Direct Services Cost Report. DMAS pays 95 percent of the federal share of the certified costs for these services. If school divisions do not complete a cost report, they will be responsible to refund any interim payments.

### Claims

Submit all claims for dates of service in the fiscal year within three months of the end of the fiscal year.

### Documentation

All Medicaid covered services provided to Medicaid or FAMIS recipients by qualified Medicaid practitioners whose costs are included on this cost report must be documented as required by Medicaid.

### Cost Collection

Accrue costs for the school year in the manner approved for the DOE annual school report.

The DMAS time study contractor will provide quarterly personnel cost reports for medical services employees based on time study data. This will include salary and benefit data.

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For the cost report, include only Medicaid qualified practitioners, other personnel working under the direction of Medicaid qualified practitioners and clerical personnel responsible for medical billing. Track funding sources for personnel because only costs funded by state and local dollars are carried forward as potentially reimbursable costs. Track separately state and local funds that are a required match for a federal grant because these funds are not eligible for reimbursement. Exclude any personnel that are funded 100% by federal dollars.

Collect non-personnel costs incurred during the fiscal year for materials and supplies, employee travel expenses and capital. These costs should be consistent with OMB Circular A-87 and should only include costs that are 100% attributable to direct medical services. Exclude any costs that are part of the unrestricted indirect cost rate. Exclude any portion of the costs funded by federal grants or are required state or local matches on federal grants.

Materials and supplies are allowable if used exclusively for the delivery of health care services. Please refer to Appendix A for the list of materials and supplies that may qualify. Only materials and supplies used in Medicaid covered services for which the school division is including personnel costs can be included.

Employee travel expenses are allowable for costs incurred by the school division for staff travel to deliver health care services. School divisions must maintain a mileage log that clearly identifies mileage associated with the delivery of health care services and other uses by personnel whose costs are included in the cost report. School divisions may calculate the cost by using the IRS mileage rate in effect at the time or by prorating the cost of operating the vehicle based on mileage.

Capital costs are allowable if used exclusively for the delivery of health care services. Capital costs should be depreciated if the value is over \$5,000 and the estimated useful life is at least two years. School divisions must use the depreciation schedule (Section 5A) to record all capital items and send in copies of the purchase invoices. Maintain copies of the original purchase invoices. School divisions should use a straight line method of depreciation.

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Only capital equipment used in Medicaid covered services for which the school division is including personnel costs can be included.

The school division may elect not to submit non-personnel costs.

### Eligibility Percentages

School Divisions will count the number of students with IEPs on December 1 who are eligible for Medicaid, Medicaid expansion or FAMIS at the same time as the child count of special education students and calculate Medicaid, Medicaid expansion and FAMIS eligibility percents. The denominator is the number of students with IEPs, regardless of parental consent, at the time of the December 1 child count. The numerator for the different percentages is the number of students with IEPs who are eligible for Medicaid, Medicaid expansion or FAMIS, regardless of parental consent, at the same time as the December 1 child count.

**THIS IS A CRUCIAL FACTOR THOUGHOUT THE COST REPORT AS IT WILL DETERMINE WHAT PERCENT OF THE SCHOOL DIVISION'S TOTAL PERSONNEL AND MATERIAL/CAPITAL COSTS IS ACCEPTABLE FOR MEDICAID REIMBURSEMNT**

The medical records of all the Medicaid or FAMIS students with parental consent included in the numerator of the eligibility percentages are subject to audit.

### Eligibility Reports

DMAS generates a quarterly eligibility report of all Medicaid or FAMIS recipients ages 3 thru 22 living in the school division geographical area as well as surrounding geographical areas.

The reports are based on eligibility on September 1, December 1, March 1 and June 1. The reports have the following information:

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Name  
Medicaid ID  
Social Security number  
Address  
Birthdate  
Gender  
Program (Medicaid, Medicaid expansion or FAMIS)  
Parental Consent (Yes or No)  
MCO assigned

School divisions use the December 1 eligibility report to match to students identified on the December 1 child count as receiving special education. The other quarterly eligibility reports are for the school divisions to use to identify new children that have become Medicaid eligible, obtain parental consent and bill for services rendered. School divisions may verify the eligibility of students who are not on the eligibility report by alternative means.

