

July 2009

**Commonwealth of Pennsylvania
Office of Developmental Programs**

**Cost Report for the Consolidated and
Person/Family Directed Support Waiver
Programs**

Agenda

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Background

Prospective Payment System Overview

- The Office of Developmental Programs (ODP) implemented a new payment methodology, a Prospective Payment System (PPS), for developing provider rates 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, including rate-setting for services based on data submitted in the Cost Report (CR)
- Today's training focuses on services with rates based on CR data

PPS Overview (continued)

- Payments for vendor services are not developed from CR data
- Supports Coordination, Transportation and Respite Camp services will use separate reporting process to establish rates; for the CR, these services should be treated as follows:
 - Supports Coordination as other line of business (LOB)
 - Transportation and Respite Camp as fee schedule services
- Under the PPS, there is no cost settlement process
- To facilitate the transition from the former reimbursement system to PPS, the Department of Public Welfare (DPW) will use a revenue reconciliation process for fiscal year (FY) 2009/2010 and FY 2010/2011; revenue reconciliation is NOT cost settlement

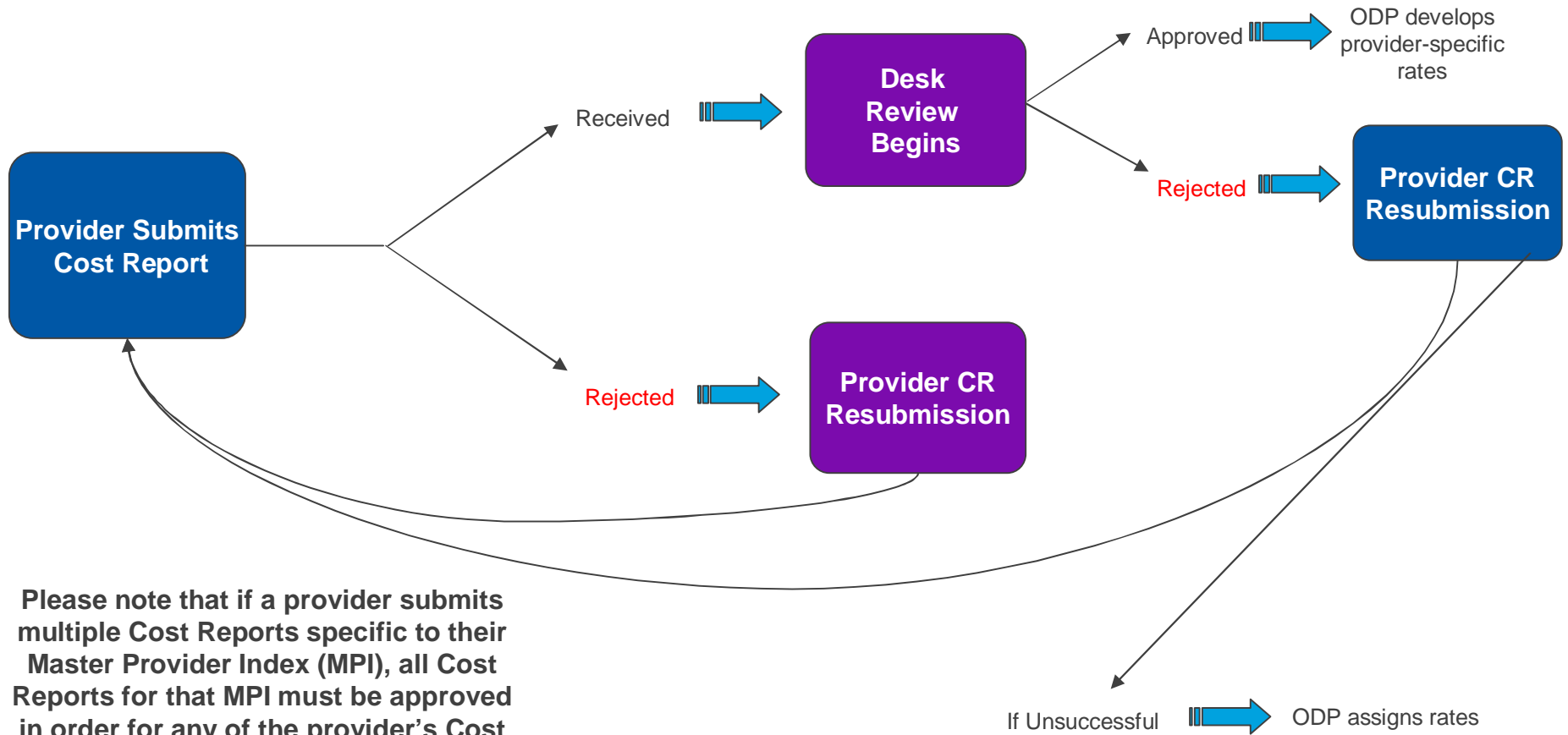
PPS Overview (continued)

- Under the PPS:
 - Prospective rates are established for an annual effective period
 - A provider's payment rate is based on allowable costs incurred in providing covered services to Medicaid-eligible individuals as defined in Cost Report Instructions (CRI)
 - Providers are required to submit uniform CR(s) annually as basis for developing prospective rates
 - Unit costs for different procedure codes are calculated from historical CR data and trended forward to prospective rate year; they may be adjusted for outlier costs, any audit adjustments or other reasons, such as changes in service definitions
- In October, providers will submit CRs reflecting data for FY 2008/2009, to be used as a basis for establishing rates for FY 2010/2011

Cost Reporting Process Overview

- Providers will submit CRs through online submission system
- Real-time edits will be performed at submission to notify provider if CR was “received” or “rejected”
 - If received, CR will move to desk review phase
 - If rejected, edits will be displayed online and the provider must correct errors and submit again
- Desk reviews will be performed on CRs by Administrative Entities (AEs)
 - If the CR fails desk review, AEs will ask providers to correct the issues and resubmit
 - If the CR is approved through desk review, it will be used as the basis for rate setting
- Providers are not allowed to modify the number of CRs originally submitted in any resubmission
- All CRs submitted by a provider must be approved for CRs to be used as the basis for rate setting

Cost Reporting Process Overview (continued)



Please note that if a provider submits multiple Cost Reports specific to their Master Provider Index (MPI), all Cost Reports for that MPI must be approved in order for any of the provider's Cost Report data to be used in prospective rate development (i.e., partial CR submission approvals will not be used for rate development).

