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ALASKA DEPARTMENT OF HEALTH AND SOCIAL SERVICES

Home and Community Based Waiver and Personal
Care Assistant Cost Report Training

TRAINING OVERVIEW

- Rate Setting documents and process
- Walk through of cost report worksheets with common errors
 - Certification Page
 - Expense Worksheet
 - Cost center breakdown
 - Reconciliation to Expense Worksheet
 - Allocation Basis Options
 - RevenueStats Worksheet
 - Related Party Worksheet
 - Buildings Worksheet
 - Home Office Worksheet
- Questions

HCBW AND PCA RATE SETTING AUTHORITY

- 7 AAC 145.531
- Target Provider list published each August 1
 - Uses claims information from the most recent state fiscal year (SFY) for which timely filing (1 year) has passed
 - August 1, 2018 lists uses claims information from SFY17 (July 1, 2016 to June 30, 2017) since timely filing is June 30, 2018 for this data set.
 - Identifies providers who need to report during the next reporting cycle
- Due 8 months after FYE
- Submission options
 - Electronically to: ORRCostReport@alaska.gov
 - Mail or in person to:
Office of Rate Review
3601 C Street, Suite 978
Anchorage, Alaska 99503

HCBW AND PCA ANNUAL REPORT

	<u>Full Report</u>	<u>Reduced Report</u>
• Audited Financial Statement (AFS).....	Yes	Yes*
• Post Audit Working Trial Balance (PAWTB).....	Yes	Yes*
• Cost Report		
• Certification worksheet.....	Yes	Yes
• Expense worksheet.....	Yes	No
• Revenue and Statistics worksheet.....	Yes	Yes
• Related Party worksheet.....	Yes	Yes
• Building worksheet.....	Yes	Yes
• Home Office worksheet.....	Yes	Yes
• Reconciliation of the Expense worksheet to the post audit working trial balance.....	Yes	No

** For providers with less than \$750,000 in Medicaid HCBW and PCA revenue during the applicable reporting year, a reviewed financial statement and reviewed working trial balance may be submitted.*

PURPOSE

AFS and
PAWTB

- Provides the Centers for Medicare and Medicaid Services (CMS) and the Alaska Department of Health and Social Services assurances that expenses listed on the cost report have been incurred.
- Provides the Alaska Department of Health and Social Services information as to the health of the industry

Cost
Report

- Allows the Office of Rate Review to calculate proposed reimbursement rates using provider costs

PROCESS



HCBW AND PCA RATE SETTING WEBSITE

- <http://dhss.alaska.gov/dsds/Pages/info/costsurvey.aspx>

Home and Community Based Waiver and Personal Care Services Payment Rates and Cost Survey Information

The page contains information of interest for providers of Home and Community Based Waiver and Personal Care services. Regulations found at 7 AAC 145.520 through 7 AAC 145.537 provide specific requirements for the determination of payment rates and provider responsibilities for accounting and cost reporting. It is essential that providers become familiar with these regulations in order to understand what payment rates apply to the individual provider as well as their reporting requirements.

If providers have specific questions regarding payment rates or annual reporting requirements they may contact:

Primary - Katherine McDonald at 334-2644 or katherine.mcdonald@alaska.gov
 Secondary - Kathy Parker at 269-3007 or kathy.parker@alaska.gov

Cost Reports

The Department will publish the annual list of target providers on August 1st of each year on this website and through the SDS E-Alert System. Only the target providers will be required to submit the annual reports specified in 7 AAC 145.531 and will be required to submit the information 8 months after their fiscal year end. A frequently asked questions (FAQ) document regarding the target provider list and annual reporting requirements can be found [HERE](#) and the Personal Care Attendant and Waiver Rate-Setting Methodology can be found [HERE](#).

List of Target Providers

On August 1 of each year, the target provider list and the documentation that will be required to be submitted will be published [HERE](#): [August 1, 2018 Target Provider List](#).

The updated cost survey and instructions can be accessed below.