School divisions are required to sign a Business Associate Agreement to receive the eligibility reports. If a school division does not sign a Business Associate Agreement in order to receive an eligibility report, it must verify eligibility for all Medicaid, Medicaid expansion and FAMIS students with IEPs included in the numerator by alternative means on December 1 to be eligible for Medicaid reimbursement for services provided to special education students.

Parental consent to bill Medicaid or FAMIS for services is required under the Federal Educational Rights and Privacy Act (FERPA). A consent statement is included on all Medicaid and FAMIS applications. The eligibility report will indicate if a parent has signed the Medicaid application giving parental consent to bill. For students whose parents did not sign the Medicaid application, the school may still obtain parental consent directly.

Time Study

School divisions that want reimbursements for the costs of the services specified above must participate in the time study during the October-December, January-March and April-June quarters. All staff involved in the

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delivery of direct medical services must participate quarterly in the time study, except contractors who perform Medicaid eligible medical services.

Contractors who perform Medicaid eligible medical services are not included in the time study and none of their costs are included in the administrative claim. Instead, all of their costs are included in the direct services cost report and these costs are not discounted by the direct services time study percent. These costs are discounted only by the eligibility percents. Contractors who do not perform Medicaid eligible medical services are included in the time study and the administrative claim.

Note that for school divisions that participate in both direct medical services claiming and administrative claiming, the time study may result in reimbursable costs for direct medical services only, reimbursable costs for administrative activities only, or reimbursable costs for both.

### Distribution of Cost Reports by DMAS

Myers and Stauffer LC (MSLC), the DMAS cost settlement contractor, will send an email reminder with the link to the cost report forms to school divisions by September 30 each year. The cost reports may also be downloaded from the DMAS Website at:

[http://dmasva.dmas.virginia.gov/content\\_pgs/pr-sbs.aspx](http://dmasva.dmas.virginia.gov/content_pgs/pr-sbs.aspx)

### Filing Deadline and Certification

School divisions will submit cost reports within five months of the close of the fiscal year (November 30) to

Myers and Stauffer LC  
4400 Cox Road  
Suite 110  
Glen Allen, VA 23060

The school division superintendent or his authorized designee will certify costs annually using the cost report forms made available on its web site by DMAS to each school division. School divisions should submit one paper copy of the cost report with the signed certification and an electronic copy of

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the Excel cost report. School divisions should submit additional documentation of costs as needed.

### Cost Settlement and Payment Reconciliation

DMAS will settle cost reports within six months of the date the cost report is received by MSLC.

If the payment reconciliation indicates that costs are in excess of interim payments, DMAS will pay the difference in the next remittance. On the other hand, if interim payments exceed costs, DMAS will recoup the overpayment using one of the following methods:

1. Offset all future claim payments from the school division until the amount of the overpayment is recovered;
2. Recoup an agreed upon percentage of the overpayment to ensure recovery within one year; or
3. Recoup an agreed upon dollar amount from future claim payments to ensure recovery of the overpayment within one year.

The school division may also choose to require a direct payment.

### Interim Payments

DMAS will make interim payments during the school year based on claims submitted and approved for payments. DMAS will work with school divisions to recommend an appropriate interim rate for claims paid during the first two years of participation in direct medical services claiming. School divisions may elect to receive reduced interim payments by submitting charges for services below the interim rate. This will not affect final reimbursement but will prevent overpayment. The school division should not bill in excess of the interim rate.

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***ONLY ENTER DATA IN BLUE HIGHLIGHTED CELLS. Non-Highlighted cells contain automatic formulas and are locked from user access.***

**Section 1 – School Division General Information**

Informational data will be used throughout the cost report where needed. Once this information is entered here the spreadsheet will auto populate the remaining cells where this same information is needed.

