

2003-2004 MEDICAID COST CALCULATION INSTRUCTIONS

The Department of Human Services (DHS) Excel worksheet for developing your annual Medicaid cost calculations includes a tab for each of the following disciplines:

- Nursing
- Occupational Therapist/Certified Occupational Therapist Assistant
- Physical Therapist/Licensed Physical Therapist Assistant
- Speech Language Pathologist/Speech Language Therapist Assistant
- Audiologist
- Psychiatrist
- Psychologist
- Delegated Health Care/Attendant
- Licensed Clinical Social Worker/MSW

The directions for completing each tab are the same. Within each tab you must select the option that best matches the financial and accounting data maintained by your district.

- Use Option 1 on the first page of each tab if you can uniquely identify and fully attribute all of the costs associated with a discipline without having to make any adjustments.
- Use Option 2 on the second page of each tab if you first must calculate an adjustment ratio by which to spread costs that are not uniquely identifiable to the discipline.

To complete the worksheet, actual audited costs must be used from the prior school year. For example, if you are calculating costs during the 2003-04 school year, you would use actual costs from the 2002-03 school year to complete the worksheet. At the top of the "SUMMARY" tab, please list your district and the date. The rest of the SUMMARY tab will automatically fill in when you complete the tab(s) for each discipline.

Please note that the worksheet does not contain a tab for transportation costs. Each district should continue to use the worksheets for developing transportation costs in accordance with the guidelines established by DOE.

Instructions for Option 1 – All Costs Can be Readily Identified to Discipline

Block 1A - Costs Fully Attributable to the Discipline

Line

1. Enter the actual salaries and benefits (S&B) for the licensed billable staff in the discipline. Only staff that is licensed to bill Medicaid can have their salaries and benefits included in this line. This line should include all assistants (COTA with OT; LPTA with PT; SLPA with SLP; and MSW with LCSW).

- 2-10 Enter the actual costs for the categories that are related to the delivery of Medicaid services by the Medicaid billable staff. Listed below are the descriptions of costs permitted to be claimed under OMB Circular A-87. No costs which are included in your ODE approved restricted indirect rate can be claimed as a direct expense.
 - EMPLOYEE TRAVEL EXPENSES are allowable for expenses for transportation, lodging, subsistence, and related items incurred by employees traveling on official business. Such costs may be charged on an actual cost basis, on a per diem or mileage basis in lieu of actual costs incurred, or on a combination of the two, provided the method used is applied to an entire trip, and results in charges consistent with those normally allowed in like circumstances in non-federally-sponsored activities.
 - COMMUNICATIONS COSTS of telephone, mail, messenger, and similar communication services are allowable
 - PUBLICATIONS AND PRINTING PUBLICATION costs, including the costs of printing (including the processes of composition, plate-making, press work, and binding, and the end products produced by such processes), distribution, promotion, mailing, and general handling are allowable
 - MATERIALS AND SUPPLIES are allowable. Purchases should be charged at their actual prices after deducting all cash discounts, trade discounts, rebates, and allowances received. Withdrawals from general stores or stockrooms should be charged at cost under any recognized method of pricing, consistently applied. Incoming transportation charges are a proper part of materials and supply costs. Also included here would be software used to operate your SBHS services.

- PROFESSIONAL SERVICE COSTS for professional and consultant services rendered by persons or organizations that are members of a particular profession or possess a special skill, whether or not officers or employees of the governmental unit, are allowable.
- MEMBERSHIPS AND SUBSCRIPTIONS
 - a. Costs of the governmental unit's memberships in business, technical, and professional organizations are allowable.
 - b. Costs of the governmental unit's subscriptions to business, professional, and technical periodicals are allowable.
 - c. Costs of meetings and conferences where the primary purpose is the dissemination of technical information, including meals, transportation, rental of meeting facilities, and other incidental costs are allowable.
 - d. Costs of membership in civic and community, social organizations are allowable as a direct cost with the approval of the Federal-awarding agency.
 - e. Costs of membership in organizations substantially engaged in lobbying are unallowable.
- REPAIR OF EQUIPMENT USED BY DISCIPLINE The cost of repairs of equipment used by discipline may be included in a district's cost calculations.
- TRAINING provided for employee development is allowable to the extent which it benefits the Federal award.
- ADVERTISING expense for vacant positions within the discipline may be included in a district's cost calculations.

Block 1B - Prorated Costs of Management and Support Staff

Line

12. Enter the portion of actual salaries, benefits, and direct costs (not included in your ODE indirect rate) of management staff that are directly responsible for the activities of the licensed billable staff. If the manager supervises only the discipline for which you are establishing rates, then you will allocate 100% of the manager's salary to Line 12. However, if the manager supervises more than one discipline, only allocate on Line 12 the percent of the manager's salary and benefits that applies to the discipline for which you are establishing costs. For example, assume a manager supervises a total of 15 FTE, of which five are licensed billable FTE. Since the licensed billable staff makes up one-third or 33% of the total staff, then you would enter 33% on line 12.

13. Enter the salaries, benefits, and direct costs (not included in your ODE indirect rate) of Medicaid operations and program staff that assist the licensed billable staff in performing and billing for Medicaid services. Follow the same instructions provided for Line 12 above. Staff that can be included in this line would be any non-licensed staff who do not bill Medicaid. Staff that cannot be included in this line would be any licensed staff that you may have but who do not bill Medicaid.
14. Enter the salaries, benefits, and direct costs (not included in your ODE indirect rate) of clerical staff that assist the licensed billable staff in performing and billing for Medicaid services. Follow the same instructions provided for Line 12 above.

