Preschool/School Supportive Health Services Program (SSHSP) – Medicaid Cost Report and Cost Settlement Training

Winter 2018

New York State Department of Health

New York State Education Department

PCG Health

Public Focus. Proven Results.™

Agenda

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NY SSHSP Overview

NY SSHSP Overview

Background:

- In New York State, Medicaid reimbursement is available for certain services provided to students with Individualized Education Programs (IEPs). This program is called the Preschool/School Supportive Health Services Program (SSHSP) and is administered by the New York State Department of Health in conjunction with the State Education Department.
- Medicaid provides reimbursement for medically necessary services that are provided by SSHSP billing providers (public school districts and counties) to Medicaid-eligible students with IEPs as long as all Medicaid requirements are met.

NY SSHSP Overview

Background:

- School districts and counties participating in SSHSP are responsible for submitting interim fee-for-service claims to Medicaid throughout the year as services are provided. SSHSP providers receive interim payments based on a fee schedule.
- School districts which employ direct medical clinicians who provide Medicaid billable services are responsible for including those clinicians on the quarterly Random Moment Time Study (RMTS) rosters.
- Following the close of each school fiscal year (June 30th), all districts and counties participating in SSHSP are required to submit an Annual Medicaid Cost Report.

NY SSHSP Overview

Program Participation:

- SSHSP participation is voluntary and requires participation in the certified public expenditure (CPE) process (RMTS and annual cost reporting).

- School districts and counties that do not complete annual cost report and RMTS for years in which they had interim paid claims will be responsible for returning Medicaid payments received for interim fee-for-service SSHSP claims.

NY SSHSP Overview

Important Reminders:

- School districts and counties participating in SSHSP are responsible for submitting claims to Medicaid throughout the year as services are provided. SSHSP providers receive interim payments based on a fee schedule
- See Medicaid Alert #15-01, posted January 20, 2015 announcing the approval of Medicaid State Plan amendments for certified public expenditures (CPEs)
- Medicaid Alert #16-07, posted November 8, 2016 announcing IEP Ratio Methodology
- See Medicaid Alert # 17-03, posted on September 14, 2017, announcing the temporary suspension of the Random Moment Time Study (RMTS)
  - School districts must maintain quarterly staff pool lists and all records
- Medicaid Alert #18-09, posted on November 13, 2018 instructing school districts and counties to submit completed 2017-18 Staff Pool List templates to NYSSHSP@pcgus.com via email attachment

NY SSHSP Overview

Cost Based Reimbursement:

What is cost based reimbursement?

- Cost based reimbursement is a reimbursement methodology designed to ensure that reimbursement for the delivery of medical services reflects the actual cost of providing the service.
- A cost based reimbursement methodology determines the actual cost of delivering SSHSP services to special education students.
- School districts and counties are responsible for submitting an Annual Medicaid Cost Report in order to determine their allowable cost settlement.
- The Annual Medicaid Cost Report determines the cost settlement amount.

NY SSHSP Overview

Cost Based Reimbursement:

What are the possible results of cost settlement for SSHSP providers?

1. If Medicaid costs ***exceed*** reimbursement received, a settlement will be due.

Cost Settlement	Cost
Medicaid Cost For Direct Medical Services	$510,000
Federal Financial Participation (FFP)	50%
Medicaid Cost for Direct Medical Services, Net of FFP	$255,000
Medicaid Interim Payments Received for Direct Medicals Services, Net of FFP	$200,000
Medicaid Cost Settlement, Net of FFP	$55,000

NY SSHSP Overview

Cost Based Reimbursement:

What are the possible results of cost settlement for SSHSP providers?

2. If Medicaid costs ***are less than*** reimbursement received, school districts and counties may have to pay back the difference.

Cost Settlement	Cost
Medicaid Cost For Direct Medical Services	$450,000
Federal Financial Participation (FFP)	50%
Medicaid Cost for Direct Medical Services, Net of FFP	$225,000
Medicaid Interim Payments Received for Direct Medicals Services, Net of FFP	$300,000
Medicaid Cost Settlement, Net of FFP	($75,000)

NY SSHSP Cost Settlement Timeline

Cost Settlement Cycle

Cost Settlement Cycle

NYSSHSP Cost Settlement Timeline	Date
17/18 Cost Report Open	12/10/2018
17/18 Cost Report Trainings	12/10/2018 – 12/19/2018
17/18 Cost Report Certification	1/18/2019

NY SSHSP Services and Allowed Cost

NY SSHSP Services and Allowed Cost

What are the Medicaid Allowable Costs?