Col. B, Ln. 10 – Enter Name of Superintendent

Col. B, Ln. 11 – Enter Name of Finance Director

Col. B, Ln. 12 – Enter Phone Number of Finance Director

Col. B, Ln. 13 – Enter Email Address of Finance Director

Col. B, Ln. 14 – Enter Address

Col. B, Ln. 15 – Enter Address Line 2

Col. B, Ln. 16 – Enter City, State and Zip Code

School divisions should enter the Unrestricted Indirect Cost Rate provided by the Department of Education for the applicable fiscal year.

The percent of all direct medical service time that is IEP related will be calculated from Section 2 for each quarter.

School divisions should enter the Medicaid, Medicaid expansion, and FAMIS students with IEPs necessary to calculate eligibility percentages.

NOTE: Percentages in this section are rounded to two decimal places.

**Section 2 – Time Study Percentages**

The information on this page will be supplied by DMAS based on reports prepared by its Time Study contractor.

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**Section 3 – Annual Salary and Benefits**

School divisions must complete Section 3 for each quarter of the school year (quarter ending Sept 30, Dec. 31, March 31, and June 30). The information will be supplied by DMAS based on reports prepared by its Time Study contractor. **Insert rows in the blue highlighted areas to accommodate all the personnel you wish to include. The instructions on how to add or delete rows will be on the cost report form. Keep job categories together in the appropriate sections.** Note that the Electronic Cost Report Template has separate tabs on the bottom for each quarter:

- Section 3 A: Salary and Benefits, Quarter ending September 30
- Section 3 B: Salary and Benefits, Quarter ending December 31
- Section 3 C: Salary and Benefits, Quarter ending March 31
- Section 3 D: Salary and Benefits, Quarter Ending June 30
- Section 3 E: Contractor costs, Quarter ending September 30
- Section 3 F: Contractor costs, Quarter ending December 31
- Section 3 G: Contractor costs, Quarter ending March 31
- Section 3 H: Contractor costs, Quarter ending June 30
- Section 3 I: Summary of Four Quarters, applies time study statistics, as appropriate.

Information should be entered for each employee or contractor who provides direct services to students. Exclude any personnel that are funded 100% by federal dollars, who do not meet the Medicaid provider qualifications unless providing assistance to qualified personnel or for whom the school division does not wish to claim reimbursement. The following job titles correspond to the following services

<i>Direct Service Category</i>	<i>Job Titles</i>
Speech Language Pathology	Speech Therapist Speech Asst./Aide
Occupational Therapy	Occupational Therapist Occupational Therapist Aide
Physical Therapy	Physical Therapist Physical Therapist Aide
Nursing	RN

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	LPN Nurse Aide
Psychology	Psychologist Psychiatrist Social Worker
Audiology	Audiologist
Medical Evaluation	Physician Nurse Practitioner
Personal Care	School Health Assistant
Billing Personnel	Administrative Personnel

Sections 3A – 3D: Salary and Benefits

A. Personnel Information

Col. B – Enter employee’s social security number

Col. C – Enter employee’s last name

Col. D – Enter employee’s first name

Col. E – Enter employee’s job title

B. Funding and Percentages (Round to a whole percent)

Col. F – Enter the percentage of employee’s salary that is funded by state/local funds. Exclude any state/local funds that are a required match for federal grants. Enter a percentage representing these funds in Col. J for other funding sources.

Col. G – Enter the percentage of employee’s salary that is funded by IDEA funds.

Col. H – Enter the percentage of employee’s salary that is funded by other federal funds.

Col. I-J – If an employee’s salary is funded by any other source, enter funding source in Col. I and percentage in Col. J. Use this column for state/local funds that are a required match for federal grants.

Col. K – Is the sum of columns G, H, I and K. It will be calculated automatically. NOTE: Col. L should equal 100% for each employee even if it is a part-time employee or contractor.