Cost Reporting Process Overview (continued)

- Providers must attempt to submit a test CR by Friday, October 9, 2009
- Providers must successfully submit their initial CR(s) by Friday, October 16, 2009 to be used as the basis for rate setting
 - Successful submission is defined as no real-time edit failures when uploading
- On October 17, 2009, online submission will close and no longer accept initial CR submissions; the system will re-open at later date to permit CR resubmissions
- AEs will conduct desk reviews in October and November 2009
- Any resubmissions requested by the AEs must be corrected and resubmitted by Friday, November 20, 2009

Service Definition Considerations

- Service definitions on which rates will be developed are different than those used in FY 2008/2009. Significant changes include:
 - Residential Eligible procedure codes based on approved program capacity
 - Residential Ineligible rates reflect total occupancy cost
 - New procedure codes for residential vacancies
 - Nursing modifiers indicate when habilitation services are rendered by a LPN or RN
 - New procedure code for supplemental habilitation for mid-year staffing increases
 - Unbundling of therapy, behavioral support, nursing and other services that will be billed separately from residential services
 - Clarification of responsibility for transportation services
 - Introductions of new services (companion, behavioral support, specialized supplies)

Service Definition Considerations (continued)

- Distinct rates will be developed for each unique combination of MPI, service location code and procedure code in a CR
 - Service location codes cannot be included on more than one CR as this will result in different rates for same service at same location
- There must be consistency in the service selections in the Supports and Services Directory (SSD) and CR to ensure provider has rates based on its experience; if there are discrepancies between the SSD and the CR, ODP will assign rates
- Providers should do their best to assign costs to the appropriate procedure code that will be used to bill for services in FY 2010/2011



Rate-Setting Process

Rate-Setting Process Overview

- Approved CRs are compiled in a database
- MPI-Service Location Code-Procedure Code combinations are compared to the SSD to identify those for which rates are needed
- Supplemental data (Attachment 1) and audit adjustments are incorporated where necessary to establish FY 2008/2009 costs
- Utilization data in the CRs is reviewed and adjusted where necessary
- FY 2008/2009 unit costs and certain cost components are calculated, analyzed, and reviewed by ODP staff
- Outlier adjustments are made to the FY 2008/2009 data

Rate Setting Process Overview (continued)

- Cost of Living Adjustments may be applied to FY 2008/2009 adjusted unit costs to develop FY 2010/2011 preliminary draft rates
- Projected utilization and FY 2010/2011 preliminary draft rates are used to calculate the estimated Waiver expenditures
- Estimated FY 2010/2011 Waiver expenditures are compared to the expected budget appropriation for applicable services to calculate the Rate Adjustment Factor (RAF)
- The RAF is applied to the preliminary draft rates to calculate the FY 2010/2011 proposed rates
- FY 2010/2011 proposed rates are communicated to the providers using the contact information on the Certification Page of the CR

Special Considerations and Observations from Year 1

- Rates will be calculated for the services indicated in the SSD as of December 31, 2009; providers are encouraged to update service offerings in the SSD before December 31, 2009
- It is important to ensure consistency between the CR and SSD
 - In Year 1, there were frequent cases where the service locations and/or procedure codes selected in the CR did not align with the services in the SSD
 - In Year 1, multiple rates for a service were calculated for a specific service location because the service location was included in multiple CRs

Special Considerations and Observations from Year 1 (continued)

- For residential services, ODP anticipates a provider will require a rate for both the Eligible and associated Ineligible procedure codes
 - In Year 1, Ineligible procedure codes were not always selected when an Eligible procedure code was selected
 - For Year 2, modifiers will not be used for Ineligible procedure codes in the CR; the units reported for Ineligible procedure codes should be consistent with the total of the units for all associated Eligible procedure codes
 - Rates for Ineligible procedure codes will include all occupancy costs (i.e., rates will be “gross”) including the “MAXIMUS” shift
- For residential services, average weekly staff hours per participant is calculated from the Certification Page – Provider Service Locations Schedule; it is important to ensure data are submitted in accordance with the CRI

Special Considerations and Observations from Year 1 (continued)

- Average hourly wages for direct care staff are calculated from Schedule D; it is important to ensure salary costs and hours are allocated across programs (Waiver, Base, other LOB) appropriately
 - In Year 1, the reported average hourly wages ranged from less than minimum wage to greater than \$600 per hour
- Number of Units of Service Available and Provided from Schedule A are used to calculate productivity measures for some services; it is important to ensure the units included are appropriate for the service
 - In Year 1, there were occasions where the billed units exceeded the units available to bill, indicating productivity greater than 100%

Special Considerations and Observations from Year 1 (continued)

- Certain cost components are reviewed at the MPI-Service Location Code-Procedure Code level; it is important to ensure the allocation of costs across locations, services and cost categories is appropriate
 - In Year 1, some providers had very low costs in one procedure code and very high costs in another for a cost component that would not be expected to exhibit significant variability
 - In Year 1, some providers had very low costs in one service location and very high costs in another service location for the same procedure code
- Direct care salary expenses are compared to other program and total salary expenses; it is important to ensure costs are allocated among direct, other program and administration in accordance with the CRI
 - In Year 1, all salary expenses for a staff person were allocated based on the job duties performed more than 50 percent of the time; this made comparisons across providers difficult