- > [Updated Cost Survey Instructions \(pdf\)](#)
- > [Updated Cost Survey \(excel version\)](#)
- > The attached Excel version of the Cost Survey must be used for reporting. Data entry areas are shaded in green and are open for reporting.
- > Conduent Waiver Provider Inquiries Contact: Tara Fowler at (907) 644-6871 or by email Tara.Fowler@Conduent.com.

Senior and Disabilities Services

- Home
- Our Mission
- Contact Us
- Centralized Reporting

Units

- Adult Protective Services (APS)
- CAT Review Unit
- Central Intake
- Early Intervention/Infant Learning Program
- Grant Services
- Intake and Assessment Unit
- Intellectual & Developmental Disabilities (IDD) Unit
- Operations, Training, Transportation & Hearings
- Policy & Program Development
- Provider Certification & Compliance
- Quality Assurance (QA)
- Research & Analysis

Programs and Offices

- Aging and Disability Resource Centers
- Centers for Independent Living
- Community First Choice
- General Relief Program
- Home and Community-Based Waiver Programs
- Long Term Care and PASRR Resources
- Medicare Information Office
- Nursing Facility Transition

NOTE: This is a snapshot of the website as of Sept. 2018

CERTIFICATION PAGE

- Provider Business Name and Provider Name may be the same
- Administrative Information helps identify the provider as well as communicate with the provider to discuss cost reporting issue
- Report Period End
 - 6/30/18
 - 8/31/18
 - 9/30/18
 - 12/31/18

Alaska Department of Health and Social Services			
Cost Survey		Form Date-February 8, 2017	
CERTIFICATION			
Provider Business Name:		Your Agency's Name	
Provider Name:		Your Name	
Administrative Information:			
	Address	Your Agency's Address	
	City, State, Zip	Your Agency's City, State, Zip Code	
	Phone	Your Agency's Phone #	
	Email	Your Agency's Email Address	
	Website	Your Agency's Website	
	Tax ID (EIN)	Your Agency's Taxpayer EIN	
	Provider ID	Your Agency's Medicaid Provider ID(s)	
Report Period Ending:			(month, day, year)

COMMON ERRORS RELATED TO CERTIFICATION PAGE

- Certification page not signed

EXPENSES WORKSHEET

- General Service Costs (CR Lines 1-10)
- Non-covered (CR Lines 11-20)
- Waiver Services Direct Care Costs (CR Lines 21-88)
- Personal Care Assistant Direct Care Costs (CR Line 89-92)
- Care Coordination Direct Care Costs (CR Lines 93-96)
- Residential Supported Living Direct Care Costs (CR Lines 97-108)
- Other
 - Other- Healthcare (Behavioral health, etc) (CR Lines 109-112)
 - Other- Non Healthcare (gift shop, etc) (CR Lines 113-116)

EXPENSES WORKSHEET

- General Service Costs (CR Lines 1-10)
 - Costs that benefit the organization as a whole
 - Allocated to all cost centers
 - Non-covered
 - Waiver Direct
 - Other
 - Allocated based of % of costs minus building/maintenance costs
- Advertising
 - Allowable = visiting hour information, recruiting, telephone directory, etc.

Line	General Service Costs	Amount
1	Personnel costs - salary/wages	0.00
2	Personnel costs - Fringe benefits	0.00
3	Advertising (Allowable only)	0.00
4	All Other	0.00
5	Building and Maintenance - Salary/wages	0.00
6	Building and Maintenance - fringe benefits	0.00
7	Building and Maintenance - All Other	0.00
	Building/s and Maintenance (single report option)	
8	Staff - Salary/wages	0.00
9	Staff - Fringe benefits	0.00
10	All Other	0.00

EXPENSES WORKSHEET

- Building and Maintenance
 - Single Report Option (CR Lines 8-10)
 - Separately report by cost center
 - A&G building (CR Lines 5-7)
 - For each cost center, use the applicable “building/maintenance” CR Line

