

Washington State
Health Care Authority

Medicaid Administrative Claiming
MAC Claiming System Training

June 2015

Training Topics

- Training Overview
- MAC Claiming Concepts
- The RMTS Results
- The Medicaid Eligibility Rate
- Expenditures
- Funding
- Federal Financial Participation
- Administrative Fees
- Subcontractor Claiming

Training Overview

- This PowerPoint has three major sections:
 1. An introduction to basic Medicaid administrative claiming principles;
 2. A discussion of the components of the quarterly MAC invoice; and
 3. A walk through of the steps in completing the quarterly MAC invoice.
- A demonstration of the web-based MAC claim will clarify how the claiming principles are applied, and how the components of the claim all tie together at the end to produce an A19-1A invoice.

MAC Claiming Concepts

Key Terms

Purpose of the MAC Invoice

Elements of the MAC Invoice

Basic Formula for Calculating the Amount of Federal Reimbursement

Federal Requirements for the MAC Invoice

HCA Requirements for the MAC Invoice

Key Terms

- A MAC invoice is the calculation of the amount of federal reimbursement and is prepared separately for each subunit or subcontractor quarterly.
- A budget unit, cost center, or program where staff perform MAC activities and participate in the RMTS forms the basis of the MAC invoice. All costs and funding of the budget unit are included in the MAC invoice.
- All MAC invoices within an LHJ are consolidated into a single MAC invoice on HCA's A19-1A Invoice Voucher.

Key Terms (continued)

- Federal share – the portion of the invoice that is paid by the federal government.
- Non-federal (local) share – the portion of the invoice that is paid by the LHJ.

Purpose of the MAC Invoice

- To determine the amount of reimbursement to be paid by the federal government.
- To display all of the elements that factor into the amount of reimbursement.

The Elements of the MAC Invoice

1. Actual quarterly expenditures of the budget units(s) where MAC activities are performed.
2. Percentage of time spent on MAC activities.
3. Percentage of Medicaid enrollees in population benefitting from MAC activities.
4. Funding sources for the quarterly expenditures.
5. Funding to be offset (because it has already paid for MAC activities).
6. Federal reimbursement rates.

Basic Formula for Calculating the Amount of Federal Reimbursement

Expenditures for MAC participants

X

% of time participants spend on allowable MAC activities (from the Random Moment Time Study-RMTS)

X

% of population served on Medicaid (Medicaid Eligibility Rate-MER)

-

Any funding to be offset

X

% of Federal Financial Participation (FFP); 50%, 75%

=

Amount of MAC reimbursement

Federal Requirements for the MAC Invoice

- The invoice must calculate the total cost of allowable MAC activities within the budget unit.
- It must demonstrate there is no duplication of payment – that the federal government is not paying twice for the same MAC activity. (This is done through revenue offset.)
- It must document that there are adequate non-federal funds to support the costs of allowable MAC activities.

HCA Requirements for the MAC Invoice

- Data needed for the invoice calculation must be entered into the web-based URMTS claiming system.
- Supporting documentation required by HCA must be uploaded into the web-based URMTS storage system.
- The CPE local match must be completed and certified each quarter in the URMTS claiming system.
- Signed copy of A19 is only paper document submitted to HCA.
- 120 calendar day filing deadline.

THE RMTS RESULTS

Calculating the RMTS Results

Calculating the RMTS Results

A single set of RMTS results is generated for all members of an RMTS consortium, and applied to every invoice submitted by the member LHJs.

- Each member of a consortium must complete a 100% review of all its random moments **no later than 45 business days** after the end of the quarter.
- The WSALPHO vendor then has 10 business days to review a 10% quality assurance sample.

Calculating the RMTS Results (continued)

- The LHJ then reviews the results of the 10% sample, corrects coding as necessary, and certifies its random moments.
- The lead agency of a consortium monitors the review status of its RMTS to ensure each member LHJ certifies its moments as “final”.
- When all moments are certified, the RMTS results are calculated and available on the URMTS site.

Calculating the RMTS Results (continued)

The Basic Calculation

- The number of moments assigned to each activity code is converted to a percentage of the total moments.
- Moments reported to Code 16 (unpaid time off) are not counted in the RMTS results as there are no costs.
- Moments reported to Code 99 are not counted in the RMTS results as long as 85% of all sampled moments in the consortium were counted as valid.