Special Considerations and Observations from Year 1 (continued)

- Certain types of revenue (e.g., interest income) and unrestricted contributions and donations are used to offset expenses in rate setting; it is important to report revenues and contributions on Schedule B appropriately
 - In Year 1, negative offsets were observed which increased service cost; this is inconsistent with expectations that offsets should decrease costs
- ODP understands there is significant variation in how providers contract and invoice for Family Living Home services; ODP anticipates the expectations for this service will be further clarified in the future but encourages providers to consider the following when submitting costs for Year 2
 - Report family stipends as contracted salary expenses
 - Report residential occupancy costs to Ineligible procedure codes
 - Include allowable substitute care costs

Attachment 1 Supplemental Data Request

- The Attachment 1 Supplemental Data Request is used to collect data necessary to make adjustments for:
 - Changes in the service definitions to clarify staff responsibilities for 1:1 levels of care (i.e., residential providers are not responsible for staff time at day programs)
 - Changes to the service definitions to clarify provider responsibilities for participant transportation
 - Mid-year changes in staff to accommodate a Waiver-enrolled participant's change in need
- In Year 1, the request was collected from all providers, but in Year 2, only those providers impacted by the above changes will need to submit the Attachment 1 Excel file
 - Providers who need to submit the form must do so by December 31, 2009



Cost Reporting Process

Cost Report Submissions

- Who is required to submit a CR?
 - Providers rendering services with rates based on CR data (see Appendix B of the CRI for list of these services) to individuals enrolled in Consolidated or P/FDS Waivers, regardless of the provider's revenue
 - Providers of Licensed Day Habilitation Services – Older Adult Day Living Centers, even if they have a AAA rate established for another program
- Who is not required to submit a CR?
 - Providers rendering ONLY fee schedule services or Outcomes-based services (see Appendix B of the CRI for list of these services)
 - Vendors

Cost Report Submissions (continued)

- New providers, new services, new service locations
 - A provider must have historical data to complete CR
 - New providers who have no cost experience in FY 2008/2009 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; do not include estimates for these service costs in the CR
 - When possible, ODP will base rates for new service locations on provider's rates for the same service at other locations
- How do I obtain the CR template and instructions?
 - All materials can be found on the ODP Consulting website at www.odpconsulting.net. Under the ODP Provider Information Center (PIC) page, there is a link called “Provider Cost Report Information”

Cost Report Submission Questions/Answers

- When must I submit the CR?
 - A test submission must be attempted no later than October 9, 2009 and the initial CR(s) for FY 2008/2009 must be successfully submitted by Friday, October 16, 2009
- What period of time does the CR cover?
 - The CR covers the prior State FY period of 12 consecutive months, beginning July 1, 2008 and ending June 30, 2009
- What Schedules must I complete?
 - Existing providers must complete all Schedules
 - Smaller providers (e.g. <\$100,000) must also complete all Schedules

Cost Report Submission Questions/Answers (continued)

- How many CRs must I submit?
 - You may combine all service location codes into a single CR
 - You may complete a CR for each service location code
 - You may combine select service location codes on a CR and submit multiple CRs for your organization
- It is not necessary to submit different CRs for different procedure codes; for example, you can submit day program services and residential on the same CR
- You do not need to notify ODP if you change how you report service locations for FY 2008/2009
- If your organization has multiple MPIs, you must combine the experience for all MPIs in your CR submission
 - The MPI number for the main or largest organization should be entered on Line 1a of the Certification Page and used in the file naming convention

Cost Report Submission and Approval New Features for Year 2

- Each provider will be assigned only one username and password for its organization, specific to its MPI, to use in submitting the CR
 - Providers will be required to provide information for the username and password to be generated; additional information will be forthcoming
 - Providers who do not receive their username and password via email must contact the E-help desk
- Real-time validation of certain data elements will provide immediate notification to providers of receipt/rejection of the CR
- If the CR is rejected, a detailed error report will be provided to allow for correction and successful submission
- Providers can view status of each uploaded file during online submission process
- If a provider's CR does not pass the real-time edits by October 16, 2009, the provider will receive a letter indicating that a rate will be assigned for each service identified in SSD

Resubmission of Cost Reports

- AEs will aim to complete all initial CR desk reviews for Year 2 by November 6, 2009 to allow two weeks for providers to submit any necessary resubmissions
- All AE-requested resubmissions must be successfully uploaded by November 20, 2009, and pass the desk review to be used as the basis for Year 2 rate setting
- There will be no conditional approvals for CRs submitted this year

Desk Review Approval Process

- CRs are subject to a desk review
- Desk reviews of CRs will be performed annually by AEs; generally, the provider's CRs will be reviewed by the qualifying AE, but ODP may reassign providers to another AE, as necessary
- Providers will receive feedback from AEs on results of desk reviews
- If a provider submits multiple CRs specific to its MPI, all of the CRs must be approved in order for any CR data to be used in rate setting
- ODP will have audits performed of selected providers' CRs
- Upon submission, a provider's audited financial statements (AFS) will undergo a desk review and be compared to the CR; all providers subject to audit requirements must submit a crosswalk (reconciliation) between the AFS and CR

Audit Requirements

- If a provider expends \$500,000 or more in Federal funds, it is subject to the Office of Management and Budget (OMB) Circular A-133, Title 45 CFR 74.26 and any other Federal requirements
- Providers expending more than \$500,000 in combined Federal and State funds during year covered by CR must have an independent audit completed in accordance with Generally Accepted Government Auditing Standards (GAGAS)
- If a provider expends \$300,000 or more in combined Federal and State funds during program year (but less than \$500,000), the provider is required to have a Compliance Attestation completed in accordance with the American Institute of Certified Public Accountants' Statements on Standards for Attestation Engagements (SSAE), Section 601, Compliance Attestation (scope must be acceptable to DPW)