Allowable Service Costs included in the annual Medicaid Cost Report must relate to one of the following direct medical services which are included in the State Plan Amendment:

Allowed Direct Medical Services:
Psychological Evaluations
Occupational Therapy
Medical Specialist Evaluations
Physical Therapy
Speech Therapy
Audiological Evaluations
Psychological Counseling
Medical Evaluations
Skilled Nursing

NY SSHSP Services and Allowed Cost

Who can provide the Medicaid allowed direct medical services?

Medicaid Allowed Direct Medical Services must be provided by a Medicaid qualified practitioner in order for the cost to be reported. The next two slides include the list of Medicaid qualified practitioners for the SSHSP.

Handout 1, posted on SED's Medicaid-in-Education website, also includes this information:
http://www.oms.nysed.gov/medicaid/training_materials/handout_1_prov_quals_and_doc_rqrmnts_may_2015.pdf

Medicaid Approved Practitioners

Service	Medicaid Qualified Practitioners
Occupational Therapy	NYS licensed and registered occupational therapist; or certified occupational therapy assistant (COTA) under the direction of such a qualified licensed and registered occupational therapist
Speech Therapy	NYS licensed and registered speech-language pathologist; or teacher certified to provide speech and language services, under the documented direction of such a qualified licensed and registered speech-language pathologist
Physical Therapy	NYS licensed and registered physical therapist; or certified physical therapy assistant under the direction of such a qualified licensed and registered physical therapist
Skilled Nursing	NYS licensed and registered professional nurse; NYS licensed and registered practical nurse supervised by a licensed and registered healthcare provider in accordance with the Nurse Practice Act

Medicaid Approved Practitioners

Service	Medicaid Qualified Practitioners
Psychological Counseling	NYS licensed and registered psychiatrist; NYS licensed and registered psychologist; NYS licensed and registered clinical social worker (LCSW); NYS licensed and registered master social worker (LMSW) under the supervision of such qualified psychiatrist, psychologist, or LCSW
Psychological Evaluation	NYS licensed and registered psychiatrist; or NYS licensed and registered psychologist
Medical Evaluation	NYS licensed and registered physician, physician assistant, or nurse practitioner
Medical Specialist Evaluation	NYS licensed and registered physician, physician assistant, or nurse practitioner specialist practicing in the related area of specialization
Audiological Evaluation	NYS licensed and registered audiologist

NYSSHSP Services and Allowed Cost

How does a student's IEP factor into the NY SSHSP Cost Settlement?

- In order for a medical cost to be reported, the cost must be associated with a student who has an IEP for one of the Medicaid Allowable Services (see list on Slide 15)

Should school districts and counties use cash or accrual accounting when reporting cost?

- Districts and counties should use accrual accounting. Accrual based accounting is based on date of service. *SSHSP providers should <u>not</u> use cash accounting or date of payment.*

NY SSHSP Services and Allowed Cost

Important Reminders:

- In order to report an allowed medical service cost, the service must be provided by a Medicaid qualified practitioner.
- The service must be included in the individual's IEP.
- The report must use Accrual Based Accounting.
  - Date of service **not** date of payment

Cost Report Overview & Demonstration

General and Statistical Information

Indirect Cost Rate:

- CMS recognizes that school districts and counties incur indirect costs for SSHSP program administration.
- Indirect costs represent the expenses of doing business that are not readily identified within a particular grant, contract, or program, but are necessary for the general operation of the organization to conduct its activities.
- Each School District in New York State has its own ICR.
- Counties are given a flat 10% ICR.
- The ICR is applied to Annual Payroll Costs, Annual Material, Supplies, and Equipment Costs, and Annual Equipment Depreciation costs (total costs less amount paid with federal funds) in order to allow for proper identification of indirect costs.
- The ICR is not applied to contract or tuition cost.

General and Statistical Information

Direct Medical Service %:

- Random Moment Time Study (RMTS) results (also known as **the Direct Medical Service [DMS]** Percentage)
- The direct medical service percentage is calculated by PCG based on the results of the quarterly Random Moment Time Study.
- When the results of the RMTS are coded, specific codes identify, on average, how much time direct medical service providers spend performing direct medical services.
- The direct medical percentage is a statewide average rate and is not specific to a school district or county.
- The average from the three quarterly time study periods that occurred throughout the school fiscal year (October - December, January - March, and April - June) (no time study for July – September) are used to calculate the DMS%.
- The DMS% is applied to all reported Salary, Benefit, Materials, Supplies, and Equipment Costs.

