From Surviving to Thriving in Audits

Facilitated by: WestEd

November 30, 2022

2:00 p.m.—3:30 p.m.

DHCS

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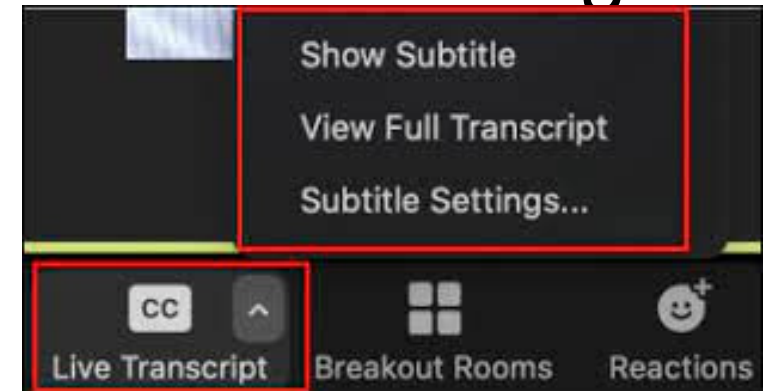
Introductions

DHCS

- Lisa Risch
- Regina Zerne
- Monica Velasco

WestEd — WestEd.org

- Jason Willis
- Jeremy Ford
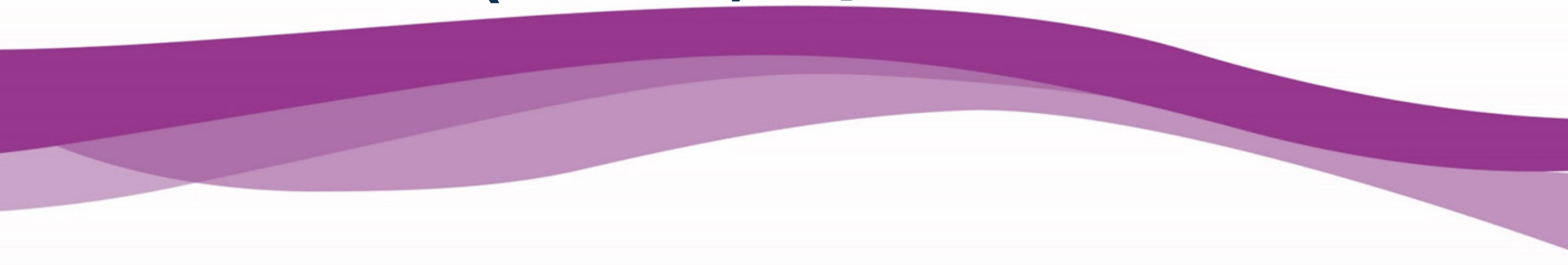- Brianne Dotson
- Lisa Eisenberg
- Liza Morris
- Colleen Meacham

Workshop Goals

» Provide important dates and updates on the CRCS process

» Discuss the effective use of CPE programs

» Delineate the Audit Process

» Explore future collaborations with A&I

» Develop a list of tools needed for an audit

» Plan for a second workshop

Agenda

» Introduction to Workshops and CRCS Updates

» CPE Overview

» Delineating the Audit Process

» Review of Chat Questions

» Breakout: Developing Top Tools Needed from DHCS to be Successful in Audits

» Wrap-up

Cost and Reimbursement Comparison Schedule (CRCS) Updates

CRCS Due Dates

State Fiscal Year (SFY)	CRCS Due Date	Submission Window
2020-21	3/01/22	2/01/22—3/01/22
2019-20	4/30/22	4/01/22—4/30/22
2015-16	6/30/22	6/01/22—6/30/22
2016-17	8/31/22	8/01/22—8/31/22
2017-18	10/31/22	10/01/22—10/31/22
We are here		
2018-19	1/31/23	1/01/23—1/31/23
2021-22	3/01/23	2/01/23—3/01/23
2022-23	3/01/24	2/01/24—3/01/24

- The previous deadline for 2017−18: October 31, 2022

- Upcoming due dates: January and March 2023. For 2018−19 then 2021−22.

