

DEPARTMENT OF HEALTH CARE SERVICES – FISCAL LEADERSHIP INSTITUTE 2018

SHORT-DOYLE/MEDI-CAL COST REPORT – COUNTY QUESTIONS

1. Alameda's big challenge is to accomplish all the necessary cost allocation accurately and yet quickly enough to meet State deadlines.
To better meet the cost report filing deadlines, it might be helpful for a county to accumulate needed cost report data on a regular schedule (weekly, monthly or quarterly). . Preparing a timeline that itemizes the broad tasks that need to be completed from the time the county closes the books for the fiscal year to the time the cost report is due might help as well.
2. How should different expenses be recorded to easily map the county's FY expenses to the Mental Health Cost Report.
Due to varying degree of financial and data collected by each county system, there is no clear way of determining how to best map a counties expense records for the cost report data. The accounting and bookkeeping processes vary from county to county. Counties should work with their fiscal consultants to study the cost report template, and determine the best way to collect data from the financial reporting systems to the cost report. As in question 1 above, a regular data collection process may be useful.
3. My county can use guidance on Final Rule claiming and funding, SABG claiming, and DMC-ODS cost reporting. For Mental Health, DHCS provided the Final Rule claiming guidance via MHSUDS Information Notice 18-012. However, the cost report templates have not been updated to reflect the settlement. DHCS will provide further guidance on how to report both regular and final rule administrative costs during the cost report review, reconciliation and settlement process. The SUD group may have further information for SUD related items.
4. How your expenses tie into the cost reports. The revenue hierarchy. How to complete a SAPTBG report (QFFMR), Trainings for beginners on cost reports.
For Mental Health, DHCS offers 3 regional cost report trainings every June. SUD may provide more information on SAPT and QFFMR.
5. Cost reporting, QFFMR, RER
Need more information. Cost report training is held every June. For 2019, the training will be in Riverside for the southern region, Merced for the central region and Solano for the northern region. Shasta is considering hosting an additional 4th training for the northern region.
6. Monitoring provider costs to comply with regulatory mandates and cost reporting.
MHPs should ensure all providers follow established state and federal guidelines regarding cost reporting.
7. How they handle Admin cost on the MH Cost Report.
Administrative costs may be allocated in any of the 3 available methods which may be: The percentage method (program over total population); the relative value method which is based on program units and published charges; and the gross cost method. The Mental Health Cost Report Instruction manual specifies the different ways a county may allocate Administrative costs.
8. How do they do cost settling with their contractors.
Does this question refer to how different counties settle with their providers? It might be beneficial to include in the County to County/mentorship session.
9. Clear direction on acceptable and not acceptable methodologies for allocating operating and administrative costs in MH, DMC and SABG Cost Reports.
The allocation of total cost to Mode of Service and Service Function may be accomplished in 3 ways. Costs may be determined at service function level if the county has the technology and reporting mechanisms to capture

costs at the service function level; Time Studies and the Relative Value method. The Mental Health Cost Report Instruction manual has detailed information on each of the 3 methods.

10. I would like to hear about the big picture implications of the cost report and how it effects decision making and such. I don't directly work on the cost report, so the minute details of entering certain #s into a spreadsheet isn't that interesting to me, but that seems like all DHCS ever discusses.
California uses a cost-based reimbursement methodology to reimburse counties for the cost of providing specialty mental health services. DHCS also uses county certified public expenditures as the basis to draw down federal financial participation for specialty mental health services. DHCS uses the cost report to determine the costs eligible for federal reimbursement and to determine the county's certified public expenditures to ensure the county receives the correct amount of Federal Financial Participation. DHCS also uses the cost report to calculate county interim rates for the upcoming cost report. Filing cost reports timely and accurately, ensures that DHCS using the most recent cost information to set the interim rates for the county.
11. Have templates ready early. Do not have audits when cost reports or reconciliations are also due.
DHCS is striving to have the templates posted on time every year. FY 2017-18 template has already been available since the end of the last fiscal year. The cost report due date is static. However, audit times may not be consistent from year to year. The Audits session may provide more information on their timeframes.
12. Detail information about Admin Cost. MHPA Audit?? The MH Admin was covered under question 7. There is a separate MHPA session that will cover MHPA topics.
13. Training needs to be more in depth - discussing what data goes into a spreadsheet and what each schedule does (i.e., determining Mode Costs), and not just reading through the instructions.
The annual 2 day cost report training covers both the theoretical aspects of the cost report template and policy and also an actual data entry session. DHCS organizes a county workgroup to help inform the training content. We welcome everyone to participate to ensure you get the information you need.
14. Overviews and timelines are helpful. Also any updates or changes from the last reporting period is helpful.
The cost report training provides programmatic, technical and fiscal updated from year to year. Additionally, DHCS has put forth a timeline for settling all outstanding cost reports via MHPADS Information Notice 18-026. The time line will be fairly static from year to year as well. The templates will be posted to ITWS in July, the cost report is due on December 31st, all errors should be cleared by June 30, DHCS will send a reconciliation letter to the county in October, and the reconciled cost report is due back within 90 days, and DHCS will settle the cost report within 90 days.
15. Allow larger counties to file after December 31 as large counties have hundreds of individual contracts that need to be settled prior to creating the consolidated LE CR for upload.
California Welfare and Institutions Code section 14705 (c) is the relevant statute that governs the timeframes for the submission of annual cost reports. DHCS does not have the authority to change this date. Counties may work with their assigned DHCS cost report analysts to get o one time extension to file per MHPADS Information Notice 17-025. Cost reports received after December 31, and without an extension on record are automatically considered delinquent and the country may be subject to further sanctions as provides by California Welfare and Institutions Code section 14712(e).
16. Although the DMC-ODS cost report forms are still not approved, it would be helpful if DHCS can share what they proposed.
This topic will be covered in the SUD session.

