

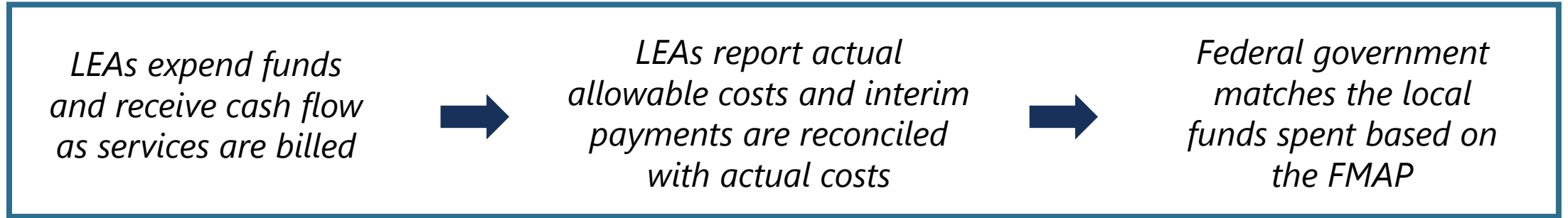
Billing Forum Part 2: Cost and Reimbursement Comparison Schedule (CRCS)

LEA BOP Cost Settlement Background



LEA BOP Funding

» CPE = Certified Public Expenditure



» Interim Reimbursement

- "Cash flow" to LEAs as services are billed to Medi-Cal.
- Rates are based on the median state-wide cost by practitioner type.

