



SBS Cost Methodology

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Common Cost Methodologies

- ▶ Fee-for-Service (FFS)
 - ▶ Reimbursement is based on the services provided
 - ▶ Interim payments are not necessary
- ▶ Cost-Based Reimbursement
 - ▶ Reimbursement is based on the cost of providing services
 - ▶ Interim payments are provided through billing for services
- ▶ Reimbursement at cost
 - ▶ Reimbursement is based on the cost of providing services
 - ▶ Interim payments are based on the prior year's costs

Fee for Service Reimbursement

Advantages

- ▶ Easy
- ▶ Services = \$
- ▶ No year-end reconciliation

Disadvantages

- ▶ Becomes outdated over time
- ▶ No year-end reconciliation

Cost-Based Reimbursement

Advantages

- ▶ Accurate reimbursement

Disadvantages

- ▶ Labor intensive
- ▶ Lag in rate changes

Reimbursement at Cost

Advantages

- ▶ More services are reimbursable
- ▶ Easier to administer
- ▶ Decreased lag times

Disadvantages

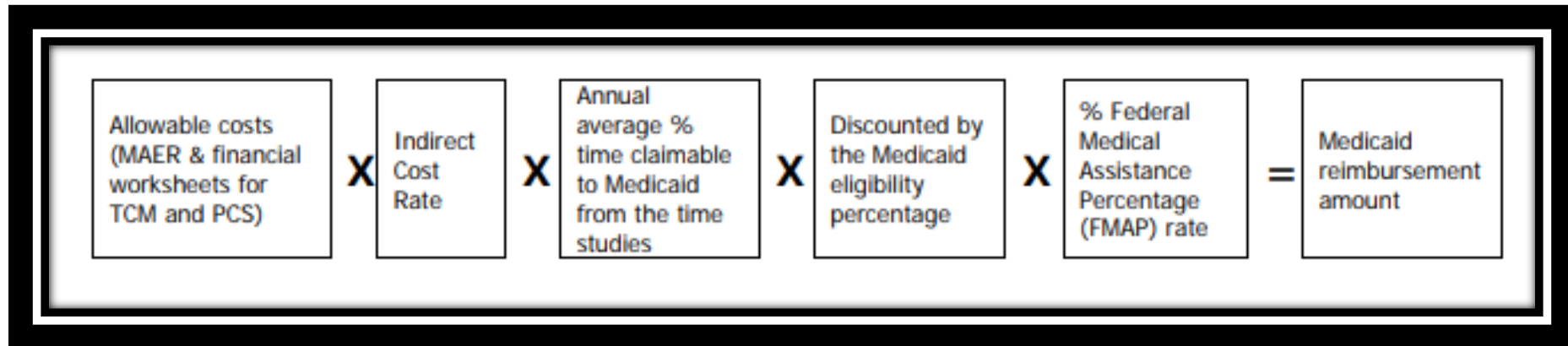
- ▶ Methodology can be somewhat abstract
- ▶ Labor intensive

Payment for Michigan's school based services program is a cost-based, provider specific, annually reconciled and cost settled reimbursement methodology.

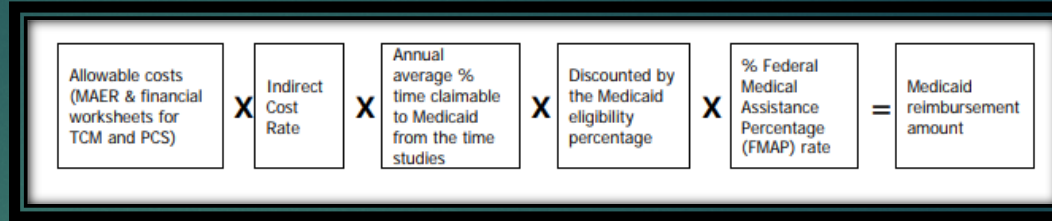
INTERIM PAYMENT PROCESS

- CALCULATED ON AN ESTIMATED MONTHLY COST FORMULA
- UTILIZES PRIOR YEAR COSTS PLUS INFLATION OR PROGRAM CHANGES
- ISSUED ON THE FIRST PAY CYCLE OF EACH MONTH
- MAY REQUEST AN INCREASE OR DECREASE
- DISTRIBUTIONS ARE ISSUED BY MDHHS
- DISCRETION OF THE ISD ON HOW THEY DISTRIBUTE THE SETTLEMENTS TO LEAS.