Audit Requirements (continued)

- A provider that expends less than \$300,000 in combined State and Federal funds during program year (or is a vendor as defined by OMB Circular A-133, not ODP), is exempt from DPW audit requirements for the Waiver program
 - The provider is required to maintain auditable records for each program year
 - Records must be available for review by DPW or its designee
 - If an audit is required for other programs in which provider participates, provider should include the ODP Waiver program in the audit and submit a copy of the audit, even if funds expended are less than \$300,000

Audit Requirements (continued)

- Providers are not required to obtain an independent audit of the CR
- Providers must include a schedule with their audit that separately identifies the Waiver-funded services included in the CR to enable reconciliation of audit to the CR
- Refer to the CRI, Section 2, for additional detail regarding audit requirements

Audit Adjustments

- If audit adjustments result in a downward adjustment to Waiver expenses of more than 1%, the provider must resubmit a revised CR to reflect adjustments
 - Depending on timing of resubmission, the provider may receive two sets of rates, one based on the initial CR and a second set based on the revised CR
 - Using same adjustment process, rates will be re-calculated based on the revised CR
- If the impact of audit adjustments is less than 1%, a revised CR is not necessary; these adjustments should be reflected in the CR in the subsequent year
- A copy of the audit adjustments resulting from a provider's independent audit should be included with AFS

Cost Report Schedules

The CR consists of 18 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

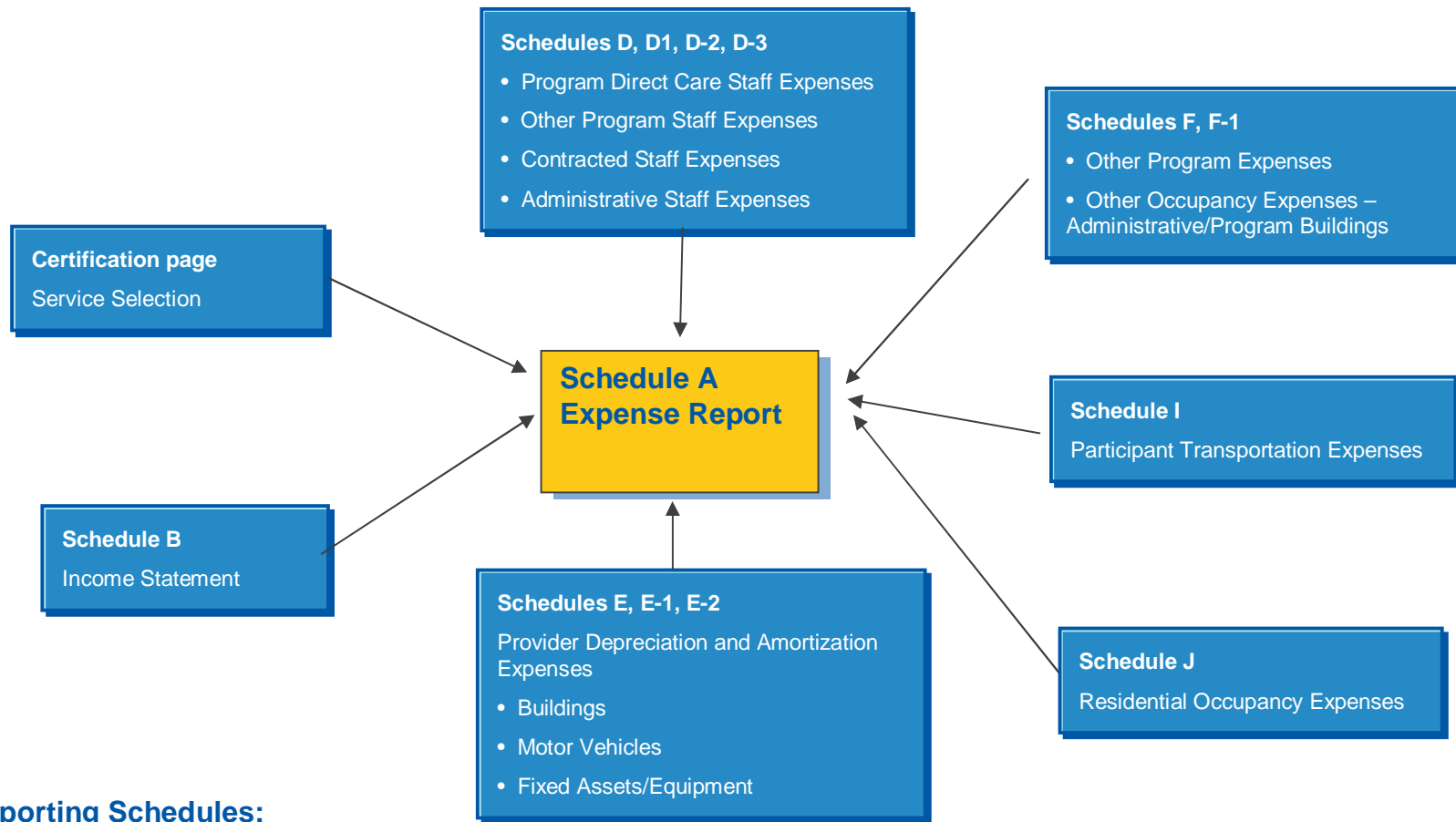
Cost Report Schedules (continued)

- Schedule E – Provider Depreciation and Amortization Expenses – Buildings
- Schedule E-1 – Provider Depreciation and Amortization Expenses – Motor Vehicles
- Schedule E-2 – Provider Depreciation and Amortization 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

