



Commonwealth of Kentucky School District  
Medicaid SBHS Cost Report  
August 2013



# Agenda

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<b>1</b>	<b>Fairbanks Introduction</b>
<b>2</b>	<b>Medicaid Program</b>
<b>3</b>	<b>Kentucky Medicaid School Based Program</b>
<b>4</b>	<b>Program Enhancements- SBHS Cost Report Overview</b>
<b>5</b>	<b>Cost Report Timelines</b>

# About Fairbanks

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- Fairbanks team has designed, implemented and managed Medicaid claiming in 15 states, representing 8,000 LEAs and 10 million students
  - Experienced in statewide implementations
  - Both local and national expertise
  - Policy experts and legal resources in school-based claiming
- The Fairbanks system provides a completely web-enabled approach to each step in the FFS Cost Report, enabling:
  - Simplified participation and management for both school system and state personnel
  - Data quality checks on all program requirements
  - Built in audit and compliance testing
- Significant state and federal audit experience, including:
  - Statewide contracts to serve as school-based Medicaid compliance vendor for technology reviews, program reviews and audit plans
  - Develop, implement and monitor statewide compliance monitoring plans

# Fairbanks and Kentucky

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- Fairbanks has been contracted by DMS to implement the KY School Based fee-for service and Specialized Transportation Cost Reports
- Fairbanks has worked closely with DMS, KDE and the local school districts to complete and review the cost reports for fiscal years 2009, 2010, and 2011.
- FY 2012 Cost Report has been collected, desk review completed and Settlement calculations should be finalized in the Fall of 2013.
- Our team has trained and will continue training school district personnel in the cost report process, collect all district level reports, perform audits of the program, and submit to DMS a cost reconciliation report for the year-end settlements

# Medicaid Program Overview

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# What is Medicaid?

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- Medicaid was created on July 30, 1965, through Title XIX of the Social Security Act.
- Medicaid provides health coverage or nursing home coverage to certain categories of income individuals, including:
  - children
  - pregnant women
  - parents of eligible children
  - people with disabilities
  - elderly
- Each state administers its own Medicaid program while the federal Centers for Medicare and Medicaid Services (CMS) monitors the state-run programs and establishes requirements for service delivery, quality, funding, and eligibility standards.
- Medicaid is jointly funded by the state and federal governments, and is managed by the states.

# Medicaid & Schools

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- In the educational setting, school personnel often become involved in identifying, coordinating, delivering and monitoring students' needs for health and related services.
- Although school staff typically associate these activities as supporting an educational need, many of these functions are reimbursable through the school-based Medicaid programs.
- School systems are uniquely positioned to share information regarding Medicaid and covered health services, assist in child enrollment, and the provision and coordination of services.
- The Early and Periodic, Screening, Diagnostic, and Treatment (EPSDT) Program is Medicaid's provision for providing preventative child health services for individuals under the age of 21:
  - Periodic health screening, Dental Services; Vision services; Hearing Services

# Medicaid School Based Services

There are two distinct Medicaid reimbursement programs that school systems may participate in:

Medicaid School Based Services	
Medicaid Administrative Claiming (SBAC in KY)	Fee For Service (FFS)
<p><b>Federal Medicaid Reimbursement for administrative activities such as:</b></p> <ul style="list-style-type: none"><li>• Coordination of medical and mental health related services covered by Medicaid</li><li>• Linking students to Medicaid services</li><li>• Monitoring the delivery of medical and mental health services performed in the school system</li></ul>	<p><b>Federal Medicaid Reimbursement for direct medical services such as:</b></p> <ul style="list-style-type: none"><li>• Speech Therapy</li><li>• Physical Therapy</li><li>• Occupational Therapy</li><li>• Nursing</li><li>• Mental Health</li><li>• Audiology</li><li>• Specialized Transportation</li></ul>

# KY Medicaid School Based Program

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# KY School Based Medicaid Claiming Program

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- The Commonwealth of KY Department of Education (KDE), Department of Medicaid Services (DMS) and the local education agencies (LEA) participate in the School Based Health Services- Fee for Service (FFS) and the School Based Administrative Claiming programs (SBAC)
- Through the interagency agreement between DMS and KDE, school districts can claim reimbursement for eligible health related services, specialized transportation, and allowable costs identified by the SBAC and the FFS programs
- The SBAC is administered by the KDE and the Cost Report and FFS program is administered by the DMS
- Approximately 150 LEAs currently participate in the Medicaid claiming program
- Each LEA works with FFS contractors and SBAC contractors, or on their own to submit claims for payment by the DMS

