

December 10, 2010

**ODP Year 3 Transportation
Cost Report Instructions**

**Prospective Payment System
Rating Period: Fiscal Year
2011/2012 (July 1, 2011 —
June 30, 2012)**

Commonwealth of Pennsylvania
Office of Developmental Programs

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Background

Purpose

To enable the Office of Developmental Programs (ODP) to develop Year 3 (i.e., Fiscal Year (FY) 2011/2012) provider-specific rates and pay for transportation services through PROMISe, transportation providers are required to complete and submit a cost report using the Transportation cost report Excel file dated December 2010. The cost report will be completed based on the historical expense period of FY 2009/2010 (July 1, 2009 — June 30, 2010). The following document contains information for providers regarding how to complete the Excel file, as well as where and when the Excel file needs to be submitted. The document also contains guidance for Administrative Entities (AEs) regarding their role in reviewing the provider cost report submissions for the four types of transportation outlined in the approved Waiver and service definitions and developing rate recommendations for ODP.

Cost Report Instructions and Excel Template

The Transportation cost report is available electronically in Microsoft Excel software and **must** be completed in the Excel format. Electronic versions of the cost report template and instructions can be found on the ODP Consulting website at www.odpconsulting.net. Upon accessing this website, click on the “Provider Information Center” on the left hand side of the page. Next, click on the link titled “Provider Cost Report Information.” The documents are titled “Year 3 Transportation Cost Report Instructions.doc” and “Year 3 Transportation Cost Report Template.xls.”

Providers are required to complete the ODP Transportation cost report in the electronic Excel format and send it via email to the AE who qualified them to provide transportation services. AEs should not accept paper copies of completed cost reports. In addition, completed cost reports should not be uploaded to the ODP cost report website. After finishing the review, the AE must submit an electronic copy of the cost report to the ODP Regional Office with its recommended rate(s).

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Cost Report Requirements

Submission Deadline

Providers who deliver transportation trip and/or per diem services are required to submit a completed electronic version of the cost report to the AE. Providers may email the cost report to the qualifying AE starting December 20, 2010, but no later than **January 14, 2011**.

Submission Requirements

Providers are required to submit a cost report that reflects actual FY 2009/2010 costs related to delivering transportation services to individuals with Mental Retardation (MR) in the Consolidated and Person/Family Directed Support (P/FDS) Waivers. Please note that the Transportation cost report does **not** get uploaded to the cost report website, but rather should be emailed to the AE. The AE will collect provider cost reports, review the forms, develop recommended rates and submit documents to ODP using the provider's electronic cost report dated December 2010. The cost report replaces any previous tools used in developing transportation rates.

Audit Requirements

Failure to submit an audit or reconciliation (if applicable) within nine months from the close of the provider's accounting period (or by the due date of the Cost Report, whichever is later) will result in ODP assigning a payment rate(s) to the provider. Effective for the FY 2009/2010 historical reporting period, AEs may not grant AFS extensions for providers subject to Single Audit. Therefore, providers required to submit a transportation cost report and subject to Single Audit who do not anticipate being able to meet the AFS deadline need to request an extension from the Commonwealth of Pennsylvania, Office of the Budget, Comptroller Operations, Bureau of Audits (BOA) prior to the end of the nine month deadline. For providers not subject to Single Audit (e.g. those entities receiving a GAGAS audit), extensions must be

requested in writing via email from ra-ratesetting@state.pa.us. Extensions may not be granted by AEs.

Audit requirements vary based on the provider's level of expenditures. Note that if a provider enters into an agreement with a subcontractor for the performance of any primary contractual duties, the audit requirements are applicable to the subcontractor(s) with whom the provider has entered into an agreement. Consequently, the audit requirements must be incorporated into the contract between the provider and the subcontractor. Audit requirements for the various levels of expenditures are described below:

- A provider that expends less than \$300,000 in combined federal and Commonwealth funds during the reporting is exempt from the Department of Public Welfare (DPW) audit requirements for the Waiver program, but is required to maintain auditable records for each program year. Records should be available for review by DPW or its designee. If an audit is required for other programs in which the provider may participate, the provider must include the Waiver program in the audit, and submit a copy of the audit, even if funds expended are less than \$300,000.
- For the FY 2009/2010 historical reporting period, providers who expend \$300,000 or more in combined federal and Commonwealth funds during the reporting period (but less than \$500,000) are not required to have a Compliance Attestation completed in accordance with the American Institute of Certified Public Accountants' (AICPA) Statement on Standards for Attestation Engagements (SSAE) No. 10 (AT § 601, Compliance Attestation). This will be a requirement in future years of the PPS, but for the FY 2009/2010 reporting period, providers who meet these expenditure criteria are exempt from DPW audit requirements for the Waiver program. However, providers are required to maintain auditable records for each program year and the records should be available for review by DPW or its designee. If an audit is required for other programs in which the provider may participate, the provider must include the Waiver program in the audit, and submit a copy of the audit, even if funds expended are less than \$500,000.
- Providers expending \$500,000 or more in combined federal and Commonwealth funds during the reporting period (FY 2009/2010) must have an independent audit completed in accordance with Generally Accepted Government Auditing Standards (GAGAS), also known as Yellow Book. In instances where the provider expends \$500,000 or more in federal funds, they are subject to OMB Circular A-133; Title 45, CFR 74.26 and any other federal requirements. Providers are also required to reconcile the audit to Schedule A, Column A of their cost report.
- **The following will be NEW for the FY 2010/2011 historical reporting period (i.e., the Year 4 Transportation cost report).** Providers who are required to submit audited financial statements, based on the thresholds listed above, must include a supplemental schedule in their audited financial statements, which has been subjected to the auditing procedures applied in the audit of the basic financial statements in accordance with AICPA Statement on Auditing Standards No. 29, Reporting on Information Accompanying the Basic Financial Statements in Auditor-Submitted Documents (SAS 29), as amended (AU §551). This supplemental

schedule is to be prepared as of June 30 and include the information listed in the Transportation cost report, Schedule A, Column C. This supplemental schedule is to be prepared in accordance with the cost report instructions. Any differences between this supplemental schedule and the cost report must be disclosed in a reconciliation. If a reconciliation between this supplemental schedule and the cost report is necessary, the reconciliation must also be included as an additional supplemental schedule in the audited financial statements and audited by the independent auditor in accordance with SAS 29. This requirement will also apply to providers with fiscal year ends other than June 30.

Reconciliation of Audited Financial Statements to Cost Report

AEs will compare the provider's total expenses reported in the Transportation cost report (Schedule A, Column A) to the audited financial statement (AFS). When emailing their AFS to the AE, providers must also submit a schedule and explanation reconciling any variances between Schedule A, Column A and the AFS. It is the provider's responsibility to explain and quantify these differences. An example of an appropriate approach for meeting this requirement would be to reconcile the cost report to an audited statement of functional expenses that is included as part of the provider's overall audit.

Note that for providers with FY ends other than June 30 (e.g., December 31), the cost report should be completed for the 12 months ending June 30, but the AFS can be for the 12-month period ending as of the provider's FY end (e.g., December 31). If the audit covers a different time period than the cost report, a reconciliation is not required since the time periods differ.

Submission of Audited Financial Statements

Audit reports and reconciliations that support the Year 3 historical reporting period (July 1, 2009 — June 30, 2010) must be emailed to the AE within nine months from the close of the FY, or by the due date of the cost report, whichever is later. For providers whose organization's reporting is not based on a FY, the AFS for the year that ended during the period of July 1, 2009 — June 30, 2010 must be submitted (e.g., for providers whose organization's reporting is based on a calendar year (CY), the AFS for CY 2009 must be submitted). For providers subject to audit, the provider's final rates may be delayed if the audit or reconciliation is received near the end of the nine-month submission period, so early submission is encouraged.

For providers subject to audit, failure to submit an audit and a reconciliation within 9 months from the close of the provider's accounting period (or by the due date of the cost report, whichever is later) will result in ODP assigning a payment rate(s) to the provider. Failure to submit a revised cost report due to audit adjustments, if applicable, within 30 days of the date the final audit was issued, may also result in ODP assigning a rate(s). Effective for the FY 2009/2010 historical reporting period, AEs may not grant AFS extensions for providers subject to Single Audit. Therefore, providers required to submit Transportation cost reports and subject to Single Audit who do not anticipate being able to meet the AFS deadline need to request an extension from the Commonwealth of

Pennsylvania, Office of the Budget, Comptroller Operations, Bureau of Audits (BOA) prior to the end of the nine month deadline. For providers not subject to Single Audit (e.g. those entities receiving a GAGAS audit), extensions must be requested in writing to ra-ratesetting@state.pa.us. Extensions may not be granted by AEs.

