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

RECORDING MAA RELATED COSTS AND REVENUES

The purpose of this transmittal is to clarify when to record costs and revenues, when preparing the claim for MAA.

The federal Health Care Financing Administration (HCFA) requires actual expenditures be reported when claiming for reimbursement. The disposition of federal funds may not be reported on the basis of estimates. Therefore, costs must be claimed when they have actually been incurred, not accrued or encumbered.

In addition, local governmental agencies are reminded that HCFA is only willing to reimburse net costs. To determine net costs, all appropriate revenues must be offset against reported costs. When determining when to record revenues, each local governmental agency should analyze their annual budget. Generally, revenues should be recorded against corresponding costs of each period. If it is anticipated that revenues will be received at one time for the entire fiscal year, it is reasonable to divide these revenues by four and report a portion on each quarterly claim. If the entire annual revenue is reported in one quarter, it may more than offset costs reported for that quarter resulting in the local governmental agency needing to refund money due to overstating costs in other quarters within that fiscal year.

Unanticipated revenues for a current fiscal year, or for a prior fiscal year not previously offset, should be offset in the current fiscal year, as explained above. If the aforementioned revenues are received in the last quarter of the current fiscal year, it must be reported in that quarter.

The MAA invoice format allows for all costs and revenues to be identified. The MAA invoice offsets the appropriate revenues to arrive at net costs which are then factored by:
(1) the time spent performing MAA, (2) the appropriate Medi-Cal percentage, as indicated, (3) the appropriate federal financial participation rate.
If you have any questions regarding this matter, please contact the Federal Liaison Unit Analyst assigned to your local governmental agency.

Sincerely,

Janet Wilson, Acting Chief
Medi-Cal Benefits Branch

Targeted Case Management:  
Medi-Cal Administrative Activities:   X
Policy Effective Date:     7-1-95
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