# KY Medicaid Program Roles

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- Department for Medicaid Services (DMS)
  - The DMS is responsible for SBAC and FFS program oversight, claims processing, and ongoing audits and desk reviews
- Kentucky State Department of Education (KDE)
  - KDE assists/provides feedback in the administration of the SBAC program and provides some of the quarterly data needed for SBAC claims.
- Local Education Agency (LEA)
  - Participate in the FFS Claiming, SBAC claims and Cost Reporting
  - Collects all appropriate and required documentation needed for claim submission and cost report preparation
  - Maintain documentation for audit purposes
- Fee For Service Contractors
  - Submit FFS claims to DMS for Medicaid Reimbursement on behalf of LEAs
- SBAC Contractors
  - Conduct RMTS and calculate the SBAC claims

# Program Roles

Fairbanks System				
	Training	Cost Reporting	Auditing	Cost Settlement
 LEA Personnel	Attend Mandatory Trainings  Live Or  Webinar	Report LEA Costs in the Fairbanks System  Certify	Provide Supporting Documentation 	Implement New Interim Rates Accept settlement or recoupment amount 
	Conduct Trainings 	Data Quality Checks  Follow up on errors or discrepancies 	Perform Desk Reviews  Perform Onsite Audits 	Calculate and Report Cost Settlements Calculate and New Interim Rates 
DMS	Review and Approve Training Materials and Schedule 	Monitor LEA Compliance with Timelines and Data Integrity 	Review Onsite Audit Selections and Audit Results 	Provide LEA Interim Payment and Rate Information 

# Program Enhancements- Cost Report

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# FFS Cost Report Overview

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- Kentucky transitioned to a cost-based approach for the FFS program and Specialized Transportation beginning with the 2008-2009 cost report period
- FFS Cost Reports must be completed annually, and are used to compare FFS “interim” payments received throughout the year to actual costs collected on the Cost Report
- Cost Reports FY09, FY10 and FY11 are all complete and have been reviewed and Settled. FY12 Cost Reports are about to undergo Field Audits.
- Cost Reports are interrelated with the FFS and the Administrative Claiming RMTS processes currently in place

# Relationship of RMTS to Cost Report

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- The CMS approved plan requires that providers submit an annual FFS Cost Report, which will trigger cost reconciliation and a cost settlement.
- The plan also requires that providers must participate in the RMTS time study for SBAC in order to bill for FFS.
- In order to remain eligible for FFS reimbursement, a district must participate in RMTS. Participation includes but is not limited to:
  - Ensuring RMTS Program Contact has been trained
  - Ensuring the RMTS Participant List is updated each quarter
  - Meet the 85% RMTS participation rate requirement
- The results of the time study are the basis for the calculation of the direct medical services percentage that is used during the cost reporting process to allocate costs to the Medicaid program.

