



Home- and Community-Based Services Cost Reporting

Laura Parker, CPA, CFE – Myers and Stauffer LC Senior Manager

Stacy Fenton – Myers and Stauffer LC Manager

June 15, 2023

Myers and Stauffer LC

Iowa Medicaid Provider Cost Audit and Rate Setting Unit



MYERS AND
STAUFFER LLC
CERTIFIED PUBLIC ACCOUNTANTS



Laura Parker, CPA
Senior Manager



Stacy Fenton
Manager

Objectives:



Understand the purpose of the HCBS cost report and how it impacts reimbursement.



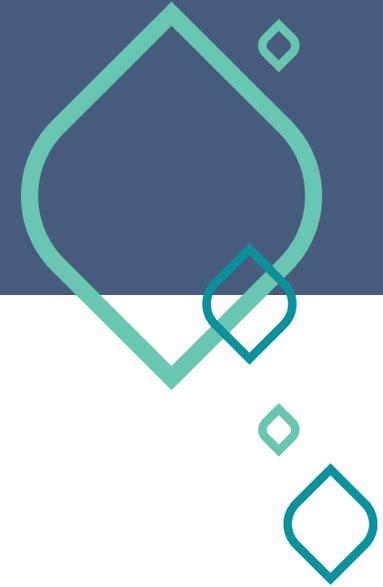
Understand recent rule changes that resulted in updates to the HCBS cost report template and allowable cost calculations.



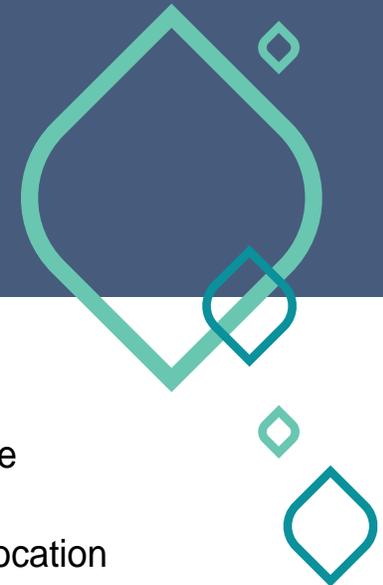
Obtain greater comprehension of each cost report schedule, recent changes to each schedule, and how to complete each schedule.



Know what to expect during a cost report review and tips to make the process successful.



AGENDA



Cost Report Purpose
Locating the Cost Report
Overview of Rule Changes
Cost Report Schedules
 Contact Info Page
 Certification Page
 Statistical Page
 Schedule A
 Schedule A-1
 ARPA HCBS Funds
 Schedule B
 Schedule C
 Schedule C-1
Questions
BREAK

Cost Report Schedules
 Schedule D
 Schedule D-1 Version 1
 Schedule D-1 Version 2
 Schedule D-2
 Schedule D-3
 Schedule E
 Schedule F
 Schedule G
 Support Schedules 1 and 2
Questions
BREAK

Other Topics
 Cost Report Guidance
 Documentation
 Home Office Cost Allocation
 Residential Home Office
 Related Party Lease
 Formulas
Getting Help
Submission Requirements and Tips
Meet the Team
Desk Review Process
Rate Setting
Coordinating with PCA
Questions

WHY A COST REPORT?



Love ‘em or hate ‘em, there’s a purpose!

- Calculates actual and allowable cost
- Determines payment rates
- Cost settlement
- Information for state decision makers



HOW TO FIND THE COST REPORT

<https://hhs.iowa.gov>

- Click on Medicaid
 - Select Provider Services from the menu

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Rent Reimbursement Now Available, Apply Online

