



TEXAS
Health and Human
Services

Ambulance Services Supplemental Payment Program (ASSPP) for Governmental Entities

Cost Report Training for FFY 2017

Housekeeping Items

Please download the presentation for today's session from the HHSC website

<https://rad.hhs.texas.gov/acute-care/ambulance-services/ambulance-services-cost-report-training-information>

There are two options that you may use to listen to the presentation:

- Dial in using your telephone: you must use the telephone number, access code, and audio pin found on the right side of your screen
- Listen through your computer: you must have speakers to listen and a microphone enabled computer to ask questions throughout the training



TEXAS
Health and Human
Services

Housekeeping Items

If you experience any technical difficulties, please contact Webinar Support at:

1-800-263-6317

Training duration is approximately 4 hours.

Short breaks will be provided.

Please send questions to the Time and Financial Information (TAFI) email box at the following email address:

tafi@hhsc.state.tx.us

A list of frequently asked question (FAQs) is posted on the HHSC Rate Analysis website:

<https://rad.hhs.texas.gov/acute-care/ambulance-services/ambulance-services-cost-report-information>



TEXAS
Health and Human
Services

Housekeeping Items

You have the ability to ask questions throughout the presentation by raising your hand.

- Your hand is raised if the arrow is pointing down
- Your hand is lowered if the arrow is pointing up

The hand/arrow image tells you the action you would like to take.

You must be present and attentive throughout the entire training presentation to obtain credit.

- System tracks attentive levels
- Must have registered for the training



TEXAS
Health and Human
Services

Housekeeping Items

Email TAFI:

Go-to-Webinar will report a poor interest rating under certain circumstances, even if you have registered and logged on. Please email us by the end of the presentation if:

- Multiple people are viewing this from the same device
- You are using a phone, tablet, dual screens, etc.

This will help us ensure that you receive credit for attending today.



TEXAS
Health and Human
Services

Website Overview

You can access the Health and Human Services Rate Analysis Department's Acute Care webpage by following the link below:

<https://rad.hhs.texas.gov/acute-care>

If you have problems accessing the link, copy the address to your web browser and it will take you directly to the webpage where you can get easy access to information on Ambulance Services.



Rate Analysis Program Contacts

Contacts:

Dan Huggins

Director, Acute Care Services

Dario Avila

Team Lead, Cost Reporting

Communication Preferences:

Predominantly via EMAIL

- Send Cost Report Questions/Cost Report Submissions to the following email box: tafi@hhsc.state.tx.us

Acute Care Website:

<https://rad.hhs.texas.gov/acute-care>



TEXAS
Health and Human
Services

HHSC - Ambulance Services

Ambulance Services are nonemergency and emergency patient transports that are reimbursed by Texas Medicaid.

These services include out-of-hospital acute medical care, transport to definitive care, and other medical transports to patients with illnesses and injuries which prevent the patients from transporting themselves.

This includes ground, fixed wing/rotary, and water transports.



TEXAS
Health and Human
Services

Eligibility for Supplemental Payments

A governmental ambulance provider must submit a written request for a supplemental payment to the HHSC Rate Analysis Department.

The request, if acceptable, will be effective the first day of the month after the request is approved.

HHSC considers only requests from governmental ambulance providers as defined 42 CFR § 433.50 (a)(1)(i).

HHSC will respond to all written requests for consideration, indicating the requestor's eligibility to receive supplemental payments.



TEXAS
Health and Human
Services

Request Criteria

An acceptable request must include the following at a minimum:

- i. Overview of the governmental agency
- ii. Complete organizational chart of the governmental agency
- iii. Complete organizational chart of the ambulance department within the governmental agency providing ambulance services including a total number of employees
- iv. Identification of the specific geographic service area covered by the ambulance department, by ZIP code
- v. Copies of all job descriptions for staff types or job categories of staff who work for the ambulance department, as indicated in the entity's ambulance department organizational chart



TEXAS
Health and Human
Services

Request Criteria

An acceptable request must include the following at a minimum:

- xi. Estimated total revenue this program will provide the organization over the course of one (12 month) fiscal year (using the most recent date on file). See example below
- xii. Copy of entity's Indirect Cost Rate and/or Cost Allocation Plan
- xiii. Completed Texas Identification Number (TIN) application (See Next Slide)

Estimated revenue reimbursed to your organization:

Provider Name

City:

Medicaid (FFS) - Charges

Medicaid (FFS) - Paid Claims

Medicaid (MCO) - Charges

Medicaid (MCO) - Paid Claims

Uninsured - Charges

Uninsured - Paid Claims

Total Billed Charges (Medicaid & Uninsured)

Total Paid Claims (Medicaid & Uninsured)

Total Computable (Total Billed Charges - Total Paid Claims)



TIN Application



TEXAS
Health and Human
Services

Application for Texas Identification Number
* See instructions on back

1. Is this a new account? YES Mail Code 000 Complete Sections 1 - 5 NO Enter Mail Code _____ Agency number _____ Complete Sections 1, 2 & 5

2. Texas Identification Number (TIN) - Indicate the type of number you are providing to be used for your TIN
 1 - Employer Identification Number (EIN)
 2 - Social Security number (SSN) Enter the number indicated
 3 - Comptroller's assigned number (FOR STATE AGENCY USE ONLY)

3. Are you currently reporting any Texas tax to the Comptroller's office such as sales tax or franchise tax?
 YES NO If "YES," enter Texas Taxpayer Number _____

4. Name of payee (Individual or business to be paid) _____
 5. Mailing address where you want to receive payments _____
 6. (Optional) _____
 7. (Optional) _____
 8. (Optional) _____
 9. City _____ State _____ ZIP Code _____

10. Payee telephone number (Area code and number) _____ SIC code _____ Security type code (0, 1, 2) _____ Zone code _____

11. Ownership Codes - Check only one code by the appropriate ownership type that applies to you or your business.
 I - Individual Recipient (not owning a business) L - Texas Limited Partnership: If checked, enter the Texas File Number _____
 S - Sole Ownership (Individual owning a business): If checked, enter the owner's name and Social Security number (SSN) T - Texas Corporation: If checked, enter the Texas File Number _____
 Owner's name _____ SSN 2 _____
 P - Partnership: If checked, enter two partner's names and Social Security numbers (SSN). If a partner is a corporation, use the corporation's Employer Identification Number (EIN). A - Professional Association: If checked, enter the Texas File Number _____
 Name _____ C - Professional Corporation: If checked, enter the Texas File Number _____
 SSN/EIN _____ O - Out-of-State Corporation G - Governmental Entity
 Name _____ U - State agency / University F - Financial Institution
 SSN/EIN _____ R - Foreign (out of U.S.A.)
 N - Other: If checked, explain. _____

12. Payment Assignment? YES NO Note: A copy of the assignment agreement between payeees must be attached.
 Assignee name _____
 Assignee TIN _____ Assignment date _____

13. Comments _____
 Authorized signature (Applicant or authorized agent) _____ Date _____

14. sign here _____
 Agency name _____ Prepared by _____ Phone (Area code and number) _____

15. _____

S U S A N

C O M B S

Application for Texas Identification Number

TEXAS COMPTROLLER of PUBLIC ACCOUNTS



Fiscal Management
Austin, TX 78774-0100

Who Must Submit This Application -

This application must be submitted by every person (sole owner, individual recipient, partnership, corporation or other organization) who intends to bill agencies of the state government for goods, services provided, refunds, public assistance, etc. The Texas Identification Number (TIN) will be required on all maintenance submitted by state agencies. The use of this number on all billings will reduce the time required to process billings to the State of Texas.