All audits and supporting reconciliations should be emailed to the AE and should not be uploaded to ODP via the cost report submission website. Additional information related to the audit submission timelines and rate development is provided in the following paragraphs.

In addition to emailing audit files to the AE, all A-133 or Title 45 audits associated with the ODP Waiver program must be submitted electronically to:

Office of Comptroller Operations
Bureau of Audits
Special Audit Support Services
555 Walnut St — 9th Floor
Harrisburg, PA 17101
RA-BOASingleAudit@state.pa.us

Instructions for submitting these audits to BOA can be obtained from their website: www.budget.state.pa.us/portal/server.pt/community/single_audit_submissions/10670

Audit confirmation requests should be sent in writing to:

Office of Comptroller Operations
Division of Quality Assurance
c/o Steve Burkholder
555 Walnut St, 9th Floor
Harrisburg, PA 17101

In addition to GAGAS and A-133 audit requirements, ODP may conduct limited scope audits on the cost report. The focus of these audits will be to ensure that only allowable Waiver expenses have been included in the cost report (i.e., Column C of Schedule A).

Audit Findings

Providers are responsible for preparing a Corrective Action Plan (CAP) to address all findings of noncompliance, internal control weaknesses, and/or significant deficiencies disclosed in the audit report. For each finding noted, the CAP should include: (1) a brief description identifying the finding; (2) whether the provider agrees with the finding; (3) the specific steps taken or to be taken to correct the deficiency, or specific reasons why corrective action is not necessary; (4) a timetable for completion of the corrective action steps; (5) a description of monitoring to be performed to ensure that the steps are taken;

and (6) the responsible party for the CAP. The CAP should be sent to the same location as the Audit Report (the AE or the Office of Comptroller Operations).

Audit Adjustments

If the provider has audit adjustments resulting from an independent audit, and the audit adjustments result in an impact that is greater than 1% of total Waiver transportation costs, the provider must send a restated Transportation cost report that incorporates the audit adjustments to their qualifying AE via email. The restated cost report data will be used to calculate rates. If a restated cost report is necessary, the restated cost report must be submitted within 30 days of the date the final audit was issued. If not submitted within 30 days of the date the final audit was issued, ODP may assign a rate(s). If the audit is completed earlier than nine months after the FY end, the restated cost report may be required to be submitted prior to the nine-month deadline. A provider is required to submit a restated cost report if the audit adjustment results in a downward adjustment to the rate. For upward adjustments due to audit adjustments, it is the provider's decision whether or not they choose to submit a restated cost report. Please note that ODP will not accept restated cost reports for upward adjustments unless the audit adjustment is proposed by the provider's independent auditors.

If ODP determines that rates should be adjusted to reflect the audit adjustments, the Regional Fiscal Officer will work with the AE to re-establish the revised rates, which will be communicated to the provider after the initial release of provider rates (anticipated to take place in May of each year).

If the impact of the audit adjustments is 1% or less of total Waiver transportation expenses, and if such adjustments are the result of an inappropriate methodology and would also apply to the next FY, the provider should include those audit adjustments in the following year's cost report. AEs will review the cost reports to ensure audit adjustments were properly applied.

For Bureau of Financial Operations (BFO) audits, ODP will communicate any necessary adjustments to the provider and applicable AE. It is recommended that if a BFO audit results in adjustments to reported costs in previous years, those same adjustments should be applied to future cost reports, if applicable, to avoid delays or additional adjustments to submitted cost reports.

Technical Assistance Resources

The E-help desk (odpcostreporhelp@mercer.com) is currently closed and is not responding to questions. Providers who have questions as they are completing the Transportation cost report should contact their qualifying AE or Regional Fiscal Officer for assistance.

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Completing the Cost Report Template

Situations Requiring Completion of Transportation Cost Report

There are various criteria that organizations should review to determine if they need to complete a cost report. The first issue is whether the organization is a provider or a vendor; note that vendors do not need to complete a cost report. Second, completion of a cost report depends on which transportation services the organization delivers. Detailed information on each of these topics is provided in the following paragraphs.