Supplemental Data Submissions

- Supporting schedules – Any schedule that a provider submits to document data entered into the CR (e.g., depreciation)
- AFS
- Attachment 1 – Providers may complete and submit an Attachment 1 data request in December 2009 to provide information on staffing and payment responsibility changes
- Restated Schedule B – In February 2010, it is anticipated that providers will be given the opportunity to submit a restated Schedule B, if revenue has changed significantly from the approved submission
- Follow the naming conventions discussed in Section 22 of the CRI for all supplemental data submissions

Cost Report Flowchart



Supporting Schedules:

Schedule G
Related Party Transactions

Schedule H
Program Expense Allocation Procedures

Certification Page

Certification Page
Provider Service Locations

Order for Completing Cost Report Schedules

- Since many of the cells on Schedule A are auto-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 auto-populate
 - Distribute costs and revenue offsets in Column F to appropriate procedure codes in Columns G+

Certification Page Purpose and Description

- This Schedule identifies:
 - The provider submitting the CR (primary MPI and secondary MPIs, if applicable)
 - The time period of CR
 - Contact information (note all CR and rate communications will be sent to addresses indicated here)
 - Provider service locations
 - The total number of CRs submitted
 - The number of this CR
 - If the CR is an initial submission, a resubmission, or a resubmission due to audit

- The provider name, primary MPI number, report period and CR number entered on this page will auto-populate on each subsequent Schedule

Certification Page Changes and Edits

- Changes from the Year 1 CR
 - Drop down boxes have been added where appropriate
- Edits
 - All line items must be completed with the exception of lines 11.b.2-b.15, 11.c.2-c.15, 11.d.2-d.15 and 15
 - Must use 9 digits (include leading zeros) when entering the MPI number on lines 1.a and 11.b.1-b.15
 - The values in lines 11.d.1 through 11.d.15 must be less than or equal to the values in lines 11.c.1 through 11.c.15

Certification Page Dos and Don'ts

- Review Section 5 of the CRI
- Ensure that all required fields are completed
- Verify that the e-mail addresses and telephone numbers for contacts are correct
- Indicate type of submission
- Identify the total number of CRs being submitted
- Do not include supporting schedules in count of CRs as they are not a CR submission file type

Certification Page – Provider Service Locations

Purpose and Description

- This Schedule identifies:
 - Each provider service location that is included in the CR by MPI
 - The county where each provider service location is physically located
 - Beginning and ending dates of service for each provider service location
 - If the provider service location started delivering services prior to FY 2008/2009, the beginning date should be July 1, 2008
 - If the provider service location is still in service on June 30, 2009, the ending date should be left blank
- Capacity questions are for residential providers only

Certification Page – Provider Service Locations Changes and Edits

- Changes from the Year 1 CR
 - The Schedule has been redesigned for ease of completion
 - The provider should identify only those provider service locations that are included in the CR

- Edits
 - Line 1 must at least be populated for Columns A through D, since each CR must contain at least one service location code
 - Columns B through D must be populated if an MPI number is reported in Column A. Column E must be populated if the service location closed prior to June 30, 2009
 - The MPI number entered in Column A must be 9 digits and include any leading zeros
 - The service location code entered in Column B must be 4 digits and include any leading zeros

Certification Page – Provider Service Locations Special Considerations for Residential Services

- For Residential Approved Program Capacity (Column F), indicate the number of beds approved for each service location
- For Column G, report the number of Waiver-enrolled participants that are living in each service location as of last day of reporting period (June 30th)
- In Column H, report the number of vacancies at each service location as of last day of reporting period (June 30th)
- For Column I, indicate the number of hours that residential direct care staff are scheduled to work in a typical week
- Example:
 - A Licensed 6400 home with no nursing staff has a licensed capacity of 4 and an approved program capacity of 4
 - On June 30, 2009, one Base-funded individual, one Waiver-funded individual and one private pay individual live in the home

Certification Page – Provider Service Locations Special Considerations for Residential Services (continued)

- The following table summarizes the routine staffing schedule for direct care staff in a typical week at the service location

Shift	Monday — Friday	Saturday — Sunday	Total Hours/Week
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

- The following data entries should be made in the CR for this service location:
 - Select procedure codes W6096 (Four-Individual Home, Eligible) and W6097 (Four-Individual Home, Ineligible)
 - Residential approved program capacity = 4
 - 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

- Review Section 6 of the CRI
- Complete all required fields
- Complete Column F through Column I (if a residential provider)
- 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

Certification Page – Service Selection Purpose and Description

- This Schedule identifies all services that are available from the provider in all service locations included in the CR
- Once the provider has selected all of the services on this page, the provider should click on the button in the upper left hand corner which will automatically create a column on Schedule A for each procedure code selected

Certification Page – Service Selection Changes and Edits

- Changes from the Year 1 CR
 - Procedure codes were rearranged
 - For residential services, Schedule A will be populated with the appropriate Ineligible procedure code whenever an Eligible procedure code is selected on the Service Selection page
 - Ineligible procedure codes with modifiers were removed
 - Procedure codes were removed for services with a separate cost reporting process (Respite Camp – Eligible and Transportation services that are billed separately)

Certification Page – Service Selection Special Considerations

- Residential providers should select Eligible procedure codes based on approved program capacity
- Unbundling of services from residential: select procedure codes for both the residential service AND separately billed services
- Pricing modifiers versus informational modifiers (pricing modifiers indicate a different rate for the procedure code and informational modifiers do not change the rate for the procedure code)
 - Differences between residential Eligible and Ineligible
 - Nursing modifiers for procedure codes for enhanced levels of care for Unlicensed Home and Community Habilitation, Licensed Day Habilitation, Pre-vocational and Respite services
 - UA modifiers will not be reported in combination with TD and TE
- Residential providers will not need to select respite procedure codes for those respite services rendered in residential service locations

