UNDERSTANDING SCHOOL-BASED ACCESS PROGRAM (SBAP) COST SETTLEMENT

COST RECONCILIATION PROCESS

FY 2020-2021 Statewide Training

Presented by: Sivic Solutions Group (SSG)
YOUR TEAM

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Deputy Project Manager

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Director of Operations

Paula Schmitt
Project Manager
AGENDA

Welcome & Introductions

Cost Reconciliation
What it is • Sequence • Allowable Costs

Reporting & Outcomes
Tuition • Special Transportation

Cost Settlement
Certified Public expenditure (CPE) • Key Dates

Oversight & Monitoring
What to expect if selected

Additional Resources
Finding additional Cost Reconciliation Information

Questions
COST RECONCILIATION

The overall process to determine overpayments and underpayments for the fiscal year.
Cost Reconciliation Overview

- LEAs initially receive payment for health-related services rendered based on claims submitted for those services (interim payment process).

- The LEAs’ annual, total Medicaid allowable costs are determined when LEAs complete and certify the Annual Cost Report for all school-based direct health-related services delivered during the previous state fiscal year (July 1-June 30).

- Annual Cost Settlement and Quarterly MAC Reports are two separate methods of reporting costs. You will account for all costs in your annual cost settlement regardless of what you report in the quarterly MAC reports.
Cost Reconciliation Overview

**WHO?**
LEA Financial Staff enter Cost Report Data

**WHEN?**
LEAs must enter Cost Report data between October 1 and December 31, 2020

**WHERE?**
Data is entered into the e-SivicMACS web-based system.

e-SivicMACS calculates the Cost Settlement Report. Draft versions can be created in the system.

**WHY?**
Cost Settlement ensures that LEAs are reimbursed for the delivery of Medicaid allowable Health-Related Services.
Cost Reconciliation

Reporting Costs

- Salaried / Contracted Staff Costs
- Direct Medical Other Costs
- Transportation Staff/Other Costs
- Tuition
- Depreciation
- General Statistics Info
Direct Staff Pool

- **Credentials and licensing**
  Only salaried staff and contracted staff with valid credentials or licensing for entire billing period.

- **LEA paid benefits**
  Health, dental, life, retirement, staff training, professional development, travel expenses, etc.

- **Pre-tax earnings for the period**
  Wages, overtime, paid time off, etc. for staff included in the direct staff pool.
Health-Related Supplies & Materials

- Only include items found on the List of allowable *Health-Related Supplies and Materials*.

- Documentation must CLEARLY demonstrate purchased item(s) which are on the approved list.

- Any supplies and materials being claimed must be primarily used for special education student(s)’ direct health-related services.

*Supplies and materials list can be found on the e-SivicMACS Home Screen*
What constitutes acceptable documentation?

- Service Provider Category
- Dated Invoice
- Item Description, Quantity, and Unit Price (clearly)
- Total Cost
Transportation Costs

The same rules apply to transportation staff with the big exception that these staff are NOT on the Direct Staff Pool. You must enter these individuals manually to include their costs.

Staff includes bus drivers, substitute bus drivers, and mechanics.

NOTE:
Transportation does NOT include district transportation coordinators, bus attendants/aides.
Allowable transportation costs include only those personnel and non-personnel costs associated with Special Education reduced by any federal payments for those costs.

**Reminder:** A LEA must have paid transportation claims to include allowable transportation costs in cost reconciliation.
## Reporting Special Transportation

<table>
<thead>
<tr>
<th>Description</th>
<th>Only Special Transportation</th>
<th>Not Only Special Transportation</th>
<th>General Education Transportation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Description</td>
<td>Transportation costs for services and assets only used by special education students.</td>
<td>The LEA cannot separate special education transportation costs from general education transportation costs.</td>
<td>These are costs for transportation services provided only to general education students. These costs should <strong>NOT</strong> be included in your cost report.</td>
</tr>
<tr>
<td>Example</td>
<td>A bus, driver, fuel, etc. that is special fit with a wheelchair lift and only services special education children.</td>
<td>There is a bus that picks up general education students and some special education students. The costs for the driver, bus, fuel, etc. can be reported as Not Only Special Transportation</td>
<td>You are not allowed to report the costs of a bus, driver, etc. that only is used to transport general education students.</td>
</tr>
<tr>
<td>What Ratio is applied</td>
<td>One-way Trip Ratio</td>
<td>Special Transportation <strong>AND</strong> One-way Trip Ratio</td>
<td>Not Used</td>
</tr>
</tbody>
</table>
## Tuition Costs

