



Minnesota Department of **Human Services**

DATE: September 13, 2013

TO: County Human Services Agencies
Attention: Fiscal Supervisors

FROM: Bette O'Donnell
Manager of Social Service Fiscal Operations
Financial Operations Division

SUBJECT: Third Quarter 2013 Fiscal Memo

This is my last quarterly memo before my retirement. I have really enjoyed working with all of you. You do an excellent job in a very complex fiscal environment. You have often brought interesting and thought provoking questions and issues to the table. I thank you for your patience and understanding as my staff and I worked through your issues to a solution. I have tried my best to provide the fiscal support you need from DHS Financial Operations.

Please take some time to review the eight topics I have for you this quarter.

1. Update on MA Enhanced Match

As most of you are aware, effective October 1, 2013 the Income Maintenance Random Moment Time Study (IMRMS) will be revised to incorporate the MA 75% enhanced match activity contained in the federal Affordable Care Act.

The quarterly cost report for the October-December quarter will also be revised for Quarter 4 2013. It is due in January, 2014. We will be issuing new bulletins for both the IMRMS and the cost report DHS-2550. But until then, here are a couple clarifications since I made the PowerPoint presented at AMSSA.

The first clarification is regarding MAGI versus NON-MAGI clients. The enhanced match is definitely available for the allowable county MA eligibility activity with MAGI clients. However, DHS is currently in discussions with CMS on whether counties may also receive 75% for eligibility work with NON-MAGI clients. Until we receive a decision from CMS, we will need to separate MAGI eligibility costs from NON-MAGI eligibility costs and claim only the MAGI costs at 75%. The Non-MAGI eligibility costs will be claimed at 50% unless CMS approves them to receive 75%. We will make that distinction on the IMRMS and the DHS-2550 and we will let you know the final decision from CMS on the NON-MAGI issue.

The second clarification is on what costs can be claimed at 75%. Only salary and fringe benefit costs of eligible staff performing the enhanced match activities will receive 75%. The enhanced match is NOT

available for any other county costs including direct costs such as equipment, materials, supplies, services/charges, rent, utilities, and including any administrative overhead costs.

I have updated my PowerPoint document from June with this information. It is attached for your review.

2. Rules for Direct Charging on the DHS-2550

I have received many specific questions from counties on issues regarding claiming the 75% MA enhanced match. Many of them were about direct charging expenses on the DHS-2550. I have received the impression from those inquires there is some misunderstanding on the federal requirements for direct charges. So- here is a summary of the major requirements.

Expenses can only be direct charged to a federal program if the entire expense is directly attributable to one specific federal program and that entire cost is subtracted from the administrative overhead total. This means that counties can only report expenses as direct charges if the cost is directly attributable (ie: purchased for and entirely utilized and consumed) by one specific federal program.

Counties may not allocate the cost of one item to a federal program or programs and call it a direct charge. Only the state is authorized to allocate county expenses among benefiting programs. If a cost should be allocated, counties should report that cost in the administrative overhead section and it will be allocated to benefiting programs as part of claim processing by us.

If the direct charge is staff payroll and fringe benefit costs, federal regulation requires that one of two specific documentation requirements be followed. You may NOT use some type of allocation method to determine amounts to report on direct charge lines. Again, only the state is authorized to allocate county expenses among benefiting programs. This is not new information. We have listed these requirements in our instructional bulletins on completion of the DHS-2550. Currently you can find this instruction in Attachment B of Bulletin #13-32-01 dated January 2, 2013.

The first type of salary and fringe documentation is 100% certification. If a staff person who is not in the time study or a supervisor spends 100% of their time working on one specific program, you may direct charge their salary and benefits if they sign a certification at least annually that they are working 100% on a specific program. This is done most often with child support staff who are required to be dedicated to child support functions. You must subtract 100% of these costs from administrative overhead.

Since MA has now split their program into two cost groups, 100% certification is no longer available for the MA program. Therefore, the second type of documentation is needed.

The second type of documentation allowable is daily activity reports. This type of documentation must be used when staff work on more than one program or more than one cost objective within a program.