Cost Reimbursement Formula

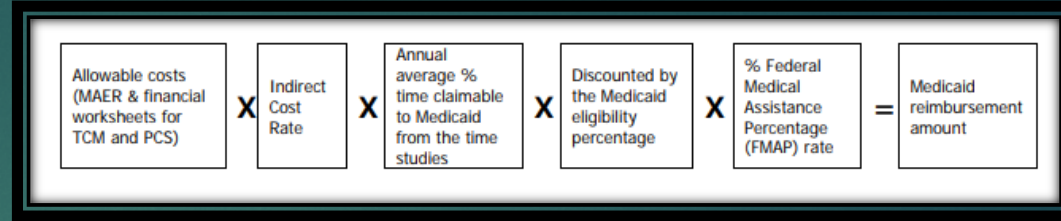


Allowable Costs



- ▶ Direct Medical Services
- ▶ Salaries, wages
- ▶ Fringe Benefits
- ▶ Medically related Supplies
- ▶ Purchased services and materials
- ▶ Based on actual detailed expenditure reports
- ▶ Non-Federal expenditures during claiming period
- ▶ Except for summer quarter

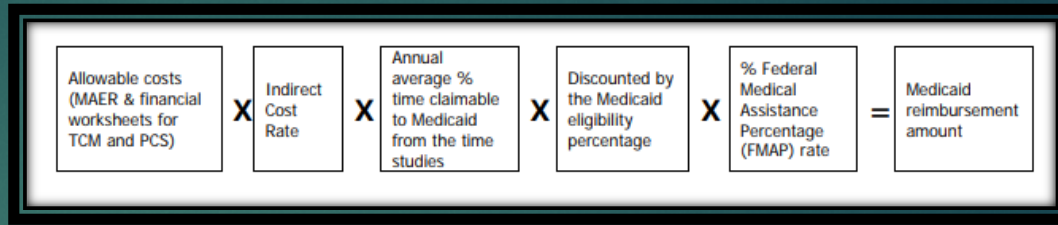
Unallowable Costs



- Federal funds received by the ISD/LEA directly
- State flow-through funds
- Non-federal funds that have been committed as a local match for other federal or state funds or programs

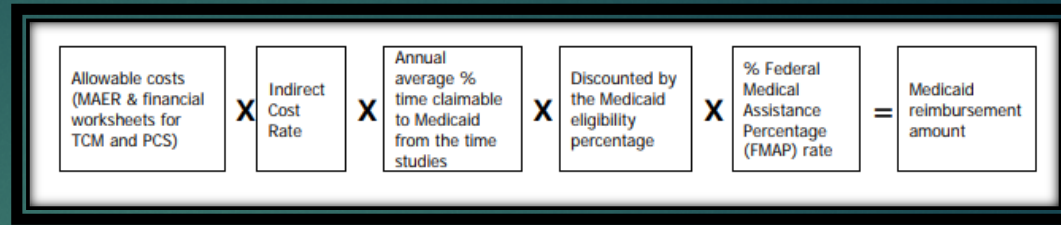
Funds received by an ISD for school based direct medical services are not Federal funds. They are reimbursement for prior expenditures and become, upon receipt, local funds.

Indirect Cost Rate



- ▶ ISD/LEA unrestricted indirect cost rate is calculated using the Federal Office of Management and Budget (OMB) Title 2 CFR Part 200
- ▶ The methodology used to determine the indirect cost rate specific to each district is approved by the Federal cognizant agency
- ▶ The indirect cost rates are updated annually by the Michigan Department of Education

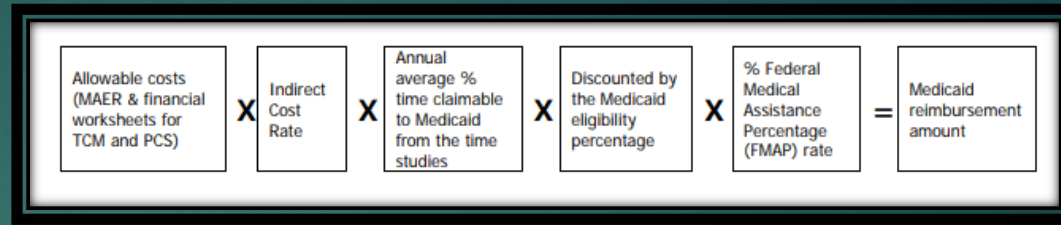
RMTS Percentage



For the Random Moment Time Study, all ISDs will be required to utilize the services of the State Contractor who will conduct the statewide time studies

