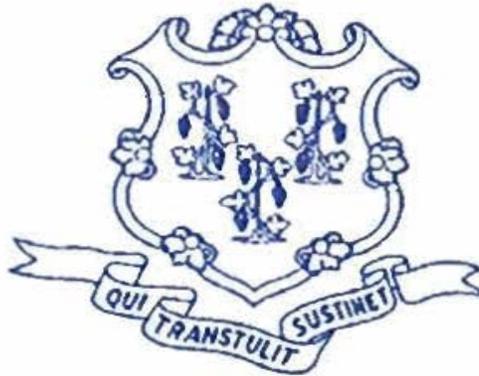


**STATE OF CONNECTICUT
DEPARTMENT OF SOCIAL SERVICES**



**Medicaid Birth to Three Program
Cost Report
Instruction Manual**

August 2015

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A. Background

The State of Connecticut Department of Social Services (the Department/DSS), the single State agency administering the Connecticut Medical Assistance Program, calculates fee schedule rates for services covered under the Medicaid Birth to Three Program.

For providers participating in the Birth to Three Program, pursuant to the Federal requirements, the Department shall follow the OMB Circular A-87 guidelines when developing fee-for-service rates for services covered under the Birth to Three Program. The rates shall be based on the Medicaid allowed costs applicable to the services covered under the Birth to Three Program as reported on the Birth to Three Cost Report.

Please note, this first CR request is requesting cost details for either SFY2014 or SFY2015, prior to allowable services being determined by the Centers of Medicare and Medicaid Services (CMS).

B. General Information

COST REPORT PERIOD

The following instructions apply to the cost reporting periods beginning with the cost report period of July 1, 2013 or 2014 through June 30, 2014 or 2015 and all subsequent cost report periods of July 1st through June 30th.

Also, submit the Agency's audited financial statements for the reported year, or if unavailable, the Agency's Trial Balance.

RECORD RETENTION POLICY

Per State Regulations 17b-262-605, Documentation as required by the Birth to Three System, including census and accounting records, shall be maintained for the longer of:

1. Six years from the end of the billing period; or
2. Six years from the date of services by the performing provider; or
3. Until such time as the Department (Department of Social Services) audit of documented services is completed and said audit is approved or disallowed as the case may be by the Commissioner (Commissioner of Social Services).

For example, records pertaining to the 2014 claims for dates of service between 7/1/2013 and 6/30/2014 shall be retained until June 30, 2020.

Examples of records / documentation to be retained are as follows:

1. Provider qualifications associated with licensing and certification
2. Payroll records associated with provider personnel providing services
3. Copies of contracts with medical providers
4. Cost report source documents
5. Individualized Family Service Plan (IFSP)
6. Progress notes

TECHNICAL REQUIREMENTS

The Birth to Three Cost Report was developed as a Microsoft Excel workbook. All Cost Report files must be submitted via email electronically to the Department. Paper copies are not required to be submitted in addition to the electronic version.

CONTACT INFORMATION

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C. Step-By-Step Instructions to Complete a Birth to Three Cost Report

Open the excel workbook cost report template attachment sent via e-mail. Save the report to your computer naming the file to include the cost year and provider name in the file name. For example, for Little Stars Program SFY2014, the cost report name should be named as:

2014-Little Stars-Bto3-DSS-Cost Report.xls

- 2014 is the fiscal year of the cost reporting period
- Little Stars is the provider name

Important reminders concerning the Cost Report Template:

- Formulas/calculation areas have been password protected.
- Please note that those cells that require data input are shaded in blue.
- Please do not add additional columns or calculations to any of the worksheets within the CR.
- Please be sure to periodically save your work to prevent any possible loss of information.
- Ensure that all pages and all required items of the CR are completed prior to submission.
- Round to the nearest dollar. Do not show cents.
- Do not change the worksheet name tabs in the EXCEL spreadsheet.
- Each Cost Report should have an “Other” cost center in the program listing to capture non-Birth to Three costs that will record non-Birth to Three expenses. This ‘Other’ cost center should record ALL Non Birth to Three costs.
- If you use formulas or linked worksheets in the preparation of the CR, be sure that the version you submit **does not** contain those links to another file. To avoid this, create a copy of your working spreadsheet for submission and use the “COPY / PASTE SPECIAL / VALUES” feature rather than simply copying and pasting.
- When you have completed the document, check it carefully to be sure that no error messages appear at the bottom of any of the schedules.

