



TOBY DOUGLAS
DIRECTOR

State of California—Health and Human Services Agency
Department of Health Care Services



EDMUND G. BROWN JR.
GOVERNOR

Date: June 21, 2011

PPL No. 11-010

To: Local Governmental Agency (LGA) Coordinators for the County Based
Medi-Cal Administrative Activities (CMAA) Program

SUBJECT: **Allowable versus non-allowable food/meal costs for receiving
reimbursements for Medi-Cal Administrative Activities (MAA).**

The purpose of this Policy & Procedure Letter is to provide clarification to LGA's participating in the CMAA Program how to distinguish between allowable and non-allowable food/meal costs for the purpose of receiving reimbursements for MAA through the CMAA Program. For the cost of any MAA activities to be allowable and reimbursable the activities must be found necessary for the proper and efficient administration of the Medicaid State plan. OMB Circular A-87 contains the cost principles for State, local, and Tribal governments for the administration of federal awards.

According to OMB Circular A-87, Attachment B, Section 27, Meetings and conferences; "Costs of meetings and conferences, the primary purpose of which is the dissemination of technical information, are allowable. This includes costs of meals, transportation, rental of facilities, speakers' fees, and other items incidental to such meetings or conferences." Therefore, costs of food/meals provided during a meeting are allowable administrative costs when the primary purpose of the meeting is to disseminate technical information regarding the CMAA Program. Other food/meal costs may also be allowable when they are specifically related to business travel on behalf of the CMAA Program; claims for such costs can be based on either actual costs or a reasonable per diem rate.

To receive MAA reimbursement for the allowable food/meal costs, the costs must be placed into Cost Pool 6 (Allocated Cost & Revenue) on the CMAA invoice where they will be allocated across the other cost pools.

In contrast, according to OMB Circular A-87, Attachment B, Section 14, Entertainment; "costs of entertainment, including amusement, diversion, and social activities and any costs directly associated with such costs (such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities) are unallowable." Therefore, the cost of food/meals provided for the purpose of entertainment, including amusement,

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diversion, and social activities and any costs directly associated with such activities are not allowable administrative costs.

Since food/meal costs associated with entertainment are not allowable for MAA reimbursement, those costs must be placed in Cost Pool 3 (Non-Claimable) on the CMAA invoice where they will not be included in the MAA reimbursement calculation.

If you have any questions or require further assistance regarding this PPL, please contact James "Rob" Williams, Chief, CMAA Unit at (916) 552-9075 or James.Williams2@dhcs.ca.gov.

Sincerely,

ORIGINAL SIGNED BY GERI BAUCOM

Geri Baucom, Chief
Administrative Claiming Local and School Services Branch

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