# Example of the Allocation of RMTS Results

## Results

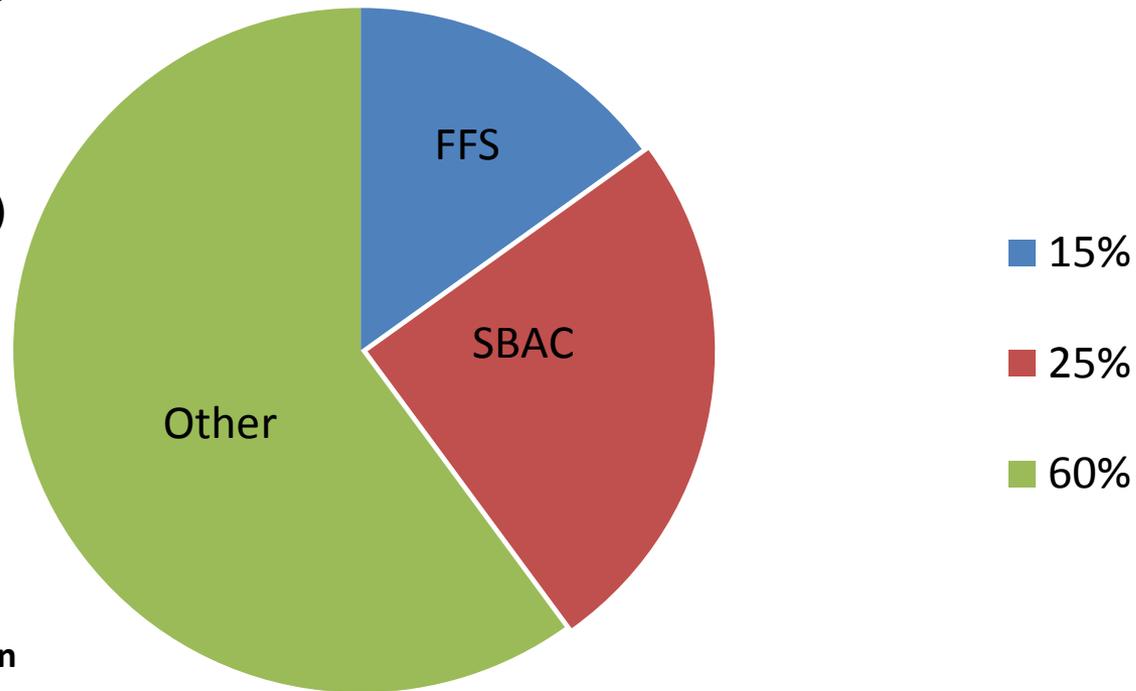
### Medicaid Funding in Schools

•RMTS provides quarterly results of the time spent on Medicaid eligible services

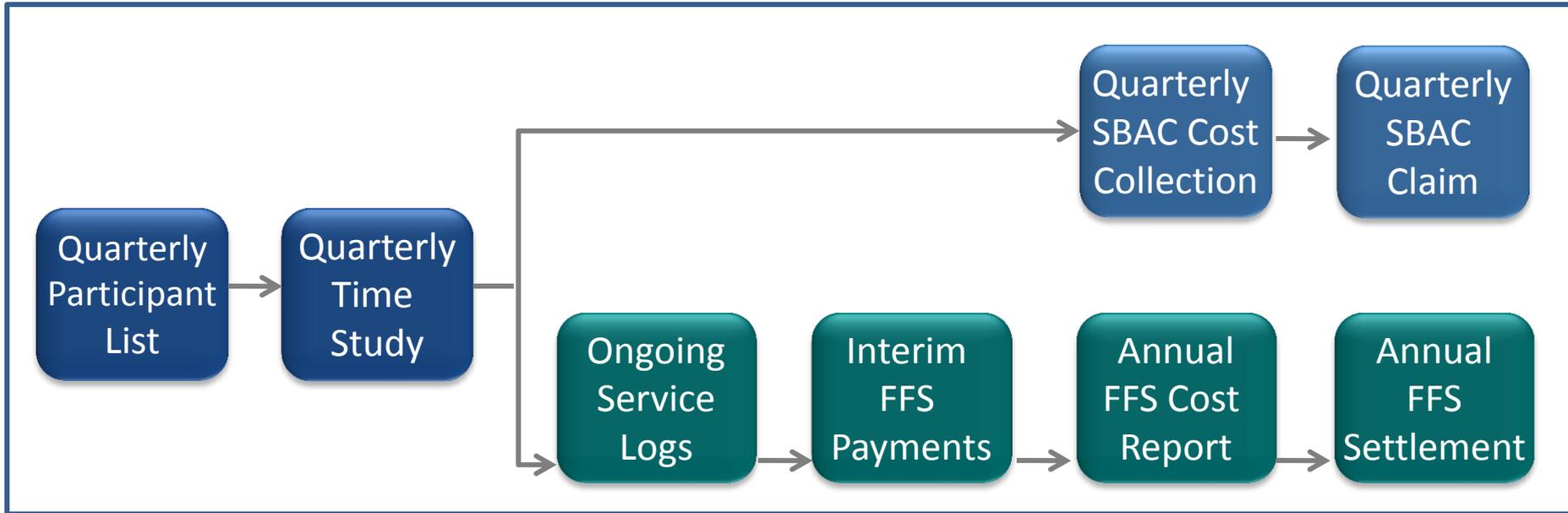
1. Direct Services (FFS)
2. Administrative (SBAC)
3. Other (not Medicaid related)

•Annual Cost Report calculates annual % of direct services

•SBAC quarterly % used in the current SBAC process



# Service Documentation and Claiming Process related to Cost Report



- Quarterly SBAC Claims are based on actual time study results and actual expenditures, therefore no annual reconciliation is required.
- FFS payments are based on rates established by DMS based on FFS services submitted by LEAs. Therefore, FFS payments are considered “interim” until the annual cost report & settlement occurs.
- Ongoing service logs and Interim FFS payments do not change.