A-Z Services

Public Health Popular Links

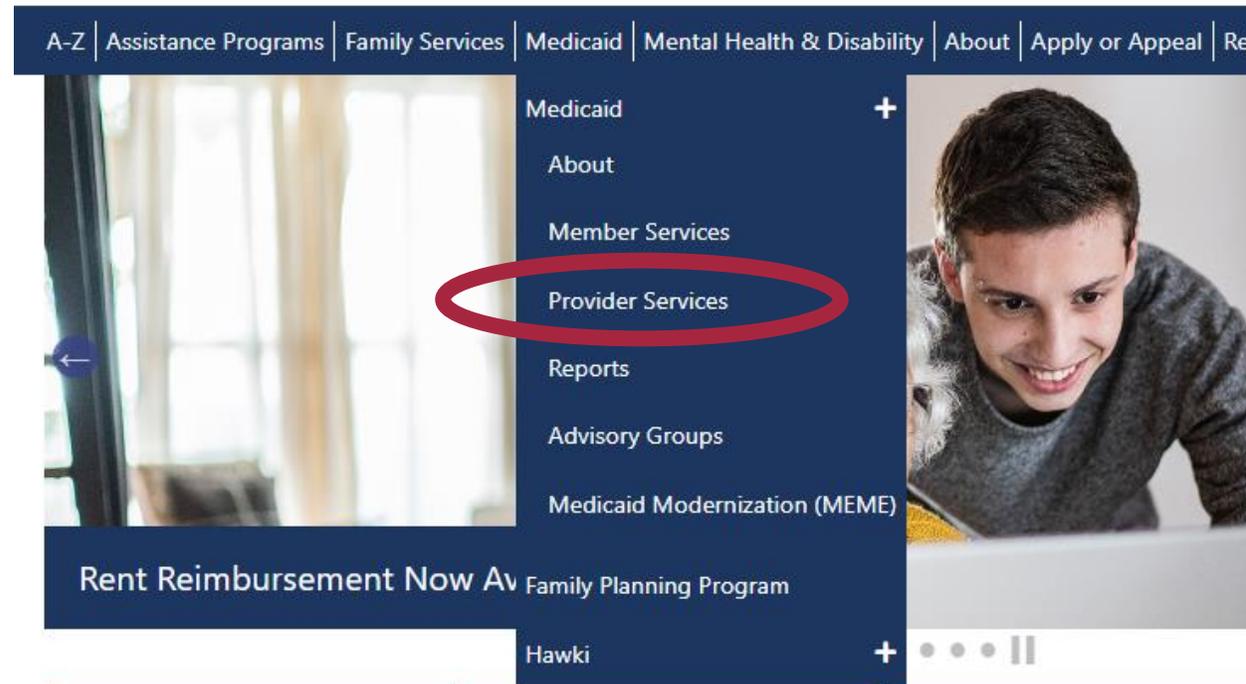
Public Health General Link

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 - Select Forms

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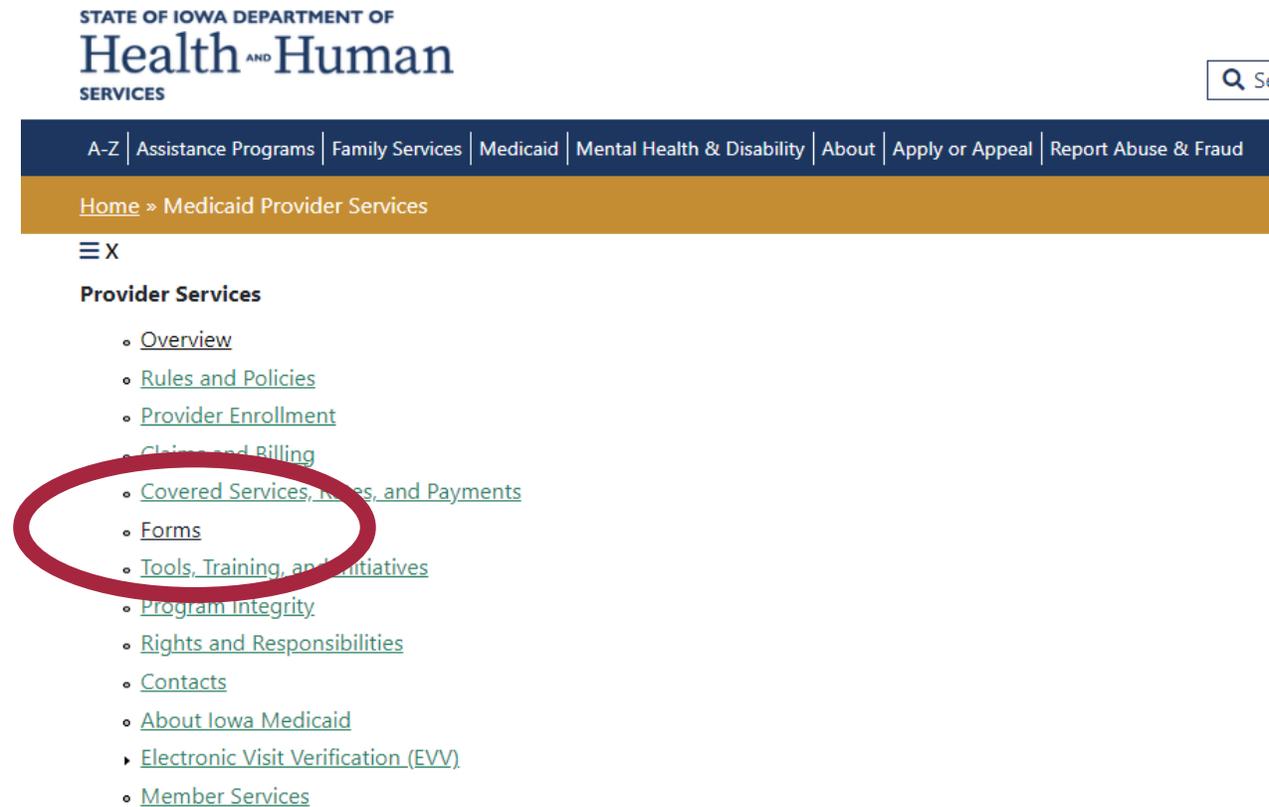
Medicaid Provider Services