Certification Page – Service Selection Dos and Don'ts

- Review Section 7 of the CRI
- Select procedure codes for all services for which you reported expenses in FY 2008/2009 (for only those service locations included in the CR)
 - The provider should base service selections on new service definitions
 - Procedure code selections should be consistent with services indicated in the SSD
- Click on the button in the upper left hand corner to create the procedure code columns on Schedule A
- Do not select a procedure code for any service for which you do not have any expense history

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 included in the provider's AFS unless a reconciliation to the AFS is provided
- Column B (Excluded Service Locations and Other 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 clients (e.g., clients from Mental Health, Children and Youth, Aging)
 - Participant salary/wage expenses in pre-vocational programs should be included in Column B

Schedule A – Expense Report Purpose and Description (continued)

- Column C (Base Expenses) – Report expenses incurred in rendering non-Waiver services (e.g., family aide) to both Waiver and Base-funded participants as well as expenses for rendering Waiver services to Base-funded participants 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 reimbursed through a fee schedule (see Appendix B of the CRI)
 - Transportation services that are billed separately
 - Respite Camp services
 - Services reimbursed on an outcomes-based approach (see Appendix B of the CRI)

Schedule A – Expense Report Purpose and Description (continued)

- 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)
- Column F (Eligible and Ineligible Expenses for Waiver Participants) – Auto-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

Schedule A – Expense Report Purpose and Description (continued)

- 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 – 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 23 – Residential Occupancy (Schedule J)

Schedule A – Expense Report Changes and Edits

- Changes from the Year 1 CR
 - Combined excluded service locations and other LOB expenses into a single column, Column B
 - Columns C through F include expenses only for the provider service locations included in the CR
 - Column F auto-populates from supporting schedules
- Edits
 - The total provider expenses for each category in Column A must equal the sum of expenses in Columns B through F
 - The Eligible and Ineligible expenses for Waiver-enrolled participants in Column F must equal the sum of expenses in Columns G+
 - Eligible codes must have expenses reported on Line 16 and no residential occupancy expenses reported on Line 23

Schedule A – Expense Report Changes and Edits (continued)

- Edits (continued)
 - Ineligible codes must have residential occupancy expenses reported on Line 23 and no expenses reported on Line 16
 - When populated, Line 17 Contributions/Revenue Offset must be greater than zero
 - 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, 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 Changes and Edits (continued)

- Edits (continued)
 - For Eligible procedure codes, Line 22 (unit cost) must be positive (i.e., revenue offsets cannot be greater than expenses incurred for an Eligible procedure code)
 - Line 22 (unit cost) will always be negative for Ineligible procedure codes that have offsetting revenue

Schedule A – Expense Report Dos and Don'ts

- Review Section 8 of the CRI
- 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 for reasonableness
- Ensure that Column F is allocated to the appropriate procedure codes for the services selected
- 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 (Column B)
 - 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)

Schedule B – Income Statement Purpose and Description (continued)

- 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
- 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
- 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 and Respite Camp services
 - The amount reported in Columns A and B will be the same

Schedule B – Income Statement

Purpose and Description (continued)

- Line 1d – Other Revenue – Report revenue received from the Commonwealth for non-Waiver services (e.g., revenue for Medicaid FFS, HealthChoices, other waivers such as Autism waiver, etc.); this amount is only reported in Column A
- Line 2 – County – Report revenue received from counties or AEs for rendering Waiver services to Base-funded participants, Base-funded services to any client, and other county-funded programs
- Line 3 – Private Clients – Report revenue received for rendering services to private pay clients (e.g. insurance carriers, Medicare)

Schedule B – Income Statement Purpose and Description (continued)

- 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 (continued)

- 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
- Lines 9 and 10 – Contributions – Report any charitable contributions or donations received
 - Identify the source of revenue
 - Report restricted and non-restricted revenue separately
- Line 11 – Government Grants – Report any government grant contributions
 - 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 Changes and Edits

- Changes from the Year 1 CR
 - Column C has been added for revenues and expenses associated with provider service locations included in the CR
 - Lines were added for specific types of revenue received from the Commonwealth
 - Lines were added for the beginning/ending equity or fund balance
- Edits
 - Waiver revenue for service locations in the CR (Column C, Line 12) must be less than or equal to Total Waiver Revenue in Column B, Line 12
 - The Total Waiver Revenue in Column B, Line 12 must be less than or equal to the Total Provider Revenue in Column A, 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

- Review Section 9 of the CRI
- Report all revenue received from the Commonwealth and other sources
- Report the equity or fund balance from prior year
- Do not report revenues in Column C from provider service locations that are reported on a different 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)
 - Staff engaged in indirect activities, such as supervising direct care workers (Schedule D-1)
 - Contracted staff (Schedule D-2)
 - Staff performing administrative functions, such as financial reporting (Schedule D-3)

- Each classification or job title should be identified on different rows in the Schedule

Schedules D through D-3 – Staff Expenses Purpose and Description (continued)

- Report the salary and Employee Related Expenses (ERE) for each position, classification or job title ONLY 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 Base-funded or other LOB)
- Report the total number of hours associated with the salary expenses reported for each position, classification or job title
- The final column on this Schedule automatically calculates the estimated hourly compensation; providers should review these results for reasonableness

Schedules D through D-3 – Staff Expenses Changes and Edits

- Changes from the Year 1 CR
 - The Schedules only collect expenses and hours associated with the provision of Waiver services to Waiver-enrolled participants at the provider service locations included in the CR
 - There is no breakdown of ERE; these expenses are reported in total
 - Expenses and hours should be appropriately allocated to direct, other program and administrative Schedules
 - For example, expenses and hours for a staff person who provides direct care 50% of the time and performs administrative duties 50% of the time would be distributed evenly between Schedules D and D-3
- Edits
 - When populated, Waiver salary/wages, ERE and hours must be greater than zero,

