

# Waiver Direct Service Provider Year 2 Cost Report Debrief

## Answers to Questions Raised During the 3/26/2010 Town Hall

Due to time limitations on the 3/26/2010 Direct Service Provider Town Hall, ODP was not able to address all questions submitted by providers. This document contains responses to the questions that were submitted during the session but not responded to during the live session.

#	Subject Area	Question	Response
1.	Cost Report Template	Will ODP allow smaller providers to only complete certain schedules within the cost report? Are efforts being made to simplify the cost report?	<p>In order to meet CMS requirements related to financial accountability and statewide consistency, ODP will continue to require all providers follow the same cost reporting process. This means that all providers who wish to have provider-specific rates established based on their historical experience are required to complete all schedules of the uniform cost report template. Any provider who decides not to submit a cost report will be assigned rates for the services they provide by ODP.</p> <p>The cost report template has been designed to collect the information necessary for desk review purposes and for rate development. At this point, ODP does not envision making <u>significant</u> changes (i.e., elimination or significant redesign of schedules) to the cost report template. To respond to provider feedback and support the desk review process, ODP will continue to incorporate minor changes, as needed.</p>
2.	Cost Report Template	Would it be possible for Mercer and ODP to add Staff Development as a line item to the cost report, given that many providers have these costs associated with licensing?	For Year 3, ODP will consider adding a separate line to Schedule F that is specific to staff development and training expenses.
3.	Cost Report Template	Will providers be able to copy location codes, etc. from the Year 2 cost report to the Year 3 cost report?	ODP does not anticipate making significant changes to the cost report template for Year 3. Therefore, many of the schedules will look very similar to the cost report template from Year 2. When populating the cost report template for Year 3, providers should be able to copy data (as necessary) out of the files they submitted in Year 2. Please note that providers need to maintain prior year files on their systems, as ODP is not able to send providers copies of the cost report files submitted in prior years.

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4.	Cost Report Instructions	Are there any issues with changing expense allocation methods from one year to the next?	Generally, expense allocation methods should not change from year to year. If a provider feels they need to change the allocation method, they may do so. However, the provider must provide an explanation on the Comments tab as to why the change was made, along with the estimated impact to Waiver costs.
5.	Cost Report Instructions	Can you please explain the rationale for the exclusion of expensing of equipment as allowable costs? This is in contradiction to the 4300 regulations.	As part of the transition to the prospective payment system, ODP reviewed the policies outlined in the 4300 regulations and made modifications, as necessary. ODP determined that equipment expenses need to be depreciated over the useful life of the equipment in accordance with GAAP. Providers are required to follow the cost report instructions when completing the cost report.
6.	Cost Report Instructions	Will there be any changes to the upload for the audit report and reconciliation to the audit?	ODP does not anticipate making changes to the upload process for the audit reports and reconciliations. ODP anticipates providers will continue to upload these files to the cost report website using the appropriate file naming convention. Providers should watch for and review any audit bulletins that are issued to ensure no other changes will occur that might impact the audit process.
7.	Cost Settlement	We have received our final cost settlement from the AE. Will we be required to submit a restated Schedule B or will the reconciliation to the AFS suffice?	ODP is not collecting restated Schedule Bs in Year 2. As you indicate, your reconciliation to the AFS will suffice.

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8.	Cost Settlement	Please explain what you mean when you indicate the Year 3 cost report will be based on the PPS system versus the prior cost settlement process. Are you saying the detail will be based on your current year rate vs. what your actual costs are?	<p>Prior to July 1, 2009, ODP provided allocations to each of the administrative entities (AEs). In turn, the AEs paid providers for services rendered and conducted a cost settlement process at the end of each fiscal year. It often took several months after the end of the fiscal year to finalize the cost settlement amounts. In Years 1 and 2 of the cost reporting process, the delays in this process made it difficult for providers to obtain final revenue amounts and submit their cost reports by mid-October.</p> <p>On July 1, 2009, ODP implemented the prospective payment system, which requires providers to submit claims to PROMISE in order to be reimbursed. Providers receive remittance advices from the system that summarize claim submission information such as revenue for services rendered. Therefore, providers should be in a better position to report their FY 2009/2010 experience soon after June 30, 2010. Because providers are being paid for services as they are delivered, no cost settlement process with the AEs is necessary at the end of FY 2009/2010.</p> <p>The Year 3 cost report will be based on the providers' historical costs incurred during FY 2009/2010. With the elimination of the cost settlement process with AEs for the time period required to support Year 3 of the PPS (FY 2009/2010 experience), ODP anticipates many of the providers' challenges around meeting the October deadline will be eliminated.</p>
9.	Submission Deadline	With an Oct 1 deadline, will the cost report template be made available to use in a more timely matter? A major issue last year with timing is the final template came out so late.	ODP anticipates releasing the Year 3 cost report template and instructions in early to mid July 2010. This timing is similar to the release date for the Year 2 materials.
10.	Submission Deadline	Will ODP be able to grant any extensions for the cost report deadlines?	In order to release rates in May, ODP needs to collect all cost reports by a given deadline. ODP is not in a position to grant extensions to the deadline that is outlined in the instructions.
11.	Submission Deadline	Is October 1st the initial submission due date or the final due date?	As discussed during the Town Hall, ODP was considering a final Year 3 cost report submission deadline of October 1, 2010. Based on provider feedback requesting additional time, ODP is considering moving the Year 3 final cost report submission deadline to October 8, 2010. Similar to Year 2, to ensure providers are familiar with the submission website and the upload procedures, ODP is also considering having providers upload a test submission prior to October 8. Final decisions on these items will be outlined in the Year 3 cost report instructions.

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12.	Submission Deadline	Doesn't the reconciliation with the AE's for the BASE monies address provider's concern about timely information for year end?	This may address these concerns for some providers.
13.	Other	Will there be gross adjustments for Year 3 and how do you apply for them?	The Year 1 gross adjustment process was designed to assist providers with cash flow issues encountered during the transition to billing through PROMISe (effective July 1, 2009). ODP does not anticipate continuing the gross adjustment process beyond Year 1.