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C. Salary and Benefits (Round to the nearest dollar)

Col. L – Enter amount of salaries paid for each employee.

Col. M – Enter amount of employer retirement contribution for each employee.

Col. N – Enter amount of employer paid group health insurance for each employee.

Col. O – Enter amount of employer paid dental insurance for each employee.

Col. P – Enter amount of employer paid Medicare tax for each employee.

Col. Q – Enter amount of employer paid Social Security tax for each employee.

Col. R – Enter amount of other benefits.

Col. S – Sum of columns M – R. It will be calculated automatically.

Col. T – Col. F times Col. S. It will be calculated automatically. Only costs from this column can be claimed for reimbursement.

Sections 3E – 3H: Contractor Costs

A. Contractor Information

Col. B – Enter contractor's EIN

Col. C – Enter contractor's last name

Col. D – Enter contractor's first name

Col. E – Enter contractor's job title

B. Funding and Percentages (Round to a whole percent)

Col. F – Enter the percentage of contractor payment that is funded by state/local funds. Exclude any state/local funds that are a required match for federal grants. Enter a percentage representing these funds in Col. J for other funding sources.

Col. G – Enter the percentage of contractor cost that is funded by IDEA funds.

Col. H – Enter the percentage of contractor cost that is funded by other federal funds.

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Col. I-J – If contractor cost is funded by any other source, enter funding source in Col. I and percentage in Col. J. Use this column for state/local funds that are a required match for federal grants.

Col. K – Is the sum of columns G, H, I and K. It will be calculated automatically. NOTE: Col. L should equal 100% for each contractor even if it is a part-time contractor.

C. Contractor Payments (Round to the nearest dollar)

Col. L – Enter amount of payment for each contractor

Col. M-N – Enter any other contractor payments

Col. O – Sum of columns L – N. It will be calculated automatically.

Col. P – Col. F times Col. O. It will be calculated automatically. Only costs from this column can be claimed for reimbursement.

**Section 3I – Personnel Costs Annual Summary**

This section automatically calculates annual total allowable personnel costs. No input is required.

**Section 4 – Personnel Costs**

This section automatically calculates Medicaid, Medicaid expansion and FAMIS personnel costs for each service. No input is required.

**Section 5A – Depreciation Schedule**

Capital costs must be depreciated if the value is over \$5,000 and the estimated useful life is at least 2 years. Use only the straight line method of depreciation. For each item listed, include a legible copy of the purchase invoice with the cost report. Enter these costs along with other required information on this schedule.

**Section 5 – Non-Personnel Costs**

Enter non-personnel direct service costs in Col. B. The costs may only include items that are used exclusively for direct medical care. Capital cost to be entered in Col. B will be automatically pulled from the

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depreciation schedule (Section 5A). All other fields will be calculated automatically to determine Medicaid, Medicaid expansion and FAMIS non-personnel costs associated with direct medical services.

### **Section 6 – Reconciliation**

This section automatically calculates the federal financial participation (FFP) in Col. G, which is the amount of federal reimbursement. Col. H is the school division share of federal reimbursement, which is 95 percent of the FFP on Col. G.

School divisions should prepare interim payment reports from their remittance advices. Any claims for the 2012-2013 school year that were not paid by March 31, 2014 should also be included. Any claims for the 2013-2014 school year that are submitted and paid after March 31, 2015 will be included in the FY 2015 payment report. The school division will place this information in Col. I and the amount due the school division (DMAS) will be calculated automatically in Col. J.

### **Section 7 – Certification of Public Expenditures**

This form is used to certify all of the school division's expenditures for IEP related school based services. The certification of public expenditures is necessary so that the State may claim matching funds or FFP from the federal government. Financial data and other information are automatically filled in. The form must be signed and returned with the completed cost report according to instructions.

