

Texas Health and Human Services Commission



General Cost Report Documentation Training
for
Early Childhood Intervention Program

Acute Care Rate Analysis Staff

Early Childhood Intervention COST REPORTING

- **Lead – Yvonne Moorad**
 - **Serena Lee**

Housekeeping Items

Please download the presentation for today's session from the HHSC website (ECI Cost Report Documentation Training)

Listen to the presentation by dialing in via your telephone – use the telephone number, access code, and audio pin found on the right side of your screen

If you experience trouble with this webinar please contact Lisa Collins at lisa.collins@dars.state.tx.us

Training duration is approximately 2.5 hours

Short breaks will be provided

We request questions be emailed to TAFI@hhsc.state.tx.us, so we can answer all questions and maximize our time in educating the provider. Questions will be posted on the HHSC Rate Analysis website.

Topics to be Covered This Morning

- **HHSC & DARS**
- **Acute Care Rate Analysis Staff**
- **Why are cost reports important?**
- **How a Cost Becomes a Rate with asides on desk reviews, field audits, informal reviews and formal appeals**
- **Cost Report Training Requirements**
- **Cost Report Due Dates**
- **How to complete a cost report**
- **Miscellaneous but Important.....**

More Topics to be Covered This Morning

- **Unauditable and Unacceptable Cost Reports**
- **Vendor Hold**
- **Allowable and Unallowable Costs**
- **Time Sheets and Time Studies**
- **Depreciation documentation**
- **Related-Party Transactions & Compensation**

Even More Topics to be Covered This Morning

- **Common Reporting Errors**
- **Website**
- **Communications / Contact Information**
- **STAIRS**

HHSC & DARS



**Rates for acute care programs are developed by
Health and Humans Services Commission (HHSC)
Acute Care Rate Analysis Division**

HHSC & DARS



Targeted Case Management and Specialized Rehabilitative Services for the Early Childhood Intervention program are ADMINISTERED by the Department of Assistive and Rehabilitative Services (DARS).

HHSC & DARS



Rate Analysis staff work closely with staff at DARS to coordinate program administration, service definitions, billing guidelines and rates.

Purpose for the Training

- # Effective October 1, 2011, Health & Human Services Commission (HHSC) implemented changes to the reimbursement methodology TAC 355.8421 for Targeted Case Management (TCM) and TAC 355.8422 for Specialized Skills Training (SST) for the Early Childhood Intervention (ECI) Program.
- # The reimbursement methodology requires all providers delivering services to Medicaid-eligible individuals who are eligible for services in the ECI Program submit an annual cost report to HHSC. The Federal Fiscal Year 2013 cost report (service period of October 1, 2012 to September 30, 2013) is due on March 30, 2014.

Why are cost reports important?



- **Used to set rates**
- **Used to make appropriations requests**
- **Used to obtain cost information for special circumstances and projects**

How a Cost Becomes a Rate



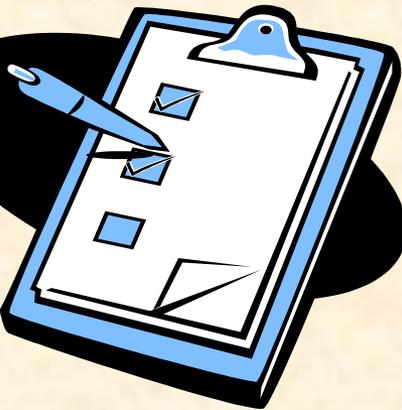
**Provider completes
Cost Report in
STAIRS**



**The STAIRS file is
verified and all
necessary
documentation
uploaded by
Provider**



How a Cost Becomes a Rate



STAIRS Edit Check



HHSC

**Desk Review or
Field Audit**



Aside - Desk Reviews & Field Audits

Verify that each cost report:

- **Correctly reports allowable and unallowable costs**
- **Follows GAAP except as otherwise specified**
- **Follows cost report instructions and rules**
- **Is supported by documentation**

Aside - Desk Reviews & Field Audits

- **Providers are responsible to respond to the HHSC Rate Analyst within 15 days from the date our HHSC request for clarification and/or additional information**
- **Records must be accessible to HHSC Audit staff within 10 working days of notification. When records are not in Texas, the provider must pay the costs for HHSC staff to travel and review records out of state**

Aside - Desk Reviews & Field Audits

HHSC e-mails notices that the exclusions and adjustments reports for providers are available. These reports identify:

