



MENTAL HEALTH BULLETIN

COMMONWEALTH OF PENNSYLVANIA

DEPARTMENT OF PUBLIC WELFARE

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SUBJECT

PROCEDURES FOR CLAIMING FEDERAL REIMBURSEMENT ON ADMINISTRATIVE COSTS FOR MEDICAID FUNDED MH SERVICES

BY

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SCOPE: County MH/MR Administrators

PURPOSE: To update procedures to enable County Mental Health Programs (CMHP) to claim federal reimbursement for costs incurred in administering Medicaid funded mental health services including, but not limited to: Intensive Case Management (ICM), Resource Coordination (RC), Family Based Mental Health Services (FBMHS), Mental Health Crisis Intervention (MHCI) and EPSDT (mental health only).

BACKGROUND: Federal guidelines allow for the reimbursement of costs incurred in the general program administration of federally eligible services. The Department of Public Welfare requires the County Mental Health program to develop the aforementioned services; execute and enforce a service delivery contract with providers; negotiate reimbursement rates; complete reports upon request; and monitor services utilization. It is the Department's position that County Mental Health programs are entitled to 50% Federal Financial Participation (FFP) for the reimbursement of expenses incurred as a result of administering Medicaid funded mental health services.

DISCUSSION: Federal regulation allows for reimbursement at 50% for costs incurred in administering Medicaid funded mental health services to federally eligible clients and/or services. Pennsylvania Code, Title 55, Chapter 4300.134 [Apportionment of administrator's office costs.] defines two alternatives for apportioning these costs. Apportionment may be according to the actual cost incurred for the administration of each program or as a proportion of program costs. Documentation supporting the apportionment of costs shall be retained by the county program. The apportionment of costs may include both direct and indirect costs. Further, Chapter 4300.94 [Agency indirect costs.] suggests, "There is no general rule for classifying costs as either direct or indirect. . . . Once classified, each item of cost shall be treated consistently either as a direct or indirect cost."

COMMENTS AND QUESTIONS REGARDING THIS BULLETIN SHOULD BE DIRECTED TO:

Mr. Kenneth Ehrhart (717) 772-7490

Mr. George Kopchick (215)270-1844

Ms. Linda Zelch (412)565-5434

Mr. Frank Hehman (717)963-4335

Direct administrative costs incurred by the CMHP generally include charges for those ancillary activities that are needed to maintain the direct effort of providing services. These activities may include, but are not limited to, the administrator's office, the contractor's office, secretarial support to the administrator's office and data entry staff. A method for determining the portion of costs associated with each program must be established in accordance with County and County Joinder Allowable Cost Standards outline in Chapter 4300.41 - .69.

Indirect administrative costs incurred by the CMHP, sometimes referred to as "county administrative overhead" may be charged. When claimed, these costs are subject to the 2 % limitation outlined in Chapter 4300.55 [County indirect costs.]. Indirect costs incurred that exceed the 2 % limit require Departmental approval via the county cost allocation plan process.

In assessing administrative costs to be claimed, counties should look at the context in which service is provided. The CMHP may purchase a service from a provider, perform a dual role as purchaser and provider or service, or act as provider of service for a portion of service and purchaser for a portion of service. Therefore, if the county is acting as a provider of service, a formalized relationship and distinction must exist to delineate county requirements and costs from provider requirements and costs.

In any context, the CMHP is responsible for managing the contractual relationship with each service provider. These management responsibilities include; monitoring service delivery to ensure regulations are met; providing fiscal and program reports as required by the Department; and certifying state matching funds are available for each service. In addition, the county is required to execute a contract annually with each service provider and negotiate a reimbursement rate with each ICM, RC and FBMHS provider annually. A review of the functions performed by the Administrator's Office may disclose other activities which may be considered for reimbursement. In any event, the CMHP must retain documentation to support costs incurred and claimed in case of an audit.

If the CMHP is acting as the service provider or performing a dual role, it is important to maintain the direct service program administrative costs separate and apart from county administrative costs. In those instances, the CMHP may either include all eligible administrative costs in the fee-for-service reimbursement rate OR may include all eligible administrative costs in the quarterly Administrative Cost Report. If the CMHP includes costs in the fee-for-service reimbursement rate, expenditures must be reported in the applicable service activity cost center. If the CMHP includes costs in the quarterly Administrative Cost Report, expenditures and resulting revenues must be included in the Administrator's Office Cost Center.