Determining Provider versus Vendor Status

A transportation organization that renders Transportation "Mileage" is considered a vendor and is not required to submit a cost report. An organization rendering Transportation "Public" that serves the general public (also known as serving the self-paying public), that does not have vehicles solely dedicated to transporting individuals with Mental Retardation (Waiver and base-funded), and charges the same rate(s) to individuals with MR as it does when providing the public service is considered a vendor and is not required to submit a cost report.

A public transportation organization that serves the general public (self-paying public) that would otherwise be classified as a vendor, but then offers a separate line of business to individuals registered with MR (Waiver and base-funded) in which the provider has vehicles dedicated solely to transporting individuals with MR (Waiver and base-funded) AND charges separate rate(s) to the individuals with MR compared to the rate charged to the general public for the same service, then the organization cannot be classified as a vendor and must be classified as a provider of trip and/or per diem services and is required to submit a cost report. These organizations will not use the Transportation "Public" procedure code, as that code is used only when truly a public entity.

A transportation organization that renders trip and/or per diem services only to individuals receiving MR services (Waiver and base-funded) and does not serve the general public while rendering those services is considered a provider and is required to submit a cost report.

Resource: AEs may be requested to assist in determining if a transportation organization is a provider or vendor based on the above criteria by checking the “PA Transit Systems” website identified below to determine if the organization is listed as a public transportation organization. The website address for the “PA Transit Systems” list is as follows:

<http://www.dot.state.pa.us/Internet/Bureaus/pdBPT.nsf/TransHomepage?openFrameset>

Please note that the website is not maintained by ODP and, as such, ODP does not guarantee any information on the web page including how frequently the information is updated. Thus, ODP recommends that this website not be used as the only method to determine if a provider meets the standards to be classified as a public transportation provider.

Overview of Transportation Services

Only transportation providers of trip or per diem services are required to complete a cost report. Please see the following paragraphs for additional explanation on each of the transportation services.

Mileage: W7271 (VENDOR ONLY, Provider Type 55)

Organizations that only provide mileage transportation services (i.e., W7271) are not required to submit a cost report, as mileage is considered a vendor service. Therefore, this procedure code is not present on Schedule A of the Excel template. Similarly, the AE is **not** required to develop recommended rates for W7271. Mileage will be paid at the lower of the State set mileage rate or Federal mileage rate. The AE shall ensure that Individual Service Plans (ISPs) including transportation mileage are approved and authorized using the mileage rate that is set at the current State mileage rate, beginning January of the preceding FY. The current mileage rate, as of October 1, 2010, is \$0.50 per mile. Future rate updates will be posted on www.odpconsulting.net. ODP will validate the use of the State or Federal set mileage rate during the AE oversight process. HCSIS functionality will be modified to accommodate an organization or entity reimbursing transportation on a mileage basis.

Public Transportation: W7272 (VENDOR ONLY, Provider Type 55)

The Public Transportation service (i.e., W7272) is considered a transportation service offered to the general, self-paying public when the entity does not have vehicles solely dedicated to individuals registered with MR (Waiver and base-funded) and does not charge separate rate(s) to individuals with MR (Waiver and base-funded) compared to

the rate charged to the general public for the same service. As a public transportation organization, the entity is classified as a vendor and should ensure that its designation in HCSIS is updated to reflect vendor status. Public transportation organizations provide the type of transportation or program listed on the Department of Transportation web site included in the “Determining Provider versus Vendor Status” section above. A public transportation vendor meeting the description outlined in the “Determining Provider versus Vendor Status” section above is not required to complete a cost report. As such, procedure code W7272 is not present in the Excel template. The AE will need to simply verify and document the public rate and provide it to ODP when requested. Only public entities can use the W7272 code.

Per Diem: W7273

The Per Diem transportation service (i.e., W7273) is non-emergent transportation provided to individuals with MR by provider agencies, in order to enable individuals to access services and activities specified in the individual’s approved and authorized ISP. These costs are prorated by the usage for individuals receiving Waiver services when vehicles are also used for accessing services and activities for people who are not Waiver or base-funded participants. Providers who deliver this service are required to complete the Transportation cost report in order to obtain provider-specific rates for this service.