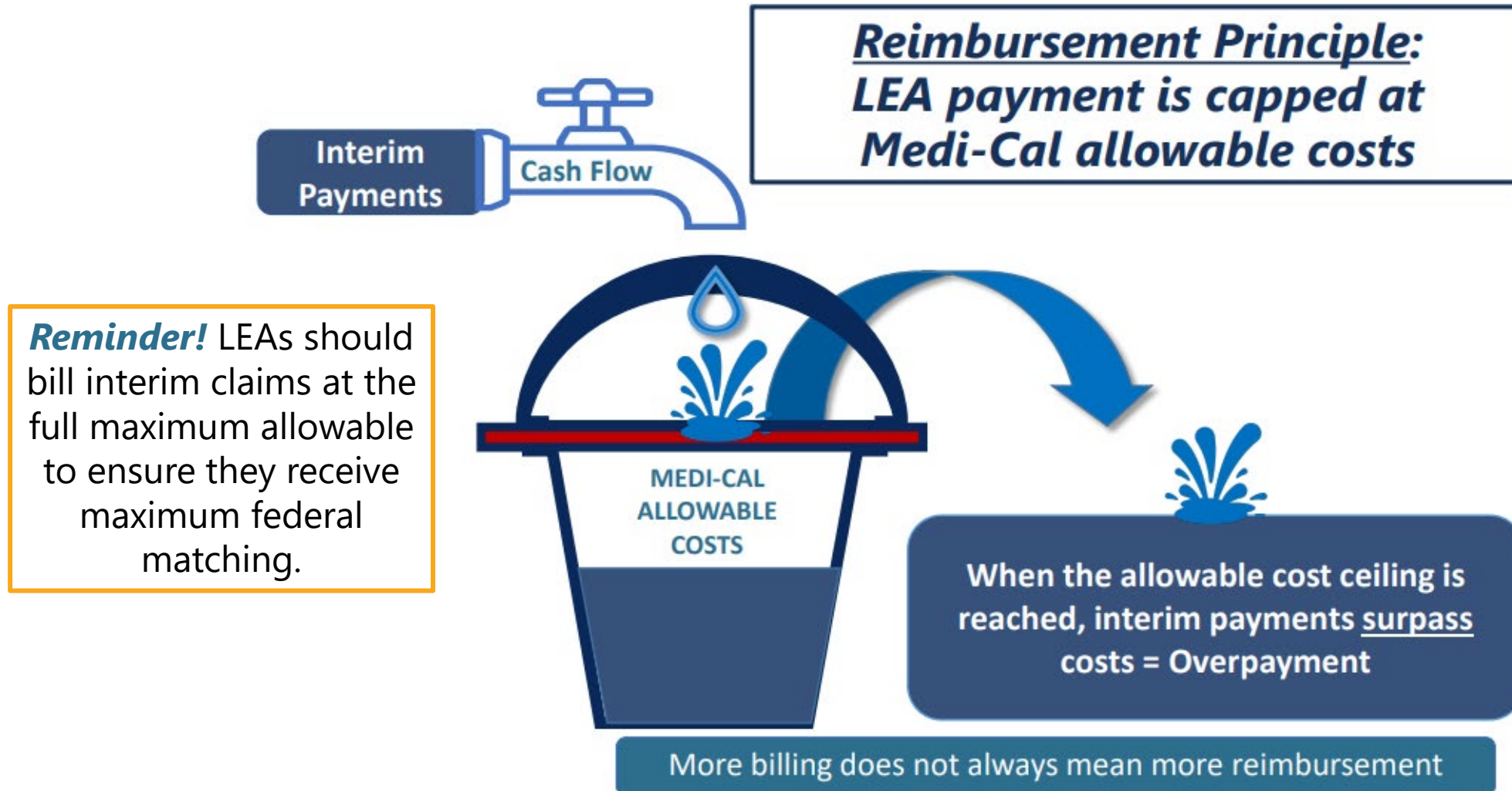
» Cost Settlement

- Cost settlement is an annual process that results in a final audited cost settlement amount.
- Get to know your CRCS – interim payments vs. LEA costs.
- Even LEAs that received no interim payments in a year must submit a CRCS.

What is the CRCS?

- » Mechanism that LEA BOP uses to collect LEA-specific costs, allocate costs to the Medi-Cal Program and compare allowable costs to interim payments.
- » Used to **estimate an LEA's costs of providing covered services.**
 - Sets a "cost ceiling" or maximum reimbursable amount for LEA BOP qualifying services provided throughout the year.
- » Uses allocation statistics to apportion total costs:
 - FMAP (Title XIX, Title XIX Enhanced, Title XXI)
 - Medi-Cal Eligibility Ratio (MER)
 - Direct Medical Service Percentage (DMSP)
 - Indirect Cost Rate (ICR)

Relationship Between Interim Reimbursements and Costs



Relationship Between CRCS and RMTS

» CRCS Allocation Statistic: Direct Medical Service Percentage (DMSP)

- The percentage of time practitioners spend providing LEA BOP covered services.
- Derived from moments coded **as billable** for each RMTS Administrative Unit.
- Annual average for each RMTS Unit is published to the LEA BOP website.
- All LEAs within the Administrative Unit use the DMSP for their region.
- By applying the DMSP to total costs on the CRCS, **direct medical service costs** can be calculated for the LEA.

» TSP List

- TSP Lists are a key component to determining an LEA's allowable costs on their CRCS.
- LEAs may only include quarterly personnel costs (salary, benefits, etc.) on their CRCS for individuals listed on that quarter's TSP list.

Role of the CRCS in Cost Settlement Process

- » DHCS must reconcile the interim Medi-Cal reimbursement with each LEA's allowable cost.
- » **CRCS Role:** Used to compare costs with interim reimbursements to determine final settlements.
 - Overpayment: LEA owes DHCS due to overclaiming (payment made to DHCS via future withheld claims).
 - Underpayment: DHCS owes LEA (payment made to LEA via checkwrite process).
- » DHCS audits each LEA's CRCS and determines a final payment (or recoupment) as **final settlements**.