In preparing to claim reimbursement for administrative costs, the CMHP must document the total administrative costs subject to federal participation incurred on a quarterly basis, as well as the method for apportioning costs. Documentation should include identification of staff assigned to administer activities; description of activities performed and time spent in administering activities to assure apportionment of costs. The CMHP must further document the actual percentage of service or percentage of clients eligible to earn federal revenue. The method of apportionment should be consistent from quarter to quarter and should be consistent with other county reporting and the Cost Allocation Plan in place for a given time. Supporting documentation to substantiate reporting methods and reimbursements may be drawn from cumulative data extracted from service delivery records and actual caseload data. Documentation should clearly reflect the time period used to determine the ratio of FFP eligibles and must be maintained for a minimum of four (4) years for audit purposes. Administrative costs shall not include or duplicate those activities that are otherwise included in the fee-for-service rate of any program. While methods should remain consistent, it is permissible to change methods as fiscal years change when warranted. CMHPs will be held responsible for any disallowed dollars identified through federal audits.

PROCEDURE:

Start-up Fiscal Year of a Service:

After the close of the fiscal year, the CMHP should report actual administrative costs incurred as a result of a program's start-up and initial service delivery. Reimbursement of administrative costs should be combined for the number of quarters affected and claimed in one complete report. The report period identified on the Administrative Cost Report (ACR) should indicate this is a combined report. If a program becomes operational during a fiscal year, administrative costs incurred may be claimed for the entire fiscal year. The County Mental Health Program may not claim reimbursement of administrative costs for any portion of a fiscal year until the service provider has sought reimbursement for services provided during that fiscal year.

The ACR is due November 15.

Subsequent Fiscal Year of a Service:

The CMHP should report actual administrative costs for each quarter of the fiscal year on a scheduled quarterly basis, enabling the Department to process federal claims at regular intervals. The ACR for the first quarter of a fiscal year is due November 15 with subsequent quarters due February 15, May 15, and August 15 respectively.

Please note: Although the ACR for the first quarter of a fiscal year is due November 15 (along with the combined report due for a start-up year), the ACR's should not be combined into a five (5) quarter report.

For Any Report Period:

The CMHP shall identify and clearly document the total county administrative costs incurred for the period.

The CMHP shall identify and clearly document administrative costs incurred by each program and/or service provider for the period.

The CMHP shall identify and clearly document the method of calculation for apportionment of federal eligibles for each program and/or service provider for the period.

The CMHP shall report by the 15th of the month following the report period. Late submission of reports will only be accepted if submitted by the due date of the next report period. All other late submissions will be denied. (Example: Report period April 1 - June 30 is due August 15. If that timeframe is not met we will accept the report through November 15.)

The CMHP shall account for the receipt of payment resulting from an ACR on an accrual basis, when accounting for funds on the Income and Expenditure (I & E) Report.

Documentation supporting any administrative claim should be maintained in case of an audit for a minimum of four years.

Office of Mental Health Responsibility:

Upon receipt of the ACR, the Office of Mental Health (OMH) will certify that the calculations submitted are accurate.

OMH will monitor reported eligibility levels and collars claimed and request supporting documentation at periodic intervals.

OMH will complete a statewide report for submission to the Bureau of Financial Operations for processing of the federal claim. Payments will be issued to County Mental on a quarterly basis.