Calculating the RMTS Results (continued)

- A moment is considered valid if it was completed within the 5 day timeline or was completed after the deadline and was reported as paid or unpaid time off.
- If an RMTS achieves statistical validity, all invalid moments are excluded from the RMTS results.
- If an RMTS does not achieve statistical validity, all invalid moments are reported to Code 4 (Non-Medicaid Other Program Activities) and included in the RMTS calculation.

The Medicaid Eligibility Rate (MER)

The Purpose of the MER

Determining the Federal Share of an Activity's Cost

The Total MER

The Proportional MER

The Purpose of the MER

- The purpose of the MER is to determine the federal government's share of allowable Medicaid administrative costs.
- MER data and calculations are concurrent to the quarter being claimed.

Determining the Federal Share of an Activity's Cost

- A MER is not applied to unallowable activities because Medicaid does not share in any of their costs.
- One of two MERs is applied to each allowable MAC activity:
 1. A Total MER (Medicaid shares in 100% of the cost), or
 2. A Proportional MER (Medicaid shares in a portion of the cost)

See the *Summary of Activity Codes* which displays the MER assigned to each MAC activity code.

The Total MER

- The federal government shares in 100% of the allowable MAC costs of activities that are assigned a total MER.
- These are activities that can be 100% attributed to Medicaid, such as Medicaid outreach or Medicaid application assistance.

The Proportional MER

The federal government shares in a reduced percentage of the allowable costs of MAC activities that are assigned a proportional MER.

- The proportional MER is based on the percentage of Medicaid enrollees in the total population.

WSALPHO's vendor calculates the proportional MER quarterly. Medicaid eligibility is verified for each individual served by the LHJ using HCA's ProviderOne portal.

The Proportional MER (continued)

- The proportional MER applies to four linkage-related allowable MAC activities (Codes 6b, 7b, 7d, 10b, 12b).
- There are three proportional MERs
 1. The Modified Countywide MER
 2. The Client-Based MER
 3. The Clinic-Based MER (for use by Public Health Seattle King County only)

See ***The Proportional MER*** for more information on each of the three proportional MERs an how they are calculated.

REPORTING EXPENDITURES

Expenditure Rules

The Cost Pools

The MAC Cost Pools – CP1 & CP2

The Non-MAC Cost Pool – CP3

The Direct Charge Cost Pools – CP4 & CP5

The Allocated Cost Pool – CP6

Other Costs

The Indirect Rate

Expenditure Rules

- 1. Report 100% of actual expenditures.**
- 2. Do not duplicate costs.**
- 3. Assign all expenditures of the budget unit(s) to one of six cost pools or the indirect rate.**

Rule #1

Report 100% of actual expenditures.

- All actual expenditures of the budget unit/program/cost center(s) whose staff participate in the RMTS are included in the invoice.
- The budget unit may be the entire LHJ or distinct program/budget units within the LHJ.

EXCEPTION: An employee in the RMTS may have some costs assigned to the indirect rate. These costs are not reported directly on the invoice, but are captured in the application of the indirect rate.

Rule #2

Do not duplicate costs.

- An expenditure can only be reported once.
- All expenditures are assigned to one of six cost pools or the indirect rate.
- A cost that is direct charged to a single MAC cost objective is assigned to MAC Cost Pool 4 or Cost Pool 5, and cannot be reported to another cost pool.

Rule #3

Assign expenditures to one of six cost pools or the indirect rate:

The **MAC** cost pools

Cost Pool 1-SPMP

Cost Pool 2-Non-SPMP

The **non-MAC** cost pool

Cost Pool 3

The **direct charge** cost pools

Cost Pool 4-SPMP

Cost Pool 5-Non-SPMP

The **allocable** cost pool

Cost Pool 6

The Cost Pools

- Cost pools are used to assign expenditures of the budget unit(s) whose staff participate in the RMTS.
- All expenditures of these budget unit(s) are assigned to one of these cost pools or the indirect rate.

An organization chart of a typical LHJ will be used to discuss the assignment of staff to the different cost pools, along with the handout *Budget Unit Information-Staffing, Expenditures and Funding*.

The MAC Cost Pools: Cost Pools 1 & 2

Most allowable MAC costs are identified and reported to two cost pools:

- 1. Cost Pool 1** captures the costs of Skilled Professional Medical Personnel (SPMP) in the RMTS.
- 2. Cost Pool 2** captures the costs for all other (non-SPMP) staff in the RMTS.