CRCS Important Dates / Submission Deadlines

- » FY 23-24 CRCS is due by **March 1, 2025**.
 - Submission Window for accepting reports begins February 1, 2025.
 - Submissions and due date extension requests must be sent to:
LEA.CRCS.Submission@dhcs.ca.gov.
- » LEAs have 12 months to claims for services provided in FY 23-24.
 - If LEAs submit claims after CRCS is **submitted**, Audits and Investigations (A&I) will capture total interim payments during cost settlement.
 - All LEAs that bill after the CRCS is submitted will have an audit adjustment made by A&I to add the additional interim payments.

Compliance Reminders

- » The cost settlement process is a mandatory requirement.
 - LEAs certify that the public funds expended for LEA services provided are eligible for federal financial participation (42 CFR 433.51).
- » If LEAs do not submit the CRCS, policy outlined in [PPL 21-025](#) ([Notification of Compliance Process for Unfiled CRCS](#)) is followed:
 - Placed on 100% withhold
 - Corrective Action Plan (CAP) will be issued
 - Suspended from RMTS participation
 - Possible termination from LEA BOP
 - Terminated LEAs cannot file past-due CRCS
 - Interim payments must be paid back to CMS

Components of the CRCS



Types of Reported Costs

TSP Direct Costs

- » Employed Practitioner Salaries and Benefits.
- » Practitioners must be on the quarterly TSP List.
- » Must provide LEA BOP covered services.
- » Report federal funds / grants so that net costs remain in the final settlement calculation.

Other Costs

- » CMS-approved “other” costs (e.g., materials & supplies, travel, dues)
- » Health service contractor costs.
- » Depreciation expense.
- » Allocation of indirect costs (indirect cost rate).
- » Report federal funds / grants.

Transportation Costs

- » Specialized medical transportation.
- » Personnel costs (e.g., bus drivers, substitutes, etc.)
- » Other costs (e.g., fuel, insurance, contractors).
- » Depreciation expense.
- » Report federal funds / grants.