General and Statistical Information

IEP Ratio:

What is the IEP Ratio?

- IEP Ratio = Total Number of Medicaid Eligible IEP Students with a Direct Medical Service in their IEP Total Number of ALL IEP Students with a Direct Medical Service in their IEP

$$\text{IEP Ratio} = \frac{\text{Total Number of Medicaid Eligible IEP Students with a Direct Medical Service in their IEP}}{\text{Total Number of ALL IEP Students with a Direct Medical Service in their IEP}}$$

General and Statistical Information

IEP Ratio:

What is the purpose of the IEP Ratio?

- The purpose of the IEP ratio is to allocate direct medical service costs to the Medicaid program.
- In other words, it is used to determine Medicaid's portion of direct medical service costs incurred by school districts and counties for the provision of SSHSP direct medical services IEP Ratios will be uploaded by PCG into the Medicaid Cost Report and Claiming System (MCRCS) and applied to each cost report in order to determine the Medicaid Allowable Direct Cost.

General and Statistical Information

IEP Ratio:

The IEP ratio corresponding to each LEA will be applied to an LEA's Payroll, Materials, Supplies and Equipment, Contract Cost and Tuition cost.

Example:

- The IEP ratio for an LEA is 40% and a school district or county paid $500,000 for all cost categories except Intergovernmental Agreements.
- How is this calculated?
  - $500,000 x 0.40 (40%) = $200,000

In this example, $200,000 of cost would be recognized as Medicaid direct medical service cost within the Medicaid cost report.

General and Statistical Information

Medicaid One-Way Trip Ratio:

What is the One Way Trip (OWT) Ratio?

- The ratio is calculated and reported annually on the Medicaid SSHSP Cost Report
- A Medicaid one-way trip is defined as a trip in which a Medicaid enrolled student who has specialized transportation services in their IEP and received another Medicaid-covered service provided by the school district or county on the day of the trip. The numerator will be completed by PCG based on paid claims data

$$\text{OWT Ratio} = \frac{\text{Total Number of Medicaid Paid One Way Trips (per MMIS)}}{\text{Total One Way Trips for Medicaid eligible students with specialized transportation in their IEP (from bus logs)}}$$

General and Statistical Information

Medicaid One-Way Trip Ratio:

What is the purpose of the Medicaid One Way Trip Ratio?

- The purpose of the One Way Trip ratio is to allocate specialized transportation costs to the Medicaid Program.
- In other words, it is used to determine Medicaid's portion of specialized transportation costs incurred by School districts and counties for the provision of SSHSP specialized transportation services.

General and Statistical Information

Specialized Transportation:

The seven CMS-approved cost and data elements used to determine Medicaid costs for Specialized Transportation Services include:

1. Salary costs for eligible specialized transportation service providers
2. Benefit costs for eligible specialized transportation service providers
3. Approved Specialized Transportation Non-Personnel costs
4. Depreciation costs for Approved Specialized Transportation Non-Personnel costs
5. School District and County Indirect Cost Rates (ICR) (pre-populated by PCG)
6. Specialized Transportation Ratio
7. One-Way Trip Ratio

General and Statistical Information

Specialized Transportation:

What is the Specialized Transportation Ratio?

- The Specialized Transportation Ratio is used to break out specialized transportation costs from general transportation costs.

$$\text{Specialized Transportation Ratio} = \frac{\text{Total Number of Medicaid Eligible Special Education Students Receiving Specialized Transportation Services per their IEP}}{\text{Total Number of ALL Students Receiving Transportation Services (Specialized or Non Specialized)}}$$

- The ratio is calculated by the district or county and reported annually on the Medicaid SSHSP Cost Report.

General and Statistical Information

Service Encounters

Total Service Encounters

Service Type	Number of Encounters
Occupational Therapy	0.00
Physical Therapy	
Speech Therapy	
Audiological Evaluations	
Psychological Counseling	
Skilled Nursing	
Medical Evaluations	
Medical Specialist Evaluations	
Psychological Evaluations	

- Districts and Counties will need to count the number of Individualized Educational Program (IEP) direct medical service encounters delivered per school year.
- An ***encounter*** is defined as a documented face-to-face direct medical service visit that was provided pursuant to the recommendations of a student's IEP by a qualified provider.