Note: To expedite processing of this application, please return the completed application to the state agency with which you are conducting business. It is not necessary for the payee to sign or complete this form. The state agency representative may complete the form for the payee.

For Assistance -

For assistance in completing this application, please call the Texas Comptroller's office at (800) 531-5441, ext. 6-8138. The Austin number is (512) 698-8138.

Notice to State Agencies -

When this form is used to set up additional mail codes, Sections 1, 2 and 5 must be completed. State agencies may refer to the Texas Identification Number System (TINS) Guide at <https://fmv.opa.state.tx.us/fmv/pub/tno/tnoguide> for additional information.

General Instructions -

- Do not use dashes when entering Social Security, Employer Identification or Comptroller's assigned numbers.
- Disclosure of your Social Security number is required. This disclosure requirement has been adopted under the Federal Privacy Act of 1974 (5 U.S.C.A. sec. 552a)(note)(West 1977), the Tax Reform Act of 1976 (42 U.S.C.A. sec. 405(c)(2)(C) (West 1992), TEX. GOVT. CODE ANN. sec. 403.055 (Vernon 2005) and TEX. GOVT. CODE ANN. sec. 403.056 (Vernon 2005). Your Social Security number will be used to help the Texas Comptroller of Public Accounts administer the state's tax laws and for other purposes. See Op. Tex. Atty Gen. No. H-1255 (1978).

Specific Instructions -

Section 1 - Texas Identification Number

EIN: For all ownership codes other than Individual Recipient listed in Section 3, enter a 9-digit Employer Identification Number (EIN) issued by the Internal Revenue Service.
 SSN: For Individual Recipient or Sole Owner without an EIN, enter your 9-digit Social Security number (SSN) issued by the Social Security Administration.
 Comptroller Assigned Number: FOR STATE AGENCY USE ONLY. A Comptroller Assigned Number is an ID number that is given to a state agency that needs to pay either a foreign entity or a foreign individual who does not have an EIN or SSN. Are you currently reporting any Texas tax to the Comptroller's office such as sales tax or franchise tax? If "YES," enter Texas Taxpayer Number.

Section 2 - Payee Information

Items 4 through 9 - Enter the complete name and mailing address where you want payments to be received. Names of individuals must be entered first name first. Each line cannot exceed 50 characters including spaces. If the name is more than 50 characters, continue the name in Item 5 and begin the address in Item 6.
 Item 9 - Enter the city, state and ZIP Code.
 Item 10 - Enter payee telephone number.
 SIC code, Security type code and Zone code: FOR STATE AGENCY USE ONLY.

Section 3 - Ownership Codes

Item 11 - Check the box next to the appropriate ownership code and enter additional information as requested. Please check only one box in this section. The Secretary of State's office may be contacted at (512) 463-5555 for information regarding Texas file numbers.

Section 4 - Payment Assignment

Item 12 - Use when one payee is assigning payment to another payee. When setting up an assignment payment, fill out this section completely and include a copy of the assignment agreement between the assignee and the assignor.

Section 5 - Comments and Identification

Item 13 - Enter any additional information that may be helpful in processing this application. Items 14 and 15 are for identification purposes. Always complete the identification section, including comments and authorized signature.

Under Ch. 559, Government Code, you are entitled to review, request and correct information we have on file about you, with limited exceptions in accordance with Ch. 552, Government Code. To request information for review or to request error correction, contact us at the address or phone numbers listed on this form.

ASSPP Overview

To be eligible to receive and retain federal reimbursement for the Texas Medicaid Ambulance program, a provider must:

- Be enrolled and approved as a provider with the Texas Medicaid & Healthcare Partnership (TMHP);
- Ensure that services are provided by approved/qualified providers as indicated in the Texas Medicaid Provider Procedures Manual (TMPPM);
- Submit a request and receive approval from HHSC to be eligible to participate in the Ambulance Services Supplemental Payment Program;
- Bill for allowable Medicaid services delivered in the Ambulance program;
- Abide by HHSC rules and regulations;
- Complete training for every odd-year cost report in order to complete cost reports for that year and the next year;
- Submit an annual Ambulance Cost Report; and
- Comply with all state and federal audits.



TEXAS
Health and Human
Services

Ambulance Rules

The Ambulance Service program rules are located at Title 1 of the Texas Administrative Code (TAC), Part 15, Chapter 354, SubChapter A, Division 9, Rule 1111, 1113, and 1115.

Reimbursement rules applicable to Ambulance Services are located at Title 1 of the Texas Administrative Code, Part 15, Chapter 355, SubChapter J, Division 5, Rule 8081 and Division 31, Rule 8600.

Cost Determination Rules applicable to the Ambulance Program are located at Title 1 of the Texas Administrative Code, Part 15, Chapter 355, Subchapter A, Rules 101-111.

[http://texreg.sos.state.tx.us/public/readtac\\$ext.ViewTAC?tac_view=5&ti=1&pt=15&ch=355&sch=J](http://texreg.sos.state.tx.us/public/readtac$ext.ViewTAC?tac_view=5&ti=1&pt=15&ch=355&sch=J)



TEXAS
Health and Human
Services

Reimbursement Methodology Rule Amendments

2012 Waiver Approval:

Effective March 1, 2012, approved governmental providers are eligible to report and receive reimbursement for uncompensated care costs.

These reimbursements are made available due to the **approval** of the Healthcare Transformation and Quality Improvement 1115 Waiver Program (1115 Demonstration Waiver).

2017 Waiver Renewal:

Effective January 1, 2018, approved governmental providers are eligible to report and receive reimbursement for uncompensated care costs.

Effective October 1, 2019, approved governmental providers are eligible to report and receive reimbursement for uncompensated **charity care** costs*.

These reimbursements are made available due to the **renewal** of the Healthcare Transformation and Quality Improvement 1115 Waiver Program (1115 Demonstration Waiver).