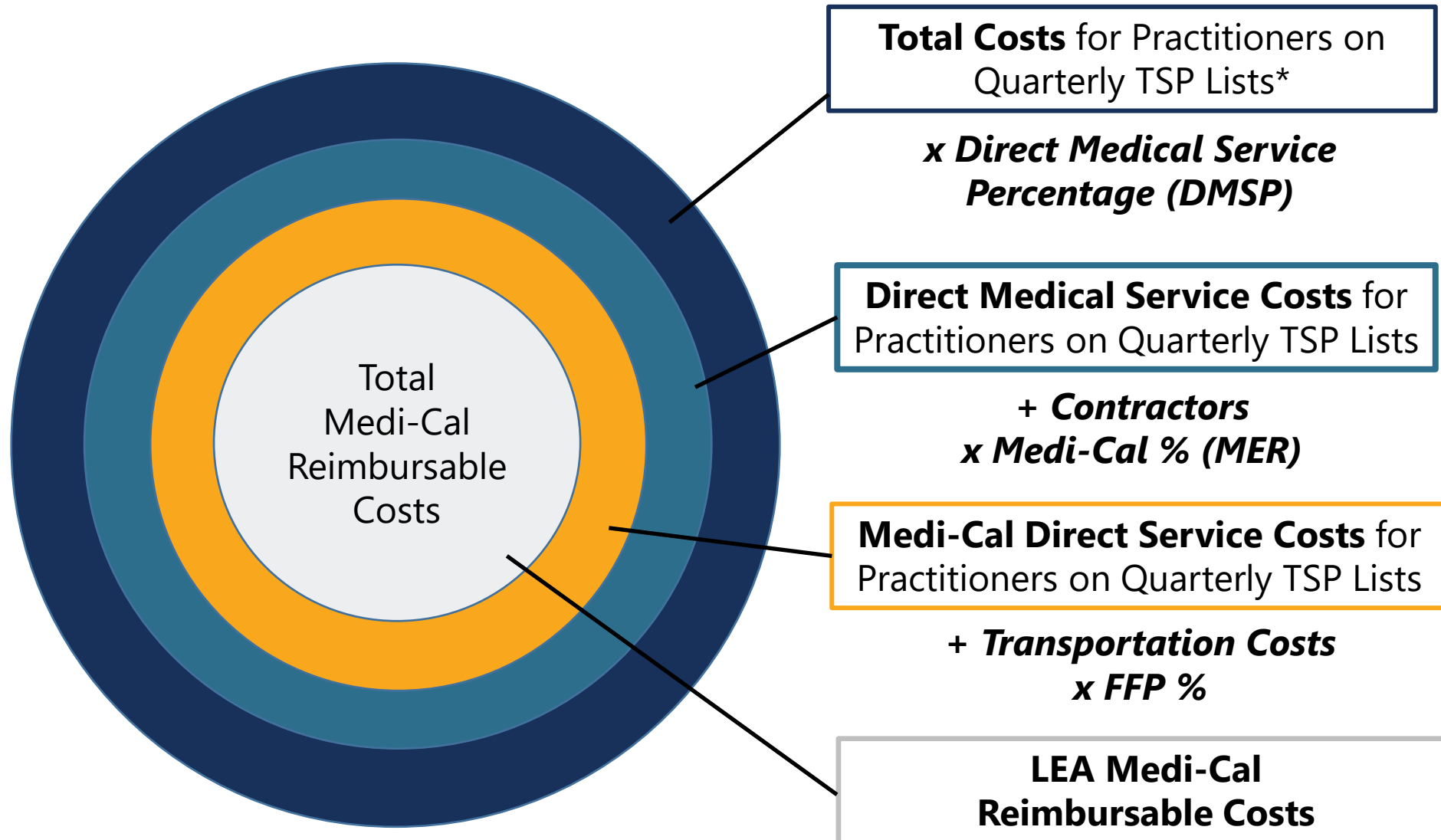
Sample Illustrative Calculation

Calculation Step	Value
1. Personnel Costs, Net of Federal Funds <i>(Salaries, benefits and other costs for qualified practitioners)</i>	\$ 340,000
2. Includes Allocation of Indirect Costs (5% Indirect Cost Rate) <i>(Step 1 multiplied by 1.05)</i>	\$ 357,000
3. Plus: Direct Medical Equipment Depreciation	\$ 2,000
4. Total Costs (step 2 + 3)	\$ 359,000
5. Direct Medical Services Percentage (DMSP) <i>(applied to Total Costs)</i>	50%
6. Direct Medical Service Costs (Employed Practitioners)	\$ 179,500
7. Plus: Contractor Costs	\$ 60,000
8. Total Direct Medical Service Costs (step 6 + 7)	\$ 239,500

Sample Calculation (continued)

Calculation Step	Value
8. Total Direct Medical Service Costs	\$ 239,500
9. Medi-Cal Eligibility Rate (MER) (<i>applied to step 8</i>)	30%
10. Total Computable Medi-Cal Service Costs	\$ 71,850
11. Plus: Specialized Medical Transportation Costs	\$ 18,150
12. Medi-Cal Allowable Costs (<i>step 10 + 11</i>)	\$ 90,000
13. Federal Medicaid Assistance Percentage (FMAP)	50%
14. Medi-Cal Maximum Reimbursable Cost	\$ 45,000
15. Less: Interim Medi-Cal Reimbursement (paid claims)	\$ (30,800)
16. Less: Other Health Coverage Reimbursement to LEA	\$ (200)
17. Total Underpayment (<i>step 14 less steps 15 & 16</i>)	\$ 14,000

Estimating the LEA Cost Ceiling



*Costs are net of federal funds received and increased by the LEA's CDE-approved indirect cost rate.