- **Items that have been adjusted**
- **The amount of each adjustment**
- **The reason for each adjustment**

How a Cost Becomes a Rate



**Rate Analysis
Post-Audit Data
Review**



**Informal Reviews /
Formal Appeals**

Aside - Informal Review Requests

- **Due within 30 days of notification**
- **Must include items in dispute, recommended resolution, supporting documentation**
- **Must be signed by individual legally responsible for the conduct of the DARS-contracted provider or their legal representative**

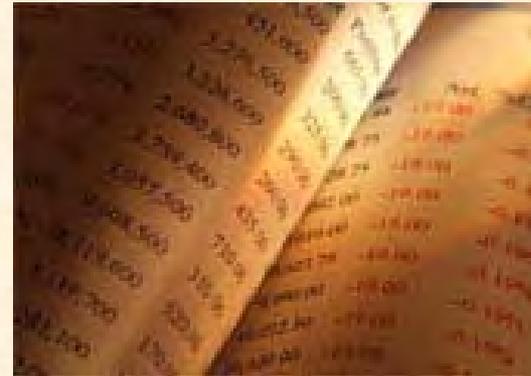
Aside - Formal Appeal Requests

- **Due within 15 days of notification**
- **Limited to issues and documentation from Informal Review**
- **Must be signed by individual legally responsible for the conduct of the DARS-contracted provider or their legal representative**

How a Cost Becomes a Rate



Rate Analysts create database(s) to calculate proposed rates



Analysis of Data by Rate Analysts

How a Cost Becomes a Rate



**Public
Rate Hearing**



**Executive
Commissioner
Approves Rates**

Cost Report Training

Cost report preparers are required to:

- **Complete HHSC-sponsored training for each program for which a cost report will be completed**
- **Complete training for every odd-year cost report in order to complete cost reports for that year and the next year**
- **This Cost Report Documentation Training does not meet the Cost Report Training requirement**

Cost Report Training

Initial cost report training program must be classroom-based; thereafter, trainings for that specific program must be online.



Cost Report Due Dates

March 30, 2014

**Targeted Case Management and
Specialized Skills Training for the
Early Childhood Intervention
program**

Due dates may only be extended for good cause

When to Complete a Cost Report

All providers are required to submit a cost report; however, some providers may be excused from submitting a cost report if they meet specific criteria. Some of the criteria for being excused are:

- The provider delivered no services**
- The provider delivered less than a certain amount of service**
- The contract was effective no more than 30 days before the end of the cost report period.**

Note that not all criteria apply to all programs. See the Rate Analysis webpage or the program-specific instructions for more information.

How to Complete a Cost Report

- **Read the current year's Cost Report Specific Instructions**
- **Gather all required documentation**
- **Review General Ledger for unallowable costs and classification errors**
- **Develop work papers that clearly reconcile between the provider's fiscal year end trial balance and the amounts reported on the Cost Report**
- **Complete all required allocations**



How to Complete a Cost Report

- **Complete Steps in order, where required**
- **Transfer values from your allocation worksheets and reconciliations to cost report items in STAIRS**
- **If report is being used for enhancement purposes, complete enhancement worksheets**
- **Check work for errors**

How to Complete a Cost Report

- **Complete Methodology Certification.**
 - **Must be signed by the PREPARER. This person must be the individual who actually prepared the cost report or who has primary responsibility for the preparation of the cost report**
 - **Must contain original signatures and original notary stamps/seals**

How to Complete a Cost Report

- **Complete Cost Report Certification**
 - **Must be signed by an individual legally responsible for the conduct of the provider such as an owner, partner, Corporate Officer, Association Officer, Government official, or L.L.C member**
 - **Must contain original signatures and original notary stamps/seals**
 - **The signature date should be the same or after the date the preparer signed the Methodology Certification page.**

Miscellaneous but Important...



Records must be maintained a minimum of 3 years and 90 days after the end of the provider's fiscal year or after the resolution of all litigation, claims and audit findings involving the cost report, if that is later.

