

September 7, 2011

**Commonwealth of Pennsylvania
Office of Developmental Programs
Year 4 Cost Report for the Consolidated
and P/FDS Waiver Programs**

Introductory Training Session for New Providers



Agenda

- Prospective Payment System Overview
- Cost Report Overview
- Cost Report Schedules
- Cost Report Submission Process
- Additional Cost Report Trainings
- Questions



Prospective Payment System Overview

Prospective Payment System Overview

- The Office of Developmental Programs (ODP) implemented a new payment methodology on July 1, 2009, a Prospective Payment System (PPS), to pay providers for services delivered to individuals enrolled in the Consolidated and Person/Family Directed Support (P/FDS) Waiver programs
- The PPS includes several different rate-setting approaches:
 - Fee schedule
 - Outcomes-based
 - Cost-based, in which prospective rates for services are developed with consideration of historical data submitted in a uniform Cost Report (CR)

Prospective Payment System Overview

- Under the PPS:
 - Prospective rates are established for an annual effective period
 - There is no cost settlement process
 - For cost-based rates, only data from approved CRs is considered as part of the rate development process
 - Providers submit uniform CR(s) annually
 - CR data submitted by providers reflect actual historical experience, not projections of future experience
 - CR data represents allowable costs incurred in providing covered services to Medicaid-eligible individuals as defined in CR Instructions (CRI)
 - All CRs must be approved in the desk review process to be considered as part of the rate development process

Prospective Payment System Overview

- Under the PPS:
 - Unit costs for different procedure codes are calculated in the CR
 - Historical unit costs will be considered during the rate development process but they do not represent the payment rates paid to providers during the contract period. Contract period payment rates depend on appropriations and audit results, where applicable
 - Providers are paid based on the units of service they bill for and the prospective rates that are established for those units of service

Prospective Payment System Overview

- Today's training focuses on the Waiver Direct Service Provider CR
 - A list of Waiver services with cost-based rates is included in Appendix B of the CRI
 - If a provider wants to have their historical experience considered during the rate development process (for any of these cost-based services), then the provider needs to complete a CR; if a CR is not submitted, payment rates will be assigned by ODP
- Providers who deliver **only** Supports Coordination or Transportation services that are billed separately (i.e., W7273, W7274, W7275, W7276) do not need to complete the Waiver Direct Service Provider CR
 - Transportation services billed separately have their own CR and are not included in today's presentation

Prospective Payment System Overview

- Providers who deliver **only** fee schedule or outcomes-based services do not need to complete a CR
 - Includes Agency with Choice Financial Management Service organizations
 - Includes vendors who provide generic goods and/or services to the general (self-paying) public and do not target their services to individuals with mental retardation
 - See Appendix B in the CRI for a list of fee schedule and outcomes-based services



Prospective Payment System Overview

- New providers, new services, new service locations
 - A provider must have historical data to complete the CR
 - New providers who have no cost experience in Fiscal Year (FY) 2010/2011 do not complete a CR – rates will be assigned
 - Existing providers offering new services or service locations will also be assigned rates for new services or service locations; providers cannot include estimates for these service costs in the CR

- For today's presentation, the term "Year 4" is used to represent:
 - The historical reporting period – expense data from FY 2010/2011
 - The prospective rating period – the year in which the rates will be effective, FY 2012/2013



Cost Report Overview



Cost Report Overview

- The CR consists of 19 Schedules:
 - Certification Page
 - Certification Page – Provider Service Locations
 - Certification Page – Service Selection
 - Schedule A – Expense Report
 - Schedule B – Income Statement
 - Schedule D – Program Direct Care Staff Expenses
 - Schedule D-1 – Other Program Staff Expenses
 - Schedule D-2 – Contracted Staff Expenses
 - Schedule D-3 – Administrative Staff Expenses