Line	General Service Costs	Amount
1	Personnel costs - salary/wages	0.00
2	Personnel costs - Fringe benefits	0.00
3	Advertising (Allowable only)	0.00
4	All Other	0.00
5	Building and Maintenance - Salary/wages	0.00
6	Building and Maintenance - fringe benefits	0.00
7	Building and Maintenance - All Other	0.00
	Building/s and Maintenance (single report option)	
8	Staff - Salary/wages	0.00
9	Staff - Fringe benefits	0.00
10	All Other	0.00

	Waiver Service Direct Care Costs	
	Adult Day Care (S5100, S5101)	
21	Wages	0.00
22	Fringe Benefits	0.00
23	Program Support	0.00
24	Building/Maintenance	0.00

EXPENSES WORKSHEET

- Non-covered (CR Lines 11-20)
 - Not related to patient care
 - CMS Publication 15-1
 - Donations/Contributions
 - Gifts and in-kind services/items
 - Grant Costs
 - Reported here in unallowable since grant expenses, units of service, and revenue are not utilized in calculating proposed rates
 - Marketing/Advertising
 - Fundraising, issuance of provider's own stock, seeking to increase patient utilization of provider's facilities
 - Legal Fees
 - Related to alleged civil fraud or indictment for a criminal act by the provider or its owners, employees, directors, etc.

	Non-covered	
11	Bad Debt/fines/penalties	0.00
12	Lobbying	0.00
13	Fund raising	0.00
14	Donations or contributions	0.00
15	Entertainment	0.00
16	Contingency funds	0.00
17	Grant Costs - all	0.00
18	Marketing/ public relations/advertising - non-allowable	0.00
19	Legal fees/costs - non allowable	0.00
20	All Other	0.00

EXPENSES WORKSHEET

- Breakdown of expenses within Direct Service
 - Wages
 - Fringe Benefits
 - Including but not limited to: Social Security, Medicare withholdings, unemployment insurance, worker's compensation, life insurance, pensions, vacation, holidays, sick leave, health insurance, living space provided as part of the compensation package
 - Program Support
 - Definition: Expenses that are neither direct care nor administrative. They activities are essential to the direct service occurring and are program specific.
 - Examples: Salary and benefits for non-direct care supervisors, training for direct care workers, vehicle costs, background checks, program supplies, furnishings for non-residential program space
 - Building/Maintenance
 - Examples: rent, mortgage interest, property insurance, depreciation, utilities, and repairs

Wages	0.00
Fringe Benefits	0.00
Program Support	0.00
Building/Maintenance	0.00

EXPENSES WORKSHEET – DIRECT CARE

- Waiver Direct Care Cost Centers
 - Adult Day Care
 - Chore
 - Day Habilitation
 - Family Home Habilitation – Adult
 - Family Home Habilitation – Child
 - Group Home Habilitation
 - In-home Habilitation
 - Intensive Active Treatment
 - Meals - Congregate
 - Meals – Home Delivered
 - Nurse Care/Case Management
 - Nurse Case/Case Management > 200 miles
 - Pre-Employment
 - Respite
 - Supported Employment
 - Supported Living Habilitation
 - Transportation
- Personal Care Assistant

EXPENSES WORKSHEET - OTHER

- Cost Centers not used in HCBW/PCA target methodology rate setting
 - Care Coordination
 - Residential Supported Living
 - Other – Healthcare
 - Other – Non-Healthcare

COMMON ERRORS RELATED TO EXPENSES

- Total expenses on the Expense worksheet do not tie to the Audited Financial Statements
- Total expenses on the Audited Financial Statements do not tie to the post-audit working trial balance
- As identified by the Audited Financial Statements, providers do not report all grant expenses on the applicable grant costs line.
- Providers asking if they should report only expenses for Medicaid recipients on the cost report (no) instead of expenses for all recipients regardless of payer (yes)

COMMON ERRORS RELATED TO EXPENSES (CONTINUED)