### Can my LEA report tuition costs?

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is your school paying tuition to another school outside the district?</td>
<td>Yes</td>
</tr>
<tr>
<td>Is the student receiving Medical Assistance (MA) health-related services that are listed on their IEP from the outside school?</td>
<td>Yes</td>
</tr>
<tr>
<td>Is your LEA the home district for the student? (Only one responsible entity can report for a student to ensure no duplication of claiming)</td>
<td>Yes</td>
</tr>
<tr>
<td>No claims for the MA health-related service were submitted for the student this school year by either institution? (No double dipping)</td>
<td>Yes</td>
</tr>
<tr>
<td>Are you participating fully in the SBAP Program? You must also have received interim payments for delivery of direct health-related services in order to report costs for tuition.</td>
<td>Yes</td>
</tr>
</tbody>
</table>

*If the answer to ALL questions is Yes, then your LEA can report tuition costs as part of the reconciliation process.*
To report tuition, the student must be receiving health-related services as documented in his/her IEP.

LEAs may report 100% tuition costs for eligible students enrolled in an Approved Private School (APS) or Charter School for Blind and Deaf (CSDB), including those with partial PDE funding.
Health-Related Tuition Percentage

- Tuition payments (net federal funds) are multiplied by the Health-Related Tuition Percentage.

- Purpose of the Health-Related Tuition Percentage is to determine how much of the tuition costs are being used for Health-Related Services.

- Health-Related Tuition Percentage is unique for each school/institution.

- Calculated by SSG using Annual Financial Report (AFR) information or cost data collected by the LEA.

- LEAs reporting tuition costs may want to obtain Health-Related Tuition Percentage cost data from the applicable institution(s).

- If you choose to not obtain the Health-Related Tuition Percentage, the institution will default to a rate of 2.5%
If an institution already has a Health-Related Tuition Percentage rate in SSG’s system, it can be found here.

<table>
<thead>
<tr>
<th>Resources</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>View</td>
<td>Allowable Direct Medical Services Supplies and Materials</td>
</tr>
<tr>
<td>View</td>
<td>Cost Settlement Training 2019</td>
</tr>
<tr>
<td>View</td>
<td>System Training - Cost Reporting and Settlement Process 2019</td>
</tr>
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<td>View</td>
<td>SBAP Handbook, September 2019</td>
</tr>
<tr>
<td>View</td>
<td>SBAP Cost Settlement Policy FAQ</td>
</tr>
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<td>View</td>
<td>Monitoring Compliance Training</td>
</tr>
<tr>
<td>View</td>
<td>FY 2018-2019 Non-Public School Health Related Percentages</td>
</tr>
<tr>
<td>View</td>
<td>FY 2018-2019 Data Collection Template for APS &amp; CSBD Costs</td>
</tr>
</tbody>
</table>
If the LEA chooses to request costs, use the Data Collection Template found here:

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## Tuition Costs

### Health-Related Tuition Percentage:
Data Collection Template for APS/CSBD Costs

<table>
<thead>
<tr>
<th>Column A</th>
<th>Column B</th>
<th>Column C</th>
<th>Column D</th>
<th>Column E</th>
<th>Column F</th>
<th>Column G</th>
<th>Column H</th>
<th>Column I</th>
<th>Column J</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscal Year</td>
<td>LEA Name</td>
<td>Institution AUN</td>
<td>Institution Name</td>
<td>Institution - Total Special Education Salaries</td>
<td>Institution - Total Special Education Benefits</td>
<td>Institution - Total Special Education Contracted Staff</td>
<td>Institution - Total Salaries</td>
<td>Institution - Total Benefits</td>
<td>Institution - Total Contracted Staff</td>
</tr>
</tbody>
</table>