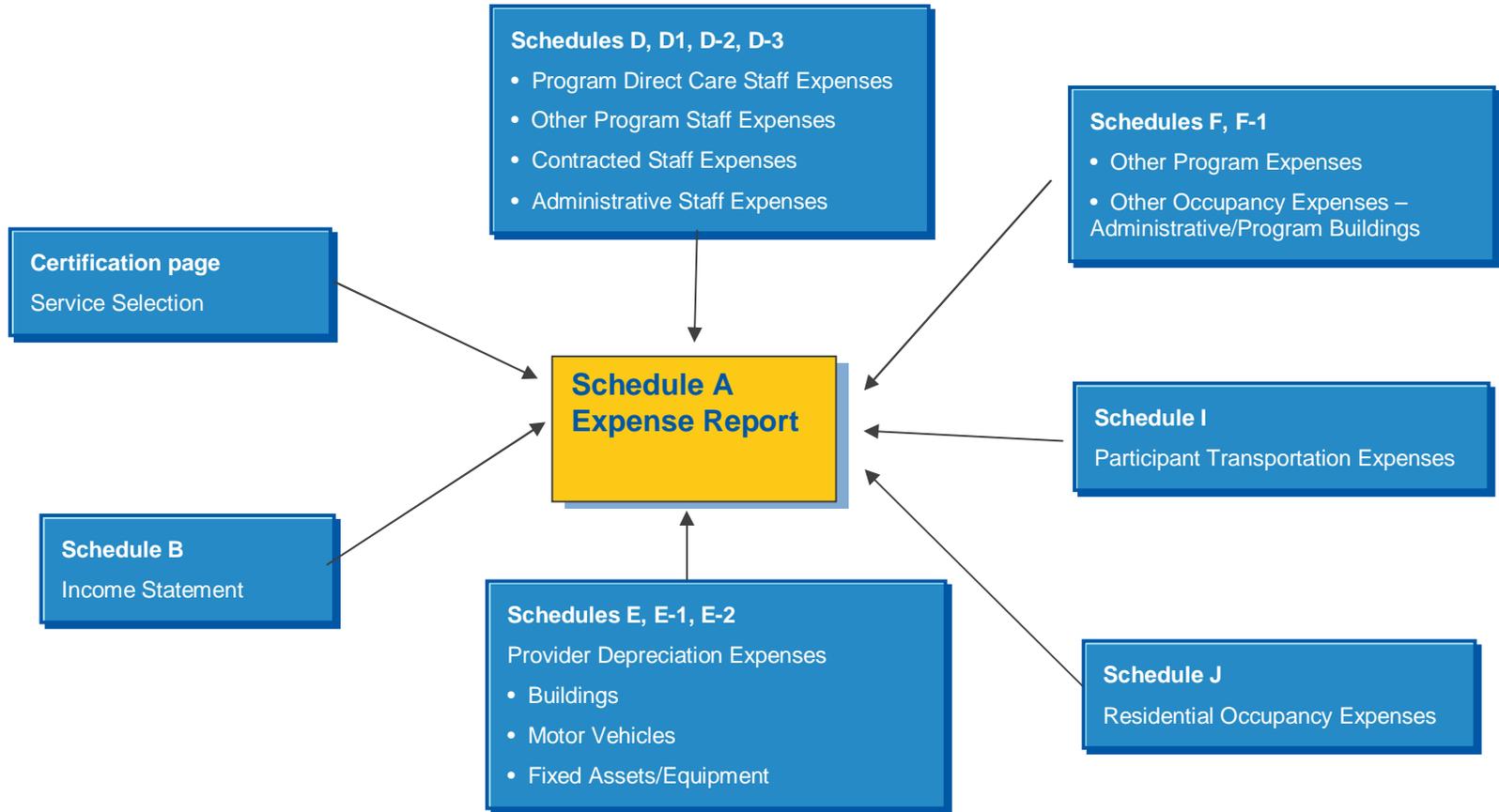
Cost Report Overview

- Schedule E – Provider Depreciation and Amortization Expenses – Buildings
- Schedule E-1 – Provider Depreciation Expenses – Motor Vehicles
- Schedule E-2 – Provider Depreciation Expenses – Fixed Assets/Equipment
- Schedule F – Other Program Expenses
- Schedule F-1 – Other Occupancy Expenses – Administrative/Program Buildings
- Schedule G – Related Party Transactions
- Schedule H – Program Expense Allocation Procedures
- Schedule I – Participant Transportation Expenses
- Schedule J – Residential Occupancy Expenses
- Comments Page

Cost Report Overview

- In addition to the CR schedules, providers may also need to submit:
 - Supplemental schedules – Any schedule that a provider submits to document data entered into the CR (e.g., depreciation schedules)
 - Supplemental schedules must not contain any protected health information (PHI)
 - Providers should include a note on the Comments Page to alert reviewers that a supplemental schedule has been uploaded
 - Audited Financial Statements (AFS), if applicable, including a reconciliation between the AFS and the CR
 - Audit requirements are outlined on pages 5 through 12 of the CRI
 - Audit requirements for Year 4 will be discussed in detail during the mid-September training sessions

Cost Report Overview



Supporting Schedules:





Cost Report Overview

- The CR Excel template is locked and protected to ensure consistency in provider reporting
- Cells highlighted in yellow contain formulas and will automatically populate based on data entered into non-highlighted cells
- If the cells in yellow do not automatically populate, please check that your Excel calculation setting is set to “automatic” (i.e., not “manual”)
 - For Excel 2003, go to the Tools menu, select Options, then on the Calculation tab select Automatic calculation
 - For Excel 2007 and 2010, select the Formulas menu, on the far right click Calculation Options, then select Automatic calculation



Cost Report Overview

- Since many of the cells on Schedule A are automatically populated from supporting schedules, it is recommended that the supporting schedules be completed prior to completing Schedule A
 - Complete all Certification Pages
 - Complete Schedule B through Schedule I
 - Complete Schedule J, if applicable
 - Complete Schedule A
 - Complete Columns A-E; Column F will automatically populate
 - Distribute costs and revenue offsets in Column F to appropriate procedure codes in Columns G+



Cost Report Overview

- Many “real-time” edits are built into the CR template and the online submission system
- For each schedule, this presentation contains a description of many of the key edits that will be performed on the CR during the upload process
 - As providers are completing their CRs, they should check to ensure their reporting complies with the edits
- CR schedules and supplemental schedules must not contain any Protected Health Information (PHI)
- A formal summary containing all Year 4 CR validation checks is included within Appendix H of the cost report instructions

Certification Page

Purpose and Description

- This schedule identifies:
 - The provider submitting the CR (Master Provider Index (MPI) number)
 - The reporting period of the CR
 - Contact information for questions on the CR
 - Provider service locations
 - The total number of CRs being submitted
 - The number of the given CR (if multiple CRs submitted for the MPI)
 - If the CR is an initial submission, a resubmission or a resubmission due to audit
- The provider name, MPI number, report period and CR number entered on this page will automatically populate on each subsequent schedule
- Providers must complete all line items or the CR will not upload successfully



Certification Page

Purpose and Description

- For Year 4, providers can determine how many CRs they want to submit:
 - Combine all service location codes into a single CR
 - Complete a CR for each service location code
 - Combine select service location codes on a CR and submit multiple CRs for the organization
- Providers who submitted a CR for the FY 2009/2010 reporting period (Year 3) must submit the same number or fewer CRs for Year 4
 - If a provider wants to submit more CRs in Year 4 (as compared to the number submitted in Year 3), prior approval from ODP must be obtained
- It is not necessary to submit different CRs for different procedure codes; for example, you can submit expenses for day program and residential services on the same CR



Certification Page

Purpose and Description

- Providers can submit multiple CRs but should remember:
 - Providers are not allowed to modify the number of CRs originally submitted in any resubmission
 - All CRs submitted by a provider must be approved in the desk review process for any CRs to be considered in the rate development process

Certification Page – Provider Service Locations

Purpose and Description

- This schedule identifies:
 - Provider service locations (by MPI) that have historical expenses during FY 2010/2011 included in the given CR
 - Note that service locations that are entirely Base-funded should not be reported on this schedule
 - Similarly, service locations used only for transportation services that are billed separately or that render only fee schedule or outcomes-based services should not be reported on this schedule
 - Service location code changes that occurred after June 30, 2011
 - The county where each provider service location is physically located