The MAC Cost Pools:

Cost Pool 1

Cost Pool 1 is for RMTS participants designated as Skilled Professional Medical Personnel (SPMP).

- 100% of the cost of the SPMP salaries and benefits is reported to CP1.
- Federal regulations permit travel and training costs of SPMP to be reimbursed at the enhanced rate of 75%, if they can be attached to specific employees.
- Other non-personnel costs that can be attached to an SPMP may also be reported to this cost pool. (See slides on Other Costs for more detail.)

The MAC Cost Pools:

Cost Pool 2

Cost Pool 2 is for all other (non-SPMP) RMTS participants.

- 100% of the cost of their salaries and benefits are reported to CP2.
- Any non-personnel expenditures that can be assigned to individuals in this cost pool may be reported to travel, training or other costs. (See slides on Other Costs for more detail.)
- The costs of supervisory or support staff that work only for staff in Cost Pool 1 or Cost Pool 2 may be included here.

The Non-MAC Cost Pool: Cost Pool 3

Cost Pool 3 captures the salaries and benefits of employees in the budget unit/program/cost center(s) who:

- do not perform MAC activities;
 - are not in the RMTS; and
 - are not administrative or support staff whose costs can be allocated.
-
- Unallowable non-personnel (or “other”) costs such as medical supplies and educational materials are also assigned to CP3.

The Direct Charge Cost Pools: MAC Cost Pools 4 & 5

Some allowable costs are identified and documented outside of the RMTS process. These costs are reported to two cost pools:

1. **Cost Pool 4** captures direct charges for SPMP activities.
2. **Cost Pool 5** captures direct charges for all other (non-SPMP) activities.

The Direct Charge Cost Pools: MAC Cost Pools 4 & 5 (continued)

Personnel and other costs may be direct charged for staff who perform a single MAC activity (aka “single cost objective”) as part of their job responsibilities.

- Only the cost related to the single MAC activity may be direct charged.
- The staff must document the time spent performing the activity continuously over the quarter.
- An employee cannot direct charge his/her time to multiple MAC activity codes.

The Direct Charge Cost Pools: MAC Cost Pools 4 & 5 (continued)

In order to claim direct charges, MAC single cost objective expenditures must be identified and separated at the end of the quarter.

- The allowable MAC single cost objective expenditures are reported to CP4 (SPMP direct charge) or to CP5 (non-SPMP direct charge).
- The expenditures are based on time reported on the Single Cost Objective documentation form (see handout).

See the [*Reporting Costs for Direct Charged Employees*](#) for additional detail on selecting the appropriate cost pool for the remaining expenditures of direct charged staff.

The Direct Charge Cost Pools: MAC Cost Pools 4 & 5 (continued)

- The remaining expenditures of staff who have some costs assigned to a single MAC cost objective are assigned in one of three ways:
 1. The remaining expenditures may be included in the agency's indirect cost rate.
 2. The remaining expense may be in a budget unit whose staff perform no MAC activities.
 3. The remaining expenditures may be assigned to CP6.

The Direct Charge Cost Pools: MAC Cost Pools 4 & 5 (continued)

Other costs (expenditures) may be direct charged for costs that are incurred for a single MAC activity (aka “single cost objective”) or are necessary to operate the LHJ MAC program.

Examples:

- A contract for interpreter services
- A contract with WSALPHO for the services of the RMTS and claiming system contractor.

The Allocated Cost Pool: Cost Pool 6

Expenditures assigned to Cost Pool 6 are allocated across all other cost pools in proportion to the personnel costs reported in each.

- The costs of supervisory and clerical staff that support staff in CP1—CP5 may be assigned to CP6 if:
 - They are not part of the indirect rate and
 - The employees are not in the RMTS
- Other Costs may also be assigned to this cost pool

Other Costs

- Non-personnel or “other” costs can also be included in the MAC invoice.
- The allowability of other costs is based on 2 CFR (Code of Federal Regulations) Section 200.420-475.

See *Omni Circular- Considerations for Selected Items of Cost* for additional details.

- There are two rules for assigning other costs that are not in the indirect rate:
 1. Unallowable costs must be assigned to CP3.
 2. Allowable costs may be assigned to the cost pool they support, or be assigned to CP6 for allocation.

Examples of Other Costs

- Examples of expenditure categories that are not allowable, and must be assigned to the non-MAC cost pool (CP3) are in the handout.
- Examples of allowable, allocable LHJ expenditures that are typically reported to CP6 are in the handout.