- Expenses are reported on the expense worksheet for a service (i.e. chore services), but no revenue or units of service are reported for that same service on the RevenueStats tab

Expense Worksheet

Chore (S5120)		
25	Wages	50,000.00
26	Fringe Benefits	20,000.00
27	Program Support	10,000.00
28	Building/Maintenance	0.00

Revenue/Stats Worksheet

	Waiver Medicaid	All other Revenue	Total	Waiver Medicaid	All Other	Total
	Paid By HCBS Procedure Code Listed	Service similar to Procedure Code listed. Non Waiver Medicaid, Private/Self Pay, General Relief, VA, or Other.	Waiver + Other Medicaid + Non-Medicaid		Non Waiver Medicaid, Private/Self Pay, General Relief, VA, or Other	Waiver + Other Medicaid + Non-Medicaid
Home and Community Based Waiver Services						
Adult Day Care (15 minute - S5100)	103,000.00	25,500.00	128,500.00	15,373.13	3,642.86	19,015.99
Adult Day Care (Half day - S5101)	40,030.00	-	40,030.00	-	-	-
Chore (15 minute - S5120)	-	-	-	-	-	-

COMMON ERRORS RELATED TO EXPENSES

- Providers choose two options of reporting buildings and maintenance cost instead of selecting one (single report or direct assignment)
- Single Report option
 - Allocated to all cost centers
 - Non-covered
 - Waiver Direct
 - Other
 - Allocated based of % of costs minus building/maintenance costs

Direct Assignment

Single Report

Direct Assignment

Line	General Service Costs	Expense Amount
1	Personnel costs - salary/wages	0.00
2	Personnel costs - Fringe benefits	0.00
3	Advertising (Allowable only)	0.00
4	All Other	0.00
5	Building and Maintenance - Salary/wages	34,000.00
6	Building and Maintenance - fringe benefits	16,000.00
7	Building and Maintenance - All Other	5,000.00
Building/s and Maintenance (single report option)		
8	Staff - Salary/wages	20,000.00
9	Staff - Fringe benefits	9,000.00
10	All Other	1,230.00
Non-covered		
11	Bad Debt/fines/penalties	0.00
12	Lobbying	0.00
13	Fund raising	0.00
14	Donations or contributions	0.00
15	Entertainment	0.00
16	Contingency funds	0.00
17	Grant Costs - all	0.00
18	Marketing/ public relations/advertising - non-allowable	0.00
19	Legal fees/costs - non allowable	0.00
20	All Other	0.00
Waiver Service Direct Care Costs		
Adult Day Care (S5100, S5101)		
21	Wages	54,600.00
22	Fringe Benefits	22,500.00
23	Program Support	570.00
24	Building/Maintenance	40,300.00

COMMON ERRORS RELATED TO EXPENSES

- Providers report non-salary expenses for a service (i.e: group home services), but do not report salary expenses

Waiver Service Direct Care Costs		
Adult Day Care (S5100, S5101)		
21	Wages	0.00
22	Fringe Benefits	0.00
23	Program Support	0.00
24	Building/Maintenance	40,300.00

COMMON ERRORS RELATED TO EXPENSES

- On the reconciliation of the PAWTB to the Expense Worksheet, providers do not describe and show documentation for how they allocated a single expense account into more than one service line.
 - The reconciliation is a new requirement in the current submission

EXAMPLES OF INCOMPLETE RECONCILIATIONS

- Using a single wage account as an example
- WTB Account #4303: Wages \$1,200,000 – Cost Report Lines 1, 21, 37, 45
 - Issue: Doesn't say how much expense was allocated to each cost report line
- WTB Account #4303: Wages \$1,200,000
 - CR Line 1 (admin) = \$400,000
 - CR Line 21 (adult day care) = \$300,000
 - CR Line 29 (day hab) = \$350,000
 - CR Line 45 (in home hab)= \$150,000
 - Issue: Doesn't say how cost report preparer determined how much to allocate to each cost report line