Trip (Zone): W7274, W7275 and W7276

Transportation services based on per trip rates include W7274, W7275 and W7276. These services may also be referred to as “per zone” rates. Providers who deliver these services are required to complete the Transportation cost report in order to obtain provider-specific rates for this service. If the organization meets the provider definition described in the “Determining Provider versus Vendor Status” section above, trip rate(s) must be established unless otherwise specified by ODP.

Overview of Cost Report Template

The Transportation cost report Excel template is intended to support the AE in the review and submission of transportation rates to ODP. All schedules must be fully completed or the provider risks having their cost report rejected. The cost report contains the following schedules:

- Instructions
- Certification Page
- Schedule A — Expense Report
- Schedule B — Provider Comments and Allocation Methodology

Completing the Cost Report Template

The following paragraphs provide an overview of each of the cost report schedules, along with an explanation of how they need to be completed. Additional detail is provided in the Excel template file on the “Instructions” tab.

Instructions

This tab contains an overview of the submission requirements, as well as detailed information on how to complete each line of each schedule. Providers should review this information in detail to ensure they are completing the cost report in compliance with the instructions.

Certification Page

The Certification Page collects provider identifying information. It also requires the provider to certify that the information reported in the Excel template is appropriate. Providers should refer to the “Instructions” tab in the Excel template for detail on how to complete each line on this schedule.

Schedule A — Expense Report

The purpose of Schedule A — Expense Report is to collect actual FY 2009/2010 transportation expense data by specified categories for Consolidated and P/FDS Waiver participants, transportation service expenses for non-Waiver participants and for the provider in total. Detail on each of the columns and lines is provided below.

Overview of Columns in Excel Template

Schedule A of the Excel template contains seven columns that need to be completed. Total Provider Expenses for transportation trip and per diem services should be reported in Column A. For each line, the value reported in this column should equal the sum of the values reported in Columns B and C.

Column A expenses should be broken down into two categories, those services delivered to non-Waiver individuals (Column B) and those delivered to Waiver participants (Column C). Column C should be further broken out into each of the Waiver services in Columns D (per diem), E (Zone 1), F (Zone 2) and G (Zone 3). For each line, the value reported in Column C should equal the sum of the values reported in Columns D, E, F and G.

Selection of Services

When determining how to populate Columns D through G, the provider must identify the procedure codes for which actual costs for transportation services were incurred during FY 2009/2010. As previously described, the cost report service selections are limited to trip (i.e., zone) services and per diem services, since these are the only transportation services that require completion of a cost report. If the provider renders trip (i.e., zone)

services, the first step is to assess the appropriate zone for classification purposes, as no provider may have more than three zones (as specified in the service definitions).

Cost Categories: Lines 1 through 8

The following table outlines appropriate cost categories on Schedule A for which providers will report their expenses. These expenses will be considered in the development of transportation rates.

Line Number	Cost Category	Description
1	Personnel	<p>This line collects wages, benefits and employee-related expenses for the driver, accompanying staff required by support needs identified in Waiver participant service plans, and accompanying staff needed to safely transport the individuals to and from their service[s].*</p> <p>* If the carrier does not provide accompanying staff and an individual's ISP identifies this need, Companion Service may be used for participants 18 years and older to meet this need. See W1724, W1725, W1726 and W1727.</p>
2	Vehicle Lease/Depreciation	<p>This line collects payments made for leasing vehicles. It also collects depreciation expenses recognized for vehicles that can be directly attributed to transporting Wavier participants¹ and that exceed \$5,000. Vehicles should be depreciated over the useful life of the vehicle and modifications should be depreciated over the remaining life of the vehicle using a reasonable depreciation schedule.*</p> <p>*Supporting schedules should be provided by the transportation organization to support the depreciation and other related expenses reported on this line.</p>
3	Insurance	<p>This line collects costs for automobile and liability insurance. These costs should be reported net of recoveries from insurance claims.</p>

¹ Please note that costs for leasing and/or purchasing luxury or "loaded" vehicles are not recognized as an allowable cost for the Waiver. These expenses should be reported in the "Non-Waiver Expenses" column.