Summary of Audit Process



CRCS Submission

- » A&I's Cost Report and Tracking Section (CRTS) completes the intake process.
 - CRCS is either accepted or rejected upon submission:
 - If accepted, LEAs will receive confirmation from A&I.
 - If rejected, report will be sent back to the LEA to correct and re-submit.
 - Rejected reports should be re-submitted in a timely manner.
 - Extension requests should be sent **prior to the due date.**
 - Include the reason for the extension request and a reasonable proposed extension timeline.

Top CRCS Rejection Reasons (FY 2022-23)

» In FY 2022-23, reports for approximately 60 LEAs were rejected:

Top Five CRCS Rejection Reasons	Number of LEAs Impacted*
Unanswered Certification Question 4 – Billing Consortium	18
Certification Page Issues (missing or incorrect information, not signed, etc.)	15
Incomplete Cost Report Package (missing Excel or Certification)	15
Incomplete Excel Worksheet (incomplete or missing data)	13
Discrepancy in Reported Total Over/Underpayment Amount – Different amounts on PDF Certification Page and Excel file	8
File Naming Convention Issues	5
Other (need Model 2 Certification, unable to open file, etc.)	5

**18 LEAs had more than one rejection reason.*

CRCS Audits

- » A&I's Special Programs Section completes the audit and final settlement process.
 - Audits are evaluated by A&I to determine the type of audit:
 - **Minimal** – Review of reported versus final Medi-Cal payments and analysis of specific data elements in a desk audit format.
 - **Limited** – Expanded to include review of specific areas identified by A&I. LEA submits supporting documentation for expanded review in a desk audit format.
 - **Field** – On-site comprehensive review of costs, supporting documents, statistics, and other specific areas identified by A&I.

Common Types of Audit Adjustments

- » Correcting Allocation Statistics (not reported or incorrectly reported).
- » Updating Interim Reimbursement.
- » Removing unallowable salaries and benefits.
- » Removing other unallowable costs.



Allocation Statistics

1. Percentage of claims by Federal Medicaid Assistance Percentage (FMAP) category.
2. Indirect Cost Rate (ICR)
3. Medi-Cal Eligibility Ratio (MER) Calculation.



Allocation Statistics (FMAP)

» Percentage of claims by Federal Medicaid Assistance Percentage (FMAP) category.

- Percentage of Claims by FMAP Grouping report can be found on the LEA BOP CRCS webpage per Fiscal Year: [CRCS Forms \(ca.gov\)](https://www.crcs.ca.gov).
- **Example:** Minor adjustment and major adjustment due to a simple clerical error:

As Reported	Increase (Decrease)	As Adjusted
76.5683%	0.0826%	76.6509%
91.5000%	(90.5882%)	0.9118%

Allocation Statistics (ICR)

» Indirect Cost Rate (ICR).

- ICR can be found on the California Department of Education (CDE) website: [Indirect Cost Rates \(ICR\) - Accounting \(CA Dept of Education\)](#).
- Link can also be found in the CRCS instructions:

ALLOCATION STATISTICS

Objectives of this worksheet:

- Collect statistical information that will be used to allocate costs collected in other CRCS worksheets.

Section 1 - General Provider Information

References LEA BOP Provider Name and NPI information from the Certification worksheet.
No LEA input is required.

Section 2 – Allocation Statistics

Unrestricted Indirect Cost Rate (Percentage):