Certification Page – Provider Service Locations

Purpose and Description

- This schedule identifies:
 - Beginning and ending dates of service for each provider service location
 - If the provider service location started delivering services prior to FY 2010/2011, the beginning date should be July 1, 2010
 - If the provider service location is still in service on June 30, 2011, the ending date should be left blank
- Capacity questions are only for residential service locations

Certification Page – Provider Service Locations

Edits

- Each CR must contain at least one service location code (i.e., at least Columns A, B, D and E on Line 1 should be populated)
- For each MPI number reported in Column A, at least the Service Location Code During the Historical Period (Column B), County of Service Location Code (Column D) and Begin Date of Service (Column E) must be populated. The End Date of Service (Column F) must be populated if the service location closed prior to June 30, 2011
 - If the service location was still active at the end of the fiscal period, leave Column F blank
- The MPI number (Column A) must be nine-digits and include any leading zeros
- The service location code (Column B and Column C, if applicable) must be four-digits and include any leading zeros

Certification Page – Provider Service Locations

Special Considerations for Residential Services

- For Eligible Procedure Code with Capacity (Column G), use the drop-down box to select the procedure code associated with each service location (Column B)
 - For licensed 6400 homes, the procedure code is determined by the Approved Program Capacity, as established by ODP
 - For homes exempt from 6400 and 6500 licensing or licensed under 6500, 3800 or 5310, the procedure code is determined by the maximum number of individuals who can be provided the service at the service location, regardless of funding source and is consistent with the procedure code used for the home
- In Column H, report the number of ODP Waiver-enrolled participants who are living in each service location as of last day of reporting period (June 30) or as of the day the service location closed, if applicable
- In Column I, report the number of vacancies at each service location as of last day of reporting period (June 30) or as of the day the service location closed, if applicable

Certification Page – Provider Service Locations

Special Considerations for Residential Services

- For Column J, indicate the number of hours that residential direct care staff are scheduled to work in a typical week
 - Do not include the hours for staff associated with services that are billed as Supplemental Habilitation
- Example:
 - A licensed 6400 home has an approved program capacity of 4
 - On June 30, 2011, one Base-funded individual, one Waiver-funded individual and one private pay individual live in the home
 - The following table summarizes the routine staffing schedule for direct care staff in a typical week at the service location

<i>Shift</i>	<i>Monday – Friday</i>	<i>Saturday – Sunday</i>	<i>Total Hours/Week</i>
7:00 AM to 3:00 PM	1	2	72
3:00 PM to 11:00 PM	1	2	72
11:00 PM to 7:00 AM	1	1	56

Certification Page – Provider Service Locations

Special Considerations for Residential Services

- Example continued:
 - The following data entries should be made in the CR for this service location:
 - Eligible Procedure Code with Capacity = W6096 (4-Individual Home)
 - Waiver Census as of June 30th = 1
 - Vacancy as of June 30th = 1
 - Average Weekly Direct Care Staff Hours = 200

Certification Page – Provider Service Locations

Dos and Don'ts

- Complete Columns G through Column J for residential service locations
- Do not include service locations where **only** Base-funded, fee schedule or outcomes-based services are rendered (i.e., no Waiver services)
- Do not report a unique combination of MPI and provider service location code on more than one CR; your CR will be rejected
 - Example: A provider who reports MPI 123456789 and service location code 0001 on one CR (1 of 2) and MPI 123456789 and service location code 0001 on a different CR (2 of 2) will have both of their CRs rejected
- Service locations should be consistent with locations indicated in the Services and Supports Directory (SSD) in the Home and Community Services Information System (HCSIS)

Certification Page – Service Selection

Purpose and Description

- This schedule identifies all services that the provider delivered during the FY 2010/2011 historical reporting period at the service locations included in the CR
- Once the provider has selected all applicable services on this schedule, the provider should click the macro button in the upper left hand corner; this will automatically create a column on Schedule A for each procedure code selected
- If a provider delivers fee schedule or outcomes-based services, as well as Waiver services with cost-based rates, then Line 154 on this schedule should be selected
 - Note that a separate column on Schedule A will not be generated because these expenses are reported in Column D of Schedule A



Certification Page – Service Selection

Special Considerations

- Residential services generally have two types of payment rates, Eligible and Ineligible
 - Eligible procedure codes are used for the service component of residential habilitation services
 - Ineligible procedure codes are used for the residential occupancy component
- Generally, a provider should submit a claim using both procedure codes to be reimbursed for residential services
 - There are exceptions for certain supported living and Family Living Home situations



Certification Page – Service Selection

Special Considerations

- Residential providers will not need to select respite procedure codes for those respite services rendered in residential service locations
- Modifiers
 - When a provider renders services that have distinct rates based on whether or not a modifier is attached to the procedure code, the provider should select the appropriate procedure code and modifier combination for each type of service provided and assign costs to each combination appropriately (e.g., Residential Homes with a Nursing modifier)
 - When modifiers are used only to track when specific circumstances occur but for which no distinct payment rate is established, providers should use procedure codes without the modifier to report expenses (e.g., Enhanced Unlicensed Home and Community Habilitation)
 - Refer to Table 6 of Appendix B in the CRI for additional information

Certification Page – Service Selection

Dos and Don'ts

- Select procedure codes for all Waiver services for which you incurred expenses in FY 2010/2011 (only for those service locations included in the CR); do not select a procedure code for any service for which you do not have expense history
 - Service selections should be based on current service definitions
 - Procedure code selections should be consistent with services indicated in the SSD to ensure providers have rates based on their experience
 - **If there are discrepancies between the SSD and the CR, ODP will assign rates**
- Click on the macro button in the upper left hand corner to create the procedure code columns on Schedule A; verify that all procedure codes are populated in Columns G+ of Schedule A
 - If selected procedure codes are not populated in Columns G+, your Excel macros may not be enabled (see pages 122-123 of CRI)

Schedule A – Expense Report

Purpose and Description

- This schedule identifies the provider's total expenses by category for all services and by procedure code for provider service locations included in CR
- Column A (Total Provider Expenses) – Report total expenses for all provider operations
- Column B (Excluded Service Locations and Other Lines of Business (LOB) Expenses) – Report expenses for Waiver and Base-funded services incurred at provider service locations included on another CR; include expenses for other LOB such as expenses incurred when rendering services to non-ODP individuals (e.g., individuals from Mental Health, Children and Youth, Aging)
 - Excluded service locations represent those locations that only render Base-funded, fee schedule, outcomes-based services or transportation services that are billed separately, as well as locations reported on a different CR
 - Participant salary/wage expenses in pre-vocational programs should be included in Column B
 - Supports Coordination expenses, where applicable, should be included in Column B