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- [Program Integrity](#)
- [Rights and Responsibilities](#)
- [Contacts](#)
- [About Iowa Medicaid](#)
- [Electronic Visit Verification \(EVV\)](#)
- [Member Services](#)

HOW TO FIND THE COST REPORT

<https://hhs.iowa.gov>

- Scroll WAY down and look for the header:
Medicaid Cost Report Forms by Type

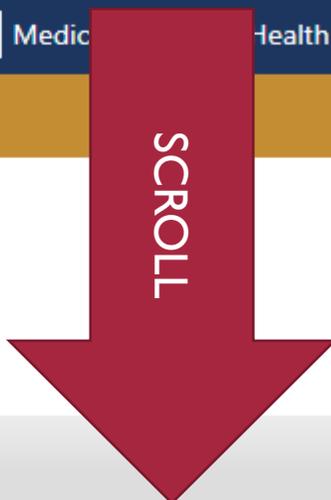
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Forms



Form Number	Form Description
470-0254	Iowa Medicaid Universal Provider Enrollment Application
470-2917	Iowa Medicaid Universal HCBS Waiver Provider Application
470-3174	Iowa Medicaid Addendum to Dental Provider Agreement for Ortho
470-3495	Iowa Medicaid Managed Care Wraparound Payment Request Form

HOW TO FIND THE COST REPORT

<https://hhs.iowa.gov>

- Scroll WAY down and look for the header:
Medicaid Cost Report Forms by Type

470-5710 Chronic Condition Health Home Managed Care Organizations (MCO)

Medicaid Cost Report Forms by Provider Type

- [HHA EPSDT PDN/PC Cost Report](#)
Financial and Statistical Report for Home Health Agencies (HHA) who provide Early and Periodic Screening, Diagnostic and Treatment (EPSDT) Private Duty Nursing and Personal Care Services (PDN/PC).
[View Instructions](#)
- RSP Cost Report
Financial and Statistical Report for Remedial Services Provider Identification Page
- [RSP Parent Cost Report](#)
Financial and Statistical Report for Remedial Services Provider Identification Page
- [CMHC Cost Report](#)
Community Mental Health Center Financial & Statistical Report
[View Instructions](#)
- [FQHC](#)
Federally Qualified Health Center (FQHC)

HOW TO FIND THE COST REPORT



<https://hhs.iowa.gov>

- Select the **HCBS Cost Report** and **Instructions**, about halfway down the list

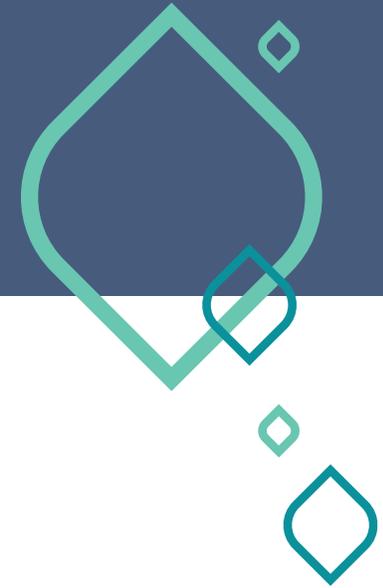
- [FQHC](#)
Federally Qualified Health Center (FQHC)
- [Hab. Svcs. - FS](#)
Habilitation Services Financial and Statistical Report
- [Hab. Svcs. - Parent](#)
Habilitation Services Parent Cost Report

- [HCBS Cost Report](#)
Home- and Community-Based Services (HCBS)
[HCBS Cost Report Instructions](#)