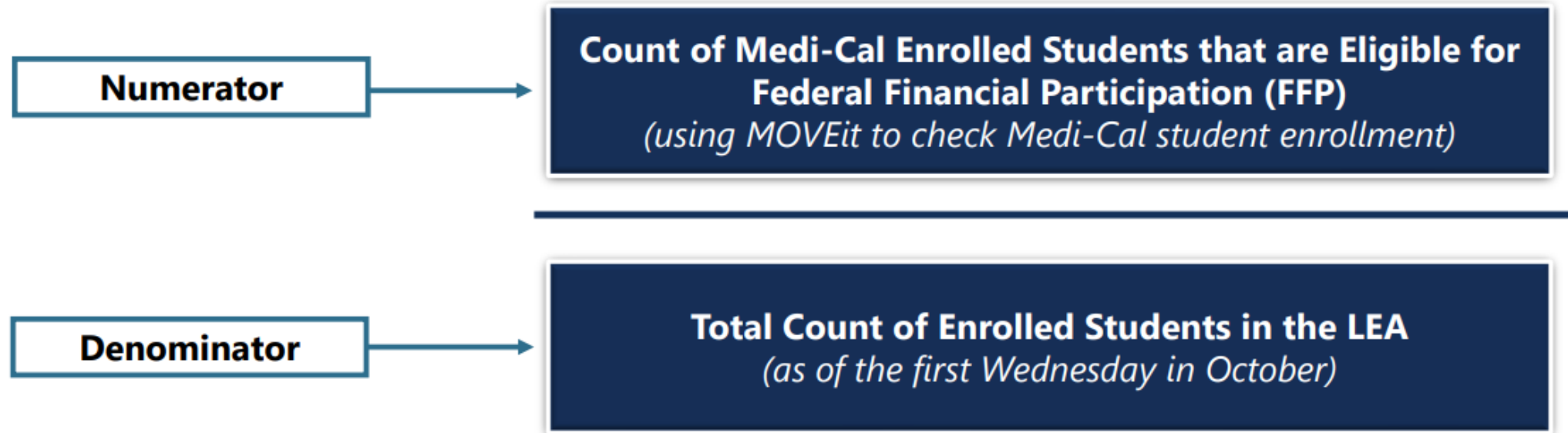
Report the approved indirect cost rate from CDE, in decimal notation (e.g., 3.28).

LEA-specific indirect cost rates may be found at the CDE website:

<http://www.cde.ca.gov/fg/ac/ic/>.

Allocation Statistics (MER)

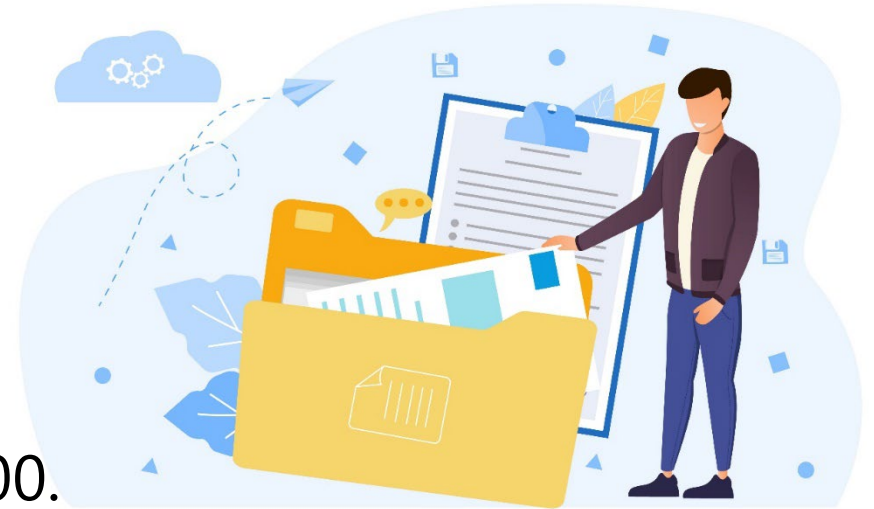
» Medi-Cal Eligibility Ratio (MER) Calculation.



» MER should NEVER be a negative number, zero, or more than 100%.