- The CR document has been created to include up to 15 programs. If you have less than 15 programs you **should print only as many pages as needed**. You should adjust the print selection to print your specific data, **otherwise** you will print out many more pages than you require.

The 2014 or 2015 fiscal year Birth to Three Cost Report is due to the Department by Thursday, October 15, 2015 via email transmission only to Marie.Femia@ct.gov.

1. PROVIDER DATA

- Cost Report Year:** Drop down menu. Choose the SFY that this Cost Report will cover, SFY2014 or SFY2015.
- Name of Agency:** Enter the legal name of the provider.
- Report for year:** Record the to and from dates for the reported year. Either July 1, 2013 - June 30, 2014 OR July 1, 2014 - June 30, 2015.
- Administrative Address:** Record the address of agency's administration location.
- Type of Ownership:** Fill in appropriate circle.
- Is Organization tax-exempt?** This section must be completed. If yes, record IRS exempt status (e.g. 501(c) 3)
- Preparer's Certification:** If this report is prepared by someone other than the provider personnel (e.g. Independent CPA firm) then this section must include the firm/individual's name. It is not necessary to submit with an original signature. Entering/typing the appropriate name will serve as the certification of your submission. In addition, please provide the contact information (Title, Phone Number, Address and Email) of the individual preparing the CR.
- Certification:** It is not necessary to submit the CR with an original signature. Entering/typing the appropriate name will serve as the certification of your submission. If your organization is a for-profit entity, the owner or other representative must include their name on this report.

2. PROGRAM LISTING

Enter the program details for your Birth to Three programs including program name, location, and cost center number. If your agency operates more than one Birth to Three program (defined as, having separate cost center numbers) list them as separate programs. If there is just one cost center for the Birth to Three program, regardless of physical site location, then the preparer of the CR will list all costs under that one program.

Each provider should have at least one "Birth to Three" program and one Other (non Birth to Three) program in their CR. This 'Other' cost center should record ALL Non Birth to Three costs

3. EXPENSE SCHEDULE

GENERAL INSTRUCTIONS:

- For each line item report actual expenses on the appropriate lines noted below. The expenses reported must agree to the agency's books and records.
- Round to the nearest dollar. Do not show cents.

NOTE: LINES 1, 2, 6 AND 7 WERE DELETED. PLEASE DO NOT ALTER NUMBERING OF THE SCHEDULE.

Lines 3-4 Report the actual expenses for the **salary** categories listed. Use the following definitions of *Direct care* vs. *Non-direct care* staff:

Direct Care Staff: Those staff who provide treatment, rehabilitation, and other support services to clients.

Non-Direct Care Staff: Those staff who do not provide client care services. Examples would be clerical positions, administration support, etc.

Lines 8-9 Report the number of Full Time Equivalent (FTEs) for each of the categories listed as of June 30, 2014 or 2015. For less than full-time employees, count employees based on their hours as a percentage of full-time. **This information should be consistent with what is reported in the Personnel Schedule.**

Line 11 **Fringe Benefit Expense** report total costs incurred during the period. Fringe Benefit expenses can include payroll taxes, employee health and life insurance, workman's compensation insurance and pension plan costs.

Line 12 **Rental Payments.** Report expenses related to real property only (e.g. land, buildings, leasehold improvements, etc). For payments made for personal property (e.g. office equipment) report on line 30.

Line 13 **Heat, Light & Water.** Report expenses associated with utility payments as applicable.

Line 14 **Maintenance.** Report any maintenance costs associated with operating the program as applicable.

Line 15 **Depreciation.** Any depreciation associated with the program.

Line 16 **Telecommunications.** Any telephone, internet, fax or other communication based costs.