Schedule A – Expense Report

Purpose and Description

- Column C (Base Expenses) – Report expenses incurred in rendering non-Waiver services (e.g., family aide) to both Waiver and Base-funded individuals as well as expenses for rendering Waiver services to Base-funded individuals at all provider service locations included in the CR
- Column D (Fee Schedule and Outcomes-based Service Expenses) – Include expenses incurred at all provider service locations that are included in the CR when rendering:
 - Services paid via a fee schedule (see Table 4 of Appendix B in the CRI)
 - Transportation services that are billed separately
 - Services paid via an outcomes-based approach (see Table 5 of Appendix B in the CRI)

Schedule A – Expense Report

Purpose and Description

- Column E (Excluded Non-Allowable Waiver Expenses) – Report expenses incurred when rendering Waiver services at all provider service locations that are included in the CR to Waiver-enrolled participants but that are not reimbursed by the Consolidated or P/FDS Waiver programs (e.g., excess compensation, bad debt, advertising)
 - Refer to page 45 of CRI for list of non-allowable expenses
 - If a provider does not have any non-allowable expenses, this should be indicated on the Comments Page
- Column F (Eligible and Ineligible Expenses for Waiver Participants) – Automatically populated from data reported on Schedules B through J
- Columns G+ (Waiver Services with Procedure Codes) – Distribute Eligible and Ineligible expenses from Column F to appropriate procedure codes based on allocation methodology described in Schedule H



Schedule A – Expense Report

Purpose and Description

- Lines 1 – 7 – Salary and ERE Expenses (Schedules D, D-1, D-2, D-3)
- Lines 8 – 10 – Other Program Expenses (Schedule E-1, F)
- Lines 11 & 12 – Participant Transportation Expenses (Schedule E-1, I)
- Line 13 – Other Occupancy Expenses (Schedule F-1)
- Lines 14 & 15 – Depreciation (Schedule E, E-2)
- Line 17 – Contributions/Revenue Offset (Schedule B)
- Lines 19 – 21 – Units of Service Available and Provided; Type of Unit
- Line 24 – Residential Occupancy (Schedule J)

Schedule A – Expense Report Edits

- For each line, the total provider expenses (Column A) must equal the sum of expenses associated with excluded service locations, other LOBs, base services, fee schedule services, outcomes-based services, excluded non-allowable items, and Waiver Eligible and Ineligible services (Columns B through F)
- For each line, the Eligible and Ineligible expenses for Waiver-enrolled participants in Column F must equal the sum of expenses for all services selected (Columns G+)
- Columns HT and HZ perform balancing checks to determine if Column A is equal to the sum of Columns B through F and if Column F equals the sum of Columns G+
 - There is a threshold of plus or minus \$25.00 to allow for rounding issues

Schedule A – Expense Report Edits

- Eligible codes must have expenses reported on Line 16 and no residential occupancy expenses reported on Line 24
- Ineligible codes must have residential occupancy expenses reported on Line 24 and no Eligible expenses reported on Line 16
- The number of units of service available and provided must be completed for each service code reported
- The number of units of service provided must be less than or equal to the number of units of service available
- For Eligible procedure codes, expenses, net of contribution revenue (Line 18) must be positive (i.e., revenue offsets cannot be greater than expenses incurred for an Eligible procedure code)
 - Line 18 will always be negative for Ineligible procedure codes that have offsetting revenue



Schedule A – Expense Report Edits

- For Eligible procedure codes, the unit costs (Line 22 and 23) must be positive (i.e., revenue offsets cannot be greater than expenses incurred for an Eligible procedure code)
- The unit costs (Lines 22 and 23) will always be negative for Ineligible procedure codes that have offsetting revenue

Schedule A – Expense Report

Dos and Don'ts

- Ensure that the schedule balances
- Ensure that Columns C through F represent expenses only for the provider service locations included in the CR
- Check the calculated costs per unit to verify cost allocations are reasonable and reported units are accurate
 - Line 22 for Eligible residential services
 - Line 23 for Non-residential services
 - Line 25 for Ineligible residential services
- Ensure that Eligible and Ineligible Waiver expenses (Column F) are allocated to the appropriate procedure codes for the services selected (Columns G+)
- Do not report expenses for the same provider service location on more than one CR

Schedule B – Income Statement

Purpose and Description

- This schedule identifies:
 - Total provider revenues and expenses for **all operations** (Column A)
 - Total provider revenues and expenses for Waiver services rendered to Consolidated and P/FDS Waiver-enrolled participants **across all provider service locations** reported on any of the provider's CRs (Column B)
 - If submitting multiple CRs, the values in Column B should be the same in each CR
 - Total provider revenues and expenses for Waiver services rendered to Consolidated and P/FDS Waiver-enrolled participants **for provider service locations included in the CR** (Column C)
 - If submitting one CR, the values in Column B should be the same as the values in Column C
 - If submitting multiple CRs, the sum of the values in Column C across all CRs should equal Column B on each CR
 - Exception to the above two bullets exists for providers with locations that only deliver fee schedule or outcomes-based services
 - In this case, Column B will also contain revenues from these locations, and therefore, Column B will be greater than the amount reported in Column C and greater than the sum of the amounts reported in Column C across all CRs

Schedule B – Income Statement

Purpose and Description

- Line 1a – Waiver Revenue for Waiver Eligible Services – Report revenue received from the Commonwealth for Waiver Eligible services
 - The amount reported in Columns A and B will be the same
 - Revenue reconciliation payments and recoupments known at time of CR submission should be netted against revenues on this line
- Line 1b – Waiver Revenue for Waiver Ineligible Services – Report revenue received from the Commonwealth for Waiver Ineligible services (i.e., residential occupancy)
 - The amount reported in Columns A and B will be the same
 - Revenue reconciliation payments and recoupments known at time of CR submission should be netted against revenues on this line
- Line 1c – Waiver Revenue for Fee Schedule and Outcomes-based Services – Report revenue received from the Commonwealth for Waiver Fee Schedule and Outcomes-based services (e.g. therapies, homemaker/chore, vehicle adaptations)
 - Include revenue for Transportation services that are billed separately
 - The amount reported in Columns A and B will be the same