Block 1C - Calculation of Hourly Rate if All Costs are Fully Attributable

15. Enter the number of licensed billable staff in the discipline.
16. This line computes the cost per licensed billable staff.
17. This line computes the cost per hour based upon 900 instructional hours per year.
18. Enter the current school year ODE approved restricted indirect rate for your district. **Please remember that any of the costs included in the calculation of your restricted indirect rate cannot be claimed elsewhere.**
19. This line computes the calculated hourly rate with the indirect rate added in.
20. This line calculates the 15-minute billing amount.

Instructions for Option 2 – Supporting Costs Must Be Prorated to Discipline

Block 2A - Costs Fully Attributable to the Discipline

Line

1. Enter the actual salaries and benefits (S&B) for the licensed billable staff in the discipline. Only staff that is licensed to bill Medicaid can have their actual salaries and benefits included in this line.

Block 2B - Prorated Costs of Management and Support Staff

Line

2. Enter the portion of actual salaries and benefits of management staff that are directly responsible for the activities of the licensed billable staff. If the manager supervises only the discipline for which you are establishing rates, then you can allocate 100% of the manager's salary to Line 2. However, if the manager supervises more than one discipline, only allocate on Line 2 the percentage of the manager's salary and benefits that applies to the discipline for which you are establishing costs. For example, assume a manager supervises a total of 15 staff, five of which are the licensed billable staff. Since the licensed billable staff makes up one-third (33%) of the total staff, then you would enter 33% on line 2.
3. Enter the actual salaries and benefits of Medicaid operations and program staff that assist the licensed billable staff in performing and billing for Medicaid services. Follow the same instructions provided for Line 2 above. Staff that can be included in this line would be any non-licensed staff who do not bill Medicaid. Staff that cannot be included in this line would be any licensed staff that you may have but who do not bill Medicaid.
4. Enter the salaries and benefits of clerical staff that assist the licensed billable staff in performing and billing for Medicaid services. Follow the same instructions provided for Line 2 above.

Block 2C - Adjustment Factor Calculation (Gray box on worksheet tabs)

To calculate the costs which are partially attributable to the licensed billable staff, an adjustment percentage needs to be applied against the total expenses for the discipline. The calculation for the adjustment percentage is made in the gray box on the form. The only expense that needs to be added to make the calculation is the expense for the licensed staff who do not bill Medicaid (non-shaded box in Line 8). The other expenses are automatically drawn down from the entries made in Blocks 2A and 2B. The adjustment percentage is calculated on Line 11 and is automatically applied against the eligible costs in Block 2D.

Block 2D - Costs Partially Attributable to the Discipline

Line

12-20 Enter the actual costs for the categories that are related to the delivery of Medicaid services by the Medicaid billable staff. Listed below are the descriptions of costs permitted to be claimed under OMB Circular A-87.

- **EMPLOYEE TRAVEL EXPENSES.** Travel costs are allowable for expenses for transportation, lodging, subsistence, and related items incurred by employees traveling on official business. Such costs may be charged on an actual cost basis, on a per diem or mileage basis in lieu of actual costs incurred, or on a combination of the two, provided the method used is applied to an entire trip, and results in charges consistent with those normally allowed in like circumstances in non-federally-sponsored activities.
- **COMMUNICATIONS COSTS** of telephone, mail, messenger, and similar communication services are allowable
- **PUBLICATIONS AND PRINTING PUBLICATION** costs, including the costs of printing (including the processes of composition, plate-making, press work, and binding, and the end products produced by such processes), distribution, promotion, mailing, and general handling are allowable
- **MATERIALS AND SUPPLIES** The cost of materials and supplies is allowable. Purchases should be charged at their actual prices after deducting all cash discounts, trade discounts, rebates, and allowances received. Withdrawals from general stores or stockrooms should be charged at cost under any recognized method of pricing, consistently applied. Incoming transportation charges are a proper part of materials and supply costs. Also included here would be software used to operate your SBHS services.

- PROFESSIONAL SERVICE COSTS Cost of professional and consultant services rendered by persons or organizations that are members of a particular profession or possess a special skill, whether or not officers or employees of the governmental unit, are allowable
- MEMBERSHIPS AND SUBSCRIPTIONS
 - a. Costs of the governmental unit's memberships in business, technical, and professional organizations are allowable.
 - b. Costs of the governmental unit's subscriptions to business, professional, and technical periodicals are allowable.
 - c. Costs of meetings and conferences where the primary purpose is the dissemination of technical information, including meals, transportation, rental of meeting facilities, and other incidental costs are allowable.
 - d. Costs of membership in civic and community, social organizations are allowable as a direct cost with the approval of the Federal-awarding agency.
 - e. Costs of membership in organizations substantially engaged in lobbying are unallowable.
- REPAIR OF EQUIPMENT USED BY DISCIPLINE THE cost of repairs of equipment used by discipline may be included in a district's cost calculations.
- TRAINING The cost of training provided for employee development is allowable to the extent which it benefits the Federal award.
- ADVERTISING expense for vacant positions within the discipline may be included in a district's cost calculations

Block 2E - Calculation of Hourly Rate if Costs are Prorated

22. Enter the number of licensed billable staff in the discipline.
23. This line computes the cost per licensed billable staff.
24. This line computes the cost per hour based upon 900 instructional hours per year.
25. Enter the current school year ODE approved restricted indirect rate for your district. **Please remember that any of the costs included in the calculation of your restricted indirect rate cannot be claimed elsewhere.**
26. This line computes the calculated hourly rate with the indirect rate added in.
27. This line calculates the 15-minute billing amount.