Problems: Unacceptable Cost Reports

- **Not completed in accordance with rules, instructions, and policy clarifications**
- **Not completed for the correct reporting period**
- **Not completed using an accrual method of accounting (except for governmental entities required to operate on a cash basis)**

Problems: Unacceptable Cost Reports

- **Not submitted as a 2013 cost report through STAIRS**
- **Preparer has not uploaded required documentation (certification pages, allocation summaries, leases, management agreements, training certificates ...)**

Problems: Unauditable Cost Reports

- **Auditor is unable to reconcile to provider's workpapers**
- **Provider fails to provide requested information/documentation in a timely fashion**
- **Provider does not have supporting workpapers**
- **Provider used unacceptable allocation method**

Vendor Hold

Failure to submit an acceptable cost report by the cost report due date may result in DARS withholding payments from the provider until an acceptable cost report is submitted (i.e., “vendor hold”)



Cost Allocation

RAD General Cost Descriptions

- **Direct or Indirect**
 - This description refers to services provided to clients
- **Directly Costed (Charged) or Shared (Central Office / Shared Administrative)**
 - This description refers to how a cost is reported
- **Allowable or Unallowable**

Cost Allocation

Direct Costs

Direct costs are required to be directly costed. These costs include:

- Direct care staff compensation
- All medical/health/dental insurance premiums
- All life insurance premiums
- Other employee benefits such as:
 - Employer-paid disability premiums
 - Employer-paid retirement/pension plan contributions
 - Employer-paid deferred compensation contributions
 - Employer-paid child day care
 - Accrued leave



Cost Allocation

Indirect Costs

Indirect costs can be directly costed or shared.

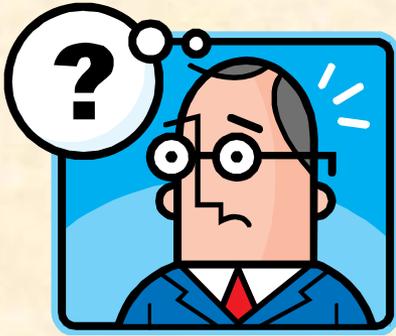
These costs include:

- Building/facility rent or lease
- Utilities costs
- Telecommunications costs
- Administrative staff salaries/wages
- Advertising expenses



Cost Allocation

Administrative Costs vs. Central Office Costs



Administrative costs are indirect costs produced by administrative functions.

- Administrative Costs can be directly charged or shared
- If these costs are shared, they are considered central office costs and must be allocated



Cost Allocation – Central Office

Administrative functions include:

- General Administrative Oversight
- Central Management
- Personnel Functions
- Accounts Payable
- Accounts Receivable
- General Ledger Accounting Functions
- Risk Management Functions
- Financial Statement Functions
- Payroll Functions
- Benefit Management Functions
- Purchasing Functions
- Any other Administrative-Type Function

Cost Allocation – Central Office

- Costs related to the administrative functions include:
 - salaries/wages
 - payroll taxes
 - employee benefits
 - supplies
 - office space
 - operations costs



Cost Allocation

Central Office

If no shared administrative functions exist and no costs are reported in the central office section, provide the following in the cost report explanation box:

- the organization's structure
- why there are no costs to be reported in the central office section



Cost Allocation

Chains

- All businesses linked together by a common parent company, a sole member, owners/directors in common
- All businesses operated by a related-party management company



Cost Allocation

Revenue Streams

- Because only cost data are analyzed in the calculation of reimbursement rates, allocation methods based upon revenue streams are inappropriate and unallowable.



Time Sheets

Time Sheets

Who Must Complete



Any staff whose duties include:

- multiple direct service types,
 - Provide ECI Case Management (CM), or
 - Provide ECI Specialized Skills Training (SST)
- both direct and indirect service component types, and/or
- both direct hands-on support and first-level supervision of direct care workers.

Time Sheets

What are they?

- # Time sheets are the most accurate method of allocating salary expense. Time sheets should be submitted by all employees for each pay period. The salary for the period is then allocated to the various functions based upon the resulting percentages.

Time Sheets

What are they?

- # Time sheets can also be used to monitor vacation, holiday, and sick leave.
- # All time sheets must be approved by a supervisor. If any changes are made, approval should also be noted on the actual time record.

Time Sheets

What are they?

- # Fringe benefits and payroll taxes can be allocated based upon the time allocations.
- # The organization's overhead expenses are allocated using these percentages.
- # The allocations must be reviewed periodically to verify the accuracy of the entries.