Schedule B – Income Statement

Purpose and Description

- Line 1d – Other Revenue – Enter revenue received from ODP for all other services rendered in FY 2010/2011 that are not included on Lines 1a-1c, including revenue for Supports Coordination services, Consolidated and P/FDS AWC FMS services and revenue from other Commonwealth programs, including other Waivers (e.g., Adult Autism Waiver), Medicaid fee-for-service, and HealthChoices; revenue from these sources is only reported in Column A
- Line 2 – County – Report revenue received from counties or AEs for rendering Waiver services to Base-funded individuals, Base-funded services to any individual, and other county-funded programs; also include revenue from other county-funded programs not specific to the Consolidated and P/FDS Waiver programs
- Line 3 – Private Clients – Report revenue received for rendering services to private pay individuals (e.g., insurance carriers, Medicare)

Schedule B – Income Statement

Purpose and Description

- Line 4 – United Way – Report revenue received from United Way for pre-vocational service programs; the CR will not allow providers to report this as Waiver revenue
- Line 5 – Commercial Sales/Contract Sales Revenue – Report contract revenue received for pre-vocational service programs; the CR will not allow providers to report this as Waiver revenue
- Line 6 – Participant Contribution to Residential Occupancy – Report revenue received from participants for their contribution to residential occupancy (e.g., SSA, SSI, private pay, food stamps)
- Line 7 – Investment Income – Report *net* revenue received on investments or interest income

Schedule B – Income Statement

Purpose and Description

- Line 8 – Other – Report revenue received from all other sources
 - Include revenue received from ODP for start-up costs
 - Include gains and losses from the sale of assets
 - If revenue reported on Line 8 is greater than 5 percent of total provider revenue, the provider should include an explanation on the Comments Page or in a supplemental schedule
- Lines 9 and 10 – Contributions – Report any charitable contributions or donations received
 - Report restricted and non-restricted revenue separately
 - Identify the source of revenue and include a description on the Comments Page
- Line 11 – Government Grants – Report any government grant contributions
 - On the Comments Page, identify the source and purpose of funding, period of grant, program to which grant pertains
- Portions of revenue reported in Column A should be allocated to Columns B and C where appropriate

Schedule B – Income Statement Edits

- The Total Waiver Revenue (Column B, Line 12) must be less than or equal to the Total Provider Revenue (Column A, Line 12)
- Waiver revenue for service locations in the CR (Column C, Line 12) must be less than or equal to Total Waiver Revenue (Column B, Line 12)
- Waiver revenue for Waiver Eligible services (Line 1a) must be greater than zero for each of Columns A through C to justify a completed CR



Schedule B – Income Statement

Dos and Don'ts

- Report all revenue received from the Commonwealth and other sources
- Report the equity or fund balance from the prior year
 - The beginning equity or fund balance represents the cumulative retained earnings year over year for each provider
 - ODP recognizes that there may not be a balance sheet or fund balance specific to the Waiver program
 - In this instance, the beginning fund balance should be the accumulation of net income (loss) from Year 1, Year 2, and Year 3 CRs
- Do not report revenues in Column C from provider service locations that are reported on a different CR, as Column C represents Waiver revenue only for services locations included in this CR

Schedules D through D-3 – Staff Expenses

Purpose and Description

- These schedules identify the expenses and hours for:
 - Full- and part-time staff associated with the provision of direct care (Schedule D)
 - Other program staff, such as program director, house leader, program specialist and vocational evaluator (Schedule D-1)
 - Contracted staff (Schedule D-2)
 - Staff performing administrative functions, such as financial reporting or human resources tasks (Schedule D-3)
- Each classification or job title should be identified on different rows in the schedule
- Note that total compensation for each staff position (executive and non-executive, direct care, other program, contracted and administrative staff) should not exceed the limits in the compensation grid in Appendix E of the CRI; amounts in excess of the grid limits are non-allowable and need to be reported on Schedule A, Column E

Schedules D through D-3 – Staff Expenses

Purpose and Description

- Report the salary and Employee Related Expenses (ERE) for each position, classification or job title that is associated with the provision of Waiver services to Waiver-enrolled participants at provider service locations included in the CR (do not include salary/ERE expenses for staff delivering Base-funded or other LOB services)
 - Salary/wages should include expenses for paid time off (PTO) and accrued PTO (refer to CRI for details)
 - Expenses for PTO and accrued PTO should not be separately itemized on any particular line within this schedule. Instead, these expenses should be included with the salary/wages expenses reported for each position
 - ERE eligible for reimbursement under the Waiver include hospital/medical insurance, life insurance, retirement, social security, supplemental health and welfare benefits (such as pharmacy, dental and vision care), unemployment compensation, workers' compensation insurance and disability insurance

Schedules D through D-3 – Staff Expenses

Purpose and Description

- Report the total number of hours associated with the salary expenses reported for each position, classification or job title
- For staff performing multiple types of activities, salary and ERE expenses should be allocated across the appropriate schedules. For example, if a staff person performs supervisory duties 50 percent of the time and performs administrative duties 50 percent of the time, 50 percent of the salary/wage expenses should be reported on Other Program Staff Expenses (Schedule D-1) and 50 percent on Administrative Staff Expenses (Schedule D-3)
- The final column on this schedule automatically calculates the estimated hourly compensation; providers should review these results for reasonableness
 - When populated, Waiver salary/wages, ERE and hours must be greater than zero

Schedules D through D-3 – Staff Expenses

Purpose and Description

- In addition to reporting staffing expenses for contracted staff, Schedule D-2 is also used to report expenses for Family Living Home (FLH) stipends
- Providers should identify each FLH contract maintained during FY 2010/2011 using the drop-down boxes that contain FLH procedure codes
 - The provider should select the procedure code for each applicable arrangement (or arrangements, if like arrangements are combined onto one line within this schedule)
- The room and board portion of the FLH stipend is reported in Column F and automatically populates Schedule J
 - If the contract does not contain a portion of the stipend for room and board, this line will be blank
- The non-room and board portion is reported in Column E and automatically populates Schedule A
- Column G automatically calculates the total stipend amount; providers should review these values for accuracy