Listing of updates to the FYE 2017 HCBS Cost Report

- [Hospital-CAH](#)
Hospital - Critical Access

RECENT RULE CHANGES



How to find applicable Iowa Administrative Code sections

<https://hhs.iowa.gov>

- Click on Medicaid
 - Select Provider Services from the menu

- Click on the 3 lines next to Page Menu
 - Select Rules and Policies
 - Select Iowa Administrative Code and Rules

- Select Chapter 79
 - Scroll to or search for **79.1(15)**

RECENT RULE CHANGES



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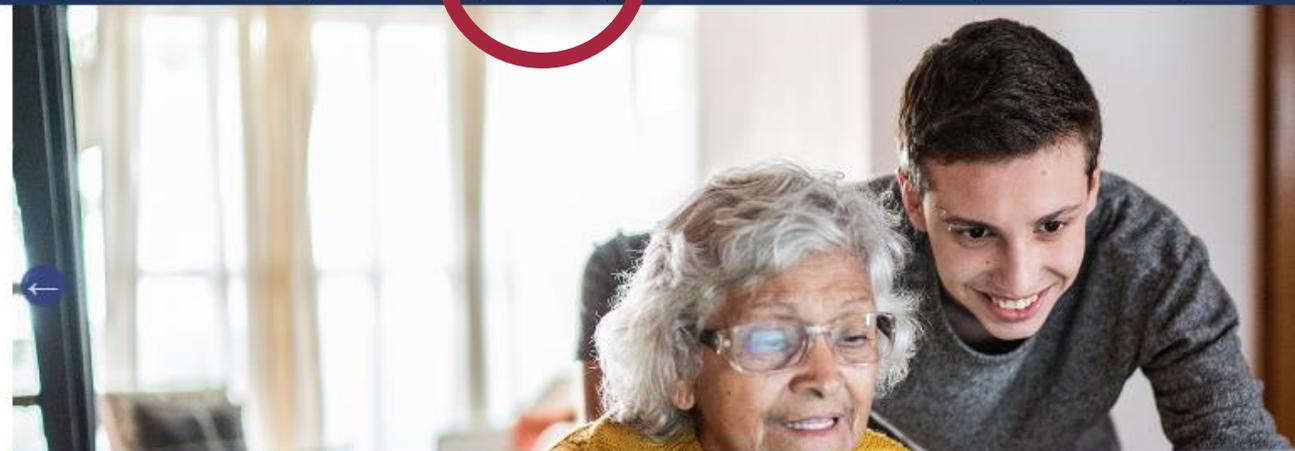
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Medicaid +
About
Member Services
Provider Services
Reports
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Medicaid Modernization (MEME)
Family Planning Program
Hawki +

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Rules and Policies

Informational Letters

This section is a list of correspondence sent out by Iowa Medicaid Enterprise (IME) to users that will affect them. The Informational Letters in this section also have an important cross reference to the Provider Manual. These letters have been implemented but are not yet reflected in the published Provider Manual.

Policy Clarifications

A list of correspondence sent out by Iowa Medicaid to clarify policy that affects each Managed Care Plan. The policy clarifications listed here have been provided to the managed care plans. The managed care plan clarification based on Iowa Medicaid business practices at the time of issuance.

SCROLL

RECENT RULE CHANGES



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<https://hhs.iowa.gov>

- Click on Medicaid
 - Select Provider Services from the menu

- Click on the 3 lines next to Page Menu
 - Select Rules and Policies
 - Select Iowa Administrative Code and Rules

Iowa Administrative Code and Rules

This section links directly with the Office of Policy Analysis of the Iowa Department of Human Services. The DHS Administrative Code and Rules section, the DHS Policy and Procedure Manuals and the DHS Administrative Code and Rules Procedural Manuals provide instructions for DHS staff and contracted vendors on the administrative rules. The administrative manuals are the official DHS interpretation of federal and state laws as they pertain to the administration of the programs. The DHS Administrative Rules section outlines current rules, rules in process, a list of upcoming public hearings on proposed rules, and summaries of public hearings. The DHS Administrative Code and Rules section outlines the rules and addresses how the Iowa Administrative Code and Iowa laws are managed and implemented by the various agencies and departments that implement the administrative rules every day. It is utilized by many agencies, including the Department of Inspections and Appeals, the Department of Public Health, and the Iowa Medicaid Enterprise).

[Nondiscrimination](#) | [Accessibility](#) | [Adobe Acrobat Reader](#) | [Contact Us](#)



RECENT RULE CHANGES



- Under Administrative Rules select the link to the Iowa Legislative website.