17. Are there any beginner trainings available? Step by step assistance in training counties with brand new fiscal teams.
Outside the annual 2 day cost report training, DHCS may provide other technical assistance to counties as needed. Depending upon what the county needs, this may not be sufficient, though.
18. Have their templates flowing correctly with data from tab to tab including corrected formulas for the first time when they release the template.
DHCS is striving to have accurate templates posted on time every year. The FY 2017-18 template is already available since the end of the last fiscal year. DHCS also asks counties to assist in reviewing draft templates and providing feedback. The more counties participate in this exercise, the better the chances of catching errors before the template goes into production.
19. UR and ADMIN training.
DHCS will add some Admin and UR modules to the annual cost report training.
20. Need more training from DHCS to both County and providers.
DHCS provides training to the counties. Counties are responsible for training and ensuring that their providers understand how to report cost information on time and accurately.
21. Several questions, but also want to express how challenging it is to be so far behind in cost reports. It at times is hard to recall process from years prior that might have changed over time and then apply it to costs reports that are so old. At times it is often not even the same staff working to file the report as was working at the time the actual expenses occurred.
DHCS has established new timeframes to get caught up with all outstanding cost reports that should see timeframes get back to normal beginning with the 17-18 cost report. DHCS is committed to settling cost reports 18-24 months following the close of a fiscal year.
22. When will the templates be fixed in the prior year Mental Health Cost Reports?
They have been fixed.
23. Allocate more funding to the division in charge of YECRs so they are timely every year rather than late releasing templates. For Training, have a mock cost report completed using real financial information rather than staff reading from a PowerPoint.
The 2018 Budget Act authorized two additional positions for the cost reporting unit at DHCS. DHCS is currently filling those positions.

DHCS provides hands on data entry exercises on day 2 of the annual cost report training. DHCS will consider working with a county to utilize real financial information. Again, DHCS organizes a group of counties to inform the content of the annual training. This is a great way to ensure you get your needs met.
24. I think DHCS should do small group cost report training with counties regionally - so everyone can access the training.
DHCS provides 3 regional trainings. We need more feedback on whether this is useful or we need to break it down further. From DHCS' perspective, trainings have to be cost effective and counties must participate in large quantities as well.
25. Direct instruction completing a cost report using real data.
Covered under question 23.

26. How should we reconcile the cost reports and RERs?

DHCS understands the amounts from the RERs and cost reports may not always tie. DHCS needs an explanation of why the amounts do not tie, and a timeframe for a reconciliation.

27. Please explain the preferred method of Cost Allocation of Indirect Costs and Overhead.

Indirect costs must be allocated to direct service, administrative, and utilization review/quality assurance cost centers on an equitable basis consistent with OMB A-87, including an indirect cost rate plan developed in accordance with OMB A-87. They must be identified specifically with the performance of activities that are necessary for the administration of the mental health plan, such as outreach, eligibility intake, contract administration, program planning and policy development, administrative case management and such. DMH Letter No.: 11-01 provides detailed information on indirect cost allocation. DHCS does not have a preferred method.

28. Will there be any extensions for the 17/18 cost report in light of the adoption of DMC-ODS waiver and the 6-month claiming extension granted?

There will not be an extension on the mental health side. SUD may provide more details on the SUD cost report.