- ▶ Quarterly RMTS Sampling Converted to a Percentage
- ▶ Percentage Applied to Costs to Determine Reimbursement
- ▶ Results are Provided to MDHHS
- ▶ Loaded into the Cost Settlement Program
- ▶ Costs are reported for direct medical services and specialized transportation services on the FSS (MAER) and collected via financial worksheets for Personal Care Services and Targeted Case Management
- ▶ Electronic Data Systems (EDS) combines all cost information and the RMTS results, the indirect cost rate, and the Medicaid eligibility rate to calculate the total allowable costs
- ▶ The cost for the State Contractor is charged back to providers based on the State Contractor's projected cost per ISD (after federal match)

Medicaid Eligibility Percentage



- ▶ Medicaid Eligibility Rate (MER) percentage is determined by the percentage of the special education student population that is Medicaid eligible in each ISD with a health-related support service code indicated on their December 1 Student Count Report
- ▶ Support service codes are gleaned from Fields 43 and 57 of the December 1 Student Count Report
- ▶ Only those codes that relate to covered school based health services are to be utilized.
- ▶ MDHHS receives the file of special education children with health-related support services indicated on their IEPs

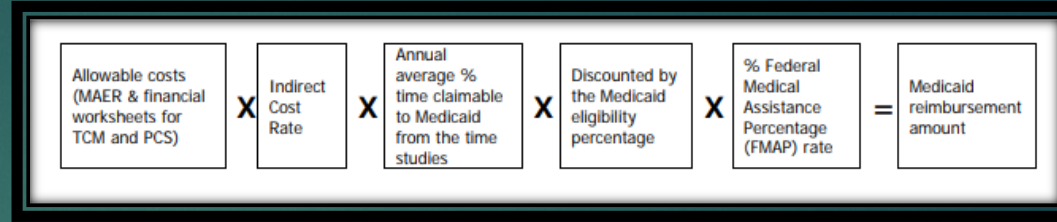
- ▶ MDHHS matches the names and birthdates of those with health-related support services against the Medicaid eligibility file
- ▶ This will identify the percentage that are Medicaid eligible.

The calculation for the eligibility rate is as follows:

Medicaid special education students with a health-related support service in their IEP

Total special education students with a health-related support service in their IEP

Federal Medicaid Assistance Percentage (FMAP) Rate



- ▶ The formula for calculating this annual percentage is described in section 1905(b) of the Social Security Act
- ▶ if a State's per capita income is equal to the national average per capita income, the Federal share is 55%
- ▶ If a State's per capita income exceeds the national average, the Federal share is lower, with a statutory minimum of 50%
- ▶ If a State's per capita income is lower than the national average, the Federal share is increased, with a statutory maximum of 83%

FY 2019	
FMAP Percentage ⬆	Multiplier ⬆
64.45%	1.81

[Medicaid Financing: An Overview of the Federal Medicaid Matching Rate \(FMAP\)](#)

Let's try this Again!

Allowable costs
(MAER & financial
worksheets for
TCM and PCS)

X

Indirect
Cost
Rate

X

Annual
average %
time claimable
to Medicaid
from the time
studies

X

Discounted by
the Medicaid
eligibility
percentage

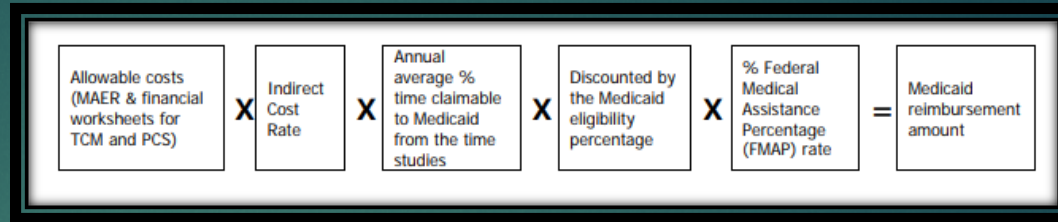
X

% Federal
Medical
Assistance
Percentage
(FMAP) rate

=

Medicaid
reimbursement
amount

Plugging in the Numbers



Medicaid Reimbursement 2016-2017 Fiscal Year	Direct Service Staff	Case Management	Personal Care
COST + ICR	\$1.00	\$1.00	\$1.00
RMTS% (State Rate)	69.38%	2.82%	20.87%
SE MER, Health Services (ISD Specific)	58.39%	58.39%	58.39%
FMAP (State Rate)	65.54%	65.54%	65.54%
ISD Reimbursement %	60.00%	60.00%	60.00%
NET Money to ISD	\$.16	\$.01	\$.05