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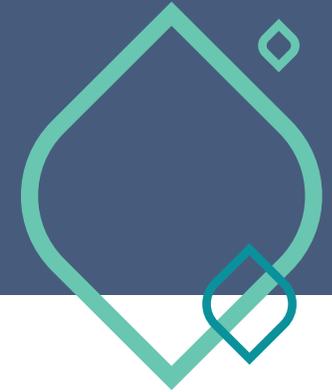
Administrative Rules

Legacy Department of Human Services

Administrative rules are adopted to implement laws that protect the public health, safety, welfare and efficient administration of state government. Legacy Iowa Department of Human Services (DHS) administers Iowa Administrative Code under the department's Agency Identification Number, which is 441. To access Iowa Administrative Code, visit <http://www.legis.iowa.gov/iowaLaw/AdminCode/adminLaw.aspx>.

The Rule-making Docket for Legacy Department of Human Services (DHS) can be found at the Legislative Services Bureau website. <https://www.legis.iowa.gov/law/administrativeRules/tracker?an=441>. The site tracks legacy DHS rule-making from the Notice of Intended Action to Adoption. You can access public comment deadlines, public hearings, Rule Review Committee (ARRC) meeting dates and actions taken, published rule-making documents(

RECENT RULE CHANGES



Scroll to Human Services Department [441] and click on “chapters.”

- Select Chapter 79
 - Scroll to or search for **79.1(15)**

Iowa Administrative Code - 07/12/2023 (Official Edition)

The IAC (updated biweekly) is the composite of all rules adopted and administered by executive branch agencies to implement law and policy ([Official Version](#) - PDF format).

Year: 2023 (1/1/2023 - 12/31/2023)

Publication Date: 07/12/2023 ▼

Administrative Rules by

Agency	Chapters
Administrative Services Department[11]	Chapters
Aging, Department on[17]	Chapters
Agriculture and Land Stewardship Department[21]	Chapters
Soil Conservation and Water Quality Division[27]	Chapters
Attorney General[61]	Chapters
Auditor of State[81]	Chapters
Beef Cattle Producers Association, Iowa[101]	Chapters
Blind, Department for the[111]	Chapters

SCROLL

RECENT RULE CHANGES

- June 30 reporting period is **NO LONGER** required
- Change to the “20% limit”

OLD
Line 2120 - Professional Direct Staff
Line 2130 - Other Direct Staff
Line 2140 - Direct Care Training Salaries
Line 2210 - Benefits for Professional Direct Staff
Line 2220 - Benefits for Other Direct Staff
Line 2310 - FICA Expense for Professional Direct Staff
Line 2320 - FICA Expense for Other Direct Staff
Line 2340 - Other Payroll Taxes for Prof Direct Staff
Line 2350 - Other Payroll Taxes for Other Direct Staff
Line 3210 - Mileage and Auto Rental
Line 3250 - Agency Vehicle Expense
Line 3290 - Other Related Transportation
Line 3330 - Direct Care Development & Training
Line 3520 - Other Assistance
Line 4320 - Other Equipment Repair and Purchase

NEW
Line 2100 - Total Salaries
Line 2200 - Total Benefits
Line 2300 - Total Payroll Taxes
Line 2420 - Host Home Direct Care Service
Line 2530 - Direct Care Training Supplies
Line 3210 - Direct Care Mileage Reimbursement
Line 3330 - Direct Care Development and Training
Line 3500 - Total Member Case Plan
Line 4210 - Direct Care Agency Vehicle Lease
Line 4230 - Other Direct Care Agency Vehicle Expense
Line 4410 - Direct Care Agency Vehicle Depreciation

RECENT RULE CHANGES

- Rebasing for ALL, not just ID
- Related party compensation
- IRS Mileage Reimbursement

*Changes to the rules =
Changes to the Cost Report!*



THE HCBS COST REPORT



THE HCBS COST REPORT



- Contact Information
- Certification Page
- Schedule S: Statistical Data & Other Information
- Schedule A: Revenue Report
- Schedule A-1: Revenue Detail Report
- Schedule B: Staff Numbers, Hours, and Wages
- Schedule C: Property and Equipment Depreciation
- Schedule C-1: Residential Property Expense
- Schedule D: Expense Report
- Schedule D-1: Indirect Cost Allocation (V1 and V2)
- Schedule D-2: 20% Limitation
- Schedule D-3: Reconciliation of Cost and Payment

- Schedule E – Balance Sheet
- Schedule F – Allocations
- Schedule G – Related Party/Other Disclosures
- Supplemental Schedule 1
- Supplemental Schedule 2

CONTACT INFORMATION



*Follow along in the Cost Report
Template.*

CERTIFICATION PAGE



*Follow along in the Cost Report
Template.*

STATISTICAL DATA PAGE



*Follow along in the Cost Report
Template.*

SCHEDULE A: REVENUE REPORT



*Follow along in the Cost Report
Template.*

SCHEDULE A-1: REVENUE DETAIL REPORT



*Follow along in the Cost Report
Template.*

ARPA HCBS Funds



*Follow along in the Cost Report
Template.*

SCHEDULE B: STAFF NUMBERS, HOURS, AND WAGES



*Follow along in the Cost Report
Template.*

- No longer need to split a single employee's wages between lines.
- Pick the best classification based on primary duties
- Be as consistent as possible, year over year.