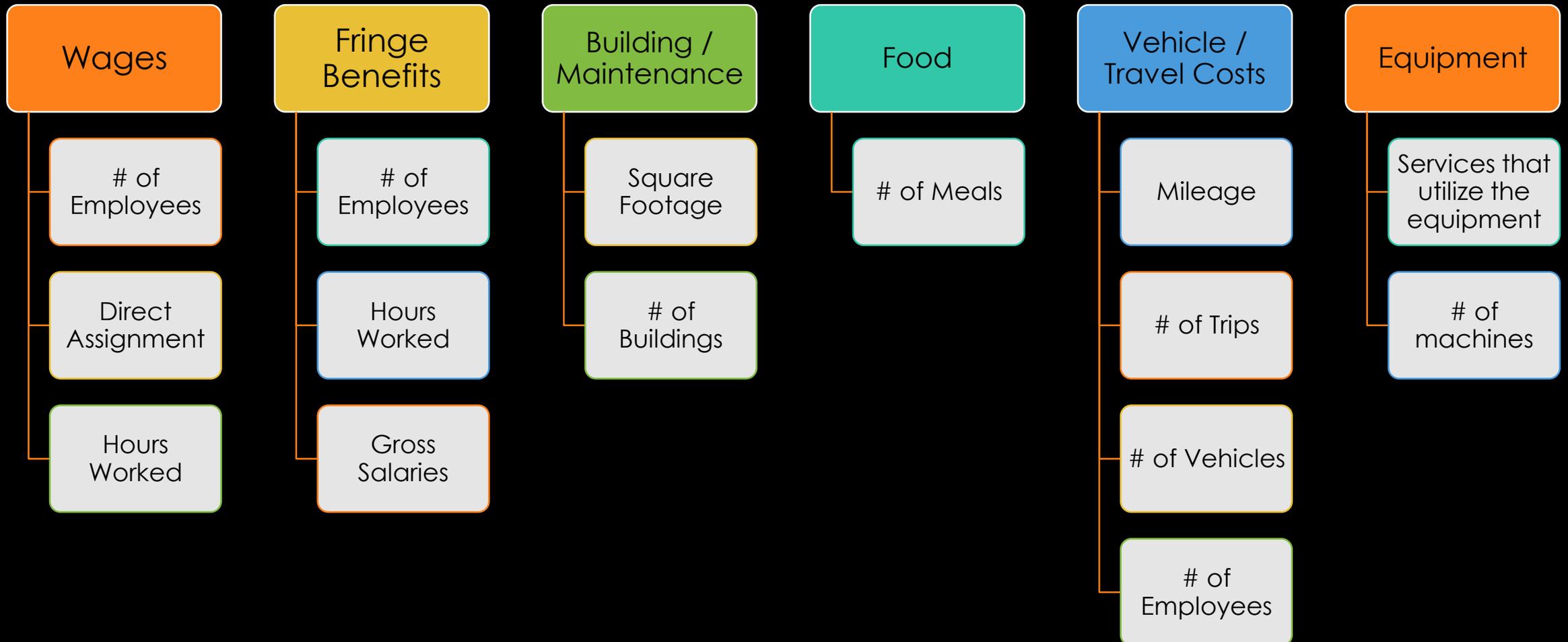
EXAMPLES OF COMPLETE RECONCILIATIONS

- WTB Account #4303: Wages \$1,200,000
 - Allocation Basis: # of Employees
 - Total Number of Employees = 300

	<u># of Employees</u>	<u>% of Employees</u>	<u>Expense</u>
• CR Line 1 (admin) =	100	33.3%	\$400,000
• CR Line 21 (adult day care) =	75	25.0%	\$300,000
• CR Line 20 (day hab) =	80	26.7%	\$320,000
• CR Line 45 (in home hab) =	45	15%	\$180,000
	<u>300</u>	<u>100%</u>	<u>\$1,200,000</u>

ALLOCATION BASIS OPTIONS

There can be more allocation basis than just these options.