100% of the staff person's time in hours spent in work status must be documented on a daily activity report. You need to track time spent on each federal program (for MA now you need to track allowable activity for MAGI clients versus Non-MAGI).

Any time spent on activity not directly attributable to a specific federal program must (at minimum) be collected in an "Other activity" column.

Fringe benefits paid for the quarter should be charged to federal programs and Other Direct Charges in the same proportion as the percentage of time spent in work status. Vacation, sick leave and other paid leave is a fringe benefit and dollars paid per quarter should be part of the fringe benefit costs. 100% of their salary and fringe benefits for the quarter must be subtracted from administrative overhead and reported on the appropriate lines of Section F (Direct Charges to Federal Programs) and Section G (Other Direct Charges Not Eligible for FFP).

You cannot return any dollars to the administrative overhead pool, because if you did, these costs would be allocated to all programs causing overclaiming to federal programs and possible disallowances. If you want costs to be allocated to all programs, leave the entire amount in administrative overhead and don't direct charge.

Please change any procedures you may have in place that result in costs being reported on direct charge lines that do not follow the above instruction and ensure all staff contributing to the completion of the DHS-2550 understand these instructions as well.

If you have questions about direct charges on the DHS-2550 feel free to contact DiAnn Robinson at (651) 431-3739 diann.robinson@state.mn.us or Chris Ricker at (651) 431-3545 chris.ricker@state.mn.us

3. Minnesota County Human Service Cost Report for Calendar Year 2012

The Annual Human Service Cost Report for CY2012 is set to be published by the end of this month. One copy of the report will be mailed to each county director. The electronic version will be posted soon on the DHS public website at: <http://countylink.dhs.state.mn.us>. Click on Fiscal Reporting & Accounting tab.

The Human Service Cost Report contains each county's costs and revenues (shares) for Support, Health, and Social Service Programs within Human Services. The report is unique in that it combines county fiscal activity, DHS centralized activity for counties, and computation of the county share. It is the "big picture" of all that you do.

The 2012 report continues with a graphical overview, trend data and per-capita comparative data. Be sure to read the Data Overview on page 2 of the Introduction for background on some of the data trends and adjustments.

I hope you find the data in this 2012 report useful in comparing budget to actual figures, in levy analysis based upon your county share, in county to county comparisons or in simply analyzing your own program. As always, we rely on your accurate reporting and verifications to allow us to publish this unique report. Thank you!

If you have questions about the MN County Human Service Cost Report, please feel free to contact Julie Spurgeon at (651) 431-3782 or julie.spurgeon@state.mn.us

4. MnCHOICES SEAGR Revenue, Invoice Field, and Revised BRASS Codes

With the implementation of MnCHOICES, otherwise known as LTSS Assessment & Support Planning, we needed to make some additions and changes to SEAGR revenue codes, invoice field codes and to the BRASS code definitions.

Revenue Codes - Effective January 1, 2014, there will be 2 new SEAGR revenue codes – one federal and one state for Long-term Services and Supports (LTSS). The new federal revenue code is F67. The short title is LTSS federal revenue. The revenue description is Medical Assistance Long-term Services and Supports Administration – Social Services Time Study (SSTS). The new state revenue code is S57. The short title is LTSS state revenue. The revenue description is Medical Assistance Long-term Services and Supports Administration – Social Services Time Study (SSTS). Both of these revenue codes will be added to the SEAGR report and will be included in the next SEAGR bulletin update.

Invoice Field Codes - Effective January 1, 2014, there are 2 new invoice field codes being added for Long-term Services and Supports (LTSS, MnChoices). 70.MA*LTSS*SSTS67 is for federal payments for LTSS services. 70.LTSS*SSTS*ST57 is for state payments for LTSS services. These two new invoice field codes will be included in the calendar year 2014 invoice field code bulletin that will be published in late December or early January 2014.

