

Backcasting Proposal #6

BACKCASTING FOR SMAA - PROPOSAL FROM LGA COLLABORATIVE

TIME SURVEY METHODOLOGY:

Previous Methodology: 5-day per quarter worker log

Current Methodology: Random Moment Time survey (Effective January 1, 2015)

Background:

CMS has approved using a backcasting methodology to determine the final amount of payment on deferred invoices and interim claim in SMAA program. CMS defines backcasting as a process by which data from a sampled quarter is applied to previous quarter to support a claim.

During the deferral, LEAs participating to SMAA program during the Fiscal year 2009/2010, 2010/2011, 2011/2012, and 2012/2013 submitted claims and DHCS may have made some payments but majority of claims have not received payments.

On September 4, 2014, CMS approve a delay of RMTS implementation to January 1, 2015. Please note Quarter 1 is an average quarter.

On October 7, 2014, CMS approved State's request to process CMS 64 claims for payments of FY09/10, 10/11, 11/12 interim claims. It supersedes the October 23, 2013 RTC agreement that was discontinued by DHCS due to administrative burden. It also amends the prior approved methodologies for school based administrative claiming for Fiscal year 2012/13, FY2013/2014 and FY14/15 (Qtr. 1 and Qtr. 2) interim claiming.

According to letter of CMS dated October 7, 2014, it was stated that DHCS must submit a proposed backcasting methodology to CMS no later than January 31, 2015 that will cover all SMAA payments claimed for costs incurred after June 30, 2012 and also any deferred invoices subject to back casting as outlined in the proposal. DHCS will be required to collect 4 quarter of RMTS of statewide data before the backcasting methodology can be implemented. The back casting proposal must include the following elements:

- A detailed schedule of all deferred invoices subject to backcasting that also documents the interim payments made for each deferred invoices.
- A clear timeline with definitive dates for the completion of the reconciliations for the deferred invoices and all quarters subject to backcasting.
- The backcasting methodology applicable to the deferred invoices must include both the removal of any positions not on the approved position list (unless exception for specific individual positions have been granted under the RMTS process) and the removal of any vendor fees in excess of 15% of the total allowable costs on the adjusted invoice(s) for the fiscal period.

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CMS will require DHCS to return any overpayments identified through this process in accordance with the timeline agreed to with the approved backcasting methodology. DHCS will be required to return all overpayments identified through this process regardless of whether or not those funds were recovered from the claiming unit that submitted the invoice.

DHCS has been submitting early claim request to CMS to ensure that federal reimbursement funds are available for SMAA interim claiming in the event that an increase in payments to LGAs/LECs in addition to interim claiming under current deferral.

Proposed SMAA Backcasting Methodology:

Beginning January 1, 2015, LGA/LEC participating in the SMAA program will begin conducting and collecting a Random Moment time survey data pursuant to CMS' approval of the SMAA RMTS Methodology. The RMTS data collected during FY2014/15 Q3 and Q4 (Jan. 1 to June 30, 2015) and FY15/16 Q2 and Q3 (October 1, 2015 to Mar. 31, 2016) will be used to determine the SMAA final federal reimbursement.

RMTS data collected for 4 quarters as required by CMS will be averaged and used to reconcile the FY10/11, 11/12, 12/13 and 13/14. The RMTS data will be based on RMTS result per consortia (LEC consortia, LGA consortia, individual LGA or LEC) collected per quarter starting Jan 1, 2015.

The exception to this Back Casting Methodology proposal is for those LEA claiming units that have chosen not to participate in the SMAA program in FY10/11, 11/12, 12/13 and 13/14 due to their discontinued participation since the claiming unit are not required to conduct time surveys under the new SMAA manual. Therefore any back casting implementation by DHCS will not be applied to the claiming units that did not participate in the SMAA program in FY10/11, 11/12, 12/13 and 13/14.

COMPARABILITY OF SAMPLE PERIODS RESULTING IN STATISTICAL SAMPLING METHODOLOGY:

- Time survey results for any fiscal period is a critical element in computing reimbursable costs for claiming federal reimbursement.
- Time survey methodology in FY13/14 and prior only contained 5-day per quarter data in computing the reimbursable costs. This method was discontinued in FY13/14 and was replaced with CMS approval of a statistically valid time survey methodology or Random Moment Time Survey.
- The proposed SMAA back casting Methodology requires a 4 quarter RMTS data to be used for reconciling the final federal reimbursement.
- SMAA claiming units adopted a newly approved RMTS time survey methodology beginning January 1, 2015.
- Using RMTS data equivalent to 4 quarters for all backcast claims are as follows: Quarter 1 is to use January 1, 2015 – March 31, 2015; Quarter 2 is to use April 1, 2015 to June 30, 2015; Quarter 3 is to use October 1, 2015 to December 31, 2015

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and Quarter 4 is to use January 1, 2016 to March 31, 2016 RMTS data result.
(Note: Quarter 1 is an average quarter)

- In terms of computing federal reimbursement, the method of applying time survey results to compute SMAA claims cost must be based on the latest corrected claims submitted to DHCS. (Note: some of the claims may have already been paid)
- Corrected invoices must include classifications that are in compliance to the approved SMAA manual.
- Salary costs will be adjusted on back cast claim based on classifications if corrected claims were not submitted to remove those positions not on the approved list.
- Non-Salary costs remain the same except the removal of any vendor fees in excess of 15% of the total allowable costs.
- Unless claims were corrected prior to backcasting based on removal of positions not on the approved position lists and the removal of any vendor fees in excess of 15% of the total allowable costs for the fiscal period, then the method of applying RMTS data result to compute the SMAA claims' costs remain unchanged.
- The exception will be for LEAs who did not participate in the SMAA program in FY10/11, FY11/12, FY12/13 and FY13/14
- Quarter 3 and Quarter 4 of FY14/15 claims will use the average RMTS data result for each corresponding quarter.
- Reconciliation will take place to reconcile the payment made for the claims and the new submitted claims using RMTS data.
- Invoice template may need to be revised according to the new SMAA manual and the backcasting process.
- Invoice Summary template may need to be revised to include reconciliation of the new claimed amount and the paid amount on previous claimed amount.

STATE'S BURDEN IN ASSURING NECESSARY AND REASONABLE COSTS

- DHCS will meet requirements for record retention and documentation of claims stated in 45 CFR 74.21
- DHCS will audit and settle the claims filed by LECs/LGAs in FY10/11, FY11/12, FY12/13 and FY13/14 to determine the actual federal reimbursement.