- **Column A**: Fiscal year for which costs are being requested
- **Column B**: LEA for which the tuition is being provided
- **Column C**: Institution AUN (Providing tuition)
- **Column D**: Institution Name (Providing tuition)
- **Column E**: All Salaries
- **Column F**: All Benefits
- **Column G**: All Contracted Staff costs
- **Column H**: Total Institution Staff Salaries
- **Column I**: Total Institution Staff Benefits
- **Column J**: Total Contracted Staff costs

- Only for direct medical service providers giving a health-related service for students with a health-related service on their IEP
- Total institution staff, (Special Education Health-Related Providers + all others (Instructional, support, etc.))
Health-Related Tuition Percentage: APS Approval by DHS

DHS may approve requests for additional APSs to the approved list when requests include the following verification;

- Tuition does not include costs for residential services. Tuition is for daily services only.
- There are *health-related* services included in the daily tuition rate - not behavioral/mental health services (i.e., facilities focused on behavior). In other words, a service covered under SBAP.
- Student for whom the LEA intends to report tuition is in fact receiving a health-related service that is provided as part of the tuition, and that the service is per the student’s IEP.
- If an LEA is sending a student to another LEA, the LEA reporting tuition has determined that the other LEA is not billing for services for the student.

If the LEA cannot provide written documentation, then the school will not be approved for reporting.
Depreciation

- Straight-line depreciation is used for the planned write-down of the asset over time due to wear and tear and obsolescence.

- Straight-line depreciation is calculated by dividing the purchase price by the estimated useful life of the asset.

- Depreciate approved direct medical equipment or transportation equipment valued over $5000.00.
### Depreciation

- Years of useful life DO NOT change from year to year
- Calculations done automatically by system
- Once asset exceeds years of useful life, LEA will remove asset from system
Non-Allowable Costs

- Do NOT include:
  - Costs for equipment applicable to ONLY general education students
  - Items costing $5,000 or less
  - 100% Federally funded costs
Statistical Data

Applying Ratios

IEP Ratio
Transportation Ratio
One-Way Trip Ratio
Unrestricted Indirect Cost Ratio
The IEP ratio is calculated as follows:

\[
\text{IEP Ratio} = \frac{\text{Total Number of MA Eligible Students with a Health-Related Service in their IEP}}{\text{Total Number of ALL Students with a Health-Related Service in their IEP}}
\]

- **Total Number of MA Eligible Students with a Health-Related Service in their IEP**: This is the number of students you identify when doing your December 1 eligibility count.
- **Total Number of ALL Students with a Health-Related Service in their IEP**: This is the number of all students with a health-related service in their IEP, regardless of MA eligibility.

- **Used to calculate direct Medicaid allowable expenditures.**
- **December 1, 2020 eligibility count used for the current year’s (FY 2019-2020) cost settlement.**
- **The purpose of the IEP ratio is to determine the Medicaid-allowable portion of costs incurred by LEAs in the provision of health-related services.**
IEP Ratio

How to collect the data for these numbers?

- Start with a list of students with IEPs that includes each student’s full name and date of birth.
- Clearly indicate the presence of a health-related service in the IEP.
- Clearly indicate the eligibility status of each student on December 1 of that fiscal year. To support the IEP Ratio for the 2019-2020 school year, you would need to document eligibility on 12/1/2020.
You do not need to enter a transportation ratio if you are not claiming any transportation costs. HOWEVER, if you enter special transportation costs you must enter both the Special Transportation Ratio AND One-Way Trip Ratio.

What is the Special Transportation Ratio?