Example: A student's IEP contains a recommendation that Occupational Therapy services are to be provided for 20-30 minutes/3 times a week for 6 months. Each documented visit in which the student actually received at least 20 minutes of occupational therapy from a qualified provider would be counted as one encounter

General and Statistical Information

IMPORTANT REMINDERS:

- Districts and Counties who billed Medicaid for special transportation, should report transportation cost and ratio data.
- Service Encounters are a mandatory cost report section, and should be completed based on district and county medical records.
- For Service Encounters:
    - Consider only face-to-face contact time with the student and qualified provider; do not include pre-session planning or post-session write-up time when totaling up service encounters

Annual Payroll Information

IMPORTANT REMINDERS:

- Salaries are those payments from which payroll taxes are deducted. The reported salaries should be the total gross earnings for the individual during the reporting period.
- Salaries and benefits should only reflect the compensation for the quarters worked in which the employee provided an SSHSP service.
  - Ex. If an employee provided SSHSP services in two of the four quarters, only the salary and benefits for the two quarters should be reported.
- Salaries and benefits should only be reported for employees that provided direct medical services per a student's IEP for the 17-18 fiscal year
  - Ex. If you reported a Registered Nurse on your Annual Payroll section but no skilled nursing services were provided, you should enter in the salary and benefits as $0 and provide a response in the Annual Edits section as to why the salary and benefits are $0.

Direct Medical Service Materials, Supplies, and Equipment

IMPORTANT REMINDERS:

What are the approved direct medical service material, supply and equipment costs?

- CMS has approved a very limited list of direct medical service material, supply, and equipment costs (available on the MCRCS Dashboard).
- Only those items included within the approved list can be reported on the Medicaid cost report.
- Examples include: hearing aids, stethoscopes, wheelchairs, etc.
- Districts and counties can report costs for materials, supplies, and equipment which are actively used for the provision of a direct medical service.

Direct Medical Service Materials, Supplies, and Equipment

IMPORTANT REMINDERS:

- When reporting Direct Medical Service Materials, Supplies, and Equipment, districts and counties should report all CMS approved costs less than $5,000 on the Direct Medical Service Materials, Supplies, and Equipment page.
  - Direct Medical Service Materials, Supplies, and Equipment in excess of $5,000, should be reported on the Direct Medical Service Materials, Supplies, and Equipment Depreciation page.
- Districts and Counties should ONLY report Direct Medical Service Materials, Supplies, and Equipment cost if there is a CMS approved practitioner approved to provide the service in use of the medical service materials, supplies, and equipment.

Direct Medical Service Materials, Supplies, and Equipment
Depreciation Costs for Approved Direct Medical Service Equipment

IMPORTANT REMINDERS:

- Straight-line depreciation method is a method of calculating the depreciation of an asset which assumes the asset will lose an equal amount of value each year.
- The annual depreciation is calculated by dividing the purchase price by the estimated useful life of the asset.

Annual Contractors Costs

IMPORTANT REMINDERS:

- All individuals whose costs are captured in this section must be included on the Supplemental Form for Contracted Practitioners – this includes BOCES
- Contract Costs with other school districts or counties must be reported in Intergovernmental Contract Cost
- Contract costs should only be reported for students with an IEP for a related service

Annual Tuition Costs

IMPORTANT REMINDERS:

- Public School Tuition should NOT be reported in Annual Tuition Cost. Public School Tuition should be reported in Intergovernmental Tuition
- Tuition cost should ONLY be reported for costs associated with a student who had an IEP for a related service
- BOCES cost should not be reported under Annual Tuition, but the cost should be broken out by related service in Annual Contract Cost

Annual Intergovernmental Agreement Costs

- This section identifies expenses and revenues related to contract and tuition services between public school districts and counties
- Public school districts and counties are required to report contract and tuition expenses paid to other school districts or counties under the Annual Intergovernmental Agreements section

- **Please note:** Public school districts and counties are also required to validate revenues received from other districts and counties for the provision of contract or tuition services. This validation occurs during the Desk Review period.

Annual Intergovernmental Agreement Costs

Intergovernmental Agreement (IA) contract expenses paid to a public school district or county are reported in the same manner as Annual Contract Costs

- The district/county must report the service type, contracted entity, total amount paid, and any amount paid using federal funds.

IA tuition expenses paid to a public school district or county are reported in the same manner as Annual Tuition Costs

- The district/county must report the tuition school, total amount paid, and any amount paid using federal funds.

Annual Intergovernmental Agreement Costs

Example: A public school district contracts with a county for Speech Therapy.