COUNTY MENTAL HEALTH QUARTERLY ADMINISTRATIVE COST REPORT

COUNTY/JOINDER	
REPORT PERIOD	REPORT DATE

TOTAL COUNTY ADMINISTRATIVE COSTS:	\$ _____
LESS OTHER FEDERAL REVENUE SOURCES	\$ _____
TOTAL CLAIMABLE	\$ _____
COUNTY ADMINISTRATIVE COSTS	

	INTENSIVE CASE MANAGEMENT	FAMILY BASED MENTAL HEALTH	MENTAL HEALTH CRISIS INTERVENTION	RESOURCE COORDINATION	EPSDT	UNCLAIMED ADMINISTRATIVE COSTS
PERCENT OF TOTAL COUNTY ADMINISTRATIVE COSTS	%	%	%	%	%	%
TOTAL PROGRAM ADMIN. COSTS	\$	\$	\$	\$	\$	\$
ELIGIBILITY PERCENT	%	%	%	%	100%	N/A
FFP SERVICE	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	N/A	N/A
FFP CLIENTS	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>		
DOLLARS ELIGIBLE FOR REIMBURSEMENT	\$	\$	\$	\$	\$	N/A
REIMBURSEMENT PERCENTAGE	50%	50%	50%	50%	50%	N/A
ANTICIPATED FEDERAL REIMBURSEMENT	\$	\$	\$	\$	\$	N/A

APPROVAL SIGNATURES:

COUNTY MH/MR FISCAL OFFICER: _____ DATE: _____

COUNTY MH/MR ADMINISTRATOR: _____ DATE: _____

OFFICE OF MENTAL HEALTH – MEDICAID OPERATIONS: _____ DATE: _____

COUNTY MENTAL HEALTH QUARTERLY ADMINISTRATIVE COST REPORT – INSTRUCTIONS

COUNTY/JOINDER: Indicate the county/joinder for which you are claiming reimbursement of administrative costs.

REPORT PERIOD: Indicate the quarter for which you are claiming reimbursement of administrative costs. If the report represents a program start-up year, indicate the combined portion of the fiscal year for which you are claiming reimbursement.

REPORT DATE: Indicate the date you are filing the administrative cost report (ACR).

TOTAL COUNTY ADMINISTRATIVE COSTS: Indicate the total amount of county administrative costs expended during the quarter for which you are reporting.
Documentation of expenditures must be maintained by the Community Mental Health Program.

LESS OTHER FEDERAL SOURCES: Indicate any other federal revenue sources that may have supported the total administrative costs to the county.

TOTAL CLAIMABLE COUNTY ADMINISTRATIVE COSTS: Subtract any other federal revenue sources identified above from the total county administrative costs to identify the total claimable county administrative costs.

PERCENT OF TOTAL COUNTY ADMINISTRATIVE COSTS: Indicate what percentage of the total county administrative costs is represented by each program for which you are claiming reimbursement for during this period. The combined percentages of all programs PLUS the unclaimed administrative costs must equal 100%.

TOTAL PROGRAM ADMINISTRATIVE COSTS: Indicate the dollar amount being charged against each program for administrative costs during this period.
The distribution of costs attributed to all programs PLUS unclaimed administrative costs must equal the Total County Administrative Costs identified above.

ELIGIBILITY PERCENT: Indicate the percentage of eligibles on which federal reimbursement will be based by choosing from the following:

FFP eligible service FFP eligible clients Check the appropriate category

The method of determining eligibles should be documented and should be consistent with the method used in other county reporting and with the Cost Allocation Plan in place for the same period. The method of determining eligibles should not fluctuate from one period to the next. EPSDT services are only available to MA eligible clients, therefore, the eligibility percent is always 100%.

DOLLARS ELIGIBLE FOR REIMBURSEMENT: Indicate the total dollars expended for each program for this report period. The dollars identified should be the result of the calculation: Total County Administrative Costs X Percent of Total County Administrative Costs X Eligibility Percentage.

REIMBURSEMENT PERCENTAGE: The reimbursement percentage is dictated by the federal government and is currently 50%.

ANTICIPATED FEDERAL REIMBURSEMENT: Indicate the total amount of federal dollars anticipated in reimbursement for each program. The dollars identified should be the result of the calculation: Dollars Eligible for Reimbursement X Reimbursement Percentage.

Upon completion of the report, the following signatures must be obtained: County MH/MR Fiscal Officer & County Administrator

Once signatures have been obtained, the original report should be sent to: Office of Mental Health, Bureau of Program Management
Room 502, Health & Welfare Building
Harrisburg, PA 17120
ATTENTION: Medicaid Operations Section

Copies of each report should be forwarded to the: County MH/MR Fiscal Officer - County Administrator - Area Office of Mental Health Representative.