- The Special Transportation Ratio is applied when an LEA cannot discretely break out its special transportation costs from its general transportation costs.
The One-Way Trip Ratio is used to determine the Medicaid-allowable portion of special transportation costs incurred by LEAs for the provision of SBAP Special Transportation services.

\[
\text{One-Way Trip Ratio} = \frac{\text{Total Number of Medicaid Paid One-Way Trips (per MMIS) for students with special transportation in their IEP}}{\text{Total Number of One-Way Trips for special education students with special transportation on their IEP}}
\]
Unrestricted Indirect Cost Rate

- Indirect costs are an allowable component for LEA reimbursement.
- Examples of an Indirect Cost: Building Lease, Utilities, etc.

LEA has $150,000 in total costs
LEA has a UICR of 10%
The total allowable costs for cost reconciliation would then be

$150,000
$15,000 = $165,000
Unrestricted Indirect Cost Rate (UICR)

- Each LEA is encouraged to apply for an indirect rate with the Pennsylvania Department of Education (PDE), during the Annual Financial Report (AFR) process. **Acquiring your unique UICR is an annual responsibility.**

- UICR is provided by PDE by way of DHS when available. Nothing will be entered here by LEA.

- The LEA must timely complete the AFR process and specifically request an indirect rate. If PDE does not provide a certified UICR to DHS no later than the February 15, 2021 deadline, a **zero rate** will be applied during cost settlement of FY19-20 resulting in reduced SBAP reimbursement.
COST SETTLEMENT

- Last step in the Cost Reconciliation Process
- Intended to provide for LEA reimbursement for Medicaid-allowable costs incurred in the delivery of Health-Related Services
- Costs are reported on an accrual basis. This means expenses are counted when the LEA received the good/service, NOT when the LEA paid for the good/service.
Cost Settlement

- Cost Settlements are calculated by comparing the total Medicaid allowable costs to the LEA’s interim payments for health-related services provided during the applicable fiscal year being reported.

- A notice of cost settlement is issued to the LEA and indicates the amount due to the LEA or to be paid back by the LEA.

- An LEA receiving a Cost Settlement Notice is required to complete a Certified Public Expenditure (CPE) to certify the expenditures reported are allocable and allowable with the SBAP for the applicable fiscal year being reported.

  - An incomplete CPE form – whether missing account codes, date, signature or a DRAFT, will result in no cost settlement for your LEA.

- The Cost Reconciliation process is completed within 12 months after the close of the fiscal year.
Cost Settlement Process

Medicaid Cost for Health-Related Services (Gross) \times Federal Medical Assistance Percentage (FMAP)* \rightarrow Medicaid Interim Payment for Direct Services (Net FFP) = Total Medicaid Cost Settlement (Net)

* The federal share based on rates published by Health & Human Services
### Cost Settlement Outcomes

#### Outcome Example #1:

- The Medicaid costs exceed the interim payments received during the school year, resulting in a net settlement payment to the LEA.

<table>
<thead>
<tr>
<th>Medicaid Cost for Health-Related Services (Gross)</th>
<th>$750,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Medical Assistance Percentage (FMAP)</td>
<td>52.00% (example rate)</td>
</tr>
<tr>
<td>Medicaid Interim Payment for Direct Services (Net FFP)</td>
<td>$275,000</td>
</tr>
<tr>
<td>Total Medicaid Cost Settlement (Net)</td>
<td>$115,000</td>
</tr>
</tbody>
</table>
Outcome Example #2:

- The LEA received interim payments greater than their allowable Medicaid costs, resulting in a required return of the overpayment amount.
Certified Public Expenditure (CPE)

- A CPE is a statutorily recognized Medicaid financing approach by which a local education agency, incurs an expenditure eligible for FFP under the state’s approved Medicaid state plan.
- Based on this certification, the state is able to claim the federal share of these costs, which may then be paid to the LEAs.
- Completion of this form is the final and critical step in the cost reconciliation process.
Certified Public Expenditure (CPE)

- Make sure to enter expenditure account codes and sign the CPE form. The form is not valid without this information.