See *Examples of Other Costs for CP3 and CP6* for additional details.

Assigning Other Costs to the Correct Cost Pool (continued)

- Other costs of the budget unit/cost center(s) may be assigned in one of five ways:
 1. Indirect rate.
 - Any costs that are part of the approved indirect rate should NOT be reported to any cost pool.
 2. Direct charged.
 - Other costs may be direct charged. (See the section on direct charges for more detail.)

Assigning Other Costs to the Correct Cost Pool (continued)

3. Some other costs may be employee-specific and may be assigned to the employee's cost pool, if the expenditures are allowable.

- Common examples are employee travel and training costs and the costs of their mobile devices.
- The LHJ also has the option of assigning these expenses to CP6, if they are not easily linked to specific employees. If they are in CP6, they will be allocated across all cost pools.

Assigning Other Costs to the Correct Cost Pool (continued)

4. Some other costs may be unallowable expenditures, and will always be assigned to CP3.

- The most common unallowable costs are expenditures for medical equipment/supplies, educational materials not related to MAC, and non-MAC subcontracts. See *Examples of Other Costs for CP3 and CP6* for a more complete list.

5. Some other costs may be allowable, allocable expenditures that can be assigned to CP6.

- Allowable costs assigned to CP6 are redistributed to the other cost pools based on the total salaries and benefits in each.

The Indirect Cost Rate: Basics

An indirect rate may be applied to the invoice if one exists for the LHJ budget unit.

- If an indirect rate is applied, the LHJ must retain a copy of the indirect cost rate proposal submitted to the cognizant agency.
- If an indirect rate is applied, the LHJ must upload a *Certificate of Indirect Costs* to the URMTS system.

Types of Indirect Cost Rates

- The web-based claiming system supports three types of indirect cost rates:
 - Salaries only
 - Salaries and benefits
 - Modified total direct costs

The Indirect Rate (continued)

Real Life: An LHJ may have an indirect rate that includes all the allocable and allowable administrative costs of the budget units where staff are participating in the RMTS. If this is the case, one of two things will need to happen:

1. All expenses included as part of an indirect cost rate must be removed prior to assigning any expenditures to any cost pool or;
2. All the allocable expenses will be reported in the claiming system and indirect rates cannot be used.

Either way will ensure that the allocable expenses are not claimed twice.

REPORTING FUNDING

**The Funding Section of the Invoice
Rules**

Funds that Pay for Allowable MAC Activities

The Use of Non-Public Funds

Revenue Offset

Reporting Funding in the Web-Based Invoice

Assigning Funding

Certified Public Expenditures

The Quarterly CPE Local Match Form

Funding

In order to participate in the MAC program, the LHJ must have sufficient and allowable local funds to pay for allowable MAC expenditures.

The Funding Section of the Invoice

The funding section of the web-based invoice has the following functions:

- It displays all funding sources that paid for the actual expenditures of each budget unit/cost center included in the invoice.
- It displays the funding sources that paid for allowable MAC activities.
- It displays any federal funds that paid for MAC and which are offset in order to avoid duplicate federal payment for the same activity.

Funding Rules

- 1. Report all funding that pays for the actual expenditures included in the invoice.**
- 2. Assign funding to cost pools based on their purpose and source.**
- 3. Do not duplicate payments from the federal government for MAC activities.**

Funding Rule #1

Report all funding that pays for the actual expenditures included in the invoice.

- Only the funding that pays for the expenses must be reported on the invoice. This includes funding for costs associated with the indirect rate.

Revenue that does not pay for actual expenditures reported on the invoices must be excluded from the invoice.

Funding Rule #2

Assign funding to cost pools based on their purpose and source.

- The scope of work in all of the budget unit's funding source must be reviewed to determine whether the funds support MAC or non-MAC activities, and whether they are federal or non-federal funds.

Reviewing funding sources annually is an HCA contract requirement. The purpose of the review is to determine whether any federal funds pay for MAC activity.

Funding Rule #2 (Continued)

- Cost pools are used to assign funding. The use of cost pools simplifies the process of complying with federal requirements regarding the types of funds that can be used to support MAC activities.
- There are seven cost pools that may be used - Cost Pools 1-6 and a separate cost pool (Cost Pool A) that is only used for funding purposes to identify funds used to pay for MAC activities.

See Assigning Funding handout for a graphic of assigning funding.