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Appendix A

Medicaid Financing and Reimbursement  
Materials and Supplies List

Therapy Services

Vision testing machine, such as Titmus  
Audiometer (calibrated annually), tympanometer  
Software for clinical evaluation and instructional software; assistive technology software  
Current standardized tests and protocols;  
Materials for nonstandard, informal assessment;  
Clinical and instructional materials and supplies;  
Positioning equipment (e.g., wedges, bolsters, standers, adapted seating, exercise mats)  
Self-help devices (e.g., spoons, zipper pulls, reachers)

Mobility equipment (e.g., walkers, wheelchairs, scooters)  
Supplies for adapting materials and equipment (e.g., strapping, Velcro, foam, splinting supplies)  
Technology devices (e.g., switches, computers, word processors) if 100% allocated for medical care

Adaptive classroom tools (e.g., pencil grips, slant boards, self-opening scissors)

Evaluation tools (e.g., goniometers, dynamometers, cameras)

Sound-treated test booth

Clinical audiometer with sound field capabilities

Portable acoustic immittance meter

Portable audiometer

Electroacoustic hearing aid analyzer

Otoscope

Sound-level meter

Visual reinforcement audiometry equipment and other instruments necessary for assessing young or difficult-to-test children

Ear mold impression materials

Test materials for screening speech and language, evaluating speechreading and evaluating auditory skills

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Test materials for central auditory processing assessment  
Loaner or demonstration hearing aids  
FM amplification systems or other assistive listening devices  
Visual aids for in-service training  
Battery testers, hearing aid stethoscopes, and earmold cleaning materials  
Auditory, speechreading, speech-language, and communication instructional materials

Nursing Services

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First-aid station  
Sharps container for disposal of hazardous medical waste.  
Otoscope/ophthalmoscope with battery  
Physician's scale that has a height rod and is balanced  
Portable crisis kit  
Portable first-aid kit  
Reflex hammer

Sphygmomanometer (calibrated annually) and appropriate cuff sizes  
Stethoscope  
Scoliometer  
Blood Glucose Meter  
Peak Flow Meters  
Nebulizers  
Scales  
BMI Calculator  
IPEAC  
Glucose Gel  
Eye Wash Bottle  
Disposable Suction Unit  
Electronic Suction Unit  
Tape measure  
Vision testing machine, such as Titmus  
Wall-mounted height measuring tool  
Wheelchair  
Bandages, including adhesive (e.g., Band-Aids) and elastic, of various Types and materials  
Basins (emesis, wash)

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Cold packs  
Cotton-tip applicators (swabs)  
Cotton balls  
CPR masks  
Dental floss  
Disinfectant  
Disposable gowns  
Eye irrigating bottle  
Eye pads  
Eye wash solution  
Fingernail clippers  
Latex gloves  
Magnifying glass  
Masks  
Record forms (e.g., emergency cards, logs, medical sheets, accident reports, state forms)  
Ring cutter  
Safety pins

Salt  
Sanitary pads, individually wrapped (may be used for compression)  
Scissors (blunt end)  
Slings  
(must be in a dispenser)  
Splints (assorted)  
Surgi-pads  
Tape (different widths and hypo-allergenic)  
Tissues  
Thermometer (disposable) or other mechanism for measuring temperature  
Tongue depressors  
Triangular bandage  
Tweezers  
Vinyl gloves (for latex allergies)  
Washcloths (disposable)  
Clinical and instructional materials and supplies;  
Disposable gloves (latex-free)  
Medicine cabinet (with lock)

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Refrigerator for medicine

Folding screen or draperies to provide privacy in the clinic

Glasses Repair Kit

Note: Any item with a cost in excess of \$5,000 and a useful life of at least two years will be treated as a capital expense.

Sources:

[http://www.doe.virginia.gov/support/health\\_medical/medicaid/index.shtml](http://www.doe.virginia.gov/support/health_medical/medicaid/index.shtml)

[http://dmasva.dmas.virginia.gov/content\\_pgs/pr-sbs.aspx](http://dmasva.dmas.virginia.gov/content_pgs/pr-sbs.aspx)

ASHA Desk Reference, v2

National Association of School Nurses

CMS 2/1/07