- Line 17** **Office Supplies/Postage.** Costs associated with the operation of the program.
- Line 18** **Administrative Management Services.** Report on this line, if applicable, total expenses incurred and paid to a management company. The management company may be either a related party or non-related party. (See Schedule A for definition of related parties) If expenses are incurred for a related party entity, complete “Related Parties Schedule A” in this report.
- Line 19** **Third Party Billing Contractual Services** – Include contracted expenses incurred for Third Party Billing services. Other Direct Client Care Contractual Service expenses should be listed on lines 31-47. For any services performed by a related party, complete “Related Parties, Schedule A” of this report.
- Line 19a** **Contractual Services (non direct)** – Include **non-direct service** contracted expenses incurred other than through a management services company. (Ex. Consulting Psychiatrist). Other Direct Client Care Contractual Service expenses should be listed on lines 31-47. For any services performed by a related party, complete “Related Parties, Schedule A” of this report.
- Line 20** **Taxes** – Include real and personal property tax expense incurred. Do **not** include payroll taxes. Include payroll taxes on Line 11, Fringe Benefit Expense.
- Line 21** **Professional Liability Insurance** – Include only liability insurance for the professional staff and directors. **(Workers Compensation should be listed on line 11 – Fringe Benefits)**
- Line 24** **Interest Expense: Other.** Attach a separate schedule itemizing interest expense description and dollar amount.
- Line 27** **Staff Travel.** Include the cost of mileage reimbursement or other travel expense. (e.g. short term rental of a vehicle).
- Line 28** **Advertising.** Include all costs related to advertising for staff, including any recruitment fees. In addition, include other costs such as radio, brochures, promotional pamphlets and other forms, if applicable and allowable per OPM Cost Standards.
- Line 30** **Other General Expenses (Direct Operating Expenses).** Include on this line any other direct operating expenses not reported on lines 12-29. If the amount for this line item is more than \$3,000 per program, provide a detailed schedule itemizing account name and dollar amount.
- Lines 31-45** Include **Direct Client Care Costs** for the categories noted.

Lines 46-47 Direct Client Care Costs. If a cost category is not listed in lines 31-45, input the title in place of *Other*, and record costs as needed.

Line 48 Other (Direct client care costs). Include on this line any “other” direct care client costs. If the amount for this line item is more than \$3,000 per program, provide a detailed schedule itemizing account name and dollar amount.

Line 49 Total Direct Operating Expense. Do not enter data directly on this line. This line is equal to the total of lines 12 through 48 and is calculated automatically.

Line 50 Administrative and General Expenses. Do not enter data directly on this line. Complete **Schedule B (Administrative and General Expenses)**. The spreadsheet will automatically populate the amounts from Schedule B onto this line.

Line 51 Other Expenditures. Enter any other expenses not reported on lines 1 through 48 on this line. If the amount for this line item is more than \$3,000 per program, provide a detailed schedule itemizing account name and dollar amount.

Line 52 Non-Reimbursable Costs. Enter any expenses which are not reimbursable for the Birth to Three program. **Please note this should be a negative number.**

Line 53 Total Expenditures. Do not enter data directly on this line. This line is equal to the total of lines 1 through 52 and is calculated automatically.

4. INCOME SCHEDULE

GENERAL INSTRUCTIONS:

- For each line item, report actual income on the appropriate lines noted below. The income reported must agree to the agency's books and records at the time of report preparation.
- Round to the nearest dollar. Do not show cents.

Lines 2-4 Third Party Fee for Service (NET) Revenue. Record revenue, by category, on the appropriate line items noted. For line 4, submit a separate schedule identifying "Other FFS payments" by name and dollar amount.

Line 6 DDS/OEC Contract Revenue. Enter contract amount in the column provided and record the revenue received within the fiscal year.

Lines 7-15 List any other Contract Revenue received. Detail, on each line, the awarding agency. The schedule **must** include the name of the agencies and the applicable dollar amount.

Lines 17-22 Grant Revenue. Record revenue from all other sources as noted. If you have a separate grant with the Federal Government you should include this on line 17. For lines 19 and 20-22, submit a separate schedule specifically identifying "Other State Agency Grants" and "Other Grant Revenue." The schedule **must** include the name of the agencies and the applicable dollar amount.