Time Sheet Requirements

- # Employee Name
- # Date
- # Start and Stop Time
- # Total Hours Worked
- # Time worked providing direct services in the program (in increments of 30 minutes or less)
- # Time worked performing other functions
- # Paid time off
- # Appropriate Signatures and Dates



DAILY TIME SHEET

EMPLOYEE NAME: Jane Smith

DATE: 10/01/12

TIME		CHILD	DUTIES/ACTIVITIES PERFORMED	CM					SST				Other	
BEGIN	END			Billable F2F	Billable Tele	Non-Billable Travel	Non-Billable Collater	Non-Billable Other	Billable Individ	Billable Group	Non-Billable Travel	Non-Billable Other		
8:00 AM	8:30 AM	Smith, A	CM Travel			0.50								
8:30 AM	9:30 AM	Smith, A	CM Service	1.00										
9:30 AM	10:30 AM	Smith, A	SST Service					1.00						
10:30 AM	11:15 AM		SST Travel							0.75				
11:15 AM	11:45 AM	Adams, J	Helped with appeal of Medicaid denial										0.50	
11:45 AM	12:30 PM	Adams, J	CM Service	0.75										
12:30 PM	1:00 PM	Adams, J	CM Travel			0.50								
1:00 PM	2:00 PM		Lunch										1.00	
2:00 PM	3:00 PM	Lee, M	Phone Calls: SLP Therapist and PCP				1.00							
3:00 PM	3:15 PM	Duty, V	Supervisory Conference - CM					0.25						
3:15 PM	4:00 PM	mix	Follow-up calls w/parents		0.75									
4:00 PM	4:30 PM	Lee, M	Documenting phone contacts					0.50						
4:30 PM	5:00 PM		Annual Leave / Vacation										0.50	
Totals				1.75	0.75	1.00	1.00	0.75	1.00	0.00	0.75	0.00	2.00	9.00

Signature: Jane Smith

Date: October 1, 2012

Supervisor: Mary Evans

Date: October 3, 2012

Time Sheet Requirements

- # Time for CM vs. SST vs. Other

- # CM Service Provision
 - Face to face with parent or routine caregiver
 - Telephone with parent or routine caregiver

- # Staff travel to and from
 - No shows

Time Sheet Requirements

Non-billable CM activities

- CM when parent or routine caregiver is not present
 - “Behind the scene” efforts
 - Contacts with collaterals
 - Prep to provide CM
 - Documentation of CM

Time Sheet Requirements

- # SST Service Provision
 - Individual method/modality
 - Group method/modality
- # Staff travel to and from
 - No shows

Time Sheet Requirements

Non-billable activities

- SST when the child is not present
 - Contacts with collaterals
 - Prep to provide SST
 - Documentation of SST

Time Sheet Requirements

CM

- Face to face
- Phone
- Travel
- Non-billable

SST

- Individual
- Group
- Travel
- Non-billable

Paid time off

Other

Time Sheet Good News

- # Child's Medicaid status irrelevant
- # No State issued coding system

Time Sheet Options

- # Travel knots
 - Multiple service
 - From one location is to another
- # Document time for each leg of the trip
(Office location to 1st recipient then from 1st recipient to 2nd recipient, etc.)
- # Ensure provider tracking is consistent throughout the organization

Time Sheets and Time Studies



Time studies are acceptable only for allocating costs associated with administrative staff that perform multiple administrative functions across contracts.

Time Sheets and Time Studies



“How long is a time study”?

The minimum allowable is:

4 weeks per year (one week randomly selected from each quarter)

Can be performed for one continuous week during a quarter

Can be performed over five or seven individual days throughout the quarter

Time Sheet Troubleshooting

- Note to serve as reminder
- Believable
- Failure to complete time sheet

Allowable and Unallowable Costs

Allowable vs. Unallowable Costs

- ✓ Costs are **ALLOWABLE** if they meet the “reasonable” and “necessary” tests.

“reasonable”

and

“necessary”



Allowable vs. Unallowable Costs

Reasonable Costs



- The provider seeks to minimize costs through arm's-length transactions
- The amount expended does not exceed what a prudent, cost-conscious buyer pays for a given item or service

Allowable vs. Unallowable Costs

Necessary Costs



Those costs that are appropriate for developing and maintaining the required standard of operation for providing client care

Allowable vs. Unallowable Costs

The provider may purchase items or services that are “unallowable”, but they must NOT include them on the cost report



Allowable vs. Unallowable Costs

Authority Sources

- **Cost Report Specific Instructions**
- **Cost Report Training**
- **Texas Administrative Code (TAC)**
 - **1 TAC 355.102**
 - **1 TAC 355.103**
- **GAAP – unless in conflict with instructions or TAC**