- If you have missed or will miss a deadline, Email: LEA.CRCS.Submission@DHCS.CA.GOV as soon as possible with your status.

- Stay updated with the DHCS Email Subscription Service for essential deadlines and future training opportunities.

CRCS Backcasting Payment Timeline

State Fiscal Year (SFY)	CRCS Due Date	Submission Window	36-Month Audit Statute Deadline
2020-21	3/01/22	2/01/22—3/01/22	3/1/2025
2019-20	4/30/22	4/01/22—4/30/22	4/30/2025
2015-16	6/30/22	6/01/22—6/30/22	6/30/2025
2016-17	8/31/22	8/01/22—8/31/22	8/31/2025
2017-18	10/31/22	10/01/22—10/31/22	10/31/2025
2018-19	1/31/23	1/01/23—1/31/23	1/31/2026
2021-22	3/01/23	2/01/23—3/01/23	3/01/2026
2022-23	3/01/24	2/01/24—3/01/24	3/01/2027

» Update 2015–16 backcasted or amended CRCS reports will have final settlements sent out in July 2023.

New CRCS Settlement Timeline

» Major changes for CRCS SFY 2020−21 and forward

- The new CRCS uses Direct Medical Services Percentage (DMSP) and Medi-Cal Eligibility Ratio to calculate costs.

- The due date for the CRCS is now eight months (March of the subsequent year)

- Interim settlement to LEAs if the final payment is not completed within 12 months
  - **DHCS will begin processing as early as February 2023**

Certified Public Expenditure (CPE) Overview

CPE Definition

» Official Definition

"A statutorily recognized Medicaid financing approach…. The LEA certifies that the funds expended are public funds used to support the full cost of providing the Medi-Cal covered services or administrative activity. Based on this certification, the State then claims FFP matching funds."

» Plain Language

LEAs confirm with Medi-Cal that expenditures were allocated for LEA BOP allowable services with funds that can be matched. To do that, LEAs monitor spending on identified services, and once an academic year the LEA signs a document (CRCS) certifying that it spent X amount of money on X services provided. LEAs send that certification to DHCS for the federal match of those dollars.
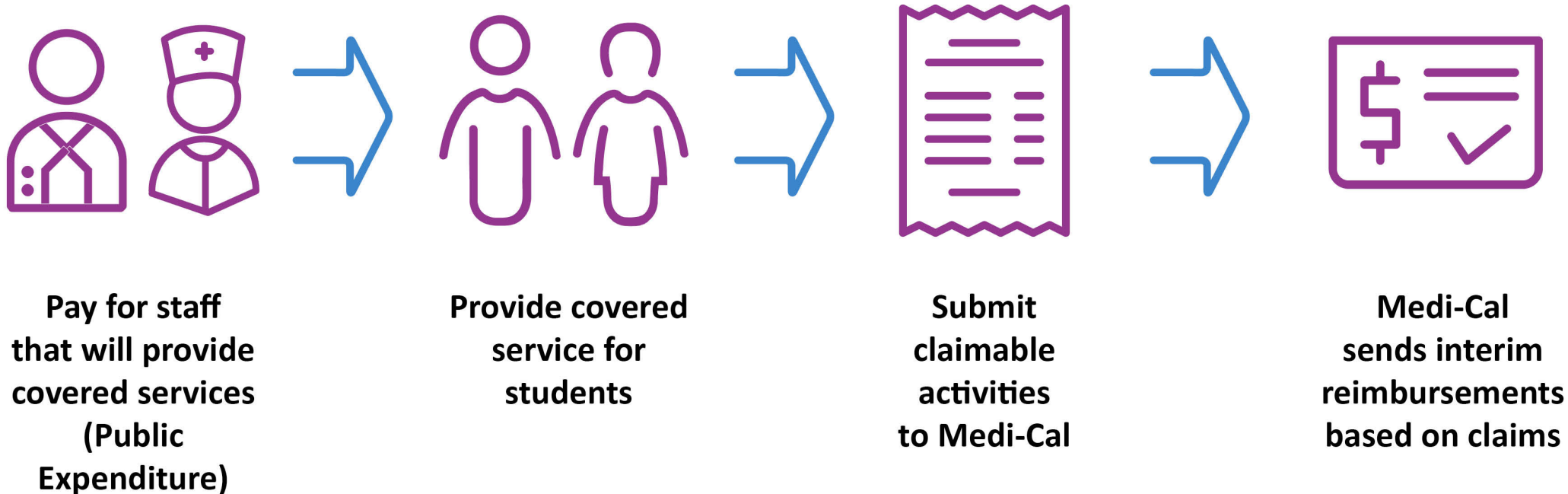
CPE Process