SCHEDULE C: PROPERTY AND EQUIPMENT DEPRECIATION AND AMORTIZATION



*Follow along in the Cost Report
Template.*

- \$5,000 and 2 years
- Straight-line ONLY
- Maintain detailed documentation and make it available upon request
- Estimated Useful Lives of Depreciable Hospital Assets published by the American Hospital Association

SCHEDULE C-1: RESIDENTIAL PROPERTY EXPENSE



*Follow along in the Cost Report
Template.*

- Question #1 is required on all cost reports.
- Remainder is required only if agency owns, or leases, properties that members live in.



Q&A

SCHEDULE D: EXPENSE REPORT



*Follow along in the Cost Report
Template.*

SCHEDULE D-I: INDIRECT COST ALLOCATION

VERSION I



*Follow along in the Cost Report
Template.*

- **Automatically Populates** if “% of Direct Costs (Default – See Sch. D-I v.I)” is selected on Schedule D, Line 6100, Column 4.

SCHEDULE D-1: INDIRECT COST ALLOCATION

VERSION 2



*Follow along in the Cost Report
Template.*

- **Manual Completion** if “Other – Complete Sch. D-1 v.2” is selected on Schedule D, Line 6100, Column 4.
- **1st Step** – Select the unique Indirect Cost Allocation Method for each line.
 - Drop Down Menu **#2** is % of Direct Cost (Default). If selected, the line will **auto populate**.

REVIEW: SCHEDULE D and D-1



Sniff Test

- Unit Cost. Too high or too low?
- Look for ERROR notifications in Sch D Column (W).
 - Columns 5-20 = Column 3.
- Negative expenses.
- All applicable columns used.
- Select an allocation basis (Column 4) for all lines.
- Revenue Offsets trace to Schedule A.
- Indirect Cost and Units have populated.

SCHEDULE D-2: 20% LIMITATION



*Follow along in the Cost Report
Template.*

SCHEDULE D-3: RECONCILIATION OF COSTS AND PAYMENTS



*Follow along in the Cost Report
Template.*

SCHEDULE E: COMPARATIVE BALANCE SHEET



*Follow along in the Cost Report
Template.*

SCHEDULE F: ALLOCATIONS



*Follow along in the Cost Report
Template.*

- DESCRIBE each basis you use.
- Create a new basis for each variant or combo basis.
- Allocation bases must be **objective** and **supported** by clear, reviewable, contemporaneous (current) documentation.

SCHEDULE G: RELATED PARTY AND OTHER DISCLOSURES



*Follow along in the Cost Report
Template.*

- Must have documentation.
- Report Actual Cost of the Related Party.

SUPPORTING SCHEDULES 1 and 2



*Follow along in the Cost Report
Template.*

- Include any information you think we need to know.
- LABEL the information.
- Separate attachments in Excel are preferred over added tabs.



Q&A

WAIT! THERE'S MORE.



COST REPORT GUIDANCE

- Cost Report Instructions
- Informational Letters – Join the mailing list!
- Iowa Administrative Rules
 - 44I Chapter 78
 - 44I Chapter 79.1(15)
 - 44I Chapter 79.3
 - 44I Chapter 79.9(1)/CMS Pub 15-1

DOCUMENTATION

- MANDATORY to support the cost report!
- Excel is better than PDF
- Reach out to PCA if unsure.

HOME OFFICE COST ALLOCATION

- Administrative/Corporate Home Office
 - Not your residential home
- As if the cost was incurred by the Medicaid provider
 - Same rules for allowability
 - No mark-up: Report Actual Cost
- Allocate: Direct, Functional or Pooled
- Confused? Reach out to PCA!

RESIDENTIAL HOME OFFICE

- INSTEAD OF a commercial office space
- RARE
- EXCLUSIVE Business use
- When applicable, may report a PORTION of home depreciation, interest, etc., as rent expense
- Must have DOCUMENTATION!