Schedules D through D-3 – Staff Expenses Dos and Don'ts

- Review Section 11 of the CRI
- Report expenses and hours for different types of staff time on the correct Schedule
- 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

Schedules E through E-2 – Provider Depreciation and Amortization Expenses – Purpose and Description

- These Schedules identify depreciation and amortization costs of:
 - Buildings (Schedule E)
 - Motor vehicles (Schedule E-1)
 - Fixed assets/equipment (Schedule E-2)
- Schedules E and E-2 separate costs for non-residential and residential buildings
- Current providers with non-residential and residential buildings with an outstanding original loan as of June 30, 2009 may be approved for grandfathering under Capital Assets and Depreciation policy
- Providers must establish and apply a depreciation policy consistently from one fiscal period to the next

Schedules E through E-2 – Provider Depreciation and Amortization Expenses – Purpose and Description (continued)

- A combination of depreciation and use allowance may not be used for the same asset
- Use allowances for buildings and improvements should be computed at an annual rate not exceeding 2.000 percent of the acquisition cost after the building has been fully depreciated
- Use allowances for equipment should be computed at an annual rate not exceeding 6.667 percent of the acquisition cost after the equipment has been fully depreciated

Schedules E through E-2 – Provider Depreciation and Amortization Expenses – Changes and Edits

- Changes from the Year 1 CR
 - Column G added for use allowances and depreciation expenses associated with the provision of Waiver services to Waiver-enrolled participants at provider service locations included in the CR
 - Drop down box added for depreciation method
- Edits
 - Not applicable

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

- Review Section 12 of the CRI
- Complete all columns when reporting depreciation
- Submit a supporting schedule if you report all depreciation on a single line
- Do not report depreciation and use allowance on the same item
- Do not report expenses for provider service locations that are included in another CR
- Do not report depreciation expenses on fully depreciated assets

Schedule F – Other Program Expenses

Purpose and Description

- This Schedule identifies all other program expenses (e.g., management fees, office supplies) that have been incurred during the provision of Waiver services to Waiver-enrolled participants at provider 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
- Transportation expenses reported on this Schedule are for staff transportation (i.e., not associated with transporting a Waiver participant)
- Report all expenses for program supplies (e.g. latex gloves, over-the-counter medications) on this Schedule

Schedule F – Other Program Expenses Changes and Edits

- Changes from the Year 1 CR
 - Section added for program supplies
- Edits
 - Not applicable

Schedule F – Other Program Expenses Dos and Don'ts

- Review Section 13 of the CRI
- Provide an explanation on Comments Page or submit a supporting schedule if line 13 (Other) is greater than 5% of total of other program expenses
- 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
- Depreciation should not be reported on this Schedule but rather on Schedule E

Schedule F-1 – Other Occupancy Expenses: Administrative/Program Buildings – Changes and Edits

- Changes from the Year 1 CR
 - Only expenses associated with the provision of Waiver services to Waiver-enrolled participants at provider service locations included in the CR should be included
- Edits
 - Not applicable

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

- Review Section 14 of the CRI
- Report expenses for leased buildings
- Report expenses for those provider service locations included in the CR

Schedule G – Related Party Transactions

Purpose and Description

- This Schedule:
 - Identifies expenses associated with any related party transactions
 - Describes financial terms of any related party transactions
- A related party is defined as an organization related to the provider through control, ownership, capital investment, directorship or other means
- Disclosure of the transactions must include:
 - The nature of the relationship(s) involved
 - A description of the transactions
 - The financial terms of the agreements
 - The dollar amounts associated with the transactions
 - The amounts due from or to related parties

Schedule G – Related Party Transactions Changes and Edits

- Changes from the Year 1 CR
 - Drop down box was added to questions 1.a and 2.a
- Edits
 - Question 1.a must be answered
 - If the answer to question 1.a is yes, then expenses report for Line 1.b must be greater than zero
 - If the answer to question 2.a is yes, then question 2.b must be answered

Schedule G – Related Party Transactions Dos and Don'ts

- Review Section 15 of the CRI
- Complete all questions for provider service locations included in the CR

Schedule H – Program Expense Allocation Procedures

Purpose and Description

- This Schedule describes how program expenses are allocated; if multiple CRs are submitted, this information should be consistent across CRs
- 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

Schedule H – Program Expense Allocation Procedures Purpose and Description (continued)

- Supporting schedules or working papers must be included to fully disclose how costs are being allocated among different programs and services
- Failure to fully disclose cost allocation methods may serve to delay approval, or result in rejection, of the CR

Schedule H – Program Expense Allocation Procedures Changes and Edits

- Changes from the Year 1 CR
 - Drop down boxes added for questions 3, 4 and 5
- Edits
 - Question 1 must be answered or the CR will be rejected

Schedule H – Program Expense Allocation Procedures Dos and Don'ts

- Review Section 16 of the CRI
- Identify your method for allocating expenses
- Be consistent in your allocation process from year to year
- Do not forget to 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 non-depreciation transportation expenses related to transporting participants
- Motor vehicle depreciation should not be reported on this Schedule; it is 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 Changes and Edits

- Changes from the Year 1 CR
 - Only expenses associated with the provision of Waiver services to Waiver-enrolled participants at provider service locations included in the CR should be reported
- Edits
 - Not applicable

Schedule I – Participant Transportation Expenses Dos and Don'ts

- Review Section 17 of the CRI
- Include all Waiver-enrolled participant transportation expenses that are not billed separately
- Do not report expenses for service locations that are included on another CR

Schedule J – Residential Occupancy Expenses

Purpose and Description

- This Schedule reports 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 for 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
- 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
- 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 Changes and Edits