» **Official Definition**

CPE-based financing must recognize actual costs incurred. As a result, CMS requires cost reimbursement methodologies for providers using CPEs to document the actual cost of providing the services … and reconciliation of any interim reimbursement.

» **Plain Language**

LEAs submit service claims and receive an interim reimbursement. After the end of the school year, LEAs report their allowable expenses on the CRCS. The CRCS is the way DHCS ensures the cost of providing these services is accurate. If DHCS discovers any under or overpayment, reconciliation will occur at the final settlement.

The Building of Your CPE Program

Pay for staff that will provide covered services (Public Expenditure) → **Provide covered service for students** → **Submit claimable activities to Medi-Cal** → **Medi-Cal sends interim reimbursements based on claims**

The CPE Cycle Continues: Overpayment

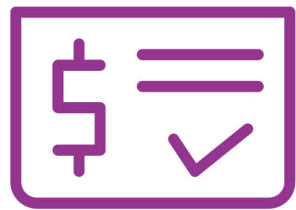**Medi-Cal sends interim reimbursements based on claims**

The interim reimbursements continue to be collected beyond the Medi-Cal Allowable Cost Ceiling.

When the allowable cost ceiling is reached, interim reimbursements that surpass costs = Overpayment
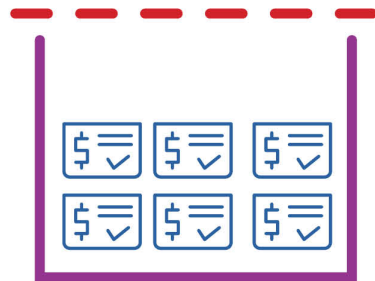
LEA interim reimbursements can continue after the Medi-Cal allowable cost. More billing does not always mean more final dollars.
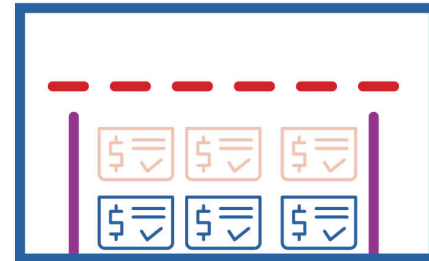
The CPE Cycle Continues: Underpayment

Medi-Cal sends interim reimbursements based on claims

Interim reimbursements are collected as reimbursement for CPE expenditures, up to the Medi-Cal Allowable Cost Ceiling

LEAs received less in interim claim reimbursements than their actual costs of providing those services = Underpayment

LEAs submitting accurate cost will help lead to a more accurate final cost settlement.

CPE Challenges

» Common Challenges:

- Cost/Expenditure is upfront

  o Staff/Contractors

  o Services are provided

- Interim dollars are not final dollars

- The final settlement timeline is removed from expenditures (36 months)

CPE Benefits

» Benefits:

- CPE covers individual and actual expenditures, which may vary per LEA.

- The new RMTS methodology captures the exact time spent providing direct services.

- Finalized funds may be used on various health, mental, and academic programs or services. California Code, Education Code - EDC § 8804.

  o Academic support services, including tutoring, mentoring, employment, and in-service training for teachers and administrators.

  o Nutrition services

  o Dental services

  o Mental health services, including primary prevention, crisis intervention, assessments, and referrals

CPE Effective Practices

» Use Non-Federal Funds

- Work with your business office to coordinate federal and non-federal staff costs associated with LEA BOP.

» Align staff with RMTS

- Be mindful of quarterly deadlines.
- Submit claims for identified staff.

» Budget interim dollars based on individual LEAs needs.