Line 24 Other Revenue (NET). Record revenue from all other sources not recorded on lines 1a through 22. Attach a separate schedule identifying other revenue type by name and dollar amount.

- **Edit Check.** Listed as a point of reference to Line 53 of the Expense Schedule (Total Expenditures) and calculates **Grand Total Revenue minus Expense** which should match the **Grand Total (surplus/deficit)** on the Budget tab. If these do not match, further review is needed to determine error, cell H41 will reflect "OK" or "Error". **Please do not alter.**

5. SCHEDULE A - RELATED PARTIES

THIS SCHEDULE MUST BE COMPLETED BY ALL AGENCIES THAT TRANSACT BUSINESS WITH ANY RELATED PARTY.

Please read the question noted on top of Schedule A. If the answer is NO, label the Schedule as "NOT APPLICABLE" and do not complete the rest of the required information on Schedule A.

If the answer is YES, give complete information for ALL the columns noted. If necessary, use additional sheets to document information requested.

- **Name of related individual or company.** Report complete name of individuals or organizations providing goods or services. Include complete address
- **Description of Goods/Services Provided.** Provide detailed description of all goods and services provided by any related party.
- **Indicate where costs are claimed on this report.** Include the Schedule Name, Program name and line number.
- **Cost reported in this report.** Include total cost incurred to the related party.
- **Actual cost to the related party.** Include the related party's actual cost (i.e. excluding profit) to provide goods or services to your facility.
Note: This column must be completed, if unable to obtain the related party's cost, provide an estimate and mark in the column next to dollar amount "ESTIMATE."

Note: The following definition of a related party can be found in the CMS Publication 15-1, Provider Reimbursement Manual, Chapter 10:

- Related to the provider means that the provider to a significant extent is associated or affiliated with, or has control of, or is controlled by, the organization furnishing the services, facilities, or supplies.
- Common ownership exists when an individual or individuals possess significant ownership or equity in the provider and the institution or organization serving the provider.
- Control exists where an individual or an organization has the power, directly or indirectly, significantly to influence or direct the actions or policies of an organization or institution.
- In determining whether a provider organization is related to a supplying organization, the tests of common ownership and control are to be applied separately. If the elements of common ownership or control are not present in

both organizations, the organizations are deemed not to be related to each other.

- The existence of an immediate family relationship will create an irrefutable presumption of relatedness through control or attribution of ownership or equity interests where the significance tests indicated above are met. The following persons are considered immediate family for Medicaid program purposes: (1) husband and wife, (2) natural parent, child, and sibling, (3) adopted child and adoptive parent, (4) step-parent, step-child, step-sister, and step-brother, (5) father-in-law, mother-in-law, sister-in-law, brother-in-law, son-in-law, and daughter-in-law, and (7) grandparent and grandchild.
- A determination as to whether an individual (or individuals) or organization possesses significant ownership or equity in the provider organization and the supplying organization, so as to consider the organizations related by common ownership, will be made on the basis of the facts and circumstances in each case. This rule applies whether the provider organization or supplying organization is a sole proprietorship, partnership, corporation, trust or estate, or any other form of business organization, proprietary or nonprofit. In the case of a nonprofit organization, ownership or equity interest will be determined by reference to the interest in the assets of the organization (e.g. a reversionary interest provided for in the articles of incorporation of a nonprofit corporation).