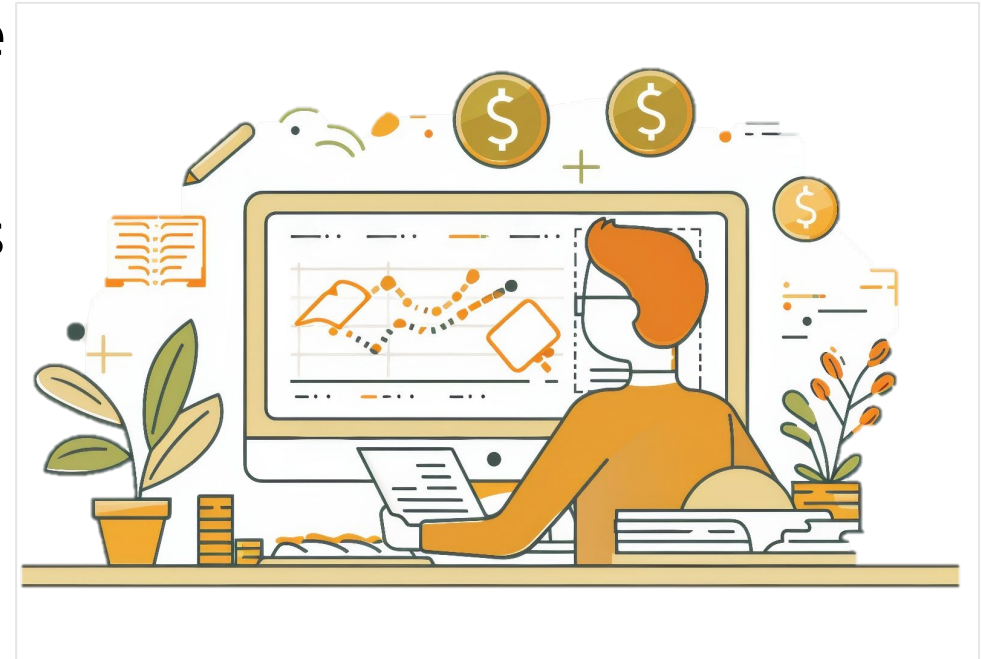
Interim Reimbursement Data

- » Increase in total Interim Reimbursement amounts results in less settlement than the LEA may have anticipated.
- » Examples Include:
 - LEA reported underpayment of \$25,000.
 - LEA received \$10,000 in additional interim payments after the CRCS was submitted.
 - Updated amount due to the LEA is now \$15,000.



Salaries/Benefits – Allowable Cost Adjustments

- » Adjustments related to Employee Costs.
- » Examples Include:
 - LEA includes costs for practitioners not on the quarterly Pool 1 TSP list.
 - LEA cannot support LEA BOP covered services with documentation.
 - LEA did not include federal funds on CRCS.



Other Cost or Contractor Cost Adjustments

- » Adjustments related to contractor or other costs.
- » Examples Include:
 - LEA includes costs for contractors that did not provide covered LEA BOP services.
 - LEA includes contractor costs for non-health-related contractors.
 - LEA includes conference costs for practitioners that did not provide LEA BOP covered services.
 - LEA includes the cost of materials / supplies associated with a practitioner who is unable to provide supporting documentation for LEA BOP covered services.



Tips/Reminders for Completing Your CRCS

- » Check your LEA's allocation statistics:
 - Indirect Cost Rate – Are you using the correct year?
 - DMSP – Are you pulling the correct regional percentage?
 - FMAP – Did you use the report on the LEA BOP website for the LEA's NPI?
 - MER – Did you calculate correctly? Do you have supporting files?
- » Ensure only allowable costs are include:
 - Only include quarterly costs for practitioners listed on the TSP list.
 - Do not include costs for which you have no supporting documentation.
 - Only include contractor costs when you can support with service level documentation
- » Be aware that additional claiming will result in a different interim reimbursement amount used in the cost settlement calculation.