Delineating the Audit Process

Delineating the audit process

Audit Terminology 101

Term	Definition	Plain Language
Audit Adjustment	A required change to reflect the actual cost of providing services to Medi-Cal beneficiaries.	The audit requires a change to your cost report.
Audit Disallowance	An audit adjustment reduces the final settlement.	The audit change results in less money.
Audit Impact	The amount generated by the difference between the Reported Settlement and the Audited Settlement. Shows additional payment needed to cover LEA's remaining unreimbursed costs, or an overpayment requiring recoupment from the LEA.	How big of an overall change will result from the audit? This term includes both positive and negative amounts.

Delineating the audit process (continued)

Audit Terminology 101

Term	Definition	Plain Language
Interim Reimbursement	Payments made to the LEA to provide cash flow. Similar to a cash advance, until the final cost settlement process is completed to include the compliance audit.	These are only some of the final dollars to be received. In a CPE program, these are estimated funds until the final settlement.
Overpayment	When the interim reimbursement received exceeds the actual costs to provide the services. When LEAs surpass the true costs of services provided, then repayment to DHCS occurs through future withheld claims.	Any overpayment is returned when the final settlement is less than the interim reimbursement amount.

Delineating the audit process (continued)

Audit Terminology 101

Term	Definition	Plain Language
Underpayment	LEAs received less in interim claim reimbursements than their actual costs of providing those services, and therefore DHCS owes additional funds to the LEAs.	When the final settlement is more than the received interim reimbursement dollars, DHCS will send additional monies to the LEA to reconcile the difference.
Final Audited Settlement	The amount determined by the audit process that indicates the LEA has an under/overpayment. The amount is determined by A&I. When compared against the Reported Settlement it may generate an Audit Impact if there is a difference in those amounts.	The final dollars. There will be no future changes to this year.

Delineating the audit process (continued)

» What happens after I submit the CRCS?

- Cost Reporting and Tracking Section (CRTS) reviews the form.
  - o After the review of essential information (National Provider Identifier, name, Medi-Cal eligibility rate, etc.) DHCS returns incomplete forms for omitted information.
- Upon acceptance, DHCS forwards the form to Special Programs Section (SPS)
  - o SPS conducts the audit.
- Once funds are certified and completion of the audit process occurs, LEAs will receive their final settlement.

» Note: If LEAs fail to submit or resubmit throughout the process, any received funds are deemed uncertified and must be returned.

Delineating the audit process (continued)

» DHCS is reviewing the audit impact

» Preliminary findings from the fiscal year 2013-14 through 2017-18

» CRCS reported amounts tend to

- Over-estimate the amount owed by DHCS
- Under-estimate the amount owed to DHCS

» We are looking forward to sharing more detailed information in the future.

The Future of the LEA BOP Audit

» A&I has committed to keeping track of common errors.

- Training
- Workshops
- Tips

» DHCS wants LEAs to have the tools they need to be successful.

Questions & Answers

Developing Top Tools Needed from DHCS to be Successful in Audits

Breakout Discussion

- We have themed your responses and are providing a breakout room for some of the tools suggested.

- To join the room discussing the tool you are interested in, simply click on the "Breakout Rooms" icon in your Zoom toolbar, find the subject you are most interested in, and click "join."

Breakout Room Discussion Topics

1. **Audit Organizer:** Requirement checklists, annual timelines to prepare for LEA BOP deadlines, payment releases, audit periods.

2. **Allowable/Disallowable Costs:** Possible changes to the provider manual to clarify or outline costs.

3. **Common Findings:** Specific examples of most common findings from past audits and how to address the finding.

4. **Documentation for Auditors:** Guidance on what and how much to provide when asked by the auditors.

Provide Feedback

» Once we've joined our breakout rooms, we will use a Zoom whiteboard to add your responses to the following prompting questions. Your facilitator will provide a link in the chat.

» Once present, please use either the whiteboard or the chat to provide more feedback to the prompts below.

- How would you use this tool?
- Will this tool be used before you start billing?
- Is this tool meant for audits only?
- In what cases would you use this tool?

Thank You

» Remember to complete your workshop survey using the QR code located to the right.

» The next workshop will be January 11, 2023.