** Note: The methodology change is mandated by CMS through the terms established in the Texas Healthcare Transformation and Quality Improvement Program Special Terms and Conditions (STC's) document (CMS Waiver List No. 11-W-00278/6).*



TEXAS
Health and Human
Services

Waiver Renewal: Tentative Timeline (HHSC)

January 16 – February 1: Conference Call/Meeting with provider groups

February 2: Begin drafting initial protocol

February 12: Share draft with stakeholders

February 14 – March 21: Review and revise draft

March 30: Draft submitted to CMS



TEXAS
Health and Human
Services

Waiver Renewal: Uncompensated Care Pool & Payments

Payment Protocol & Rules development timeline

- Draft UC protocol is due to CMS by March 30, 2018. Approval expected in 90 days
- Draft Texas Administrative Code rule on UC payments to be published by July 31, 2018
 - New TAC rule to include: updated application, ASSPP enrollment period, charity care policy requirements, and an annual provider estimated fiscal impact submission requirement
- Revised draft UC applications to CMS by May 1, 2019. Approval required by August 31, 2019
- Revised UC protocol to be implemented by October 1, 2019
- Final Texas Administrative Code rule on UC payments to be published by January 30, 2019, and effective by September 30, 2019
- Failure to meet any of these deadlines will result in a 20% reduction in expenditure authority from the UC pool for the program year. The reductions are cumulative



TEXAS
Health and Human
Services

1115 Demonstration Waiver

Supplemental payment funding, managed care savings, and negotiated funding will go into two statewide pools now worth nearly \$25 billion (all funds) over five years.

Funding from the pools will be distributed to hospitals and other providers to support the following objectives:

- (1) an uncompensated care (UC) pool to reimburse for uncompensated care costs as reported in the annual waiver application/UC cost report; and
- (2) a Delivery System Reform Incentive Payment (DSRIP) pool to incentivize hospitals and other providers to transform their service delivery practices to improve quality, health status, patient experience, coordination, and cost-effectiveness.



TEXAS
Health and Human
Services

1115 Waiver Regulations & History

1. Section 1115 waivers were designed to test and implement coverage approaches in the Medicaid program that do not meet federal program rules, but have also raised policy issues.
2. Section 1115 of the Social Security Act gives the Secretary of Health and Human Services (HHS) the authority to waive provisions of major health and welfare programs authorized under the act and to allow a state to use federal Medicaid funds in ways that are not otherwise allowed under federal rules.
3. The Texas 1115 demonstration waiver was approved at the discretion of the Secretary of HHS through negotiations between the State of Texas and the Centers for Medicare & Medicaid Services (CMS).
4. Section 1115 waivers are generally approved for a five-year period then must be renewed.
5. The federal government enforces the required budget neutrality by establishing a cap on federal funds over the life of the waiver.



TEXAS
Health and Human
Services

Hurricane Harvey: Claim Filing Extension

Claim filing deadline extended to 120 days from 95 (TMHP)

Pertains to disaster declaration (Governor Abbott) 08/23/2017, last amended on 01/18/2018

Only applies to the counties that were declared in a state of disaster :

Angelina, Aransas, Atascosa, Austin, Bastrop, Bee, Bexar, Brazoria, Brazos, Burleson, Caldwell, Calhoun, Cameron, Chambers, Colorado, Comal, DeWitt, Fayette, Fort Bend, Galveston, Goliad, Gonzalez, Grimes, Guadalupe, Hardin, Harris, Jackson, Jasper, Jefferson, Jim Wells, Karnes, Kerr, Kleberg, Lavaca, Lee, Leon, Liberty, Live Oak, Madison, Matagorda, Milam, Montgomery, Newton, Nueces, Orange, Polk, Refugio, Sabine, San Augustine, San Jacinto, San Patricio, Trinity, Tyler, Victoria, Walker, Waller, Washington, Wharton, Willacy, Wilson.



TEXAS
Health and Human
Services

Hurricane Harvey Claim Filing Extension

ONLY PROVIDERS LOCATED IN THE LISTED COUNTIES:

Include all billed charges and payments received from TMHP up to the date you submit your FFY 2017 cost report to HHSC

We'll review those cost reports last waiting until July or August to pull claims data from TMHP to compare to your reports

This should ensure that all payments have been received, accounting for delays associated with the TMHP appeals process

For more information:

<https://gov.texas.gov/news/post/diaster-proc>



TEXAS
Health and Human
Services

Billing for Ambulance Emergency Medical Transport Services

Providers are required to submit claims for services delivered to a Medicaid client through the TMHP claim system.

The TMHP claim system provides for prompt eligibility verification, identifies duplicate claim filings, creates a complete audit trail from service to claim, and documents payment data necessary for the Surveillance and Utilization Review Subsystem (SURS).

Failure to bill for services in accordance with the Texas Medicaid Provider Procedures Manual (TMPPM) will impact your entity's Medicaid funding.



TEXAS
Health and Human
Services

Billing for Ambulance Services – TMHP Reference Information

Refer to: Section 3: TMHP Electronic Data Interchange (EDI) (Vol. 1, General Information) for information on electronic claims submissions.

Refer to Section 6: Claims Filing 6.1.3. (Vol. 1, General Information) for general information about claims filing. Claims must be received by TMHP within 95 days from each date of service (DOS). Appeals must be received by TMHP within 120 days of the disposition date on the R&S Report on which the claim appears. A 95-day or 120-day appeal filing deadline that falls on a weekend or a holiday is extended to the next business day following the weekend or holiday.

Payment denial codes are applied to a Texas Provider Identifier (TPI) that has had no claim activity for a period of 24 months or more. The TPI will be considered inactive and will not be able to be used to submit claims. To have the payment denial code removed from a provider identifier, providers must submit a completed application for the state health-care program in which they wish to enroll, and the application must be approved.



TEXAS
Health and Human
Services

Remittance and Status (R&S) Report

TMHP provides weekly R&S Reports to give providers detailed information about the status of claims submitted to TMHP.

The R&S Report also identifies accounts receivables established as a result of inappropriate payment. These receivables are recouped from claim submissions.

If no claim activity or outstanding account receivables exist during the cycle week, the provider will not receive an R&S Report.

Providers are responsible for reconciling their records to the R&S to determine payments and denials received.

The R&S reflects claim payments processed during the period stated on the report regardless of the dates of service.



TEXAS
Health and Human
Services

Billing for Ambulance Services

Important:

Government Entities utilizing billing agencies must:

- Reconcile payments to Billed Services
- Ensure data is accurate and complete



TEXAS
Health and Human
Services

Ambulance Rates

Ambulance rates for acute care programs are developed by Health and Human Services Commission (HHSC) Acute Care Rate Analysis Division.

Rate Analysis staff work closely with other HHSC staff to coordinate program administration, service definitions, billing guidelines and rates.



Ambulance Fee-For-Service Rates

Process:

- Analysis of Data by Rate Analysis Dept.
- Public Rate Hearing
- HHSC Executive Management Finalizes Rates



TEXAS
Health and Human
Services

Purpose of the Cost Report

The purpose of the Ambulance Supplemental Payment Cost Report is to provide approved governmental ambulance providers with the opportunity to receive supplemental payments if the governmental ambulance provider's allowable costs exceed the fee-for-service revenues received during an applicable service period.

Effective March 1, 2013, approved government providers may be reimbursed for cost related to Uncompensated Care in accordance with the 1115 Demonstration Waiver.



