The Cost Settlement Process—Heighten Your Perspective!

NAME 2011 Presentation
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Objectives
- Better understand the federal requirements for cost settlement
- Learn about the impact on state and local district processes and procedures, including lessons learned and best practices
- Learn how cost settlement impacts your FFS and MAC programs, including the time study process and annual cost reconciliation

Cost Settlement – The Basics
- Federal Medicaid (CMS) requires that States demonstrate that rates paid for school-based services are no higher than the actual cost of providing medical services
- Cost settlement is the most common mechanism by which this is achieved
Cost Settlement in Michigan

- Basic Information
  - 57 Intermediate School Districts, 570 districts, 250 charters, 1,600,000 Students
  - 100% Program Participation
- Unique Aspects of Program
  - 1/12 Interim Payment Methodology based on Previous Year’s Cost Reconciliation
  - 4 Cost Pools
  - Summer Quarter Time Study
- Outcomes to Date
  - Wayne RESA
    - 2007-08 = $5,854,969
    - 2008-09 = $8,634,255 (New Program Begins)
    - 2009-10 Est. = $12,988,510

Cost Settlement in Arizona

- Basic Information
  - 219 Districts, 423 Charters, 1,012,000 Students
  - Program Participation: 56.6% of Districts, .01% of Charters
- Unique Aspects
  - School Based Services Third Party Administrator
  - Health Aid Service Authorization Process
  - Implementation Challenges
    - Personal Care Service Providers
- Timeline
  - Currently in early implementation phase (July 1, 2011) awaiting CMS approval of SPA
  - First cost settlement to occur mid-2013

Best Practices – Change Management

- From the State Agency Perspective
  - Program requirements must be communicated and re-communicated
  - All stakeholders (Medicaid, Education, LEAs, TPA, billers) must be aligned in terms of incentives
  - New program methodology must be understood by all
  - May require Untraining and ReTraining
  - Need structure in program to provide support as well as accountability

- From the LEA Perspective
  - Partnership between Medicaid, Department of Education, and Providers is essential
  - Communication via multiple channels on program requirements
  - New stakeholders must be addressed (business office)
  - Stakeholders need information appropriate for their role
  - Example: Implementers communicate with implementers
Best Practices – Staff Pool List

- From the State Agency Perspective
  - Staff pool list represents all staff who are eligible and participating in the program—it is not just applicable to MAC
  - Staff pools must be constructed through analysis of each individual’s job functions and role as opposed to categorically
  - Business office and special education department must communicate to select correct staff for lists

- From the LEA Perspective
  - Right staff must be on the list—and all must be logging services
  - Use placeholders
  - Business office and special education department must communicate to select correct staff for lists

Best Practices - RMTS

- From the State Agency Perspective
  - Education of LEA staff not currently participating in MAC/RMTS
  - Transferring knowledge to other staff within the LEA
  - Return rate compliance

- From the LEA Perspective
  - Insist on 100% compliance
  - Insist on completion of moments within 5 days
  - Offer localized training on how to complete RMTS with an appropriate level of detail

Best Practices – Cost Reporting

- From the State Agency Perspective
  - Create a clear understanding of the increased importance of accurate cost reporting—beyond MAC
  - Business office and special education department must work cooperatively
  - Simplifying cost reporting process and conducting cost benefit analysis

- From the LEA Perspective
  - Business office and special education department must work cooperatively
  - Business office staff must be trained comprehensively on the program and the reporting requirements
  - Friendly reminders and emails help!
  - Coordinator must be a deadline taskmaster
Best Practices – Compliance Management

From the State Agency Perspective
- Understanding lessons/trends from past compliance issues
  - RMTS return rates
  - Cost reporting issues
- Peer pressure
- RMTS oversampling
- Claiming thresholds to incentivize continued claiming
- Continued monitoring of program documentation requirements

From the LEA Perspective
- Develop clear requirements in terms of documentation and enforce them
- Develop a local newsletter to remind all of important tasks/deadlines as well as benefits and outcomes
- Help bridge the gap between the "medical model" of Medicaid and the educational environment
- Monitor licensure
- Ensure all deadlines are met
- Conduct your own internal program audit annually—pretend you are the Medicaid agency
- Monitor claiming activity
- Set high standards

Best Practices – Other Settlement Factors

From the State Agency Perspective
- Partnerships to facilitate cooperation between medical and educational "worlds"
- Effective decision-making process
  - Cost reporting for transportation
  - Developing an accurate special education Medicaid Eligibility Rate
- Provider issues

From the LEA Perspective
- Make sure dated, legible prescriptions are in place (with NPI) as needed
- Make sure transportation and personal care services are appropriately listed on IEP
- Verify special education MER as compared to other state reports
- 85% monthly
Optimizing SBS Revenue

- Integrity of Staff Pool List
  - Inclusion of Only Staff Billing on a Monthly Basis
  - Federal Funding Issues
- Integrity of RMTS
  - All Districts Meeting 85% Return Rate
  - Targeted Training for Specific Cost Pools
  - Regular Coding Training based on Current State Initiatives
- Integrity of LEA Cost Reporting
  - Ability of LEA to Detail Costs to Provider Level According to Allowable Cost Categories
  - Accuracy of Transportation Factors
  - Alignment of Stakeholder Incentives

Accurate Interim Payments

- The key to a program that optimizes revenue for program stakeholders is supporting processes that allow LEAs to come as close as possible to a zero cost settlement
  - If the program is adjusting rates annually based on the results of the most recent cost settlement, this should occur naturally over the course of several years
  - LEAs must have a mechanism for lowering their interim rates themselves to prevent payback situation during cost settlement
    - LEAs need support for self-determining rates
  - Sometimes billing vendor arrangements work against lower interim rate structures

Managing Cost Settlement Risk

- Balance of Revenue Optimization Opportunity and Operational Efficiency
  - State Example: Separate Personal Care Provider Cost Pool
  - LEA Example: Reporting Other Allowable Costs
- Clarity on Allowable Cost Categories
  - Documentation, Documentation, Documentation
Program Audit Considerations

- Demonstration of Appropriate State Oversight
- Statewide Vendor Activities
- Reasonableness of LEA Reporting
- Clear Program Guidance and Documentation of Program Requirements
- Address Documentation Issues
  - Maintenance of Data Sources
    - Cost Report
    - Transportation
    - Special Education MER
- Develop Appropriate Sanctions for Noncompliance
- Exclusion of Federal Funding from Cost Reporting