



DCS Cost Report Training 2013

OVERVIEW TRAINING



Agenda

- Background Information
- Cost Report Process
- Cost Report Completion
- Questions and Answers



Title IV-E

Social Security Act

Sec. 475. [42 U.S.C. 675]

“(4)(A) The term “foster care maintenance payments” means payments to cover the cost of (and the cost of providing) food, clothing, shelter, daily supervision, school supplies, a child’s personal incidentals, liability insurance with respect to a child, reasonable travel to the child’s home for visitation, and reasonable travel for the child to remain in the school in which the child is enrolled at the time of placement”

Source: http://www.ssa.gov/OP_Home/ssact/title04/0475.htm



Title IV-E

Code of Federal Regulations, Title 45 (Public Welfare) 45 CFR 1356.60(c)(2)

“(2) The following are examples of allowable administrative costs necessary for the administration of the foster care program:

- (i) Referral to services;
- (ii) Preparation for and participation in judicial determinations;
- (iii) Placement of the child;
- (iv) Development of the case plan;
- (v) Case reviews;
- (vi) Case management and supervision;
- (vii) Recruitment and licensing of foster homes and institutions;
- (viii) Rate setting; and
- (ix) A proportionate share of related agency overhead.
- (x) Costs related to data collection and reporting”



Rates

Cost Based Rate...

- Eligible Costs ÷ Utilization = Payment Rate
- Rate Disallowances
 - (Listed in order as it is applied to the report)*
 - Salary Cap
 - Fringe Benefit Cap
 - Staffing Ratio/Caseload Ratio Cap
 - Occupancy Cap *(not applicable to CPAs)*
 - Administrative Cap
- Profit Margin
- COLA



Random Moment Sample

- Means of distributing/allocating costs
- Federal Funding
- RTSP
 - Paper Sample
 - 3,000 samples per quarter
- CPA
 - Email
 - 2,600 samples per quarter
- Contact DCS



Resources

OMB Circular A-87:

http://www.whitehouse.gov/omb/circulars/a087/a87_2004.pdf

OMB Circular A-122:

http://www.whitehouse.gov/omb/circulars/a122/a122_2004.pdf

USDA Expenditures on Children by Families

<http://www.cnpp.usda.gov/ExpendituresonChildrenbyFamilies.htm>

Social Security Act:

http://www.ssa.gov/OP_Home/ssact/title04/0400.htm

Code of Federal Regulations, Title 45–Public Welfare

<http://www.gpo.gov/fdsys/pkg/CFR-2007-title45-vol4/pdf/CFR-2007-title45-vol4-part1356.pdf>



Resources

RTSP (465 IAC 2-16) & CPA (465 IAC 2-17)

http://www.in.gov/legislative/iac/iac_title?iact=465

Cost Report and Instructions

<http://www.in.gov/dcs/2334.htm>

RTSP Provider Manual 2013

<http://www.in.gov/dcs/files/Rulesresidentialprovidermanual2013.pdf>

CPA Provider Manual 2013

<http://www.in.gov/dcs/files/RulesChildplacingagencyprovidermanual112312.pdf>



Cost Report Process

| <u>Phase 1: Planning and Completion</u> | |
|--|---------------------------|
| Public Hearing | January |
| Training | February – March |
| Preparation | Ongoing |
| Cost Report Completion | February – March |
| <u>Phase 2: Audits</u> | |
| Desk Audits | April – July |
| Rate Distribution | Late Summer |
| Audits | June – December (ongoing) |
| <u>Phase 3: Rate Reviews</u> | |
| Administrative Reviews | ? |
| Appeals/Hearing | ? |



Cost Report Completion

What you'll need...