BRASS Codes - Effective January 1, 2014, three BRASS codes that pertain to LTSS services are being revised. BRASS codes 105, 505 and 605 will be changed. The definitions of the revised codes will appear in the calendar year 2014-2015 BRASS bulletin that will be published in mid to late December of this year. For now, be aware of the new titles which are:

105x Assessment for Long-term Services and Supports
505x Assessment for Long-term Services and Supports
605x Assessment for Long-term Services and Supports

If you have questions about the SEAGR revenue codes, invoice field codes or BRASS codes, please feel free to contact Julie Spurgeon at (651) 431-3782 or julie.spurgeon@state.mn.us

5. Adjustments to Allocations since the AMSSA conference

There have been two changes to previously published allocations – one for calendar year 2013 and one for calendar year 2014. They are:

Children's Mental Health Combined Grant

The calendar year 2013 allocations for the Children's Mental Health (CMH) Combined grant have been revised due to legislative action which redirected the Former CMH-TCM State Share funds from these allocations to fund the new MHCP *Clinical Care Consultation* benefit. These funds were eliminated from the CMH Combined grant with the start of the state fiscal year beginning July 1, 2013. This made it necessary to revise the calendar year 2013 allocation for the reduced funding.

The allocation has been updated on CountyLink to reflect the new allocation. The Children's Mental Health division will be sending revised award letters for the new amounts.

Child Care Basic Sliding Fee Grant

The calendar year 2014 allocations for Child Care Basic Sliding Fee have been revised and the new allocation is posted on CountyLink. The original allocation distributed at AMSSA and posted on CountyLink in June used an incorrect statistic which impacted the final results.

If you have questions regarding the allocations, please feel free to contact David Hanson at (651)431-3737 or david.m.hanson@state.mn.us

6. Time Study Revisions related to MnCHOICES implementation

Effective October 1, 2013, three time studies—the Local Collaborative Time Study (LCTS), the Social Service Time Study (SSTS) and the Medicaid Administrative Tribal Time Study (MATTS) will be revised to incorporate the Long Term Services & Supports activity – related to the MnCHOICES implementation. Time study coordinators and trainers received training on the new activity codes and will provide training to those who participate in the time studies.

The new activity codes are effective October 1, 2013. The first cost reports that include expenses for new Public Health staff for Quarter 4 2013 are due in January, 2014. In addition, DHS Bulletins with the new activity codes are forthcoming.

If you have questions, regarding the Time Studies Revision related to MNChoices implementation, please feel free to contact Danna Reese at (651) 431-3785 or danna.reese@state.mn.us

7. Bulletins Published Since last Fiscal Memo

Bulletin #13-32-08, (June 21, 2013) **Local Collaborative Time Study (LCTS) Web-based Cost Schedules and Instructions: DHS-3220.1, DHS-3220.2 and DHS-3220.3.** Information and instructions for preparing the Local Collaborative Time Study (LCTS) Web-based Cost Schedules, DHS-3220.1, DHS-3220.2 and DHS-3220.3. If you have any questions regarding this bulletin, please contact Danna Reese at (651) 431-3785 or danna.reese@state.mn.us

Bulletin #13-32-09, (June 24, 2013) **Financial Information to Assist Counties with Preparation of Calendar Year 2014 Human Services Budgets.** Information for county human service agencies to assist them in preparing county calendar year (CY) 2014 budgets. If you have any questions regarding this bulletin, please see Page 11 of this bulletin for a list of contacts.

Bulletin #13-32-10 (June 24, 2013) **Instructions for Completing the Social Service Fund Report, Form DHS-2556.** Instructions for completing the quarterly Social Service Fund Report (DHS-2556) and supporting schedules. If you have any questions regarding this bulletin, please contact Julie Spurgeon at (651) 431-3782 or julie.spurgeon@state.mn.us

Bulletin #12-32-12 (September 3, 2013) **Title IV-E Per Diem Rates for children's Residential Foster Care Facilities and MA Percents for Residential Facilities with Mental Health Certification.** Quarterly list of per diem rates and percentages for Title IV-E eligible children's group residential facilities and Rule 4 child placing agencies. If you have any questions regarding this bulletin, please contact Deb Jensen at (651) 431-3740 or deb.jensen@state.mn.us