Line Number	Cost Category	Description
4	Vehicle Repairs and Maintenance	This line collects costs for routine maintenance (e.g., oil changes, tire replacement) and non-routine repairs (e.g., brake replacement) that are necessary to maintain the vehicle in a clean, safe and reliable working condition.
5	Fuel	This line collects the cost for gasoline or diesel fuel used in the transportation of individuals enrolled in the Waiver.
6	Other	This line collects miscellaneous vehicle expenses that can be directly attributed to the provision of transportation services. Examples include vehicle license renewals, registration fees and taxes.
7	Administration	This line includes expenses related to the cost to maintain vehicle logs, coordinate rides and otherwise administer the transportation services that are rendered to Waiver participants, including the salary and employer related expenses (e.g., taxes, workers' compensation and benefits) for administrative staff.
8	Total Expenses	This line automatically calculates by taking the sum of the expenses reported on Lines 1 through 7.

Contributions/Revenue (Offset): Line 9

The costs outlined above are offset by contributions and revenues that were obtained for general use and not restricted to a specific purpose. These revenues are reported on Line 9 and are used to reduce provider expenses. Examples of items that are reported on Line 9 include: investment income, other revenue (including gains/losses from sale of assets), non-restricted/appropriated United Way contributions, non-restricted/appropriated contributions and government grants such as Department of Transportation grants. Providers should report all expenses associated with grant funds as well as respective offsets. Revenue should only be reported on Schedule A, Line 9 if the expenses tied to the revenue are reported on Schedule A, Lines 1 through 7.

The Total Net Expenses on Line 10 will automatically calculate by taking the Total Expenses on Line 8 and subtracting the Contributions/Revenue (Offset) on Line 9.

Utilization: Line 11

To establish rates for transportation services, the net costs must be divided by an appropriate number of units, as reported on Line 11. The basis for determining units is described separately below for trip and per diem services.

For trip (i.e., zone) services, the unit basis is a trip. For Columns E through G, Line 11 should reflect the number of trips that were made in the FY 2009/2010 time period (i.e., same time period as the reported costs). This does not include “no show” trips when a Waiver participant did not receive the service.²

For Per Diem services, the unit basis is a day. Column D, Line 11 should reflect the actual number of days that transportation services were rendered to Waiver participants. When payment data is available and sufficiently reliable, claims can provide a convenient source of data from which a credible utilization base can be established. However, when this data is unavailable, transportation providers should have auditable records related to the number of trips provided in the FY experience period.

The Cost per Unit on Line 12 will automatically calculate by taking the Total Net Expenses on Line 10 divided by the units on Line 11.

There are several considerations for establishing a reasonable utilization base for rate development. Factors that impact the number of units of service that are expected to be billed include:

- Efficiency — ODP expects that AEs will encourage efficient use of transportation services and require that providers are rendering services using the most direct routes between destinations
- Coordination of trips — ODP expects that AEs will monitor transportation providers to ensure providers are using multiple-passenger trips where appropriate

The AE should consider these factors in reviewing and recommending the transportation rates for a provider. The utilization base should be established consistent with the approach that will be used for reimbursement. For example, if the provider is allowed to bill a trip for each Waiver participant in the vehicle, the number of units should also reflect the count of the individuals.

Mileage Ranges, Average Mileage, Average Number of Individuals with MR and Average Cost per Individual per Mile: Lines 13 through 17

As mentioned previously, all schedules, columns and lines of the cost report need to be completed, including Lines 13 through 17. If the provider does not populate these fields, their Transportation cost report will be rejected and rates will be assigned by ODP.

The mileage ranges (Lines 13 and 14) collect data on the shortest mileage driven per day or per trip (Line 13, lower bound) and the longest mileage driven per day or per trip (Line 14, upper bound) during the entire reporting period (FY 2009/2010) for the per diem and trip services.

² Providers are not able to submit an invoice for a “no show.”

The average mileage (Line 15) should reflect the number of miles, on average, traveled per day or per trip during the entire reporting period (FY 2009/2010). For example, an organization provides 10 transportation trip services using Zone 1 transportation. The provider drove 10 miles on 5 of the trips and drove 20 miles on each of the other 5 trips. In Column E, Line 15, you would enter an average mileage value of 15 (i.e., $[10 \text{ miles} * 5 \text{ trips} + 20 \text{ miles} * 5 \text{ trips}] / [10 \text{ total trips}]$).