- Program Information
- Financial Information
- Census / Utilization Information
- Allocation Methodologies

Include Actual Costs

- **NO** Estimates
- **NO** “Other” (exception: where noted)
- **NO** Budgeted Figures (exception: new program)



Budgeted Reports

- Pro-Forma (12 month of data)
- How to complete?
 - Mirror existing report
 - Based on budgeted data
- Select “Yes” in the “Budget Cost Report?” box on “Programs” tab of cost report
- Utilization?
 - Calculate at 80%
 - Back into based on FTEs

• **RTSP Utilization** = $[(\{\$3.1 \ \& \ \$3.3 \ \text{Time Study FTEs}\} \div 4.2) \times \text{Staffing Ratio}] \times 365$

• **CPA Utilization** = $[(\$3.1 \ \& \ \$3.3 \ \text{Time Study FTEs}) \times \text{Caseload Ratio}] \times 365$



Cost Identification

Allocation Methodologies

- Appropriate way of dispersing costs
- When used?
 - Account tied to multiple programs/cost centers
 - Account tied to multiple cost columns
- What to do?
 - Excel
 - Review
 - Account for 100% of cost
 - Reconcile
 - Be consistent (Cost & FTE allocations)



Cost Identification

Examples Allocation Methodologies

- Direct
- Utilization
- Revenue
- FTE
- Acuity of Child/Program
- Square Footage
- Meals Served
- Travel Logs
- Work Orders
- Handsets





Cost Report Cost Columns

Total: Total of allocated cost columns

Administrative: General and/or Programmatic Administrative

Maintenance (RTSP ONLY): Food, Clothing, Shelter, Daily Supervision, Personal Incidentals

Adoption (CPA ONLY): Permanent placement of children

Time Study: Primary direct care staff cost, Case Managers, Licensing & Recruiting staff

Case Management: Case plan and case development

Non IV-E (IL & Recreation): Non-supervision recreation or Independent Living

Behavioral Health: Counseling, Therapy, Crisis Intervention

Medical: Administering medical procedures

Education: On-site school/classroom related costs

Unallowable: Federally Unallowable or unallowable per 465 IAC 2-16-21(c) (RTSP, or 465 IAC 2-17-23(c) (CPA)

Note:

More thorough description included within instructions



Understanding the Columns

RTSP

§3.1 through §3.3

What do they mean?

| Administrative | | | Maintenance | | | Time Study | | | Non IV-E (IL & Recreation) | | | Behavioral Health | | | Medical | | | Education | | | Unallowable | | |
|----------------|-----|---|-------------|-----|---|------------|-----|---|----------------------------|-----|---|-------------------|-----|---|---------|-----|---|-----------|-----|---|-------------|-----|---|
| \$ | FTE | % | \$ | FTE | % | \$ | FTE | % | \$ | FTE | % | \$ | FTE | % | \$ | FTE | % | \$ | FTE | % | \$ | FTE | % |
| A | | | B | | | C | | | B | | | D | | | B | | | B | | | D | | |

- A:** Subjected to (1) Salary Cap and (2) Administrative Cap; allocated by % of Direct Costs
- B:** Maintenance, Non IV-E (IL & Recreation), and Education subjected to Salary Cap, Medical is not; 100% included in payment rate
- C:** Subjected to (1) Salary Cap and (2) Staffing Ratio Cap; allocated by RMS %, included in payment rate
- D:** Not subjected to any cap, not included in payment rate; does affect Administrative Allocation



Understanding the Columns

RTSP

§4.1 through §4.4

| Administrative | | Maintenance | | Case Management | | Non IV-E (IL & Recreation) | | Behavioral Health | | Medical | | Education | | Unallowable | |
|----------------|---|-------------|---|-----------------|---|----------------------------|---|-------------------|---|---------|---|-----------|---|-------------|---|
| \$ | % | \$ | % | \$ | % | \$ | % | \$ | % | \$ | % | \$ | % | \$ | % |
| A | | B | | B | | B | | D | | B | | B | | D | |

A: Subjected to Administrative Cap; allocated by % of Direct Costs

B: Not subjected to any cap; 100% included in payment rate

D: Not subjected to any cap, not included in payment rate; does affect Administrative Allocation

Note: All costs of §4.3 Occupancy are subjected to Occupancy Cap, regardless of its allocation



Understanding the Columns

CPA

§3.1 through §3.3

What do they mean?