Allowable vs. Unallowable Costs

COMPENSATION

A bonus is a type of compensation granted to employees as an addition to wages. Bonuses paid to employees in arm's-length transactions are allowable costs, subject to the reasonable and necessary costs criteria

Allowable vs. Unallowable Costs

COMPENSATION

Allowable employee benefits are reported as either:

- Salaries and wages
- Employee benefits
- Costs applicable to specific cost areas

Allowable vs. Unallowable Costs

COMPENSATION

Benefits that must be reported as salaries and wages and directly charged to the individual employee include:

- **Paid vacation days**
- **Paid holidays**
- **Paid sick leave**
- **Other paid leave**

Allowable vs. Unallowable Costs

COMPENSATION

Benefits that must be reported as benefits and directly charged to the individual employee include:

- **Employer contributions to deferred compensation plans, retirement funds or pension plans**
- **Costs of certain employer-paid health/medical/dental and disability insurance premiums and paid claims**
- **Employer-paid life insurance premiums**
- **Employer-paid child day care for children of employees**
- **Accrued paid days off not yet subject to payroll taxes**

Allowable vs. Unallowable Costs

COMPENSATION

- **Only employer-paid health/medical/dental and disability paid claims can be allocated**
- **All other employee benefits and/or insurance must be direct-costed**

Allowable vs. Unallowable Costs

COMPENSATION

Benefits that are reported as costs applicable to specific cost areas include:

- **Employer-paid training/educational costs**
- **Employee relations costs**
- **Uniforms**
- **Noncash incentives**
- **Mileage reimbursement**
- **Meals**

Allowable vs. Unallowable Costs

COMPENSATION

Providers must maintain documentation which clearly identifies each type of compensation



Allowable vs. Unallowable Costs

COMPENSATION

Examples of required documentation include:

- **Insurance policies**
- **Provider benefit policies**
- **Records showing paid leave accrued and taken**
- **Documentation to support hours (regular & overtime) worked and wages paid**
- **Mileage logs**
- **Travel allowances**

Allowable vs. Unallowable Costs

ACCOUNTING, AUDITING AND LEGAL FEES

Documentation for accounting, auditing and legal fees that are billed on an hourly basis and the allowable portion of legal retainers should include:

- **The amount of time spent on the activity**
- **A written description of the activity performed**
- **The person performing the activity**
- **The hourly billing amount of the person performing the activity**

Allowable vs. Unallowable Costs

INTEREST EXPENSE

LOAN DOCUMENTATION

- Signed copy of loan
- Explanation of purpose of loan
- Documentation of use of proceeds
- Evidence of systematic principal and interest payments
- Substantiation of costs of securing loan



Allowable vs. Unallowable Costs

MEMBERSHIPS, SUBSCRIPTIONS, LOBBYING, CONTRIBUTIONS & DONATIONS

Costs for membership in professional associations directly and primarily concerned with the provision of services

Allowable

- professional association dues
- dues or fees to maintain professional accreditation

Unallowable

- lobbying or campaign contributions
- civic organizations
- nonprofessional organizations

Allowable vs. Unallowable Costs

TRAINING

The following training expenses are **ALLOWABLE** on the cost report as long as the training has a direct relationship to the job:

- **CPR**
- **On-The-Job Training**
- **Instructors**
- **Materials**
- **Registration Fees**



Allowable vs. Unallowable Costs

TRAVEL COSTS

The maximum for lodging per diem and meals per diem costs is 150% of the General Services Administration (GSA)'s federal travel rates for maximum lodging and meal reimbursement rates. The GSA's travel rates may be found at <http://www.gsa.gov> . Click on "Per Diem Rates".

For locations not specifically listed on the GSA website, the maximum allowable lodging and meals per diem rates for cost-reporting purposes are \$127.50 for lodging (plus applicable city/local/state taxes and energy surcharges) and \$54.00 for meals.