6. SCHEDULE B - ADMINISTRATIVE AND GENERAL EXPENSES

GENERAL INSTRUCTIONS:

- Round to the nearest dollar. Do not show cents.
- Report Administrative & General Expenses among Non-Birth to Three and Birth to Three Programs as applicable. Providers MUST INCLUDE their Non-Birth to Three A & G expenses.
- Report the number of Full Time Equivalent (FTEs) as of June 30, 2014 or 2015. For less than full-time employees, count employees based on their hours as a percentage of full-time. This information should be consistent with what is reported in the Personnel Schedule.
- The sum of the agency-wide expenses or FTEs by detail category must be equal to the sum of the program expenses or FTEs for rows 2, 5, and 31. If this condition is not met, an error message will appear at the bottom of this schedule. This information should be consistent with what is reported on the Personnel Schedule.
- **Line 33.** Other Expenditures can be included in line 33. Please provide a detailed schedule by account name and dollar amount for items on this line.
- **NOTE:** Lines 18, 24, 25-30, and 33: if the amount for these line items is more than \$3,000 per program, provide a detailed schedule itemizing account name and dollar amount.
- **Note:** Please refer to the OPM Cost Standards regarding allowable expenses <http://www.ct.gov/opm>. The OPM Cost Standards are under Policies/Purchase of Services (POS) Cost Standards on the OPM website.

Administrative and General Expenses – These are indirect expenses incurred by an organization that are not readily identifiable with a particular program but are, nevertheless, necessary to the operations of the organization and the performance of its programs. Administrative and General expenses would include items such as the salary of the Executive Director, salaries for people providing accounting and business office related services, legal and audit expenditures, travel, material and supplies, etc. The methods of allocating administrative costs should be in accordance with appropriate cost principles. Allocation of administrative costs can be based on several different methods: i.e., accumulated costs, square footage, activity based (number of consumers, hours, charges, etc.) or a proportional allocation based on the ratio of direct program expenses to total agency expenses.

The method used to allocate Administrative and General expenses among programs/cost centers should meet the following criteria:

1. It should result in an allocation that is fair to all cost centers/programs concerned.
2. The application of the base should be consistent over time.

3. Allocation should be logical and reasonably indicative of the amount of services provided.
4. Costs should be necessary for the efficient execution of the contract.
5. Costs claimed must be allowable and related to client care.
6. Costs must be allocated per the agency approved Cost Allocation Plan.

7. **BUDGET - ACTUAL vs. CONTRACTED SCHEDULE**

- For this schedule, complete lines 1-11 only. The rest of the schedule will be filled in and calculated automatically from information supplied elsewhere in the document.
- For line 7 DDS/OEC Contract Revenue, report one year (or 20%) of the contract total.
- The budgeted amounts in Lines 1 through 11 must correspond to the approved budget line item amounts in your contract or any Budget Revisions that have been previously approved by OEC. **Budget Revisions that have not yet been approved by OEC should not be used.**
- **Edit Check.** Listed as a point of reference is the calculation of **Grand Total (surplus/deficit)** which should match to **Grand Total Revenue minus Expense** on the Income tab. If these do not match, further review is needed to determine error. **Please do not alter.**

8. PERSONNEL SCHEDULE

Please read the following instructions carefully to assist in properly completing the personnel schedule. Add additional rows as needed, DO NOT add additional columns.

1. Program Name: The program name of the cost center at the top of each column will automatically populate to this page from the Programs tab. Please do not alter.

2. Name: The personnel schedule should be completed for each individual staff person, regardless of whether there was more than one staff person filling the same position during the year. If a budgeted position is vacant at 6/30, do not input "vacant", please input the individual's name that last served in the position.

Example 1: Jim filled a case manager's position for 3 months of the year and was replaced by Carol for the last 9 months of the year. Report each staff person, listing their Position as "case manager".

Example 2: Deb, Jessica and Sandy are full time case managers in program ABC 1. List EACH staff person and their respective position as a separate line on the schedule. Do NOT combine the salaries for the 3 case manager positions on one line.

Example 3: For per diem positions, list "Per Diem".

3. Position: You must include the position title. Please list the complete title without abbreviations. Include per diem positions. Note: In general, this position should be consistent with the Contract unless the position was added after the start of the fiscal year.

Example 1: Enter "Administrative Assistant", NOT "Admin Assist."

Example 2: For per diem positions, list the position title. (e.g. Nurse)

4. Degree/License: Please enter the Degree/License of the person currently filling the position. If multiple Degrees/Licenses apply, list all and separate by a comma. (PhD, RN, MSW, CNA, BS, BA, LPN, etc.)