RELATED PARTY LEASE

- Report Lessor's actual cost – no mark up.

- EXAMPLE:

Owner's depreciation, mortgage interest, property tax, insurance and repairs is \$4500 for the year.

The provider pays \$7000 in rent annually.

- The \$7000 rent expense is reported on Schedule D, Line 2810, Column 1.
- An adjustment of negative \$2500 is reported in Column 2 of the same line.
- Leaving the allowable \$4500 of owner's actual cost in Column 3.

FORMULAS

- Show your work!

NEED HELP?

- Iowa Medicaid PCA for questions
- Internal preparer
- 3rd Party Preparer
 - Look for Cost Report Experience!
 - Provider retains responsibility for the cost report

COST REPORT SUBMISSION

- Report for the period coinciding with provider fiscal year.
- Accrual Basis
- Due 3 months after provider's fiscal year end.
- Complete in Excel and submit via email
 - Send Certification Page with WET signature via USPS or Courier Service
- Requires Trial Balance
- Incomplete or Late = PAYMENT REDUCTION

COST REPORT SUBMISSION

- Before submitting to Iowa Medicaid PCA:
 - Are all Schedules filled out?
 - Is the Certification Page signed and ready to mail?
 - Gather the Trial Balance, Home Office Cost Statement, Management Agreement and other necessary docs to send with cost report
- Compare Current to Prior Year Cost Report
 - Changes Expected?
 - Missing data that was provided last year?
 - Prior year adjustments or Education?

STATE OF IOWA DEPARTMENT OF
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MYERS AND
STAUFFER LLC
CERTIFIED PUBLIC ACCOUNTANTS

MEET THE TEAM!

PROVIDER COST AUDIT COST REPORT REVIEW TEAM



Tracey Mikesh
Senior Specialist



Faithe Naylor
Specialist

PROVIDER COST AUDIT COST REPORT REVIEW TEAM



Liz Brown
Staff Accountant



Hannah Gallagher
Staff Accountant

PROVIDER COST AUDIT COST REPORT REVIEW TEAM



Justin Mull
Senior Accountant



Ramona Chism
Senior Accountant



Jason Klouse
Senior Accountant

PROVIDER COST AUDIT COST REPORT REVIEW TEAM



Stacy Fenton
Manager



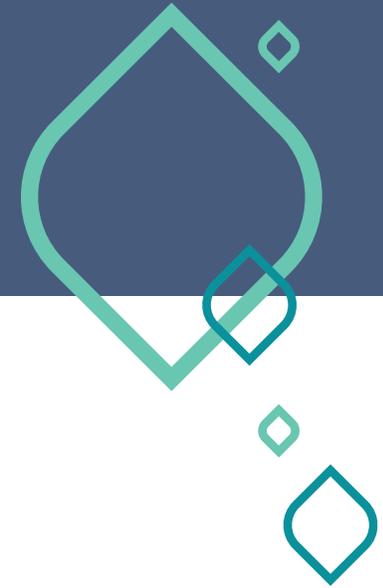
Laura Parker, CPA
Senior Manager

THE DESK REVIEW PROCESS



- Iowa Medicaid PCA = Myers and Stauffer LC
 - CPA Firm
- Adhere to AICPA Review Standards
- Provide Iowa DHHS with limited assurance
- Review is not the same year to year or provider to provider
 - Must customize based on the data

THE DESK REVIEW PROCESS



The Process:

1. **Specialist** to process cost report submission
2. **Desk Reviewer** to review the cost report
3. **Final Reviewer** to verify
4. **Request Letter** to obtain more information and documents
5. **Desk Reviewer** to review new information and documents
 - a. **Request Additional Documentation**
6. **Final Reviewer** to verify
7. **Adjustment Letter**, if applicable
8. **Provider Representation Letter**
9. **Rate Letter** with possible amount due

PROSPECTIVE RATE CALCULATION

- Services with at least 6-months of actual cost:
 - Prospective Rate is the lesser or:
 1. Unit cost per the cost report plus inflation
 2. Base Rate plus inflation
 3. Rate Maximum

PROSPECTIVE RATE CALCULATION

- Prospective Rates are Effective:

The first day of the 3rd month after the month during which the annual cost report is submitted.