- The school district reports an expense to the county under IA Contract Expenses
- Once all reports are certified, PCG extracts this information from the school district's report and provides it to the county
- The county will then validate that amount during the Desk Review as an IA Contract Revenue

School District A	County A
Expense: $1,000 – Speech Therapy	Revenue: $1,000 – Speech Therapy
School District A IEP Ratio: 40%	School District A IEP Ratio: 40%
Medicaid Allowable Expense: $400	Medicaid Allowable Revenue: $400
Net Medicaid Cost: $0	

Intergovernmental Tuition and Contract Cost Health Related Percentage for Annual Tuition

- Tuition costs entered will be used to calculate the Tuition Payments Net Federal Funds
  - (Tuition Payments) – (Federal Funds) = Tuition Payments Net Federal Funds

- This value will then be multiplied by the Health Related Percentage which is distinct for each school/agency and will be calculated by PCG based on data from the agency or school's Consolidated Fiscal Report (CFR) or the school district's Annual Financial Report (ST-3)
  - (Tuition Payments Net Federal Funds) x (Health Related Percentage) = Health Related Expense

- The Health Related Expense will then be used to determine the Medicaid allowable costs for cost settlement.

Intergovernmental Tuition and Contract Cost Health Related Tuition Percentage for IA Tuition

- When reporting an IA tuition expense, the health related percentage is applied in the same manner used for Annual Tuition Costs.
  - (Tuition Expense Net Federal Funds) x (Health Related Percentage of reported entity) = Health Related Expense

- When determining the IA tuition revenue, the health related percentage for the reporting district/county will be applied.
  - (Tuition Expense Net Federal Funds) x (Health Related Percentage of reporting entity) = Health Related Revenue

Annual Intergovernmental Agreement Costs

IMPORTANT REMINDERS:

- Public school districts and counties are required during the Desk Review period to validate revenues received from other districts and counties for the provision of contract or tuition service.

- As with Annual Tuition and Contract Cost, Intergovernmental Tuition and Contract Cost must be associated with a service provided to a student with an IEP that includes the related service.

- Costs related to dormitory or maintenance fees are not Medicaid reimbursable and therefore should not be included in this section.

Supplemental Forms

Supplemental Form Purpose:	• To ensure that all reported Annual Contract Cost and Intergovernmental Contract Cost are provided by licensed and qualified practitioners. • In other words, in order to report an expense on the NY SSHSP cost report the practitioner who provided the service must be qualified by Medicaid to provide the service.
Supplemental Form Instructions:	• LEAs should only report Annual Contract Cost and Intergovernmental Contract Cost for students with an IEP for the health related service and are provided by Medicaid approved and qualified practitioner. • Once the LEA has completed the cost report, the LEA should complete the Supplemental Form. The form should include the first name, last name, full professional job title, and NPI number for all practitioners associated with cost reported on the cost report. • If the practitioner who provided the service works UDO a supervisor, then the LEA should report the supervisor's information in the "Supervisors Information" field of the form. • If any of the above information is missing, the form will be considered incomplete. • Once all practitioners are reported, please send via email to nysshsp@pcgus.com.

Transportation

IMPORTANT REMINDERS:

- Please see Medicaid Alert 13-10, Clarification of Federal Guidelines for Medicaid Reimbursement of Transportation for SSHSP
  - http://www.oms.nysed.gov/medicaid/medicaid_alerts/alerts_2013/13_10_clarification_of_federal_guidelines_for_transport_8_28_13.pdf

Annual Edits

- Once the information has been reported, the system reviews the information for common errors and will note any edits that require a resolution on the Annual Edits Page of the cost report.
- Examples of common errors include reporting paid hours and no salaries or contracted compensation, reporting disproportional benefit-to- salary ratios, inclusion of materials, supplies and equipment without corresponding payroll. **If one of these common errors is identified, the provider either must make necessary revisions or provide a written explanation as to why the reported information is accurate before they can certify their cost report**.
- Once the edits/reviews have been resolved or explained, the web-based system generates the cost report from the reported information. The provider then certifies the data and electronically submits the cost report.

Summary and Certification

- The Cost Summary Report section provides a summary of all of the data included on all of the pages within the cost report and will include all the calculations of the Medicaid Allowable costs to be used in the annual cost settlement calculation

- To certify the report, scroll down to the bottom of the Cost Summary Report section and click the “Click to certify Medicaid cost report” button

Click to certify Medicaid cost report

- Once the report is certified all sections are locked and you will not be able to go back in and make any changes. If changes need to be made please send an email to NYSSHSP@pcgus.com requesting that your cost report be reopened and provide an explanation for why changes need to be made.

Contact Information

Contact Information

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