METHOD OF REIMBURSEMENT FOR DIRECT MEDICAL SERVICES, PERSONAL CARE SERVICES AND TARGETED CASE MANAGEMENT

- ▶ The Centers for Medicare & Medicaid Services (CMS) also requires Michigan SBS providers to submit procedure specific direct medical services claims for all Medicaid allowable services
- ▶ These claims **do not generate a payment** but are required by CMS in order to monitor the services provided, the eligibility of the recipient, and provide an audit trail.
- ▶ Interim monthly payments are tied to the submission of the direct medical services claims.
- ▶ If claim volume **decreases significantly or drops to zero** in any two consecutive months, all interim payments will be held until the provider is contacted and the issue resolved.

INTERIM MONTHLY PAYMENTS

The reimbursement process for the direct medical services is comprised of the following parts:

- ▶ The SBS direct medical services procedure code specific billing process;
- ▶ The random moment time study (RMTS) component;
- ▶ The interim payment process; and,
- ▶ The cost reconciliation and cost settlement process.

The interim monthly payments are based on prior year actual costs and reconciled on an annual basis to the current year costs. Cost reporting and reconciliation are based on the school fiscal year which is July 1 through June 30 of each year

SUMMER QUARTER PROCESS

The summer quarter months are July, August and September. There is a break period between the end of one regular school year and the beginning of the next regular school year during which only a few staff are working. The majority of school staff work during the school year and do not work for part of the summer quarter (9-month staff). However, there are some 9-month staff that opt to receive their pay over a 12-month period. Therefore, different factors must be applied to the summer formula in order to accurately reflect the activities that are performed by the staff.

Part I - Summer Quarter Formulas from July 1 to the Date Students Return to School

Cost pool (only the 9-month salaries and related costs that are paid during this time period)

X

Average % of time claimable to Medicaid Outreach Administration from the previous three quarters

X

Discounted by the Medicaid eligibility percentage

X

Percent of FFP rate

=

The amount of the partial claim for Part I of the Summer Quarter

The summer quarter will be divided into two parts.

- ▶ July 1 to the date the students return to school.
- ▶ Date the students return to school through September 30

RMTS WILL STILL BE PERFORMED IN THE SUMMER QUARTER AFTER THE STAFF START BACK TO WORK AND ONLY APPLIED TO THE COSTS FOR THE SECOND PART OF THE SUMMER QUARTER

Part II - Remainder of the Summer Quarter – Begins on the Date Students Return to School through September 30

Cost pools (include all allowable salaries, overhead, etc.)

X

% of time claimable to Medicaid Outreach from the Summer Quarter time study

X

Discounted by the Medicaid eligibility percentage

X

Percent of FFP rate

=

The amount of the claim for Part II of Summer Quarter

Transportation

Medicaid
Allowable
Costs



Total Special
Education
One-Way
Trips

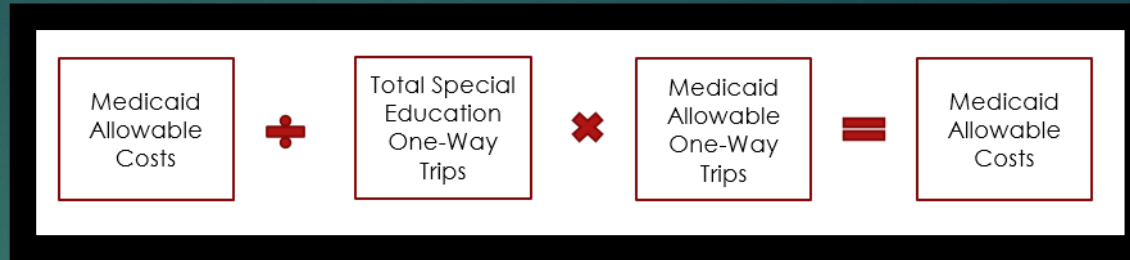


Medicaid
Allowable
One-Way
Trips



Medicaid
Allowable
Costs

Medicaid Allowable Costs Calculation



On an annual basis, the cost per trip is calculated:

- ▶ by dividing the total Medicaid allowable costs (including indirect cost)
- ▶ by the total ISD-reported special education (specialized) one-way transportation trips
- ▶ The cost per trip is multiplied by the quantity of Medicaid "allowable" one-way trips gleaned from CHAMPS
- ▶ to arrive at the Medicaid allowable cost

Medicaid Allowable Transportation Expenses SE-4096



Salaries *[Sec. 52 & Sec. 53a]*

- Bus Drivers
- Aides
- Employee Benefits (Bus Drivers and Aides only)