TEXAS
Health and Human
Services

Cost Report Training Requirements

In accordance with Title 1 TAC Part 15, Chapter 355, Subchapter A, §355.102(d), it is the responsibility of the provider to ensure that each cost report preparer has completed the required state-sponsored cost report training.

Effective October 1, 2011, preparers must complete cost report training for each program for which a cost report is submitted. Also, per Title 1 TAC §355.102(d), preparers must complete cost report training every other year for the odd-year cost report in order to receive a certificate to complete both that odd-year cost report and the following even-year cost report.

If a new preparer wishes to complete an even-year cost report and has not completed the previous odd-year cost report training, to receive training credit to complete the even-year cost report, he/she must complete an even-year cost report training.

NO EXEMPTIONS from the cost report training requirements will be granted.



TEXAS
Health and Human
Services

Cost Report Due Dates

Current ASSPP Methodology:

| FFY/DY | Report Service Period | Report Due Date |
|---------------|------------------------------|------------------------|
| FFY 2017/DY6 | 10/01/2016 – 09/30/2017 | 03/31/2018 |
| FFY 2018/DY7 | 10/01/2017 – 09/30/2018 | 03/31/2019 |
| FFY 2019/DY8 | 10/01/2018 – 09/30/2019 | 03/31/2020 |

Methodology Change (Charity Care Based Reimbursements):

| FFY/DY | Report Service Period | Report Due Date |
|---------------|------------------------------|------------------------|
| FFY 2020/DY9 | 10/01/2019 – 09/30/2020 | 03/31/2021 |
| FFY 2021/DY10 | 10/01/2020 – 09/30/2021 | 03/31/2022 |
| FFY 2022/DY11 | 10/01/2021 – 09/30/2022 | 03/31/2023 |

All important information, notices, due dates, etc. can be found on the following website:

<https://rad.hhs.texas.gov/acute-care>

FFY: Federal Fiscal Year; DY: Demonstration Year



TEXAS
Health and Human
Services

How to Complete a Cost Report

Read the current year's Cost Report Specific Instructions

Gather all required documentation

Review General Ledger for unallowable costs and classification errors

Develop work papers that clearly reconcile between the provider's fiscal year end trial balance and the amounts reported on the Cost Report

Complete all required allocations

Check work for errors

Maintain all documents/worksheets, etc. in one centralized location with a copy of the cost report



TEXAS
Health and Human
Services

Cost Report - Eligible Costs

Cost reports eligible under Texas Healthcare Transformation and Quality Improvement 1115 Waiver Program will include only allocable expenditures related to Medicaid Fee-for-Service, Medicaid Managed Care and Uncompensated Care as defined and approved in the 1115 Waiver Program.

For information regarding the definition to Uncompensated Cost, please refer to the Cost Report Instruction Guide listed on the HHSC Website under the reporting heading.

<https://rad.hhs.texas.gov/acute-care/ambulance-services>



TEXAS
Health and Human
Services

Purpose of Cost Allocation

The purpose of a cost allocation plan is to summarize, in writing, the methods and procedures that the organization will use to allocate costs to various programs, grants, contracts and agreements.

General guidance on cost allocation for federal grant funded programs is provided from the Office of Management and Budget (OMB) for state, local and Indian tribal governments, 2 CFR 225 applies.



TEXAS
Health and Human
Services

Cost Accounting Standards (CAS)

2 CFR 225 applies to Governmental entities and municipalities; however, Cost Accounting Standards (CAS) can provide useful information to a governmental entity. CAS standards are designed "to achieve uniformity and consistency in cost accounting practices."



TEXAS
Health and Human
Services

Cost Allocation Methodology

Costs are allocated using statistics that have been approved by the Centers for Medicaid/Medicare Services to facilitate the identification of costs associated with Medicaid, Medicaid Managed Care and Uncompensated Care costs. These costs may be included as part of the allocation methods utilized in the Ambulance Cost Report. Keep in mind that appropriate documentation must be kept for all costs included in the Cost report.

Direct Medicaid and Uncompensated Care Cost to Charge Ratio – Report Total Allowable Costs of Medicaid and Uncompensated Care for the Period of Service / Total Billed Charges for the Period of Service Charges.



TEXAS
Health and Human
Services

Cost Allocation – Central Office

Administrative costs are indirect costs produced by administrative functions. Administrative costs can be directly charged or shared. If these costs are shared, they are considered central office costs and must be allocated. Administrative functions include:

General Administrative Oversight

Central Management

Personnel Functions

Accounts Payable

Accounts Receivable

General Ledger Accounting Functions

Risk Management Functions

Financial Statement Functions

Payroll Functions

Benefit Management Functions

Purchasing Functions

Any other Administrative-Type Function



TEXAS
Health and Human
Services

Cost Allocation – Direct Cost

Direct costs are those that can be identified specifically with a particular final cost objective.

Direct costs chargeable to Federal awards are:

- Compensation of employees for the time devoted and identified specifically to the performance of those awards
- Cost of materials acquired, consumed, or expended specifically for the purpose of those awards
- Equipment and other approved capital expenditures
- Travel expenses incurred specifically to carry out the award

Direct cost of a minor amount may be treated as an indirect cost for reasons of practicality where such accounting treatment for that item of cost is consistently applied to all cost objectives.



TEXAS
Health and Human
Services

Cost Allocation- Indirect Cost

Indirect costs are incurred costs identified that have two or more cost objectives, but are not specifically identified with any final cost objective. These shared costs may include:

- Building/facility rent or lease
- Utilities costs
- Telecommunications costs
- Administrative staff salaries/wages
- Advertising expenses
- Travel expenses



Cost Allocation – Central Office

Costs related to administrative functions include:

- Salaries/wages
- Payroll taxes
- Employee benefits
- Supplies
- Office space
- Operations costs (travel/training)



Allocation of Time – Time Sheets

Must properly document any staff whose duties include:

Multiple direct service types, both direct and indirect service component types, and/or both direct hands-on support and first-level supervision of direct care workers.