Allowable vs. Unallowable Costs

TRAVEL COSTS

Effective Date	Automobile Mileage (per mile)
July 1 – Dec. 31, 2012	55.5 cents per mile

<https://fmx.cpa.state.tx.us/fm/travel/travelrates.php>

Mileage Log

Date 5/27/20XX

Vehicle Information Make Honda
 Model Civic
 Year 2008

Beginning Odometer Reading 27,855
 Ending Odometer Reading 27,942

Driver	Passengers	Purpose of Trip	Odometer Reading			Program Allocation
			Beginning	Ending	Total	
Jane Smith	None	Supervisory Visit	27855	27865	10	PHC/FC
Jane Smith	None	Skilled Nursing	27865	27890	25	Medicare
Jane Smith	None	Lunch	27890	27900	10	None - Personal
Jane Smith	None	Supervisory Visit - ADLs	27900	27930	30	CBA - Supervisory
Jane Smith	None	Fill-in for Attendant	27930	27942	12	CBA - PAS
Total Miles:					87	

Daily Summary by Program & Contract Number		
Program	Contract #	Miles
PHC/FC	001019999	10
Medicare	XX XXXX	25
CBA	001018888	42
Personal	N/A	10

Allowable vs. Unallowable Costs

DIRECT REIMBURSEMENTS

Expenses directly reimbursable to the provider that are outside of the unit rate are unallowable.

Check program-specific rules and instructions for any exemptions related to direct reimbursements.

Allowable vs. Unallowable Costs

LOSSES

- **Losses resulting from THEFT or EMBEZZLEMENT of property or funds of the provider or clients by owners or staff of the provider are not allowable**
- **BAD DEBT allowance as an expense is unallowable and must be reported as a reduction to revenues**
- **CHARITY/COURTESY ALLOWANCES are not costs and cannot be reported on the cost report. The actual costs of the service are already included in the cost report**

Allowable vs. Unallowable Costs

Insurance Cost

Insurance is the coverage by contract in which one party agrees to indemnify or reimburse another for loss that occurs under the terms of the contract.

A provider can purchase insurance from:

- a commercial carrier**
- a limited purpose insurer**
- a special risk management fund or pool**
- Insurer must meet standards set by the Texas Department of Insurance**

Depreciation

Depreciation

- **Depreciation is the periodic reduction of the value of an asset over its useful life or the recovery of an asset's cost over its useful life**
- **Amortization is the periodic reduction of the value of an intangible asset, such as a trademark or patent, or debt over its useful life**

Depreciation



- **Depreciate items if:**
 - * **Cost \geq \$5,000 and**
 - * **> 1 Year Useful Life**

- **Expense items if:**
 - * **Cost $<$ \$5,000 or**
 - * **≤ 1 Year Useful Life**

Depreciation

SPECIALIZED TRANSPORTATION EQUIPMENT

- **Specialized equipment added to a vehicle to assist a client should be depreciated separately from the vehicle**
- **Wheelchair lifts have an estimated useful life of five years**

Depreciation

GROUND TRANSPORTATION – MILEAGE LOGS

NOT REQUIRED IF:

- **Used solely (100%) for provision of contracted client services delivering ONE type of contracted care or contract**
- **Provider has a written policy that states that the equipment is restricted to that use and the policy is followed**

Depreciation

GROUND TRANSPORTATION – MILEAGE LOGS

REQUIRED IF:

- **Equipment is used for several purposes (including personal use**) or multiple programs or contracts**

**** Personal use includes, among other things, driving to and from a personal residence**

Depreciation

GROUND TRANSPORTATION – MILEAGE LOGS

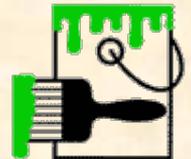
Minimum elements:

- **Date**
- **Driver**
- **Persons in vehicle**
- **Trip Mileage (beginning, ending and total)**
- **Purpose of trip**
- **Allocation Centers (departments, business entities)**

Depreciation

REPAIRS and MAINTENANCE

- **Ordinary repairs**
 - recurring
 - usually involve expenditures for parts and labor to keep the asset in operating condition
- **Examples - painting, wall papering, copy machine repair, oil changes**



EXPENSE AS INCURRED

Depreciation

REPAIRS and MAINTENANCE



- **Extraordinary repairs**
 - expenditures not normally recurring
 - usually increase the value of an asset
- **Examples - vehicle overhauls, replacing a roof and strengthening the foundation of a building**



Depreciation

DOCUMENTATION

Required for each depreciable asset so that its classification and estimated useful life can be checked for accuracy

- **Historical cost**
- **Date of purchase**
- **Depreciable basis**



Depreciation

DOCUMENTATION

Must be accessible in a field audit for each depreciable asset

- **Estimated useful life**
- **Accumulated depreciation**
- **Calculation of gains and losses upon disposal**



Depreciation

DOCUMENTATION

- Descriptions with unacceptable insufficient detail: “kitchen equipment”, “current year purchases”, “office furniture”
- In STAIRS these items are rolled up, but your documentation needs to be at this level of detail.