Schedules D through D-3 – Staff Expenses

Dos and Don'ts

- Report expenses and hours for different types of staff time on the correct schedule
 - If salary/wage expenses are reported, then hours must be reported
- Review Estimated Hourly Compensation for reasonableness
- Report only expenses and hours associated with the provision of Waiver services to Waiver-enrolled participants at provider service locations included in the CR
 - Do not report expenses and hours associated with the provision of Waiver services to Waiver-enrolled participants at service locations reported on another CR
 - For dually-funded homes, only include expenses and hours that are directly attributed to the Waiver program
- Provide position descriptions when completing rows designated as Other (Specify)

Schedules E through E-2 – Provider Depreciation Expenses

Purpose and Description

- These schedules identify depreciation expenses for:
 - Buildings (Schedule E)
 - Motor vehicles (Schedule E-1)
 - Fixed assets/equipment (Schedule E-2)
- Costs are separated to distinguish assets associated with non-residential and residential services
- Assets with an expense of less than \$5,000 should be expensed in the year in which the asset was acquired, unless the provider has already been depreciating the asset in prior years
- Expenses associated with capital assets of \$5,000 or greater may be reported in one of three ways:
 - Principal and interest costs – Buildings Only (Grandfather method or GF)
 - Depreciation (Straightline method or SL)
 - Participation or Use Allowance (UA)

Schedules E through E-2 – Provider Depreciation Expenses

Purpose and Description

- The CR training session on September 20th will provide additional information on capital assets and depreciation policies
- Providers should also review Section 12 of the CRI for detailed policy guidance

Schedules E through E-2 – Provider Depreciation Expenses Dos and Don'ts

- Complete all columns when reporting depreciation expenses
- Submit a supplemental schedule if you report all depreciation expenses on a single line; the supplemental schedule should include all information that would be reported in Columns A through G in Schedules E, E-1 and E-2
 - Supplemental schedules must clearly agree to the amount entered on each line of Schedule E, E-1 and E-2
 - If supplemental schedules are uploaded, providers should include a note on the Comments page to indicate “see supplemental schedule ## of ##” to facilitate review
- Do not claim depreciation and use allowance on the same item at the same time
- Do not report depreciation expenses on fully depreciated assets
- Do not report expenses for provider service locations that are included in another CR

Schedule F – Other Program Expenses

Purpose and Description

- This schedule identifies all other program expenses; other program expenses are those expenses that are necessary to support the provider's operation but are not directly related to the provision of services (e.g., management fees, professional services, certain advertising expenses)
 - Other program expenses reported on this schedule should reflect expenses related to the provision of Waiver services to Waiver-enrolled participants specific to the service locations included in the CR
- Interest expenses for short-term borrowing reported on this schedule are for interest on loans with terms less than five years and for auto loans
 - For interest expenses of \$5,000 or more, a classified loan schedule must be submitted

Schedule F – Other Program Expenses

Purpose and Description

- Transportation expenses reported on this schedule are for staff transportation (i.e., mileage reimbursement not associated with transporting a Waiver participant)
- Report all expenses for program supplies (e.g., latex gloves, adult diapers, over-the-counter medications) on this schedule
 - Do not include expenses for residential supplies, maintenance supplies, housekeeping supplies or any other building-related supply
 - Descriptions must be provided on each line, along with the corresponding expenses
 - Descriptions must provide enough detail to allow the reader to understand the types of supplies being reported (e.g., a generic description of “program supplies” or “habilitation supplies” is not sufficient)

Schedule F – Other Program Expenses

Dos and Don'ts

- Provide an explanation on Comments Page or submit a supplemental schedule if any of the following lines exceeds \$10,000 or 5 percent of total Other Program expense (Line 15):
 - Line 1 (Management Fees)
 - Line 2 (Professional Services)
 - Line 3 (Advertising)
 - Line 7 (Legal Fees)
 - Line 14 (Other)
- The supplemental schedule must detail what is included in the line item and a note should be included on the Comments page to indicate “see supplemental schedule ## of ##” to facilitate review
- Note any expenses identified as non-allowable per the CRIs are also non-allowable as management fees
- Do not report expenses for provider service locations that are included in another CR

Schedule F-1 – Other Occupancy Expenses: Administrative/Program Buildings – Purpose and Description

- This schedule identifies non-depreciation expenses for the maintenance of buildings (e.g., rent of space, utilities and maintenance, interest expense for buildings, insurance, property taxes) that support administrative functions and non-residential programs associated with the provision of Waiver services to Waiver-enrolled participants at provider service locations included in the CR
 - Occupancy expenses for residential service locations are reported on Schedule J (Residential Occupancy Expenses)
- Depreciation expenses should not be reported on this schedule but rather on Schedule E
- Interest for grandfathered buildings is also reported on Schedule E
- If using SL depreciation for a building, and building is not grandfathered, record interest expense on Schedule F-1

Schedule F-1 – Other Occupancy Expenses: Administrative/Program Buildings – Dos and Don'ts

- Report expenses for leased buildings
- Report expenses for those provider service locations included in the CR
- If Line 3 (Interest Expense) is \$5,000 or greater, a classified loan schedule needs to be submitted
- If Line 5 (Other) exceeds \$10,000 or 5 percent of total Other Occupancy Expenses, an explanation needs to be provided on Comments Page
- The allowable rent expense for any facility is the lesser of:
 - The expenses allowed for mortgages or other property loans; or
 - The rental charge published for the general public for similar space in the geographic area
- Any amounts in excess of the allowable rent expense must be recorded on Schedule A, Column E, as a non-allowable expense

Schedule G – Related Party Transactions

Purpose and Description

- Identifies expenses associated with any related party transactions and describes financial terms of the transactions
- A related party has the same meaning as defined in the FASB Accounting Standards Codification Section 850-10-20, as may be amended or superseded by the FASB, or any successor organization. Examples include:
 - A parent company and its subsidiaries
 - A residential building being leased from the CFO's son
 - A provider's CEO purchasing building maintenance expenses from a family member
- All related party transactions shall be similar in nature to that made by a prudent buyer and not result in any favorable treatment to the related party

