



COMMISSIONER
Chris Traylor

December 31, 2010

To: Community Based Alternatives Home and Community Support Services
Providers
Community Living Assistance and Support Services Case Management Agency
and Direct Service Agency Providers
Primary Home Care Providers

Subject: Information Letter No. 10-153
2010 Cost Report and Cost Report Training Requirements

Dear Providers,

Each contracted provider is required to submit financial and statistical information through a 2010 Cost Report for each contract held with the Texas Department of Aging and Disability Services (DADS). Providers that operate more than one Community Based Alternatives Home and Community Support Services (CBA HCSS), Community Living Assistance and Support Services (CLASS) Case Management Agency (CMA), CLASS Direct Service Agency (DSA), or Primary Home Care (PHC) contract per legal entity are required to submit, per program, a consolidated cost report as described under **Consolidated Reporting Requirements** below. It is the responsibility of each contracted provider to submit an accurate cost report, completed in accordance with all applicable instructions and rules, to ensure fair and equitable determination of reasonable payment rates.

There are no cost report materials included with this letter. All required documents can be found and downloaded from the Health and Human Services (HHSC) Rate Analysis Department (RAD) website at the web address indicated in the **Rate Analysis Website** section below.

CONSOLIDATED REPORTING REQUIREMENTS

For entities controlling more than one CBA HCSS, CLASS CMA, CLASS DSA, or PHC contract, the first step in completing the 2010 Texas Medicaid cost report process is to complete and submit a 2010 Texas Medicaid Consolidated Cost Reporting Schedule (one schedule per program) to HHSC Rate Analysis by **January 31, 2011**.

Failure to submit the 2010 Texas Medicaid Consolidated Cost Reporting Schedule by January 31, 2011 constitutes an administrative contract violation as stated in the Cost Determination Process rules Title 1 of the Texas Administrative Code §355.111. HHSC may take the following actions in the case of an administrative contract violation: (1) vendor hold on payments to the provider; and (2) possible contract cancellation.

It is imperative the 2010 Consolidated Cost Reporting Schedule be received by the requisite due date as HHSC Rate Analysis will use the schedule to assign a consolidated grouping number(s) to the entity. Once the entity receives its consolidated grouping number(s) from HHSC, it may complete and submit its required 2010 cost report(s).

CBA HCSS, CLASS CMA, CLASS DSA, and PHC providers are required to submit 2010 financial and statistical information on one cost report, per program, per legal entity if all contracts under the legal entity participate in the attendant compensation rate enhancement program. Contracted providers who operate both contracts that are participating in the attendant compensation rate enhancement program and contracts that are not participating in the attendant compensation rate enhancement program must submit two separate 2010 cost reports per legal entity, one report for those contracts participating and one cost report for those contracts not participating.

COST REPORT REQUEST AND TRAINING NOTICES

As indicated in last year's cost report request, the 2009 cost reports were the last cost reports for which HHSC RAD would mail paper copies of the cost report request and training notice to contracted providers. All notices and information for the 2010 cost report and all future cost reports will be sent via a DADS Information Letter such as this letter.

HHSC RAD will continue sending notices specific to individual contracts via certified mail and fax.

AUTOMATED COST REPORTING & EVALUATION SYSTEM (ACRES)

Providers are required to prepare their 2010 cost report using the ACRES data entry software. The ACRES Data Entry Manual and software can be downloaded from the HHSC RAD website, noted below. Please refer to the "Automated Cost Reporting" section of the website for more information about the ACRES Data Entry software.

2010 COST REPORT DUE DATE

The electronic copy of your 2010 ACRES cost report and all required supporting documentation are both due to HHSC RAD no later than March 31, 2011. The electronic cost report must be e-mailed as directed in the ACRES Data Entry Manual while the supporting documentation must be received at one of the two addresses indicated on the following page.

Regular Mail:
HHSC Rate Analysis
Mail Code: H-400
PO Box 85200
Austin, Texas 78708-5200

Overnight/Courier Delivery:
HHSC Rate Analysis
Braker Center, Building H
Mail Code: H-400
11209 Metric Blvd.
Austin, Texas 78758-4021

PREPARER REQUIREMENTS FOR THE 2010 COST REPORT

In accordance with Title 1 of the Texas Administrative Code §355.102(d), it is the responsibility of each provider to ensure that each cost report preparer who signs the Cost Report Methodology Certification completes the required HHSC-sponsored cost report training.

Preparers must complete cost report training for every program for which a cost report is submitted. Such training is required every other year for the odd-year cost report in order for the preparer to be qualified to complete both that odd-year cost report and the following even-year cost report. Preparers must attend separate on-site classroom-based general and specific program cost report training sessions or successfully complete a separate online cost report training for each specific program for which they will submit a cost report.

TO SIGN AS PREPARER OF A 2010 COST REPORT for a specific program, the preparer must either: (1) have attended an on-site classroom-based general and a separate specific program training for that program's 2009 or 2010 cost report and received 2009 or 2010 Mandatory Cost Report Training Certificates; or (2) successfully completed that program's online cost report training and received a 2009 or 2010 Mandatory Cost Report Training Certificate for both the general online training and the program-specific online training. Cost report preparers may be employees of the provider or persons who have been contracted by the provider for the purpose of cost report preparation. **NO EXEMPTIONS** from the cost report training requirements will be granted.