Must Maintain:

- Continuous record of time on a daily basis throughout the entire reporting period
- Records indicating the direct charge of ALL hours worked in each job function and activity for the entity



TEXAS
Health and Human
Services

Allocation of Time – Time Sheets

Time sheets must include the following:

- Employee Name
- Date
- Start and Stop Time
- Total Hours Worked
- Time worked providing direct services in the program (in increments of 30 minutes or less)
- Time worked performing other functions
- Paid time off
- Appropriate Signatures and Dates



TEXAS
Health and Human
Services

Time Sheet Example

| HHSC Central Office Admin Support Daily Time Sheet | | | | | | | | | |
|--|-------------|-------------------------|---------------|--|--------------|------------|-------------------------------|---------|---------------------|
| EMPLOYEE NAME | | Marium DeMarco | | | DATE: | | 10/31/11 | | |
| TIME(hh:mm) | | Duties | | Cost Centers by Department (Enter time in minutes) | | | | | |
| BEGINNING | ENDING | Activities Performed | HR-1000 | Legal-2000 | Finance-3000 | EMS-2000 | Fire 5000 | PD-6000 | *Shared Admin costs |
| 8:00 AM | 9:30 AM | Payroll | 90 | | | | | | |
| 9:30 AM | 10:30 AM | Accounting | | | 60 | | | | |
| 10:30 AM | 11:15 AM | Meeting EMS | | | | 45 | | | |
| 11:15 AM | 12:30 | Meeting FIRE Dept | | | | | 45 | | |
| 12:30 PM | 1:00 PM | Travel Back to Office | | | | 30 | 30 | | |
| 1:00 PM | 2:00 PM | Lunch | | | | | | | 60 |
| 1:30 PM | 2:30 PM | Voucher Processing | | | 60 | | | | |
| 2:30 | 3:30 | AMB Waiver Issues | | | | | | | |
| 3:30 | 4:30 PM | Annual Leave / Vacation | | | | | | | 60 |
| Total Minutes per Cost Center | | | 90 | 0 | 120 | 75 | 75 | 0 | 120 |
| * Shared Admin Costs - Paid Lunches; Annual Leave; Sick Leave, Jury Duty; etc. | | | | | | | | | |
| Legend | | Daily Summary | | Allocation of Shared Time | | | | | |
| Department | Cost Center | Cost Center | Total Minutes | Alloc/% | Alloc Time | Total Time | | | |
| Central Office | HHSC-1000 | HHSC-1000 | 90.00 | 25% | 30 | 120 | Jane Smith, CPA, MBA | | 9/30/2011 |
| Legal | HHSC-2000 | HHSC-2000 | 0.00 | 0% | 0 | 0 | Signature: | | Date: |
| Finance | HHSC-3000 | HHSC-3000 | 120.00 | 33% | 40 | 160 | | | |
| EMS | HHSC-4000 | HHSC-4000 | 75.00 | 21% | 25 | 100 | | | |
| Fire | HHSC-5000 | HHSC-5000 | 75.00 | 21% | 25 | 100 | | | |
| PD | HHSC-6000 | HHSC-6000 | 0.00 | 0 | 0 | 0 | Jerry Pritchard, City Manager | | 11/1/2011 |
| Shared Admin Time | HHSC-7000 | HHSC-7001 | 120.00 | 360.00 | 120.00 | 480 | Supervisor Signature/ Title: | | Date: |
| Total Minutes | | | 480.00 | | | | | | |



TEXAS
Health and Human
Services

Allowable vs. Unallowable Costs

Cost are only allowable if they are **reasonable** and **necessary**.

Reasonable Cost: The provider seeks to minimize costs through arm's-length transactions. The amount expended does not exceed what a prudent, cost-conscious buyer pays for a given item or service.

Necessary Cost: Those costs that are appropriate for developing and maintaining the required standard of operation for providing client care.



TEXAS
Health and Human
Services

Allowable Costs: Salary, Wages, and Benefits

Allowable employee benefits are reported as either:

Salaries and wages: Benefits reported as salaries and wages, and are directly charged to the individual employee to include paid vacation days, paid holidays, paid sick leave, other paid leave, and bonuses.

Employee benefits: Employer contributions to deferred compensation plans, retirement funds or pension plans, certain employer-paid health/medical/dental and disability insurance premiums and paid claims, employer-paid life insurance premiums, employer-paid child day care for children of employees.

Costs applicable to specific cost areas.



TEXAS
Health and Human
Services

Allowable Cost: Other Benefit Expenses

Benefits that are reported as costs applicable to specific cost areas include:

- Employer-paid training/educational costs
- Employee relations costs
- Uniforms
- Mileage reimbursement

Note:

Report as a salary if your entity deduces taxes from the reimbursement.



TEXAS
Health and Human
Services

Allowable Costs: Other Benefit Expenses

Providers must maintain documentation which clearly identifies each type of compensation. Examples of required documentation are:

- Insurance policies
- Provider benefit policies
- Records showing paid leave accrued and taken
- Documentation to support hours (regular & overtime)
 - Hours worked and wages paid
- Mileage logs
- Travel Allowances



TEXAS
Health and Human
Services

Allowable Costs: Accounting/Audit/Legal Fees

Accounting, Audit, and Legal Fees:

Documentation for accounting, auditing and legal fees that are billed on an hourly basis and the allowable portion of legal retainers should include:

- The amount of time spent on the activity
- A written description of the activity performed
- The person performing the activity
- The hourly billing amount of the person performing the activity



TEXAS
Health and Human
Services

Allowable Costs: Employer Expenses

Interest Expense:

Loan Documentation:

- Signed copy of loan
- Explanation of purpose of loan
- Documentation of use of proceeds
- Evidence of systematic principal and interest payments
- Substantiation of costs of securing loan



TEXAS
Health and Human
Services

Allowable Costs: Training Costs

The following training expenses are ALLOWABLE on the cost report as long as the training has a direct relationship to the job:

- CPR
- On-The-Job Training
- Instructors Costs
- Materials
- Registration Fees



TEXAS
Health and Human
Services

Allowable Costs: Travel Costs

The maximum for lodging per diem and meals per diem costs is 150% of the General Services Administration (GSA)'s federal travel rates for maximum lodging and meal reimbursement rates. The GSA's travel rates may be found at:

<https://www.gsa.gov/travel/plan-book/per-diem-rates>

The GSA recently developed a travel tool that allows individuals to enter in all of the pertinent travel information relating to:

- Per Diem
- Meals & Incidental Expenses (IE)
- Airfares
- Hotels
- Privately Owned Vehicle (POV) Mileage

To calculate the total costs associated with each trip for that calendar year.



TEXAS
Health and Human
Services

Allowable Costs: Mileage Rates



TEXAS
Health and Human
Services

| Applicable Period (s) | | Rates (in cents per mile) | Source(s) | |
|-----------------------|------------------------|---------------------------|-------------|---|
| 2017 | Jan. 1 – Dec. 31, 2017 | 53.5 | IR-2016-169 | https://fmx.cpa.state.tx.us/fm/travel/travelrates.php ; or http://www.irs.gov/Tax-Professionals/Standard-Mileage-Rates |
| 2016 | Jan. 1 – Dec. 31, 2016 | 54 | IR-2015-137 | |
| 2015 | Jan. 1 – Dec. 31, 2015 | 57.5 | IR-2014-114 | |
| 2014 | Jan. 1 – Aug. 31, 2014 | 56 | IR-2013-95 | |
| 2013 | Jan. 1 – Dec. 31, 2013 | 56.5 | IR-2012-85 | |

Allowable vs. Unallowable Costs

Memberships, Subscriptions, Lobbying, Contributions, & Donations:

Costs for membership in professional associations directly and primarily concerned with the provision of services.