Overview of CRCS Resources

» **Primary resource is the LEA BOP CRCS Page:**

https://www.dhcs.ca.gov/provgovpart/Pages/CRCS_Forms.aspx

- Will include FY 2023-24 form and instructions (goal to publish on LEA BOP website by December 2024).
 - Will include supporting reports that LEAs can use to complete the CRCS:
 - Direct Medical Service Percentage (DMSP) by region
 - LEA interim payments by NPI
 - Funding source for the interim payments by NPI
- » CRCS annual training on December 13, 2024, from 10:00 a.m. to 11:30 a.m.
- » Check-In Meetings:
- January 13, 2025, from 1:00 p.m. to 2:30 p.m.
 - February 5, 2025, from 1:00 p.m. to 2:30 p.m.

CRCS Resources (*continued*)

- » LEA BOP Trainings (CRCS-related and many other topics): [https://www.dhcs.ca.gov/provgovpart/Pages/LEA Program Training.aspx](https://www.dhcs.ca.gov/provgovpart/Pages/LEA%20Program%20Training.aspx)
- » Standardized Account Code Structure (SACS): <http://www.cde.ca.gov/fg/ac/ac/>
- » California School Accounting Manual (CSAM): <http://www.cde.ca.gov/fg/ac/sa/>
- » LEA Indirect Cost Rates: <http://www.cde.ca.gov/fg/ac/ic/>

For **CRCS questions**, email: LEA@dhcs.ca.gov.

Assembly Bill (AB) 483 – Impact on CRCS Process



Final Settlement Timeline

- » AB 483 was chaptered in October 2023 and effective on January 1, 2024.
- » Expedites the **final** settlement timeline:
 - State Plan allows for 36 months from CRCS acceptance to finalize settlement.
 - AB 483 requires final settlement **no later than 18 months** after the date that the CRCS is submitted.
 - Both the State Plan and AB 483 require interim settlement to be issued within 12 months of the March 1 CRCS due date.
- » For the FY 23-24 CRCS (due March 1, 2025), final settlement will take place for all LEAs by September 1, 2026.

Targeted Technical Assistance

- » AB 483 includes a provision that DHCS will provide LEAs with technical assistance when their final audited settlement deviates 25 percent or more from the LEA's as-submitted (expected) settlement amount. For example:
 - An LEA's as-submitted CRCS shows an expected amount due to the LEA of \$100,000.
 - The LEA will be offered technical assistance when the final audited settlement is either: \$75,000 or less **OR** \$125,000 or more.
- » Technical assistance can help LEAs understand audit adjustments in more detail to inform future CRCS reporting.

Outreach Status for LEAs with Audit Adjustments >25% (FY 2020-21)

Type of Adjustment	Total Count of LEAs	Outreach in Progress	Accepted TA	Rejected TA	Disenrolled
LEAs with Positive / Upward Adjustments	11	1	4	6	0
LEAs with Negative / Downward Adjustments	27	2	11	13	1
Total LEA Count by TA Status	38	3	15	19	1

- » DHCS provides targeted technical assistance to all LEAs with an audit adjustment of 25% or more to discuss LEA-specific audit adjustments, offering explanation, suggestions and additional resources.

Top Audit Adjustment Reasons for Negative Adjustments (FY 2020-21)

Top Negative Adjustment Reasons for Adjustments >25%	Number of LEAs Impacted*
Adjustments to Reduce Allowable Practitioner Costs	17
Adjustments to Increase Interim Reimbursement Amount Already Paid to LEA	10
Adjustments to Allocation Statistic Percentages	5
Adjustments to Allowable Other Costs / Contractor Costs	4

**LEA audit adjustments may occur for more than one reason.*

Top Audit Adjustment Reasons for Positive Adjustments (FY 2020-21)

Top Positive Adjustment Reasons for Adjustments >25%	Number of LEAs Impacted*
Adjustments to Increase LEA Reported MER Calculation	6
Adjustments to Increase LEA Reported DMSP or Indirect Cost Rate	3
Adjustments to Significantly Correct FMAP	3
Adjustments to Increase Practitioner Cost Data	2

**LEA audit adjustments may occur for more than one reason.*

- » Even when adjustments are to the benefit of the LEA, DHCS offers technical assistance.