Purchased Services

- Staff (Bus Drivers and Aides only)
- Vehicle Related Costs [Sec. 52 & Sec. 53a]
- Pupil Transportation by Carrier
- Pupil Transportation by Carrier (b/y)
- Family Vehicle K Cost
- Contracted Taxis
- Pupil Transportation Fleet Insurance
- Contracted/Leased Buses

Supplies *[Sec. 52 & Sec. 53a]*

- Gasoline/Fuel
- Oil/Grease
- Tires/Batteries
- Other Expense/Adjustments, only the costs associated with adjustments to allowable costs
- Bus Amortization

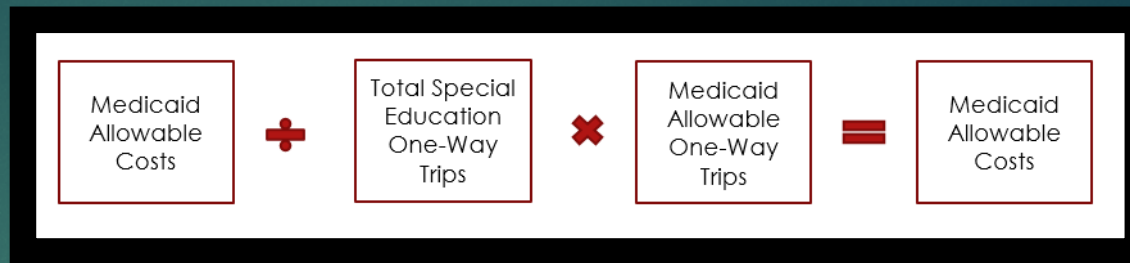
For reimbursement purposes, Bus Aides are defined as aides who ride on the bus providing care to those students being transported, assisting with the specific health concerns documented in the student's Individualized Education (revised 7/1/18) Program (IEP).

Special Education One-



- ▶ Trips are counted per student per trip
 - ▶ Example, 1 bus goes out with 12 special education students = 12 trips
- ▶ Includes all special education trips
- ▶ Check trip rate for reasonability
 - ▶ Per trip rate should be <\$50
- ▶ Medicaid trips cannot be > Special education trips!

Medicaid Allowable One-Way Trips



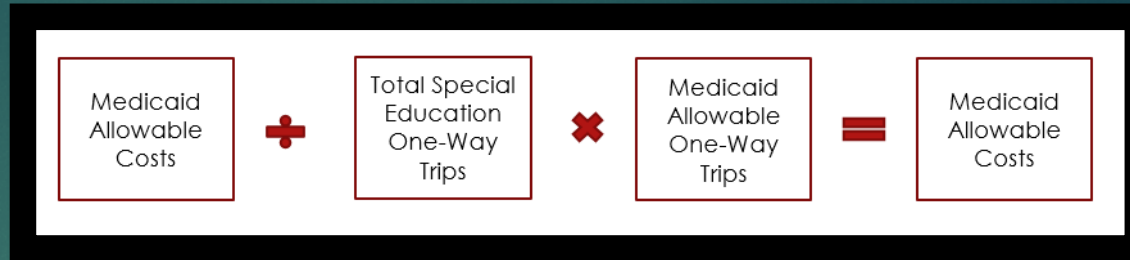
What is an “allowable” one-way Medicaid Trip

- ▶ Documentation of ridership is on file
- ▶ The need for the specialized transportation service is identified in the Individualized Education Program (IEP)/Individualized Family Service Plan (revised 7/1/18) (IFSP); and
- ▶ A Medicaid-covered service (other than transportation) is provided on the same date of service. The Medicaid covered service must also be documented in the IEP/IFSP
- ▶ Vehicles
 - ▶ Special education bus
 - ▶ Taxi
 - ▶ Private transportation

What is not an “allowable” one-way Medicaid Trip

- ▶ Trips on a general education or combination bus
- ▶ Trip in vehicles other than those allowable
- ▶ More than 2 one-way trips per day

Plugging in the Numbers



Transportation Reimbursement 2015-2016 Fiscal Year	Calculation
Allowable Costs from SE – 4094 /Total SE trips	\$42, 525 / 35, 600
= Medicaid Trip Rate	\$1.19
X Reimbursable (“Paid”) One – Way Trips	\$1.19 X 1, 376
= Total Allowable Medicaid Costs	\$1 637.44
FMAP %	65.60%
ISD Reimbursement %	60.00%
Net Money to ISD	\$644.50

Questions?

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