ON-SITE CLASSROOM-BASED TRAINING SESSIONS

The 2010 on-site classroom-based cost report training format has changed this year. The sessions for each program will consist of one half day of general training (see the Training Registration section below) and a half day of program specific training. All first-time cost report training registrants **MUST** attend an on-site classroom-based general training session and a program specific training for each program for which they will submit a cost report. Preparers who have ever attended an on-site classroom-based cost report training session for a specific program do not have the option of again attending an on-site classroom-based training for that specific program; but instead **MUST** complete the HHSC-sponsored online cost report training (see the Online Training section below). Upon completion of the on-site classroom-based

general training session and the program specific training session, each first-time registrant will receive a training certificate for the general and specific program session attended. A copy of the general training and the appropriate program-specific training certificates must be attached to every cost report submitted.

Each half-day on-site classroom general session will provide an in-depth discussion of the Cost Determination Process Rules, including the cost determination process, the cost-reporting process, accrual accounting, direct costing, employee benefits/insurance, depreciation, related-party transactions, and documentation requirements. The program specific training will be geared to each specific program providing an opportunity to focus on program expertise. The sessions will also provide a review of the 2010 cost report, including cost-reporting issues specifically related to the program, cost allocation, allowable and unallowable costs and deficiencies noted during the review and audit of cost reports from previous years. All 2010 cost report on-site classroom-based training sessions will be held in Austin on January 25, 2011 and February 23, 2011. Refer to the **Training Registration** section of this letter for directions on accessing the training schedule as well as registration information.

In the case of inclement weather, updates about training sessions will be recorded on the Training Registration Help Line at (512) 491-1444.

ONLINE TRAINING

Preparers who have ever attended an on-site classroom-based cost report training session for a specific program **MUST** complete the HHSC-sponsored online cost report training for that specific program and do not have the option of again attending on-site classroom-based training for that specific program. Online training is required every other year for the odd-year cost report in order for the preparer to be qualified to complete both that odd-year cost report and the following even-year cost report. 2010 Cost Report Training Certificates will be issued to those preparers who complete the General and the Program-Specific online training.

Online training was made available to qualified preparers December 1, 2010, and will remain available through October 31, 2011.

The cost to register for online training is \$35.00 per program to be paid at the time of registration to the contractor selected by HHSC to provide the training. HHSC will not collect or receive any funds for providing the training services. HHSC will post additional information regarding online training on the HHSC RAD website.

CONTINUING EDUCATION CREDIT

For each on-site classroom-based training, there will be 4.0 hours of CPE credit given for Certified Public Accountants (CPA) and .40 CEU credits given for Social Workers. There will

be No CPE credit given for CPAs and No CEU credits given for Social Workers for completion of the online program specific training sessions.

TRAINING REGISTRATION

Online Training:

Registration is through the contractor selected by HHSC to provide the training. HHSC will post additional information regarding online training registration on the HHSC RAD website.

On-Site Classroom-Based Training:

Training reservations will be accepted by online registration only. Reservations will not be accepted by telephone, fax or E-mail. To register for training, go to the HHSC RAD website at the web address indicated in the **Rate Analysis Website** section below to access the training schedule and information on how to complete the online registration form.

Seating is limited for all on-site classroom-based sessions and registration will be accepted on a *"first-come, first-served"* basis. Within five working days of receipt of your online registration form, HHSC RAD will E-Mail to you a confirmation letter for each session for which you registered. The confirmation E-Mail will include your confirmation number, along with information concerning the training site location. If you do not receive your confirmation e-mail within five working days, please contact the Training Registration Help Line at (512) 491-1444 or via e-mail at: costreporttrain@hhsc.state.us. If you are unable to attend a session for which you are registered or you need to make changes to your registration, please notify HHSC RAD at the above telephone number or E-Mail address.

RATE ANALYSIS WEBSITE

The HHSC RAD website contains program specific cost report instructions, cost report training information and materials, payment rates, RAD staff contact information and web links for online training, on-site classroom training registration, and automated cost reporting. Additional information and features are added periodically. We encourage you to visit our website at:

<http://www.hhsc.state.tx.us/medicaid/programs/rad/>.

RESOURCES

If you have any questions or need additional information related to the proper completion of the cost report, please contact the Rate Analyst for your specific program, as shown below.

| Programs | Analyst | Telephone | E-mail |
|---------------------|---------------|----------------|--|
| PHC, CLASS CMA | Dee Eichstadt | (512) 491-1370 | dee.eichstadt@hhsc.state.tx.us |
| CBA HCSS, CLASS DSA | Victor Perez | (512) 491-1375 | victor.perez@hhsc.state.tx.us |

Other Resources:

| | | |
|--|----------------|--|
| Training Registration Help Line | (512) 491-1444 | costreporttrain@hhsc.state.tx.us |
| ACRES Help Line | (512) 491-1448 | acres@hhsc.state.tx.us |
| Receipt of Submitted Cost Report Documents | (512) 491-1381 | luis.aleman@hhsc.state.tx.us |

Sincerely,

[signature on file]

Ray Wilson
Manager, Cost Reporting
HHSC Rate Analysis Department

PM:rw:lab