Affordable Care Act Medicaid Enhanced Rate 75% FFP

Updated 8/29/2013

Enhanced Administrative Match

- **75% FFP Available for On-Going Operation of the State's Health Insurance Eligibility System**
 - 75% enhanced federal match will be available for certain MA system and eligibility activities. 50% will remain the federal match for all other MA activity. This is the first time a federal program has separated reimbursement for administration into more than one reimbursement rate.
 - No expiration date – will continue as long as the state eligibility system is operating successfully
 - County and tribal agencies can receive 75% enhanced match for specified MA eligibility activity performed by eligibility workers and their direct supervisors and support staff for MAGI clients using the DHS-6696 application. **DHS is currently in discussions with CMS (the federal Medicaid agency) to determine if staff eligibility work with Non-MAGI clients not using the DHS-6696 application is eligible for the 75% enhanced rate.**

Revised 8/29/2013

Enhanced Admin Match Timing

- **75% enhanced rate only available after the state's eligibility system is certified by CMS or October 1, 2013 – whichever is later**
 - DHS is currently waiting for system certification by CMS. We had to submit an Operations Advanced Planning Document (OAPD) for certification by CMS. This submission which is a federal form used for system reimbursement details the costs and cost allocation methodologies that will be used to determine costs eligible for the 75% match.
- **Operational Readiness Training**
 - Enhanced match is available for the salary and benefit costs of the initial training of county eligibility workers on the new system. This is available for three months prior to system certification. The IMRMS time study has added a new activity code to capture the training costs titled "Operational Readiness Training".

Enhanced Admin Match Eligible Activities

- **The enhanced match is available for the following activity:**
 - Intake – receipt of the application or application data
 - Acceptance – manual and automated edits and verification of data on the application including resolution of inconsistencies
 - Eligibility Determination – activities related to assisting the automated eligibility determination system to make an eligibility determination for all Insurance Affordability Programs (IAPs). This includes MA, MinnesotaCare, and APTC (now called Qualified Health Plan (QHP) with subsidy)
 - *Outputs – eligibility notices to clients, system notices, updates, transactions (state charges)*
 - On-going Case Maintenance - receipt of data related to continuing eligibility, annual renewals, address changes, income changes, household composition changes etc.
 - Customer Service – related to eligibility only
 - *Maintenance and Routine System Updates – systems maintenance, security updates (state charges)*

Revised 8/29/2013

Enhanced Admin Match

NON- Eligible Activities

- **The enhanced match is NOT available for any other MA administrative activity which will continue to be matched at the 50% rate. Some examples include:**
 - Outreach and Marketing – MA general outreach, provision of information to clients and education
 - Referral to MA Services
 - Staff Development and Training (except initial system operational readiness training)
 - Screening and Assessments for MA clients
 - MA Client Appeals and Complaint resolution and customer services related to health care benefits, staff, plan choice and enrollment
 - MA Fraud and Abuse Prevention and Detection

Revised 8/29/2013

Enhanced Admin Match Eligible County Costs

- County Salaries and Fringe Benefit Costs of eligible staff performing the enhanced match activities of Intake, Acceptance, Eligibility Determination, Ongoing Case Maintenance and Customer Service activity related to MA eligibility determination.
- Eligible staff include Eligibility Workers and their direct supervisors and support staff.
- County costs must be documented as instructed by DHS Financial Operations Division.

Enhanced Admin Match NON-Eligible County Costs

- The enhanced match is **NOT** available for any other county costs besides the payroll and fringe benefits described in the prior slides. Any other costs counties incur to administer the MA program will remain at the matching rate of **50% FFP**.

Some examples include:

- Equipment, materials, supplies, rent, utilities, telephone and services/charges
- Indirect or administrative overhead costs

Enhanced Admin Match County Documentation

- Eligibility Worker eligible costs will be documented through the Income Maintenance Random Moment Study (IMRMS).
- Supervisory and support staff eligible costs can be claimed by the county at the enhanced rate as a direct charge on the DHS-2550 only if daily activity reports are utilized to determine eligible costs and total cost is removed from administrative overhead.
 - 100% of their time must be documented on the daily activity report, and cost allocated on that basis. 100% of their payroll and fringe costs must be accounted for on the appropriate line of Section F (Direct Charges to Federal Programs) and Section G (Direct Charges not Eligible for Federal Programs) of the DHS-2550.
 - MA activity on the daily activity report must be documented in two categories – the enhanced rate activity (see slide number 4) and all other MA administrative activity.