- An incomplete CPE form – whether missing account codes, date, signature, or a DRAFT, will result in no cost settlement for your LEA.
Cost Reconciliation Key Dates

- **New Interim Rates Effective**
  - (10.1.20)

- **System Open for 2019-2020**
  - Cost Reconciliation
  - (10.1.20)

- **Deadline for Entering Costs**
  - into System
  - (12.31.20)

- **Desk Review Close**
  - (3.19.21)

- **Completed CPE Form Due**
  - (May 2021)

- **Reimbursement/Recoupment**
  - (after 6.30.21)
OVERSIGHT & MONITORING

A detailed review to ensure that LEA documentation demonstrates that Medicaid payments were made for valid services performed by credentialed providers.
A detailed review to ensure that LEA documentation demonstrates that Medicaid payments were made for valid services performed by credentialed providers.

Preliminary and Final reports issued by DHS

SSG Team may reach out to LEAs for clarification or additional documentation

SSG Team reviews documents to verify that reported costs match supporting data

Selected LEAs will be notified via letter from DHS

LEAs will have two months to provide supporting documentation

Oversight & Monitoring Process
How Can You Be Prepared?

- Maintain documentation
- Attend scheduled trainings and webinars
- Be familiar with timelines and process due dates
- START DATA ENTRY EARLY
PROGRAM RESOURCES

Cost Settlement Webinars
Cost Settlement Webinar sessions are provided on various days and times to ensure you are prepared for the cost settlement process.

E-SivicMAC Resources
Sivic Solutions Group provides additional resources on the E-SivicMAC home page that are available at the click of a button.

SSG Contact Information
Our Sivic Solutions Group Support team is available for your questions and to provide the support you need by phone or email.

DHS Contact Information
DHS has a dedicated email for when you have specific questions for DHS or wish to update you LEAs contacts.
## Cost Settlement Webinars

<table>
<thead>
<tr>
<th>Date</th>
<th>Time (EST)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuesday, October 13, 2020</td>
<td>3:00 PM</td>
</tr>
<tr>
<td>Tuesday, October 20, 2020</td>
<td>10:00 AM &amp; 1:00 PM</td>
</tr>
<tr>
<td>Monday, October 26, 2020</td>
<td>10:00 AM &amp; 2:00 PM</td>
</tr>
<tr>
<td>Thursday, October 29, 2020</td>
<td>3:00 PM</td>
</tr>
<tr>
<td>Wednesday, November 4, 2020</td>
<td>9:00 AM</td>
</tr>
<tr>
<td>Thursday, November 12, 2020</td>
<td>1:00 PM</td>
</tr>
<tr>
<td>Tuesday, November 17, 2020</td>
<td>1:00 PM</td>
</tr>
<tr>
<td>Tuesday, December 1, 2020</td>
<td>10:00 AM</td>
</tr>
</tbody>
</table>

Reminder: Don’t wait until the last minute to start entering your data

- Toll free: 1-877-916-3222
- PAsupport@sivicsolutionsgroup.com
Program Resources

- e-SivicMACS home screen contains resources such as:
  - Help Desk
  - Allowable Direct Medicaid Services Supplies and Materials List
  - Training presentation slides
  - SBAP Handbook
  - Cost Reconciliation FAQ
SBAP Handbook References

Cost Reconciliation Data Elements

- Salaried Staff Costs and Contracted Staff and Services Costs - (Handbook Section 3)
- Health-Related Services Materials and Other Costs – (Handbook Section 3)
- Transportation Staff Costs – (Handbook Section 7.4)
- Transportation Other Costs – (Handbook Section 7.4)
- Depreciation – (Handbook Section 7.4)
- Tuition – (Handbook Section 7.5.a)
- General Statistical Information – (Handbook Section 9)
Additional Assistance

- **By Phone:**
  - Toll free: 1-877-916-3222
  - (Live support available M-F, 8:00 am – 5:00 pm)

- **By email:**
  - [PAsupport@sivicsolutionsgroup.com](mailto:PAsupport@sivicsolutionsgroup.com)

- **DHS Dedicated email**
  - [RA-PWSBAP@pa.gov](mailto:RA-PWSBAP@pa.gov)
THANK YOU!

QUESTIONS?