Allowable:

Professional association dues
Dues or fees to maintain professional accreditation

Unallowable:

Lobbying or campaign contributions
Civic organizations
Non-professional organizations



Depreciation

The purpose of depreciation is to apply the expense portion of an asset that relates to the revenue generated by the asset. As referenced in 2 CFR 225, depreciation and use allowances are means of allocating the cost of fixed assets to periods benefiting from asset use.

Depreciation is the periodic reduction of the value of an asset over its useful life or the recovery of an asset's cost over its useful life.

Amortization is the periodic reduction of the value of an intangible asset, such as a trademark or patent, or debt over its useful life.



TEXAS
Health and Human
Services

Depreciation

The computation of depreciation or use allowances to ensure its classification and estimated useful life, is accurate if based on the following:

- Allowable cost specific to the ambulance program
- Historical cost
- Date of purchase
- Depreciable basis
- Use of values consistent with "Estimated Useful Lives of Depreciable Hospital Assets," published by the American Hospital Association

The following must be accessible in a field audit for each depreciable asset

- Estimated useful life
- Accumulated depreciation
- Calculation of gains and losses upon disposal



TEXAS
Health and Human
Services

Depreciate or Expense?

Determining whether to expense or depreciate a purchased item:

Cost < \$5,000 or 1 Year Useful Life - Expense any single item costing less than \$5,000 or having a useful life of one year or less.

Cost \geq \$5,000 and 1 Year Useful Life - An asset valued at \$5,000 or more and with an estimated useful life of more than one year at the time of purchase must be depreciated or amortized, using the straight line method.

Cost < \$5,000 and Useful Life is greater than a year – The provider has an option to either expense or depreciate the purchased item, but the reporting must be consistent each reporting period.



TEXAS
Health and Human
Services

Ambulance Building

A building's life must be reported as consistent with the most recent revision of the American Hospital Association's Estimated Useful Lives of Depreciable Hospital Assets. The depreciation computation or use allowances will exclude:

- The cost of land
- Any portion of the cost of building donated by the Federal Government

A building's shell may be segregated from the major component of the building (e.g., plumbing system, heating, and air conditioning system, etc.) and each major component depreciated over its estimated useful life,

or

The entire building (i.e., the shell and all components) may be treated as a single asset and depreciated over a single useful life.

However, if a building is shared between an Ambulance and Fire Engine, an allocation method must be used.



TEXAS
Health and Human
Services

Other Ambulance Assets

Reporting Procedures:

Use minimum schedules consistent with "Estimated Useful Lives of Depreciable Hospital Assets," published by the American Hospital Association.

Examples:

Building equipment; buildings and grounds improvements and repairs; durable medical equipment, furniture, and appliances; and power equipment and tools used for buildings and grounds maintenance.



TEXAS
Health and Human
Services

Un-Allowed Depreciable Assets

Examples:

ATV's not used exclusively for EMS/ambulance

Fire Apparatus:

Engines

Ladder Trucks

Tactical Vests

Brush Truck

Hazard Materials Vehicle

Pike Poles



TEXAS
Health and Human
Services

Depreciation vs. Actual Expenses

Transportation - Mileage Log:

Not Required if:

Used by EMS staff providing emergency medical services and the services requires Ground, Air or Water Transport

Minimum Elements (Ground Transportation):

Date

Driver

Trip Mileage (beginning, ending and total)

Purpose of trip

Allocation Centers (departments, business entities)



TEXAS
Health and Human
Services

Depreciation VS. Actual Expense

Repairs and Maintenance:

Ordinary repairs:

- Recurring
- Usually involve expenditures for parts and labor to keep the asset in operating condition

Examples: painting, copy machine repair, oil changes, etc.

EXPENSE THESE COSTS AS INCURRED



TEXAS
Health and Human
Services

Depreciation

Repairs and Maintenance:

Extraordinary repairs

- Expenditures not normally recurring
- Usually increase the value of an asset

Examples - vehicle overhauls, replacing a roof and strengthening the foundation of a building



TEXAS
Health and Human
Services

Depreciation

Required for each depreciable asset so that its classification and estimated useful life can be checked for accuracy:

- Historical cost
- Date of purchase (date, month, year)
- Depreciable basis
- Depreciation formulas and calculations
- Depreciation methodology used (if not straight-line)

Must be accessible in a field audit for each depreciable asset:

- Estimated useful life
- Accumulated depreciation
- Calculation of gains and losses upon disposal



TEXAS
Health and Human
Services

Depreciation

UNALLOWABLE DEPRECIATION/AMORTIZATION:

- Depreciation and amortization for unallowable assets
- Amounts in excess of those using the straight-line method (GAAP)
- Planning/evaluation expenses for depreciable assets not purchased and used in contracted services
- Missing information
 - Reportable basis
 - Calculations, formulas, etc.



TEXAS
Health and Human
Services

Corrections/Adjustment Request

Corrections/Adjustments may be made up to 60 days after the original due date of the cost report. To make a correction to a cost report:

Send a written request for approval of correction submission to HHSC Rate Analysis.

Correction requests must be on agency letterhead and signed by the Chief Financial Officer, Executive Director or Judge (person with authority over the program).

Correction requests must be notarized.



TEXAS
Health and Human
Services

Corrections/Adjustment Requests

Requests should include:

Public Agency Name

Agency NPI and TPI

Year/Service Period of the cost report in need of correction

Brief description of issue/correction

Length of time needed to complete the revisions

Please be advised that the governmental entity will also need to re-submit new signed and notarized certification forms for the respective cost report year.

Official signature and notary dates must be no earlier than the electronic cost report re-submission date.



TEXAS
Health and Human
Services

Report Certification(s)

Cost Report Certification:

Is required and formally acknowledges that the cost report is true, correct and complete, and was prepared in accordance to all rules and regulations.

Must be completed & signed by an individual legally responsible for the conduct of the provider such as the authorized agent.

The responsible party must have ASSP training credits for the corresponding reporting period.

The responsible party's signature must be notarized.



TEXAS
Health and Human
Services

Report Certification(s)

Claimed Expenditures:

Certifies that expenditures are allocable and allowable to the State Medicaid program under Title XIX of the Social Security Act and in accordance with all procedures, instructions and guidance issued by the single state agency and in effect during the cost report year.

Government Provider Name, Total Computable amount, and reporting period dates are auto-populated.

Must be completed & signed by an individual legally responsible for the conduct of the provider such as the authorized agent.

The responsible party's signature must be notarized.

The responsible party should read the certification statements carefully before signing the form before a notary.



TEXAS
Health and Human
Services

Cost Report Submission/Review Process

1. Submitted cost reports are logged and tracked by HHSC
2. HHSC submits a SAR (State-Action Request) to TMHP in order to receive all prudent claims data pertaining to each provider for the corresponding reporting period
 - Only claims data for approved procedure codes for that provider type is pulled.
3. HHSC conducts a desk review/field audit
 - Reviewing each cost report on an individual basis
4. HHSC submits payment to providers (around Sep. 30)



TEXAS
Health and Human
Services

Desk Reviews & Field Audits

Providers are responsible to respond to the HHSC Rate Analyst within 15 days from the date HHSC requests clarification and/or additional information .