ALLOCATION BASIS TRADE OFFS

- Using employee wages as an example

Direct
assignment

- Pro: Accurately captures cost
- Con: Can be time consumptive to collect wage information for each person and assign them to a cost center if your accounting system doesn't populate automatically

Number of
employees

- Pro: Easier to calculate
- Con: Assumes all employees receive the same pay and work equivalent hours

Hours
worked

- Pro: Easier to calculate
- Con: Assumes all employees receive the same hourly pay

ALLOCATION BASIS ISSUES EXAMPLE

- Example showing Direct Assignment

DIRECT ASSIGNMENT						
Name	Position Title	FTE	Hours Worked	Hourly Salary	Annual Salary	Salary Per Cost Center
Angelo Juan	Administrator	1	2,080	\$ 30.41	\$ 63,250.00	\$ 63,250.00
Emily Smith	Day Hab Worker	0.6	1,248	\$ 14.50	\$ 18,096.00	\$ 18,096.00
Liam Johnston	Group Home Worker	1	2,080	\$ 16.00	\$ 33,280.00	\$ 58,656.00
Kendra Tatum	Group Home Worker	0.8	1,664	\$ 15.25	\$ 25,376.00	
Omar Leo	PCA Worker	0.6	1,248	\$ 13.25	\$ 16,536.00	\$ 45,136.00
Victoria Murphy	PCA Worker	1	2,080	\$ 13.75	\$ 28,600.00	
TOTAL SALARIES					\$	185,138.00

ALLOCATION BASIS ISSUES EXAMPLE

- Other Options

NUMBER OF EMPLOYEES				
Cost Center	# of Employees	% of Employees	Salaries Allocated	Variance from Direct Assignment
Admin	1	16.7%	\$ 30,918.05	\$ (32,331.95)
Day Hab	1	16.7%	\$ 30,918.05	\$ 12,822.05
Group Home	2	33.3%	\$ 61,650.95	\$ 2,994.95
PCA	2	33.3%	\$ 61,650.95	\$ 16,514.95
TOTAL	6	100%	\$ 185,138.00	\$ -

NUMBER OF HOURS				
Cost Center	# of Hours Worked	% of Hours	Salaries Allocated	Variance from Direct Assignment
Admin	2,080	20.0%	\$ 37,027.60	\$ (26,222.40)
Day Hab	1,248	12.0%	\$ 22,216.56	\$ 4,120.56
Group Home	3,744	36.0%	\$ 66,649.68	\$ 7,993.68
PCA	3,328	32.0%	\$ 59,244.16	\$ 14,108.16
TOTAL	10400	100.0%	\$ 185,138.00	\$ -

Weight based on # of Employees and Average Wage						
Cost Center	# of Employees	Average Wage	Weight (Employee * Wage)	% of Weight	Salaries Allocated	Variance from Direct Assignment
Admin	1	\$30.5	30.41	29.4%	\$ 54,430.57	\$ (8,819.43)
Day Hab	1	\$14.5	14.5	14.0%	\$ 25,919.32	\$ 7,823.32
Group Home	2	\$15.75	31.5	30.5%	\$ 56,467.09	\$ (2,188.91)
PCA	2	\$13.5	27	26.1%	\$ 48,321.02	\$ 3,185.02
TOTAL	n/a	n/a	103.41	100.0%	\$ 185,138.00	\$ -

RECONCILIATION STEPS

- Identify all services your organization offers (chore, respite, etc)
- Identify any WTB account that is strictly admin or non-covered or accounts for which no allocation basis can be created and assign the account to one of the admin cost centers
- Of remaining accounts, identify any WTB account that bellows to a single service line (chore, etc) and identify which of the 4 categories that WTB bellows to (wages, FB, program support, building/maintenance) and assign that account
- Of the remaining accounts (WTB accounts that belong to more than one service), identify which services are represented for each account
- Identify the best allocation basis for each of these WTB accounts
- Gather information to determine which % to allocate to which account using the allocation basis calculate
- Calculate the amount of expense allocated to each cost center and category for these and assign it to a cost center line