# Why does the Participant List matter?

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- Only those individuals that are listed on the Participant List will be eligible to have costs reported
- Decisions today on the PL, matter tomorrow on the Cost Report
- For example, the first quarter's PL for FY14, which is October-December 2013, will be due in September 2013

**OD13 (FY14)  
PL for OD13  
due  
September  
2013**

**FY14 Cost  
Report due  
March  
2015**

**FY14  
Settlement  
August  
2015**

**FY14 Field  
Audits  
Spring  
2016**

**FY14 Final  
Report  
June 2016**

# Transportation Cost Report Overview

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- Specialized transportation to and from school may be claimed as a Medicaid service when the following conditions are met
  - Need for specialized transportation is stated in child's IEP (T5 students)
  - Approved medical service is provided the day transportation is claimed
  - Interim payments for service are billed as a one way trip
- Transportation costs that can be included in cost report:
  - Bus drivers Salaries and Benefits
  - Mechanics Salaries and Benefits
  - Fuel
  - Repairs and Maintenance
  - Rentals
  - Contract Use
  - Vehicle Depreciation

# Interim Ticket Rate Setting & Payment Process

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- LEAs submit claims for direct services and transportation services (many LEAs use KSBA)
- Interim rates are set by DMS for each of these eligible services
- Tickets that are submitted to DMS are paid by DMS

**Payments are considered interim because it is not until Cost Settlement that a final payment/collection is made**

# Cost Report Timelines

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# Cost Report Timelines

Fiscal Year	System Opens for Cost Collection	System Closes for Cost Collection	Re-Certification on Final Data	Cost Settlement Calculated	17 Field Audits Completed
FY09	Complete	Complete	Complete	Complete	Complete
FY10	Complete	Complete	Complete	Complete	Complete
FY11	Complete	Complete	Complete	Complete	Complete
FY12	March 2013	March 2013	July 2013	Fall 2013	June 2014
FY13	March 2014	March 2014	July 2014	Fall 2014	June 2015



# Example of Cost Report Process

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**During any Fiscal Year (i.e. FY12 = 7/1/11-6/30/12)**

- LEA submits direct services to DMS for reimbursement
- DMS pays the LEA for these services and they are termed “Interim Payments/Data”



# Example of Cost Report Process (cont.)

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## In March of the following year

- Fairbanks opens website for online financial reporting for FY12 Cost Report. All reporting is completed within the month and is based on the “Interim” Data as mentioned above



# Example of Cost Report Process (cont.)

## Beginning in July of the following year

- Online Cost Report is re-opened by Fairbanks and “Final” Data is loaded. (*This is due to the fact that if a direct service was delivered on 6/30/2012 (part of FY12), it could successfully be billed to DMS up to 6/29/2013. Thus, data cannot be finalized until 7/1/2013.*)
- Only those LEAs that have changes from the Interim to the Final Data will need to re-certify their Cost Report. Fairbanks will load the Final Data and contact the LEA with instructions on how to re-certify.
- In FY12 this affected approximately 63 of the 144 LEAs.
- Once all re-certifications have been completed, the reported costs along with the DMS previously paid claims then feed the Cost Settlement calculations.



# Cost Settlement Process

## Beginning in the Fall of the following year

- Fairbanks & DMS follow the cost calculation outlined in the approved State Plan Amendment to determine the cost total the LEA is entitled to under Cost Settlement. Interim payments are captured from DMS. If interim payments are lower, the LEA receives money in Settlement. If interim payments are higher, the LEA must pay back DMS.



# Cost Settlement Process (cont.)

## Beginning in Winter 2013 into Spring 2014

- To provide oversight and monitoring, in addition to 100% desk review of all submitted cost reports, Fairbanks conducts field audits to validate the submitted and reviewed Cost Reports in at least 17 LEAs on an annual basis.



# Cost Settlement Process (cont.)

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## June 2014

- Final Reconciliation occurs between Fairbanks and DMS based on results of Field Audits
- Federal Medicaid requires that any over payment that is identified, at any point in the process, must be returned to the Federal government



# Why do some LEAs payback money?

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## Reason #1:

**Not reporting all eligible staff on the Participant List**

## Reason #2:

**Not reporting all eligible costs**

# Best Practices for Audit Documentation supporting the Cost Report

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- **Licensing** – for staff that require a license, be sure effective year matches Cost Report year
- **Contracts** – for contracted employees, be sure the contract year matches Cost Report year
- **Job Description** - for all employees not requiring a License or Contract, be sure to keep job description for Cost Report year on file
- **MUNIS reports** – these reports seem to clearly document salary and benefits – include only those individuals on your Cost Report
- Use **Accounting Codes** to identify particular expenses, i.e. fuel, Travel and Training, etc
- **Transportation** – save the report identifying the number of T5 Students and the corresponding IEPs to support that Transportation is included in the IEPs of these T5 students

# Questions

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- **Fairbanks Contact Information**

Client Information Center

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