Funding Rule #2 (Continued)

Federal funding that pays for MAC activities:

- Must be assigned to a MAC cost pool to ensure that the federal government is not paying twice for a MAC activity. (This is called revenue offset.)
- Must be assigned to the cost pool where the expenses of the staff paid by the grant are assigned. (If this assignment is not done as part of your cost accounting, assign the funds to CP6.)

Funding Rule #3 includes a more detailed explanation of revenue offset,

Funding Rule #2 (Continued)

Funding that pays for non-MAC activities:

- Must be assigned to CP3.
- May come from many sources: federal funds (grants and Medicaid/Medicare payments), state and local general funds, private funds (donations, foundation or United Way grants), and insurance or fees paid for LHJ services.

Funding Rule #2 (Continued)

Funding that pays for MAC activities:

- Must either be discretionary, general purpose state or local general funds, OR
- Support a non-federal public grant whose scope of work supports MAC activity
- Must be assigned to CP A in the funding section of the invoice.

Funding that could pay for MAC activities because of its source, but is not, such as county general funds, should be assigned to CP3 to pay for non-MAC activities.

Funding Rule #2 (Continued)

Private Funds:

- Certain types of private funds (such as donations, grants from foundations or the United Way) may be used to pay for allowable MAC activities under certain conditions.
 - Their scope of work must include allowable MAC activities and support staff in the RMTS or whose costs are being direct charged.
 - The funds must first be approved for use by the federal National Institutional Reimbursement Team (NIRT).

Discussion on Assigning Funding

- Examples of funding sources common to most LHJs will be discussed.
- The “rules” for assigning funding to the seven cost pools will be reviewed, using real examples. (See Assigning Funding handout.)

Funding Rule #3 includes a more detailed explanation of revenue

Funding Rule #3

Do not duplicate payments from the federal government for MAC activities.

- Payments for MAC activities, such as Medicaid outreach or linkage related activities, that are received from other federal sources must be offset, or applied to the expenses reported for the MAC cost pools in the expenditure section of the invoice.

Funding Rule #3 (Continued)

Revenue Offset

- **“Offset” or “revenue offset”** refers to the automated process in the URMTS claiming system where federal funds that pay for MAC activities are subtracted from the budget unit’s expenditures.
- The subsequent reduction in total expenditures guarantees that the federal government is not paying twice for a MAC activity.

Certified Public Expenditures

- The federal government (Medicaid) provides reimbursement (match) for allowable MAC activities through the Certified Public Expenditure (CPE) process.
- CPE is the term used to demonstrate that MAC expenditures have been paid with allowable funds.
- Each LHJ must certify quarterly that the MAC expenses they incurred were paid with allowable funds.

CPE (continued)

- The Certification of Public Expenditure Local Match is auto-generated by the system with each A19 and;
- Each LHJ must electronically certify the information.

The Certification of Public Expenditure Local Match Form no longer needs to be submitted separately as a paper document.

ADMINISTRATIVE FEES

Administrative Fees

HCA's Administrative Fees.

- The fees HCA charges the LHJs for administering the MAC program may not be claimed as MAC expenses by the LHJs. (HCA claims federal reimbursement for these costs.)

Administrative Fees (continued)

WSALPHO Administrative Fees

- The fees WSALPHO charges the LHJs for managing the MAC program (such as operating the RMTS through its contractor and training) may be direct charged as a MAC expense, as these fees are based on actual costs.
- The LHJ may also charge its subcontractors a proportionate share of the cost of the WSALPHO contract, and the subcontractors may direct charge these costs.

SUBCONTRACTOR CLAIMING

Rules for Subcontracting

- LHJs may enter into MAC agreements with subcontractors that are approved in advance by HCA.
- The payment to the subcontractor must be made with funds that are under the direct control of the LHJ.
- The LHJ must pay the subcontractor 100% of its MAC expenditure before seeking reimbursement for these costs from HCA.

Completing the Invoice

Using the Web-Based Invoice

Live Demonstration

The Web-Based Invoice

- The new CAP (beginning April 2015) requires a web-based claiming system. All invoices will be completed and submitted electronically using the URMTS system.
- The new web-based invoice is based on the excel-based invoice in use through March 31, 2015.
- The only paper document that must be sent to HCA is a signed copy of the A19.

Need More Information?

Contact Jennifer Inman (HCA) at
jennifer.inman@hca.wa.gov or
360-725-1738.

End of Training

*Thank you for your attention and your ongoing efforts
in implementing a successful MAC program.*