EXAMPLES OF RECONCILIATION

- View Sept 2018 Training Reconciliation Example.xlsx

COMMON ERRORS RELATED TO REVENUE AND UNITS OF SERVICE

- Total revenue on the RevenueStats worksheet do not tie to the Audited Financial Statements
- Total revenue on the Audited Financial Statements do not tie to the post-audit working trial balance
- Revenue is reported on the RevenueStats worksheet for a service (i.e.: chore services), but no expenses are reported for that same service on the Expense tab
- Revenue is reported on the RevenueStats worksheet but not units of service or vice versa

PART I	REVENUE			UNITS OF SERVICE		
	Waiver Medicaid	All other Revenue	Total	Waiver Medicaid	All Other	Total
		Service similar to Procedure Code listed. Non Waiver Medicaid, Private/Self Pay, General Relief, VA, or Other.	Waiver + Other Medicaid + Non-Medicaid		Non Waiver Medicaid, Private/Self Pay, General Relief, VA, or Other	Waiver + Other Medicaid + Non-Medicaid
Home and Community Based Waiver Services						
Adult Day Care (15 minute - S5100)	50,000.00	-	50,000.00	-	-	-

COMMON ERRORS RELATED TO REVENUE AND UNITS OF SERVICE

- Providers include grant units of service and grant revenue in the home and community based waiver services areas (Grant revenue is reported on a separate line)

Other Revenue:		
Rental - all other	N/A	-
Grant revenue	N/A	-
All Other	N/A	-
TOTAL (Tie to AFS and WTB)		50,000

- Providers only report Medicaid waiver revenue and/or units of service, but the provider provides services to non grant, non-Medicaid clients.
- Providers report similar to Medicaid waiver services (taxi v. waiver transportation) on the waiver Medicaid column instead of waiver transportation on the Waiver Medicaid column and taxi on the All other Revenue Column.
- Providers report incorrect units (the procedure code pays on a 15 minute unit but the provider reports hours)
 - A double check is to divide Medicaid revenue by Medicaid units of service to see if the resulting revenue/unit is close to what your facility gets paid for by Medicaid

COMMON ERRORS RELATED TO REVENUE AND UNITS OF SERVICE

- Providers not reporting average number of individuals in a group
 - Helps inform special calculations

PART II		
Group Staffing Ratios	Number of Group	
Day Habilitation - Group (15 minute - T2021 HQ)		:1
Pre-employment - Group (T2019 TT)		:1
Supported Employment - Group (15 minute - T2019 HQ)		:1

- Providers not reporting on Part III for wages and hours worked for staff, or not reporting all salary expenses in this section listed on the WTB

PART III		
Position	Number of Paid Hours	Compensation
Administrator	0	0
Assistant Administrator	0	0
Nurse/LPN	0	0
Other non-patient care	0	0
Other Officer	0	0
Other patient care staff	0	0

Note: Number of Paid hours - report the actual hours worked during period.

COMMON ERRORS RELATED TO RELATED PARTY WORKSHEET

- Reporting one lump sum of expenses with 2+ associated expense report line numbers without determining how much expense is reported in each cost report line.

Expense Report Line Number	Expense Amount	Name of related party (person or organization)	Percent Ownership	Hours worked	Symbol
1,5	85,000.00	Ms. Smith	1	2080	A

COMMON ERRORS RELATED TO BUILDINGS WORKSHEET

- Not completing the worksheet
- Not reporting applicable Medicaid Provider Number for a physical address
- Not reporting number of certified beds (group home)

HOME OFFICE WORKSHEET

- First year this worksheet is required
- An organization may submit their own home office worksheet, but it must be approved by the Department first

QUESTIONS

- Office of Rate Review can provide technical assistance specific to an organization
 - Make sure to submit questions well in advance of the due date (1+ month)
- Contact
 - Katherine.McDonald@alaska.gov
 - (907) 334-2644