Records must be accessible to HHSC Audit staff within 10 working days of notification. When records are not in Texas, the provider must pay the costs for HHSC staff to travel and review records out of state.



TEXAS
Health and Human
Services

Common Desk Review Findings

Documentation does not support services rendered.

Documentation does not include billable time.

Documentation does not include start and stop times, total minutes, activity performed or related objective (Time Sheets).

Amount of time billed does not match amount of time documented.

Documentation does not support costs reported on cost report.

Depreciation calculations, formulas, cost-basis data, etc. is missing.

Providers include unallowable claims in FFS and MCO charges and payments.



TEXAS
Health and Human
Services

Desk Reviews & Field Audits

HHSC e-mails notices stating that the exclusions and adjustments reports for providers are available. These reports identify:

- Items that have been adjusted
- The amount of each adjustment
- The reason for each adjustment



Informal Reviews

1. Informal Review
2. Appeals Process



TEXAS
Health and Human
Services

Informal Review Requests

Due within 30 days of notification.

Must include items in dispute, recommended resolution, supporting documentation.

Must be signed by individual legally responsible for the conduct of the contracted provider or their legal representative.



TEXAS
Health and Human
Services

Appeal Process

If a governmental entity does not agree with the decision made by the HHSC Rate Analysis Division, the entity has an option to appeal through the HHSC appeal process.

Formal appeals are conducted in accordance with the provisions of Chapter 357, Subchapter I of this title (relating to Hearings under the Administrative Procedure Act).

Requests for a formal appeal from the interested party must be received within 15 calendar days after the interested party receives the written decision. Requests must be sent directly to:

HHSC Appeals Division

Mail Code W-613

P.O. Box 149030

Austin, Texas 78714-9030



TEXAS
Health and Human
Services

Medicaid Records Retention Policy

State laws generally govern how long medical records are to be retained. However, the Health Insurance Portability and Accountability Act (HIPAA) of 1996 (HIPAA) administrative simplification rules require a covered entity, such as a physician billing Medicare, to retain required documentation for six years from the date of its creation or the date when it last was in effect, whichever is later.

HIPAA requirements preempt State laws if they require shorter periods. Your State may require a longer retention period. The HIPAA requirements are available at 45 CFR 164.316(b)(2)

<https://www.gpo.gov/fdsys/pkg/CFR-2007-title45-vol1/pdf/CFR-2007-title45-vol1-sec164-316.pdf>

The Centers for Medicare & Medicaid Services (CMS) requires records of providers submitting cost reports to be retained in their original or legally reproduced form for a period of at least 5 years after the closure of the cost report. This requirement is available at 42 CFR 482.24[b][1]

http://www.access.gpo.gov/nara/cfr/waisidx_05/42cfr482_05.html



TEXAS
Health and Human
Services

Unacceptable Cost Reports

Not completed in accordance with rules, instructions, and policy clarifications

Digital and/or hard copy not submitted to HHSC by the deadline (March 31)

Not completed for the correct reporting period

Not completed using a modified accrual method or cash basis of accounting

Preparer did not submit the required documentation (certification pages, allocation summaries, contractual agreements)

Provider does not have supporting work-papers

Provider fails to provide requested information/documentation in a timely fashion

Provider used unacceptable allocation method



TEXAS
Health and Human
Services

ASSPP Cost Report Definitions

Cognizant agency: agency responsible for reviewing, negotiating, and approving cost allocation plans or indirect cost proposals developed in accordance with the Office of Management and Budget Circular A-87.

Cost Allocation Plans: are the means by which costs are identified in a logical and systematic manner for reimbursement under federal grants and agreements.

Cost-to-charge ratio: A provider's reported costs are allocated to the Medicaid program based on a cost-to-billed-charge ratio. Cost-to-billed charge ratio is calculated as the Total Allowable Cost reported for the service period to represent the numerator of the ratio to the billed charges of the total Medicaid paid claims for the service period that represents the denominator of the ratio. This ratio is applied to calculate total billed charges associated with Medicaid paid claims or total computable amount for the cost report.

Federal Medical Assistance Participation (FMAP) Rate: is the share of state Medicaid benefit costs paid for by the federal government.

Medicaid Fee-For-Service (FFS) Paid Claims: Medicaid payments made by the Health and Human Services Commission through the Texas Medicaid Healthcare Partnership to enrolled providers for services provided to Medicaid recipients.

Medicaid Managed Care: provides for the delivery of Medicaid health benefits and additional services through an arrangement between a state Medicaid agency and managed care organizations (MCOs) that accept a set payment for these services.



TEXAS
Health and Human
Services

ASSPP Cost Report Definitions

Un-insured: an individual who has no health insurance or other source of third-party coverage for medical/health services.

Uninsured cost: the cost to provide ambulance services to uninsured patients as defined by the Centers for Medicare and Medicaid Services. An individual whose third-party coverage does not include the service provided is considered by HHSC to be uninsured for that service.

Medicare: A federal system of health insurance for people over 65 years of age and for certain younger people with disabilities.

Other third-party coverage:

Commercial Pay Insurance: health insurance that covers medical expenses and disability income for the insured.

Self-Pay: self pay patient pays in full at the time of visit for our services and we are not required to file claim or submit any documentation on his/her behalf to a third party.

Total Computable Amount: is the total Medicaid allowable amount payable for ambulance services prior to any reductions for interim payments.

Uncompensated Care (UC): health care provided for which a charge was recorded but no payment was received; UC consists of two components, **charity care in which the patient is unable to pay** and **bad debt in which a payment was expected but not received**. Uncompensated care excludes other unfunded costs of care such as underpayment from Medicaid and Medicare.



TEXAS
Health and Human
Services

Authority for Participation in the Ambulance Supplemental Payment Program

Governmentally owned ambulance providers are eligible to participate in the supplemental payment program if they are directly funded by a local government, hospital authority, hospital district, city, county or state as specified in 42 CFR § 433.50 (i) which describes a unit of government.

A unit of Government is defined as a state, city, county, special purpose district or other governmental unit in the State that: has taxing authority, has direct access to tax revenues, is a State university teaching hospital with direct appropriations from the State treasury, or is an Indian tribe as defined in Section 4 of the Indian Self-Determination and Education Assistance Act, as amended (25 U.S.C. 450b).

The cost report will include only allocable expenditures related to Medicaid, Medicaid Managed Care and Uncompensated Care as defined and approved in the Texas Healthcare Transformation and Quality Improvement 1115 Waiver Program.



TEXAS
Health and Human
Services

Authority for Participation in the Ambulance Supplemental Payment Program

For Cost Reports that include periods of services from March 1, 2013 forward, the cost report will include only allocable expenditures related to Medicaid, Medicaid Managed Care and Uncompensated Care as defined and approved in the Texas Healthcare Transformation and Quality Improvement 1115 Waiver Program.