| Administrative | | | Adoption | | | Time Study | | | Non IV-E (IL & Recreation) | | | Behavioral Health | | | Medical | | | Education | | | Unallowable | | |
|----------------|-----|---|----------|-----|---|------------|-----|---|----------------------------|-----|---|-------------------|-----|---|---------|-----|---|-----------|-----|---|-------------|-----|---|
| \$ | FTE | % | \$ | FTE | % | \$ | FTE | % | \$ | FTE | % | \$ | FTE | % | \$ | FTE | % | \$ | FTE | % | \$ | FTE | % |
| A | | | D | | | C | | | D | | | D | | | D | | | D | | | D | | |

- A:** Subjected to (1) Salary Cap and (2) Administrative Cap; allocated by % of Direct Costs
- C:** Subjected to (1) Salary Cap and (2) Caseload Ratio Cap; allocated by RMS %s, included in payment rate
- D:** Not subjected to any cap, not included in payment rate; does affect Administrative Allocation



Understanding the Columns

CPA

§4.1 through §4.4

What do they mean?

| Administrative | Adoption | Case Management | Non IV-E (IL & Recreation) | Behavioral Health | Medical | Education | Unallowable |
|----------------|----------|-----------------|----------------------------|-------------------|----------|-----------|-------------|
| \$ % | \$ % | \$ % | \$ % | \$ % | \$ % | \$ % | \$ % |
| A | D | B | D | D | D | D | D |

A: Subjected to Administrative Cap; allocated by % of Direct Costs

B: Not subjected to any cap; 100% included in administrative payment rate

D: Not subjected to any cap, not included in payment rate, does affect Administrative Allocation



Desk Audits

- Review
 - Current data in comparison to past years
 - Reasonable...Allowable...Eligible
 - Allocation methodologies
 - Comparison to various benchmarks
- Contact Provider w/ Questions (email)
- Costs may be reallocated based on correspondence w/ Provider
- Revisions



Cost Report Finalization

- Desk Audited Cost Report uploaded into I-Rate (KidTraks)
- Review by DCS Rate Setting Staff (Caps)
- Rate Letters & I-Rate Cost Reports
- Contact DCS Rate Setting Staff w/ questions and/or comments
- Administrative Review Request



Audits

Why?

- Compliance
- Educational

Frequency?

- ~ Every 2 – 3 Years
- Newer Providers Sooner

Preparation

- Maintain and copy all documentation
- Keep **GOOD** notes on how costs were determined
- Document **ALL** allocations of costs and FTE's

Results

- Report
- Findings (Weighting Tool)
- Rate Adjustment



Rate Reviews

Administrative Review Requests

- 465 IAC 2-16-26 Review of rates
 - When to submit?
 - What to submit?

Appeal/Hearing Requests

- 465 IAC 2-16-27 Appeal of the rates
 - When to submit?
 - What to submit?



Important Reminders

RTSP:

- Only programs of similar type can be included on one report (License Type, Program Service Category, and Cost Structure)
- If multiple programs are grouped on one report, each of these programs will have the same generated payment rate.

Both RTSP & CPA:

- When entering figures into the cost report, do not cut and paste from your own documentation.
- Manually enter all data.
- Do not enter formulas into cells.
- Do not use duplicate positions in §3.1 Salaries and Wages and/or §3.3 Contracted Services.
- Round all amounts to the nearest dollar.
- Round all FTEs to four (4) decimal places.



Important Reminders

- Do not use the RMS %'s identified on the "Personnel Costs" tab as an allocation methodology.
- Do not allocate staff to multiple cost line entries
- Include all costs on the cost report
- If submitting a budgeted report, make sure information is pro-rated
- Check cost report for accuracy
- Include License
- Include the program/agency's most recent set of audited financials.
- A detailed description of the programs included within §1.1 Programs of the cost report is required
- If a report is incomplete upon submission, the report will be sent back for correction.
- Do not submit other versions of the cost report
- Cost Reports are due **April 2, 2013**.



Cost Report Contact Info

Website

<http://www.in.gov/dcs/2907.htm>

DCS Rate Setting Email

DCSRateSetting@dcs.in.gov

Mailing Address

Indiana Department of Child Services
Attn: Rate Setting Department
402 W. Washington St., Room W392, MS-50
Indianapolis, IN 46204



DCS Rate Setting Team...

| Staff | Email | Telephone |
|----------------------|---------------------------------|----------------|
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General Questions

