April 7, 2009

PPL No. 09-002

TO: All Local Governmental Agency (LGA) Coordinators for Targeted Case Management (TCM)

SUBJECT: Targeted Case Management (TCM) Revised Cost Report Instructions for LGAs Subcontracting with local public entities for the provision of TCM services beginning January 1, 2009

This Policy and Procedure Letter (PPL) is only applicable to LGAs subcontracting with other non-LGA public entities to provide TCM services from January 1, 2009 through June 30, 2009.

Assembly Bill (AB) 2527, effective January 1, 2009, amends Welfare & Institutions (W&I) Code 14132.44 – Targeted case management. Pursuant to AB 2527, LGAs may contract with other public entities to provide TCM services. Prior to January 1, 2009, W&I Code 14132.44 limited TCM providers to local governmental agencies and “private” entities (nongovernmental entities and the University of California).

As AB 2527 is effective in the middle of the Fiscal Year, LGAs subcontracting with other public entities effective January 1, 2009, must have a new TCM encounter rate and new maximum Medi-Cal reimbursement amount (CAP) established for each applicable target population. This PPL describes the criteria and methodology for developing and filing TCM cost reports for this purpose.

DHCS has developed two cost report methods for use depending on whether the LGA and/or a CBO is currently participating in the target population or not. LGAs adding a public entity subcontractor must file either an “AB 2527 Modified TCM Cost Report” using Method 1 (LGA and/or CBO currently participating in target population) or an “AB 2527 TCM Cost Report” using Method 2 (non-LGA public entity is the only subcontractor participating in the target population) as described below.
LGAs must receive an “Approval Letter” for an “AB 2527 Modified TCM Cost Report / AB 2527 TCM Cost Report” from DHCS, Audits & Investigations before submitting invoices for encounters performed January 1, 2009, or later for any target population that includes a public entity subcontractor.

Method 1: “AB 2527 Modified TCM Cost Report”
LGA and/or CBO Currently Participating in Target Population

Criteria:

Those LGAs who filed a Cost Report on November 1, 2008, and subcontract with a public entity effective January 1, 2009 must meet the following criteria:

- LGAs must be approved for participation in the current State Medicaid Plan as well as having had submitted a Participation Survey June 30, 2008 for Fiscal Year 2008/2009 in the applicable target population, and;
- LGA and/or a private subcontractor must be currently providing TCM services, and;
- A “TCM Cost Report” must have been filed by the annual deadline of November 1, 2008. This cost report should only include LGA and/or private subcontractor costs and encounters. This Cost Report cannot include any public entities costs or encounters. Costs for public entity subcontractors must be added to an existing Cost Report for the applicable target population commencing January 1, 2009.

Those LGAs who meet the above criteria must file an "AB 2527 Modified TCM Cost Report" by July 31, 2009, using the Methodology described below.

Methodology:

The cost report should include all approved TCM providers (private and/or public) for the applicable target population, effective January 1, 2009 for the service period July 1, 2008 to June 30, 2009, respectively.

File Cost Report(s) in accordance with the TCM Cost Report Instructions 2008, with the exceptions noted below. Refer to page 48 for instructions for “First Year Participation in TCM.”
1) **Cover Letter:** On the cover letter, indicate that this is a submission of a “**AB 2527 Modified TCM Cost Report(s)**” to modify the originally filed TCM Cost Report submitted to DHCS, Audits & Investigations Division, Audit Review & Analysis Section (due November 1, 2008) to include a “**public entity.**” For each public entity, include the following: (a) public entity’s name, (b) time survey month and year used, (c) methodology used to determine costs and encounters, and (d) the number of months of data included on each public entity’s Cost Report. An AB 2527 TCM Cost Report must be filed for each public entity participating.

2) **Time Survey:** For each public entity, have staff time survey in accordance with **2008 CMAA/TCM Time Survey Training Instructions**, using one of the following methods:

   **Time Survey Method A:**
   For public entities providing TCM services prior to January 1, 2009, use the TCM time survey results from 2007 (September or October), or if not available, from 2008 (September or October). If no TCM time survey was completed, have staff time survey during one of the following months: May or June 2009. In either case, the month of the time survey must be contemporaneous to the cost and encounters data included on the Cost Report.

   **Time Survey Method B:**
   For public entities not providing TCM services prior to January 1, 2009, have staff time survey during one of the following months: May or June 2009.

3) **Costs and Encounters:** Costs and encounters must reflect a six-month equivalent (January 1, 2009 through June 30, 2009). Use one of the following methods:
Cost and Encounter Method A:
For public entities providing TCM services prior to January 1, 2009, use actual costs and encounters data for a minimum of three months, and convert the costs and encounters data to a six-month equivalent (January 1, 2009 through June 30, 2009). In cases where more than six-months of historical data is available, the public entity’s cost report may reflect historical data in excess of six months. However, such data must reflect a “six-month” equivalent on the LGA’s Cost Report. Refer to the attached AB 2527 SUPPLEMENTAL WORKSHEET – Public entity Costs/Encounters for guidance in converting cost and encounter data to a “six-month” equivalent.

Cost and Encounter Method B:
For public entities not providing TCM services prior to January 1, 2009, use actual costs and encounters for one of the following periods: January through May 2009, or January through June 2009. The reported costs and encounters must reflect a six-month equivalent. Refer to the attached AB 2527 SUPPLEMENTAL WORKSHEET – Public Entity Encounters.