5. Actual Rate per Hour: Enter the actual rate per hour as of 6/30/14 or 6/30/15.

6. Total Hours per Week: Enter the total hours worked for each individual in the agency as of 6/30/14 OR 6/30/15. Include ALL the hours

worked, not just the Birth to Three portion.

Note 1: For Per Diem positions, please leave the total hours per week blank.

Note 2: For instances where Total Hours per Week vary, please include a reasonable estimate, i.e. an average or typical week.

Note 3: In general, Total Actual Hours per Week should be consistent with the Contract unless the hours varied during the year, which, then you would provide a reasonable estimate of the hours worked for that position.

7. % of Direct Client Care: Enter the portion of employee's time that is attributable to direct client care only. Direct client care includes providing treatment, rehabilitation and other support services to clients.

Note 1: In some cases, the percentage of direct client care can exceed 100% when added across all of the cost centers. See Example 1.

Note 2: In some cases, a percentage of the employee's salary can be allotted to a particular program with a percentage of Direct Client Care equaling zero. See Example 3.

Example 1: Sue is a case manager who earned \$50,000. She works in Birth to Three cost centers equally. Her percentage of direct client care in Program 1 is 100% and actual wages are \$25,000 and her percentage of direct client care in Program 2 is 100% and actual wages are \$25,000, therefore, her collective percentage of direct client care is equivalent to 200%.

Example 2: Stephen is a supervising Clinician who earned \$50,000. His entire salary is allocated to ABC Program. The corresponding % of Direct Client Care = 75% because the balance of his time is spent outside of direct client care which may include supervising clinicians, coordinating meetings and trainings, etc.

Example 3: Rachel is a cook who earned \$25,000. She spends no time in direct client care, therefore her actual wages are \$25,000, recorded in the non-Birth to Three program, and her % of Direct Client Care is 0%.

8. Actual Wages: Enter the actual wages in the appropriate cost center. Actual Wages should be as of 6/30/14 or 6/30/15.

9. Subtotal of Actual Wages: Summation of actual wages for all of the cost centers. Please do not alter.

10. Actual Administrative and General: Enter the Birth to Three **portion** of the actual wages for each position that falls under Administrative and General.

11. Total Actual Salary: Summation of the subtotal of actual wages and actual administrative and general. Please do not alter.

12. Other Personnel Costs: Miscellaneous payments that are NOT part of the employee's actual annual wages reported above, but paid from a cost center (and are not considered overtime) should be entered at the bottom of the Personnel Schedule in the designated row.

Note: Please explain these unusual circumstances in the narrative.

Examples: Pools, Relief Staff, On Call Staff, Incentive Compensation, etc.

- **Edit Check.** Row 113 for each Program listed will populate the total salaries recorded on the Expense Schedule from line 5 for each Program or the Administrative and General salaries recorded on the Schedule B line 2 as an edit check. If these amounts do not match, further review is needed to determine error. **Please do not alter.**

9. Narrative

When providing a narrative to explain other personnel costs, please include the following: **program, dollar amount, and a detailed description** of the associated cost including the effective date of any changes.

Please note, If Cost Report year is SFY 2014, please provide details on salary increases that were implemented in SFY 2015 so that the cost review can accurately reflect your most recent program expenses.

10. Census Detail

For FY2014 or FY2015, please report the unduplicated number of children served by your Agency in the blue box.

D. Submission Deadline Requirements

Please note the deadline for submission of the 2013-2014 or 2014-2015 Birth to Three Cost Report is Thursday, October 15, 2015.

Upon receipt of the cost report, a preliminary review will be performed to determine if all required documentation has been submitted. If the cost report is incomplete, or if all required documentation has not been submitted, the cost report will be returned to the provider. A delinquent letter will be issued for cost reports not received within the specified time requirements.

A desk review will be performed on each cost report. Based on the initial review of the cost report and the supporting schedules, a determination will be made regarding whether additional information is required. An information request letter will be submitted to the provider indicating the additional information required to complete the desk review. The provider will have ten (10) days to respond to the request.

The request list will include any information deemed necessary to accomplish full financial disclosure of the provider's operation.