Schedule G – Related Party Transactions

Purpose and Description

- Allowable costs are limited to the lesser of the actual cost of the goods or services incurred by the related party or the amount paid to the related party by the provider
- To ensure the required amount of information is provided, providers must complete, in entirety, each section of this schedule for each related party transaction
- If the provider has more than eight properties that are leased from a related party or has more than eight transaction types involving a related party, the provider must submit a supplemental schedule, listing each transaction separately
 - The supplemental schedule should be prepared in the same format as and contain the same level of detail as required in Schedule G
 - Providers should include a note on the Comments page to indicate “see supplemental schedule ## of ##” to facilitate review



Schedule G – Related Party Transactions

Edits

- Questions 1a and 2a must be answered with a “Yes” or “No”
- When “Other” is selected from the various drop-down boxes, an explanation must be entered in the spaces provided
- See Appendix H in the CRI for a full list of edits applicable to Schedule G

Schedule G – Related Party Transactions

Dos and Don'ts

- Complete all questions for provider service locations included in the CR
- Fully disclose all related party transactions
- Schedule A Waiver expenses should reflect the lesser of the actual cost of the goods or services incurred by the related party or the amount paid to the related party by the provider

Schedule H – Program Expense Allocation Procedures

Purpose and Description

- This schedule describes how the provider has allocated program expenses in the CR; if multiple CRs are submitted, this information should be consistent across CRs
- There are two areas of allocation the provider must provide an explanation for:
 - The allocation methodology across procedure codes within the Waiver line of business (Question 1)
 - How are costs in Schedule A, Column F attributed to the individual procedure codes in Columns G+?
 - The allocation methodology across lines of business (Question 3)
 - How are total provider costs in Schedule A, Column A attributed to the provider's lines of business reported in Columns B through F?

Schedule H – Program Expense Allocation Procedures

Purpose and Description

- Examples of acceptable exclusions and allocation bases are:
 - Salaries: time studies or actual time spent
 - ERE: salary and wage allocations
 - Program supplies: direct charges or usage (e.g., supply allocations may be made based on requisition from a central storeroom)
 - Transportation: mileage logs
 - Non-residential occupancy: square footage or allocation in proportion to direct care expenses for procedure codes for which expense applies
- OMB Circular A-122 is a good source for guidance on appropriate allocation methodology

Schedule H – Program Expense Allocation Procedures

Purpose and Description

- Supplemental schedules or working papers must be submitted to fully disclose how costs are being allocated among different programs and services
 - Providers should include a note on the Comments page to indicate “see supplemental schedule ## of ##” to facilitate review
- Providers are not required to upload a copy of their cost allocation plan as a supplemental schedule. However, providers are required to describe their cost allocation methodology within Schedule H
 - For providers subject to audit, a separate audit opinion specific to the cost allocation plan is not required; disclosure of the cost allocation plan in the notes to the financial statements as part of the overall financial statement presentation is sufficient
- Failure to fully disclose cost allocation methods may delay approval of or result in rejection of the CR



Schedule H – Program Expense Allocation Procedures

Dos and Don'ts

- Identify your method for allocating expenses and fully disclose how costs are allocated among different programs and services
- Be consistent in your allocation process from year to year
- Upload any supporting documentation using the file naming convention for supporting schedules

Schedule I – Participant Transportation Expenses

Purpose and Description

- This schedule identifies a provider's transportation expenses related to transporting participants to their supportive activities, as required by the service definitions and individual supports plans
- Motor vehicle depreciation expenses should not be reported on this schedule; they are already included in Schedule E-1
- Transportation costs in Schedule I should not include expenses associated with Transportation services that will be billed separately; only those expenses that are included as part of another service are reflected (e.g., expenses incurred by a residential provider in transporting Waiver-enrolled participants to and from day program)
- Transportation services that are purchased by the provider on behalf of their Waiver-enrolled participants are reported on this schedule (i.e., bus tickets, taxi cabs, etc.)

Schedule I – Participant Transportation Expenses

Dos and Don'ts

- Include all Waiver-enrolled participant transportation expenses that are not depreciation expenses and are not billed separately
- If Line 7 (Other Transportation Expense) exceeds \$10,000 or 5 percent of total Transportation Participant Expenses (Line 8), an explanation needs to be provided on Comments Page or supplemental schedule uploaded
- Do not report expenses for service locations that are included on another CR
- Refer to Appendix F of the CRI for transportation examples

Schedule J – Residential Occupancy Expenses

Purpose and Description

- This schedule collects supporting detail for residential occupancy costs associated with the provision of Waiver services to Waiver-enrolled participants at provider service locations included in the CR
- Schedule J is only used by residential providers to report costs for residential service locations included in the CR
- Expenses reported on this schedule must not be reported on any other schedule within the CR
 - Depreciation expenses (Schedule E, E-1 and E-2) associated with residential occupancy automatically populate Lines 8 – 10 of Schedule J
 - Room and board portion of FLH Stipends (Schedule D-2) automatically populates Line 30 of Schedule J

Schedule J – Residential Occupancy Expenses

Purpose and Description

- Salary and ERE expenses for staff needed to maintain physical plant for residential service locations included in the CR (e.g., maintenance staff, food preparation staff, housekeeping) are reported on this schedule
 - Do not include expenses for staff, including contracted staff, who perform program functions
 - If some of the administrative staff time is related to residential occupancy, then that time should be allocated between Schedule D-3 and Line 6 of Schedule J
- Other operating expenses related to maintenance of physical plant for residential service locations included in the CR (e.g., lawn care costs, snow removal fees) are reported on this schedule