Note:

For Cost Reports that include periods of services from October 1, 2019 forward, the cost report will include only allocable expenditures related to eligible uncompensated provider charity care costs (consistent with the Medicare cost reporting principles and revenues that must be included in the calculation of uncompensated charity care cost for the purpose of reconciling uncompensated care payments to unreimbursed charity care cost).



TEXAS
Health and Human
Services

FFY 2020 Methodology Change Charity Care Cost Principles (Allowable Costs)

Non-hospital providers (physician practice groups, government ambulance providers, government dental providers)

- Uninsured costs only (consistent with the definition for hospital providers). HHSC will work with providers and CMS to define eligible costs for these provider groups.



TEXAS
Health and Human
Services

FFY 2020 Methodology Change Charity Care Cost Principles (Allowable Costs)

Resizing the UC Pool: For resizing the UC Pool for DYs 9-11, allowable costs are:

- Based on information reported by hospitals for 2017 on schedule S-10 of the CMS 2552-10; and
- For non-S-10 hospitals, based on CMS-approved "cost reports."

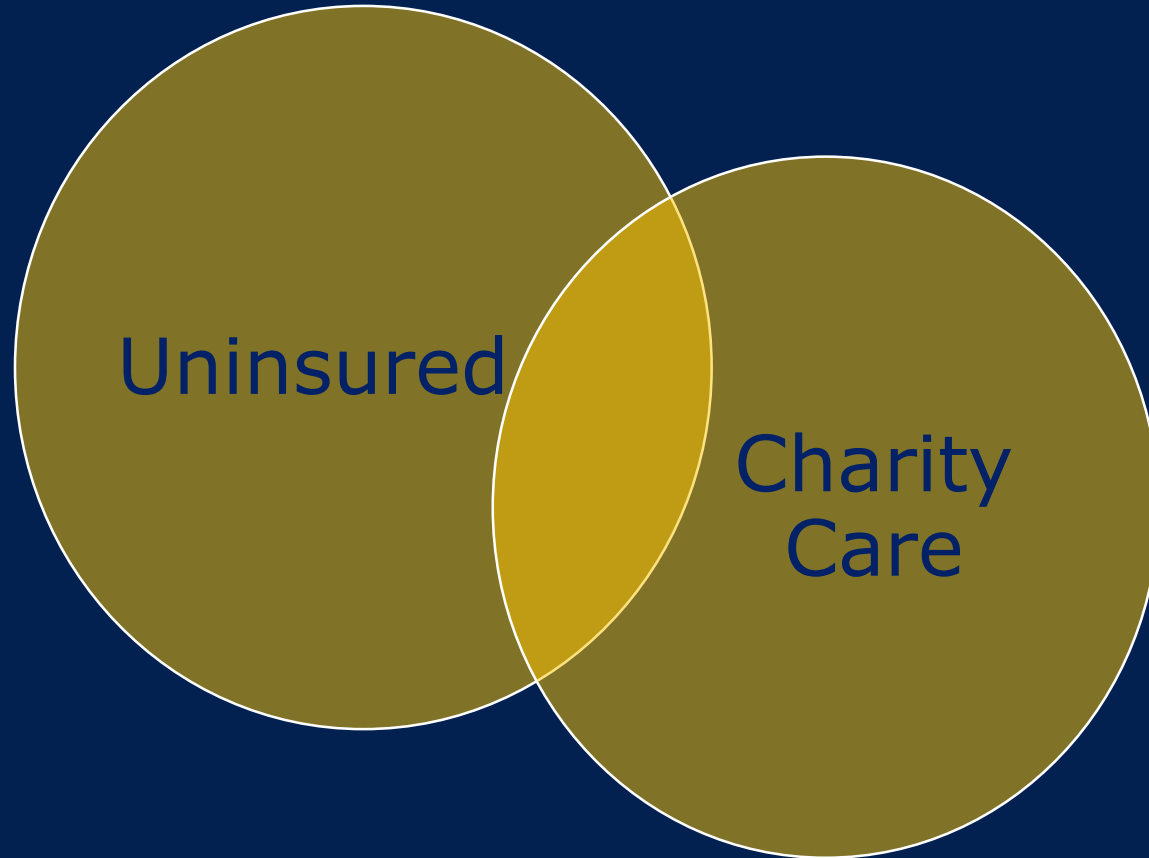
Non-allowable costs are:

- Non-hospital provider costs
- Hospitals' uninsured charity costs that are not captured on the S-10



TEXAS
Health and Human
Services

Reportable Population



Reasonable Collection Effort

To be considered a reasonable collection effort, a provider's effort to collect fees for services rendered must involve the issuance of a bill on or shortly after discharge or death of the beneficiary to the party responsible for the patient's personal financial obligations. It also includes other actions such as subsequent billings, collection letters and telephone calls or personal contacts with this party which constitute a genuine, rather than a token, collection effort. The provider's collection effort may include using or threatening to use court action to obtain payment.

- **Collection Agencies:** A provider's collection effort may include the use of a collection agency in addition to or in lieu of subsequent billings, follow-up letters, telephone and personal contacts. Where a collection agency is used, it is expected that the provider to refer all uncollected patient charges of like amount to the agency without regard to class of patient. The "like amount" requirement may include uncollected charges above a specified minimum amount. Where a collection agency is used, the agency's practices may include using or threatening to use court action to obtain payment.
- **Documentation Required:** The provider's collection effort should be documented in the patient's file by copies of the bill(s), follow-up letters, reports of telephone and personal contact, etc.



TEXAS
Health and Human
Services

Collection Fees: Presumption of Uncollectability

When a provider utilizes the services of a collection agency and the reasonable collection effort is applied, the fees the collection agency charges the provider are recognized as an allowable administrative cost of the provider. When a collection agency obtains payment of an account receivable, the full amount collected must be credited to the patient's account and the collection fee charged to administrative costs.

For example:

Where an agency collects \$40 from the patient/responsible party, and its fee is 50 percent, the agency keeps \$20 as its fee for the collection services and remits \$20 (the balance) to the provider. The provider records the full amount collected from the patient by the agency (\$40) in the patient's account receivable and records the collection fee (\$20) in administrative costs. The fee charged by the collection agency is merely a charge for providing the collection service, and, therefore, is not treated as a bad debt.

Presumption of Non-collectability:

If after reasonable and customary attempts to collect a bill, the debt remains unpaid more than 120 days from the date the first bill is mailed to the beneficiary, the debt may be deemed uncollectible.



TEXAS
Health and Human
Services

Rate Analysis Mailing Addresses

Regular Delivery
HHSC Rate Analysis
Mail-Code H-400
P. O. Box 149030
Austin, TX 78714-9030

Courier Service / Special
Delivery
HHSC Rate Analysis
Brown-Heatly Bldg.
Mail Code H-400
4900 North Lamar
Austin, TX 78751



TEXAS
Health and Human
Services



TEXAS
Health and Human
Services

Questions?