Depreciation

UNALLOWABLE DEPRECIATION/AMORTIZATION

- **Depreciation and amortization for unallowable assets**
- **Amounts in excess of those using the straight-line method**
- **Planning/evaluation expenses for depreciable assets not purchased and used in contracted services**
- **Goodwill**

**RELATED
PARTIES:
Transactions
and
Compensation**

Related Parties

A Related Party is any person or organization related to the provider by:

- **Blood**
- **Marriage**
- **Common ownership**
- **Control**



Related Parties

A Related Party is any person or organization related to the provider by:

- **Parent, child, sibling (including step-children)**
- **Mother-in-law, Father-in-law**
- **Aunt, Uncle, Cousin**



Related Parties

Control

Control occurs if a person or organization has the power to directly or indirectly influence actions or policies of the provider – whether or not that control is exercised

Related Parties

Common Ownership

Common ownership occurs if a person possesses an ownership/equity interest in the provider and in the organization serving the contracted provider



Related Party Transactions and Compensation

- **Reasonable** – must be an amount that would ordinarily be paid for comparable services
- **Necessary** – duties/services performed by the related party employee or entity are such that the provider would have to employ another person or contract with another entity to perform the duties/services if the related-party was unavailable

Related Party Compensation

Compensation

Documentation should include:

- **Written description of duties, functions, responsibilities**
- **Substantiation that services performed were not duplicative**
- **Daily timesheets or other documentation verifying hours worked**
- **Breakdown by regular pay, overtime, bonuses, benefits, etc.**

Related Party Compensation

Compensation



Documentation should include:

- **Proof of regular, periodic payments and/or accruals**
- **Proof that compensation is subject to payroll/self-employment taxes**
- **Allocation worksheets, if compensation is allocated**

Related Party Compensation

Bonuses

Documentation should include a written, clearly defined bonus policy which defines:

- **The basis for distributing the bonuses**
- **Who received bonuses**
- **The amount received by each individual**
- **Whether the individual was a related party**

Related Party Compensation

Benefits

Benefits paid to related parties must not discriminate in favor of certain employees such as employees who are officers, stockholders, or the highest paid individual(s) of the organization

Related Party Compensation

Benefits

Documentation should include a written, clearly defined benefits policy which defines:

- **The basis for eligibility for each type of benefit**
- **Who is eligible to receive each type of benefit**
- **Who actually received each type of benefit**

Related Party Compensation

Benefits

Documentation should include a written, clearly defined benefits policy which defines:

- **The amount of each type of benefit received by each individual**
- **Whether the individual receiving each type of benefit was a related party**

Related Party Compensation

UNALLOWABLE COMPENSATION

- **Compensation that is not clearly enumerated as to the dollar amount or which represents profit or surplus revenue distributions**

Related Party Transactions

You have a related-party transaction if:

- **If you have purchased and/or leased equipment, services, facilities from a related party**
- **If you have a loan from a related-party**



Related Party Transactions

- **Items purchased from a related-party individual**
- **Services purchased from a related-party organization**
- **Services purchased from related-party individual**

Related Party Transactions

Allowable expenses in related-party transactions must be reported at the lower of the cost to the related party or the price of comparable services, equipment, facilities or supplies that could be purchased/leased elsewhere in an arm's-length transaction.

WEBSITE OVERVIEW

HHSC Rate Analysis Webpage

<http://www.hhsc.state.tx.us/rad/>



The screenshot displays the Texas Health and Human Services Commission (HHSC) website. At the top left is the HHSC logo, which includes a map of Texas with a red star. To the right of the logo is the text "Texas Health and Human Services Commission". In the top right corner, there are links for "Español" and "Font Size + Font Size -". Below the header is a navigation bar with a "Google Custom Search" box and several menu items: "Search", "Find Services", "News & Information", "Rules & Statutes", and "Business Information". On the left side, there is a vertical menu with various links such as "About HHSC", "How to Get Help", "Questions about Your Benefits", "Providers and Vendors", "Research and Statistics", "Business Opportunities", "Meetings and Events", "Office of Inspector General", "HHSC Projects", "Community Resources", "Transformation Waiver", "Contact Us", "Advisory Committees", and "Job Opportunities". At the bottom left of this menu is a "Sign Up for Email Updates" button. The main content area is titled "HHSC Programs" and features a "Rate Analysis" section. A green box highlights the text "Acute Care", and a green arrow points from this box to the "Acute Care Services" link in the list of programs. Other links in the list include "Hospital and Clinic Services", "Long-Term Services and Supports", "Managed Care Services", "Medicaid Administrative Claiming", and "Time Study".