Schedule J – Residential Occupancy Expenses

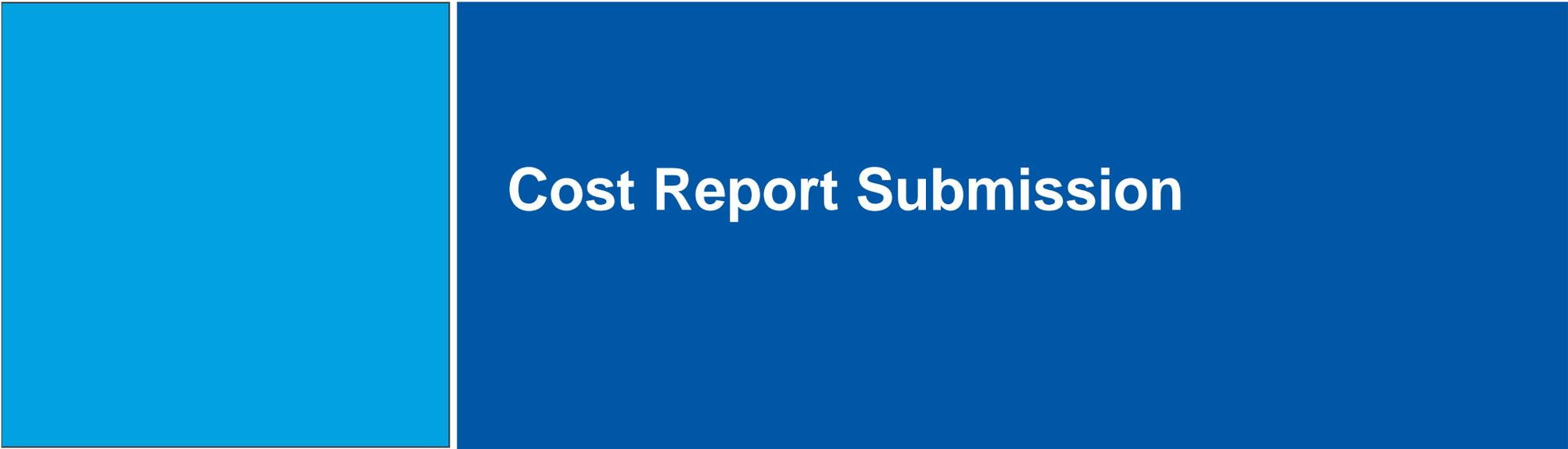
Dos and Don'ts

- Report expenses only for residential service locations
- Do not report any expenses for a provider service location that is reported on another CR
- If other personnel costs (Line 6) exceed \$10,000 or 5% of the total personnel expenses (sum of Lines 1 through 6), the provider must itemize the Line 6 expenses and include an explanation on the Comments Page or in a supplemental schedule
- If other expenses (Line 29) exceed \$10,000 or 5% of total operating expenses in Line 31, the provider should itemize and report the expense separately with an explanation on the Comments Page or provide a supplemental schedule
- Providers should include a note on the Comments page to indicate “see supplemental schedule ## of ##” to facilitate review

Comments and Provider Use Pages

Purpose and Description

- The Comments Page allows providers to add comments, identify supplemental schedules or provide additional information to facilitate the desk review of the CR(s)
 - If applicable, use this page to indicate you do not have non-allowable expenses or that schedule does not apply (e.g., Schedule J)
- The Provider Use Page permits providers to paste data for their own use
 - Providers may paste data into this tab and create cell references to populate various schedules
 - Providers may write formulas on this tab to ensure Schedule A is balancing
 - If the provider requires the use of this page to supply relevant information to be reviewed or considered by ODP or its agent, a clearly identified comment must be made on the Comments Page to alert the reviewer that information has been provided on the “Provider Use Page”



Cost Report Submission

Cost Report Submission

- Providers must use the ODP Year 4 CR Template, Version 7.0, to submit their FY 2010/2011 expenses
- To be considered in the FY 2012/2013 rate development process, the FY 2010/2011 CR must be successfully submitted by 11:59 PM on Thursday, November 3, 2011 and subsequently pass the desk review
 - Note that the E-help desk will close at 5:00 PM on Thursday, November 3, 2011
- The CR template and instructions are available on the ODP Consulting website at www.odpconsulting.net. Under the ODP Provider Information Center (PIC) home page, there is a link called “Click Here to Access Waiver Provider Cost Report Information”
 - Prior to filling out the CR template, providers should carefully review Section 22 of the CRIs regarding the use of Excel 2007 and 2010
 - Cost reports can be completed using Excel 2003, 2007 or 2010



Cost Report Submission

- The CR and any supplemental materials (supplemental schedules, AFS) are to be uploaded using the link on the www.odpconsulting.net website under the ODP PIC
- Upon accessing the submission link, providers will need to enter their username and password
 - Providers can use the same username and password from Year 3
 - For providers who did not obtain a username and password in Year 3, information on how to request a username and password will be included in subsequent training sessions prior to the opening of the CR website
- Beginning in early October 2011, providers will be able to upload their Year 4 completed CRs using a standard file naming convention
 - File naming conventions are outlined on page 124 of the CRI
 - If these naming conventions are not followed, the file will be rejected instantly



Cost Report Submission

- Providers who have questions should contact their ODP Regional Fiscal staff or the AE assigned to perform the desk review on their CR.
 - A mapping between MPIs and AEs will be posted to the ODP Consulting website so providers are aware of the AE assigned to perform desk review on their CR. An announcement will be sent to providers and AEs when this mapping is available.
- There is also an email help desk to answer provider questions regarding the CR and submission process. Providers can submit questions in writing using the link on www.odpconsulting.net under the ODP PIC called “On-line Help Year 4 Cost Report”
 - This link will be available starting today.



Additional Cost Report Trainings

Additional Cost Report Trainings

- ODP will be offering three additional CR training sessions for providers to attend in preparation for Year 4 CR submissions
 - September 19, 2011: Year 4 CR Changes Training
 - Explanation of features and requirements in Year 4 CRI and template that differ from Year 3
 - September 20, 2011: Depreciation and Allocation Training
 - Additional guidance on complex reporting items
 - Early October 2011: CR Website Submission Training
 - Guidance on how to use the CR website, upload files and interpret error messages

Additional Cost Report Trainings

- Providers attending today's session are encouraged to attend all future training sessions
- Providers can register for the subsequent September training sessions by referring to Announcement #112-11
- Registration steps for the October session will be forthcoming once the session date is finalized
- Providers should monitor www.odpconsulting.net under the ODP PIC for announcements regarding the Year 4 cost reporting process

Questions?