DEPARTMENT OF HEALTH SERVICES
714, 744 P Street
P. O. Box 842732
Sacramento, California  95820

July 25, 1997
PPL No. 97-014

DEPT. OF HEALTH SERVICES

All County Medi-Cal Administrative Activities/
Targeted Case Management Coordinators and
Advisory Committee Members

ALLOCATING COST FOR STAFF WHO PERFORM BOTH MAA/TCM
COORDINATION and CLAIMS ADMINISTRATION, AND OVERHEAD FUNCTIONS
(AN EXCEPTION TO THE MAA INVOICE INSTRUCTIONS)

The purpose of this transmittal is to provide all Local Governmental Agencies
participating in the Medi-Cal Administrative Activities (MAA) program an accepted methodology
of allocating cost for staff who perform both MAA/TCM Coordination and Claims Administration
as well as functions which are overhead in nature and would normally be included in Cost Pool
#6.

According to the current MAA Invoice Instructions, to Direct Charge the cost of time
spent on MAA/TCM Coordination and Claims Administration, the staff performing that activity
must not be included in the indirect, or overhead rate assigned to Cost Pool #6. If this activity is
not performed 100% of the employee's paid time, and no other MAA is performed, the
percentage of time spent on MAA/TCM Coordination and Claims Administration must be
certified. The total cost for salary and benefits is entered in Section III of the Direct Charge
Worksheet of the MAA Invoice. These costs are multiplied by the percentage of certified time
performing MAA/TCM Coordination and Claims Administration and carried forward to Cost
Pool #5, Direct Charges Non-Enhanced. The balance is carried forward to Cost Pool #3c, Non-
Claimable Balance from Direct Charge.

Occasionally, staff performing MAA/TCM Coordination and Claims Administration on a
part-time basis also perform functions that would normally be included in Cost Pool #6. An
example would be performing basic accounting functions for the entire claiming unit. In order to
capture the cost for the overhead or administrative type functions normally assigned to Cost Pool
#6, an exception to the MAA Invoice Instructions (PPL No. 97-006) must be made. The salary
and benefit costs of staff must be multiplied by the certified percentage of time spent on
MAA/TCM Coordination and Claims Administration and the resulting portion of these costs
entered in Section III of the Direct Charge Worksheet of the MAA Invoice. The time factor
would be 100%. The remaining costs would be assigned to Cost Pool #6 to be allocated to the
other cost pools.
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Please ensure this information is placed in the Provider Manual under the MAA Section 8
and disseminated to appropriate LGA staff. If you have any questions regarding this matter,
please contact the Federal Liaison staff assigned to your Local Governmental Agency.

Sincerely,

[Signature]

Darryl Nixon, Chief
Medi-Cal Benefits Branch

Targeted Case Management: X
Medical Administrative Activities: X
Policy Effective Date: 7-1-95
Policy Reference: PPL No. 97-006

cc: See next page