Acute Care

Acute Care Services

HHSC Programs

Rate Analysis

Hospital and Clinic Services

Long-Term Services and Supports

Managed Care Services

Medicaid Administrative Claiming

Time Study

Acute Care Services

Overview

The Health and Human Services Commission (HHSC) Rate Analysis for Acute Care Services develops reimbursement methodology rules for determining payment rates/fees for Medicaid Acute Care Services. HHSC Rate Analysis develops payment rates/fees in accordance with published rules and policy guidelines for the following Services:

Services

Advanced Practice Nurse (APN) see:

Certified Nurse Midwife (CNM)

Certified Registered Nurse Anesthetist (CRNA)

Nurse Practitioner and Clinical Nurse Specialist (NP) and (CNS)

Ambulance Services

Birth Center Services

Blind Children's Vocational Discovery & Development Program

Certified Respiratory Care Practitioner Services (CRCP)

Chemical Dependency Treatment Facility (CDTF)

Children and Pregnant Women - Case Management (CPW)

Chiropractic Services

Dental Services

Early Childhood Intervention - Case Management (ECI)

Early Childhood Intervention - Specialized Rehabilitative Services

Family Planning Services

Genetic Services

**Rate Analysis
Acute Care
Main Page**

**ECI – Case
Management &
Specialized
Rehabilitative
Services**

COMMUNICATIONS

Communications

- # Communication is managed predominantly via e-mail, i.e.
 - Compliance follow-ups
 - Cost Report Financial notifications and follow-ups
- # Therefore, it is critical that your entities authorize your e-mail system to accept emails from Fairbanks.
- # Confirm with your IT staff to make sure that e-mails with @fairbanksllc.com and @hhsc.state.tx.us pass through firewalls and spam filters.



STAIRS

State of Texas Automated Information and Reporting System

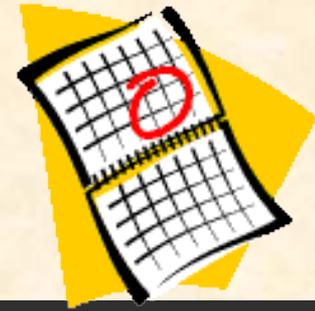
The first person at a contracted provider to receive access to STAIRS is the Entity Contact (Primary)

Notification of access, and of the login and password, will be by e-mail to the e-mail address maintained in STAIRS.

STAIRS – Dashboard

- **The Entity Contact (Primary) logs into the system and sets up other users.**
- **First screen is the Dashboard. From here the Entity Contact can edit their own information, add roles for themselves or others, edit the information of other contacts.**
 - **This screen also contains a link to Training registration**

Important Dates for Cost Report



<u>Event Description</u>	<u>Due Date</u>
Beginning of ECI Service Period (10/1/2012 to 9/30/2013)	10/1/2012
End of ECI Service Period	9/30/2013
Allow for 90 Day claim processing period	12/31/2013
Cost Report Training (ECI)	January/February/March 2014
Cost Report Due Date	3/30/2014

All important information, notices, due dates, etc can be found on
the following website:

<http://www.hhsc.state.tx.us/rad/acute-care/index.shtml>

Rate Analyst Contacts

ECI Cost Reports – (512) 491-1831 – TAFI@hhsc.state.tx.us

Yvonne Moorad - Team Lead

Serena Lee

Cost Report System & Website Questions – info@fairbanksllc.com

Fairbanks Hotline: (888) 321-1225



Websites:

Acute Care Website

<http://www.hhsc.state.tx.us/rad/acute-care/index.shtml>

Rate Analysis

Mailing Address

Mailing Address

Regular Delivery

HHSC Rate Analysis

Mail Code H-400

P. O. Box 85200

Austin, TX 78708-5200

Courier Service / Special Delivery

HHSC Rate Analysis

Braker Center, Building H

Mail Code H-400

11209 Metric Blvd.

Austin, TX 78758-4021