- Changes from the Year 1 CR
 - Schedule has been condensed and requests less detail
 - Depreciation (if any) will auto-populate from Schedules E and E-2
 - Residential revenue offset is no longer collected on this Schedule
- Edits
 - Not applicable

Schedule J – Residential Occupancy Expenses Dos and Don'ts

- Review Section 18 of the CRI
- Report expenses only for residential service locations
- Report expenses for food preparation workers separately
- Do not report any expenses for a provider service location that is reported on another CR

Comments and Provider Use Pages

Purpose and Description

- The Comments Page allows providers to add comments, identify supporting schedules or provide additional information to facilitate the desk review of the CR(s)
- The Provider Use Page permits providers to paste data on this tab of the CR for their own use
 - Providers may paste data into this tab and create cell references to populate various Schedules
 - This page is not considered in the desk review or rate-setting processes
 - Providers may write formulas on this tab to ensure Schedule A is balancing

Cost Report Submission and Help Desk

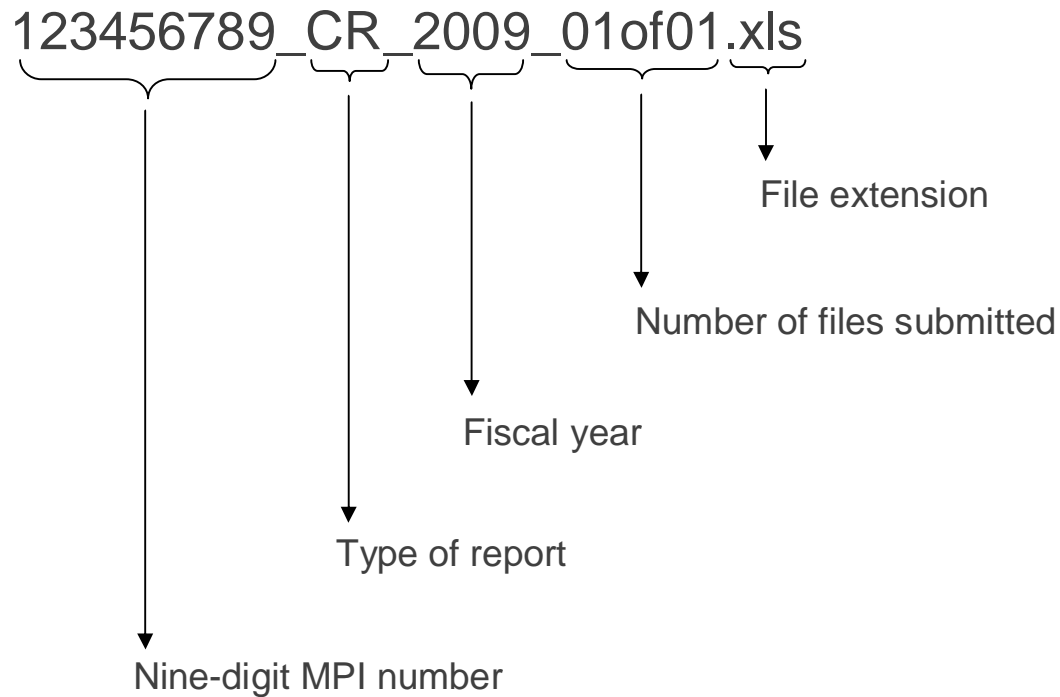
- Providers must use the ODP CR Template, Version 5.0, to submit their FY 2008/2009 expenses
 - Excel security options for enabling macros should be set to “Enable”; steps required for Excel 2003 and Excel 2007 are included in Section 22 of the CRI
 - Excel 2007 users must convert their file to a non-.xlsm format prior to upload, as the automated system will not accept CRs with a file extension “.xlsm”
 - Excel 2007 users may experience file corruption if switching between Excel 2003 and Excel 2007; review Section 22 of CRI
- Providers are encouraged to review Section 22 of the CRI; additional information regarding CR submission will be provided in September

Cost Report Submission and Help Desk

- 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 “Provider Cost Report Information”
- The CR and any supplemental schedules (supporting schedules, AFS, Attachment 1, Restated Schedule B) are to be uploaded using the link on the www.odpconsulting.net website under the ODP Provider Information Center (PIC)
- If you have questions regarding the CR or submission process, please submit them in writing using the link on www.odpconsulting.net under the ODP Provider Information Center (PIC) called “On-line Help Year 2 Cost Report”

File Naming Convention

- Refer to Section 22 of the CRI for detail on the file naming conventions
 - A CR submission example follows:



Recap of What's New for Year 2

- New features incorporated to simplify and automate parts of the CR and submission process
- Some schedules have been revised to capture Waiver-only expenses
- Only those provider service locations included in the CR need to be identified
- Actual staff time must be reported by function (i.e. direct care, other program, administrative)
- Modifiers are no longer being used on Ineligible procedure codes
- Respite Camp will have a separate reporting process
- Providers with less than \$100,000 in revenue must complete the entire CR
- Older Adult Daily Living Center providers must submit a CR, even if they have a rate established by Area Agency on Aging (AAA)

Recap of What's New for Year 2 (continued)

- Real-time edits and immediate notification of CR rejection
- Due dates for test submission attempt, successful submission of initial CR and successful resubmissions required by the desk review process
- Providers can monitor the status of their CRs online
- Audit adjustments greater than 1% must be incorporated into a revised CR and resubmitted
- All CRs submitted for a provider organization (single MPI or multiple MPIs) must be approved in the desk review to be used in Year 2 rate-setting

Next Steps for Providers

- Watch for announcement regarding username/password
- Attend the follow-up webcast in September
- Attempt to submit a test submission by October 9, 2009
- Submit CR(s) by October 16, 2009
- Resubmit any CR corrections necessary as a result of the desk review by November 20, 2009
- Submit Attachment 1 Supplemental Data Requests, if necessary, by December 31, 2009

Questions?