4) Submissions: Submit “AB 2527 Modified TCM Cost Report” using the TCM Cost Report Instructions 2008 for each target population. Note: The “AB 2527 Modified TCM Cost Report” must include: (a) data included on the originally submitted TCM Cost Report for the entire target population, plus (b) data from each public entity’s “AB 2527 TCM Cost Report”. This requires modification to both the Encounter and Contractors Worksheets. The “Projected Percentage Increase/Decrease) of TCM Medi-Cal Only Encounters for Current Year” on the Encounter Worksheet may require modification from the originally filed Cost Report.
Method 2: “AB 2527 TCM Cost Report”
Public Entity Subcontractor(s) Only Participating in Target Population

Criteria:
For those LGAs where the only provider(s) in the applicable target population is a public entity effective January 1, 2009 and no TCM Cost Report was filed for the target population by the November 1, 2008 deadline, must meet the following criteria:

- LGAs must be approved for participation in the current State Medicaid Plan as well as having submitted a Participation Survey June 30, 2008 for Fiscal Year 2008/2009 in the applicable target population.

Those LGAs who meet the above criteria must file an “AB 2527 TCM Cost Report” by May 1, 2009, using the Methodology described below.

Methodology:

The cost report should include all approved public entities providers for each target population, effective January 1, 2009 for the service period of January 1, 2009 to June 30, 2009.

File Cost Report(s) in accordance with the Targeted Case Management (TCM)
Cost Report Instructions 2008, with the exceptions noted below. Refer to page 48 for instructions for “First Year Participation in TCM.”

1) Cover Letter: On the cover letter, indicate this is a submission of an “AB 2527 TCM Cost Report(s)””. For each public entity, include the following: (a) public entity’s name, (b) time survey month and year used, (c) methodology used to determine costs and encounters, and (d) the number of months of data included on each public entity’s Cost Report. An AB 2527 TCM Cost Report must be filed for each public entity.

2) Time Survey: The month of the time survey must be contemporaneous to the cost and encounters data included on the Cost Report. For each public entity, have staff time survey in accordance with 2008 CMAA/TCM Time Survey Training Instructions, use one of the following methods:
**Time Survey Method A:**
For public entities providing TCM services prior to January 1, 2009, use the TCM time survey results from 2007 (September or October), or if not available, from 2008 (September or October). If no TCM time survey was completed, have staff time survey during one of the following months: May or June 2009. In either case, the time survey must be contemporaneous with the reported cost.

**Time Survey Method B:**
For public entities not providing TCM services prior to January 1, 2009, have staff time survey during one of the following months: May or June 2009.

**3) Costs and Encounters:** Costs and encounters must reflect a six-month equivalent (January 1, 2009 through June 30, 2009). Use one of the following methods:

**Cost and Encounter Method A:**
For public entities providing TCM services prior to January 1, 2009, use actual costs and encounters data for a minimum of three months, and convert the costs and encounters data to a six-month equivalent (January 1, 2009 through June 30, 2009).

**Cost and Encounter Method B:**
For public entities not providing TCM services prior to January 1, 2009, use actual costs and encounters for the months of January, February and March 2009, and convert the costs and encounters to a six-month equivalent. In cases where (1) there is more than one public entity cost report being submitted, and (2) a public entity has more than six months of historical data available, a public entity’s cost report may reflect historical data in excess of six months. However, such data must reflect a “six month” equivalent on the LGA’s Cost Report. Refer to the attached AB 2527 SUPPLEMENTAL WORKSHEET – Public Entity Costs/Encounter for guidance in converting cost and encounter data to a “six-month” equivalent.
4) Submissions: Submit the “AB 2527 TCM Cost Report(s)” using the **TCM Cost Report Instructions 2008** for each target population.

**Filing of Method 1 and Method 2 Cost Reports**


**Note:**

1. On the LGA Cost Report, Worksheet A, line 19 – Billable Rate Per Encounter for Current Year (Encounter Rate) will reflect the Encounter Rate effective January 1, 2009.


3. Electronic File Naming Conventions:

   **Method 1 = AB2527MOD**
   - Example: AB2527MOD 2008 Santa Barbara PH CR.xls
   - AB2527MOD 2008 Santa Barbara PH TS.xls
   - AB2527MOD 2008 Santa Barbara PH RT.xls
   - AB2527MOD 2008 Santa Barbara PH FS.xls

   **Method 2 = AB2527**
   - Example: AB2527 2008 Santa Barbara PH CR.xls
   - AB2527 2008 Santa Barbara PH TS.xls
   - AB2527 2008 Santa Barbara PH RT.xls
   - AB2527 2008 Santa Barbara PH FS.xls

4. It is not necessary to resubmit CBO TCM Cost Reports and CBO/LGA supporting data that were previously submitted to Audits & Investigations with the originally filed TCM Cost Report.
To file an *AB 2527 Modified TCM Cost Report* or an *AB 2527 TCM Cost Report*, a revised certification statement(s) will be necessary. These will be available by April 15, 2009. Consequently, cost reports cannot be filed until these are available and included.

Note: Each public entity must complete a time survey in the month of May or June 2009. This time survey data will be included on the public entity’s annual TCM Cost Report due November 1, 2009.

If you have questions regarding this PPL, please contact Ms. Tracy Albano, Chief, TCM Unit, at (916) 552-9538 or Tracy.Albano@dhcs.ca.gov.

Sincerely,

**Original Signed by Elizabeth Touhey**

Elizabeth Touhey, Chief
Administrative Claiming Local and
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Attachments

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