The average number of individuals with MR (Line 16) should reflect the number of individuals with MR, on average, that you transport per diem or per trip during the entire reporting period (FY 2009/2010). Continuing with the same example, for the same 10 transportation trip services provided in Zone 1, if 4 individuals with MR were transported on 5 trips and 6 individuals with MR were transported on 5 trips, you would enter the average number of individuals with MR in Column E, Line 16 as 5 (i.e., $[4 \text{ individuals} * 5 \text{ trips} + 6 \text{ individuals} * 5 \text{ trips}] / [10 \text{ total trips}]$).

The average cost per individual per mile (Line 17) is automatically calculated as the cost per unit (Line 12) divided by the average mileage per diem or per trip (Line 15) and then multiplied by the average number of individuals with MR per diem or per trip (Line 16).

Schedule B — Provider Comments and Allocation Methodology

Line 1 of this schedule requires the provider to enter a detailed description of the allocation methodology used to distribute total provider transportation expenses to non-Waiver and Waiver categories. Line 2 of this schedule allows the provider to input clarifying comments specific to the information reported on Schedule A. If the provider runs out of room on this schedule, supplemental schedules should be uploaded.

Provider Documentation Requirements

ODP expects that transportation providers will maintain documentation that supports the expenses reported in the cost report and the claims submitted to PROMISE. This documentation will be submitted to the AE so rate review and development can occur and so that the AE can submit all necessary information to ODP for approval of the final rates. Any additional information needed to support rate development, approval and claims validation should be submitted to the AE, and must be available to ODP upon request. Examples of appropriate documentation include vehicle mileage logs, supporting schedules for depreciation expenses, Waiver participant census records, individual trip data or other sufficiently detailed methodology to record the actual utilization. This data will support audit and monitoring functions and may potentially be reviewed in future rate setting activities.

4

Administrative Entity Role

This section provides guidance to the AE for collecting, assisting, reviewing and submitting recommended FY 2011/2012 rates to ODP for transportation services. Consistent with the cost reporting process for non-transportation Waiver services and as outlined in these instructions, the AE will coordinate the submission of cost reports for providers of transportation services covered under the Consolidated and P/FDS Waivers. The provider cost reports must be used by the AE in establishing the Prospective Payment System (PPS) rates for transportation services, which will be effective July 1, 2011.

AEs will assist providers in completing and submitting the transportation cost report and AFS. In order to ensure consistency across the Commonwealth, AEs are responsible for discussing all provider questions with their ODP Regional Office Staff prior to responding to the provider. Upon collecting the completed Transportation cost reports, AEs will review the reporting for reasonability, compare the reporting to the AFS (as applicable), and determine if the cost report should be approved.

In cases where the cost report fails the AE's review (i.e., reporting is inaccurate) and the provider does not revise the cost report prior to the deadline, ODP will assign rate(s) to the provider. For cost reports that are approved, AEs will then develop FY 2011/2012 rate recommendations for final sign-off by ODP Regional Office staff.

Upon completion of these steps for each of the AEs' providers, AEs will send an email to the ODP Regional Office no later than **January 27, 2011** with:

- Electronic copy of the provider completed cost report
- Completed Transportation Approval Memorandum (available on ODP Consulting website under AEIC menu), if appropriate (AEs should not send this directly to the provider)
- Recommended rates related to the cost report

Note: If a provider's cost report fails the AE's review, providers are allowed to revise and resubmit their cost report to their qualifying AE, as long as the AE has sufficient time to meet the final review timeline of January 27, 2011. The qualifying AE is then responsible for sending the updated cost report, updated rate recommendations, and updated Transportation Approval Memorandum (as applicable) to the ODP Regional Office.

ODP will review the AE rate development and recommendations and retain final approval authority over all prospective transportation rates. Transportation providers and AEs are responsible for providing information to ODP to support the recommended rate(s) when needed. ODP will evaluate the Transportation cost reports and AE rate recommendations and will make a final determination to either accept the recommended rate(s), request additional information regarding the recommended rate(s) or request revision of the recommended rate(s). ODP will make the final transportation rate determinations by **February 18, 2011** and will send the Memorandum of Approval via email directly to the provider and copy in the qualifying AE. All final transportation rates will be communicated to providers at the same time the interim cost report rates for cost-based services are communicated to providers (typically early May).

ODP is available to provide technical assistance to the AEs and will monitor the process to ensure consistent rate development processes across the Commonwealth.