- Submitted in September → Rate is effective 12/1
- Submitted in October → Rate is effective 1/1
- Submitted in March → Rate is effective 6/1
- Submitted in April → Rate is effective 7/1

- PCA updates 15-Minute Rates in IoWANS

- Providers work with Case Managers to update BI Daily SCL

- MCOs are notified



OTHER RATES

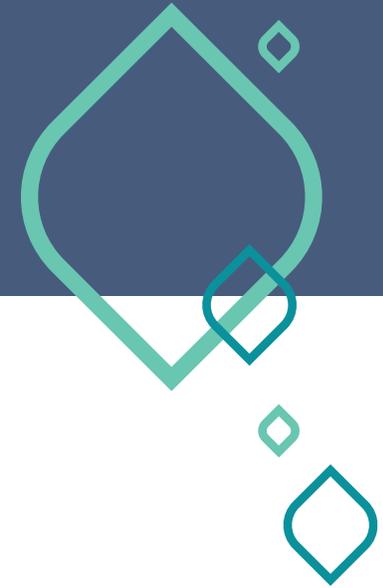
- No more quarterly D4s
- New Service = Projected Cost Report
- New Provider = Projected Cost Report
- 6-Months of MCO only service cost will create Iowa Medicaid FFS Rate
- Need an MCO Rate?
 - Work with your MCO
- Call Provider Services for HCBS Fee Schedule Rates



LET'S WORK TOGETHER

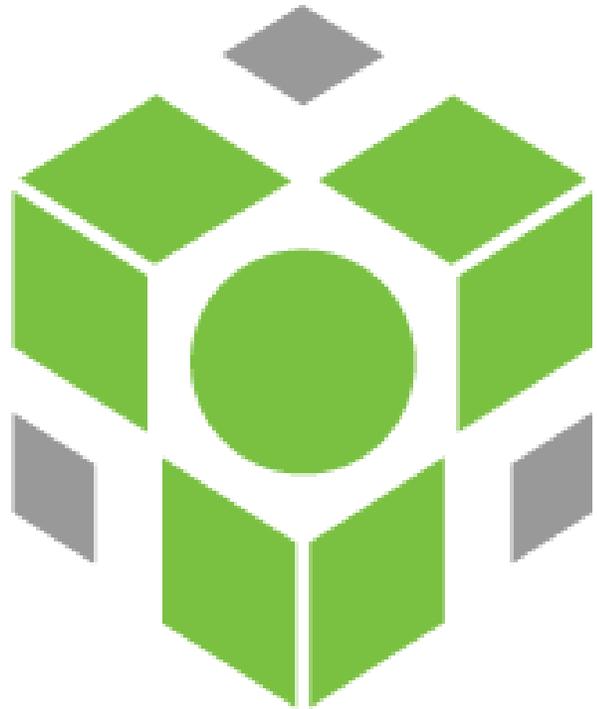


LET'S WORK TOGETHER



- A question is just a question.
- Errors happen.
- Should you revise the cost report?
- Hello? Is it me you're looking for?
- Respond thoroughly and on time.
 - An extension may be available.

CONTACT US



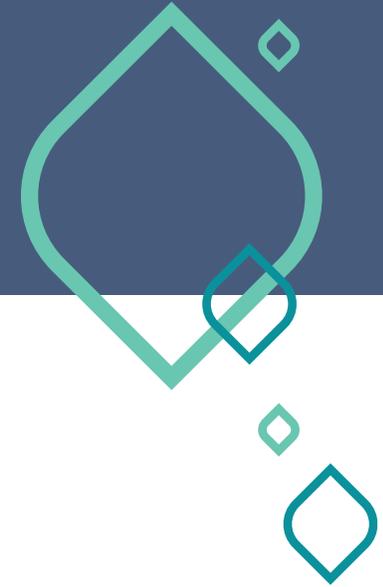
515-256-4610 or
866-863-8610

costaudit@dhs.state.ia.us



Q&A

Upcoming Training:



NEXT

- **Lean on Me: Resources for providing supports through behavioral challenges.**
 - July 10, 2023 | 10:00AM – 11:30AM | [Virtual Registration](#)

- **Behavioral Health Crisis Response**
 - July 14, 2023 | 11:00AM – 12:00PM | [Virtual Registration](#)

- **Cultural Wellness Perspectives on Mental Health and Disability: Supporting Immigrants and Refugees in Iowa | **Recently Rescheduled****
 - July 17, 2023 | 10:00AM – 12:00PM | Attend in person or virtually - Choose one:
 - [In Person Registration](#) at Polk County River Place, 2309 Euclid Avenue, Des Moines, IA 50310, Conference Room One or
 - [Virtual Registration](#) through Zoom

- **A Life in the Community: The Goals of Olmstead**
 - August 15, 2023 | 10:00AM – 11:30AM | [Virtual Registration](#)